

S U M M A R Y

NON-AUDITED BUSINESS REPORT OF GORENJE, D.D., AND OF THE GORENJE GROUP, FOR THE PERIOD JANUARY – MARCH 2008



Velenje, Slovenia, May 2008

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BUSINESS REPORT

GENERAL INFORMATION

Name	Gorenje, gospodinjiski aparati, d.d.
Date of entry in court register	31 December 1997
Abbreviated name	Gorenje, d.d.
Registered office	Partizanska 12, Velenje
Activities	Manufacture, sale, maintenance and repair of electric and non-electric domestic and electro-thermic appliances
Activity code	27.510 Manufacture of electric domestic appliances
VAT identification number	SI72615320
Registration number	5163676
Share capital	EUR 58,546,152.56
Shares	14,030,000 ordinary registered no-par value shares; the shares of Gorenje, d.d., are entered in the prime market listing of the official market of the Ljubljana Stock Exchange under the trading code GRVG (www.ljse.si).

Organisational Structure of the Gorenje Group:

The companies of the Group are organised into three divisions:

- **Household appliances division:** Manufacture and sale of household appliances of own production, sale of products from the complementary programme comprising household appliances of other manufacturers, sale of supplementary programme comprising electronic and small household appliances, and the manufacture and sale of heating-thermic appliances. Tool making, manufacture of machinery and mechanical components.
- **Home interior division:** Manufacture and sale of kitchen and bathroom furnishings, sanitary equipment and ceramic tiles.
- **Trade and services division:** Energy management and environmental protection, trade, engineering, agency services, restaurant and catering services, tourism and real estate management.

PERFORMANCE ANALYSIS OF THE MAIN COMPANY GORENJE, D.D.

Summary of Business Performance in Figures

in EUR thousand	1Q 08	Plan 2008	1Q 07	1Q 08/ Plan 2008	1Q 08/ 1Q 07
Revenue	196,220	868,556	205,745	22.6%	95.4
EBITDA	15,949	58,541	14,493	27.2%	110.1
EBIT	6,642	22,879	5,849	29.0%	113.6
Profit before tax (PBT)	4,820	16,645	3,958	28.9%	121.7
Net Profit	4,370	14,653	3,582	29.8%	122.0
Average Number of Employees	5,458	5,480	5,612	99.6%	97.3

Revenue: amounted to EUR 196,220 thousand is for 4.6 % (EUR 9,525 thousand) lower as from the 1st Qtr. 2007, and reaching 22.6% of the 2008 annual plan.

From the total sales, the sales of the large household appliances amounted to EUR 136,907 thousand or structure of 69.8%; in comparison from the same period of the last year, it is lower by 5.8%.

EBITDA: Earnings before interest, tax, and amortization rose to EUR 15,949 thousand, up by 10.1% and reached 27.2% of the annual plan.

EBIT: in the amount of EUR 6,642 thousand showing 13.6% increase and 29% of the plan 2008.

Profit before tax (PBT): amounted to EUR 4,820 thousand, showing a strong 21.7% increase over 1st Qtr. 2007 and reached annual plan for the year 2008 by 28.9%.

Net profit: (EUR 4,370 thousand) showing also a very strong 22% increase in comparison with the last 1st Qtr. 2007 and reached the plan by 29.8%.

PERFORMANCE ANALYSIS OF THE GORENJE GROUP

Summary of Business Performance in Figures

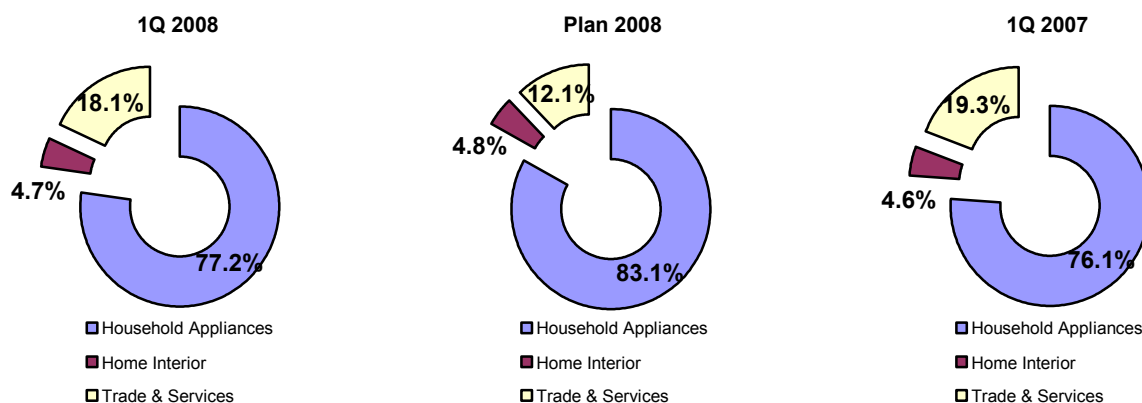
in EUR thousand	1Q 08	Plan 2008	1Q 07	1Q 08/ Plan 2008	1Q 08/ 1Q 07
Consolidated Revenue	303,700	1,300,352	313,331	23.4%	96.9
Consolidated Revenue - comparable	303,700	1,300,352	282,522	23.4%	107.5
EBITDA	24,904	98,078	23,878	25.4%	104.3
EBIT	10,745	42,502	10,651	25.3%	100.9
Profit before tax (PBT)	6,788	31,503	6,187	21.5%	109.7
Net Profit	5,353	26,503	4,405	20.2%	121.5
Average Number of Employees	11,268	11,522	11,293	97.8%	93.0

Consolidated Revenue: amounted to EUR 303,700 thousand, implying 3.1% decrease over 1st Qtr. 2007 and 23.4 % of the 2008 plan and is not fully comparable with revenue achieved in 2007, due to the fact that the revenue from 1Q 2007 included also the revenue from the dispose of the company Austrian Power Vertriebs GmbH, Austria. With the comparable data's revenue amounted to EUR 21,178 thousand and they increased by 7.5%.

REVENUE FROM SALES BY DIVISIONS OF THE GORENJE GROUP

in EUR thousand	1Q 08	Plan 2008	1Q 07	1Q 08/ Plan 2008	1Q 08/ 1Q 07
Household Appliances Division	234,520	1,081,545	238,670	21.7%	98.3
Home Interior Division	14,310	61,994	14,313	23.1%	100.0
Trade and Services Division	54,870	156,813	60,348	35.0%	90.9
Consolidated Revenue	303,700	1,300,352	313,331	23.4%	96.9

Sales Structure by Divisions



Costs of goods, materials and services of the Gorenje Group achieved a share of 73.9 percent in the structure of gross operating yield, which is 2.7 percentage points less than in the 1st Qtr.2007. Their value amounted to EUR 225,569 thousand, which is a decrease of 10.6% over the 1st Qtr.2007.

The decrease in costs discussed was faster than the decrease of the gross operating yield and sales which is mainly a result of restructuring of the sales assortment, the replacement of the more costly components with the lower priced from other commodity markets and the timely favourable purchase of the raw materials for the first quarter. Additional to this the impact on costs decrease was due to the sales of the Austrian Power Vertriebs GmbH, Austria. With the comparable data's Cost of goods, materials and services increased by 2.3%.

EBITDA rose to EUR 24,904 thousand, up by 4.3 % and reached 25.4% of the annual plan 2008.

EBIT amounted to EUR 10,745 thousand, and a flat growth of 1% and reached 25.3% of 2008 plan.

PBT - Profit before tax amounted to EUR 6,788 thousand, showing 9.7% increase in comparison with the 1st Qtr. 2007 and realised 21.5% of the 2008 plan.

Net profit rose by 21.5% to EUR 5,353 thousand and reached 20.2% of the annual plan for the year 2008. Within the net profit, the net profit of minority interest is included in the amount of EUR 560 thousand.

PRODUCTION OF THE LARGE HOUSEHOLD APPLIANCES

- Gorenje Group produced 839,630 units of large household appliance, what is 21.8% of the 2008 annual plan and less by 13.2% in comparison with the 1st Qtr. 2007. In the parent company Gorenje, d.d., 660,150 units of large household appliance were produced, implying 21.9% of the annual plan and 13.7% lower production volume.
- The company Mora Moravia, a.s., Czech republic, produced 104,032 units of cooking appliances, implying the same level as in 1st Qtr. 2007.
- Gorenje AD, d.o.o., Valjevo, Serbia, produced 75,448 units of refrigerators and freezers, what is also at the same level as in 1st Qtr. 2007.
- The reason for the lower production volume is mainly as a result of restructuring of the sales assortment – products with the higher margins and due to this also better profitability of the production programs.

INVESTMENTS OF THE GORENJE GROUP

Gorenje Group Invested EUR 10,514 thousand, in Property, plant and equipment and intangible non-current assets, showing 15.7% of the plan 2008. The major part were recorded in the Household Appliances Division in amount to EUR 8,525 thousand (mainly Gorenje, d.d.).

In EUR thousand	1Q 2008	Plan 2008	1Q 2008/Plan 2008
Land	11	557	2.0%
Buildings	4,709	18,519	25.4%
Technical equipment	3,837	38,488	10.0%
Other equipment	1,143	7,782	14.7%
Other intangible investments	814	1,720	47.3%
Total	10,514	67,066	15.7%

Investments by divisions:

In EUR thousand	1Q 2008	Plan 2008	1Q 2008/Plan 2008
Household Appliances	8,525	50,944	16.7%
Home Interior	424	1,708	24.8%
Trade and Services	1,565	14,414	10.9%
Total	10,514	67,066	15.7%

THE NUMBER OF EMPLOYEES OF THE GORENJE GROUP

- At the end of March 2008 the number of employees was 11,212, which is 198 or 1.7% less than the year-end 2007. The number of employees decreased by 163 people within the Household Appliances Division, mostly in the production companies and by 33 employees within the Home Interior Division, due to the relocation of the Austrian production to the Maribor.
- The average number of employees was 11,268, and in the 1st Qtr. 2007 11,293 or by 0.2% decrease.

Average number of employees by divisions:

	1Q 2007	2007	1Q 2008	1Q 08/ 1Q 07	1Q 08/2007
Household Appliances	9,381	9,465	9,270	98.8	97.9
domestic companies	7,170	7,128	6,960	97.1	97.6
foreign companies	2,211	2,337	2,310	104.5	98.8
Home Interior	1,139	1,155	1,131	99.3	97.9
domestic companies	1,026	1,059	1,079	105.2	101.9
foreign companies	113	96	52	46.0	54.2
Trade and Services	773	836	867	112.2	103.7
domestic companies	705	729	748	106.1	102.6
foreign companies	68	107	119	175.0	111.2
Gorenje Group	11,293	11,456	11,268	99.8	98.4
domestic companies	8,901	8,916	8,787	98.7	98.6
foreign companies	2,392	2,540	2,481	103.7	97.7

OWNERSHIP AND SHARE DATA

GORENJE, D.D., JOINT STOCK COMPANY

- The main company Gorenje, d.d.: Joint-stock company since 1997, following ownership restructuring
- Nominal value of share capital: EUR 58,546,152.56 (Court register, Celje, No.Srg 2007/02253, 7 November 2007)
- Number of Ordinary no par value Shares: 14,030,000 GRVG shares (Court register, Celje, No.Srg 2007/02253, 7 November 2007)
- Issued GRVG shares: Are of the same class and entitle their holders to proportional management i.e. one vote per share.
- Stock Exchange Listing: GRVG (GRVG (listed on the Prime Quotation of the Ljubljana Stock Exchange since 3 October 2005 and since 3 April 2006 on index SBITOP)
- Own Shares: 1,183,342 shares or 8.4344 % (at 31 December 2007)
- Nominal share value: SIT 1,000 (till 21 December 2006)
- No par value share: 1 no par value share (from 22 December 2006 – date of the registration in the court register)
- There are no provisions in the Articles of Incorporation of Gorenje, d.d., that would invalidate the proportionality of rights arising from share ownership, such as the rights of minority shareholders or restrictions of voting rights.

OWNERSHIP STRUCTURE AS AT 31 MARCH 2008

- As at 31 March 2008, Gorenje, d.d., had 20,327 shareholders; or 17.3 % increase (17,332).

CHANGES IN OWNERSHIP STRUCTURE BY GROUP OF SHAREHOLDERS

	31 March 2008	31 March 2007	
Pension fund with funds	26.09%	26.09%	<ul style="list-style-type: none"> • The share of financial investors rose from 38.4% to 40.3% • Due to the 15% capital increase in 2007, the share of the own shares decrease from 9.70% to 8.43% • The share of the foreign investors rose from 9.23% to 9.30%, from this goes to foreign legal entities 9.11% (9.07%) and foreign individuals 0.19% (0.16%)
Financial investors	40.29%	38.39%	
Employees and former employees	6.26%	7.29%	
Individuals	18.93%	18.52%	
Own Shares	8.43%	9.70%	
Total	100%	100%	

TEN MAJOR SHAREHOLDERS

Shareholder / Number of shares	31 March 2008	%
KAPITALSKA DRUŽBA, D.D.	3,534,615	25.19%
GORENJE, D.D. – OWN SHARES	1,183,342	8.43%
KD GALILEO, MUTUAL FUND	756,179	5.39%
RAIFFEISEN ZENTRALBANK OESTERREICH AG, AVSTRIJA	651,910	4.65%
INGOR, D.O.O., & CO. K.D.	538,091	3.84%
KD ID, DELNIŠKA ID, D.D.	373,443	2.66%
KD RASTKO, MUTUAL FUND	358,882	2.56%
DELNIŠKI VZAJEMNI SKLAD TRIGLAV STEBER I - MUTUAL FUND	313,554	2.23%
PROBANKA D.D.	263,008	1.87%
KRONA SENIOR, DELNIŠKA ID, D.D.	171,162	1.22%
TOTAL 10 MAJOR SHAREHOLDERS :	8,144,186	58.04%
OTHER SHAREHOLDERS:	5,885,814	41.96%
TOTAL:	14,030,000	100.00%

OWN SHARES OF THE ISSUER

- The number of Own Shares was on 31 March 2008 unchanged, namely 1,183,342 or 8.4344 % of the Company equity.

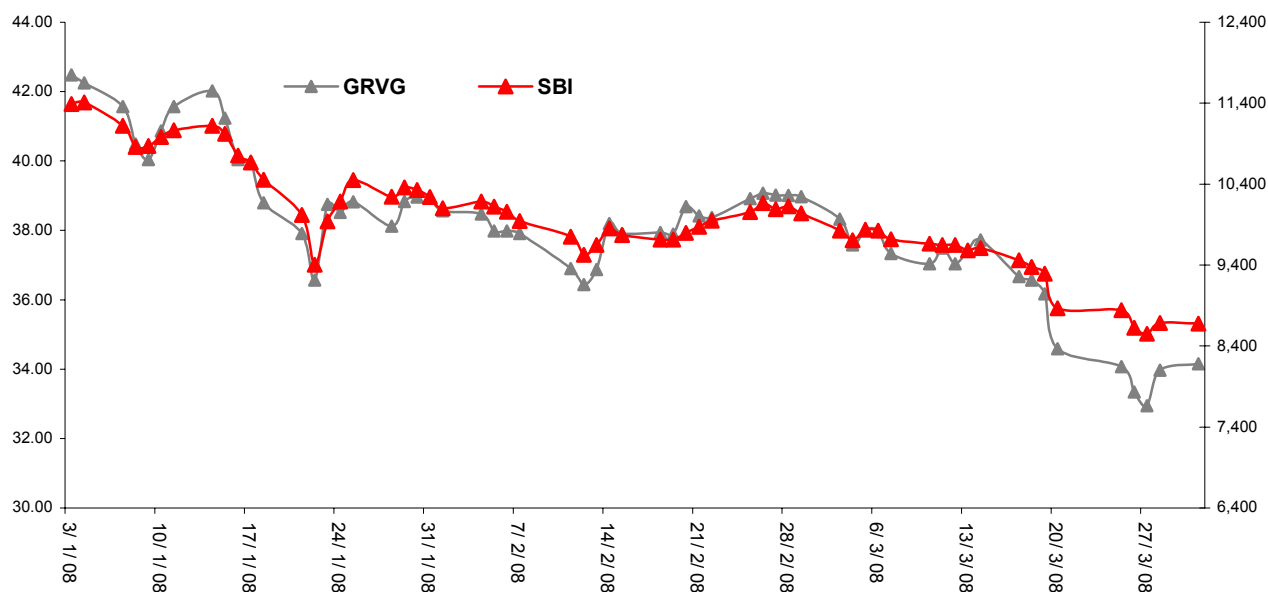
NUMBER OF SHARES OWNED BY THE MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD AS AT 31 MARCH 2008

- Due to the execution of the pre-emption rights of the capital increase in 2007, the number of shares owned by the members of the Management and Supervisory Board increased.

	31 March 2007			31 March 2008	
Supervisory Board	14,146	0.1009%	Management Board	13,230	0.0943%
Mr. Ivan Atelšek	9,497	0.0677%	Mr. Franc Bobinac	2,096	0.0149%
Mr. Peter Kobal	1,355	0.0097%	Mr. Drago Bahun	9,032	0.0644%
Mr. Drago Krenker	920	0.0066%	Mr. Franc Košec	1,380	0.0098%
Mr. Krešimir Martinjak	115	0.0007%	Mrs. Mirjana Dimc Perko	96	0.0007%
Mr. Jurij Slemenik	1,738	0.0124%	Mr. Branko Apat	626	0.0045%
Mr. Jože Zagožen	466	0.0033%			
Mr. Gregor Sluga	55	0.0004%			

UNIFORM PRICE OF GRVG SHARE

- On 31 March 2008 the uniform price per share amounted to EUR 34.15 and decreased by 19.5% in comparison with the last trading day in 2007 (EUR 42.42). The SBI 20 stock exchange index decreased by 23.7% in the same period.



Changes in the uniform price of GRVG and in the SBI stock exchange index in the period from January – March 2008

EARNINGS PER SHARE

- EPS calculated as the ratio between the net profit made in the accounting period and the number of shares issued minus the average number of own shares (12,846,658), amounted to EUR 1.36.

BOOK VALUE PER SHARE

- The book value of a share is calculated as the ratio between the total company equity at 31 March 2008, and the number of shares issued minus the number of own shares (12,846,658) as 31 March 2008 and amounted to EUR 21.52.

MARKET TO BOOK VALUE RATIO

- Market to book value ratio is 1.59 (1.72 on 31 December 2007).

BUSINESS OUTLOOK FOR THE YEAR 2008

in EUR thousand	2007	Plan 2008	Plan 2008/2007
Consolidated revenue	1,293,438	1,300,352	100.5
Gross Operating Yield	1,323,973	1,319,415	99.7
EBITDA	89,444	98,078	109.7
Profit before tax (PBT)	29,400	31,503	107.2
Net Profit	23,664	26,503	112.0
Average Number of Employees	11,456	11,522	100.6

In the year 2008 we will continue with the **growth of business activities within the household appliances division**, which is and will be Gorenje Group core business. The growth volume of division will be very selective, with the main stress on **the improvement of the sales structure - appliances with higher margins** – considering also the **structure of production programs**, as well as **sales structure by countries**.

Key importance of the supply chain will be the **optimisation of the supply chain and seeking low-priced alternative and/or new sources of supply in Asia, on other US dollar supply markets and in the countries of East Europe and SE Europe**. In relation to the former we are planning on increasing the volume of production as well as sales, where even utilization of production capacities throughout the year will be vital to maximising productivity and economy of production.

The investment activities within the household appliances division **will be focused on the development of new products** (modernization of the cooking appliances program) and **on the development of sales activities** (developing and strengthening the position on the strong developing existing and new markets).

We will continue to **develop wide range of products – all for Home**, in particular those with the potential for growth - **complementary, supplementary and heating program**.

Home interior division will continue with the **internal consolidation**, particularly in the **optimizing of the international production capacities**. We will also continue with the **synergy utilization with the core business – household appliances division**, on the supply and sales side.

The **trade and services division** will speed up **further development of the new – fast growing activities**, especially **ecology, waste management and energy**, and they will economically justify the larger extend of investments.

In all three divisions will be in the year 2008 attention focused on the **working capital controlling**, above all on **inventories, trade receivables and trade payables**, what will be for the balanced and long term performance of the Gorenje Group, of key importance.

In spite of very difficult business environment, we by Gorenje are prepared and we are looking forward to accept new challenges, which the year 2008 is bringing. We believe in further sound performance of the Group in line with the planned strategic goals and activities.

FINANCIAL REPORT

ACCOUNTING POLICIES

The non-audited consolidated financial statements of the Gorenje Group for January – March 2008 have been prepared in accordance with the provisions of the Corporations Act and the International Financial Accounting Standards as published by the International Accounting Standards Board (IASB), and the interpretations of the International Financial Reports Interpretation Committee (IFRIC).

The non-audited non-consolidated financial statements of Gorenje, d.d., for January – March 2008 have been prepared in accordance with the International Financial Accounting Standards. Transition to IFRS was passed on the 9th Annual General Meeting of Gorenje, d.d., held on 29 June 2006.

GROUP STRUCTURE

The changes of the Gorenje Group structure till the 31 March 2008 were as follows:

- On 15 January 2008, Gorenje, d.d., and Publicus, d.o.o., signed a letter of intent on the acquisition of a 51-percent share of the company Publicus.
- Slovenian companies Gorenje, Trimo, Riko and Pristop established on 5 February 2008 at the Founding General Assembly a new company, Gorenje design studio, d. o. o. Gorenje will hold in the new company 52-percent ownership share, the other partners 16- percent each.
- Company Gorenje, d.d., established on 16 January 2008 the company GORES, d.o.o., for the management of the real estate.
- On 16 January 2008 the company GORENJE PROJEKT, inženiring, d.o.o., was established, which 100 % owner is the company Gorenje, d.d.
- On 31 March 2008 the company INGOR, d.o.o., & co., k.d., held 538,091 GRVG shares or 3.8353% of the total number of Gorenje, d.d., shares.
- The company Istrabenz Gorenje, d.o.o., has on 31 March 2008 established the company Vitales Nova Gorica, d.o.o., with the core business trading with the biomass.

The list of the Gorenje Group companies on 31 March 2008:

Companies, operating in Slovenia	Ownership share, %	Division
1. Gorenje I.P.C., d.o.o., Velenje	100.00	HA
2. Gorenje Tiki, d.o.o., Ljubljana	99.982	HA
3. Gorenje GTI, d.o.o., Velenje	100.00	TS
4. Gorenje Notranja oprema, d.o.o., Velenje	99.60	HI
5. Gorenje Gostinstvo, d.o.o., Velenje	100.00	TS
6. LINEA SP, d.o.o., Velenje	100.00	TS

7.	Energygor, d.o.o., Velenje	100.00	TS
8.	Kemis d.o.o., Radomlje	100.00	TS
9.	Gorenje Orodjarna, d.o.o., Velenje	100.00	TS
10.	ZEOS, d.o.o., Ljubljana	51.00	TS
11.	Istrabenz Gorenje, d.o.o., Nova Gorica	49.95	TS
12.	GEN-I, d.o.o., Krško	24.98	TS
13.	Istrabenz investicijski inženiring, d.o.o., Nova Gorica	49.95	TS
14.	Surovina, d.d., Maribor	51.00	TS
15.	RVT d.o.o., Maribor	29.99	TS
16.	INDOP, d.o.o., Šoštanj	100.00	HA
17.	ERICO, d.o.o., Velenje	51.00	TS
18.	Istrabenz Gorenje inženiring, d.o.o., Ljubljana	49.95	TS
19.	GORES, d.o.o., Velenje	100.00	TS
20.	GORENJE PROJEKT, d.o.o., Ljubljana	100.00	TS
21.	GORENJE DESIGN STUDIO, d.o.o., Velenje	52.00	HA
22.	Vitales Nova Gorica, d.o.o., Nova Gorica	49.95	TS
23.	PUBLICUS, d.o.o., Ljubljana	51.00	TS

Companies, operating outside Slovenia		Ownership share, %	Division
24.	Gorenje Beteiligungsgesellschaft m.b.H., Austria	100.00	HA
25.	Gorenje Austria Handelsgesellschaft m.b.H., Austria	100.00	HA
26.	Gorenje Vertriebsgesellschaft m.b.H., Germany	100.00	HA
27.	Gorenje Körting Italia S.r.l., Italy	100.00	HA
28.	Gorenje France S.A.S., France	100.00	HA
29.	Gorenje BELUX S.a.r.l., Belgium	100.00	HA
30.	Gorenje Espana, S.L., Spain	100.00	HA
31.	Gorenje UK Ltd., Great Britain	100.00	HA
32.	Gorenje Skandinavien A/S, Denmark	100.00	HA
33.	Gorenje AB, Sweden	100.00	HA
34.	Gorenje OY, Finland	100.00	HA
35.	Gorenje AS, Norway	100.00	HA
36.	OÜ Gorenje, Estonia	100.00	HA
37.	SIA Gorenje, Latvia	100.00	HA
38.	Gorenje spol. s r.o., Czech Republic	100.00	HA
39.	Gorenje real spol. s r.o., Czech Republic	100.00	HA
40.	Gorenje Slovakia s. r.o., Slovak Republic	100.00	HA
41.	Gorenje Budapest Kft., Hungary	100.00	HA
42.	Gorenje Polska Sp. z o.o., Poland	100.00	HA
43.	Gorenje Bulgaria EOOD, Bulgaria	100.00	HA
44.	Gorenje Zagreb, d.o.o., Croatia	100.00	HA
45.	Gorenje Skopje, d.o.o., Macedonia	100.00	HA
46.	Gorenje Commerce, d.o.o., Bosnia and Herzegovina	100.00	HA
47.	Gorenje, d.o.o., Serbia	100.00	HA
48.	Gorenje Podgorica, d.o.o., Montenegro	99.972	HA
49.	Gorenje Romania S.R.L., Romania	100.00	HA
50.	Gorenje aparati za domačinstvo, d.o.o., Serbia	100.00	HA
51.	Mora Moravia s r.o., Czech Republic	100.00	HA

52.	Gorenje Küchen GmbH, Austria	99.60	NO
53.	Gorenje - kuchyne spol. s r.o., Czech Republic	99.60	NO
54.	Gorenje Imobilia, d.o.o., Serbia	100.00	TS
55.	Gorenje Adria Nekretnine, d.o.o., Croatia	100.00	TS
56.	Kemis-Termoclean, d.o.o., Croatia	100.00	TS
57.	Kemis BiH, d.o.o., Bosnia and Herzegovina	100.00	TS
58.	Gorenje Invest, d.o.o., Serbia	100.00	HA
59.	Gorenje Gulf FZE, United Arab Emirates	100.00	HA
60.	Gorenje Tiki, d.o.o., Serbia	99.982	HA
61.	GEN-I, d.o.o., Croatia	24.98	TS
62.	Intrade energija, d.o.o., Bosnia and Herzegovina	25.48	TS
63.	Vitales, d.o.o., Nova Bila, Bosnia and Herzegovina	49.95	TS
64.	Gorenje Istanbul Ltd., Turkey	100.00	HA
65.	Sirovina, a.d., Serbia	44.12	TS
66.	Gorenje T.O.V, Ukraine	100.00	HA
67.	Vitales, d.o.o., Bihać, Bosnia and Herzegovina	24.98	TS
68.	GEN-I, d.o.o, Serbia	24.98	TS
69.	Vitales, d.o.o., Sokolac, Bosnia and Herzegovina	24.98	TS
70.	ST Bana Nekretnine, d.o.o., Serbia	100.00	TS
71.	GEN-I, Kft., Hungary	24.98	TS

Division HA – Household Appliances Division

Division HI – Home Interior Division

Division TS – Trade and Services Division

Gorenje, d.d. also has the following representative offices abroad, which are instrumental in doing business in certain foreign markets:

Representative offices abroad

1.	Moscow, Russia
2.	Krasnojarsk, Russia
3.	Kiev, Ukraine
4.	Athens, Greece
5.	Shanghai, China
6.	Almaty, Kazakhstan

MAJOR EVENTS FOLLOWING THE BALANCE SHEET DATE

Major events following the Balance Sheet date 31 March 2008 will be as follows:

- On 25 April 2008, Gorenje, d.d., based on the contract acquired 26% stake of the company ECONO Projektiranje, d.o.o., from the company ERICo, d.o.o.
- On 2 May 2008 the company Gorenje, d.d., sold 100% stake in the company Gorenje Adria Nekretnine, d.o.o., to the company GORES, d.o.o.

NON-AUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS OF GORENJE, D.D., IN ACCORDANCE WITH THE IFRS

BALANCE SHEET OF GORENJE, D.D.

	in EUR thousand	31 March 2007	31 March 2008	31 Mar 08/ 31 Mar 07	31 Dec 2007	31 Mar 08 /31 Dec 07
	ASSETS	651,245	671,089	103.1	675,303	99.4
A.	Non-current assets	321,372	335,224	104.3	340,858	98.3
I.	Intangible assets	188,436	183,733	97.5	189,392	97.0
II.	Property, plant and equipment (PPE)	17,366	17,827	102.7	18,243	97.7
III.	Investment property	614	2,749	447.7	2,698	101.9
IV.	Investments into subsidiaries	102,008	114,229	112.0	113,862	100.3
V.	Investments into associated companies	0	0		0	
VI.	Other investments	7,686	12,213	158.9	12,207	100.1
VII.	Deferred tax assets	5,262	4,473	85.0	4,456	100.4
B.	Current assets	329,873	335,865	101.8	334,445	100.4
I.	Non-current assets for sales	93	0		0	
II.	Inventories	96,726	95,073	98.3	93,869	101.3
III.	Other investments	16,682	27,266	163.5	26,150	104.3
IV.	Trade receivables	200,436	200,139	99.9	200,671	99.7
V.	Other current assets	15,918	13,099	82.3	13,724	95.4
VI.	Cash and cash equivalents	18	288		31	929.0
	EQUITY AND LIABILITIES	651,245	671,089	103.1	675,303	99.4
A.	Total equity	213,096	276,450	129.7	274,785	100.6
I.	Shares	50,910	58,546	115.0	58,546	100.0
II.	Share premium	78,587	125,851	160.1	125,851	100.0
III.	Legal and statutory reserves	43,713	45,034	103.0	45,034	100.0
IV.	Retained earnings	61,306	69,030	112.6	64,660	106.8
V.	Fair value reserve	6,273	5,682	90.6	8,387	67.8
VI.	Own shares	-27,693	-27,693	100.0	-27,693	100.0
B.	Non-current liabilities	152,817	135,433	88.7	138,724	97.6
I.	Provisions	26,838	26,778	99.8	26,212	102.2
II.	Deferred tax liabilities	1,062	942	88.7	1,886	50.0
III.	Loans and borrowings	124,917	107,713	86.3	110,626	97.4
C.	Current liabilities	285,332	259,206	90.9	261,794	99.0
I.	Short-term borrowings	118,700	103,394	87.1	62,149	166.4
II.	Trade liabilities	141,869	125,621	88.6	177,528	70.8
III.	Other liabilities	24,763	30,191	122.0	22,117	136.5

PROFIT AND LOSS STATEMENT OF GORENJE, D.D.

	in EUR thousand	1Q 2007	Plan 2008	1Q 2008	1Q 2008/ Plan 08	1Q 2008/ 1Q 2007
1.	Revenue	205,745	868,556	196,220	22.6	95.4
2.	Changes in inventories	7,427	4,000	-2,042		
3.	Other operating income	1,720	6,188	1,613	26.1	93.8
4.	Gross operating yield	214,892	878,744	195,791	22.3	91.1
5.	Cost of goods, materials and services	-174,209	-700,907	-151,903	21.7	87.2
6.	Personnel expenses	-24,419	-113,748	-25,905	22.8	106.1
7.	Depreciation and amortization expense	-8,644	-35,662	-9,307	26.1	107.7
8.	Other operating expenses	-1,771	-5,548	-2,034	36.7	114.8
9.	Operating profit	5,849	22,879	6,642	29.0	113.6
10.	Financial income	1,536	8,843	5,802	65.6	377.7
11.	Financial expenses	-3,427	-15,077	-7,624	50.6	222.5
12.	Profit before tax	3,958	16,645	4,820	28.9	121.7
13.	Income tax expense	-376	-1,992	-450	22.6	119.7
14.	Net profit for the year	3,582	14,653	4,370	29.8	122.0

CASH FLOW STATEMENT OF GORENJE, D.D.

in EUR thousand		1Q 2007	1Q 2008
A.	CASH FLOWS FROM OPERATING ACTIVITIES		
	Net profit	3,582	4,370
	Adjustments for:		
	Depreciation of PPE	7,939	8,116
	Depreciation of intangible assets	705	1,191
	Investments income	-1,536	-5,802
	Financial expenses	3,427	7,624
	Revenues from sales of PPE	-195	-8
	Outcome tax expense	376	450
	Operating profit before changes in net working capital and provisions	14,298	15,941
	Increase/decrease in trade and other receivables	-8,563	-222
	Increase/decrease in inventories	-8,398	-1,204
	Increase/decrease in provisions	177	566
	Increase/decrease in trade and other liabilities	-40,051	-44,776
	Cash generated from the operations	-56,835	-45,636
	Interest paid	-3,407	-3,099
	Income taxes paid	-412	-224
	Net cash from operating activities	-46,356	-33,018
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
	Proceeds from sales of plant and equipment	1,718	450
	Proceeds from sales of investments	700	4,299
	Interest received	365	531
	Sales of subsidiary, net of cash acquired	-6,698	-367
	Acquisition of property, plant and equipment	-2,869	-2,472
	Other investments	-4,474	-6,425
	Acquisition of intangible assets	-720	-775
	Net cash from investing activities	-11,978	-4,759
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
	Borrowings	57,824	38,034
	Net cash from financing activities	57,824	38,034
D.	CASH AND CASH EQUIVALENTS		
	Net increase in cash and cash equivalents	-510	257
	Cash and cash equivalents at 1 January	528	31
	Cash and cash equivalents at 31 March	18	288

STATEMENT OF CHANGES IN EQUITY OF GORENJE, D.D.

in EUR thousand	Share Capital	Share Premium	Legal and statutory reserves	Retained Earnings	Own shares	Fair value reserve	Total
Balance at 1 January 2008	58,546	125,851	45,034	64,660	-27,693	8,387	274,785
Net profit for the year				4,370			4,370
Change in fair value of investments AFS						-3,649	-3,649
Liabilities for deferred tax						944	944
Balance at 31 March 2008	58,546	125,851	45,034	69,030	-27,693	5,682	276,450

in EUR thousand	Share Capital	Share Premium	Legal and statutory reserves	Retained Earnings	Own shares	Fair value reserve	Total
Balance at 1 January 2007	50,910	78,587	43,713	57,724	-27,693	5,989	209,230
Net profit for the year				3,582			3,582
Change in fair value of investments AFS						284	284
Balance at 31 March 2007	50,910	78,587	43,713	61,306	-27,693	6,273	213,096

NON-AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF GORENJE GROUP, IN ACCORDANCE WITH THE IFRS

CONSOLIDATED BALANCE SHEET OF THE GORENJE GROUP

	in EUR thousand	31 March 2007	31 March 2008	31 Mar 08/ 31 Mar 07	31 Dec 2007	31 Mar 08 / 31 Dec 07
	ASSETS	967,574	995,951	102.9	999,715	99.6
A.	Non-current assets	419,285	448,551	107.0	448,694	100.0
I.	Intangible assets	24,206	25,322	104.6	25,094	100.9
II.	Property, plant and equipment (PPE)	365,066	384,374	105.3	384,791	99.9
III.	Investment property	1,336	10,231	765.8	10,174	100.6
IV.	Other investments	19,916	19,622	98.5	19,217	102.1
V.	Investments in associated companies	0	0	0.0	12	0.0
VI.	Deferred tax assets	8,761	9,002	102.8	9,406	95.7
B.	Current assets	548,289	547,400	99.8	551,021	99.3
I.	Non-current assets for sales	640	340	53.1	1,062	32.0
II.	Inventories	214,921	224,795	104.6	217,471	103.4
III.	Other investments	21,889	23,638	108.0	27,901	84.7
IV.	Trade receivables	264,266	256,479	97.1	255,718	100.3
V.	Other assets	36,600	30,297	82.8	31,185	97.2
VI.	Cash and cash equivalents	9,973	11,851	118.8	17,684	67.0
	EQUITY AND LIABILITIES	967,574	995,951	102.9	999,715	99.6
A.	Total equity	270,319	353,660	130.8	350,985	100.8
I.	Shares	50,910	58,546	115.0	58,546	100.0
II.	Share premium	96,450	143,714	149.0	143,714	100.0
III.	Legal and statutory reserves	43,713	45,034	103.0	45,034	100.0
IV.	Retained earnings	71,353	88,819	124.5	84,025	105.7
V.	Own shares	-27,693	-27,693	100.0	-27,693	100.0
VI.	Translation reserve	16,514	14,656	88.7	14,541	100.8
VII.	Fair value reserve	8,348	19,256	230.7	21,960	87.7
A1.	Equity attributable to equity holders of the Company	259,595	342,332	131.9	340,127	100.6
A2.	Minority interest	10,724	11,328	105.6	10,858	104.3
B.	Non-current liabilities	218,535	205,669	94.1	208,683	98.6
I.	Provisions	51,562	53,494	103.7	51,653	103.6
II.	Deferred government grant	8,221	8,792	106.9	8,717	100.9
III.	Deferred tax liabilities	1,761	2,203	125.1	3,211	68.6
IV.	Loans and borrowings	156,991	141,180	89.9	145,102	97.3
C.	Current liabilities	478,720	436,622	91.2	440,047	99.2
I.	Short-term borrowings	220,937	202,470	91.6	166,340	121.7
II.	Trade liabilities	193,584	168,766	87.2	220,261	76.6
III.	Other current liabilities	64,199	65,386	101.8	53,446	122.3

CONSOLIDATED PROFIT AND LOSS STATEMENT OF THE GORENJE GROUP

	in EUR thousand	1Q 2007	Plan 2008	1Q 2008	1Q 2008/ Plan 08	1Q 2008/ 1Q 2007
1. Revenue		313,331	1,300,352	303,700	23.4	96.9
2. Changes in inventories		10,798	8,190	-1,109	-13.5	-10.3
3. Other operating income		5,176	10,873	2,834	26.1	54.8
4. Gross operating yield		329,305	1,319,415	305,425	23.1	92.7
5. Cost of goods, materials and services		-252,257	-978,492	-225,569	23.1	89.4
6. Personnel expenses		-48,350	-222,270	-50,614	22.8	104.7
7. Depreciation and amortization expense		-13,227	-55,576	-14,159	25.5	107.0
8. Other operating expenses		-4,820	-20,575	-4,338	21.1	90.0
9. Operating profit		10,651	42,502	10,745	25.3	100.9
10. Financial income		3,334	12,878	8,114	63.0	243.4
11. Financial expenses		-7,798	-23,877	-12,071	50.6	154.8
12. Profit before tax		6,187	31,503	6,788	21.5	109.7
13. Income tax expense		-1,782	-5,000	-1,435	28.7	80.5
14. Net profit for the year		4,405	26,503	5,353	20.2	121.5
15. Minority interest		681	1,044	560	53.6	82.2
16. Equity holders of the Company		3,724	25,459	4,793	18.8	128.7
17. Basic/diluted earnings per share (in EUR)		1.35	1.98	1.49	75.3	110.4

CONSOLIDATED CASH FLOW STATEMENT OF THE GORENJE GROUP

	in EUR thousand	1Q 2007	1Q 2008
A.	CASH FLOWS FROM OPERATING ACTIVITIES		
	Net profit for the year	4,405	5,353
	Adjustments for:		
	Depreciation of PPE	12,134	12,653
	Depreciation of intangible assets	1,093	1,506
	Loss due to the weakening	838	0
	Investments income	-3,334	-8,114
	Financial expenses	7,798	12,071
	Revenues from sales of PPE	-366	-48
	Outcome tax expense	1,782	1,435
	Operating profit before changes in net working capital and provisions	24,350	24,856
	Increase in trade and other receivables	-18,698	1,253
	Increase in inventories	-18,573	-7,324
	Increase in provisions	2,502	1,916
	Decrease in trade and other payables	-28,609	-41,502
	Cash generated from the operations	-63,378	-45,657
	Interest paid	-5,459	-10,982
	Income taxes paid	-1,279	-1,435
	Income from compensations	1,001	95
	Net cash from operating activities	-44,765	-33,123
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
	Proceeds from sales of plant and equipment	915	72
	Proceeds from sales of investments	700	4,299
	Interest received	2,468	2,223
	Dividends received	0	1
	Acquisition of subsidiary, net of cash acquired	-5,099	0
	Acquisition of property, plant and equipment	-6,908	-9,540
	Other investments	-612	-999
	Acquisition of intangible fixed assets	-799	-974
	Net cash from investing activities	-9,335	-4,918
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
	Borrowings	54,526	32,208
	Net cash from financing activities	54,526	32,208
D.	CASH AND CASH EQUIVALENTS		
	Net increase in cash and cash equivalents	426	-5,833
	Cash and cash equivalents at 1 January	9,547	17,684
	Cash and cash equivalents at 31 December	9,973	11,851

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE GORENJE GROUP

in EUR thousand	Share capital	Share premium	Legal, statutory and reserves for own shares	Retained Earnings	Own shares	Translation Reserve	Fair value reserve	Total	Minority interest	Total equity
Balance at 1 January 2008	58,546	143,714	45,034	84,025	-27,693	14,541	21,960	340,127	10,858	350,985
Net profit for the year				4,794				4,794	559	5,353
Translation reserve						115		115		115
Reserve for fair value of investments AFS							-3,648	-3,648		-3,648
Liabilities for deferred tax							944	944		944
Decrease in minority interest									-89	-89
Balance at 31 March 2008	58,546	143,714	45,034	88,819	-27,693	14,656	19,256	342,332	11,328	353,660

in EUR thousand	Share capital	Share premium	Legal, statutory and reserves for own shares	Retained Earnings	Own shares	Translation Reserve	Fair value reserve	Total	Minority interest	Total equity
Balance at 1 January 2007	50,910	96,450	43,713	67,629	-27,693	16,405	6,770	254,184	249	254,433
Net profit for the year				3,724				3,724	681	4,405
Translation reserve						109		109		109
Reserve for fair value of investments AFS							284	284		284
Reserve for fair value of investments land							1,294	1,294		1,294
Decrease in minority interest								0	9,794	9,794
Balance at 31 March 2007	50,910	96,450	43,713	71,353	-27,693	16,514	8,348	259,595	10,724	270,319

FINANCIAL HIGHLIGHTS AND ACHIEVEMENTS OF GORENJE GROUP

1Q 2007	Plan 2008	1Q 2008	2008/ Plan2008	1Q2008/ 1Q2007
Consolidated Revenue (in EUR thousand)				
313,331	1,300,352	303,700	23.4%	96.9%
Consolidated Revenue – comparable (in EUR thousand)				
282,522 ¹	1,300,352	303,700	23.4 %	107.5 %
EBITDA (in EUR thousand)				
23,878	98,078	24,904	25.4%	104.3%
EBIT (in EUR thousand)				
10,651	42,502	10,745	25.3%	100.9%
Profit before Tax – PBT (in EUR thousand)				
6,187	31,503	6,788	21.5%	109.7%
Income Tax (in EUR thousand)				
1,782	5,000	1,435	28.7%	80.5%
Net profit (in EUR thousand)				
4,405	26,503	5,353	20.2%	121.5%
Added Value (in EUR thousand)				
74,577	326,362	76,752	23.5%	102.9%
Number of employees at the end of period				
11,477	11,563	11,212	97.0%	97.7%
Average number of employees				
11,293	11,522	11,268	97.8 %	99.8 %
Gross operating Yield per Employee (in EUR)				
29,160	114,513	27,106	23.7 %	93.0 %
Added Value per Employee (in EUR)				
6,604	28,325	6,812	24.0 %	103.1 %
EBITDA Margin (as % from Gross operating yield)				
7.3%	7.4%	8.2%	/	/
Net ROE				
6.6%	7.3%	6.1 %	/	/
Assets (in EUR thousand)				
967,574	1,020,108	995,951	97.6%	102.9%

¹ Due to the sales of the company Austrian Power Vertriebs GmbH in amount of EUR 30,809 thousand and for the comparison reason, the revenue of this company was deducted from the 2007 revenue

<i>Investments in fixed assets (in EUR thousand)</i>				
7,707	67,066	10,514	15.7 %	136.4 %
<i>Equity (in EUR thousand)</i>				
270,319	371,151	353,660	95.3%	130.8%
<i>Equity / Assets</i>				
27.9%	36.4%	35.5%	/	/
<i>Long-term Provisions (in EUR thousand)</i>				
59,783	68,418	62,286	91.0%	104.2%
<i>Financial liabilities (in EUR thousand)</i>				
377,928	317,571	343,650	108.2%	90.9%

Gorenje, d.d.
The Management Board