

gorenje

Gorenje, d.d.

<http://www.gorenjegroup.com>

ANNUAL REPORT

The Gorenje Group

January – June 2002

Velenje, 26 August 2002

INTRODUCTION

In the first half of 2002 the negative trends from the second half of the previous year continued on the markets of the Gorenje Group. Most of the EU markets were still in recession and recorded negative growth with Germany at the top position. Despite such unfavourable conditions Gorenje d.d. increased its sales compared with the same period in the previous year by 18 % and accordingly its market shares in all countries in which it operates. We successfully complemented the sales of products from our own production with products of other manufacturers under the Gorenje brand names. Of all our production programmes sales of cooking appliances grew the most, especially the new generations of independent 500 and 600 mm wide cookers. In terms of markets the fastest growth was recorded in East-European countries and Scandinavia. Sales in the countries of South-East Europe were carried out in line with foreseen dynamics, while in the structure of sales by market South-West Europe and overseas countries lost a few percentage points. Sales in other areas of the Group's business activities were less successful as the set goals were not achieved. Therefore the share of sales of household appliances grew by 4% and made up 85.3 % of total consolidated sales in the first half of the year.

Season driven sales of household appliances (especially refrigerators and freezers) resulted in increased inventories, which, however, were lower than the year before on account of higher sales and the inventories turnover in terms of days decreased. Due to increased sales and changed structure of sales markets receivables recorded a slight growth.

In 2002 the Gorenje Group earmarked SIT 4,190 million for investments in fixed assets. The major part of investments refers to the companies Gorenje, d.d., Gorenje Zagreb, d.o.o. and Gorenje Commerce, d.o.o, Sarajevo.

In August Gorenje's Representative Office in Bucharest started operating, in this year a new furniture plant will start operating in Sarajevo, a new storage and distribution centre will be opened in Zagreb, a new distribution and service centre Hyundai auto in Zagreb will be completed and the company Hyundai auto in Belgrade will start operating.

High sales growth, increased market shares in all key markets, flexibility and innovation in production, made possible by investments carried out in the last couple of years, confirm our conviction that, unless trends on our markets deteriorate further, we shall achieve the demanding goals planned for the year 2002.

Management Board of Gorenje, d.d.

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1. The Gorenje Group

The following changes in the capital structure of the Gorenje Group occurred in 2002:

- On 1 January 2002 the company Gorenje Notranja oprema, d.d. acquired the company Gorenje Interieri, d.o.o.,
- In 2002 the company Gorenje Kuechen GmbH, Austria started operating as independent company owned by Gorenje Austria Handels GmbH,
- Gorenje Skandinavien A/S set up the subsidiary company Gorenje OY in Finland,
- At the end of last year two real estate companies were founded: Gorenje Real Kft in Budapest, Hungary and Gorenje Real Spol s r.o. in Prague, Czech Republic, which started operating this year.
- At the end of June 2002 Gorenje, d.d. purchased additional shares of the company Gorenje Notranja oprema, d.d. and reached a 95.92% stake in the company (at the end of 2001 the stake was 50.28 %).

In addition to the parent company Gorenje, d.d., the consolidated financial statements include also the following subsidiary companies:

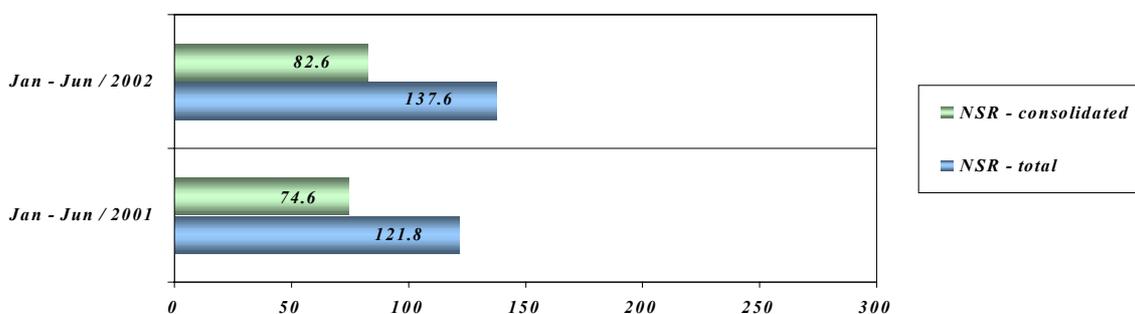
- in Slovenia: Gorenje Orodjarna, d.o.o.; Gorenje Indop, d.o.o.; Gorenje IPC, d.o.o.; Gorenje GTI, d.o.o.; Gorenje Gostinstvo, d.o.o.; LINEA, d.o.o.; Gorenje Tiki, d.o.o.; Biterm, d.o.o.; Gorenje Notranja oprema, d.d.
- abroad: Gorenje Beteiligungs GmbH; Gorenje Austria Handels GmbH; Gorenje Vertriebs GmbH; Gorenje Koerting Italia S.r.l.; Gorenje France S.A.; Gorenje BELUX S.a.r.l.; Gorenje UK Ltd.; Gorenje Skandinavien A/S; Gorenje Sverige AB; Gorenje Pacific Pty.Limited; Gorenje USA Inc.; Gorenje Spol s r.o.; Gorenje Kuchyne Spol s r.o.; Gorenje Slovakia Spol s r.o.; Gorenje Budapest Kft.; Gorenje Polska Sp.zo.o.; Gorenje Bulgaria EOOD; Gorenje Zagreb, d.o.o.; Gorenje Skopje, d.o.o.; Hyundai auto Zagreb, d.o.o.; Gorenje Commerce, d.o.o.; Goretrade, d.o.o.; Gorenje Real Spol. S r.o.; Gorenje Real Kft.; Gorenje Podgorica, d.o.o.; Gorenje Kuechen GmbH; Gorenje OY.

The consolidated financial statements do not include the subsidiary companies: Elgor, d.o.o., Energygor, d.o.o., Gorenje Novi Sad, d.o.o. and Gorentrade, d.o.o.

2. Revenues

In the period January–June 2002 the Gorenje Group generated SIT 137,596.1 million of total net sales revenues, which was SIT 15,795.2 million or 13% over the same period in 2001.

Net Sales Revenues of the Gorenje Group (in SIT bn)



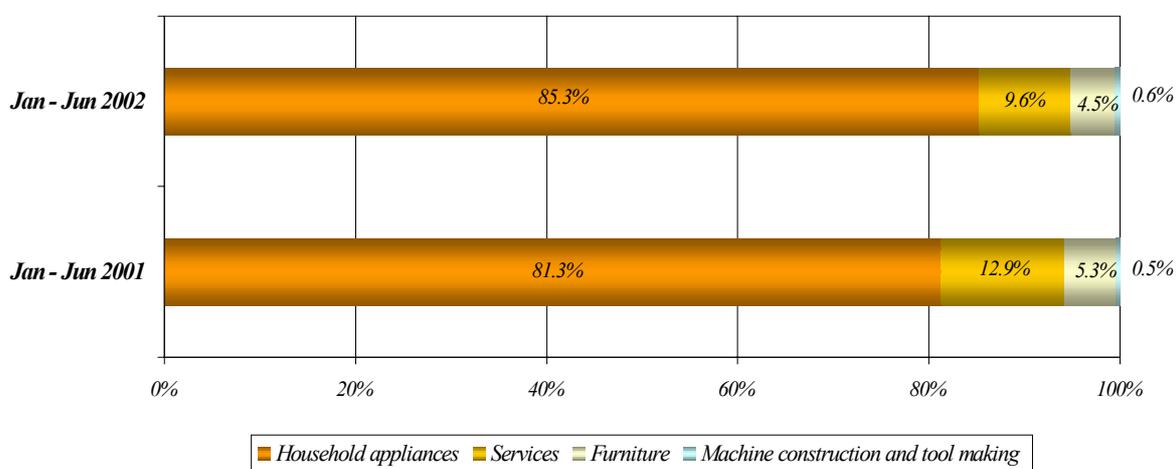
In the first half of this year the companies in the Gorenje Group reached SIT 82,612.7 million of consolidated net sales revenues, which was SIT 8,008.8 million or 10.7 % over the same period in the previous year.

2.1. Sales by Operational Sector

The operations of 37 companies in the Gorenje Group are divided into four principal operational sectors:

- household appliances sector,
- services sector,
- furniture sector and
- machine construction and tool making sector

Gorenje Group - Consolidated Sales by Operational Sector



In the period January-June 2002 the household appliances sector generated SIT 70,462.5 million of consolidated net sales revenues of the total of SIT 82,612.7 million, meaning that the sector made up 85.3 % of total consolidated sales. This was significantly over the budgeted percentage and the percentage of the same period in the previous year (81.3 %). Sales recorded by this sector grew faster than by other sectors.

Other sectors reached 14.7 % of consolidated net sales revenues: the services sector 9.6 %, furniture 4.5 % and machine construction and tool making 0.6 %. The share of other operational sectors was lower than planned and lower than in the same period of the previous year by 4 percentage points.

Total Sales by Operational Sector

Sector	In SIT m		
	Actual Jan-Jun 2001	Actual Jan-Jun 2002	Comparison act./pr.y.
Household appliances	103,371.5	120,998.4	17.0 %
Services	10,312.5	8,975.2	-13.0 %
Furniture	5,664.2	5,593.0	-1.3 %

<i>Machine construction and tool making</i>	2,452.7	2,029.5	-17.3 %
Total	121,800.9	137,596.1	13.0 %

Consolidated Sales by Operational Sector

in SIT m

Sector	Actual Jan-Jun 2001	Actual Jan-Jun 2002	Comparison act./pr.y.
<i>Household appliances</i>	60,681.5	70,462.5	16.1 %
<i>Services</i>	9,615.8	7,962.2	-17.2 %
<i>Furniture</i>	3,918.4	3,684.7	-6.0 %
<i>Machine construction and tool making</i>	388.2	503.3	29.7 %
Total	74,603.9	82,612.7	10.7 %

2.1.1. Household Appliances Sector

In terms of organisation and operations the key operational sector consists of the parent company Gorenje, d.d., headquartered in Velenje and 22 subsidiary companies in the marketing network based in 19 countries, mainly in Europe. The sales activity in Slovenia is carried out directly by Gorenje, d.d.

This sector also includes production of component parts carried out in the companies Gorenje, I.P.C., d.o.o. (production of electrical components), Biterm, d.o.o. (production of thermostats) and production and sale of water heaters in the company Gorenje Tiki, d.o.o.

In the period January-June 2002 the sales of products reached SIT 70,462.5 million, which was SIT 9,781million over the same period in the previous year. In the consolidated sales structure the share of this sector grew by 4 percentage points.

2.1.2. Services Sector

The services sector includes the following companies: Gorenje GTI, d.o.o., Hyundai auto Zagreb, d.o.o., Gorenje Gostinstvo, d.o.o., Linea, d.o.o., Gorenje Real Kft. and Gorenje Real Spol. S r.o.

This sector generated SIT 1,653.6 million less than in the same period of the previous year. In the consolidated sales structure the share of this sector reached a 9.6% share, which was a 3.3% decrease compared with the same period in 2001.

2.1.3. Furniture Sector

The furniture sector includes the companies Gorenje Notranja oprema, d.d., Gorenje Kuchyne Spol. s r.o., operating in the Czech Republic and Gorenje Kuechen GmbH, operating in Austria.

The furniture sector lagged behind the same period in the previous year by SIT 233.7 million.

The sector's share in the consolidated sales structure was 4.5 %, and was 5.3 % in the same period of the previous year.

2.1.4. Machine Construction and Tool Making Sector

This operational sector includes the operations of the subsidiary companies Gorenje Orodjarna, d.o.o. and Gorenje Indop, d.o.o.

The above companies exceeded the sales reached in the same period of the previous year by SIT 115.1 million.

In the consolidated sales structure the sector reached a 0.6 % share and in the same period of the previous year a 0.5 % share.

3. Employees

At the end of June 2002 the Gorenje Group had 8,647 employees, which was 461 more (5.6 %), than at the end of 2001. The major part of the increase was due to the company Gorenje, d.d. (338 new employees), while the number of employees also increased in the companies Biterm, d.o.o. (by 34) and Gorenje IPC, d.o.o. (by 34).

The average number of employees was 8,503 in the first half of 2002.

4. Costs, Expenses

In the period January-June 2002 **costs of goods, materials and services** represented the highest share - 72.4 % of gross operating yield. They amounted to SIT 61,717.6 million, which was 6.2 % over the same period in the previous year.

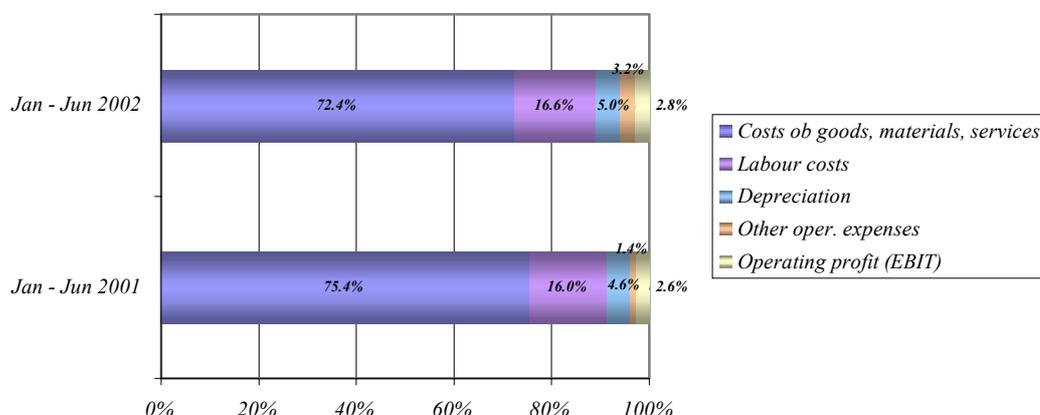
Costs of goods, materials and services grew at a slower pace than net sales revenues and the operating yield, which increased by 10.6 % compared with the same period in the previous year, therefore their share in the gross operating yield structure decreased by 3 percentage points.

Labour costs increased by 14.8 % compared with the same period in the previous year.

Labour costs amounted to SIT 14,189.8 million and their share in the gross operating yield structure was 16.6 %. Labour costs grew at a faster pace than gross operating yield, therefore their share in the gross operating yield structure increased by 0.6 percentage points.

Depreciation, which represented a 5 % share in gross operating yield, amounted to SIT 4,288.2 million. Compared with the same period in the previous year depreciation was higher by SIT 753.4 million or 21.3 %, which had a positive impact on the cash flow.

Gorenje Group - Shares of Major Categories in Gross Operating Yield



SIT 2,034.7 million of **provisions** were set up, representing 2.4 % of gross operating yield. Provisions were up by SIT 1,474.8 million (263.4 %) compared with the same period in the previous year, which had a positive effect on the cash flow. The major part of provisions amounting to SIT 1,668.4 million was set up for warranties and bonuses granted to customers by the parent company.

Operating profit (EBIT) reached SIT 2,380.7 million, an increase of 18.7 % over the same period in the previous year.

Compared with the same period in the previous year its share in gross operating yield rose from 2.6 % to 2.8 % mainly due to slower growth of costs of goods, materials and services.

Added Value reached SIT 23,161.7 million, representing a 27.2 % share in the gross operating yield structure. Compared with the same period in the previous year it increased by 23.9 %.

Financial Items

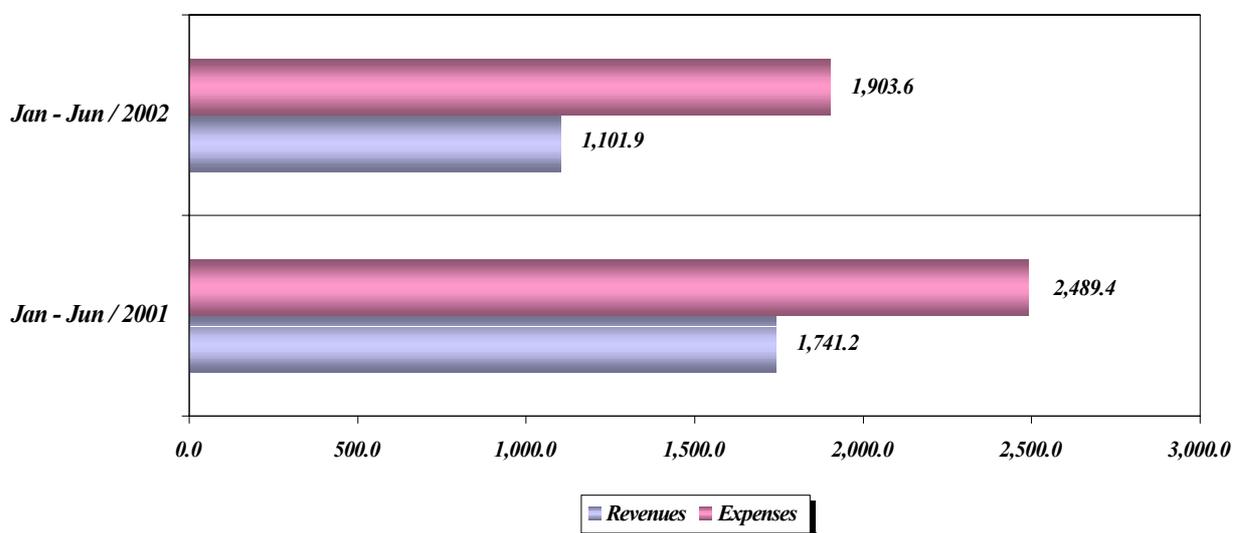
The negative balance of financial items increased by 7.2% compared with the same period in the previous year. In the period January - June it amounted to SIT 801.7 million, representing 0.9 % of gross operating yield (1 % in the same period of the previous year).

	<i>in SIT m</i>		
	<i>Actual Jan-Jun 2001</i>	<i>Actual Jan-Jun 2002</i>	<i>Comparison act./pr.y.</i>
<i>Revenues from dividends</i>	129.4	5.6	-95.7 %
<i>Interest revenues</i>	228.5	195.7	-14.4 %
<i>Revenues from revaluation</i>	1.222.5	754.9	-38.2 %
<i>Other financial revenues</i>	160.8	145.7	-9.4 %
<i>Total financial revenues</i>	1.741.2	1.101.9	-36.7 %
<i>Interest expenses</i>	907.8	908.3	0.1 %
<i>Revaluation expenses</i>	826.2	936.5	13.4 %

<i>Other financial expenses</i>	755.4	58.8	-92.2 %
Total financial expenses	2.489.4	1.903.6	-23.5 %
<i>Balance of dividends</i>	+129.4	+5.6	-95.7 %
<i>Balance of interest</i>	-679.3	-712.6	4.9 %
<i>Balance of revaluation</i>	+396.3	-181.6	/
<i>Balance of other financial items</i>	-594.6	+86.9	/
Total balance of financial items	-748.2	-801.7	7.2 %

The balance of financial items was favourably influenced by the introduction of new Slovene Accounting Standards, which eliminated mandatory revaluation (revaluation deficit in the same period of the previous year was SIT 662.5 million), and lower revenues from revaluation were recorded in order to maintain the value as a result of depreciation of some foreign currencies in the second quarter (USD, PLN and GBP). Although financial liabilities grew by 20% compared with the same period in the previous year, interest expenses only increased by 4.9 %. This was a result of good credit rating of Gorenje, favourable terms negotiated with banks and lower ERIBOR. Improved maturity structure of loans should also be mentioned. The share of long-term loans, which are more expensive, increased by 3.2 percentage points and the share of short-term loans decreased by 1.8 percentage points. The resulting balance of financial items does not differ significantly from the same period in the previous year.

Financial Items of Gorenje Group (in SIT m)



Extraordinary Items

In the first half of this year the balance of extraordinary items was positive and amounted to SIT 116.4 million. It was lower by SIT 88.1 million compared with the same period in the previous year. The major part of extraordinary revenues refer to recovered bad debts from previous years and collected indemnity claims.

Tax on Profits

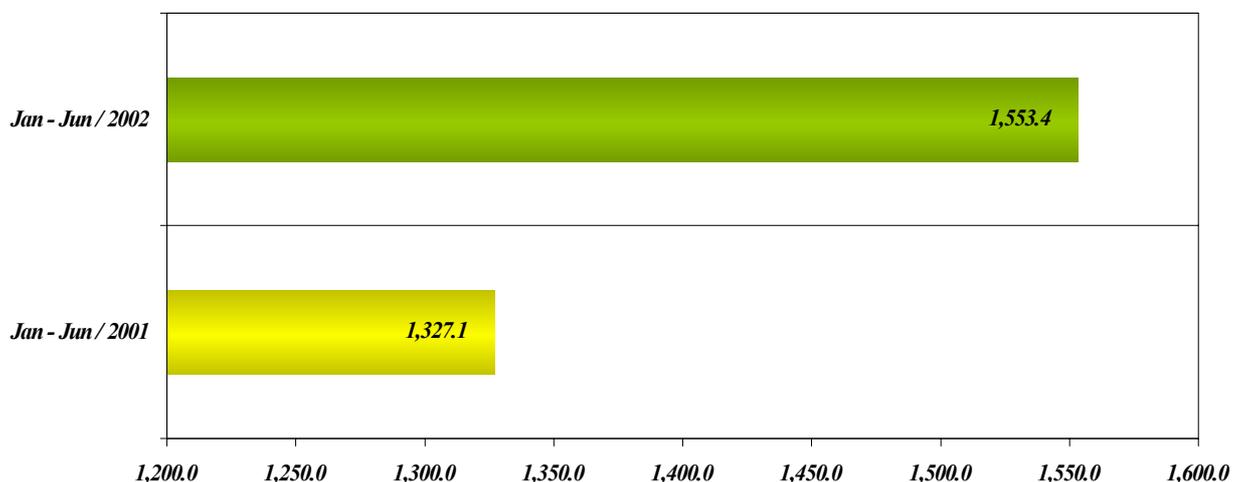
Tax on profits amounted to SIT 142 million. Its share in the gross operating yield structure was 0.2 %.

Consolidated Net Profit

Consolidated net profit of the Gorenje Group for the first half of 2002 amounted to SIT 1,553.4 million, which was an increase of 17.1 % over the same period in the previous year.

It includes the net profit of minority shareholders in the amount of SIT 74 million.

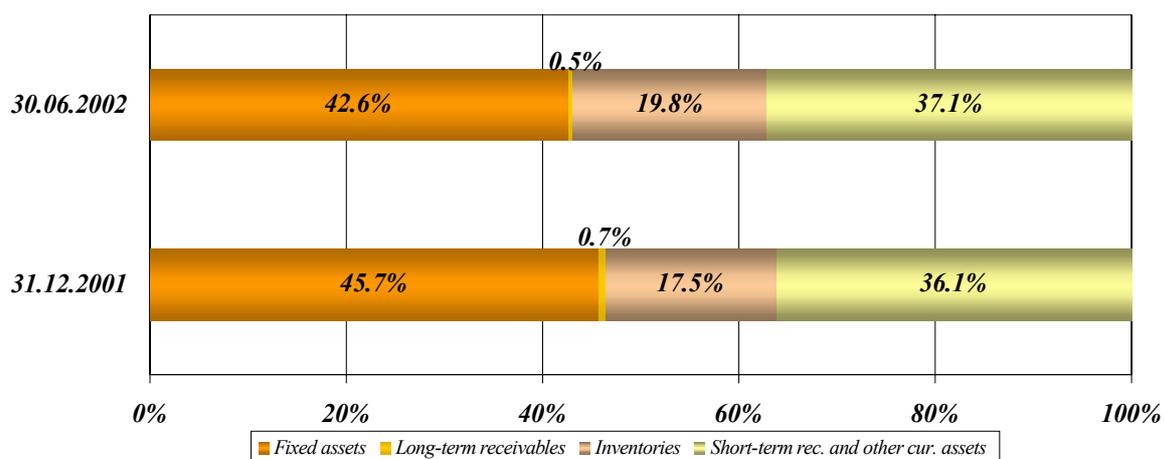
Consolidated Net Profit of Gorenje Group (in SIT m)



5. Changes in Balance Sheet Structure

As at 30 June 2002 the **balance sheet total** of the Gorenje Group amounted to SIT 136,601.6 million, an increase of 12 % over end of 2001 and 14.2% over the same period in the previous year.

Fixed assets rose by 4.5 % and current assets by 18.3% compared with end of 2001. The balance sheet structure changed in favour of current assets as their share in the balance sheet structure rose from 54.3% to 57.4%, while the share of fixed assets fell from 45.7% to 42.6%.

Gorenje Group - Structure of Assets

Tangible fixed assets and intangible fixed assets, representing 39.9 % of total assets, increased by SIT 1,360.7 million compared with end of 2001. In accordance with new standards fixed assets are not revalued in 2002. In the first half of the year investments in tangible and intangible fixed assets reached 33.1 % of annual budget and amounted to SIT 4,190 million.

The major part of investments in the amount of SIT 2,110.6 million referred to the parent company, followed by investments by the companies Gorenje Zagreb, d.o.o. in the amount of SIT 1,281.4 million and Gorenje Commerce in the amount of SIT 390.5 million.

Long-term investments increased, compared with end of 2001, by SIT 1,129,6 million and represented 2.7 % of total assets. The major part of the increase referred to the parent company.

Inventories, which represent 19.8 % of total assets, increased by SIT 5,743.8 million or 26.9 % compared with end of 2001.

	<i>In SIT m</i>		
	<i>Actual 31.12.2001</i>	<i>Actual 30.6.2002</i>	<i>Comparison act./pr.y.</i>
<i>Materials</i>	7.492,7	7.241.5	-3.4 %
<i>Work in process</i>	1.627,3	1.440.3	-11.5 %
<i>Products</i>	9.232,9	14.946.3	61.9 %
<i>Merchandise</i>	2.720,5	3.119.6	14.7 %
<i>Advances for inventories</i>	248,4	317.9	28.0 %
Total	21.321,8	27.065.6	26.9 %

The highest growth was recorded in inventories of finished products (by 61,9 %), followed by inventories of merchandise with 14.7 % growth, while inventories of materials and work in process decreased.

The increase is mainly due to increased inventories of finished products, which grew by SIT 5,713.4 million compared with end of 2001. SIT 2,248.5 million of the increase refers to the parent company (increase in the inventories of the refrigerators and freezers programme earmarked for sales during works holiday).

The average products inventories turnover period decreased from 28 to 26 days compared with the same period in the previous year and increased by 5 days compared with 2001.

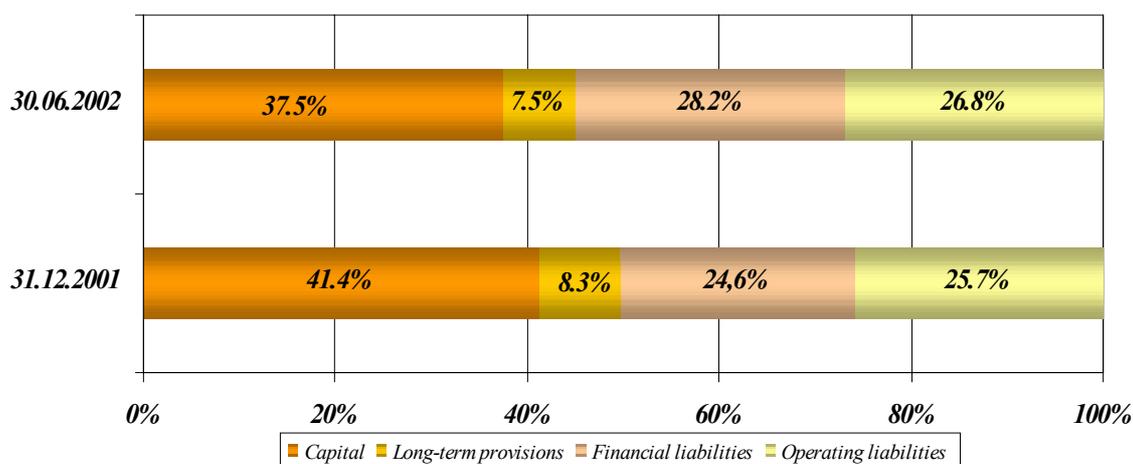
	Days			
	Jan – Jun 2001	Jan - Dec 2001	Jan – Mar 2002	Jan – Jun 2002
<i>Average products turnover period</i>	28	21	23	26
<i>Average settlement period for receivables from customers</i>	70	64	72	73
<i>Average settlement period for payables to suppliers</i>	74	70	74	76

Short-term operating receivables represent 30.7 % in the structure of assets of the Gorenje Group at the end of June 2002. Compared with end of 2001 their share increased by 3.3 percentage points or SIT 8,454.2 million.

The most important part of short-term receivables were receivables due from customers, which grew by SIT 4,540.1 million or 14.3 % compared with the same period of the previous year, while sales increased by 10.7 %. Significant growth in receivables due from customers was recorded in the companies Gorenje Zagreb, d.o.o., Gorenje, d.d., Gorenje Skandinavien A/S and Gorenje Vertriebs GmbH. This growth was a result of increased sales, cash-flow problems of some customers and extended payment dates to customers in the markets of East and South-east Europe.

Average settlement period for receivables from customers worsened from 70 to 73 days compared with the same period in the previous year, while compared with 2001 it improved by 9 days.

At the end of June 2002 **capital** represented 37.5 % in the structure of total liabilities; compared with end of 2001 its share in the structure decreased by 3.9 percentage points. Balance sheet total grew faster than capital as a result of increased inventories and receivables from customers. Capital increased by 1.4 % and balance sheet total by 12 %.

Gorenje Group - Structure of Liabilities and Capital

Capital grew by SIT 728.3 million in nominal terms, but in the structure of total liabilities its share fell as a result of decreased capital for recorded dividend pay-out liabilities and change in ownership structure in the company Gorenje Notranja oprema, d.d.

At the end of June 2002 **long-term provisions** were slightly higher than at the end of 2001 and amounted to SIT 10,183.2 million.

In the structure of total liabilities their share fell, compared with end of 2001, by 0.8 percentage point to 7.5 %.

Compared with end of 2001 **long-term financial liabilities** grew by SIT 1,667.9 million or 15.1 %. The increase mainly refers to the companies Gorenje Notranja oprema, d.d., Hyundai auto Zagreb, d.o.o. and Gorenje Zagreb, d.o.o.

In the structure of total liabilities long-term financial liabilities represent a 9.3 % share (end of 2001 - 9.1 %).

Short-term financial liabilities, representing a 18.9 % share in the structure of total liabilities, increased by SIT 6,884 million compared with end of 2001. The major part of financial liabilities refer to payables to banks. The increase mainly refers to Gorenje, d.d. (SIT 3,815.9 million), but a considerable increase in short-term financial liabilities was also recorded by the companies Gorenje Vertriebs GmbH, Gorenje Zagreb, d.o.o., Gorenje Koerting Italia S.r.l., Gorenje Spol.s r.o. and Gorenje GTI, d.o.o. The increase in these companies was due to higher assets required for the financing of increased receivables and inventories in these companies.

Short-term operating liabilities increased by SIT 3,480.1 million or 12% compared with end of 2001. In the structure of total liabilities they represented a 23.8 % share, and remained unchanged compared with end of 2001.

Average settlement period for payables to suppliers increased from 74 to 76 days compared with the same period in the previous year, which could not replace the increased average settlement period for receivables.

Accrued costs and deferred revenues grew by SIT 1,823.4 million or 79.4 % compared with end of 2001. The major part of the increase in the amount of SIT 827.5 million refers to the parent company, but a considerable increase was also recorded by the companies Gorenje Skandinavien A/S (by SIT 510.8 million), Gorenje Vertriebs GmbH (by SIT 408.9 million) and Gorenje Commerce, d.o.o. (by SIT 188.1 million).

Their share in the structure of total liabilities grew by 1.1 percentage point compared with end of 2001 and reached 3%.

6. Cash Flow Statement

Cash flow from operating activities was negative and amounted to SIT 2,893.5 million. Compared with the same period in the previous year it was down SIT 526.3 million. It was favourably influenced by depreciation (SIT 4,288.2 million), profit before taxation (SIT 1,695.4 million), increased operating liabilities (by SIT 3,479.6 million) and accrued costs and deferred revenues (by SIT 1,823.4 million). On the other hand increased operating receivables (by SIT 8,307.5 million) and increased inventories (by SIT 5,743.8 million) had a considerably negative impact on the funds flow. Higher current assets caused a negative funds flow from operating activities.

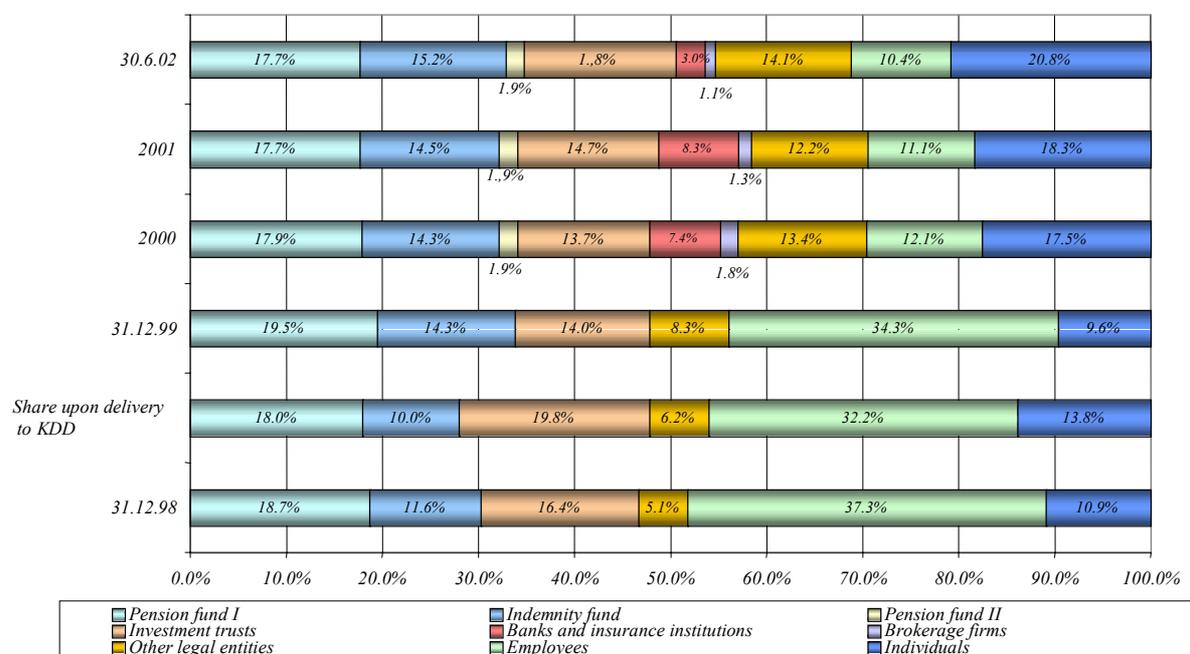
Cash flow from investing activities was negative and amounted to SIT 4,615.6 million, and was 54.2 % lower than in the same period of the previous year, when it was also negative and amounted to SIT 10,070.2 million. The major part derives from increased tangible fixed assets, which grew on account of investments in 2002. In the first half of 2002 investments were 38 % lower than in the same period of the previous year.

Cash flow from financing activities was SIT 6,973.1 million, 44.6 % down on the same period of the previous year. Due to required financing of increased receivables and inventories, short-term financial liabilities grew (by SIT 5,908 million), and so did long-term financial liabilities (by SIT 1,667.9 million).

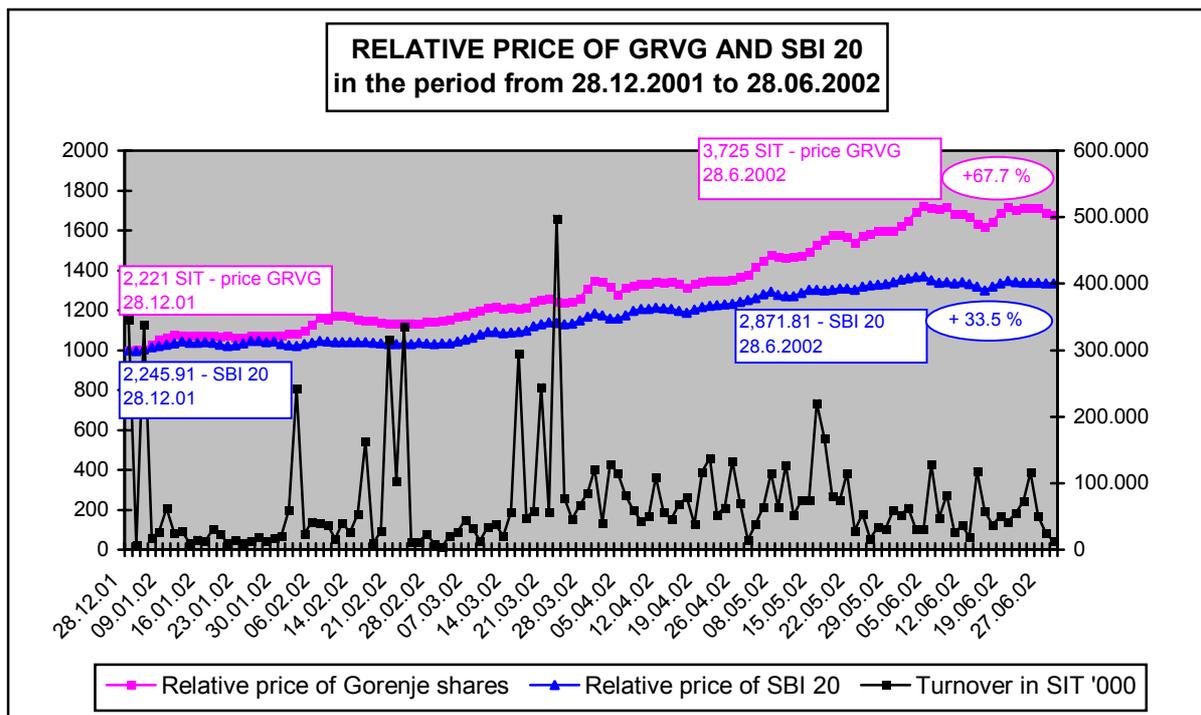
7. Shares GRVG

Increased trading on the Stock Exchange influenced the volume of trading with Gorenje shares, as they were ranked fourth by turnover on the Ljubljana Stock Exchange by reaching SIT 5.5 billion turnover or 18% of total turnover of shares on the Stock Exchange. This had an impact on the number of shareholders, which continued to grow. At the end of June Gorenje had 14,517 shareholders or 977 more than at the end of the previous year. This was a 7.2 % growth. In the ownership structure the share of individuals grew to reach 31.2 % at the end of June, which was a growth of 1.8 percentage points. The share held by legal entities owned by the state grew as well to reach 34.8% at the end of June, 0.8% over the figure of the year before. In the first half of the year the share of foreign investors recorded a slight increase as they held 1.07% of shares at the end of June.

Ownership Structure by Period



By the end of June the price of Gorenje shares went up 67.9% compared with the year before and a remarkable 78.8% on a year to year basis, while the yield of SBI 20 was 33.5 % in the first half of the year and 58.4 on a yearly basis. This means that the price of Gorenje shares succeeded in making up for its lagging behind the SBI 20 in the previous year.



In line with the price growth, market capitalisation grew and amounted to SIT 45.4 billion at the end of June. The ratio between the share price and its book value improved although the price still did not reach the share's book value. Due to increased trading volumes the annual turnover ratio of market capitalisation grew to 0.39, the highest since Gorenje shares have been traded on the organised stock market.

8. FINANCIAL HIGHLIGHTS

<i>Gorenje, d.d.</i>			<i>Gorenje Group</i>	
<i>Previous year 1-6/2001</i>	<i>Actual 1-6/2002</i>		<i>Previous year 1-6/2001</i>	<i>Actual 1-6/2002</i>
50,184	59,298	NET REVENUES - total (SIT m)	121,801	137,596
		NET REVENUES - consolidated (SIT m)	74,604	82,613
11,194	14,682	ADDED VALUE (SIT m)	18,701	23,162
1,114	1,691	OPERATING PROFIT (SIT m)	2,005	2,381
1,283	2,066	NET PROFIT (SIT m)	1,327	1,553
5,105	5,293	AVERAGE NUMBER OF EMPLOYEES	8,237	8,503
RATIOS				
2.6%	3.5%	ROS	1.8%	1.9%
5.8%	8.6%	ROE	5.7%	6.3%
2.9%	4.1%	ROA	2.2%	2.3%
9,830	11,203	Net reven.- total / aver.no. of employees (SIT '000)	14,787	16,182
		Net reven.-cons./aver.no.of employees (SIT '000)	9,057	9,716
2,193	2,774	Added value/aver.no.of employees (SIT '000)	2,270	2,724
105.19	169.33	Earnings per share (SIT)	108.8	127.33

*Return on equity(ROE) and return on assets (ROA) have been calculated on a yearly basis.

Gorenje, d.d.			Gorenje Group	
<i>Previous year</i> <i>1-6/2001</i>	<i>Actual</i> <i>1-6/2002</i>		<i>Previous year</i> <i>1-6/2001</i>	<i>Actual</i> <i>1-6/2002</i>
88,337	92,643	Total assets (SIT m)	119,570	136,602
5,851	2,111	Investments (SIT m)	6,741	4,190
10,551	11,123	Inventories (SIT m)	25,261	27,066
26,841	30,426	Short-term operating receivables (SIT m)	34,786	41,919
45,254	49,887	Capital (SIT m)	47,546	51,241
12,250	12,658	Net debt	26,616	30,172
RATIOS				
0.57	0.59	Assets turnover ratio	1.25	1.21
0.27	0.25	Net debt /capital (Gearing)	0.56	0.59
45.3%	47.1%	Participation rate of current assets %	55.5%	57.4%
37.0%	35.6%	Participation rate of short-term liabilities and accrued costs and deferred revenues %	46.8%	45.7%
1.1	1.2	Long-term coverage of long-term assets	1.2	1.3

9. UNAUDITED FINANCIAL STATEMENTS OF THE GORENJE GROUP and GORENJE, d.d.

Half-yearly financial statements have been prepared in accordance with the new Slovene Accounting Standards and have not been audited. In order to assure comparability the data for the previous period have been appropriately adjusted in line with the new Slovene Accounting Standards.

PROFIT AND LOSS ACCOUNT	Gorenje Group		Gorenje, d.d.	
	1-6/2002	1-6/2001	1-6/2002	1-6/2001
<i>in SIT '000</i>				
Net sales revenues	82,612,710	74,603,904	59,298,260	50,183,574
Change in the value of inventories and work in process	1,792,849	1,137,961	1,686,981	921,133
Value of capitalised own products or services	156,206	517,704	39,945	453,985
Other operating revenues	726,492	872,619	101,647	366,085
Gross operating yield	85,288,257	77,132,188	61,126,833	51,924,777
Costs of goods, materials and services	-61,717,608	-58,107,399	-46,324,208	-40,571,764
Labour costs	-14,189,842	-12,364,114	-8,099,322	-7,145,230
Depreciation	-4,288,187	-3,534,821	-3,134,485	-2,540,823
Revaluation of operating expenses with current assets	-268,341	-236,766	-88,292	-130,279
Other operating expenses	-408,943	-323,976	-120,876	-104,708
Provisions	-2,034,661	-559,898	-1,668,409	-318,202
Operating profit	2,380,675	2,005,214	1,691,241	1,113,771
Financial revenues	1,101,891	1,741,224	1,406,223	1,529,956
Financial expenses	-1,903,611	-2,489,388	-1,115,738	-1,509,245
Profit from ordinary activities	1,578,955	1,257,050	1,981,726	1,134,482
Extraordinary revenues	161,424	302,499	90,243	166,795
Extraordinary expenses	-45,010	-98,049	-5,495	-17,347
Total profit	1,695,369	1,461,500	2,066,474	1,283,930
Tax on profits	-142,016	-134,433	-605	-566
Net profit for the period	1,553,353	1,327,067	2,065,869	1,283,364
Profit of the minority owners	73,963	118,143		
Profit of the majority owners	1,479,390	1,208,924		

BALANCE SHEET	Gorenje Group		Gorenje, d.d.	
	30.6.2002	30.6.2001	30.6.2002	30.6.2001
<i>In SIT '000</i>				
ASSETS	136,601,621	119,570,408	99,870,323	88,336,867
FIXED ASSETS	58,277,069	53,237,678	52,789,303	48,322,356
Intangible fixed assets	1,655,927	1,474,385	619,733	566,634
Tangible fixed assets	52,920,709	48,854,648	35,949,506	34,933,450
Long-term investments	3,700,433	2,908,645	16,220,064	12,822,272
CURRENT ASSETS	78,324,552	66,332,730	47,081,020	40,014,511
Inventories	27,065,575	25,260,898	11,123,295	10,551,097
Long-term operating receivables	646,917	403,229	301,057	359,936
Short-term operating receivables	41,918,573	34,785,959	30,426,193	26,840,914
Short-term investments	6,161,635	4,202,413	5,042,058	2,140,722
Balances on bank accounts, cheques and cash	2,152,598	1,255,703	145,598	112,850
Deferred costs and accrued revenues	379,254	424,528	42,819	8,992
TOTAL LIABILITIES	136,601,621	119,570,408	99,870,323	88,336,867
CAPITAL	51,240,561	47,545,839	49,887,225	45,253,758
Majority interest	50,431,217	44,948,303		
Minority interest	809,344	2,597,536		
Share capital			12,200,000	12,200,000

<i>Capital reserves</i>				
<i>Reserves from profit</i>			13,796,646	7,041,497
<i>Retained net profit from previous years</i>			2,333,034	3,462,968
<i>Net profit for the year</i>			2,065,869	1,283,364
<i>Capital revaluation adjustments</i>			19,491,676	21,265,929
LONG-TERM PROVISIONS	10,183,171	8,702,150	6,037,033	5,433,974
LONG-TERM LIABILITIES	12,739,593	7,339,924	8,356,558	5,007,385
<i>Long-term financial liabilities</i>	12,729,848	7,334,834	8,355,554	5,006,770
<i>Long-term operating liabilities</i>	9,745	5,090	1,004	615
SHORT-TERM LIABILITIES	58,319,741	53,369,697	33,098,285	31,226,273
<i>Short-term financial liabilities</i>	25,756,806	24,739,314	9,490,458	9,496,660
<i>Short-term operating liabilities</i>	32,562,935	28,630,383	23,607,827	21,729,613
ACCRUED COSTS AND DEFERRED REVENUES	4,118,555	2,612,798	2,491,222	1,415,477

CASH FLOW STATEMENT

<i>In SIT '000</i>	Gorenje Group		Gorenje, d.d.	
	1-6/2002	1-6/2001	1-6/2002	1-6/2001
CASH FLOW FROM OPERATING ACTIVITIES				
<i>Profit before taxation</i>	1,695,369	1,461,500	2,066,474	1,283,929
<i>Depreciation</i>	4,288,187	3,534,821	3,134,485	2,540,823
<i>Tax on profits</i>	-142,016	-134,433	-605	-566
<i>Operating receivables</i>	-8,307,491	-7,695,653	-6,586,333	-7,383,795
<i>Inventories</i>	-5,743,790	-3,753,445	-1,591,756	254,465
<i>Operating liabilities</i>	3,479,713	2,295,893	2,519,988	3,170,773
<i>Deferred costs and accrued revenues</i>	13,235	-49,260	-26,753	2,006
<i>Accrued costs and deferred revenues</i>	1,823,363	920,671	1,627,781	692,734
TOTAL	-2,893,430	-3,419,906	1,143,281	560,369
CASH FLOW FROM INVESTMENT ACTIVITIES				
<i>Intangible fixed assets</i>	-414,775	-385,596	-3,829	-189,651
<i>Tangible fixed assets</i>	-5,234,208	-10,052,097	-2,241,246	-7,183,021
<i>Long-term investments</i>	-807,627	-1,143,243	-2,073,418	-1,807,106
<i>Short-term investments</i>	1,840,888	1,510,691	496,899	1,527,954
TOTAL	-4,615,722	-10,070,245	-3,821,594	-7,651,824
CASH FLOW FROM FINANCIAL ACTIVITIES				
<i>Increase in capital</i>		3,308,606		1,165,589
Decrease in capital	-1,613,443		-1,025,413	
<i>Long-term provisions</i>	34,633	1,354,927	7,190	775,144
<i>Long-term financial liabilities</i>	1,667,882	363,542	-260,387	166,701
<i>Short-term financial liabilities</i>	5,908,041	6,714,453	2,795,071	3,891,473
<i>Dividends payable</i>	976,000	854,000	976,000	854,000
TOTAL	6,973,113	12,595,528	2,492,461	6,852,907
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	2,152,598	1,255,703	145,598	112,850
Total cash flow	-536,039	-894,623	-185,852	-238,548
Opening balance of cash and cash equivalents	2,688,637	2,150,326	331,450	351,398

STATEMENT OF CHANGES IN CAPITAL: GORENJE GROUP

	<i>Share capital</i>	<i>Capital reserves</i>	<i>Reserves from profit</i>	<i>Retained net profit from previous years</i>	<i>Net profit for the year</i>	<i>Capital Revaluation and translation adjustments</i>	<i>Total</i>
<i>in SIT '000</i>							
Opening balance at 1 January 2002	12,200,000		11,589,479	2,520,647	1,468,330	20,123,231	47,901,687
Movements to capital					1,479,390	2,075,552	3,554,942
– entry of net profit for the financial year					1,479,390		1,479,390
– entry of special capital revaluation adjustments						788,374	788,374
– increase in translated foreign exchange differences						1,287,178	1,287,178
Movements within capital			2,333,034	-864,704	-1,468,330		0
– Other distribution of elements of capital			2,333,034	-864,704	-1,468,330		0
Movements from capital				-1,025,412			-1,025,412
– Dividend payout				-1,025,412			-1,025,412
Closing balance at 30 June 2002	12,200,000		13,922,513	630,531	1,479,390	22,198,783	50,431,217

STATEMENT OF CHANGES IN CAPITAL: GORENJE, D.D.

	<i>Share capital</i>	<i>Capital reserves</i>	<i>Reserves from profit</i>	<i>Retained net profit from previous years</i>	<i>Net profit for the year</i>	<i>Capital revaluation adjustments</i>	<i>Total</i>
<i>in SIT '000</i>							
Opening balance at 1 January 2002	12,200,000		11,463,612	4,087,602	1,603,878	18,703,302	48,058,394
Movements to capital					2,065,869	788,374	2,854,243
<i>Entry of net profit for the financial year</i>					2,065,869		2,065,869
– <i>Entry of special capital revaluation adjustments</i>						788,374	788,374
Movements within capital			2,333,034	-729,156	-1,603,878		0
– <i>Distribution of balance sheet profit for setting up other reserves according to GMS resolution</i>			2,333,034	-729,156	-1,603,878		0
Movements from capital				-1,025,412			-1,025,412
– <i>Dividend payout</i>				-1,025,412			-1,025,412
Closing balance at 30 June 2002	12,200,000		13,796,646	2,333,034	2,065,869	19,491,676	49,887.225