2011

Gorenje, d.d.

Management Board

UNAUDITED BUSINESS REPORT
JANUARY – SEPTEMBER 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, November 2011

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Gorenje Group performance highlights

EUR million	Q3 2011	Q3 2010	Index	Jan-Sept 2011	Jan-Sept 2010	Index	Plan 2011	Plan real.
Consolidated sales revenue	**315.5**	**355.7**	**88.7**	**1.060.2**	**965.8**	**109.8**	**1.548.0**	**68.5%**
EBITDA	**18.5**	**38.0**	**48.7**	**62.1**	**83.4**	**74.5**	**107.4**	**57.8%**
EBITDA Margin (%)	*5.9%*	*10.7%*	*/*	*5.9%*	*8.6%*	*/*	*6.9%*	*/*
EBIT	**5.5**	**24.7**	**22.3**	**23.4**	**44.4**	**52.7**	**54.6**	**42.9%**
EBIT Margin (%)	*1.8%*	*6.9%*	*/*	*2.2%*	*4.6%*	*/*	*3.5%*	*/*
Profit before taxes	**1.3**	**12.0**	**10.8**	**10.2**	**19.9**	**51.3**	**26.8**	**38.1%**
Profit after taxes (Net income)	**1.3**	**11.9**	**10.9**	**7.8**	**16.8**	**46.4**	**21.1**	**37.0%**
ROS *(net return on sales)*	***0.4%***	***3.3%***	***/***	***0.7%***	***1.7%***	***/***	***1.4%***	***/***
ROA *(net return on assets)*	***0.4%***	***3.8%***	***/***	***0.8%***	***1.8%***	***/***	***1.7%***	***/***
ROE *(net return on equity)*	***1.4%***	***12.6%***	***/***	***2.6%***	***5.9%***	***/***	***5.3%***	***/***
ROIC	***2.6%***	***11.3%***	***/***	***2.7%***	***5.8%***	***/***	***5.0%***	***/***
Financial debt	**486.6**	**479.5**	**101.5**	**486.6**	**479.5**	**101.5**	**439.5**	**110.7%**
Net financial debt*	**436.2**	**445.2**	**98.0**	**436.2**	**445.2**	**98.0**	**418.7**	**104.2%**
Net financial debt / EBITDA**	**5.0**	**4.1**	**/**	**5.0**	**4.1**	**/**	**3.9**	**/**

* Financial debt – Cash and Cash Equivalents
** Net financial debt / EBITDA for the last 12 months

- In the third quarter of this year, Gorenje Group faced the consequences of the high growth of raw and processed material prices in the first half, and with the slowdown in sales due to both lower sales volume and less favourable composition thereof by territory and products. These effects bore a **negative effect on profitability of operations at all levels**. Increase in sales volume in the third quarter and the entire period at hand took place particularly in Scandinavia, Germany, Italy, and Belgium while sales were lower in all other markets of Central, Northern, West, East, and South-Eastern Europe.
- In order to provide **comparable performance information for the third quarter and the entire period of the first nine months of the year** between 2011 and 2010, this information is always presented with and without effects of (1) Asko Group integrated into Gorenje Group in 2010, and (2) the company Istrabenz Gorenje, the key agent of the energy engineering business segment at the EES Division, divested in 2011.
- In the first nine months of the year, operating results of the **Asko Group** were negative due to (1) historically low sales and manufacturing output in the first quarter and (2) due to the intensive activities of business integration into the Gorenje Group commenced in 2011. This is an expected negative effect that we believe will be fully offset in the next year. Positive performance in the third quarter of this year points in this direction. With respect to restructuring costs, EUR 8.7 million of provisions recognized in 2010 for the purpose of restructuring and business integration procedures of the Asko Group were drawn and reversed in the period, out of the total available sum of EUR 11.8 million.
- Companies of the Home Appliance Division maintained and partly even improved their **net profitability** despite the very harsh conditions. Companies of the Ecology, Energy, and Services Division saw great pressure on the profit margins in the third quarter. As a result, profitability from recent periods and the comparable period of last year dropped. Business results of the Home Interior Division was still negative as the volume of operations persisted at levels that are lower than those required to reach positive net profitability.
- **Home Interior Division** is in the final stage of preparations for the beginning of business restructuring which will be commenced in early 2012.
- In the first nine months of the year, Gorenje Group generate a **negative free cash flow**; however, **free cash flow was positive** in the second quarter at EUR 7.2 million and in the third quarter at EUR 3.7 million.

Business performance in the period January – September and expectations for 2011 / Management Board's evaluation

- In the third quarter of the year high growth of raw and processed material prices that was seen in the first half of the year and which gradually started to settle at high figures, was topped by stagnation of some of our largest markets. As a result, sales volumes and profitability were directly challenged. This was largely the result of an unfavourable change in the composition of sales by region and products, particularly in the Home Appliances Division. The reason for such negative changes is uncertainty in consumption, which in turn is an effect of high levels of unemployment, financial distress of our customers, and recent events in the global financial markets (financial bailout in Greece, and fiscal problems in Portugal, Spain, and Italy, etc.).
- As a result of high exposure of sales activities to foreign exchange fluctuations and high credit risks, sales had to be restricted to a level that represented moderate or lesser risk exposure. Thus, we required economy of scale was weakened and therefore, so was operating profitability.
- We stepped up the restructuring of the Asko Group acquired in 2010, also as a response to the swings in its profitability in the first quarter of this year, which we will not be able to offset by the end of this year. Both these effects caused an unplanned and substantial impairment of profitability which is estimated to be fully offset in 2012.
- **In our estimate, the uncertainty referred to will be further aggravated in the last quarter of the year. Therefore, preparation of performance estimate for the last quarter of 2011 was started along with the report for the third quarter. The estimate will be discussed at the Supervisory Board meeting held in November, along with this report.**
- **In the last quarter of 2011, as well as by the preparations for the year 2012, is our work to be focused on improving profitability, cash flow and to reduce indebtedness** with the following activities:
  - Improving the scope of sales and achieving its relevant geographic and product structure (strong last quarter, especially by cooking appliances program),
  - Optimization of material costs, also with faster purchase from low cost countries, and costs of services,
  - Divestments of some real estate,
  - Risk Management with particular emphasis on business and financial risks,
  - Successful launch of new products in terms of production and sales (new generation of washing machines and dryers, iChef, IQcook,...),
  - Accelerated retirement and other, mainly soft measures to reduce the number of employees,
  - Further activities in the field of production delocalisation,
  - Continuing the business restructuring of Asko Group, including its sales operations in Australia and U.S.,
  - Comprehensive business restructuring of Home Interior Division,
  - Business restructuring of sales companies,
  - Further decrease of inventories and receivables, as the key elements of increasing free cash flow,
  - Factoring and other activities to improve capital structure,
  - Possibility of listing on stock exchanges outside of Slovenia,
  - Control over volume, structure and efficiency of investments,
  - Further development of support processes,
  - Communication and implementation of the Strategy 2015,
  - Communication with employees, investors, analysts and other public,
  - Changes in organizational structure - the completion of the project in early 2012, implementation already by the end of 2012;
  - Human Resource development for key functions at the international level,
  - Further development of Corporate Governance.

Events affecting the comparability of information on operating performance

Effects of divestment of the Istrabenz Gorenje company on the Division of Ecology, Energy, and Services

- On July 29th 2011, the agreement on disposal of 46.55-percent share that Gorenje, d.d., held in the energy engineering company Istrabenz Gorenje, d.o.o., came into effect. With this divestment, Gorenje Group entirely eliminated its activities of the energy engineering business segment.
- Elimination of the company, including its subsidiaries, from the Gorenje Group had a positive effect on (1) net income of the Gorenje Group (positive effect amounting to EUR 2.6 million); and on (2) lower debt in the amount of EUR 33.8 million as the financial debt of the divested company and its subsidiaries were eliminated.

Comparability of information on business performance

- Comparability of particular categories of profitability, financial position, and cash flow are affected by two events of great material relevance occurring in 2010 and 2011:
  - **integration of the Asko Group**, a Swedish home appliance manufacturer, into the Gorenje Group in August 2010; and
  - **disposal of shareholding** in the company Istrabenz Gorenje, previously a part of the Ecology, Energy, and Services Division, in July 2011 (which marked the elimination of operations of the energy engineering business segment).
- In the report, information is always **reported** in both amounts. **(1)** In tables/comparisons, both amounts are always presented, i.e. the actually attained value in particular categories, and their corresponding comparable value; **(2)** in graphs, only the actually attained values of particular categories are presented.
- **Analysis of operations** in the operating part is focused on the actual reasons for the positions and changes before the inclusion of the Asko Group and disposal of the company Istrabenz Gorenje, i.e. always based on comparable information. Correct analysis of the causes and effects regarding the changes in and balances of particular financial and economic categories should therefore rely on the comparable information and not the information eventually disclosed in the Gorenje Group financial statements. Therefore, comparable information is always specially indicated in disclosures of such categories in the Business Report herein.
- **Comparability of information** from the aspect of profitability of Gorenje operations of the Gorenje Group and its Divisions (income statement) was attained by **(1)** full elimination of the effects of the Asko Group in the years 2010 and 2011, while **(2)** the effects of operation of the company Istrabenz Gorenje and its subsidiaries were accounted for only until the end of the first half each year (equivalent to the time the company operated as a part of the Gorenje Group in 2011, up to the month in which it was disposed).

EUR million	Q3 2011	Q3 2010	Jan-Sep 2011	Jan-Sep 2010	Comparable Q3 2011	Comparable Q3 2010	Comparable Jan-Sep 2011	Comparable Jan-Sep 2010
Sales revenue	**315.5**	**355.7**	**1,060.2**	**965.8**	**286.6**	**288.6**	**956.2**	**898.6**
Contribution margin (CM1) / gross margin	129.7	137.5	400.9	381.4	112.6	124.4	346.5	368.2
CM 1	41.1%	38.7%	37.8%	39.5%	39.3%	43.1%	36.2%	41.0%
= Value added / VA	**83.8**	**102.1**	**259.8**	**258.7**	**68.9**	**79.8**	**224.0**	**236.5**
VA in sales revenue	26.6%	28.7%	24.5%	26.8%	24.0%	27.7%	23.4%	26.3%
= EBITDA	**18.5**	**38.0**	**62.1**	**83.4**	**12.1**	**23.6**	**57.3**	**68.9**
EBITDA Margin	5.9%	10.7%	5.9%	8.6%	4.2%	8.2%	6.0%	7.7%
= EBIT	**5.5**	**24.7**	**23.4**	**44.4**	**0.6**	**11.3**	**23.1**	**31.0**
EBIT Margin	1.8%	6.9%	2.2%	4.6%	0.2%	3.9%	2.4%	3.4%
= Profit after taxes (net income) / distributable	**1.3**	**11.9**	**7.8**	**16.8**	**-4.2**	**-1.5**	**8.2**	**3.5**
ROS	0.4%	3.3%	0.7%	1.7%	-1.5%	-0.5%	0.9%	0.4%

Table 1: Effect of the elimination of the Asko Group and disposal of the company Istrabenz Gorenje on the profitability of the Gorenje Group.

- **Comparability of information** from the aspect of financial position of the Gorenje Group and its Divisions was attained by eliminating the company Istrabenz Gorenje, complete with its subsidiaries, in the third quarter of 2010. As at September 30th 2011 and 2010, Asko Group was already included in the statement of financial position. Hence, the data is fully comparable.

EUR million	Q3 2011	Q3 2010	Comparable Q3 2010
NET ASSETS	**783.9**	**770.7**	**748.6**
Net non-current assets	466.2	453.4	442.0
Net working capital	317.7	317.3	306.6
Working capital	583.8	627.8	595.5
- Current liabilities	-266.1	-310.5	-288.9
NET INVESTED CAPITAL	**783.9**	**770.7**	**748.6**
Equity	393.5	387.5	379.0
Net debt capital	390.4	383.2	369.6

Table 2: Effect of disposal of the company Istrabenz Gorenje on the financial position of the Gorenje Group.

- Details of how comparable financial information regarding profitability and financial position of the Gorenje Group is obtained are disclosed in a special appendix to this report. Disclosures of comparability by Divisions are presented directly in the analysis of performance of particular Divisions at a later point in this business report.

BUSINESS REPORT

Macroeconomic circumstances of Gorenje Group operations

- In 2011, **GDP**[1] is expected to grow faster in emerging markets (+6.4%), of which Central and Eastern Europe +4.3%, Russia +4.3%, China +9.5%, India +7.8%, and Brazil +3.8%. Growth in the euro zone is anticipated at +1.6%; Germany's GDP is expected to rise by +2.7%.

- **Demand for home appliances**[2] remains under pressure in 2011. Gradually lower consumer confidence and persistently depressed real estate market, particularly the residential segment thereof, throughout Europe hindered the sales of white goods. European manufacturers of home appliances have been facing harsh market conditions since 2008. As opposed to other sectors of manufacturing, the lag of production relative to the period before the crisis is still substantial. Harsh competition and strong pressure exerted on the profit margins have resulted in relocation of manufacturing facilities to low-cost countries (LCC). Since 2005, manufacturing capacity in Central Europe has increased notably. Recently, new facilities were built in Eastern Europe and Turkey while competition from China and Korea was also stepped up. Prospects for the industry are not bright as weak increase in private consumption and modest activity in the residential real estate market will keep demand in Europe at modest levels. In both developed and emerging markets, market growth will continue to rely on improved quality, energy efficiency, functionality, and product design. Environmental aspects are becoming an increasingly important sales argument.

- **Consumer prices**[3] rose by 3.2% in the OECD area in the first full seven months of 2011; a month earlier, their increase was 3.1%. Stability of the inflation rate is evident in all major components of the consumer price index. Increase in fuel prices remained unchanged (13.5%), while food prices rose by 4.6% which is somewhat more than 4.5%. In 2011, inflation rate up to the month of August was increased in **Canada** (3.1% compared to 2.7% in July) and **France** (2.2% compared to 1.9%); however, the rates recorded in June were mostly unchanged. Furthermore, inflation rate was slightly accelerated in the **USA** (to 3.8%, from 3.6%); **United Kingdom** (to 4.5%, from 4.4%) and **Italy** (to 2.8%, from 2.7%). Inflation rate was stable in **Slovenia** (0.9%), **Germany** (2.4%), **Japan** (0.2%), and **in the euro zone** – HICP (2.5%). In **China,** annual growth of prices until August slowed down to 6.2% after four consecutive months of growth. Similarly, the rate slowed down in the **Russian Federation** (from 8.1% to 9.0%) and **South Africa** (from 5.4% to 5.3%); it was increased in **India** (from 8.4% to 9.0%), **Brazil** (from 6.9% to 7.2%) and **Indonesia** (from 4.6% to 4.8%).

- Changes in **exchange rates**[4] of selected currencies relative to the euro as at September 30th 2011, compared to the corresponding period of 2010, were as follows: US dollar -1.1%, Russian rouble +4.0%, Polish złoty +10.5%, Czech koruna (crown) +0.6%, Croatian kuna +2.7%, and Turkish lira +26.7%. These changes had varying impact on the competitiveness of sales in the said geographical segments.

Gorenje Group performance

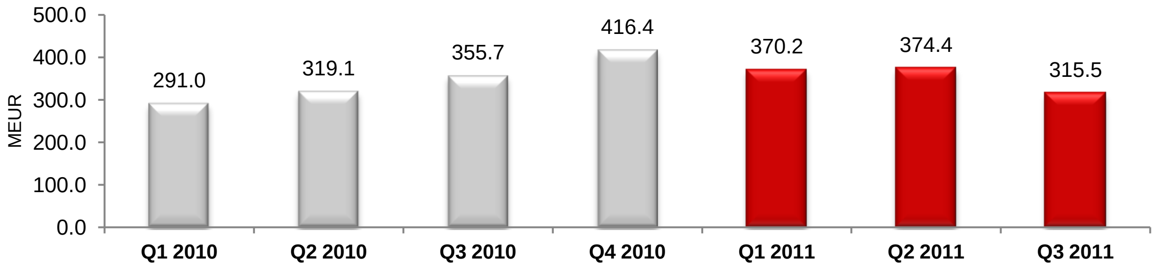
EUR million	Q3 2011	Q3 2010	Jan-Sep 2011	Jan-Sep 2010	Comparable Q3 2011	Comparable Q3 2010	Comparable Jan-Sep 2011	Comparable Jan-Sep 2010	Plan 2011
Sales revenue	315.5	355.7	1,060.2	965.8	286.6	288.6	1,548.0	898.6	1,548.0
CM*	129.7	137.5	400.9	381.4	112.6	124.4	604.2	368.2	604.2
CM, %	41.1%	38.7%	37.8%	39.5%	39.3%	43.1%	39.0%	41.0%	39.0%
EBIT	5.5	24.7	23.4	44.4	0.6	11.3	54.6	31.0	54.6
EBIT Margin, %	1.8%	6.9%	2.2%	4.6%	0.2%	3.9%	3.5%	3.4%	3.5%
Profit after taxes (Net income)	1.3	11.9	7.8	16.8	-4.2	-1.5	21.1	3.5	21.1
ROS, %	0.4%	3.3%	0.7%	1.7%	-1.5%	-0.5%	1.4%	0.4%	1.4%

*** Contribution margin at the level of difference between sales revenue and costs of goods and material**

[1] International Monetary Fund, "World Economic Outlook", September 2011: http://www.imf.org
[2] EUROFER: http://www.eurofer.org
[3] OECD: Consumer Prices, OECD - Updated: October 4th 2011
[4] European Central Bank reports: http://sdw.ecb.europa.eu/

Scope of operating activities

- **Gorenje Group sales revenue** in the first nine months of 2011 reached a figure of EUR 57.5 million, or 6.4%, higher than the comparable level[5] in the corresponding period last year**.** In comparable terms, sales rose in the third quarter, compared to the second quarter by EUR 1.6 million or +0.6% (EUR -1.9 million or -0.7% relative to the third quarter last year), which is low given the usual dynamics of quarterly growth[6].

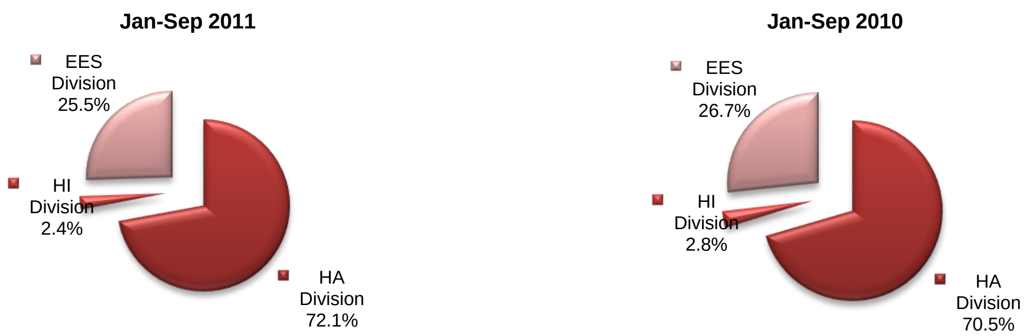


Graph 1: Quarterly changes in Gorenje Group consolidated sales revenue

- **Composition** of Gorenje Group consolidated sales revenue **by geographical segments** is as follows:

Graph 2: Gorenje Group sales revenue by geographical segments

- **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 3: Gorenje Group sales revenue by Divisions

[5] **Comparable growth**, hereinafter, shall mean the value before the inclusion of the Asko Group and after the elimination of the (divested) company Istrabenz Gorenje and its subsidiaries in the third quarter of both observed years (for details, see the chapter "Events affecting the comparability of financial information").

[6] Detailed **causes** of such status are given in the chapter "Performance in the period January – September and estimates for 2011 / Management Board evaluation".

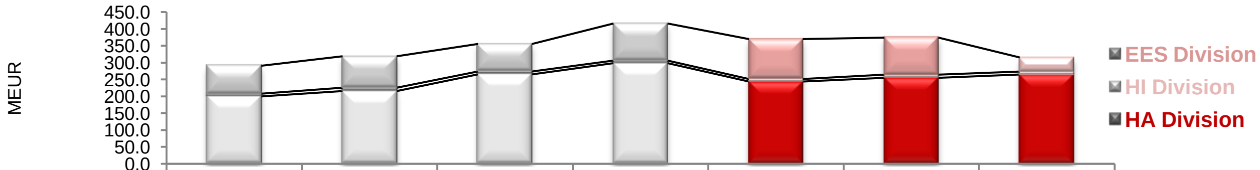
- A closer look at the composition of Gorenje Group sales by **geographical** segments and by **Divisions** reveals the following:

  - integration of the Asko Group increased the share of sales in Western Europe and Rest of the World (U.S., Australia), particularly in upmarket segments;
  - Gorenje Group sales in geographical segments with higher yield (South-Eastern and Eastern Europe) dropped, which is partly a result of the elimination of energy engineering field; and
  - lower share of sales generated by the EES Divisions (again after eliminating for energy engineering business field) resulted in relatively higher 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).

- **Sales revenue at the Home Appliance Division** (HA) in the first nine months of this year was EUR 3.7 million, or 0.6%, higher than in the equivalent period the year before, before the effect of the Asko Group (<u>in comparable terms</u>). Total increase in sales, including the effect of the Asko Group, amounted to EUR 83.0 million, or 12.2%. Feeble increase in sales is a result of decreasing operations due to notably lower demand in the third quarter of the year, which is quite expectable; and less favourable composition of sales by products and territory, mostly in South-Eastern Europe, Eastern Europe and the Middle East. In the markets of other countries of Gorenje Group operations, sales growth was predominantly equal to or higher than that of the first nine months of 2010, which partly offset the effects of dropping sales in the markets referred to above.

- **Home Interior Division** (HI) again saw sales lower than in the comparable period last year for the entire period at hand; however, sales growth in the third quarter was positive for the first time in the last two years and a half (again, relative to the corresponding period last year). Such changes in sales by periods is still a result of recessionary circumstances of operations in the furniture manufacturing and sales industry and the planned decrease of supplies to some customers that found themselves in financial distress and were denied insurance by the credit insurance companies. Scope of business activity hence decreased by EUR 1.0 million or 3.7% relative to 2010, which is still far below the profitability break-even point. The Division is in the closing stage of preparations for restructuring of its operations which will be commenced in early 2012.

- The **Ecology, Energy, and Services Division** (EES) saw the highest <u>comparable</u> increase in sales in the period, amounting to 25.4 % or EUR 54.8 million. Actual increase in sales, without eliminating the effect of the disposal of Istrabenz Gorenje and its subsidiaries in July, amounted to 4.8% or EUR 12.3 million.



	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
EES Division	82.9	93.3	81.7	110.1	118.5	109.9	41.8
HI Division	8.1	10.0	8.6	7.6	7.5	9.4	8.8
HA Division	199.9	215.8	265.4	298.6	244.1	255.1	264.9

<u>Graph 4:</u> Quarterly dynamics of changes in sales revenue by Divisions

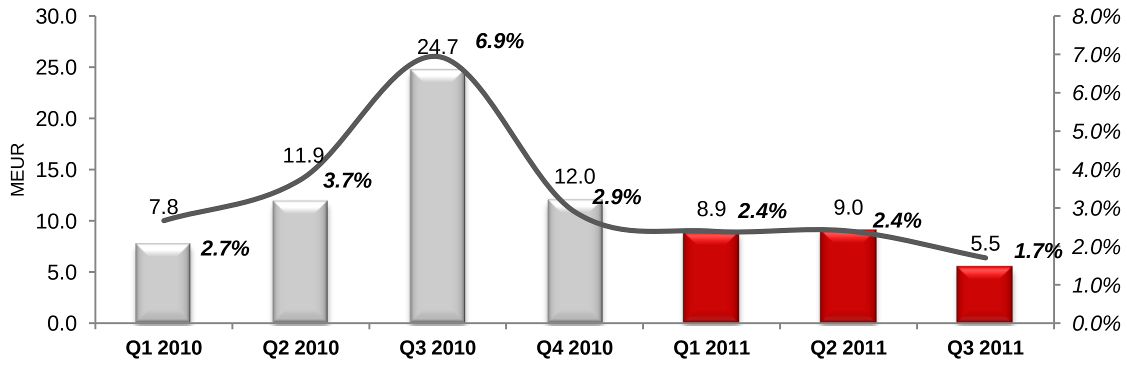
Profitability of operating activities

EUR million	Development	Development, comparable
EBIT January – September 2010	**44.4**	**31.0**
Contribution margin at the level of costs of goods and material	19.5	-21.7
Costs of services	-14.8	2.6
Employee benefit expense	-22.3	1.0
Depreciation and amortization expense	0.3	3.7
Other operating expenses	8.8	2.1
Other operating income	-12.5	4.4
EBIT January – September 2011	**23.4**	**23.1**

<u>Table 3:</u> Development of effects on Gorenje Group profitability at the level of EBIT

- **Earnings before interest and taxes (EBIT)** in the first nine months of the year amounted to EUR 23.4 million, with EBIT margin at 2.2% (share in sales revenue). This is EUR 20.9 million (-47.2%) less than the EBIT of the first nine months of 2010; EBIT margin is lower by 2.4 percentage points.

  In comparable terms, i.e. eliminating for the effects of the Asko Group and the business field of energy engineering, EBIT amounts to EUR 23.1 million, with EBIT margin at 2.4 %, which is lower than in the equivalent period of last year by EUR 7.9 million (-25.5%), with EBIT margin lower by 1.0 percentage points. Decrease in this figure is mostly a result of a strong decrease in gross margin resulting from the circumstances such as weaker composition of sales by products and territory (particularly in the third quarter of the year), paired with a high growth of prices of input raw and processed materials in the first half of this year.



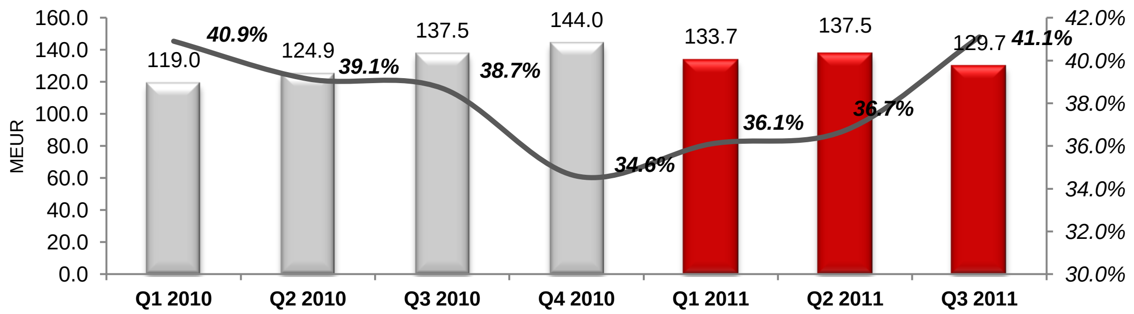
Graph 5: **Quarterly dynamics of changes in EBIT and EBIT margin**

- A drop in the **contribution margin** (**gross margin**) at the level of costs of goods and material by 1.7 percentage points (from 39.5 % to 37.8 %) resulted in lower profitability due to qualitative changes (rather than changes in turnover, or scope of activity) by EUR 17.7 million. This is predominantly the result of (1) negative effect of the price changes in upstream markets, (2) less favourable composition of sales by products/region at the HA Division, and (3) lower margin at the EES Division, resulting from the normalization (decrease relative to 2010) of returns on sales of coal. Margin at the HI Division, also 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.

  Higher sales (change in terms of activity) resulted in a higher gross margin for Gorenje Group by EUR 37.2 million. Thus, net improvement effect, accounting for both the qualitative change and change in terms of activity, or turnover, amounted to EUR 19.5 million.

  In comparable terms, gross margin dropped to 36.2% (i.e. by 4.7 percentage points), or by EUR 45.3 million in quality terms, while the increase in sales improved by EUR 23.6 million. Comparably, Gorenje Group thus attained a gross margin that is EUR 21.7 million lower than in the first nine months of 2010.

  The most material effect on such changes of the gross margin was brought about by the most recent, third quarter which was less favourable from both the volume and composition (by territory, by products) of sales, and the profitability thereof, relative to the corresponding quarter last year and the second quarter this year. Such changes resulted in a failure to generate the required potential to offset the negative effect of this year's high increase in the prices of raw and processed material prices, and normalization of the gross margin in the sales of the EES Division.



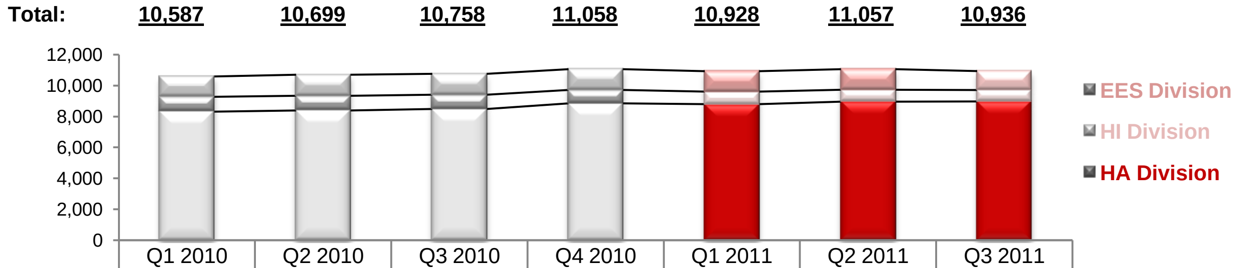
Graph 6: **Quarterly dynamics of changes in gross margin**

- **Costs of services** were, relative to the period January - September last year, increased by EUR 14.8 million or by 10.8%; in comparable terms, they were decreased by EUR 2.6 million or 2.0% despite the increase in the volume of sales by 6.4%. The decrease is a result of process optimization, as well as of lower sales of medical equipment for which a part of cost of sales related thereto was recognized in the financial statements for the first nine months of 2010 as costs of other business services.

- **Value added per employee** improved from EUR 22,580 to EUR 23,656, or by 4.8% relative to the first nine months of 2010. Since the rate of increase in labour costs 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 10.9 %. Share of labour costs in value added thus rose from 67.8% to 76.1%.

  In comparable terms, i.e. eliminating for the effect of the events that affect the comparability of information, value added per employee dropped from EUR 22,517 to EUR 21,956, or by -2.5%. The key reason for such negative development is the decrease in the total generated value added in the period, mostly due to lower gross margin. Hence, economic productivity of labour, relative to the figure from the corresponding period last year, decreased by 4.7%; the share of labour costs in value added was increased from 70.9% to 74.4%.

- **Number of employees** as at the end of September was 10,853 which is 470 less (-4.1%) than at the end of September 2010. Most of the decrease is a result of consensual termination of employment and natural fluctuation; this accounted for 168 employees (-1.8%) at the HA Division; by 175 employees (-19.4%) at the HI Division in restructuring; and by 127 employees (-9.4%), mostly due to the elimination of the energy engineering business segment) at the EES Division.



	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
EES Division	1,315	1,362	1,352	1,343	1,321	1,331	1,227
HI Division	961	950	923	868	810	770	738
HA Division	8,311	8,387	8,483	8,847	8,797	8,956	8,971

Graph 7: Quarterly averages of the number of employees by Divisions

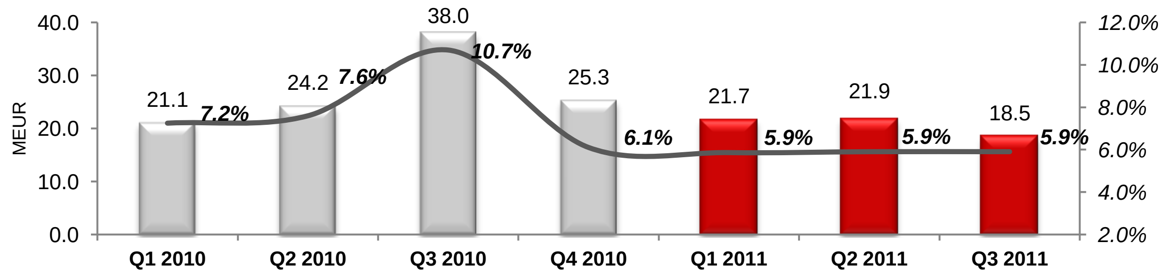
- Retaining the **depreciation and amortization expense** at the level of the first nine months of 2010 and their comparable decrease by EUR 3.7 million or by 9.8% (after eliminating for the aspects affecting the comparability of information) is mostly a result of lower investment in the last three years and extended useful life of some assets, established in 2010, mostly at manufacturing centers of the Home Appliance Division. Useful life of these assets was extended based on the findings in regular audits of property, plant, and equipment (fixed asset) valuation.

- **Other operating income** amounting to EUR 28.0 million relative to the equivalent period last year (EUR 40.5 million) was lower by the impairment of goodwill. amounting to EUR 23.4 million and discussed in 2010; it is increased by the amount of revenue from reversal of provisions (mostly for the Asko Group) in the amount of EUR 11.2 million discussed in 2010. Other operating income in 2011 also include the amount of government subsidies received for new jobs and employment in the Republic of Serbia, in the amount of EUR 2.2 million. **Other operating expenses** in the amount of EUR 15.6 million EUR are lower relative to the corresponding period of last year (EUR 21.4 million) by the amount of provisions for impairment of Asko Group assets amounting to EUR 2.0 million, implemented in 2010, and effect of recognition of provisions for the restructuring activities at the Asko Group in 2010 in the total amount of EUR 8.5 million, after partial reversal thereof in this year.

  In comparable terms, other operating income reached the level of EUR 18.1 million, which is higher than in the equivalent period of 2010 (EUR 13.7 million) due to subsidies for new jobs in the Republic of Serbia in the amount of EUR 2.2 million, gains from disposal of fixed assets (PPE), release and reversal of provisions for warranty services, previously established. Other operating expenses in the amount of EUR 11.6 million are lower compared to the equivalent period of last year (EUR 12.8 million), mostly due to lower volume adjustments of inventories and costs related to the Waste Electric and Electronic Equipment Directive.

- **Earnings before interest, taxes, depreciation and amortisation (EBITDA)**, representing a rough measure of operating cash flows generated, amounted to EUR 62.1 million in the period January – September 2011 (EUR 21.3 million, or 25.5% less than in the equivalent period of 2010), or 5.9% in total sales revenues (EBITDA margin); this figure is 2.8 percentage point lower compared to the equivalent period in 2010.

  in comparable terms, EBITDA reached EUR 57.3 million which is EUR 11.5 million or 16.8% less than in 2010, with EBITDA margin at 6.0% which was 1.7 percentage points lower than in the first nine months 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 8: **Quarterly dynamics of changes in EBITDA and EBITDA margin**

Operating profitability at the level of net income

- Negative results from **financing operations** in the amount of EUR 13.3 million is lower by EUR 11.2 million or 45.8% relative to the first nine months of 2010. Lower negative result was an effect of revenue generated with the liquidation of the company Gorenje Tiki, Slovenia, in the amount of EUR 3.7 million; by the divestment of the company Istrabenz Gorenje in the amount of EUR 2.6 million; and lower revaluation adjustments compared to last year by EUR 6.4 million (last year, the negative balance also include revaluation adjustment to receivables from and loans to the company Merkur).

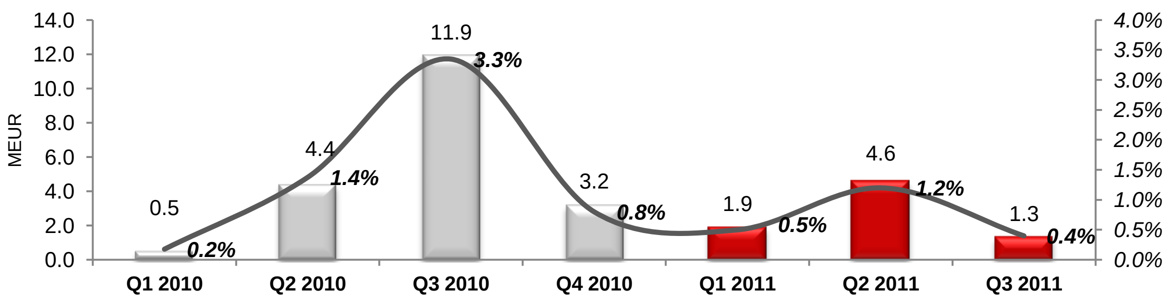
  In comparable terms, result from financial operations is at EUR -12.7 million.

- **Corporate income tax** at EUR 2.4 million is EUR 0.7 million lower than in the equivalent period of 2010, mostly as a result of more favourable taxation of development costs at the company Atag.

  In comparable terms, corporate income tax at EUR 2.3 million was EUR 0.4 million lower than in the period January – September 2010.

- **Profit after taxes (net income)** for the period January – September, amounting to EUR 7.8 million (ROS of 0.7 %) is lower than in the equivalent period of the year before by 53.7%.

  In comparable terms, profit after taxes (net income) amounts to EUR 8.2 million in the first nine months of the year (ROS at 0.9%), which is EUR 4.7 million higher than in the comparable period last year. Reasons for such changes in net income were discussed as the particular categories of profitability were reported on.



Graph 9: **Profit after taxes (net income) – quarterly dynamics**

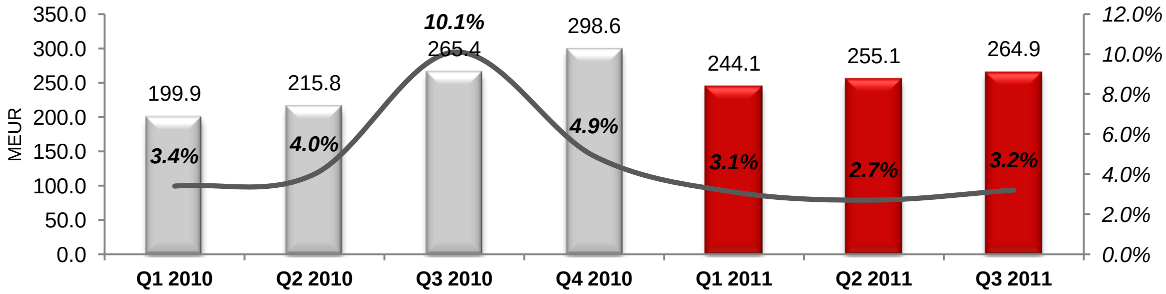
Gorenje Group performance by Divisions

Gorenje Group profitability by Divisions

Home Appliance Division

EUR million	Q3 2011	Q3 2010	Jan-Sep 2011	Jan-Sep 2010	Comparable Q3 2011	Comparable Q3 2010	Comparable Jan-Sep 2011	Comparable jan-sep 2010	Plan 2011
Sales revenue	264.9	265.4	764.1	681.1	236.0	240.7	1142.4	656.4	1,142.4
CM*	112.2	116.6	335.7	308.0	95.1	105.5	503.8	296.9	503.8
CM, %	42.4%	43.9%	43.9%	45.2%	40.3%	43.8%	44.1%	45.2%	44.1%
EBIT	8.5	26.8	22.8	42.1	3.6	13.1	48.7	28.4	48.7
EBIT Margin, %	3.2%	10.1%	3.0%	6.2%	1.5%	5.4%	4.3%	4.3%	4.3%

* Contribution margin at the level of difference between sales revenue and costs of goods and material



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

- In the period January – September, **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 335.7 million, which is an improvement of EUR 27.8 million, or 9.0% over the equivalent period of last year. In terms of qualitative change, i.e. the change the contribution margin level, the margin fell by 1.3 percentage point which decreased the profitability at this level by EUR 9.7 million. In terms of change in activity (change in scope of activity), the change was positive in the amount of EUR 37.5 million. Decrease in qualitative terms is mostly a result of (1) 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; and (2) decrease in the volume of sales and less favourable composition thereof (composition by regions and products).

  In comparable terms, i.w. eliminating for the effects of Asko Group in the first nine months of both years, gross margin amounts to EUR 281.3 million, or EUR 15.6 million less than in 2010 (contribution margin was lower by 2.6 percentage points, or EUR 17.3 million of change in terms of quality). 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 20.1 million or 18.8% relative to the period January – September of last year, mostly due to additional costs in the amount of EUR 24.0 million caused by the integration of the Asko Group.

  In comparable terms, eliminating for the effects of integration of the Asko Group, the Division increased its costs of services by EUR 1.2 million (+1.2%), with sales up by EUR 3.7 million (+0.6%) relative to the corresponding period last year.

- Comparable decrease in the **depreciation and amortisation expense** before the effects of Asko Group by EUR 3.6 million or 11.2 % 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 HA Division attained the same level of depreciation and amortization costs as in the first nine months of 2010.

- **Other operating income** amounting to EUR 26.6 million relative to the equivalent period last year (EUR 38.7 million) was lower by the impairment of goodwill, amounting to EUR 23.4 million and discussed in 2010; it is increased by the amount of revenue from reversal of provisions (mostly for the Asko Group) in the amount of EUR 11.2 million discussed in 2011. **Other operating expenses** in the amount of EUR 13.9 million EUR are lower relative to the period January – September of last year (EUR 19.8 million) by the amount of provisions for impairment of Asko Group assets amounting to EUR 2.0 million in 2010, and effect of recognition of provisions for the restructuring activities at the Asko Group in 2010 in the total amount of EUR 8.5 million, after partial reversal thereof in this year.

- In comparable terms, other operating income reached the level of EUR 16.7 million, which is higher than in the equivalent period of 2010 (EUR 12.0 million) due to subsidies for new jobs in the Republic of Serbia in the amount of EUR 2.2 million, gains from disposal of fixed assets (PPE), and reversal (elimination) of excessive provisions for warranty services. Other operating expenses in the amount of EUR 9.9 million are lower compared to the equivalent period of last year (EUR 11.3 million) mostly due to lower amount of provisions recognized in 2011.
- **Value added per employee** in the period improved from EUR 23,545 to EUR 24,853, or by 5.6%. 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 12.6 %. Share of labour costs in value added thus rose from 65.3 % to 74.7 %.
- In comparable terms, value added per employee fell from EUR 23,318 to EUR 22,817, or by 2.1%. Since the growth of labour costs was higher than the growth of value added, economic productivity of labour decreased by 4.7%. Share of labour costs in value added thus rose from 68.9% to 72.3%.
- **Composition of decrease in profitability** at the level of EBIT is as follows*:*

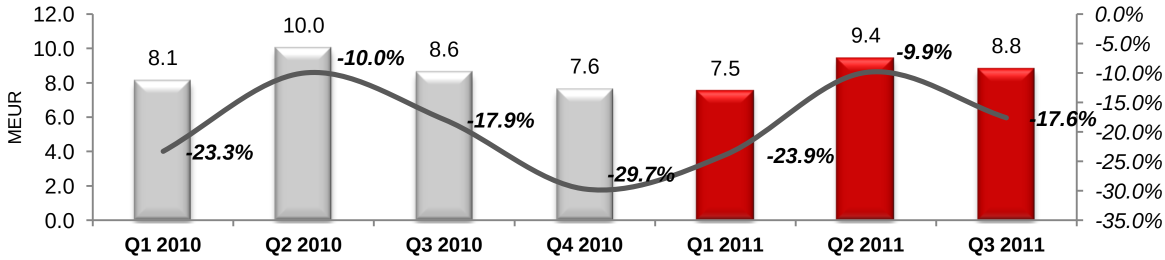
EUR million	Development	Development, comparable
EBIT January – September 2010	**42.1**	**28.4**
Contribution margin at the level of costs of goods and material	27.8	-15.6
Costs of services	-20.1	-1.2
Employee benefit expense	-23.1	0.9
Depreciation and amortization expense	0.0	3.6
Other operating expenses	8.2	1.7
Other operating income	-12.1	4.7
EBIT January – September 2011	**22.8**	**22.5**

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

Home Interior Division

EUR million	Q3 2011	Q3 2010	Jan-Sep 2011	Jan-Sep 2010	Plan 2011
Sales revenue	8.8	8.6	25.7	26.7	35.4
CM*	3.1	3.5	9.8	10.9	15.9
CM, %	35.4%	40.5%	37.9%	40.8%	45.1%
EBIT	-1.5	-1.5	-4.3	-4.5	-3.2
EBIT Margin, %	-17.6%	-17.9%	-16.6%	-16.7%	-9.0%

* Contribution margin at the level of difference between sales revenue and costs of goods and material



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

- In the first nine months of this year, the HI Division attained a **contribution margin (gross margin)** at the level of costs of goods and material in the amount of EUR 9.8 million, with the rate (margin) at 37.9%. Relative to the equivalent period last year, the margin is lower by EUR 1.1 million, of which EUR 0.7 million, or 2.9 percentage point, pertains to decrease of rate in terms of quality, and EUR 0.4 million is the effect of lower sales.

- **Value added per employee** improved from EUR 7,910 to EUR 8,554, or by 8.1% relative to the same period of 2010. 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 1.1 %.
- The dynamics of changes in other categories of **operating expenses** or **income** 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 improvement in profitability** at the level of EBIT is as follows:

EUR million	Development
EBIT January – September 2010	**-4.5**
Contribution margin at the level of costs of goods and material	-1.1
Costs of services	0.0
Employee benefit expense	1.1
Depreciation and amortization expense	-0.1
Other operating expenses	0.2
Other operating income	0.1
EBIT January – September 2011	**-4.3**

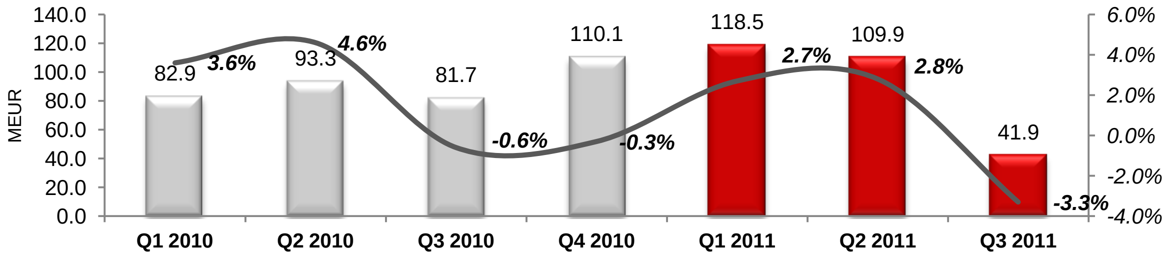
Table 5: Development of effects in HI Division profitability at the level of EBIT

- The Division in the **closing stage of preparations for its comprehensive business restructuring** which will begin in early 2012.

Ecology, Energy, and Services Division

EUR million	Q3 2011	Q3 2010	Jan-Sep 2011	Jan-Sep 2010	Comparable Q3 2011	Comparable Q3 2010	Comparable Jan-Sep 2011	Comparable Jan-Sep 2010	Plan 2011
Sales revenue	41.9	81.7	270.3	258.0	41.9	39.2	370.2	215.5	370.2
CM*	14.4	17.5	55.4	62.5	14.4	15.4	84.4	60.4	84.4
CM, %	34.4%	21.4%	20.5%	24.2%	34.4%	39.3%	22.8%	28.0%	22.8%
EBIT	-1.4	-0.5	4.9	6.7	-1.4	-0.2	9.1	7.0	9.1
EBIT Margin, %	-3.3%	-0.6%	1.8%	2.6%	-3.3%	-0.5%	2.5%	3.2%	2.5%

* Contribution margin at the level of difference between sales revenue and costs of goods and material



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

- Due to the divestment of the key company in this Division, Istrabenz Gorenje, in July this year, the entire energy engineering segment was eliminated. Due to the nature of the business (commissions in trading with electric power), this Division generated low profitability, but higher return on invested capital than at the HA Division. Therefore, total **EBIT margin** of this Division is also lower than in the case of the HA Division, decreasing the total margin at the Gorenje Group.
- Division profitability at the level of **contribution margin (gross margin)** based on the difference between sales revenue and costs of goods and material dropped by EUR 7.1 million or by 11.4% (to EUR 55.4 million), with a 3.7-percent drop in the contribution margin (to a margin of 20.5 %). This included impairment of the margin in quality terms by EUR 10.0 million, and improvement in the margin resulting from higher sales by EUR 2.9 million.

  Negative change in the gross 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 nine months of 2011, relative to the equivalent period last year, was a notable decrease in profit margins (this segment represents 33% of the total drop in the profitability of the Division). In the ecology segment, margins remained the same as in 2010 or dropped by up to 4 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 (the segment represents 44% of the total drop in the Division profitability). 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 tool and machine building where lower profitability was a result of very low potential to invest in technical and technological equipment of manufacturers (the segment represents 23% of total drop in the Division profitability).

  In comparable terms, gross margin at the Division decreased by EUR 5.0 million or 8.3% (from EUR 60.4 million to EUR 55.4 million) with quality impairment of EUR 20.4 million (and a 7.5-percent decrease of margin) and its growth due to higher sales in the amount of 15.4 million.
- **Value added per employee** in the nine months of this year dropped from EUR 26,309 to EUR 24,455, or by 7.0%, mostly due to a notable decrease in gross margin which strongly affected the entire amount of the value added. 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 6.5%. Share of labour costs in value added rose from 67.4% to 72.1%.

  In comparable terms, value added per employee at the Division fell from EUR 28,325 to EUR 24,455, or by 13.7 %. Elimination of the business segment of energy engineering in the third quarter of the year 2010 (for comparability of information) improves notably the gross margin as a result of previously explained low profitability of trading with electrical energy. Economic labour productivity fell by 7.8%, along with an increase in the share of labour costs in value added from 66.5% to 72.1%.
- The decrease of **service costs** in the amount of EUR 5.3 million, or 19.7%, 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 corresponding period of 2010 as costs of other business services.

  In comparable terms, costs of services reached a level that is EUR 3.9 million, or 15.1%, lower than in the corresponding period last year.
- The dynamics of changes in other categories of **operating expenses** or **income** 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:

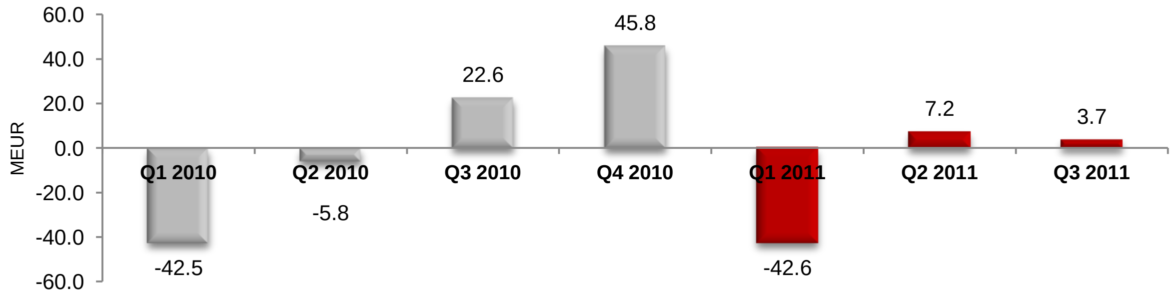
EUR million	Development	Comparable development
EBIT January – September 2010	**6.7**	**7.0**
Contribution margin at the level of costs of goods and material	-7.1	-5.0
Costs of services	5.3	3.9
Employee benefit expense	-0.3	-1.0
Depreciation and amortization expense	0.4	0.2
Other operating expenses	0.4	0.3
Other operating income	-0.5	-0.5
EBIT January – September 2011	**4.9**	**4.9**

Table 6: Development of effects in EES Division profitability at the level of EBIT

Gorenje Group financial performance

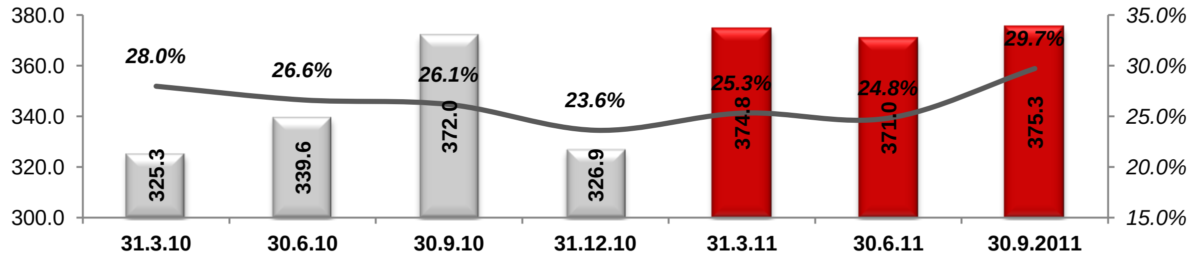
Free cash flow management

	EUR million	Q3 2011	Q3 2010	Jan-Sep 2011	Jan-Sep 2010	Plan 2011
	Profit after taxes (Net income)	1.3	11.9	7.8	16.8	21.1
+	Depreciation and amortization	13.0	13.4	38.6	38.9	52.8
=	**Net cash flow**	**14.3**	**25.3**	**46.4**	**55.7**	**73.9**
-	CAPEX	-8.3	-9.7	-32.1	-23.0	-40.4
+	Divestment	2.0	0.3	2.3	1.0	0.0
-	Investment into net current assets	-4.3	6.7	-48.4	-59.4	-4.4
	Change in inventories	21.4	18.6	-2.0	-4.8	-4.5
	Change in trade receivables	11.4	-2.3	25.3	-27.7	-8.4
	Change in payables to suppliers	-37.1	-9.6	-71.7	-26.9	8.5
=	**Free cash flow (narrow)**	**3.7**	**22.6**	**-31.8**	**-25.7**	**29.1**



Graph 13: Dynamics of changes in free cash flow

- In the first nine months of the year, **free cash flow** of the Gorenje Group was negative at EUR 31.8 million. Free cash flow in the third quarter was positive, amounting to EUR 3.7 million. Compared to the equivalent period of 2010, free cash flow was lower by EUR 6.1 million.
- In the first nine months of the year, as usual given the nature and dynamics of Gorenje Group operations, **changes in net current assets**, especially decrease in trade payables to suppliers, had the strongest negative effect on free cash flow. More favourable effect was seen by decrease of receivables both compared to the end of the year and to the same period last year, which is a result of fewer days sales outstanding in the period at hand, and lower receivables due to disposal of the shareholding at the energy engineering company Istrabenz Gorenje, d.o.o., and elimination of this company and its subsidiaries from the Gorenje Group.
- The majority of negative deviations of the free cash flow in the first nine months of this year pertains to the decrease of **trade payables to suppliers** in the amount of EUR 71.7 million; in the third quarter alone, trade payables dropped by EUR 37.1 million. Trade payables were also decreased due to disposal of the shareholding in the energy engineering company Istrabenz Gorenje, d.o.o., and elimination thereof, complete with its subsidiaries, from the Gorenje Group.
- 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 27.7 million; this year, a decrease in the balance of receivables is increasing our cash flow by EUR 25.3 million.



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

Other financial management activities

- 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 third quarter amounted to EUR 93.5 million and cash in current accounts amounted to EUR 50.3 million.
- **Total financial liabilities** as at September 30th 2011 amount to EUR 486.6 million, which is EUR 2.6 million less than as at the end of the year before. Compared to the equivalent period last year, total financial liabilities increased by EUR 7.1 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 35 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 32.4 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 9.0 million.
- **Composition of financial liabilities by maturity** has improved notably in the first nine months of 2011 compared to the end of last year. Long-term financial liabilities thus represent 65.7% of total financial liabilities while their share at the end of last year was at 53.9%.
- Balance of **borrowings** at Gorenje Group as at September 30th 2011 amounted to EUR 478.6 million which is EUR 17.1 million more than at the end of last year. In composition of the total, long-term borrowings represent 66.7%; as at the end of last year, this share was at 55.0%.
- The share of **long-term borrowings** increased compared to the end of last year, which is a result of active approach to the improvement of the composition of financial liabilities by maturity. 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. Furthermore, new long-term loans were signed from other commercial banks; these, too, were intended for restructuring the maturity of our debt portfolio. Activities in this field will be carried out in the future as well.

Investment by Divisions

EUR million	Q3 2011	Q3 2010	Jan-Sep 2011	Jan-Sep 2010	Plan 2011
HA Division	6.0	6.5	25.7	15.2	31.3
HI Division	1.1	0.6	1.7	2.0	1.5
EES Division	1.2	2.5	4.7	5.8	7.6
Total	**8.3**	**9.6**	**32.1**	**23.0**	**40.4**

- Majority of **investment**, amounting to **EUR 25.7 million** or 82.1% of the Division's annual plan, was carried out **at the HA Division**; major part, amounting to EUR 11.0 million, was invested at the parent company for the projects of the refrigeration appliance program, new generation washing machine and dryer project, and heat pumps. Other investments mostly pertain to the company Gorenje Tiki, d.o.o., Stara Pazova, Gorenje Home, d.o.o., Zaječar, 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 1.7 million** exceed the Division's annual plan by 13.3%. Division investments are fully focused on technical and technological, and product restructuring of manufacturing and sales, which is the basis for comprehensive business restructuring of the Division starting in early 2012.
- At the **EES Division**, investments totalled at **EUR 4.7 million**, which represents 61.8% of the figure planned for the year. 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	Q3 2011	Q3 2010	Jan-Sep 2011	Jan-Sep 2010	Plan 2011
Sales revenue	**150.0**	**163.6**	**468.4**	**460.2**	**685.0**
CM*	50.2	58.0	152.4	165.1	234.2
CM. %	*33.4%*	*35.5%*	*32.5%*	*35.4%*	*34.2%*
EBITDA	**2.2**	**9.1**	**17.6**	**27.8**	**39.2**
EBITDA Margin (%)	*1.5%*	*5.6%*	*3.8%*	*6.0%*	*5.7%*
EBIT	**-3.3**	**2.5**	**1.2**	**7.3**	**16.4**
EBIT Margin (%)	*-2.2%*	*1.5%*	*0.3%*	*1.6%*	*2.4%*
Profit before taxes	**1.0**	**-0.1**	**1.9**	**1.2**	**12.1**
Profit after taxes (Net income)	**1.2**	**1.1**	**2.5**	**2.1**	**11.6**
***ROS** (net return on sales)*	*0.8%*	*0.6%*	*0.5%*	*0.5%*	*1.7%*
***ROA** (net return on assets)*	*0.6%*	*0.5%*	*0.4%*	*0.4%*	*1.4%*
***ROE** (net return on equity)*	*1.5%*	*1.4%*	*1.0%*	*0.9%*	*3.5%*
Employees / end of period	**4,475**	**4,681**	**4,475**	**4,681**	**4,460**
Employees / average	**4,484**	**4,694**	**4,486**	**4,739**	**4,509**

* Contribution margin at the level of difference between sales revenue and costs of goods and material

- **Sales revenue** at the parent company in the period January – September 2011 reached, compared to the equivalent period last year, **(1)** EUR 436.5 million in the segment of sale of products and services at the Home Appliance Division, which is an increase of EUR 4.3 million or 1.0 %; and **(2)** EUR 31.9 million in the segment of sale beyond the Home Appliance Division (activities of the Division Ecology, Energy, and Services at the parent company), which is an increase of EUR 3.9 million or 14.1 %. With total sales revenue at EUR 468.4 million, the figure is higher than the comparable last year's amount by EUR 8.2 million or 1.8%. 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 3.4 percentage points or EUR 15.7 million. Increase in sales (scope of business activities) improved the profitability at this level by EUR 3.0 million. Total profitability at this level is thus lower by EUR 12.7 million, or 7.7 %, 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
Profit after tax (net income) January – September 2010	**2.1**
Contribution margin at the level of costs of goods and material	-12.8
Costs of services	-1.4
Employee benefit expense	2.7
Depreciation and amortization expense	4.1
Other operating expenses	-0.8
Other operating income	2.2
Net financial result	6.8
Corporate income tax and deferred income tax	-0.4
Profit after tax (net income) January – September 2011	**2.5**

Table 7: Development of effects on parent company profitability at the level of net profit

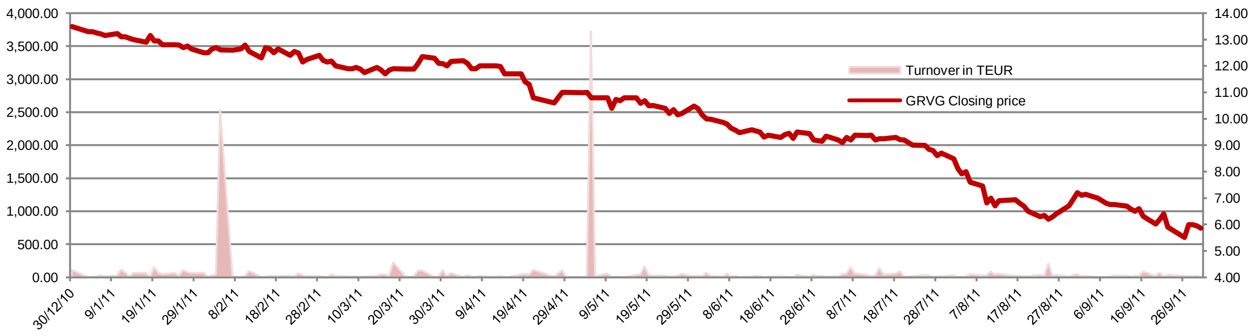
- Since the parent company has a decisive influence on all categories of profitability at the Home Appliance Division and the Gorenje Group, all major disclosures of reasons for dynamics of change in particular categories of profitability were already given in the performance analysis for the Home Appliance 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 September 30th 2011, 19,545 shareholders were entered in the share register, which is 5.2 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%
Vzajemni sklad NFD 1 Delniški (mutual fund)	650,248	4.0878%
EECF AG	411,727	2.5884%
RAIFFEISEN BANK INTERNATIONAL AG (RBI)	383,038	2.4080%
KD GALILEO, FLEKSIBILNA STRUKTURA NALOŽB	347,684	2.1857%
TRIGLAV VZAJEMNI SKLADI - DELNIŠKI TRIGLAV	297,090	1.8677%
PROBANKA, d.d.	297,061	1.8675%
Total major shareholders	**9,662,812**	**60.7461%**
Other shareholders	6,244,064	39.2539%
Total	**15,906,876**	**100%**

- The number of **treasury shares** as at September 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 resignation of Management Board member Mrs. Mirjana Dimc Perko as of January 1st 2011, and resignation of Management Board member Mr. Franc Košec as of April 19th 2011, from 13,230 (December 31st 2010) to 11,754 shares.
- **Closing price per share** as at September 30th 2011 amounted to EUR 5.86, which is 56.6 % lower than on the last trading day in 2010 (EUR 13.49) In the same period, the prime market index SBITOP dropped by 27.2%.
- **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 0.21 (EUR 0.20 in 2010).
- **Book value per GRVG share** as at September 30th 2011 amounts to EUR 20.93 (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 September 30th 2011 (15,785,565 shares).
- **The ratio between market and book value per GRVG share** amounts to 0.28 (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-September 2011**

Events after the reporting period

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

Major business events

Entering new markets

In August, Gorenje was 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 center 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.

Manufacturing activities

In October, Gorenje launched in the Serbian town of Zaječar the production of plastic sinks and wash basins, and a washing machine assembly line. This is Gorenje's third manufacturing facility in Serbia. It currently employs 39 persons; by the end of the year, total number of employees is planned at 88. This year's planned output includes manufacturing approximately 7,000 basins and sinks, and assembly of 7,000 washing machines. The products are bound for Russian, Ukrainian, Serbian, and other Eastern European markets. Gorenje's investment in Zaječar will boost competitiveness of the Group's products in entry-level and budget segments.

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 - September 2011 were compiled in compliance with the Companies Act and International Financial Reporting Standards (IFRS, including IAS 34, Interim Financial Reporting) 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 - September 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-September 2011, Gorenje Group comprised the parent company Gorenje, d.d., and 75 subsidiaries operating in Slovenia and abroad, and 2 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 September 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 45.89%.
- On June 16th 2011, company Gorenje Ekologija, d.o.o., Stara Pazova, was founded in Serbia.
- On July 6th 2011, the company RCE, d.o.o., was founded in Velenje. Gorenje, d.d., holds a 24-percent interest.
- As of July 11th 2011, Gorenje is no longer a partner or shareholder in the company PUBLICUS, d.o.o., and Kemis, d.o.o. Instead, the company Gorenje Surovina, d.o.o., became a partner/shareholder in the said companies.
- On July 18th 2011, the company GGE, d.o.o., was founded in Ljubljana. Gorenje, d.d., holds a 50-percent interest.
- On July 29th 2011, the agreement on disposal of 46.55-percent share that Gorenje, d.d., held in the energy engineering company Istrabenz Gorenje, d.o.o., came into effect.
- The company Gorenje Skandinavien A/S was renamed to Gorenje Group Nordic A/S.

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	99.75	EES
7.	Gorenje Orodjarna, d.o.o., Velenje	100.00	EES
8.	ZEOS, d.o.o., Ljubljana	51.00	EES
9.	Gorenje Surovina, d.o.o., Maribor	99.75	EES
10.	Indop, d.o.o., Šoštanj	100.00	EES
11.	ERICo, d.o.o., Velenje	51.00	EES
12.	Gorenje Projekt, d.o.o., Ljubljana	50.00	EES

13.	Gorenje design studio, d.o.o., Velenje	52.00	EES
14.	PUBLICUS, d.o.o., Ljubljana	50.87	EES
15.	EKOGOR, d.o.o., Jesenice	45.89	EES
16.	Gorenje GAIO, d.o.o, Šoštanj	100.00	EES
17.	GGE, d.o.o., Ljubljana	50.00	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 Group Nordic 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	99.75	EES
29.	Kemis - BH, d.o.o., Bosnia and Herzegovina	99.75	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.	Gorenje Istanbul Ltd., Turkey	100.00	HA
34.	Gorenje TOV, Ukraine	100.00	HA
35.	ST Bana Nekretnine, d.o.o., Serbia	100.00	EES
36.	Kemis Valjevo, d.o.o, Serbia	99.75	EES
37.	Kemis – SRS, d.o.o., Bosnia and Herzegovina	99.75	EES
38.	ATAG Europe BV, Netherlands	100.00	HA
39.	ATAG Nederland BV, Netherlands	100.00	HA
40.	ATAG België NV, Belgium	100.00	HA
41.	ATAG Financiele Diensten BV, Netherlands	100.00	HA
42.	ATAG Financial Solutions BV, Netherlands	100.00	HA
43.	ATAG Special Product BV, Netherlands	100.00	HA

44.	Intell Properties BV, Netherlands	100.00	HA
45.	Gorenje Nederland BV, Netherlands	100.00	HA
46.	Gorenje Kazakhstan, TOO, Kazakhstan	100.00	HA
47.	Gorenje kuhinje, d.o.o., Ukraine	69.986	HI
48.	»Euro Lumi & Surovina« SH.P.K., Kosovo	39.93	EES
49.	OOO Gorenje BT, Russia	100.00	HA
50.	Gorenje GTI, d.o.o. Belgrade, Serbia	100.00	EES
51.	Asko Appliances AB, Sweden	100.00	HA
52.	Asko Hvitevarer AS, Norway	100.00	HA
53.	AM Hvidevarer A/S, Denmark	100.00	HA
54.	Asko Appliances Inc, United States of America	100.00	HA
55.	Asko Appliances Pty, Australia	100.00	HA
56.	Asko Appliances OOO, Russia	100.00	HA
57.	»Gorenje – Albania« SH.P.K., Albania	100.00	HA
58.	GORENJE HOME DOO Zaječar, Serbia	100.00	HA
59.	ORSES, d.o.o., Belgrade, Serbia	100.00	EES
60.	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)

Unaudited consolidated financial statements of the Gorenje Group

Consolidated Statement of Financial Position of the Gorenje Group

EUR thousand	Sept 30th 2011	%	Dec 31st 2010	%	Sept 30th 2010	%
ASSETS	**1,231,052**	**100.0%**	**1,317,754**	**100.0%**	**1,278,741**	**100.0%**
Non-current assets	**554,324**	**45.0%**	**563,435**	**42.8%**	**560,760**	**43.9%**
Intangible assets	159,627	13.0%	160,161	12.2%	159,169	12.4%
Property, plant, and equipment	359,201	29.2%	375,400	28.5%	370,727	29.0%
Investment property	14,280	1.1%	4,518	0.3%	7,574	0.6%
Non-current financial investments	3,213	0.2%	5,313	0.4%	6,132	0.5%
Deferred tax assets	18,003	1.5%	18,043	1.4%	17,158	1.4%
Current assets	**676,728**	**55.0%**	**754,319**	**57.2%**	**717,981**	**56.1%**
Assets classified as held for sales	115	0.0%	1,066	0.1%	1,293	0.1%
Inventories	259,593	21.1%	257,593	19.5%	256,457	20.0%
Current financial investments	42,558	3.5%	48,002	3.6%	55,845	4.4%
Trade receivables	281,022	22.8%	306,284	23.2%	308,654	24.1%
Other current assets	43,096	3.5%	58,646	4.5%	61,463	4.8%
Cash and cash equivalents	50,344	4.1%	82,728	6.3%	34,269	2.7%
EQUITY AND LIABILITIES	**1,231,052**	**100.0%**	**1,317,754**	**100.0%**	**1,278,741**	**100.0%**
Equity	**393,508**	**32.0%**	**392,096**	**29.8%**	**387,455**	**30.3%**
Share capital	66,378	5.4%	66,378	5.0%	66,378	5.2%
Share premium	175,575	14.3%	175,575	13.4%	175,575	13.7%
Legal and statutory reserves	21,990	1.8%	21,990	1.7%	21,697	1.7%
Retained earnings	115,047	9.3%	107,382	8.1%	114,526	9.0%
Treasury shares	-3,170	-0.3%	-3,170	-0.2%	-3,170	-0.3%
Translation reserve	6,805	0.6%	8,842	0.7%	10,055	0.8%
Fair value reserve	8,956	0.7%	13,294	1.0%	593	0.1%
Equity attributable to equity holders of the parent company	**391,581**	**31.8%**	**390,291**	**29.7%**	**385,654**	**30.2%**
Minority interest	**1,927**	**0.2%**	**1,805**	**0.1%**	**1,801**	**0.1%**
Non-current liabilities	**404,712**	**32.8%**	**356,027**	**27.0%**	**317,080**	**24.8%**
Provisions	80,462	6.5%	89,033	6.8%	95,199	7.4%
Deferred tax liabilities	4,422	0.3%	6,062	0.4%	6,052	0.5%
Non-current financial liabilities	319,828	26.0%	260,932	19.8%	215,829	16.9%
Current liabilities	**432,832**	**35.2%**	**569,631**	**43.2%**	**574,206**	**44.9%**
Current financial liabilities	166,728	13.5%	223,015	16.9%	263,665	20.6%
Trade payables	165,278	13.4%	237,020	18.0%	193,099	15.1%
Other current liabilities	100,826	8.3%	109,596	8.3%	117,442	9.2%

Consolidated Income Statement of the Gorenje Group

EUR thousand	Jan-Sep 2011	%	Q3 2011	%	Plan 2011	%	Jan-Sep 2010	%	Q3 2010	%	11/10	Plan real.
Revenue	**1,060,154**	**96.4%**	**315,530**	**101.4%**	**1,547,964**	**98.7%**	**965,819**	**96.6%**	**355,746**	**94.4%**	109.8	68.5
Changes in inventories	11,168	1.0%	-14,071	-4.5%	2,317	0.2%	-6,291	-0.6%	-9,763	-2.6%	-177.5	482.0
Other operating income	28,017	2.6%	9,697	3.1%	17,487	1.1%	40,483	4.0%	31,073	8.2%	69.2	160.2
Gross profit	**1,099,339**	**100.0%**	**311,156**	**100.0%**	**1,567,768**	**100.0%**	**1,000,011**	**100.0%**	**377,056**	**100.0%**	**109.9**	**70.1**
Costs of goods, material, and services	-822,198	-74.8%	-222,221	-71.4%	-1,165,137	-74.3%	-715,121	-71.5%	-258,528	-68.6%	115.0	70.6
Other operating expenses	-17,371	-1.6%	-5,151	-1.7%	-18,853	-1.2%	-26,146	-2.6%	-16,432	-4.3%	66.4	92.1
VALUE ADDED	**259,770**	**23.6%**	**83,784**	**26.9%**	**383,778**	**24.5%**	**258,744**	**25.9%**	**102,096**	**27.1%**	**100.4**	**67.7**
Employee benefit expense	-197,677	-18.0%	-65,288	-21.0%	-276,364	-17.6%	-175,383	-17.6%	-64,047	-17.0%	112.7	71.5
EBITDA	**62,093**	**5.6%**	**18,496**	**5.9%**	**107,414**	**6.9%**	**83,361**	**8.3%**	**38,049**	**10.1%**	**74.5**	**57.8**
Depreciation and amortization expense	-38,647	-3.5%	-12,953	-4.2%	-52,840	-3.4%	-38,964	-3.9%	-13,351	-3.5%	99.2	73.1
EBIT	**23,446**	**2.1%**	**5,543**	**1.7%**	**54,574**	**3.5%**	**44,397**	**4.4%**	**24,698**	**6.6%**	**52.8**	**43.0**
Finance income	18,014	1.6%	7,779	2.5%	7,992	0.5%	8,267	0.8%	2,210	0.6%	217.9	225.4
Finance expenses	-31,302	-2.8%	-12,038	-3.8%	-35,748	-2.3%	-32,784	-3.2%	-14,873	-4.0%	95.5	87.6
Profit or loss before income tax	**10,158**	**0.9%**	**1,284**	**0.4%**	**26,818**	**1.7%**	**19,880**	**2.0%**	**12,035**	**3.2%**	**51.1**	**37.9**
Income tax	-2,366	-0.2%	64	0.0%	-5,714	-0.4%	-3,066	-0.3%	-129	0.0%	77.2	41.4
Profit after taxes (Net income)	**7,792**	**0.7%**	**1,348**	**0.4%**	**21,104**	**1.3%**	**16,814**	**1.7%**	**11,906**	**3.2%**	**46.3**	**36.9**
Attributable to minority interest	**127**	**0.0%**	**38**	**0.0%**	**347**	**0.0%**	**76**	**0.0%**	**-491**	**-0.1%**	**167.1**	**36.6**
Attributable to equity holders of the parent	**7,665**	**0.7%**	**1,310**	**0.4%**	**20,757**	**1.3%**	**16,738**	**1.7%**	**12,397**	**3.3%**	**45.8**	**36.9**
Basic and diluted earnings per share (in EUR)	**0.65**		**0.33**		**1.31**		**1.54**		**3.14**		**42.0**	**49.2**

Gorenje Group Statement of Comprehensive Income

EUR thousand	Jan-Sep 2011	Jan-Sep 2010
Profit after taxes (net income)	**7,792**	**16,814**
Other comprehensive income		
Net change in fair value of available-for-sale financial instruments	-117	-115
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-6,139	-6,796
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, transferred to profit or loss	834	1,381
Income tax on other comprehensive income	1,084	1,078
Translation reserve	-2,037	-7,350
Other comprehensive income	**-6,375**	**-11,802**
Total comprehensive income	**1,417**	**5,012**
Total comprehensive income attributable to majority interest	1,290	4,936
Total comprehensive income attributable to minority interest	127	76

- **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-Sep 2011	Jan-Sep 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**7,792**	**16,814**
Adjustments for:		
Depreciation of property, plant and equipment	33,780	34,338
Amortization of intangible assets	4,867	4,626
Impairment loss		2,000
Investment income	-18,014	-8,267
Finance expenses	31,302	32,784
Proceeds from disposal of property, plant and equipment	-1,725	-902
Negative goodwill		-23,368
Tax expense	2,366	3,066
Operating profit before changes in net operating current assets and provisions	**60,368**	**61,091**
Change in trade and other receivables	30,831	-89,098
Change in inventories	-2,000	-38,476
Change in provisions	-8,571	31,830
Change in trade and other payables	-80,512	22,704
Cash generated from operations	**-60,252**	**-73,040**
Interest paid	-16,727	-14,884
Income taxes paid	-3,720	-3,066
Net cash flow from operating activities	**-20,331**	**-29,899**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	2,348	992
Proceeds from divestment/disposal of available-for-sale investments	0	1,425
Interest received	2,078	2,041
Dividend received	92	70
Liquidation of subsidiary	10,727	0
Acquisition of subsidiary, net of cash acquired	0	2,950
Disposal of subsidiary, net of financial assets acquired	10,555	0
Acquisition of property, plant and equipment	-27,081	-20,156
Acquisition of investment property	-9,819	0
Other investment	6,790	7,325
Acquisition of intangible assets	-5,013	-2,881
Net cash flow from investing activities	**-9,323**	**-8,234**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of minority interest	0	-6,900
Capital increase	0	24,920
Borrowings/repayment of borrowings	-2,730	27,252
Net cash flow from financing activities	**-2,730**	**45,272**
Net increase in cash and cash equivalents	-32,384	7,139
Cash and cash equivalents at beginning of period	82,728	27,130
Cash and cash equivalents at end of period	50,344	34,269

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 January 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				7,665				**7,665**	**127**	**7,792**
Total other comprehensive income						-2,037	-4,338	**-6,375**		**-6,375**
Total comprehensive income for the period	**0**	**0**	**0**	**7,665**	**0**	**-2,037**	**-4,338**	**1,290**	**127**	**1,417**
Transactions with owners (when acting as owners) recognised directly in equity										
Contributions by owners and distributions to owners										
Capital increase								**0**		**0**
Dividend payment								**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 loss of control										
Disposal of subsidiary								**0**		**0**
Acquisition of non-controlling interest									**-5**	**-5**
Total changes in ownership interests in subsidiaries	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-5**	**-5**
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-5**	**-5**
Closing balance September 30th 2011	**66,378**	**175,575**	**21,990**	**115,047**	**-3,170**	**6,805**	**8,956**	**391,581**	**1,927**	**393,508**

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 January 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				16,738				**16,738**	**76**	**16,814**
Total other comprehensive income						-7,350	-4,452	**-11,802**		**-11,802**
Total comprehensive income for the period	**0**	**0**	**0**	**16,738**	**0**	**-7,350**	**-4,452**	**4,936**	**76**	**5,012**
Transactions with owners (when acting as owners) recognised directly in equity										
Contributions by owners and distributions to owners										
Capital increase	7,832	17,088						24,920		24,920
Dividend payment										
Total contributions by owners and distributions to owners	**7,832**	**17,088**	**0**	**0**	**0**	**0**	**0**	**24,920**	**0**	**24,920**
Changes in ownership interests in subsidiaries that do not result in loss of control										
Disposal of subsidiary							-7,777	-7,777	-6	-7,783
Acquisition of non-controlling interest									**-4,338**	**-4,338**
Total changes in ownership interests in subsidiaries	**0**	**0**	**0**	**0**	**0**	**0**	**-7,777**	**-7,777**	**-4,344**	**-12,121**
Total transactions with owners	**7,832**	**17,088**	**0**	**0**	**0**	**0**	**-7,777**	**17,143**	**-4,344**	**12,799**
Closing balance as at September 30th 2010	**66,378**	**175,575**	**21,697**	**114,526**	**-3,170**	**10,055**	**593**	**385,654**	**1,801**	**387,455**

Notes to Gorenje Group financial statements

Income Statement

- **Sales revenues** in the period January – September 2011 are higher by EUR 94,335 thousand or by 9.8% relative to the equivalent period last year; in comparable terms (elimination of the Asko Group from both periods and IGES Group from the third quarter of 2010), revenues are higher by EUR 57,523 thousand or 6.4%. The increase is a result of high growth of 4.8% (25.4% in comparable terms) of revenue at the Ecology, Energy, and Services Division, and 12.2-percent growth at the Home Appliance Division (0.6% in comparable terms without the Asko Group), while revenue from the Home Interior Division lagged behind the revenues of last year's equivalent period (by 3.7 %).
- **Other operating income**, amounting to EUR 28,017 thousand and pertaining to revenues from grants and subsidies (EUR 4,501 thousand), revenues from drawing and reversal of provisions (EUR 14,563 thousand, of which majority of EUR 8,711 thousand pertains to release/reversal of provisions for the restructuring at the Asko Group), revenues from rents and leases (EUR 935 thousand), revenues from indemnities and damages (EUR 798 thousand), revenues pertaining to the Waste Electric and Electronic Equipment Directive (EUR 710 thousand), proceeds from disposal of fixed assets (property, plant, and equipment, EUR 1,725 thousand), and other operating income (EUR 4,785 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, costs of services were cut relative to the equivalent period last year by EUR 2,623 thousand or 2.0% 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 22,294 thousand or 12.7 % relative to the equivalent period last year, which is entirely the result of incomparability of data due to the Asko Group merger. Observing comparable data, labour costs are lower by EUR 1,004 thousand or by 0.6%. In the composition of gross profit, their share dropped from 18.5% to 16.9% in comparable terms. Labour costs per employee are higher by 17.6% relative to equivalent period last year; in comparable terms, they are higher by 2.4%.
- In comparable terms, **depreciation and amortization expense** is lower by EUR 3,681 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 5,956 thousand); lump-sum charges, i.e. charges independent of income (EUR 2,677 thousand); and costs of integration activities at the Asko Group (EUR 3,911 thousand) for which provisions were reversed in the same amount.
- **Value added per employee** rose by 4.8% to EUR 23,656. In comparable terms, the figure is higher by 2.5%.
- **Negative result of financial operations** is lower by EUR 11,229 thousand relative to the comparable period of last year. 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 lower impairment loss on trade receivables and Current financial investments on their estimated and market values, and positive effect of liquidation of the subsidiary Gorenje Tiki, d.o.o. - in liquidation, Velenje, and disposal of 46.55-percent share in the energy engineering company Istrabenz Gorenje, d.o.o.

EUR thousand	Jan-Sep 2011	Jan-Sep 2010	11/10
Dividend revenue	92	70	131.4
Interest revenues*	2,309	2,456	94.0
Revenue from revaluation (positive currency translation differences)**	286	1,040	27.5
Other finance income	15,327	4,701	326.0
Total finance income	**18,014**	**8,267**	**217.9**
Interest and similar expense*	18,585	15,984	116.3
Expenses from revaluation (negative currency translation differences)**	3,999	3,016	132.6
Other finance expenses	8,718	13,784	63.2
Total finance expenses	**31,302**	**32,784**	**95.5**
Dividend result	92	70	131.4
Interest result	-16,276	-13,528	120.3
Revaluation result	-3,713	-1,976	187.9
Result from other financing operations	6,609	-9,083	/
Total financial result	**-13,288**	**-24,517**	**54.2**

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

- **Corporate income tax** amounted to EUR 2,366 thousand, which is lower by EUR 700 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 -117 thousand; negative effect of interest rate hedging in the amount of EUR 6,139 thousand (effect of interest rate swap deals); part of the interest rate hedging costs (interest rate swap deals) in the amount of EUR 834 thousand that has already been included in the net profit of the first nine months 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 1,084 thousand pertaining to the previously stated transactions.

Statement of Financial Position

- **Balance sheet total (total assets)** as at the end of September amounted to EUR 1.231.052 thousand, which is lower than at the end of the year, and lower than at the end of September last year. Data on the balance sheet (statement of financial position) is incomparable as a result of the disposal of the company Istrabenz Gorenje, d.o.o., in July.
- In the composition of assets, the share of non-current assets as at the end of September amounted to 45.0%, which is 2.2 percentage points higher than as at the end of 2010.
- **Investment property** is higher that as at the end of December by EUR 9,762 thousand, mostly due to the acquisition of real estate from the company Gorenje Tiki, d.o.o – in liquidation.
- **Total inventories** increased by EUR 2,000 thousand, or 0.8% compared to the end of December; the increase pertains entirely to inventories of finished products at the HA Division as a result of year-on-year dynamics of manufacturing and sales activities. They are also higher relative to the comparable period last year (by EUR 3,136 thousand or 1.2%).

EUR thousand	Sept 30th 2011	Dec 31st 2010	Sept 30th 2010	Sept 30th 11/ Sept 30th 2010	Sept 30th 11/ Dec 31st 2010
Material	78,977	79,380	75,102	105.2	99.5
Work in progress	15,675	18,960	20,462	76.6	82.7
Products	127,223	112,770	128,754	98.8	112.8
Merchandise	33,401	44,845	31,456	106.2	74.5
Advance	4,317	1,638	683	632.1	263.6
Total	**259,593**	**257,593**	**256,457**	**101.2**	**100.8**

Relative to the entire year 2010, inventory turnover, i.e. days in inventory, were extended by four days for finished products; relative to equivalent period last year, they are unchanged.

	Jan-Sep 2011	Jan-Dec 2010	Jan-Sep 2010
Turnover of products	31	27	31
Turnover of trade receivables	75	73	78
Turnover of trade payables	66	75	73

- Predominant part of decrease in the value of **current financial investments** pertains to the decrease in short-term loans granted by the parent company.
- **Trade receivables** are, relative to the balance as at the end of 2010, lower by EUR 25,262. They are also lower relative to the corresponding period last year (by EUR 27,632 thousand), which is mostly the result of disposal of the company Istrabenz Gorenje, d.o.o.

  Dales sales outstanding (turnover of trade receivables) were reduced from 78 to 75 days; compared to the year 2010, the period is longer by 2 days.

- Compared to the balance as at the end of 2010, **other current assets** are lower by EUR 15,550 thousand, 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., and elimination of companies of the Istrabenz Gorenje Group.
- **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. On the other hand, it was decreased by the drop in the fair value reserve for revaluation of available-for-sales financial investments, by the change in the value of cash flow hedge, and by the decrease of the currency translation reserve.
- **Provisions** were decreased by EUR 8,571 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 8,711 thousand.
- Relative to the end of 2010, non-current **financial liabilities** rose by EUR 58,896 thousand, or 22.6%, which is a result of restructuring of the maturity of borrowings from short-term to long-term; meanwhile, Current financial liabilities decreased by EUR 56,287 thousand, or 25.2%, due to restructuring and repayment of derivative financial instruments. As at the end of September, financial liabilities represented 39.5% of total liabilities, which is 2.8 percentage point more than as at the end of 2010.
- Compared to the end of 2010, **trade payables** are lower by EUR 71,742 thousand, mostly due to adjustment of the purchasing volumes to the requirements of production, higher scope of accrued, but not yet charged costs by suppliers, reported among other current payables, and elimination of companies of the Istrabenz Gorenje Group.

  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 7 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 8,770 or 8.0 % 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 profit after taxes (net income), 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, divestment of the 46.55-percent interest in the energy engineering company Istrabenz Gorenje, d.o.o., and repayment (collection) of short-term loans granted.
- **Cash flow from financing activities** was negative due to repayment of borrowings.

Gorenje Group geographical and business segments

EUR thousand	Home Appliances		Home Interior		Ecology, Energy, and Services		Group	
	Jan-Sep 2011	Jan-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Jan-Sep 2011	Jan-Sep 2010
Revenue from the sales to third parties	764,146	681,119	25,749	26,741	270,259	257,959	1,060,154	965,819
Inter-Division sales	4,040	4,112	7,026	8,353	10,199	7,354	21,265	19,819
Interest income	2,060	2,161	1	18	248	277	2,309	2,456
Interest expenses	17,478	14,468	62	86	1,045	1,430	18,585	15,984
Depreciation and amortization	32,820	32,856	1,397	1,317	4,430	4,791	38,647	38,964
Profit before taxes	9,248	16,827	-4,340	-4,089	5,250	7,142	10,158	19,880
Income tax							-2,366	-3,066
Net profit or loss for the period							7,792	16,814

EUR thousand	West		East		Rest of world		Group	
	Jan-Sep 2011	Jan-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Jan-Sep 2011	Jan-Sep 2010
Revenues from sales to third parties	395,020	353,005	594,783	578,727	70,351	34,087	1,060,154	965,819

Financial indicators

	Jan-Sep 2011	Plan 2011	Jan-Sep 2010
INDICATORS OF PROFITABILITY			
Net return on sales (ROS)	0.7%	1.4%	1.7%
Net return on assets (ROA)	0.8%	1.7%	1.8%
Net return on equity (ROE)	2.6%	5.3%	5.9%
ASSET INDICATORS			
Asset turnover ratio	1.11	1.23	1.05
Inventory turnover ratio	5.47	5.98	5.43
Current trade receivables turnover ratio	4.81	4.88	4.60
INVESTMENT INDICATORS			
Fixed assets (PPE) to total assets	0.42	0.41	0.41
Long-term assets to total assets	0.45	0.45	0.44
INDICATORS OF FINANCIAL COMPOSITION			
Long-term coverage of non-current assets	1.44	1.32	1.26
Equity to total liabilities	0.32	0.33	0.30
Long-term to total liabilities	0.65	0.59	0.55
Equity to fixed assets (carrying value)	0.76	0.79	0.73
Quick ratio (liquid assets to short-term liabilities)	0.21	0.14	0.16
(Liquid assets + current receivables) to current liabilities	0.96	0.84	0.80
Current ratio	1.56	1.34	1.25
Net financial liabilities to equity	1.00	0.90	1.00
OPERATING PERFORMANCE INDICATORS			
Operating income to operating expenses	1.02	1.04	1.05
Revenue per employee (EUR)	96,544	139,080	84,285
Value added per employee (EUR)	23,565	34,481	22,580

Unaudited financial statements of the company Gorenje, d.d.

Statement of Financial Position of Gorenje, d.d.

EUR thousand	Sept 30th 2011	%	Dec 31st 2010	%	Sept 30th 2010	%
ASSETS	**849,087**	**100.0%**	**851,648**	**100.0%**	**807,183**	**100.0%**
Non-current assets	**432,983**	**51.0%**	**425,215**	**49.9%**	**424,337**	**52.6%**
Intangible assets	15,517	1.8%	15,428	1.8%	14,929	1.8%
Property, plant, and equipment	152,005	17.9%	157,864	18.5%	158,388	19.6%
Investment property	11,410	1.3%	1,695	0.2%	3,520	0.4%
Investment into subsidiaries	240,672	28.3%	238,096	28.0%	234,146	29.0%
Other non-current investments	1,863	0.2%	1,165	0.1%	1,447	0.2%
Deferred tax assets	11,516	1.5%	10,967	1.3%	11,907	1.6%
Current assets	**416,104**	**49.0%**	**426,433**	**50.1%**	**382,846**	**47.4%**
Inventories	95,987	11.3%	93,660	11.0%	92,226	11.4%
Current financial investments	104,003	12.2%	76,472	9.0%	86,658	10.7%
Trade receivables	182,489	21.5%	183,967	21.6%	177,731	22.0%
Other current assets	16,652	2.0%	22,656	2.7%	26,077	3.2%
Cash and cash equivalents	16,973	2.0%	49,678	5.8%	154	0.1%
EQUITY AND LIABILITIES	**849,087**	**100.0%**	**851,648**	**100.0%**	**807,183**	**100.0%**
Equity	**330,330**	**38.9%**	**332,189**	**39.0%**	**326,771**	**40.5%**
Share capital	66,378	7.8%	66,378	7.8%	66,378	8.2%
Share premium	157,712	18.6%	157,712	18.5%	157,712	19.5%
Legal and statutory reserves	21,990	2.6%	21,990	2.6%	21,697	2.7%
Retained earnings	85,441	10.1%	82,962	9.7%	90,082	11.2%
Treasury shares	-3,170	-0.4%	-3,170	-0.4%	-3,170	-0.4%
Fair value reserve	1,979	0.2%	6,317	0.8%	-5,928	-0.7%
Non-current liabilities	**275,853**	**32.5%**	**205,739**	**24.2%**	**162,526**	**20.2%**
Provisions	26,813	3.2%	27,397	3.2%	27,201	3.4%
Deferred tax liabilities	317	0.1%	1,402	0.2%	1,386	0.2%
Non-current financial liabilities	248,723	29.2%	176,940	20.8%	133,939	16.6%
Current liabilities	**242,904**	**28.6%**	**313,720**	**36.8%**	**317,886**	**39.3%**
Current financial liabilities	99,039	11.7%	137,176	16.0%	162,485	20.1%
Trade payables	120,241	14.2%	154,803	18.2%	125,498	15.5%
Other Current liabilities	23,624	2.7%	21,741	2.6%	29,903	3.7%

Income Statement of Gorenje, d.d.

EUR thousand	Jan-Sep 2011	%	Q3 2011	%	Plan 2011	%	Jan-Sep 2010	%	Q3 2010	%	11/10	Plan real.
Revenue	468,431	97.3%	149,986	100.4%	684,995	98.6%	460,168	97.3%	163,571	100.4%	101.8	68.4
Changes in inventories	5,337	1.1%	-2,723	-1.8%	0	0.0%	7,532	1.5%	-2,372	-1.5%	70.9	/
Other operating income	7,533	1.6%	2,130	1.4%	9,777	1.4%	5,459	1.2%	1,729	1.1%	138.0	77.0
Gross profit	**481,301**	**100.0%**	**149,393**	**100.0%**	**694,772**	**100.0%**	**473,159**	**100.0%**	**162,928**	**100.0%**	101.7	69.3
Costs of goods, material, and services	-385,896	-80.2%	-120,040	-80.4%	-546,881	-78.7%	-364,814	-77.1%	-126,467	-77.6%	105.8	70.6
Other operating expenses	-3,076	-0.6%	-1,033	-0.7%	-3,970	-0.6%	-3,090	-0.7%	-926	-0.6%	99.5	77.5
VALUE ADDED	**92,329**	**19.2%**	**28,320**	**18.9%**	**143,921**	**20.7%**	**105,255**	**22.2%**	**35,535**	**21.8%**	87.7	64.2
Employee benefit expense	-74,724	-15.5%	-26,166	-17.5%	-104,738	-15.1%	-77,454	-16.4%	-26,395	-16.2%	96.5	71.3
EBITDA	**17,605**	**3.7%**	**2,154**	**1.4%**	**39,183**	**5.6%**	**27,801**	**5.8%**	**9,140**	**5.6%**	63.3	44.9
Depreciation and amortization expense	-16,385	-3.4%	-5,484	-3.7%	-22,776	-3.3%	-20,513	-4.3%	-6,670	-4.1%	79.9	71.9
EBIT	**1,220**	**0.3%**	**-3,330**	**-2.3%**	**16,407**	**2.3%**	**7,288**	**1.5%**	**2,470**	**1.5%**	16.7	7.4
Finance income	19,166	4.0%	11,825	7.9%	16,635	2.4%	14,663	3.0%	10,130	6.2%	130.7	115.2
Finance expenses	-18,456	-3.8%	-7,465	-5.0%	-20,960	-3.0%	-20,778	-4.3%	-12,688	-7.8%	88.8	88.1
Profit before taxes	**1,930**	**0.5%**	**1,030**	**0.6%**	**12,082**	**1.7%**	**1,173**	**0.2%**	**-88**	**-0.1%**	164.5	16.0
Income tax	549	0.1%	216	0.1%	-503	-0.1%	934	0.2%	1,148	0.7%	58.8	-109.1
Net profit or loss for the period	**2,479**	**0.6%**	**1,246**	**0.7%**	**11,579**	**1.6%**	**2,107**	**0.4%**	**1,060**	**0.6%**	117.7	21.4
Basic and diluted earnings per share (in EUR)	**0.21**		**0.32**		**0.83**		**0.19**		**0.27**			

Statement of Comprehensive Income of Gorenje, d.d.

EUR thousand	Jan-Sep 2011	Jan-Sep 2010
Profit after taxes (Net income)	**2,479**	**2,107**
Other comprehensive income		
Net change in fair value of available-for-sale financial instruments	-117	-115
Net change in fair value of available-for-sale financial assets transferred to profit or loss	-6,139	-6,796
Change in the effective part of gains and losses from risk hedging instruments in cash flow hedge transferred to income (profit or loss)	834	1,381
Corporate income tax on other comprehensive income	1,084	1,078
Other comprehensive income for the fiscal year	**-4,338**	**-4,452**
Total comprehensive income for the fiscal year	**-1,859**	**-2,345**

- **Notes to relevant items of the Statement of Comprehensive Income are given in notes to the Gorenje Group Financial Report on page 33 herein.**

Statement of Cash Flows of Gorenje, d.d.

EUR thousand	Jan-Sep 2011	Jan-Sep 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**2,479**	**2,107**
Adjustments for:		
Depreciation of property, plant and equipment	14,477	18,630
Amortization of intangible non-current assets	1,908	1,883
Investment income	-19,166	-14,663
Finance expenses	18,456	20,778
Proceeds from disposal of property, plant and equipment	-92	-93
Tax expense	-549	-934
Operating profit before changes in net operating current assets and provisions	**17,513**	**27,708**
Change in trade and other receivables	-2,205	-26,926
Change in inventories	-2,327	-17,011
Change in provisions	-584	1,088
Change in trade and other payables	-36,393	-7,648
Cash generated from operations	-41,509	-50,497
Interest paid	-11,367	-8,326
Paid income tax expenses	0	347
Net cash flow from operating activities	**-35,363**	**-30,768**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	403	850
Proceeds from divestment/disposal of available-for-sale investments	0	1,526
Dividend received	4,950	1,425
Interest received	4,249	-8,772
Liquidation of subsidiary	10,747	0
Acquisition of subsidiary, net of cash acquired	-8,364	1,845
Divestment/disposal of subsidiary, net of cash acquired	10,555	0
Acquisition of property, plant and equipment	-9,068	-5,465
Acquisition of investment property	-9,819	0
Other investment	-40,468	4,320
Acquisition of intangible assets	-1,934	-815
Net cash flow from investing activities	**-38,749**	**-5,086**
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital increase	0	24,920
Borrowings/repayment of borrowings	41,407	11,002
Net cash flow from financing activities	**41,407**	**35,922**
END-OF-PERIOD CASH AND CASH EQUIVALENTS		
Net decrease/increase in cash and cash equivalents	-32,705	68
Cash and cash equivalents at beginning of period	49,678	86
Cash and cash equivalents at end of period	16,973	154

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				2,479			2,479
Total other comprehensive income						-4,338	-4,338
Total comprehensive income for the period	**0**	**0**	**0**	**2,479**	**0**	**-4,338**	**-1,859**
Transactions with owners (when acting as owners) recognised directly in equity							
Contributions by owners and distributions to owners							
Capital increase							
Dividend payment							
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 as at Sep 30th 2011	**66,378**	**157,712**	**21,990**	**85,441**	**-3,170**	**1,979**	**330,330**

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							**0**
Profit (net income) for the period				2,107			2,107
Total other comprehensive income						-4,452	-4,452
Total comprehensive income for the period	**0**	**0**	**0**	**2,107**	**0**	**-4,452**	**-2,345**
Transactions with owners (when acting as owners) recognised directly in equity							**0**
Contributions by owners and distributions to owners							**0**
Capital increase	7,832	17,088					24,920
Dividend payment							0
Total contributions by owners and distributions to owners	**7,832**	**17,088**	**0**	**0**	**0**	**0**	**24,920**
Total transactions with owners	**7,832**	**17,088**	**0**	**0**	**0**	**0**	**24,920**
Closing balance as at Sep 30th 2010	**66,378**	**157,712**	**21,697**	**90,082**	**-3,170**	**-5,928**	**326,771**

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 301,302 thousand, or 64.3%, which is 4.1% less than in the comparable period last year.

  Other sales amount to EUR 167,129 thousand, which is 14.5% more than in the first nine months of last year. It was positively affected by the increase in sales revenues from resale of home appliances (sale of home appliances that are not produced in-house, which also includes the heating systems program transferred from the subsidiary Gorenje Tiki, d.o.o. –in liquidation) by 13.7%, and increase in other sales revenues at the Home Appliance Division by 16.6% (sale of the Service program, marketing of material, semi-products, and services) relative to the same period last year.

  Revenue beyond Home Appliance Division, which includes the Point program, Mekom entertainment machine program, and ecology and energy engineering program complete with the Solar project, rose by 14.1% relative to the equivalent period last year, mostly due to higher sales of coal, entertainment machines, and computers. Sales revenue beyond home appliances was negatively affected by the elimination of the Indop program and lower revenue from the Solar program.

  Other operating income rose by 38.0% relative to the equivalent period last year, which is the result of charges for brands and damages for waived or factored deals, charged to subsidiaries.

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 18.1% relative to the first nine months of 2010 pertains to the sale of heating systems and coal. Despite the decrease in the volume of in-house production by 7.1%, **cost of raw and processed materials** reached the level of last year's corresponding period, which is the result of increase in prices of raw materials such as steel sheet and plastics. Compared to the corresponding period last year, **costs of services** are higher by 5.1%, which is a result of higher transport costs (changed business model of sales in the Russian market), higher cost of insurance, and higher costs of services in the EVO program.

EUR thousand	Jan-Sept 2011	Jan-Sept 2010	11/10
Costs of goods, material, and services	385,896	364,814	105.8
- cost of goods sold	122,038	103,345	118.1
- costs of material	207,366	207,693	99.8
- costs of services	56,492	53,776	105.1
Employee benefit expense	74,724	77,454	96.5
Depreciation and amortization expense	16,385	20,513	79.9
Other operating expenses	3,076	3,090	99.5
Total operating expenses	**480,081**	**465,871**	**103.1**

- **Labour costs** are, compared to the corresponding period last year, lower by 3.5%; in addition, their share in the composition of gross profit from operations is lower by 0.9 percentage point.
- **Cost of depreciation and amortisation** is, relative to the equivalent period last year, lower by 20.1%, 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 0.5% relative to the equivalent period last year.
- **Value added per employee** amounts to EUR 20,582, which is 7.3% less than in the corresponding period last year.
- **Financing operations** increase the positive operating results by EUR 710 thousand. Financing was positively affected by dividend received, disposal of the subsidiary Istrabenz Gorenje, d.o.o., and the partial transfer of the liquidation estate of Gorenje Tiki, d.o.o. – in liquidation.

EUR thousand	Jan-Sep 2011	Jan-Sept 2010	11/10
Interest revenues*	3,494	3,179	109.9
Revaluation adjustment revenues**	592	868	68.2
Other finance income	15,080	10,616	142.0
Total finance income	**19,166**	**14,663**	130.7
Interest and similar expense*	-12,186	-8,935	136.4
Revaluation adjustment expenses**	0	-2,264	/
Other finance expenses	-6,270	-9,579	65.5
Total finance expenses	**-18,456**	**-20,778**	88.8
Interest result	-8,692	-5,756	151.0
Revaluation result**	592	-1,396	-42.4
Result from other financing operations	8,810	1,037	849.6
Total financial result	**710**	**-6,115**	-11.6

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 549 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 September 30th 2011 amounted to EUR 849.087 thousand, which is lower by 0.3% than as at the end of 2010 due to lower balance of 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 51.0% 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, d.o.o. – in liquidation.
- **Investment** into subsidiaries increased by the amount of capital increase at Gorenje Zagreb, d.o.o., amounting to EUR 2,677 thousand; the company Gorenje Tiki, d.o.o., Stara Pazova, in the amount of EUR 4,609 thousand; and the company Gorenje home, d.o.o., Zaječar, in the amount of EUR 3,000 thousand. Disposal of the company Istrabenz Gorenje, d.o.o, decreased the balance of interest, or investments, held in subsidiaries.
- Relative to the year before, **inventory of material** is higher by 0.5% due to adjustment of purchasing activities to the requirements of production; days in inventory for material are longer by 7 days compared to 2010 (relative to the equivalent period of 2010, days in inventory for material are longer by 6 days).

  Inventory of finished products is higher by 28.1% relative to the end of last year, which is a result of interim and year-on-year dynamics of production and sales activities. Days in inventory for finished products reached 24 days, which is two days more than in 2010 (relative to the corresponding period of 2010, days in inventory for finished products are longer by 1 day).

  Inventory of trade goods (merchandise) in the amount of EUR 9,433 thousand is lower by 38.9% relative to the end of 2010 due to a decrease in the inventory of coal and disposal of tools classified as trade goods (merchandise).
- **Current financial investments** are, compared to the balance as at the end of 2010, higher by 36.0% due to the loans approved to subsidiaries and restructuring of loans approved to the company Merkur into financial investment as per the final resolution on compulsory composition at this company.

- Balance of **current trade receivables** is lower by 0.8% compared to the figure on the last day of 2010. Days sales outstanding have been extended by 6 days relative to the year 2010 (relative to the equivalent period of 2010, days sales outstanding are extended by 4 days).
- **Days payables outstanding** were decreased in the first nine months of 2011 compared to the end of 2010 by 3 days (relative to the equivalent period of 2010, days payables outstanding are shorter by 4 days).
- Compared to the balance as at the end of 2010, **other current assets** are lower by 26.5%, mostly due to lower receivables for input VAT and elimination of receivables pertaining to the investment in the company Gorenje Tiki, d.o.o. – in liquidation, 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 40.0% as at September 30th 2011. Equity (share capital and long-term provisions) represents 42.1% of total liabilities, which corresponds to a conservative debt-to-equity ratio.
- Changes in the company **equity**, relative to the end of 2010, pertain to the following:
  - increase due to positive net income (profit after taxes) in the amount of EUR 2,479 thousand;
  - lower fair value reserves for revaluation adjustments to available-for-sale financial investments to market value, in the amount of EUR 117 thousand;
  - lower fair value reserve for the changes in cash flow hedge in the amount of EUR 5,305 thousand; and
  - higher fair value reserve for deferred tax expenses in the amount of EUR 1,084 thousand.
- **Provisions** are 2.1% below the level as at the end of 2010.
- Restructuring of the maturity of the borrowings from short-term to long-term, and regular repayment, resulted in the increase of **non-current financial liabilities** by 40.6% relative to the end of 2010.
- **Current financial liabilities** are lower relative to the year before by 27.8% due to the substitution of long-term financing sources for the short-term sources, and repayment of derivative financial instruments.
- **Trade payables** are, relative to the end of 2010, lower by 22.3%, 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 Current liabilities to employees and the government and other institutions, Current 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 are higher by 8.6%, which is a result of interim cost accrual.

Cash flow statement

- **Cash flow from operating activities** is negative due to lower net current assets; on the other hand, it was positively affected by the depreciation and amortisation and net income (profit after taxes).
- **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, d.o.o., in liquidation, and the disposal of the subsidiary Istrabenz-Gorenje, d.o.o.
- **Cash flow from financing activities** is positive on the account of new borrowings.
- **Negative cash flows** are entirely covered, or offset, by cash available at the end of 2010.

Financial indicators

	Jan-Sep 2011	Plan 2011	Jan-Sep 2010
INDICATORS OF PROFITABILITY			
Net return on sales (ROS)	0.53%	1.69%	0.46%
Net return on assets (ROA)	0.39%	1.43%	0.35%
Net return on equity (ROE)	1.00%	3.46%	0.89%
ASSET INDICATORS			
Asset turnover ratio	0.73	0.85	0.78
Inventory turnover ratio	6.59	6.99	7.33
Current trade receivables turnover ratio	3.41	3.54	3.58
INVESTMENT INDICATORS			
Fixed assets (PPE) to total assets	0.21	0.22	0.22
Long-term assets to total assets	0.51	0.54	0.53
INDICATORS OF FINANCIAL COMPOSITION			
Long-term coverage of non-current assets	1.40	1.23	1.15
Equity to total liabilities	0.39	0.43	0.40
Long-term to total liabilities	0.71	0.66	0.61
Equity to fixed assets (carrying value)	1.85	1.92	1.85
Quick ratio (liquid assets to short-term liabilities)	0.50	0.29	0.27
(Liquid assets + current receivables) to current liabilities	1.32	1.00	0.91
Current ratio	1.71	1.37	1.20
Net financial liabilities to equity	0.69	0.51	0.64
OPERATING PERFORMANCE INDICATORS			
Operating income to operating expenses	1.00	1.02	1.02
Revenue per employee (EUR)	104,421	153,586	97,102
Value added per employee (EUR)	20,582	32,568	22,210

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 – September 2011, and the **Unaudited Consolidated Business Report of the Gorenje Group for the Period January – September 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 17th session held on November 11th 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 November 11th 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 – September 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 (Ljubljanska borza, d.d.). 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.

Appendix 1: Details regarding the adjustments of financial information on income (profitability) and financial position of the Gorenje Group for comparability

Consolidated Income Statement of the Gorenje Group

EUR thousand	Q3 2011	Q3 2010	Jan-Sep 2011	Jan-Sep 2010	Comparable Q3 2011	Comparable Q3 2010	Comparable Jan-Sep 2011	Comparable Jan-Sep 2010
Sales revenue	**315,530**	**355,746**	**1,060,154**	**965,819**	**286,640**	**288,566**	**956,162**	**898,639**
- Costs of goods and material	-185,854	-218,209	-659,249	-584,414	-174,022	-164,210	-609,673	-530,415
= Contribution margin (CM1) / gross margin	**129,676**	**137,537**	**400,905**	**381,405**	**112,618**	**124,356**	**346,489**	**368,224**
CM 1	**41.1%**	**38.7%**	**37.8%**	**39.5%**	**39.3%**	**43.1%**	**36.2%**	**41.0%**
- Costs of services	-50,438	-50,082	-151,781	-136,998	-44,006	-43,505	-127,798	-130,421
- Revaluation adjustments	-1,043	-3,113	-1,813	-4,732	-475	-588	-1,291	-2,207
- Other operating expenses	-4,108	-13,319	-15,558	-21,414	-3,924	-4,734	-11,583	-12,829
- Other operating revenue	9,697	31,073	28,017	40,483	4,680	4,319	18,133	13,729
= Value added / VA	**83,784**	**102,096**	**259,770**	**258,744**	**68,893**	**79,848**	**223,950**	**236,496**
VA in sales revenue	**26.6%**	**28.7%**	**24.5%**	**26.8%**	**24.0%**	**27.7%**	**23.4%**	**26.3%**
- Labour costs	-65,288	-64,047	-197,677	-175,383	-56,761	-56,272	-166,604	-167,608
= EBITDA	**18,496**	**38,049**	**62,093**	**83,361**	**12,132**	**23,576**	**57,346**	**68,888**
*** EBITDA Margin**	**5.9%**	**10.7%**	**5.9%**	**8.6%**	**4.2%**	**8.2%**	**6.0%**	**7.7%**
- Depreciation and amortisation expenses	-12,953	-13,351	-38,647	-38,964	-11,501	-12,275	-34,207	-37,888
= EBIT	**5,543**	**24,698**	**23,446**	**44,397**	**631**	**11,301**	**23,139**	**31,000**
*** EBIT Margin**	**1.8%**	**6.9%**	**2.2%**	**4.6%**	**0.2%**	**3.9%**	**2.4%**	**3.4%**
- Results from financing operations	-4,259	-12,663	-13,288	-24,517	-4,889	-12,972	-12,662	-24,826
= Profit before taxes	**1,284**	**12,035**	**10,158**	**19,880**	**-4,258**	**-1,671**	**10,477**	**6,174**
+- Corporate income tax	64	-129	-2,366	-3,066	37	217	-2,282	-2,720
= Profit after taxes (net income) / distributable	**1,348**	**11,906**	**7,792**	**16,814**	**-4,221**	**-1,454**	**8,195**	**3,454**
*** ROS**	**0.4%**	**3.3%**	**0.7%**	**1.7%**	**-1.5%**	**-0.5%**	**0.9%**	**0.4%**
Number of employees / final	10,853	11,323	10,853	11,323	10,094	10,367	10,094	10,367
Number of employees / average	10,936	11,411	10,981	11,459	10,175	10,455	10,200	10,503

EUR thousand	Q3 11/10	Q3 11/10	Jan-Sep 11/10	Jan-Sep 11/10	Comparable Q3 11/10	Comparable Q3 11/10	Comparable Jan-Sep 11/10	Comparable Jan-Sep 11/10
Sales revenue	**-40,216**	**-11.3%**	**94,335**	**9.8%**	**-1,926**	**-0.7%**	**57,523**	**6.4%**
- Costs of goods and material	32,355	-14.8%	-74,835	12.8%	-9,812	6.0%	-79,258	14.9%
= Contribution margin (CM1) / gross margin	**-7,861**	**-5.7%**	**19,500**	**5.1%**	**-11,738**	**-9.4%**	**-21,735**	**-5.9%**
CM 1	**2.4%**		**-1.7%**		**-3.8%**		**-4.7%**	
- Costs of services	-356	0.7%	-14,783	10.8%	-501	1.2%	2,623	-2.0%
- Revaluation adjustments	2,070	-66.5%	2,919	-61.7%	113	-19.2%	916	-41.5%
- Other operating expenses	9,211	-69.2%	5,856	-27.3%	810	-17.1%	1,246	-9.7%
- Other operating revenue	-21,376	-68.8%	-12,466	-30.8%	361	8.4%	4,404	32.1%
= Value added / VA	**-18,312**	**-17.9%**	**1,026**	**0.4%**	**-10,955**	**-13.7%**	**-12,546**	**-5.3%**
VA in sales revenue	**-2.1%**		**-2.3%**		**-3.6%**		**-2.9%**	
- Labour costs	-1,241	1.9%	-22,294	12.7%	-489	0.9%	1,004	-0.6%
= EBITDA	**-19,553**	**-51.4%**	**-21,268**	**-25.5%**	**-11,444**	**-48.5%**	**-11,542**	**-16.8%**
*** EBITDA Margin**	**-4.8%**		**-2.8%**		**-3.9%**		**-1.7%**	
- Depreciation and amortisation expenses	398	-3.0%	317	-0.8%	774	-6.3%	3,681	-9.7%
= EBIT	**-19,155**	**-77.6%**	**-20,951**	**-47.2%**	**-10,670**	**-94.4%**	**-7,861**	**-25.4%**
*** EBIT Margin**	**-5.2%**		**-2.4%**		**-3.7%**		**-1.0%**	
- Results from financing operations	8,404	-66.4%	11,229	-45.8%	8,083	-62.3%	12,164	-49.0%
= Profit before taxes	**-10,751**	**-89.3%**	**-9,722**	**-48.9%**	**-2,587**	**154.8%**	**4,303**	**69.7%**
+- Corporate income tax	193	-149.6%	700	-22.8%	-180	-82.9%	438	-16.1%
= Profit after taxes (net income) / distributable	**-10,558**	**-88.7%**	**-9,022**	**-53.7%**	**-2,767**	**190.3%**	**4,741**	**137.3%**
*** ROS**	**-2.9%**		**-1.0%**		**-1.0%**		**0.5%**	
Number of employees / final	-470	-4.2%	-470	-4.2%	-273	-2.6%	-273	-2.6%
Number of employees / average	-475	-4.2%	-478	-4.2%	-280	-2.7%	-303	-2.9%

Consolidated Statement of Financial Position of the Gorenje Group

EUR thousand	Q3 2011	Q3 2010	Comparable Q3 2010
NET ASSETS	**783,949**	**770,703**	**748,611**
Net non-current assets	**466,227**	**453,377**	**441,970**
Property, plant, and equipment (fixed assets)	533,108	537,470	526,211
Deferred tax assets	18,003	17,158	16,946
- Provisions	-80,462	-95,199	-95,135
- Deferred tax expenses	-4,422	-6,052	-6,052
Net working capital	**317,722**	**317,326**	**306,641**
Working capital	**583,826**	**627,867**	**595,562**
Inventories	259,593	256,457	255,686
Trade receivables	281,022	308,654	288,493
Other current assets	43,211	62,756	51,383
- Current liabilities	**-266,104**	**-310,541**	**-288,921**
- Trade payables	-165,278	-193,099	-183,313
- Other current liabilities	-100,826	-117,442	-105,608
NET INVESTED CAPITAL	**783,949**	**770,703**	**748,611**
Equity	**393,508**	**387,455**	**378,991**
Net debt capital	**390,441**	**383,248**	**369,620**
- Financial investments	-45,771	-61,977	-57,996
- Cash and cash equivalents	-50,344	-34,269	-31,356
= Total financial liabilities	486,556	479,494	458,972
Non-current financial liabilities	319,828	215,829	205,891
Current financial liabilities	166,728	263,665	253,081