

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

Management Board of Gorenje, d.d.

Velenje, November 2012



Table of Contents

Performance Highlights of the Gorenje Group	3
Events Impacting Business Performance.....	4
Business Performance in the Period January – September 2012 and Expectations for 2012 / Estimate of the Management Board	5
MANAGEMENT REPORT	7
Changed Business Environment and Its Impact on Gorenje Group Operations	7
Operating Performance of the Gorenje Group	8
Operating Performance of the Gorenje Group by Business Segment	16
Financial Performance of the Gorenje Group	22
Summary of the Operating Performance of Gorenje, d.d.	25
Ownership Structure and the GRVG Share.....	27
Significant Events after the Date of the Statement of Financial Position.....	28
Significant Business Events	29
ACCOUNTING REPORT	31
Fundamental Accounting Policies and Significant Notes to the Financial Statements	31
Changes in the Composition of the Gorenje Group	31
Unaudited Consolidated Financial Statements of the Gorenje Group.....	34
Consolidated Statement of Financial Position of the Gorenje Group	34
Consolidated Income Statement of the Gorenje Group	35
Consolidated Statement of Other Comprehensive Income of the Gorenje Group.....	36
Consolidated Statement of Cash Flows of the Gorenje Group.....	37
Consolidated Statement of Changes in Equity of the Gorenje Group	38
Notes to the Consolidated Financial Statement of the Gorenje Group.....	40
Business and Geographical Segments of the Gorenje Group.....	43
Financial Indicators	44
Unaudited Financial Statements of Gorenje, d.d.	45
Statement of Financial Position of Gorenje, d.d.	45
Income Statement of Gorenje, d.d.	46
Statement of Other Comprehensive Income of Gorenje, d.d.	47
Statement of Cash Flows of Gorenje, d.d.	48
Statement of Changes in Equity of Gorenje, d.d.	49
Notes to the Financial Statement of Gorenje, d.d.	50
Financial Indicators	53
Enclosure: New Organisational Structure of the Gorenje Group.....	55

Performance Highlights of the Gorenje Group

EURm	Q3	Q3	Index	Jan-Sep	Jan-Sep	Index	Plan	Plan	Plan	Plan	Comparable					
	2012	2011		2012	2011						Q3	Q3	Index	Jan-Sep	Jan-Sep	Index
Consolidated revenue	310.9	315.5	98.5	929.5	1,060.2	87.7	1,019.0	91.2	1,391.4	66.8	310.9	315.5	98.5	929.5	955.3	97.3
EBITDA	10.3	18.5	55.9	51.1	62.1	82.3	72.0	71.0	101.3	50.5	10.3	18.5	55.9	51.1	61.6	83.0
<i>EBITDA margin (%)</i>	3.3%	5.9%	/	5.5%	5.9%	/	7.1%	/	7.3%	/	3.3%	5.9%	/	5.5%	6.4%	/
EBIT	-1.3	5.5	/	15.2	23.4	65.0	33.6	45.3	50.0	30.5	-1.3	5.5	/	15.2	23.4	65.2
<i>EBIT margin (%)</i>	-0.4%	1.8%	/	1.6%	2.2%	/	3.3%	/	3.6%	/	-0.4%	1.8%	/	1.6%	2.4%	/
Profit before tax	-7.3	1.3	/	-3.1	10.2	/	8.6	/	15.9	/	-7.3	1.3	/	-3.1	9.0	/
Net profit or loss	-8.7	1.3	/	-6.4	7.8	/	7.9	/	13.4	/	-8.7	1.3	/	-6.4	6.7	/
<i>ROS (%)</i>	-2.8%	0.4%	/	-0.7%	0.7%	/	0.8%	/	1.0%	/	-2.8%	0.4%	/	-0.7%	0.7%	/
<i>ROA (%)</i>	-2.9%	0.4%	/	-0.7%	0.8%	/	0.9%	/	1.1%	/	-2.9%	0.4%	/	-0.7%	0.7%	/
<i>ROE (%)</i>	-9.0%	1.4%	/	-2.2%	2.6%	/	0.7%	/	3.3%	/	-9.0%	1.4%	/	-2.2%	0.4%	/
<i>ROIC (%)</i>	-0.7%	2.6%	/	5.0%	2.7%	/	5.0%	/	5.2%	/	-0.7%	2.6%	/	5.0%	2.7%	/
Free cash flow / narrow *	-13.6	3.7	/	-46.8	-31.8	147.1	12.1	/	28.6	/	-13.6	-5.8	/	-46.8	-34.8	134.3
Financial debt	458.8	486.6	94.3	458.8	486.6	94.3	414.8	110.6	403.8	113.6	458.8	486.6	94.3	458.8	486.6	94.3
Net financial debt**	436.7	436.2	100.1	436.7	436.2	100.1	392.0	111.4	380.3	114.8	436.7	436.2	100.1	436.7	436.2	100.1
Net financial debt / EBITDA***	5.8	5.0	/	5.8	5.0	/	4.1	/	3.8	/	5.8	/	/	5.8	/	/

* Net profit or loss + amortisation and depreciation expense - Capex + divestment → change in inventories → change in trade receivables → change in trade payables

** Financial debt - cash

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

Events Impacting Business Performance

- The comparability of individual categories of profitability, financial position and cash flow of the Gorenje Group is affected by **the sale of a participating interest** in the company Istrabenz Gorenje from the former Ecology, Energy and Services Division in July 2011 and thus the withdrawal from the Energy Business Segment within the framework of the former Ecology, Energy and Services Division.
- **The management report (1) discloses and outlines solely comparable figures, whereby the accounting report (2) provides all recorded and financially disclosed values of individual categories in the financial statements.**
- **The performance analysis** in the management report focuses on notes for current balances and movements prior to accounting for effects of the sale of the company Istrabenz Gorenje, and are based on comparable information. Comparable information is of key significance and vital in properly defining 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.
- 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.

EURm	Comparable					
	Q3 2012	Q3 2011	Index	Jan-Sep 2012	Jan-Sep 2011	Index
Consolidated revenue	310.9	315.5	98.5	929.5	955.3	97.3
= Contribution margin (CM1) / gross margin	130.6	129.7	100.7	397.4	397.2	100.0
CM 1 (%)	42.0%	41.1%	/	42.8%	41.6%	/
= Added value / AV	76.7	83.8	91.5	250.2	257.9	97.0
AV in revenue	24.7%	26.6%	/	26.9%	27.0%	/
= EBITDA	10.3	18.5	55.9	51.1	61.6	83.0
EBITDA margin (%)	3.3%	5.9%	/	5.5%	6.4%	/
= EBIT	-1.3	5.5	/	15.2	23.4	65.2
EBIT margin (%)	-0.4%	1.8%	/	1.6%	2.4%	/
= Net profit or loss	-8.7	1.3	/	-6.4	6.7	/
ROS (%)	-2.8%	0.4%	/	-0.7%	0.7%	/

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

Business Performance in the Period January – September 2012 and Expectations for 2012 / Estimate of the Management Board

- Market conditions, especially in Europe, have deteriorated in the third quarter of 2012. A decline in GDP and recession was forecasted by the OECD economists even for Germany, which has thus far curbed the financial crisis quite successfully. Forecasts for other Euro countries have worsened as well, including for France and Italy. The situation also worsened in Slovenia with expenditure on durable goods down by 8.4% and a 22.1% decline in investments. The economic situation is even worse in most countries of the Western Balkans and in Ukraine, markets that are significant for the Gorenje Group's operations.
- The harsh situation in European markets had a negative impact on Gorenje Group's operations. The third quarter of 2012 was marked by poor sales in July and August, when regular annual repairs and overhauls are carried out in production locations of the Group.
- Sales stagnation was reported in some Western and Eastern European markets that are very important for the Group (the Netherlands, France, Slovenia, Ukraine, the Czech Republic, Slovakia). However, this stagnation was not reflected in the appropriate adjustment of costs by sales organisations in the stated markets.
- The stagnation of sales and production in the first two months of the third quarter is attributable to:
 - the limited short-term cost adjustment of total employee benefits expense by considering lower production activity,
 - the pressure on sales prices,
 - less successful operations by production facilities in Sweden due to relocation of production to Velenje (resulting in poor productivity, particularly in September),
 - the shifting of production from Finland to the Czech Republic and related results in the first month after the shift, which were below the planned and required production activity.
- The decline in expenditure on durable goods and lower investments led to additional decline of operations within the furniture segment (kitchens, etc.).
- Certain costs of services have increased, in particular transport and logistics services, mainly due to the growth of retail fuel prices and the changed geographic sales structure in individual countries, as well as the continuing cost pressure.
- Because of these harsh business circumstances, measures were adopted in the third quarter of this year, which should result in improved Gorenje Group's performance. Some of these measures are:
 - sales promotions and improvement of the geographic and product structure (particularly in the cooking appliances programme),
 - new product launches (new generation of washing and drying machines, iChef, IQcook, etc.);
 - full cost optimisation in all Gorenje Group companies;
 - investment restrictions to only those related to the development of new products or the transfer of production facilities;
 - limited hiring and personnel promotions;
 - reduced management compensations;
 - the start of the dialog with social partners (trade unions, employee council) about the possibilities of a systematic adjustment of employee benefits expenses in view of the production activity;
 - accelerated retirements and other soft measures to reduce the number of employees;
 - selective price increases of our products in individual markets;
 - improved corporate governance in individual major business units (Atag Group, OOO Gorenje BT Russia, Gorenje Group Nordic, Gorenje Vertriebs, etc.);
 - optimization of purchasing costs and cost of logistics;
 - accelerated transfer of production facilities;
 - accelerated divestment of disposable assets and portfolio companies;
 - revaluation of the possibilities for outsourcing certain activities and services within the Group;
 - continuation of the financial restructuring;
 - increased focus on increasing free cash flow.

- Results of certain measures adopted are already evident in the Group's operations in September:
 - in September 2012, the Gorenje Group recorded consolidated revenue in the amount of EUR 114.7 m or 4.0% more than in September 2011; this is an increase of 12.6% if compared to the Group's average amount of consolidated revenue for the first eight months of 2012, and an increase of 21.5% if compared to August 2012;
 - markets that recorded the biggest sales growth in September in view of the recorded monthly average in the first eight months of the year include: Russia, Ukraine, Slovenia, Serbia, Croatia, Bulgaria, Germany, Austria, the Czech Republic, Macedonia, and Montenegro. The stated markets are significant not only because of the scope of operations but also because their sales structure has a positive impact on the Group's profitability;
 - the number of markets with less favourable development in September is quite low, hence their impact is insignificant (markets of Asko, Hungary); an exception is provided by lower sales in the countries of Benelux;
 - measures are prepared for certain markets with less favourable development of sales activities in form of new business models that shall enable a more efficient cost adjustment in view of Group's consolidated revenue generated (France, Turkey, Italy);
 - based on higher volume of operations, the utilisation of all capacities in the household appliances production was increased in September 2012 by 19%; the highest increase in production activity was recorded in Velenje by 22% if compared to the recorded level of capacity utilisation in the first eight months of 2012. In the production facilities of Mora Moravia in the Czech Republic, the daily capacity utilisation planned within the shifted production programme from Lahti, Finland, was achieved already in the second half of September 2012. The costs of shifting the production to the Czech Republic will be higher than originally planned and recognised in the last three months of 2012. In the last quarter of the year, the production activity in Sweden will exceed the planned figures, which is attributable partly to the higher demand for Asko appliances and also to the start of producing emergency stock prior to moving the production to Velenje next year;
 - considering the volume of orders in the Business Segment Home, Gorenje estimates that these trends will continue also in October and November 2012. Orders received for the last quarter of the year from Ukraine, Slovenia, Russia, the Czech Republic, Croatia, and Serbia increased as compared to the equivalent period last year. These are all countries where the Group boasts of greater recognisability and where its products are positioned in higher price brackets. Such geographic structure has a very favourable impact on the Group's profitability (i.e. focusing on markets, customers and product groups recording higher profitability).
- Implementation of measures in the last quarter of 2012 and the planned volume of operations will enable Gorenje to compensate by the end of the year for the setback of the EBITDA and the EBIT considering the first nine months of the year. Hence, on the annual level of 2012 Gorenje shall in case of EBITDA as well as EBIT achieve the same comparable annual level as in 2011. Gorenje estimates to achieve a positive result by the end of 2012.

MANAGEMENT REPORT

Changed Business Environment and Its Impact on Gorenje Group Operations

- Gorenje Group is coping with challenging business conditions this year as well a progressive European debt crisis, high unemployment rates, consumer restraint in spending, and payment indiscipline. The above-mentioned business conditions together with the restructuring activities applying to the Asko Group and the company Gorenje Notranja oprema strongly impair sales and profitability.
- No significant improvement of the situation is anticipated in the near future.
- The demand in home appliances remains under pressure by the end of the year since consumer restraint and the sluggish real estate market throughout Europe both hinder sales. As also European manufacturers, Gorenje has been coping 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 profit margins resulted in companies moving their production to countries with lower cost of employment, in particular lower employee benefits expense. Short-term forecasts for this industry are not significantly better. In developed countries as well as developing countries, energy efficiency, functionality, and top product design remain the driving forces behind growth in premium markets. The environmental aspect i.e. energy and water efficiency, remain a growing sales argument.
- The 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. After constant changes of prices for raw material prices, the trend sharply reversed by the end of the third quarter as regards the exchange prices for metal, oil, and petrochemical raw materials. Meeting optimistic expectations of the markets resulted in cash inflows at the bourses, whereas the weaker US dollar and forecasts made by China, the world's largest consumer of raw materials, about new infrastructure projects contributed to the price increase. Compared to the previous quarter of the year, the LME index of metals grew by 9.4%, crude oil by 12%, whereby the value of thermoplastic material increased by 10% in average. Among all the raw materials, only the markets of steel recorded a slight decline, where unfavourable market conditions seem to continue (structural plethora of capacities, low level of utilisation, weak demand – constructions industry, car industry). Forecasts for slow global economic growth and unstable financial conditions are expected to limit demand for raw materials and slow down price increases in the near future. Prices on the petrochemical markets are under heavy pressure from input raw materials (oil), causing the producers of thermoplastic materials to reduce production capacities and supplies. The price averages in the first nine months of 2012 exceed the previous period's average and the planned purchase basis. An important element 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.

	EU 27	EMU	Netherlands	Germany	Denmark	Slovenia	Croatia	Serbia	Czech Republic	Russia
GDP growth rate	-0.2%	-0.4%	-0.5%	0.9%	0.5%	-2.2%	-1.1%	-0.5%	-1.0%	3.7%
Unemployment rate	10.2%	11.2%	5.2%	5.2%	5.6%	8.8%	14.2%	25.6%	7.1%	6.5%
Inflation rate	2.5%	2.3%	2.2%	2.2%	2.6%	2.2%	3.0%	5.9%	3.4%	5.1%
Change in exchange rate of national currency (30 September 2012 / 31 December 2011)	-	-	-	-	0.29%	-	-1.20%	14.05%	-2.51%	-3.89%

Table 2: Macroeconomic forecasts for 2012 by key markets of Gorenje

Sources: International Monetary Fund, "World Economic Outlook", October 2012: <http://www.imf.org>; Reports of the European Central Bank: <http://sdw.ecb.europa.eu/>; Bank of Slovenia (ECB exchange rates): <http://www.bsi.si/>

Operating Performance of the Gorenje Group

EURm	Q3 2012	Q3 2011	Index	Jan-Sep 2012	Jan-Sep 2011	Index	Plan 2012	Plan track
Consolidated revenue	310.9	315.5	98.5	929.5	955.3	97.3	1,391.4	66.8
CM*	130.6	129.7	100.7	397.4	397.2	100.0	585.6	67.9
CM (in %)	42.0%	41.1%	/	42.8%	41.6%	/	42.1%	/
EBIT	-1.3	5.5	/	15.2	23.4	65.2	50.0	30.5
EBIT margin (in %)	-0.4%	1.8%	/	1.6%	2.4%	/	3.6%	/
Net profit or loss	-8.7	1.3	/	-6.4	6.7	/	13.4	/
ROS (in %)	-2.8%	0.4%	/	-0.7%	0.7%	/	1.0%	/

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

Scope of Business Activities

- In the first nine months of 2012, the Gorenje Group generated EUR 929.5m of **consolidated revenue**. Compared to the previous year's comparable period, the Group recorded EUR 25.9m or 2.7% less consolidated revenue.
- In the third quarter of the year, the Group generated EUR 310.9m of revenue, which is 1.5% less as compared to the equivalent period in 2011. Lower volume of business activities in the third quarter of 2012 is attributable mostly to months of July and August, when the sales stagnation in some significant markets of the Group, such as the Netherlands, France, Slovenia, Ukraine, the Czech Republic, and Slovakia.
- In September 2012, the Group recorded already EUR 114.7m of consolidated revenue or 4.0% more than in the equivalent month last year. The increase is mostly attributable to the Business Segment Home (5.8%).

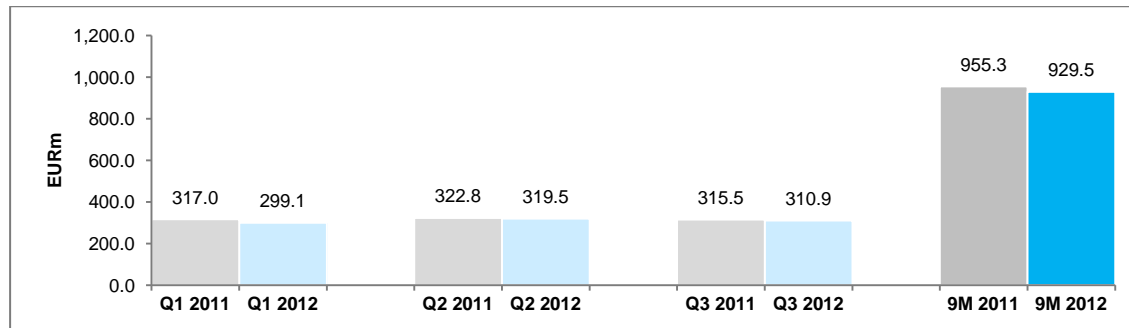


Chart 1: Consolidated revenue of the Gorenje Group

• **Values and structure of consolidated revenue by geographical segments:**

EURm	Q3 2012	%	Q3 2011	%	Change (%)	Jan-Sep 2012	%	Jan-Sep 2011	%	Change (%)
Western Europe	118.6	38.1	121.8	38.6	-2.7%	369.2	39.7	385.8	40.3	-4.3%
Eastern Europe	167.4	53.9	169.8	53.8	-1.4%	486.0	52.3	499.2	52.3	-2.6%
Other	24.9	8.0	23.9	7.6	4.2%	74.3	8.0	70.3	7.4	5.5%
Total Gorenje Group	310.9	100.0	315.5	100.0	-1.5%	929.5	100.0	955.3	100.0	-2.7%
Western Europe	116.9	42.1	120.7	44.1	-3.2%	364.6	46.2	381.9	48.3	-4.5%
Eastern Europe	135.4	48.9	129.1	47.2	4.9%	351.0	44.4	338.0	42.8	3.8%
Other	24.9	9.0	23.9	8.7	4.2%	74.2	9.4	70.2	8.9	5.8%
Total Business Segment Home	277.2	100.0	273.7	100.0	1.3%	789.8	100.0	790.1	100.0	0.0%

Table 3: Revenue of the Gorenje Group and the Business Segment Home by geographical segments

- **Western Europe** includes Austria, Germany, Italy, France, Denmark, Sweden, Belgium, Finland, Great Britain, Greece, Norway, Turkey, the Netherlands, Spain, Switzerland;
- **Eastern 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.

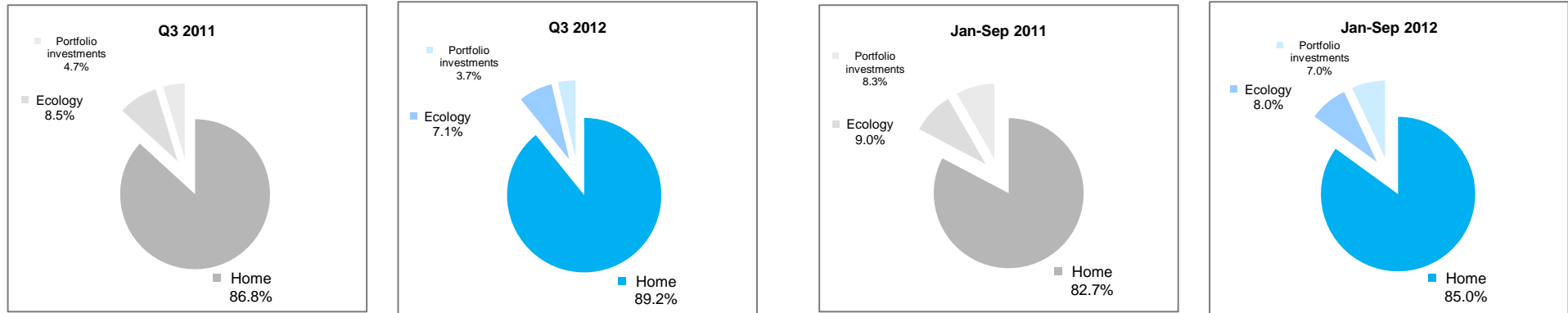


Chart 2: Revenue of the Gorenje Group by Business Segments

- The **geographic sales structure** of the Gorenje Group indicates that:
 - sales volume decreased in Western Europe, in particular in the Netherlands, France and Italy, whereas in other markets such as Germany, Austria and Scandinavia sales increased and in the third quarter almost made up for lower sales in the Netherlands and France,
 - sales volume decreased in Eastern Europe due to lower sales of armoured vehicles and lower sales in the markets of Slovenia, Ukraine, the Czech Republic, and Slovakia. It is noteworthy that the sales in these markets significantly increased in September 2012. Compared to the previous year's comparable period, the growth of some markets like Russia, Serbia, Croatia and Poland already compensated for the setback in the sale of armoured vehicles,
 - sales volume increased in other countries worldwide.
- The **business segment sales structure** of the Gorenje Group indicates that:
 - focus on the core activity (Business Segment Home), strengthened due to lowering the share of sales by the Business Segment Portfolio Investments (with the elimination of the Energy Business Segment) and in the third quarter represented nearly 90% of total sales in the Group.
- In the first nine months of 2012, the **Business Segment Home** recorded consolidated revenue in the amount of EUR 789.8m, which equals the level recorded in the previous year's equivalent period. The Business Segment Home increased its consolidated revenue in the third quarter of 2012 irrespective of harsh conditions in European markets and the sales stagnation in July and August. Consolidated revenue amounted to EUR 277.2m and represent an increase of 1.3% over the same period last year. The main growth generator in the Business Segment Home is higher demand in September, with an increase of 5.8% in consolidated revenue on a year to year basis. Growth was recorded in Eastern Europe and in other non-European countries (other countries worldwide). However, the scope of business activities in Western Europe slightly declined.
 - Eastern Europe: the highest increase was recorded in the markets of Russia, Serbia and Croatia. Markets in Slovenia, Ukraine and the Czech Republic also significantly increased the volume of business activities in September 2012, and thus contributed to growth in this geographical segment.
 - Western Europe: the highest increase was recorded in Germany, Austria and Scandinavia. Lower scope of business activities in Western Europe are attributable to lower sales in the markets of the Netherlands and France.

- In the first nine months of 2012, the **Business Segment Ecology** generated EUR 74.8m of consolidated revenue. Compared to the equivalent period last year, the result shows a decline of EUR 11.1m or 12.9%. This decrease was driven by lower exchange prices for secondary raw materials (e.g. the company Gorenje Surovina, Slovenia) and the failure to retain waste management for a major industrial partner in Slovenia. The decline in the volume of business activities was also due to weather conditions in the first quarter of 2012 that prevented the collection and sale of secondary raw materials.
- For the period ended 30 September 2012, the **Business Segment Portfolio Investments** generated EUR 64.9m of consolidated revenue, which is 18.3% or EUR 14.5m less than in the same period last year. Lower sales volumes were mostly impacted by the Patria project of the company Indop, d.o.o., Slovenia. The entire production (assembly) of 8x8 armoured vehicles for the Patria programme generated EUR 9.2m of revenue in the first nine months of 2011, whereas only EUR 0.5m was generated from other business operations in the first nine months of the year. Another reason for the decrease is the elimination of deals with the company Alpos, which recorded EUR 13.8m in the first nine-month period of the year compared to the equivalent period last year.

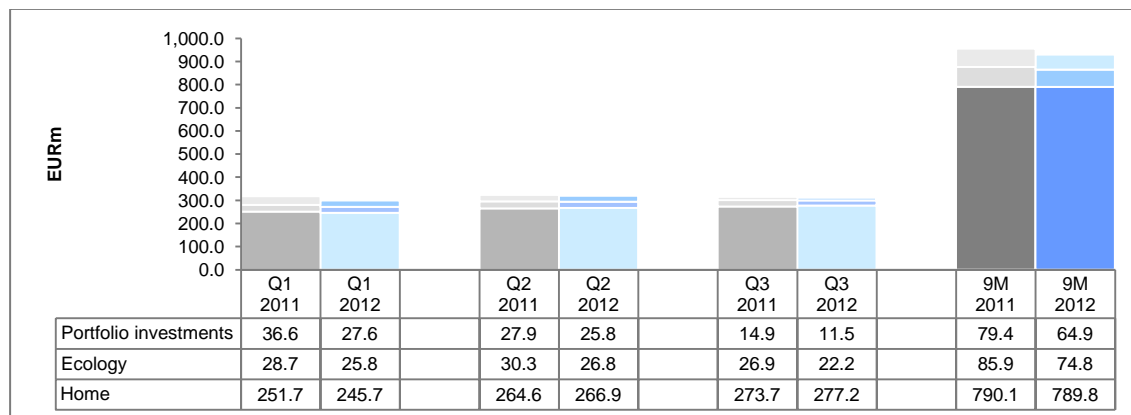


Chart 3: Revenue by Business Segments

Operating Profitability at the level of EBIT

EURm	Development
EBIT January - September 2011	23.4
Contribution margin at the level of cost of goods and material	0.2
Cost of services	-6.2
Employee benefits expense	-2.8
Amortisation and depreciation expense	2.3
Other operating expenses	1.8
Other operating income	-3.5
EBIT January - September 2012	15.2

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

- At 30 September 2012, the Gorenje Group recorded **earnings before interest and taxes (EBIT)** of EUR 15.2m. Compared to the equivalent period last year, the operating result declined by EUR 8.1m or 34.8%. The lower result was driven by lower sales in the third quarter, which indicates a decline by EUR 6.9m compared to the third quarter of 2011 on a comparable basis. The primary reasons behind the decline are:
 - Impaired business conditions in some of the largest markets of Western Europe (Germany, France, Italy) and Eastern Europe (Slovenia, Ukraine, countries of the Western Balkans), which negatively affected the sale on markets that are significant for the Gorenje Group (the Netherlands, France, Slovenia, Ukraine, the Czech Republic, and Slovakia).
 - The sales stagnation in July and August had a direct impact on lower volume of orders in the production facilities of the Gorenje Group (in Velenje, Slovenia; in Vara, Sweden; in Mora Moravia, the Czech Republic; and in the production of the furniture programme). Production activities partly decreased also because of longer the corporate summer vacations and regular annual repairs and overhauls.
 - Irrespective of lower consolidated revenue by 2.7%, cost of services increased by 4.1% or EUR 6.2m over the same period last year. This increase was driven by costs of transport and logistics services that grew by 16.5% or EUR 4.9m.
- Because of such results, measures were adopted in the third quarter that already point to an improvement in Gorenje Group's operations. These measures are presented in the introductory part of the report hereof.
- Results of certain measures adopted are already evident in Group's operations in September:
 - In September 2012, the Gorenje Group recorded consolidated revenue in the amount of EUR 114.7m (4.0% more than in September 2011; this is an increase of 12.6% compared to the Group's average amount of consolidated revenue for the first eight months of 2012, and an increase of 21.5% compared to August 2012);
 - The increase in consolidated revenue recorded in September 2012 is attributable to the higher volume of operations in the Business Segment Home, which in this September generated EUR 101.4m of consolidated revenue (5.8% more than in the same month last year, 17.8% more than the amount of average monthly consolidated revenue recorded in the first eight months of 2012, 19.6% more compared to August 2012);
 - Markets that recorded the biggest sales growth in September in view of the recorded monthly average in the first eight months of 2012 include: Russia, Ukraine, Slovenia, Serbia, Croatia, Bulgaria, Germany, Austria, the Czech Republic, Macedonia, and Montenegro. The stated markets have a strong impact on Gorenje Group's profitability;
 - The number of markets with less favourable development in September is quite low, hence their impact is insignificant (markets of Asko, Hungary); an exception is provided by lower sales in the countries of Benelux;
 - Measures are prepared for certain markets with less favourable development of improved sales strategies shall enable a more efficient cost adjustment in view of Group's consolidated revenue generated (France, Turkey, Italy);
 - Based on higher volume of operations, the utilisation of all capacities in the household appliances production was increased in September 2012 by 19%; the highest increase in production activity was recorded in Velenje by 22% if compared to the recorded level of capacity utilisation in the first eight months of 2012. In the production facilities of Mora Moravia in the Czech Republic, the daily capacity utilisation planned within the shifted production programme from Lahti, Finland, was achieved already in the second half of September 2012. The costs of shifting the production to the Czech Republic will be higher than originally planned and recognised in the last three months of 2012. In the last quarter of the year, production activity in Sweden will exceed the planned figures, which is attributable partly to the higher demand for Asko appliances and also to the start of producing emergency stock prior to moving the production to Velenje next year.
 - Based on the volume of orders already received, Gorenje estimates that these trends will continue also in October and November 2012. It is important that a higher volume of orders for the last quarter comes from countries such as Ukraine, Slovenia, Russia, the Czech Republic, Croatia, and Serbia, where the Gorenje Group Group products are positioned in higher price brackets.
- Implementation of measures and the achieved volumes of operations in the last quarter of 2012 will enable Gorenje to compensate by the end of the year for the setback recorded by EBIT considering the first nine months of the year. Hence, on the annual level of 2012 Gorenje shall achieve the same comparable level of EBIT as in 2011.

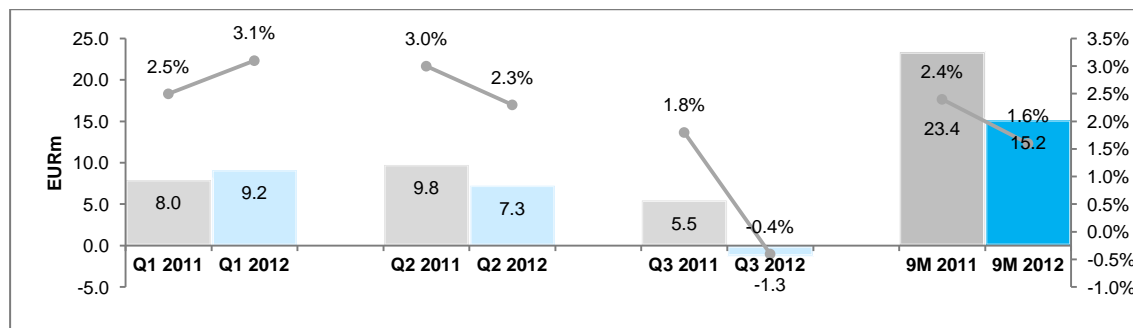


Chart 4: EBIT and EBIT margin

- In the first nine-month period of the year, the **contribution margin (gross margin)** improved on the level of cost of goods and material by 1.2 percentage points (from 41.6% to 42.8%). This is mostly the result of lower cost of materials and raw materials within the Business Segment Home (by 1 percentage point).

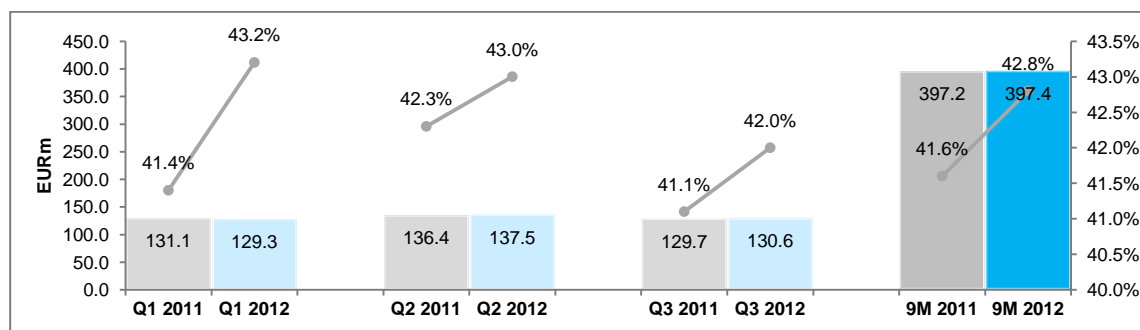


Chart 5: Gross margin

- Compared to the previous year's results for the same period, **cost of services** grew by 4.1%. Most of the growth occurred in the third quarter of 2012 as cost of services increased by EUR 4.4m or 8.7%. The increase is the result of higher cost of transport services which at the Group level grew by 16.5% or EUR 4.9m in the nine-month period (EUR 2.7m thereof in the third quarter). Higher cost of transport services was driven by the increase of retail fuel prices and the changed geographic structure of sales by countries.
- In the first nine months of the year, **value added per employee** was recorded at EUR 23,082, whereas in the same period last year it amounted to EUR 23,638. The result indicates a decline, which is attributable to the lower gross margin and higher cost of services (mostly transport). The economic labour productivity (measured by added value / employee benefit expense) declined from the 1.31 recorded in the first nine months of 2011 to the 1.26 achieved in same period this year. It is important that the economic labour productivity is expected to grow in the last quarter of the year as a result of all measures adopted and higher volume of business activities. Gorenje estimates to achieve the previous year's level and the same applies also for the ratio of value added per employee.
- As 30 September 2012, the **average number of employees** was recorded at 10,841. Compared to the previous year's comparable period, the number of employees dropped by 68 employees. The majority of staff reductions were a result of agreed layoffs and natural fluctuation. Accordingly, the average number of employees decreased in the Business Segment Home by 72 employees (-0.7%), increased in the Business Segment Ecology by nine employees (+1.5%), and was lower by five employees in the Business Segment Portfolio Investments (-0.8%).

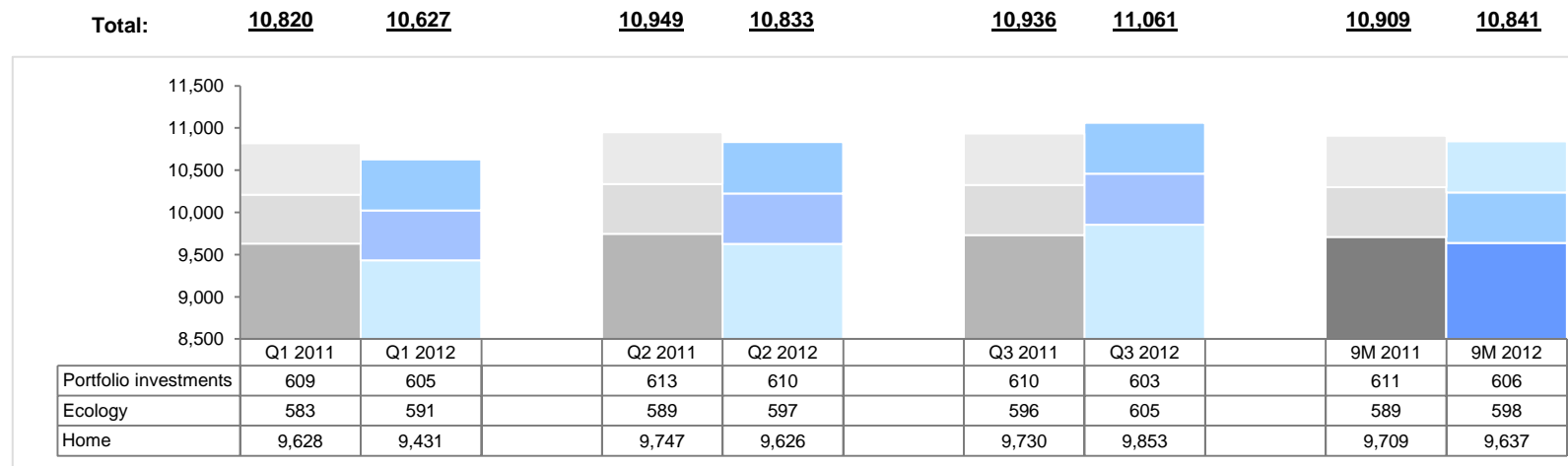


Chart 6: Average number of employees by Business Segment

- The annual level of depreciation and amortisation expense was lower, which is attributable to the review of the expected useful lives of assets placed in service since 2010, particularly assets at production facilities in the Business Segment Home and to the lower volume of investments. At 30 September 2012, the **depreciation and amortisation expense** was recorded at EUR 35.9m, which is EUR 2.3m less than in the comparable period last year.
- **Other operating income** in the amount of EUR 24.4m decreased by 12.4% or EUR 3.5m compared to the equivalent period in 2011. Other operating income also includes revenue arising from reversal of provisions which were created for costs of the Asko Group restructuring activities in the amount of EUR 3.9m (last portion of provisions relating to the restructuring of the Asko Group, created in 2010). In addition, other operating income includes subsidies received from the Republic of Serbia for creating new jobs in the total amount of EUR 2.7m and financing infrastructure projects in Serbia in the amount of EUR 2.7m. Compared to the same period last year, other operating income indicate quite a decline, which was heavily influenced by the lower reversal of provisions for warranty-related repairs. **Other operating expenses** amounted to EUR 15.2m in the first nine months of 2012, which is 12.3% or EUR 2.1m less compared to the same period last year. The decrease in other operating expenses is attributable to costs of the Asko Group restructuring activities, which mostly burdened the operations in 2011.
- In the first nine months of the year, the Gorenje Group generated **earnings before interest, taxes, depreciation and amortisation (EBITDA)** in the amount of EUR 51.1m, which is EUR 10.4m or 17.0% less than in the equivalent period last year. In the third quarter, EBITDA was recorded at EUR 10.3m and were below the level achieved in the equivalent period in 2011 by EUR 8.2m. Contributing to this decline were the less successful operations by the Gorenje Group in July and August 2012. The reasons for this development are in detail explained in the introductory part and under the item **earnings before interest and taxes (EBIT)**.

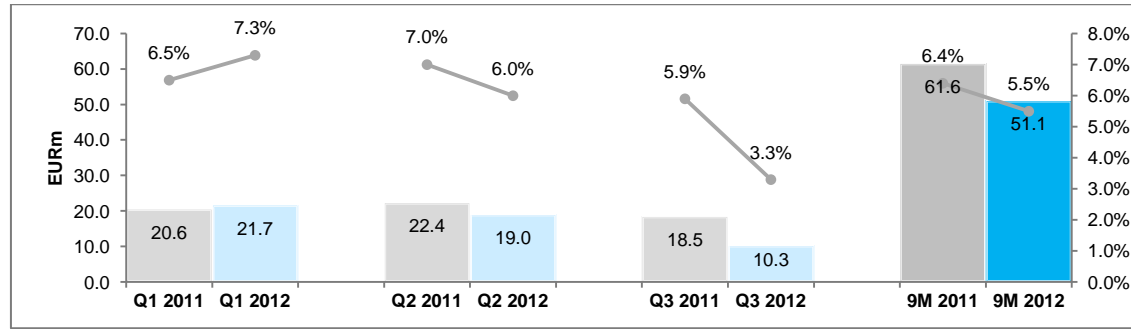


Chart 7: EBITDA and EBITDA margin

Operating Profitability at the Level of Net Profit or Loss

- The negative **result from financing activities** in the amount of EUR 18.4m represents an increase of EUR 4.0m compared to the same period last year. The result indicates an improvement over the previous year’s comparable period, which is mostly the result of the one-time effect of the liquidation of the company Gorenje Tiki, Ljubljana and the sale of the participating interest in the company Istrabenz Gorenje, d.o.o.
- **Income tax expense** of EUR 3.3m indicates a growth of EUR 1.1m or 48.5% compared to the same period in 2011. The aforesaid increase is mostly due to the changed structure of generating profit before tax per companies.
- In the first nine months of 2012, the Gorenje Group generated a **net loss** in the amount of EUR 6.4m. This result is lower by EUR 13.1m considering the net result of the equivalent period in 2011.

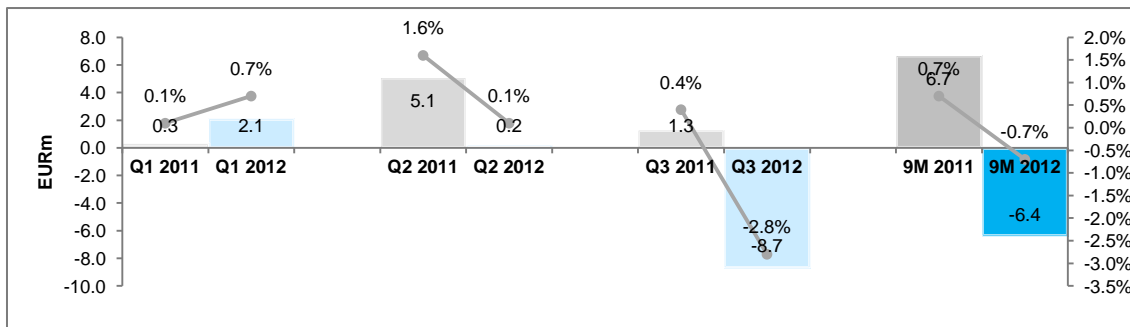


Chart 8: Net profit or loss and ROS

Operating Performance of the Gorenje Group by Business Segment

Business Segment Home

EURm	Q3 2012	Q3 2011	Index	Jan-Sep 2012	Jan-Sep 2011	Index	Plan 2012	Plan track
Revenue	277.2	273.7	101.3	789.8	790.1	100.0	1.202.8	65.7
CM*	113.9	115.7	98.4	342.7	346.7	98.8	510.1	67.2
CM, %	41.1%	42.3%	/	43.4%	43.9%	/	42.4%	/
EBIT	-2.5	6.9	/	8.1	18.5	43.9	44.4	18.3
EBIT margin, %	-0.9%	2.5%	/	1.0%	2.3%	/	3.7%	/

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

Kitchen Segment (Home Interior)

EURm	Q3 2012	Q3 2011	Index	Jan-Sep 2012	Jan-Sep 2011	Index	Plan 2012	Plan track
Revenue	6.7	8.8	76.0	21.0	25.7	81.5	35.0	60.0
CM*	2.0	3.1	64.9	6.6	9.8	67.8	16.1	41.0
CM, %	30.2%	35.4%	/	31.5%	37.9%	/	46.1%	/
EBIT	-1.6	-1.5	103.4	-4.7	-4.3	109.4	0.5	/
EBIT margin, %	-23.9%	-17.6%	/	-22.3%	-16.6%	/	1.4%	/

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

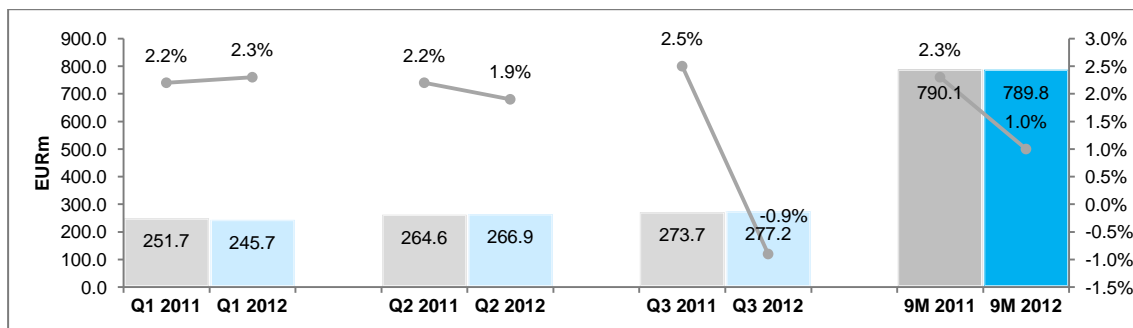


Chart 9: Revenue and the EBIT margin of the Business Segment Home

- In the period ended September 2012, the Business Segment Home recorded a **contribution margin (gross margin)** at the level of difference between revenue and cost of goods and materials in the amount of EUR 342.7m, which showed a decline of EUR 4.0 or 1.2% compared to the equivalent period in 2011 due to the less favourable geographical and product structure.
- **Cost of services** within the Business Segment Home reached the level of EUR 134.3m, which was by 2.8% above the level recorded in the comparable period in 2011 considering the same sales volume. This growth is the result of higher cost of transport services due to growth of retail fuel prices oil and the changed geographic sales structure.
- At EUR 32.0m, **depreciation and amortisation** declined by EUR 2.3m compared to the same period last year, which is the result of lower volume of investments and the extension of the useful lives of few property, plant and equipment already at the end in 2010.
- **Other operating income** in the amount of EUR 22.2m decreased by EUR 4.6m compared to the equivalent period in 2011, which is attributable mostly to lower provision reversals for warranty-related repairs. Other operating income in 2012 also includes subsidies received from the Republic of Serbia for creating new jobs and financing infrastructure projects in Serbia. **Other operating expenses** amounted to EUR 12.1m and decreased by EUR 2.0m over the equivalent period last year, which is mostly the result of lower costs of the Asko Group restructuring activities.
- **Value added per employee** declined from EUR 23,375 to EUR 22,474 or by 3.9%. As the growth rate of employee benefits expense was higher from the growth rate of added value, **economic labour productivity** (change in the ratio of added value to labour cost per employee) declined by 5.8%. Consequently, the share of employee benefits expense in added value increased from 76.7% to 81.5%.
- **Structure of profitability decline** at the level of EBIT:

EURm	Development
EBIT January – September 2011	18.5
Contribution margin at the level of cost of goods and materials	-4.0
Cost of services	-3.7
Employee benefits expense	-2.3
Amortisation and depreciation expense	2.3
Other operating expenses	1.9
Other operating income	-4.6
EBIT January - September 2012	8.1

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

Business Segment Ecology

EURm	Q3 2012	Q3 2011	Index	Jan-Sep 2012	Jan-Sep 2011	Index	Plan 2012	Plan track
Revenue	22.2	26.9	82.4	74.8	85.9	87.1	101.2	73.9
CM*	11.3	9.9	114.4	33.3	32.0	104.0	43.4	76.7
CM, %	51.1%	36.8%	/	44.5%	37.3%	/	42.9%	/
EBIT	1.3	0.5	255.7	3.6	3.4	105.0	3.1	117.2
EBIT margin, %	5.9%	1.9%	/	4.8%	4.0%	/	3.0%	/

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

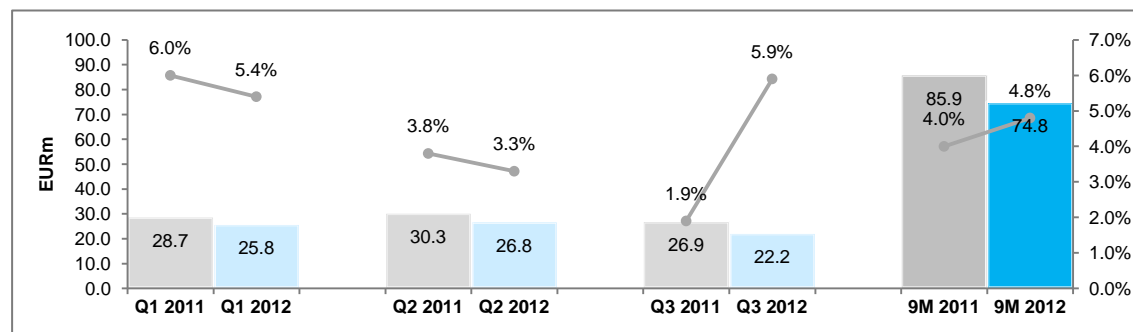


Chart 10: Revenue and EBIT margin of the Business Segment Ecology

- In the first nine months of 2012, the Business Segment Ecology recorded a **contribution margin (gross margin)** at the level of cost of goods and materials, in the amount of EUR 33.3m at a rate of 44.5% (margin). Compared to the equivalent period in 2011, the result improved by EUR 1.3m due to favourable conditions between the average purchase and sales prices of raw materials incurred in 2012.
- **Cost of services** increased compared to the same period last year by EUR 1.4m or 9.9%. The increase is the result of a new activity of producing alternative fuels, which began in the second half of 2011.
- **Value added per employee** grew from EUR 29,404 to EUR 29,749 or by 1.2%. As the growth of employee benefits expense was higher from the growth rate of added value, **economic labour productivity** (change in the ratio of added value to labour cost per employee) decreased by 1.3%. This decline is attributable to lower sales volumes and higher cost of services. Thus, the share of employee benefits expense in added value rose from 63.5% to 64.3%.
- 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 Group.

- **Structure of profitability change** at the level of EBIT:

EURm	Development
EBIT January - September 2011	3.4
Contribution margin at the level of cost of goods and material	1.3
Cost of services	-1.4
Employee benefits expense	-0.4
Amortisation and depreciation expense	0.1
Other operating expenses	0.2
Other operating income	0.4
EBIT January - September 2012	3.6

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

Business Segment Portfolio Investments

EURm	Q3 2012	Q3 2011	Index	Jan-Sep 2012	Jan-Sep 2011	Index	Plan 2012	Plan track
Revenue	11.5	14.9	77.1	64.9	79.4	81.7	87.4	74.2
CM*	5.3	4.0	132.1	21.4	18.5	115.8	32.1	66.7
CM, %	46.4%	27.1%	/	33.0%	23.3%	/	36.7%	/
EBIT	-0.1	-1.9	6.1	3.5	1.4	245.5	2.5	138.6
EBIT margin, %	-1.0%	-12.8%	/	5.4%	1.8%	/	2.9%	/

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

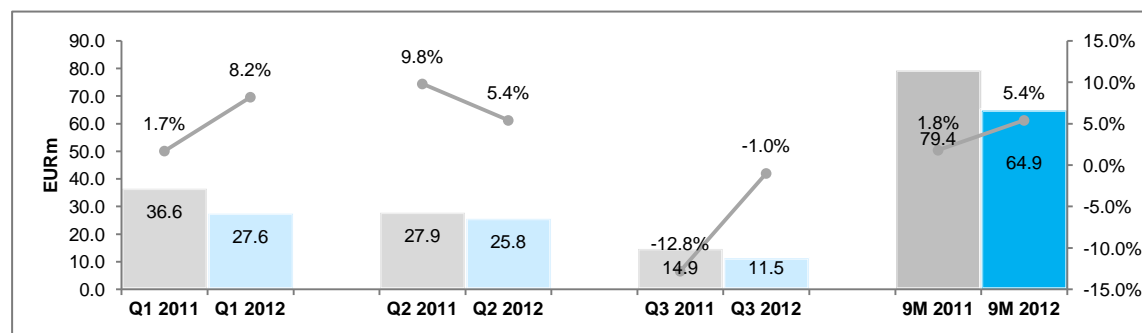


Chart 11: Revenue and EBIT margin of the Business Segment Portfolio Investments

- Profitability at the level of **contribution margin (gross margin)** based on the difference between revenue and cost of goods and materials was improved by EUR 2.9m or by 15.8%, at a higher gross margin by 9.7 percentage points (to 33.0%). The improvement of the gross margin rate is mostly attributable to the revenue generated with the Patria project, which in the first nine-month period of 2011 amounted to EUR 9.2m. The entire production within the Patria project was implemented in terms of sales by the end of 2011, while no production and sales were recorded this year, which significantly improved the margin in quality terms in the first nine months of 2012. Another reason for the improved absolute value of gross margin and its relative level (rate) lies in the changed structure of this sales segment within the parent company in 2011, which is disclosed in the amount of EUR 0.8m in the Business Segment Home, whereas since the first six months of 2011 it was disclosed within the Business Segment Portfolio Investments.
- **Value added per employee** increased in the first nine months of 2012 from EUR 22,270 to EUR 26,167 or by 17.5%, which is mostly the result of a stronger gross margin and its impact on total added value by lowering the average number of staff by five employees. As the growth of employee benefits expense was lower from the growth rate of added value, **economic labour productivity** (change in the ratio of added value to labour cost per employee) improved by 15.9%. The share of employee benefits expense in added value decreased from 81.8% to 70.6%.
- **Cost of services** in this segment increased by EUR 1.1m or by 20.6%, and refers to an increased scope of engineering activities of the company Gorenje GTI, d.o.o.
- 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 improvement at the level of EBIT from the aspect of the Group.

- **Structure of profitability change** at the level of EBIT:

EURm	Development
EBIT January - September 2011	1.4
Contribution margin at the level of cost of goods and material	2.9
Cost of services	-1.1
Employee benefits expense	-0.1
Amortisation and depreciation expense	-0.1
Other operating expenses	-0.3
Other operating income	0.8
EBIT January - September 2012	3.5

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

Financial Performance of the Gorenje Group

Free Cash Flow Management

EURm	Q3 2012	Q3 2011	Index	Jan-Sep 2012	Jan-Sep 2011	Index	Plan 2012	Plan track
Net profit or loss	-8.7	1.3	/	-6.4	6.7	/	13.4	/
+ Amortisation and depreciation expense	11.6	13.0	90.0	35.9	38.2	94.0	51.3	69.9
= Net cash flow	2.9	14.3	20.6	29.5	44.9	65.7	64.7	45.6
- Capex	-19.2	-8.3	232.3	-33.0	-30.5	108.1	-47.6	69.3
+ Divestment	0.2	2.0	9.3	3.1	2.3	133.8	19.7	16.0
- Investments in net current assets	2.5	-13.8	/	-46.4	-51.5	90.0	-8.2	562.5
- change in inventories	7.3	20.0	36.6	-2.1	-2.6	80.6	8.6	/
- change in trade receivables	-9.9	-7.3	136.1	-26.4	3.1	/	-11.8	223.6
- change in trade payables	5.1	-26.5	/	-17.9	-52.0	34.4	-5.0	357.3
= Free cash flow / narrow	-13.6	-5.8	232.1	-46.8	-34.8	134.3	28.6	/

Table 8: Free cash flow

- In the third quarter of 2012, negative **free cash flow** was recorded in the amount of EUR 13.6m. This result is mostly attributable to the net loss and a higher share of investments in the third quarter, which account for 58.3% among total investments for 2012. Negative free cash flow incurred in the first nine-month period of the year amounted to EUR 46.8m and was below previous year's comparable period by EUR 11.9m. Because we expect an improved result in October and November that will be comparable with September results, and because of the accelerated divestment process, Gorenje estimates to achieve positive free cash flow by the end of 2012, which will probably slightly differ from the planned amounts. Irrespective of the above-mentioned and as a result of a better management of net current assets, provided that the scope of investments would be kept on a comparable level, free cash flow in the third quarter would be better from than in the same period last year.
- **Divestment** of disposable assets is in progress and conducted according to plans. Negotiations are currently held for two larger real properties in Slovenia and in Croatia. In 2012, certain smaller real properties were sold in Bosnia and Herzegovina, Russia, Slovenia and the Czech Republic
- At 30 September 2012, the balance of **net current assets** is recorded at EUR 353.7m and is EUR 21.6m lower than the 30 September 2011 balance. However, compared to the year-end of 2011, the balance of net current assets is higher by EUR 46.4m.
- Compared to the previous quarter, **trade receivables** increased by EUR 9.9m, which is the result of September sales. In general, trade receivables remained at the same level compared to the same period last year. In the third quarter, **inventories** declined by EUR 7.3m over the previous quarter and show a decrease of EUR 11.9m if compared to the equivalent period in 2011. The decline in inventories is attributable to the higher sales in September and the optimisation of inventory management. An improvement is recorded with inventories of raw materials and work in progress in production facilities, where among others appropriate additional measures were adopted, the Lean production management system introduced, and the scope of obsolete inventories lowered. **Trade payables** increased by EUR 5.1m over the previous quarter, which is the result of higher volume of orders and higher production activities.

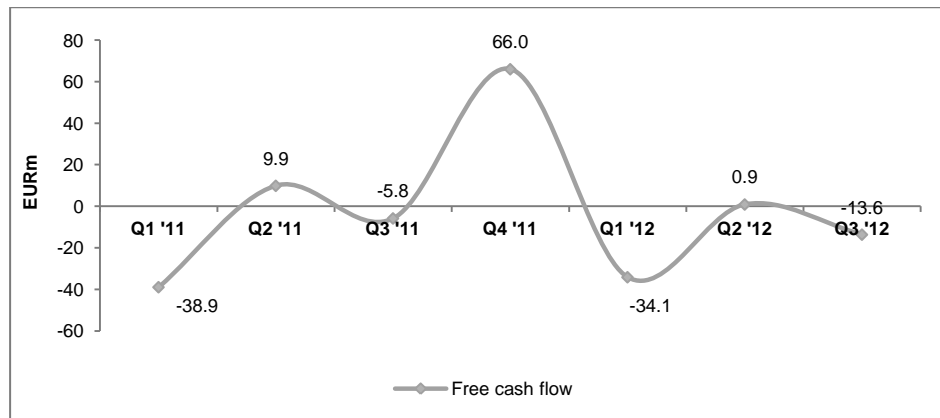


Chart 12: Free cash flow

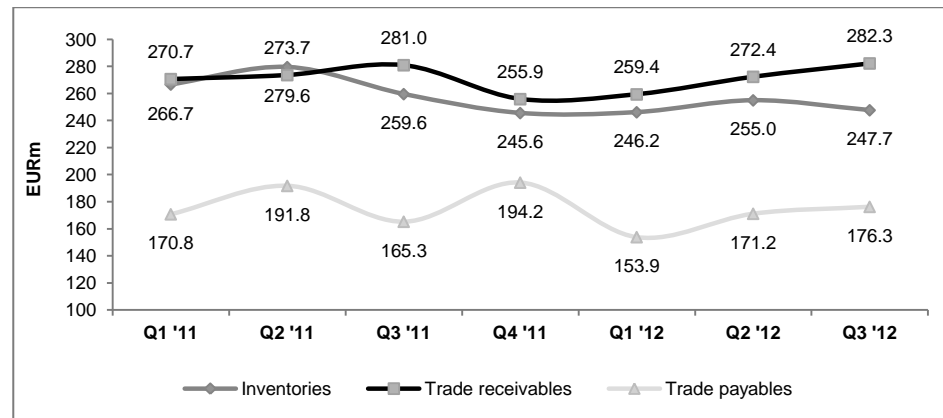


Chart 13: Investments in net current assets

Other Financial Management Activities

- With regard to **financial risks**, the severe macroeconomic situation led the Gorenje Group to pay particular attention to efficient **credit risk** management, namely by stricter controls of credit limits approved by credit insurance companies and more disciplined collection of receivables. Accordingly, the balance of bad debts was reviewed and analysed and agreements were made with customers regarding repayment or rescheduling. Activities have also intensified in the field of mortgage collections, whereby these properties are immediately put on the list for divestment.
- **Foreign exchange risks (currency risks)** to which the Gorenje Group is exposed are hedged and minimized predominantly by natural cash flow balancing/hedging for each currency. Selective hedging is upgraded particularly in Eastern and South-Eastern Europe by means of derivative financial instruments.
- **Risk of short-term liquidity** of the Group is managed by revolving credit lines approved for Group companies and cash deposits in bank accounts. The undrawn part of current and non-current credit lines at the end of the third quarter amounted to EUR 75.1m, and bank balances amounted to an additional EUR 22.1m.
- **Total financial liabilities** at 30 September 2012 amounted to EUR 458.8m, which is EUR 25.3m less than the balance at the end of 2011. Compared to the equivalent period last year, total financial liabilities decreased by EUR 27.7m. The upward trend over the previous period is the result of optimising the management of net current assets and the optimal balancing of cash flows and liquidity on the level of the Group as a whole.
- **Net financial liabilities** (measured as the difference between financial liabilities and cash and cash equivalents) amounted to EUR 436.7m at 30 September 2012, or EUR 54.2m more than at the end of last year, but on the same level compared to the same period last year. These are usual yearly movements as most of free cash flow is generated by the Gorenje Group in the last quarter of the year.
- **Maturity structure of financial liabilities** for the period at hand declined a bit compared to the balance at 31 December 2011. Non-current financial liabilities represent 56.1% of total financial liabilities, while the share at the end of last year amounted to 62.5%. This is attributable to the fact that not all of the approved non-current borrowings (slightly over EUR 20.0m) were utilised by 30 September 2012. With its utilisation this year and next year, Gorenje plans to improve the maturity structure of financial liabilities. The Group will compensate for the due non-current liabilities in the last quarter of the year and thus provide for a similar maturity structure as at the end of 2011.

Investments by Business Segment

EURm	Q3 2012	Q3 2011	Index	Jan-Sep 2012	Jan-Sep 2011	Index	Plan 2012	Plan track
Business Segment Home	18.5	7.1	260.8	29.4	27.4	107.1	41.1	71.5
Business Segment Ecology	0.1	0.9	13.0	2.1	1.9	109.1	4.0	51.0
Business Segment Portfolio Investments	0.6	0.3	191.5	1.5	1.2	129.3	2.5	62.2
Total	19.2	8.3	232.3	33.0	30.5	108.1	47.6	69.3

- Investments in the amount of EUR 29.4m were implemented within the Business Segment Home. Investments made to the parent company amount to EUR 5.7m and denote the completion of projects from 2011 and the purchase of equipment for the informatics department. In the third quarter of the year, most of the contracts concluded refer to projects of developing appliances i.e. to the project of the build-in ovens and the project of the cooling and freezing appliances. Other investments of manufacturing companies refer to the expansion of production capacities (Gorenje AD, Valjevo) and to infrastructure objects (Gorenje Home, Zaječar). Trade companies of the Business Segment Home generated EUR 4.9m of investments and most was made by the Atag Group. Investments in technological equipment within the Kitchen Segment achieved EUR 0.3m.
- The Business Segment Ecology achieved investments of EUR 2.1m. A major part of these investments includes technological equipment and were made in the companies of Gorenje Surovina, Ekogor and Publicus.
- The Business Segment Portfolio Investments implemented investments in the amount of EUR 1.5m. Most of these investments were made in the companies Gorenje GTI Beograd, Gorenje GTI, Velenje and Gorenje Gostinstvo, and all were made for the purpose of conducting core activities.

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

EURm	Q3 2012	Q3 2011	Index	Jan-Sep 2012	Jan-Sep 2011	Index	Plan 2012	Plan track
Revenue	163.2	150.0	108.8	479.5	468.4	102.4	693.6	69.1
CM*	52.9	50.2	105.4	149.8	152.4	98.3	234.3	63.9
CM, %	32.4%	33.4%	97.0	31.2%	32.5%	96.0	33.8%	/
EBITDA	2.9	2.2	131.8	11.1	17.6	63.1	33.5	33.1
EBITDA margin (%)	1.8%	1.5%	120.0	2.3%	3.8%	60.5	4.8%	/
EBIT	-2.1	-3.3	63.6	-4.5	1.2	/	10.9	/
EBIT margin (%)	-1.3%	-2.2%	59.1	-0.9%	0.3%	/	1.6%	/
Profit or loss before tax	-6.8	1.0	/	-11.9	1.9	/	3.1	/
Net profit or loss	-7.2	1.2	/	-12.5	2.5	/	4.1	/
ROS (%)	-4.4%	0.8%	/	-2.6%	0.5%	/	0.6%	/
ROA (%)	-3.4%	0.6%	/	-1.9%	0.4%	/	0.5%	/
ROE (%)	-8.8%	1.5%	/	-5.1%	1.0%	/	1.2%	/
Employee / end of period	4,603	4,475	102.9	4,603	4,475	102.9	4,425	104.0
Employee / average	4,471	4,484	99.7	4,454	4,486	99.3	4,466	99.7

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

- In the first nine months of 2012, **revenue** of the parent company amounted to EUR 479.5m and indicate an increase of EUR 11.1m or 2.4% compared to the same period last year.
- Revenue generated by the Business Segment Home amounted to EUR 440.7m, which is an increase of 1.0% compared to the comparable quarter in 2011. The slightly higher sales within the Business Segment Home is the result of higher volume of orders received in September 2012. At 30 September 2012, the Business Segment Home generated revenue within the parent company in the amount of EUR 67.2m or 20.0% more than at 30 September 2011 and 44.0% more if compared to the average of the first eight months in 2012. The largest share of growth was generated in September through the sale of products produced in-house i.e. an increase of 16.0% compared to September 2011, and an increase of 53.7% compared to average of the first eight months in 2012).
- Revenue generated in the segment of sale beyond the Business Segment Home amounted to EUR 38.7m and grew by 21.5% compared to the same period last year, mostly because of the increased sales of coal.
- **Value added per employee** for the period at hand declined from EUR 20,582 to EUR 19,809 or by 3.8%. As the growth rate of employee benefits expense was higher from the growth rate of added value, **economic labour productivity** (change in the ratio of added value to labour cost per employee) declined by 9.2%. Consequently, the share of employee benefits expense in added value increased from 80.9% to 87.4%.

- The decline in **earnings before interest and tax (EBIT)** in the third quarter, particularly in July and August 2012, is attributable to:
 - the limited short-term cost adjustment of total employee benefits expense by considering lower production activity (sales stagnation in some markets that are significant for Gorenje Group's operations),
 - the pressure on sales prices as a result of the required adjusting of prices on individual markets and customers switching to lower price products.

The decline in EBIT was additionally influenced by the partial shifting of the production from Velenje to other production location. The relocation of production also impacts the operations of certain divisions and departments such as research and development, sales, and central administration units. These departments are gradually turning into service centres, from which costs are transferred to others Group companies. Based on its organisation, the parent company is showing signs of a holding corporation that supports the Gorenje Group through its central administration units; in terms of the content of work, these are shareholder services.

Profitability levels of the Gorenje Group are far more important than the profitability levels recorded by the parent company. This is the basis by which the performance of the Group is to be evaluated.

- **Structure of profitability change** at the level of net profit or loss:

EURm	Development
Net profit or loss for the period January - September 2011	2.5
Contribution margin at the level of cost of goods and material	-1.7
Cost of services	1.8
Employee benefits expense	-2.3
Amortisation and depreciation expense	0.7
Other operating expenses	-3.7
Other operating income	-0.6
Financial result	-8.1
Income tax expense and deferred taxes	-1.1
Net profit or loss for the period January – September 2012	-12.5

Table 9: Development of effects on the parent company's profitability up to the level of net profit or loss

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 of 30 September 2012, 18,397 shareholders were entered in the share register, which is 4.5 percent less than at the end of 2011 (19,265).

Gorenje's ten major shareholders	No. of shares (30 Sep 2012)	Share in %	No. of shares (31 Dec 2011)	Share in %
KAPITALSKA DRUŽBA, D.D.	3,534,615	22.2207%	3,534,615	22.2207%
IFC	1,876,876	11.7991%	1,876,876	11.7991%
HOME PRODUCTS EUROPE B.V.	1,070,000	6.7267%	1,070,000	6.7267%
NFD 1, equity sub-fund	1,036,046	6.5132%	820,045	5.1553%
INGOR, d.o.o., & co. k.d.	794,473	4.9945%	794,473	4.9945%
RAIFFEISEN BANK AUSTRIA D.D. - FIDUCIARY ACCOUNT	457,712	2.8774%	375,889	2.3631%
EECF AG	411,727	2.5884%	411,727	2.5884%
PROBANKA, d.d.	297,061	1.8675%	297,061	1.8675%
TRIGLAV VZAJEMNI SKLADI - DELNIŠKI TRIGLAV	259,628	1.6322%	297,090	1.8677%
ERSTE GROUP BANK AG - FIDUCIARY ACCOUNT	207,240	1.3028%	222,204	1.3969%
Total major shareholder	9,945,378	62.5225%	9,699,980	60.9798%
Other shareholders	5,961,498	37.4775%	6,206,896	39.0202%
Total	15,906,876	100%	15,906,876	100%

Table 10: Gorenje's ten major shareholders and owners

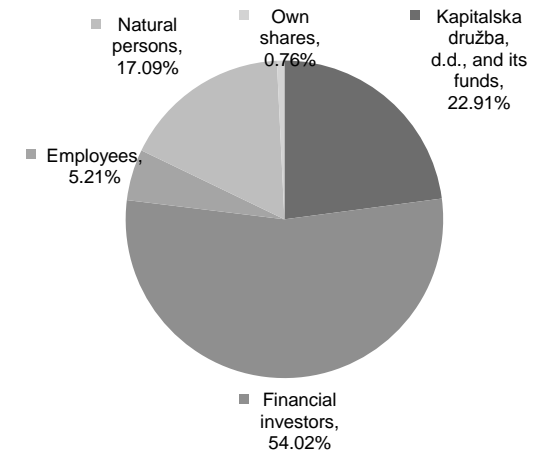


Chart 14: Ownership structure as at 30 September 2012

- The number of **own shares or treasury shares** as at 30 September 2012 remains unchanged compared to the year-end balance of 2011 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, and the same applies for the number of shares held by **Management Board members (11,754)**. On 23 August 2012, the Management Board and the Supervisory Board of Gorenje, d.d. received a statement from Mr. Peter Kraljič, declaring his irrevocable resignation from the position of Supervisory Board member as of 23 August 2012 for personal reasons.
- The **closing price per share** as at the last trading day in September 2012 was recorded at EUR 4.59 and was lower than recorded on the last trading day in 2011 (EUR 5.00). The prime market index SBITOP grew in the same period by 0.3%.
- Net earnings per share** calculated as the ratio between the Group's net profit / loss (annually) and the number of shares issued, less average number of treasury shares held by the company (15,785,565 shares) amounts to EUR -0.55 (2011: EUR 0.46).

- **Carrying value of the GRVG share** as at 30 September 2012 amounts to EUR 24.17 (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 30 September 2012 (15,785,565 shares).
- **The ratio between the market value and the carrying amount per GRVG share** amounts to 0.19 (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. The proposal was also adopted during the annual general Shareholders' Meeting held on 5 July 2012.

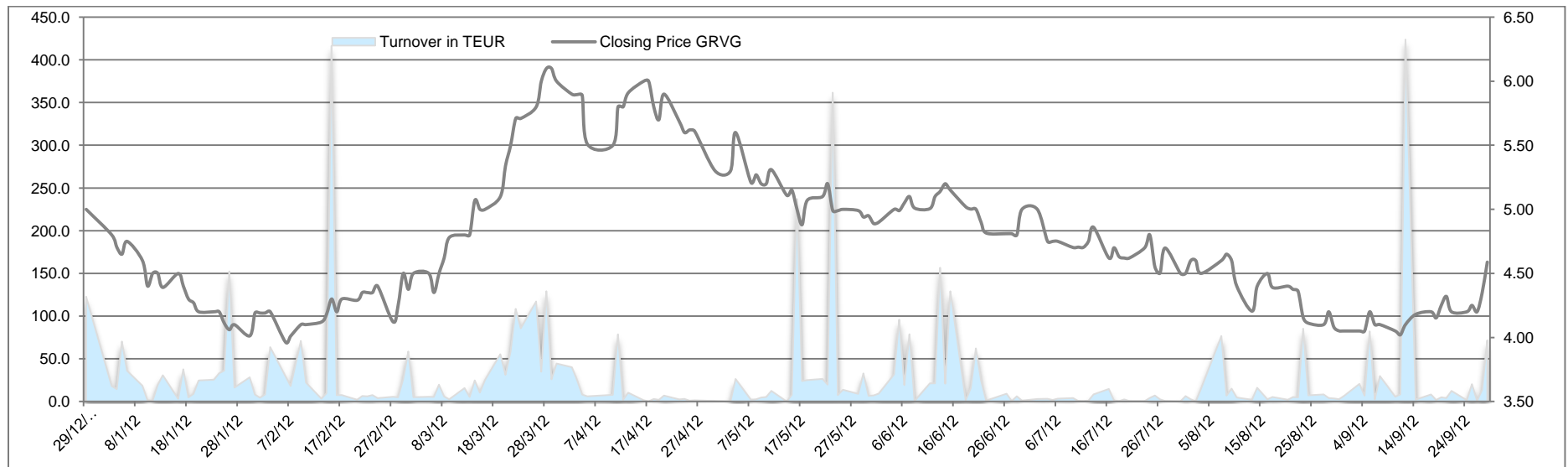


Chart 15: Movement of the closing price for GRVG and daily turnover for the period January – September 2012

Significant Events after the Date of the Statement of Financial Position

The Supervisory Board of Gorenje, d. d., has on 29 October 2012, appointed, Mr. Franjo Bobinac as the company President and CEO for the 2013 – 2018 term and thereby authorised him to propose the other members of the Management Board. The Management Board team for the next term will presumably be confirmed by the Supervisory Board by the end of the year.

No other significant events occurred after the date preparing the statement of financial position as of 30 September 2012.

Significant Business Events

Awards



At the testing conducted by the Australian consumer organization Choice, two washing machines of the Asko brand ranked first and second in the test of washing machines in the 6- and 7-kilogram load.



The refrigerator with freezer Gorenje Retro RF 603010 OCH won the Plus X Award for high quality, superior design, and environmentally friendly operation. The remarkable characteristics and economy of this legendary refrigerator of the Gorenje Retro collection in a 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.



According to the Trusted Brand Survey, Gorenje is also this year the most trusted brand among home appliances in Slovenia. In this year's survey, as many as 71 percent of 1,168 correspondents chose BZ Gorenje as the leading brand among all household appliances trademarks for the sixth consecutive year in the category of home appliances.



reddot design award
winner 2012

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.



Gorenje received at the international investor conference Investo Expo, which was held in Ljubljana on 21 September, the award for exemplary corporate governance of a multinational company. The conference that included an investor fair and a conference on financial service user training was organized by the Pan-Slovenian Shareholders Association in co-operation with the World Federation of Investors, European shareholders associations Euroshareholders, and the European Federation of Financial Services Users.

The award for exemplary corporate governance of a multinational company was presented to Gorenje by the chairman of the World Federation of Investors Mr. Roger Ganser.



The Chamber of Commerce and Industry of Slovenia (CCIS) presented at the event 10th Innovation Day awards for the best innovations of the past year to companies, public-private institutes, and innovators.

Two of seven highest, gold awards went to Gorenje for the Gorenje HomeCHEF oven with innovative colour touch screen and the laundry dryer with a heat pump ranked in the A energy class.

Gorenje's Successful Appearance at the IFA Fair in Berlin

At the world's largest international consumer electronics and home appliance tradeshow IFA, held in Berlin from 31 August to 5 September, Gorenje canvassed 8% more orders for the German market than in the previous year. Germany is one of the most important markets for Gorenje, representing 8% in the Gorenje Group's revenue structure. Due to its international character and size, IFA is an excellent opportunity to present novelties, strike new deals and win new customers from countries worldwide.

Optimisation of Production Locations

In early March, the Gorenje Group opened a new plant for sanitary equipment production and washing machine assembly in Zaječar. The plant has successfully operated since autumn 2011 and employs 124 staff. By the end of the current year, 70,000 washing machines and 30,000 wash basins from this plant should be produced.

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 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, the 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 20m.

The relocation of production of the Swedish subsidiary Asko will be carried out in two steps next year. The production of washing machines and tumble dryers would be terminated in Sweden on 31 January 2013 and resumed in Velenje in April of the same year, whereas the dishwasher production shall stop in Sweden on 30 June 2013 and resume in Velenje in September 2013.

ACCOUNTING REPORT

Fundamental Accounting Policies and Significant Notes to the Financial Statements

- Unaudited consolidated financial statements of the Gorenje Group for the period January-September 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-September 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 its 9th regular session held on 29 June 2006.
- In accordance with accounting policies, Gorenje, d.d. does not report by Business Segments as these are outlined and reported in the consolidated report of the Gorenje Group.
- Comparable information is in a material scope harmonised with the presentation of information during the current year. Where necessary, comparable information was adjusted in such a way that it matched the presentation of information for the current year.

In the period January-September 2012, the Gorenje Group comprised the parent company Gorenje, d.d., and 80 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 September were as follows:

- As of 22 March 2012, the District Court in Celje issued a decision on entering shareholder-related 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.
- As of 29 May 2012, the District Court in Celje issued a decision on entering the spin-off of the company Gorenje Notranja oprema, d.o.o. and registering the newly founded companies Gorenje Kuhinje, d.o.o. and Gorenje Keramika, d.o.o. The sole owner of both companies is Gorenje, d.d.
- As of 30 May 2012, the District Court in Celje issued a decision on entering the spin-off of the company Gorenje GTI, d.o.o. and the registration of the newly founded company Gorenje GSI, trgovina na debelo in drobno, d.o.o. The sole owner of the company is Gorenje d.d.
- As of 11 May 2012, the company Kemis Valjevo d.o.o. purchased a 51.0% interest in the company Cleanig sistem S d.o.o., in Šabac, which is engaged in dry ice cleaning technology.

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	BSH
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

16.	Gorenje GSI, d.o.o., Ljubljana	100.00	BSH
17.	Gorenje Kuhinje, d.o.o., Velenje	100.00	BSH
18.	Gorenje Keramika, d.o.o., Velenje	100.00	BSH

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 Financiele 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
62.	Cleaning sistem S d.o.o., Serbia	50.992	BSE

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

EURk	Balance at 30 Sept 2012	%	Balance at 31 Dec 2011	%	Balance at 30 Sep 2011	%
ASSETS	1,194,015	100.0%	1,251,658	100.0%	1,231,052	100.0%
Non-current assets	556,752	46.6%	556,345	44.5%	554,324	45.0%
Intangible assets	158,957	13.3%	158,620	12.7%	159,627	13.0%
Property, plant and equipment	348,995	29.2%	358,840	28.7%	359,201	29.2%
Investment property	13,203	1.1%	15,219	1.2%	14,280	1.1%
Non-current investments	14,341	1.2%	1,973	0.2%	3,213	0.2%
Investments in associates	1,073	0.1%	996	0.1%	0	0.0%
Deferred tax assets	20,183	1.7%	20,697	1.6%	18,003	1.5%
Current assets	637,263	53.4%	695,313	55.5%	676,728	55.0%
Non-current assets held for sale	228	0.0%	1	0.0%	115	0.0%
Inventories	247,719	20.7%	245,608	19.6%	259,593	21.1%
Current investments	29,005	2.4%	42,317	3.4%	42,558	3.5%
Trade receivables	282,326	23.6%	255,911	20.4%	281,022	22.8%
Other current assets	55,870	4.7%	49,856	4.0%	43,096	3.5%
Cash and cash equivalents	22,115	2.0%	101,620	8.1%	50,344	4.1%
EQUITY AND LIABILITIES	1,194,015	100.0%	1,251,658	100.0%	1,231,052	100.0%
Equity	381,577	32.0%	397,819	31.8%	393,508	32.0%
Share capital	66,378	5.6%	66,378	5.3%	66,378	5.4%
Share premium	175,575	14.7%	175,575	14.0%	175,575	14.3%
Legal and statutory reserves	22,719	1.9%	22,719	1.8%	21,990	1.8%
Retained earnings	106,903	8.9%	115,618	9.2%	115,047	9.3%
Own shares	-3,170	-0.3%	-3,170	-0.2%	-3,170	-0.3%
Translation reserve	3,081	0.3%	9,990	0.8%	6,805	0.6%
Fair value reserve	8,156	0.7%	8,886	0.7%	8,956	0.7%
Equity of holders of the parent	379,642	31.8%	395,996	31.6%	391,581	31.8%
Equity of non-controlling interests	1,935	0.2%	1,823	0.2%	1,927	0.2%
Non-current liabilities	335,339	28.1%	385,330	30.8%	404,712	32.8%
Provisions	72,290	6.1%	76,321	6.1%	80,459	6.5%
Deferred revenue	736	0.1%	617	0.0%	3	0.0%
Deferred tax liabilities	5,103	0.4%	5,933	0.5%	4,422	0.3%
Non-current financial liabilities	257,210	21.5%	302,459	24.2%	319,828	26.0%
Current liabilities	477,099	39.9%	468,509	37.4%	432,832	35.2%
Current financial liabilities	201,616	16.9%	181,649	14.5%	166,728	13.5%
Trade payables	176,328	14.7%	194,248	15.5%	165,278	13.4%
Other current liabilities	99,155	8.3%	92,612	7.4%	100,826	8.3%

Consolidated Income Statement of the Gorenje Group

EURk	Jan-Sep 2012	%	Q3 2012	%	Plan 2012	%	Jan-Sep 2011	%	Q3 2011	%	12/11	Plan realisation
Revenue	929,475	96.6%	310,863	100.5%	1,391,408	99.1%	1,060,154	96.4%	315,530	101.4%	87.7	66.8
Change in inventories	8,786	0.9%	-8,418	-2.7%	-4,071	-0.3%	11,168	1.0%	-14,071	-4.5%	78.7	/
Other operating income	24,426	2.5%	6,958	2.2%	17,475	1.2%	28,017	2.6%	9,697	3.1%	87.2	139.8
Gross profit	962,687	100.0%	309,403	100.0%	1,404,812	100.0%	1,099,339	100.0%	311,156	100.0%	87.6	68.5
Cost of goods, materials and services	-697,219	-72.4%	-226,719	-73.3%	-1,014,819	-72.2%	-822,198	-74.8%	-222,221	-71.4%	84.8	68.7
Other operating expenses	-15,238	-1.6%	-5,985	-1.9%	-20,465	-1.5%	-17,371	-1.6%	-5,151	-1.7%	87.7	74.5
ADDED VALUE	250,230	26.0%	76,699	24.8%	369,528	26.3%	259,770	23.6%	83,784	26.9%	96.3	67.7
Employee benefits expense	-199,109	-20.7%	-66,353	-21.5%	-268,231	-19.1%	-197,677	-18.0%	-65,288	-21.0%	100.7	74.2
EBITDA	51,121	5.3%	10,346	3.3%	101,297	7.2%	62,093	5.6%	18,496	5.9%	82.3	50.5
Amortisation and depreciation expense	-35,883	-3.7%	-11,655	-3.7%	-51,344	-3.7%	-38,647	-3.5%	-12,953	-4.2%	92.8	69.9
EBIT	15,238	1.6%	-1,309	-0.4%	49,953	3.5%	23,446	2.1%	5,543	1.7%	65.0	30.5
Finance income	7,702	0.8%	1,610	0.5%	4,729	0.3%	18,014	1.6%	7,779	2.5%	42.8	162.9
Finance expenses	-26,126	-2.7%	-7,611	-2.5%	-38,747	-2.7%	-31,302	-2.8%	-12,038	-3.8%	83.5	67.4
Finance income in associates	76	0.0%	26	0.0%	/	0.0%	/	/	/	/	/	/
Profit or loss before tax	-3,110	-0.3%	-7,284	-2.4%	15,935	1.1%	10,158	0.9%	1,284	0.4%	/	/
Income tax expense	-3,275	-0.4%	-1,425	-0.4%	-2,534	-0.2%	-2,366	-0.2%	64	0.0%	138.4	129.2
Profit or loss for the period	-6,385	-0.7%	-8,709	-2.8%	13,401	0.9%	7,792	0.7%	1,348	0.4%	/	/
Attributable to non-controlling interests	115	0.0%	15	0.0%	474	0.0%	127	0.0%	38	0.0%	90.6	24.3
Attributable to equity holders of the parent	-6,500	-0.7%	-8,724	-2.8%	12,927	0.9%	7,665	0.7%	1,310	0.4%	/	/
Basic and diluted earnings per share (in EUR)	-0.55		-2.21		0.82		0.65		0.33		/	/

Consolidated Statement of Other Comprehensive Income of the Gorenje Group

EURk	Jan-Sep 2012	Jan-Sep 2011
Profit or loss for the period	-6,385	7,792
Other comprehensive income		
Net change in fair value of available-for-sale financial assets	-7	-117
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-2,082	-6,139
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, transferred to profit or loss	1,155	834
Income tax on other comprehensive income	204	1,084
Translation reserve	-6,909	-2,037
Other comprehensive income for the period	-7,639	-6,375
Total comprehensive income for the period	-14,024	1,417
Attributable to equity holders of the parent	-14,139	1,290
Attributable to non-controlling interests	115	127

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

Consolidated Statement of Cash Flows of the Gorenje Group

EURk	Jan-Sep 2012	Jan-Sep 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit or loss for the period	-6,385	7,792
Adjustments for:		
Depreciation of property, plant and equipment	31,022	33,780
Amortisation of intangible assets	4,861	4,867
Investment income	-7,778	-18,014
Finance expenses	26,126	31,302
Gain on sale of property, plant and equipment	-971	-1,725
Income tax expense	3,275	2,366
Operating profit before changes in net operating current assets and provisions	50,150	60,368
Change in trade and other receivables	-35,858	30,831
Change in inventories	-2,111	-2,000
Change in provisions	-3,912	-8,571
Change in trade and other liabilities	-11,377	-80,512
Cash generated from operations	-53,258	-60,252
Interest paid	-17,294	-16,727
Taxes paid	-3,275	-3,720
Net cash from operating activities	-23,677	-20,331
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	4,113	2,348
Interest received	1,701	2,078
Dividends received	179	92
Liquidation of subsidiary	0	10,727
Disposal of subsidiary, without acquiring financial assets	0	10,555
Acquisition of property, plant and equipment	-27,461	-27,081
Acquisition of investment property	0	-9,819
Other investments	-1,211	6,790
Acquisition of intangible assets	-5,500	-5,013
Net cash used in investing activities	-28,179	-9,323
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	-25,282	-2,730
Dividends paid	-2,367	0
Net cash used in financing activities	-27,649	-2,730
Net change in cash and cash equivalents	-79,505	-32,384
Cash and cash equivalents at beginning of period	101,620	82,728
Cash and cash equivalents at end of period	22,115	50,344

Consolidated Statement of Changes in Equity of the Gorenje Group

EURk	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 or loss for the period				-6,500				-6,500	115	-6,385
Total other comprehensive income						-6,909	-730	-7,639		-7,639
Total comprehensive income for the period	0	0	0	-6,500	0	-6,909	-730	-14,139	115	-14,024
Transactions with owners (when acting as owners) recognised directly in equity										
Contributions by owners and distribution to owners										
Equity increase								0		0
Dividends				-2,367				-2,367	0	-2,367
Unpaid dividends				152				152		152
Total contributions by owners and distribution to owners	0	0	0	-2,215	0	0	0	-2,215	0	-2,215
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Change in ownership interests								0	-3	-3
Total changes in ownership interests in subsidiaries	0	0	0	0	0	0	0	0	-3	-3
Total transactions with owners	0	0	0	-2,215	0	0	0	-2,215	-3	-2,218
Closing balance at 30 Sep 2012	66,378	175,575	22,719	106,903	-3,170	3,081	8,156	379,642	1,935	381,577

EURk	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				7,665				7,665	127	7,792
Total other comprehensive income						-2,037	-4,338	-6,375		-6,375
Total comprehensive income for the period	0	0	0	7,665	0	-2,037	-4,338	1,290	127	1,417
Transactions with owners (when acting as owners) recognised directly in equity										
Contributions by owners and distribution to owners										
Equity increase										
Dividends										
Total contributions 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									-5	-5
Total changes in ownership interests in subsidiaries	0	0	0	0	0	0	0	0	-5	-5
Total transactions with owners	0	0	0	0	0	0	0	0	-5	-5
Closing balance at 30 Sep 2011	66,378	175,575	21,990	115,047	-3,170	6,805	8,956	391,581	1,927	393,508

Notes to the Consolidated Financial Statement of the Gorenje Group

Consolidated Income Statement

- **Revenue** declined in the period January – September 2012 by EUR 130,679k or 12.3% as 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 EUR 25,860k or 2.7%. Most of the comparable lag of EUR 14,492k or 18.3% was incurred by the Business Segment Portfolio Investments, where the highest decrease is attributable to the company Indop, d.o.o. (Patria project) and the company Gorenje GTI, d.o.o. (elimination of deals with the company Alpos). The Business Segment Ecology recorded lower sales by EUR 11,115k or 12.9% and most of this decline refers to the company Gorenje Surovina, d.o.o. (lower exchange prices for secondary raw materials) and partly to the company Euro Lumi (unfavourable weather conditions in Kosovo in the first quarter of 2012). The level of revenue generated by the Business Segment Home equals almost the one recorded in the previous year's comparable period. However, the geographical sales structure shows that the scope of sales increased in the markets of Russia, Germany, Croatia, Australia and other countries worldwide. Lower demand and a less favourable product structure contributed to lower sales in countries of Eastern Europe (major decline in the markets of Slovenia, the Czech Republic, Hungary and Macedonia) and Western Europe (major decline in the markets of the Netherlands, France, Turkey and Greece).
- **Other operating revenue** in the amount of EUR 24,426k includes revenue from subsidies (EUR 7,187k), income from the reversal of provisions (EUR 8,858k of which EUR 3,897k includes the utilisation and reversal of provisions for the Asko Group restructuring), rental income (EUR 1,115k), income from compensation for damages (EUR 1,166k), income relating to the Directive on Waste Electrical and Electronic Equipment (EUR 699k), gain on disposal of property, plant and equipment (EUR 1,001k), and other operating income (EUR 4,400k).
- The growth dynamics in **cost of materials** was lower from the growth of revenue, considering comparable figures, which is mostly attributable to lower prices of materials and raw materials (coloured metals, oil) and sales structure reforms in the Business Segment Home in view of its products and markets, whereas cost of goods grew faster than the the scope of business activities.
- Taking into account comparable figures, **cost of services** increased by EUR 6,197k or 4.1% compared to the equivalent period last year, mostly as the result of cost of logistics, rentals, and servicing in the warranty period. Conversely, cost of materials declined more than the volume of business activities.
- Considering comparable data, **employee benefits expense** increased over the last year's same period by EUR 2,793k or 1.4%, which is mostly attributable to decreasing the number of staff (termination benefits). The share in gross profit structure grew from 19.7% to 20.7% in comparable terms. Employee benefits expense per employee rose over last year's equivalent period by 2.1%.
- **Amortisation and depreciation expense** decreased by EUR 2,300k if compared to last year's comparable period, which is mainly the result of lower investments made in the past two years and extended useful lives of few property, plant and equipment from 2010 onwards.
- Most of **other operating expenses** refer to costs that were incurred in connection with the Directive on Waste Electrical and Electronic Equipment (EUR 5,891k), charges independent of the result for the period (EUR 2,602k), and expenses referring to write-offs of inventories (EUR 1,726k).
- **Value added per employee** declined by 2.4% in comparable terms and amounted to EUR 23,082.
- 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 higher by EUR 4,003k. This figure was negatively affected by a poor result relating to interest and other financing activities, in particular higher write-offs of receivables and last year's positive effect of the winding-up of Gorenje Tiki, d.o.o. – in liquidation and the sale of the company Istrabenz Gorenje, d.o.o., and positively affected by a higher result from exchange differences.

EURk	Jan-Sep 2012	Jan-Sep 2011	12/11
Dividend income	103	92	112,0
Interest income	2,138	2,309	92.6
Income from revaluation due to value maintenance (foreign exchange gains) *	3,543	286	/
Other finance income **	1,918	15,327	12.5
Total finance income	7,702	18,014	42.8
Interest expenses	17,317	17,394	99.6
Expenses from revaluation due to value maintenance (foreign exchange losses) *	75	3,999	1.9

Other finance expenses **	8,734	9,909	88.1
Total finance expenses	26,126	31,302	83.5
Dividend result	103	92	112.0
Interest result	-15,179	-15,085	100.6
Revaluation result	3,468	-3,713	/
Result from other financing activities	-6,816	5,418	/
Total financial result	-18,424	-13,288	138.7

* including income (expenses) on foreign currency hedging

** including income (expenses) on interest rate hedging

- **Income tax expense** is recorded at EUR 3,275k and is higher by EUR 1,069k or 48.5% if compared to last year's equivalent period. The aforesaid result is mostly due to the changed structure of generating profit before tax per companies.

Consolidated Statement of Other Comprehensive Income

- The consolidated statement of other comprehensive income includes the negative effect of impairments of available-for-sale financial assets in the amount of EUR 7k, and the negative impact of interest rate hedging in the amount of EUR 2,082k (effect of interest rate swaps), and in the amount of EUR 1,155k a part of interest rate hedging (interest rate swaps) that has already been included in the income statement in the period January – September, pursuant to provisions of IAS 1 required to be recorded separately in the statement of other comprehensive income, and thus creating a positive value.

Consolidated Statement of Financial Position

- **Statement of financial position total** amounted to EUR 1,194,015k at the end of September and indicates a decline over the balance at the end of 2011, as well as over the equivalent period last year, which is mostly attributable to the lower level of current assets. As of the end of September, the share of non-current assets within the asset structure was 53.4% and shows a decrease of 2.2 percentage points compared to the balance recorded at 31 December 2011.
- Compared to the balance at the end of December, **total inventories** grew by EUR 2,111k or 0.9%. Inventories of products increased in the Business Segment Home due to the year-on-year dynamics in production and sales activities, while inventories of materials decreased. Compared to the previous year's comparable period, inventories declined by EUR 11,874k or 4.6%.

EURk	30 Sep 2012	31 Dec 2011	30 Sep 2011	30 Sep 2012/ 30 Sep 2011	30 Sep 2012/ 31 Dec 2011
Materials	63,500	70,404	78,977	80.4	90.2
Work in progress	15,415	15,480	15,675	98.3	99.6
Products	133,484	124,633	127,223	104.9	107.1
Merchandise	32,864	32,740	33,401	98.4	100.4
Advances	2,456	2,351	4,317	56.9	104.5
Total	247,719	245,608	259,593	95.4	100.9

- Compared to the entire year 2011, the turnover of inventories of products is seven days longer (in comparable terms by five days) and six days longer (in comparable terms by three days) compared to the equivalent period last year.

	Jan-Sep 2012	Jan-Dec 2011	Jan-Sep 2011
Turnover of products	37	30	31
Turnover of trade receivables	78	71	75
Turnover of trade payables	72	70	66

- The major portion of decreases in **current investments** refers to the decline in current loans as a result of the transfer to non-current loans at the company Gorenje Beteiligungs GmbH.
- Considering the year-end balance of 2011, **trade receivables** increased by EUR 26,415k, but remained almost on the same level in terms of last year's comparable period. The increase is predominantly the result of changed trading terms for sales promotions and a fierce financial position in the markets.
- Turnover of trade receivables indicates an increase from 75 to 78 days (in comparable terms it decreased from 80 to 78) compared to the equivalent period last year; the turnover grew by seven days (in comparable terms by four days) compared to 2011.
- **Other current assets** grew by EUR 6,014k compared to the year-end balance of 2011, which is mostly due to higher transitionally accrued revenue and advances given, whereas input VAT receivables and deferred costs of operations decreased.
- At the end of September, **equity** amounted to EUR 381,577k, which is EUR 16,242k or 4.1% less than at the year-end of 2011. The decrease is a result of the loss for the period, exchange losses arising on the translation of financial statements of foreign operations, the dividend payout, the change in the value of cash flow hedge, and the change in the fair value of available-for-sale financial assets. However, the equity increased by the amount of increase in the fair value reserves from accounted deferred tax liabilities.
- **Provisions** decreased by EUR 3,912k compared to the year-end of 2011; this is mostly the result of utilisation and reversal of provisions relating to the integration activities of the Asko Group.
- Considering the figures at the end of 2011, **financial liabilities** declined by EUR 25,282k or 5.2%, which is attributable to the Group's activities in reducing indebtedness. As at 30 September 2012, financial liabilities represented 38.4% of total liabilities, which is 0.3 percentage points less than at the year-end of 2011.
- **Trade payables** decreased by EUR 17,920k 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 for but not yet charged and disclosed among other current liabilities.

Turnover of trade payables increased from 70 to 72 (it decreased by two days in comparable terms) compared to the entire year 2011 and increased by six days (in comparable terms it remained unchanged i.e. 72 days) in terms of last year's comparable period.
- **Other current liabilities**, including mostly payables to employees and payables to state and other institutions, payables for advances received and accrued costs and expenses, increased by EUR 6,543k or 7.1% compared to the year-end of 2011. This is mostly the result of higher accrued costs and expenses.

Consolidated Statement of Cash Flows

- **Cash flows from operating activities** were negative. They were positively affected by amortisation and depreciation expense, whereas the loss for the period and 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 the repayment of borrowings and dividend payout.

Business and Geographical Segments of the Gorenje Group

EURk	Business Segment Home		Business Segment Ecology		Business Segment Portfolio Investments		Group	
	Jan-Sep 2012	Jan-Sep 2011	Jan-Sep 2012	Jan-Sep 2011	Jan-Sep 2012	Jan-Sep 2011	Jan-Sep 2012	Jan-Sep 2011
Revenue from sales to third parties	789,824	790,077	74,761	85,876	64,890	184,201	929,475	1,060,154
Inter-segment sales	2,137	3,154	951	1,005	5,842	7,683	8,930	11,842
Interest income	2,015	2,115	108	41	15	153	2,138	2,309
Interest expenses	16,862	16,319	348	592	107	483	17,317	17,394
Amortisation and depreciation expense	31,982	34,240	2,766	2,907	1,135	1,500	35,883	38,647
Profit or loss before tax	-9,413	4,888	3,099	2,639	3,204	2,631	-3,110	10,158
Income tax expense							-3,275	-2,366
Profit or loss for the period							-6,385	7,792

EURk	West		East		Other		Group	
	Jan-Sep 2012	Jan-Sep 2011	Jan-Sep 2012	Jan-Sep 2011	Jan-Sep 2012	Jan-Sep 2011	Jan-Sep 2012	Jan-Sep 2011
Revenue from sales to third parties	369,203	396,027	486,026	593,776	74,246	70,351	929,475	1,060,154

Financial Indicators

	Jan-Sep 2012	Plan 2012	Jan-Sep 2011
INDICATORS OF PROFITABILITY			
Net return on sales (ROS)	-0.7%	1.0%	0.7%
Net return on assets (ROA)	-0.7%	1.1%	0.8%
Net return on equity (ROE)	-2.2%	3.3%	2.6%
ASSET INDICATORS			
Asset turnover ratio	1.01	1.19	1.11
Inventory turnover ratio	5.02	5.69	5.47
Current trade receivables turnover ratio	4.61	5.06	4.81
INVESTMENT INDICATORS			
Fixed assets (PPE) to total assets	0.43	0.43	0.42
Current assets to total assets	0.47	0.46	0.45
INDICATORS OF FINANCIAL COMPOSITION			
Long-term coverage of non-current assets	1.29	1.41	1.44
Equity to total liabilities	0.32	0.36	0.32
Long-term to total liabilities	0.60	0.65	0.65
Equity to fixed assets (carrying value)	0.75	0.82	0.76
Quick ratio (liquid assets to current liabilities)	0.11	0.16	0.21
(Liquid assets + current receivables) to current liabilities	0.82	0.94	0.96
Current ratio	1.34	1.53	1.56
Net financial liabilities to equity	1.07	0.83	1.00
OPERATING PERFORMANCE INDICATORS			
Operating income to operating expenses	1.02	1.04	1.02
Revenue per employee (EUR)	85,737	128,075	96,544
Value added per employee (EUR)	23,082	34,014	23,656

Unaudited Financial Statements of Gorenje, d.d.

Statement of Financial Position of Gorenje, d.d.

EURk	Balance at 30 Sep 2012	%	Balance at 31 Dec 2011	%	Balance at 30 Sep 2011	%
ASSETS	837,634	100.0%	881,299	100.0%	849,087	100.0%
Non-current assets	431,766	51.5%	438,428	49.7%	432,983	51.0%
Intangible assets	13,905	1.7%	15,455	1.8%	15,517	1.8%
Property, plant and equipment	143,913	17.1%	152,758	17.3%	152,005	17.9%
Investment property	13,451	1.6%	15,217	1.7%	11,410	1.3%
Investments in subsidiaries	246,685	29.4%	240,672	27.3%	240,672	28.3%
Investments in associates	976	0.1%	976	0.1%	0	0.0%
Other non-current investments	680	0.1%	703	0.1%	1,863	0.2%
Deferred tax assets	12,156	1.5%	12,647	1.4%	11,516	1.5%
Current assets	405,868	48.5%	442,871	50.3%	416,104	49.0%
Inventories	79,271	9.5%	81,118	9.2%	95,987	11.3%
Current investments	103,038	12.3%	94,789	10.8%	104,003	12.2%
Trade receivables	206,302	24.6%	187,903	21.3%	182,489	21.5%
Other current assets	16,651	2.0%	20,971	2.4%	16,652	2.0%
Cash and cash equivalents	606	0.1%	58,090	6.6%	16,973	2.0%
EQUITY AND LIABILITIES	837,634	100.0%	881,299	100.0%	849,087	100.0%
Equity	319,916	38.2%	335,326	38.0%	330,330	38.9%
Share capital	66,378	7.9%	66,378	7.5%	66,378	7.8%
Share premium	157,712	18.9%	157,712	17.9%	157,712	18.6%
Legal and statutory reserves	22,719	2.7%	22,719	2.6%	21,990	2.6%
Retained earnings	74,841	8.9%	89,521	10.2%	85,441	10.1%
Own shares	-3,170	-0.4%	-3,170	-0.4%	-3,170	-0.4%
Fair value reserve	1,436	0.2%	2,166	0.2%	1,979	0.2%
Non-current liabilities	229,067	27.3%	253,694	28.9%	275,853	32.5%
Provisions	25,666	3.1%	26,227	3.0%	26,813	3.2%
Deferred tax liabilities	1,250	0.1%	1,391	0.2%	317	0.1%
Non-current financial liabilities	202,151	24.1%	226,076	25.7%	248,723	29.2%
Current liabilities	288,651	34.5%	292,279	33.1%	242,904	28.6%
Current financial liabilities	134,494	16.1%	133,254	15.1%	99,039	11.7%
Trade payables	134,215	16.0%	142,027	16.1%	120,241	14.2%
Other current liabilities	19,942	2.4%	16,998	1.9%	23,624	2.7%

Income Statement of Gorenje, d.d.

EURk	Jan-Sep 2012	%	Q3 2012	%	Plan 2012	%	Jan-Sep 2011	%	Q3 2011	%	12/11	Plan realisation
Revenue	479,464	98.6%	163,213	99.5%	693,620	99.0%	468,431	97.3%	149,986	100.4%	102.4	69.1
Change in inventories	-290	-0.1%	-1,026	-0.6%	0	0.0%	5,337	1.1%	-2,723	-1.8%	/	/
Other operating income	6,974	1.5%	1,899	1.1%	6,786	1.0%	7,533	1.6%	2,130	1.4%	92.6	102.8
Gross profit	486,148	100.0%	164,086	100.0%	700,406	100.0%	481,301	100.0%	149,393	100.0%	101.0	69.4
Cost of goods, materials and services	-393,282	-80.9%	-132,385	-80.7%	-557,076	-79.5%	-385,896	-80.2%	-120,040	-80.4%	101.9	70.6
Other operating expenses	-4,636	-1.0%	-1,752	-1.1%	-5,652	-0.8%	-3,076	-0.6%	-1,033	-0.7%	150.7	82.0
ADDED VALUE	88,230	18.1%	29,949	18.2%	137,678	19.7%	92,329	19.2%	28,320	18.9%	95.6	64.1
Employee benefits expense	-77,083	-15.8%	-26,990	-16.4%	-104,150	-14.9%	-74,724	-15.5%	-26,166	-17.5%	103.2	74.0
EBITDA	11,147	2.3%	2,959	1.8%	33,528	4.8%	17,605	3.7%	2,154	1.4%	63.3	33.2
Amortisation and depreciation expense	-15,662	-3.2%	-5,062	-3.1%	-22,675	-3.2%	-16,385	-3.4%	-5,484	-3.7%	95.6	69.1
EBIT	-4,515	-0.9%	-2,103	-1.3%	10,853	1.6%	1,220	0.3%	-3,330	-2.3%	/	/
Finance income	11,423	2.3%	1,626	1.0%	15,395	2.2%	19,166	4.0%	11,825	7.9%	59.6	74.2
Finance expenses	-18,817	-3.9%	-6,296	-3.8%	-23,145	-3.3%	-18,456	-3.8%	-7,465	-5.0%	102.0	81.3
Profit or loss before tax	-11,909	-2.5%	-6,773	-4.1%	3,103	0.5%	1,930	0.5%	1,030	0.6%	/	/
Income tax expense	-556	-0.1%	-427	-0.3%	992	0.1%	549	0.1%	216	0.1%	/	/
Profit or loss for the period	-12,465	-2.6%	-7,200	-4.4%	4,095	0.6%	2,479	0.6%	1,246	0.7%	/	/
Basic and diluted earnings per share (in EUR)	-1.05		-1.82		0.26		0.21		0.32			

Statement of Other Comprehensive Income of Gorenje, d.d.

EURk	Jan-Sep 2012	Jan-Sep 2011
Profit or loss for the period	-12,465	2,479
Other comprehensive income		
Net change in fair value of available-for-sale financial assets	-7	-117
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-2,082	-6,139
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, transferred to profit or loss	1,155	834
Income tax on other comprehensive income	204	1,084
Other comprehensive income for the period	-730	-4,338
Total comprehensive income for the period	-13,195	-1,859

- Significant items in the statement of other comprehensive income are outlined and explained in the accompanying notes to the accounting report of the Gorenje Group (page 41 of the report).

Statement of Cash Flows of Gorenje, d.d.

EURk	Jan-Sep 2012	Jan-Sep 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit or loss for the period	-12,465	2,479
Adjustments for:		
Depreciation of property, plant and equipment	13,593	14,477
Amortisation of intangible assets	2,069	1,908
Investment income	-11,423	-19,166
Finance expenses	18,817	18,456
Gain on sale of property, plant and equipment	-609	-92
Income tax expense	556	-549
Operating profit before changes in net operating current assets and provisions	10,538	17,513
Change in trade and other receivables	-17,280	-2,205
Change in inventories	1,847	-2,327
Change in provisions	-561	-584
Change in trade and other liabilities	-4,395	-36,393
Cash generated from operations	-20,389	-41,509
Interest paid	-14,853	-11,367
Net cash from operating activities	-24,704	-35,363
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	3,445	403
Dividends received	752	4,950
Interest received	3,551	4,249
Liquidation of subsidiary	0	10,747
Acquisition of subsidiary	-6,163	-8,364
Disposal of subsidiary	0	10,555
Acquisition of property, plant and equipment	-5,190	-9,068
Acquisition of investment property	0	-9,819
Other investments	-6,986	-40,468
Acquisition of intangible assets	-523	-1,934
Net cash used in investing activities	-11,114	-38,749
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-2,367	0
Repayment of borrowings	-19,299	41,407
Net cash used in financing activities	-21,666	41,407
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		
Net increase or decrease in cash and cash equivalents	-57,484	-32,705
Cash and cash equivalents at beginning of period	58,090	49,678
Cash and cash equivalents at end of period	606	16,973

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

EURk	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							
Profit or loss for the period				-12,465			-12,465
Total other comprehensive income						-730	-730
Total comprehensive income for the period	0	0	0	-12,465	0	-730	-13,195
Transactions with owners (when acting as owners) recognised directly in equity							0
Contributions by owners and distribution to owners							0
Equity increase							0
Dividends				-2,367			-2,367
Unpaid dividends				152			152
Total contributions by owners and distribution to owners	0	0	0	-2,215	0	0	-2,215
Total transactions with owners	0	0	0	-2,215	0	0	-2,215
Closing balance at 30 Sep 2012	66,378	157,712	22,719	74,841	-3,170	1,436	319,916

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

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

Income Statement

- As for the total sales structure, **sales of home products produced in-house** amounted to EUR 301,121k and recorded a share of 62.8%; compared to the previous year's result for the equivalent period, the figure **declined by 0.1%**.

Other sales were recorded at EUR 178,343k and show an increase of 6.7% over the previous year's equivalent period. The result was positively affected by higher revenue from sales of home products via dealers (sales of home products outside own production) by 7.4%, while sales of other home products decreased by 7.2% (sales of the Services programme, marketing of materials, work in progress and services) compared to the same period last year.

Revenue generated by the Business Segment Portfolio Investments, which includes the Point programme, the Ecology, energy and environment programme, and the Solar programme, grew by 21.5% compared to the equivalent period in 2011.

For the equivalent period last year, **other operating income** is lower by 7.4% as a result of lower subsidies and lower reversal of long-term provisions.

- The growth dynamics in **cost of goods, materials and services** was faster from the growth dynamics in gross profit (total operating income), which is mostly attributable to the structure reforms of the entire sale. **Cost of goods and materials sold increased** by 9.2% over the last year's same period as a result of the increase in other sales. Cost of materials decreased considering the same period in 2011, which is attributable to lower production volumes by 0.8% and to keeping the prices of input raw materials (except for the plastics) on the level of the previous year's average. **Cost of services** decreased by 3.8% if compared to the equivalent period last year.

EURk	Jan-Sep 2012	Jan-Sep 2011	12/11
Cost of goods, materials and services	393,282	385,896	101.9
- cost of goods and materials sold	133,225	122,038	109.2
- cost of materials	205,738	207,366	99.2
- cost of services	54,319	56,492	96.2
Employee benefits expense	77,083	74,724	103.2
Amortisation and depreciation expense	15,662	16,385	95.6
Other operating expenses	4,636	3,076	150.7
Total operating expenses	490,663	480,081	102.2

- Employee benefits expense** increased by 3.2%, compared to the same period of 2011.
- Considering last year's equivalent period, **amortisation and depreciation expense** declined by 4.4%, which is mostly the result of lower investments made in property, plant and equipment.
- Other operating expenses** increased by 50.7%, compared to the equivalent period last year, as a result of accounting for obsolete material and recording provisions for claims or lawsuits.
- Value added per employee** was EUR 19,809 which is 3.8% lower than the same period last year.
- Financing activities** are lower by EUR 8,104k compared to the previous year's equivalent period, mostly due to a poor revaluation result, including the foreign currency hedge, and other financing activities. Last year's favourable result from other financing activities was attributable to the selling of Istrabenz Gorenje and to the winding-up of Gorenje Tiki, d.o.o., which could not be compensated for in the last nine months.

EURk	Jan-Sep 2012	Jan-Sep 2011	12/11
Interest income	4,396	3,494	125.8
Income from revaluation due to value maintenance *	299	592	50.5
Other finance income **	6,728	15,080	44.6
Total finance income	11,423	19,166	59.6
Interest expenses	-11,905	-10,995	108.3
Expenses from revaluation due to value maintenance *	-484	0	/
Other finance expenses **	-6,428	-7,461	86.2
Total finance expenses	-18,817	-18,456	102.0
Interest result	-7,509	-7,501	100.1
Revaluation result	-185	592	/
Result from other financing activities	300	7,619	3.9
Total financial result	-7,394	710	/

* including income (expenses) on foreign currency hedging

** including income (expenses) on interest rate hedging

- **Income tax expense** includes deferred taxes in the amount of EUR 556k that lowers the operating result due to the restated tax rate from 20% to 18%.

Statement of Other Comprehensive Income

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

Statement of Financial Position

- As at 30 September 2012, **the statement of financial position total** amounted to EUR 837,634k and is lower by 4.9% 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 51.5% among total assets; their share was at 49.7% at the end of 2011.
- **The value of investment in subsidiaries** grew compared to figures at the end of 2011, which is the result of the capital increase in the company Gorenje Tiki, d.o.o., Stara Pazova amounting to EUR 6,000k.
- **Value of investment property** declined by 11.6% compared to the previous year's equivalent period and is attributable to the partial sale of land in Ljubljana.
- Considering the previous year's results, **inventories of materials** declined by 5.7% as a result of adjusting the purchase volume to the production requirements; the average inventory turnover of material is shorter by 5 days from the average recorded in 2011 (taking account of the first nine months of 2011, the average inventory turnover of material is shorter by 10 days). **Inventories of products** declined by 7.3% compared to the year-end balance of 2011, which is the result of achieved interim dynamics in production and sales activities; average inventory turnover of products was recorded at 22 days and is shorter by 1 day from the average reported in 2011 (the average inventory turnover of products is shorter by 2 days if taking account of the first nine months of 2011). **Inventories of merchandise** in the amount of EUR 10.529k grew by 14.9% compared to the year-end balance of 2011.
- Considering the year-end balance of 2011, **current investments** are higher by 8.7% as a result of loans extended to subsidiaries and receivables disclosed in connection with unpaid dividends.
- The balance of **trade receivables** is higher by 9.8% compared to the result recorded at the end of 2011. The average turnover of receivables increased by 5 days over the average recorded in 2011 (the average turnover of receivables is also longer by 5 days if compared to the equivalent period in 2011).

- Compared to the average of 2011, the **turnover of trade payables** dropped by 3 days in the first nine months of 2012 (the average turnover of trade payables is shorter by 6 days if compared to the equivalent period in 2011).
- **Other current assets** record a decline of 20.6% 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 27.1% as at 30 September 2012. Equity (share capital and long-term provisions) accounts for 41.3% (41.0% as at 31 December 2011) of total liabilities.
- Compared to the end of 2011, changes in the company's **equity** refer to following:
 - decrease due to the loss for the period in the amount of EUR 12,465k,
 - lower fair value reserve by the revaluation of available-for-sale financial assets to the market value in the amount of EUR 7k,
 - lower fair value reserve by changes in the cash flow hedge in the amount of EUR 927k, and
 - higher fair value reserve by liabilities referring to deferred taxes in the amount of EUR 204k.
- **Provisions** are below the level recorded at the end of 2011 by 2.1%.
- **Non-current financial liabilities** decreased over the previous year as a result of repaying past due borrowings, whose value is higher from the value of new borrowings.
- **Current financial liabilities** grew by 0.9% compared to the previous year's results, which is mostly due to the higher short-term borrowing.
- **Trade payables** are lower by 5.5% compared to the year-end result of 2011, which is mostly attributable to interim dynamics and adjusting the purchase volume to production and sales requirements.
- **Other current liabilities** include 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 increased by 17.3% 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 predominantly as a result of the loss for the period and higher trade receivables. Conversely, they were positively affected by amortisation and depreciation expense.
- **Cash flows from investing activities** were negative as a result of acquiring property, plant and equipment and intangible assets, and increasing the equity of a subsidiary.
- **Cash flows from financing activities** were negative due to the repayment of borrowings and dividend payout.
- **Negative cash flows** are entirely covered by or offset with cash available at the end of 2011.

Financial Indicators

	Jan-Sep 2012	Plan 2012	Jan-Sep 2011
INDICATORS OF PROFITABILITY			
Net return on sales (ROS)	-2.60%	0.60%	0.53%
Net return on assets (ROA)	-1.93%	0.50%	0.39%
Net return on equity (ROE)	-5.07%	1.20%	1.00%
ASSET INDICATORS			
Asset turnover ratio	0.74	0.81	0.73
Inventory turnover ratio	7.97	7.31	6.59
Current trade receivables turnover ratio	3.24	3.65	3.41
INVESTMENT INDICATORS			
Fixed assets (PPE) to total assets	0.20	0.21	0.21
Current assets to total assets	0.52	0.51	0.51
INDICATORS OF FINANCIAL COMPOSITION			
Long-term coverage of non-current assets	1.27	1.33	1.40
Equity to total liabilities	0.38	0.41	0.39
Long-term to total liabilities	0.66	0.68	0.71
Equity to fixed assets (carrying value)	1.87	1.96	1.85
Quick ratio (liquid assets to current liabilities)	0.36	0.36	0.50
(Liquid assets + current receivables) to current liabilities	1.13	1.12	1.32
Current ratio	1.41	1.52	1.71
Net financial liabilities to equity	0.73	0.65	0.69
OPERATING PERFORMANCE INDICATORS			
Operating income to operating expenses	0.99	1.02	1.00
Revenue per employee (EUR)	107,648	155,311	104,421
Value added per employee (EUR)	19,809	30,828	20,582

Information Regarding the Report and its Public Announcement

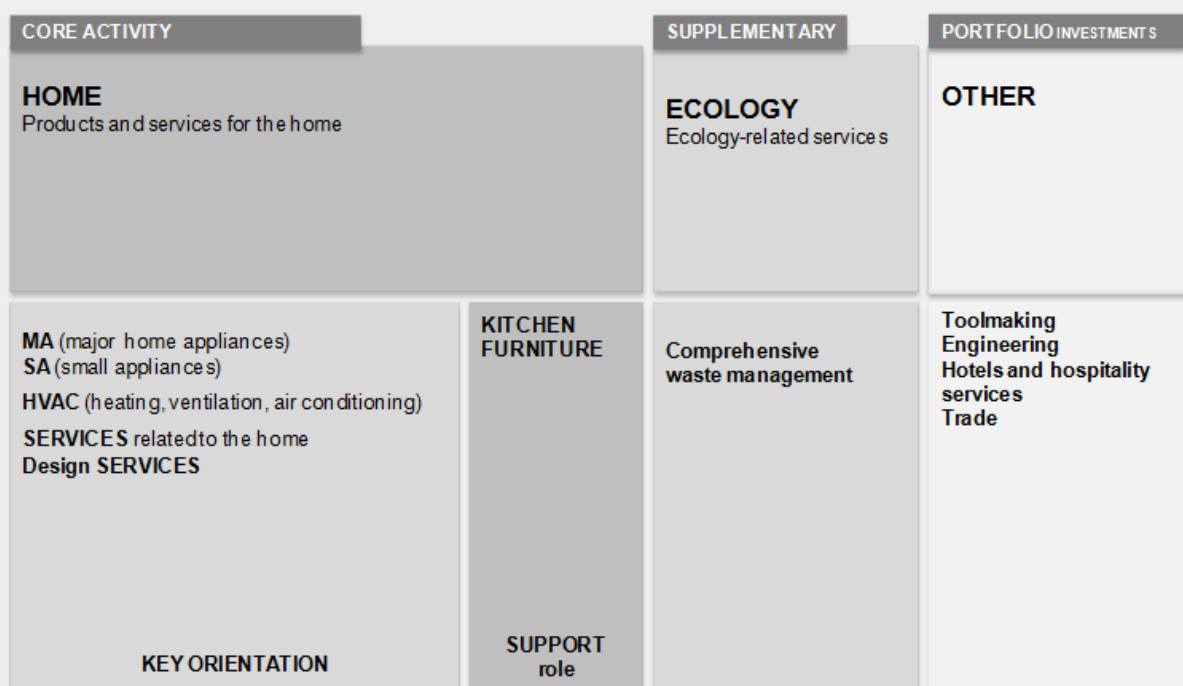
Pursuant to provisions of the Financial Instruments Market Act and Rules and Regulations of the Ljubljana Stock Exchange, the company Gorenje, d.d., Partizanska 12, SI-3503 Velenje, hereby announces the **Unaudited Non-consolidated Business Report of Gorenje, d.d., for the Period January-September 2012** and the **Unaudited Consolidated Business Report of the Gorenje Group for the Period January-September 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 website at www.gorenje.com. The unaudited report of Gorenje, d.d., and the Gorenje Group was adopted by its Supervisory Board at their **30th regular session** held on **15 November 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 **16 November 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-September 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 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.

Enclosure: New Organisational Structure of the Gorenje Group

- As of the start of this year, the Gorenje Group began reorganising and reforming divisions into Business Segments, namely:
 - the Home Appliances Division was restructured into the Business Segment Home,
 - the reorganised Home Interior Division was at first included in 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 the Ecology, Energy and Services Division and established as the Business Segment Portfolio Investments.
- As of 2012 the Home Interior Division has been temporarily reorganised as the **Kitchen Segment**, which became an integral 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 structured **in terms of function** and no longer in terms of divisions. Emphasis is placed on the area of sale and with the responsible Management Board member for that area, and on the area of other business operations also with the responsible Management Board member for that area.



Picture 1: New organisational structure of the Gorenje Group