



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

**The Management Board of Gorenje, d.d.**

Velenje, Slovenia, October 2009

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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 – September 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](http://www.gorenje.com). The non-audited report of Gorenje, d.d., and the Gorenje Group for the period January – September 2009 was discussed and adopted by the Supervisory Board at its 31<sup>st</sup> meeting on 5<sup>th</sup> of November 2009. The Report can be viewed at the company headquarters at Partizanska 12, Si-3503 Velenje, Slovenia; as of 5<sup>th</sup> of November, it has also been available on the Ljubljana Stock Exchange electronic information system and on [www.gorenje.com](http://www.gorenje.com) web-site.

## 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

- In the first nine months, **the revenue of Gorenje Group** amounted to **EUR 865.8 m**, EUR 297.9 m thereof in the last quarter, which is 5.9% more in comparison to the Q2 and 3.9% more in comparison to the Q1 of the year (12.7 % decrease in comparison to the period January-September 2008). Despite such dynamics of trends in the volume of operating activities, Gorenje Group has already in the Q2 **stabilised the decline in net profitability, improving it by EUR 3.4 m** in comparison to the 1H of the year (from the semi-annual loss in the amount of EUR 18.0 m to the loss of EUR 14.6 m at the end of nine-month period). Trends in industry and beyond as well as analyst projections by the end of the business year show a deceleration of recession trends at the current levels, which improves the business estimates of Gorenje Group for 2009 as presented in the first half of this year.
- In August, **industrial production** in euro area increased by 0.9% in comparison to July. According to the analyst estimates, such trends already indicate a gradual recovery of the economy; however, industrial production at the year-on-year level was lower by 15.4%. In EU, industrial production increased by 0.6% in August, while it was lower by 13.5% at the y-on-y level.
- **In August, Slovenia exported** goods worth EUR 1,1 billion, reaching the import to export ratio of 86.6% percent; the export value was lower by 19.8% compared to August 2008. In the first eight months, Slovenia exported goods worth EUR 10.4 bn (22.6% less than in the same period last year), with the import to export ratio of 95.4%.
- **The average monthly gross wage** in Slovenia amounted to EUR 1,415.08 in August 2009, which is 0.6 percent less than in July. The average monthly net wage amounted to EUR 918.18 and was nominally lower by 0.4% in comparison to July.
- In September, **the economic climate indicator** in Slovenia increased by 3 p.p., from -17% achieved in August. In the processing industries, its value was increased by 3 p.p. in September, from -20% achieved in August.
- **Slovenian consumer confidence indicator** for September was higher by 8 p.p. in comparison to August, resulting from more optimistic consumer forecasts regarding economic situation in the following 12 months.
- **The economic climate indicator** for euro area and for EU was improved in September, **economic confidence index** increased by 1.6 point to 82.6 in EU and by 2.0 points to 82.8 in euro area. **The consumer confidence index** improved by 3 points in both areas, growth was based on more optimistic expectations regarding both overall economic and situation in the labour market.
- The characteristics of the operating circumstances of Gorenje in 1H of the year remain unchanged in the second half of the year; in the segment of **sales of home appliances**, the sale of lower-priced products and sale in markets with lower profitability ratios have kept increasing (lower share of eastern and south-eastern markets and strengthening of northern and western markets).
- **Poor liquidity**, both in production, 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	Jan-Sep 2009	Jan-Sep 2008	Q3 2009	Q3 2008
<b>Consolidated net sales</b>	865,812	992,026	297,871	372,861
<b>EBITDA</b>	43,452	71,188	22,724	23,959
<b>EBITDA Margin (%)</b>	5.0%	7.2%	7.6%	6.4%
<b>EBIT</b>	571	28,111	8,079	9,412
<b>EBIT Margin (%)</b>	0.1%	2.8%	2.7%	2.5%
<b>Total profit or loss</b>	-10,506	20,199	4,221	8,853
<b>Net profit or loss</b>	-14,568	15,424	3,427	7,273
<b>ROS (net return on sales)</b>	-1.7%	1.6%	1.2%	2.0%
<b>ROA (net return on assets)</b>	-1.6%	1.8%	1.2%	2.4%
<b>Employees / at the end of period</b>	10,847	11,631	10,847	11,631
<b>Employees / average</b>	10,935	11,387	10,846	11,657
<b>Capex</b>	16,963	48,306	4,295	19,351
<b>Net current assets</b>	226,024	267,845	226,024	267,845

## Scope of business activities

Division (in EUR thousand)	Jan-Sep 2009	Jan-Sep 2008	Q3 2009	Q3 2008
Home appliances division	670,797	759,569	240,099	291,349
Home appliances division – excluding Atag*	597,466	759,569	240,099	291,349
Home Interior division	30,920	44,969	10,035	14,311
Ecology, energy and services division	164,095	187,488	47,737	67,201
<b>Consolidated Revenue</b>	<b>865,812</b>	<b>992,026</b>	<b>297,871</b>	<b>372,861</b>
Consolidated Revenue – excluding Atag	792,481	992,026	297,871	372,861

Sales structure by divisions	Jan-Sep 2009	Jan-Sep 2008	Q3 2009	Q3 2008
Household appliances division	77.5%	76.6%	80.6%	78.2%
Home interior division	3.6%	4.5%	3.4%	3.8%
Ecology, energy and services division	18.9%	18.9%	16.0%	18.0%
<b>Total net sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

\* Situation after the exclusion of sales revenues of the company Atag for the period January to July, for the purpose of data comparability.

- Following two consecutive quarters of downward trend, the **volume of business activities** of the Gorenje Group began increasing in the last quarter of the nine-month period (a 5.9 percent growth compared to the second quarter of the year). Namely, **the volume of orders** began to increase in August, and according to projections by our subsidiary sales companies operating abroad and industry analysts, such trend will continue and grow even stronger by the end of the year 2009. **The adverse effects of the financial crisis** affecting predominantly the downward trend of end customers' borrowing, resulted in a significant drop in consumption in the area of home appliances and other interior equipment in the first half of the year. With the increasing volume of European and global industrial production, adverse effects in the financial sector are decreasing, which means a significant improvement in the consumption segment. The **offer** continued adapting to changes in consumption

behaviour, namely by covering various segments and all price classes, which resulted in continuation of large **shifts in the market placement of important trademarks** that were initiated in the beginning of the year. In comparison with the second quarter, the largest increase in the volume of sales in the third quarter was in the Eastern and South-Eastern Europe, with a beneficial impact on the improvement of sales profitability. In Western Europe where, in the first half of the year, we managed to achieve an increase in sales despite the circumstances, the growth trend was maintained in the third quarter as well.

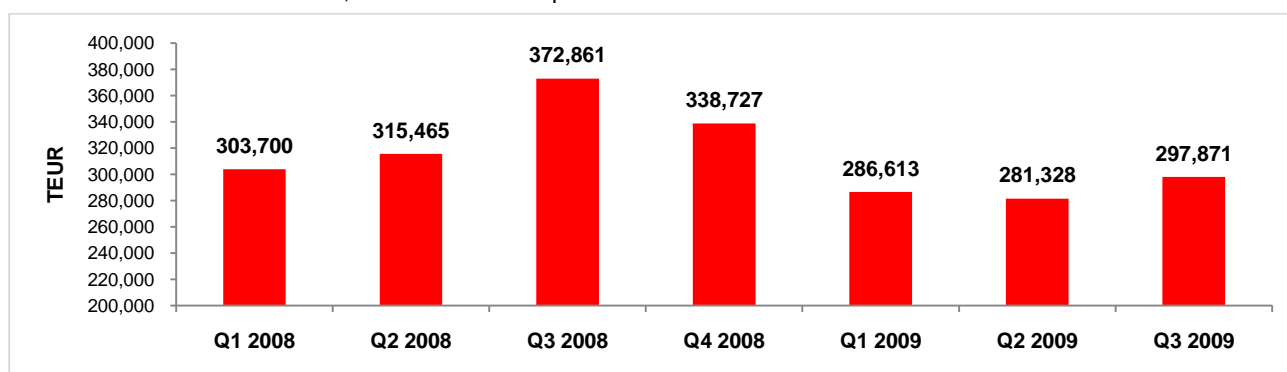
- In the last quarter of the observed period, the **Home Appliances Division** achieved a 13.8 percent growth in sales compared to the second quarter and a 9.3 percent growth compared to the first quarter of the year. It is important that the additional growth in the volume of business activities was achieved

predominantly in the markets in Eastern and South-Eastern Europe, which represented, until the beginning of the crisis, our fastest growing markets, both in quality and value as well as with a higher profitability rate. In Russia and Ukraine, the household appliance market was halved in the first quarter of the year, with a simultaneous structural market shift to lower-cost appliances, which meant a continuation of the above mentioned renewed price placement of trademarks. In the third quarter, we managed to increase the sales volume by 44 percent in comparison to the second quarter (15.2 percent in comparison to the first quarter of the year). Furthermore, the Home Appliances Division managed, to a significant extent, to maintain or in some cases even increase market shares both in the markets of Eastern and South-Eastern Europe as well as in the Western European markets.

- As for individual programmes, the largest decrease in sale revenue was generated by the freezer appliances followed by the cooking appliance programme which has been currently promoting a new generation of cooking appliances. The specific area of sale i.e. **supplementary programme**, with the company Atag, which joined the Gorenje Group in the last year, as the main holder, successfully continues with the realisation of planned sale volumes and profitability also in the third quarter of the year 2009. The **Home Interior Division** has been achieving, for the third consecutive quarter, a very balanced volume of sales revenue at a level of over EUR 10 million, which is still at 69 percent

of last year's level and has a significant negative impact on its profitability.

- The hedging in the **trade receivables** segment still significantly limits the sales volumes, as the terms of hedging are still far more rigid and limited and the sale above the hedged levels would result in direct risk of non-payment. In addition to that, as is understandable for such market situation, the quality of receivables is decreasing (both in terms of maturity structure and timely payment of receivables). By using some optimisation activities, the **level of inventories** of finished products in the home appliances segment was adapted to the decrease in volume of business activities already in the second quarter of the year. In the third quarter, however, we managed to additionally reduce the inventories compared to the semi-annual level, despite the growth in sales volume.
- The companies of the **Ecology, Energy and Services Division** reduced the volume of activities by EUR 11.7 million in the third quarter (in comparison to the second quarter), predominantly resulting from high, exceptional realisation of sales of medical equipment in the first two quarters of the year. Without considering these sales, the third quarter was practically equal to the second quarter in terms of sales volume. Considering the above-stated, the division has, from the point of view of the entire period, partially compensated for the negative development of events in the Home Appliances Division and the Home Interior Division.



Quarterly movements in net sales revenues

## Operating business performance

- A **considerably low volume of sales revenue** as described above is still the main generator of lower operating profitability in the first nine months of this year compared to the comparable period of the last year. 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 decreased sales volume. This effect, in addition to problems of gradual **adaptation of costs to the lower sales volume**, had a key impact on weakening of the operating profit of loss. Considering the lower sales volume, the **profit margin** at a level of difference between sales revenues and the cost of goods and materials (including the change in the value of inventories) was recorded at 39.3 percent, and

exceeded its last year's level by 0.3 percentage point. The **quality variance** was therefore positive for the first time in the year, amounting to EUR 2.2 million, due to positive effects of the lower cost of materials and supplies (the utilisation of the lower valued inventories started in May and June) and the favourable effect of the operations of the company Atag. Thus the **lower profit margin amounting to EUR 50.7 million** compared to the same period in the year 2008 refers to the **activity variance** (reduction in volume of business activities) amounting to EUR -52.9 million and to the **quality variance** (improved profitability of the observed profit margin level) amounting to EUR +2.2 million.

- The Home Appliances Division segment was particularly affected by the fact that until the end of

April, cost of goods and materials included **inventories of higher book value** (strategic purchases made in September and October 2008). Furthermore, by increasing sales in the markets of South-Eastern and Eastern Europe, we managed to increase the profitability at the level of the above mentioned profit margin (= gross margin).

- As regards **costs of services**, activities were introduced already in December last year as to optimise the reasons for their occurrence and movement. The impact of such process optimisation is never prompt and takes some time, therefore, the effects started showing as late as in the second quarter of the year 2009. Their effect i.e. the **effect of processing changes** has to a larger extent improved the operating efficiency from April onwards, totalling to **EUR 33.6 million, i.e. it decreased by 21.9 percent** compared to the nine-month level in 2008 (after eliminating services related to the sale of medical equipment which is an extraordinary transaction compared to 2008, and the effect of the company Atag for the purpose of achieving comparability of data from the observed periods). Before elimination for the purpose of data comparability, we achieved EUR 8.8 million, or a 5.7 percent decrease in cost of services compared to the nine-month period of the previous year. An important fact is that in the third quarter

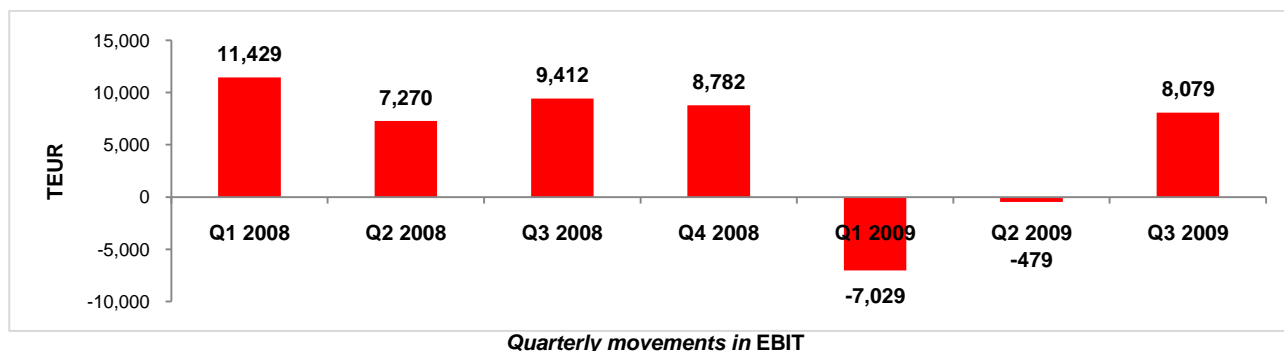
(compared to the third quarter of the year 2008), the amount of EUR 11.3 million or a 21 percent decrease in cost of services was achieved, despite the increase in business activities.

- From the **accounting** point of view, the labour cost **decreased by EUR 6.6 million** compared to the nine-month period of the year 2008 (EUR 5.8 million in the third quarter), the number of employees was lowered by 784 persons (377 persons in the third quarter). However, by eliminating the company Atag for the first half of the year 2009 (EUR 10.4 million), considering government grants that are included in other operating revenue (EUR 5.0 million), and by eliminating the effects of realisation of the employee's demands expressed during the work interruption (EUR 2.7 million); this denotes the amount of **EUR 23.6 million or the labour cost lower by 14.3 percent**. This labour cost development dynamics is **in accordance with the decision of the management board**, i.e. to take advantage of all possibilities of a gradual **adjustment of the number of employees** to a considerably lower volume of business activities **without immediate dismissal prior to appropriate process adjustment of business** operations, and accordingly, of all possibilities of state subsidies for labour costs.

Based on the circumstances described, the Gorenje Group incurred an **operating profit (EBIT) of EUR 0.6 million** in the first nine months of the year, after generating an operating profit of EUR 28.1 million in the same period in 2008. The development of adverse impacts is the following:

- EUR 50.7 million of decrease in the **profit margin** referring to costs of goods and materials resulting from lower volume of sales (decrease of EUR 52.9 million) and already higher profitability of sales (an increase by 0.3 percentage point, i.e. EUR 2.2 million).
- EUR 6.8 million of increase recorded in **other operating revenue**, primarily arising from the government grants (EUR 5.0 million) and the damages received (EUR 1.2 million).
- EUR 8.8 million of increase in the **service cost** segment (despite the cost of sales of medical equipment of the company GTI, d.o.o. and the cost of services of the company Atag; the latter has been a part of the Group since July 2008).
- EUR 6.6 million of increase in the **labour cost**, exclusive of state grants provided for salaries in the year 2009 (EUR 5.0 million) and inclusive of the effect of demands expressed during the work interruption (EUR 2.7 million in September).
- EUR 1.0 million of increase in the segment of **other operating expenses/revenues**.

In the third quarter, the **profitability** at the EBIT level was additionally increased (by EUR 8.1 million), thus improving the semi-annual loss amounting to EUR 7.5 million to **EUR 0.6 million of operating profit**.

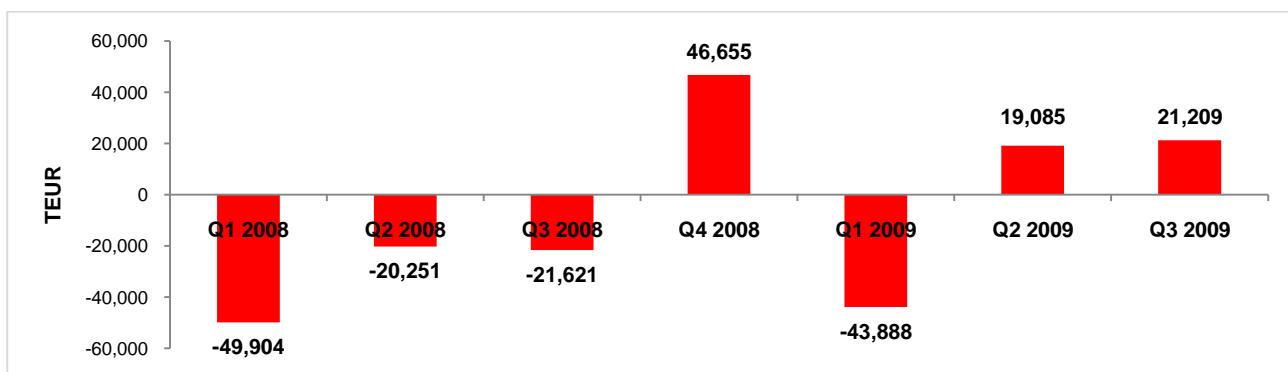




## Financial performance

in EUR thousand	Jan-Sep 2009	Jan-Sep 2008	Jan-Dec 2008	Q3 2009	Q3 2008
Net profit or loss	-14,568	15,424	10,181	3,427	7,273
+ Amortisation /Depreciation	42,881	43,077	57,121	14,645	14,547
<b>= Net cash flow</b>	<b>28,313</b>	<b>58,501</b>	<b>67,302</b>	<b>18,072</b>	<b>21,820</b>
- Capex	-16,963	-48,306	-76,807	-4,295	-19,351
- Investments in net current assets	-14,944	-101,971	-35,616	7,432	-24,090
Changes in inventories	51,369	-33,796	-35,533	14,229	-2,444
Changes in trade receivables	-6,933	-43,311	-3,482	-17,894	-22,109
Changes in trade payables	-59,380	-24,864	3,399	11,097	463
<b>= Free cash flow</b>	<b>-3,594</b>	<b>-91,776</b>	<b>-45,121</b>	<b>21,209</b>	<b>-21,621</b>

\* Only half of the amount of changes in inventories of the company Indop, d.o.o. is included in the calculation, as the other half is agreed to be financed by the entity ordering the products (Patria).



Quarterly movements of free cash flow

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

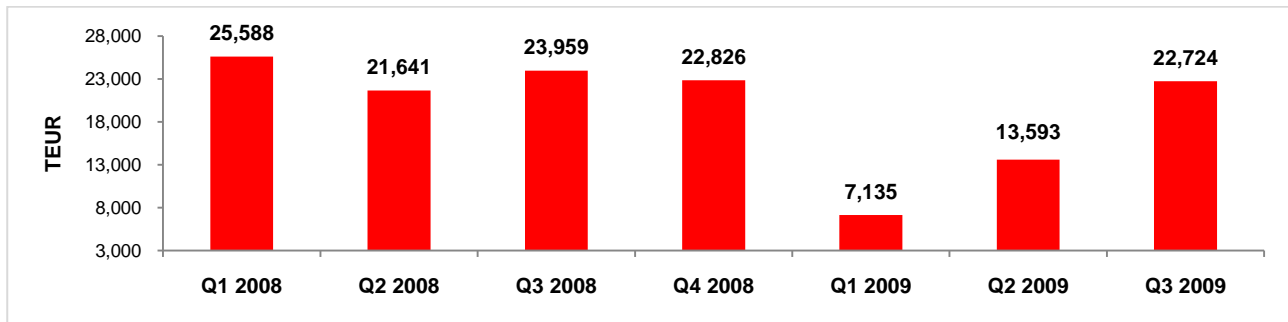
- As regards **financial risks**, the attention paid to effective management of **credit risks** has been concentrated due to the increasingly difficult macro-economic situation, i.e. by increased control over credit overdrafts granted by credit insurance companies and an intensified debt collection.
- Currency risks** to which the Gorenje Group is exposed are hedged and minimised by natural adjustment of cash flows in individual trading currencies, and derivatives are used as an upgrade of this type of hedging, mainly in the markets of Eastern and South-Eastern Europe.
- Considering the objectives regarding the management of the current capital and the generation of free cash flow as well as the applicable measures undertaken, we have successfully managed the Company's **liquidity risks**.
- In the second quarter, the Group generated positive free cash flow in the amount of EUR 19.1 million, followed by EUR 21.2 million in the third quarter, resulting from the optimisation of trade receivables and inventories as well as adjustment of the quantities of procured materials to the sales volumes. In the third quarter, particularly in September, the growth in sales caused an increase in receivables by EUR 17.9 million compared to the level achieved in the first half of the year. For the cumulative first three quarters, free cash flow was negative, amounting to **EUR -3.6 million**, mainly resulting from decrease in liabilities to suppliers (a result of repayment of trade payables in January and February), despite a **significant reduction in inventories and receivables in the amount of EUR 51.4 million**.
- On 30<sup>th</sup> September 2009, total financial liabilities amounted to EUR 484.1 million or **EUR 3.7 million less than at the end of the previous year**, or EUR 31.7 million less than at their peak at the end of the first quarter.
- 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 this year and additional long-term and short-term loans were raised. A **liquidity reserve** comprising unused revolving lines and cash on the accounts of the Group's companies, provided adequate short-term regulation of cash flows and reduced short-term liquidity risks.
- To achieve an improved financial liabilities structure as to their maturity and to minimize long-term liquidity risks, we considerably changed the **structure of received financing sources**. The Group reduced, only in the third quarter, the level of short-term loans by EUR 80.2 million and simultaneously increased the level of long-term loans by EUR 61.4 million, thus changing the structure of received loans to the benefit of long-

term loans (55.2 percent). The debt restructuring activities will continue in the last quarter of the year 2009.

- The majority of the **investments**, i.e. **EUR 11.6 million** corresponding to **40.5 percent of the total planned investments for the year**, was generated in the Home Appliances Division, the major portion (EUR 4.7 million) thereof was utilized by the parent company for the completion of the construction of 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 Gorenje Valjevo, d.o.o, in the amount of EUR 1.9 million for the purchase of additional land bordering on the current location, and to the company Atag, in the amount of EUR 2.3 million; (the majority refers to development costs of new products).



Quarterly movements of EBITDA

**Investments by divisions**

in EUR thousand	Jan-Sep 2009	Jan-Sep 2008	Q3 2009	Q3 2008
Home appliances division	11,594	39,794	2,501	16,015
Home interior division	556	1,150	354	411
Ecology, energy and services division	4,813	7,362	1,440	2,925
<b>Total</b>	<b>16,963</b>	<b>48,306</b>	<b>4,295</b>	<b>19,351</b>

- The Home Interior Division has generated investments of **EUR 0.6 million**, thus achieving **26.6 percent of the planned** values.
- The Ecology, Energy and Services Division recorded investments of **EUR 4.8 million**, corresponding to **57.9 percent of the annual plan**.

The major portion of these investments was carried out in the following companies: Kemis, d.o.o. (EUR 2.2 million, investment in a hazardous waste treatment plant in Vrhnika), Surovina, d.d., and Publicus, d.o.o.

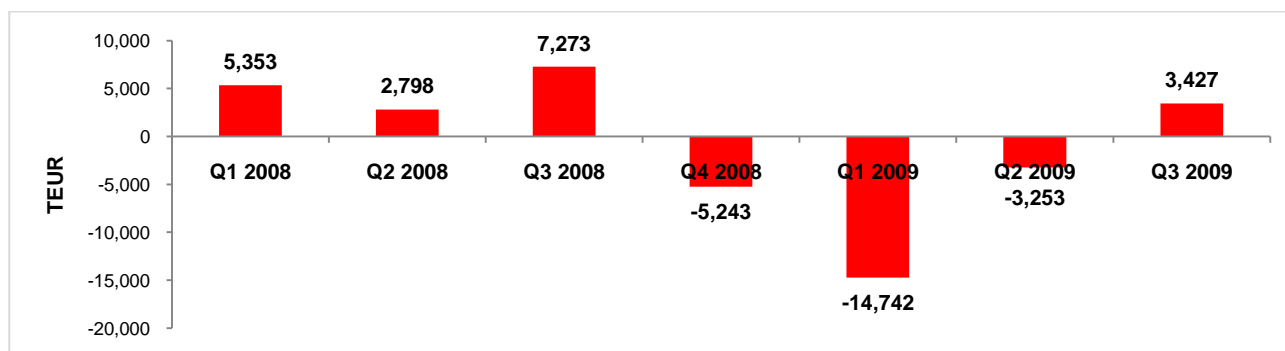
**Performance analysis**

- Compared to the first half of the year, **the result from operating activities (EBIT)** increased in the third quarter to a level of EUR +0.5 million.
- **The surplus of financing expenses (costs)** over financing revenues in the amount of EUR 11.1 million decreased the nine-month operating profit to the **total loss before tax amounting to EUR 10.5 million**.
- Compared to the same period in the previous financial year, the **negative financial result** in the amount of EUR 11.1 million generated in nine months of this year's operations resulted in additional EUR 3.2 million of loss. We increased revaluation revenue (EUR 2.2 million growth, predominantly from exchange rate differences) and interest income (EUR 0.6 million growth), as well as revaluation expenses (additional EUR 2.8 million from exchange rate differences) and other financial expenses (additional EUR 3.7 million resulting from receivable value adjustments). Furthermore, we have decreased interest expenses by EUR 1.9 million. In both compared

periods, revenues were generated from **divestment activities**, amounting to EUR 3.4 million in 2008 and EUR 3.1 million this year.

- **Corporate income tax** was recorded in the amount of EUR 4.1 million (EUR 4.8 million in the nine-month period of 2008), thus increasing the loss to **EUR 14.6 million of net loss** for the year. Compared to 2008, the corporate income tax comprises the current tax in the amount of EUR 3.9 million (EUR 4.7 million last year) and the deferred tax amounting to EUR 0.2 million (EUR 0.1 million last year). Of the total value of the current tax, a significant share refers to the company Atag. Despite the operating loss at the level of the Group, the taxable base of several companies within the Group 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	Jan-Sep 2009	Jan-Sep 2008	Q3 2009	Q3 2008
Net sales	408,994	564,966	144,003	182,523
EBITDA	7,895	37,334	8,669	10,330
EBITDA Margin (%)	1.9%	6.6%	6.0%	5.7%
EBIT	-17,185	10,231	502	1,655
EBIT Margin (%)	-4.2%	1.8%	0.3%	0.9%
Total profit or loss	-16,293	7,632	3,409	1,783
Net profit or loss	-16,504	6,672	3,409	1,672
ROS (net return on sales)	-4.0%	1.2%	2.4%	0.9%
ROA (net return on assets)	-2.7%	1.2%	1.7%	0.8%
Employees / at the end of period	4,886	5,406	4,886	5,406
Employees / average	5,023	5,464	4,901	5,462
Capex	4,724	22,651	1,647	10,563
Net current assets	75,808	130,373	75,808	130,373

- In comparison to the same period of the year 2008, the nine-month **sales volume** of the parent company in the **Home Appliances Division** segment **decreased by 28.5 percent** and the sales in other production segments other than those included in the Home Appliances Division decreased **by 14 percent**, thus altogether by **27.6 percent**.
- Due to the **improvement of the profit margin (profitability)** referring to the costs of goods and materials arising from the utilisation of the inventories with a lower book value from May and June (consumption of inventories with a higher book value arising from strategic purchases in the second half of the previous year), and the improvement of the sales structure (enhancement of the sales share in South-Eastern and Eastern European markets), the Home Appliances Division at the parent company generated **EUR 1.8 million of positive effects**, i.e. a profit margin improvement by **1.4 percentage point**. It is a **quality variance** representing an **increase** in the profit margin rate (the total growth of profit margin, resulting also from the increased sales volume, amounted to EUR 8.5 million.
- Due to the decline in the profit margin in the sale of **products other than those included in the Home Appliances Division**, the company generated a EUR 1.9 million of qualitative loss (decreased profit margin rate) in comparison to the first quarter of the year.
- It follows from the above description that the parent company has, in the last quarter of the considered period, compared to the second period of the year, equalised the **growth in profit margin** with the growth in volume of activities, thus failing to generate a qualitative profitability increase at the level of costs for goods and materials. Nevertheless, **the level of profit margin was improved by 0.8 percentage point or EUR 3.3 million** in comparison to the same period of the previous year.
- We managed to lower **other costs of materials** (-1.9 percent or EUR 0.2 million; a minor decrease, mostly due to the unfavourable pricing movements of energy sources and growth of the production volume), costs of **services** (-26.3 percent or EUR 18.0 million) and **other operating expenses** excluding expenses from revaluation (-43.7 percent

or EUR 1.1 million), in total by 23.2 percent or EUR 19.4 million, which, however has still not reached the dynamics of decrease in the volume of sales revenue (-27.6 %).

- Compared to the nine-month period of the year 2008, **labour costs** are lower by 13.3 percent or EUR 11.0 million; by taking into account the state subsidies for salaries, which were accounted for under other operating revenue, labour costs were **lower by 18.4 percent or EUR 15.2 million**. The costs of salaries for nine months of the year 2009 (September) also include the **effects of the agreement** concluded with the employees following the work interruption, in the amount of **EUR 1.4 million**.
- **Disproportionate decrease** in the volume of all business activities (-29.0 percent or EUR 166.0 million) considering all operating expenses / costs (-24.6

percent or EUR 138.6 million) has caused a decrease of **EBIT by EUR 27.4 million** compared to the first nine months of 2008, resulting in a loss of EUR 17.2 million.

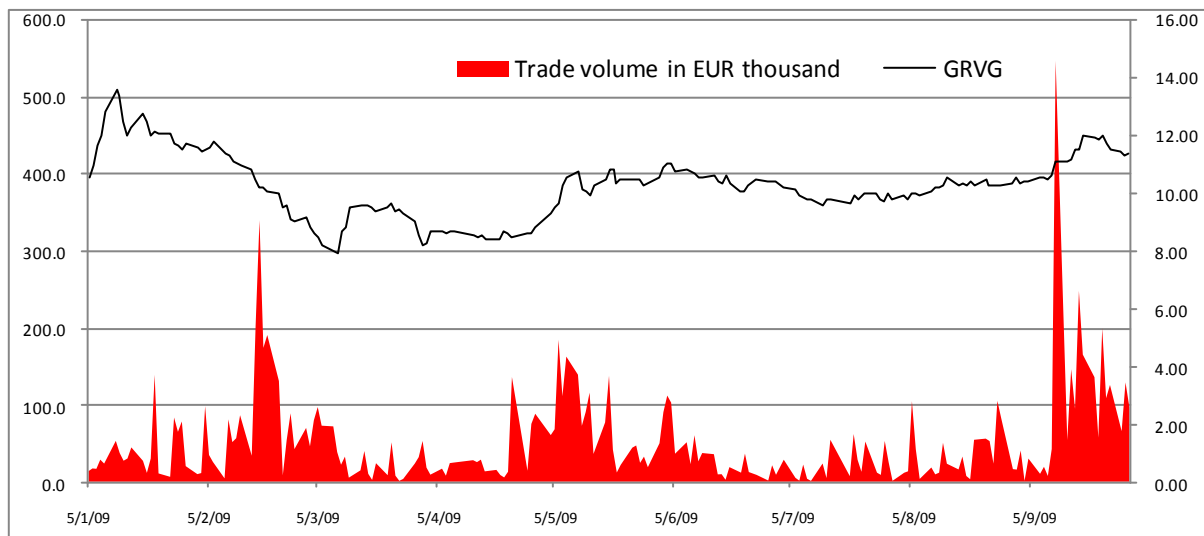
- Compared to 2008, **the financial result** has improved mostly in the segment of interests and revaluation (exchange rate differences) and declined in the segment of receivable value adjustments (resulting in a **total positive figure of EUR 3.5 million**). The financial income exceeds the financial expenses by EUR 0.9 million, thus decreasing the loss before tax to EUR -16.3 million.
- Considering the deferred tax liabilities in the amount of EUR 0.2 million, **net operating loss** is recorded at **EUR 16.5 million**.

### Ownership structure 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 September 2009 the number of recorded shareholders amounted to 21,480 which is an increase of 0.6% when compared to 31 December 2008 (21,359).

Ten major shareholders as of 30 September 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	486,587	3.4682
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	322,090	2.2957
KD RASTKO, DELNIŠKI	232,593	1.6578
<b>TOTAL TEN MAJOR SHAREHOLDERS:</b>	<b>8,163,302</b>	<b>58.1846</b>
OTHER SHAREHOLDERS:	5,866,698	41.8154
<b>TOTAL:</b>	<b>14,030,000</b>	<b>100</b>

- The number of own shares is as of 30 September 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.
- The **uniform price of GRVG** share amounted to EUR 11.40 on 30 September 2009 and was higher by 8.5% when compared to the last trading day in the year 2008 (EUR 10.51); The SBI 20 stock exchange index increased by 16.4% 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 -1.58 (EUR 0.89 in 2008).
- **The book value of a share** is calculated as the ratio between the total company equity at 30 September 2009, and the number of shares issued minus the number of own shares (13,908,689) as 30 September 2009 amounted to EUR 21.05 (EUR 22.47 at 31 December 2008).
- **Market to book value ratio** is 0.54 (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 13<sup>th</sup> 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 – September 2009**

### Major events following the Balance Sheet date

- Sales of the entire ownership stake in the company LINEA, Stanovanjsko podjetje, d.o.o., on 9 October 2009.
- The temporary cessation of the work by the employees in the production in all Slovenian Gorenje Group companies, started on 15 September 2009.
- The cessation of the work was closed with the agreement between the Management Board and the representatives of the group of the employees, that the employees receive the additional payment of EUR 150 net and to continue the negotiations till the 7 October 2009.
- Management Board Agreement on 1 October 2009 with the trade union and the employee representatives regarding salaries that will be paid out till the end of the year:
  - as from 1 September, 2009 the minimum salary paid out amounts to 540 euro net,
  - employees receive an additional payment in the amount of 90, 70 and 50 EUR gross in September, October, November and December.
- As from 1 October, 2009 employees return to 40-hour working week as Gorenje managed to increase the volume of orders.

There were no other major events following the Balance Sheet date on the 30<sup>th</sup> of September 2009.

### Important business events

- At the end of August, Gorenje has signed an important contract for selling appliances in the Middle East. Jumbo Electronics, the biggest distribution company for white goods, consumer electronics and mobile phones in the region, got the exclusive right to sell Gorenje's household appliances in the United Arab Emirates and Oman.
- At the beginning of September Gorenje has presented at the IFA 2009 Fair in Berlin with the new Gorenje Retro Collection, Gorenje Simplicity Line, and the brand new star collection "Gorenje designed by Karim Rashid".

**Business outlook for 2009**

October's projection, this is already **the third projection till the year end**, showed on the basis of the January – September results, 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.

Free cash flow in EUR million	Q1	Q2	Q3	Estimation Q4	Estimation 2009
Net cash flow	-0,6	10,8	18,1	13,3	41,6
Capex	-7,2	-5,5	-4,3	-9,0	-26,0
Investments in net current assets	-36,1	13,7	7,4	26,0	11,0
<b>= Free cash flow</b>	<b>-43,9</b>	<b>19,0</b>	<b>21,2</b>	<b>30,3</b>	<b>26,6</b>

The business performance in the first nine months of the year 2009 is confirming the right path of the forecasted **effects of the marketing activities as well as cost optimising activities**.

In the cost segment of **the raw materials and materials** consumption we are estimating the forecasted effect in the amount of EUR 10 million, and the **cost of services** effect in the amount of EUR 20.2 million (after the impairment of the impact of the cost of medical equipment sold, in the amount of EUR 37.5 million).

V segment of **labour costs** we are estimating to achieve the optimization effect in the amount of EUR 15.8 million or 7% decrease compared with the year 2008 (excluding company Atag EUR 26.3 million or 12.2% decrease). Incident in September, regards to the closed agreement between the Management Board and the employees to increase the salaries, has an important negative impact on the estimated cost optimization effects (in the amount of EUR 3.2 million of the estimated direct negative effect).

By the estimation for the last quarter of the year 2009 we can be very certain to forecast, that we will be able to generate the **free cash flow in the amount of EUR 26.6 million**, accordingly with the above described positive and negative effects of the business performance as with the continuing to optimise the net working capital.

## ACCOUNTING REPORT

### Applied accounting principles and important notes to financial statements

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- The non-audited consolidated financial statements of the Gorenje Group for the period January – September 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 – September 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 9<sup>th</sup> 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 – September 2009 consists of the main company Gorenje, d.d., and 70 subsidiaries, operating in Slovenia and abroad and 23 Joint Venture companies.

### Changes of the Gorenje Group structure

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The changes of the Gorenje Group structure till the 30 September 2009 were as follows:

- In the energy business area has been 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, GEN-I Tirana, Albania, and GEN-I Bucharest, Hungary (100-percentage ownership of GEN-I, d.o.o.).
- On 31 March 2009 the process of liquidation of the company Gorenje Küchen GmbH, Austria, has been introduced and is expected to be concluded till the end of this year.
- At the end of March the company OOO Gorenje BT in Russia has been established. The company is in the 100% stake of the company Gorenje Beteiligungsgesellschaft mbH, Austria.
- In 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 May the company Vitales inženjering, d.o.o., Prijedor has been established. The company is in the 50% stake of the company Istrabenz Gorenje, d.o.o..
- The company Surovina, d.d., has according to the resolution in the third quarter gained 27.29% of own shares.
- Such restructuring of investments is a part of the efforts to reap synergy effects between the companies in the Gorenje Group and the Atag Group acquired last year. Hence, control and management of the network of distribution companies for the home appliance division will be consolidated and coordinated within a single company (Gorenje Nederland, B.V.) in which the parent company Gorenje, d.d., holds a 100 percent interest. Another positive effect will be the improvement in the composition of Gorenje Group's financing sources: the long-term loans obtained in the Netherlands will shift the maturity of the Group's debt towards the long-term as the share of non-current liabilities increases relative to the current ones. Also notable is the option to take advantage of the tax treaty (double taxation avoidance agreement) signed by the Netherlands with many countries in Europe and elsewhere.
- In September the transfer of investments from the companies Atag Europe BV, Gorenje Beteiligungs GmbH and some of their subsidiaries outside the EU, to the company Gorenje Nederland, B.V., headquartered in the Netherlands has been carried out. The main reasons are the restructuring of the investments for achieving the synergies of the business effects among the Gorenje Group companies and last year acquired Atag Group and the uniformed controlling of the sales companies abroad.
- On 16 September 2009 the company Gorenje Invest, d.o.o., Serbia, established the company Gorenje GTI, d.o.o, Serbia.

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	78.29	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 Handelsgesellschaft 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 and 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 domačinstvo, 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 and Herzegovina	25.17	EES
62.	Vitales, d.o.o., Nova Bila, Bosnia and 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 and Herzegovina	24.67	EES
67.	GEN-I, d.o.o, Serbia	24.67	EES
68.	Vitales, d.o.o., Sokolac, Bosnia and 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 and 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 Solutions 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 Nederland 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
91.	Vitales inženjering, d.o.o., Prijedor, Bosnia and Herzegovina	24.67	EES
92.	GEN-I Bucharest, Romania	24.67	EES
93.	Gorenje GTI, d.o.o., Serbia	100.00	EES

HA - home appliances  
HI - home interior  
EES - ecology, energy and services

Representative's 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	September 30 2009	September 30 2008	December 31 2008
<b>ASSETS</b>	<b>1,175,054</b>	<b>1,257,452</b>	<b>1,257,732</b>
<b>Non-current assets</b>	<b>577,585</b>	<b>598,936</b>	<b>606,027</b>
Intangible assets	160,078	152,402	162,986
Property, plant and equipment	385,562	405,418	412,953
Investment property	9,897	7,473	7,090
Non-current investments	12,397	23,726	12,721
Deferred tax assets	9,651	9,917	10,277
<b>Current assets</b>	<b>597,469</b>	<b>658,516</b>	<b>651,705</b>
Assets classified as held for sale	1,235	78	954
Inventories	204,635	251,267	253,004
Current investments	58,779	39,207	64,470
Trade receivables	268,950	301,846	262,017
Other current assets	40,024	47,368	47,145
Cash and cash equivalents	23,846	18,750	24,115
<b>EQUITY AND LIABILITIES</b>	<b>1,175,054</b>	<b>1,257,452</b>	<b>1,257,732</b>
<b>Equity</b>	<b>368,629</b>	<b>393,196</b>	<b>394,522</b>
Share capital	58,546	58,546	58,546
Capital surplus (share premium)	158,487	158,487	158,487
Legal and statutory reserves	21,697	20,399	21,697
Retained earnings	96,253	115,218	110,324
Own shares	-3,170	-3,059	-3,170
Translation reserve	20,432	14,718	20,187
Fair value reserve	11,934	15,084	15,208
<b>Equity attributable to equity holders of the parent</b>	<b>364,179</b>	<b>379,393</b>	<b>381,279</b>
<b>Minority interest</b>	<b>4,450</b>	<b>13,803</b>	<b>13,243</b>
<b>Non-current liabilities</b>	<b>332,975</b>	<b>321,622</b>	<b>294,893</b>
Provisions	58,363	60,411	55,366
Provisions from government grant	3,932	8,836	8,936
Deferred tax liabilities	6,342	4,205	6,472
Non-current borrowings	264,338	248,170	224,119
<b>Current liabilities</b>	<b>473,450</b>	<b>542,634</b>	<b>568,317</b>
Current borrowings	219,770	254,705	263,676
Trade payables	164,280	195,397	223,660
Other liabilities	89,400	92,532	80,981

## Consolidated income statement of the Gorenje Group

in EUR thousand	Jan-Sep 2009	Jan-Sep 2008	Q3 2009	Q3 2008
Revenue	865,812	992,026	297,871	372,861
Changes in inventories	-4,206	5,055	899	-3,987
Other operating income	19,744	12,939	6,024	3,521
<b>Gross revenue</b>	<b>881,350</b>	<b>1,010,020</b>	<b>304,794</b>	<b>372,395</b>
Cost of goods, materials and services	-667,737	-761,337	-223,922	-283,570
Other operating expenses	-11,832	-12,594	-4,273	-5,203
<b>ADDED VALUE</b>	<b>201,781</b>	<b>236,089</b>	<b>76,599</b>	<b>83,622</b>
Employee benefits expense*	-158,329	-164,901	-53,875	-59,663
<b>EBITDA</b>	<b>43,452</b>	<b>71,188</b>	<b>22,724</b>	<b>23,959</b>
Amortisation and depreciation expense	-42,881	-43,077	-14,645	14,547
<b>EBIT</b>	<b>571</b>	<b>28,111</b>	<b>8,079</b>	<b>9,412</b>
Finance income	14,676	13,259	4,400	5,018
Finance expenses	-25,753	-21,171	-8,258	-5,577
<b>Profit before tax</b>	<b>-10,506</b>	<b>20,199</b>	<b>4,221</b>	<b>8,853</b>
Income tax expense	-4,062	-4,775	-794	1,580
<b>Profit for the period</b>	<b>-14,568</b>	<b>15,424</b>	<b>3,427</b>	<b>7,273</b>
<b>Attributable to minority interest</b>	<b>-497</b>	<b>2,424</b>	<b>471</b>	<b>227</b>
<b>Attributable to equity holders of the parent</b>	<b>-14,071</b>	<b>13,000</b>	<b>2,956</b>	<b>7,046</b>
<b>Basic and diluted earnings per share (in EUR)</b>	<b>-1.35</b>	<b>0.98</b>	<b>0.85</b>	<b>2.03</b>
* Employee benefits expense considering subventions (transfer from other operating income)	-153,409	-164,901	-50,921	-59,663

## Statement of comprehensive income of Gorenje Group

	in EUR thousand	Jan-Sep 2009	Jan-Sep 2008
<b>1. Profit for the period</b>		<b>-14,568</b>	<b>15,424</b>
<b>2. Comprehensive income</b>			
Net change in fair value of available-for-sales financial assets, (without effect by deferred tax)		331	-7,644
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)		-1,503	0
Income tax on other comprehensive income		-424	892
Translation reserve		25	2,164
<b>Total comprehensive income for the period</b>		<b>245</b>	<b>177</b>
<b>3. Total comprehensive net profit for the period</b>		<b>-3,029</b>	<b>-6,699</b>
<b>4. Profit for the period</b>		<b>-17,597</b>	<b>8,725</b>

- 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	Jan-Sep 2009	Jan-Sep 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>-14,568</b>	<b>15,424</b>
Adjustments for:		
Depreciation of property, plant and equipment	38,003	38,287
Amortisation of intangible assets	4,878	4,790
Investment income	-14,676	-23,081
Finance expenses	25,753	28,985
Gain on sale of property, plant and equipment	-351	-1,015
Outcome tax expense	4,062	4,775
<b>Operating profit before changes in net operating current assets and provisions</b>	<b>43,101</b>	<b>68,165</b>
Change in trade and other receivables	533	-60,648
Change in inventories	48,369	-33,796
Change in provisions	-2,007	8,877
Change in trade and other liabilities	-52,660	16,240
<b>Cash generated from operations</b>	<b>-5,765</b>	<b>-69,327</b>
Interest paid	-15,650	-27,290
Income taxes paid	-4,062	-4,775
Indemnities received	0	2,312
<b>Net cash from operating activities</b>	<b>17,624</b>	<b>-30,915</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	456	1,145
Proceeds from sale of investments	3,168	4,536
Interest received	3,173	12,615
Dividends received	371	1,039
Acquisition of subsidiary, net of cash acquired	0	-93,760
Acquisition of property, plant and equipment	-14,808	-45,890
Lending's		-17,681
Other investments	3,140	-11,573
Acquisition of intangible assets	-2,155	-2,416
<b>Net cash used in investing activities</b>	<b>-6,655</b>	<b>-151,985</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Acquisition of minority stake	-7,551	
Borrowings / Repayment of borrowings	-3,687	190,409
Calculated dividends and remunerations for the Supervisory Board	0	-6,443
<b>Net cash used in financing activities</b>	<b>-11,238</b>	<b>183,966</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Net increase/decrease in cash and cash equivalents	-269	1,066
Cash and cash equivalents at beginning of period	24,115	17,684
Cash and cash equivalents at end of period	23,846	18,750

**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
<b>Opening balance at 1 Jan 2009</b>	<b>58,546</b>	<b>158,487</b>	<b>21,697</b>	<b>110,324</b>	<b>-3,170</b>	<b>20,187</b>	<b>15,208</b>	<b>381,279</b>	<b>13,243</b>	<b>394,522</b>
Fair value reserve (investments)							-2,875	-2,875		-2,875
Fair value reserve (cash flow hedge)							-424	-424		-424
Translation reserve						245		245		245
Deferred tax liabilities							25	25		25
<b>Total revenue and expenses recognised directly in equity</b>						<b>245</b>	<b>-3,274</b>	<b>-3,029</b>		<b>-3,029</b>
Net profit or loss for the period				-14,071				-14,071	-497	-14,568
<b>Total revenue and expenses</b>				<b>-14,071</b>		<b>245</b>	<b>-3,274</b>	<b>-17,100</b>	<b>-497</b>	<b>-17,597</b>
Decrease in minority interest								0	-8,296	-8,296
<b>Closing balance at 30 September 2009</b>	<b>58,546</b>	<b>158,487</b>	<b>21,697</b>	<b>96,253</b>	<b>-3,170</b>	<b>20,432</b>	<b>11,934</b>	<b>364,179</b>	<b>4,450</b>	<b>368,629</b>
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
<b>Opening balance at 1 Jan 2008</b>	<b>58,546</b>	<b>143,714</b>	<b>45,034</b>	<b>84,025</b>	<b>-27,693</b>	<b>14,541</b>	<b>21,960</b>	<b>340,127</b>	<b>10,858</b>	<b>350,985</b>
Fair value reserve (investments)							-9,932	-9,932		-9,932
Fair value reserve (cash flow hedge)							892	892		892
Translation reserve						177		177		177
Deferred tax liabilities							2,164	2,164		2,164
<b>Total revenue and expenses recognised directly in equity</b>						<b>177</b>	<b>-6,876</b>	<b>-6,699</b>		<b>-6,699</b>
Net profit or loss for the period				13,001				13,001	2,423	15,424
<b>Total revenue and expenses</b>				<b>13,001</b>		<b>177</b>	<b>-6,876</b>	<b>6,302</b>	<b>2,423</b>	<b>8,725</b>
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	522	522
<b>Closing balance at 30 September 2008</b>	<b>58,546</b>	<b>158,487</b>	<b>20,399</b>	<b>115,218</b>	<b>-3,059</b>	<b>14,718</b>	<b>15,084</b>	<b>379,393</b>	<b>13,803</b>	<b>393,196</b>

**Business and geographical segments of Gorenje Group**

in EUR thousand	Home Appliances Division		Other Divisions		Eliminations		Group	
	Jan-Sep 2009	Jan-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Jan-Sep 2009	Jan-Sep 2008
<b>Revenue from the sale to third parties</b>	654,107	744,023	211,705	248,003	0	0	865,812	992,026
<b>Intra-segment revenue</b>	5,736	6,209	16,361	22,766	-22,097	-28,975	0	0
<b>Total revenue</b>	659,843	750,232	228,066	270,769	-22,097	-28,975	865,812	992,026
<b>Depreciation expense</b>	-37,518	-37,407	-5,363	-5,670			-42,881	-43,077
<b>Operating profit or loss</b>	-2,648	12,360	3,219	15,751			571	28,111
<b>Net finance expense</b>							-11,077	-7,912
<b>Income tax</b>							-4,062	-4,775
<b>Net profit or loss for the period</b>							-14,568	15,424

in EUR thousand	EU		Eastern Europe		Other countries		Elimination		Group	
	Jan-Sep 2009	Jan-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Jan-Sep 2009	Jan-Sep 2008
<b>Revenue from sales to third parties</b>	655,122	680,845	189,530	275,398	21,160	35,783	0	0	865,812	992,026



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

## Balance Sheet of Gorenje, d.d.

in EUR thousand	September 30 2009	September 30 2008	December 31 2008
<b>ASSETS</b>	<b>754,682</b>	<b>853,704</b>	<b>873,840</b>
<b>Non-current assets</b>	<b>436,709</b>	<b>477,153</b>	<b>489,141</b>
Intangible assets	15,434	16,122	17,440
Property, plant and equipment	177,044	187,202	195,692
Investment property	4,462	2,242	4,462
Investments in subsidiaries	227,551	246,922	258,830
Other non-current investments	7,158	19,436	7,444
Deferred tax assets	5,060	5,229	5,273
<b>Current assets</b>	<b>317,973</b>	<b>376,551</b>	<b>384,699</b>
Inventories	75,990	111,515	105,948
Current investments	71,719	57,851	86,817
Trade receivables	156,868	185,908	172,327
Other current assets	13,217	21,208	19,533
Cash and cash equivalents	179	69	74
<b>EQUITY AND LIABILITIES</b>	<b>754,682</b>	<b>853,704</b>	<b>873,840</b>
<b>Equity</b>	<b>292,788</b>	<b>307,545</b>	<b>312,566</b>
Share capital	58,546	58,546	58,546
Share premium	140,624	140,624	140,624
Legal and statutory reserves	21,697	20,400	21,697
Retained earnings	77,555	89,523	94,059
Own shares	-3,170	-3,059	-3,170
Fair value reserve	-2,464	1,511	810
<b>Non-current liabilities</b>	<b>191,623</b>	<b>237,234</b>	<b>221,990</b>
Provisions	24,561	27,532	24,187
Deferred tax liabilities	2,061	709	2,087
Non-current financial liabilities	165,001	208,993	195,716
<b>Current liabilities</b>	<b>270,271</b>	<b>308,925</b>	<b>339,284</b>
Current financial liabilities	121,387	143,610	162,727
Trade payables	115,168	131,056	160,692
Other current liabilities	33,716	34,259	15,865

## Income statement of Gorenje, d.d.

in EUR thousand	Jan-Sep 2009	Jan-Sep 2008	Q3 2009	Q3 2008
Revenue	408,994	564,966	144,003	182,523
Changes in inventories	-10,560	2,781	-1,586	-4,883
Other operating income	8,530	5,226	3,056	980
<b>Gross revenue</b>	<b>406,964</b>	<b>572,973</b>	<b>145,473</b>	<b>178,620</b>
Cost of goods, materials and services	-325,058	-450,010	-111,804	-138,513
Other operating expenses	-2,482	-3,121	-720	-877
<b>ADDED VALUE</b>	<b>79,424</b>	<b>119,842</b>	<b>32,949</b>	<b>39,230</b>
Employee benefits expense*	-71,529	-82,508	-24,280	-28,900
<b>EBITDA</b>	<b>7,895</b>	<b>37,334</b>	<b>8,669</b>	<b>10,330</b>
Amortisation and depreciation expense	-25,080	-27,103	-8,167	-8,675
<b>EBIT</b>	<b>-17,185</b>	<b>10,231</b>	<b>502</b>	<b>1,655</b>
Finance income	18,709	12,578	8,371	3,873
Finance expenses	-17,817	-15,177	-5,464	-3,745
<b>Profit before tax</b>	<b>-16,293</b>	<b>7,632</b>	<b>3,409</b>	<b>1,783</b>
Income tax expense	-211	-960	0	-111
<b>Profit for the period</b>	<b>-16,504</b>	<b>6,672</b>	<b>3,409</b>	<b>1,672</b>
<b>Basic and diluted earnings per share (in EUR)</b>	<b>-1.58</b>	<b>0.67</b>	<b>0.98</b>	<b>0.48</b>
* Employee benefits expense considering subventions (transfer from other operating income)	-67,304	-82,508	-22,021	-28,900

## Statement of comprehensive income of Gorenje, d.d.

in EUR thousand	Jan-Sep 2009	Jan-Sep 2008
<b>Profit for the period</b>	<b>-16,504</b>	<b>6,672</b>
<b>Comprehensive income</b>		
Net change in fair value of available-for-sales financial assets, (without effect by deferred tax)	331	-7,644
Net change in fair value of available-for-sales financial assets, transferred in profit (without effect by deferred tax)	-1,703	-2,288
Net change in fair value of financial assets due to currency differences, transferred in profit (without effect by deferred tax)	-1,503	0
Effective portion of changes in profit/loss on cash flow hedge (without effect by deferred tax)	-424	892
Income tax on other comprehensive income	25	2,164
Translation reserve	-3,274	-6,876
<b>Total comprehensive income for the period</b>	<b>-19,778</b>	<b>-204</b>

- 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	Jan-Sep 2009	Jan-Sep 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>-16,504</b>	<b>6,672</b>
Adjustments for:		
Depreciation of property, plant and equipment	22,586	23,750
Amortisation of intangible assets	2,494	3,353
Investment income	-18,709	-12,578
Finance expenses	17,817	14,326
Gain on sale of property, plant and equipment	-53	-96
Outcome tax expense	211	960
<b>Operating profit before changes in net operating current assets and provisions</b>	<b>7,842</b>	<b>36,387</b>
Change in trade and other receivables	21,775	8,888
Change in inventories	29,958	-17,646
Change in provisions	374	1,320
Change in trade and other liabilities	-26,582	-34,483
<b>Cash generated from operations</b>	<b>25,525</b>	<b>-41,921</b>
Interest paid	-11,698	-12,509
Income taxes paid	-475	-1,027
Income from compensations	0	2,174
<b>Net cash from operating activities</b>	<b>21,194</b>	<b>-16,896</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	316	1,255
Proceeds from sale of investment	3,168	4,536
Interests received	2,838	1,175
Dividends received	642	1,418
Sales of subsidiary, net of cash not acquired	42,400	0
Acquisition of subsidiary, net of cash not acquired	-2,294	-95,648
Acquisition of property, plant and equipment	-4,234	-21,441
Other investments	7,420	-44,837
Acquisition of intangible assets	-490	-1,210
<b>Net cash used in investing activities</b>	<b>49,766</b>	<b>-154,752</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings / Repayment of borrowings	-70,855	178,129
Calculated dividends and remunerations for the Supervisory Board	0	-6,443
<b>Net cash used in financing activities</b>	<b>-70,855</b>	<b>171,686</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Net increase/decrease in cash and cash equivalents	105	38
Cash and cash equivalents at beginning of period	74	31
Cash and cash equivalents at end of period	179	69

**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
<b>Opening balance at 1 Jan 2009</b>	<b>58,546</b>	<b>140,624</b>	<b>21,697</b>	<b>94,059</b>	<b>-3,170</b>	<b>810</b>	<b>312,566</b>
Fair value reserve (investments)						-2,875	-2,875
Fair value reserve (cash flow hedge)						-424	-424
Deferred tax liabilities						25	25
<b>Total revenue and expenses recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-3,274</b>	<b>-3,274</b>
Net profit or loss for the period				-16,504			-16,504
<b>Total revenue and expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-16,504</b>	<b>0</b>	<b>0</b>	<b>-16,504</b>
<b>Closing balance at 30 September 2009</b>	<b>58,546</b>	<b>140,624</b>	<b>21,697</b>	<b>77,555</b>	<b>-3,170</b>	<b>-2,464</b>	<b>292,788</b>

in EUR thousand	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Own shares	Fair value reserve	Total
<b>Opening balance at 1 Jan 2008</b>	<b>58,546</b>	<b>125,851</b>	<b>45,034</b>	<b>64,660</b>	<b>-27,693</b>	<b>8,387</b>	<b>274,785</b>
Fair value reserve (investments)						-9,932	-9,932
Fair value reserve (cash flow hedge)						892	892
Deferred tax liabilities						2,164	2,164
<b>Total revenue and expenses recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-6,876</b>	<b>-6,876</b>
Net profit or loss for the period				6,672			6,672
<b>Total revenue and expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,672</b>	<b>0</b>	<b>-6,876</b>	<b>-204</b>
Dividend payout				-6,314			-6,314
Own shares disposal		14,773			24,634		39,407
Loosen the reserves for own shares			-24,634	24,634			0
Payout Supervisory Board Compensation (AGM) resolution)				-129			-129
Increase of minority interest							0
<b>Closing balance at 30 September 2008</b>	<b>58,546</b>	<b>140,624</b>	<b>20,400</b>	<b>89,523</b>	<b>-3,059</b>	<b>1,511</b>	<b>307,545</b>

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