

**SUMMARY
FINANCIAL REPORT**
for the period
January – September 2005
(According to the International Financial Reporting Standards)
Gorenje Group



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A.) BUSINESS REPORT

1. Basic information on the Parent Company Gorenje, d.d., and on the Gorenje Group

Full name:	Gorenje, gospodinjski aparati, d.d.,
Date of entry in the court register:	31 December 1997
Abbreviated name	Gorenje, d.d.
Registered office:	SI-3503 Velenje, Partizanska 12, Slovenia
Company's activity	Manufacture, sale and maintenance and repair of electric and non-electric domestic and electro-thermic appliances.
Activity's code:	29.710 Manufacture of electric domestic appliances
Tax number:	72615320
Identification number:	5163676
Share capital:	12,200,000,000 SIT
Shares:	12,200,000 ordinary registered shares with nominal value of SIT 1,000 per share; shares of the company Gorenje, d.d. are listed under the trading code GRVG on the official market of the Ljubljana Stock Exchange (www.ljse.si).

Organisational Structure of the Gorenje Group:

The companies of the Gorenje Group are organised into five Divisions:

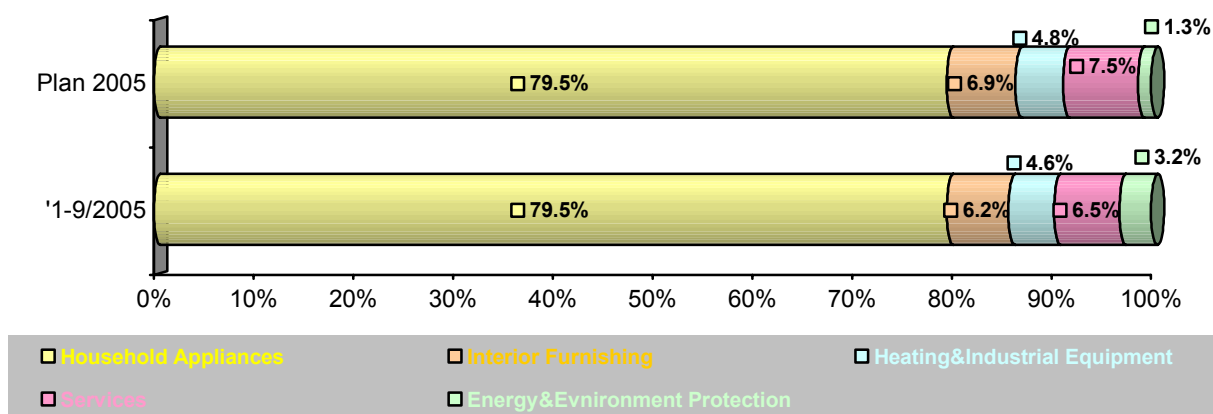
- Household Appliances Division, which comprises companies manufacturing and selling household appliances.
- Interior Furnishings Division, which comprises companies manufacturing and selling kitchen and bathroom furniture, bathroom equipment and ceramic tiles,
- Heating and Industrial Equipment Division, which comprises companies manufacturing and selling water heaters, tools and industrial equipment,
- Services Division, which comprises companies operating in trading, engineering, agency services, hotel and restaurant business, tourism and real estate business activities, and
- Energy and Environment Protection Division, which comprises companies operating in treatment of special waste, collection and processing of silt and making and selling bricks, ceiling girders and partitions.

2. Sales

In the period January-September 2005, **consolidated net revenues from sales** amounted to **SIT 177,240.8 million**, indicating an increase of SIT 22,863.9 m or **14.8%** over Jan-Sep 2004 (the increase in the amount of SIT 10,640.5 m should be attributed to the inclusion of the company Mora Moravia, a.s., into the Group on January 2005, contributing 6.9 percentage points to the Group growth) and representing **75.4%** of the 2005 annual plan.

Sales structure by Division in SIT m	Plan 2005	%	1-9/05	%	05/P1.05
Household Appliances	198,836	79.5%	148,217	79.5%	74.5%
+ Interior Furnishings	17,386	6.9%	11,509	6.2%	66.2%
+ Heating and Industrial Equipment	11,890	4.8%	8,565	4.6%	72.0%
+ Services	18,835	7.5%	12,076	6.5%	64.1%
+ Energy and Environment Protection	3,253	1.3%	5,938	3.2%	182.5%
= Total sales of Divisions	250,200	100.0%	186,305	100.0%	74.5%
- Inter-Division Sales	14,992		9,064		60.5%
= Consolidated net sales revenues	235,208		177,241		75.4%

The **Household Appliances Division** realised SIT 148,217 m of sales, representing a 79.5% share in the total and 74.5% of the 2005 annual plan.



3. Investments

In the period of Jan-Sep 2005 Gorenje Group Invested **SIT 8,228.5 m** in property, plant and equipment and intangible non-current assets, showing **72.7%** of the annual plan 2005. The major part was invested by the household appliances division, in amount of SIT 7,674 m.

In SIT m	1-9/2004	1-9/2005	Plan 2005
Land	187.7	543.1	43.9
Buildings	1,693.8	2,482.0	2,613.2
Technical equipment	6,774.3	3,764.0	7,073.2
Other equipment	1,165.2	715.4	1,308.0
Other intangible investments	630.1	724.0	286.8
Total	10,451.1	8,228.5	11,325.1

in SIT m	1-9/2004	1-9/2005	05/04	Plan 2005	05/PI 2005
Investments	10,451.1	8,228.5	-21.3%	11,325.1	72.7%
Investment Margin to Net revenues from sales	6.8%	4.6%		4.8%	

Investments by divisions:

in SIT m	Plan 2005	1-9/2005	05/PI 2005
Household appliances	8,771.3	7,674.0	87.5%
Internal furnishing	820.6	201.1	24.5%
Heating and industrial equipment	683.2	126.0	18.4%
Services	377.5	184.1	48.8%
Energy and environment protection	672.5	43.3	6.4%
Gorenje Group Investments	11,325.1	8,228.5	72.7%

4. Employees

At the end of September 2005, the number of employees was **10,386**, which is 818 employees more (8.5%), than at the year-end 2004. The number increased due to the inclusion of the company Mora Moravia, a.s., (968 employees) into the Group. **The average number of employees was 10,470** (1,021 in the company Mora Moravia, a.s.), which is a **10.6%** increase over the figure from the Jan-Sep 2004 period, when it amounted to 9,468.

	1-9/2004	1-9/2005	05/04	Plan 2005	05/PI 05
Net revenues from sales in SIT m	154,377	177,241	14.8%	235,208	75.4%
Average number of employees	9,468	10,470	10.6%	10,581	99.0%
Productivity (Net revenues from sales/Number of employees) in SIT '000	16,305	16,928	3.8%	22,229	76.2%

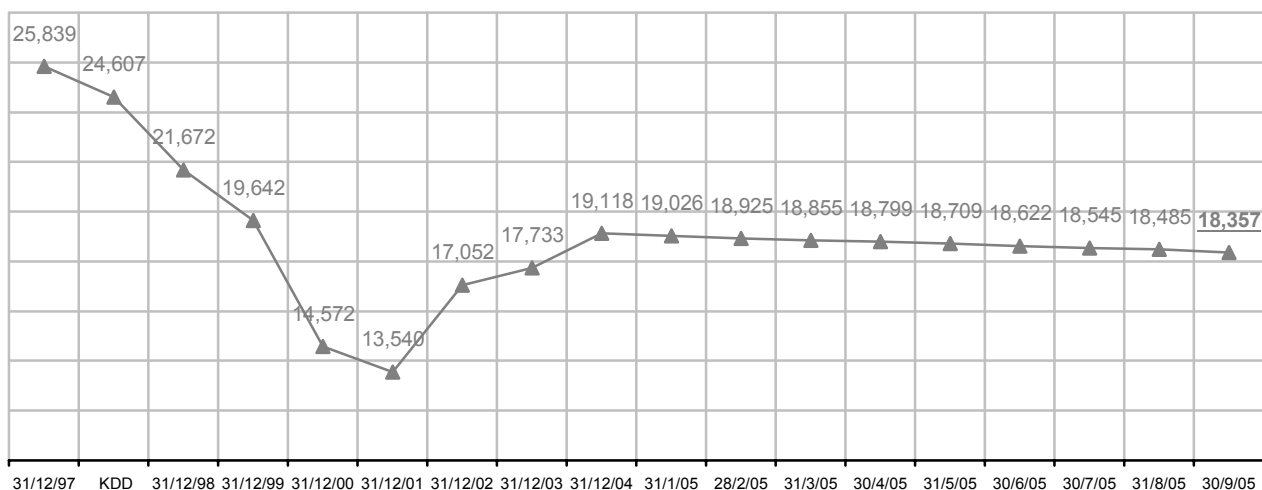
Average number of employees by divisions:

	1-9/2004	1-9/2005	05/ 04
Household appliances	7,114	8,163	14.7%
domestic companies	6,507	6,500	- 0.1%
foreign companies	607	1,663	174.0%
Internal furnishing	1,231	1,199	- 2.6%
domestic companies	1,081	1,063	- 1.7%
foreign companies	150	136	- 9.3%
Heating and industrial equipment	686	670	- 2.3%
domestic companies	686	670	- 2.3%
foreign companies	0	0	/
Services	351	351	0.0%
domestic companies	301	312	3.7%
foreign companies	50	39	- 22.0%
Energy and environment protection	86	87	1.2%
domestic companies	69	71	2.9%
foreign companies	17	16	- 5.9%
Gorenje Group	9,468	10,470	10.6%
domestic companies	8,644	8,616	- 0.3%
foreign companies	824	1,854	125.0%

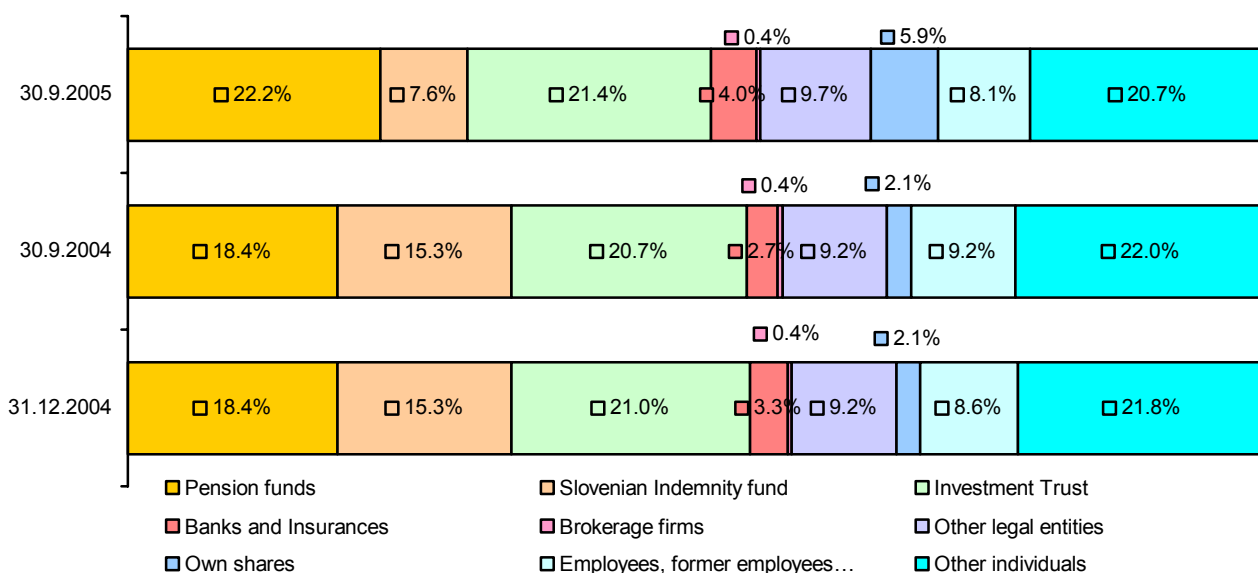
5. Shareholder Structure and Share Price

Information about issued shares and capital: The Company Gorenje, d.d., became a joint-stock company in 1997 after successful completion of ownership transformation. The **Company's share capital**, with **nominal value of SIT 12,200,000,000**, is divided into **12,200,000 ordinary registered shares** with **trading code GRVG** and **nominal value of SIT 1,000 per share**.

On September 30 2005, **the number of shareholders** of Gorenje, d.d., was **18,357**, which is a decrease of 4%, compared to the figure on December 31 2004 (19,118).



Shareholders structure:



Shareholders structure on 30 September 2005

Shareholders	Numbers of shares	%
Kapitalska družba, d.d. (Pension Fund)	2,607,099	21.4
Slovenska odškodninska družba, d.d. (Slovenian Indemnity Fund)	932,300	7.6
Gorenje, d.d. – Own shares	717,192	5.9
KD Galileo, Vzajemni sklad fleksibilne strukture naložb (Mutual Fund)	487,288	4.0
KD Rastko, Delniški Vzajemni Sklad (Mutual Fund)	443,214	3.6
VS Triglav Steber I (Mutual Fund)	426,828	3.5
Maksima, Delniška ID, d.d. (Investment Trust)	314,702	2.6
KD ID, d.d. (Investment Trust)	164,540	1.3
Krona Senior ID, d.d. (Investment Trust)	154,063	1.3
SOP Ljubljana	148,253	1.2
Other Shareholders	5,804,021	47.6
TOTAL	12,200,000	100.0

Number of GRVG shares held by the Supervisory Board and the Management Board of Gorenje, d.d.

On March 2 2005, the **Management Board** has acquired additional GRVG shares, so that the number of shares held by the members on September 30 2005 is **12,154 shares (0.0996%)**; (Mr Franjo Bobinac 1,822; Mr Franc Košec 1,200; Mr Žiga Debeljak 1,200; Mr Drago Bahun 7,932). The **Supervisory Board** holds **13,100 shares (0.1074%)**; (Mr Ivan Atelšek 7,058; Mr Jurij Slemenik 1,511; Mr Krešimir Martinjak 100; Mr Peter Kobal 1,178; Mr Drago Krenker 2,098; Mr Jože Zagožen 405 and Mr Bogdan Pušnik 750). On August 25 2005, Mr. Bogdan Pušnik has bought 500 Gorenje, d.d., GRVG shares at the Ljubljana Stock Exchange, and additional 205 GRVG shares on the September 27. Both public announcements were published in the SEOnet electronic system and on the www.gorenje.com web -site.

On April 12 2005, Mr. Tomaž Kuntarič has resigned as a member of the Supervisory Board. On the 8th Annual Shareholders Meeting of the company Gorenje, d.d., held on July 4 2005, Mr. Jože Zagožen was elected as a substitution member of the Supervisory Board, with the term of office from the date of appointment to July 17, 2006.

Own Shares

Balance of own treasury shares as of September 30, 2005 amounted to **717,192 or 5.9%** (on Dec. 31, 2004 it amounted to 251,042 or 2.1%).

- On Jan 19, 2005 the Company Gorenje, d.d., executed the option for the purchase of 233,075 own shares (1.9105% of Gorenje, d.d., capital) in accordance with the Contract on establishing put and call option, signed on June 21, 2004 with the Slovenska odškodninska družba, d.d. (Slovenian Indemnity Fund, d.d.). The price which according to the agreement provisions equalled the average market price of the GRVG share in the period from July 1 2004 to December 31 2004. amounting to SIT 6,485.93 per share.
- In accordance with the Contract on establishing put and call option, the Slovenska odškodninska družba, d.d. (Slovenian Indemnity Fund, d.d.), has informed on July 5 2005 the company Gorenje, d.d., about the realization of the option for the sale of 233,075 shares (1.9105% of Gorenje, d.d., capital) of Gorenje, d.d., at the sale price of SIT 6,321.84. In accordance with the agreed payment conditions, the company Gorenje, d.d., has paid the shares and obtained them on August 4 2005. The total number of own shares after the transaction is 717,192 or 5.8786% of Gorenje, d.d., capital. The sales price was defined in accordance with the Contract, so that the origin price amounted to SIT 6,200 per share plus net profit per share in the year 2004, minus dividend per share for the year 2004.

The book value of the share, EPS and payment of dividends

The shares kept their 4th position on the Ljubljana Stock Exchange with a turnover of SIT 437 m in September 2005. Trades in GRVG shares represented 5.4% in the shares turnover (SIT 8.1 billion) on the Ljubljana Stock Exchange. The GRVG price reached at the end of the year 2004 SIT 6,473.90 and on 30 September 2005 **SIT 5,616.10**. In the first nine months of the year 2005 the GRVG shares price decreased by 13.3%, and SBI index decreased by 8.5%.

Earnings per share, (net profit of Gorenje, d.d. / no. of shares minus treasury stock) amounted to **SIT 140.0**. The annual level of the P/E ratio was 26.50 (on Dec 31 2004 = 28.58).

On September 30 2005, the **book value of share** reached **SIT 5,460.71** (equity of Gorenje, d.d., minus reserves for own stake / no. of shares minus treasury stock; 11,715,883 shares). Market to book value ratio was **1.03** (on Dec 31 2004 = 1.26).

The payment of dividends: In the year 2004, the company Gorenje, d.d., paid to shareholders a gross dividend of SIT 100 per share, and in the year 2005 the company paid to shareholders a gross dividend of SIT 100 per share.

6. Business Outlook for the Year 2005

The first nine months of the current year had been distinguished by similar trends and circumstances, already present in the year 2004 in all key markets of the Group:

- a. European markets are still distinguished by a low **level of economic activity**, low consumer confidence and reduced international competitiveness resulting from weak dollar to euro ratio. All these elements have been reducing demand for permanent goods, including household appliances and other home products, at the same time raising competition edge and price burden in the European market.
- b. The paramount challenge to be faced in the year 2005 has been the **extreme price pressure on supply of strategic raw materials**, especially the steel plate, other steel products, and iron free metals, coupled by the rise of prices in petrochemical products, originating from the last quarter of 2004. These price increases, which for numerous raw materials and consumables arrived at all-time record levels, stopped at the level attained at the end of last year. However, the prices of oil and oil derivatives continue to grow and show a further growth trend in 2005.
- c. Last year's premature entry of Slovenia into the **ERM II system** and the pegged EUR/SIT exchange rate, in addition to the still relatively high domestic inflation rate in 2005, has created additional cost strains for the Gorenje Group, especially in costs of material and services.
- d. Another important challenge in 2005 is the **implementation of the Waste Electronic and Electric Equipment recycling directive**, according to which the household appliance recycling costs will be borne by manufacturers. The directive became valid as of August 2005, with the implementation starting immediately in some EU countries, or with a certain lag in others. There are also more than a few unanswered questions regarding the economic impact of Directive implementation; in addition, it is impossible to assess, to which level the manufacturers will succeed in levying the recycling costs on the final consumers.

A final position on the accounting treatment of liabilities arising from the new EU Directive on recycling waste electronic and electric equipment has not been reached yet. IFRIC (International Financial Reporting Interpretations Committee) issued an explanation in September 2005 regarding the accounting treatment of costs of past liabilities. Referring to new liabilities, the position on whether provisions should be set aside for future liabilities at the time of sale is not final yet. Within CECED (European Committee of Domestic Equipment Manufacturers), Gorenje is taking part in a workgroup on harmonization of a unified accounting approach with the IASB (International Accounting Standards Board). Currently, there is no agreement on whether a future liability that requires adequate provisions (reservations) by the manufacturer arises in the case of collective recycling plans as well, or the costs of recycling for old and new liabilities alike should be treated as current cost of operations. Gorenje will entirely observe the accounting approach that will be harmonized with relevant professional and other institutions on the CECED level; in the accounting reports for the period January – September 2005, we haven't set aside any provisions for future liabilities arising from this directive, and will not do so until the approach is harmonized and finalized.

The above negative impact of adversary economic elements will have to be neutralized as much as possible during the year by:

- optimization and search for cheaper alternative supply sources;
- selective price increase of household appliances and enhancement of their sales structure; and
- by cost rationalization in all segments of operations.

The management will continue to perform all business activities in order to accomplish the business goals set ahead for 2005.

A. FINANCIAL REPORT

1. Accounting Policies

In the process of preparing the non-audited accounting statements of the Gorenje Group in compliance with the International Standards of Financial Reporting (MSRP), the Group used the same accounting guidelines as in 2004, except for the consideration of long-term provisions (reservations) for warranty period repairs. In 2004 these were carried out by deferring the revenues in the amount of long-term provisions planned. In 2005, the modified explanations and interpretation of accounting standards application require presenting the long-term provisions among the entries of net sales income and costs of goods, materials and services. Accordingly, the data from the 2004 income report that refer to formation and changing the long-term provisions, were adjusted in line with the revised accounting rules.

2. Group Structure

In accordance with International Financial Reporting Standards, the non-audited consolidated financial statements of the Gorenje Group include the financial statements of the parent company Gorenje, d.d. and the financial statements of subsidiaries operating in Slovenia and abroad.

The changes of the Gorenje Group structure in the year 2005 were as follows:

- In the beginning of January 2005 the company Gorenje, d.d., acquired from the company Energygor, d.o.o. 100% share of the company Opte Ptuj, d.o.o., and 66.67% share of the company Kemis, d.o.o.
- On Jan. 26, 2005 the company Gorenje, d.d., became 100% owner of the Czech company Mora Moravia, a.s. in accordance with the relevant acquisition agreement.
- The relevant recording in the Court register on Jan. 28, 2005 concluded the restructuring procedure of the joint stock company Gorenje Notranja oprema into the public limited company, in which parent company Gorenje, d.d., holds 98.86% ownership stake.
- On March 30, 2005 Gorenje, d.d., established the company Gorenje Adria nekretnine, d.o.o. (real estate trading), with the head office in Zagreb, of which Gorenje, d.d., is the 100% owner.
- In the year 2005 the company IG Prodaja, d.o.o., started to operate, in which Gorenje, d.d., has 50% stake and 50% stake has the company Istrabenz energetski sistemi, d.o.o.
- The company G.A. Beteiligungs GmbH, Vienna, Austria, was established, with the company Gorenje Beteiligungs GmbH, Vienna, Austria as the 100% owner. 100% stake of the company Hyundai Auto Zagreb, d.o.o., Zagreb, Croatia and 100% stake of the company Hyundai Auto, d.o.o., Belgrade, Serbia and Montenegro was transferred to the latter company. On July 12 2005 the Gorenje holding company Gorenje Beteiligungsgesellschaft mbH from Vienna has made a contract with the buyer Trdnjava Holding, d.d., Celje, Slovenia, for selling out 70% ownership stake of the company G.A. Beteiligungs gmbH. Gorenje Group has decided to sell out the majority stake in the business areas of the car sales companies, in accordance with the strategy of focusing on the core business area – household appliances. This sale of the company was not planned and included into the 2005 plan. Both subsidiaries Hyundai Auto Zagreb, d.o.o., Zagreb, Croatia and Hyundai Auto, d.o.o., Belgrade, Serbia and Montenegro planned SIT 11.7 bn net revenues from sales and SIT 122 m net profit for the year 2005.
- On July 20 2005, the companies Avtotehna, BSH/Household Appliances, Gorenje, LTH, Mercator, Merkur and Mikropis, as the largest obligors for handling waste electric and electronic equipment in Slovenia, founded ZEOS, d.o.o., a company for handling waste electric and electronic equipment.
- The company Mora Slovakia s.r.o., Slovakia has been in the process of liquidation since July while the company Mora Hungaria Kft., Hungary is currently in the process of merging with the company Gorenje Budapest Kft. Both procedures, performed in line with the objective of unifying Gorenje and Mora sales networks on respective markets, will presumably be completed by the end of November.

- Following the resolution of their respective assemblies, the companies Gorenje Kuhinje, d.o.o., Bosnia and Herzegovina, and Gorenje USA Inc., USA, are in the process of liquidation.
- Following the management resolution, the procedure of establishing a representative branch office in Shanghai, China, began in June and is expected to be completed by the end of this year.

Important events after the balance sheet date on September 30 2005:

- The company Kemis, d.o.o. established on October 5 2005 a new company, Kemis, d.o.o. with headquarters in Valjevo, Serbia and Montenegro, with a 100% share in the company equity.
- Following the resolution of the assembly, the company Gorenje Skandinavien A/S is establishing two new companies in Estonia and Latvia.

Subsidiaries operating in Slovenia: Gorenje IPC, d.o.o., Velenje; Biterm, d.o.o., Bistrica ob Sotli; Gorenje Notranja oprema, d.o.o., Velenje; Gorenje Glin, d.o.o., Nazarje; Gorenje Orodjarna, d.o.o., Velenje; Gorenje Indop, d.o.o., Velenje; Gorenje Tiki d.o.o., Ljubljana; Gorenje GTI, d.o.o., Velenje; Gorenje Gostinstvo, d.o.o., Velenje; LINEA, d.o.o., Velenje; Energygor, d.o.o., Velenje; Opte Ptuj, d.o.o., Ptuj; Kemis, d.o.o., Radomlje; Istrabenz – Gorenje, d.o.o., Ljubljana (Joint Venture); IG Prodaja d.o.o., Nova Gorica (Joint Venture)

Subsidiaries operating abroad: Gorenje Beteiligungsgesellschaft m.b.H., Austria; Gorenje Austria Handelsgesellschaft m.b.H., Austria; Gorenje Vertriebsgesellschaft m.b.H., Germany; Gorenje Körting Italia S.r.l., Italy; Gorenje France S.A.S., France; Gorenje BELUX S.a.r.l., Belgium; Gorenje UK Ltd., Great Britain; Gorenje Skandinavien A/S, Denmark; Gorenje AB, Sweden; Gorenje USA Inc., USA; Gorenje Spol. s r.o., Czech Republic; Gorenje Real Spol. s r.o., Czech Republic; Gorenje Slovakia Spol. s r.o., Slovakia; Gorenje Budapest Kft., Hungary; Gorenje Polska sp. z o.o., Poland; Gorenje Bulgaria EOOD, Bulgaria; Gorenje Zagreb, d.o.o., Croatia; Gorenje Skopje, d.o.o., Macedonia; Gorenje Commerce, d.o.o., Bosnia and Herzegovina; Gorenje, d.o.o., Serbia and Montenegro; Gorenje Podgorica, d.o.o., Serbia and Montenegro; Gorenje OY, Finska; Gorenje AS, Norveška; Gorenje Romania S.R.L., Romania; Gorenje aparati za domačinstvo, d.o.o., Serbia and Montenegro; Mora Moravia a.s., Czech Republic; Mora Slovakia s r.o., Slovakia; Mora Hungaria Kft., Hungary; Gorenje Küchen GmbH, Austria; Gorenje Kuchyne Spol. s r.o., Czech Republic; Gorenje Kuhinje, d.o.o., Bosnia and Herzegovina; Gorenje Imobilia, d.o.o., Serbia and Montenegro; Gorenje Adria nekretnine, d.o.o., Croatia; Kemis, d.o.o., Croatia; Kemis BiH, d.o.o., Bosnia and Herzegovina.

In addition, the company Gorenje, d.d., had the following **representative offices abroad** through which it carried out business activities in foreign markets: Moscow, Russian Federation; Krasnoyarsk, Russian Federation; Kiev, Ukraine; Athens, Greece; Barcelona, Spain.

3. Non-Audited Consolidated Financial Statements According to IFRS

Non-Audited Consolidated Income Statement of Gorenje Group According to IFRS

	Exchange Rate: 1EUR =	239.66 SIT	238.55 SIT		239.79 SIT
	in SIT m	Jan - Sep 2005	Jan - Sep 2004	2005/PI2005	Plan 2005
1.	Net sales revenue	177,240.8	154,376.9	75.4%	235,208.4
2	Changes in inventories	2,868.8	6,507.6		
3	Other operating income	2,501.0	2,091.3		
4.	Raw material and consumables used	-135,553.1	-120,523.7		
5	Staff costs	-31,655.5	-28,748.8		
6.	Depreciation and amortisation expense	-8,969.6	-7,317.4		
7.	Other operating expenses	-2,283.8	-1,508.6		
8.	Operating profit	4,148.6	4,877.3		
9.	Net finance cost	-434.3	-890.5		
10.	Profit before tax	3,714.3	3,986.8		
11.	Income tax expense	-579.4	-190.6		
12.	Profit after tax	3,134.9	3,796.2	65.4%	4,793.2
13.	Minority interest	15.8	39.9		
14.	Net profit for the period	3,119.1	3,756.3	65.3%	4,779.2

Non-Audited Consolidated Balance sheet of Gorenje Group According to IFRS

	Exchange Rate: 1EUR =	239.57 SIT	239.81 SIT
	in SIT m	30.9.2005	30.9.2004
A.	Fixed assets	87,677.1	83,389.0
	Tangible fixed assets	78,535.3	75,592.3
	Intangible long-term assets	4,418.9	2,441.4
	Long-term financial investments	4,196.1	4,651.1
	Long-term receivables	468.8	653.7
	Deferred tax	58.0	50.5
B.	Current assets	107,908.2	92,913.1
	Inventories	40,406.6	37,266.4
	Trade and other receivables and assets	60,540.9	50,603.4
	Short-term financial investments	4,590.7	2,410.0
	Cash and cash equivalents	2,370.0	2,633.3
	ASSETS	195,585.3	176,302.1
A.	Capital	59,242.0	59,103.2
	Shares	12,200.0	12,200.0
	Reserves	33,533.3	29,446.8
	Equity revaluation adjustments	7,656.0	7,735.0
	Retained earnings	9,509.7	10,390.5
	Treasury Stock	-3,657.0	-669.1
B.	Minority interest	202.7	217.9
C.	Long-term operating and financial liabilities	41,631.1	35,794.6
	Provisions	9,489.6	8,253.9
	Deferred tax	205.0	490.0
	Long-term loans	31,930.4	27,044.6
	Other long-term liabilities	6.1	6.1
D.	Short-term operating and financial liabilities	94,509.5	81,186.4
	Short-term loans	44,617.9	34,071.3
	Trade liabilities	35,133.2	36,905.6
	Other short-term liabilities	6,852.7	4,989.6
	Accrued cost and deferred revenue	7,905.7	5,219.9
	EQUITY AND LIABILITIES	195,585.3	176,302.1

Non-Audited Consolidated Cash flow Statement of Gorenje Group According to IFRS

	In SIT m	Jan- Sep 2005	Jan- Sep 2004
A.	CASH FLOWS FROM OPERATING ACTIVITIES		
	Profit before taxation	3,714.3	3,986.8
	Adjustments for:		
	Depreciation and amortisation	8,969.6	7,317.4
	Deferred revenues and accrued costs	5,148.9	3,302.8
	Interest and foreign exchange expense net	434.3	890.5
	Change in provisions	187.5	385.9
	Proceeds from sale of fixed assets	-118.7	
	Changes in the capital		85.6
	Increase in deferred taxes	73.0	-88.3
	Cash generated before change in net operating current assets	18,408.9	15,880.7
	Increase in receivables	-9,354.9	-6,156.8
	Increase in inventories	-3,372.8	-7,922.0
	Increase in operating liabilities	-9,595.6	-3,180.9
	Cash generated from operations	-22,323.3	-17,259.7
	Interest paid and foreign exchange losses	-434.3	-890.6
	Income taxes paid	-693.6	-190.6
	Net cash from operating activities	-5,042.3	-2,460.2
B.	CASH FLOWS FROM INVESTMENT ACTIVITIES		
	Purchase of tangible and intangible assets	-8,687.0	-9,604.0
	Purchase of own shares	-2,987.1	
	Proceeds from sale of shares and other securities		-495.1
	Proceeds from sale of fixed assets	118.7	
	Net cash from investment activities	-11,555.4	-10,099.1
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
	Proceeds from long-term loans	7,815.4	8,125.0
	Proceeds from short-term loans	10,103.3	5,865.4
	Dividend pay-out	-1,171.6	-1,194.9
	Purchase of the minority interests	-4.1	-304.6
	Net cash from financing activities	16,743.0	12,490.9
D.	BALANCE OF CASH AT END OF PERIOD		
	Increase/decrease in cash and cash equivalents	145.3	-68.4
	Cash and cash equivalents at 1.1.	2,224.7	2,701.7
	Cash and cash equivalents at 30.9.	2,370.0	2,633.3

Non-Audited Consolidated Statement of changes in Equity of Gorenje Group According to IFRS

in SIT m	Share Capital	Reserves	Net profit from previous periods	Net profit for the period	Own Shares	Equity revaluation and translation adjustments	Minority Interest	Total
Balance at 1 Jan 2005	12,200.0	33,533.3	3,996.9	3,565.3	-669.9	8,057.4	191.0	60,874.0
Net profit or loss for the period				3,119.1			15.8	3,134.9
Purchase and revaluation of own shares					-2,987.1			-2,987.1
Decrease of the special revaluation capital adjustment						-380.1		-380.1
Transfer of revaluation capital adjustment						67.0		67.0
Changes in a value of hedging instruments						-88.3		-88.3
Pay-out of the dividends			-1,171.6					-1,171.6
Net profit or loss for the Year 2004			3,565.3	-3,565.3				0.0
Increase in minority interest							-4.1	-4.1
Balance at 30 Sep 2005	12,200.0	33,533.3	6,390.6	3,119.1	-3,657.0	7,656.0	202.7	59,444.7

in SIT m	Share Capital	Reserves	Net profit from previous periods	Net for the period	Own Shares	Equity revaluation and translation adjustments	Minority Interest	Total
Balance at 1 Jan 2004	12,200.0	29,439.3	5,588.7	2,200.3	-707.2	8,088.0	482.7	57,291.8
Net profit or loss for the period				3,756.3			39.9	3,796.2
Equity revaluation and translation adjustments						-413.2		-413.2
Net profit or loss for the Year 2003			2,200.3	-2,200.3				0
Profit from the sales of the own shares		45.5						45.5
Changes in a value of hedging instruments						-119.8		-119.8
Extraordinary revenues			40.1					40.1
Reversals of reserves for own shares		-38.1			38.1			0
Investments revaluations						180.0		180.0
Pay-out of the dividends			-1,194.9					-1,194.9
Decrease in minority interest							-304.6	-304.6
Balance at 30 Sep 2004	12,200.0	29,446.7	6,634.2	3,756.3	-669.1	7,735.0	218.0	59,321.1

4. Financial Highlights and Achievements

in EUR '000	Jan-Sep 2004	Jan-Sep 2005	05/04	2005/PI2005	Plan 2005
Consolidated operations					
Net revenues from sales	647,142	739,563	14.3%	75%	980,875
Average number of employees	9,468	10,470	10.6%	99%	10,581
Productivity (Net revenues from sales/Number of employees) in EUR	68,350	70,636	3.3%	76%	92,702
Staff costs	120,514	132,087	9.6%		
Depreciation and amortisation expense	30,674	37,427	22.0%		
Added Value	171,634	186,825	8.9%		
Added Value/Average number of employees; in EUR	18,128	17,844	-1.6%		
EBIT (Operating profit)	20,445	17,311	-15.3%		
EBITDA	51,120	54,738	7.1%		
EBITDA Margin to Net revenues from sales	7.9%	7.4%	-6.3%		
Net profit	15,914	13,081	-17.8%	65%	19,989
Net profit Margin to Net revenues from sales	2.5%	1.8%			2.0%
Consolidated financial position					
Net working capital	190,952	242,139	26.8%		
Net working capital structure	35.4%	39.8%			
Non-current asset	347,732	365,969	5.2%		
Non-current asset structure	64.6%	60.2%			
Total (Net working capital + Non-current asset)	538,684	608,109	12.9%		
Financial liabilities	254,853	319,517	25.4%		
Financial liabilities structure	47.3%	52.5%			
Provisions	36,462	40,466	11.0%		
Provisions structure	6.8%	6.7%			
Capital	247,369	248,126	0.3%		
Capital structure	45.9%	40.8%			
Investments	43,810	34,337	-21.6%	73%	47,228
Investment Margin to Net revenues from sales	6.8%	4.6%			4.8%

In the first nine months of the year 2005, **consolidated net revenues from sales** amounted to EUR 739.6 m, showing an increase of 14.3% over 1st nine months 2004 and 75% of the 2005 annual plan. **Net profit** for the period January-September 2005 in amount to EUR 13.1 m reached 65% of the projected figure for the year 2005. **Balance sheet total** amounted to EUR 816.4 m as at 30 September 2005 and showed an increase of 9.2% over the year end 2004.

Gorenje, d.d.,
The Management Board