

**gorenje**



**NON-AUDITED CONSOLIDATED AND NON-COSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2009**

Gorenje Group and the main company Gorenje, d.d., in accordance with the International Financial Accounting Standards (IFRS)

The Management Board of the company Gorenje, d.d.

Velenje, Slovenia March 2010

**60** YEARS OF CREATIVITY

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## **Letter by the CEO and President of the Management Board**

Gorenje is one of the keenest European home appliance manufacturers with head office in Slovenia (EU). With nearly half a century of tradition in business operations outside the home country, we have the status of the most internationalised Slovenian company; over 95 percent of our total revenues are generated in foreign markets.

In the year 2009, we were intensively dealing with the changes brought to our business, social and political spheres by the global economic crisis.

Since autumn 2008, the changed circumstances have required fast and effective measures as well as intensive communication with employees, business partners, the banking environment, shareholders and the media. The Management Board instantaneously introduced economy measures in optimising costs of material, all kinds of services and work, as well as measures for sale promotion. In order to neutralise the negative impacts of the crisis, all the year's activities were focused on three objectives: to provide free cash flow, to strengthen market shares and to preserve productive workplaces.

Gorenje is focused on the end consumer; therefore, the reputation and recognition of the brand which was evaluated by the independent European Brand to the brand value of EUR 458 million, are of key importance for our performance. In a mature branch of industry, where there is no great growth and where economy of scale is necessary for competitiveness, a company needs to be innovative and distinguishable from others and it needs to build its trademark. By covering various segments and all price classes, we adapted the range of products, 85 percent of which are sold under our own trademark, to changes in consumers' behaviour during the recession. This helped us retain or even strengthen our market shares in the majority of markets. With the help from national measures to mitigate the impacts of the crisis, we managed to preserve productive workplaces and to start gradual adjustment of the number of employees to the volume of business activities.

We managed to meet our obligations to the banks, to successfully maintain an optimal level of inventories and to actively adapt other categories of net current assets to the circumstances of business operations. We directed investments to new products and necessary development activities, and improved the current profitability of operations. With all these measures, we managed to achieve free cash flow of over EUR 30 million and to pay off financial debt of a similar amount.

The operating results have reached positive figures in the second half of the year, which is very important due to the fact that the crisis has not yet begun to slow down. Market conditions still remain very difficult and the manufacturers of permanent goods are increasingly negatively affected by the increasing unemployment rate.

It was estimated by the Supervisory Board that in the time of crisis, the Management Board responded to changeable and unpredictable conditions in a fast and efficient manner, which enabled Gorenje to successfully resist the negative effects and to exceed the planned free cash flow. Last year, the net profit or loss was negative after almost two decades, but Gorenje managed to retain market shares in the majority of markets and preserve productive workplaces, thus fulfilling the key goals of the year 2009.

A slow stabilisation of the situation fills us with realistic optimism, however, we are staying firmly on the ground, ready for any changes. We are aware that we need to constantly improve. Therefore, with our activities for effective management of business processes, we are setting solid foundations for the future. The difficult year 2009 has set substantially changed foundations, but we have ambitious plans for the year 2010. We are planning growth in all segments of business operations and I am certain that we will be able to find solutions to ensure a long-term stability of the parent company and the Gorenje Group as a whole.

Mr. Franjo Bobinac, MBA  
CEO and President of the Management Board

## General information

The **non-audited consolidated report of the Gorenje Group for the period January – December 2009 and non-audited non-consolidated report of the Gorenje, d.d., for the period January – December 2009** is published by corporation Gorenje, d.d., Partizanska 12, Si-3503 Velenje, Slovenia, as provided by the Regulations of the Ljubljana Stock Exchange (Ljubljanska borza vrednostnih papirjev, d.d.), and the Securities Market Act. Major changes of data provided in the stock exchange listing prospectus are duly and regularly published in the Delo newspaper, on the Ljubljana Stock Exchange electronic information system SEOnet, and on the company website at [www.gorenje.com](http://www.gorenje.com). The non-audited report of Gorenje, d.d., and the Gorenje Group for the year 2009 was discussed and adopted by the Supervisory Board at its 36<sup>th</sup> meeting on 11<sup>th</sup> of March 2010. The Report can be viewed at the company headquarters at Partizanska 12, Si-3503 Velenje, Slovenia; as of 11<sup>th</sup> of March 2010, it has also been available on the Ljubljana Stock Exchange electronic information system and on [www.gorenje.com](http://www.gorenje.com) web-site.

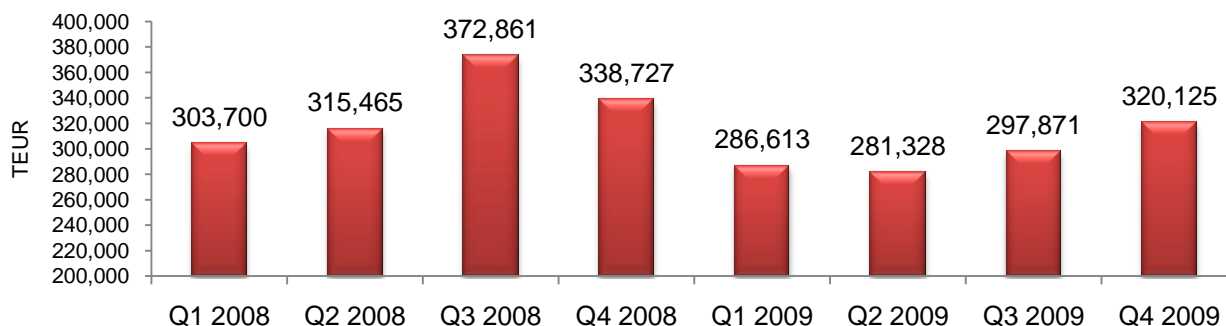
## Operating conditions in the year 2009

Already in the last two months of the year 2008, the Gorenje Group was faced with negative impacts of the global financial and economic crisis which was further aggravated, upon the occurrence of recessive business conditions, in the first half of the year 2009. Such rapid negative development of events prevented a parallel structural (cost) adaptation of the Group's companies to the downward trend of business activities, which caused the profitability of operations to deteriorate with dynamics faster than that of decrease in sales. The downward trend of profitability began to weaken already in the second quarter of the year 2009, and in the third quarter, the Group already achieved a positive profitability level and managed to maintain it until the end of the year. An improvement of the profitability trend, in dependence of normal seasonal and interim variations in the volume of business activities and profitability of the industry, is also planned for the year 2010, both in EBIT and in net profit.

## Business performance of the Gorenje Group

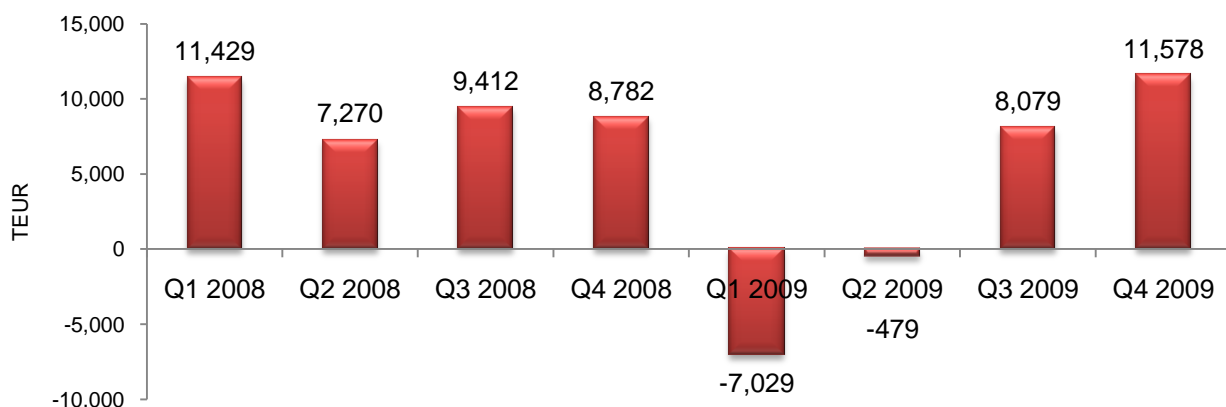
in EUR million	2009	2008	Change in %
Revenue	1,185.9	1,330.8	-10.9%
Gross Operating Yield	1,206.8	1,363.4	-11.5%
EBITDA	68.2	94.0	-27.4%
<i>EBITDA Margin in %</i>	<i>5.8%</i>	<i>7.1%</i>	<i>/</i>
EBIT	12.1	36.9	-67.2%
<i>EBIT Margin in %</i>	<i>1.0%</i>	<i>2.8%</i>	<i>/</i>
Profit before tax (PBT)	-9.3	15.5	-160.0%
Net profit	-12.2	10.2	-219.6%
ROS in %	-1.0%	0.8%	/
Average Number of Employees	10,907	11,432	-4.6%

- Following two consecutive quarters of downward trend, the **volume of business activities** began increasing in the third quarter and maintained its positive movement until the end of the business year. The volume of decrease in sales revenue was influenced by the decline in consumption due to the downward trend of end customers' borrowing caused by negative impacts of the financial crisis and, consequently, by the adaptation of the supply to modified behaviour in the consumption of home appliance manufacturers, as well as by different geographical aggravation of crisis conditions of business operations. Namely, the adaptations to modified behaviour in the consumption have caused, in the home appliance segment, large shifts in the market placement of important trademarks, and the negative impacts of the crisis on the consumer purchasing capacity were the strongest in the traditionally strongest markets of the Gorenje Group, i.e. in the markets of Eastern and South-Eastern Europe. The above described negative impacts were partly replaced by the increase in sales volume in the markets of Western and Northern Europe and by the positive impact of the annual sales volume of the company Atag that was attached in mid-2008.



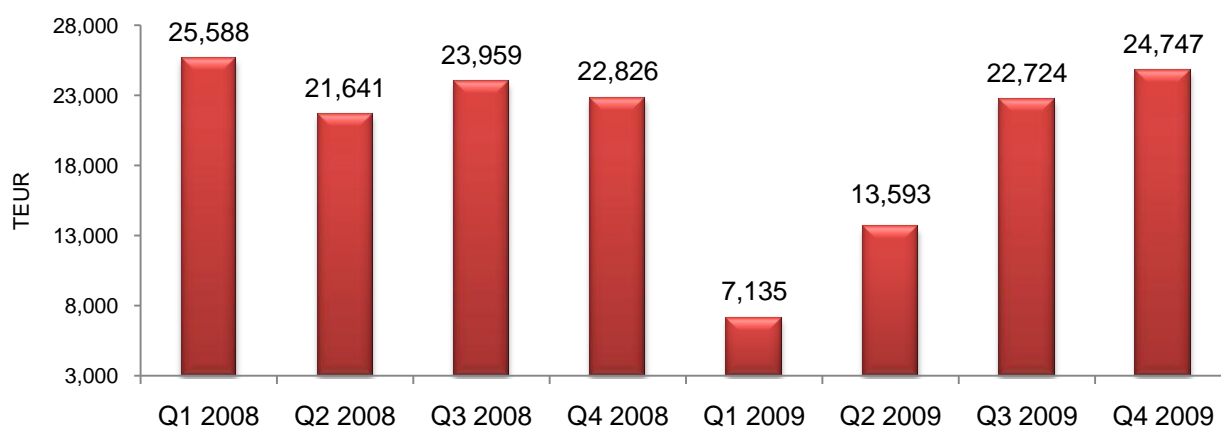
Consolidated Revenue developments by Quarters

- Beside a significant decrease in the volume of sales revenue, the **profitability of operations** of the Gorenje Group at the **EBIT** level was most influenced by structural changes at the product level (the segment or product aspect) and at the market level (the regional or geographic aspect). Particularly the latter two, a shift from markets with higher sales profitability to markets with a low one and a gradual (process, structural) adaptation of costs to lower sales volume, had a key impact on weakening of EBIT. Despite the above described events at the volume of business operations and unfavourable structural changes in the selling markets of the Gorenje Group, the negative operating profitability was neutralised already at the end of the first half of the year and remained positive in the remaining two quarters of the year 2009. Such development of profitability was most stimulated by the restructuring and optimisation in the sales segment, cost optimisation of operations (the material and service segment) and by the adaptation (improvement) of the operating productivity to the levels from before the crisis (harmonisation and improvement of the labour cost trend according to the trend of volume of business activities, and by taking into account the comparable data resulting from attaching the company Atag in mid-2008. Considering the projections in the plan for the year 2010, the development of profitability from the last two quarters of the year 2009 will continue into the year 2010.



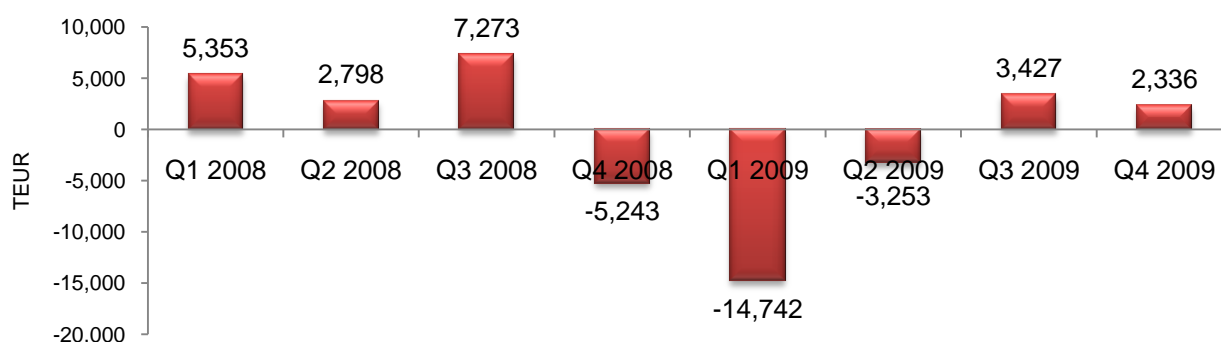
EBIT developments by Quarters

- Resulting from the above described development of the situation and events in the year 2009 to the EBIT level, **EBITDA** decreased considerably in the first half of the year compared to the previous year; however, already in the third quarter of the year, its level approached the level of the year 2008 and even exceeded it in the last quarter.



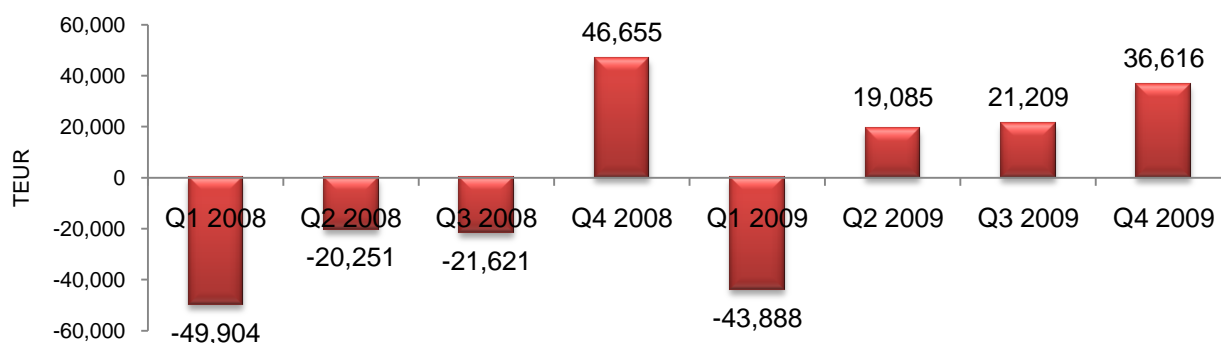
*EBITDA developments by Quarters*

- In 2009, we attained the financial result at a similar level to that of the year 2008 and reached EUR 9.3 million PBT. Due to the taxation of those companies within the Group which had achieved positive results, the net loss increased to EUR 12.2 million.



*Net Profit developments by Quarters*

- Beside profitability, one of our main key goals in the year 2009 was the attainment of **free cash flow** representing one of the most important elements in restructuring the finance resources for business activities of the Gorenje Group. Despite negative net operating profitability, we focused our investments on necessary development segments of business operations, lowered the financial burden of these operations, and with a significant reduction of net current assets, we attained positive free cash flow representing an improvement in the amount of EUR 78.1 million compared to that attained in the year 2008.



*Free Cash Flow developments by Quarters*

**Business performance of the main company**

in EUR million	2009	2008	Change in %
Revenue	586.6	764.1	-23.2%
Gross Operating Yield	587.1	777.3	-24.5%
EBITDA	23.0	49.7	-53.7%
<i>EBITDA Margin in %</i>	3.9%	6.5%	/
EBIT	-9.8	14.1	-169.6%
<i>EBIT Margin in %</i>	-1.7%	1.8%	/
Profit before tax (PBT)	-8.7	11.9	-173.5%
Net profit	-6.1	12.0	-150.8%
ROS in %	-1.0%	1.6%	/
Average Number of Employees	4,980	5,421	-8.1%

- Being the largest manufacturer of home appliances in the Gorenje Group, the parent company suffered an even larger decline in the **volume of business activities** compared to the Group as a whole. The parent company extensively generates the quality of the Group's operations as well. Therefore, the reasons for such events are the same as the reasons for a decrease in the sales volume on the Gorenje Group as a whole.
- **EBIT** fell to the lowest level in the first quarter, but through the year, it kept significantly increasing quarter to quarter. It is of key importance that the parent company managed to equalise the profit margin referring to the costs of goods and materials at an annual level with the profit margin achieved in 2008 (harmonisation of the decrease in the volume of sales revenue and the reduction of costs of goods and materials) and that the dynamics of the cost reduction is faster than the dynamics of the decrease in the volume of sales. Thus we have achieved the same relative level of added value in the operating revenues as in 2008. From the aspect of productivity of business operations, i.e. the portion of labour costs included in the added value and in the sales revenues, the dynamics of reduction of labour costs has reached a half of the dynamics of decrease in the volume of business activities, predominantly due to the negative impact of the consequences of the agreement between the Management Board and the workers' representatives following the work interruption in September.
- **EBITDA** entirely followed the dynamics of changes in EBIT and it was, at the same amortisation value, in both comparable years lower only due to effects realised up to the EBIT level.
- Profit or loss before tax was improved due to a positive financial result and to the level of the achieved **net loss** from deferred taxes in the amount of EUR 2.7 million.
- By keeping a low volume of investments in the year 2009 (focusing exclusively on development projects) and by qualitatively managing the volume of the net current assets, the company achieved EUR 39.2 million of positive **free cash flow** and thus exceeded the cash flow achieved in the year 2008 by EUR 28.4 million.
- In accordance with the provisions of the Companies Act on **the use of net profit** and with the resolution of the Management Board, the company will cover the net loss of the year 2009 in the amount of EUR 6,083,955.50 by charging it to retained earnings amounting to EUR 7,012,593.42. The non-audited **distributable profit** for the year 2009 thus amounts to EUR 928,597.92 and will, upon the Management Board's proposal, remain undistributed. The proposal for the formation of the distributable profit and its use will be discussed, together with the annual report, by the Supervisory Board at its meeting.

## Ownership Structure as at 31 December 2009

- Number of shares held by ten major Shareholders decreased in one year by -0.4%. The number of shares held by ten major Shareholders decreased from 8,177,020 to 8,144,286 shares or by 32,734.

Shareholder	No. of Shares	%	City	Country
KAPITALSKA DRUŽBA, D.D.	3,534,615	25.1933%	Ljubljana	Slovenia
HOME PRODUCTS EUROPE B.V.	1,070,000	7.6265%	Velp	Netherlands
INGOR, d.o.o., & co. k.d.	794,473	5.6627%	Ljubljana - Črnuče	Slovenia
KD GALILEO,	564,984	4.0270%	Ljubljana	Slovenia
RAIFFEISEN ZENTRALBANK AG	467,571	3.3327%	Vienna	Austria
PROBANKA d.d.	412,276	2.9385%	Maribor	Slovenia
EECF AG	411,727	2.9346%	Zurich	Switzerland
KD ID, delniška ID, d.d.	333,957	2.3803%	Ljubljana	Slovenia
TRIGLAV VZAJEMNI SKLADI	322,090	2.2957%	Ljubljana	Slovenia
KD RASTKO	232,593	1.6578%	Ljubljana	Slovenia
<b>Major shareholders – total:</b>	<b>8,144,286</b>	<b>58.0491%</b>		
Other shareholders:	5,885,714	41.9509%		
Total:	14,030,000	100%		

- The number of Own Shares was on 31 December 2009 121,311 own shares or 0.8647% of the Company equity.
- For the uniform price of the shares in the year 2009 rather strong increase of the market prices was notified. Gorenje shares (GRVG) traded at the uniform price of EUR 12.41 on 31 December 2009, and is in comparison to the 2008 (EUR 10.51) higher by +18.1%. The SBI20 Index increased by +10.4%.
- In spite of the price increase, is the price by 43.3% below their book value at 31 December 2009 EUR 21.87. The book value of a share is calculated as the ratio between the total company equity at 31 December 2009, and the number of shares issued minus the number of own shares (13,908,689) as 31 December 2009.
- Net profit per share, calculated as the ratio between the net profit made in the accounting period and the number of shares issued minus the average number of own shares (13,908,689), amounted to EUR -0.44 in 2009.
- Number of shares held by the members of Supervisory Board is also in the year 2009 unchanged (14,146/0.1008%): Mr. Ivan Atelšek 9,497/0.0677%; Mr. Peter Kobal 1,355/0.0097%; Mr. Drago Krenker 920/0.0066%; Mr. Krešimir Martinjak 115/0.0008%; Mr. Jurij Slemenik 1,738/0.0124%; Mr. Jože Zagožen 466/0.0033% and Mr. Gregor Sluga 55/0.0004%. The number and percentage of shares owned by members of the Supervisory Board remained unchanged from 31 December 2009 to the date of this publication.
- Number of shares held by the members of Management Board is also in the year 2009 unchanged (13,230/0.0943%): Mr. Franc Bobinac 2,096/0.0149%; Mr. Drago Bahun 9,032/0.0644%; Mr. Franc Košec 1,380/0.0098%; Mrs. Mirjana Dimc Perko 96/0.0007% and Mr. Branko Apat 626/0.0045%. The number and percentage of shares owned by members of the Management Board remained unchanged from 31 December 2009 to the date of this publication.
- The Management Board appointed the five years term of office on 18 July 2008, except of Mr. Philip Alexander Sluiter, who was appointed on 26 August 2008 and recalled as the Board Member on 26 February 2009. The Management Board was in the period since 18 July 2008 active, as follows: Mr. Franjo Bobinac, Mr. Franc Košec and Mr. Drago Bahun, who started the previous term of office on 18 July 2003, Mrs. Mirjana Dimc Perko, who started the term of office on 1 January 2006, and Mr. Uroš Marolt and Mr. Branko Apat, who started the term of office on 17 September 2007.



**Non-audited consolidated financial statements of Gorenje Group in accordance with IFRS***Non-audited consolidated balance sheet of the Gorenje Group*

in EUR thousand	2009	2008
<b>ASSETS</b>	<b>1,179,077</b>	<b>1,257,732</b>
<b>Non-current assets</b>	<b>574,707</b>	<b>606,027</b>
Intangible assets	163,328	162,986
Property, plant and equipment	381,433	412,953
Investment property	7,802	7,090
Non-current investments	6,614	12,721
Deferred tax assets	15,530	10,277
<b>Current assets</b>	<b>604,370</b>	<b>651,705</b>
Assets classified as held for sale	1,137	954
Inventories	217,981	253,004
Current investments	68,218	64,470
Trade receivables	251,740	262,017
Other current assets	35,796	43,866
Income tax expense receivables	2,368	3,279
Cash and cash equivalents	27,130	24,115
<b>EQUITY AND LIABILITIES</b>	<b>1,179,077</b>	<b>1,257,732</b>
<b>Equity</b>	<b>369,918</b>	<b>394,522</b>
Share capital	58,546	58,546
Capital surplus (share premium)	158,487	158,487
Legal and statutory reserves	21,697	21,697
Retained earnings	98,820	110,324
Own shares	-3,170	-3,170
Translation reserve	16,591	20,187
Fair value reserve	12,878	15,208
<b>Equity attributable to equity holders of the parent</b>	<b>363,849</b>	<b>381,279</b>
<b>Minority interest</b>	<b>6,069</b>	<b>13,243</b>
<b>Non-current liabilities</b>	<b>311,432</b>	<b>294,893</b>
Provisions	62,158	55,366
Provisions from government grant	1,211	8,936
Deferred tax liabilities	5,704	6,472
Non-current borrowings	242,359	224,119
<b>Current liabilities</b>	<b>497,727</b>	<b>568,317</b>
Current borrowings	209,883	263,676
Trade payables	196,296	223,660
Other liabilities	87,267	79,164
Income tax expense liabilities	4,281	1,817

*Non-audited consolidated income statement of the Gorenje Group*

in EUR thousand	2009	2008
<b>Revenue</b>	<b>1,185,937</b>	<b>1,330,753</b>
Changes in inventories	-12,347	6,318
Other operating income	33,254	26,341
<b>Gross revenue</b>	<b>1,206,844</b>	<b>1,363,412</b>
Cost of goods, materials and services	-900,918	-1,023,864
Employee benefits expense	-219,323	-226,487
Amortisation and depreciation expense	-56,050	-57,121
Other operating expenses	-18,404	-19,047
<b>Operating profit (EBIT)</b>	<b>12,149</b>	<b>36,893</b>
Finance income	19,516	19,603
Finance expenses	-40,973	-41,023
<b>Net finance expenses</b>	<b>-21,457</b>	<b>-21,420</b>
<b>Profit before tax</b>	<b>-9,308</b>	<b>15,473</b>
Income tax expense	-2,924	-5,292
<b>Profit for the period</b>	<b>-12,232</b>	<b>10,181</b>
Attributable to minority interest	-728	1,309
Attributable to equity holders of the parent	-11,504	8,872
Basic and diluted earnings per share (in EUR)	-0.83	0.66

*Non-audited consolidated statement of comprehensive income of Gorenje Group*

in EUR thousand	2009	2008
<b>Net profit for the period</b>	<b>-12,232</b>	<b>10,181</b>
<b>Other comprehensive income</b>		
Change in fair value of lands	-4	9,243
Change in fair value of lands, transferred in profit	0	0
Net change in fair value of available-for-sales financial instruments	-710	-3,883
Net change in fair value of available-for-sales financial instruments, transferred in profit	-3,206	-2,288
Effective portion of changes in profit/loss on cash flow hedge	538	-8,576
Effective portion of changes in profit/loss on cash flow hedge, transferred in profit	-1,611	-84
Income tax on other comprehensive income	2,663	-1,164
Translation reserve	-3,596	5,646
<b>Other comprehensive profit for the period</b>	<b>-5,926</b>	<b>-1,106</b>
<b>Total comprehensive profit for the period</b>	<b>-18,158</b>	<b>9,075</b>

## Non-audited consolidated cash flow statement of the Gorenje Group

in EUR thousand	2009	2008
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>-12,232</b>	<b>10,181</b>
Adjustments for:		
Depreciation of property, plant and equipment	50,061	51,900
Amortisation of intangible assets	5,989	5,221
Investment income	-19,516	-19,603
Finance expenses	40,973	41,023
Gain on sale of property, plant and equipment	-416	-1,807
Revenues from sales of PPE	0	-2,566
Outcome tax expense	2,924	5,292
<b>Operating profit before changes in net operating current assets and provisions</b>	<b>67,783</b>	<b>89,641</b>
Change in trade and other receivables	7,230	-17,336
Change in inventories	35,023	-35,533
Change in provisions	-933	3,932
Change in trade and other liabilities	-19,260	31,017
<b>Cash generated from operations</b>	<b>22,060</b>	<b>-17,920</b>
Interest paid	-21,223	-26,019
Income taxes paid	-2,385	-6,786
<b>Net cash from operating activities</b>	<b>66,235</b>	<b>38,916</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	859	2,398
Proceeds from sale of investments	5,598	6,208
Interest received	4,153	7,208
Dividends received	373	1,048
Sales of subsidiary, net of cash acquired	263	641
Acquisition of subsidiary, net of cash acquired	0	-95,011
Acquisition of property, plant and equipment	-24,198	-71,289
Other investments	-2,630	-37,023
Acquisition of intangible assets	-4,534	-5,518
<b>Net cash used in investing activities</b>	<b>-20,116</b>	<b>-191,338</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Acquisition of minority stake	-7,551	0
Acquisition of own shares and stakes	0	-112
Borrowings (repayment) of borrowings	-35,553	164,875
Payout of dividends and remunerations	0	-5,910
<b>Net cash used in financing activities</b>	<b>-43,104</b>	<b>158,853</b>
Net increase/decrease in cash and cash equivalents	3,015	6,431
Cash and cash equivalents at beginning of period	24,115	17,684
Cash and cash equivalents at end of period	27,130	24,115

Non-audited consolidated statement of changes in equity of the Gorenje Group

in EUR thousand	Share capital	Capital surplus (share premium)	Legal and statutory reserves	Retained earnings	Own shares	Translation reserve	Fair value reserve	Equity attributable to equity holders of the parent	Minority interest	Total
<b>Opening balance at 1 Jan. 2009</b>	<b>58,546</b>	<b>158,487</b>	<b>21,697</b>	<b>110,324</b>	<b>-3,170</b>	<b>20,187</b>	<b>15,208</b>	<b>381,279</b>	<b>13,243</b>	<b>394,522</b>
Fair value reserve (investments)							-3,916	-3,916		-3,916
Fair value reserve (lands)							-4	-4		-4
Fair value reserve (cash flow hedge)							-1,073	-1,073		-1,073
Translation reserve							-3,596	-3,596		-3,596
Deferred tax liabilities							2,663	2,663		2,663
<b>Total revenue and expenses recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-3,596</b>	<b>-2,330</b>	<b>-5,926</b>	<b>0</b>	<b>-5,926</b>
Net profit or loss for the period			-11,504					-11,504	-728	-12,232
<b>Total revenue and expenses</b>	<b>0</b>	<b>0</b>	<b>-11,504</b>	<b>0</b>	<b>0</b>	<b>-3,596</b>	<b>-2,330</b>	<b>-17,430</b>	<b>-728</b>	<b>-18,158</b>
Decrease in minority interest									-6,446	-6,446
<b>Closing balance at 1 Dec. 2009</b>	<b>58,546</b>	<b>158,487</b>	<b>10,193</b>	<b>110,324</b>	<b>-3,170</b>	<b>16,591</b>	<b>12,878</b>	<b>363,849</b>	<b>6,069</b>	<b>369,918</b>

in EUR thousand	Share capital	Capital surplus (share premium)	Legal and statutory reserves	Retained earnings	Own shares	Translation reserve	Fair value reserve	Equity attributable to equity holders of the parent	Minority interest	Total
<b>Opening balance at 1 Jan. 2008</b>	<b>58,546</b>	<b>143,714</b>	<b>45,034</b>	<b>84,025</b>	<b>27,693</b>	<b>14,541</b>	<b>21,960</b>	<b>340,127</b>	<b>10,858</b>	<b>350,985</b>
Fair value reserve (investments)							-6,171	-6,171		-6,171
Fair value reserve (lands)							9,243	9,243		9,243
Fair value reserve (cash flow hedge)							-8,660	-8,660		-8,660
Translation reserve						5,646		5,646		5,646
Deferred tax liabilities							-1,164	-1,164		-1,164
<b>Total revenue and expenses recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,646</b>	<b>-6,752</b>	<b>-1,106</b>	<b>0</b>	<b>-1,106</b>
Net profit or loss for the period				8,872				8,872	1,309	10,181
<b>Total revenue and expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,872</b>	<b>0</b>	<b>5,646</b>	<b>-6,752</b>	<b>7,766</b>	<b>1,309</b>	<b>9,075</b>
Own shares reserves			112	-112	-112			-112		-112
Statutory reserves			1,186	-1,186						
Payout of dividends				-5,781				-5,781		-5,781
Payout Supervisory Board Compensation (AGM) resolution)				-129				-129		-129
Disposal of own shares		14,773			24,635			39,408		39,408
Loosen the reserves for own shares			-24,635	24,635						
Increase in minority interest									1,076	1,076
<b>Closing balance at 1 Dec. 2008</b>	<b>58,546</b>	<b>158,487</b>	<b>21,697</b>	<b>110,324</b>	<b>-3,170</b>	<b>20,187</b>	<b>15,208</b>	<b>381,279</b>	<b>13,243</b>	<b>394,522</b>

## Principles applied in the preparation of financial statements of Gorenje Group

The non-audited consolidated financial statements of the Gorenje Group for the year 2009 have been prepared in accordance with the provisions of the Corporations Act and the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), and the interpretations of the International Financial Reports Interpretation Committee (IFRIC) as adopted by the European Union.

## Changes of the Gorenje Group structure

The changes of the Gorenje Group structure in the year 2009 were as follows:

- In the energy business area has been within the company Istrabenz Gorenje, d.o.o., established the companies GEN-I d.o.o. Sarajevo, Bosnia and Herzegovina, GEN-I DOOEL Skopje, Macedonia, GEN-I Athens, Greece, GEN-I Tirana, Albania, and GEN-I Bucharest, Hungary (100-percentage ownership of GEN-I, d.o.o.).
- On 31 March 2009 the process of liquidation of the company Gorenje Küchen GmbH, Austria, has been introduced and is expected to be concluded till the end of this year.
- At the end of March the company OOO Gorenje BT in Russia has been established. The company is in the 100% stake of the company Gorenje Beteiligungsgesellschaft mbH, Austria.
- In May the companies OÜ Gorenje (Estonia) and SIA Gorenje (Latvia), has stop to be active, while the process of liquidation will be concluded till the end of this year.
- In May the company Vitales inženjering, d.o.o., Prijedor has been established. The company is in the 50% stake of the company Istrabenz Gorenje, d.o.o..
- The company Surovina, d.d., has according to the resolution in the third quarter gained 27.29% of own shares.
- In September the transfer of investments from the companies Atag Europe BV, Gorenje Beteiligungs GmbH and some of their subsidiaries outside the EU, to the company Gorenje Nederland, B.V., headquartered in the Netherlands has been carried out. The main reasons are the restructuring of the investments for achieving the synergies of the business effects among the Gorenje Group companies and last year acquired Atag Group and the uniformed controlling of the sales companies abroad.
- On 16 September 2009 the company Gorenje Invest, d.o.o., Serbia, established the company Gorenje GTI, d.o.o, Serbia.
- The total stake in the company LINEA, Stanovanjsko podjetje, d.o.o., was sold on 9 October 2009.

In addition to the main company Gorenje, d.d., the Gorenje Group was for the year 2009 comprised of the following subsidiary and jointly controlled companies:

Companies operating in Slovenia		Ownership share (%)	
		31 Dec. 2009	31 Dec. 2008
1.	Gorenje I.P.C., d.o.o., Velenje	100.00	100.00
2.	Gorenje Tiki, d.o.o., Ljubljana	99.982	99.982
3.	Gorenje GTI, d.o.o., Velenje	100.00	100.00
4.	Gorenje Notranja oprema, d.o.o., Velenje	99.98	99.98
5.	Gorenje Gostinstvo, d.o.o., Velenje	100.00	100.00
6.	ENERGYGOR, d.o.o., Velenje	100.00	100.00
7.	KEMIS, d.o.o., Radomlje	100.00	100.00
8.	Gorenje Orodjarna, d.o.o., Velenje	100.00	100.00
9.	ZEOS, d.o.o., Ljubljana	51.00	51.00
10.	ISTRABENZ GORENJE, d.o.o., Nova Gorica	49.344	49.344

11.	GEN-I, d.o.o., Krško	24.67	24.67
12.	Istrabenz investicijski inženiring, d.o.o., Nova Gorica	49.344	49.344
13.	SUROVINA, d.d., Maribor	78.29	51.00
14.	Indop, d.o.o., Šoštanj	100.00	100.00
15.	ERICo, d.o.o., Velenje	51.00	51.00
16.	Istrabenz Gorenje inženiring, d.o.o., Ljubljana	49.344	49.344
17.	Gorenje Projekt, d.o.o., Ljubljana	100.00	100.00
18.	Gorenje design studio, d.o.o., Velenje	52.00	52.00
19.	PUBLICUS, d.o.o., Ljubljana	51.00	51.00
20.	IG AP, d.o.o., Kisovec	49.344	49.344
21.	IGP, d.o.o., Trbovlje	24.67	
22.	VITALES Nova Gorica, d.o.o.	49.344	

Companies operating abroad		Ownership share (%)	
		31 Dec. 2009	31 Dec. 2009
23.	Gorenje Beteiligungsgesellschaft m.b.H., Austria	100.00	100.00
24.	Gorenje Austria Handelsgesellschaft m.b.H., Austria	100.00	100.00
25.	Gorenje Vertriebsgesellschaft m.b.H., Germany	100.00	100.00
26.	Gorenje Körting Italia S.r.l., Italy	100.00	100.00
27.	Gorenje France S.A.S., France	100.00	100.00
28.	Gorenje BELUX S.a.r.l., Belgium	100.00	100.00
29.	Gorenje Espana, S.L., Spain	100.00	100.00
30.	Gorenje UK Ltd., UK	100.00	100.00
31.	Gorenje Skandinavien A/S, Denmark	100.00	100.00
32.	Gorenje AB, Sweden	100.00	100.00
33.	Gorenje OY, Finland	100.00	100.00
34.	Gorenje AS, Norway	100.00	100.00
35.	OÜ Gorenje, Estonia	100.00	100.00
36.	SIA Gorenje, Latvia	100.00	100.00
37.	Gorenje spol. s r.o., Czech Republic	100.00	100.00
38.	Gorenje real spol. s r.o., Czech Republic	100.00	100.00
39.	Gorenje Slovakia s.r.o., Slovakia	100.00	100.00
40.	Gorenje Budapest Kft., Hungary	100.00	100.00
41.	Gorenje Polska Sp. z o.o., Poland	100.00	100.00
42.	Gorenje Bulgaria EOOD, Bulgaria	100.00	100.00
43.	Gorenje Zagreb, d.o.o., Croatia	100.00	100.00
44.	Gorenje Skopje, d.o.o., Macedonia	100.00	100.00
45.	Gorenje Commerce, d.o.o., Bosnia and Herzegovina	100.00	100.00
46.	Gorenje, d.o.o., Serbia	100.00	100.00
47.	Gorenje Podgorica, d.o.o., Montenegro	99.972	99.972
48.	Gorenje Romania S.R.L., Romania	100.00	100.00
49.	Gorenje aparati za domačinstvo, d.o.o., Serbia	100.00	100.00
50.	Mora Moravia s r.o., Czech Republic	100.00	100.00
51.	Gorenje - kuchyně spol. s r.o., Czech Republic	99.98	99.98
52.	Kemis -Termoclean, d.o.o., Croatia	100.00	100.00
53.	Kemis - BH, d.o.o., Bosnia and Herzegovina	100.00	100.00
54.	Gorenje Invest, d.o.o., Serbia	100.00	100.00
55.	Gorenje Gulf FZE, United Arab Emirates	100.00	100.00
56.	Gorenje Tiki, d.o.o., Serbia	99.982	99.982
57.	GEN-I Zagreb, d.o.o., Croatia	24.67	24.67
58.	Intrade energija, d.o.o., Bosnia and Herzegovina	25.17	25.17
59.	Vitales, d.o.o., Nova Bila, Bosnia and Herzegovina	49.344	49.344
60.	Gorenje Istanbul Ltd., Turkey	100.00	100.00
61.	Sirovina, a.d., Serbia	78.29	51.00
62.	Gorenje TOV, Ukraine	100.00	100.00
63.	Vitales, d.o.o., Bihać, Bosnia and Herzegovina	24.67	24.67
64.	Vitales, d.o.o., Sokolac, Bosnia and Herzegovina	24.67	
65.	GEN-I, d.o.o, Serbia	24.67	24.67

66.	ST Bana Nekretnine, d.o.o., Serbia	100.00	100.00
67.	GEN-I Budapest, Kft., Hungary	24.67	24.67
68.	Kemis – SRS, d.o.o., Bosnia and Herzegovina	100.00	100.00
69.	ATAG Europe BV, the Netherlands	100.00	100.00
70.	ATAG Nederland BV, the Netherlands	100.00	100.00
71.	ATAG België NV, Belgium	100.00	100.00
72.	ATAG Financiële Diensten BV, the Netherlands	100.00	100.00
73.	ATAG Financial Services BV, the Netherlands	100.00	100.00
74.	Intell Properties BV, the Netherlands	100.00	100.00
75.	ATAG Special Product BV, the Netherlands	100.00	100.00
76.	Gorenje Nederland B.V., the Netherlands	100.00	100.00
77.	Gorenje Kazakhstan, TOO, Kazakhstan	100.00	100.00
78.	Gorenje kuhinje, d.o.o., Ukraine	69.986	69.986
79.	OOO Gorenje BT, Russia	100.00	100.00
80.	GEN-I d.o.o. Sarajevo, Bosnia and Herzegovina	24.67	
81.	GEN-I DOOEL Skopje, Macedonia	24.67	
82.	GEN-I Athens SMLLC, Greece	24.67	
83.	GEN-I Tirana Sh.p.k., Albania	24.67	
84.	S.C. GEN-I Bucharest, Romania	24.67	
85.	» Euro Lumi & Surovina » SH.P.K., Kosovo	39.93	
86.	Vitales Energie Biomasse S.R.L., Italy	25.17	
87.	Vitales Čakovec, d.o.o., Croatia	49.344	
88.	Vitales inženjering d.o.o., Prijedor, Bosnia and Herzegovina	24.67	

Representative's offices of Gorenje, d.d., abroad: Moscow (Russian Federation), Krasnoyarsk (Russian Federation), Kiev (Ukraine), Athens (Greece), Shanghai (China), and Almaty (Kazakhstan).

#### Major events following the Balance Sheet date

- On 26 January 2010 has the Management Board of the company Gorenje, d.d., published the summary of the strategic plan of the Gorenje Group for the period 2010 – 2013.
- On 25 January 2010 the resolution of the Kranj district court was passed, regards to the registration of the established company EKOGOR družba za predelavo in obdelavo odpadkov, d.o.o., Jesenice, Slovenia, out of which one of the owner (major with 51% stake) is the company PUBLICUS, d.o.o., Ljubljana, Slovenia.
- On 2 March 2010 has the Supervisory Board of the Company nominated the Nomination Committee composed of five members as the commission of the Supervisory Board. The Nomination Committee already held a meeting on 5 March 2010 which was chaired by Mr. Bachtiar Djalil, the President of the Nomination Committee. At the meeting the Nomination Committee adopted the resolution to start the procedure for preparation of the proposal for nomination of the Supervisory Board members of the Company. This procedure has to be concluded by the 6 April 2010. The total public announcement has been published on 8 March 2010 at the Ljubljana Stock Exchange web-site.



**Non-audited financial statements of Gorenje, d.d. in accordance with IFRS***Non-audited balance sheet of the company Gorenje, d.d.*

in EUR thousand	2009	2008
<b>ASSETS</b>	<b>775,820</b>	<b>873,840</b>
<b>Non-current assets</b>	<b>436,865</b>	<b>489,141</b>
Intangible assets	15,999	17,440
Property, plant and equipment	172,267	195,692
Investment property	4,462	4,462
Investments in subsidiaries	232,375	258,830
Other non-current investments	1,773	7,444
Deferred tax assets	9,989	5,273
<b>Current assets</b>	<b>338,955</b>	<b>384,699</b>
Inventories	75,215	105,948
Current investments	87,684	86,817
Trade receivables	165,181	172,327
Other current assets	10,442	18,825
Income tax expense receivables	347	708
Cash and cash equivalents	86	74
<b>EQUITY AND LIABILITIES</b>	<b>775,820</b>	<b>873,840</b>
<b>Equity</b>	<b>304,196</b>	<b>312,566</b>
Share capital	58,546	58,546
Share premium	140,624	140,624
Legal and statutory reserves	21,697	21,697
Retained earnings	87,975	94,059
Own shares	-3,170	-3,170
Fair value reserve	-1,476	810
<b>Non-current liabilities</b>	<b>171,783</b>	<b>221,990</b>
Provisions	26,113	24,187
Deferred tax liabilities	1,480	2,087
Non-current financial liabilities	144,190	195,716
<b>Current liabilities</b>	<b>299,841</b>	<b>339,284</b>
Current financial liabilities	136,792	162,727
Trade payables	143,918	160,692
Other current liabilities	19,131	15,865

## Non-audited income statement of the company Gorenje, d.d.

in EUR thousand	2009	2008
<b>Revenue</b>	<b>586,643</b>	<b>764,106</b>
Changes in inventories	-13,069	2,043
Other operating income	13,573	11,196
<b>Gross operating yield</b>	<b>587,147</b>	<b>777,345</b>
Cost of goods, materials and services	-458,817	-613,986
Personnel expenses	-100,769	-110,305
Depreciation and amortization expense	-32,801	-35,605
Other operating expenses	-4,575	-3,355
<b>Operating profit</b>	<b>-9,815</b>	<b>14,094</b>
Financial income	26,835	24,973
Financial expenses	-25,760	-27,183
<b>Net financial expenses</b>	<b>1,075</b>	<b>-2,210</b>
<b>Profit before tax</b>	<b>-8,740</b>	<b>11,884</b>
Income tax expense	2,656	88
<b>Net profit for the year</b>	<b>-6,084</b>	<b>11,972</b>
Basic and diluted earnings per share (in EUR)	-0.44	0.89

## Non-audited statement of comprehensive income of the company Gorenje, d.d.

in EUR thousand	2009	2008
<b>Net profit for the period</b>	<b>-6,084</b>	<b>11,972</b>
<b>Other comprehensive income</b>		
Change in fair value of lands	0	7,454
Change in fair value of lands, transferred in profit	-734	-3,883
Net change in fair value of available-for-sales financial instruments	-3,206	-2,288
Net change in fair value of available-for-sales financial instruments, transferred in profit	597	-8,576
Effective portion of changes in profit/loss on cash flow hedge	-1,611	-84
Income tax on other comprehensive income	2,668	-200
<b>Other comprehensive profit for the period</b>	<b>-2,286</b>	<b>-7,577</b>
<b>Total comprehensive profit for the period</b>	<b>-8,370</b>	<b>4,395</b>

## Non-audited cash flow statement of the company Gorenje, d.d.

in EUR thousand	2009	2008
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>-6,084</b>	<b>11,972</b>
Adjustments for:		
Depreciation of property, plant and equipment	29,516	31,773
Amortisation of intangible assets	3,285	3,832
Investment income	-26,835	-24,973
Finance expenses	25,760	22,790
Gain on sale of property, plant and equipment	-40	-586
Income from translation of investment	0	-2,154
Outcome tax expense	-2,656	-88
<b>Operating profit before changes in net operating current assets and provisions</b>	<b>22,946</b>	<b>42,566</b>
Change in trade and other receivables	12,613	24,884
Change in inventories	30,732	-12,079
Change in provisions	1,925	-2,025
Change in trade and other liabilities	-13,510	-22,622
<b>Cash generated from operations</b>	<b>31,760</b>	<b>-11,842</b>
Interest paid	-15,901	-17,598
Income taxes paid	489	-1,540
<b>Net cash from operating activities</b>	<b>39,294</b>	<b>11,586</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	339	1,946
Interests received	8,378	5,924
Dividends received	6,322	7,443
Sales of subsidiary, net of cash not acquired	42,685	789
Acquisition of subsidiary, net of cash not acquired	-5,000	-107,483
Acquisition of property, plant and equipment	-6,745	-33,196
Other investments	-3,881	-52,380
Acquisition of intangible assets	-1,844	-3,035
<b>Net cash used in investing activities</b>	<b>40,254</b>	<b>-179,992</b>
<b>C. CASH AND CASH EQUIVALENTS</b>		
Acquisition of own shares and stakes	0	-112
Borrowings (repayment) of borrowings	-79,536	174,471
Payout of dividends and remunerations	0	-5,910
<b>Net cash used in financing activities</b>	<b>-79,536</b>	<b>168,449</b>
Net increase/decrease in cash and cash equivalents	12	43
Cash and cash equivalents at beginning of period	74	31
Cash and cash equivalents at end of period	86	74

Non-audited statement of changes in equity of the company Gorenje, d.d.

in EUR thousand	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Own shares	Fair value reserve	Total
<b>Opening balance at 1 Jan. 2009</b>	<b>58,546</b>	<b>140,624</b>	<b>21,697</b>	<b>94,059</b>	<b>-3,170</b>	<b>810</b>	<b>312,566</b>
Fair value reserve (investments)						-3,940	-3,940
Fair value reserve (cash flow hedge)						-1,014	-1,014
Deferred tax liabilities						2,668	2,668
<b>Total revenue and expenses recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,286</b>	<b>-2,286</b>
Net profit or loss for the period				-6,084			-6,084
<b>Total revenue and expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-6,084</b>	<b>0</b>	<b>-2,286</b>	<b>-8,370</b>
<b>Closing balance at 31 Dec. 2009</b>	<b>58,546</b>	<b>140,624</b>	<b>21,697</b>	<b>87,975</b>	<b>-3,170</b>	<b>-1,476</b>	<b>304,196</b>

in EUR thousand	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Own shares	Fair value reserve	Total
<b>Opening balance at 1 Jan. 2008</b>	<b>58,546</b>	<b>125,851</b>	<b>45,034</b>	<b>64,660</b>	<b>-27,693</b>	<b>8,387</b>	<b>274,785</b>
Fair value reserve (investments)						-6,171	-6,171
Fair value reserve (lands)						7,454	7,454
Fair value reserve (cash flow hedge)						-8,660	-8,660
Deferred tax liabilities						-200	-200
<b>Total revenue and expenses recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-7,577</b>	<b>-7,577</b>
Net profit or loss for the period				11,972			11,972
<b>Total revenue and expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,972</b>	<b>0</b>	<b>-7,577</b>	<b>4,395</b>
Own shares reserves			112	-112	-112		-112
Statutory reserves			1,186	-1,186			0
Payout of dividends				-5,781			-5,781
Payout Supervisory Board Compensation (AGM) resolution)				-129			-129
Disposal of own shares		14,773			24,635		39,408
Loosen the reserves for own shares			-24,635	24,635			0
<b>Closing balance at 31 Dec. 2008</b>	<b>58,546</b>	<b>140,624</b>	<b>21,697</b>	<b>94,059</b>	<b>-3,170</b>	<b>810</b>	<b>312,566</b>

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**Principles applied in preparation of financial statements of Gorenje, d.d.**

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The non-audited non-consolidated financial statements of the main company Gorenje, d.d., for the year 2009 have been prepared in accordance with the provisions of the Corporations Act and the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), and the interpretations of the International Financial Reports Interpretation Committee (IFRIC) as adopted by the European Union.

Gorenje, d.d.  
The Management Board