



**UNAUDITED INTERIM BUSINESS REPORT OF THE GORENJE GROUP
AND GORENJE, d.d., in accordance with IFRS
(January – September 2010)**

Management Board of Gorenje, d.d.

Velenje, November 2010

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Performance highlights of Gorenje Group

in EUR thousand	Q3 2010	Q3 2009	Index	Jan-Sep 2010	Jan-Sep 2009	Index	YB 2010	Realisation
Net sales	355,746	297,871	119.4	965,819	865,812	111.6	1,244,037	77.6
EBITDA	38,049	22,724	167.4	83,361	43,452	191.8	97,764	85.3
<i>EBITDA margin (%)</i>	<i>10.7%</i>	<i>7.6%</i>	<i>/</i>	<i>8.6%</i>	<i>5.0%</i>	<i>/</i>	<i>7.9%</i>	<i>/</i>
EBIT	24,698	8,079	305.7	44,397	571	/	45,005	98.6
<i>EBIT margin (%)</i>	<i>6.9%</i>	<i>2.7%</i>	<i>/</i>	<i>4.6%</i>	<i>0.1%</i>	<i>/</i>	<i>3.6%</i>	<i>/</i>
Total profit or loss	12,035	4,221	285.1	19,880	-10,506	/	15,802	125.8
Net profit or loss	11,906	3,427	347.4	16,814	-14,568	/	10,086	166.7
ROS <i>(net return on sales)</i>	3.3%	1.2%	/	1.7%	-1.7%	/	0.8%	/
ROA <i>(net return on assets)</i>	3.8%	1.2%	/	1.8%	-1.6%	/	0.9%	/
ROE <i>(net return on equity)</i>	12.6%	3.7%	/	5.9%	-5.1%	/	2.7%	/

Comparable data without the effects of the takeover of Asko Group and provisions relating to Merkur, d.d.

in EUR thousand								
Net sales	331,073	297,871	111.2	941,146	865,812	108.7	1,244,037	75.7
EBITDA	23,458	22,724	103.2	68,770	43,452	158.3	97,764	70.3
<i>EBITDA margin (%)</i>	<i>7.1%</i>	<i>7.6%</i>	<i>/</i>	<i>7.3%</i>	<i>5.0%</i>	<i>/</i>	<i>7.9%</i>	<i>/</i>
EBIT	11,003	8,079	136.2	30,702	571	/	45,005	68.2
<i>EBIT margin (%)</i>	<i>3.3%</i>	<i>2.7%</i>	<i>/</i>	<i>3.3%</i>	<i>0.1%</i>	<i>/</i>	<i>3.6%</i>	<i>/</i>
Effect of eliminating provisions relating to Merkur, d.d.	6,704	-	/	6,704	-	/	-	/
Total profit or loss	5,906	4,221	139.9	13,751	-10,506	/	15,802	87.0
Net profit or loss	5,777	3,427	168.6	10,685	-14,568	/	10,086	105.9

- Based on results achieved by the parent company and the Gorenje Group, the Management Board believes that the **objectives set in the business plan for 2010** will be achieved in most of the significant operational categories.
- The IFC corporation paid (in June) and had registered (in July) the **equity share** in the parent company Gorenje, d.d. worth 25,000 TEUR. In August, the IFC signed an agreement together with the syndicate of banks on **refinancing the long-term portion of the loans**, which are due and payable in the period from 2010 to 2013 in the amount of 101,074 TEUR.
- Since 1 August 2010, the Gorenje Group is inclusive of the **Asko Group**, the Swedish producer of household appliances; since the takeover, its impact on the operations of the Gorenje Group is recorded at EUR 24,673 thousand at the level of sales revenue and at EUR 827 thousand on the EBIT level.
- The takeover of the Asko Group **increased the operating income** of the Gorenje Group by the value of the **net negative goodwill** in the amount of 12,868 TEUR i.e. the difference between the purchase price and the equity of the acquired Group, less the expected costs of post-merger activities.

- With the **effects of the growth of operating activities** in the area of Russia and Ukraine on balancing the growth in larger part of Middle, Northern and Western European markets, as well as on maintaining the weak demand in south-east Europe, the **profitability** of Gorenje Group companies has improved.
- **The price growth of raw materials and components** on markets had a negative impact on operations of the Gorenje Group in the third quarter, whereas this trend is expected to continue also in the last quarter of 2010.
- The companies with Home Appliances Division and Ecology, Energy and Services Division **improved the operating profitability**, whilst the Home Interior Division is further facing **lower profitability** as a result of a major cutback in operating activities.
- The third quarter of 2010 saw Gorenje Group generating 22,329 TEUR **of free cash flow**; prior to considering the impact of the Asko Group takeover, it lied at 7,052 TEUR.
- As a result of the compulsory settlement procedures started by Slovenia's largest dealer in household appliances **Merkur, d.d.**, the Gorenje Group formed **provisions** for receivables and loans in the amount of EUR 6,704 thousand. Due to its materiality and the negative impact on the Gorenje Group's domestic market, the aforesaid event is considered as significant.

BUSINESS REPORT

Macroeconomic impact on operations and foreign currency markets

- Projections for 2010 in view of BDP¹ indicate a quicker growth in developing countries (+7.1 %), of which Central and Eastern Europe by +3.7 %, Russia by +4.0 %; other countries: China by +10.5 %, India by +9.7% and Brazil by +7.5 %. The growth rate in the euro zone lies at +1.7 %, Germany at +3.3 %.
- Taking account of projections², the market of large household appliances is gradually growing. As for developed countries, the growth is still attributable to energy efficiency, functionality and design. The developing countries still boast of higher growth potential due to the increasing middle class of population, which is distinguished by growing purchasing power and innovation-oriented customers. The demand for energy efficient household appliance shall further on grow in these countries.
- Movement of foreign currency exchange rates in the first nine months of 2010 indicates – if compared to the same period in 2009 – that the EUR³ currency devaluated by 3.6 % in view of the US Dollar, by 10.2 % in view of the Russian Rouble, by 8.6 % in view of the Polish Zloty, by 4.4 % in view of the Czech Crown, and by 6.9 % in view of the Turkish Lira, which has a positive impact on sales competitiveness in these areas.

Business performance of the Gorenje Group

Scope of operating activities

- In the period from January to September 2010, **Gorenje Group** generated **sales revenue** in the amount of 965,819 TEUR indicating an increase of 11.6 % or EUR 100,007 thousand if compared to the same period last year. Without including the Asko Group, the sales growth of the nine-month period in 2010 would be recorded at 8.7 % or EUR 75,334 thousand.

¹ International Monetary Fund, »World Economic Outlook Update«, October 2010

² GfK TEMAX: <http://www.gfkr.com>

³ PECB reports

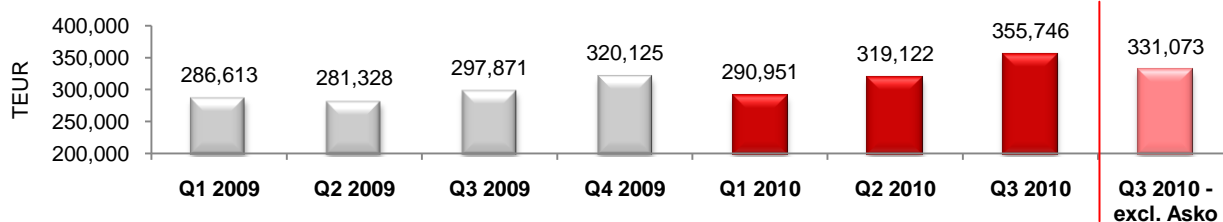


Chart 1: Development of consolidated revenue of Gorenje Group.

- **Structure of consolidated sales revenue of Gorenje Group** in terms of geographical areas remains basically on the same level if compared to the previous year's figures; minor growth, however, is noted with the sale in Eastern Europe:
 - **Western Europe** encompasses Austria, Germany, Italy, France, Denmark, Sweden, Belgium, Finland, Great Britain, Greece, Norway, Turkey, the Netherlands, Spain, Switzerland;
 - **Eastern Europe** encompasses Ukraine, Russia, Macedonia, Croatia, Serbia, Montenegro, Albania, Bosnia and Herzegovina, Belarus, Kosovo, Moldova, Kazakhstan, Latvia, Lithuania, Estonia, Slovenia, the Czech Republic, Hungary, Poland, Bulgaria, Romania, and Slovakia;
 - **Other includes** all other non-European countries.

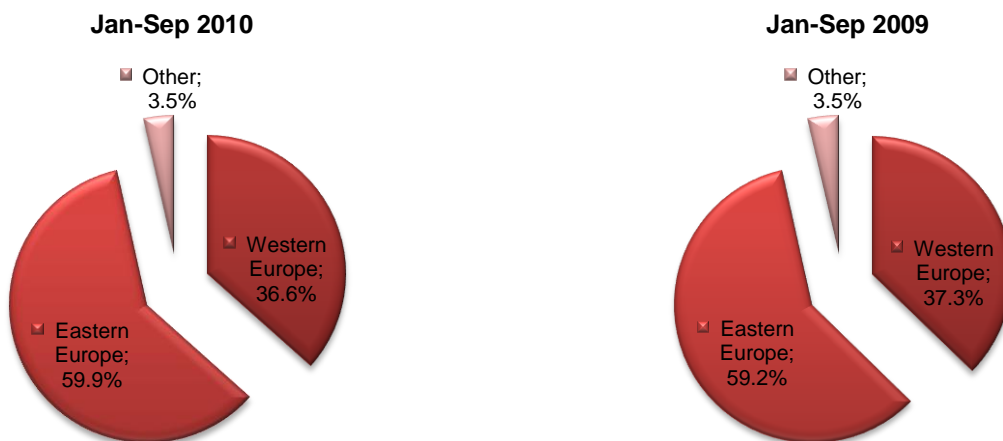


Chart 2: Revenue from sales to others in terms of geographic areas.

- As for divisions, **the structure of consolidated sales revenue of Gorenje Group** indicates a growth of operating activities in the Ecology, Energy and Services Division (mostly in the field of ecology referring to Gorenje Surovina, d.o.o.) on account of the Home Appliances Division and the Home Interior Division.

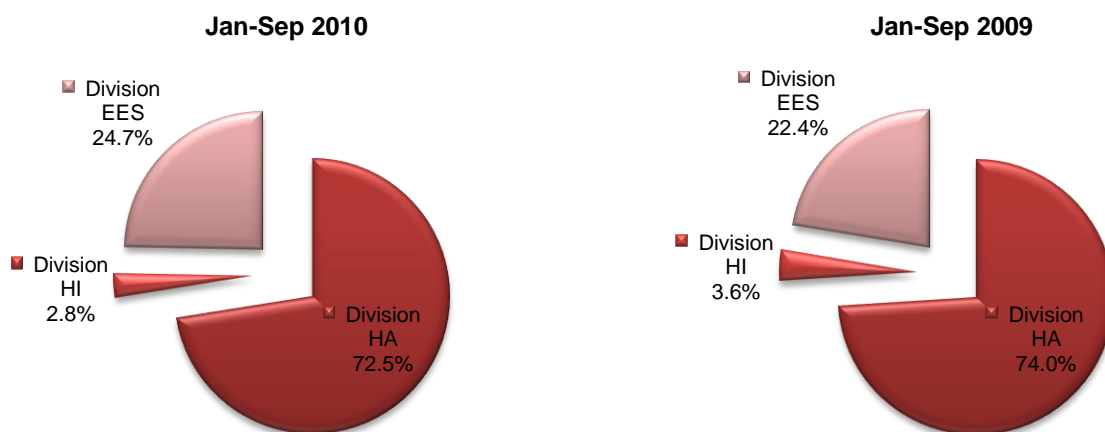


Chart 3: Revenue from sales to others in terms of division.

Operating performance on the level of EBIT

in TEUR	Inclusive of effects of Asko Group	Exclusive of effects of Asko Group
EBIT January – September 2009	571	571
Contribution margin in respect of goods and materials	43,177	32,105
Cost of services	7,361	12,497
Labour cost	-17,054	-9,973
Amortisation and depreciation expense	3,917	4,813
Other operating income	-14,314	-3,302
Other operating expenses	20,739	-6,009
EBIT January – September 2010	44,397	30,702

Table 1: Profitability development bridge of Gorenje Group on the EBIT level.

- In the period from January to September, **EBIT** was recorded at EUR 44,397 thousand with a 4.6 % EBIT margin (share in sales revenue) and indicates an increase of EUR 43,826 thousand if compared to the same period in 2009, when in the first half-year EUR 571 thousand were generated due to the operating loss. The achieved EBIT level indicates a 98.6 % realisation of the annual plan.
- By eliminating the **impact of the Asko Group** (effect of the negative goodwill and operations of the Asko Group from the takeover onwards), the EBIT was recorded EUR 30,702 thousand in the first nine-month period of 2010, indicating a 3.3 % EBIT margin or a 68.2 % realisation of the annual projections.
- In addition to the **quality growth of revenue** that increased its profitability, the profit or loss on the EBIT level **strengthened the effect of takeover** of the Asko Group, which in respect of negative goodwill amounted to EUR 12,868 thousand, and to EUR 827 thousand in respect of operations by Asko Group companies.

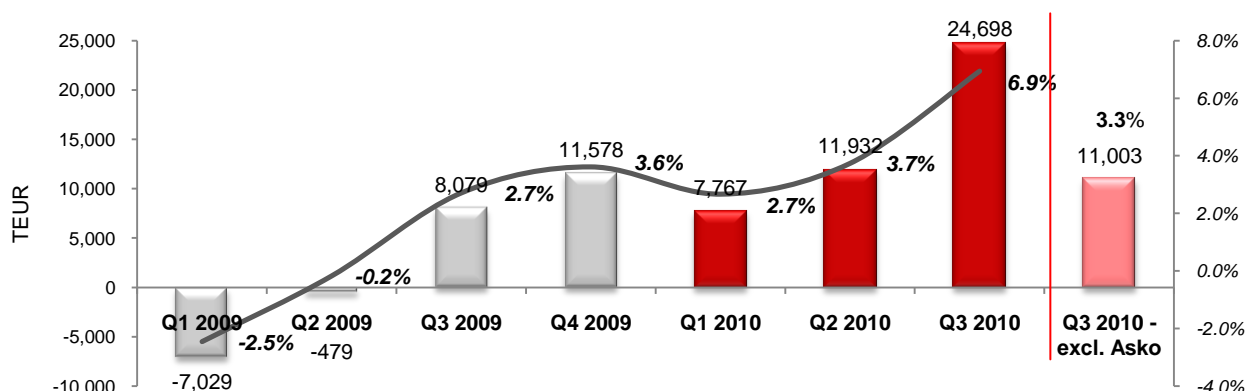


Chart 4: Quarterly development in EBIT and EBIT margin.

- **Improvement of the contribution margin** in respect of cost of goods and materials by 0.4 percentage points has improved profitability in terms of quality (not from an increase in the volume of activities) by EUR 4,830 thousand, mostly based on the improved sales structure and production processes, and lower prices of raw materials and materials achieved in the first half-year of 2010. Due to increased sales volumes, without the effect of the improved contribution margin (active deviation), the profitability on this level has increased by EUR 38,347 thousand, in total EUR 43,177 thousand.
- Compared to previous year's figures, **cost of service** indicate a decrease of EUR 7,361 thousand (5.1 %) or EUR 12,497 thousand (8.7 %) if takeover of the Asko Group is not accounted for, irrespective of higher sales. The decrease is a result of optimising processes and activities and partly refers to the lower sale in medical equipment since part of the related sales costs were in 2009 accounted within service segment of EES division.
- **Labour cost effectiveness** (economic productivity) improved from EUR 18,453 of added value per employee to EUR 23,944 in comparison to September 2009 (or to EUR 22,325 without considering the effect of the takeover of the Asko Group). Accordingly, part of employment benefit cost within the added value decreased from 78.5 % to 67.8 % or to a 71.0 % share if the effect of the Asko Group is not considered. Irrespective of increased labour expenses by EUR 17,054 thousand or EUR 9,973 thousand (without the effect of the Asko Group) and reduced number of employees, the economic productivity increased.
- By the end of September 2010, the **number of employees** was recorded at 11,323, which is 476 more staff if compared to September 2009. Without the impact of the takeover of Asko Group (with 840 employees), the number of employees is lower by 364 if compared to the previous year's figures. Most of the decline is attributable to conventional dismissals and redundancies, whereas the winding up of the company Tiki Ljubljana and its transfer to Stara Pazova on a temporary basis enabled caused double employment on both locations.

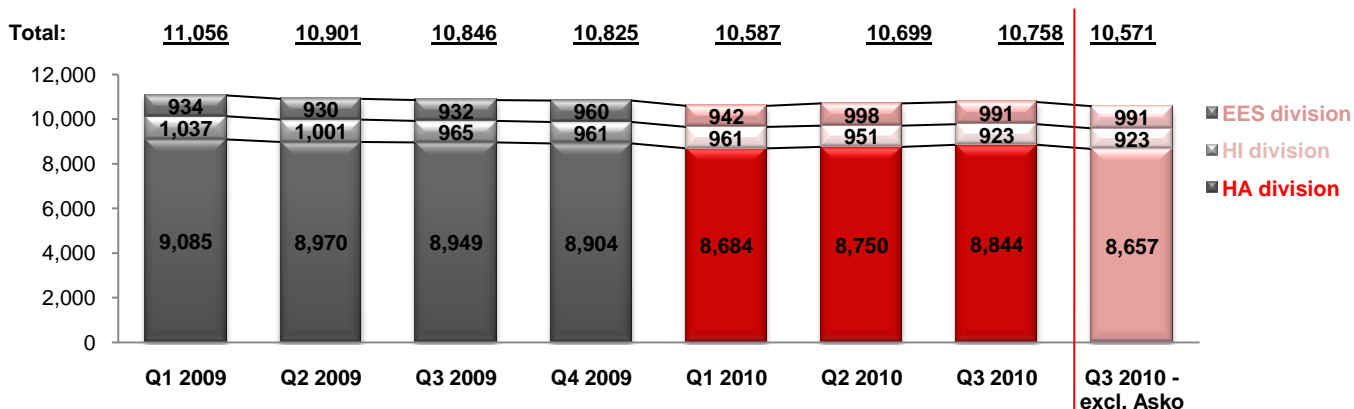


Chart 5: Quarterly development of average number of employees in terms of divisions.

- The decline of **amortisation and depreciation expense** is mostly attributable to lower investments in the past two years and the extension of useful lives of some property, plant and equipment, in particular in the production centres of the Home Appliance Division. The useful lives of the said assets were extended based on findings made during the regular valuation of property, plant and equipment.

- The effect of the negative goodwill increases **other operating income** by EUR 23,368 thousand, whereas a decrease of the latter is provided by the suspension of the labour cost subsidies by government, which was one of the basic instruments in 2009 to ease the impact of the financial crisis on Slovene companies. **Other operating expenses** have increased as a result of expected post-merger activities of Asko Group, of costs related to the Directive on waste electrical and electronic equipment, as well as costs of value adjustments formed for inventories.
- The **EBITDA** illustrates the harsh level of generated cash flows from operations and was in the period from January to September 2010 recorded at EUR 83,361 thousand, indicating a share of 8.6% in the sales revenue structure (EBITDA margin); accordingly, the realisation of the plan lied at 85.3 % and has improved by 91.8 % compared to the same period in 2009. The slower growth of EBIT in view of EBITDA is a result of the improved production capacities utilisation in the Home Appliances Divisions and partly also result of lowering the share of amortisation due to reduced investments.
- By eliminating the impact of the takeover of the Asko Group, the EBITDA was accounted for at EUR 68,770 thousand or at 7.3 % of the EBITDA margin, which represents a 70.3 % implementation of the planned profitability on EBITDA level or an increase of 58.3 % if compared to the same period in 2009.

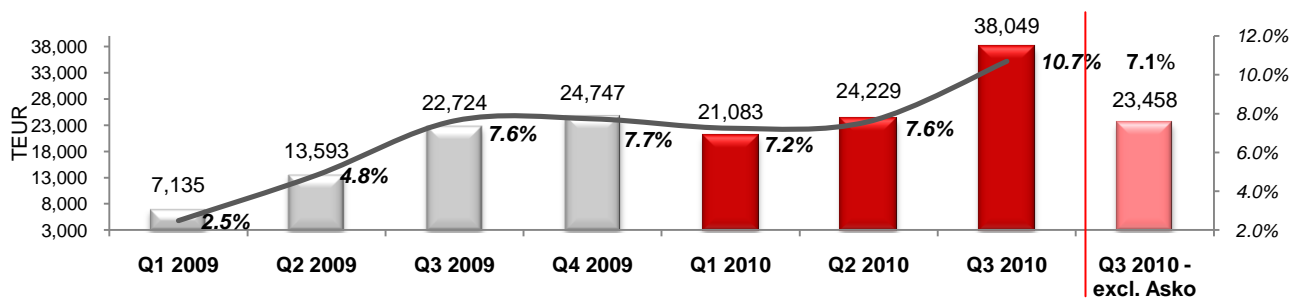


Chart 6: Quarterly development of the EBITDA and EBITDA margin.

Operating performance on the level of PAT

- The lower growth of the **PAT** in respect of improved profitability on the EBIT level, is attributable to financial movements which in the past nine months achieved 84.0 % of the projected figures, but also due to provisions formed for doubtful operating receivables and short-term investments by using the estimated or market values (e.g. Merkur, Triglav, NLB), and the worsened interest result.
- In the nine-month period, **the PAT** was accounted at EUR 16,814 thousand indicating an increase of 66.7 % compared to the annual projections which were set at EUR 10,086 thousand. Upon eliminating the effect of the takeover of the Asko Group, the net profit or loss amounts to EUR 3,981 thousand i.e. 0.4 % of net return on revenue. Same period in 2009 recorded a net loss in the amount of EUR - 14,568 thousand (-1,7 % of net return on revenue).

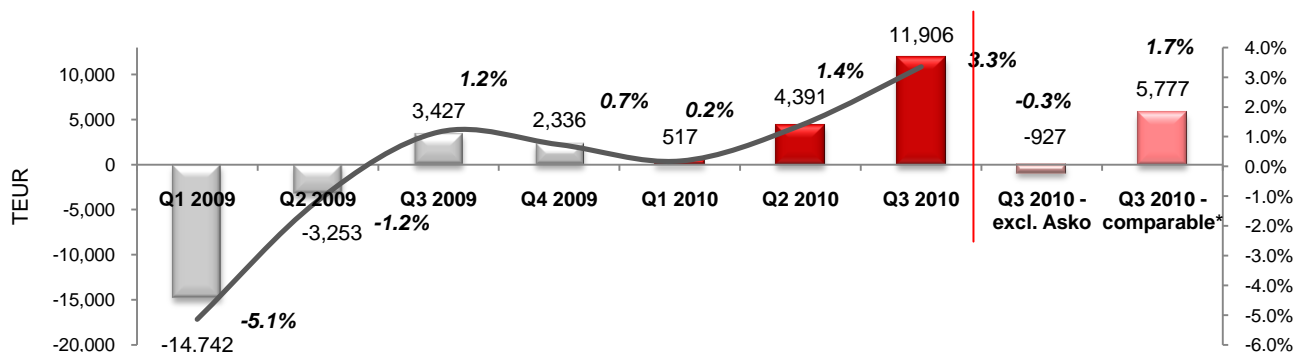


Chart 5: Quarterly developments of the PAT.

(* Comparable data without considering the takeover of Asko Group and provisions relating to Merkur, d.d.)

Business performance of the Gorenje Group / divisions prospective

Scope of operating activities

- Sales revenue generated in the first nine months of 2010 by **the Home Appliances Division** increased by EUR 59,852 thousand or 9.3 % if compared to previous year's results. Without including the effects of the takeover of the Asko Group, the sales indicate a growth of 5.5 % or EUR 35,179 thousand. Based on sales generated, the respective division implemented 72.3 % of the annual planned figures or – without the effects of the takeover of Asko Group – 69.8 % of the comparable planned figures. The sales growth is a result of increased activities and improved product- and geographic-related sales structure mostly in Russia and Ukraine, Germany, Turkey, Greece and Scandinavia. However, a decrease in sales was recorded in countries like France, the Czech Republic, the Netherlands, Slovakia, Poland and Bulgaria, and partly neutralised the growth generated in markets mentioned above.
- Due to recession-related circumstances in the furniture industry, in particular the area of production and sale of furniture which in some segments even worsened compared to 2009, the **Home Interior Division** achieved significantly lower sales from those generated in 2009. Beside fierce conditions in the area of furniture production, the sales additionally declined due to the planned reduction of supplies to certain customers, which cope with financial problems and accordingly credit insurance-relating issues. Compared to 2009, the scope of operating activities additionally decreased and hence lowered the sales revenue by 13.5 % or EUR 4,179 million, which had a negative impact on the profitability of the division as their operations were below the break-even point.
- The **Ecology, Energy and Services Division** recorded with 22.9 % or EUR 44,334 thousand the biggest sales growth. Together with other ecology-related companies, Gorenje Surovina, d.o.o. significantly increased the scope of activities by successfully implementing the positive effects of the price tendency for secondary raw materials. Sales were increased in the area of energy as well, whereas the area of services marked a decline in sales compared to previous year's results, which is mostly attributable to the lower sale of medical equipment.
- The **revenue structure in terms of divisions** has changed in the period from January to September based on the quick growth of sales revenue generated in the EES Division. Despite the takeover in HA Division in July, the EES Division increased its share by 2.3 percentage points; this is partly attributable to the HA Division, which recorded a

slower growth, and partly to the lower sales generated by the HI Division, whose share also declined. Considering the structure of the third quarter, where the impact of the takeover was stronger (merger with the Asko Group in August), the share of the HA Division came close to 76.0 % in sales revenue and this basically indicates the sales structure for future periods.

Sales structure	Jan-Sep 2010	Q3 2010	YB 2010	Jan-Sep 2009	Q3 2009
HA ⁴ division	72.5%	75.8%	74.3%	74.0%	77.7%
HI ⁵ division	2.8%	2.4%	3.5%	3.6%	3.4%
EES ⁶ division	24.7%	21.8%	22.2%	22.4%	18.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

⁴ Home Appliances division

⁵ Home Interior division

⁶ Ecology, Energy and Services division

Operating performance of Gorenje Group divisions

Home Appliances Division (HA Division)

in EUR thousand	Jan-Sep 2010	Jan-Sep 2010 comparable*	Jan-Sep 2009	YB 2010	Q3 2010	Q3 2010 comparable *	Q3 2009
Net sales	700,744	676,071	640,891	924,010	269,763	245,090	231,548
EBIT	41,643	27,948	-2,648	42,044	26,614	12,919	3,371
EBIT margin (in %)	5.9%	4.1%	-0.4%	4.6%	9.9%	5.3%	1.5%

- Comparable data are exclusive of the sales effect and EBIT of the Asko Group, and the effect of negative goodwill as a result of the merger with the Gorenje Group

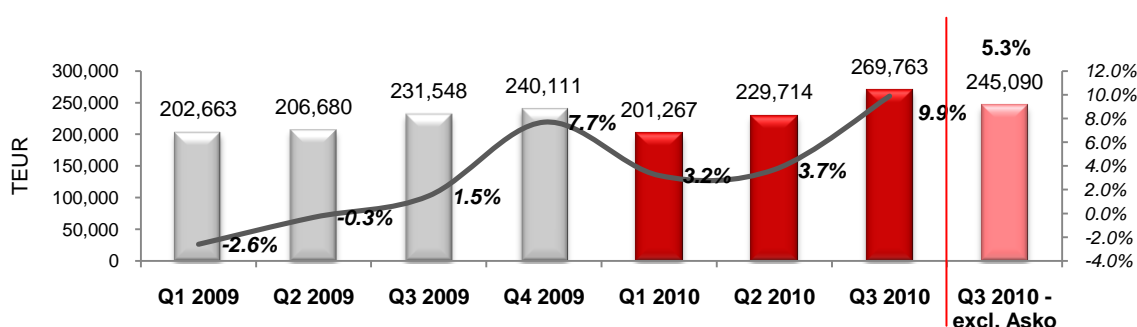


Chart 6: Quarterly development of sales revenue and the EBIT margin of the HA Division.

- Comparable growth of profitability of the Home Appliances Division (exclusive of effects of takeover of the Asko Group), improved the **contribution margin** in respect of the difference between sales revenue and costs of goods and material by EUR 36,426 thousand. In terms of quality i.e. improving the contribution margin rate, the growth amounted to EUR 22,424 thousand or 3.2 percentage points, and to EUR 25,074 thousand in view of increased activities (activity deviation). The quality growth is attributable to the improved product- and geographic-related sales structure, technical optimisation of the production, and an efficient managing of purchase activities.
- The increase in **costs of services** had a negative impact on the profitability of the division's operations in the amount of EUR 3,035 thousand or by 2.9 % due to inclusion of the Asko Group (EUR 5,136 thousand). Without this aforesaid effect, the division's costs of services were reduced by EUR 2,101 thousand or 2.0 %.
- The decline of **amortisation and depreciation expense** by EUR 4,145 thousand or 11.0 % is mostly attributable to lower investments in the past two years and the extension of useful lives of some property, plant and equipment, in particular in the production centres of the Home Appliances Division. The useful lives of the said assets were extended based on findings made during the regular valuation of property, plant and equipment.
- The growth of **other operating revenue** mostly refers to the negative goodwill effect relating to the takeover of Asko Group in the amount of EUR 23,368 thousand, whereas the growth of **other operating expenses** relates to the accrued, estimated costs of post-merger activities hereunder in the amount of EUR 10,500 thousand, as well as costs referring to the Directive on waste electrical and electronic equipment.
- **Labour cost effectiveness** (economic productivity) improved from EUR 18,287 of added value per employee to EUR 24,786 (or to EUR 22,827 without considering the effect of takeover of the Asko Group). Accordingly, the share of employment benefit cost within the added value decreased from 78.8 % to 65.9 % or to 69.6 % if the effect of the Asko Group is not considered. Irrespective of the increased **labour cost** by EUR 15,431 thousand or EUR 7,350 thousand (without the effect of the Asko Group), economic productivity increased, despite the **number of employees increase** by 463 staff or – with eliminating the effect of the Asko Group – decrease of the number of employees by 377 staff.

- The structure of profitability development on the EBIT level is as follows:

in EUR thousand	Inclusive of effects of Asko Group	Exclusive of effects of Asko Group
EBIT January – September 2009	-2,648	-2,648
Contribution margin in respect of goods and materials	47,498	36,426
Cost of services	-3,035	2,101
Employment benefit cost	-15,431	-8,350
Amortisation and depreciation expense	4,145	5,041
Other operating income	-13,505	-2,493
Other operating expenses	24,619	-2,129
EBIT January – September 2010	41,643	27,948

Table 2: Profitability development bridge of the HA Division on the EBIT level.

Home Interior Division

in EUR thousand	Jan-Sep 2010	Jan-Sep 2009	YB 2010	Q3 2010	Q3 2009
Net sales	26,740	30,920	43,773	8,640	10,035
EBIT	-4,456	-3,114	-2,353	-1,545	-826
EBIT margin (in %)	-16.7%	-10.1%	-5.4%	-17.9%	-8.2%

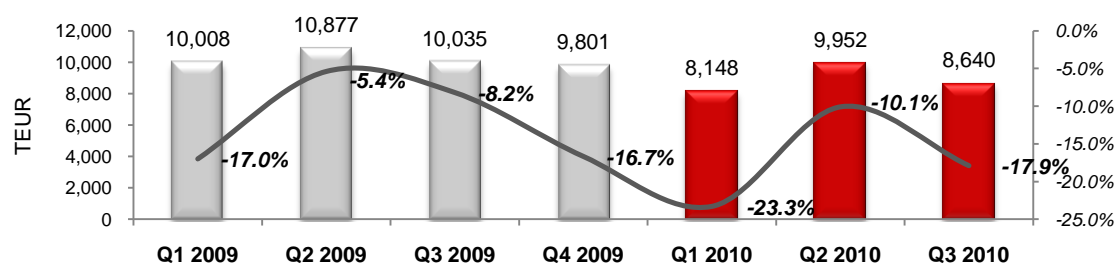


Chart 7: Quarterly development of sales revenue and the EBIT margin of the HI Division.

- The **contribution margin** in respect of goods and material remained on the same level if compared with the previous year's comparable period (equalization of the contribution margin level achieved), thus only the lower scope of operating activities contributed to its decrease by 13.3 % in the amount of EUR 1,680 thousand.
- **Labour cost effectiveness** (economic labour efficiency) dropped from EUR 8,985 of added value per employee to EUR 7,910. The employment benefit cost remained on the level of the previous year's comparable period but due to lower generated added value, the excess of labour cost over the added value is even higher.
- Compared to the previous year's comparable period, the growth of other categories of **operating expenses** or **income** has no material impact on the profitability on the EBIT level.

- The structure of profitability development on the EBIT level is as follows:

in EUR thousand	Development
EBIT January – September 2009	-3,114
Contribution margin in respect of goods and materials	-1,680
Cost of services	474
Labour cost	-62
Amortisation and depreciation expense	239
Other operating income	-169
Other operating expenses	-144
EBIT January – September 2010	-4,456

Table 3: Profitability development bridge of the HI Division on the EBIT level.

Ecology, Energy and Services Division

in EUR thousand	Jan-Sep 2010	Jan-Sep 2009	YB 2010	Q3 2010	Q3 2009
Net sales	238,335	194,001	276,254	77,343	56,288
EBIT	7,210	6,333	5,314	-371	5,534
EBIT margin (in %)	3.0%	3.3%	1.9%	-0.5%	9.8%

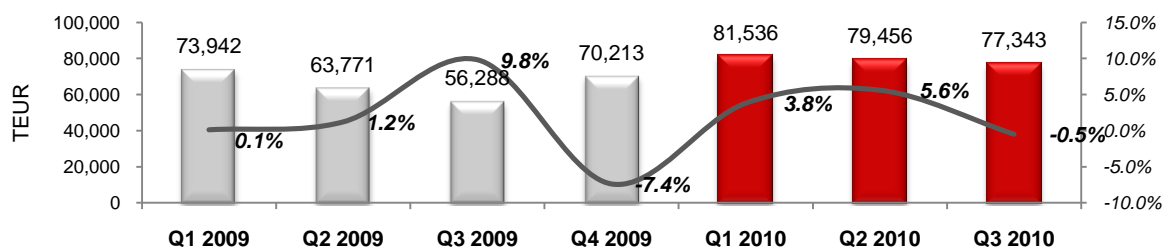


Chart 8: Quarterly development of sales revenue and the EBIT margin of the EES Division.

- Considering the characteristics of its activities, in particular the energy segment of this division where the margins are low due to the nature of most of business (fee in electricity trading), also the total **EBIT margin** of this division is lower than that of the HA Division; accordingly the Group's total margin is lower. Compared to the basic activity, the value of invested capital is lower, hence this division notably improves the total **profitability of the invested capital** of the Gorenje Group.
- Efficiency of the division on the level of the **contribution margin** relating to the difference between sales revenue and costs of goods and material, has declined by EUR 2,641 thousand or 4.4 % due to significantly lower sale of medical equipment. Lower **costs of services** by EUR 9,922 thousand or 28.1 % are also attributable to lower sale in medical equipment since part of the related sales costs were in 2009 accounted within service segment of EES division.
- **Labour cost effectiveness** (economic productivity) improved from EUR 30,221 of added value per employee to EUR 31,802. Accordingly, the share of labour cost within the added value decreased from 64.0 % to 63.0 %. The economic productivity shows an increase irrespective of higher **labour cost** by EUR 1,561 thousand or 8.7 % and higher number of employees by 58 staff or 6.2 %.

- Lower **other operating income** is fully attributable to changed reporting methods that are to be applied by divisions from 2009 onwards.
- **The structure of profitability development** on the EBIT level is as follows:

in TEUR	Development
EBIT January – September 2009	6,333
Contribution margin in respect of goods and materials	-2,641
Cost of services	9,922
Labour cost	-1,561
Amortisation and depreciation expense	-467
Other operating income	-640
Other operating expenses	-3,736
EBIT January – September 2010	7,210

Table 4: Profitability development bridge of the EES Division on the EBIT level.

Financial performance of the Gorenje Group

Management of free cash flow

In EUR thousand	Jan-Sep 2010	Jan-Sep 2009	YB 2010	Q3 2010	Q3 2009
Net profit or loss	16,814	-14,568	10,086	11,906	3,427
+ Amortisation / depreciation	38,964	42,881	52,759	13,351	14,645
= Net cash flow	55,778	28,313	62,845	25,257	18,072
- Capex	-23,037	-16,963	-28,795	-9,679	-4,295
- Investments in net working capital	-59,386	-14,944	-9,573	6,751	7,432
Changes in inventories	-4,851	51,369	7,407	18,592	14,229
Changes in trade receivables	-27,685	-6,933	9,116	-2,292	-17,894
Changes in trade payables	-26,850	-59,380	-26,096	-9,549	11,097
= Free cash flow / narrow	-26,645	-3,594	24,477	22,329	21,209

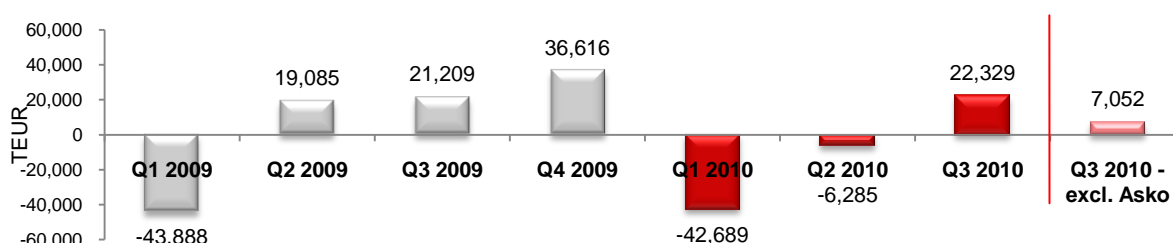


Chart 9: Quarterly developments in free cash flow.

- In the first nine months of 2010, the Gorenje Group had a **negative free cash flow** of EUR 26,645 thousand, which would have been even greater at EUR -41,922 thousand without the Asko takeover effect.
- In the **third quarter 2010**, the Gorenje Group had a positive free cash flow of EUR 22,329 thousand, which would have been only EUR 7,052 thousand had there not been the Asko takeover effect (third quarter 2009: EUR 21,209). Looking quarter-on-quarter, the free cash flow in the third quarter 2010 was not significantly affected by the changes in net current capital. It was positively affected by the decrease in inventories, an effect that was however neutralised by the increase in trade receivables.
- The **negative free cash flow** recorded in the first nine months of 2010 is mainly explainable by movements in **inventories**: while these increased the free cash flow by EUR 51,369 thousand in the same period last year, they decreased it by EUR 4,851 in the first nine months of 2010. The increase in inventories, which was the highest in the first half of 2010, is partly explainable by the increase in net sales and partly, in certain countries of Eastern and South-Eastern Europe, by their longer turnover period. Trade receivables turnover period became longer in the Scandinavian countries, as well as in France and Great Britain.

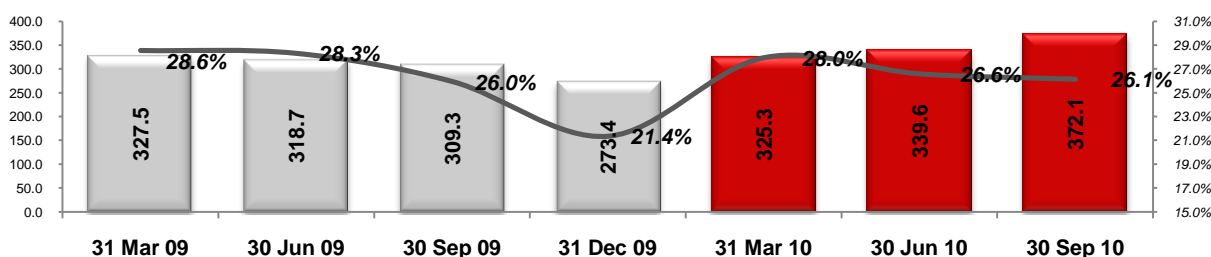


Chart 10: Net current assets in EUR million and as % of net sales (annualised).

- The **cash flow structure** shows that the **net cash flow** significantly improved compared to the first nine months of 2009, but also that the current assets turnover period became longer. This is attributable to the above-mentioned movements in inventories, but also to the longer trade receivables turnover period. To achieve the planned free cash flow of EUR 24,477 thousand in 2010, positive free cash flow in the last quarter 2010 will have to exceed EUR 50,000 thousand. Profitability will be important in this regard, as well as certain measures aimed at improving all components of net current assets (inventories, trade receivables and trade payables).

Other financial management measures

Financial management measures remained focused on protecting the Gorenje Group from the risks brought about by the financial crisis.

- Due to the difficult macroeconomic situation, special attention was paid to **financial risks** in general and **credit risk** in particular: control was strengthened over credit limits granted by credit insurance companies, and trade receivables were collected with even greater intensity.
- **Currency risk** was managed and minimised by natural hedging, i.e. matching of cash flows in each of the currencies used, as well as – mainly in Eastern and South-Eastern Europe – by using derivative financial instruments.
- **Short-term liquidity risk** is well managed using the revolving credit lines, as well as cash that the Gorenje Group has in its bank accounts. As at 30 September 2010, the unused credit lines were EUR 74,453 thousand and cash in bank accounts was EUR 34,269 thousand.
- **Total financial liabilities** stood at EUR 479,494 thousand as at 30 September 2010, up by **EUR 27,252 thousand from year-end 2009**. Had there not been the increase in capital and the Asko takeover, total financial liabilities would have been EUR 490,154 thousand (up by EUR 37,912 thousand from year-end 2009).
- **Bank and other loans** stood at EUR 442,488 thousand as at 30 September 2010, **up by EUR 11,471 thousand from year-end 2009**. Compared to 30 September 2009, bank and other loans decreased by EUR 21,512 thousand, of which EUR 25,000 thousand is attributable to the effect of the increase in capital. Had there not been the increase in capital and the Asko takeover, bank and other loans would have been EUR 437,697 thousand (up by EUR 6,680 thousand from year-end 2009).
- The Gorenje Group continued the **activities aimed at debt restructuring through maturity extension** that it started in the second half of 2009. As at 30 September 2010, the share of long-term bank and other loans decreased to 47.1 % (31 December 2009: 54.4 %; 30 September 2009: 54.9 %), which will change by the end of 2010, when the Gorenje Group will have used the long-term bank and other loans.

Increase in capital by IFC and debt restructuring

- On 25 June 2010, **IFC** paid in 1,876,876 new shares at EUR 13.32 per share, i.e. **EUR 24,999,988.32**. This was entered in the business registry on 5 July 2010 and in the shareholders registry kept by KDD (Central Securities Clearing Corporation) on 8 July 2010. IFC thus became the owner of a stake representing 11.7991 % of Gorenje. The additional capital is intended mainly for the Home Appliances and Energy, Ecology and Services divisions, more precisely for their growth through takeovers, development projects, manufacturing restructuring and brand strengthening.
- In addition to bringing fresh capital, IFC also signed in June 2010 a 7-year loan contract of EUR 50.0 million that the company will use to refinance its existing long-term bank and other loans maturing within the next three years and exceeding the planned free cash flow of the Gorenje Group.
- At the same time, IFC also organised a syndicated bank loan of EUR 51.07 million that is also intended for bridging the difference between the maturing long-term loans of the Gorenje Group and its free cash flow. IFC and the Gorenje Group signed a loan contract on 4 August 2010 that covers the two above-mentioned loans. Under the contract, the two loans should be drawn in three tranches: the first and second tranche at the beginning and end of the last quarter 2010, followed by the third tranche in March 2011.
- The above-mentioned **refinancing will have a positive effect on the structure and maturity of the sources of finance**: by the end of 2010: after the first two tranches have been down, long-term bank and other loans should represent some 60 % of the Gorenje Group's total financial liabilities (compared to 40.1 % on 30 June 2009).

CAPEX by divisions

in EUR thousand	Jan-Sep 2010	Q3 2010	Q2 2010	Q1 2010	YB 2010	Jan-Sep 2009	Q3 2009	Q2 2009	Q1 2009
HA division	15,260	6,540	5,259	3,461	21,924	11,594	2,501	3,291	5,802
HI division	2,050	631	1,158	261	2,449	556	354	77	125
EES division	5,727	2,508	2,288	931	4,422	4,813	1,440	2,091	1,282
Total	23,037	9,679	8,705	4,653	28,795	16,963	4,295	5,459	7,209

- The majority of CAPEX (**EUR 15,260 thousand or 69.6 % of planned CAPEX**) were made by the **Home Appliances Division**, of which EUR 6,280 thousand by the parent company for various projects including its programmes of freezer appliances, heat pumps and solar power plants. The rest of CAPEX were made by Gorenje Tiki, d.o.o., Stara Pazova, and companies within the Atag and Asko groups (their CAPEX were mainly capitalised new product development costs).
- The **Home Interior Division** made CAPEX of **EUR 2,050 thousand or 83.7 % of planned CAPEX**. All money was spent for technical and technological and product restructuring of the manufacturing and sales processes.
- The **Ecology, Energy and Services Division** made CAPEX of **EUR 5,727 thousand or 29,5 % of planned CAPEX**. The majority of money was spent by Publicus, d.o.o., on waste sorting and bio-stabilising infrastructure, and by Gorenje Surovina, d.o.o., for waste-to-fuels equipment.

Summary of business performance of Gorenje, d.d.

In EUR thousand	Jan-Sep 2010	Q3 2010	YB 2010	Jan-Sep 2009	Q3 2009
Net sales	460,168	163,571	623,059	408,994	144,003
EBITDA	27,801	9,140	38,939	7,895	8,669
EBITDA margin (%)	6.0 %	5.6 %	6.3 %	1.9 %	6.0 %
EBIT	7,288	2,470	10,866	-17,185	502
EBIT margin (%)	1.6 %	1.5 %	1.7 %	-4.2 %	0.3 %
PBT	1,173	-88	2,728	-16,293	3,409
PAT	2,107	1,060	2,428	-16,504	3,409
ROS (net return on sales)	0.5 %	0.6 %	0.4 %	-4.0 %	2.4 %
ROA (net return on assets)	0.4 %	0.5 %	0.3 %	-2.7 %	1.7 %
ROE (net return on equity)	0.9 %	1.4 %	0.8 %	-7.3 %	4.7 %
Employees / at period-end	4,681	4,681	4,519	4,886	4,886
Employees / average	4,739	4,694	4,736	5,023	4,901

- Compared to the same period last year, **net sales of the parent company** in the first nine months of 2010 **(1)** increased in the Home Appliances Division by EUR 53,127 thousand (14.0 %) and **(2)** decrease in the Ecology, Energy and Services Division by EUR 1,953 thousand (6.5 %). Altogether, they increased by EUR 51,174 thousand (12.5 %).
- Profit margin** improved by EUR 7,822 thousand (1.7 percentage points) in respect of the difference between net sales and cost of goods and materials, and by an additional EUR 17,623 thousand in respect of the volume of activities. Altogether, net profit margin in this respect increased by EUR 26,145 thousand (18.0 %).
- The structure of profitability development** on the PAT level is as follows:

In EUR thousand

PAT for the period Jan-Sep 2009	-16,505
Profit margin (in respect of cost of goods and materials)	26,145
Costs of services	-2,805
Labour costs	-10,149
Amortisation and depreciation expense	4,567
Other operating expenses	5,563
Other operating income	1,154
Movements in financial items	-7,008
Income tax and deferred taxes	1,145
PAT for the period Jan-Sep 2010	2,107

Table 5: Profitability development bridge of the parent company on the PAT level.

- The parent company has the greatest influence on all categories of profitability of the Home Appliances Division and of the Gorenje Group. For this reason, all significant disclosures regarding movements in profitability items can be found within the analysis of the business performance of the Division and of the Gorenje Group as a whole.

Ownership structure and GRVG shares

- 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, and the company does not have resolutions on the conditional increase in capital.
- As at 30 September 2010, there were 21,000 shareholders entered in the company's shareholders registry, down by 1.9 percent from year-end 2009 (21,623).

Top ten shareholders as at 30 September 2010	No. of shares	%
KAPITALSKA DRUŽBA, D.D.	3,534,615	22.2207
IFC	1,876,876	11.7991
HOME PRODUCTS EUROPE B.V.	1,070,000	6.7267
INGOR, d.o.o., & co. k.d.	794,473	4.9945
KD GALILEO, FLEKSIBILNA STRUKTURA NALOŽB	564,984	3.5518
RAIFFEISEN ZENTRALBANK AG - FIDUCIARNI RAČUN	441,005	2.7724
EECF AG	411,727	2.5884
PROBANKA, d.d.	397,111	2.4965
KD ID, delniška ID, d.d.	333,957	2.0995
TRIGLAV VZAJEMNI SKLADI - DELNIŠKI TRIGLAV	297,090	1.8677
TOTAL TOP TEN SHAREHOLDERS:	9,721,838	61.1172
OTHER SHAREHOLDERS	6,185,038	38.8828
TOTAL	15,906,876	100

- The number of **own shares** as at 30 September 2010 remained the same as at year-end 2009: 121,311 or 0.7626% of share capital.
- The number of **shares owned by supervisory and management board members** also remained the same.
- The **average price** of GRVG shares as at 30 September 2010 was EUR 13.00, up by 4.8% from year-end 2009 (EUR 12.41). For comparison, the LJSEX index of the Ljubljana Stock Exchange dropped by 19.1% in the same period.
- **Earnings per share** in the first nine months of 2010 calculated as the ratio of net profit / loss (annualised) and the number of outstanding shares excluding the average number of own shares (14,534,314) were EUR 0.19 (2009: EUR -0.44).
- **Book value per share** as at 30 September 2010 was EUR 20.70 (31 December 2009: EUR 21.87). It was calculated as the ratio of book value of ordinary shareholder equity to the number of outstanding shares excluding the number of own shares as at 30 September 2010 (15,785,565).
- **Book-to-market ratio** as at 30 September 2010 was 0.63 (31 December 2009: 0.57).
- **Dividend policy** of the Gorenje Group for the 2010-2013 period lays down that up to one third of its net profit shall be allocated for the annual payment of dividends. At their 15th General Meeting, shareholders of Gorenje, d.d., adopted the proposal of the supervisory and management boards not to pay out the dividend for 2009.

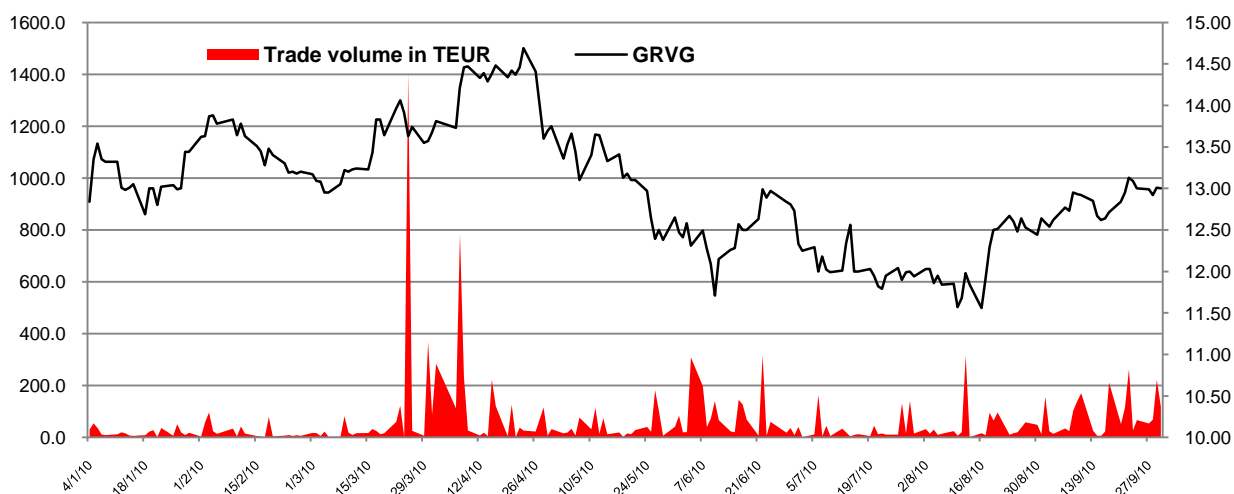


Chart 11: Average price of and daily turnover in GRVG in the period January-September 2010.

Significant events after the statement of financial position date

- In the first round of sale, which took place from 15 September 2010 up to and including 4 October 2010, shares were offered to shareholders which were entered in the registry on the date of publishing the prospectus i.e. 9 September 2010, and had the prior right to register new shares in proportion with their shares in the share capital. **In the first round of sale, 583 subscribers registered and paid total 308,437 shares in the total emission value of EUR 4,108,380.84 representing 16.43 % of shares offered.**
- In the second round of sale, which took place from 8 October 2010 up to and including 22 October 2010, shares were offered to shareholders which were entered in the registry on the date of publishing the prospectus i.e. 9 September 2010, without limitation on the purchase amount of shares. **In the second round of sales, 58 subscribers paid and registered total 53,558 shares in the total emission value of EUR 713,392.56. In the first two rounds of sale, 613 subscribers in total paid and registered 361,995 shares in the total emission value of EUR 4,821,773.40 representing 19.29% of shares offered.**

Apart from the aforesaid, no other significant events occurred after the preparation of the statement of financial position as at 30 September 2010.

Significant business events

- On 4 August 2010, Gorenje signed the last document with IFC relating to the agreement with the syndicate of banks organised by IFC. Prior to this, the Agreement on the capital increase and the Loan arrangement were signed in June.
- On 27 July 2010, a contract was signed in Rome referring to the acquisition of the 100 % share of the Asko Group, with the purchase price set at 4.5 MEUR. Asko, known as the producer of high-quality dishwasher and washing machines in Vara, Sweden, and cookers and ovens Finland, plans to generate EUR 172 million of sales revenue in 2010. Main markets of Asko are located in Scandinavia, USA and Australia. Taking account of the market structure and the production programme, the Asko Group shows a great potential to create important synergies with Gorenje. The Asko Group is included in the financial statements of the Gorenje Group from 1 August 2010 onwards. A detailed presentation of the acquisition of the Asko Group was given during a press conference on 18 August 2010, whereas impacts on the financial result are provided in individual segments of this report.
- Simple models of Gorenje Tiki water heaters with a lower added value are produced in Stara Pazova, Serbia for the past four years, as the production costs are significantly lower than in Ljubljana. During the summer months, Gorenje announced the intention to increase the profitability of this programme and transfer to Serbia also the production of high capacity water heaters and gradually closed down the unprofitable plant in Ljubljana. As a result of increasing the scope of production in Stara Pazova, the building shall be expanded and modernised, while the technical equipment shall be moved from the old site in Ljubljana.
- In the period from 3 to 8 September 2010, Berlin hosted the 50th trade fair for consumer electronics and home appliances known also as the IFA. This year's 50th edition set a new record with the number of visitors and exhibitors from all over the world. Gorenje successfully participated in the third edition of the home appliance industry participation at IFA, as part of the fair and bringing together world's leading manufacturers of household appliances.
- In September 2010, Gorenje Surovina opened a new production line for producing solid fuel from non-hazardous waste. The new business activity is deemed an important step in the transition from the disposal of waste to its thermal use and thus meeting wider environmental goals.

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-September 2010 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 2010 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-September 2010 consists of the main company Gorenje, d.d., and 75 subsidiaries, operating in Slovenia and abroad and 22 Joint Venture companies.

Changes of the Gorenje Group structure

The changes of the Gorenje Group structure till the 30 September 2010 were as follows:

- At the end of January the company EKOGOR družba za predelavo in obdelavo odpadkov, d.o.o., Jesenice in Slovenia has been established. The company is in the 51% stake of the company Publicus, d.o.o., Ljubljana, Slovenia.
- The company Istrabenz Gorenje has been on 1 April 2010 signed the sales contract of the stake in the subsidiary Istrabenz Gorenje Projekt, d.o.o.
- On 26 April 2010 the representative office in Moldova with the head office in the capital city Chisinau has been established.
- On 29 June 2010 has the company Surovina d.d., transformed into Gorenje Surovina d.o.o.
- On 12 July 2010, Gorenje, d.d., purchased from Probanka, d.d., a 21.44% stake in the company Gorenje Surovina, d.o.o., Maribor, that effectively translates into 72.44% of total stake in Gorenje Surovina. Gorenje, d.d., by the consideration of the fact, that Gorenje Surovina, d.o.o., holds 27.31% of the own stake, thus holds 99.75% stake of the Gorenje Surovina, d.o.o.
- On 27 July 2010, Gorenje signed an agreement on taking over the 100-percent ownership share in the Swedish company Askö Appliances Group, which is 100 percent owned by the company Gorenje Nederland B.V.
- On 04 August 2010, the District Court of Ljubljana adopted a decision for the company Gorenje Tiki d.o.o. to initiate a procedure for liquidation/winding up of the company. As of this date, the company has been renamed to Gorenje Tiki, d.o.o. - in liquidation.
- On 06 August 2010, the company Gorenje, d.d. increased the share capital of the company Gorenje Projekt, d.o.o.; at the same time, the share capital of the said company was also increased by the company ISKRA IMPULZ, d.o.o. The companies Gorenje, d.d. and ISKRA IMPULZ, d.o.o. now have proportional ownership in the company Gorenje Projekt, d.o.o.
- In September 2010, the company Gorenje - Albania SH.P.K. was established, which is 100 percent owned by the company Gorenje Nederland B.V.
- In July 2010, the name of the company Vitales Nova Gorica d.o.o. was changed to Istrabenz Gorenje energetsko svetovanje, d.o.o. (abbreviated name IGENS, d.o.o.).
- On 26 September 2010, the company Gorenje GTI d.o.o. Beograd was transferred to the 100-percent ownership of the company Gorenje GTI d.o.o., Velenje; before that, it was owned by the founding company Gorenje Invest d.o.o., Beograd.
- The company GEN-I Sofia SpLLC has been established, which is in the 100-percent ownership of the company GEN-I, d.o.o.

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., - in liquidation, 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.	ENERGYGOR, d.o.o., Velenje	100.00	EES
7.	KEMIS, d.o.o., Vrhnika	100.00	EES
8.	Gorenje Orodjarna, d.o.o., Velenje	100.00	HA
9.	ZEOS, d.o.o., Ljubljana	51.00	EES
10.	ISTRABENZ GORENJE, d.o.o., Nova Gorica	48.686	EES
11.	GEN-I, d.o.o., Krško	24.343	EES
12.	Istrabenz investicijski inženiring, d.o.o., Nova Gorica	48.686	EES
13.	Gorenje Surovina, d.o.o., Maribor	99.75	EES
14.	Indop, d.o.o., Šoštanj	100.00	HA
15.	ERICo, d.o.o., Velenje	51.00	EES
16.	Istrabenz Gorenje inženiring, d.o.o., Ljubljana	48.686	EES
17.	Gorenje Projekt, d.o.o., Ljubljana	50.00	EES
18.	Gorenje design studio, d.o.o., Velenje	52.00	HA
19.	Vitales Nova Gorica, d.o.o., Nova Gorica	48.686	EES
20.	PUBLICUS, d.o.o., Ljubljana	51.00	EES
21.	IG AP, d.o.o., Kisovec	48.686	EES
22.	EKOGOR, d.o.o., Jesenice	26.00	EES

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

46.	Gorenje Romania S.R.L., Romania	100.00	HA
47.	Gorenje aparati za domaćinstvo, d.o.o., Serbia	100.00	HA
48.	Mora Moravia s r.o., Czech Republic	100.00	HA
49.	Gorenje - kuchyně spol. s r.o., Czech Republic	99.98	HI
50.	Kemis-Termoclean, d.o.o., Croatia	100.00	EES
51.	Kemis - BH, d.o.o., Bosnia and Herzegovina	100.00	EES
52.	Gorenje Invest, d.o.o., Serbia	100.00	HA
53.	Gorenje Gulf FZE, United Arab Emirates	100.00	HA
54.	Gorenje Tiki, d.o.o., Serbia	100.00	HA
55.	GEN-I Zagreb, d.o.o., Croatia	24.343	EES
56.	Intrade energija, d.o.o., Bosnia and Herzegovina	24.83	EES
57.	Vitales, d.o.o., Nova Bila, Bosnia and Herzegovina	48.686	EES
58.	Gorenje Istanbul Ltd., Turkey	100.00	HA
59.	Sirovina d.o.o., Bačka Palanka u likvidaciji, Serbia	99.75	EES
60.	Gorenje TOV, Ukraine	100.00	HA
61.	Vitales, d.o.o., Bihać, Bosnia and Herzegovina	48.686	EES
62.	GEN-I, d.o.o, Serbia	24.343	EES
63.	Vitales, d.o.o., Sokolac, Bosnia and Herzegovina	24.343	EES
64.	ST Bana Nekretnine, d.o.o., Serbia	100.00	EES
65.	GEN-I Budapest, Kft., Hungary	24.343	EES
66.	Kemis d.o.o. Valjevo, Serbia	100.00	EES
67.	Kemis – SRS d.o.o., Bosnia and Herzegovina	100.00	EES
68.	ATAG Europe BV, the Netherlands	100.00	HA
69.	ATAG Nederland BV, the Netherlands	100.00	HA
70.	ATAG België NV, Belgium	100.00	HA
71.	ATAG Financiële Diensten BV, the Netherlands	100.00	HA
72.	ATAG Financial Solutions BV, the Netherlands	100.00	HA
73.	Intell Properties BV, the Netherlands	100.00	HA
74.	ATAG Special Product BV, the Netherlands	100.00	HA
75.	Gorenje Nederland B.V., the Netherlands	100.00	HA
76.	Gorenje Kazakhstan, TOO, Kazakhstan	100.00	HA
77.	Gorenje kuhinje, d.o.o., Ukraine	69.986	HI
78.	Vitales Energie Biomasse S.R.L., Italy	32.78	EES
79.	Vitales Čakovec d.o.o., Croatia	48.686	EES
80.	»Euro Lumi & Surovina« SH.P.K., Kosovo	39.93	EES
81.	GEN-I d.o.o., Sarajevo, Bosnia and Herzegovina	24.343	EES
82.	GEN-I DOOEL Skopje, Macedonia	24.343	EES
83.	GEN-I Athens, Greece	24.343	EES
84.	GEN-I Tirana, Albania	24.343	EES
85.	OOO Gorenje BT, Russia	100.00	HA
86.	Vitales inženjering, d.o.o., Prijedor, Bosnia and Herzegovina	24.343	EES
87.	GEN-I Bucharest, Romania	24.343	EES
88.	Gorenje GTI, d.o.o., Serbia	100.00	EES
89.	Asko Appliances AB, Šveden	100.00	HA
90.	Asko Kodinkone, Finland	100.00	HA
91.	Asko Hvidevarer AB, Denmark	100.00	HA
92.	AM Hvidevarer A/S, Norway	100.00	HA

93.	Asko Appliances Inc, USA	100.00	HA
94.	Asko Appliances Pty, Australia	100.00	HA
95.	Asko Appliances OOO, Russia	100.00	HA
96.	»Gorenje – Albania« SH.P.K, Albania	100.00	HA
97.	GEN-I Sofia SpLLC, Bulgaria	24.343	EES

HA - home appliances

HI - home interior

EES - ecology, energy and services

Representatives offices of Gorenje, d.d. abroad:

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

Non-audited consolidated financial statements of the Gorenje Group

Consolidated statement of financial position of the Gorenje Group

in EUR thousand	30 Sep 2010	%	31 Dec 2009	%	30 Sep 2009	%
ASSETS	1,278,741	100.0%	1,178,677	100.0%	1,175,054	100.0%
Non-current assets	560,760	43.9%	574,307	48.7%	577,585	49.2%
Intangible assets	159,169	12.4%	161,560	13.7%	160,078	13.6%
Property, plant and equipment	370,727	29.0%	382,801	32.5%	385,562	32.8%
Investment property	7,574	0.6%	7,802	0.7%	9,897	0.9%
Other non-current investments	6,132	0.5%	6,614	0.5%	12,397	1.1%
Deferred tax assets	17,158	1.4%	15,530	1.3%	9,651	0.8%
Current assets	717,981	56.1%	604,370	51.3%	597,469	50.8%
Non-current assets for sale	1,293	0.1%	1,137	0.1%	1,235	0.1%
Inventories	256,457	20.0%	217,981	18.5%	204,635	17.4%
Current investments	55,845	4.4%	68,218	5.8%	58,779	5.0%
Trade receivables	308,654	24.1%	251,740	21.4%	268,950	22.9%
Other current assets	61,463	4.8%	38,164	3.2%	40,024	3.4%
Cash and cash equivalents	34,269	2.7%	27,130	2.3%	23,846	2.0%

in EUR thousand	30 Sep 2010	%	31 Dec 2009	%	30 Sep 2009	%
EQUITY AND LIABILITIES	1,278,741	100.0%	1,178,677	100.0%	1,175,054	100.0%
Equity	387,455	30.3%	369,644	31.4%	368,629	31.4%
Share capital	66,378	5.2%	58,546	5.0%	58,546	5.0%
Capital surplus	175,575	13.7%	158,487	13.5%	158,487	13.5%
Legal and statutory reserves	21,697	1.7%	21,697	1.8%	21,697	1.9%
Retained earnings	114,526	9.0%	97,788	8.3%	96,253	8.2%
Own shares	-3,170	-0.3%	-3,170	-0.3%	-3,170	-0.3%
Translation reserve	10,055	0.8%	17,405	1.5%	20,553	1.7%
Fair value reserve	593	0.1%	12,822	1.1%	11,813	1.0%
Equity attributable to equity holders of the parent	385,654	30.2%	363,575	30.9%	364,179	31.0%
Minority interest	1,801	0.1%	6,069	0.5%	4,450	0.4%
Non-current liabilities	317,080	24.8%	311,313	26.4%	332,975	28.3%
Provisions	94,260	7.3%	62,158	5.3%	58,363	5.0%
Provisions from government grant	939	0.1%	1,211	0.1%	3,932	0.3%
Deferred tax liabilities	6,052	0.5%	5,585	0.5%	6,342	0.5%
Non-current borrowings	215,829	16.9%	242,359	20.5%	264,338	22.5%
Current liabilities	574,206	44.9%	497,720	42.2%	473,450	40.3%
Current borrowings	263,665	20.6%	209,883	17.8%	219,770	18.7%
Trade payables	193,099	15.1%	196,296	16.6%	164,280	14.0%
Other liabilities	117,442	9.2%	91,541	7.8%	89,400	7.6%

Consolidated income statement of the Gorenje Group

in EUR thousand	Jan-Sep 2010	%	Q3 2010	%	YB 2010	%	Jan-Sep 2009	%	Q3 2009	%	10/09	Plan track
Revenue	965,819	96.6%	355,746	94.4%	1,244,037	99.5%	865,812	100.6%	297,871	101.4%	111.6	77.6
Changes in inventories	-6,291	-0.6%	-9,763	-2.6%	-9,211	-0.7%	-24,592	-2.9%	-10,006	-3.4%	25.6	68.3
Other operating income	40,483	4.0%	31,073	8.2%	14,454	1.2%	19,744	2.3%	6,024	2.0%	205.0	280.1
Gross revenue	1,000,011	100.0%	377,056	100.0%	1,249,280	100.0%	860,964	100.0%	293,889	100.0%	116.2	80.0
Cost of goods, materials and services	-715,121	-71.5%	-258,528	-68.6%	-908,807	-72.8%	-647,351	-75.2%	-213,017	-72.5%	110.5	78.7
Other operating expenses	-26,146	-2.6%	-16,432	-4.3%	-14,903	-1.2%	-11,832	-1.4%	-4,273	-1.4%	221.0	175.4
ADDED VALUE	258,744	25.9%	102,096	27.1%	325,570	26.0%	201,781	23.4%	76,599	26.1%	128.2	79.5
Labour costs	-175,383	-17.6%	-64,047	-17.0%	-227,806	-18.2%	-158,329	-18.3%	-53,875	-18.4%	110.8	77.0
EBITDA	83,361	8.3%	38,049	10.1%	97,764	7.8%	43,452	5.1%	22,724	7.7%	191.8	85.3
Amortisation and depreciation expense	-38,964	-3.9%	-13,351	-3.5%	-52,759	-4.2%	-42,881	-5.0%	-14,645	-5.0%	90.9	73.9
EBIT	44,397	4.4%	24,698	6.6%	45,005	3.6%	571	0.1%	8,079	2.7%	/	98.6
Finance income	8,267	0.9%	2,210	0.6%	6,514	0.5%	14,676	1.7%	4,400	1.5%	56.3	126.9
Finance expenses	-32,784	-3.3%	-14,873	-4.0%	-35,717	-2.8%	-25,753	-3.0%	-8,258	-2.8%	127.3	91.8
Profit before tax	19,880	2.0%	12,035	3.2%	15,802	1.3%	-10,506	-1.2%	4,221	1.4%	/	125.8
Income tax expense	-3,066	-0.3%	-129	0.0%	-5,716	-0.5%	-4,062	-0.5%	-794	-0.2%	75.5	53.6
Profit for the period	16,814	1.7%	11,906	3.2%	10,086	0.8%	-14,568	-1.7%	3,427	1.2%	/	166.7
Attributable to minority interest	76	0.0%	-491	-0.1%	302	0.0%	-497	-0.1%	471	0.2%	/	25.2
Attributable to equity holders of the parent	16,738	1.7%	12,397	3.3%	9,784	0.8%	-14,071	-1.6%	2,956	1.0%	/	171.1
Basic and diluted earnings per share (in EUR)	1.54		3.14		0.70		-1.35		0.85		/	218.9

Statement of comprehensive income of Gorenje Group

in EUR thousand	Jan-Sep 2010	Jan-Sep 2009
Net profit	16,814	-14,568
Other comprehensive income		
Net change in fair value of available-for-sales financial instruments	-115	331
Net change in fair value of available-for-sales financial instruments, transferred in profit	0	-3,206
Effective portion of changes in profit/loss on cash flow hedge	-6,796	-424
Effective portion of changes in profit/loss on cash flow hedge, transferred in profit	1,381	0
Income tax on other comprehensive income	1,078	25
Translation reserve	-7,350	245
Other comprehensive profit	-11,802	-3,029
Total comprehensive profit	5,012	-17,597
Attributable to equity holders of the parent	4,936	-17,100
Attributable to minority interest	76	-497

- An explanation of significant items of the statement of comprehensive income is provided in the explanatory notes to the Accounting Report of the Gorenje Group (page 32 of the Report).

Consolidated cash flows statement of the Gorenje Group

in EUR thousand	Jan-Sep 2010	Jan-Sep 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	16,814	-14,568
Adjustments for:		
Depreciation of property, plant and equipment	34,338	38,003
Amortisation of intangible assets	4,626	4,878
Impairment loss	2,000	0
Investment income	-8,267	-14,676
Finance expenses	32,784	25,753
Income from sale of property, plant and equipment	-902	-351
Negative goodwill	-23,368	0
Tax expenses	3,066	4,062
Operating profit before changes in net operating current assets and provisions	61,091	43,101
Change in trade and other receivables	-89,098	533
Change in inventories	-38,476	48,369
Change in provisions	31,830	-2,007
Change in trade and other liabilities	22,704	-52,660
Cash generated from operations	-73,040	-5,765
Interest paid	-14,884	-15,650
Income taxes paid	-3,066	-4,062
Net cash from operating activities	-29,899	17,624
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	992	456
Proceeds from sale of investments	1,425	3,168
Interest received	2,041	3,173
Dividends received	70	371
Acquisition of subsidiary, net of cash acquired	2,950	0
Acquisition of property, plant and equipment	-20,156	-14,808
Other investments	7,325	3,140
Acquisition of intangible assets	-2,881	-2,155
Net cash used in investing activities	-8,234	-6,655
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of minority interest	-6,900	-7,551
Equity increase	24,920	0
Borrowings / Repayment of borrowings	27,252	-3,687
Net cash used in financing activities	45,272	-11,238
CASH AND CASH EQUIVALENTS		
Net increase/decrease in cash and cash equivalents	7,139	-269
Cash and cash equivalents at beginning of period	27,130	24,115
Cash and cash equivalents at end of period	34,269	23,846

Consolidated statement of changes in equity of the Gorenje Group

in EUR thousand	Share capital	Capital surplus	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 2010	58,546	158,487	21,697	97,788	-3,170	17,405	12,822	363,575	6,069	369,644
Total comprehensive income for the period										
Net profit or loss for the period				16,738				16,738	76	16,814
Total other comprehensive income						-7,350	-4,452	-11,802		-11,802
Total comprehensive income for the period	0	0	0	16,738	0	-7,350	-4,452	4,936	76	5,012
Transactions with owners (when acting as owners) recognised directly in equity										
Contributions by owners and distributions to owners										
Equity increase	7,832	17,088						24,920		24,920
Payment of dividends								0		0
Total contributions by owners and distributions to owners	7,832	17,088	0	0	0	0	0	24,920	0	24,920
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Disposal of subsidiary							-7,777	-7,777	-6	-7,783
Acquisition of non-controlling interests									-4,338	-4,338
Total changes in ownership interests in subsidiaries	0	0	0	0	0	0	-7,777	-7,777	-4,344	-12,121
Total transactions with owners	7,832	17,088	0	0	0	0	-7,777	17,143	-4,344	12,799
Closing balance at 30 Sep 2010	66,378	175,575	21,697	114,526	-3,170	10,055	593	385,654	1,801	387,455

in EUR thousand	Share capital	Capital surplus	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	20,308	15,087	381,279	13,243	394,522
Total comprehensive income for the period										
Net profit or loss for the period				-14,071				-14,071	-497	-14,568
Total other comprehensive income						245	-3,274	-3,029		-3,029
Total comprehensive income for the period	0	0	0	-14,071	0	245	-3,274	-17,100	-497	-17,597
Transactions with owners (when acting as owners) recognised directly in equity										
Contributions by owners and distributions to owners										
Payment of dividends										
Total contributions by owners and distributions to owners	0	0	0	0	0	0	0	0	0	0
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Acquisition of non-controlling interests									-8,296	-8,296
Total changes in ownership interests in subsidiaries	0	0	0	0	0	0	0	0	-8,296	-8,296
Total transactions with owners	0	0	0	0	0	0	0	0	-8,296	-8,296
Closing balance at 30 Sep 2009	58,546	158,487	21,697	96,253	-3,170	20,553	11,813	364,179	4,450	368,629

Notes to the financial statements of the Gorenje Group

Income statement

- **Sales revenues** in the period Jan-Sep 2010 were higher by EUR 100,007 thousand or by 11.6% compared to those generated in the same period of the previous year. The increase has resulted from strong growth (22.9%) in revenue of the Ecology, Energy and Services division and the Home Appliances division's increase in revenue of 9.3% (an increase of EUR 24,673 thousand or 2.9 p.p. due to the Asko Group), while the revenue volume of the Home Interior division recorded a significant setback in comparison with the revenue generated in the comparable period of the last year (by 13.5%).
- Among **other operating revenues**, a negative goodwill in the amount of EUR 23,368 thousand has been recorded, arising from the acquisition of the 100-percent ownership share of the Swedish group of the companies Asko Appliances Group at the end of July 2010. Furthermore, at this item, other operating revenues include revenues from utilisation of provisions (EUR 3,332 thousand), revenues from subsidies (EUR 2,590 thousand), rental income (EUR 892 thousand), revenues from compensations (EUR 916 thousand), revenues related to the Directive on Waste Electrical and Electronic Equipment (EUR 779 thousand), revenues from disposal of fixed assets (EUR 902 thousand) and other operating revenues (EUR 4,324 thousand). Remain part of other revenues in the amount of EUR 3,380 thousand is related to the acquired Asko Group (the majority refers to written-off liabilities).
- The trend dynamics of **costs of goods, materials and services** was slower than the increase of gross operating yield (total operating revenue) and sales revenues, which has mainly resulted from the continuation of activities initiated in 2009 for the optimisation of sales (structural changes from the product aspect and the market aspect), supply chain and costs of services. Despite the increase in volume of operating activities, the costs of services have, in comparison to the same period of the last year, taking into account the comparable values excluding Asko Group impacts, decreased by EUR 12,497 thousand or by 8.7 %, while the costs of materials and the costs of merchandise sold have increased in accordance with the dynamics of growth in volume of business activities.
- Despite lower average number of employees (129 employees or 1.2 % less) compared to the same period of the last year, the **labour costs** were higher by EUR 17,054 thousand or 10.8 %. Such increase has resulted from the transition to a 40-hour work week in the last quarter of the year 2009, modifications of the Work Code in the segment of the minimum wage level and from effects of the employees' demands following the work interruption in September 2009, as well as integration of the acquired Asko Group in the Gorenje Group (EUR 7,018 thousand). Labour costs per employee are higher by 12.1 % compared to the comparable period of the previous year.
- The majority of **other operating expenses** in the amount of EUR 11,012 thousand refers to costs related to the Asko Group, namely for provisions for legal actions, for provisions for reorganisation and for the impairment of fixed assets. Other important expenses refer to costs related to the Directive on Waste Electrical and Electronic Equipment (EUR 6,348 thousand); taxes unrelated to the profit and loss account (EUR 2,501 thousand) and value adjustments of inventories (EUR 1,517 thousand).
- **Added value per employee** is recorded at EUR 23,944, i.e. 29.8 % more than in the same period of the previous year.
- Compared to the comparable period of the previous year, the **negative financial result** is less favourable mainly due to higher attained values of the negative result in other financial movements. It was unfavourably affected by higher attained values of receivables adjustments and the impairment of the financial investments intend to be sold and lower attained values of revenues from sales of investments. The result from financial operations was also adversely affected by a lower result from exchange rate differences and interests.

in EUR thousand	Jan-Sep 2010	Jan-Sep 2009	10/09
Dividend income	70	371	18.9
Interest income *	2,456	3,966	61.9
Income from revaluation due to value maintenance (exchange gains) **	1,040	4,146	25.1
Other finance income	4,701	6,193	75.9
Total finance income	8,267	14,676	56.3
Interest expense *	15,984	16,474	97.0
Expense from revaluation due to value maintenance (exchange losses) **	3,016	2,863	105.3
Other finance expense	13,784	6,416	214.8
Total finance expense	32,784	25,753	127.3
Profit margin - dividends	70	371	18.9
Profit margin - interest	-13,528	-12,508	108.2
Profit margin - revaluation	-1,976	1,283	/
Profit margin - other financial trends	-9,083	-223	/
Total financial trends	-24,517	-11,077	221.3

* inclusive of income (expenses) from interest rate hedges

** inclusive of income (expenses) from currency hedges

- **Income tax** was recorded in the amount for EUR 3,066 thousand and was by 24.5 % lower compared to the same period of the previous year. It comprises the current tax in the amount of EUR 5,024 thousand and the deferred tax amounting to EUR 1,958 thousand. Of the total value of the current tax, a significant share refers to the company Atag.

Statement of comprehensive income

- The statement of comprehensive income records the net effect of impairments and enhancements of financial investments to be sold in the amount of EUR 115 thousand, the negative effect of interest hedging (the effect of interest rate swaps) in the amount of EUR 6,796 thousand and a part of interest hedging costs (interest rate swaps) in the amount of EUR 1,381 thousand, which is already a part of the profit and loss of nine months, but is recorded separately in the statement of comprehensive income, according to IFRS 1 terms and therefore with a positive sign.

Statement of financial position

- Compared to the end of the year 2009, **fixed assets** have decreased mainly due to a lower volume of investing activities, while the current assets have increased mainly in the segment of operating assets. In the structure of assets, the share of fixed assets amounted to 43.9 % and has decreased by 4.8 p.p. compared to the end of the year 2009.

Compared to the balance as at the end of December 2009, **total inventories** have increased by EUR 38,476 thousand or 17.7 %. The increase mainly refers to the integration of the Asko Group in the Gorenje Group (EUR 35,813 thousand). Otherwise, the inventories of materials and finished products in the parent company have increased as a result of interim dynamics of production and sales activities. Compared to the balance as at the end of the comparable period of last year, the inventories have increased by EUR 51,822 thousand or 25.3 %, resulting from previously stated facts as well as larger volume of business activities in the first nine months of 2010.

in EUR thousand	30 Sep 2010	31 Dec 2009	30 Sep 2009	30 Sep 10/ 30 Sep 09	30 Sep 10/ 31 Dec 09
Materials	75,102	64,098	64,615	116.2	117.2
Work in progress	20,462	30,484	27,435	74.6	67.1
Products	128,754	93,711	84,515	152.3	137.4
Merchandise	31,456	28,390	26,591	118.3	110.8
Advances	683	1,298	1,479	46.2	52.6
Total	256,457	217,981	204,635	125.3	117.7

Compared to the entire year 2009, the turnover of inventories of products has decreased by one day and at the same level if considering the comparable period of 2009.

	Jan-Sep 2010	Jan-Dec 2009	Jan-Sep 2009
Turnover of products	31	32	31
Turnover of trade receivables	78	78	83
Turnover of trade payables	73	84	78

- Most of decreases within **current investments** relate to the decrease of short-term deposits with the banks of the parent company.
- **Current trade receivables** have increased, both in comparison to the balance as at the end of the year 2009 and if compared to the same period of the previous year, which has resulted partly from the integration of the Asko Group in the Gorenje Group (EUR 22,894 thousand) and partly from larger volume of business activities and a less favourable liquidity position of customers in all markets.
Turnover of trade receivables has decreased, compared to the same period of the previous year, from 83 to 78 days, and it has remained unchanged in comparison with the year 2009.
- Equity has nominally increased by the amount of net profit for the period, the amount of the equity increase and the amount of fair value reserve formed for deferred tax liabilities; while it has decreased based on decreased fair value reserve formed for revaluation of investments available for sale, on change in value of cash flow hedging, decreased fair value reserve formed for revaluation of property and on decrease of translation reserve.

- **Long-term provisions** have increased, compared to the balance as at the end of the year 2009, mainly in the segment of provisions for sales warranties; by the amount of EUR 19,799 thousand due to the acquisition of the Asko Group and by EUR 4,429 thousand in the parent company. Furthermore, additional provisions for legal actions and reorganisation in the amount of EUR 8,500 thousand have been created at the acquired Asko Group.
- Compared to the end of the year 2009, non-current **financial liabilities** have decreased by EUR 26.530 thousand or 10.9 %, while current financial liabilities have increased by EUR 53,782 thousand or 25.6 %. The increase partly refers to the integration of the Asko Group in the Gorenje Group, i.e. in the amount of EUR 14,340 thousand, and partly it has resulted from an increase in net operating current assets. In the structure of liabilities, financial liabilities at the end of the nine-months period of the year represented 37.5 %, i.e. 0.8 p.p. less than at the end of the year 2009.
- Compared to the balance as at the end of the year 2009, **current operating liabilities** have decreased, despite the increase amounting to EUR 22,512 EUR resulting from the integration of the Asko Group, mainly due to a decrease in the parent company, as a result of lowering the interim purchase dynamics, adjustment of the volume of purchases to the production requirements, and higher accounted but not yet charged costs of suppliers which are recorded among other current liabilities.
The turnover of trade payables has decreased by 11 days if compared to the entire year 2009 and by 5 days if compared to the same period of the previous year.
- **Other current liabilities** which include mostly payables to employees and payables to the state and other institutions, liabilities for advances given, and short-term accrued costs and expenses, record an increase if compared to the year-end 2009; partly resulting from the integration of the Asko Group in the Gorenje Group (EUR 12.250 thousand) and partly from higher accounting of operating expenses while preparing the interim statement of financial position.

Cash flows statement

- The recorded **cash flow from operating activities** was negative. It was positively influenced by depreciation and net profit and loss generated, and negatively by the increase of net operating current assets had a significant negative influence on them.
- **Cash flow from investing activities** was negative predominantly resulting from the acquisition of property, plant and equipment as well as intangible assets, inspite of the significant positive influence of the recall of deposits from the banks.
- **Cash flow from financing activities** was positive due to the investment in the equity capital of Gorenje paid-in by the International Financial Corporation, IFC, and due to an increase of current financial liabilities.

Business and geographical segments of Gorenje Group

in EUR thousand	Home Appliances		Home Interior		Ecology, Energy and Services		Group	
	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2010	Jan-Sep 2009
Revenue from the sale to third parties	700,744	640,891	26,740	30,920	238,335	194,001	965,819	865,812
Inter-segment revenue	4,009	5,736	8,353	11,661	3,556	4,700	15,918	22,097
Interest income	2,161	3,749	18	17	277	200	2,456	3,966
Interest expenses	-14,482	-15,222	-86	-54	-1,416	-1,198	-15,984	-16,474
Amortisation and depreciation expense	-33,372	-37,518	-1,317	-1,556	-4,274	-3,807	-38,964	-42,881
Operating profit or loss	41,643	-2,648	-4,456	-3,114	7,210	6,333	44,397	571
Income tax							-3,066	-4,062
Net profit or loss for the period							16,814	-14,568

in EUR thousand	West		East		Rest of the World		Group	
	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2010	Jan-Sep 2009
Revenue from the sale to others	353,005	322,671	578,727	512,845	34,087	30,296	965,819	865,812

Accounting ratios

	Jan-Sep 2010	YB 2010	Jan-Sep 2009
BASIC PROFITABILITY RATIOS			
Net return on revenue	1.7%	0.8 %	-1.7%
Net return on assets	1.8%	0.9 %	-1.6%
Net return on equity	5.9%	2.7 %	-5.1%
TURNOVER RATIOS			
Assets turnover ratio	1.05	1.07	0.95
Inventory turnover ratio	5.43	5.80	5.05
Trade receivables turnover ratio	4.60	4.59	4.35
BASIC FINANCING STATE RATIOS			
Operating fixed assets rate	0.41	0.46	0.46
Long-term assets rate	0.44	0.48	0.49
BASIC HORIZONTAL FINANCIAL STRUCTURE RATIOS			
Long-term financing to long-term assets ratio	1.26	1.27	1.21
Equity financing rate	0.30	0.33	0.31
Long-term financing rate	0.55	0.61	0.60
Equity to fixed assets ratio	0.73	0.73	0.68
Immediate solvency ratio	0.16	0.17	0.17
Quick ratio	0.80	0.85	0.83
Current ratio	1.25	1.33	1.26
Net financial liabilities / equity	1.00	0.97	1.09
BASIC EFFICIENCY RATIO			
Operating efficiency ratio	1.05	1.04	1.00
Revenue from sale per employee (in EUR)	89,378	118,086	79,178
Added value per employee (in EUR)	23,944	30,904	18,453

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

Statement of financial position of Gorenje, d.d.

in EUR thousand	30 Sep 2010	%	31 Dec 2009	%	30 Sep 2009	%
ASSETS	807,183	100.0%	775,820	100.0%	754,682	100.0%
Non-current assets	424,337	52.6%	436,865	56.3%	436,709	57.9%
Intangible assets	14,929	1.8%	15,999	2.1%	15,434	2.0%
Property, plant and equipment	158,388	19.6%	172,267	22.2%	177,044	23.5%
Investment property	3,520	0.4%	4,462	0.5%	4,462	0.6%
Investments in subsidiaries	234,146	29.0%	232,375	30.0%	227,551	30.2%
Other non-current investments	1,447	0.2%	1,773	0.2%	7,158	0.9%
Deferred tax assets	11,907	1.6%	9,989	1.3%	5,060	0.7%
Current assets	382,846	47.4%	338,955	43.7%	317,973	42.1%
Inventories	92,226	11.4%	75,215	9.7%	75,990	10.1%
Current investments	86,658	10.7%	87,684	11.3%	71,719	9.5%
Trade receivables	177,731	22.0%	165,181	21.3%	156,868	20.8%
Other current assets	26,077	3.2%	10,789	1.3%	13,217	1.7%
Cash and cash equivalents	154	0.1%	86	0.1%	179	0.0%

in EUR thousand	30 Sep 2010	%	31 Dec 2009	%	30 Sep 2009	%
EQUITY AND LIABILITIES	807,183	100.0%	775,820	100.0%	754,682	100.0%
Equity	326,771	40.5%	304,196	39.2%	292,788	38.8%
Share capital	66,378	8.2%	58,546	7.5%	58,546	7.7%
Share premium	157,712	19.5%	140,624	18.1%	140,624	18.6%
Legal reserves and statutory reserves	21,697	2.7%	21,697	2.8%	21,697	2.9%
Retained earnings	90,082	11.2%	87,975	11.4%	77,555	10.3%
Own shares	-3,170	-0.4%	-3,170	-0.4%	-3,170	-0.4%
Fair value reserve	-5,928	-0.7%	-1,476	-0.2%	-2,464	-0.3%
Non-current liabilities	162,526	20.2%	171,783	22.2%	191,623	25.4%
Provisions	27,201	3.4%	26,113	3.4%	24,561	3.3%
Deferred tax liabilities	1,386	0.2%	1,480	0.2%	2,061	0.2%
Non-current financial liabilities	133,939	16.6%	144,190	18.6%	165,001	21.9%
Current liabilities	317,886	39.3%	299,841	38.6%	270,271	35.8%
Current financial liabilities	162,485	20.1%	136,792	17.6%	121,387	16.0%
Trade payables	125,498	15.5%	143,918	18.6%	115,168	15.3%
Other current liabilities	29,903	3.7%	19,131	2.4%	33,716	4.5%

Income statement of Gorenje, d.d.

in EUR thousand	Jan-Sep 2010	%	Q3 2010	%	YB 2010	%	Jan-Sep 2009	%	Q3 2009	%	10/09	Plan track
Revenue	460,168	97.3%	163,571	100.4%	623,059	99.0%	408,994	100.5%	144,003	99.0%	112.5	73.9
Changes in inventories	7,532	1.5%	-2,372	-1.5%	0	0.0%	-10,560	-2.6%	-1,586	-1.1%	/	/
Other operating income	5,459	1.2%	1,729	1.1%	6,327	1.0%	8,530	2.1%	3,056	2.1%	64.0	86.3
Gross revenue	473,159	100.0%	162,928	100.0%	629,386	100.0%	406,964	100.0%	145,473	100.0%	116.3	75.2
Cost of goods, materials and services	-364,814	-77.1%	-126,467	-77.6%	-483,093	-76.8%	-325,058	-79.9%	-111,804	-76.9%	112.2	75.5
Other operating expenses	-3,090	-0.7%	-926	-0.6%	-3,279	-0.5%	-2,482	-0.6%	-720	-0.5%	124.5	94.2
ADDED VALUE	105,255	22.2%	35,535	21.8%	143,014	22.7%	79,424	19.5%	32,949	22.6%	132.5	73.6
Labour costs	-77,454	-16.4%	-26,395	-16.2%	-104,075	-16.5%	-71,529	-17.6%	-24,280	-16.7%	108.3	74.4
EBITDA	27,801	5.8%	9,140	5.6%	38,939	6.2%	7,895	1.9%	8,669	5.9%	352.1	71.4
Amortisation and depreciation expense	-20,513	-4.3%	-6,670	-4.1%	-28,073	-4.5%	-25,080	-6.2%	-8,167	-5.6%	81.8	73.1
EBIT	7,288	1.5%	2,470	1.5%	10,866	1.7%	-17,185	-4.3%	502	0.3%	/	67.1
Finance income	14,663	3.0%	10,130	6.2%	11,400	1.8%	18,709	4.6%	8,371	5.8%	78.4	128.6
Finance expenses	-20,778	-4.3%	-12,688	-7.8%	-19,538	-3.1%	-17,817	-4.4%	-5,464	-3.8%	116.6	106.3
Profit before tax	1,173	0.2%	-88	-0.1%	2,728	0.4%	-16,293	-4.1%	3,409	2.3%	/	43.0
Income tax expense	934	0.2%	1,148	0.7%	-300	0.0%	-211	-0.1%	0	0.0%	/	/
Profit for the period	2,107	0.4%	1,060	0.6%	2,428	0.4%	-16,504	-4.2%	3,409	2.3%	/	86.8
Basic and diluted earnings per share (in EUR)	0.19		0.27		0.17		-1.58		0.98			

Statement of comprehensive income of Gorenje, d.d.

in EUR thousand	Jan-Sep 2010	Jan-Sep 2009
Net profit or loss	2,107	-16,504
Other comprehensive income		
Net change in fair value of available-for-sale financial assets	-115	331
Net change in fair value of available-for-sales financial instruments, transferred in profit	0	-3,206
Effective portion of changes in profit/loss on cash flow hedge	-6,796	-424
Effective portion of changes in profit/loss on cash flow hedge, transferred in profit	1,381	0
Income tax on other comprehensive income	1,078	25
Other comprehensive income	-4,452	-3,274
Total comprehensive income	-2,345	-19,778

- An explanation of significant items of the statement of comprehensive income is provided in the explanatory notes to the Accounting Report of the parent company (page 44 of the Report).

Cash flows statement of Gorenje, d.d.

in EUR thousand	Jan-Sep 2010	Jan-Sep 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	2,107	-16,504
Adjustments for:		
Depreciation of property, plant and equipment	18,630	22,586
Amortisation of intangible assets	1,883	2,494
Investment income	-14,663	-18,709
Finance expenses	20,778	17,817
Income from sale of property, plant and equipment	-93	-53
Tax expenses	-934	211
Operating profit before changes in net operating current assets and provisions	27,708	7,842
Change in trade and other receivables	-26,926	21,775
Change in inventories	-17,011	29,958
Change in provisions	1,088	374
Change in trade and other liabilities	-7,648	-26,582
Cash generated from operations	-50,497	25,525
Interest paid	-8,326	-11,698
Income taxes paid	347	-475
Net cash from operating activities	-30,768	21,194
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	850	316
Proceeds from sale of investments	1,526	0
Dividends received	1,425	3,168
Interest received	-8,772	40,106
Acquisition of subsidiary, net of cash disposed	1,845	2,838
Sales of subsidiary, net of cash disposed	0	642
Acquisition of property, plant and equipment	-5,465	-4,234
Other investments	4,320	7,420
Acquisition of intangible assets	-815	-490
Net cash used in investing activities	-5,086	49,766
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity increase	24,920	0
Borrowings / Repayment of borrowings	11,002	-70,855
Net cash used in financing activities	35,922	-70,855
CASH AND CASH EQUIVALENTS		
Net increase in cash and cash equivalents	68	105
Cash and cash equivalents at beginning of period	86	74
Cash and cash equivalents at end of period	154	179

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 2010	58,546	140,624	21,697	87,975	-3,170	-1,476	304,196
Total comprehensive income for the period							0
Net profit or loss for the accounting period				2,107			2,107
Total other comprehensive income						-4,452	-4,452
Total comprehensive income for the period	0	0	0	2,107	0	-4,452	-2,345
Transactions with owners (when acting as owners) recognised directly in equity							0
Contributions by owners and distributions to owners							0
Equity increase	7,832	17,088					24,920
Payment of dividends							0
Total contributions by owners and distributions to owners	7,832	17,088	0	0	0	0	24,920
Total transactions with owners	7,832	17,088	0	0	0	0	24,920
Closing balance at 30 Sep 2010	66,378	157,712	21,697	90,082	-3,170	-5,928	326,771

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
Total comprehensive income for the period							0
Net profit or loss for the accounting period				-16,504			-16,504
Total other comprehensive income						-3,274	-3,274
Total comprehensive income for the period	0	0	0	-16,504	0	-3,274	-19,778
Transactions with owners (when acting as owners) recognised directly in equity							0
Contributions by owners and distributions to owners							0
Payment of dividends							0
Total contributions by owners and distributions to owners	0	0	0	0	0	0	0
Total transactions with owners	0	0	0	0	0	0	0
Closing balance at 30 Sep 2009	58,546	140,624	21,697	77,555	-3,170	-2,464	292,788

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

Income statement

Revenue

- Within the total sales structure, the **sale of own produced household appliances** generated **EUR 314,140 thousand**, i.e. **a share of 68.2 %**; if compared to the same period of the previous year, the sale was **higher by 11.1 %**.

The remaining part of sale was recorded at EUR 146,028 thousand and indicates **an increase of 15.6 %** if compared to the first nine months of 2009. The favourable impact was caused by higher revenue from sale of household appliances via agents (sale of products outside own production) by 22.0 % and higher revenue from sale of products of the Home Appliances division by 23.6 % (sales of the programme "Servis", marketing of materials, semi-finished products and services) if compared to the same period of the previous year.

Revenue from sale outside the Home Appliances division, which includes the programmes Point, Indop, Solar and the ecology, energy and environment programme, has decreased by 6.5 % if compared to the same period of the previous year.

Other operating revenues show a **decrease of 36.0 %** compared to the same period of the previous year, resulting from the transition to a 40-hour work week (already in October 2009) and thus termination of state subsidies used for partial financing of full working hours and salary compensations for employees temporarily put on leave. Other operating revenues also include rental income, compensations for damage, grants, and income from trademark fees.

Costs and expenses

- **Costs of goods, materials and services have increased** by 12.2 % if compared to the same period of the previous year as a result of larger volume of business activities which, due to structural changes in sales (on both the product and market level) and positive impacts of the supply chain optimisation, have a positive influence on lower share of costs of goods, materials and services in the structure of gross operating yield. Higher **acquisition costs of merchandise and material sold** by 16.8 % if compared to the first three quarters of the year 2009 are a result of higher revenue from sale via agents. Higher **costs of raw materials and material** by 13.8 % compared to the same period in 2009 are a result of an increased production of household appliances by 13.4 %. **Costs of services** record a decrease of 0.5 % compared to the comparable period of the previous year, which is a result of activities for optimisation of business activities.

in EUR thousand	Jan-Sep 2010	Jan-Sep 2009	10/09	Jan-Jun 2010	Jan-Jun 2009	10/09	Jan-Mar 2010	Jan-Mar 2009	10/09
Costs of goods, materials and services	364,814	325,058	112.2	238,347	213,254	111.8	120,445	118,814	101.4
- costs of merchandise and material sold	103,345	88,458	116.8	69,535	58,772	118.3	35,260	34,617	101.9
- cost of materials	207,693	182,565	113.8	134,353	116,859	115.0	67,543	63,118	107.0
- cost of services	53,776	54,035	99.5	34,459	37,623	91.6	17,642	21,079	83.7
Labour costs	77,454	71,529	108.3	51,059	47,249	108.1	25,415	23,450	108.4
Amortisation and depreciation expense	20,513	25,080	81.8	13,843	16,913	81.8	7,426	8,476	87.6
Other operating expenses	3,090	2,482	124.5	2,164	1,762	122.8	641	705	90.9
Total operating expenses	465,871	424,149	109.8	305,413	279,178	109.4	153,927	151,445	101.6

- **Labour costs** have increased by 8.3% compared to the comparable period of the previous year, resulting from the agreement with the employees following the work interruption in September 2009, transition to higher minimum wage in the last four months of the year 2009 and transition to a 36-hour/32-hour work week in the first/second quarter of the year 2009 (this effect is no longer present in 2010).
- Compared to the comparable period of the previous year, **amortisation and depreciation expense** has decreased by 18.2%, resulting from lower investments in property, plant and equipment and from extended life period some of the production fixed assets. Life period has been extended to those fixed assets based on the ascertainments of the regular estimations adequacy of the fixed assets valuation.
- Compared to the same period of the last year, **other operating expenses** are higher by 24.5 %, predominantly due to higher expenses for environmental protection.
- **Added value per employee** is recorded at EUR 22.210, i.e. 40.5 % more than attained value in the same period of the previous year.

- **Financial trends** have decreased the operating profit by EUR 6.115 thousand, mainly due to less favourable results of realised currency forward agreements and interest rate swaps. It was favourably influenced by lower interest expenses.

in EUR thousand	Jan-Sep 2010	Jan-Sep 2009	10/09	Jan-Jun 2010	Jan-Jun 2009	10/09	Jan-Mar 2010	Jan-Mar 2009	10/09
Interest income*	3,179	4,708	67.5	1,979	3,485	56.8	1,112	1,365	81.5
Income from sale of financial investments	0	7,067	/	0	0	/	0	0	/
Income from revaluation due to value maintenance**	868	4,606	18.8	874	3,540	24.7	645	1,076	59.9
Other finance income	10,616	2,328	456.0	1,680	3,313	50.7	104	35	297.1
Total finance income	14,663	18,709	78.4	4,533	10,338	43.8	1,861	2,476	75.2
Interest expense *	-8,935	-11,408	78.3	-5,211	-8,481	61.4	-2,917	-4,287	68.0
Expense from revaluation due to value maintenance**	-2,264	-2,863	79.1	-1,253	-1,536	81.6	-554	-423	131.0
Other finance expense	-9,579	-3,546	270.1	-1,626	-2,336	69.6	-420	-1,001	42.0
Total finance expense	-20,778	-17,817	116.6	-8,090	-12,353	65.5	-3,891	-5,711	68.1
Profit margin – interest	-5,756	-6,700	85.9	-3,232	-4,996	64.7	-1,805	-2,922	61.8
Profit margin – sale of financial investments	0	7,067	/	0	0	/	0	0	/
Profit margin – revaluation**	-1,396	1,743	/	-379	2,004	/	91	653	13.9
Profit margin - other financial trends	1,037	-1,218	/	54	977	5.5	-316	-966	32.7
Total financial trends	-6,115	892	/	-3,557	-2,015	176.5	-2,030	-3,235	62.8

* 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 934 thousand which refer mostly to expenses not yet recognised and hence disclosed as deferred tax assets.

Statement of comprehensive income

- The disclosure of the contents of the items of the parent company's comprehensive income is already included in the explanatory notes to the statement of comprehensive income of the Gorenje Group.

Statement of financial position

- As at 30th September 2010, the **total in the statement of financial position** amounted to EUR 807,183 thousand and shows an increase of 4.0 % compared to the end of the year 2009, resulting from an increase in net operating current assets.
- As for the **assets** side of the statement of financial position, the structure changed in favour of current assets in comparison to the end of the year 2009. Fixed assets represent 52.6% of total assets, whereas at the end of the year 2009, they amounted to a share of 56.3 %.
- A lower value of **investment property** has resulted from their impairment to the fair value.
- **Investments in subsidiary companies** have increased by the following values:
 - the value of equity increase in the company Istrabenz-Gorenje, d.o.o. in the amount of EUR 1,494 thousand and in the company Gorenje Projekt, d.o.o. in the amount of EUR 376 thousand;
 - the value of share increase in the company Surovina, d.o.o. (from 51.00% to 72.44% stake) in the amount of EUR 6,902 thousand

At the same time, the investment of EUR 7,000 thousand in the subsidiary company Gorenje Tiki Ljubljana, d.o.o. which has been in liquidation since 01 August 2010, was transferred to other short-term receivables.

- **Inventories of material** have increased by 18.5 % compared to previous year as a result of adjustment of purchase activities to the needs of the production; the average turnover of inventories of material has decreased by 10 days from the 2009 average. **Inventories of products** have increased by 41.7% compared to the end of the previous year, as a result of the attained year on year dynamics of production and sales activities; the average turnover of inventories of products has reached 23 days, i.e. 3 days less than the 2009 average. **Inventories of merchandise** in the amount of EUR 8.734 thousand have increased by 36.5% due to an increase in inventories of products of the complementary and supplementary programme as well as purchased tools intended for further resale.

- Compared to the end of the year 2009, short-term financial investments have remained at almost the same level, and include also the receivables for associated dividends in the amount of EUR 7.614 thousand.
- The balance of **short-term trade receivables** is by 7.6 % higher than the balance recorded as at 31 December 2009; this is a result of larger volume of business activities since the last quarter of the year 2009. The average turnover of trade receivables is by 3 days lower compared to the 2009 average.
- Compared to the 2009 average, the turnover of **trade payables** has increased by 7 days in the first nine months of 2010.
- Compared to the balance as at the end of the year 2009, **other current assets** have due to short-term deferred costs/expenses and provisionally uncharged revenues, as well as the transfer of investment in the subsidiary company Gorenje Tiki, d.o.o., Ljubljana to current assets due to the winding-up of the said company increased by 141.7%.
- As for the equity and **liabilities structure** as at 30th June 2010, non-current liabilities exceed non-current assets by 15.0%. Equity and long-term provisions account for a 43.9 % share in the said structure, which still provides a moderate equity structure.
- If compared to the end of the year 2009, changes in the Company's **equity** refer to the following:
 - increase due to net operating profit amounting to EUR 2,017 thousand,
 - increase due to the equity increase, reduced by equity increase costs, in the amount of EUR 24,920 thousand,
 - decrease in fair value reserves formed for revaluation of investments available for sale to the market value of EUR 115 thousand,
 - decrease in fair value reserves formed for cash flow hedge amounting to EUR 5,415 thousand, and
 - increase in fair value reserves formed for deferred tax liabilities in the amount of EUR 1,078 thousand.
- **Long-term provisions** have increased due to provisions for sales warranties in the amount of EUR 4,429 thousand.
- **Non-current financial liabilities** are lower than in 2009 due to repayments of due borrowings exceeding the amounts of new borrowings.
- Compared to the previous year, **current financial liabilities** have increased due to utilisation of unutilised revolving lines. **Trade payables** are lower if compared to the end of the year 2009 which is mostly due to interim purchase dynamics and adjusting the volume of purchases to the production requirements, and due to a larger volume of accounted but not yet charged costs of suppliers which are recorded among other current liabilities.
- **Other current liabilities** include mostly payables to employees and payables to the state and other institutions, liabilities for advances given, and short-term accrued costs and expenses. They have increase if compared to the end of the previous year; this is mainly a result of higher accounting of operating costs/expenses while preparing the interim statement of financial position.

Cash flows statement

- **Cash flow from operating activities** was negative due to an increase in operating and other receivables, inventories and due to a decrease in liabilities to suppliers, and on the other hand, they were positively influenced by depreciation and operating profit generated in the accounting period.
- **Cash flow from investment activities** was negative mainly as a result of the equity increase of subsidiary companies and purchase of business share in the subsidiary company Gorenje Surovina, d.o.o., Maribor.
- **Cash flow from financing activities** was positive due to the amount for the equity increase paid-in by IFC and additional borrowing.

Accounting ratios

	Jan-Sep 2010	YB 2010	Jan-Sep 2009
BASIC PROFITABILITY RATIOS			
Net return on revenue	0.46%	0.39%	-4.04%
Net return on assets	0.35%	0.32%	-2.70%
Net return on equity	0.89%	0.80%	-7.27%
TURNOVER RATIOS			
Assets turnover ratio	0.78	0.82	0.67
Inventory turnover ratio	7.33	7.51	5.99
Trade receivables turnover ratio	3.58	3.70	3.31
BASIC FINANCING STATE RATIOS			
Operating fixed assets rate	0.22	0.24	0.26
Long-term assets rate	0.53	0.55	0.58
BASIC HORIZONTAL FINANCIAL STRUCTURE RATIOS			
Long-term financing to long-term assets ratio	1.15	1.17	1.11
Equity financing rate	0.40	0.41	0.39
Long-term financing rate	0.61	0.64	0.64
Equity to fixed assets ratio	1.85	1.72	1.49
Immediate solvency ratio	0.27	0.24	0.27
Quick ratio	0.91	0.92	0.90
Current ratio	1.20	1.26	1.18
Net financial liabilities / equity	0.64	0.63	0.73
BASIC EFFICIENCY RATIO			
Operating efficiency ratio	1.02	1.02	0.96
Revenue from sale per employee (in EUR)	97,102	131,558	81,424
Added value per employee (in EUR)	22,210	30,197	15,812

Information regarding the Report and the public announcement

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 2010** 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-September 2010 was discussed and adopted by the Supervisory Board at its 4th meeting on 23rd of November 2010. The Report can be viewed at the company headquarters at Partizanska 12, Si-3503 Velenje, Slovenia; as of 23rd of November, it has also been available on the Ljubljana Stock Exchange electronic information system and on www.gorenje.com web-site.

Factors affecting forward-looking statements

This public announcement of the Non-Audited Interim report for the Period January – September 2010 contains “forward-looking” statements and information – that is, statements related to future, not past, events, within the meaning of the Securities Market Act and the Rules and Regulations of the Ljubljana Stock Exchange. These statements may be identified by words such as “expects,” “looks forward to,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “will,” “project” or words of similar meaning. Such statements include, among others, the financial goals and targets of parent company Gorenje, d.d., and Gorenje Group for future periods and future business and financial plans. These statements are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially due to a variety of factors. A variety of factors, many of which are beyond Gorenje’s control, affect Gorenje’s operations, performance, business strategy and results and could cause the actual results, performance or achievements of Gorenje to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors include, but may not be limited to the following: consumer demand and market conditions in the geographical areas and industries in which Gorenje Group operates, effects of currency fluctuations, competitive pressures to reduce prices, significant loss of business from major retailers, the possibility that customers may delay the conversion of booked orders into revenue or that prices will decline as a result of continued adverse market conditions to a greater extent than currently anticipated by Gorenje’s management, the success in developing new products and marketing initiatives, developments in product liability litigation, progress in achieving operational and capital efficiency goals, the success in identifying growth opportunities and acquisition candidates and the integration of these opportunities with existing businesses, continued volatility and a further deterioration of the capital markets, progress in achieving structural and supply-chain reorganization goals. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement as expected, anticipated, intended, planned, believed, sought, estimated or projected. Gorenje does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.