Non-Audited Interim report
of the Gorenje Group and of the company Gorenje, d.d.,
(period January – June 2009)

The Management Board of Gorenje, d.d.

Velenje, Slovenia, August 2009

Contents

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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 – June 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 – June 2009 was discussed and adopted by the Supervisory Board at its 28th meeting on 25th of August 2009. The Report can be viewed at the company headquarters at Partizanska 12, Si-3503 Velenje, Slovenia; as of 25th of August, it has also been available on the Ljubljana Stock Exchange electronic information system and on www.gorenje.com web-site.

Statement of management responsibility

The Management Board of the Company is responsible for the preparation of the annual report of Gorenje, d.d. and the Gorenje Group, as well as the financial statements, in a manner providing the public with a fair presentation of the financial position and the results of operations of Gorenje, d.d. and its subsidiaries in the first half of 2009.

The Management confirms that the accepted accounting policies have been used in the compilation of financial statements of Gorenje, d.d. and the Gorenje Group, that the accounting estimates have been made in compliance with the principles of prudence and good management, and that the financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the results of its operations in the first half of 2009.

The Management Board is also responsible for adequate and orderly accounting and the adoption of appropriate measures for safeguarding the Company's property and other assets, and confirms that the financial statements of Gorenje, d.d. and the Gorenje Group and accompanying notes have been prepared under the assumption of going concern and in compliance with applicable legislation and the International Financial Reporting Standards as adopted by the European Union.

The Management herewith confirms that, to the best of its knowledge and belief, the interim financial statements have been prepared in accordance with the adequate reporting framework and that they give a true and fair view of the assets and liabilities, the financial position and the results of operations of the parent company and other companies included in the consolidation of the Gorenje Group. Furthermore, the Management confirms that the interim business report includes a fair presentation of information referring to significant transactions with the related entities, prepared in compliance with the effective legislation and the International Financial Reporting Standards.

The President and members of the Management Board of Gorenje, d.d. are familiar with the contents of integral parts of the interim report of Gorenje, d.d. and the Gorenje Group for the first half of 2009, and thus also with the entire interim report. We agree with the interim report and hereby confirm this with our signatures.

Members of the Management Board

- Mr. Franjo Bobinac, President
- Mrs. Mirjana Dimc Perko, member
- Mr. Branko Apat, member
- Mr. Drago Bahun, member
- Mr. Uroš Marolt, member
- Mr. Franc Košec, member

BUSINESS REPORT

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

- Compared to **Quarterly 1, the scope of business activities of the Gorenje Group** dropped by additional 2.7 percentage points (a 8.3 percent decrease compared to the 1st half of 2008). Despite such rapid drop in the scope of business activities, the Gorenje Group **managed to stabilize the downward trend of net profitability, improving it by EUR 11.5 million in comparison to the first quarterly 2009 (a decrease by additional EUR 3.3 million to EUR 18.0 million of net loss for the period)**. The current trends in the industry and the entire economy show a stabilisation of the recession movements at the current levels, which corresponds to the business estimates of the Gorenje Group for 2009 as presented in this year's first Quarterly Report.
- Compared to May 2008, the **industrial production index** in the euro area decreased by 17 percent, remaining at the levels projected by analytics (17.5 %), whereas in the entire EU area, it decreased by 15.9 percent.
- **In April 2009, Slovenian export accounted for EUR** 1.3 billion of goods, putting the export-import coverage to 96.8 percent. Export (in EUR) was lower by 29.7 percent compared to April 2008, and the value of import was lower by 34.9 percent. Export to Germany accounted for 20 percent of the total export. Already in the first four months, Slovenia exported EUR 5.2 billion of goods (i.e. 24.4 percent less than in the same period in 2008), and imported EUR 5.4 billion of goods (i.e. 29.0 percent less than in the same period in 2008).
- The **average monthly gross wage** in Slovenia amounted to EUR 1,415.38 in May 2009, which is 0.5 % less than in April. Compared to the same period in 2008, the average monthly gross wage increased by 5.1 percentage points in the first five months 2009.
- **The June economic climate ratio** in Slovenia remained at the same level as the previous month. Compared to June 2008, the ratio decreased by 27 percentage points; the same decrease was recorded in the long-standing average.
- **The Slovenian consumer confidence indicator** for June 2009 was higher by 6 percentage points than one month earlier. The increase was mainly due to more optimistic estimations of consumers about the unemployment in Slovenia in the next 12 months. With the increase in June, the consumer confidence indicator showed an increase for the second month in a row, reaching the highest value since October 2008.
- **The economic climate indicator** for the euro area was at -2.97 in June, remaining basically at the same level as projected by the analysts (-3.0). **Consumer trust index** still reveals consumer indebtedness; it was set at -25, which is better then the estimates (-30).
- The characteristics of the operating circumstances of Gorenje of the first Quarterly have not changed in the second Quarterly; In the **sale of household appliances** segment, the sale of lower-priced products and the sale at markets with lower profitability ratios have kept increasing (impairment of East and Southeast markets and strengthening of Northern and Western markets).
- **Poor liquidity**, both in the production area and the sales and consumption remains a major issue in the company's operations. It is due to the impaired consumer purchasing capacity, a decreased ability of the entities' cost recovery, lack of eligible financing sources (maturity, structure, price) as well as a very cautious lending attitude of banks.

Business performance of the Gorenje Group

in EUR thousand	First half 2009	Q2 2009	Q1 2009	First half 2008	Q2 2008	Q1 2008
Consolidated net sales	567,941	281,328	286,613	619,165	315,465	303,700
EBITDA	20,728	13,593	7,135	47,229	21,641	25,588
EBITDA Margin (%)	*3.6%*	*4.8%*	*2.5%*	*7.6%*	*6.9%*	*8.4%*
EBIT	-7,508	-479	-7,029	18,699	7,270	11,429
EBIT Margin (%)	*-1.3%*	*-0.2%*	*-2.5%*	*3.0%*	*2.3%*	*3.8%*
Total profit or loss	-14,727	-1,324	-13,403	11,346	4,558	6,788
Net profit or loss	-17,995	-3,253	-14,742	8,151	2,798	5,353
ROS (net return on sales)	*-3.2%*	*-1.2%*	*-5.1%*	*1.3%*	*0.9%*	*1.8%*
ROA (net return on assets)	*-2.9%*	*-1.1%*	*-4.8%*	*1.5%*	*1.0%*	*2.1%*
Net sales per employee	51.73	25.81	25.92	55.03	28.08	26.95
EBITDA per employee	1.89	1.25	0.65	4.20	1.93	2.27
EBIT per employee	-0.68	-0.04	-0.64	1.66	0.65	1.01
Net profit or loss per employee	-1.64	-0.30	-1.33	0.72	0.25	0.48
Employees / at the end of period	10,917	10,917	10,950	11,324	11,324	11,212
Employees / average	10,980	10,901	11,056	11,252	11,236	11,268
Capex	12,668	5,459	7,209	28,955	18,441	10,514
Net current assets	241,050	241,050	246,662	395,471	395,471	237,664
ROIC	-1.4%	-0.2%	-2.5%	3.3%	2.6%	5.1%
D/E	1.35	1.35	1.37	1.24	1.24	0.98
Net cash flow	10,241	10,819	-578	36,681	17,169	19,512
Free cash flow	-24,803	19,085	-43,888	-70,155	-20,251	-49,904
Total financial liabilities	504,761	504,761	515,825	483,161	483,161	347,809
Net financial liabilities	430,257	430,257	444,252	440,434	440,434	311,702

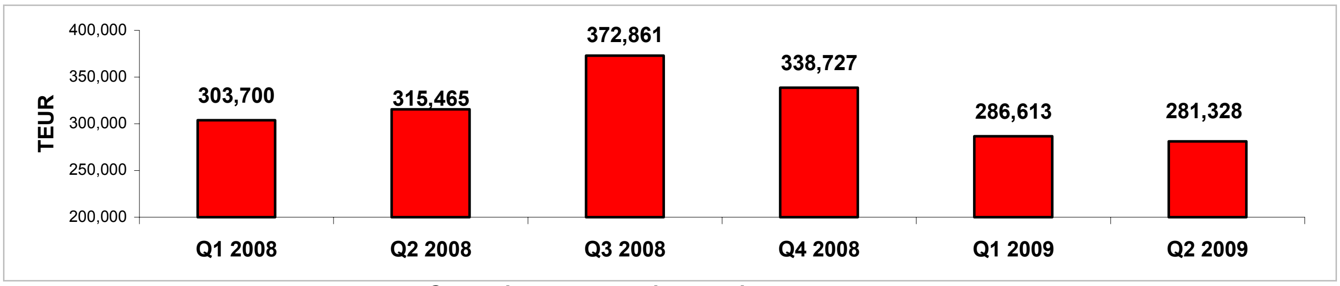
Scope of business activities

Division	First half 2009	Q2 2009	Q1 2009	First half 2008	Q2 2008	Q1 2008
Home appliances division	430,698	210,977	219,721	468,220	233,700	234,520
Home appliances division – without Atag	357,367	173,353	184,014	468,220	233,700	234,520
Home Interior division	20,885	10,877	10,008	30,658	16,348	14,310
Ecology, energy and services division	116,358	59,474	56,884	120,287	65,417	54,870
Consolidated Revenue	**567,941**	**281,328**	**286,613**	**619,165**	**315,465**	**303,700**
Consolidated Revenue – without Atag	494,610	243,704	250,906	619,165	315,465	303,700

Sales structure in terms of divisions	First half 2009	Q2 2009	Q1 2009	First half 2008	Q2 2008	Q1 2008
Household appliances division	75.8%	75.0%	76.7%	75.6%	74.1%	77.2%
Home interior division	3.7%	3.9%	3.5%	5.0%	5.2%	4.7%
Ecology, energy and services division	20.5%	21.1%	19.8%	19.4%	20.7%	18.1%
Total net sales	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

- The downward trend in the **scope of business activities** continued in the second Quarterly 2009. **The scope of orders** was stabilized at the level which should according to the estimates of our sales offices abroad and branch analysts, not face significant additional decreases by the end of 2009**.** The adverse effects of the financial crisis mostly resulted in a significant drop in the consumption in the area of household appliances and other home interior equipment. The offer continued to adapt to the changes in the consumer behaviour, mostly by covering a wide range of segments and all price levels, thus staying in line with the major **movements within the economic placing of significant trademarks** that were started at the beginning of 2009. The scope of sales kept dropping also in the second Quarterly mostly in the eastern and western part of Europe, while a bit less on the western part of the old continent; some countries in the west recorded even a slight rise in demand.

- Also in the second Quarterly, 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 have been 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 freezer appliances followed by cooking 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 also in the second Quarterly 2009.
- The hedging in the **trade receivables** segment significantly limits the scope of sale, as the terms of hedging are still far more rigid and limited and the sale over the hedged levels would result in direct risk of non-payment. In addition to that, the quality of receivables decreased both in terms of maturity structure and timely repayment of receivables, though this is understandable for such market situation. The movements in **inventories of finished products** in the household appliances division were optimized in the second Quarterly and brought in line with the decreased business activities.
- Also in the second Quarterly, the companies of the **Ecology, Energy and Services Division** successfully compensated for a part of the negative development of events in the household appliances division and the home interior division.



Quarterly movements in net sales revenues.

Operating business performance

- **The decrease in the scope of sales revenues** as described above has been the main generator of the lower operating profitability in the first half of 2009. In addition to the decrease in the **quantity of products sold**, **structural** changes on both the **product** level (the segment or product aspect) and the **market** level (geographic aspect) had a key impact on the sales. This fact, in addition to problems of **adapting the costs to the lower sales**, had a strong impact on the EBIT. Considering the lower scope of sales, t**he profit margin** arising from the difference between the sales revenues and the cost of goods and materials (including the change in the value of inventories) was recorded at **39.3** percent, i.e. half a percentage point below the figures of the preceding year. The **quality variance** (decrease in the scope of sales due to structural changes in markets and product mix and/or increase in the cost of goods and materials) was therefore negative (EUR -2.9 million), despite the favourable effects of the lower cost of merchandise and material (the utilisation of the lower valued inventories started in May and June) and the favourable effect of Atag's operations. Hence the **lower profit margin amounting to EUR 29.0 million** refers to the **activity variance** amounting to EUR 26.1 million and to the **quality variance** amounting to EUR 2.9 million, compared to the semi-annual results for 2008.
- The household appliances segment was particularly affected by the fact that until the end of April cost of goods and materials included **the inventories with a higher book value** (strategic purchases made in September and October 2008). On the other hand, the **profit margin** generated by the parent company in May and June was higher by EUR 1.0 million if compared to the first Quarterly 2009.
- As regards **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 started showing as late as in the second Quarterly 2009. Their effect i.e. the **effect of processing changes** has in broader sense improved the operating efficiency from April onwards, totalling to **EUR 12.5 million, i.e. it decreased by 12.8 percent** compared to the semi-annual value in 2008 (after eliminating the services referring to the sale of medical equipment

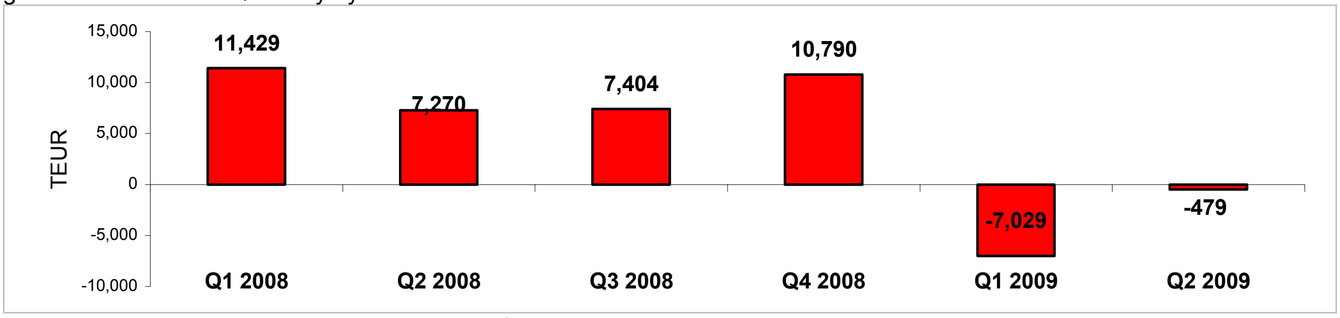
which is an extraordinary transaction, compared to 2008). Before the elimination, the effect of the increased cost of services was at EUR 2.5 million, or a 2.5 percent growth compared to the semi-annual figures in 2008. However, we are very careful in this cost segment because by requiring quick effects 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 **decreased by EUR 784 thousand** (the average number of staff lowered by 272 persons) compared to previous year's figures. However, by eliminating the company Atag and considering government grants that are included in other operating revenue, this denotes **lower labour cost by EUR 13.2 million or 12.5 percent lower labour cost** or 694 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 (EBIT) of EUR 7.5 million in the first half of the year, after the Group had generated EUR 18.78 million of operating profit in same period in 2008. The lower results are mostly reflected by

- EUR 29.0 million of decrease in the **profit margin** referring to the costs of goods and materials arising from the lower scope of sales (decrease of EUR 26.1 million) and still lower profitability of sales (by 0.5 percentage point, a decrease by EUR 2.9 million);
- EUR 4.3 million of increase recorded in **other operating revenue**, primarily arising from the government grants (EUR 2.9 million) and the damages received (EUR 0.5 million);
- EUR 2.4 million of decrease in the **cost of services** segment (arising from the cost of sales of medical equipment of the companies GTI, d.o.o. and Atag; the latter has been part of the Group since July 2008);
- EUR 0.9 million of increase, predominantly arising from **labour cost** (EUR 0.8 million; exclusive of state grants provided for salaries, which were accounted for under other operating revenue); the remaining EUR 0.1 million refers to the offsetting value of **other expenses/revenues** that bear less material significance.

EBIT was significantly improved in the second Quarterly, thus increasing the loss of EUR 7.0 million that had been generated in the first Quarterly by an additional EUR 0.5 million.

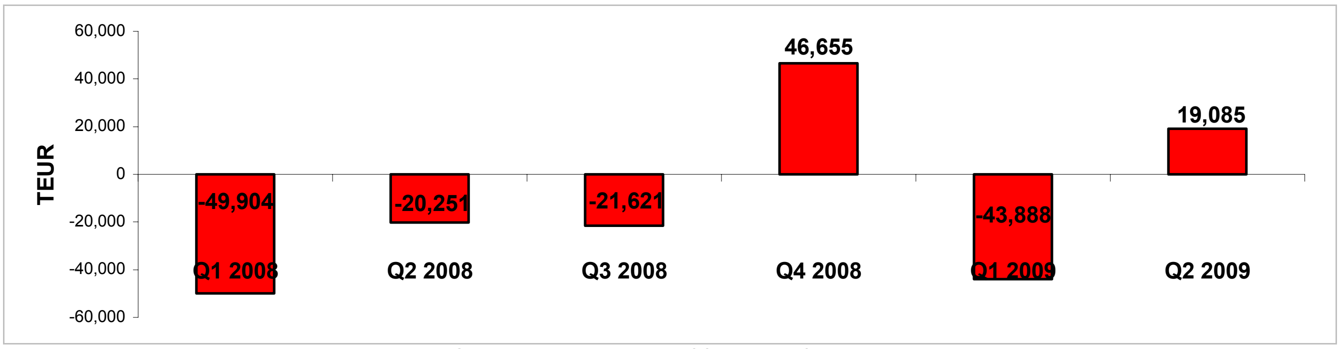


Quarterly movements in EBIT.

Financial performance

	in EUR thousand	First half 2009	Q2 2009	Q1 2009	First half 2008	Q2 2008	Q1 2008	Jan-Dec 2008
	Net profit or loss	-17,995	-3,253	-14,742	8,151	2,798	5,353	10,181
+	Amortisation /Depreciation	28,236	14,072	14,164	28,530	14,371	14,159	57,121
=	**Net cash flow**	**10,241**	**10,819**	**-578**	**36,681**	**17,169**	**19,512**	**67,302**
-	Capex	-12,668	-5,459	-7,209	-28,955	-18,441	-10,514	-76,807
-	Investments in net current assets	-22,376	13,725	-36,101	-77,881	-18,979	-58,902	-35,616
	Changes in inventories	37,140*	23,803	13,337	-31,352	-24,028	-7,324	-35,533
	Changes in trade receivables	10,961	1,387	9,574	-21,202	-21,596	394	-3,482
	Changes in trade payables	-70,477	-11,465	-59,012	-25,327	26,645	-51,972	3,399
=	**Free cash flow**	**-24,803**	**19,085**	**-43,888**	**-70,155**	**-20,251**	**-49,904**	**-45,121**

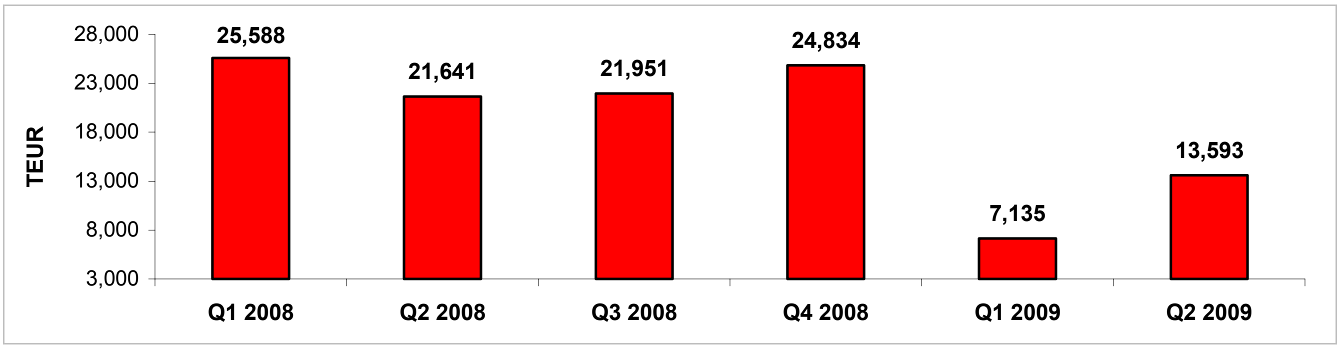
* The figure includes one half of the amount referring to the changes in inventories held by the company Indop, d.o.o., since one half of the inventories was financed by the entity that ordered the products (Patria).



Quarterly movements of free cash flow.

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.
- **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 and February, despite a **significant reduction in inventories and receivables in the amount of EUR 48.1 million**. From the viewpoint of the ability to generate free cash flow, the second Quarterly 2009 was positive (EUR 19.1 million), resulting from the optimisation of trade receivables and inventories as well as adjustment of the quantities of procured materials to the sales. Liquidity has been 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 provided short-term regulation of cash flows and reduced 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 9.1 million** corresponding to **31.8 % of the total planned investments** for the year, was generated in the Home Appliances Division, thereof the major portion (EUR 3.1 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 (EUR 1.8 million; the majority refers to the development of new products).



Quarterly movements of EBITDA.

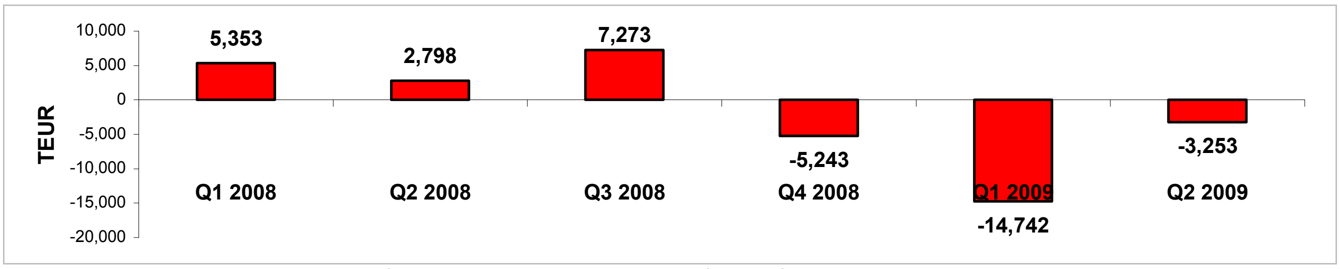
Investments by divisions

in EUR thousand	First half 2009	Q2 2009	Q1 2009	First half 2008	Q2 2008	Q1 2008
Home appliances division	9,093	3,291	5,802	23,779	15,254	8,525
Home interior division	202	77	125	739	315	424
Ecology, energy and services division	3,373	2,091	1,282	4,437	2,872	1,565
Total	**12,668**	**5,459**	**7,209**	**28,955**	**18,441**	**10,514**

- Home Interior Division has generated **9.7 % of the planned** values by investments amounting to **EUR 0.2 million.**
- Ecology, Energy and Services Division recorded **EUR 3.4 million,** corresponding to **40.6 % of the annual plan**. The major portion of these investments was carried out in the following companies: Kemis, d.o.o. (EUR 2.3 million, investment in a hazardous waste treatment plant in Vrhnika), Surovina, d.d., and Vitales, d.o.o., Nova Bila.

Performance analysis

- **Result from operating activities** has compared to the first Quarterly increased strongly to the level of EUR 0.5 million of loss (EBIT).
- **The excess of financing expenses** over financing revenues in the amount of EUR -7.2 million resulted in the semi-annual loss of EUR 7.5 million to reach EUR -**14.7 million of total loss before tax on the annual level**.
- Compared to the same period in the previous financial year, the **financial result** has basically remained on the **same level** (increase of EUR 0,1 million), although it reflects a different structure of financial income and expenses (costs). The most significant changes incurred in the following items: interest expenses, in revaluation (exchange differences) and allowances for receivables. In both periods under comparison, revenues were generated from **divestment activities**, EUR 3.4 million in 2008 and EUR 3.1 million this year.
- **Corporate income tax** was recorded in the amount of EUR 3.3 million (EUR 3.2 million in the first half of 2008), thus increasing the loss to **EUR 18.0 million of net loss** for the year. Compared to 2008, the corporate income tax comprises the current tax in the amount of EUR 3.1 million (EUR 3.1 million last year) and the deferred tax EUR 0.2 million (EUR 0.1 million last year). Of the total value of the current tax, EUR 2.2 million refers to Atag. Despite the operating loss on the group level, the taxable base of several group companies was positive, thus incurring a tax payment obligation.



Quarterly movements in net profit/loss for the period.

Summary of business performance of Gorenje d.d.

in EUR thousand	First half 2009	Q2 2009	Q1 2009	First half 2008	Q2 2008	Q1 2008
Net sales	264,991	119,714	145,277	382,443	186,223	196,220
EBITDA	-774	-727	-47	27,004	10,566	16,438
EBITDA Margin (%)	*-0.3%*	*-0.6%*	*0.0%*	*7.1%*	*5.7%*	*8.4%*
EBIT	-17,687	-9,164	-8,523	8,576	1,445	7,131
EBIT Margin (%)	*-6.7%*	*-7.7%*	*-5.9%*	*2.2%*	*0.8%*	*3.6%*
Total profit or loss	-19,702	-7,944	-11,758	5,849	1,029	4,820
Net profit or loss	-19,913	-7,918	-11,995	5,000	630	4,370
ROS (net return on sales)	*-7.5%*	*-6.6%*	*-8.3%*	*1.3%*	*0.3%*	*2.2%*
ROA (net return on assets)	*-4.7%*	*-3.8%*	*-5.6%*	*1.3%*	*0.3%*	*2.3%*

Net sales per employee	52.11	23.84	28.22	69.97	32.40	35.95
EBITDA per employee	-0.15	-0.14	-0.01	4.94	1.84	3.01
EBIT per employee	-3.48	-1.82	-1.66	1.57	0.25	1.31
Net profit or loss per employee	-3.92	-1.58	-2.33	0.91	0.11	0.80
Employees / at the end of period	4,954	4,954	5,098	5,515	5,515	5,440
Employees / average	5,085	5,022	5,148	5,466	5,747	5,458
Capex	3,077	1,064	2,013	12,088	8,841	3,247
Net current assets	99,098	99,098	117,778	270,149	270,149	131,418
ROIC	-4.2%	-4.4%	-4.0%	2.1%	0.7%	4.5%
D/E	1.27	1.27	1.25	1.09	1.09	0.78
Net cash flow	-3,000	519	-3,519	23,428	9,751	13,677
Free cash flow	-23,879	12,639	-36,518	-46,038	-4,152	-41,886
Total financial liabilities	371,372	371,372	377,047	336,600	336,600	215,265
Net financial liabilities	283,730	283,730	293,229	294,025	294,025	185,431

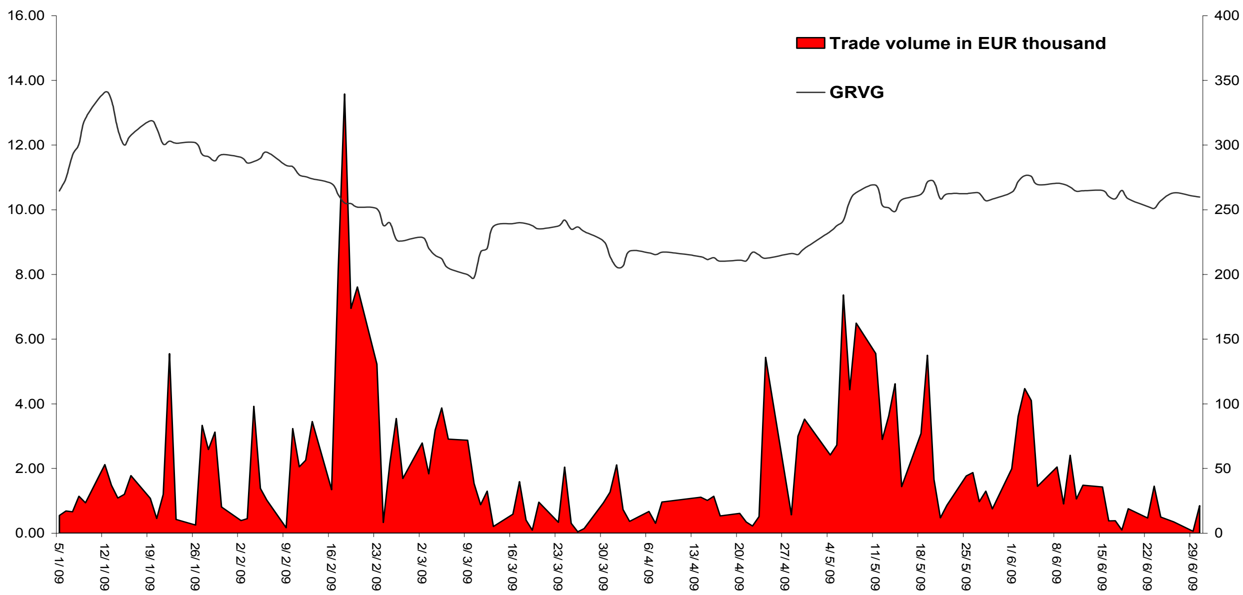
- Compared to the first half of 2008, the **scope of sales** of the parent company in the **household appliances division** segment **dropped by 33 %** and the sales in other segments decreased **by 17 %**.
- Due to the **improvement of the results associated with the profit margin** referring to the costs of goods and materials arising from the utilization of the cost of the inventories with a lower book value in May and June (the inventories with a higher book value arising from strategic purchases in the second half of 2008 were used up), the parent company generated EUR 1.0 million of positive effects in the second Quarterly. Due to the improvement of the results associated with the profit margin in the sale of **products other than those included in the household appliances division** by 1.6 percent, the company generated additional EUR 0.6 million of positive effects after the first Quarterly, i.e. in total **EUR 1.6 million**. Despite these results, the company still lags behind the **2008 half-year profit margin** by 1.4 percentage points, i.e. by EUR 3.6 million.
- We managed to lower **other costs of materials** (-14.8 % or EUR 1.5 million; a minor decrease, mostly due to the unfavourable pricing movements of energy sources), costs of **services** (-27.3 % or EUR 12.8 million) and **other operating expenses** without expenses from revaluation (-49.3 % or EUR 0.9 million) in total by 26.0 % or EUR 15.2 million, which, however has still not reached the level of decrease of all business activities (-33.7 %).
- Compared to the results of the first half of 2008, **labour costs** were lower by 11.9 % or EUR 6.4 million; by taking account of the state subsidies of salaries, which were accounted for under other operating revenue, labour costs were **lower by 15.5 % or EUR 8.3 million**. According to our estimates, the adjustment of the decrease in labour cost to correspond to the decrease in the scope of business activities should be reached in the last Quarterly 2009.
- **Disproportionate decrease** in all business activities (-33.7 % or EUR 132.9 million) considering all operating expenses / costs (-27.6 % or EUR 106.6 million) has caused a decrease of **EBIT by EUR 26.3 million** compared to the first half of 2008, resulting in a loss of EUR 17.7 million.
- Compared to 2008, **the financial result** has improved mostly in the areas of revaluation (exchange differences) and hedging activities, and worsened in the areas of interest and allowances for receivables (resulting in a positive figure of EUR 0.7 million). The excess of financial expenses over financial income comprises EUR 2.0 million, hence increasing the loss before tax to EUR -19.7 million.
- Considering the deferred tax liabilities in the amount of EUR 0.2 million, **net loss for the half-year period** is recorded at EUR 19.9 million.

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 30 June 2009 the number of recorded shareholders amounted to 21,449 which is an increase of 0.4 % when compared to 31 December 2008 (21,359).

Ten major shareholders as of 30 June 2009	No. of shares	%
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%
KD GALILEO, FLEKSIBILNA STRUKTURA NALOŽB	564,984	4.0270%
RAIFFEISEN ZENTRALBANK AG, AUSTRIA	471,057	3.3575%
PROBANKA d.d.	412,276	2.9385%
EECF AG	411,727	2.9346%
KD ID, delniška ID, d.d.	333,957	2.3803%
TRIGLAV VZAJEMNI SKLADI - DELNIŠKI TRIGLAV	316,613	2.2567%
KD RASTKO, DELNIŠKI	232,593	1.6578%
TOTAL TEN MAJOR SHAREHOLDERS:	**8,142,295**	**58.0349%**
OTHER SHAREHOLDERS:	5,887,705	41.9651%
TOTAL:	**14,030,000**	**100 %**

- The number of own shares is as of 30 June 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 10.39 on 30 June 2009 and was lower by 1.4 % when compared to the last trading day in the year 2008 (EUR 10.51); The SBI 20 stock exchange index decreased by 15.4 % 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 -2.86 (EUR 0.89 in 2008).
- **The book value of a share** is calculated as the ratio between the total company equity at 30 June 2009, and the number of shares issued minus the number of own shares (13,908,689) as 30 June 2009 amounted to EUR 20.97 (EUR 22.47 at 31 December 2008).
- **Market to book value ratio** is 0.50 (0.47 at 31 December 2008).
- Gorenje has till this year pursued the **policy of stable dividends**. It has been defined in the strategic plan that a third to a quarter 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 are paid from the accumulated profit of the company and a resolution on its use has to be adopted by the AGM. In 2008 a gross dividend amounting to EUR 0.45 per share was paid for the year 2007.
- The shareholders have at the 13th AGM passed the resolution, based on the Supervisory and the Management Board, that no dividend payments be made for 2008.



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

Major events following the Balance Sheet date

- Pursuant to the resolutions adopted by the General Meeting on 19 June 2009, the decision of the Celje district court of 24 June 2009 on the registration of amendments in the court register in relation to the company Statute, entered into force on 8 July 2009.

There were no other major events following the Balance Sheet date on the 30th of June 2009.

Important business events

- The company Kemis, d.o.o., Radomlje, Slovenia, the region's leading hazardous waste management company, has completed its investment into a **new state-of-the-art facility for hazardous waste treatment** in Slovenia; combining all activities at a single location will improve flexibility, logistics, and, most importantly, safety – both in terms of occupational health and safety, and environment protection.

Related party transactions

The related party transactions recorded by the Group companies were consummated based on the sale/purchase contracts concluded with related parties on terms equivalent to those prevailing in the arm's-length transactions.

Business outlook for 2009

The first projection analysis for 2009 was prepared on the basis of the operating result in the first quarter of the year, whereas the **second projection** on the basis of the interim 2009 result. The first estimate proved quite well as shown also within the estimate for 2009 based on interim results; both estimates do not significantly vary.

A new projection analysis for 2009 repeatedly showed that the Gorenje Group shall generate EUR 20 to 30 million of free cash flow by the year-end, provided that the current trends in home appliances and home interior industries will continue. Similar market movements are also 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	Estimation Jul-Dec 2009	Full year estimation 2009
Net cash flow	-0.6	10.9	16.2	26.5
Capex	-7.2	-5.5	-12.3	-25.0
Investments in net current assets	-36.1	13.7	45.7	23.3
= Free cash flow	**-43.9**	**19.1**	**49.6**	**24.8**

Marketing activities as well as cost optimising activities, presented in the first interim report, attributed to the improvement of **the expected (estimated) operating result for the first six months of 2009** by applying the following dynamics:

in thousand EUR

Estimated net profit/loss	**-26,731**	**thousand EUR**
	-233	Lower profit margin on the level of costs of goods and material **(activity variance).**
	1,310	Higher profit margin on the level of costs for goods and material **(quality variance).**
	-2,342	Higher cost of services – sale of medical equipment (company GTI) and marketing costs.
	3,053	Other operating income and expenses (per companies).
	-150	Higher employee benefits expense, and lower value adjustments and amortisation and depreciation expense.
	7,821	Financial result – interest, exchange differences, allowances for receivables.
	-723	Income tax.
	8,736	**= Total estimated net profit/loss**
Reported net profit/loss	**-17,995**	**thousand EUR**

Compared to the half-yearly estimate, the above analysis of achieving estimated profitability (development of profitability) indicates that

- **an improvement of the profit margin** on the level of costs for goods and material was generated in the amount of **EUR 1.1 million**, of which the quality variance is recorded at EUR 1.3 million (variance due to improvement of the profit margin by 0.2 percentage point) and the activity variance at EUR -0.2 million (variance due to lower scope of business activities at unchanged profit margin),

- **higher cost of services by EUR 2.3 million** (EUR 1.0 million within the sale of medical equipment of GTI, d.o.o.) and marketing costs (due to stronger interim activity dynamics, at unchanged annual objective / budget of these costs),

- **EUR 3.0 million of positive balance of** exceeding/non-achieving the estimated levels of **other operating income and expenses** was recorded mostly due to estimated higher level of allowances formed for inventories (EUR 1.0 million) and lower amount of extended government grants (EUR 1.6 million at the controlling company) i.e. both due to moderate projections made by the Gorenje group companies,

- **insignificant variations** were recorded with the items of **employee benefits expense** (increase of EUR 0.8 million) as well as with expenses relating to **value adjustments** (decrease of EUR 0.1 million) and **costs of amortisation and depreciation** (decrease of EUR 0.5 million),

- **the financial result was improved by EUR 7.8 million**, mostly due to:
  - finance income from revaluations (exchange differences) in the amount of EUR 2.5 million, interest income in the amount of EUR 1.4 million, and other finance income amounting to EUR 1.1 million;
  - interest expenses in the amount of EUR 1.6 million and other finance expenses in the amount of EUR 1.0 million,

- a **higher taxation of profit** was recorded in the amount of **EUR 0.7 million** mostly due to Atag's higher profitability than estimated,

and that the **Gorenje Group's net profitability was improved by EUR 8.7 million** if compared to estimations made in the first quarter of 2009.

The development in the first six months of 2009 confirms that **projections about the impact of marketing activities and cost optimising activities shall be implemented** in the amount of EUR 10 million within cost of material, in the amount of EUR 27 million within employee benefits cost, and in the amount of EUR 17 million within cost of services; all the aforesaid shall **led the estimated EBIT to a positive annual level**. The respective development requires a strong focus on increasing market shares, generating free cash flows and keeping productive jobs, as already stated in the goal setting plan at the beginning of 2009.

As for the second half of 2009, the caution of the market analysts should be taken into account as they predict that the **operating result of the second half of 2009 shall mostly depend on events in September and October**. Accordingly and with continuing to optimise the net current assets, a **free cash flow of EUR 24.8 million** could be generated.

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 – June 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 – June 2009 have been prepared in accordance with the provisions of the Corporations Act and the IFRS. The transition to IFRS was approved by the AGM of Gorenje, d.d., at its 9th Meeting held on 29 June 2006.
- In compliance with the accounting principles, Gorenje, d.d. is not subject to segment reporting as the latter is included in consolidated financial statements of the Gorenje Group.
- Comparative information has been mainly harmonised with the presentation of information in the current year. Where required, adjustment of comparative data was carried out in order to comply with the presentation of information in the current year.

Gorenje Group has been from the period January – June 2009 consists of the main company Gorenje, d.d., and 69 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 30 June 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.
- At the end of May the company OOO Gorenje BT in Russia has been established. The company is in the 100% stake of the company Gorenje Beteiligungsgesellschaft mbH, Austria.
- At the end of May the companies OÜ Gorenje (Estonia) and SIA Gorenje (Latvia), has stop to be active, while the process of liquidation will be concluded till the end of this year.

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	HA
2.	Gorenje Tiki, d.o.o., Ljubljana	99.982	HA
3.	Gorenje GTI, d.o.o., Velenje	100.00	EES
4.	Gorenje Notranja oprema, d.o.o., Velenje	99.98	HI
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	HA
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	HA

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	HA
26.	Gorenje Austria Handelsgesellchaft m.b.H., Austria	100.00	HA
27.	Gorenje Vertriebsgesellschaft m.b.H., Germany	100.00	HA
28.	Gorenje Körting Italia S.r.l., Italy	100.00	HA
29.	Gorenje France S.A.S., France	100.00	HA
30.	Gorenje BELUX S.a.r.l., Belgium	100.00	HA
31.	Gorenje Espana, S.L., Spain	100.00	HA
32.	Gorenje UK Ltd., Great Britain	100.00	HA
33.	Gorenje Skandinavien A/S, Denmark	100.00	HA
34.	Gorenje AB, Sweden	100.00	HA
35.	Gorenje OY, Finland	100.00	HA
36.	Gorenje AS, Norway	100.00	HA
37.	OÜ Gorenje, Estonia	100.00	HA
38.	SIA Gorenje, Latvia	100.00	HA
39.	Gorenje spol. s r.o., Czech Republic	100.00	HA
40.	Gorenje real spol. s r.o., Czech Republic	100.00	HA
41.	Gorenje Slovakia s.r.o., Slovakia	100.00	HA
42.	Gorenje Budapest Kft., Hungary	100.00	HA
43.	Gorenje Polska Sp. z o.o., Poland	100.00	HA
44.	Gorenje Bulgaria EOOD, Bulgaria	100.00	HA
45.	Gorenje Zagreb, d.o.o., Croatia	100.00	HA
46.	Gorenje Skopje, d.o.o., Macedonia	100.00	HA
47.	Gorenje Commerce, d.o.o., Bosnia & Herzegovina	100.00	HA
48.	Gorenje, d.o.o., Serbia	100.00	HA
49.	Gorenje Podgorica, d.o.o., Montenegro	99.972	HA
50.	Gorenje Romania S.R.L., Romania	100.00	HA
51.	Gorenje aparati za domaćinstvo, d.o.o., Serbia	100.00	HA
52.	Mora Moravia s r.o., Czech Republic	100.00	HA
53.	Gorenje Küchen GmbH, Austria	99.98	HI
54.	Gorenje - kuchyně spol. s r.o., Czech Republic	99.98	HI
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	HA
58.	Gorenje Gulf FZE, United Arab Emirates	100.00	HA
59.	Gorenje Tiki, d.o.o., Serbia	99.982	HA
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	HA
64.	Sirovina, a.d., Serbia	51.00	EES
65.	Gorenje TOV, Ukraine	100.00	HA
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	HA
74.	ATAG Nederland BV, the Netherlands	100.00	HA
75.	ATAG België NV, Belgium	100.00	HA

76.	ATAG Financiele Diensten BV, the Netherlands	100.00	HA
77.	ATAG Financial Sevices BV, the Netherlands	100.00	HA
78.	Intell Properties BV, the Netherlands	100.00	HA
79.	ATAG Special Product BV, the Netherlands	100.00	HA
80.	Gorenje Holding B.V., the Netherlands	100.00	HA
81.	Gorenje Kazakhstan, TOO, Kazakhstan	100.00	HA
82.	Gorenje kuhinje, d.o.o., Ukraine	69.986	HI
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
90.	OOO Gorenje BT, Russia	100.00	HA

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 EUR thousand	June 30 2009	%	March 31 2009	%	Dec. 31 2008	%	June 30 2008	%	March 31 2008	%
ASSETS	**1,182,321**	**100.0**	**1,201,751**	**100.0**	**1,257,732**	**100.0**	**1,203,817**	**100.0**	**997,924**	**100.0**
Non-current assets	**586,143**	**49.6**	**592,987**	**49.3**	**606,027**	**48.2**	**457,942**	**38.0**	**448,551**	**44.9**
Intangible assets	161,346	13.6	161,881	13.5	162,986	13.0	24,879	2.1	25,322	2.5
Property, plant and equipment	392,558	33.2	399,185	33.2	412,953	32.8	394,298	32.8	384,374	38.5
Investment property	9,997	0.9	9,742	0.8	7,090	0.6	11,316	0.9	10,231	1.0
Non-current investments	12,642	1.1	12,622	1.0	12,721	1.0	18,555	1.5	19,622	2.0
Deferred tax assets	9,600	0.8	9,557	0.8	10,277	0.8	8,894	0.7	9,002	0.9
Current assets	**596,178**	**50.4**	**608,764**	**50.7**	**651,705**	**51.8**	**745,875**	**62.0**	**549,373**	**55.1**
Assets classified as held for sale	954	0.1	954	0.1	954	0.1	389	0.0	340	0.1
Inventories	220,864	18.7	239,667	19.9	253,004	20.1	248,823	20.7	224,795	22.5
Current investments	60,472	5.1	61,974	5.2	64,470	5.1	26,819	2.2	24,256	2.4
Trade receivables	251,056	21.2	252,443	21.0	262,017	20.8	279,737	23.3	258,141	25.9
Other current assets	48,800	4.1	44,127	3.7	47,145	3.8	174,199	14.5	29,990	3.0
Cash and cash equivalents	14,032	1.2	9,599	0.8	24,115	1.9	15,908	1.3	11,851	1.2
EQUITY AND LIABILITIES	**1,182,321**	**100.0**	**1,201,751**	**100.0**	**1,257,732**	**100.0**	**1,203,817**	**100.0**	**997,924**	**100.0**
Equity	**373,304**	**31.6**	**376,241**	**31.3**	**394,522**	**31.4**	**388,177**	**32.3**	**353,660**	**35.4**
Share capital	58,546	5.0	58,546	4.9	58,546	4.7	58,546	4.9	58,546	5.9
Capital surplus (share premium)	158,487	13.4	158,487	13.2	158,487	12.6	158,487	13.2	143,714	14.4
Legal reserves and statutory reserves	21,697	1.9	21,697	1.8	21,697	1.7	20,399	1.7	45,034	4.5
Retained earnings	93,297	7.9	96,131	8.0	110,324	8.8	108,171	9.0	88,819	8.9
Own shares	-3,170	-0.3	-3,170	-0.3	-3,170	-0.3	-3,059	-0.3	-27,693	-2.8
Translation reserve	18,047	1.5	15,822	1.3	20,187	1.6	14,686	1.2	14,656	1.5
Fair value reserve	14,260	1.2	16,145	1.4	15,208	1.2	17,984	1.5	19,256	1.9
Equity attributable to equity holders of the parent	**361,164**	**30.6**	**363,658**	**30.3**	**381,279**	**30.3**	**375,214**	**31.2**	**342,332**	**34.3**
Minority interest	**12,140**	**1.0**	**12,583**	**1.0**	**13,243**	**1.1**	**12,963**	**1.1**	**11,328**	**1.1**
Non-current liabilities	**268,348**	**22.7**	**296,117**	**24.6**	**294,893**	**23.4**	**305,010**	**25.3**	**205,669**	**20.6**
Provisions	55,997	4.7	55,003	4.6	55,366	4.4	54,042	4.5	53,494	5.4
Deferred government grant	5,265	0.5	8,761	0.7	8,936	0.7	8,827	0.7	8,792	0.9
Deferred tax liabilities	6,266	0.5	6,162	0.5	6,472	0.5	1,965	0.2	2,203	0.2
Non-current borrowings	200,820	17.0	226,191	18.8	224,119	17.8	240,176	19.9	141,180	14.1
Current liabilities	**540,669**	**45.7**	**529,393**	**44.1**	**568,317**	**45.2**	**510,630**	**42.4**	**438,595**	**44.0**
Current borrowings	303,941	25.7	289,634	24.1	263,676	21.0	242,985	20.2	206,629	20.7
Trade payables	153,183	12.9	164,648	13.7	223,660	17.8	194,934	16.2	168,289	16.9
Other liabilities	83,545	7.1	75,111	6.3	80,981	6.4	72,711	6.0	63,677	6.4

Consolidated income statement of the Gorenje Group

in EUR thousand	1H 2009	%	Q2 2009	%	Q1 2009	%	1H 2008	%	Q2 2008	%	Q1 2008	%
Revenue	567,941	98.5	281,328	96.9	286,613	100.2	619,165	97.1	315,465	95.0	303,700	99.4
Changes in inventories	-5,105	-0.9	-436	-0.2	-4,669	-1.6	9,042	1.4	10,151	3.0	-1,109	-0.3
Other operating income	13,720	2.4	9,539	3.3	4,181	1.4	9,418	1.5	6,584	2.0	2,834	0.9
Gross revenue	**576,556**	**100.0**	**290,431**	**100.0**	**286,125**	**100.0**	**637,625**	**100.0**	**332,200**	**100.0**	**305,425**	**100.0**
Cost of goods, materials and services	-443,815	-77.0	-220,300	-75.9	-223,515	-78.1	-477,767	-74.9	-252,198	-75.9	-225,569	-73.9
Other operating expenses	-7,559	-1.3	-4,257	-1.5	-3,302	-1.2	-7,391	-1.2	-3,737	-1.1	-3,654	-1.2
ADDED VALUE	**125,182**	**21.7**	**65,874**	**22.6**	**59,308**	**20.7**	**152,467**	**23.9**	**76,265**	**23.0**	**76,202**	**24.9**
Employee benefits expense*	-104,454	-18.1	-52,281	-18.0	-52,173	-18.2	-105,238	-16.5	-54,624	-16.5	-50,614	-16.6
EBITDA	**20,728**	**3.6**	**13,593**	**4.6**	**7,135**	**2.5**	**47,229**	**7.4**	**21,641**	**6.5**	**25,588**	**8.3**
Amortisation and depreciation expense	-28,236	-4.9	-14,072	-4.8	-14,164	-5.0	-28,530	-4.5	-14,371	-4.3	-14,159	-4.6
EBIT	**-7,508**	**-1.3**	**-479**	**-0.2**	**-7,029**	**-2.5**	**18,699**	**2.9**	**7,270**	**2.2**	**11,429**	**3.7**
Finance income	10,276	1.8	7,924	2.7	2,352	0.8	8,241	1.3	2,513	0.8	5,728	1.9
Finance expenses	-17,495	-3.1	-8,769	-3.0	-8,726	-3.0	-15,594	-2.4	-5,225	-1.6	-10,369	-3.4
Profit before tax	**-14,727**	**-2.6**	**-1,324**	**-0.5**	**-13,403**	**-4.7**	**11,346**	**1.8**	**4,558**	**1.4**	**6,788**	**2.2**
Income tax expense	-3,268	-0.5	-1,929	-0.6	-1,339	-0.5	-3,195	-0.5	-1,760	-0.6	-1,435	-0.4
Profit for the period	**-17,995**	**-3.1**	**-3,253**	**-1.1**	**-14,742**	**-5.2**	**8,151**	**1.3**	**2,798**	**0.8**	**5,353**	**1.8**
Attributable to minority interest	**-968**	**-0.1**	**-419**	**-0.1**	**-549**	**-0.2**	**2,197**	**0.4**	**1,637**	**0.5**	**560**	**0.2**
Attributable to equity holders of the parent	**-17,027**	**-3.0**	**-2,834**	**-1.0**	**-14,193**	**-5.0**	**5,954**	**0.9**	**1,161**	**0.3**	**4,793**	**1.6**
Basic and diluted earnings per share (in EUR)	**-2.45**		**-0.82**		**-4.08**		**0.91**		**0.35**		**1.49**	
* Employee benefits expense considering subventions (transfer from other operating income)	-102,488	-17.8	-50,878	-17.5	-51,610	-18.0	-105,238	-16.5	-54,624	-16.5	-50,614	-16.6

Statement of comprehensive income of Gorenje Group

	in EUR thousand	First half 2009	First half 2008
1.	**Profit for the period**	**-17,995**	**8,151**
2.	**Comprehensive income**		
	Net change in fair value of available-for-sales financial assets, (without effect by deferred tax)	259	-3,616
	Net change in fair value of available-for-sales financial assets, transferred in profit (without effect by deferred tax)	-1,703	-2,288
	Effective portion of changes in profit/loss on cash flow hedge (without effect by deferred tax)	422	613
	Income tax on other comprehensive income	74	1,315
	Translation reserve	-2,140	145
3.	**Total comprehensive income for the period**	**-3,088**	**-3,831**
4.	**Total comprehensive net profit for the period**	**-21,083**	**4,320**

- Statement of comprehensive income include items of decrease / increase of equity, which in the reporting period had no impact on the profitability (on income statement) and directly changed the items of equity in the balance sheet.

Consolidated cash flow statement of the Gorenje Group

in EUR thousand	First half 2009	First half 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**-17,995**	**8,151**
Adjustments for:		
Depreciation of property, plant and equipment	25,051	25,523
Amortisation of intangible assets	3,185	3,007
Investment income	-10,276	-8,241
Finance expenses	17,495	14,293
Gain on sale of property, plant and equipment	-230	-918
Outcome tax expense	3,268	3,195
Operating profit before changes in net operating current assets and provisions	**20,498**	**45,010**
Change in trade and other receivables	9,983	-130,597
Change in inventories	32,140	-31,352
Change in provisions	-3,040	2,499
Change in trade and other liabilities	-67,358	-5,956
Cash generated from operations	**-28,275**	**-165,406**
Interest paid	-9,469	-18,818
Income taxes paid	-3,268	-3,195
Indemnities received	0	2,129
Net cash from operating activities	**-20,514**	**-140,280**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	368	1,048
Proceeds from sale of investments	0	4,299
Interest received	3,124	5,365
Dividends received	8	79
Acquisition of subsidiary, net of cash acquired	0	-3,079
Acquisition of property, plant and equipment	-11,289	-27,410
Acquisition of other investments	2,633	3,581
Acquisition of intangible assets	-1,379	-1,545
Net cash used in investing activities	**-6,535**	**-17,662**
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings / Repayment of borrowings	16,966	162,609
Calculated dividends and remunerations for the Supervisory Board	0	-6,443
Net cash used in financing activities	**16,966**	**156,166**
CASH AND CASH EQUIVALENTS		
Net increase/decrease in cash and cash equivalents	-10,083	-1,776
Cash and cash equivalents at beginning of period	24,115	17,684
Cash and cash equivalents at end of period	14,032	15,908

Consolidated statement of changes in equity of the Gorenje Group

in EUR thousand	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)							-1,444	**-1,444**		**-1,444**
Fair value reserve (cash flow hedge)							422	**422**		**422**
Translation reserve						-2,140		**-2,140**		**-2,140**
Deferred tax liabilities							74	**74**		**74**
Total revenue and expenses recognised directly in equity						**-2,140**	**-948**	**-3,088**		**-3,088**
Net profit or loss for the period				-17,027				**-17,027**	-968	**-17,995**
Total revenue and expenses				**-17,027**		**-2,140**	**-948**	**-20,115**	**-968**	**-21,083**
Decrease in minority interest								**0**	-135	**-135**
Closing balance at 30 June 2009	**58,546**	**158,487**	**21,697**	**93,297**	**-3,170**	**18,047**	**14,260**	**361,164**	**12,140**	**373,304**

in EUR thousand	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)							-5,904	**-5,904**		**-5,904**
Fair value reserve (cash flow hedge)							613	**613**		**613**
Translation reserve						145		**145**		**145**
Deferred tax liabilities							1,315	**1,315**		**1,315**
Total revenue and expenses recognised directly in equity						**145**	**-3,976**	**-3,831**		**-3,831**
Net profit or loss for the period				5,954				**5,954**	2,197	**8,151**
Total revenue and expenses				**5,954**		**145**	**-3,976**	**2,123**	**2,197**	**4,320**
Calculated dividends (AGM resolution)				-6,314				**-6,314**		**-6,314**
Disposal of own shares		14,773			24,634			**39,407**		**39,407**
To loosen the reserves for own shares			-24,635	24,635				**0**		**0**
Payout Supervisory Board Compensation (AGM) resolution)				-129				**-129**		**-129**
Decrease in minority interest								**0**	-92	**-92**
Closing balance at 30 June 2008	**58,546**	**158,487**	**20,399**	**108,171**	**-3,059**	**14,686**	**17,984**	**375,214**	**12,963**	**388,177**

Notes to the financial statements of the Gorenje Group

Income statement

- **Revenue** in the first six months of 2009 is **not fully comparable** with revenue generated in the same period of 2008 due to Atag's inclusion in the Gorenje Group on 1 July 2008. By considering comparable data, the revenue was lower by **EUR 124.6 million** or **20.1 %**.
- Significant part of **other operating revenue** in the amount of EUR 2,207 thousand refers to government grants extended to Gorenje, d.d.; the item of other operating revenue includes also rental income, utilisation of provisions, gain on sale of property, plant and equipment, income from reversal of allowances for receivables, and other operating income.
- The dynamics of **costs of goods, materials and services** did not fully follow the trend of lower gross profit and revenue, which is mostly due to the restructuring of the sales mix (higher of sale of low-price products).
- Taking account of comparable data, the **employee benefits expense** decreased by EUR 13,150 thousand or 12.5 % as a result of lowering the number of employees, introduction of a 36-hour working week as at 1 January 2009 and additional measures for lowering employee benefits expense (government grants for 32-hour working week). Government grants received in the amount of EUR 1,966 thousand for the 32-hour working week are disclosed among other operating income. Employee benefits expense increased by 1.7 % and decreased by 6.7% if considering comparable data.
- **Other operating expenses** fell behind the results achieved in the previous comparable period, with the exception of allowances formed for inventories.
- **Added value per employee** was recorded at EUR 11,401 thousand or 15. 9 % less than in the same period in 2008.
- **Financial trends** show less favourable results if compared to previous year's figures which is mostly due to other trend- and interest-related results. Exchange gains positively contributed to the results.

in EUR thousand	First half 2009	First half 2008	Change %
Dividend income	8	79	-89.9 %
Interest income *	3,288	3,218	2.2 %
Income from revaluation due to value maintenance (exchange gains) **	2,503	1,184	111.4 %
Other finance income	4,477	3,760	19.1 %
Total finance income	**10,276**	**8,241**	**24.7 %**
Interest expense *	11,836	10,827	9.3 %
Expense from revaluation due to value maintenance (exchange losses) **	1,537	2,906	-47.1 %
Other finance expense	4,122	1,861	121.5 %
Total finance expense	**17,495**	**15,594**	12.2 %
Profit margin - dividends	8	79	-89.9 %
Profit margin - interest	-8,548	-7,609	12.3 %
Profit margin - revaluation	966	-1,722	156.1 %
Profit margin - other financial trends	355	1,899	-81.3 %
Total financial trends	**-7,219**	**-7,353**	**-1.8 %**

**** inclusive of income (expenses) from interest rate hedges***
***** inclusive of income (expenses) from currency hedges***

- **Income tax** was accounted in the amount of EUR 3,268 thousand despite the loss recorded on the level of the Group's operating result, due to positive tax bases of individual companies (Atag recorded the biggest profit margin).

Balance sheet

- Compared to December 2008**, total inventories** decreased by EUR 32,140 thousand. The biggest decline was recorded with inventories of products as a result of optimising net current assets. Inventories of materials decreased as well mostly due to adjusting the scope of purchases to the lower production scope. In addition, inventories are lower by EUR 27,959 thousand if compared to results of the first interim period of 2008.

in EUR thousand	June 30 2009	Dec. 31 2008	June 30 2008	Change %	June 30 2009/ Dec. 31 2008
Materials	69,218	81,985	78,342	-11.6%	-15.6%
Work in progress	24,675	22,152	18,618	32.5%	11.4%
Products	97,281	114,390	131,545	-26.0%	-15.0%
Merchandise	28,493	31,138	16,862	69.0%	-8.5%
Advances	1,197	3,339	3,456	-65.4%	-64.2%
Total	**220,864**	**253,004**	**248,823**	**-11.2%**	**-12.7%**

Compared to 2008, the lock-up period of inventories of products increased by 3 days and decreased by 2 days if considering the comparable period of 2008.

	First half 2009	Full year 2008	First half 2008
Lock-up period of products	34	31	36
Lock-up period of trade receivables	81	70	77
Lock-up period of trade payables	76	78	78

- Most of decreases within **current investments** relate to decrease of receivables from derivatives at the controlling company.
- The dynamics of lowering **current operating receivables** fell behind the dynamics of lowering the operating activities, which is mostly a result of negative economic trends and poor liquidity worldwide.
  Taking account of the comparable period in 2008 the lock-up period of trade receivables increased from 77 to 81 days and shows a rise of 11 days if compared to the whole 2008 period.
- **Equity** decreased based on the net loss generated, equity translation adjustments and a decrease of the fair value reserve due to disposal of available-for-sale investments; equity, however, increased as a result of revaluating available-for-sale investments to fair value, the change in the value of cash flow hedge, as well as accounting of the related deferred tax liabilities.
- **Long-term provisions** declined compared to the year-end 2008 and refer to provisions formed on the basis of government grants of the company Gorenje, IPC, d.o.o.
- Compared to year-end 2008, **non-current financial liabilities** dropped as a result of repaying long-term loans extended by the controlling company.
- **Current financial liabilities** have mostly increased compared to year-end 2008 as a result of repaying trade payables, and conducting a restructuring of loans extended by the controlling company.
- Compared to year-end 2008, **current operating liabilities** declined mostly in the controlling company due to lowering the interim purchase dynamics, due to adjusting the scope of purchases to the production requirements, as well as the higher accounted but not yet charged costs of suppliers which are recorded among other current liabilities. The lock-up period of trade payables is lower by 2 days and is recorded at 76 days, whether compared with the same period in 2008 or the entire financial year 2008.
- ***Other current liabilities*** which include mostly payables to employees and payables to state and other institutions, liabilities for advances given, and short-term accrued costs and expenses, record an increase if compared to the year-end 2008; this is mostly a result of higher accounting of operating expenses while preparing the interim balance sheet.

Cash flow statement

- The recorded **cash flows from operating activities** were negative. The latter was positively influenced by depreciation and lower operating assets, whereas repayment i.e. lowering the scope of trade payables had a significant negative profit margin in respect to cash flows, as well as the total net operating loss generated.

  Cash flows from investing activities were negative as a result of implemented investments made in real properties, equipment and plants, as well as investments in intangible assets.

  Cash flows from financing activities were positive due to a bigger scope of current financial liabilities.

Business and geographical segments of Gorenje Group

in EUR thousand	Home Appliances Division		Other Divisions		Eliminations		Group	
	First half 2009	First half 2008	First half 2009	First half 2008	First half 2009	First half 2008	First half 2009	First half 2008
Revenue from the sale to third parties	439,909	480,944	128,032	138,221	0	0	567,941	619,165
Intra-segment revenue	3,817	4,249	11,778	15,181	-15,595	-19,430	0	0
Total revenue	443,726	485,193	139,810	153,402	-15,595	-19,430	567,941	619,165
Depreciation expense	-24,701	-24,823	-3,535	-3,707			-28,236	-28,530
Operating profit or loss	-6,177	10,547	-1,331	8,152			-7,508	18,699
Net finance expense							-7,219	-7,353
Income tax							-3,268	-3,195
Net profit or loss for the period							-17,995	8,151

in EUR thousand	EU		East Europe		Other countries		Elimination		Group	
	First half 2009	First half 2008	First half 2009	First half 2008	First half 2009	First half 2008	First half 2009	First half 2008	First half 2009	First half 2008
Revenue from the sale to third parties	440,894	434,081	113,939	167,176	13,108	17,908	0	0	567,941	619,165

Accounting ratios

	First half 2009	First half 2008
BASIC PROFITABILITY RATIOS		
Net return on revenue	-3.2%	1.3%
Net return on assets	-2.9%	1.5%
Net return on equity	-9.4%	4.4%
TURNOVER RATIOS		
Assets turnover ratio	0.93	1.12
Inventory turnover ratio	4.79	5.31
Trade receivables turnover ratio	4.43	4.60
BASIC FINANCING STATE RATIOS		
Operating fixed assets rate	0.47	0.35
Long-term assets rate	0.50	0.38
BASIC HORIZONTAL FINANCIAL STRUCTURE RATIOS		
Long-term financing to long-term assets ratio	1.09	1.51
Equity financing rate	0.32	0.32
Long-term financing rate	0.54	0.58
Equity to fixed assets ratio	0.67	0.93
Immediate solvency ratio	0.14	0.08
Quick ratio	0.69	0.97
Current ratio	1.10	1.46
Net financial liabilities / equity	1.15	1.13
BASIC EFFICIENCY RATIO		
Operating efficiency ratio	0.99	1.03
Revenue from sale per employee (in EUR)	51,725	55,027
Added value per employee (in EUR)	11,401	13,550

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

Balance Sheet of Gorenje, d.d.

in EUR thousand	June 30 2009	%	March 31 2009	%	Dec. 31 2008	%	June 30 2008	%	March 31 2008	%
ASSETS	**820,917**	**100.0**	**833,984**	**100.0**	**873,840**	**100.0**	**843,254**	**100.0**	**673,061**	**100.0**
Non-current assets	**481,939**	**58.7**	**482,159**	**57.8**	**489,141**	**56.0**	**337,683**	**40.0**	**335,224**	**49.8**
Property, plant and equipment	182,910	22.3	189,753	22.8	195,692	22.4	183,665	21.8	183,733	27.3
Intangible assets	16,102	2.0	16,748	2.0	17,440	2.0	16,954	2.0	17,827	2.6
Investment property	4,462	0.5	4,462	0.5	4,462	0.5	2,242	0.3	2,749	0.4
Investments in subsidiaries	266,124	32.4	258,830	31.0	258,830	29.6	116,318	13.7	114,229	17.0
Other non-current investments	7,281	0.9	7,332	0.9	7,444	0.9	14,185	1.7	12,213	1.8
Deferred tax assets	5,060	0.6	5,034	0.6	5,273	0.6	4,319	0.5	4,473	0.7
Current assets	**338,978**	**41.3**	**351,825**	**42.2**	**384,699**	**44.0**	**505,571**	**60.0**	**337,837**	**50.2**
Inventories	82,491	10.0	95,386	11.5	105,948	12.1	111,187	13.2	95,073	14.1
Current investments	87,100	10.6	83,651	10.0	86,817	9.9	41,860	5.0	29,546	4.4
Trade receivables	156,017	19.0	158,336	19.0	172,327	19.7	199,774	23.7	200,139	29.7
Other current assets	12,828	1.6	14,285	1.7	19,533	2.3	152,035	18.0	12,791	1.9
Cash and cash equivalents	542	0.1	167	0.0	74	0.0	715	0.1	288	0.1
EQUITY AND LIABILITIES	**820,917**	**100.0**	**833,984**	**100.0**	**873,840**	**100.0**	**843,254**	**100.0**	**673,061**	**100.0**
Equity	**291,705**	**35.5**	**301,507**	**36.1**	**312,566**	**35.8**	**308,773**	**36.6**	**276,450**	**41.1**
Share capital	58,546	7.2	58,546	7.0	58,546	6.7	58,546	6.9	58,546	8.7
Share premium	140,624	17.1	140,624	16.9	140,624	16.1	140,624	16.7	125,851	18.7
Legal reserves and statutory reserves	21,697	2.6	21,697	2.6	21,697	2.5	20,400	2.5	45,034	6.7
Retained earnings	74,146	9.0	82,064	9.8	94,059	10.8	87,851	10.4	69,030	10.3
Fair value reserve	-138	0.0	1,746	0.2	810	0.1	4,411	0.5	5,682	0.8
Own shares	-3,170	-0.4	-3,170	-0.4	-3,170	-0.4	-3,059	-0.4	-27,693	-4.1
Non-current liabilities	**195,749**	**23.9**	**218,199**	**26.2**	**221,990**	**25.4**	**235,365**	**27.9**	**135,433**	**20.1**
Provisions	23,860	2.9	23,940	2.9	24,187	2.8	27,925	3.3	26,778	4.0
Deferred tax liabilities	2,012	0.3	1,958	0.2	2,087	0.2	670	0.1	942	0.1
Non-current financial liabilities	169,877	20.7	192,301	23.1	195,716	22.4	206,770	24.5	107,713	16.0
Current liabilities	**333,463**	**40.6**	**314,278**	**37.7**	**339,284**	**38.8**	**299,116**	**35.5**	**261,178**	**38.8**
Current financial liabilities	201,495	24.5	184,746	22.2	162,727	18.6	129,830	15.4	107,552	16.0
Trade payables	103,123	12.6	105,153	12.6	160,692	18.4	136,308	16.2	125,621	18.6
Other current liabilities	28,845	3.5	24,379	2.9	15,865	1.8	32,978	3.9	28,005	4.2

Income statement of Gorenje, d.d.

in EUR thousand	1H 2009	%	Q2 2009	%	Q1 2009	%	1H 2008	%	Q2 2008	%	Q1 2008	%
Revenue	264,991	101.3	119,714	101.0	145,277	101.6	382,443	97.0	186,223	93.8	196,220	100.2
Changes in inventories	-8,974	-3.4	-4,446	-3.7	-4,528	-3.1	7,664	1.9	9,706	4.9	-2,042	-1.0
Other operating income	5,474	2.1	3,301	2.7	2,173	1.5	4,246	1.1	2,633	1.3	1,613	0.8
Gross revenue	**261,491**	100.0	**118,569**	100.0	**142,922**	100.0	**394,353**	100.0	**198,562**	100.0	**195,791**	100.0
Cost of goods, materials and services	-213,254	-81.6	-94,440	-79.6	-118,814	-83.1	-311,497	-79.0	-159,594	-80.4	-151,903	-77.6
Other operating expenses	-1,762	-0.7	-1,057	-0.9	-705	-0.5	-2,244	-0.6	-699	-0.4	-1,545	-0.8
ADDED VALUE	**46,475**	17.7	**23,072**	19.5	**23,403**	16.4	**80,612**	20.4	**38,269**	19.2	**42,343**	21.6
Employee benefits expense*	-47,249	-18.1	-23,799	-20.1	-23,450	-16.4	-53,608	-13.6	-27,703	-13.9	-25,905	-13.2
EBITDA	**-774**	-0.4	**-727**	-0.6	**-47**	0.0	**27,004**	6.8	**10,566**	5.3	**16,438**	8.4
Amortisation and depreciation expense	-16,913	-6.5	-8,437	-7.1	-8,476	-6.0	-18,428	-4.7	-9,121	-4.6	-9,307	-4.8
EBIT	**-17,687**	-6.9	**-9,164**	-7.7	**-8,523**	-6.0	**8,576**	2.1	**1,445**	0.7	**7,131**	3.6
Finance income	10,338	4.0	7,862	6.6	2,476	1.7	8,705	2.2	3,457	1.8	5,248	2.7
Finance expenses	-12,353	-4.7	-6,642	-5.6	-5,711	-3.9	-11,432	-2.9	-3,873	-2.0	-7,559	-3.9
Profit before tax	**-19,702**	-7.6	**-7,944**	-6.7	**-11,758**	-8.2	**5,849**	1.4	**1,029**	0.5	**4,820**	2.4
Income tax expense	-211	-0.1	26	0.0	-237	-0.2	-849	-0.2	-399	-0.2	-450	-0.2
Profit for the period	**-19,913**	-7.7	**-7,918**	-6.7	**-11,995**	-8.4	**5,000**	1.2	**630**	0.3	**4,370**	2.2
* Employee benefits expense considering subventions (transfer from other operating income)	-45,283	-17.3	-22,396	-18.9	-22,887	-16.0	-53,608	-13.6	-27,703	-14.0	-25,905	-13.2

Statement of comprehensive income of Gorenje, d.d.

	in EUR thousand	First half 2009	First half 2008
1.	**Profit for the period**	**-19,913**	**5,000**
2.	**Comprehensive income**		
	Net change in fair value of available-for-sales financial assets, (without effect by deferred tax)	259	-3,615
	Net change in fair value of available-for-sales financial assets, transferred in profit (without effect by deferred tax)	-1,703	-2,288
	Effective portion of changes in profit/loss on cash flow hedge (without effect by deferred tax)	422	613
	Income tax on other comprehensive income	74	1,314
3.	Translation reserve	**-948**	**-3,976**
4.	**Total comprehensive income for the period**	**-20,861**	**1,024**

- Statement of comprehensive income include items of decrease / increase of equity, which in the reporting period had no impact on the profitability (on income statement) and directly changed the items of equity in the balance sheet.

Cash flow statement of Gorenje, d.d.

in EUR thousand	First half 2009	First half 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**-19,913**	**5,000**
Adjustments for:		
Depreciation of property, plant and equipment	15,242	16,041
Amortisation of intangible assets	1,671	2,387
Investment income	-7,170	-8,705
Finance expenses	10,409	10,581
Gain on sale of property, plant and equipment	-16	-46
Income tax expense	211	849
Operating profit before changes in net operating current assets and provisions	**434**	**26,107**
Change in trade and other receivables	28,019	-99,275
Change in inventories	23,457	-17,318
Change in provisions	-327	1,713
Change in trade and other liabilities	-45,857	-22,466
Cash generated from operations	**5,292**	**-137,346**
Interest paid	-9,128	-6,595
Income taxes paid	-418	-642
Income from compensations	0	2,080
Net cash from operating activities	**-3,820**	**-116,396**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	218	1,230
Proceeds from sale of investment	0	4,309
Interests received	1,419	639
Dividends received	7	0
Sales of subsidiary, net of cash disposed	0	2,363
Acquisition of subsidiary, net of cash disposed	-2,294	-4,350
Acquisition of property, plant and equipment	-2,742	-11,001
Other investments	-1,546	-23,560
Acquisition of intangible assets	-335	-1,087
Net cash used in investing activities	**-5,273**	**-31,457**
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings	9,561	154,980
Calculated dividends and remunerations for the Supervisory Board	0	-6,443
Net cash used in financing activities	**9,561**	**148,537**
CASH AND CASH EQUIVALENTS		
Net increase/decrease in cash and cash equivalents	468	684
Cash and cash equivalents at beginning of period	74	31
Cash and cash equivalents at end of period	542	715

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
Opening balance at 1 Jan 2009	**58,546**	**140,624**	**21,697**	**94,059**	**-3,170**	**810**	**312,566**
Fair value reserve (investments)						-1,444	-1,444
Fair value reserve (cash flow hedge)						422	422
Deferred tax liabilities						74	74
Total revenue and expenses recognised directly in equity	**0**	**0**	**0**	**0**	**0**	**-948**	**-948**
Net profit or loss for the period				-19,913			-19,913
Total revenue and expenses	**0**	**0**	**0**	**-19,913**	**0**	**-948**	**-20,861**
Closing balance at 30 June 2009	**58,546**	**140,624**	**21,697**	**74,146**	**-3,170**	**-138**	**291,705**

in EUR thousand	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)						-5,903	-5,903
Fair value reserve (cash flow hedge)						613	613
Deferred tax liabilities						1,314	1,314
Total revenue and expenses recognised directly in equity	**0**	**00**	**0**	**0**	**0**	**-3,976**	**-3,976**
Net profit or loss for the period				5,000			5,000
Total revenue and expenses	**0**	**0**	**0**	**5,000**	**0**	**-3,976**	**1,024**
Own shares disposal		14,773			24,634		**39,407**
To loosen the reserves for own shares			-24,634	24,634			**0**
Calculated dividends (AGM resolution)				-6,314			**-6,314**
Payout Supervisory Board Compensation (AGM) resolution)				-129			**-129**
Closing balance at 30 June 2008	**58,546**	**140,624**	**20,400**	**87,851**	**-3,059**	**4,411**	**308,773**

Notes to the financial statements of the Gorenje, d.d.

Income statement

Revenue

- Within the total sales structure **the sale of household appliances** covered a share of **68.6 %** or generated **EUR 181,697 thousand;** if compared to previous year's results the sale was **lower by 32.4 %**.

  Remaining part of sale was recorded at EUR 83,294 thousand and indicates a **decrease** of **26.7 %** if compared to last year's results for the same period. The unfavourable impact was caused by lower revenue from sale via agents (sale of products outside own production) by 34.2 %, lower revenue from sale of Indop products by 66.1 %, and lower revenue from sale of material and services by 56.2 %. A favourable impact on the remaining sale was caused by higher revenue referring to the implementation of energetics- and environment-related projects which increased by 22.9% compared to the first interim period of 2008.

  Other operating income shows an increase of **28.9 %** compared to previous year's results. The increase refers mostly to government grants extended in connection with the 32- and 36-hour working week; the item of other operating income includes also rental income, compensations for damage, grants, and income from licence fees.

Costs and expenses

- **Costs of goods, materials and services decreased** by 31.5 % if compared to the same period in 2008 and followed the decrease of total operating expenses and minor revenue, which comes as a result of the sales restructure project due to the global economic crisis (focusing on low-price products and low-profitability markets). Lower **costs of merchandise and material sold** by 26.3 % are a result of lower revenue from sale via agents, as well as lower revenue from sale of materials and services. Lower **costs of raw materials and material by 36.7 % compared to the same period in 2008** are a result of lowering the production of household appliances and a setback in the structure of sold products. **Cost of services** record a decline of 20 % compared to the comparable period in 2008 which is a result of a smaller scope of business activities and activities of optimising operations.

in EUR thousand	**First half 2009**	**First half 2008**	**Change %**
Costs of goods, materials and services	213,254	311,497	-31.5%
- costs of merchandise and material sold	58,772	79,735	-26.3%
- cost of materials	116,859	184,750	-36.7%
- cost of services	37,623	47,012	-20.0%
Employee benefits expense	47,249	53,608	-11.9%
Amortisation and depreciation expense	16,913	18,428	-8.2%
Other operating expenses	1,762	2,244	-21.5%
Total operating expenses	**279,178**	**385,777**	**-27.6%**

- **Employee benefits expense** have achieved a 47.8 % share within the planned structure and decreased by 11.9 % compared to previous year's figures of the comparable period, which is mostly due to the 32- and 36-hour working week, lower work-related allowances and lower number of employees by 10.7%. The gross wage and salary per employee has declined by 6.9% (exclusive of other receipts) if compared to the same period in 2008. Government grants related to employee benefits expense are recorded among other operating income.
- Compared to the previous year's figures **other operating expenses** decreased by 21.5 % mostly as a result of lower write-off of inventories of goods and material.
- **Added value per employee** is recorded at EUR 9,298 i.e. 37.2 % less than in the same period in 2008.
- **Financial trends** increase the operating loss by EUR 2.015 thousand. Compared to previous year's figures, the trends are more favourable due to completed deals relating to derivatives that refer to foreign currency hedge.

in EUR thousand	First half 2009	First half 2008	Change %
Interest income*	3,485	2,790	24.9%
Gain on disposal of investments	3,168	3,555	-10.9%
Income from revaluation due to value maintenance**	3,540	1,184	199.0%
Other finance income	145	1,176	-87.7%
Total finance income	**10,338**	**8,705**	**18.8%**
Interest expense *	-8,481	-7,670	10.6%
Expense from revaluation due to value maintenance**	-1,536	-2,712	-43.4%
Other finance expense	-2,336	-1,050	122.5%
Total finance expense	**-12,353**	**-11,432**	**8.1%**
Profit margin – interest	-4,996	-4,880	2.4%
Profit margin – disposal of investments	3,168	3,555	-10.9%
Profit margin – revaluation**	2,004	-1,528	-231.2%
Profit margin - other financial trends	-2,191	126	/
Total financial trends	**-2,015**	**-2,727**	**-26.1%**

**** inclusive of income/expenses from interest rate hedges***
***** inclusive of income/expenses from currency hedges***

- **Income tax** includes deferred taxes in the amount of EUR 211 thousand which refers mostly to the recalculation of the tax rate from 22% to 21%.

Balance sheet

- As at 30 June 2009 the **balance sheet total** amounted to EUR 820,917 thousand and shows a decrease of 6.1 % compared to year-end 2008. The decrease is attributable to minor operations and investments conducted.
- As for the **assets** side of the balance sheet, the structure changed in favour of non-current assets by 2.7 percentage points; the restructuring is a consequence of lower current operating assets.
- **Investments in subsidiaries** record an increase compared to year-end 2008 as a result of the capital increase in the subsidiary Gorenje Beteiligungsgesellschaft mbH.
- Compared to previous year's results the **other non-current investments** declined by 2.2% due to the repayment of long-term loans.
- **Inventories of material** dropped for 20.1 % compared to previous year as a result of adjusting the purchase activities to production requirements; nonetheless, the average lock-up period of inventories of material increased by 19 days from the 2008 average. Taking account of 2008 figures **inventories of work in progress** declined by 7.8 %. **Inventories of products** have declined as well (by 28.8 %) compared to previous year's figures as a result of a lower production volume and the sale from stock. The average lock-up period of inventories of products increased by 5 days if considering the 2008 average. **Inventories of merchandise** in the amount of EUR 6,650 thousand dropped by 7.9 % compared to 2008 results.
- In terms of its significant scope **current investment** have remained on the sale level as at the year-end 2008.
- The balance of **current trade receivables** is lower than the balance recorded as at 31 December 2008; this is a result of lower sale in the first six months of 2008. Negative economic trends had an impact on the liquidity issues worldwide, which is also reflected in an increase – compared to the 2008 – of the average lock-up period of receivables for 21 days.
- Compared to the 2008 average. the lock-up period of **trade payables** increased by 11 days in the first six months of 2009.
- Compared to previous year's figures, **other current assets** declined mostly due to the utilisation of advances in connection with the transport of coal and lower VAT- and input-tax-related receivables.
- As for the **equity and liabilities structure**, non-current liabilities exceed non-current assets by 1%. Equity and long-term provisions account for a 38.4 % share in the said structure, which still provides a moderate equity structure.

If compared to 2008, changes in **equity** refer to:

- decrease due to net operating loss (EUR 19,913 thousand),
- decrease in fair value reserves as a result of disposing available-for-sale investments (EUR 1,703 thousand),

- increase in fair value reserves formed for revaluation of available-for-sale investments to market value (EUR 259 thousand),
- increase in fair value reserves formed for cash flow hedge (EUR 422 thousand), and
- increase in fair value reserves formed for deferred tax liabilities (EUR 74 thousand).

- **Provisions** for guarantees granted were formed in the amount of EUR 4,351 thousand and charged against cost of services.
- **Non-current financial liabilities** are lower than in 2008 which is mostly due repayment of long-term loans extended by domestic banks.
- Compared to previous year's figures, **current financial liabilities** increased as a result of repaying trade payables and changes of maturities of loans received (due to inaccessibility of long-term source of financing).
- **Trade payables** are lower if compared to 2008 which is mostly due to interim purchase dynamics and adjusting the scope of purchases to the production requirements, as well as a bigger scope of accounted but not yet charged costs of suppliers which are recorded among other current liabilities.
- **Other current liabilities** consist of payables to employees and payables to state and other institutions, liabilities for advances given, and short-term accrued costs and expenses. They increased compared to year-end 2008 as a result of higher accounting of operating expenses while preparing the interim balance sheet.

Cash flow statement

- **Cash flows from operating activities** were negative due to the operating loss of the reporting period and a decrease in operating liabilities and other current operating liabilities.

  Cash flows from investment activities were negative as a result of investments in property, plant and equipment and the capital increase in Gorenje Beteiligungsgesellschaft mbH.

  Cash flows from financing activities were positive due to additional short-term loans raised.

Accounting ratios

	First half 2009	First half 2008
BASIC PROFITABILITY RATIOS		
Net return on revenue	-7.5%	1.3%
Net return on assets	-4.7%	1.3%
Net return on equity	-13.2%	3.4%
TURNOVER RATIOS		
Assets turnover ratio	0.63	1.01
Inventory turnover ratio	5.62	7.46
Trade receivables turnover ratio	3.23	3.82
BASIC FINANCING STATE RATIOS		
Operating fixed assets rate	0.25	0.24
Long-term assets rate	0.59	0.40
BASIC HORIZONTAL FINANCIAL STRUCTURE RATIOS		
Long-term financing to long-term assets ratio	1.01	1.61
Equity financing rate	0.36	0.37
Long-term financing rate	0.69	0.65
Equity to fixed assets ratio	1.43	1.52
Immediate solvency ratio	0.26	0.14
Quick ratio	0. 77	1.32
Current ratio	1.02	1. 69
Net financial liabilities / equity	0.97	0.95
BASIC EFFICIENCY RATIO		
Operating efficiency ratio	0.94	1.02
Revenue from sale per employee (in EUR)	52,112	69,968
Added value per employee (in EUR)	9,298	14,812