

ISTRABENZ and GORENJE unite expertise and capital for joint appearance on domestic and foreign electric power markets

Ljubljana, March 4, 2004 – **By signing the Articles of Association to incorporate the limited liability company called ISTRABENZ - GORENJE, trgovanje in prodaja električne energije (Istrabenz - Gorenje Power Trading Co. Ltd.), the corporations ISTRABENZ ENERGETSKI SISTEMI, d.o.o. and GORENJE, d.d' have laid down business and capital foundations for the efficient joint onset on target energy markets.**

By recapitalization and renaming of ELGOR, d.o.o., the partners GORENJE, d.d. and Istrabenz Group member ISTRABENZ ENERGETSKI SISTEMI, d.o.o. have become 50% owners of capital shares in the new company ISTRABENZ – GORENJE, d.o.o. (Ltd).

Registered capital of newly incorporated company amounts to SIT 300 million. The company will be headed by the managing director Mr. Iztok Sotošek, and supervised by the four member supervisory board chaired by Mr. Robert Golob, otherwise managing director of the Istrabenz energetski sistemi (Istrabenz Energy Systems Ltd).

Apart from invested capital, both the ISTRABENZ and GORENJE invest in the joint-venture experience and expertise, acquired in their past engagements upon the energy trading market.

GORENJE has been active in the energy domain for several years now, especially in the sector of executive projects for hydroelectric power plants and coal mining, in the exploitation of alternative sources of energy, in the supply of energy plants with technical equipment, and in the direct supply of energy, to certain minor extent also in trading with power. Moreover, GORENJE has recently been actively participating in environment protection projects, which is closely associated with the entire sector of sources of energy.

Partners consider both fields as being very attractive business areas, and intend to further expand and develop them in the future, both independently and in joint partnership.

Apart from selling traditional energy sources, like crude oil products and liquefied petroleum and natural gas, and recently coal for Ljubljana Municipal Heating Plant, ISTRABENZ expanded the Energy Division last year to include the entire energy associated services, and with its company Istrabenz energetski sistemi entered the renewable energy sources market. Shortly after, ISTRABENZ took the leading role in development of production and marketing capacities for enriched biomass in

Slovenia, while in Bosnia and Herzegovina initiated building of new production sources of electric power as the first foreign investor, along with testing the possibilities of trading with electric power. Experience gained by ISTRABENZ in the implementation of small hydroelectric power plants program will serve as excellent groundwork for taking decisions in regard to eventual new investments in larger production units.

In view of ascertained deficiency of electric power in EU member states, and considering the fact that this source of energy has been losing the status of local product and has increasingly appearing as the united, internal market of electric energy within the EU, both GORENJE and ISTRABENZ corporations have decided to make use of the emerging opportunity, and join forces in the relevant capital and business cooperation.

The focus on domestic market will be placed on searching market segments in trading and sale of electric power, while on foreign markets they intend to cover trading of production sources from their own independent development. Capital association is required for joint investments in new production output sources.

Newly incorporated company will carry out and promote businesses of mutual interest. During this year the company ISTRABENZ – GORENJE, d.o.o. intends to erect relevant infrastructure for efficient trading with electric power upon the international market and sale of power on domestic market.

With its flexibility and organizational structure the company will pursue the paramount objective of providing better and more appropriate service to final consumers of electric energy.

Through the newly established joint-venture, ISTRABENZ and GORENJE intend to purchase part of Russian clearing exchange debt towards Slovenia, and settle the outstanding claims by the supply of power from Russia, which the company intends to sell on domestic and target foreign markets. Along with other consortium partners, both companies are going to associate the settlement of clearing debt with the export of Slovenian products and services to the Russian market.

GORENJE GROUP

ISTRABENZ GROUP

For further information please contact the ISTRABENZ ENERGETSKI SISTEMI, d.o.o. Managing Director, Dr. Robert Golob, phone ++386 5 33 11 974, or Ms. Uršula Menih Dokl, GORENJE, d.d., phone ++386 3 89 92 833.