

2012

Gorenje, d.d.

**Management
Board**

**UNAUDITED BUSINESS REPORT
JANUARY – MARCH 2012**

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

Management Board of Gorenje, d.d.

Velenje, May 2012



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Performance Highlights of the Gorenje Group

in MEUR	Q1 2012	Q1 2011	Index	Plan 2012	Plan real.	Comparable		
						Q1 2012	Q1 2011	Index
Consolidated revenue	299.1	370.2	80.8	1,391.4	21.5	299.1	317.0	94.4
EBITDA	21.7	21.7	100.0	101.3	21.4	21.7	20.6	105,3
EBITDA margin (%)	7.3%	5.9%	/	7.3%	/	7.3%	6.5%	/
EBIT	9.2	8.9	103.4	50.0	18.4	9.2	8.0	115.0
EBIT margin (%)	3.1%	2.4%	/	3.6%	/	3.1%	2.5%	/
Profit before tax	2.9	2.9	100.0	15.9	18.2	2.9	1.1	263.6
Net income	2.1	1.9	110.5	13.4	15.7	2.1	0.3	/
ROS (net return on sales)	0.7%	0.5%	/	1.0%	/	0.7%	0.1%	/
ROA (net return on assets)	0.7%	0.6%	/	1.1%	/	0.7%	0.1%	/
ROE (net return on equity)	2.1%	1.9%	/	3.3%	/	2.1%	0.3%	/
ROIC (net return on invested capital)	3.2%	2.7%	/	5.2%	/	3.2%	1.1%	/
Free cash flow / narrow *	-34.1	-42.6	80.0	28.6	/	-34.1	-38.9	87.7
Financial debt	467.3	473.6	98.7	403.8	115.7	467.3	450.2	103.8
Net financial debt**	425.5	442.7	96.1	380.3	111.9	425.5	423.4	100.5
Net financial debt / EBITDA***	4.9	4.1	/	3.8	/	4.9	/	/

* Net income + depreciation and amortisation expense – CAPEX + divstment → change in inventories → change in trade receivables → change in trade payables

** Financial debt – Cash and cash equivalents

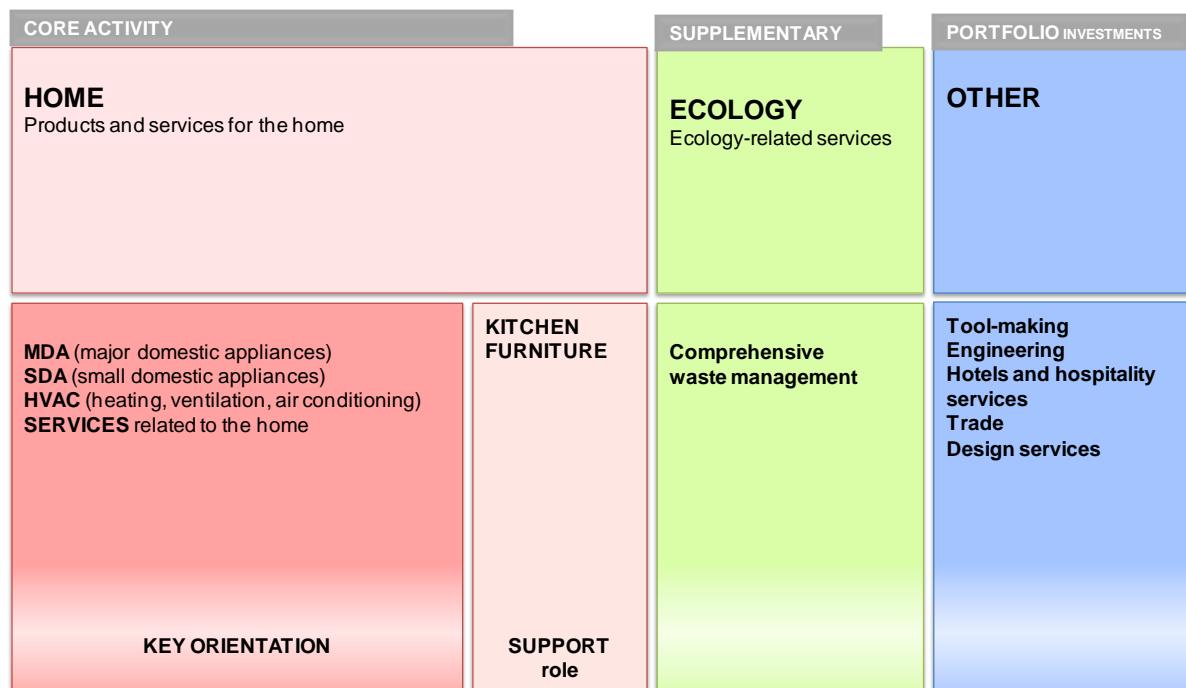
*** Net financial debt / EBITDA for the last 12 months

- In 2012, the Gorenje Group has shifted from the divisional to the **functional organisation** by restructuring divisions into business segments i.e. Home Products and Services (former Home Appliances Division and Home Interior Division), Ecology (former segment of Ecology within the Ecology, Energy and Services Division), and Portfolio Investments (former segment of Services within the Ecology, Energy and Services Division).

- In the period at hand, the Group has been with consequences of the **impairment of sales volume** in addition to changing its geographical and product structure. Such movement of sales had no material impact on its profitability due to increasing or maintaining its previous year's level on markets, where Gorenje generates the highest levels of profitability. The growth of the sales volume in the first quarter of 2012 compared to the equivalent period last year was generated on markets in Russia, Germany, the Czech Republic, Serbia, America and Australia, whereas a decrease in sales was recorded on all other markets of Central, North, West, East and South-East Europe. The latter decrease applies also to the domestic, Slovenian market.
- Irrespective of lower sales volume and its structural change, the Gorenje Group **exceeded the previous year's level of revenue as well as the level of revenue planned** for the period at hand.
- For the purpose of achieving **comparability of quarterly performance information** between 2012 and 2011, the stated information is always presented with and without the effects of the excluded company Istrabenz Gorenje in 2011, the leading company of the Energy segment within the former Ecology, Energy and Services Division.
- As for the segment of trade companies, the operations of the **Asko Group** already indicate an upward trend as its net income for the period exceeded the planned figures. Considering the net result, operations of the production segment improved compared to the previous year but are still negative and below the projections for the period. The expected performance improvements in the production segment shall be achieved based on the movement of the production facilities that have already started.
- As of the start of this year, the **Home Interior Division** is now part of the Home Business Segment and started the implementation of the operational restructuring programme. Lowering of business activities is being continued, hence the planned effects were not achieved in the quarter of 2012. Consequently, the restructuring programme shall be reassessed before the start of June.
- In spite of very challenging circumstances and lower sales volume 2.4 %, the companies of the Business Segment Home improved the **net profitability**; the same applies in relation to their planned results in the first quarter of this year. Although the net profitability of companies of the Business Segment Ecology decreased compared to the comparable period in 2011, they strongly exceeded the planned quarterly figures. The net income recorded by companies of the Business Segment Portfolio Investments considerably draws closer to the figures planned for this year's first quarter and the result achieved in the equivalent period in 2011.
- The Gorenje Group recorded a **negative free cash flow** in this year's first quarter but with EUR 8.5 mio indicates an improvement if compared to the same period in 2011 (or an improvement of EUR 4.8 mio on a comparable level without the effect of the company Istrabenz Gorenje). Notwithstanding, the free cash flow of the first quarter in 2012 is negative, which is mostly attributable to the seasonally conditioned movement of sales and production.

New Organisational Structure of the Gorenje Group

- As of the start of this year, the Gorenje Group started to reorganise and restructured divisions into business segments, namely:
 - the Home Appliances Division was restructured into the Business Segment Home,
 - the reorganised Home Interior Division was at first start entirely included into the Business Segment Home,
 - the Ecology segment was excluded from the Ecology, Energy and Services Division and established as the Business Segment Ecology,
 - the Services segment was excluded from Ecology, Energy and Services Division and established as the Business Segment Portfolio Investments.
- As of this year, the Home Interior Division is temporarily fully reorganised as the **Kitchen segment**, which became a constituent part of Gorenje Group 's core operational activity i.e. the Business Segment Home. The Kitchen segment currently consists of three companies: Gorenje Kuhinje (Gorenje Kitchens), Gorenje Keramika (Gorenje Ceramics) and Gorenje Notranja oprema (Gorenje Home Interior).
- The composition of the Management Board and the micro-organisation of the Group is set up **in terms of function** and no longer in terms of divisions, where special emphasis is put on the area of sale and the responsible Management Board member for that area, and on the area of other operations also with the responsible Management Board member for that area.



Picture 1: New organisational structure of the Gorenje Group

Events Impacting Comparability of the Business Performance Information

- The comparability of individual categories of profitability, the financial position and the cash flow of the Gorenje Group was affected by a very significant event that occurred in July 2011, namely **the sale of the participating interest** in the company Istrabenz Gorenje of the former Ecology, Energy and Services Divisions (and thus the winding-up of the Energy Business Segment).
- The report below outlines **(1)** a tabular review / comparison of both information i.e. the actual achieved values of individual categories and their comparable figures, **(2)** a graphical review of only actually recorded and financially disclosed values of individual categories in financial statements
- **The performance analysis** in the management report focuses on actual reasons for current balances and movements prior to accounting of effects of the sale of the company Istrabenz Gorenje, thus always based on comparable information. Accordingly, comparable information are of key significance and vital to a proper definition of reasons and consequences for movements and balances in individual financial-economic categories and not the final information presented in the consolidated financial statements of the Gorenje Group. Comparable information is therefore always separately defined within disclosures of stated categories. If information in this report is not separately defined as comparable, it represents data as disclosed and shown in the statement of financial position.
- Comparability of information from the view of **operational profitability** of the Gorenje Group and its business segments (Income Statement) was implemented on the basis of the elimination of effects of the operation of Istrabenz Gorenje and its subsidiaries in 2011.

in MEUR	Q1	Q1	Comparable	
	2012	2011	Q1	Q1
	2012	2011	2012	2011
Revenue	299.1	370.2	299.1	317.0
= Contribution margin (CM1) / gross margin	129.3	133.7	129.3	131.1
CM 1	43.2%	36.1%	43.2%	41.4%
= Added value / AV	86.3	88.8	86.3	87.1
AV in revenue	28.8%	24.0%	28.8%	27.5%
= EBITDA	21.7	21.7	21.7	20.6
EBITDA margin	7.3%	5.9%	7.3%	6.5%
= EBIT	9.2	8.9	9.2	8.0
EBIT margin	3.1%	2.4%	3.1%	2.5%
= Net income	2.1	1.9	2.1	0.3
ROS	0.7%	0.5%	0.7%	0.1%

Table 1: Effect of the sale of Istrabenz Gorenje on the profitability of the Gorenje Group.

- **Comparability of information** from the view of the financial position of the Gorenje Group and its business segments was implemented through a full elimination of all categories of the statement of financial position of the company Istrabenz Gorenje and its subsidiaries in 2011.

in MEUR	Q1	Q1	Comparable
	2012	2011	Q1
	2012	2011	2011
NET ASSETS	774.8	791.9	767.9
Net current assets	465.7	465.2	453.4
Net working capital	309.1	326.7	314.5
Working capital	551.1	624.0	586.2
- Current liabilities	-242.0	-297.3	-271.7
NET EQUITY INVESTED	774.8	791.9	767.9
Equity	397.3	395.0	386.8
Net debt equity	377.5	396.9	381.1

Table 2: Impact of the disinvestment of Istrabenz Gorenje on the financial position of the Gorenje Group.

- **Details on comparable economic and financial information** in view of the profitability and the financial position of the Gorenje Group and its business segments are in detail outlined and discussed in the management report following below.

MANAGEMENT REPORT

Changed Business Environment and Its Impact on Gorenje Group Operations

- Just like other major competitors in the industry, the Gorenje Group copes with extremely challenging business conditions in the current year due to the continuing European debt crisis, the high price level of raw material and material that could not be transferred in full to selling prices, a high unemployment rate, consumer restraint in spending, and payment indiscipline. The above mentioned business conditions strongly affect the impairment of sale's profitability (change in geographic and product structure of sales). Weaker profitability is also the result of the transitional negative effects of restructuring activities applying to the Asko Group and the company Home Interior.

Future movements of the EU debt crisis are seen as focusing towards a closer fiscal union, a gradual reduction in country debt, a recapitalisation of banks, and debt write-offs that follow the Greece example. The impact of the EU debt crisis on the Gorenje Group's operations is expected to occur in the segment of changed conditions for refinancing loans and reducing indebtedness, in an (impaired) ability of consumers and shop chains to finance purchases, and in the segment of the euro value in relation to national currencies, in particular in the area of South-East Europe.

- The demand in home appliances remains under pressure also in 2012, since consumer restraint and the still poorly active real estate market throughout Europe heavily hinder their sales. As also European manufacturers, we cope with harsh market conditions since 2008 and the production setback since the period prior to the crisis is still very high. Sharp competition and major pressure on the profit margins resulted in moving the production to countries with lower cost of employment, in particular lower employee benefits expense. Forecasts for this industry are not good as the poor growth in private consumption and weak activities in the real estate market shall keep the demand in Europe on a moderate level. In developed countries as well as developing countries, the energy efficiency, functionality and the product design remain the driving force of the premium markets' growth. The environmental aspect remains a growing sales argument.
- Group's operating expenses are mostly affected by the prices of sheet steel, plastics, electronic components, compressors, glass and glass ceramics. Different coloured metals (copper, aluminium, nickel) are also extensively used in production through various electrical components and steel products. Forecasts for slow global economic growth and unstable financial conditions are expected to limit demand for raw materials and curb extreme price increases in the near future. Prices of raw materials in 2012 should be at the level of the previous period's average if conditions of a moderate economic recovery will prevail. The impact of specific market factors will cause the prices of copper and aluminium to increase faster in 2012. Uncertainty about future movements in oil and plastics prices will also exist due to strained and unforeseeable geopolitical circumstances. An important factor influencing raw materials prices is the value of the US dollar since a weaker euro affects increases in raw materials prices which, as a rule, are listed in US dollars. Forecasted price movements of raw materials will further reduce pressure on production costs of the Group and bring the effects of raw materials closer to the previous year's level. The positive effect on the Group's major performance ratios will also be supported by favourable leases of metals and sheet metal for the major portion of annual requirements.

	EU 27	EMU	Netherlands	Germany	Denmark	Slovenia	Croatia	Serbia	Czech Republic	Russia
GDP growth rate	0.0%	-0.3%	-0.5%	0.6%	0.5%	-1.0%	-0.5%	0.5%	0.1%	4.0%
Unemployment rate	10.0%	10.9%	5.5%	5.6%	5.8%	8.7%	13.5%	23.9%	7.0%	6.0%
Inflation rate	2.3%	2.0%	1.8%	1.9%	2.6%	2.2%	2.2%	4.1%	3.5%	4.8%
Change in exchange rate of national currency (31 March 2012 / 31 December 2011)	-	-	-	-	0.1%	-	-0.1%	4.2%	-2.9%	-5.7%

Table 3: Macroeconomic forecasts for 2012 by key markets of Gorenje

Sources: International Monetary Fund, »World Economic Outlook«, April 2012: <http://www.imf.org>; Reports of the European Central Bank: <http://sdw.ecb.europa.eu/>

Operating Performance of the Gorenje Group

in MEUR	Q1 2012	Q1 2011	Plan 2012	Comparable	
				Q1 2012	Q1 2011
Consolidated revenue	299.1	370.2	1,391.4	299.1	317.0
CM*	129.3	133.7	585.6	129.3	131.1
CM (in %)	43.2%	36.1%	42.1%	43.2%	41.4%
EBIT	9.2	8.9	50.0	9.2	8.0
EBIT margin (in %)	3.1%	2.4%	3.6%	3.1%	2.5%
Net income	2.1	1.9	13.4	2.1	0.3
ROS (in %)	0.7%	0.5%	1.0%	0.7%	0.1%

* Contribution margin on the level of difference between revenue and cost of goods and material

Volume of Business Activities

- In the first quarter of 2012, the **Gorenje Group** generated **revenue** in the amount of EUR 17.9 mio or achieved a lower comparable level¹ by 5.6 % compared to the equivalent period last year. By including the effects of operation of the company Istrabenz Gorenje and its subsidiaries that was sold in July 2011, the decrease in revenue amounted to EUR 71.1 mio or 19.2 %.

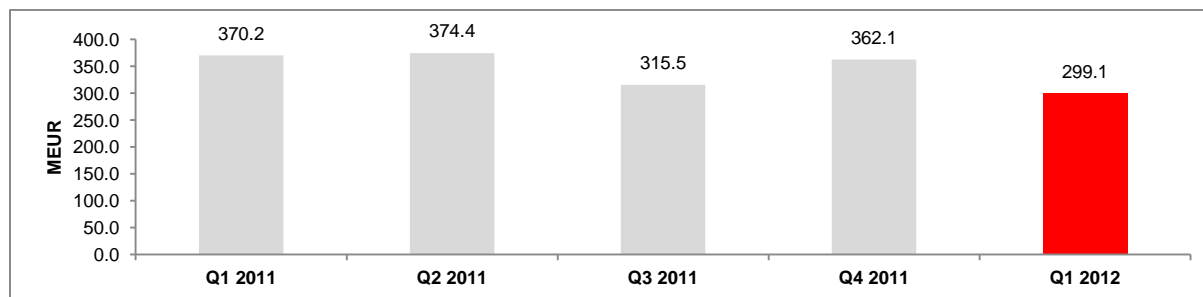


Chart 1: Quarterly movement of consolidated revenue of the Gorenje Group.

¹ **Comparable level** hereinafter represents values after eliminating the impact of the excluded (sold) company Istrabenz Gorenje and its subsidiaries in 2011 (for details refer to »Events impacting comparability of the business performance information«).

- **Structure** of consolidated revenue of the Gorenje Group **by geographical segments**:

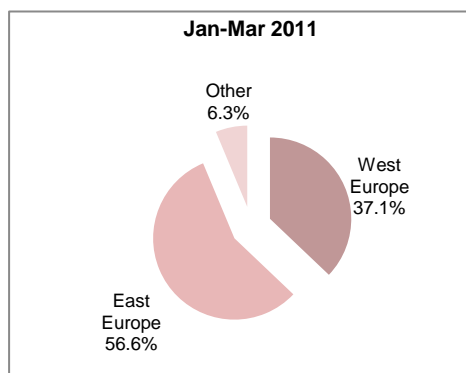
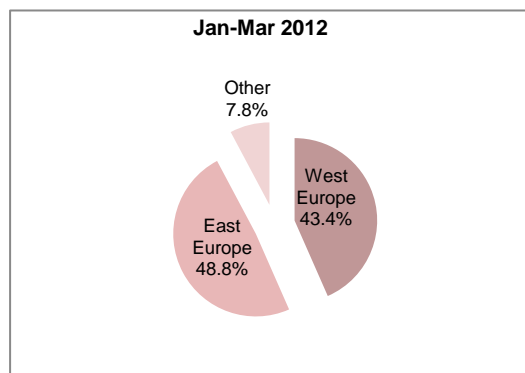


Chart 2: Revenue of the Gorenje Group by geographical segments.

- **West Europe** includes Austria, Germany, Italy, France, Denmark, Sweden, Belgium, Finland, Great Britain, Greece, Norway, Turkey, the Netherlands, Spain, Switzerland;
- **East Europe** includes Ukraine, Russia, Macedonia, Croatia, Serbia, Montenegro, Albania, Bosnia and Herzegovina, Belarus, Kosovo, Moldova, Kazakhstan, Latvia, Lithuania, Estonia, Slovenia, the Czech Republic, Hungary, Poland, Bulgaria, Romania, Slovakia;
- **Other** refers to all other non-European countries.

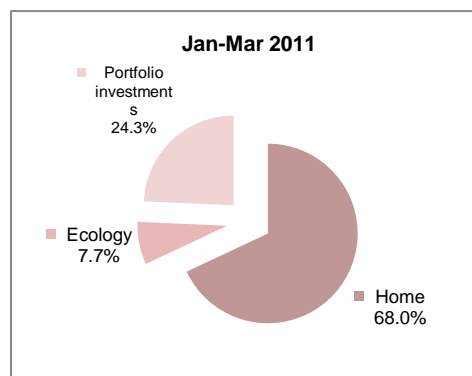
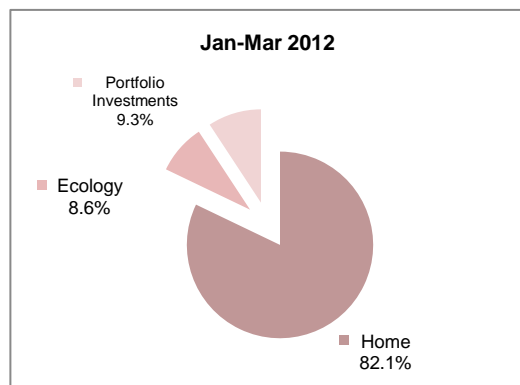


Chart 3: Revenue of the Gorenje Group by business segments.

- The achieved **geographic structure** and **business segment** structure of sales indicates that the Gorenje Group:
 - significantly lowered the sales volume in East Europe but successfully restructured it to sale segments recording higher profitability,
 - lowered the sales volume in West Europe and kept its level in other countries worldwide,
 - relatively strengthened its sales profitability (because of the nature of the division's activities, the level of the gross margin is lower from the one achieved with activities of the Business Segment Home) by lowering the share of sales by the Business Segment Portfolio Investments (again with the elimination of the Energy Business Segment)
- The **Business Segment Home (BSH)** generated revenue in the amount of EUR 6.0 mio or 2.4 % less revenue than in the same period last year. The lower sales volume is attributable to decreased scope of activities as a result of low demand and a declining geographic and product structure, particularly in the Netherlands and other Benelux countries, in France and Slovenia. As for other markets, the Gorenje Group achieved at least the same or a higher sales growth from the one recorded in the comparable period in 2011, which partly neutralised the negative effects of the sales volume decline in previously stated markets.
- In the first quarter of 2012, the **Business Segment Ecology (BSE)** lowered its sales volume by EUR 2.9 mio or 10.1 % compared to the same period last year. This decrease mostly refers to lower activities in Slovenia as a result of lower exchange prices for secondary raw materials (e.g. company Gorenje Surovina, Slovenia), and activities in Kosovo due to weather conditions in the first quarter of 2012 that prevented the collection and sale of secondary raw materials.
- The highest comparable decrease in sales volume with EUR 9.0 mio or 24.5 % was recorded by the **Business Segment Portfolio Investments (BSPI)**. The highest share in lower sales volume refers to the Patria project of the company Indop, d.o.o., Slovenia (the production assembly) of the 8x8 armoured vehicles of the Patria programme was concluded and winded-up in agreement with the Finnish producer), which in the comparable period in 2011 generated revenue of EUR 6.5 mio, whereas this year's result lies at zero.
- The disclosed decrease in sales volume without eliminating the impact of the sale of Istrabenz Gorenje and its subsidiaries in July, amounted to EUR 62.2 mio or 69.2 %.

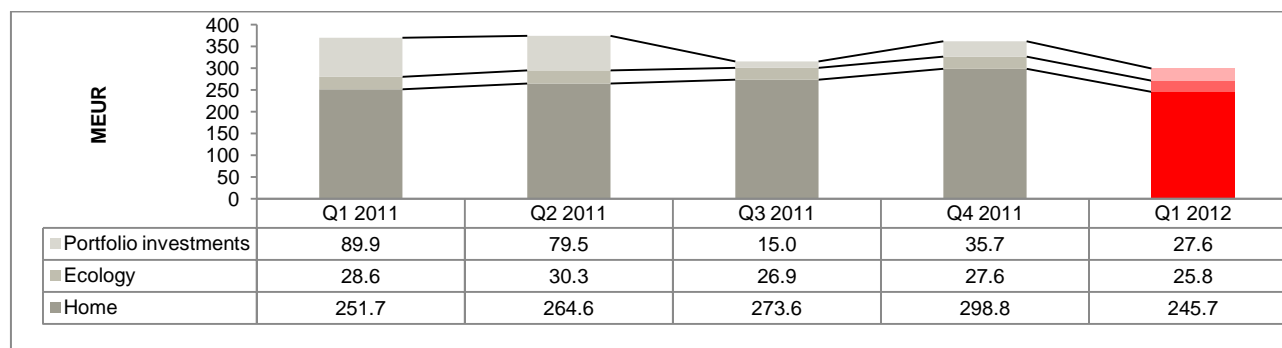


Chart 4: Quarterly movement of revenue by business segments.

Operating Profitability at the level of EBIT

in MEUR	Development	Comparable development
EBIT January - March 2011	8.9	8.0
Contribution margin at the level of cost of goods and material	-4.4	-1.8
Cost of services	-0.7	-1.6
Employee benefits expense	2.5	2.0
Amortisation and depreciation expense	0.3	0.1
Other operating expenses	-0.4	-0.5
Other operating income	3.0	3.0
EBIT January - March 2012	9.2	9.2

Table 4: Development of effects on Gorenje Group profitability at the level of EBIT.

- In the first quarter of this year, **earnings before interest and taxes (EBIT)** were recorded at EUR 9.2 mio at the EBIT margin of 3.1 % (share in revenue) and are at practically the same level as in the same period last year, despite a 0.7-percentage point lower EBIT margin.

At the comparable level i.e. after eliminating the effect of the excluded Energy Business Segment, earnings before interest and taxes amount to EUR 8.0 mio at a 2.5 % EBIT margin and are higher from previous year's result in comparable period by EUR 1.2 mio (+15.0 %) and a 0.6-percentage point higher EBIT margin. This growth is attributable to the improved gross margin (1) due to a higher sales volume of the Business Segment Home in the markets of Russia and some other countries in East and South-East Europe, where the product structure results in a relatively high operational profitability, and (2) due to its improvement in the Business Segment Ecology. Its value was positively affected also by the growth of other revenue from reversal of provisions for the Asko Group restructuring activities and by subsidies received for financing the infrastructure products in the Republic of Serbia.

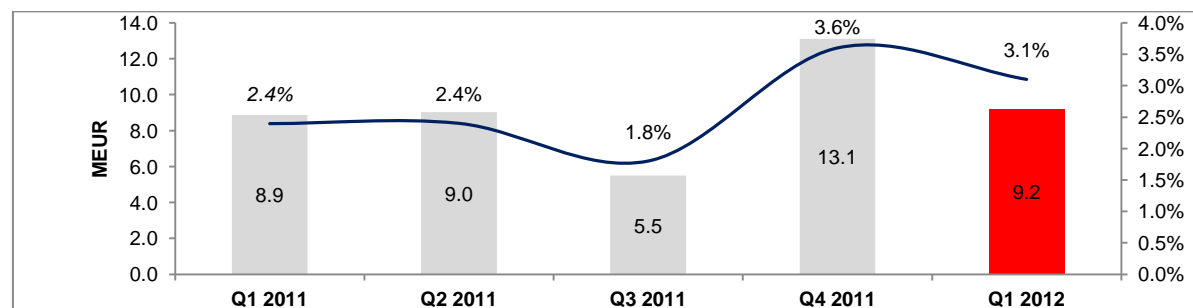


Chart 5: Quarterly movement of the EBIT and the EBIT margin.

- Growth in the **contribution margin (gross margin)** on the level of cost of goods and material by 7.1-percentage point (from 36.1 % to 43.2 %) improved the profitability in terms of quality (not relating to higher volume of activities) by EUR 21.2 mio. This is mostly the result of previously described facts and the elimination of effect of the company Istrabenz Gorenje, which recorded a low profitability at the level of gross margin, EBIT and at the level of the net income for the period, but a relatively high profitability in relation to capital invested.

Due to lower sales volume (activity variance), the Gorenje Group recorded a lower gross margin by EUR 25.6 mio, hence the net effect of its decline by considering both effects (in terms of quality and activity) amounted to EUR 4.4 mio.

in comparable terms, the gross margin was improved to 43.2 % (i.e. by 1.8-percentage point) or by EUR 5.4 mio in quality terms, while the lowering of sales volume had an adverse impact by EUR 7.2 mio. Compared to the first quarter of 2011, the Gorenje Group' gross margin is lower by 1.8 mio EUR.

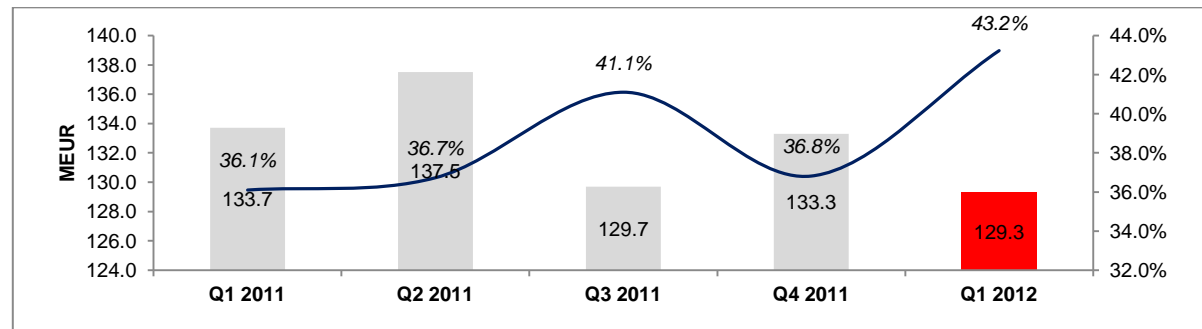


Chart 6: Quarterly movement of the gross margin.

- Compared to the previous year's result for the same quarter, **cost of services** increased by EUR 0.7 mio or by 1.4 %, and by EUR 1.6 mio or 3.3 % at the comparable level, with a lower sales volume by 5.6 %. Cost of services remained on the previous year's level due to their increase in those segments that depend on previous periods and not on the sales volume movement in the current period (cost of servicing in the warranty period), as well as due to cost of logistics mostly referring to the changed geographic structure of sales.
- **Added value per employee** was recorded at EUR 8,119 in the first quarter of 2012 and remained on the same level if compared to the same period last year, despite a lower sales volume. In addition to improving the gross margin in quality terms, the maintaining of the added value is attributable to (1) the growth of other operating income, and (2) lowering the number of staff by 355 employees. As the growth rate of employee benefits expense was lower from the growth rate of added value, the **economic labour productivity** (change in the ratio of added value to labour cost per employee) improved by 1.5 %. Accordingly, the share of employee benefits expense within added value dropped from 75.6 % to 74.8 %.

In comparable terms i.e. without the effect of events that have an impact on the comparability of information, the added value per employee improved from EUR 8,048 to EUR 8,119 or by 0.9 %. As a result, the economic labour productivity improved by 2.3 % in comparison to the same period last year. Hence, the share of employee benefits expense within added value declined from 76.3 % to 74.8 %.

- As at the end of March 2012, the **number of employee** was 10,608, which is 355 (-3.2 %) less than at the end of March last year. Major part of reductions was achieved through consensual layoffs and natural fluctuation. Accordingly the number of employees in the Business Segment Home was cut by 247 employees (-2.6 %) and by 6 employees (-0.8 %) in the Portfolio Investments segment. The other part of reductions (109 employees or -14.7 %) within the Portfolio Investments segments refers to the disinvestment of the company Istrabenz Gorenje. As for the Business Segment Ecology, the number of staff increased by 7 employees (+1.2 %) as a result of the changed business structure.

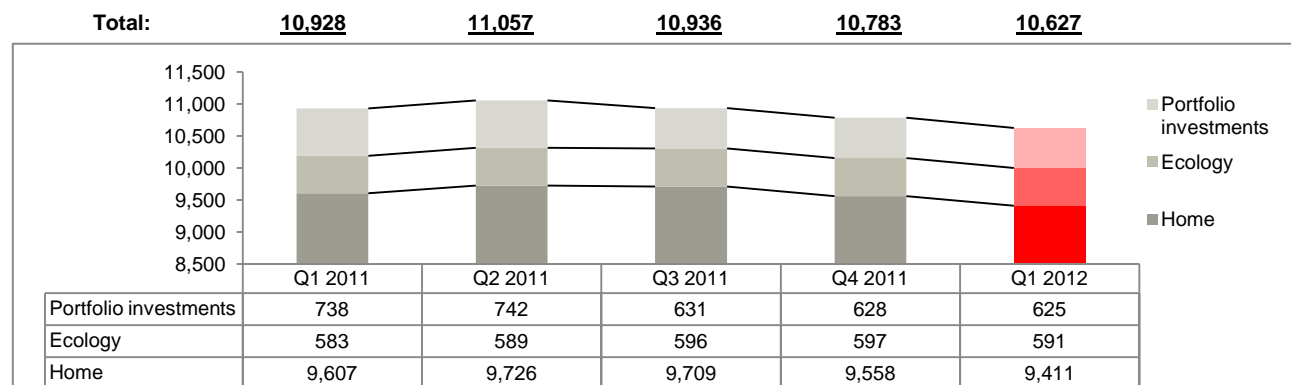


Chart 7: Quarterly movement of the average number of employees by business segments.

- Evaluations and extensions of useful lives of some assets since 2010, predominantly at production facilities of the Business Segment Home, have been concluded, while the annual investment cycle stabilised at values that do not change materially in terms of years. As a result **amortisation and depreciation expense** remained in comparable terms on the level achieved in the first quarter 2011. The useful lives of property, plant and equipment were extended based on findings from regular assessments of valuation relevance.
- Other operating income** in the amount of EUR 10.8 mio indicated an increase compared to the same quarter last year (EUR 7.8 mio, equally also in comparable terms) which is attributable mostly to revenue from reversal of provisions for the Asko Group restructuring activities in the amount of EUR 3.9 mio. Other operating income of 2012 include also a part of subsidies received for financing infrastructure projects in the Republic of Serbia in the amount of EUR 1.9 mio. **Other operating expenses** in the amount of EUR 4.3 mio compared to the equivalent period last year (EUR 3.9 mio or EUR 3.8 mio in comparable terms) are mostly the result of costs of the Asko Group restructuring activities.
- In the period at hand, **earnings before interest, taxes and amortisation (EBITDA)**, representing a rough level of generated cash flows from operating activities, amounted to EUR 21.7 mio and remained on the same level as in the equivalent period in 2011 (in comparable terms as well). This result accounts for a 7.3 % share in revenue (EBITDA margin) and represents a 1.4-percentage point improvement compared to the same period in 2011 (a 0.8-percentage point improvement in comparable terms).

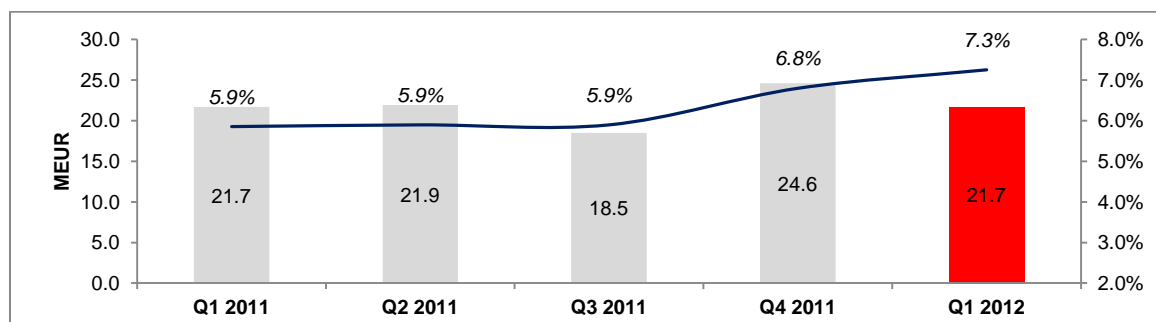


Chart 8: Quarterly movement of the EBITDA and EBITDA margin.

Operating Profitability at the Level of Net Income

- The negative **result from financing activities** in the amount of EUR 6.3 mio represents an increase of EUR 0.3 mio or 5.0 % if compared to the same quarter last year, whereas in comparable terms improved by EUR 0.6 mio or 8.7 %. The improvement in negative result from financing activities is attributable to the higher revenue from exchange differences, regardless of higher interest expenses by EUR 1.0 mio, and to higher level of allowances for receivables.
- **Income tax expense** of EUR 0.7 mio indicates a fall of EUR 0.3 mio or 26.5 % if compared to the same period in 2011. In comparable terms the decrease in taxation amounted to EUR 0.1 mio or 9.5 % as is the result of the changed structure of generating profits before taxation by companies, and the effects of the tax planning conducted in the past few years.
- **Net income** for the period at hand amounted to EUR 2.1 mio (ROS of 0.7 %) and grew by EUR 0.2 mio or 12.9 % if compared to same period in 2011, and in comparable terms by EUR 1.8 mio.

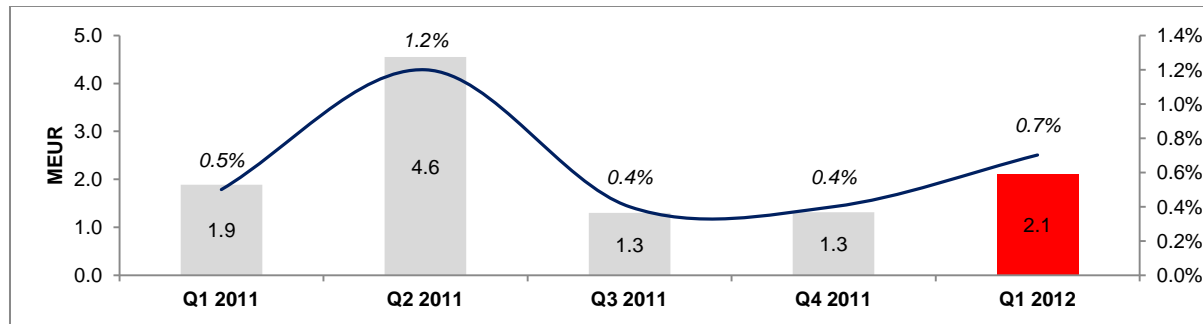


Chart 9: Quarterly movement of the net income.

Operating Performance of the Gorenje Group by Business Segments

Business Segment Home

in MEUR	Q1 2012	Q1 2011	Plan 2012
Revenue	245.7	251.7	1,202.4
CM*	109.2	113.7	508.5
CM, %	44.5%	45.2%	42.3%
EBIT	5.6	5.7	44.3
EBIT margin, %	2.3%	2.2%	3.7%

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

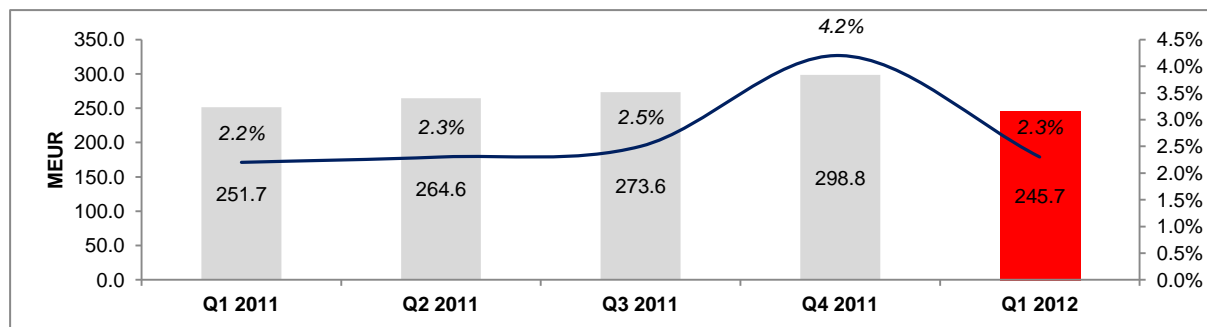


Chart 10: Quarterly movement of revenue and the EBIT margin of the Business Segment Home.

- In the period January-March 2012, the Business Segment Home recorded a **contribution margin (gross margin)** at the level of difference between revenue and cost of goods and material, in the amount of EUR 109.2 mio and compared to the same quarter in 2011, the result worsened by EUR 4.5 mio or 3,9 %. In terms of quality i.e. change of the contribution margin level (quality variance), the gross margin fell by 0.7-percentage point and that decreased profitability at this level by EUR 1.7 mio. In terms of lowering the volume of activities (activity variance), the decrease amounted to EUR 2.8 mio, hence in total to EUR 4.5 mio. The decline in the gross margin was partly neutralised and offset by the good performance of production facilities in Serbia and to the higher sales volume generated in the markets of Russia and other East and South-East European countries, where the product structure results in relatively high operational profitability.

- **Costs of services** within the Business Segment Home achieved the level of EUR 41.8 mio EUR, which is actually the result recorded in the equivalent period in 2011 by taking into account also a lower sales volume by 2.4 %. Higher level of costs was recorded in the segment of costs, the movement which is not the result of the current operating period (quarter) but of the dynamics prevailing in previous periods (cost of servicing in the warranty period increased by EUR 1.9 mio due to higher sales volume of the past two years). In addition, cost of logistic services have relatively increased (EUR 0.6 mio) as the result of changed geographic sales structure (a sales growth in Russia based on the changed sales and business model since the end of 2010).
- With EUR 11.2 mio, **amortisation and depreciation expense** achieved the same level as in the same period last year. This result is attributable to maintaining the annual value of investments in property, plant and equipment at levels from previous periods, and to extending the useful lives of some property, plant and equipment already at the end in 2010, mostly in the production facilities of the business segment. The useful lives of property, plant and equipment were extended based on findings from regular assessments of valuation relevance.
- **Other operating expenses** in the amount of EUR 10.4 mio have grown if compared to the equivalent period in 2011 (EUR 7.4 mio), which is attributable to the reversal of provisions created for costs of the Asko Group restructuring activities in the amount of EUR 3.9 mio. **Other operating expenses** amounted to EUR 3.7 mio and indicate an increase if compared to the same period in 2011 (EUR 3.1 mio), which is mostly the result of costs of the Asko Group restructuring activities.
- **Added value per employee** has dropped in the respective period from EUR 7,906 to EUR 7,830 or by 1.0 %. As the growth rate of employee benefits expense was lower from the growth rate of added value, the **economic labour productivity** (change in the ratio of added value to labour cost per employee) improved by 0.7 %. The primary reason for the lower economic labour productivity lies in the lower total added value, mostly as a result of the lower gross margin generated. Thus, the share of the employee benefits expense in the added value declined from 77.7 % to 77.2 % (all compared to the equal quarter in 2011).
- **Structure of profitability decline** at the level of EBIT:

in MEUR	Development
EBIT January – March 2011	5.7
Contribution margin at the level of cost of goods and material	-4.5
Cost of services	-0.2
Employee benefits expense	2.1
Amortisation and depreciation expense	0.1
Other operating expenses	-0.6
Other operating income	3.0
EBIT January - March 2012	5.6

Table 5: Development of effects on the Business Segment Home profitability at the level of EBIT.

Business Segment Ecology

in MEUR	Q1 2012	Q1 2011	Plan 2012
Revenue	25.8	28.7	101.2
CM*	11.1	10.9	43.4
CM, %	43.0%	37.9%	42.9%
EBIT	1.4	1.7	3.1
EBIT margin, %	5.4%	6.0%	3.0%

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

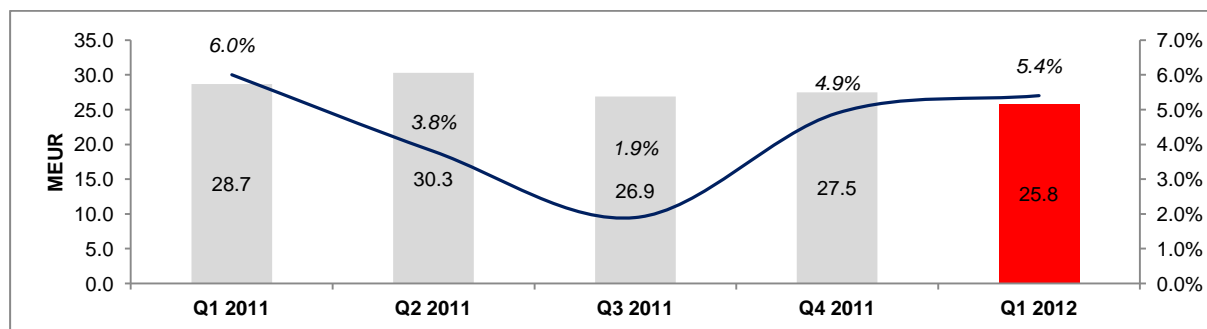


Chart 11: Quarterly movement of revenue and the EBIT margin of the Business Segment Ecology.

- In the first three months of this year, the Business Segment Ecology recorded the **contribution margin (gross margin)** at the level of cost of goods and material, in the amount of EUR 11.1 mio at a rate of 43.0 % (margin). Compared to the equivalent period in 2011, the result grew by EUR 0.2 mio. In terms of quality, the contribution margin was improved by EUR 1.3 mio due to a higher margin rate of 5.1-percentage point, and was decreased by EUR 1.1 mio due to the lower sales volume. The improvement of the gross margin in terms of quality is attributable to the favourable conditions between the average purchase and sales prices of raw materials achieved in 2012.
- Cost of services increased compared to the same period last year by EUR 0.5 mio or **12.9 %**. **The said increase is the result of** new activity of producing alternative fuels, that was started in the second half of 2011.
- **Added value per employee** lowered in the period at hand from EUR 10,669 to EUR 10,276 or by 3.7 %. As the growth of the employee benefits expense was higher from the growth rate of added value, the **economic labour productivity** (change in the ratio of added value to labour cost per employee) worsened by 8.6 %. Main reasons for the decline lies in the impairment of the total added value due to (1) lower sales volume, (2) higher cost of services, and (3) increase in the average number of employees by 8. Thus, the share of the employee benefits expense in the added value rose from 56.5 % to 61.8 %.

- If compared to the equivalent period of 2011, the dynamics in changes of other categories of **operating expenses** or **income** had no material impact on the profitability decline at the level of EBIT from the aspect of the Gorenje Group.
- **Structure of profitability decline** at the level of EBIT:

in MEUR	Development
EBIT January - March 2011	1.7
Contribution margin at the level of cost of goods and material	0.2
Cost of services	-0.5
Employee benefits expense	-0.2
Amortisation and depreciation expense	0.0
Other operating expenses	0.1
Other operating income	0.1
EBIT January - March 2012	1.4

Table 6: Development of effects on the Business Segment Ecology profitability at the level of EBIT.

Business Segment Portfolio Investments

in MEUR	Q1 2012	Q1 2011	Plan 2012	Comparable	
				Q1 2012	Q1 2011
Revenue	27.7	89.9	87.9	27.7	36.7
CM*	9.0	9.1	33.6	9.0	6.5
CM, %	32.5%	10.2%	38.3%	32.5%	17.8%
EBIT	2.3	1.5	2.6	2.3	0.6
EBIT margin, %	8.2%	1.7%	2.9%	8.2%	1.7%

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

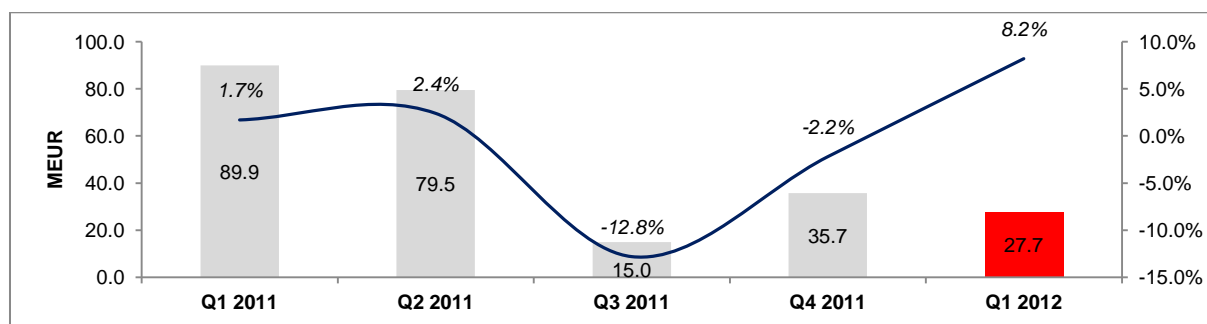


Chart 12: Quarterly movement of revenue and the EBIT margin of the Business Segment Portfolio Investments.

- Due to the disinvestment of the key company in this Division, Istrabenz Gorenje, in July last year, the entire energy engineering segment was eliminated from the Portfolio Investments segment. Due to the nature of the business (commissions in trading with electric power), this business segment generated low profitability, but higher return on invested capital than in the Business Segment Home. Therefore, total **EBIT margin** of this business segment is also lower than in the case of the Business Segment Home, decreasing the total margin recorded by the Gorenje Group.
- Profitability at the level of **contribution margin (gross margin)** based on the difference between revenue and cost of goods and material, was in comparable terms improved by EUR 2.5 mio or by 37.6 %, at a higher gross margin by 14.7-percentage point (to 32.5 %). This resulted in an improvement of the margin in quality terms by EUR 4.1 mio and its fall in the amount of EUR 1.6 mio due to lower sales volume.

The improvement of the gross margin rate is in a significant scope attributable to the revenue generated with the Patria project, which in the first quarter of 2011 amounted to EUR 6.4 mio. The Patria project was concluded by the end of 2011, thus no sales were made this year, which significantly improved the margin in quality terms already in the first quarter of 2012 (the project has no material effect on the operational profitability in the year of completion). The other reason for the improved absolute value of the gross margin and its relative level (rate) lies in the changed structure of this sales segment at the parent company in 2011, which is disclosed in the amount of EUR 1.6 mio in the Business Segment Home, whereas since half-year 2011 it was disclosed within the Business Segment Portfolio Investments.

In terms of the statement of financial position, the segment has kept the gross margin at the level of the last year's equivalent period i.e. at 22.3-percentage point higher margin rate.

- In comparable terms, **added value per employee** increased in the first quarter of 2012 from EUR 7,733 to EUR 10,427 or by 34.8 %, which is mostly the result of a stronger gross margin and its impact on the total added value by lowering the number of staff by 9 employees. As the growth of the employee benefits expense was higher from the growth rate of added value, the **economic labour productivity** (change in the ratio of added value to labour cost per employee) improved by 34.3 %. Thus, the share of the employee benefits expense in the added value decreased from 80.1 % to 59.6 %.

In terms of the statement of financial position, the segment hereof increased the added value per employee from EUR 8,955 to EUR 10,427 or by 16.4 % at the achieved total added value on the level of the same period in 2011. It improved the economic labour productivity by 15.8 % and lowered the share of employee benefits expenses in the added value from 69.0 % to 59.6 %.

- In comparable terms, **cost of services** in this segment increased by EUR 0.8 mio or by 45.6 % and refer to increasing the scope of engineering activities of the company Gorenje GTI, d.o.o., and partly to production corporate business deals of the segment's production companies.

In terms of the statement of financial position, cost of services amounted in 2012 to EUR 2.7 mio and achieved the same level as in the equivalent period in 2011.

- If compared to the equivalent period of 2011, the dynamics in changes of other categories of **operating expenses** or **income** had no material impact on the profitability decline at the level of EBIT from the aspect of the Gorenje Group.
- **Structure of profitability improvement** at the level of EBIT:

in MEUR	Development	Comparable development
EBIT January - March 2011	1.5	0.6
Contribution margin at the level of cost of goods and material	-0.1	2.4
Cost of services	0.0	-0.8
Employee benefits expense	0.7	0.0
Amortisation and depreciation expense	0.2	0.0
Other operating expenses	0.1	0.1
Other operating income	-0.1	0.0
EBIT January - March 2012	2.3	2.3

Table 7: Development of effects on the Business Segment Portfolio Investments profitability at the level of EBIT.

Financial Performance of the Gorenje Group

Free Cash Flow Management

in MEUR	Q1	Q1	Plan	Comparable	
	2012	2011		2012	Q1
				2012	2011
Net income	2.1	1.9	13.4	2.1	0.3
+ Amortisation and depreciation expense	12.5	12.8	51.3	12.5	12.6
= Net cash flow	14.6	14.7	64.7	14.6	12.9
- Capex	-5.2	-9.6	-47.6	-5.2	-9.1
+ Disinvestment	0.8	0.2	19.7	0.8	0.2
- Investments in net current assets	-44.3	-47.9	-8.2	-44.3	-42.9
• change in inventories	-0.6	-10.1	8.6	-0.6	-9.7
• change in trade receivables	-3.4	14.6	-11.8	-3.4	13.4
• change in trade payables	-40.3	-52.4	-5.0	-40.3	-46.6
= Free cash flow	-34.1	-42.6	28.6	-34.1	-38.9

Table 8: Movement of the free cash flow.

- In the first three months of this year a **negative free cash flow** is recorded, as usual given the nature and dynamics of Gorenje Group operations. Sales and accordingly also movement of revenue in the Business Segment Home, where most of the revenue are generated, are seasonally conditioned. As for the rest of the year, Gorenje plans to record a positive free cash flow in the amount of EUR 62.7 mio.
- **Disinvestment** of the entire portfolio of unnecessary assets of the Gorenje Group is in progress and is conducted according to plans. Four smaller properties located in Bosnia and Herzegovina, the Czech Republic and Slovenia were sold in the first three months in the total amount of EUR 1.0 mio.
- The negative free cash flow in this year's first three months is mostly attributable to higher investments made in the net current assets. Most of thereof refers to a decrease in **trade payables** in the amount of EUR 40.3 mio, the value of which lies at the long-term minimum and is also lower by EUR 30.7 mio compared to the equivalent period last year.
- In the first quarter of 2012, **trade receivables** and **inventories** had a negative impact on the free cash flow in the amount of EUR 4.0 mio. As for the inventories, the improvement compared to the first quarter of 2011 is mostly the result of structural (process-related) changes in managing the balances of inventories. The decline in case of receivables is attributable to the changed trading terms for sale promotion, the volume of which lowered compared to the same period last year.

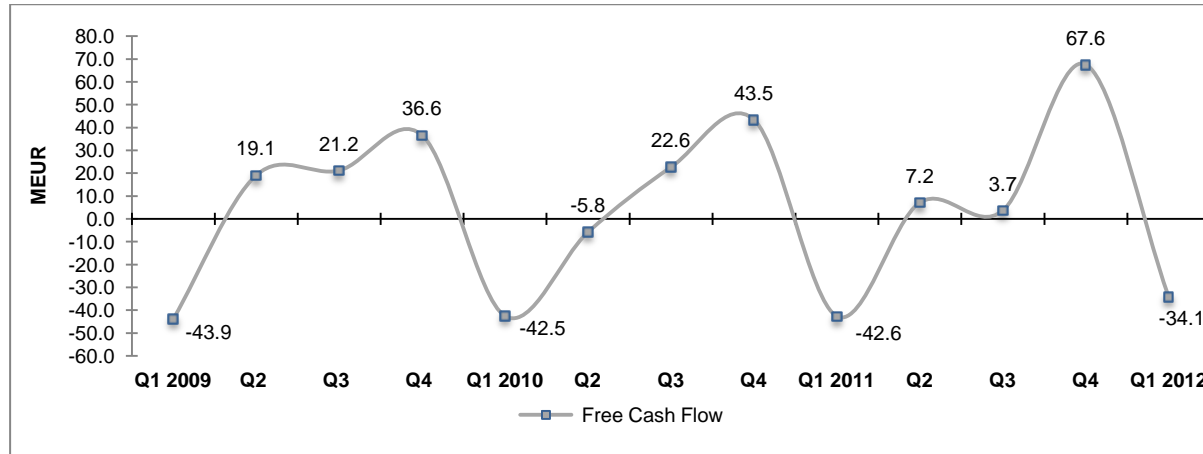


Chart 13: Quarterly movement of free cash flow in the period 2009 - 2012.

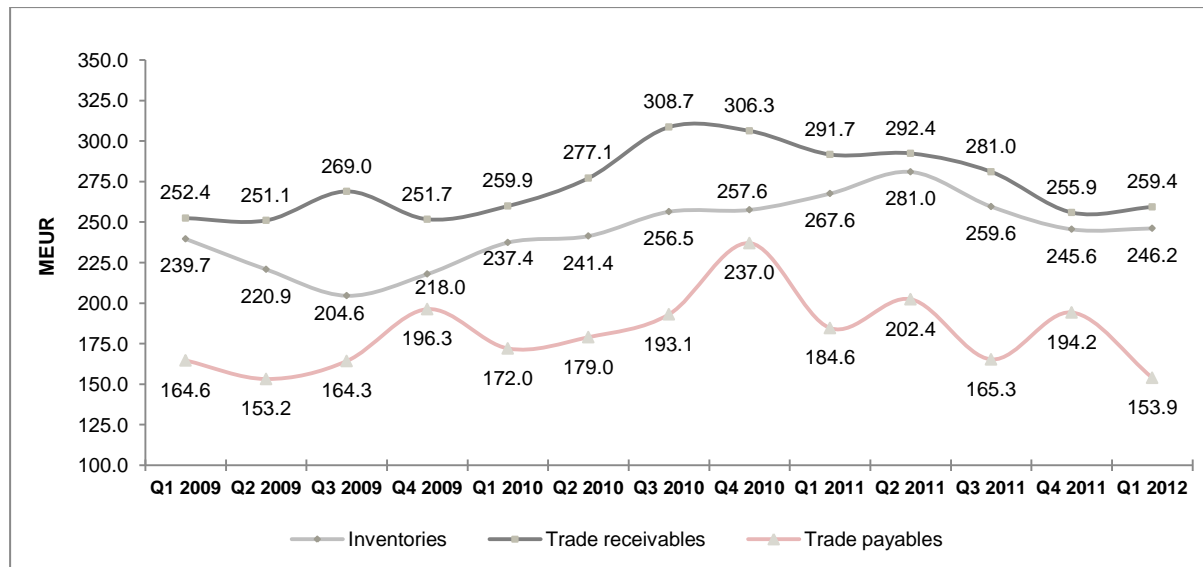


Chart 14: Quarterly movement of investments in net current assets in the period 2009 – 2012.

Other Financial Management Activities

- With regard to **financial risks**, the 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 (currency risks)** to which the Gorenje Group is exposed to are hedged and minimized by natural cash flow balancing/hedging for each currency. Natural hedging is upgraded particularly in East and South-East Europe by means of derivative financial instruments.
- **Risk of short-term liquidity** of the Group is managed by revolving credit lines approved to Gorenje Group companies, and cash deposited on bank accounts. Undrawn part of current and non-current credit lines at the end of the first quarter amounted to EUR 103.6 mio and bank balance amounted to additional EUR 41.9 mio.
- **Total financial liabilities** as at 31 March 2012 amounted to EUR 467.3 mio, which is EUR 16.8 mio less than as at the end of 2011. Compared to the equivalent period last year, total financial liabilities decreased by EUR 6.3 mio.
- **Net financial liabilities** (measured as the difference between financial liabilities and cash and cash equivalents) amounted as at 31 March 2012 to EUR 425.5 mio or EUR 43.0 mio more than in previous period but were lowered by EUR 17.2 if compared to the same period last year.
- **Maturity structure of financial liabilities** for the period at hand has remained almost on the same level as in the first quarter of 2011. Thus, non-current financial liabilities represent 62.4 % of total financial liabilities, while their share at the end of last year amounted to 62.5%.
- The share of **non-current borrowings** is kept on the level of year-end 2011. Due non-current borrowings are on an on-going basis replaced by borrowings with longer repayment periods. At the same time, activities are carried out based on which existing non-current borrowings are replaced by borrowings with longer repayment periods that shall preserve or even improve the financial maturity structure. Activities in this field shall be carried out in the future as well.

Investments by Business Segments

in MEUR	Q1 2012	Q1 2011	Plan 2012
Business Segment Home	3.8	8.4	41.1
Business Segment Ecology	0.7	0.4	4.0
Business Segment Portfolio Investments	0.7	0.8	2.5
Total	5.2	9.6	47.6

- The biggest volume of **investments** in the amount of **EUR 3.8 mio** i.e. 9.2 % of the annual plan, was implemented within the **Business Segment Home**. The investments made to the parent company amount to EUR 1.0 mio and refer to the completion of developing projects from 2011 mostly in the wet and dry programme, and to the reconstruction of tools and machines of the existing production programme. Other investments of up to EUR 2.5 mio by manufacturing companies refer mostly to investments in technological equipment and tools of the company Gorenje AD Valjevo, and investments made in the Asko company. Trade companies of the Business Segment Home generated over EUR 1.2 mio of investments, mostly referring to the ATAG Group and the ASKO Group. Investments in technological equipment within the Kitchen segment exceeded EUR 0.2 mio.
- With the achieved investments of **EUR 0.7 mio**, the **Business Segment Ecology** meets the projections of the annual plan by 17.7 %. Major part of these investments was carried out by companies Gorenje Surovina, Kemis and Publicus.
- The **Business Segment Portfolio Investments** implemented investments in the amount of **EUR 0.7 mio**, which represents 29.5 % of the annual plan values. Major part of these investments was carried out by Gorenje GTI, Belgrade.

Summary of the Operating Performance of Gorenje, d.d.

in MEUR	Jan-Mar 2012	Jan-Mar 2011	Plan 2012
Revenue	151.4	164.2	693.6
CM*	47.4	51.2	234.3
CM, %	31.3%	31.2%	33.8%
EBITDA	5.5	7.7	33.5
EBITDA margin (%)	3.7%	4.7%	4.8%
EBIT	0.0	2.2	10.9
EBIT margin (%)	0.0%	1.4%	1.6%
Profit or loss before tax	0.1	-0.3	3.1
Net income	0.1	0.2	4.1
ROS (net return on sales)	0.1%	0.1%	0.6%
ROA (net return on assets)	0.1%	0.1%	0.5%
ROE (net return on equity)	0.2%	0.2%	1.2%
Employee / end of period	4,453	4,463	4,425
Employee / average	4,463	4,453	4,466

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

- In the period January – March 2012, the **revenue** of the parent company compared to the equivalent period last year, **(1)** amounted to EUR 133.0 mio in the segment of sale of products and services of the Business Segment Home, which is a decline of EUR 10.5 mio or 7.3 %; and **(2)** in the amount of EUR 18.3 mio in the segment of sale beyond the Business Segment Home (activities of the Ecology and Business Segment Portfolio Investments at the parent company), which is an increase of EUR 2.4 mio or 11.6 %. With total revenue of EUR 151.3 mio, the achieved result is lower from the result of previous year's comparable period by EUR 12.9 mio or 7.9 %. The parent company generated the largest share of growth with the Business Segment Ecology and Portfolio Investments through the sale of coal, the dynamics of which was quite different in 2012 than that attained in the corresponding period of 2011.
- The rate of the **contribution margin (gross margin)** at the level of difference between revenue and cost of goods and material remained on the level of 2011, thus the impairment of the gross margin in the amount of EUR 3.8 mio was exclusively the result of lower business activities.
- With the considerable decrease in the gross margin, also the **added value** lowered and this resulted in a lower **economic labour efficiency** by 5.7 %. Because of such impaired gross margin, neither lower employee benefits expense (by EUR 1.1 mio to EUR 24.1 mio), nor lower cost of services (by EUR 2.0 mio to EUR 15.2 mio) could positively affect or improve the result.
- Significant changes were recorded by the parent company in the first quarter of 2012 also in the segment of **other costs of raw material and material** (fall by EUR 0.5 mio to EUR 3.9 mio), in the segment of **cost of services** (decrease by EUR 2.0 mio to EUR 15.2 mio), and lower revenue relating to **allowances for inventories** due to their lower balance (by EUR 1.4 mio to EUR 0.7 mio).

- Last year's **negative result from financing activities** was improved by EUR 2.6 mio up to the positive level of EUR +0.1 mio, which is mostly attributable to the dividends at the increase of interest expenses and expenses referring to foreign exchange differences.
- **Structure of profitability decline** at the level of net income:

in MEUR	Development
Net income for the period January - March 2011	0.2
Contribution margin at the level of cost of goods and material	-3.3
Cost of services	2.0
Employee benefits expense	1.1
Amortisation and depreciation expense	-0.1
Other operating expenses	-1.5
Other operating income	-0.5
Financial result	2.6
Income tax expense and deferred taxes	-0.4
Net income for the period January - March 2012	0.1

Table 9: Development of effects on the parent company's profitability up to the level of net income.

Ownership Structure and the GRVG Share

- The Articles of Association of Gorenje, d.d. do not contain any provisions invalidating the proportionality of rights arising from share ownership, such as the rights of minority shareholders or restrictions of voting rights and has not adopted any resolutions on the conditional increase of capital.
- As at 31 March 2012, 18,776 shareholders were entered in the share register, which is 2.5-percent less than 19,265 shareholders at the end of 2011.

Gorenje's ten major 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%
NFD 1, equity sub-fund	858,775	5.3988%
INGOR, d.o.o., & co. k.d.	794,473	4.9945%
EECF AG	411,727	2.5884%
RAIFFEISEN BANK AUSTRIA D.D. – FIDUCIARY ACCOUNT	395,801	2.4882%
PROBANKA, d.d.	297,061	1.8675%
TRIGLAV VZAJEMNI SKLADI - DELNIŠKI TRIGLAV	287,090	1.8048%
ERSTE GROUP BANK AG – FIDUCIARY ACCOUNT	220,831	1.3883%
Total major shareholder	9,747,249	61.2770%
Other shareholders	6,159,627	38.7230%
Total	15,906,876	100%

- The number of **own shares or treasury shares** as at 31 March 2012 remains unchanged i.e. 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 compared to 31 December 2011. The number of shares held by **Management Board members**, however, did change as a result of resignation of the Management Board member Mrs. Mirjana Dimc Perko as of 1 January 2011, and resignation of the Management Board member Mr. Franc Košec as at 19 April 2011, from 13,230 (31 December 2011) to 11,754 shares.
- The **closing price per share** as at 31 March 2012 was EUR 6.00, which is 20.0 % higher than on the last trading day in 2011 (EUR 5.00) In the same period, the prime market index SBITOP grew 1.6 %.
- **Net earnings per share** calculated as the ratio between Group's net profit / loss (annually) and the number of shares outstanding, less average number of treasury shares held by the company (15,785,565 shares) amounts to EUR 0.53 (2011: EUR 0.46).
- **Carrying value of the GRVG share** as at 31 March 2012 amounts to EUR 25.17 (EUR 25.20 as at 31 December 2011). It is calculated as the ratio between carrying amount of ordinary share capital of the Group and the number of shares issued less the number of treasury shares as at 31 March 2012 (15,785,565 shares).
- **The ratio between the market value and the carrying amount per GRVG share** amounts to 0.24 (0.20 as at 31 December 2011).

- **The dividend policy** of the Gorenje Group and its parent company shall in the strategic period 2012 - 2015 follow the policy that applied prior to 2009. Thus, up to one third of the Gorenje Group's net income shall be allocated for dividend payout each year. Due to the onset of the economic crisis which has had a strong impact on Gorenje's operations since the last quarter of 2008, no dividends were paid out for the years 2008, 2009, and 2010. The Management Board and the Supervisory Board proposed to the Shareholders' Meeting a dividend payout in the amount of EUR 0.15 gross per share for the financial year 2011.

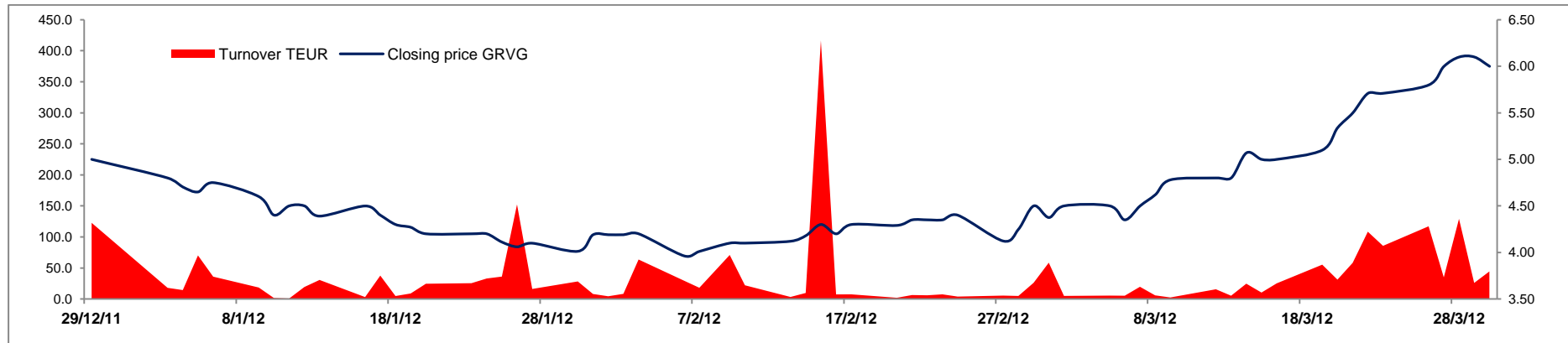


Chart 15: Movement of the closing price for GRVG and daily turnover for the period January – March 2012.

Significant Events after the Date of the Statement of Financial Position

During its session held on 19 April 2012, the Supervisory Board of Gorenje, d.d. adopted the Annual Report of the parent company Gorenje, d.d. and the Consolidated Annual Report of the Gorenje Group, and has established that the overall performance was good considering the harsh business conditions. Furthermore, the President of the Management Board and CEO Mr. Franjo Bobinac as responsible for the Management Board formation and manager of the Supervisory Board HR Committee, appointed Mr. Peter Groznik as the new Management Board member in charge of finance and economics.

No other significant events occurred after the date preparing the statement of financial position as of 31 March 2012.

Significant Business Events

Awards



Two washing machines of the Asko brand, manufactured by Gorenje in Sweden, ranked first and second in the test of washing machines in the category of 6- and 7-kilogram load. The test was conducted by the Australian consumer organization Choice.



Refrigerator freezer Gorenje Retro RF 603010 OCH won the Plus X Award for high quality, superior design, and environmentally friendly operation. Remarkable characteristics and economy of this legendary refrigerator of the Gorenje Retro collection in dark chocolate colour was spotted and awarded by the keen eye of the Plus X Award international expert jury consisting of 130 industry and media representatives from as many as 32 countries.



Gorenje became also this year the most trusted brand among home appliances in Slovenia. In this year's Trusted Brand survey, as many as 71 percent of 1,168 correspondents chose brand name Gorenje, as the leading brand for the sixth consecutive year in the category of home appliances.



A 30-member jury that consists of eminent designers and design experts evaluated 4,515 entries by 1,800 companies from 58 countries and voted to award the perfection and innovative design of the Gorenje SensoCARE washing machine, and the advanced sensor controlled induction hob Gorenje IQcook. Both appliances were designed by the Gorenje Design Studio.

Optimisation of the Production Locations

In early March, the Gorenje Group festively opened a new plant for sanitary equipment production and washing machine assembly in Zaječar. The plant has successfully operated since autumn 2011 and employs 96 staff. By the end of the current year, 70,000 washing machines and 30,000 wash basins from this plant will be put on the market.

By September 2012, the Gorenje Group plans to move its cooker manufacturing facilities from Lahti, Finland, to Mora Moravia, Czech Republic, where its cooking appliances are manufactured. The Finnish production plant, which is scheduled to discontinue its operations by July 2012, was acquired by the Gorenje Group upon its acquisition of the Scandinavian Asko Group. Moving the production from Finland to the Czech Republic is part of the production restructuring process of the Gorenje Group, which aims at implementing the goals set in the 2012-2015 strategic plan.

On 26 April 2012, Gorenje and the Serbian government signed an agreement on the extension of the refrigeration appliance plant in Valjevo. For extending the existing factory in Valjevo and creating 400 additional jobs by the end of 2015, Serbian government will provide Gorenje with a grant of EUR 10,000 per employee and commit to build the required infrastructure. Furthermore, the Municipality of Valjevo will grant a waiver to Gorenje for all contributions payable to the local community. The investment is valued at approximately EUR 20 mio.

Related Party Transactions

The transactions with related parties were conducted on the basis of sale/purchase contracts. The prices used in these contracts were the market prices of products and services equivalent to those prevailing in the arm's length transactions.

ACCOUNTING REPORT

Fundamental Accounting Policies and Significant Notes to the Financial Statements

- Unaudited consolidated financial statements of the Gorenje Group for the period January-March 2012 have been prepared in accordance with provisions of the Companies Act, the International Financial Reporting Standards (also in compliance with the International Accounting Standard 34 *Interim Financial Reporting*) as announced by the International Accounting Standards Boards, interpreted by the International Financial Reporting Interpretations Committee (IFRIC), and adopted by the European Union
- Unaudited financial statements of Gorenje, d.d. for the period January-March 2012 have been prepared in accordance with provisions of the Companies Act and the International Financial Reporting Standards (IFRSs). Transition to and implementation of IFRSs was confirmed by Gorenje's Shareholders' Meeting at their 9th regular session held on 29 June 2006.
- In accordance with the the accounting policies, Gorenje, d.d., does not report by business segments as these are outline and reported by in the consolidated report of the Gorenje Group.
- Comparable information is materially harmonized with the presentation of information during the current 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-March 2012, the Gorenje Group comprised the parent company Gorenje, d.d., and 76 subsidiaries operating in Slovenia and abroad.

Changes in the Composition of the Gorenje Group

Changes that occurred in the composition of the Gorenje Group up to and including the last day of March 2012 were as follows:

- As of 22 March 2012, the District Court in Celje issued a decision on entering shareholder-relating changes in the articles of association of the company Gorenje Notranja oprema, d.o.o.. Accordingly, the company Gorenje gospodinjski aparati, d.d. became the sole owner (100%) of the company Gorenje Notranja oprema, d.o.o.
- As of 20 February 2012, the company Gorenje Corporate GmbH was established with its registered seat in Vienna. The company Gorenje Beteiligungsgesellschaft mbH is the sole owner (100%) of this company.

In addition to the parent company Gorenje, d.d., following companies were included in the consolidated financial statements of the Gorenje Group:

Companies operating in Slovenia		Equity interest in %	Business Segment
1.	Gorenje I.P.C., d.o.o., Velenje	100.00	BSH
2.	Gorenje GTI, d.o.o., Velenje	100.00	BSPI
3.	Gorenje Notranja oprema, d.o.o., Velenje	100.00	BSH
4.	Gorenje Gostinstvo, d.o.o., Velenje	100.00	BSPI
5.	ENERGYGOR, d.o.o., Velenje	100.00	BSPI
6.	KEMIS, d.o.o., Vrhnika	99.984	BSE
7.	Gorenje Orodjarna, d.o.o., Velenje	100.00	BSPI
8.	ZEOS, d.o.o., Ljubljana	51.00	BSE
9.	Gorenje Surovina, d.o.o., Maribor	99.984	BSE
10.	Indop, d.o.o., Šoštanj	100.00	BSPI
11.	ERICo, d.o.o., Velenje	51.00	BSE
12.	Gorenje design studio, d.o.o., Velenje	52.00	BSPI
13.	PUBLICUS, d.o.o., Ljubljana	50.992	BSE
14.	EKOGOR, d.o.o., Jesenice	46.00	BSE
15.	Gorenje GAIO, d.o.o., Šoštanj	100.00	BSPI

Foreign operations		Equity interest in %	Business Segment
1.	Gorenje Beteiligungsgesellschaft m.b.H., Austria	100.00	BSH
2.	Gorenje Austria Handelsgesellschaft m.b.H., Austria	100.00	BSH
3.	Gorenje Vertriebsgesellschaft m.b.H., Germany	100.00	BSH

4.	Gorenje Körting Italia S.r.l., Italy	100.00	BSH
5.	Gorenje France S.A.S., France	100.00	BSH
6.	Gorenje BELUX S.a.r.l., Belgium	100.00	BSH
7.	Gorenje Espana, S.L., Spain	100.00	BSH
8.	Gorenje UK Ltd., Great Britain	100.00	BSH
9.	Gorenje Group Nordic A/S, Denmark	100.00	BSH
10.	Gorenje AB, Sweden	100.00	BSH
11.	Gorenje OY, Finland	100.00	BSH
12.	Gorenje AS, Norway	100.00	BSH
13.	Gorenje spol. s r.o., Czech Republic	100.00	BSH
14.	Gorenje real spol. s r.o., Czech Republic	100.00	BSH
15.	Gorenje Slovakia s.r.o., Slovakia	100.00	BSH
16.	Gorenje Budapest Kft., Hungary	100.00	BSH
17.	Gorenje Polska Sp. z o.o., Poland	100.00	BSH
18.	Gorenje Bulgaria EOOD, Bulgaria	100.00	BSH
19.	Gorenje Zagreb, d.o.o., Croatia	100.00	BSH
20.	Gorenje Skopje, d.o.o., Macedonia	100.00	BSH
21.	Gorenje Commerce, d.o.o., Bosnia and Herzegovina	100.00	BSH
22.	Gorenje, d.o.o., Serbia	100.00	BSH
23.	Gorenje Podgorica, d.o.o., Montenegro	99.972	BSH
24.	Gorenje Romania S.R.L., Romania	100.00	BSH
25.	Gorenje aparati za domaćinstvo, d.o.o., Serbia	100.00	BSH
26.	Mora Moravia s r.o., Czech Republic	100.00	BSH
27.	Gorenje - kuchyně spol. s r.o., Czech Republic	100.00	BSH
28.	Kemis-Termoclean, d.o.o., Croatia	99.984	BSE
29.	Kemis - BH, d.o.o., Bosnia and Herzegovina	99.984	BSE
30.	Gorenje Studio, d.o.o., Serbia	100.00	BSH
31.	Gorenje Gulf FZE, United Arab Emirates	100.00	BSH
32.	Gorenje Tiki, d.o.o., Serbia	100.00	BSH
33.	Gorenje Istanbul Ltd., Turkey	100.00	BSH
34.	Gorenje TOV, Ukraine	100.00	BSH
35.	ST Bana Nekretnine, d.o.o., Serbia	100.00	BSPI
36.	Kemis Valjevo, d.o.o., Serbia	99.984	BSE
37.	Kemis – SRS d.o.o., Bosnia and Herzegovina	99.984	BSE
38.	ATAG Europe BV, The Netherlands	100.00	BSH
39.	ATAG Nederland BV, The Netherlands	100.00	BSH
40.	ATAG België NV, Belgium	100.00	BSH
41.	ATAG Financiële Diensten BV, The Netherlands	100.00	BSH
42.	ATAG Financial Solutions BV, The Netherlands	100.00	BSH
43.	ATAG Special Product BV, The Netherlands	100.00	BSH
44.	Intell Properties BV, The Netherlands	100.00	BSH
45.	Gorenje Nederland BV, The Netherlands	100.00	BSH
46.	Gorenje Kazakhstan, TOO, Kazakhstan	100.00	BSH
47.	Gorenje kuhinje, d.o.o., Ukraine	70.00	BSH
48.	»Euro Lumi & Surovina« SH.P.K., Kosovo	50.992	BSE
49.	OOO Gorenje BT, Russia	100.00	BSH
50.	Gorenje GTI d.o.o. Belgrade, Serbia	100.00	BSPI
51.	Asko Appliances AB, Sweden	100.00	BSH
52.	Asko Hvidevarer AS, Norway	100.00	BSH
53.	AM Hvidevarer A/S, Denmark	100.00	BSH

54.	Asko Appliances Inc, USA	100.00	BSH
55.	Asko Appliances Pty, Australia	100.00	BSH
56.	Asko Appliances OOO, Russia	100.00	BSH
57.	»Gorenje – Albania« SH.P.K, Albania	100.00	BSH
58.	GORENJE HOME DOO Zaječar, Serbia	100.00	BSH
59.	ORSES DOO Belgrade, Serbia	100.00	BSE
60.	Gorenje Ekologija d.o.o. Stara Pazova, Serbia	99.992	BSE
61.	Gorenje Corporate GmbH, Austria	100.00	BSH

BSH – Business Segment Home

BSE – Business Segment Ecology

BSPI – Business Segment Portfolio Investments

Associates:

- Gorenje Projekt, d.o.o., Velenje
- GGE družba za izvajanje energetskih storitev, d.o.o. (GGE d.o.o.), Ljubljana
- RCE – Razvojni center energija d.o.o. (RCE d.o.o.), Velenje
- Econo Projektiranje d.o.o., Ljubljana
- ENVITECH D.O.O., Belgrade

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

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

Unaudited Consolidated Financial Statements of the Gorenje Group

Consolidated Statement of Financial Position of the Gorenje Group

in TEUR	Balance at 31 Mar 2012	%	Balance at 31 Dec 2011	%	Balance at 31 Mar 2011	%
ASSETS	1,184,486	100.0%	1,251,658	100.0%	1,259,470	100.0%
Non-current assets	555,624	46.9%	556,345	44.4%	564,106	44.8%
Intangible assets	157,543	13.3%	158,620	12.7%	160,429	12.8%
Property, plant and equipment	350,267	29.6%	358,840	28.7%	375,710	29.8%
Investment property	15,176	1.3%	15,219	1.2%	4,613	0.4%
Non-current investments	11,076	0.9%	1,973	0.1%	5,416	0.4%
Investments in associates	961	0.1%	996	0.1%	0	0.0%
Deferred tax assets	20,601	1.7%	20,697	1.6%	17,938	1.4%
Current assets	628,862	53.1%	695,313	55.6%	695,364	55.2%
Non-current assets held for sale	1	0.0%	1	0.0%	354	0.0%
Inventories	246,182	20.8%	245,608	19.6%	267,638	21.2%
Current investments	35,883	3.0%	42,317	3.4%	40,390	3.2%
Trade receivables	259,355	21.9%	255,911	20.5%	291,724	23.2%
Other current assets	45,582	3.9%	49,856	4.0%	64,322	5.1%
Cash and cash equivalents	41,859	3.5%	101,620	8.1%	30,936	2.5%
EQUITY AND LIABILITIES	1,184,486	100.0%	1,251,658	100.0%	1,259,470	100.0%
Equity	397,303	33.5%	397,819	31.8%	394,987	31.4%
Share capital	66,378	5.6%	66,378	5.4%	66,378	5.3%
Share premium	175,575	14.8%	175,575	14.0%	175,575	13.9%
Legal and statutory reserves	22,719	1.9%	22,719	1.8%	21,990	1.7%
Retained earnings	117,728	9.9%	115,618	9.3%	109,213	8.7%
Own shares	-3,170	-0.3%	-3,170	-0.3%	-3,170	-0.3%
Translation reserve	7,594	0.7%	9,990	0.8%	12,266	1.0%
Fair value reserve	8,633	0.7%	8,886	0.7%	10,892	0.9%
Equity of holders of the parent	395,457	33.3%	395,996	31.7%	393,144	31.2%
Equity of non-controlling interests	1,846	0.2%	1,823	0.1%	1,843	0.2%
Non-current liabilities	369,254	31.2%	385,330	30.8%	336,240	26.7%
Provisions	72,086	6.1%	76,321	6.1%	87,618	6.9%
Deferred revenue	504	0.0%	617	0.0%	975	0.1%
Deferred tax liabilities	5,275	0.5%	5,933	0.5%	4,941	0.4%
Non-current financial liabilities	291,389	24.6%	302,459	24.2%	242,706	19.3%
Current liabilities	417,929	35.3%	468,509	37.4%	528,243	41.9%
Current financial liabilities	175,939	14.9%	181,649	14.5%	230,916	18.3%
Trade payables	153,922	13.0%	194,248	15.5%	184,611	14.7%
Other current liabilities	88,068	7.4%	92,612	7.4%	112,716	8.9%

Consolidated Income Statement of the Gorenje Group

in TEUR	Jan-Mar 2012	%	Plan 2012	%	Jan-Mar 2011	%	12/11	Plan real.
Revenue	299,124	93.8%	1,391,408	99.1%	370,218	93.7%	80.8	21.5
Change in inventories	9,023	2.8%	-4,071	-0.3%	17,128	4.3%	52.7	/
Other operating income	10,819	3.4%	17,475	1.2%	7,847	2.0%	137.9	61.9
Gross profit	318,966	100.0%	1,404,812	100.0%	395,193	100.0%	80.7	22.7
Cost of goods, materials and services	-228,025	-71.5%	-1,014,819	-72.2%	-302,107	-76.4%	75.5	22.5
Other operating expenses	-4,663	-1.5%	-20,465	-1.5%	-4,300	-1.1%	108.4	22.8
ADDED VALUE	86,278	27.0%	369,528	26.3%	88,786	22.5%	97.2	23.3
Employee benefits expense	-64,531	-20.2%	-268,231	-19.1%	-67,103	-17.0%	96.2	24.1
EBITDA	21,747	6.8%	101,297	7.2%	21,683	5.5%	100.3	21.5
Amortisation and depreciation expense	-12,530	-3.9%	-51,344	-3.7%	-12,815	-3.3%	97.8	24.4
EBIT	9,217	2.9%	49,953	3.5%	8,868	2.2%	103.9	18.5
Finance income	2,785	0.9%	4,729	0.3%	5,299	1.3%	52.6	58.9
Finance expenses	-9,109	-2.9%	-38,747	-2.7%	-11,293	-2.8%	80.7	23.5
Finance expenses in associates	-36	0.0%		0.0%		0.0%		
Profit before tax	2,857	0.9%	15,935	1.1%	2,874	0.7%	99.4	17.9
Income tax expense	-722	-0.2%	-2,534	-0.2%	-983	-0.2%	73.4	28.5
Profit for the period	2,135	0.7%	13,401	0.9%	1,891	0.5%	112.9	15.9
Attributable to non-controlling interests	25	0.0%	474	0.0%	60	0.0%	41.7	5.3
Attributable to equity holders of the parent	2,110	0.7%	12,927	0.9%	1,831	0.5%	115.2	16.3
Basic and diluted earnings per share (in EUR)	0.53		0.82		0.46		115.2	64.6

Statement of Comprehensive Income of the Gorenje Group

in TEUR	Jan-Mar 2012	Jan-Mar 2011
Profit for the period	2,135	1,891
Other comprehensive income		
Net change in fair value of available-for-sale financial assets	40	-20
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-483	-3,014
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, transferred to profit or loss	127	32
Income tax on other comprehensive income	63	600
Translation reserve	-2,396	3,424
Other comprehensive income for the period	-2,649	1,022
Total comprehensive income for the period	-514	2,913
Attributable to equity holders of the parent	-539	2,853
Attributable to non-controlling interests	25	60

- Significant items of the statement of comprehensive income are outlined in notes to the accounting report of the Gorenje Group.

Consolidated Statement of Cash Flows of the Gorenje Group

in TEUR	Jan-Mar 2012	Jan-Mar 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	2,135	1,891
Adjustments for:		
Depreciation of property, plant and equipment	10,901	11,099
Amortisation of intangible assets	1,629	1,716
Investment income	-2,785	-5,299
Finance expenses	9,109	11,293
Gain on sale of property, plant and equipment	-222	-172
Income tax expense	722	983
Operating profit before changes in net operating current assets and provisions	21,489	21,511
Change in trade and other receivables	-905	8,893
Change in inventories	-574	-10,045
Change in provisions	-4,348	-440
Change in trade and other liabilities	-45,528	-49,435
Cash generated from operations	-51,355	-51,027
Interest paid	-7,915	-5,407
Taxes paid	-749	-1,616
Net cash from operating activities	-38,530	-36,539
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	977	189
Interest received	511	759
Dividends received	0	3
Acquisition of property, plant and equipment	-4,470	-7,800
Other investments	-2,634	6,760
Acquisition of intangible assets	-735	-1,821
Net cash used in investing activities	-6,351	-1,910
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	-14,880	-13,343
Net cash used in financing activities	-14,880	-13,343
Net change in cash and cash equivalents	-59,761	-51,792
Cash and cash equivalents at beginning of period	101,620	82,728
Cash and cash equivalents at end of period	41,859	30,936

Consolidated Statement of Changes in Equity of the Gorenje Group

in TEUR	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Own shares	Translation reserve	Fair value reserve	Equity holders of the parent	Non-controlling interests	Total
Opening balance at 1 Jan 2012	66,378	175,575	22,719	115,618	-3,170	9,990	8,886	395,996	1,823	397,819
Total comprehensive income for the period										
Profit for the period				2,110				2,110	25	2,135
Total other comprehensive income						-2,396	-253	-2,649		-2,649
Total comprehensive income for the period	0	0	0	2,110	0	-2,396	-253	-539	25	-514
Transactions with owners (when acting as owners) recognised directly in equity										
Contributions by owners and distributions to owners										
Equity increase								0		0
Dividends								0	0	0
Total contribution by owners and distribution to owners	0	0	0	0	0	0	0	0	0	0
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Change in ownership interests								0	-2	-2
Total changes in ownership interests in subsidiaries	0	0	0	0	0	0	0	0	-2	-2
Total transactions with owners	0	0	0	0	0	0	0	0	-2	-2
Closing balance at 31 Mar 2012	66,378	175,575	22,719	117,728	-3,170	7,594	8,633	395,457	1,846	397,303

in TEUR	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Own shares	Translation reserve	Fair value reserve	Equity holders of the parent	Non-controlling interests	Total
Opening balance at 1 Jan 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										
Profit for the period				1,831				1,831	60	1,891
Total other comprehensive income						3,424	-2,402	1,022		1,022
Total comprehensive income for the period	0	0	0	1,831	0	3,424	-2,402	2,853	60	2,913
Transactions with owners (when acting as owners) recognised directly in equity										
Contributions by owners and distributions to owners										
Equity increase										
Dividends										
Total contribution by owners and distribution to owners	0	0	0	0	0	0	0	0	0	0
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Change in ownership interests									-22	-22
Total changes in ownership interests in subsidiaries	0	0	0	0	0	0	0	0	-22	-22
Total transactions with owners	0	0	0	0	0	0	0	0	-22	-22
Closing balance at 31 Mar 2011	66,378	175,575	21,990	109,213	-3,170	12,266	10,892	393,144	1,843	394,987

Notes to the Consolidated Financial Statements of the Gorenje Group

Consolidated Income Statement

- **Revenue** declined in the period January - March 2012 by TEUR 71,094 or 19.2 % if compared to the equivalent period last year; in comparable terms (elimination of the disposed company Istrabenz Gorenje in July 2011 from the comparable period last year), revenue decreased by TEUR 17,878 or 5.6 %. Harsh market conditions continued also in the first quarter of 2012, which resulted in lower revenue in the Business Segment Home by 2.4 %, as well as lower revenue in the Business Segment Ecology by 10.1 %, whereas also the Business Segment Portfolio Investments recorded lower revenue by 69.2 % (comparable 24.6%).
- **Other operating income** in the amount of TEUR 10,819 refer to revenue from subsidies (TEUR 2,226), income from reversal of provisions (TEUR 5,301 of which major part in the amount of TEUR 3,897 includes utilisation and reversal of provisions for the purpose of the Asko Group restructuring), rental income (TEUR 364), income from compensation in damages (TEUR 332), income relating to the Directive on Waste Electrical and Electronic Equipment (TEUR 149), gain on disposal of property, plant and equipment (TEUR 222), and other operating income (TEUR 2,225).
- The growth dynamics in **cost of goods and materials** was lower from the growth of gross profit (total operating income) and revenue, which is mostly attributable to the restructuring of the sales structure from the view of products and markets (higher sales of products of higher price brackets).
- Taking account of comparable figures, **cost of services** have increased by TEUR 1,570 or 3.3 % if compared to the equivalent period last year, mostly as a result of cost of logistics, rentals, manufacturing services and servicing in the warranty period. On the other hand, cost of materials and cost of goods sold declined somewhat more than the volume of business activities.
- Considering comparable data the **employee benefits expense** decreased over the last year's same period by TEUR 1,935 or 2,9 %. Its share in the gross profit structure grew from 19.4 % to 20.2 % in comparable terms. Employee benefits expense per employee declined over last year's equivalent period by 1.1 %.
- **Amortisation and depreciation expense** remained on the level of last year's equivalent comparable period which is mainly attributable to the lower scope of investments made in the first quarter of 2012.
- Most of **other operating expenses** refer to costs that were incurred in connection with the Directive on Waste Electrical and Electronic Equipment (TEUR 1,980), charges independent of the result for the period (TEUR 844), costs relating to restructuring activities of the Asko Group (TEUR 590), and expenses referring to allowances for inventories (TEUR 351).
- **Added value per employee** increased by 0.9 % in comparable terms and amounted to EUR 8,119.
- Compared to the previous year's equivalent period and considering comparable figures (after the effects of the elimination of the company Istrabenz Gorenje), the **negative result from financing activities** is lower by TEUR 560. This figure was negatively affected by a poor result relating to interest and other financing activities, in particular higher allowances for receivables, and positively affected by a higher result from exchange differences.

in TEUR	Jan-Mar 2012	Jan-Mar 2011	12/11
Dividend income	0	3	0.0
Interest income *	693	799	86.7
Income from revaluation due to value maintenance (foreign exchange gains) **	2,044	199	/
Other finance income	48	4,298	1.1
Total finance income	2,785	5,299	52.6
Interest expenses *	6,267	5,420	115.6
Expenses from revaluation due to value maintenance (foreign exchange losses) **	362	1,913	18.9
Other finance expenses	2,480	3,960	62.6
Total finance expenses	9,109	11,293	80.7
Dividend result	0	3	0.0
Interest result	-5,574	-4,621	120.6
Revaluation result	1,682	-1,714	/
Result from other financing activities	-2,432	338	/
Total financial result	-6,324	-5,994	105.5

* including income (expenses) on interest rate hedging

** including income (expenses) on foreign currency hedging

- **Income tax expense** is recorded at TEUR 722 and remained approximately on the same level if compared to the equivalent period last year.

Statement of Comprehensive Income

- The statement of comprehensive income includes the net effect of impairments and value increases to available-for-sale financial assets in the amount of TEUR 40, the negative impact of interest rate hedging in the amount of TEUR 483 (effect of interest rate swaps), whereas a part of the implemented interest rate hedging (interest rate swaps) in the amount of TEUR 127 that has already been included in this quarter's result for the period, is pursuant to provisions of IAS 1 required to be recorded separately in the statement of comprehensive income and thus has a positive value.

Consolidated Statement of Financial Position

- **Statement of financial position total** amounted to TEUR 1,184,486 at the end of March and indicate a decline over the balance at the end of 2011, as well as over the equivalent period last year. Data in the statement of the financial position cannot be compared to the previous year's equivalent period due to the sale of the company Istrabenz Gorenje, d.o.o. in July 2011.
- As of the end of March, the share of non-current assets within the asset structure lied at 46.9 % and shows an increase of 2.5 percentage points compared to the balance recorded at the year-end of 2011.
- If compared to the balance as at the end of December, **total inventories** increased by TEUR 574 or 0.2 %. Inventories of products and work in progress increased in the Business Segment Home due to the year-on-year dynamics in production and sales activities, while inventories of materials and merchandise decreased. Compared to the previous year's comparable period, the inventories declined by TEUR 21,456 or 8.0 %.

in TEUR	31 Mar 2012	31 Dec 2011	31 Mar 2011	31 Mar 2012/ 31 Mar 2011	31 Mar 2012/ 31 Dec 2011
Materials	63,877	70,404	73,107	87.4	90.7
Work in progress	16,985	15,480	17,822	95.3	109.7
Products	132,151	124,633	131,036	100.9	106.0
Merchandise	30,756	32,740	42,442	72.5	93.9
Advances	2,413	2,351	3,231	74.7	102.6
Total	246,182	245,608	267,638	92.0	100.2

- Turnover of inventories of products is longer by nine days if compared to the whole year 2011 and the equivalent period last year.

	Jan-Mar 2012	Jan-Dec 2011	Jan-Mar 2011
Turnover of products	39	30	30
Turnover of trade receivables	78	71	73
Turnover of trade payables	69	70	63

- Major part of decreases in **current investments** refers to the decline in current loans.
- Considering the year-end balance of 2011, **trade receivables** have increased by TEUR 3,444 but were lower by TEUR 32,369 in terms of last year's comparable period; this is mostly attributable to the sale of the company Istrabenz Gorenje, d.o.o.

Turnover of trade receivables indicates an increase from 73 to 78 days if compared to the equivalent period last year; the turnover grew by seven days compared to 2011.

- **Other current assets** declined by TEUR 4,274 if compared to the year-end balance of 2011 which is mostly due to lower input VAT receivables and lower deferred costs of operations.
- **Equity** was nominally increased by the amount of the generated profit for the period, the amount of change in fair value of available-for-sale financial assets, and the amount of increase in the fair value of reserves from deferred tax liabilities. Equity was nominally decreased by the change in the value of cash flow hedge and the decrease of the translation reserve.

- **Provisions** decreased by TEUR 4,348 compared to the year-end of 2011; this is mostly the result of reversal of provisions relating to the integration activities of the Asko Group.
- Considering the figures as at the end of 2011, **financial liabilities** declined by TEUR 16,780 or 3.5 %, which is attributable to repayment of borrowings. As at the end of March, financial liabilities represented 39.5 % of total liabilities, which is 0.8 percentage points more than at the year-end of 2011.
- **Trade payables** decreased by TEUR 40,326 if compared to figures at the end of 2011; this is mostly the result of adjusting the purchase volume to the production requirements, and higher costs of suppliers accounted and disclosed among current liabilities but not yet charged.

Turnover of trade payables shortened by one day if compared to 2011 and grew by six days in terms of equivalent period last year.

- **Other current liabilities**, including mostly payables to employees and payables to state and other institutions, payables for advances received and accrued costs and expenses, have dropped by TEUR 4,544 or 4.9 % if compared to the year-end of 2011.

Consolidated Statement of Cash Flows

- **Cash flows from operating activities** were negative. It was positively affected by the amortisation and depreciation expense and the generated profit for the period, whereas the increase in net current assets had a negative impact.
- **Cash flows from investing activities** were negative mostly as a result of acquiring property, plant and equipment and intangible assets.
- **Cash flows from financing activities** were negative due to repayment of borrowings.

Business and Geographical Segments of the Gorenje Group

in TEUR	Business Segment Home		Business Segment Ecology		Business Segment Portfolio Investments		Group	
	Jan-Mar 2012	Jan-Mar 2011	Jan-Mar 2012	Jan-Mar 2011	Jan-Mar 2012	Jan-Mar 2011	Jan-Mar 2012	Jan-Mar 2011
Revenue from the sale to third parties	245,689	251,672	25,771	28,664	27,664	89,882	299,124	370,218
Inter-segment sale	626	1,581	296	289	2,874	3,466	3,796	5,336
Interest income	658	736	24	2	11	61	693	799
Interest expenses	6,118	5,045	114	165	35	210	6,267	5,420
Amortisation and depreciation expense	11,229	11,281	932	976	369	558	12,530	12,815
Profit or loss before tax	-437	-1,188	1,233	1,514	2,061	2,548	2,857	2,874
Income tax expense							722	983
Profit for the period							2,135	1,891

in TEUR	West		East		Other		Group	
	Jan-Mar 2012	Jan-Mar 2011	Jan-Mar 2012	Jan-Mar 2011	Jan-Mar 2012	Jan-Mar 2011	Jan-Mar 2012	Jan-Mar 2011
Revenue from sale to third parties	129,821	137,342	146,023	209,540	23,280	23,336	299,124	370,218

Financial Indicators

	Jan-Mar 2012	Plan 2012	Jan-Mar 2011
INDICATORS OF PROFITABILITY			
Net return on sales (ROS)	0.7%	1.0%	0.5%
Net return on assets (ROA)	0.7%	1.1%	0.6%
Net return on equity (ROE)	2.1%	3.3%	1.9%
ASSET INDICATORS			
Asset turnover ratio	0.98	1.19	1.15
Inventory turnover ratio	4.87	5.69	5.64
Current trade receivables turnover ratio	4.64	5.06	4.95
INVESTMENT INDICATORS			
Fixed assets (PPE) to total assets	0.43	0.43	0.43
Current assets to total assets	0.47	0.46	0.45
INDICATORS OF FINANCIAL COMPOSITION			
Long-term coverage of non-current assets	1.38	1.41	1.30
Equity to total liabilities	0.34	0.36	0.31
Long-term to total liabilities	0.65	0.65	0.58
Equity to fixed assets (carrying value)	0.78	0.82	0.74
Quick ratio (liquid assets to current liabilities)	0.19	0.16	0.14
(Liquid assets + current receivables) to current liabilities	0.92	0.94	0.81
Current ratio	1.50	1.53	1.32
Net financial liabilities to equity	0.98	0.83	1.02
OPERATING PERFORMANCE INDICATORS			
Operating income to operating expenses	1.03	1.04	1.02
Revenue per employee (EUR)	28,148	128,075	33,878
Added value per employee (EUR)	8,119	34,014	8,125

Unaudited Financial Statements of Gorenje, d.d.

Statement of Financial Position of Gorenje, d.d.

in TEUR	Balance at 31 Mar 2012	%	Balance at 31 Dec 2011	%	Balance at 31 Mar 2011	%
ASSETS	850,211	100.0%	881,299	100.0%	807,548	100.0%
Non-current assets	439,876	51.7%	438,428	49.7%	423,020	52.4%
Intangible assets	14,918	1.7%	15,455	1.8%	15,398	1.9%
Property, plant and equipment	148,637	17.5%	152,758	17.3%	155,352	19.2%
Investment property	15,217	1.8%	15,217	1.7%	1,695	0.2%
Investments in subsidiaries	246,685	29.0%	240,672	27.3%	238,096	29.5%
Investments in associates	976	0.1%	976	0.1%	0	0.0%
Other non-current investments	693	0.1%	703	0.1%	1,055	0.1%
Deferred tax assets	12,750	1.5%	12,647	1.4%	11,424	1.5%
Current assets	410,335	48.3%	442,871	50.3%	384,528	47.6%
Inventories	84,430	9.9%	81,118	9.2%	94,185	11.7%
Current investments	117,127	13.8%	94,789	10.8%	84,218	10.4%
Trade receivables	180,879	21.3%	187,903	21.3%	183,343	22.7%
Other current assets	14,564	1.7%	20,971	2.4%	20,239	2.5%
Cash and cash equivalents	13,335	1.6%	58,090	6.6%	2,543	0.3%
EQUITY AND LIABILITIES	850,211	100.0%	881,299	100.0%	807,548	100.0%
Equity	335,204	39.4%	335,326	38.0%	329,988	40.9%
Share capital	66,378	7.8%	66,378	7.5%	66,378	8.2%
Share premium	157,712	18.6%	157,712	17.9%	157,712	19.5%
Legal and statutory reserves	22,719	2.7%	22,719	2.6%	21,990	2.7%
Retained earnings	89,652	10.5%	89,521	10.2%	83,163	10.4%
Own shares	-3,170	-0.4%	-3,170	-0.4%	-3,170	-0.4%
Fair value reserve	1,913	0.2%	2,166	0.2%	3,915	0.5%
Non-current liabilities	256,377	30.2%	253,694	28.9%	196,053	24.3%
Provisions	26,209	3.1%	26,227	3.0%	27,514	3.4%
Deferred tax liabilities	1,398	0.2%	1,391	0.2%	801	0.1%
Non-current financial liabilities	228,770	26.9%	226,076	25.7%	167,738	20.8%
Current liabilities	258,630	30.4%	292,279	33.1%	281,507	34.8%
Current financial liabilities	124,088	14.6%	133,254	15.1%	128,241	15.9%
Trade payables	114,780	13.5%	142,027	16.1%	127,087	15.7%
Other current liabilities	19,762	2.3%	16,998	1.9%	26,179	3.2%

Income Statement of Gorenje, d.d.

in TEUR	Jan-Mar 2012	%	Plan 2012	%	Jan-Mar 2011	%	12/11	Realisation
Revenue	151,350	97.2%	693,620	99.0%	164,218	95.1%	92.2	21.8
Change in inventories	2,646	1.7%	0	0.0%	6,225	3.6%	42.5	/
Other operating income	1,730	1.1%	6,786	1.0%	2,249	1.3%	76.9	25.5
Gross profit	155,726	100.0%	700,406	100.0%	172,692	100.0%	90.2	22.2
Cost of goods, materials and services	-124,974	-80.3%	-557,076	-79.5%	-138,698	-80.3%	90.1	22.4
Other operating expenses	-1,090	-0.7%	-5,652	-0.8%	-1,047	-0.6%	104.1	19.3
ADDED VALUE	29,662	19.0%	137,678	19.7%	32,947	19.1%	90.0	21.5
Employee benefits expense	-24,137	-15.5%	-104,150	-14.9%	-25,249	-14.6%	95.6	23.2
EBITDA	5,525	3.5%	33,528	4.8%	7,698	4.5%	71.8	16.5
Amortisation and depreciation expense	-5,515	-3.5%	-22,675	-3.2%	-5,469	-3.2%	100.8	24.3
EBIT	10	0.0%	10,853	1.6%	2,229	1.3%	0.4	0.1
Finance income	6,047	3.9%	15,395	2.2%	2,383	1.4%	253.8	39.3
Finance expenses	-5,957	-3.8%	-23,145	-3.3%	-4,867	-2.8%	122.4	25.7
Profit or loss before tax	100	0.1%	3,103	0.5%	-255	-0.1%	/	3.2
Income tax expense	31	0.0%	992	0.1%	456	0.3%	6.8	3.1
Profit for the period	131	0.1%	4,095	0.6%	201	0.2%	65.2	3.2
Basic or diluted earnings per share (in EUR)	0.03		0.26		0.05			

Statement of Comprehensive Income of Gorenje, d.d.

in TEUR	Jan-Mar 2012	Jan-Mar 2011
Profit for the period	131	201
Other comprehensive income		
Net change in fair value of available-for-sale financial assets	40	-20
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-483	-3,014
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, transferred to profit or loss	127	32
Income tax on other comprehensive income	63	600
Other comprehensive income for the period	-253	-2,402
Total comprehensive income for the period	-122	-2,201

- Significant items of the statement of comprehensive income are outlined and explained in notes to the accounting report of the Gorenje Group (page 37 of the report).

Statement of Cash Flows of Gorenje, d.d.

in TEUR	Jan-Mar 2012	Jan-Mar 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	131	201
Adjustments for:		
Depreciation of property, plant and equipment	4,819	4,837
Amortisation of intangible assets	696	632
Investment income	-6,047	-2,383
Finance expenses	5,957	4,867
Gain on sale of property, plant and equipment	-20	-57
Income tax expense	-31	-456
Operating profit before changes in net operating current assets and provisions	5,505	7,641
Change in trade and other receivables	13,492	2,820
Change in inventories	-3,312	-525
Change in provisions	-18	117
Change in trade and other liabilities	-24,824	-24,911
Cash generated from operations	-14,662	-22,499
Interest paid	-5,554	-2,723
Net cash from operating activities	-14,711	-17,581
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	295	60
Dividends received	0	3
Interest received	903	821
Acquisition of subsidiary	-6,013	-1
Acquisition of property, plant and equipment	-863	-2,421
Loans	-17,986	0
Other investments	-3,434	-21,094
Acquisition of intangible assets	-159	-602
Net cash used in investing activities	-27,257	-23,234
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	-2,787	-6,320
Net cash used in financing activities	-2,787	-6,320
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		
Net increase or decrease in cash and cash equivalents	-44,755	-47,135
Cash and cash equivalents at beginning of period	58,090	49,678
Cash and cash equivalents at end of period	13,335	2,543

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

in TEUR	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Own shares	Fair value reserve	Total
Opening balance at 1 Jan 2012	66,378	157,712	22,719	89,521	-3,170	2,166	335,326
Total comprehensive income for the period							0
Profit for the period				131			131
Total other comprehensive income						-253	-253
Total comprehensive income for the period	0	0	0	131	0	-253	-122
Transactions with owners (when acting as owners) recognised directly in equity							0
Contributions by owners and distributions to owners							0
Equity increase							0
Dividends							0
Total contribution by owners and distribution to owners	0	0	0	0	0	0	0
Total transactions with owners	0	0	0	0	0	0	0
Closing balance at 31 Mar 2012	66,378	157,712	22,719	89,652	-3,170	1,913	335,204

in TEUR	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Own shares	Fair value reserve	Total
Opening balance at 1 Jan 2011	66,378	157,712	21,990	82,962	-3,170	6,317	332,189
Total comprehensive income for the period							0
Profit for the period				201			201
Total other comprehensive income						-2,402	-2,402
Total comprehensive income for the period	0	0	0	201	0	-2,402	-2,201
Transactions with owners (when acting as owners) recognised directly in equity							0
Contributions by owners and distributions to owners							0
Equity increase							0
Dividends							0
Total contribution by owners and distribution to owners	0	0	0	0	0	0	0
Total transactions with owners	0	0	0	0	0	0	0
Closing balance at 31 Mar 2011	66,378	157,712	21,990	83,163	-3,170	3,915	329,988

Notes to the Financial Statements of Gorenje, d.d.

Income Statement

- As for the total sales structure, the **sale of home products produced in-house** represent a share of **58.9 % and amount to TEUR 89,126**; compared to the previous year's result for the equivalent period, the figure is **lower by 12.2 %**.

Other sales were recorded at TEUR 62,224 and indicate a decrease of **0.7 %** if compared to the same period last year. The result was positively affected by the increase in revenue from other sale of home products by 30.6 % (sale of the Servis programme, marketing of materials, work in progress and services), while sales of other home appliances (manufactured outside our facilities) declined by 4.0 % considering the same period last year.

Revenue generated by the Business Segment Home which include the Point programme, the ecology, energy and environment programme, and the Solar programme record a decrease of 11.2 % if compared to the equivalent period in 2011.

Considering the same period last year, **other operating income** are **lower 23.1 %** as a result of lower subsidies and compensation in damages.

- Decrease in the cost of goods, materials and services** by 9.9 % relative to the equivalent period last year is attributable to the lower volume of business activities. **Cost of goods and materials sold is lower** by 7.2 % over the last year's same period and is the result of lower sales of other home appliances products. Considering the same period in 2011, **cost of raw materials and material** dropped by 11.1 % and is the result of lower sales of products produced in-house. **Cost of services** decrease by 12.4 % if compared to the equivalent period last year.

in TEUR	Jan-Mar 2012	Jan-Mar 2011	12/11
Cost of goods, materials and services	124,974	138,698	90.1
- cost of goods and materials sold	45,065	48,577	92.8
- cost of materials	64,430	72,453	88.9
- cost of services	15,479	17,668	87.6
Employee benefits expense	24,137	25,249	95.6
Amortisation and depreciation expense	5,515	5,469	100.8
Other operating expenses	1,090	1,047	104.1
Total operating expenses	155,716	170,463	91.3

- Employee benefits expense** declined by 4.4 % if compared to the same period last year.
- Considering last year's equivalent period, **amortisation and depreciation expense** remained on the same level, which is mostly the result of lower investments made in property, plant and equipment.
- Other operating expenses** have increased by 4.1 % if compared to the last year's comparable period; this increase is attributable to higher cost of environmental levies and higher charges for the use of building plots.
- Added value per employee** was recorded at EUR 6,646 which is lower by 10.2 % if taking account of the same period last year.
- Financing activities** are positive if compared to figures achieved in the previous year's same period; this result is attributable to the dividends.

in TEUR	Jan-Mar 2012	Jan-Mar 2011	12/11
Interest income*	1,401	1,056	132.7
Income from revaluation due to value maintenance **	515	200	257.5
Other finance income	4,131	1,127	366.5
Total finance income	6,047	2,383	253.8
Interest expenses*	-4,382	-3,336	131.4
Expenses from revaluation due to value maintenance **	-1,111	-238	466.8
Other finance expenses	-464	-1,293	35.9
Total finance expenses	-5,957	-4,867	122.4
Interest result	-2,981	-2,280	130.7
Revaluation result**	-596	-38	/
Result from other financing activities	3,667	-166	/
Total financial result	90	-2,484	/

* including income (expenses) on interest rate hedging

** including income (expenses) on foreign currency hedging

- **Income tax expense** includes deferred taxes in the amount of TEUR 31, which relate mostly to expenses that have not yet been recognised as deductible and are disclosed and recorded as deferred tax assets.

Statement of Comprehensive Income

- Disclosures of the items in the parent company's statement of comprehensive income already form a constituent part of notes to the statement of comprehensive income of the Gorenje Group.

Statement of Financial Position

- As at 31 March 2012, **the statement of financial position total** amounted to TEUR 850,211 and is lower by 3.5 % if compared to the year-end result of 2011; the decrease is attributable to the lower balance in cash.
- Compared to the year-end of 2011, the **asset** structure indicates a shift towards non-current assets, which account for 51.7 % among total assets; at the end of 2011, their share lied at 49.7 %.
- **The value of investment in subsidiaries** grew if compared to figures at end of 2011, which is the result of the capital increase in the company Gorenje Tiki, d.o.o., Stara Pazova amounting to TEUR 6,000.
- Considering the previous year's results, **inventories of materials** declined by 2,1 % as a result of adjusting the purchase volume to the production requirements; the average inventory turnover of material is shorter by 3 days from the average recorded in 2011 (taking account of the first quarter of 2011, the average inventory turnover of material is longer by 2 days). **Inventories of products** increased by 10.2 % if compared to the year-end balance of 2011, which is the result of the achieved interim dynamics in production and sales activities; the average inventory turnover of products was recorded at 25 days and is higher by 2 days from the average reported in 2011 (the average inventory turnover of products is longer by 3 days if taking account of the first quarter of 2011). **Inventories of merchandise** in the amount of TEUR 10,535 grew by 14.9 % compared to the year-end balance of 2011.
- Considering the year-end balance of 2011, **current investments** are higher by 23.6 % as a result of loans extended to subsidiaries.
- Balance of **trade receivables** is lower by 3.7 % compared to the result recorded as at the end of 2011. The average turnover of receivables increased by 9 days over the average recorded in 2011 (the average turnover of receivables is longer by 8 days if compared to the equivalent period in 2011).

- Compared to the average of 2011, the **turnover of trade payables** dropped by 2 days in the first quarter of 2012 (the average turnover of trade payables remained on the same level if compared to the first quarter of 2011).
- **Other current assets** record a decline of 30.5 % if compared to the year-end result of 2011, which is mostly due to lower input VAT receivables and lower deferred costs of operations.
- As for the total **liabilities** structure, the non-current liabilities exceed the coverage of non-current assets by 34.5% as at 31 March 2012. Equity (share capital and long-term provisions) account for 42.5 % of total liabilities, which still provides for a conservative equity composition.
- Compared to the end of 2011, changes in the company's **equity** refer to following:
 - increase due to the profit for the period in the amount of TEUR 131,
 - higher fair value reserve for revaluation of available-for-sale financial assets to the market value, in the amount of TEUR 40,
 - lower fair value reserve for changes in the cash flow hedge in the amount of TEUR 356, and
 - higher fair value reserve for liabilities referring to deferred taxes in the amount of TEUR 63.
- **Provisions** are below the level recorded at the end of 2011 by 0.1 %.
- **Non-current financial liabilities** increased over the previous period as a result of new borrowings.
- **Current financial liabilities** dropped compared to previous year's results, which is mostly due to repayment of current loans.
- **Trade payables** are lower by 19.2 % compared to the year-end result of 2011, which is mostly attributable to adjusting the purchase volume to production and sales requirements.
- **Other current liabilities** including mostly payables to employees and payables to state and other institutions, payables for advances received in connection with services, and accrued costs and expenses. They have increased by 16.3 % compared to the year-end balance of 2011, which is the result of higher accrual level of operating expenses or costs during interim financial reporting.

Statement of Cash Flows

- **Cash flows from operating activities** were negative as a result of lower trade payables and higher inventories. On the other hand, it was positively affected by amortisation and depreciation expense and lower balance of operating and other receivables.
- **Cash flows from investing activities** were negative mostly as a result of extending loans to subsidiaries.
- **Cash flows from financing activities** were negative due to repayment of borrowings.
- **Negative cash flows** are entirely covered or offset by cash available at the end of 2011.

Financial Indicators

	Jan-Mar 2012	Plan 2012	Jan-Mar 2011
INDICATORS OF PROFITABILITY			
Net return on sales (ROS)	0.09%	0.60%	0.12%
Net return on assets (ROA)	0.06%	0.50%	0.10%
Net return on equity (ROE)	0.16%	1.20%	0.24%
ASSET INDICATORS			
Asset turnover ratio	0.70	0.81	0.79
Inventory turnover ratio	7.31	7.31	6.99
Current trade receivables turnover ratio	3.28	3.65	3.58
INVESTMENT INDICATORS			
Fixed assets (PPE) to total assets	0.21	0.21	0.21
Current assets to total assets	0.52	0.51	0.52
INDICATORS OF FINANCIAL COMPOSITION			
Long-term coverage of non-current assets	1.34	1.33	1.24
Equity to total liabilities	0.39	0.41	0.41
Long-term to total liabilities	0.70	0.68	0.65
Equity to fixed assets (carrying value)	1.88	1.96	1.91
Quick ratio (liquid assets to current liabilities)	0.50	0.36	0.31
(Liquid assets + current receivables) to current liabilities	1.26	1.12	1.03
Current ratio	1.59	1.52	1.37
Net financial liabilities to equity	0.66	0.65	0.63
OPERATING PERFORMANCE INDICATORS			
Operating income to operating expenses	1.00	1.02	1.01
Revenue per employee (EUR)	33,912	155,311	36,878
Added value per employee (EUR)	6,646	30,828	7,399

Information Regarding the Report and its Public Announcement

Pursuant to provisions of 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 Gorenje, d.d., for the Period January-March 2012** and the **Unaudited Consolidated Business Report of the Gorenje Group for the Period January-March 2012**. Major changes to the information included in the prospectus for stock exchange listing are announced regularly in the Delo daily newspaper, Ljubljana Stock Exchange electronic information dissemination system SEOnet, and the company wBSEite at www.gorenje.com. The unaudited report of the Gorenje, d.d., and the Gorenje Group was adopted by its Supervisory Board at their 23rd regular session held on 24 May 2012. The report shall be available at the headquarters of Gorenje, d.d., at Partizanska 12, SI-3503 Velenje. Further, the report hereunder was also announced in the Ljubljana Stock Exchange electronic info system on 25 May 2012, and published on the issuer's web site at www.gorenje.com.

Forward-looking Statements

This announcement of the Unaudited Business Report for the Period January-March 2012 includes forward-looking information and forecasts – i.e. statements regarding the future, rather than the past, and regarding events within the framework and in relation to the currently effective legislation on publicly traded companies and securities and pursuant to the Rules and Regulations of the Ljubljana Stock Exchange. These statements can be identified by the words such as "expected", "anticipated", "forecast", "intended", "planned or budgeted", "probable or likely", "strive/invest effort to", "estimated", "will", "projected", or similar expressions. These statements include, among others, financial goals and targets of the parent company Gorenje, d.d., and the Gorenje Group for the upcoming periods, planned or budgeted operations, and financial plans. These statements are based on current expectations and forecasts and are subject to risk and uncertainty which may affect the actual results which may in turn differ from the information stated herein for various reasons. Various factors, many of which are beyond reasonable control by Gorenje, affect the operations, performance, business strategy, and results of Gorenje. Thus actual results, performance, or achievements of Gorenje may differ materially from the expected results, performance, or achievements as stated in these forward-looking statements. These factors include, without prejudice to any not mentioned herein, the following: consumer demand and market conditions in geographical segments or regions and in industries in which the Gorenje Group is conducting its operating activities; effects of 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 customers; decrease in prices as a result of persistently harsh market conditions, in an extent much higher than currently expected by Gorenje's Management Board; success of development of new products and 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 more 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.