



Interim report
of the Gorenje Group and of the company Gorenje, d.d
for the period January – March 2009
(non-audited)

The Management Board of Gorenje, d.d.

Velenje, Slovenia May 2009

Contents

| | |
|---|-----------|
| General information..... | 3 |
| Organizational structure of the Gorenje Group..... | 3 |
| Operating conditions..... | 3 |
| Business performance of the Gorenje Group | 4 |
| Scope of business activities | 4 |
| Operating business performance..... | 5 |
| Financial performance | 5 |
| Performance analysis | 6 |
| Summary of business performance of Gorenje d.d..... | 7 |
| Ownership and GRVG Share | 7 |
| Major events following the Balance Sheet date | 8 |
| Business outlook for 2009..... | 8 |
| Accounting Report | 11 |
| Applied accounting principles and important notes to financial statements..... | 11 |
| Changes of the Gorenje Group structure | 11 |
| Non-audited consolidated financial statements of Gorenje Group | 14 |
| Consolidated balance sheet of the Gorenje Group..... | 14 |
| Consolidated income statement of the Gorenje Group | 15 |
| Statement of comprehensive income of Gorenje Group | 15 |
| Consolidated cash flow statement of the Gorenje Group | 16 |
| Consolidated statement of changes in equity of the Gorenje Group..... | 17 |
| Business and geographical segments of Gorenje Group | 18 |
| Non-audited unconsolidated financial statements of Gorenje, d.d. | 19 |
| Balance Sheet of Gorenje, d.d..... | 19 |
| Income statement of Gorenje, d.d. | 20 |
| Statement of comprehensive income of Gorenje, d.d. | 20 |
| Cash flow statement of Gorenje, d.d. | 21 |
| Statement of changes in equity of Gorenje, d.d..... | 22 |

For any further information's, please contact:

Gorenje, d.d.

Investor Relations

Mrs. Bojana Rojc, Head of IR

Partizanska 12

SI-3503 Velenje, Slovenia

Telephone: +386 3 899 1345

Facsimile: +386 3 899 2527

General information

The **Interim report of the non-audited non-consolidated report of Gorenje, d.d., and non-audited consolidated report of the Gorenje Group for the period January – March 2009** is published by corporation Gorenje, d.d., Partizanska 12, Si-3503 Velenje, Slovenia, as provided by the Regulations of the Ljubljana Stock Exchange (Ljubljanska borza vrednostnih papirjev, d.d.), and the Securities Market Act. Major changes of data provided in the stock exchange listing prospectus are duly and regularly published in the Delo newspaper, on the Ljubljana Stock Exchange electronic information system SEOnet, and on the company website at www.gorenje.com.

The non-audited report of Gorenje, d.d., and the Gorenje Group for the period January – March 2009 was discussed and adopted by the Supervisory Board at its 26st meeting on 28th of May 2009.

The Report in Slovene language can be viewed at the company headquarters at Partizanska 12, Si-3503 Velenje, Slovenia; as of 28th of May, it has also been available on the Ljubljana Stock Exchange electronic information system and on www.gorenje.com web-site.

Organizational structure of the Gorenje Group

• HOME 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, as well as the manufacture and sale of heating-thermic appliances, tool making, manufacture of industrial equipment and mechanical components.

• HOME INTERIOR DIVISION

Manufacture and sale of kitchen and bathroom furnishings, sanitary equipment and ceramic tiles.

• ECOLOGY, ENERGY AND SERVICES DIVISION

Energy management and environmental protection, trade, engineering, agency services, restaurant and catering services, tourism and real estate management.

Operating conditions

- Like many other companies worldwide also Gorenje felt by the end of 2008 the consequences of one of the biggest financial crisis in history. None of the markets where Gorenje is present has actually been able to escape the heavy **consequences of the global recession**. The circumstances on markets are reflected also on Company's results in the first quarter of 2009.
- According to data of Slovenia's Statistical Office, the **industrial production index** was at the end of February 2009 recorded at 78.8; considering the same period in 2008, the net sales recorded an index of 77.2, while the balance of inventories increased by 6.9 %.
- A much bigger decline is recorded with the **export index**, as the export in January decreased the index to 74.4 of which export to EU countries accounts for the major part (73.6)
- The **average monthly gross wage** in economy amounts to EUR 1,381.87 which is 2.1 % more than in March 2008. However, the increase of wages in the second half of 2008 and the introduction of a 36-hour work plan in many companies resulted in a decline of the average gross wage by 5.5 % compared to December 2008.
- In the past few months, the **economic climate ratio** decreased to its lowest point ever considering the long-standing average; an even bigger fall was recorded with the trust ratio in the processing activities. A similar trend was recorded with the trust ratio in the retail sales, whereby the decrease stopped in March and April and the said ratio even recorded a slight improvement by the end of April.
- Gorenje recorded similar indexes as those in the economy. The **sale of household appliances** heavily declined nearly on all markets, in particular on some east European countries. However, the sale of low-priced products increased which resulted in a decline of product's average prices and poor covering.
- As a result of **poor liquidity**, absence of long-term sources as well as faster negative economic development, the re-financings are becoming less successful and more and more expensive. Accordingly, the relation to banks and debt management became very significant. In addition, the fall of local currency's value exerted an additional pressure on companies within the euro area, as the currency markets experienced major deviations.

Business performance of the Gorenje Group

| in TEUR | Q1 2009 | Q1 2008 | Change % |
|------------------------|------------|------------|-------------|
| Consolidated net sales | 286,613 | 303,700 | -5.6% |
| EBITDA | 7,135 | 25,588 | -72.1% |
| EBITDA Margin (%) | 2.5% | 8.4% | |
| EBIT | -7,029 | 11,429 | -161.5% |
| EBIT Margin (%) | -2.5% | 3.8% | |
| Total profit or loss | -13,403 | 6,788 | -297.5% |
| Net profit or loss | -14,742 | 5,353 | -375.4% |

Scope of business activities

| Division | Q1 2009 | Q1 2008 | Change % |
|---|----------------|----------------|--------------|
| Home Appliances Division | 219,721 | 234,520 | -6.3% |
| Home Appliances Division – without Atag | 184,014 | 234,520 | -21.5% |
| Home Interior Division | 10,008 | 14,310 | -30.1% |
| Ecology, Energy and Services Division | 56,884 | 54,870 | 3.7% |
| Consolidated Revenue | 286,613 | 303,700 | -5.6% |
| Consolidated Revenue – without Atag | 250,906 | 303,700 | -17.4% |

| Sales structure in terms of divisions | Q1 2009 | Q1 2008 |
|---------------------------------------|---------------|---------------|
| Household appliances division | 76.7% | 77.2% |
| Home interior division | 3.5% | 4.7% |
| Ecology, energy and services division | 19.8% | 18.1% |
| Total net sales | 100.0% | 100.0% |

- By heavily lowering the scope of operating activities since November 2008, the Gorenje Group was hit by the same fate as other competitive companies in and outside Europe. The scope of sales lowered due to **low scope of orders**. As a result of the financial crisis and its negative impact, also the final consumption in the area of household appliances and other home interior equipment significantly dropped. On many markets the offer consequently adapted by means of correcting the sales prices, which however resulted in major **movements within the economic placing of significant trademarks**. Like in the automotive industry and mostly due to high indebtedness in the consumption, the scope of sale recorded the biggest fall in the eastern and western part of Europe, while a bit less on the western part of the old continent. The **shift among markets with various price levels** had another significant impact of the lower scope of the business activity.
- As for the consumption area, the **household appliance division and the home interior division** recorded the biggest decrease in sales revenue. The latter decrease is mostly attributable to lower sales on the markets of Eastern and South-eastern Europe, which are the fastest growing markets (in terms of quantity and value) since the crisis started. The markets of household appliances in Russia and Ukraine have namely halved, whereas also the market structurally moved to low-priced products. However, the home interior division has kept or even increased

its market shares in Western Europe. As for individual **programmes**, the biggest decrease in sale was generated by the cooking-freezer appliances, which is currently promoting a new generation of cooking appliances. The specific area of sale i.e. **supplementary programme**, with the Atag company being the main operator, successfully continues with the implementation of the planned scope of sale and profitability. **Trade receivables** are suitably hedged, although liquidity risk is gradually rising. The area of hedging receivables is quite much limiting the scope of sale, as the terms of hedging are far more rigid and limited and the sale over the hedged levels indicates direct risk of non-payment. As for the area of **inventories** of finished products, the scope of activities recorded a strong decline in the first quarter of the year which is also a consequence of the sale from inventories of business partners. This is also indicated by the fact that the total sale on our biggest markets has not decreased so fast as the sales of Gorenje and the latter's competitors.

- Companies of the **Ecology, Energy and Services Division** achieved a rise of 3.7 percent, of which mostly refers to the field of energy, in particular the sale of coal. At present, this segment excellently substitutes the negative development of events in the household appliances division and the home interior division.

Operating business performance

- The operating efficiency of sale was basically influenced by the strong decline in operating activities, in particular due to **structural changes** in the area of **products and markets**. This fact, in addition to problems of **adapting the costs to the lower sales**, had a strong impact on the EBIT. Compared to the previous period's figures, the respective effect is recorded at EUR -18.5 Mio (grants for wages and other operating revenue were eliminated in the amount of EUR -19.4 Mio).
- The share of goods, materials and services within the structure of operating revenue increased from 73.9 % to 78.1 %, mostly due to **lack of dynamics in lowering costs in the use of raw materials and materials**, as well as lowering the scope of sale due to above described structural changes (profitability of products and services).
- As the scope of sale and consequently the scope of production was reduced in a period of no more than two months, the inventories of raw materials and materials increased; hence it took more time for **the higher valued inventories of material** (in relation to actual market and purchase costs) to turn into products. The **effect** of current acquisitions, **lower prices of raw materials and materials** shall therefore improve the operating result from end of April onwards.
- In the area of **costs of services** activities were introduced already in December last year as to optimise their occurrence and movement. The impact of such optimisation is never prompt and takes some time, hence the effects of the first quarter are tied only to the possibility of generating quick effects that have been achieved while reducing the scope of activities which are less demanding in terms of processing. Their effect i.e. **effect of processing changes** shall in broader sense improve the operating efficiency from April onwards. However, we are very careful in this cost segment because by requiring quick effects or results we could diminish the operating vitality (efficiency of processes).
- **Labour cost** was also given special attention; as these costs are directly tied to the scope and settlement of processes, it is very important that related actions are taken with great consideration and patience in order to avoid difficulties while implementing operating activities. From the **accounting** point of view, the labour cost **increased by EUR 1.6 Mio** (lower average number of staff by 212 persons) compared to previous year's figures. However, by eliminating the company Atag and considering government grants that are treated within other operating revenue, this denotes **lower labour cost by EUR 4.7 Mio** or 635 less employees in average. This labour cost development is **in accordance with the decision of the management board** i.e. to take advantage of all possibilities of an **agreed-upon adjustment of the number of staff** within the business activities and accordingly of all possibilities of subsidized labour costs. This shall according to first estimates contribute to adjusting the movement of labour cost to the scope of business activities.

Based on circumstances described, the Gorenje Group incurred an operating loss of EUR 7.0 Mio EUR in the first quarter of the year. Compared to the same period in 2008, the aforesaid caused the **operating profitability** to decrease by EUR 18.5 Mio, of which:

- EUR 8.0 Mio referring to the gross margin due to lower sales (EUR -19.4 Mio),
- EUR 5.0 Mio referring to costs of goods, materials and services due to changed structural sale and higher use of raw materials and materials from inventories,
- EUR 4.0 Mio referring to labour cost, and
- EUR 1.5 Mio referring to cost of services and other operating cost.

Financial performance

| | in EUR thousand | Q1 2009 | Full year 2008 | Q1 2008 |
|---|-----------------------------------|----------------|-------------------|----------------|
| | Net profit or loss | -14,742 | 10,181 | 5,353 |
| + | Amortisation /Depreciation | 14,164 | 57,121 | 14,159 |
| = | Net cash flow | -578 | 67,302 | 19,512 |
| - | Capex | -7,209 | -76,807 | -10,514 |
| - | Investments in net current assets | -36,101 | -35,616 | -58,902 |
| | Changes in inventories | 13,337 | -35,533 | -7,324 |
| | Changes in trade receivables | 9,574 | -3,482 | 394 |
| | Changes in trade payables | -59,012 | 3,399 | -51,972 |
| = | Free cash flow | -43,888 | -45,121 | -49,904 |

Due to strategic purchases of raw materials in September and October 2008 which were mainly payable in January 2009, the Company recorded a significant downturn in the cash flow. Hence the Group's borrowing levels increased by EUR 35.7 million at the end of February 2009. Procurements from suppliers were decreased already in November and December 2008 due to the drop in sales orders, hence the payables to suppliers decreased towards the end of March 2009. Already in February and March, the Company started paying off the loans that had been raised in January and February this year to pay the matured payables to suppliers; the loan repayment activities will continue in the coming months.

As for financial management, the Gorenje Group has concentrated its endeavours mainly on risk hedging activities associated with the financial crisis.

- As regards **financial risks**, the attention paid to **credit risks** has been concentrated due to the increasingly difficult macro-economic situation, i.e. by increased control over credit overdrafts granted by credit insurance companies and an intensified debt collection. The security of operations is the primary principle in the management of receivables, thus the Group cooperates with the credit insurance companies, adjusting the required risk hedging levels.
- **Currency risks** to which the Gorenje Group is exposed are hedged by adjustment of cash flows in the individual trading currencies, and derivatives are used as an upgrade to this type of hedging, mainly in the markets of the Eastern and South-Eastern Europe.
- Considering the objectives regarding the management of the current capital and the generating of free cash flow as well as the applicable measures undertaken, we have successfully managed **liquidity risks**, despite the fact that no free cash flow was generated in the first Quarterly, which was mainly a result of repayment of trade payables and thus their decrease in January, despite of a significant reduction in inventories and receivables in the amount of EUR 22.9 million. Liquidity was additionally improved by appropriate and active relationships with our bank partners. Hence all short-term credit lines in the Gorenje Group were successfully reprogrammed in the first Quarterly and additional short-term and long-term loans were raised. A liquidity reserve comprising unused revolving lines and cash of the Group in banks provides short-term regulation of cash flows and reduces short-term liquidity risks.
- To assure an improved financial liabilities structure as to their maturity and to minimize long-term liquidity risks, the parent company and all Group companies in Slovenia intend to use the **guarantee scheme** of the Republic of Slovenia in long-term financing.
- The majority of the investments, i.e. EUR **5.8 million** corresponding to **20.3 %** of the total planned investments for the year, was generated in the Home Appliances Division, thereof the major portion (EUR 2.0 million) was utilized by the parent company for the completion of the construction of the new warehouse for household appliances and supplementary programme, the purchase of logistic assets and the arrangement of the consignment warehouse.
- Other investments primarily refer to the companies AD Valjevo, d.o.o (EUR 1.9 million for the purchase of 4.6 ha of additional land bordering on the current location) and Atag BV (EUR 0.7 million).

Investments by divisions

| in EUR thousand | Q1 2009 |
|---------------------------------------|--------------|
| Home Appliances Division | 5,802 |
| Home Interior Division | 125 |
| Ecology, Energy and Services Division | 1,282 |
| Total | 7,209 |

- With EUR 0.1 million of investments, Home Interior Division has generated **6.0 % of the planned** values.
- Ecology, Energy and Services Division recorded **EUR 1.3 million**, corresponding to **15.4 % of the annual plan**. The major portion of these investments was

carried out in the following companies: Kemis, d.o.o., Surovina, D.D., and Vitales, d.o.o., Nova Bila.

Performance analysis

The result from operating activities, i.e. the loss in the amount of EUR 7.0 million, increased the **excess of financing expenses** over financing revenues in the amount of EUR -6.4 million to reach EUR -13.4 million without corporate income tax or EUR -14.7 million inclusive of corporate income tax. Despite the loss recorded in the Gorenje Group, the taxable base of some of the Group companies was positive, thus resulting in tax liabilities. Compared to the same period in the previous financial year, the **financial result** was lower by EUR 1.7 million, due to a decrease in other financial revenue. In Q1 in 2008, revenues were generated from divestment activities.

Summary of business performance of Gorenje d.d.

| in EUR thousand | Q1 2009 | Q1 2008 | Change % |
|----------------------|------------|------------|-------------|
| Net sales revenue | 145,277 | 196,220 | -26.0% |
| EBITDA | -47 | 16,438 | -100.3% |
| EBITDA Margin (%) | -0.03% | 8.4% | |
| EBIT | -8,523 | 7,131 | -219.5% |
| EBIT Margin (%) | -5.9% | 3.6% | |
| Total profit or loss | -11,758 | 4,820 | -343.9% |
| Net profit or loss | -11,995 | 4,370 | -374.5% |

- The **business performance of the Gorenje Group** as a whole is mainly determined by the parent company in all aspects of business activities. In terms of **sales volume**, the parent company has recorded a somewhat stronger decrease than the Home Appliances Division as a whole (26% compared to 21%, considering comparable data on the division level) for the same reasons applicable to the entire division. A decrease in the sales volume as well as structural changes in sales primarily incurred by a different market structure result in a **weakened sales value** as well as **return on sales**.
- In addition to the reasons for the decrease in business activities, the following issues have an impact upon the lower return on sales of the parent company: the **utilisation of inventories of raw materials** that were valued at prices exceeding the currently effective market prices, **temporarily unadjusted process structure** and its **costs** to the decreased sales (cost of services and labour cost) as well as the **less favourable conditions in the financial part** of operations (financing cost, hedging cost, insurance cost, cost of current asset management).

Ownership and GRVG Share

- 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.
- As of 31 March 2009 the number of recorded shareholders amounted to 21.71 which is an decrease of 0.4 % when compared to 31 December 2008 (21,359).

Ten major shareholders as of 31 March 2009

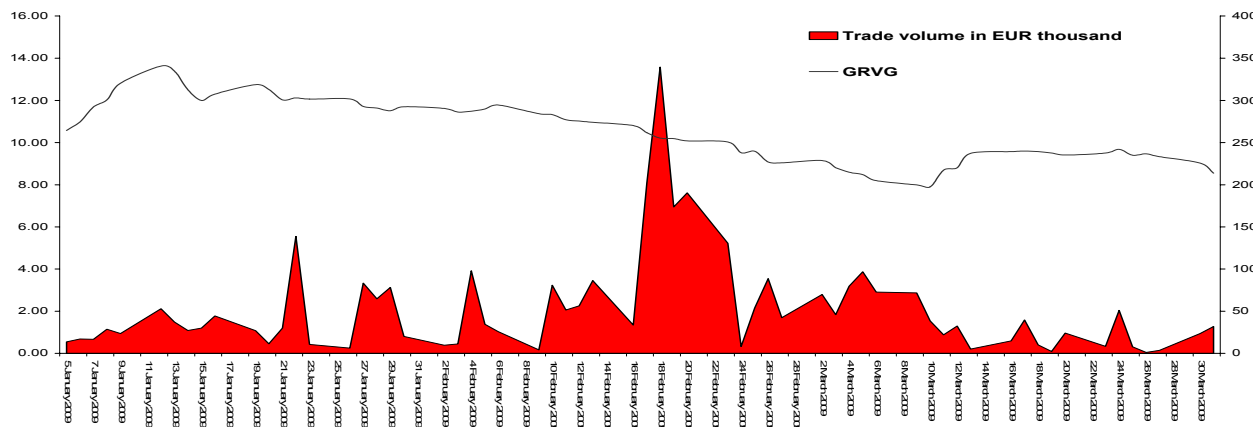
| Shareholders | 31 March 2009 | % |
|--|-------------------|------------------|
| KAPITALSKA DRUŽBA, D.D. | 3,534,615 | 25.1933 % |
| HOME PRODUCTS EUROPE B.V. | 1,070,000 | 7.6265 % |
| INGOR, d.o.o., & co. k.d. | 794,473 | 5.6627 % |
| PODSKLAD KD GALILEO, FLEKSIBILNA STRUKTURA | 564,984 | 4.0270 % |
| RAIFFEISEN ZENTRALBANK OESTERREICH AG, AUSTRIA | 472,357 | 3.3668 % |
| EECF AG | 415,727 | 2.9631 % |
| PROBANKA d.d. | 412,276 | 2.9385 % |
| KD ID, delniška ID, d.d. | 333,957 | 2.3803 % |
| DELNIŠKI TRIGLAV STEBER I | 316,613 | 2.2567 % |
| PODSKLAD KD RASTKO, DELNIŠKI | 232,593 | 1.6578 % |
| TOTAL TEN MAJOR SHAREHOLDERS: | 8,147,595 | 58.0727 % |
| OTHER SHAREHOLDERS: | 5,882,405 | 41.9273 % |
| TOTAL: | 14,030,000 | 100 % |

- The number of own shares is as of 31 March 2009 unchanged compared to the year end 2008, namely 121,311 **own shares**, which accounts for 0.8647 % in share capital.
- No. of shares owned by the members of the supervisory and the management boards has not been changed, as of 31 December 2008.
- A **uniform price of a GRVG** share amounted to EUR 8.55 on 31 March 2009 and was lower by 18.7 % when compared to the last trading day in the year 200 (EUR 10.51); The SBI 20 stock exchange index decreased by 4 % in the same period.
- **EPS** calculated as the ratio between the net profit (12-months level) and the number of shares issued minus the average number of own shares (13,908,689), amounted to EUR -3.45 (EUR 0.89 in 2008).
- **The book value of a share** is calculated as the ratio between the total company equity at 31 March 2009, and the number of shares issued minus the

number of own shares (13,908,689) as 31 March 2009 amounted to EUR 21.68 (EUR 22.47 at 31 December 2008).

- **Market to book value ratio** is 0.39 (0.47 at 31 December 2008).
- Gorenje pursues the **policy of stable dividends**. It has been defined in the strategic plan that a third of the annual net profit of the Group shall be allocated to

dividends and thereby investment and development plans and the financial position of the Group shall be considered. Dividends shall be paid from the accumulated profit of the company and a resolution on its use shall be adopted by the shareholders' meeting. In 2008 a gross dividend amounting to EUR 0.45 per share was paid for the year 2007.



Movement of the uniform price of the GRVG share and daily turnover in the period January – March 2009

Major events following the Balance Sheet date

- The Management Board of the Company has on the 6th of May 2009 announced the 13th regular AGM, to be held on Thursday 18 June 2009 at 12.00 hours in Hotel Paka Conference Hall in Velenje, Rudarska ul. 1, Slovenia.
- There were no other major events following the Balance Sheet date on the 31st of March 2009.

Business outlook for 2009

Soon after the Business Plan for 2009 was adopted it became clear that the underlying assumptions, scope and business quality would significantly differ from the ones set out in the Business Plan.

Since the business in the first Quarterly 2009 faced 15 to 30 percent lower figures in several financial and economic categories compared to the results in the comparable period in 2008 and to the planned figures for 2009, we took a first step to the preparation of a new, **in-depth performance analysis** for the period until the end of 2009, and based on this, to the elaboration of **an adapted Business Plan for 2009** in detail.

Due to the strained conditions in economic and financial markets, this year's planning and operating activities are directed primarily into **generating free cash flow, retaining and expanding the existing market shares in key markets** and endeavours to **retain as many productive jobs as feasible**. The basis for these goals were set by the performance analysis for the period until the end of 2009 which is based on the Q1 results and the expectations of the group companies management teams for the semi-annual period and for entire 2009.

A projection analysis for 2009 shows that the Gorenje Group shall generate EUR 20 to 30 million of free cash flow, provided that the current trends in home appliances and home interior industries will continue by the year-end (the trends show a gradual stabilisation of the current steep decline in business activities). Similar market movements are planned by the competitive firms, which, very similar to our endeavours, have concentrated on generating free cash flow.

| Free cash flow in EUR million | Q1 2009 | Apr-Jun 2009 | Jul-Dec 2009 | Full year 2009 |
|-----------------------------------|--------------|--------------|--------------|----------------|
| Net cash flow | -0.6 | 2.6 | 24.5 | 26.5 |
| Capex | -7.2 | -5.8 | -12.0 | -25.0 |
| Investments in net current assets | -36.1 | 29.4 | 30.0 | 23.3 |
| = Free cash flow | -43.9 | 26.2 | 42.5 | 24.8 |

Considering the circumstances presented in the Report and faced in the first Quarterly as well as the fact that similar situation may be expected for the remaining months of 2009, the following **sales promotion activities and operating cost optimisation measures** must be undertaken to maintain free cash flow:

1. Measures in the areas of sales, production, purchase and logistics

Production

- adapting the production volume to the volume of customer orders;
- optimisation of production complexity and the utilisation level of production capacities;
- adjustment of working days to the quantity of orders;
- intensification of team-work to maintain savings in material costs.

Purchase

- orders of raw materials shall be strictly linked to the requirements of the production;
- supplies from countries with lower production costs (LCC);
- limitation of strategic purchases;
- active involvement in indirect supply.

Logistics

- monitoring and maximizing the competitiveness from the viewpoint of the means of transportation / supplier of transportation services;
- maximizing the utilization of transportation means.

2. Measures in the area of investments

- the scope of investments is limited to all mandatory investments required to prevent any interruptions in processes;
- projects referring to public tenders regarding EU funding of development;
- investments in the estimated value of EUR 4.7 million were initiated in the first quarterly 2009, exclusively for development of new products in all three production programmes; cooking appliances, washing machines and dryers, and refrigerators and freezers.

3. Marketing measures

- annual plan has been adjusted and shall serve only as a reference for the elaboration of the quarterly marketing plans;
- concentration upon activities that have a direct impact on sales promotion;
- strengthening of direct customer contacts in sales promotion activities;
- attendance at selected fairs, i.e. only those that may directly boost sales;
- providing efficient support to the launch of a new generation of cooking appliances to the market;
- brand marketing to concentrate on activities with a lower cost intensity;
- limited advertising activities and sponsorships.

4. Cost management measures

Cost of services

- adjustment of cost of services to the sales volume;
- renewal of negotiations with suppliers and amendments of supplier contracts;
- administrative cost-cutting measures);
- selective approach to the cost of professional and personal services.

Intensified cost control

- cost budgeting on a monthly basis;
- monthly verification of compliance with cost budgeting;
- current identification and implementation of corrective measures.

5. Measures in the area of human resources and training

Decrease in labour force

- no new employments;
- no extensions of temporary employment contracts;
- researching options for retirement;
- agreed layoffs with employment termination pays;
- projects referring to the implementation of streamlining measures in business processes aimed at decreasing the number of outsourcers.

Decrease in the total salary mass

- transfer to a 36-hour weekly working time as full working time (resulting in a 10-percent of salary decrease);
- decrease in the total salary mass by 10 percent in all companies with a weekly working time of 40 hours;
- abolishment of overtime work.

Education, training and preventive work

- selective attendance at trainings;
- new approvals of study fees and scholarships will be ceased temporarily.

6. Measures related to the cash flow management

- Intensified relations with all bank partners with a purpose of renewal of short-term credit lines and arranging the inflow of long-term credit lines.
- Receivables management
- Inventories management
- Postponement of the start of investments to the second half of 2009 -> impact upon the cash flow in 2010.

The total estimated effect of all the above-mentioned sales promotion activities and cost optimisation measures will amount to EUR 10 million in the raw materials section (to be based upon Q1 figures), EUR 22 million in the labour cost segment and EUR 16 million in the cost of services (both on the annual basis), i.e. the total effect shall be **EUR 48 million**.

In the second quarterly, we are witnessing a gradual stabilisation of the negative growth of the monthly operating result and it is expected that the result will average at the zero level in the second half of the year.

Accounting Report

Applied accounting principles and important notes to financial statements

- The non-audited consolidated financial statements of the Gorenje Group for the period January – March 2009 have been prepared in accordance with the provisions of the Corporations Act and the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), and the interpretations of the International Financial Reports Interpretation Committee (IFRIC) as adopted by the European Union.
- The non-audited financial statements of Gorenje, d.d., for the period January – March 2009 have been prepared in accordance with the provisions of the Corporations Act and the IFRS. The transition to IFRS was approved by the General Meeting of Gorenje, d.d., at its 9th Meeting held on 29 June 2006.

Gorenje Group has been from the period January – March 2009 consists of the main company Gorenje, d.d., and 68 subsidiaries, operating in Slovenia and abroad and 21 Joint Venture companies.

Changes of the Gorenje Group structure

The changes of the Gorenje Group structure till the 31 March 2009 were as follows:

- In the energy business area has been in the year 2008 within the company Istrabenz Gorenje, d.o.o., established the companies GEN-I d.o.o. Sarajevo, Bosnia and Herzegovina, GEN-I DOOEL Skopje, Macedonia, GEN-I Athens, Greece, in GEN-I Tirana, Albania, (100-percentage ownership of GEN-I, d.o.o.). The first two companies has regular started to operate in this year, meanwhile other two companies are not operating yet.
- On 31 March 2009 the process of liquidation of the company Gorenje Küchen GmbH, Austria, has been concluded.

In addition to the main company, the Gorenje Group was comprised of the following subsidiary and jointly controlled companies:

| Companies operating in Slovenia | | Ownership share (%) | Division |
|---------------------------------|---|---------------------|----------|
| 1. | Gorenje I.P.C., d.o.o., Velenje | 100.00 | AD |
| 2. | Gorenje Tiki, d.o.o., Ljubljana | 99.982 | AD |
| 3. | Gorenje GTI, d.o.o., Velenje | 100.00 | EES |
| 4. | Gorenje Notranja oprema, d.o.o., Velenje | 99.98 | NO |
| 5. | Gorenje Gostinstvo, d.o.o., Velenje | 100.00 | EES |
| 6. | LINEA SP, d.o.o., Velenje | 100.00 | EES |
| 7. | ENERGYGOR, d.o.o., Velenje | 100.00 | EES |
| 8. | KEMIS, d.o.o., Radomlje | 100.00 | EES |
| 9. | Gorenje Orodjarna, d.o.o., Velenje | 100.00 | AD |
| 10. | ZEOS, d.o.o., Ljubljana | 51.00 | EES |
| 11. | ISTRABENZ GORENJE, d.o.o., Nova Gorica | 49.344 | EES |
| 12. | GEN-I, d.o.o., Krško | 24.67 | EES |
| 13. | Istrabenz investicijski inženiring, d.o.o., Nova Gorica | 49.344 | EES |
| 14. | SUROVINA, d.d., Maribor | 51.00 | EES |
| 15. | INDOP, d.o.o., Šoštanj | 100.00 | EES |
| 16. | ERICo, d.o.o., Velenje | 51.00 | EES |
| 17. | Istrabenz Gorenje inženiring, d.o.o., Ljubljana | 49.344 | EES |
| 18. | Gorenje Projekt, d.o.o., Ljubljana | 100.00 | EES |
| 19. | Gorenje design studio, d.o.o., Velenje | 52.00 | AD |
| 20. | Vitales Nova Gorica, d.o.o., Nova Gorica | 49.344 | EES |
| 21. | PUBLICUS, d.o.o., Ljubljana | 51.00 | EES |
| 22. | IG AP, d.o.o., Kisovec | 49.344 | EES |
| 23. | Istrabenz Gorenje Projekt, d.o.o., Trbovlje | 24.67 | EES |
| 24. | BPC, d.o.o., Solkan | 49.344 | EES |

| Companies operating abroad | | Ownership share (%) | Division |
|----------------------------|---|---------------------|----------|
| 25. | Gorenje Beteiligungsgesellschaft m.b.H., Austria | 100.00 | AD |
| 26. | Gorenje Austria Handelsgesellschaft m.b.H., Austria | 100.00 | AD |
| 27. | Gorenje Vertriebsgesellschaft m.b.H., Germany | 100.00 | AD |
| 28. | Gorenje Körting Italia S.r.l., Italy | 100.00 | AD |
| 29. | Gorenje France S.A.S., France | 100.00 | AD |
| 30. | Gorenje BELUX S.a.r.l., Belgium | 100.00 | AD |
| 31. | Gorenje Espana, S.L., Spain | 100.00 | AD |
| 32. | Gorenje UK Ltd., Great Britain | 100.00 | AD |
| 33. | Gorenje Skandinavien A/S, Denmark | 100.00 | AD |
| 34. | Gorenje AB, Sweden | 100.00 | AD |
| 35. | Gorenje OY, Finland | 100.00 | AD |
| 36. | Gorenje AS, Norway | 100.00 | AD |
| 37. | OÜ Gorenje, Estonia | 100.00 | AD |
| 38. | SIA Gorenje, Latvia | 100.00 | AD |
| 39. | Gorenje spol. s r.o., Czech Republic | 100.00 | AD |
| 40. | Gorenje real spol. s r.o., Czech Republic | 100.00 | AD |
| 41. | Gorenje Slovakia s.r.o., Slovakia | 100.00 | AD |
| 42. | Gorenje Budapest Kft., Hungary | 100.00 | AD |
| 43. | Gorenje Polska Sp. z o.o., Poland | 100.00 | AD |
| 44. | Gorenje Bulgaria EOOD, Bulgaria | 100.00 | AD |
| 45. | Gorenje Zagreb, d.o.o., Croatia | 100.00 | AD |
| 46. | Gorenje Skopje, d.o.o., Macedonia | 100.00 | AD |
| 47. | Gorenje Commerce, d.o.o., Bosnia & Herzegovina | 100.00 | AD |
| 48. | Gorenje, d.o.o., Serbia | 100.00 | AD |
| 49. | Gorenje Podgorica, d.o.o., Montenegro | 99.972 | AD |
| 50. | Gorenje Romania S.R.L., Romania | 100.00 | AD |
| 51. | Gorenje aparati za domaćinstvo, d.o.o., Serbia | 100.00 | AD |
| 52. | Mora Moravia s r.o., Czech Republic | 100.00 | AD |
| 53. | Gorenje Küchen GmbH, Austria | 99.98 | NO |
| 54. | Gorenje - kuchyně spol. s r.o., Czech Republic | 99.98 | NO |
| 55. | Kemis-Termoclean, d.o.o., Croatia | 100.00 | EES |
| 56. | Kemis - BH, d.o.o., Bosnia & Herzegovina | 100.00 | EES |
| 57. | Gorenje Invest, d.o.o., Serbia | 100.00 | AD |
| 58. | Gorenje Gulf FZE, United Arab Emirates | 100.00 | AD |
| 59. | Gorenje Tiki, d.o.o., Serbia | 99.982 | AD |
| 60. | GEN-I Zagreb, d.o.o., Croatia | 24.67 | EES |
| 61. | Intrade energija, d.o.o., Bosnia & Herzegovina | 25.17 | EES |
| 62. | Vitales, d.o.o., Nova Bila, Bosnia & Herzegovina | 49.344 | EES |
| 63. | Gorenje Istanbul Ltd., Turkey | 100.00 | AD |
| 64. | Sirovina, a.d., Serbia | 51.00 | EES |
| 65. | Gorenje TOV, Ukraine | 100.00 | AD |
| 66. | Vitales, d.o.o., Bihać, Bosnia & Herzegovina | 24.67 | EES |
| 67. | GEN-I, d.o.o, Serbia | 24.67 | EES |
| 68. | Vitales, d.o.o., Sokolac, Bosnia & Herzegovina | 24.67 | EES |
| 69. | ST Bana Nekretnine, d.o.o., Serbia | 100.00 | EES |
| 70. | GEN-I Budapest, Kft., Hungary | 24.67 | EES |
| 71. | Kemis d.o.o. Valjevo, Serbia | 100.00 | EES |
| 72. | Kemis – SRS d.o.o., Bosnia & Herzegovina | 100.00 | EES |
| 73. | ATAG Europe BV, the Netherlands | 100.00 | AD |
| 74. | ATAG Nederland BV, the Netherlands | 100.00 | AD |
| 75. | ATAG België NV, Belgium | 100.00 | AD |
| 76. | ATAG Financiële Diensten BV, the Netherlands | 100.00 | AD |
| 77. | ATAG Financial Services BV, the Netherlands | 100.00 | AD |
| 78. | Intell Properties BV, the Netherlands | 100.00 | AD |
| 79. | ATAG Special Product BV, the Netherlands | 100.00 | AD |
| 80. | Gorenje Holding B.V., the Netherlands | 100.00 | AD |
| 81. | Gorenje Kazakhstan, TOO, Kazakhstan | 100.00 | AD |

| | | | |
|-----|--|--------|-----|
| 82. | Gorenje kuhinje, d.o.o., Ukraine | 69.986 | NO |
| 83. | Vitales Energie Biomasse S.R.L., Italy | 25.17 | EES |
| 84. | Vitales Čakovec d.o.o., Croatia | 49.344 | EES |
| 85. | »Euro Lumi & Surovina« SH.P.K., Kosovo | 26.01 | EES |
| 86. | GEN-I d.o.o., Sarajevo, Bosnia and Herzegovina | 24.67 | EES |
| 87. | GEN-I DOOEL Skopje, Macedonia | 24.67 | EES |
| 88. | GEN-I Athens, Greece | 24.67 | EES |
| 89. | GEN-I Tirana, Albania | 24.67 | EES |

HA - HOME APPLIANCES
HI - HOME INTERIOR
EES - ECOLOGY, ENERGY AND SERVICES

Representatives offices of Gorenje, d.d. abroad:

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

Non-audited consolidated financial statements of Gorenje Group

Consolidated balance sheet of the Gorenje Group

| in TEUR | March 31, 2009 | March 31, 2008 | Dec. 31, 2008 |
|--|------------------|----------------|------------------|
| ASSETS | 1,201,751 | 997,924 | 1,257,732 |
| Non-current assets | 592,987 | 448,551 | 606,027 |
| Intangible assets | 161,881 | 25,322 | 162,986 |
| Property, plant and equipment | 399,185 | 384,374 | 412,953 |
| Investment property | 9,742 | 10,231 | 7,090 |
| Non-current investments | 12,622 | 19,622 | 12,721 |
| Deferred tax assets | 9,557 | 9,002 | 10,277 |
| Current assets | 608,764 | 549,373 | 651,705 |
| Assets classified as held for sale | 954 | 340 | 954 |
| Inventories | 239,667 | 224,795 | 253,004 |
| Current investments | 61,974 | 24,256 | 64,470 |
| Trade receivables | 252,443 | 258,141 | 262,017 |
| Other current assets | 44,127 | 29,990 | 47,145 |
| Cash and cash equivalents | 9,599 | 11,851 | 24,115 |
| LIABILITIES | 1,201,751 | 997,924 | 1,257,732 |
| Equity | 376,241 | 353,660 | 394,522 |
| Share capital | 58,546 | 58,546 | 58,546 |
| Capital surplus (share premium) | 158,487 | 143,714 | 158,487 |
| Legal reserves and statutory reserves | 21,697 | 45,034 | 21,697 |
| Retained earnings | 96,131 | 88,819 | 110,324 |
| Own shares | -3,170 | -27,693 | -3,170 |
| Translation reserve | 15,822 | 14,656 | 20,187 |
| Fair value reserve | 16,145 | 19,256 | 15,208 |
| Equity attributable to equity holders of the parent | 363,658 | 342,332 | 381,279 |
| Minority interest | 12,583 | 11,328 | 13,243 |
| Non-current liabilities | 296,117 | 205,669 | 294,893 |
| Provisions | 55,003 | 53,494 | 55,366 |
| Deferred government grant | 8,761 | 8,792 | 8,936 |
| Deferred tax liabilities | 6,162 | 2,203 | 6,472 |
| Non-current borrowings | 226,191 | 141,180 | 224,119 |
| Current liabilities | 529,393 | 438,595 | 568,317 |
| Current borrowings | 289,634 | 206,629 | 263,676 |
| Trade and other payables | 164,648 | 168,289 | 223,660 |
| Other liabilities | 75,111 | 63,677 | 80,981 |

Consolidated income statement of the Gorenje Group

| in TEUR | Q1 2009 | Q1 2008 |
|--|----------------|----------------|
| Revenue | 286,613 | 303,700 |
| Changes in inventories | -4,669 | -1,109 |
| Other operating income | 4,181 | 2,834 |
| Gross revenue | 286,125 | 305,425 |
| Cost of goods, materials and services | -223,515 | -225,569 |
| Other operating expenses | -3,302 | -3,654 |
| ADDED VALUE | 59,308 | 76,202 |
| Employee benefits expense | -52,173 | -50,614 |
| EBITDA | 7,135 | 25,588 |
| Amortisation and depreciation expense | -14,164 | -14,159 |
| EBIT | -7,029 | 11,429 |
| Finance income | 2,352 | 5,728 |
| Finance expenses | -8,726 | -10,369 |
| Profit before tax | -13,403 | 6,788 |
| Income tax expense | -1,339 | -1,435 |
| Profit for the period | -14,742 | 5,353 |
| Attributable to minority interest | -549 | 560 |
| Attributable to equity holders of the parent | -14,193 | 4,793 |
| Basic and diluted earnings per share (in EUR) | -4.08 | 1.49 |

Statement of comprehensive income of Gorenje Group

| | in TEUR | Q1 2009 | Q1 2008 |
|-----------|--|----------------|---------------|
| 1. | Profit for the period | -14,742 | 5,353 |
| 2. | Comprehensive income | | |
| | Net change in fair value of available-for-sales financial assets, (without effect by deferred tax) | -163 | -1,795 |
| | Net change in fair value of available-for-sales financial assets, transferred in profit (without effect by deferred tax) | 0 | -2,287 |
| | Effective portion of changes in profit/loss on cash flow hedge (without effect by deferred tax) | 971 | 433 |
| | Income tax on other comprehensive income | 129 | 944 |
| | Translation reserve | -4,365 | 115 |
| 3. | Total comprehensive income for the period | -3,428 | -2,590 |
| 4. | Total comprehensive net profit for the period | -18,170 | 2,763 |

Consolidated cash flow statement of the Gorenje Group

| in TEUR | Q1 2009 | Q1 2008 |
|---|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the period | -14,742 | 5,353 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 12,530 | 12,653 |
| Amortisation of intangible assets | 1,634 | 1,506 |
| Investment income | -2,352 | -5,728 |
| Finance expenses | 8,726 | 9,685 |
| Gain on sale of property, plant and equipment | -148 | -48 |
| Outcome tax expense | 1,339 | 1,435 |
| Operating profit before changes in net operating current assets and provisions | 6,987 | 24,856 |
| Change in trade and other receivables | 13,312 | 1,253 |
| Change in inventories | 13,337 | -7,324 |
| Change in provisions | -538 | 1,916 |
| Change in trade and other liabilities | -65,192 | -41,502 |
| Cash generated from operations | -39,081 | -45,657 |
| Interest paid | -5,310 | -10,982 |
| Income taxes paid | -1,339 | -1,435 |
| Indemnities received | 0 | 95 |
| Net cash from operating activities | -38,743 | -33,123 |
| | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of property, plant and equipment | 177 | 72 |
| Proceeds from sale of investments | 0 | 4,299 |
| Interest received | 797 | 2,223 |
| Dividends received | 0 | 1 |
| Acquisition of property, plant and equipment | -6,548 | -9,540 |
| Acquisition of other investments | 2,432 | -999 |
| Acquisition of intangible assets | -661 | -974 |
| Net cash used in investing activities | -3,803 | -4,918 |
| | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Borrowings / Repayment of borrowings | 28,030 | 32,208 |
| Net cash used in financing activities | 28,030 | 32,208 |
| | | |
| CASH AND CASH EQUIVALENTS | | |
| Net increase/decrease in cash and cash equivalents | -14,516 | -5,833 |
| Cash and cash equivalents at beginning of period | 24,115 | 17,684 |
| Cash and cash equivalents at end of period | 9,599 | 11,851 |

Consolidated statement of changes in equity of the Gorenje Group

| in TEUR | Share capital | Capital surplus (share premium) | Legal and statutory reserves | Retained earnings | Own shares | Translation reserve | Fair value reserve | Equity attributable to equity holders of the parent | Minority interest | Total |
|---|---------------|---------------------------------|------------------------------|-------------------|---------------|---------------------|--------------------|---|-------------------|----------------|
| Opening balance at 1 Jan 2009 | 58,546 | 158,487 | 21,697 | 110,324 | -3,170 | 20,187 | 15,208 | 381,279 | 13,243 | 394,522 |
| Fair value reserve (investments) | | | | | | | -163 | -163 | | -163 |
| Fair value reserve (cash flow hedge) | | | | | | | 971 | 971 | | 971 |
| Translation reserve | | | | | | -4,365 | | -4,365 | | -4,365 |
| Deferred tax liabilities | | | | | | | 129 | 129 | | 129 |
| Total revenue and expenses recognised directly in equity | | | | | | -4,365 | 937 | -3,428 | | -3,428 |
| Net profit or loss for the period | | | | -14,193 | | | | -14,193 | -549 | -14,742 |
| Total revenue and expenses | | | | -14,193 | | -4,365 | 937 | -17,621 | -549 | -18,170 |
| Decrease in minority interest | | | | | | | | 0 | -111 | -111 |
| Closing balance at 31 March 2009 | 58,546 | 158,487 | 21,697 | 96,131 | -3,170 | 15,822 | 16,145 | 363,658 | 12,583 | 376,241 |

| in TEUR | Share capital | Capital surplus (share premium) | Legal and statutory reserves | Retained earnings | Own shares | Translation reserve | Fair value reserve | Equity attributable to equity holders of the parent | Minority interest | Total |
|---|---------------|---------------------------------|------------------------------|-------------------|----------------|---------------------|--------------------|---|-------------------|----------------|
| Opening balance at 1 Jan 2008 | 58,546 | 143,714 | 45,034 | 84,025 | -27,693 | 14,541 | 21,960 | 340,127 | 10,858 | 350,985 |
| Fair value reserve (investments) | | | | | | | -3,648 | -3,648 | | -3,648 |
| Translation reserve | | | | | | 115 | | 115 | | 115 |
| Deferred tax liabilities | | | | | | | 944 | 944 | | 944 |
| Total revenue and expenses recognised directly in equity | | | | | | 115 | -2,704 | -2,589 | | -2,589 |
| Net profit or loss for the period | | | | 4,794 | | | | 4,794 | 559 | 5,353 |
| Total revenue and expenses | | | | 4,794 | | 115 | -2,704 | 2,205 | 559 | 2,764 |
| Decrease in minority interest | | | | | | | | 0 | -89 | -89 |
| Closing 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 |

Business and geographical segments of Gorenje Group

| in TEUR | Home Appliances Division | | Other Divisions | | Eliminations | | Group | |
|--|--------------------------|----------------|-----------------|---------------|---------------|---------------|----------------|----------------|
| | Q1 2009 | Q1 2008 | Q1 2009 | Q1 2008 | Q1 2009 | Q1 2008 | Q1 2009 | Q1 2008 |
| Revenue from the sale to third parties | 205,650 | 240,663 | 80,963 | 63,037 | | | 286,613 | 303,700 |
| Intra-segment revenue | 2,255 | 2,182 | 6,376 | 6,711 | -8,631 | -8,893 | 0 | 0 |
| Total revenue | 207,905 | 242,845 | 87,339 | 69,748 | -8,631 | -8,893 | 286,613 | 303,700 |
| Depreciation expense | -12,412 | -12,482 | -1,752 | -1,677 | | | -14,164 | -14,159 |
| Operating profit or loss | -5,526 | 8,673 | -1,503 | 2,756 | | | -7,029 | 11,429 |
| Net finance expense | | | | | | | -6,374 | -4,641 |
| Income tax | | | | | | | -1,339 | -1,435 |
| Net profit or loss for the period | | | | | | | -14,742 | 5,353 |

| in TEUR | EU | | East Europe | | Other countries | | Elimination | | Group | |
|--|---------|---------|-------------|---------|-----------------|---------|-------------|---------|---------|---------|
| | Q1 2009 | Q1 2008 | Q1 2009 | Q1 2008 | Q1 2009 | Q1 2008 | Q1 2009 | Q1 2008 | Q1 2009 | Q1 2008 |
| Revenue from the sale to third parties | 222,772 | 196,855 | 56,689 | 97,301 | 7,152 | 9,544 | 0 | 0 | 286,613 | 303,700 |

Non-audited unconsolidated financial statements of Gorenje, d.d.

Balance Sheet of Gorenje, d.d.

| in TEUR | March 31, 2009 | March 31, 2008 | Dec. 31, 2008 |
|---------------------------------------|----------------|----------------|----------------|
| ASSETS | 833,984 | 673,061 | 873,840 |
| Non-current assets | 482,159 | 335,224 | 489,141 |
| Property, plant and equipment | 189,753 | 183,733 | 195,692 |
| Intangible assets | 16,748 | 17,827 | 17,440 |
| Investment property | 4,462 | 2,749 | 4,462 |
| Investments in subsidiaries | 258,830 | 114,229 | 258,830 |
| Other non-current investments | 7,332 | 12,213 | 7,444 |
| Deferred tax assets | 5,034 | 4,473 | 5,273 |
| Current assets | 351,825 | 337,837 | 384,699 |
| Inventories | 95,386 | 95,073 | 105,948 |
| Current investments | 83,651 | 29,546 | 86,817 |
| Trade receivables | 158,336 | 200,139 | 172,327 |
| Other current assets | 14,285 | 12,791 | 19,533 |
| Cash and cash equivalents | 167 | 288 | 74 |
| EQUITY AND LIABILITIES | 833,984 | 673,061 | 873,840 |
| Equity | 301,507 | 276,450 | 312,566 |
| Share capital | 58,546 | 58,546 | 58,546 |
| Share premium | 140,624 | 125,851 | 140,624 |
| Legal reserves and statutory reserves | 21,697 | 45,034 | 21,697 |
| Retained earnings | 82,064 | 69,030 | 94,059 |
| Fair value reserve | 1,746 | 5,682 | 810 |
| Own shares | -3,170 | -27,693 | -3,170 |
| Non-current liabilities | 218,199 | 135,433 | 221,990 |
| Provisions | 23,940 | 26,778 | 24,187 |
| Deferred tax liabilities | 1,958 | 942 | 2,087 |
| Non-current financial liabilities | 192,301 | 107,713 | 195,716 |
| Current liabilities | 314,278 | 261,178 | 339,284 |
| Current financial liabilities | 184,746 | 107,552 | 162,727 |
| Trade payables | 105,153 | 125,621 | 160,692 |
| Other current liabilities | 24,379 | 28,005 | 15,865 |

Income statement of Gorenje, d.d.

| in TEUR | Q1 2009 | Q1 2008 |
|---------------------------------------|----------------|----------------|
| Revenue | 145,277 | 196,220 |
| Changes in inventories | -4,528 | -2,042 |
| Other operating income | 2,173 | 1,613 |
| Gross revenue | 142,922 | 195,791 |
| Cost of goods, materials and services | -118,814 | -151,903 |
| Other operating expenses | -705 | -1,545 |
| ADDED VALUE | 23,403 | 42,343 |
| Employee benefits expense | -23,450 | -25,905 |
| EBITDA | -47 | 16,438 |
| Amortisation and depreciation expense | -8,476 | -9,307 |
| EBIT | -8,523 | 7,131 |
| Finance income | 2,476 | 5,248 |
| Finance expenses | -5,711 | -7,559 |
| Profit before tax | -11,758 | 4,820 |
| Income tax expense | -237 | -450 |
| Profit for the period | -11,995 | 4,370 |

Statement of comprehensive income of Gorenje, d.d.

| | in TEUR | Q1 2009 | Q1 2008 |
|-----------|--|----------------|---------------|
| 1. | Profit for the period | -11,995 | 4,370 |
| 2. | Comprehensive income | | |
| | Net change in fair value of available-for-sales financial assets, (without effect by deferred tax) | -163 | -1,795 |
| | Net change in fair value of available-for-sales financial assets, transferred in profit (without effect by deferred tax) | 0 | -2,287 |
| | Effective portion of changes in profit/loss on cash flow hedge (without effect by deferred tax) | 970 | 433 |
| | Income tax on other comprehensive income | 129 | 944 |
| 3. | Translation reserve | 936 | -2,705 |
| 4. | Total comprehensive income for the period | -11,059 | 1,665 |

Cash flow statement of Gorenje, d.d.

| in TEUR | Q1 2009 | Q1 2008 |
|---|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the period | -11,995 | 4,370 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 7,631 | 8,116 |
| Amortisation of intangible assets | 845 | 1,191 |
| Investment income | -2,476 | -5,248 |
| Finance expenses | 5,711 | 7,070 |
| Gain on sale of property, plant and equipment | -63 | -8 |
| Income tax expense | 237 | 450 |
| Operating profit before changes in net operating current assets and provisions | -110 | 15,941 |
| Change in trade and other receivables | 19,624 | -222 |
| Change in inventories | 10,562 | -1,204 |
| Change in provisions | -247 | 566 |
| Change in trade and other liabilities | -46,577 | -44,776 |
| Cash generated from operations | -16,638 | -45,636 |
| Interest paid | -3,510 | -3,099 |
| Income taxes paid | -385 | -224 |
| Net cash from operating activities | -20,643 | -33,018 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of property, plant and equipment | 85 | 450 |
| Proceeds from sale of investment | 0 | 4,299 |
| Dividends received | 694 | 531 |
| Acquisition of subsidiary, net of cash disposed | 0 | -367 |
| Acquisition of property, plant and equipment | -1,869 | -2,472 |
| Acquisition of other investments | 2,075 | -6,425 |
| Acquisition of intangible assets | -144 | -775 |
| Net cash used in investing activities | 841 | -4,759 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Borrowings / Repayment of borrowings | 19,895 | 38,034 |
| Net cash used in financing activities | 19,895 | 38,034 |
| CASH AND CASH EQUIVALENTS | | |
| Net increase/decrease in cash and cash equivalents | 93 | 257 |
| Cash and cash equivalents at beginning of period | 74 | 31 |
| Cash and cash equivalents at end of period | 167 | 288 |

Statement of changes in equity of Gorenje, d.d.

| in TEUR | Share capital | Share premium | Legal and statutory reserves | Retained earnings | Own shares | Fair value reserve | Total |
|---|---------------|----------------|------------------------------|-------------------|---------------|--------------------|----------------|
| Opening balance at 1 Jan 2009 | 58,546 | 140,624 | 21,697 | 94,059 | -3,170 | 810 | 312,566 |
| Fair value reserve (investments) | | | | | | -163 | -163 |
| Fair value reserve (cash flow hedge) | | | | | | 970 | 970 |
| Deferred tax liabilities | | | | | | 129 | 129 |
| Total revenue and expenses recognised directly in equity | 0 | 0 | 0 | 0 | 0 | 936 | 936 |
| Net profit or loss for the period | | | | -11,995 | | | -11,995 |
| Total revenue and expenses | 0 | 0 | 0 | -11,995 | 0 | 936 | -11,059 |
| Closing balance at 31 March 2009 | 58,546 | 140,624 | 21,697 | 82,064 | -3,170 | 1,746 | 301,507 |

| in TEUR | Share capital | Share premium | Legal and statutory reserves | Retained earnings | Own shares | Fair value reserve | Total |
|---|---------------|----------------|------------------------------|-------------------|----------------|--------------------|----------------|
| Opening balance at 1 Jan 2008 | 58,546 | 125,851 | 45,034 | 64,660 | -27,693 | 8,387 | 274,785 |
| Fair value reserve (investments) | | | | | | -4,082 | -4,082 |
| Fair value reserve (cash flow hedge) | | | | | | 433 | 433 |
| Deferred tax liabilities | | | | | | 944 | 944 |
| Total revenue and expenses recognised directly in equity | 0 | 0 | 0 | 0 | 0 | -2,705 | -2,705 |
| Net profit or loss for the period | | | | 4,370 | | | 4,370 |
| Total revenue and expenses | 0 | 0 | 0 | 4,370 | 0 | -2,705 | 1,665 |
| Closing balance at 31 March 2008 | 58,546 | 125,851 | 45,034 | 69,030 | -27,693 | 5,682 | 276,450 |

