2011

Gorenje, d.d.

Management Board

NON-AUDITED BUSINESS REPORT
JANUARY – JUNE 2011
(Gorenje Group and its parent company Gorenje, d.d., pursuant to the provisions of the International Financial Reporting Standards – IFRS)

Gorenje, d.d., Management Board

Velenje, August 2011

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Gorenje Group performance highlights

EUR million	Q2 2011	Q2 2010	Index	Jan-Jun 2011	Jan-Jun 2010	Index	Plan 2011	Plan real.
Consolidated sales revenue	**374.4**	**319.1**	**117.3**	**744.6**	**610.1**	**122.1**	**1,548.0**	**48.1**
EBITDA	**21.9**	**24.2**	**90.5**	**43.6**	**45.3**	**96.2**	**107.4**	**40.6**
EBITDA Margin (%)	*5.9%*	*7.6%*	*/*	*5.9%*	*7.4%*	*/*	*6.9%*	*/*
EBIT	**9.0**	**11.9**	**75.6**	**17.9**	**19.7**	**90.9**	**54.6**	**32.8**
EBIT Margin (%)	*2.4%*	*3.7%*	*/*	*2.4%*	*3.2%*	*/*	*3.5%*	*/*
Profit or loss before income tax	**6.0**	**5.6**	**107.1**	**8.9**	**7.8**	**114.1**	**26.8**	**33.2**
Net profit or loss for the period	**4.6**	**4.4**	**104.5**	**6.4**	**4.9**	**130.6**	**21.1**	**30.3**
ROS *(net return on sales)*	***1.2%***	***1.4%***		***0.9%***	***0.8%***		***1.4%***	
ROA *(net return on assets)*	***1.4%***	***1.5%***		***1.0%***	***0.8%***		***1.7%***	
ROE *(net return on equity)*	***4.6%***	***4.8%***		***3.3%***	***2.7%***		***5.3%***	

Comparable information without the effects of Asko Group takeover

EUR million	Q2 2011	Q2 2010	Index	Jan-Jun 2011	Jan-Jun 2010	Index	Plan 2011	Plan real.
Consolidated sales revenue	**336.7**	**319.1**	**105.5**	**669.5**	**610.1**	**109.7**	**1,368.2**	**48.9**
EBITDA	**23.4**	**24.2**	**96.7**	**45.2**	**45.3**	**99.8**	**98.7**	**45.8**
EBITDA Margin (%)	*6.9%*	*7.6%*	*/*	*6.8%*	*7.4%*	*/*	*7.2%*	*/*
EBIT	**11.9**	**11.9**	**100.0**	**22.5**	**19.7**	**114.2**	**51.8**	**43.4**
EBIT Margin (%)	*3.5%*	*3.7%*	*/*	*3.4%*	*3.2%*	*/*	*3.8%*	*/*
Profit or loss before income tax	**9.4**	**5.6**	**167.9**	**14.7**	**7.8**	**188.5**	**25.1**	**58.6**
Net profit or loss for the period	**7.9**	**4.4**	**179.6**	**12.4**	**4.9**	**253.1**	**19.4**	**63.9**

- Based on the attained semi-annual results at the parent company of the Gorenje Group, the Management Board of Gorenje, d.d., finds that the **conditions in both downstream and upstream markets are still highly unpredictable** despite the fact that rate of increase in the prices of raw and processed materials has steadied, and more optimistic forecasts regarding the movement thereof until the end of the fiscal year. Risks regarding both these aspects remain very high. Gorenje Group is seeking to actively manage them with activities aimed at sales of innovatively developed products and services in the existing and new markets.
- In the second quarter of 2011, the **increase in the prices of raw and processed materials** had a negative impact on the profitability of the Gorenje Group for the third subsequent quarter.
- **The effects of the increase in the scope of operating activities** in the territories of Scandinavia, Germany, Italy, Belgium, Russia, and Ukraine in balancing the growth of the majority of Central, Northern, and Western European markets, while growth of demand in South-Eastern Europe lagged behind, improved the profitability of Gorenje Group companies and partly neutralized the effects of steep increase in raw and processed material prices.
- In order to sensibly **compare the quarterly and semi-annual information on performance** for the years 2010 and 2011, this information is always stated with and without the effect of the Asko Group which has been included in the Gorenje Group since August 2010.

- In the first half, operating results of the **Asko Group** were negative due to **historically low sales and manufacturing output** in the first quarter and due to a transitory effect of intensive activities of **business integration** into the Gorenje Group commenced in 2011. It is an expected negative effect of which is estimated to be fully neutralized in the next year. In this regard, EUR 3.6 million of provisions recognized, of EUR 11.8 million available, for the purpose of restructuring and integration processes in 2010 have been drawn and reversed in the first half.

- Companies of the Home Appliance and Ecology, Energy, and Services Divisions saw their **net profitability of operations improved**; Home Interior Division, however, continues to face a **drop in profitability** due to a persistently low level of business activity.

- In the first half of the year, Gorenje Group generated **negative free cash flow**; but already with a EUR 7.0 million of **positive free cash flow** in the second quarter of the year (EUR 6.3 million of negative cash flow in last year) because of the effects of net working capital optimisation.

Management responsibility statement

The company Management Board is responsible for the preparation of the Semi-annual Report of the company Gorenje, d.d., and the Gorenje Group, including the financial statements, in a way that provides for the interested public a true and fair account of the property and performance of the company Gorenje, d.d., and its subsidiaries in the first half of 2011.

The Management Board confirms that the financial statements of the Company Gorenje, d.d., and the Gorenje Group were compiled by **applying duly and consistently the relevant accounting policies; that the accounting estimates were made according to the principles of prudence and sound management; and that financial statements represent a true and fair view of the financial position and of the results of their operations in 2011.**

The Management Board shall also be held responsible for appropriate and accurate accounting, and adoption of relevant measures to protect its property and other assets. The Management Board hereby confirms that the **financial statements of the company Gorenje, d.d., and the Gorenje Group, including all and any notes, are compiled based on the going concern assumption and in compliance with relevant legislation and International Financial Reporting Standards as adopted by the European Union.**

The Management Board confirms that to its best knowledge, the semi-annual financial report is compiled in compliance with the appropriate framework of financial reporting and that it presents a true and fair account of assets and liabilities, financial position, and the income of the parent company and other companies included in the consolidated statements of the Gorenje Group. The Management Board furthermore confirms that the **Semi-annual Report includes a fair account of information regarding relevant related-party transactions, compiled in compliance with the relevant legislation and the International Financial Reporting Standards**.

The President and Management Board members at Gorenje, d.d., hereby declare that **we are familiar with the contents of all sections of the Semi-annual Report of the company Gorenje, d.d., and the Gorenje Group for the year 2011 and thereby with the entire Semi-annual Report of these two entities**. **We agree with it and confirm such agreement with our respective signatures.**

Management Board members:

- Franc Bobinac, President and CEO
- Marko Mrzel, Management Board member
- Branko Apat, Management Board member
- Drago Bahun, Management Board member
- Uroš Marolt, Management Board member

BUSINESS REPORT

Macro-economic conditions of the Gorenje Group

- In 2011, **GDP**[1] is expected to grow faster in emerging markets (+6.5%), of which Central and Eastern Europe +3.7%, Russia +4.8%, China +9.6%, India +8.2%, and Brazil +4.5%. Growth in the euro zone is anticipated at +1.6%; Germany's GDP is expected to rise by +2.5%.

- **Major appliances market** is anticipated to see a growth trend[2]. In developed countries, market growth will continue to rely on energy efficiency, functionality, and product design. There is still a vast development potential in the emerging markets, characterized by an increasing purchasing power and an innovation- and design-oriented consumption pattern. In these countries, demand for energy-efficient home appliances will continue to rise.

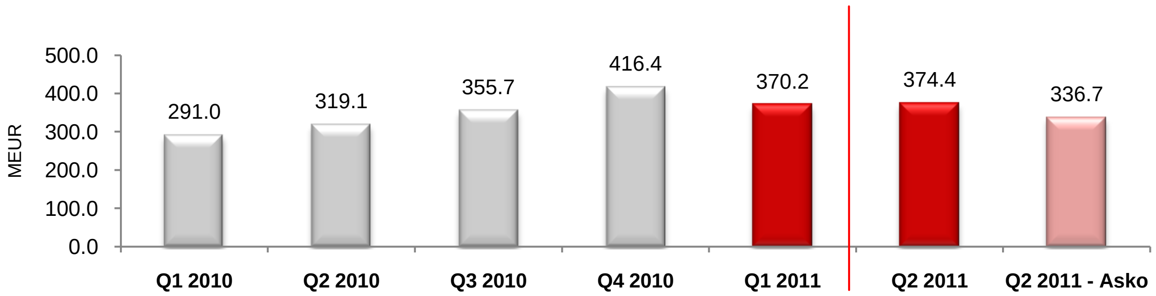
- **Consumer prices**[3] in the OECD area rose by 3.1% in the year to June 2011, compared with 3.2% in May – the first decrease in inflation since November 2010. This easing in the rate of inflation mainly reflected slower growth in energy prices, which increased by 13.6% in June, compared with 14.2% in May. Inflation decelerated in the year to June in **Slovenia** (to 1.3% in June, down from 2.1% in May), **Canada** (to 3.1%, down from 3.7%), the **United Kingdom** (to 4.2%, down from 4.5%) and **Japan** (to 0.2%, down from 0.3%). In other major OECD economies inflation remained either stable (the **United States**, 3.6%, **Germany**, 2.3%) or slightly increased (2.7% in **Italy**, up from 2.6%, and 2.1% in **France**, up from 2.0%). **Euro area** annual inflation (HICP) was stable at 2.7% in June. Inflation picked up to 6.4% in **China** (up from 5.5%) - the highest rate since June 2008; 5.1% in **South Africa** (up from 4.6%), and 6.7% in **Brazil** (up from 6.6%). Inflation slowed to 5.5% in **Indonesia** (down from 6.0%), to 9.4% in the **Russian Federation** (down from 9.6%), and to 8.6% in **India** (down from 8.7%).

- Changes in **exchange rates**[4] of relevant currencies relative to the euro as at June 30th 2011, compared to the corresponding period of 2010, was as follows: US dollar +17.8%, Russian rouble +5.5%, Polish złoty -3.8%, Czech koruna (crown) -5.2%, Croatian kuna +2.8%, and Turkish lira +21.1%. These changes had varying impact on the competitiveness of sales in the said geographical segments.

Gorenje Group performance

Scope of operating activities

- **Gorenje Group sales revenue** in the first half of 2011 reached EUR 744.6 million, which is EUR 134.5 million, or 22.1%, more than in the equivalent period last year. Adjusting for the effects of the Asko Group merged as of August last year, sales growth in the first half of 2011 reached 9.7% or EUR 59.4 million.

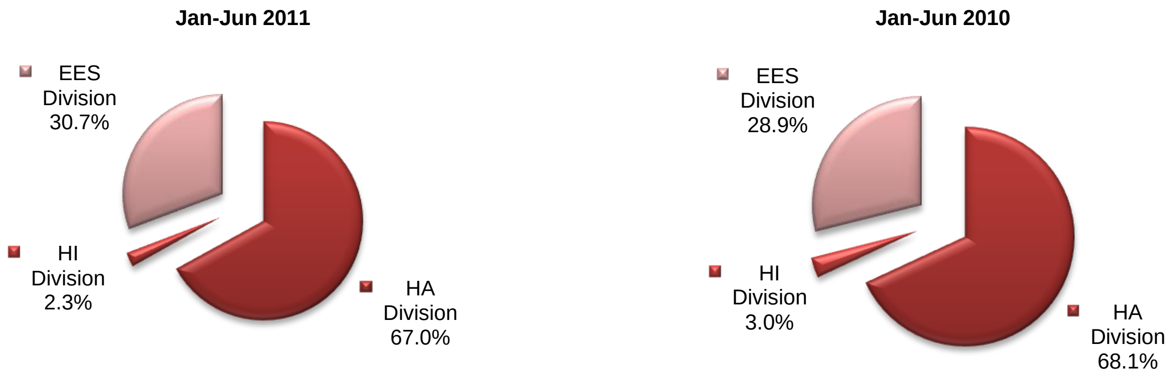


Graph 1: Quarterly changes in Gorenje Group consolidated net sales revenue

[1] International Monetary Fund, "World Economic Outlook Update", April 2011
[2] GfK TEMAX: http://www.gfkrt.com
[3] OECD: Consumer Prices, OECD - Updated: 2 August 2011
[4] European Central Bank reports: http://sdw.ecb.europa.eu/

- **Composition** of Gorenje Group consolidated net sales revenue **by geographical segments** is as follows:
  - **Western Europe** includes Austria, Germany, Italy, France, Denmark, Sweden, Belgium, Finland, Great Britain, Greece, Norway, Turkey, Netherlands, Spain, and Switzerland;
  - **Eastern Europe** includes Ukraine, Russia, Macedonia, Croatia, Serbia, Montenegro, Albania, Bosnia and Herzegovina, Belarus, Kosovo, Moldavia, Kazakhstan, Latvia, Lithuania, Estonia, Slovenia, Czech Republic, Hungary, Poland, Bulgaria, Romania, and Slovakia;
  - **Other** includes all other non-European countries.

Graph 2: **Sales revenue out of Group by geographical segments**



Graph 3: **Sales revenue out of Group by divisions**

- A closer look at the composition of sales by **geographical** segments and **divisions** reveals the following:
  - Integration of the Asko Group into the Gorenje Group increased the share of sales in Western Europe and rest of the world (USA, Australia), particularly in upmarket segments;
  - Gorenje Group retained and increased sales in geographical segments with higher returns (Eastern Europe); and
  - increased share of sales generated through the EES Divisions resulted in relatively lower returns on sales (the level of gross margin in this division is, due to the nature of the activities at the division, lower than the margin at the HA Division).

Profitability of operating activities

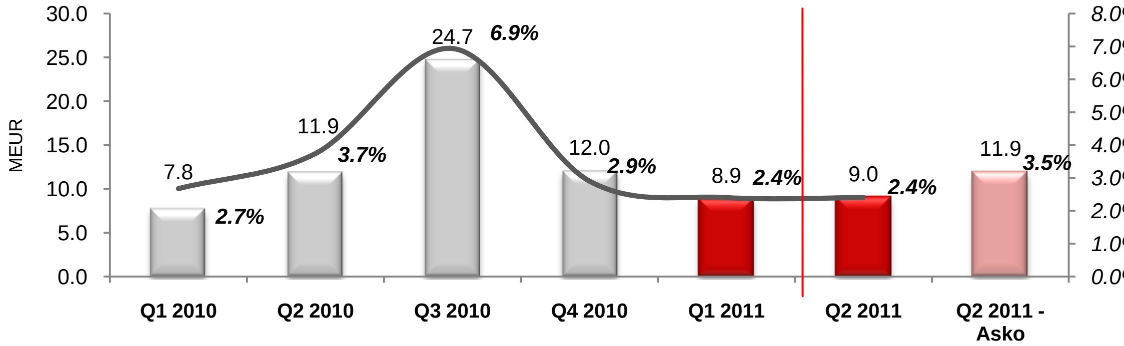
EUR million	Including the effects of the Asko Group	Excluding the effects of the Asko Group
EBIT January – June 2010	**19.7**	**19.7**
Contribution margin at the level of costs of goods and material	27.4	-10.0
Costs of services	-14.4	3.1
Employee benefit expense	-21.1	1.5
Depreciation and amortization expense	-0.1	2.9
Other operating expenses	-2.5	1.2
Other operating income	8.9	4.1
EBIT January – June 2011	**17.9**	**22.5**

Table 1: Development of effects of improvement in Gorenje Group profitability at the level of EBIT

- **Earnings before interest and taxes (EBIT)** in the first half of the year amounted to EUR 17.9 million, with EBIT margin at 2.4% (share in sales revenue).This is EUR 1.8 million (-9.1%) less than the EBIT of the first half of 2010. Eliminating for the effects of the Asko Group in the first half of 2011, EBIT amounts to EUR 22.5 million, with EBIT margin at 3.4%, topping the figure for the equivalent period last year by EUR 2.8 million (14.2%), with EBIT margin higher by 0.2 percentage points.

  Improvement in EBIT after the elimination for the effects of the Asko Group is a result of a transitory semi-annual loss from Asko operations, a consequence of historically low sales and production output in the first quarter of the year, the continuation of intensive activities of integration of business processes into the Gorenje Group.

- A drop in the **contribution margin** at the level of costs of goods and material (gross margin) by 3.6 percentage points (from 40.0% to 36.4%) resulted in lower profitability due to **qualitative changes** (rather than changes in turnover, or scope of activity) by EUR 26.6 million, predominantly due to the high growth of prices of raw and processed material which affected the segment of HA Division sales of home products, and lower margin in the EES Division, resulting from the normalization (decrease relative to 2010) of returns on sales of coal. Margin at the HI Division, too, dropped to a lower level; however, the effect of this decrease is materially less significant as its share in the composition of Gorenje Group total sales is rather low.

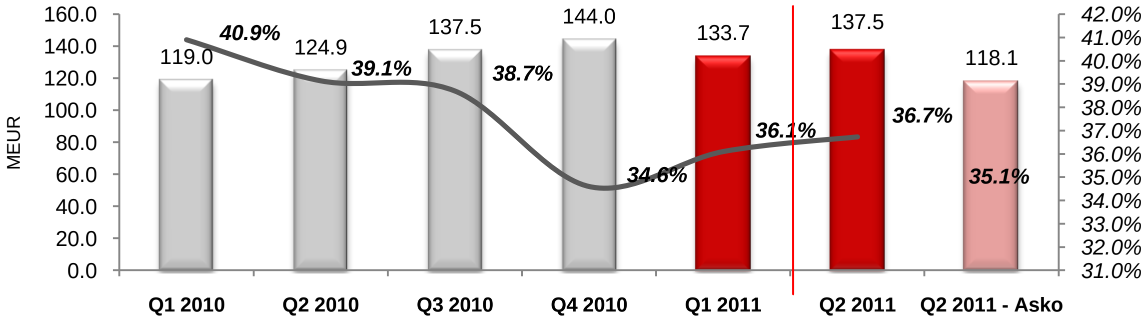


Graph 4: Quarterly dynamics of changes in EBIT and EBIT margin

Increased sales (change in terms of activity) resulted in a higher gross margin for Gorenje Group by EUR 54.0 million, thus, the net improvement effect, accounting for both the qualitative change and change in terms of activity, or turnover, amounted to **EUR 27.4 million**.

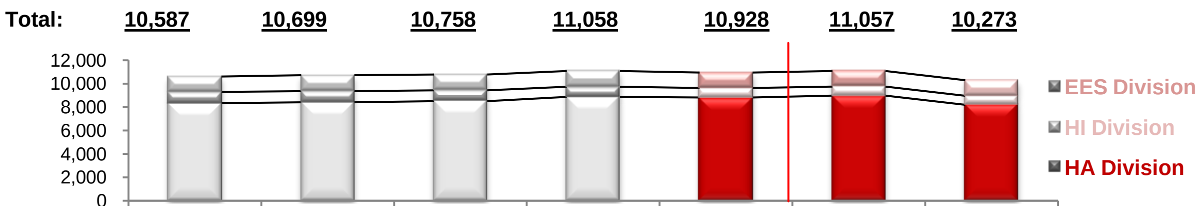
By eliminating for the effects of the Asko Group, the comparable gross margin worsen to 34.9% (i.e. by 5.1 percentage points), or by EUR 33.8 million in quality terms, while the increase in sales improves it by EUR 23.8 million. Comparably, Gorenje Group thus attained EUR 10.0 million lower gross margin than in the first half of 2010.

Increase in sales and improvement of its composition in the first half of the year thus falls short of compensating for the negative effects of the increase in prices of raw and processed material and development dynamics (normalization and therefore decrease) in the profitability of the EES Division.



Graph 5: Quarterly dynamics of changes in gross margin

- **Costs of services** are up by EUR 14.4 million relative to the first half of last year, or by 16.6%. In comparable terms, i.e. eliminating for Asko Group, they were cut by EUR 3.1 million or 3.6%, despite increased sales. The decrease is a result of optimization processes, as well as of lower sales of medical equipment for which a part of sales costs related thereto was recognized in the financial statements for the first half of 2010 as costs of other business services.
- **Value added per employee** improved compared to the first half of 2010 from EUR 14,718 to EUR 16,003, or by 8.7% (eliminating for the effect of Asko Group integration, the figure rose to EUR 15,193, or by 3.2%). Since the rate of increase in labour costs (employee benefit expense) is higher than the growth rate of value added, **economic labour productivity** (change in the ratio of value added to labour costs per employee between the two periods) dropped by 5.5% as a result of poor performance of the Asko Group in the first half of the year. Comparably, without the effect of Asko, economic labour productivity is the same as in the corresponding period last year. The share of labour costs in value added rose from 71.1% to 75.2%; eliminating for Asko Group, however, it was cut to 70.8%.
- **Number of employees** as at the end of June 2011 was 11,138 which is 333 more than at the end of June 2010. Adjusting for the integration of the Asko Group with 773 employees, the number of employees as at the end of June is lower by 440 than as at the end of June last year. Major part of the decrease was a result of consensual layoffs and natural fluctuation. Number of employees was cut by 227 at the HA Division and by 194 in the HI Division.
- Retaining the **depreciation and amortization costs** at the level of the first half of 2010 and its comparable decrease (after eliminating for the effects of the Asko Group) mostly a result of lower investment in the last three years and prolonged useful life of some assets, established in 2010, mostly at manufacturing centers of the Home Appliance Division. Useful life of this property, plant, and equipment was extended based on the findings from regular audits of property, plant, and equipment (fixed asset) valuation.



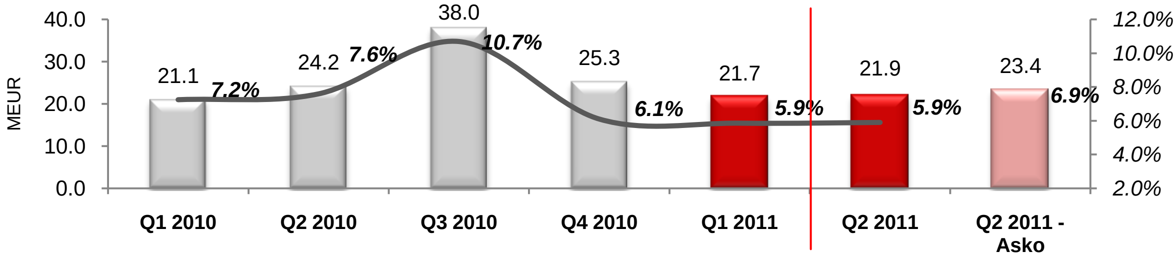
	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q2 2011 - Asko
EES Division	1,315	1,362	1,352	1,343	1,321	1,331	1,331
HI Division	961	950	923	868	810	770	770
HA Division	8,311	8,387	8,483	8,847	8,797	8,956	8,172

Graph 6: Quarterly averages of the number of employees by divisions

- **Other operating income** amounting to EUR 18.3 million (comparably EUR 13.5 million) are higher than in the corresponding period last year due to reversal of provisions for the costs of integration activities at the Asko Group in the amount of EUR 3.6 million, and due to the amount of government grants received for new jobs and employment in Republic of Serbia in the amount of EUR 2.2 million. **Other operating expenses** amounting to EUR 11.5 million are higher than in the equivalent period last year by the amount of costs of business restructuring of the

Asko Group in the amount of EUR 3.6 million. Comparably, after eliminating for the said effect of the Asko Group, other operating expenses stand at EUR 7.7 million which is 5.4% less than in the equivalent period last year.

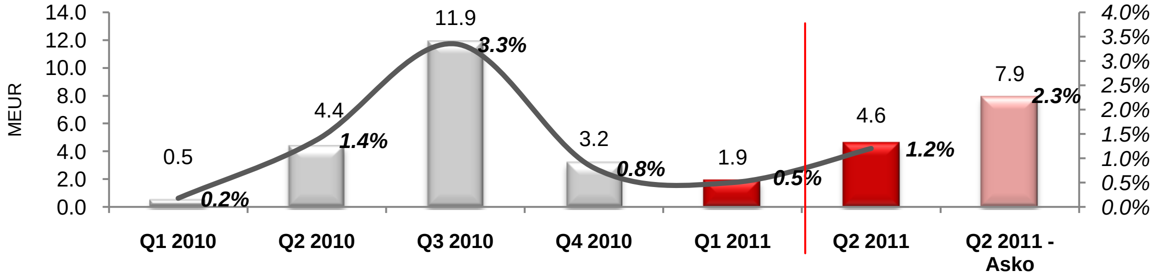
- **Earnings before interest, taxes, depreciation and amortisation (EBITDA)**, representing a rough measure of operating cash flows generated, amounted to EUR 43.6 million in the period January – June 2011 (3.8% less than in the equivalent period of 2010), or 5.9% in total sales revenues (EBITDA margin); this figure is 1.5 percentage point lower compared to the equivalent period in 2010. In comparable terms, i.e. after elimination of Asko Group effects, EBITDA amounted to EUR 45.2 million (attaining the level of the equivalent period of 2010), with an EBITDA margin of 6.8%, which means that the margin fell by 0.6 percentage points relative to the first half of 2010. Both is mostly a result of the drop of contribution margin (gross margin) at the level of costs of goods and material.



Graph 7: **Quarterly dynamics of changes in EBITDA and EBITDA margin**

Operating profitability at the level of net income

- Negative **result from financing activities (net finance income)** in the amount of EUR 9.0 million is lower than in the first half of 2010 by EUR 2.8 million or by 23.8%. Comparable, after elimination of Asko Group effects, amounts to EUR 7.8 million which is EUR 4.1 million, or 34.4%, less than the year before. **Corporate income tax** at EUR 2.4 million is EUR 0.5 million lower than in the first half of 2010 (comparable by EUR 0.6 million lower level), mostly as a result of more favourable taxation of development costs at the company Atag.
- **Net profit** for the first half of 2011, amounting to EUR 6.4 million (ROS of 0.9%) is higher than in the equivalent period of the year before by 30.6%. Net profit after adjustment for the effects of Asko Group which has seen an expected net loss as a result of the launch of intensive integration activities and very low sales in the first half, amounts to EUR 12.4 million (ROS of 1.9%).



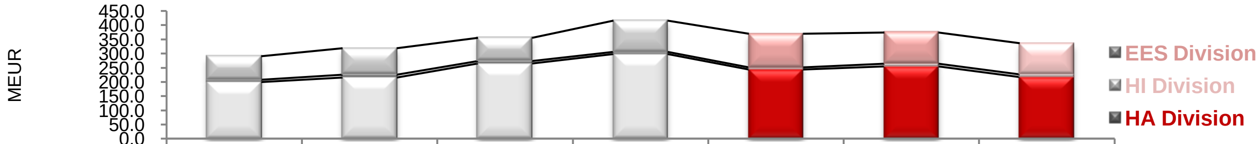
Graph 8: **Net profit – quarterly dynamics**

Gorenje Group performance by divisions

Sales at respective Gorenje Group divisions

- Sales revenue at the **Home Appliance Division** (HA) in the first half of this year was EUR 83.6 million, or 20.1%, higher than in the equivalent period the year before. Eliminating for the effect of Asko Group, sales would have been higher by 2.0% or EUR 8.5 million. Increase in sales was attained in quantitative terms by higher sales volume, as well as in qualitative terms by improving the composition of sales by products and regions particularly in Scandinavia, Germany, Italy, Belgium, Russia, Ukraine, and the Middle East. In the markets of other countries of Gorenje Group operations, sales growth was equal to that of the first half of 2010 or lower, which partly impaired the positive effects of growth in the markets listed above.

- Due to the recession in the furniture industry, for both manufacturers and distributors, which was actually aggravated in some aspects relative to 2010, the **Home Interior Division** (NO) saw notably lower sales volume than in the year before for the third time in a row. In addition to the persistently harsh position in the furniture industry, sales were further depressed by the planned reduction of deliveries to some customers that found themselves in financial trouble and lost support of credit insurance companies. Thus, total sales (or scope of business activity) shrunk by 6.4% or EUR 1.2 million compared to 2010, which had a notable impact on the decrease in profitability of the Division operations as revenues were below the break-even point.
- The **Ecology, Energy, and Services Division** (EES) saw the highest increase in sales in the period, amounting to 29.6% or EUR 52.1 million. The segment of energy engineering has increased by 42.6% or EUR 31.1 million; ecology by 21.0% or EUR 10.2 million; and services segment by 19.6% or EUR 10.6 million.



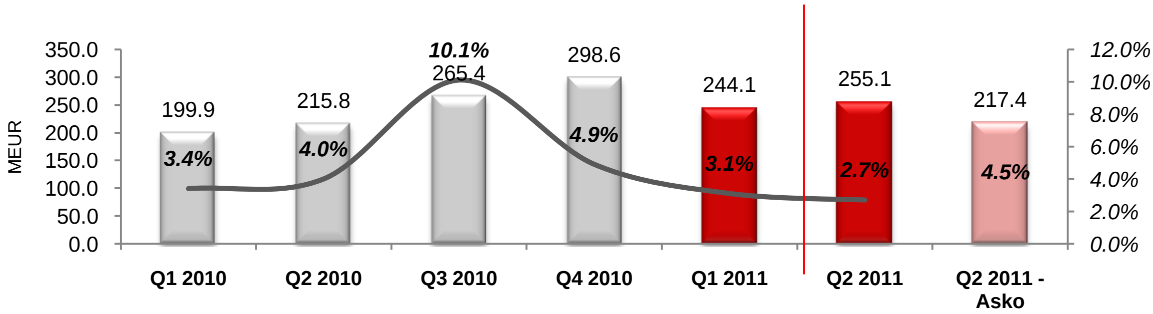
	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q2 2011 - Asko
EES Division	82.9	93.3	81.7	110.1	118.5	109.9	109.9
HI Division	8.1	10.0	8.6	7.6	7.5	9.4	9.4
HA Division	199.9	215.8	265.4	298.6	244.1	255.1	217.4

Graph 9: Quarterly dynamics of changes in sales revenue by divisions

Gorenje Group profitability by divisions

Home Appliance Division

EUR million	Q2 2011	Q2 2011 (excl. Asko)	Q2 2010	Jan-Jun 2011	Jan-Jun 2011 (excl. Asko)	Jan-Jun 2010	Plan 2011
Sales revenue	255.1	217.4	215.8	499.3	424.2	415.7	1,142.4
EBIT	6.9	9.8	8.6	14.3	18.9	15.3	48.7
EBIT Margin, %	2.7%	4.5%	4.0%	2.9%	4.5%	3.7%	4.3%



Graph 10: Quarterly dynamics of changes in sales revenue and EBIT margin at the HA Division

- In the first half, **contribution margin (gross margin)** at the level of difference between sales revenue and costs of goods and material at the HA Division amounted to EUR 223.5 million, which is an improvement of EUR 32.1 million, or 16.8% over the first half of last year. In terms of **qualitative change**, i.e. the change the contribution margin level, the margin fell by 1.2 percentage point which decreased the profitability at this level by EUR 6.1 million. In terms of **change in activity** (change in scope of activity), the change was positive in the amount of EUR 38.2 million. Decrease in qualitative terms is mostly a result of high growth of raw and processed material prices which the Division could not neutralize by changes in the composition of sales and by shifting the increase of upstream prices to the downstream, sales prices.

  Eliminating for the effects of Asko Group, comparable figure for contribution margin in the first half of 2011 amounts to EUR 186.2 million, which is EUR 5.2 million less than in the equivalent period of 2010 (decrease in contribution margin by 2.1 percentage point). The reason for lower profitability after the elimination of the Asko Group effects is higher contribution margin at Asko Group than at Gorenje Group as a whole, before adjustment for Asko.

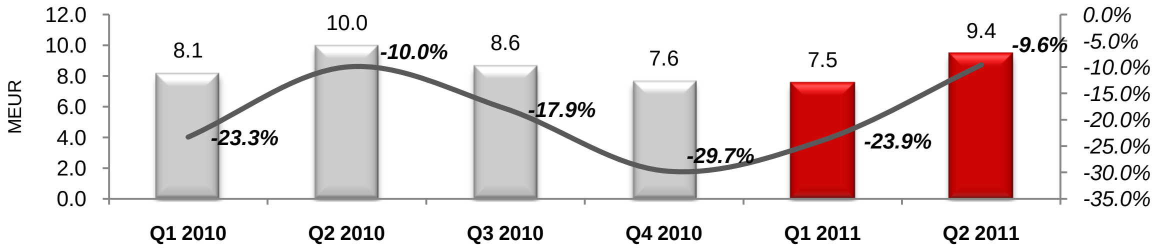
- Increase in the **costs of services** pulled the profitability of HA Division operations downwards by EUR 19.0 million or 28.9% relative to the first half of last year due to additional costs in the amount of EUR 17.6 million caused by the integration of the Asko Group. Eliminating for this effect, the division virtually matched the growth rate of costs of services with the growth rate of sales.
- Decrease in the **costs of depreciation and amortisation** before the effects of Asko Group by EUR 2.9 million or 13.3% is mostly the effect of lower investment in the last three years and extended useful life of some property, plant, and equipment, particularly at manufacturing centers of the Division in 2010. Useful life of this property, plant, and equipment was extended based on the findings from regular audits of property, plant, and equipment (fixed asset) valuation. Including the effects of the Asko Group, the Home Appliance Division attained the same level of depreciation and amortization costs as in the first half of 2010.
- Increase in **other operating income** in the amount of EUR 4.5 million, or 56.8%, is mostly related to the effect of reversal of provisions recognized in 2010 for the requirements of expected costs of integration activities at the Asko Group, and the effect of government grants received for job creation in Republic of Serbia. Other operating expenses amounting to EUR 10.6 million are higher than in the first half of last year by the sum of costs of business restructuring of the Asko Group in the amount of EUR 3.6 million. Comparably, after eliminating for the said effect of the Asko Group, other operating expenses stand at EUR 7.0 million which is 12.7% less than in the equivalent period last year.
- **Value added per employee** is up from EUR 15,029 of value added per employee to EUR 16,368, or by 8.9% (eliminating for the effect of Asko Group integration, it is up to EUR 15,381, or by 2.3%). Since the rate of increase in labour costs (employee benefit expense) is higher than the growth rate of value added, **economic labour productivity** (change in the ratio of value added to labour costs per employee between the two periods) dropped by 6.2% as a result of poor performance of the Asko Group in the first half of the year. Comparably, without the effect of Asko, economic labour productivity is higher than in the corresponding period last year by 1.2%. The share of labour costs in value added rose from 70.6% to 75.2%; eliminating for Asko Group it was cut to 69.8%. Number of employees at the division rose by 546 persons; comparably, excluding the effects of Asko Group, it dropped by 227 persons, or by 2.7%.
- **Composition of improvement in profitability** at the level of EBIT is as follows:

EUR million	Including Asko Group	Excluding Asko Group
EBIT January – June 2010	**15.3**	**15.3**
Contribution margin at the level of costs of goods and material	32.1	-5.2
Costs of services	-19.0	-1.5
Employee benefit expense	-20.8	1.8
Depreciation and amortization expense	-0.1	2.8
Other operating expenses	-2.6	1.2
Other operating income	9.4	4.5
EBIT January – June 2011	**14.3**	**18.9**

Table 2: Development of effects of improvement in HA Division profitability at the level of EBIT

Home Interior Division

EUR million	Q2 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Plan 2011
Sales revenue	9.4	10.0	17.0	18.1	35.4
EBIT	-0.9	-1.0	-2.7	-2.9	-3.2
EBIT Margin, %	-9.6%	-10.0%	-15.9%	-16.0%	-9.0%



Graph 11: Quarterly dynamics of changes in sales revenue and EBIT margin at the HI Division

- In the first half, the HI Division attained a **contribution margin** at the level of costs of goods and material in the amount of EUR 6.6 million, or a rate (margin) of 39.2%. Relative to the equivalent period last year, the margin is lower by EUR 0.8 million, of which EUR 0.3 million, or 1.8 percentage point, is a result of its rate, and EUR 0.5 million is the effect of lower sales.

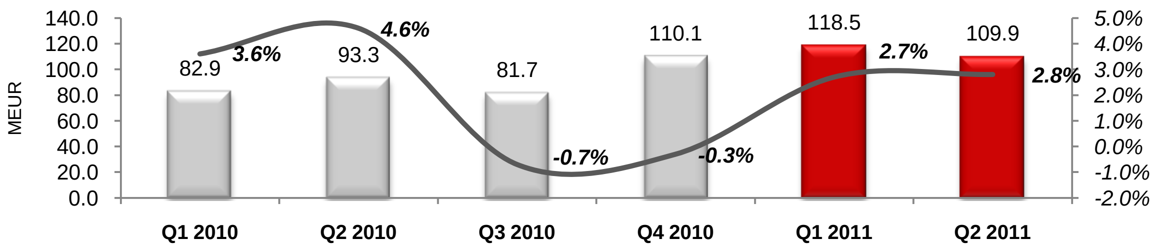
- **Value added per employee** improved from EUR 5,220 of value added per employee to EUR 5,865, or by 12.4% relative to the first half of 2010. Since the rate of increase in labour costs (employee benefit expense) is lower than the growth rate of value added, **economic labour productivity** (change in the ratio of value added to labour costs per employee between the two periods) rose by 1.1%. The number of employees at the Division was cut back by 194 persons, or 20.5%.
- The dynamics of changes in other categories of **operating expenses** or **revenues** did not have any considerable effect on the drop in profitability at the level of EBIT relative to the equivalent period last year from the aspect of the Gorenje Group.
- **Composition of decrease in profitability** at the level of EBIT is as follows:

EUR million	Development
EBIT January – June 2010	**-2.9**
Contribution margin at the level of costs of goods and material	-0.8
Costs of services	0.3
Employee benefit expense	0.6
Depreciation and amortization expense	0.0
Other operating expenses	0.0
Other operating income	0.1
EBIT January – June 2011	**-2.7**

Table 3: Development of effects of decrease in HI Division profitability at the level of EBIT

Ecology, Energy, and Services Division

EUR million	Q2 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Plan 2011
Sales revenue	109.9	93.3	228.4	176.3	370.2
EBIT	3.1	4.3	6.3	7.3	9.1
EBIT Margin, %	2.8%	4.6%	2.8%	4.1%	2.5%



Graph 12: Quarterly dynamics of changes in sales revenue and EBIT margin at the EES Division

- Due to the specific nature of this Division's activity, particularly in the segment of energy engineering where the margins, given the nature of the operations (commission in trading with electric energy), are low, the total **EBIT margin** at this Division is lower than at the HA Division and therefore decreases the Group's average margin.

Compared to the core activity, the value of this Division's invested capital is lower; hence, the Division is improving the Gorenje Group's total **return on invested capital**.

- Division profitability at the level of **contribution margin** based on the difference between sales revenue and costs of goods and material dropped by EUR 4.0 million or by 8.9% (to EUR 41.0 million), with a 7.6% drop in the contribution margin (to a margin of 18.0%). This included impairment of the margin in quality terms by EUR 17.4 million, and improvement in the margin resulting from higher sales by EUR 13.4 million.

  Negative change in the contribution margin at the observed level in the segment of energy engineering is the result of the general situation in the markets for electric energy whose common denominator in the first half of 2011, relative to the equivalent period last year, was a notable decrease in profit margins. In the ecology segment, margins remained the same as in 2010 or dropped by up to 5 percentage points as a result of a transition from a period of fast growth of prices of secondary raw materials to a period of their moderate growth. In the segment of services and from the aspect of the Division as a whole, the most significant negative effect on the margins was brought about by the changes in profit margins in sales of coal which were, due to special circumstances of operations in 2010, notably higher than this year.

- **Value added per employee** in the first half was improved regardless of the circumstances of lower profitability referred to above, rising from EUR 19,570 per employee to EUR 19,602, particularly due to high increase in sales revenues which increased the absolute amount of value added relative to the first half of 2010 despite the lower profitability. Since the rate of increase in labour costs (employee benefit expense) is higher than the growth rate of value added, **economic labour productivity** (change in the ratio of value added to labour costs per employee between the two periods) dropped by 5.9%. Number of employees at the Division dropped from 1,351 to 1,332, i.e. by 19 persons or by 1.4%. The share of labour costs in value added rose from 60.1% to 63.8%.This means that a notable share development potential has been retained at the 2010 level.

- The decrease of service costs in the amount of EUR 4.4 million, or 23.2%, is a result of lower sales of medical equipment for which a part of sales costs related thereto was recognized in the financial statements for the first half of 2010 as costs of other business services.

- The dynamics of changes in other categories of **operating expenses** or **revenues** did not have any considerable effect on the drop in profitability at the level of Gorenje Group EBIT relative to the equivalent period last year.

- **Composition of decrease in profitability** at the level of EBIT is as follows:

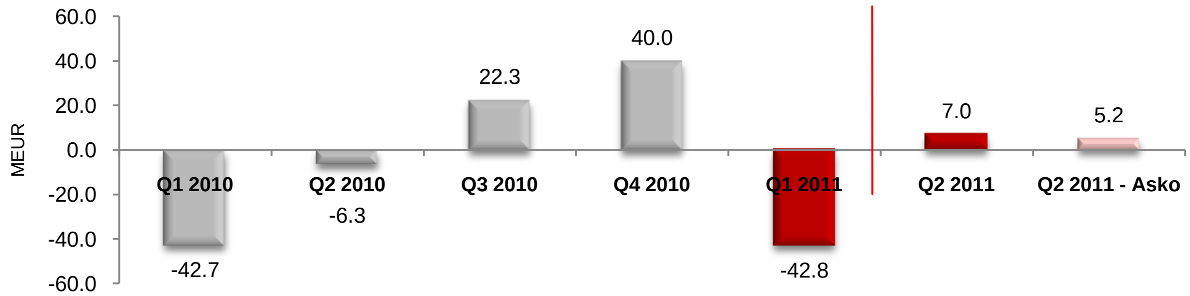
EUR million	**Development**
EBIT January – June 2010	**7.3**
Contribution margin at the level of costs of goods and material	-4.0
Costs of services	4.4
Employee benefit expense	-0.9
Depreciation and amortization expense	0.1
Other operating expenses	0.0
Other operating income	-0.6
EBIT January – June 2011	**6.3**

Table 4: Development of effects of decrease in EES Division profitability at the level of EBIT

Gorenje Group financial performance

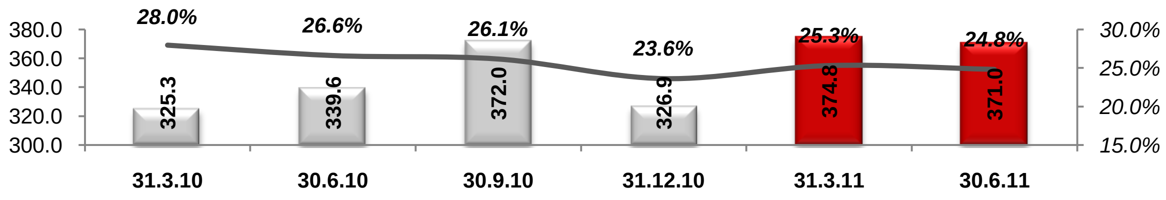
Free cash flow management

	EUR million	Q2 2011	Q2 2011 (excl. Asko)	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Plan 2011
	Net profit or loss for the period	4.6	7.9	4.4	6.4	4.9	21.1
+	Depreciation and amortization expense	12.9	11.5	12.3	25.7	25.6	52.8
=	**Net cash flow**	**17.5**	**19.4**	**16.7**	**32.1**	**30.5**	**73.9**
−	CAPEX	-14.2	-13.7	-8.7	-23.8	-13.4	-40.4
−	Net working capital	3.7	-0.5	-14.3	-44.2	-66.1	-4.4
	Change in inventories	-13.4	-13.5	-4.0	-23.4	-23.4	-4.5
	Change in trade receivables	-0.7	-3.0	-17.2	13.8	-25.4	-8.4
	Change in trade payables	17.8	16.0	6.9	-34.6	-17.3	8.5
=	**Free cash flow (narrow)**	**7.0**	**5.2**	**-6.3**	**-35.9**	**-49.0**	**29.1**



Graph 13: **Dynamics of changes in free cash flow**

- A view of the first half of this year reveals a negative **free cash flow** in the amount of EUR 35.9 million, or comparably, excluding the effect of the Asko Group takeover, in the amount of EUR 36.8 million. Compared to the equivalent period of 2010, this category was improved by EUR 13.1 million, mostly by positive results in the second quarter of this year.
- As usually in Gorenje Group operations, the most notable negative impact on the free cash flow in the first half of the year was a result of the **change in net current assets**, particularly the decrease of trade payables and, consistently with seasonal dynamics, increase in inventories. The effect of lower trade receivables was more favourable, both in comparison to the end of last year and in comparison to the equivalent period last year; this is the result of shorter days sales outstanding (days receivables).
- A major part of the negative deviation of free cash flow in the first half of this year pertains to the decrease in **trade payables** in the amount of EUR 34.6 million. In the first quarter of this year alone, the trade payables dropped by EUR 52.4 million. Their development in the second quarter indicated a positive further progress from the aspect of effect on cash flow.
- Relative to the equivalent period last year, cash flow from changes in **trade receivables** was improved. In the first half of 2010, they decreased the free cash flow by EUR 25.4 million; this year, a decrease in the balance of receivables is increasing our cash flow by EUR 13.8 million.



Graph 14: Net current assets (in EUR million) and share in sales revenue (annually)

Other financial management activities

Apart from cash flow, financial management at the Gorenje Group was focused again predominantly on the measures of hedging the risks pertaining to the negative effects of the financial crisis, and to activities related to restructuring of the maturity of Gorenje Group's debt in order to improve the long-term stability of operations.

- With regard to **financial risks**, severe macroeconomic situation led us to pay particular attention to efficient **credit risk** management which included stricter control of credit limits approved by credit insurance companies, and more committed collection of receivables.
- **Foreign exchange risks** to which Gorenje Group is exposed are hedged and minimized by natural cash flow balancing/hedging for each currency. Natural hedging is upgraded particularly in Eastern and South-Eastern Europe by derivative financial instruments.
- **Risk of short-term liquidity** at the Group is managed by revolving credit lines approved to companies of the Gorenje Group, and cash deposited on our accounts at commercial banks. Undrawn part of short-term credit lines at the end of the first half amounted to EUR 89.4 million and cash in current accounts amounted to EUR 32.2 million.
- **Total financial liabilities** as at June 30th 2011 amount to EUR 480.0 million, which is EUR 4.0 million less than as at the end of the year before. Compared to the equivalent period last year, total financial liabilities decreased by EUR 7.8 million.
- Relative to the end of last year, **net financial liabilities** (measured as the difference between financial liabilities and cash and cash equivalents) rose by EUR 46.6 million, mostly as a result of a decrease in cash and cash equivalents in our commercial bank accounts. Cash and cash equivalents deposited in commercial bank accounts dropped by EUR 50.5 million relative to the end of last year. In comparison to the equivalent period last year, we cut back our net financial liabilities by EUR 15.0 million.
- Balance of **borrowings** at Gorenje Group as at June 30th 2011 amounted to EUR 468.4 million which is EUR 7.0 million more than at the end of last year. In composition of the total, long-term borrowings represent 52.1%; as at the end of last year, this share was at 55.0%. A drop in the share of long-term borrowings is a result of repayment of a part of long-term borrowings due for payment in the first half of 2011, and the decision to draw on short-term framework loans.
- **Composition of financial liabilities by maturity** took a slightly negative turn in the first half of 2011 compared to the end of last year. Long-term financial liabilities thus represent 52.4% of total financial liabilities while their share at the end of last year was at 53.9%. The share of long-term borrowings dropped relative to the end of last year as a result of drawing the short-term framework loans. In the first half of 2011, we actively approached the improvement in the composition of maturity of financial liabilities which will have a notable effect as early as in the third quarter of 2011. In early July 2011, Gorenje signed two long-term loan agreements with the Deutsche Bank as the agent, in the total amount of EUR 100.0 million, in order to restructure the maturity of Gorenje Group's debt.

Investment by divisions

EUR million	Q2 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Plan 2011
HA Division	11.6	5.2	19.7	8.7	31.3
HI Division	0.4	1.2	0.7	1.4	1.5
EES Division	2.3	2.3	3.5	3.3	7.6
Total	**14.3**	**8.7**	**23.9**	**13.4**	**40.4**

- Majority of **investment**, amounting to **EUR 19.7 million** or **62.9% of the Division's Annual Plan**, was carried out **at the HA Division**; major part, amounting to EUR 7.6 million, was invested at the parent company for the projects of the refrigeration appliance program, heat pumps, and solar power plants. Other investments mostly pertain to the company Gorenje Tiki, d.o.o., Stara Pazova, and the companies of the Atag and Asko Groups; major part of investments there is represented by capitalized costs of new product development.

- At the **HI Division**, investments in the amount of **EUR 0.7 million** represent **46.7% of the Annual plan**. Investment is entirely focused on technical, technological, and product restructuring of manufacturing and sales.
- At the **EES Division**, investments totalled at **EUR 3.5 million**, which represents **46.1% of the Annual Plan**. Predominant part of these investments was carried out at the company Publicus, d.o.o., for the project of setting up the infrastructure for sorting and bio-stabilization of waste, and at Gorenje Surovina, d.o.o., for the acquisition of machinery for production of alternative fuels made of remaining waste.

Summary of parent company performance

EUR million	Q2 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Plan 2011
Revenue	**154.2**	**147.8**	**318.4**	**296.6**	**685.0**
EBITDA	**7.8**	**8.4**	**15.5**	**18.7**	**39.2**
EBITDA Margin (%)	*5.0%*	*5.7%*	*4.9%*	*6.3%*	*5.7%*
EBIT	**2.3**	**2.0**	**4.6**	**4.8**	**16.4**
EBIT Margin (%)	*1.5%*	*1.3%*	*1.4%*	*1.6%*	*2.4%*
Profit or loss before income tax	**1.2**	**0.4**	**0.9**	**2.3**	**12.1**
Net profit or loss for the period	**1.0**	**1.0**	**1.2**	**1.0**	**11.6**
ROS *(net return on sales)*	*0.7%*	*0.7%*	*0.4%*	*0.4%*	*1.7%*
ROA *(net return on assets)*	*0.5%*	*0.5%*	*0.3%*	*0.3%*	*1.4%*
ROE *(net return on equity)*	*1.2%*	*1.3%*	*0.7%*	*0.7%*	*3.5%*
Employees / end of period	**4,519**	**4,728**	**4,519**	**4,728**	**4,460**
Employees / average	**4,519**	**4,739**	**4,486**	**4,761**	**4,509**

- **Sales revenues** at the parent company in the period January – June 2011 were higher compared to the equivalent period last year in **(1)** the segment of sale of products and services at the Home Appliance Division by EUR 14.4 million or 5.3%; and **(2)** in the segment of sale beyond the Home Appliance Division (activities of the Division Ecology, Energy, and Services at the parent company), by EUR 7.4 million or 32.2%; combined, sales were higher by EUR 21.8 million or 7.4%. The parent company generated the largest share of growth at the Ecology, Energy, and Services Division by sales of coal, the dynamics of which was quite different in 2011 than that attained in the corresponding period of 2010.
- The rate of **contribution margin (gross margin)** at the level of difference between sales revenues and costs of goods and material dropped by 4.0 percentage points or EUR 12.7 million. Increase in sales (scope of business activities) improved the profitability at this level by EUR 7.8 million. Total profitability at this level is thus lower by EUR 4.9 million, or 4.5%, which translates into a direct negative effect on net profitability at the parent company.
- **The composition of improvement in profitability** at the level of net profit from the contribution margin at the level of cost of goods and services is thus as follows:

EUR million	Development
Net profit January – June 2010	**1.0**
Contribution margin at the level of costs of goods and material	-4.7
Costs of services	-2.1
Employee benefit expense	2.5
Depreciation and amortization expense	2.9
Other operating expenses	-0.5
Other operating income	1.7
Net financial result	-0.1
Corporate income tax and deferred income tax	0.5
Net profit January – June 2011	**1.2**

Table 5: Development of effects of improvement of parent company profitability at the level of net profit

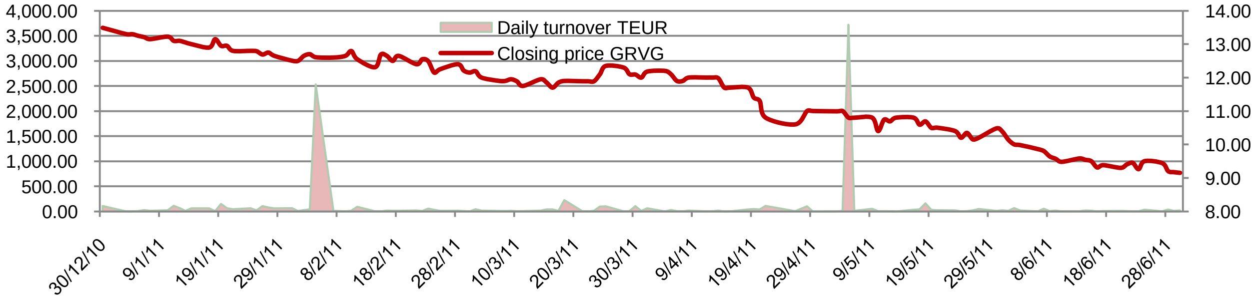
- Since the parent company has a decisive influence on all categories of profitability at the Home Appliance Division and the Gorenje Group, all major disclosures of reasons for dynamics of change in particular categories of profitability were already given in the performance analysis for the Home Appliance Division and the Group as a whole.

Ownership and GRVG share

- Articles of Association of the company Gorenje, d.d., do not include any provisions that would render invalid the proportionality of rights from shares such as minority interest rights or restriction of voting rights; nor does it include any resolutions on conditional capital increase.
- As at June 30th 2011, 19,863 shareholders were entered in the share register, which is 3.7 percent less than at the end of 2010 (20,627).

Ten largest shareholders	Number of shares	Share in %
KAPITALSKA DRUŽBA, D.D.	3,534,615	22.2207%
IFC	1,876,876	11.7991%
HOME PRODUCTS EUROPE B.V.	1,070,000	6.7267%
INGOR, d.o.o., & co. k.d.	794,473	4.9945%
NFD 1 DELNIŠKI INVESTICIJSKI SKLAD, d.d.	544,451	3.4227%
EECF AG	411,727	2.5884%
RAIFFEISEN BANK INTERNATIONAL AG (RBI)	383,038	2.4080%
PROBANKA, d.d.	379,706	2.3871%
KD GALILEO, FLEKSIBILNA STRUKTURA NALOŽB	347,684	2.1857%
TRIGLAV VZAJEMNI SKLADI - DELNIŠKI TRIGLAV	297,090	1.8677%
Total major shareholders	**9,639,660**	**60.6006%**
Other shareholders	6,267,216	39.3994%
Total	**15,906,876**	**100%**

- The number of **treasury shares** as at June 30th 2011 remains the same as at the last day of 2010, at 121,311 shares, which is 0.7626 percent of total share capital.
- The number of shares held by **Supervisory Board members (3,208)** did not change relative to December 31st 2010. The number of shares held by **Management Board members**, however, did change as a result of termination of office of Management Board member Mrs. Mirjana Dimc Perko as of January 1st 2011, from 13,230 (December 31st 2010) to 13,134 shares.
- **Closing price per share** as at June 30th 2011 amounted to EUR 9.15, which is 32.2% lower than on the last trading day in 2010 (EUR 13.49) In the same period, the prime market index SBITOP dropped by 12.7%.
- **Net earnings per share** calculated as the ratio between net income (annually) and the number of shares outstanding, i.e. total shares issued minus the average number of treasury shares held by the company (15,785,565 shares) amounts to EUR 0.16 (EUR 0.20 in 2010).
- **Book value per GRVG share** as at June 30th 2011 amounts to EUR 20.94 (EUR 21.04 as at December 31st 2010). It is calculated as the ratio between book value of ordinary share capital and the number of shares issued minus the number of treasury shares as at June 30th 2011 (15,785,565 shares).
- **The ratio between market and book value per GRVG share** amounts to 0.44 (0.64 as at December 31st 2010).
- According to the adopted Gorenje Group **dividend policy** for the period 2010-2013, up to one third of the Group's profit after taxes (net income) shall be allocated for dividend payment each year. Due to the onset of the economic crisis which has had a strong impact on Gorenje operations since the last quarter of 2008, no dividends were paid out in 2009 for the year 2008. Dividends were not paid out in last year either due to the loss generated in 2009. For 2011, the Management Board and the Supervisory Board proposed to the Shareholders Assembly that no dividends be paid out for the fiscal year 2010 due to high uncertainty and risks in operating activities in 2011.



Graph 15: **Closing price per GRVG share and daily turnover for the period January-June 2011**

Events after the reporting period

- On July 5th 2011, the 16th Shareholders Assembly of the company Gorenje, d.d., took place.
- On June 20th, Gorenje, d.d., signed a deal to divest from its entire shareholding in the company Istrabenz Gorenje, d.o.o. The buyer of Gorenje's 46.5507-percent stake in the said company is Petrol, d.d. The agreement shall become effective subject to meeting all suspensive conditions stipulated therein. The deadline for meeting the suspensive conditions is July 31st 2011.
- On July 5th 2011, Gorenje, d.d., signed with the Deutsche Bank AG as the bookrunner/agent an agreement on two assignable loans (Schuldschein-Darlehen) in the total amount of EUR 100 million. The loans were taken out without security/insurance, with maturity of 3 and 5 years, respectively, and principal payable in a single amount.
- As all suspensive conditions have been met, the Agreement on disposal of Gorenje, d.d., 46.5507 percent stake in the energy engineering company Istrabenz Gorenje, d.o.o., is effective as of July 29th 2011. The buyer of Gorenje's shareholding is Petrol, d.d.
- Gorenje Group is in the finishing stage of preparing a new version of strategic plan for the period until 2015; a notable part thereof is the revitalization of the HI Division and integration of the Asko Group.

There were no other major events after the reporting date for the statement of financial position, i.e. June 30th 2011.

Major business events

- **Entering new markets**

  Gorenje was in August successful in a bid for cooperation in yet another real estate project in Hong Kong. The property at hand is developed by Kerry Properties, one of Hong Kong's leading real estate investors. Gorenje was selected as the sole supplier of home appliances for 149 apartments in a new residential building called SOHO189 located next to the very centre of Hong Kong and scheduled for completion in the first quarter of 2013.

- **Brand strategy implementation**

  This spring, Gorenje started to introduce a new brand to select European markets: the Gorenje+. High-end built-in kitchen appliances developed especially for this brand are aiming to boost Gorenje's presence in the distribution channel of specialized kitchen studios.

Related-party transactions

Group companies conducted transactions with related parties based on the purchase and sale agreements. Products and services involved in such transactions were traded according to the arm's length principle.

FINANCIAL REPORT

Fundamental accounting policies and notes to financial statements

- Unaudited consolidated financial statements of the Gorenje Group for the period January – June 2011 were compiled in compliance with the Companies Act and International Financial Reporting Standards (IFRS) as announced by the International Accounting Standards Board (IASB), interpreted by the International Financial Reporting Interpretations Committee (IFRIC), and adopted by the European Union.
- Unaudited financial statements of the company Gorenje, d.d., for the period January – June 2011 were compiled in compliance with the Companies Act and the International Financial Reporting Standards (IFRS). Transition to and implementation of IFRS was confirmed by the Gorenje, d.d., Shareholders Assembly at their 9th meeting held on June 29th 2006.
- Pursuant to the accounting policies, the company Gorenje, d.d., does not report by business segments as these are reported by in the consolidated report of the Gorenje Group.
- Comparable information is materially harmonized with the presentation of information during the year. Were necessary, comparable information was adjusted in such way that they matched the presentation of information for the current year.

In the period January-June 2011, Gorenje Group comprised the parent company Gorenje, d.d., and 75 subsidiaries operating in Slovenia and abroad, and 26 jointly controlled companies.

Changes in the composition of the Gorenje Group

The following changes occurred in the composition of the Gorenje Group up to and including the last day of June 2011:

- As of January 10th 2011, the company Gorenje Gospodinjski aparati, d.d., is the sole partner and 100% owner of the company Gorenje Tiki, d.o.o., Stara Pazova.
- The companies GORENJE HOME, D.O.O., Zaječar (HA and HI Division), and ORSES, D.O.O., Belgrade (EES Division), were founded on February 16th and 17th , respectively.
- On April 20th 2011, the company Sirovina, d.o.o., Bačka Palanka, Serbia, was merged with the company Kemis Valjevo, d.o.o.
- On May 16th 2011, the company Gorenje Surovina, d.o.o., purchased a 20-percent stake in the company EKOGOR from the company JEKO-IN. Total shareholding of the company EKOGOR now amounts to 45.95%.
- On June 16th 2011, company Gorenje Ekologija, d.o.o., Stara Pazova, was founded in Serbia.

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		Shareholding in %	Division
1.	Gorenje I.P.C., d.o.o., Velenje	100.00	HA
2.	Gorenje GTI, d.o.o., Velenje	100.00	EES
3.	Gorenje Notranja oprema, d.o.o., Velenje	99.98	HI
4.	Gorenje Gostinstvo, d.o.o., Velenje	100.00	EES
5.	ENERGYGOR, d.o.o., Velenje	100.00	EES
6.	KEMIS, d.o.o., Vrhnika	100.00	EES
7.	Gorenje Orodjarna, d.o.o., Velenje	100.00	EES
8.	ZEOS, d.o.o., Ljubljana	51.00	EES
9.	ISTRABENZ GORENJE, d.o.o., Nova Gorica	48.686	EES
10.	GEN-I, d.o.o., Krško	24.343	EES
11.	Istrabenz investicijski inženiring, d.o.o., Nova Gorica	48.686	EES
12.	Gorenje Surovina, d.o.o., Maribor	99.75	EES
13.	Indop, d.o.o., Šoštanj	100.00	EES
14.	ERICo, d.o.o., Velenje	51.00	EES
15.	Istrabenz Gorenje inženiring, d.o.o., Ljubljana	48.686	EES
16.	Gorenje Projekt, d.o.o., Ljubljana	50.00	EES
17.	Gorenje design studio, d.o.o., Velenje	52.00	EES
18.	Istrabenz Gorenje energetsko svetovanje, d.o.o., Nova Gorica	48.686	EES
19.	PUBLICUS, d.o.o., Ljubljana	51.00	EES
20.	IG AP, d.o.o., Kisovec	48.686	EES
21.	EKOGOR, d.o.o., Jesenice	45.95	EES

22.	Gorenje GAIO, d.o.o, Šoštanj	100.00	EES
23.	Vitales RTH, d.o.o., Trbovlje	24.343	EES

Companies operating abroad		Shareholding in %	Division
1.	Gorenje Beteiligungsgesellschaft m.b.H., Austria	100.00	HA
2.	Gorenje Austria Handelsgesellchaft m.b.H., Austria	100.00	HA
3.	Gorenje Vertriebsgesellschaft m.b.H., Germany	100.00	HA
4.	Gorenje Körting Italia S.r.l., Italy	100.00	HA
5.	Gorenje France S.A.S., France	100.00	HA
6.	Gorenje BELUX S.a.r.l., Belgium	100.00	HA
7.	Gorenje Espana, S.L., Spain	100.00	HA
8.	Gorenje UK Ltd., Great Britain	100.00	HA
9.	Gorenje Skandinavien A/S, Denmark	100.00	HA
10.	Gorenje AB, Sweden	100.00	HA
11.	Gorenje OY, Finland	100.00	HA
12.	Gorenje AS, Norway	100.00	HA
13.	Gorenje spol. s r.o., Czech Republic	100.00	HA
14.	Gorenje real spol. s r.o., Czech Republic	100.00	HA
15.	Gorenje Slovakia s.r.o., Slovakia	100.00	HA
16.	Gorenje Budapest Kft., Hungary	100.00	HA
17.	Gorenje Polska Sp. z o.o., Poland	100.00	HA
18.	Gorenje Bulgaria EOOD, Bulgaria	100.00	HA
19.	Gorenje Zagreb, d.o.o., Croatia	100.00	HA
20.	Gorenje Skopje, d.o.o., Macedonia	100.00	HA
21.	Gorenje Commerce, d.o.o., Bosnia and Herzegovina	100.00	HA
22.	Gorenje, d.o.o., Serbia	100.00	HA
23.	Gorenje Podgorica , d.o.o., Montenegro	99.972	HA
24.	Gorenje Romania S.R.L., Romania	100.00	HA
25.	Gorenje aparati za domaćinstvo, d.o.o., Serbia	100.00	HA
26.	Mora Moravia s r.o., Czech Republic	100.00	HA
27.	Gorenje - kuchyně spol. s r.o., Czech Republic	99.98	HI
28.	Kemis-Termoclean, d.o.o., Croatia	100.00	EES
29.	Kemis - BH, d.o.o., Bosnia and Herzegovina	100.00	EES
30.	Gorenje Studio, d.o.o., Serbia	100.00	HA
31.	Gorenje Gulf FZE, United Arab Emirates	100.00	HA
32.	Gorenje Tiki, d.o.o., Serbia	100.00	HA
33.	GEN-I Zagreb, d.o.o., Croatia	24.343	EES
34.	Intrade energija, d.o.o., Bosnia and Herzegovina	24.83	EES
35.	Vitales, d.o.o., Nova Bila, Bosnia and Herzegovina	48.686	EES
36.	Gorenje Istanbul Ltd., Turkey	100.00	HA
37.	Gorenje TOV, Ukraine	100.00	HA
38.	Vitales, d.o.o., Bihać, Bosnia and Herzegovina	48.686	EES
39.	GEN-I, d.o.o, Belgrade, Serbia	24.343	EES
40.	Vitales, d.o.o., Sokolac, Bosnia and Herzegovina	24.343	EES
41.	ST Bana Nekretnine, d.o.o., Serbia	100.00	EES
42.	GEN-I Budapest, Kft., Hungary	24.343	EES
43.	Kemis Valjevo, d.o.o, Serbia	100.00	EES
44.	Kemis – SRS, d.o.o., Bosnia and Herzegovina	100.00	EES
45.	ATAG Europe BV, Netherlands	100.00	HA
46.	ATAG Nederland BV, Netherlands	100.00	HA

47.	ATAG België NV, Belgium	100.00	HA
48.	ATAG Financiele Diensten BV, Netherlands	100.00	HA
49.	ATAG Financial Solutions BV, Netherlands	100.00	HA
50.	Intell Properties BV, Netherlands	100.00	HA
51.	ATAG Special Product BV, Netherlands	100.00	HA
52.	Gorenje Nederland BV, Netherlands	100.00	HA
53.	Gorenje Kazakhstan, TOO, Kazakhstan	100.00	HA
54.	Gorenje kuhinje, d.o.o., Ukraine	69.986	HI
55.	Vitales Energie Biomasse S.r.l., Italy	32.78	EES
56.	Vitales Čakovec, d.o.o., Croatia	48.686	EES
57.	»Euro Lumi & Surovina« SH.P.K., Kosovo	39.93	EES
58.	GEN-I d.o.o., Sarajevo, Bosnia and Herzegovina	24.343	EES
59.	GEN-I DOOEL Skopje, Macedonia	24.343	EES
60.	GEN-I Athens SMLLC, Greece	24.343	EES
61.	GEN-I Tirana Sh.p.k., Albania	24.343	EES
62.	OOO Gorenje BT, Russia	100.00	HA
63.	Vitales inženjering, d.o.o., Prijedor, Bosnia and Herzegovina	24.343	EES
64.	GEN-I Bucharest, Romania	24.343	EES
65.	Gorenje GTI, d.o.o. Belgrade, Serbia	100.00	EES
66.	Asko Appliances AB, Sweden	100.00	HA
67.	Asko Hvitevarer AS, Norway	100.00	HA
68.	AM Hvidevarer A/S, Denmark	100.00	HA
69.	Asko Appliances Inc, United States of America	100.00	HA
70.	Asko Appliances Pty, Australia	100.00	HA
71.	Asko Appliances OOO, Russia	100.00	HA
72.	»Gorenje – Albania« SH.P.K., Albania	100.00	HA
73.	GEN-I Sofia SpLLC, Bulgaria	24.343	EES
74.	GEN-I Milano S.r.l., Italy	24.343	EES
75.	GEN-I Vienna GmbH, Austria	24.343	EES
76.	GORENJE HOME DOO Zaječar, Serbia	100.00	HA
77.	ORSES, d.o.o., Belgrade, Serbia	100.00	EES
78.	Gorenje Ekologija, d.o.o. Stara Pazova, Serbia	99.87	EES

HA – Home Appliance Division
HI – Home Interior Division
EES – Ecology, Energy, and Services Division

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

- Moscow (Russian Federation)
- Krasnoyarsk (Russian Federation)
- Kiev (Ukraine)
- Athens (Greece)
- Shanghai (China)
- Almaty (Kazakhstan)
- Chişinău (Moldova)

Non-audited consolidated financial statements of the Gorenje Group

Consolidated Statement of Financial Position of the Gorenje Group

EUR thousand	Jun 30th 2011	%	Dec 31st 2010	%	Jun 30th 2010	%
ASSETS	**1,277,283**	**100.0%**	**1,317,754**	**100.0%**	**1,201,893**	**100.0%**
Non-current assets	**576,129**	**45.1%**	**563,435**	**42.8%**	**558,569**	**46.5%**
Intangible assets	161,050	12.6%	160,161	12.2%	160,187	13.4%
Property, plant, and equipment	377,598	29.6%	375,400	28.5%	368,936	30.7%
Investment property	14,303	1.1%	4,518	0.3%	7,517	0.6%
Non-current financial investments	5,166	0.4%	5,313	0.4%	5,979	0.5%
Deferred tax assets	18,012	1.4%	18,043	1.4%	15,950	1.3%
Current assets	**701,154**	**54.9%**	**754,319**	**57.2%**	**643,324**	**53.5%**
Assets classified as held for sales	177	0.0%	1,066	0.1%	1,462	0.1%
Inventories	281,016	22.0%	257,593	19.5%	241,424	20.1%
Current investments	39,504	3.1%	48,002	3.6%	52,641	4.4%
Trade receivables	292,401	22.9%	306,284	23.2%	277,133	23.0%
Other current assets	55,877	4.4%	58,646	4.5%	45,645	3.8%
Cash and cash equivalents	32,179	2.5%	82,728	6.3%	25,019	2.1%
EQUITY AND LIABILITIES	**1,277,283**	**100.0%**	**1,317,754**	**100.0%**	**1,201,893**	**100.0%**
Equity	**398,603**	**31.2%**	**392,096**	**29.8%**	**366,599**	**30.5%**
Share capital	66,378	5.2%	66,378	5.0%	58,546	4.9%
Share premium	175,575	13.8%	175,575	13.4%	158,487	13.2%
Legal and statutory reserves	21,990	1.7%	21,990	1.7%	21,697	1.8%
Retained earnings	113,737	8.9%	107,382	8.1%	102,129	8.5%
Treasury shares	-3,170	-0.2%	-3,170	-0.2%	-3,170	-0.3%
Translation reserve	11,739	0.9%	8,842	0.7%	14,051	1.1%
Fair value reserve	10,482	0.8%	13,294	1.0%	8,130	0.7%
Equity attributable to equity holders of the parent company	**396,731**	**31.1%**	**390,291**	**29.7%**	**359,870**	**29.9%**
Minority interest	**1,872**	**0.1%**	**1,805**	**0.1%**	**6,729**	**0.6%**
Non-current liabilities	**340,603**	**26.7%**	**356,027**	**27.0%**	**302,522**	**25.2%**
Provisions	83,712	6.5%	88,167	6.7%	65,894	5.5%
Deferred income	778	0.1%	866	0.1%	932	0.1%
Deferred tax liabilities	4,835	0.4%	6,062	0.4%	5,297	0.4%
Non-current financial liabilities	251,278	19.7%	260,932	19.8%	230,399	19.2%
Current liabilities	**538,077**	**42.1%**	**569,631**	**43.2%**	**532,772**	**44.3%**
Current financial liabilities	228,692	17.9%	223,015	16.9%	257,379	21.4%
Trade payables	202,392	15.8%	237,020	18.0%	178,995	14.9%
Other current liabilities	106,993	8.4%	109,596	8.3%	96,398	8.0%

Consolidated Income Statement of the Gorenje Group

EUR thousand	Jan-Jun 2011	%	Q2 2011	%	Plan 2011	%	Jan-Jun 2010	%	Q2 2010	%	11/10	Plan real.
Revenue	**744,624**	**94.5%**	**374,406**	**95.3%**	**1,547,964**	**98.7%**	**610,073**	**97.9%**	**319,122**	**102.9%**	122.1	48.1
Changes in inventories	25,239	3.2%	8,111	2.0%	2,317	0.2%	3,472	0.6%	-14,536	-4.7%	726.9	1,089.3
Other operating income	18,320	2.3%	10,473	2.7%	17,487	1.1%	9,410	1.5%	5,423	1.8%	194.7	104.8
Gross profit	**788,183**	**100.0%**	**392,990**	**100.0%**	**1,567,768**	**100.0%**	**622,955**	**100.0%**	**310,009**	**100.0%**	**126.5**	**50.3**
Costs of goods, material, and services	-599,977	-76.1%	-297,870	-75.8%	-1,165,137	-74.3%	-456,593	-73.3%	-223,613	-72.1%	131.4	51.5
Other operating expenses	-12,220	-1.6%	-7,920	-2.0%	-18,853	-1.2%	-9,714	-1.6%	-6,024	-1.9%	125.8	64.8
VALUE ADDED	**175,986**	**22.3%**	**87,200**	**22.2%**	**383,778**	**24.5%**	**156,648**	**25.1%**	**80,372**	**25.9%**	**112.3**	**45.9**
Employee benefit expense	-132,389	-16.8%	-65,286	-16.6%	-276,364	-17.6%	-111,336	-17.8%	-56,143	-18.1%	118.9	47.9
EBITDA	**43,597**	**5.5%**	**21,914**	**5.6%**	**107,414**	**6.9%**	**45,312**	**7.3%**	**24,229**	**7.8%**	**96.2**	**40.6**
Depreciation and amortization expense	-25,694	-3.3%	-12,879	-3.3%	-52,840	-3.4%	-25,613	-4.1%	-12,297	-4.0%	100.3	48.6
EBIT	**17,903**	**2.2%**	**9,035**	**2.3%**	**54,574**	**3.5%**	**19,699**	**3.2%**	**11,932**	**3.8%**	**90.9**	**32.8**
Finance income	10,235	1.3%	4,936	1.3%	7,992	0.5%	6,057	1.0%	1,794	0.6%	169.0	128.1
Finance expenses	-19,264	-2.4%	-7,971	-2.0%	-35,748	-2.3%	-17,911	-2.9%	-8,143	-2.6%	107.6	53.9
Profit or loss before income tax	**8,874**	**1.1%**	**6,000**	**1.6%**	**26,818**	**1.7%**	**7,845**	**1.3%**	**5,583**	**1.8%**	**113.1**	**33.1**
Income tax	-2,430	-0.3%	-1,447	-0.4%	-5,714	-0.4%	-2,937	-0.5%	-1,192	-0.4%	82.7	42.5
Profit after taxes (Net income)	**6,444**	**0.8%**	**4,553**	**1.2%**	**21,104**	**1.3%**	**4,908**	**0.8%**	**4,391**	**1.4%**	**131.3**	**30.5**
Attributable to minority interest	**89**	**0.0%**	**29**	**0.0%**	**347**	**0.0%**	**567**	**0.1%**	**464**	**0.1%**	**15.7**	**25.6**
Attributable to equity holders of the parent	**6,355**	**0.8%**	**4,524**	**1.2%**	**20,757**	**1.3%**	**4,341**	**0.7%**	**3,927**	**1.3%**	**146.4**	**30.6**
Basic and diluted earnings per share (in EUR)	**0.81**		**1.15**		**1.31**		**0.62**		**1.13**		**130.7**	**61.8**

Statement of Comprehensive Income of the Gorenje Group

EUR thousand	Jan-Jun 2011	Jan-Jun 2010
Profit after taxes (Net income)	**6,444**	**4,908**
Other comprehensive income		
Net change in fair value of available-for-sale financial assets	-97	-446
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-4,054	-5,880
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, transferred to profit or loss	636	495
Income tax on other comprehensive income	703	1,139
Translation reserve	2,897	-3,354
Other comprehensive income	**85**	**-8,046**
Total comprehensive income for the period	**6,529**	**-3,138**
Attributable to equity holders of the parent	6,440	-3,705
Attributable to minority interest	89	567

- **Notes to major items of the Statement of Comprehensive Income are given in notes to the Gorenje Group Financial Report**

Consolidated Statement of Cash Flows of the Gorenje Group

EUR thousand	Jan-Jun 2011	Jan-Jun 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**6,444**	**4,908**
Adjustments for:		
Depreciation of property, plant and equipment	22,530	22,525
Amortization of intangible assets	3,164	3,088
Investment income	-10,235	-6,057
Finance expenses	19,264	17,911
Gain on sales of property, plant and equipment	-363	-565
Income tax expense	2,430	2,937
Operating profit before changes in net operating current assets and provisions	**43,234**	**44,747**
Change in trade and other receivables	7,954	-38,213
Change in inventories	-23,423	-23,443
Change in provisions	-4,543	3,457
Change in trade and other liabilities	-38,458	-12,444
Cash generated from operations	**-58,470**	**-70,643**
Interest paid	-11,671	-9,159
Income taxes paid	-3,240	-2,937
Net cash flow from operating activities	**-30,147**	**-37,992**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of property, plant and equipment	399	678
Proceeds from sales of investment property	0	1,261
Interest received	1,221	1,372
Dividends received	29	11
Liquidation of subsidiary	10,727	0
Acquisition of property, plant and equipment	-20,156	-11,527
Acquisition of investment property	-9,819	0
Acquisition of other investment	7,905	10,381
Acquisition of intangible assets	-3,670	-1,831
Net cash used in investing activities	**-13,364**	**345**
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings/repayment of borrowings	-7,038	35,536
Net cash used in financing activities	**-7,038**	**35,536**
Net increase in cash and cash equivalents	-50,549	-2,111
Cash and cash equivalents at beginning of period	82,728	27,130
Cash and cash equivalents at end of period	32,179	25,019

Statement of Changes in Equity of the Gorenje Group

EUR thousand	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Treasury shares	Translation reserve	Fair value reserve	Parent company holders equity	Minority shareholder interest	Total
Opening balance as at Jan 1st 2011	**66,378**	**175,575**	**21,990**	**107,382**	**-3,170**	**8,842**	**13,294**	**390,291**	**1,805**	**392,096**
Total comprehensive income for the period										
Net profit or loss for the period				6,355				**6,355**	**89**	**6,444**
Total other comprehensive income						2,897	-2,812	**85**		**85**
Total comprehensive income for the period	**0**	**0**	**0**	**6,355**	**0**	**2,897**	**-2,812**	**6,440**	**89**	**6,529**
Transactions with owners (when acting as owners) recognised directly in equity										
Contributions by owners and distributions to owners										
Capital increase								**0**		**0**
Payment of dividends								**0**	**0**	**0**
Total contributions by owners and distributions to owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Disposal of subsidiary								**0**		**0**
Acquisition of non-controlling interest									**-22**	**-22**
Total changes in ownership interests in subsidiaries	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-22**	**-22**
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-22**	**-22**
Closing balance June 30th 2011	**66,378**	**175,575**	**21,990**	**113,737**	**-3,170**	**11,739**	**10,482**	**396,731**	**1,872**	**398,603**

EUR thousand	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Treasury shares	Translation reserve	Fair value reserve	Parent company holders equity	Minority shareholders interest	Total
Opening balance as at Jan 1st 2010	**58,546**	**158,487**	**21,697**	**97,788**	**-3,170**	**17,405**	**12,822**	**363,575**	**6,069**	**369,644**
Total comprehensive income for the period										
Net profit or loss for the period				4,341				**4,341**	**567**	**4,908**
Total other comprehensive income						-3,354	-4,692	**-8,046**		**-8,046**
Total comprehensive income for the period	**0**	**0**	**0**	**4,341**	**0**	**-3,354**	**-4,692**	**-3,705**	**567**	**-3,138**
Transactions with owners (when acting as owners) recognised directly in equity										
Contributions by owners and distributions to owners										
Payment of dividends										
Total contributions by owners and distributions to owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Changes in ownership interests in subsidiaries that do not result in a loss of control									**93**	**93**
Acquisition of non-controlling interest										**0**
Total changes in ownership interests in subsidiaries	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**93**	**93**
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**93**	**93**
Closing balance June 30th 2010	**58,546**	**158,487**	**21,697**	**102,129**	**-3,170**	**14,051**	**8,130**	**359,870**	**6,729**	**366,599**

Notes to Gorenje Group financial statements

Income Statement

- **Sales revenues** in the period January – June 2011 are higher by EUR 134,551 thousand or by 22.1% relative to the equivalent period last year; in comparable terms (elimination of the Asko Group), revenues are higher by EUR 59,449 thousand or 9.7%. The increase is a result of high growth (29.6%) of revenue at the Ecology, Energy, and Services Division, and 20.1-percent growth at the Home Appliance Division (EUR 75,102 thousand or 18.1 percentage points due to the effect of the Asko Group), while revenue from the Home Interior Division lagged behind the revenues of last year's equivalent period (by 6.4%).
- **Other operating income**, amounting to EUR 18,320 thousand and pertaining to revenues from grants and subsidies (EUR 3,946), revenues from drawing and reversal of provisions (EUR 8,501 thousand), revenues from rents and leases (EUR 640 thousand), revenues from indemnities and damages (EUR 614 thousand), revenues pertaining to the Waste Electric and Electronic Equipment Directive (EUR 596 thousand), proceeds from disposal of fixed assets (property, plant, and equipment, EUR 363 thousand), and other operating income (EUR 3,660 thousand).
- The dynamics of growth of **costs of goods, material, and services** was higher than the growth of gross profit from operations (total operating revenue) and sales revenues, which is mostly a result of increase in price of raw and processed material, and the increase in the cost of goods at the EES Division, particularly in sales of coal.
- Considering comparable figures without the effect of the Asko Group, costs of services were cut relative to the equivalent period last year by EUR 3,124 thousand or 3.6% as a result of optimization of operating processes (activities), and partly as a result of lower sales of medical equipment. On the other hand, costs of material and merchandise (goods) sold rose somewhat faster than scope of operating activities.
- **Labour costs** (employee benefit expense) were higher by EUR 21,053 thousand or 18.9% relative to the equivalent period last year, which is entirely the result of Asko Group takeover. In the composition of gross profit, their share dropped from 17.9% to 16.8%, or to 15.5% in comparable terms. Labour costs per employee are higher by 15.1% relative to equivalent period last year; in comparable terms, they are higher by 2.9%.
- In comparable terms, **depreciation and amortization expense** is lower by EUR 2,907 thousand, which is mostly a result of lower investment in recent years, and the extension of useful life of some fixed assets (property, plant, and equipment) in 2010. Useful life of these assets was extended based on the findings in regular audits of property, plant, and equipment (fixed asset) valuation.
- Predominant share of **other operating expenses** pertains to costs related to the Waste Electric and Electronic Equipment Directive (EUR 3,882 thousand); lump-sum charges, i.e. charges independent of income (EUR 1,811 thousand); and costs of integration activities at the Asko Group (EUR 3,623 thousand) for which provisions were reversed in the same amount.
- **Value added per employee** rose by 8.7% to EUR 16,003. In comparable terms, the figure is higher by 3.2%.
- **Negative result from financing operations** is lower than in the equivalent period last year by EUR 2,825 thousand; considering comparable figures, it is lower by EUR 4,081 thousand. The figure was negatively affected by lower results from currency translation differences and interest rates, and favourably affected by the values of other financial changes, particularly impairment loss on trade receivables and positive effect of liquidation of the subsidiary Gorenje Tiki, d.o.o. – in liquidation, Ljubljana.

EUR thousand	Jan-Jun 2011	Jan-Jun 2010	11/10
Dividend revenue	29	11	263.6
Interest revenues*	1,526	1,514	100.8
Revenue from revaluation (positive currency translation differences)**	137	1,954	7.0
Other finance income	8,543	2,578	331.4
Total finance income	**10,235**	**6,057**	**169.0**
Interest and similar expense*	11,909	9,988	119.2
Expenses from revaluation (negative currency translation differences)**	2,690	1,253	214.7
Other finance expenses	4,665	6,670	69.9
Total finance expenses	**19,264**	**17,911**	**107.6**
Dividend result	29	11	263.6
Interest result	-10,383	-8,474	122.5
Revaluation result	-2,553	701	-364.2
Result from other financing operations	3,878	-4,092	-94.8
Total financial result	**-9,029**	**-11,854**	**76.2**

including revenue (expense) from interest rate hedging
*** including revenue (expense) from foreign exchange hedging**

- **Corporate income tax** amounted to EUR 2,430 thousand, which is lower by EUR 507 thousand compared to the equivalent period last year, particularly due to more favourable taxation of development costs at the company Atag.

Statement of Comprehensive Income

- Statement of Comprehensive Income reports net effect of impairments and value increases to available-for-sale financial investments in the amount of EUR -97 thousand; negative effect of interest rate hedging in the amount of EUR 4,054 thousand (effect of interest rate swap deals); part of the interest rate hedging costs (interest rate swap deals) in the amount of EUR 636 thousand that has already been included in the net profit of the first half of the year, but is required to be reported separately in the statement of comprehensive income and thus has a positive value pursuant to provisions of IAS1; and deferred taxes in the amount of EUR 703 thousand pertaining to the previously stated transactions.

Statement of Financial Position

- **Balance sheet total (total assets)** as at the end of June amounted to EUR 1,277,283 thousand. In the composition of assets, the share of non-current assets as at the end of June amounted to 45.1%, which is 2.3 percentage points higher than as at the end of 2010.
- **Investment property** is higher that as at the end of December by EUR 9,785 thousand, mostly due to the acquisition of real estate from the company Gorenje Tiki, d.o.o – in liquidation.
- **Total inventories** increased by EUR 23,423 thousand, or 9.1% compared to the end of December; the increase mostly pertains to inventories of finished products at the HA Division as a result of year-on-year dynamics of manufacturing and sales activities. In addition, inventory of material increased due to the adjustment of purchasing and sourcing activities to production requirements. Compared to the end of the comparable period last year, inventory is higher by EUR 39,592 thousand or 16.4%; comparably by EUR 1,641 thousand or 0.7%.

EUR thousand	June 30th 2011	Dec 31st 2010	June 30th 2010	June 30th 2011/ June 30th 2010	June 30th 2011/ Dec 31st 2010
Material	86,071	79,380	77,201	111.5	108.4
Work in progress	15,241	18,960	18,344	83.1	80.4
Products	141,728	112,770	109,323	129.6	125.7
Merchandise	35,382	44,845	34,863	101.5	78.9
Advance	2,594	1,638	1,693	153.2	158.4
Total	**281,016**	**257,593**	**241,424**	**116.4**	**109.1**

Turnover of products, relative to the entire year 2010, were extended by four days; relative to equivalent period last year, they are shorter by one day.

	Jan-Jun 2011	Jan-Dec 2010	Jan-Jun 2010
Turnover of products	31	27	30
Turnover of trade receivables	72	73	78
Turnover of trade payables	66	75	74

- Predominant part of decrease in the value of **short-term financial investments** pertains to the fall in short-term loans granted.
- **Trade receivables** are lower than as at the end of 2010 by EUR 13,883 thousand; relative to the equivalent period last year, they are higher by EUR 15,268 thousand, which is mostly the result of integration of the Asko Group into the Gorenje Group (EUR 19,203 thousand).

  Dales sales outstanding (turnover of trade receivables) were reduced from 78 to 72 days relative to the equivalent period last year; compared to the year 2010, the period is lower by one day.

- **Equity** was nominally increased by the amount of net profit for the period, and the amount of fair value reserves from deferred income tax liabilities and increase in currency translation reserve. On the other hand, it was decreased by the drop in the fair value reserve for revaluation of available-for-sales financial investments, and by the change in the value of cash flow hedge.
- **Provisions** were decreased by EUR 4,543 thousand relative to the end of 2010, mostly due to reversal of provisions for integration activities at the Asko Group in the amount of EUR 3,623 thousand.
- Non-current **financial liabilities** decreased by EUR 9,654 thousand or by 3.7% relative to the end of 2010, while the current financial liabilities increased by EUR 5,677 thousand or 2.6%. As at the end of June, financial liabilities represented 37.6% of total liabilities, which is 0.9 percentage point more than as at the end of 2010.
- Compared to the end of 2010, **trade payables** are lower by EUR 34,628 thousand, mostly due to adjustment of the purchasing volumes to the requirements of production, and higher scope of accrued, but not yet charged costs by suppliers, reported among other current payables.

  Days payables outstanding (turnover of trade payables) were reduced by 9 days relative to the entire year 2010; compared to the equivalent period last year, the decrease is 8 days.
- **Other current liabilities**, including predominantly current liabilities to employees and the government and other institutions, current liabilities for early or advance payments, and accrued costs or expenses, dropped by EUR 2,603 or 2.4% relative to the end of 2010.

Cash flow statement

- Total **cash flow from operating activities** was negative. It was positively affected by depreciation and amortisation and net profit, while increase in net working assets bore a negative impact.
- **Cash flow form investing activities** was negative, predominantly due to acquisition of property, plant and equipment and intangible assets, despite the notably positive effect of the liquidation of the subsidiary Gorenje Tiki, d.o.o. – in liquidation, Ljubljana, and repayment (collection) of short-term loans granted.
- **Cash flow from financing activities** was negative due to repayment of long-term borrowings.

Gorenje Group geographical and business segments

EUR thousand	Home Appliances		Home Interior		Ecology, Energy, and Services		Group	
	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010
Revenue from the sales to third parties	499,274	415,711	16,950	18,100	228,400	176,262	744,624	610,073
Inter-Division sales	2,995	3,016	4,441	5,810	6,978	5,187	14,414	14,013
Interest income	1,312	1,260	1	18	213	236	1,526	1,514
Interest expenses	11,013	8,951	50	62	846	975	11,909	9,988
Depreciation and amortization	21,679	21,551	920	880	3,095	3,182	25,694	25,613
Profit before taxes	4,548	3,256	-2,778	-2,254	7,104	6,843	8,874	7,845
Income tax							-2,430	-2,937
Net profit or loss for the period							6,444	4,908

EUR thousand	West		East		Rest of world		Group	
	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010
Revenue from the sales to third parties	273,733	217,190	424,434	367,120	46,457	25,763	744,624	610,073

Financial indicators

	Jan-Jun 2011	Plan 2011	Jan-Jun 2010
INDICATORS OF PROFITABILITY			
Net return on sales (ROS)	0.9%	1.4%	0.8%
Net return on assets (ROA)	1.0%	1.7%	0.8%
Net return on equity (ROE)	3.3%	5.3%	2.7%
ASSET INDICATORS			
Asset turnover ratio	1.15	1.23	1.03
Inventory turnover ratio	5.53	5.98	5.31
Current trade receivables turnover ratio	4.98	4.88	4.61
INVESTMENT INDICATORS			
Fixed assets (PPE) to total assets	0.42	0.41	0.44
Long-term assets to total assets	0.45	0.45	0.46
INDICATORS OF FINANCIAL COMPOSITION			
Long-term coverage of non-current assets	1.28	1.32	1.20
Equity to total liabilities	0.31	0.33	0.31
Long-term to total liabilities	0.58	0.59	0.56
Equity to fixed assets (carrying value)	0.74	0.79	0.69
Quick ratio (liquid assets to short-term liabilities)	0.13	0.14	0.15
(Liquid assets + current receivables) to current liabilities	0.78	0.84	0.75
Current ratio	1.30	1.34	1.21
Net financial liabilities to equity	1.02	0.90	1.12
OPERATING PERFORMANCE INDICATORS			
Operating revenue to operating expenses	1.02	1.04	1.03
Revenue per employee (EUR)	67,712	139,080	57,322
Value added per employee (EUR)	16,003	34,481	14,718

Non-audited financial statements of Gorenje, d.d.

Statement of Financial Position of Gorenje, d.d.

EUR thousand	As at June 30th 2011	%	As at Dec 31st 2010	%	As at June 30th 2010	%
ASSETS	**822,565**	**100.0%**	**851,648**	**100.0%**	**786,538**	**100.0%**
Non-current assets	**438,707**	**53.3%**	**425,215**	**49.9%**	**427,718**	**54.4%**
Intangible assets	15,570	1.9%	15,428	1.8%	15,295	1.9%
Property, plant, and equipment	154,207	18.7%	157,864	18.5%	162,947	20.8%
Investment property	11,411	1.4%	1,695	0.2%	4,198	0.5%
Investment in subsidiaries	245,275	29.8%	238,096	28.0%	232,985	29.6%
Other non-current investments	944	0.1%	1,165	0.1%	1,540	0.2%
Deferred tax assets	11,300	1.4%	10,967	1.3%	10,753	1.4%
Current assets	**383,858**	**46.7%**	**426,433**	**50.1%**	**358,820**	**45.6%**
Inventories	100,771	12.2%	93,660	11.0%	101,456	12.9%
Current investments	88,006	10.7%	76,472	9.0%	74,678	9.5%
Trade receivables	180,954	22.0%	183,967	21.6%	167,850	21.3%
Other current assets	13,622	1.7%	22,656	2.7%	14,550	1.8%
Cash and cash equivalents	505	0.1%	49,678	5.8%	286	0.1%
EQUITY AND LIABILITIES	**822,565**	**100.0%**	**851,648**	**100.0%**	**786,538**	**100.0%**
Equity	**330,610**	**40.2%**	**332,189**	**39.0%**	**300,551**	**38.2%**
Share capital	66,378	8.1%	66,378	7.8%	58,546	7.4%
Share premium	157,712	19.2%	157,712	18.5%	140,624	17.9%
Legal and statutory reserves	21,990	2.7%	21,990	2.6%	21,697	2.8%
Retained earnings	84,195	10.2%	82,962	9.7%	89,022	11.3%
Treasury shares	-3,170	-0.4%	-3,170	-0.4%	-3,170	-0.4%
Fair value reserve	3,505	0.4%	6,317	0.8%	-6,168	-0.8%
Non-current liabilities	**200,522**	**24.4%**	**205,739**	**24.2%**	**165,143**	**21.0%**
Provisions	26,605	3.2%	27,397	3.2%	27,021	3.4%
Deferred tax liabilities	699	0.1%	1,402	0.2%	1,320	0.2%
Non-current financial liabilities	173,218	21.1%	176,940	20.8%	136,802	17.4%
Current liabilities	**291,433**	**35.4%**	**313,720**	**36.8%**	**320,844**	**40.8%**
Current financial liabilities	133,899	16.3%	137,176	16.0%	159,170	20.2%
Trade payables	137,937	16.8%	154,803	18.2%	133,384	17.0%
Other current liabilities	19,597	2.3%	21,741	2.6%	28,290	3.6%

Income Statement of Gorenje, d.d.

EUR thousand	Jan-Jun 2011	%	Q2 2011	%	Plan 2011	%	Jan-Jun 2010	%	Q2 2010	%	11/10	Plan real.
Revenue	318,445	95.9%	154,227	96.9%	684,995	98.6%	296,597	95.6%	147,820	96.3%	107.4	46.5
Changes in inventories	8,060	2.4%	1,835	1.1%	0	0.0%	9,904	3.2%	3,508	2.3%	81.4	/
Other operating income	5,403	1.7%	3,154	2.0%	9,777	1.4%	3,730	1.2%	2,123	1.4%	144.9	55.3
Gross profit	**331,908**	**100.0%**	**159,216**	**100.0%**	**694,772**	**100.0%**	**310,231**	**100.0%**	**153,451**	**100.0%**	**107.0**	**47.8**
Costs of goods, material, and services	-265,856	-80.1%	-127,158	-79.9%	-546,881	-78.7%	-238,347	-76.8%	-117,902	-76.8%	111.5	48.6
Other operating expenses	-2,043	-0.6%	-996	-0.6%	-3,970	-0.6%	-2,164	-0.7%	-1,523	-1.0%	94.4	51.5
VALUE ADDED	**64,009**	**19.3%**	**31,062**	**19.5%**	**143,921**	**20.7%**	**69,720**	**22.5%**	**34,026**	**22.2%**	**91.8**	**44.5**
Employee benefit expense	-48,558	-14.6%	-23,309	-14.6%	-104,738	-15.1%	-51,059	-16.5%	-25,644	-16.7%	95.1	46.4
EBITDA	**15,451**	**4.7%**	**7,753**	**4.9%**	**39,183**	**5.6%**	**18,661**	**6.0%**	**8,382**	**5.5%**	**82.8**	**39.4**
Depreciation and amortization expense	-10,901	-3.3%	-5,432	-3.4%	-22,776	-3.3%	-13,843	-4.5%	-6,417	-4.2%	78.7	47.9
EBIT	**4,550**	**1.4%**	**2,321**	**1.5%**	**16,407**	**2.3%**	**4,818**	**1.5%**	**1,965**	**1.3%**	**94.4**	**27.7**
Finance income	7,341	2.2%	4,958	3.1%	16,635	2.4%	4,533	1.5%	2,672	1.7%	161.9	44.1
Finance expenses	-10,991	-3.3%	-6,124	-3.8%	-20,960	-3.0%	-8,090	-2.6%	-4,199	-2.7%	135.9	52.4
Profit before taxes	**900**	**0.3%**	**1,155**	**0.8%**	**12,082**	**1.7%**	**1,261**	**0.4%**	**438**	**0.3%**	**71.4**	**7.4**
Income tax	333	0.1%	-123	-0.1%	-503	-0.1%	-214	-0.1%	530	0.3%	/	/
Net profit or loss for the period	**1,233**	**0.4%**	**1,032**	**0.7%**	**11,579**	**1.6%**	**1,047**	**0.3%**	**968**	**0.6%**	**117.8**	**10.6**
Basic and diluted earnings per share (in EUR)	**0.16**		**0.26**		**0.83**		**0.15**		**0.28**		**106.7**	**19.3**

Statement of Comprehensive Income of Gorenje, d.d.

EUR thousand	Jan-Jun 2011	Jan-Jun 2010
Profit after taxes (Net income)	**1,233**	**1,047**
Other comprehensive income		
Net change in fair value of available-for-sale financial assets	-97	-446
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-4,054	-5,880
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, transferred to profit or loss	636	495
Income tax on other comprehensive income	703	1,139
Other comprehensive income for the period	**-2,812**	**-4,692**
Total comprehensive income for the period	**-1,579**	**-3,645**

- **Notes to major items of the Statement of Comprehensive Income are given in notes to the Financial Report of the Gorenje Group on page 30 of this Report.**

Statement of Cash Flows of Gorenje, d.d.

EUR thousand	Jan-Jun 2011	Jan-Jun 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**1,233**	**1,047**
Adjustments for:		
Depreciation of property, plant and equipment	9,636	12,587
Amortization of intangible assets	1,265	1,256
Investment income	-7,341	-4,533
Finance expenses	10,991	8,090
Gain on sales of property, plant and equipment	-22	-48
Income tax expense	-333	214
Operating profit before changes in net operating current assets and provisions	**15,429**	**18,613**
Change in trade and other receivables	5,981	-7,690
Change in inventories	-7,111	-26,241
Change in provisions	-792	908
Change in trade and other liabilities	-22,270	-1,374
Cash generated from operations	**-24,192**	**-34,397**
Interest paid	-8,213	-4,861
Net cash flow from operating activities	**-16,976**	**-20,645**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of property, plant and equipment	273	510
Proceeds from sales of investments property	0	618
Dividends received	938	1,261
Interest received	1,926	-610
Liquidation of subsidiary	10,727	0
Acquisition of subsidiary, net of cash acquired	-7,179	1,441
Acquisition of property, plant and equipment	-6,268	-4,012
Acquisition of investment property	-9,819	0
Acquisition of other investment	-25,971	12,358
Acquisition of intangible assets	-1,346	-560
Net cash used in investing activities	**-36,719**	**11,006**
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings/repayment of borrowings	4,522	9,839
Net cash used in financing activities	**4,522**	**9,839**
END-OF-PERIOD CASH AND CASH EQUIVALENTS		
Net decrease/increase in cash and cash equivalents	-49,173	200
Cash and cash equivalents at beginning of period	49,678	86
Cash and cash equivalents at end of period	505	286

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

EUR thousand	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Treasury shares	Fair value reserve	Total
Opening balance as at Jan 1st 2011	**66,378**	**157,712**	**21,990**	**82,962**	**-3,170**	**6,317**	**332,189**
Total comprehensive income for the period							
Net profit or loss for the period				**1,233**			**1,233**
Total other comprehensive income						-2,812	**-2,812**
Total comprehensive income for the period	**0**	**0**	**0**	**1,233**	**0**	**-2,812**	**-1,579**
Transactions with owners (when acting as owners) recognised directly in equity							
Contributions by owners and distributions to owners							
Capital increase							
Payment of dividends							
Total contributions by owners and distributions to owners	0	0	0	0	0	0	**0**
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Closing balance June 30th 2011	**66,378**	**157,712**	**21,990**	**84,195**	**-3,170**	**3,505**	**330,610**

EUR thousand	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Treasury shares	Fair value reserve	Total
Opening balance as at Jan 1st 2010	**58,546**	**140,624**	**21,697**	**87,975**	**-3,170**	**-1,476**	**304,196**
Total comprehensive income for the period							
Net profit or loss for the period				1,047			**1,047**
Total other comprehensive income						-4,692	**-4,692**
Total comprehensive income for the period	**0**	**0**	**0**	**1,047**	**0**	**-4,692**	**-3,645**
Transactions with owners (when acting as owners) recognised directly in equity							
Contributions by owners and distributions to owners							
Payment of dividends							
Total contributions by owners and distributions to owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Closing balance June 30th 2010	**58,546**	**140,624**	**21,697**	**89,022**	**-3,170**	**-6,168**	**300,551**

Notes to financial statements of the company Gorenje, d.d.

Income Statement

Revenue

- In the composition of total sales, **sales of home products manufactured in-house represents EUR 198,997 thousand**, or **62.5%**, which is virtually the same as in the comparable period last year.

  Other sales amount to EUR 119,448 thousand, which is **22.1% more** than in the first half of last year. The figure was positively affected by the increase of revenues from sales of OEM home appliances (sales of home appliances manufactured outside our facilities) by 17.9%, and increase in other Revenue of the Home Appliance Division by 21.8% (sales of the Service program, marketing of materials, work in progress, and services) relative to the equivalent period last year.

  Revenue beyond Home Appliance Division, which includes the Point program, and ecology and energy engineering program with the Solar project, rose by 32.2% relative to the equivalent period last year, mostly due to higher sales of coal.

  Other operating income rose by 44.9% relative to the equivalent period last year, which is the result of damages charged to subsidiaries for waived or factored deals.

Costs and expenses

- **Rate of increase in costs of goods, material, and services** was higher than the rate of increase in gross profit from operations (total operating revenue), which is mostly a result of higher scope of business activities and structural changes in sales (at the level of products and markets, and merchandise/goods). Increase in **historical cost of goods and material sold** by 27.2% relative to the first half of 2010 pertains to the sale of coal. **Increase in the costs of raw and processed material** by 4.1% compared to the equivalent period last year is related to the increase in the price of crude oil and mounting prices of base raw materials such as steel sheet and plastics. Compared to the corresponding period last year, **costs of services** are higher by 9.1%, which is a result of higher transport costs (revised business model of sales in the Russian market), and higher costs of services in the EVO program.

EUR thousand	**Jan-Jun 2011**	**Jan-Jun 2010**	**11/10**
Costs of goods, material, and services	265,856	238,347	111.5
- cost of goods sold	88,447	69,535	127.2
- costs of materials	139,802	134,353	104.1
- costs of services	37,607	34,459	109.1
Employee benefit expense	48,558	51,059	95.1
Depreciation and amortization expense	10,901	13,843	78.7
Other operating expenses	2,043	2,164	94.4
Total operating expenses	**327,358**	**305,413**	**107.2**

- **Labour costs** (employee benefit expense) are lower than in the corresponding period last year by 4.9%. Their share in the composition of gross profit dropped by 1.9 percentage point.
- **Cost of depreciation and amortisation** is, relative to the equivalent period last year, lower by 21.3%, which is mostly related to lower investment into fixed assets (property, plant, and equipment), and to extended useful life of some assets employed in manufacturing. Useful life of this property, plant, and equipment was extended based on the findings from regular audits of property, plant, and equipment (fixed asset) valuation.
- **Other operating expenses** are lower by 5.6% relative to the equivalent period last year.
- **Value added per employee** amounts to EUR 14,269, which is 2.6% less than in the corresponding period last year.
- **Financial results** decrease the operating profit by EUR 3,650 thousand, mostly due to higher interest rate expenses and revaluation adjustments to receivables.

EUR thousand	Jan-Jun 2011	Jan-Jun 2010	11/10
Interest revenue*	2,107	1,979	106.5
Revaluation adjustment revenues**	137	874	15.7
Other finance income	5,097	1,680	303.4
Total finance income	**7,341**	**4,533**	**161.9**
Interest and similar expense*	-7,587	-5,211	145.6
Revaluation adjustment expenses**	-58	-1,253	4.6
Other finance expenses	-3,346	-1,626	205.8
Total finance expenses	**-10,991**	**-8,090**	**135.9**
Interest result	-5,480	-3,232	169.6
Revaluation result**	79	-379	-20.8
Result from other financing operations	1,751	54	/
Total financial result	**-3,650**	**-3,557**	**102.6**

including revenue/expense from interest rate hedging
***** including revenue/expense from foreign exchange hedging***

- **Corporate income tax** includes deferred taxes in the amount of EUR 333 thousand which is mostly related to expenses that have not yet been recognized as deductible and are reported as deferred tax assets.

Statement of Comprehensive Income

- Disclosures of the content of items in the Statement of Comprehensive Income of the parent company are already included in the notes to the Statement of Comprehensive Income of the Gorenje Group.

Statement of Financial Position

- **Balance sheet total (total assets)** as at June 30th 2011 amounts to EUR 822,565 thousand, which is 3.4% less than as at the end of 2010 due to a decrease in cash and cash equivalents.
- Relative to the end of 2010, the Statement of Financial Position saw considerable changes in terms of composition of **assets** where a shift towards non-current assets can be observed. Non-current assets represent 53.3% of total assets; at the end of 2010, the share was at 49.9%.
- The value of **investment property** is higher due to the acquisition of real estate from the company Gorenje Tiki in liquidation, d.o.o.
- Relative to the year before, **inventory of material** is higher by 4.3% due to adjustment of purchasing activities to the requirements of production; days in inventory for material are longer by 3 days compared to 2010 (relative to the first half of 2010, days in inventory for material are shorter by 2 days). **Inventory of finished products** is higher by 46.8% relative to the end of last year, which is a result of year-on-year dynamics of production and sales activities. Days in inventory for finished products is 24 days, which is two days more than in 2010 (relative to the first half of 2010, days in inventory for finished products are shorter by 1 days). Inventory of trade goods (merchandise) in the amount of EUR 11,197 thousand is lower by 27.4% relative to the end of 2010 due to a decrease in the inventory of coal and disposal of tools classified as trade goods (merchandise).
- **Short-term financial investments** are higher by 15.1% compared to the end of 2010, mostly due to loans approved to subsidiaries.
- Balance of **current trade receivables** is lower by 1.6% compared to the figure on the last day of 2010. Days sales outstanding (days receivables) is higher by 7 days relative to the 2010 (relative to the first half of 2010, days sales outstanding is 3 days longer).
- **Days payables outstanding** were decreased in the first half of 2011 compared to the end of 2010 by 3 days (relative to the first half of 2010, days payables outstanding are shorter by 6 days).
- Compared to the balance as at the end of 2010, **other current assets** are lower by 39.9%, mostly due to lower receivables for input VAT and elimination of receivables pertaining to the investment in the company Gorenje Tiki in liquidation, d.o.o., resulting from a partial transfer of the liquidation estate.

- **In the composition of liabilities**, non-current liabilities exceed the coverage of non-current assets by 21.0% as at June 30th 2011. Equity (share capital and long-term provisions) represents 43.4% of total liabilities, which corresponds to a conservative debt-to-equity ratio.
- Changes in the company **equity**, relative to the end of 2010, include the following:
  - increase due to positive net profit in the amount of EUR 1,233 thousand;
  - lower fair value reserves for revaluation adjustments to available-for-sale financial investments to market value, in the amount of EUR 97 thousand;
  - lower fair value reserve for the changes in cash flow hedge in the amount of EUR 3,418 thousand; and
  - higher fair value reserve for deferred tax expenses in the amount of EUR 703 thousand.

- **Provisions** are 2.9% below the level as at the end of 2010.
- **Non-current financial liabilities** are lower than last year as the amounts of repayment of due borrowings exceeded new borrowings**.**
- **Current financial liabilities** are lower relative to the year before by 2.4% due to repayment of derivative financial instruments.
- **Trade payables** are, relative to the end of 2010, lower by 10.9%, which is a result of year-on-year purchasing dynamics and adjustment of purchasing and sourcing to the requirements of production and sales.
- **Other current liabilities** include short-term liabilities to employees and the government and other institutions, short-term liabilities for early or advance payments for services, and accrued costs or expenses reflecting the interim balancing/account closing. Relative to the end of last year, other current liabilities dropped by 9.9%, which is a result of drawing the advance payment for tools manufactured for a known buyer.

Cash flow statement

- **Cash flow from operating activities** is negative due to lower trade payables; on the other hand, it was positively affected by the depreciation and amortisation, and lower trade and other receivables.
- **Cash flow from investing activities** is negative, mostly because of the loans granted to subsidiaries and settlement of derivative financial instruments, despite the positive effect of the partial liquidation of the company Gorenje Tiki in liquidation, d.o.o.
- **Cash flow from financing activities** is positive on the account of new borrowings from subsidiaries.
- **Negative cash flows** are entirely covered, or offset, by cash available at the end of 2010.

Financial indicators

	Jan-Jun 2011	Plan 2011	Jan-Jun 2010
INDICATORS OF PROFITABILITY			
Net return on sales (ROS)	0.39%	1.69%	0.35%
Net return on assets (ROA)	0.29%	1.43%	0.27%
Net return on equity (ROE)	0.74%	3.46%	0.69%
ASSET INDICATORS			
Asset turnover ratio	0.76	0.85	0.76
Inventory turnover ratio	6.55	6.99	6.72
Current trade receivables turnover ratio	3.49	3.54	3.56
INVESTMENT INDICATORS			
Fixed assets (PPE) to total assets	0.22	0.22	0.23
Long-term assets to total assets	0.53	0.54	0.54
INDICATORS OF FINANCIAL COMPOSITION			
Long-term coverage of non-current assets	1.21	1.23	1.09
Equity to total liabilities	0.40	0.43	0.38
Long-term to total liabilities	0.65	0.66	0.59
Equity to fixed assets (carrying value)	1.82	1.92	1.65
Quick ratio (liquid assets to short-term liabilities)	0.30	0.29	0.23
(Liquid assets + current receivables) to current liabilities	0.97	1.00	0.80
Current ratio	1.32	1.37	1.12
Net financial liabilities to equity	0.66	0.51	0.74
OPERATING PERFORMANCE INDICATORS			
Operating revenue to operating expenses	1.01	1.02	1.02
Revenue per employee (EUR)	70,986	153,586	62,297
Value added per employee (EUR)	14,269	32,568	14,644

Information regarding the Report and its public announcement

Pursuant to the Financial Instruments Market Act and Rules and Regulations of the Ljubljana Stock Exchange, the company Gorenje, d.d., Partizanska 12, SI-3503 Velenje, hereby announces the **Unaudited Non-consolidated Business Report of the Company Gorenje, d.d.,** for the Period January – June 2011, and the **Unaudited Consolidated Business Report of the Gorenje Group for the Period January – June 2011**. Major changes to the information included in the prospectus for stock exchange listing are announced regularly in the Delo daily paper, Ljubljana Stock Exchange electronic information dissemination system SEOnet, and company website at www.gorenje.com. Non-audited report of the company Gorenje, d.d., and the Gorenje Group was adopted by the company Supervisory Board at their 15th session held on August 29th 2011. The report shall be available at the Gorenje, d.d., company headquarters at Partizanska 12, SI-3503 Velenje. It was also announced in the Ljubljana Stock Exchange electronic information system on August 29th 2011, and published on the issuer's website at www.gorenje.com.

Forward-looking Statements

This announcement of the Non-audited Business Report for the Period January – June 2011 includes forward-looking information and forecasts – i.e. statements regarding the future, rather than the past, and statements 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 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. As a result of these factors, actual results, performance, or achievements of Gorenje may differ materially from the expected results, performance, or achievements as stated in these forward-looking statements. These factors include, without prejudice to any not mentioned herein, the following: Consumer demand and market conditions in geographical segments or regions and in the industries in which Gorenje Group is conducting its operating activities; effects of changes in exchange rates; competitive downward pressure on downstream prices; major loss of business with a major account/customer; the possibility of overdue or late payment on the part of the customers; decrease in prices as a result of persistently harsh market conditions, in an extent much higher than currently expected by the Gorenje Management Board; success of development of new products and implementation in the market; development of manufacturer's liability for the product; progress of attainment of operative and strategic goals regarding efficiency; successful identification of opportunities for growth and mergers and acquisitions, and integration of such opportunities into the existing operations; further volatility and aggravation of circumstances in capital markets; progress in attainment of goals regarding structural reorganization and reorganization in purchasing. If one or more risks or uncertainties are in fact materialized or if the said assumptions are proven wrong, actual results may deviate materially from those stated as expected, hoped for, forecast, projected, planned, probable, estimated, or anticipated in this announcement. Gorenje does not intend to assume and will not allow for any liability to update or revise these forecasts in light of development differing from the expected events.