

Pursuant Article 34 of the Ljubljana Stock Exchange Rules and Regulations in accordance with the Securities Market Act, the company Gorenje d.d., Partizanska 12, 3503 Velenje hereby publishes **Non-audited non-consolidated Financial Statement for the year 2003:**

Non-audited consolidated Balance Sheet of Gorenje d.d.

	In 000 SIT	31.12.2003	31.12.2002
	ASSETS	120,658,135	103,259,621
A.	Fixed assets	72,435,594	59,134,078
I.	Intangible fixed assets	1,761,708	616,666
II.	Tangible fixed assets	48,096,377	38,553,307
III.	Long term financial investments	22,577,509	19,964,105
B.	Current assets	47,830,765	43,894,096
I.	Inventories	12,410,051	11,546,400
II.	Operating receivables	33,377,685	29,462,774
	a) Long term operating receivables	293,596	368,819
	b) Short term operating receivables	33,084,089	29,093,955
III.	Short term financial investments	2,031,167	2,581,227
IV.	Bank balances, cheques, cash	11,862	303,695
C.	Deferred costs and accrued revenues	391,776	231,447
	LIABILITIES	120,658,135	103,259,621
A.	EQUITY	57,918,141	54,310,490
I.	Called-up capital	12,200,000	12,200,000
II.	Capital reserve	83,753	0
III.	Accrued reserve from profit	19,458,829	16,162,032
IV.	Retained net profit	2,043,443	2,357,602
V.	Net profit for current year	2,151,832	1,541,445
VI.	Capital revaluation adjustments	21,980,284	22,049,411
B.	Provisions	4,153,745	6,433,407
C.	Financial and operational liabilities	58,241,106	41,574,701
I.	Long term financial liabilities	10,984,319	9,049,317
II.	Long term liabilities from operations	1,004	1,004
III.	Short term financial liabilities	11,903,265	6,515,628
IV.	Short term liabilities from operations	35,352,518	26,008,752
D.	Accrued costs and deferred expenses	345,143	941,023

Non-audited Profit and Loss Statement of Gorenje d.d.

	In 000 SIT	2003	2002
1.	Net revenues from sales	128,944,883	119,577,258
2.	Changes in the value of inventories	1,050,130	170,697
3.	Value of capitalised own products	1,979,502	667,166
4.	Other operating revenues	666,990	693,207
5.	Gross operating yield	132,641,505	121,108,328
6.	Costs of goods, materials and services	-100,805,389	-93,102,449
7.	Labour costs	-20,228,053	-17,727,784
8.	Depreciation	-6,779,545	-6,482,622
9.	Revalued operating expenses	-445,138	-414,713
10.	Other expenses from operations	-350,591	-264,082
11.	Provisions	0	-151,928
12.	Profit from operations	4,032,789	2,964,750
13.	Financial revenues	3,639,010	3,223,615
14.	Financial expenses	-2,527,399	-2,230,208
15.	Profit or loss from ordinary activities	5,144,400	3,958,157
16.	Extraordinary revenues	0	176,310
17.	Extraordinary expenses	-362,450	-100,936
18.	Net profit before taxation	4,781,950	4,033,531
19.	Tax on profit	-100	-126,700
20.	Net profit for the financial year	4,781,850	3,906,831

Non-audited Cash Flow Statement of Gorenje d.d.

	In 000 SIT	2003	2002
A.	CASH FLOWS FROM OPERATING ACTIVITIES		
	a) Inflow from operating activities	7,486,255	4,978,915
	Profit before taxes	4,781,950	4,033,531
	Depreciation	6,779,545	6,482,622
	Opening minus closing operating receivables	-3,914,911	-5,321,857
	Opening minus closing deferred costs and accrued revenues	-160,329	-215,381
	b) Outflow from operating activities	7,884,135	2,856,933
	Tax on profit	-100	-126,700
	Closing minus opening inventories	-863,651	-2,014,862
	Opening minus closing operating liabilities	9,343,766	4,920,913
	Opening minus closing accrued costs and deferred revenues	-595,880	77,582
	c) Net inflow from operating activities or Net outflow from operating activities	15,370,390	7,835,848
B.	CASH FLOWS FROM INVESTMENT ACTIVITIES		
	a) Inflows from investment activities	404,039	2,491,326
	Offset decrease in short-term investments	404,039	2,491,326
	b) Outflows from investment activities	-20,004,167	-10,987,267
	Offset increase in Intangible fixed assets	-1,453,842	-129,626
	Offset increase in Tangible fixed assets	-16,013,815	-8,064,320
	Offset increase in Long-term investments	-2,536,510	-2,793,321
	c) Net inflow from investment activities or Net outflow from investment activities	-19,600,128	-8,495,941
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
	a) Inflows from financing activities	7,322,639	1,633,180
	Offset increase in Long-term provisions	0	403,563
	Offset increase in Long-term financial liabilities	1,935,002	433,376
	Offset increase in Short-term financial liabilities	5,387,637	796,241
	b) Outflows from financing activities	-3,384,734	-1,000,843
	Decrease in capital	-1,105,072	-1,000,843
	Offset decrease in Long-term provisions	-2,279,662	0
	c) Net inflow from financing activities or Net outflow from financing activities	3,937,905	632,337
D.	CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	11,862	303,695
	x) Net cash flow for the financial year	-291,833	-27,756
	y) Opening balance of cash and cash equivalents	303,695	331,451

Non-audited non-consolidated Movement of Equity Statement of Gorenje, d.d.

In 000 SIT	Registered Equity	Capital reserve	Reserve from profit	Accumulated net earnings	Net profit for the period	Revaluations and capital adjustments	Total
Opening balance on Jan. 1, 2003	12,200,000	0	16,162,032	2,357,602	1,541,445	22,049,411	54,310,490
Movements to capital		83,753		29,175	4,781,850	76,895	4,971,673
Entry of net profit for the financial year					4,781,850		4,781,850
Entry of capital revaluations and translation adjustments						76,895	76,895
Entry of profit from treasury stock sale		83,753					83,753
Non-paid dividends of treasury stock				29,175			29,175
Movements in capital			4,410,743	-239,280	-4,171,463		0
Allocation of distributable net profit from 2002 to forming other reserves			1,897,497	-1,897,497			0
Allocation of net profit 2003 to forming statutory reserves by management resolution			478,185		-478,185		0
Allocation of net profit 2003 to forming other reserves from profit by management resolution			2,151,833		-2,151,833		0
Release of reserves for treasury stock			-116,772	116,772			0
Transfer of net profit for 2002				1,541,445	-1,541,445		0
Movements from capital			-1,113,946	-104,054		-146,022	-1,364,022
Payment of dividends			-1,113,946	-104,054			-1,218,000
Decrease of extraordinary revaluation of capital						-146,022	-146,022
Closing balance on Dec. 31, 2003	12,200,000	83,753	19,458,829	2,043,443	2,151,832	21,980,284	57,918,141

In 000 SIT	Registered Equity	Capital reserve	Reserve from profit	Accumulated net earnings	Net profit for the period	Revaluations and capital adjustments	Total
Opening balance on Jan 1, 2002	12,200,000		11,463,612	4,087,601	1,603,878	18,703,303	48,058,394
Movements to capital					3,906,831	3,346,108	7,252,939
Entry of net profit for the financial year					3,906,831		3,906,831
Entry of capital revaluations and translation adjustments						3,346,108	3,346,108
Movements in capital			4,698,420	-729,156	-3,969,264		0
Allocation of distributable net profit from 2001 to forming other reserves			2,333,034	-729,156	-1,603,878		0
Allocation of net profit 2002 to forming ownership share reserve			823,941		-823,941		0
Allocation of net profit 2002 to forming other reserves from profit by management resolution			1,541,445		-1,541,445		0
Movements from capital				-1,000,843			-1,000,843
Payment of dividends				-1,000,843			-1,000,843
Closing balance on Dec. 31, 2002	12,200,000		16,162,032	2,357,602	1,541,445	22,049,411	54,310,490

Important notes to the Statements

Principles applied in preparation of financial statements

Non-audited non-consolidated financial statements of Gorenje d.d. are prepared in accordance with the provisions of Commercial Corporations Act and in line with Slovenian Accounting Standards.

Achieved business objectives

Economic circumstances on the European markets and other markets of Gorenje Group operations were extremely difficult in the year 2003, which was largely the consequence of low economic growth ratio, low level of customer confidence, and weak exchange rate of USD compared to EUR which increasingly reduced the international competitiveness of European industry.

The business of Gorenje d.d. in the year 2003 went along the approved annual plan of operations.

Net revenues from sales of Gorenje d.d. for the year 2003 amounted to SIT 128,944.9 million, which is 7.8% growth compared to 2002 and 1.3% below the planned figures, which is largely the consequence of transfer of household appliances sales operations to the associated company Gotenje GTI, d.o.o. on July 1, 2003.

Net profit for the year 2003 amounted to SIT 4,781.9 million, which is 22.4% growth compared to 2002 and exceeded the planned figures for net profit in the year 2003 for 5.7%.

Assets of Gorenje, d.d. as at Dec. 31, 2003 amounted to SIT 120,658.1 million, which represents 16.8% growth compared to the end of the year 2002. The paramount reason triggering such growth of assets are extensive investments in fixed assets during 2003, which include investments into the development of new generation of washing and drying machines, plastics production plant, logistic centre, shopping and distribution centre in Ljubljana and other important investments into the development of products and technologies.

Distributable net profit of Gorenje, d.d., for the year 2003 amounted to SIT 6,529.4 million. After complying with statutory allocations of net profit, the Management allocated the remaining half of net profit for the year 2003 to other reserves from profit, and at the same time released into the profit for the period other reserves from net profit for the year 1997. Such allocation of net profit is yet to be approved by the Supervisory Board in the process of approving the Annual Report of the Company.

The Management Board has evaluated the business achievements for the year 2003 as positive, especially considering the difficult circumstances for business operations in the year

Ownership structure on Dec. 31, 2003

Ownership shares of ten major shareholders are displayed by the following chart:

	Shareholder/Number of shares	31.12.2003	Percentage
1.	Kapitalska družba, d.d.	2,144,309	17.58
2.	Slovenska odškodninska družba, d.d.	1,864,601	15.28
3.	KD Investments d.d. VS Galileo	448,070	3.67
4.	ID Maksima d.d.	339,365	2.78
5.	Gorenje, d.d. Velenje	264,540	2.17
6.	Triglav Steber I, ID, d.d.	243,278	1.99
7.	Krona Senior d.d.	235,981	1.93
8.	KD Investments d.d. VS Rastko	191,795	1.57
9.	Pomurska investicijska družba 1 d.d.	155,102	1.27
10.	Kapitalska družba d.d. - PPS	153,486	1.26
	Major shareholders total:	6,040,527	49.5
	Other shareholders:	6,159,473	50.5
	TOTAL:	12,200,000	100.00

Treasury stock

On Dec. 31, 2003 the company Gorenje, d.d., owned 264,540 **Treasury stock** (on Dec. 31, 2002 307,105), which represents 2.17% of entire number of issued shares. During the year 2003 the company did not acquire new treasury stock, but had used 42,565 treasury stock in exchange for additional ownership shares in associated undertakings, and created capital gains, represented under the increase of capital reserves of the company.

Book value of shares and earnings per share

Average Price of company share, which is included in ordinary quotation of the Ljubljana Stock Exchange under the code GRVG, amounted on Dec. 31, 2003 to SIT 4,918, which is 3.6% above its **book value**, which on Dec. 31, 2003 amounted to SIT 4,747. Book value of the share is calculated as a ratio between the entire capital of the company as at Dec. 31, 2003 and the number of issued shares (12,200,000 shares), which remained constant in 2003 and did not change. **Earnings per share**, calculated as a ratio between net profit for the period and the number of issued shares, reduced for the number of treasury stock (264,540 shares), amounted in the year 2003 to SIT 400.64.

Supervisory Board

On June 11, 2003 member of the Supervisory Board Mr. Anton Majzelj submitted his resignation to the Chairman of the Board. Shareholder's Assembly, held on June 20, 2003 was informed of the resignation, but failed to appoint a new member, since the resignation had been submitted after the deadline, which would allow the extension of the Assembly agenda.

Number and percentage of company shares owned by the members of the Supervisory Board on Dec. 31, 2003 is shown by the following chart:

Name and surname	Function	Number of shares	% in total equity
Employee representatives			
Ivan ATELŠEK	Deputy Chairman	12,058	0.0988
Jurij SLEMENIK	Member	1,511	0.0124
Krešimir MARTINJAK	Member	100	0.0008
Peter KOBAL	Member	1,178	0.0097
Drago KRENKER	Member	2,098	0.0172
Representatives of capital			
Marko VOLJČ	Chairman	0	0
Tomaž KUNTARIČ	Deputy Chairman	400	0.0033
Bogdan PUŠNIK	Member	0	0
Igor OMERZA	Member	0	0
Anton MAJZELJ	Member (resigned on June 11, 2003)	1,064	0.0087
TOTAL		18,409	0.1509

Number and percentage of shares owned by the members of the Board had not changed from Dec. 31, 2003 to the day of the present publication.

Board of Directors

On its meeting held on June 3, 2003, the Supervisory Board of Gorenje d.d. appointed new Board of Directors of the company with the term of office for five years, who took the management of the company on July 18, 2003. New Board consists of: Mr. Franjo BOBINAC, President, Mr. Andrej VIZJAK, Deputy Director for Marketing, Mr. Franc KOŠEC, Deputy Director for Development and Quality, Mr. Žiga DEBELJAK, Deputy Director for Finances, and Mr. Drago BAHUN, Deputy Director for Human Resources.

Number and percentage of company shares owned by the members of the Board of Directors on Dec. 31, 2003 is shown by the following chart:

Name and surname	Function	Number of shares	Percentage in total equity %
Franjo BOBINAC	President	822	0,0067
Andrej VIZJAK	Board Director	2.500	0,0205
Franc KOŠEC	Board Director	400	0,0033
Žiga DEBELJAK	Board Director	400	0,0033
Drago BAHUN	Board Director	7.132	0,0585
TOTAL		11.254	0,0922

Number and percentage of shares owned by the members of the Board had not changed from Dec. 31, 2003 to the day of the present publication.

Important events following the balance sheet date

The following two important business events took place after the balance sheet date:

- At the beginning of 2004 the Company started using the new Logistic Center in Velenje, which largely contributed to the increased effectiveness of all logistic activities;
- New commercial and distribution centre in Ljubljana was opened on Feb. 16, 2004. In the shopping area of the Centre, Gorenje displays comprehensive production assortment to its customers, and at the same time the Centre serves as the servicing and distributional point for the territory of Slovenia.

Gorenje, d.d., The Management Board