

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 Consolidated Financial Statement of the Gorenje Group for the year 2003:**

Non-audited consolidated Balance Sheet of the Gorenje Group

	In 000 SIT	31.12.2003	31.12.2002
ASSETS		161,439,581	139,883,511
A. Fixed assets		82,139,131	66,254,880
I. Intangible fixed assets		2,823,366	1,868,138
II. Tangible fixed assets		73,739,635	58,243,396
III. Long term financial investments		5,576,130	6,143,346
B. Current assets		78,620,906	73,233,196
I. Inventories		29,352,674	26,167,525
II. Operating receivables		44,420,706	38,993,089
a) Long term operating receivables		293,749	393,859
b) Short term operating receivables		44,126,957	38,599,230
III. Short term financial investments		2,195,664	4,972,641
IV. Bank balances, cheques, cash		2,651,862	3,099,941
C. Deferred costs and accrued revenues		679,544	395,435
CAPITAL AND LIABILITIES		161,439,581	139,883,511
A. CAPITAL		58,901,763	55,239,118
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		663,293	823,303
V. Net profit for current year		2,042,576	1,695,594
VI. Capital revaluation adjustments		23,970,581	23,586,388
VII. Minority interest		482,731	771,801
B. Provisions		8,941,274	10,843,799
C. Financial and operating liabilities		91,679,779	71,481,092
I. Long term financial liabilities		18,919,501	12,838,168
II. Long term liabilities from operations		6,118	21,612
III. Short term financial liabilities		27,959,318	22,820,366
IV. Short term liabilities from operations		44,794,842	35,800,946
D. Accrued costs and deferred revenues		1,916,765	2,319,502

Non-audited consolidated Profit and Loss Statement of the Gorenje Group

	In 000 SIT	2003	2002
1.	Net revenues from sales	196,230,665	181,517,971
2.	Changes in the value of inventories	2,235,397	508,754
3.	Value of capitalised own products	2,205,670	815,223
4.	Other operating revenues	3,019,744	2,548,785
5.	Gross operating yield	203,691,476	185,390,733
6.	Costs of goods, materials and services	-148,739,991	-136,909,814
7.	Labour costs	-35,673,655	-30,664,115
8.	Depreciation	-9,406,731	-8,862,570
9.	Revalued operating expenses	-1,386,749	-1,524,047
10.	Other expenses from operations	-861,179	-831,556
11.	Provisions	-90,972	-1,427,823
12.	Profit from operations	7,532,199	5,170,808
13.	Financial revenues	2,381,828	3,420,356
14.	Financial expenses	-4,561,932	-4,159,668
15.	Profit or loss from ordinary activities	5,352,095	4,431,496
16.	Extraordinary revenues	414,380	590,226
17.	Extraordinary expenses	-566,151	-209,542
18.	Net profit before taxation	5,200,324	4,812,180
19.	Tax on profit	-452,910	-685,870
20.	Net profit for the financial year	4,747,414	4,126,310
21.	Profit of minority owners	74,820	65,330
22.	Profit of majority owners	4,672,594	4,060,980

Non-audited consolidated Cash Flow Statement of Gorenje Group

	In 000 SIT	2003	2002
A.	CASH FLOWS FROM OPERATING ACTIVITIES		
	a) Inflows from operating activities	8,895,329	8,936,714
	Profit before taxes	5,200,324	4,812,180
	Depreciation	9,406,731	8,862,570
	Opening minus closing operating receivables	-5,427,617	-4,735,090
	Opening minus closing deferred costs and accrued revenues	-284,109	-2,946
	b) Outflows from operating activities	4,937,606	1,222,291
	Tax on profits	-452,910	-685,870
	Closing minus opening inventories	-3,185,149	-4,845,740
	Opening minus closing operating liabilities	8,978,402	6,729,591
	Opening minus closing accrued costs and deferred revenues	-402,737	24,310
	c) Net inflow from operating activities or Net outflow from operating activities	13,832,935	10,159,005
B.	CASH FLOWS FROM INVESTMENT ACTIVITIES		
	a) Inflows from investment activities	3,259,129	2,927,405
	Offset decrease in long-term investments	628,174	0
	Offset decrease in short-term investments	2,630,955	2,927,405
	b) Outflows from investment activities	-25,858,198	-18,790,499
	Offset increase in Intangible fixed assets	-1,554,471	-922,577
	Offset increase in Tangible fixed assets	-24,303,727	-14,835,687
	Offset increase in Long-term investments		-3,032,235
	c) Net inflow from investment activities or Net outflow from investment activities	-22,599,069	-15,863,094
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
	a) Inflows from financing activities	11,220,285	6,419,064
	Offset increase in Long-term provisions		695,261
	Offset increase in Long-term financial liabilities	6,081,333	1,776,202
	Offset increase in Short-term financial liabilities	5,138,952	3,947,601
	b) Outflows from financing activities	-2,902,230	-303,671
	Decrease in capital	-999,705	-303,671
	Offset decrease in Long-term provisions	-1,902,525	0
	c) Net inflow from financing activities or Net outflow from financing activities	8,318,055	6,115,393
D.	CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	2,651,862	3,099,941
	x) Net cash flow for the financial year	-448,079	411,304
	y) Opening balance of cash and cash equivalents	3,099,941	2,688,637

Non-audited consolidated Statement of changes in Capital of Gorenje Group

In 000 SIT	Registered Equity	Capital reserve	Reserve from profit	Accumulated net earnings	Net profit for the period	Revaluations and capital adjustments	Minor ownership equity	Total
Opening balance at Jan. 1, 2003	12,200,000	0	16,162,032	823,303	1,695,594	23,586,388	771,801	55,239,118
Movements to capital		83,753		29,175	4,672,594	530,215	74,820	5,390,557
Entry of net profit for the financial year					4,672,594		74,820	4,747,414
Entry of capital revaluations and translation adjustments						530,215		530,215
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	-85,131	-4,325,612			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				1,695,594	-1,695,594			
Movements from capital			-1,113,946	-104,054		-146,022	-363,890	-1,727,912
Payment of dividends			-1,113,946	-104,054				-1,218,000
Decrease of minority interest							-363,890	-363,890
Decrease of extraordinary revaluation of capital						-146,022		-146,022
Closing balance on Dec. 31, 2003	12,200,000	83,753	19,458,829	663,293	2,042,576	23,970,581	482,731	58,901,763

In 000 SIT	Registered equity	Capital reserve	Reserve from profit	Accumulated net earnings	Net profit for the period	Revaluations and capital adjustments	Minor ownership equity	Total
Opening balance on Jan 1, 2002	12,200,000		11,463,612	2,688,850	1,468,330	20,080,895	2,610,590	50,512,277
Movements to capital					4,060,980	3,505,493	65,330	7,631,803
Entry of net profit for the financial year					4,060,980		65,330	4,126,310
Entry of capital revaluations and translation adjustments						3,505,493		3,505,493
Movements in capital			4,698,420	-864,704	-3,833,716			0
Allocation of distributable net profit from 2001 to forming other reserves			2,333,034	-864,704	-1,468,330			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			-1,904,119	-2,904,962
Payment of dividends				-1,000,843				-1,000,843
Decrease of minority interest							-1,904,119	-1,904,119
Closing balance on Dec. 31, 2002	12,200,000		16,162,032	823,303	1,695,594	23,586,388	771,801	55,239,118

Important notes to the Statements

Principles applied in preparation of financial statements

Financial statements are prepared according to the Commercial Code and Slovenian Accounting Standards.

Members of the Group

Changes in the structure of Gorenje Group in the year 2003 were as follows:

- On Jan.1, 2003 the Group was joined by the company Glin, K&M, proizvodnja pohištva, d.o.o., renamed to Gorenje Glin, d.o.o., whose ownership was 100% taken over by the company Gorenje Notranja oprema, d.d.;
- the company Energygor, d.o.o., 100% owned by the company Gorenje, d.d., acquired 99,05% ownership share in the company Opte Ptuj, d.o.o., and 66.66% ownership share in the company Kemis, d.o.o., Radomlje;
- company Gorenje, d.d. acquired additional 31.56 percentage points of the ownership share in the company Gorenje Tiki, d.o.o. and now owns 82.56% ownership share.

Apart from the parent company Gorenje, d.d., the following associated companies have been **included** in the **consolidation of the accounting statements**:

- **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 Notranja oprema, d.d. and Energygor, d.o.o., all with head offices located in Velenje, and Gorenje Tiki, d.o.o., Ljubljana; Biterm, d.o.o., Bistrica ob Sotli; Gorenje Glin, d.o.o., Nazarje; Opte Ptuj, d.o.o. Ptuj, and Kemis, d.o.o., Radomlje;
- **abroad:** Gorenje Beteteiligungs GmbH, Austria; Gorenje Austria Handels GmbH, Austria; Gorenje Vertriebs GmbH, Germany; Gorenje Koerting Italia S.r.l., Italy; Gorenje France S.A., France; Gorenje BELUX S.a.r.l., Belgium; Gorenje UK Ltd., Great Britain; Gorenje Skandinavien A/S, Denmark; Gorenje Sverige AB, Sweden; Gorenje Pacific Pty. Limited, Australia; Gorenje USA Inc., USA; Gorenje spol s r.o., Czech Rep.; Gorenje Kuchyne spol s r.o., Czech Rep.; Gorenje Slovakia s.r.o., Slovakia; Gorenje Budapest Kft., Hungary; Gorenje Polska Sp.zo.o., Poland; Gorenje Bulgaria EOOD, Bulgaria; Gorenje Zagreb, d.o.o., Croatia; Gorenje Skopje, d.o.o., Macedonia; Hyundai auto Zagreb, d.o.o., Croatia; Gorenje Commerce, d.o.o., Bosnia and Herzegovina; Gorenje, d.o.o., Serbia and Montenegro; Gorenje Real spol. s r.o., Czech Rep.; Gorenje Real Kft., Hungary; Gorenje Podgorica, d.o.o., Serbia and Montenegro; Gorenje Küchen GmbH, Austria; Gorenje OY, Finland; Hyundai auto, d.o.o., Serbia; Gorenje Kuhinje, d.o.o., Bosnia and Herzegovina; Gorenje AS, Norway; Gorenje Romania S.R.L., Romania; Kemis Zagreb, d.o.o., Croatia; Kemis BiH, d.o.o., Bosnia and Herzegovina.

Achieved business objectives

Economic circumstances on the EU markets and on 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 Group in the year 2003 went along the approved annual plan of operations.

Net revenues from sales of Gorenje Group for the year 2003 amounted to SIT 196,230.7 million, which is 8.1% growth compared to 2002 and exceeded planned net revenues from sales for the year 2003 for 2.3%.

Net profit of Gorenje Group for the year 2003 amounted to SIT 4,747.4 million, which is 15.1% growth compared to 2002 and falls behind the planned figures for net profit in the year 2003 for 4.1%.

Assets of Gorenje Group as at Dec. 31, 2003 amounted to SIT 161,439.6 million, which represents 15.4% 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 aside from the parental company Gorenje, d.d. include investments in the polystyrene packaging factory, shopping and distribution centre in Zagreb, repurchase of franchise retail outlets in Czech Republic, and other important investments in companies associated to the Group.

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 2003.

Gorenje, d.d., The Management Board