

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, SI-3503 Velenje, Slovenia hereby publishes **Non-audited non-consolidated Financial Statement for the year 2004**:

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

| | In 000 SIT | 31.12.2004 | 31.12.2003 |
|-----------|--|--------------------|--------------------|
| | ASSETS | 134,037,261 | 120,658,135 |
| A. | Fixed assets | 79,564,036 | 72,435,594 |
| I. | Intangible fixed assets | 3,030,403 | 1,761,708 |
| II. | Tangible fixed assets | 48,174,608 | 48,096,377 |
| III. | Long term financial investments | 28,359,025 | 22,577,509 |
| B. | Current assets | 54,032,112 | 47,830,765 |
| I. | Inventories | 15,682,877 | 12,410,051 |
| II. | Operating receivables | 34,333,081 | 33,377,685 |
| | a) Long term operating receivables | 509,535 | 293,596 |
| | b) Short term operating receivables | 33,823,546 | 33,084,089 |
| III. | Short term financial investments | 4,006,554 | 2,031,167 |
| IV. | Bank balances, cheques, cash | 9,600 | 11,862 |
| C. | Deferred costs and accrued revenues | 441,113 | 391,776 |
| | | | |
| | LIABILITIES | 134,037,261 | 120,658,135 |
| A. | EQUITY | 62,100,198 | 57,918,141 |
| I. | Called-up capital | 12,200,000 | 12,200,000 |
| II. | Capital reserve | 129,253 | 83,753 |
| III. | Accrued reserve from profit | 21,173,216 | 19,458,829 |
| IV. | Retained net profit | 2,774,603 | 2,043,443 |
| V. | Net profit for current year | 1,217,927 | 2,151,832 |
| VI. | Capital revaluation adjustments | 24,605,199 | 21,980,284 |
| B. | Provisions | 3,996,665 | 4,153,745 |
| C. | Financial and operational liabilities | 67,228,938 | 58,241,106 |
| I. | Long term financial liabilities | 17,320,443 | 10,984,319 |
| II. | Long term liabilities from operations | 763 | 1,004 |
| III. | Short term financial liabilities | 13,183,906 | 11,903,265 |
| IV. | Short term liabilities from operations | 36,723,826 | 35,352,518 |
| D. | Accrued costs and deferred expenses | 711,460 | 345,143 |

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

| | In 000 SIT | 2004 | 2003 Adjusted | 2003 |
|------------|--|--------------------|--------------------|--------------------|
| 1. | Net revenues from sales | 144,149,916 | 128,944,883 | 128,944,883 |
| 2. | Changes in the value of inventories | 1,142,416 | 1,050,130 | 1,050,130 |
| 3. | Value of capitalised own products | 645,242 | 1,979,502 | 1,979,502 |
| 4. | Other operating revenues | 1,359,706 | 666,990 | 666,990 |
| 5. | Gross operating yield | 147,297,280 | 132,641,505 | 132,641,505 |
| 6. | Costs of goods, materials and services | -113,788,047 | -100,805,389 | -100,805,389 |
| 7. | Labour costs | -22,102,375 | -20,228,053 | -20,228,053 |
| 8. | Depreciation | -7,466,257 | -6,779,545 | -6,779,545 |
| 9. | Revalued operating expenses | -415,285 | -445,138 | -445,138 |
| 10. | Other expenses from operations | -456,542 | -350,591 | -350,591 |
| 11. | Provisions | -63,045 | 0 | 0 |
| 12. | Profit from operations | 3,005,729 | 4,032,789 | 4,032,789 |
| 13. | Financial revenues | 2,364,281 | 1,847,946 | 3,639,010 |
| 14. | Financial expenses | -3,337,784 | -2,527,399 | -2,527,399 |
| 15. | Profit or loss from ordinary activities | 2,032,226 | 3,353,336 | 5,144,400 |
| 16. | Extraordinary revenues | 674,911 | 0 | 0 |
| 17. | Extraordinary expenses | -632 | -362,450 | -362,450 |
| 18. | Net profit before taxation | 2,706,505 | 2,990,886 | 4,781,950 |
| 19. | Tax on profit | 0 | -100 | -100 |
| 20. | Net profit for the financial year | 2,706,505 | 2,990,786 | 4,781,850 |

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

| | In 000 SIT | 2004 | 2003 |
|-----------|---|--------------------|--------------------|
| A. | CASH FLOWS FROM OPERATING ACTIVITIES | | |
| | a) Inflow from operating activities | 9,168,029 | 7,486,255 |
| | Profit before taxes | 2,706,505 | 4,781,950 |
| | Depreciation | 7,466,257 | 6,779,545 |
| | Opening minus closing operating receivables | -955,396 | -3,914,911 |
| | Opening minus closing deferred costs and accrued revenues | -49,337 | -160,329 |
| | b) Outflow from operating activities | -1,535,442 | 7,884,135 |
| | Tax on profit | 0 | -100 |
| | Closing minus opening inventories | -3,272,826 | -863,651 |
| | Opening minus closing operating liabilities | 1,371,067 | 9,343,766 |
| | Opening minus closing accrued costs and deferred revenues | 366,317 | -595,880 |
| | c) Net inflow from operating activities or Net outflow from operating activities | 7,632,587 | 15,370,390 |
| B. | CASH FLOWS FROM INVESTMENT ACTIVITIES | | |
| | a) Inflows from investment activities | 0 | 404,039 |
| | Offset decrease in short-term investments | 0 | 404,039 |
| | b) Outflows from investment activities | -13,945,170 | -20,004,167 |
| | Offset increase in Intangible fixed assets | -1,896,474 | -1,453,842 |
| | Offset increase in Tangible fixed assets | -6,916,709 | -16,013,815 |
| | Offset increase in Long-term investments | -2,947,572 | -2,536,510 |
| | c) Net inflow from investment activities or Net outflow from investment activities | -2,184,415 | 0 |
| C. | CASH FLOWS FROM FINANCING ACTIVITIES | -13,945,170 | -19,600,128 |
| | a) Inflows from financing activities | | |
| | Offset increase in Long-term provisions | 7,616,765 | 7,322,639 |
| | Offset increase in Long-term financial liabilities | 6,336,124 | 1,935,002 |
| | Offset increase in Short-term financial liabilities | 1,280,641 | 5,387,637 |
| | b) Outflows from financing activities | -1,306,444 | -3,384,734 |
| | Decrease in capital | -1,149,363 | -1,105,072 |
| | Offset decrease in Long-term provisions | -157,081 | -2,279,662 |
| | c) Net inflow from financing activities or Net outflow from financing activities | 6,310,321 | 3,937,905 |
| D. | CLOSING BALANCE OF CASH AND CASH EQUIVALENTS | 9,600 | 11,862 |
| | x) Net cash flow for the financial year | -2,262 | -291,833 |
| | y) Opening balance of cash and cash equivalents | 11,862 | 303,695 |

Non-audited 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, 2004 | 12,200,000 | 83,753 | 17,124,688 | 4,377,584 | 2,151,832 | 21,980,284 | 57,918,141 |
| Movements to capital | | 45,500 | | 25,137 | 2,706,505 | 2,902,744 | 5,679,886 |
| Entry of net profit for the financial year | | | | | 2,706,505 | | 2,706,505 |
| Entry of capital revaluations and translation adjustments | | | | | | 778,649 | 778,649 |
| Entry of capital revaluations and translation adjustments due to the strengthening of the investments into subsidiaries by capital method | | | | | | 2,124,095 | 2,124,095 |
| Entry of profit from treasury stock sale | | 45,500 | | | | | 45,500 |
| Non-paid dividends of treasury stock | | | | 25,137 | | | 25,137 |
| Movements in capital | | | 4,048,528 | -408,118 | -3,640,410 | | 0 |
| Allocation of distributable net profit from 2003 to forming other reserves by general shareholder's meeting | | | 4,166,101 | -4,166,101 | | | 0 |
| Allocation of net profit 2004 to forming statutory reserves | | | 270,651 | | -270,651 | | 0 |
| Allocation of net profit 2004 to forming other reserves from profit by management resolution | | | 1,217,927 | | -1,217,927 | | 0 |
| Release of other reserves from the profit into net profit 1998 | | | -1,568,885 | 1,568,885 | | | 0 |
| Release of reserves for treasury stock | | | -37,266 | 37,266 | | | 0 |
| Transfer of net profit for 2003 | | | | 2,151,832 | -2,151,832 | | 0 |
| Movements from capital | | | | -1,220,000 | | -277,829 | -1,497,829 |
| Payment of dividends | | | | -1,220,000 | | | -1,220,000 |
| Decrease of extraordinary revaluation of capital | | | | | | -277,829 | -277,829 |
| Closing balance on Dec. 31, 2004 | 12,200,000 | 129,253 | 21,173,216 | 2,774,603 | 1,217,927 | 24,605,199 | 62,100,198 |

| 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 |

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. In preparing the accounting statements for the year 2004 the Company amended the accounting principle of evaluating long-term financial investments into the capital of associated companies, in line with the provisions of the Slovenian Accounting Standard (SAS) 3.26, while other accounting principles remained the same.

Prior the amendment the increase in long-term investments in capital of associated companies was disclosed as financial income, while now it is disclosed as extraordinary revaluated capital adjustments. This amendment has been performed with the purpose of adjusting the accounting principles and techniques of the International Financial Reporting Standards and bring them in line with modern, internationally recognized expert solutions in the field of accounting.

This amendment affects only the accounting statements of Gorenje, d.d., while it has no effect upon the consolidated accounting statements of the Gorenje Group. Detailed effects of the amended accounting principle are displayed in the Profit and Loss Statement of Gorenje, d.d., illustrated by the adjusted comparable data related to the year 2003. Further details are also given in the relevant explanatory notes to the accounting statement.

Achieved business objectives

Business year 2004 saw quite a few unexpected occurrences which considerably affected the economy of operations in Gorenje Group. Major challenge in the year 2004 came in form of unexpected huge increase in prices of strategic reproduction and raw materials, especially steel plates and plastics. Other negative elements included relatively poor economic environment in developed EU Member States, reintroduction of customs duties for our products in certain West Balkan markets, union pressures on salary increments in Slovenia, weak dollar against euro, aggressive appearance of Asian competition to the European markets, relatively high domestic inflation, and early fixation of tolar to euro. All these negative tendencies made the year 2004 undoubtedly one of the most challenging periods in Gorenje Group history. Only very wide range of prompt measures provided partial neutralization of these unplanned negative movements in business environment, so that it is now possible to estimate that business operations in 2004 were rather solid in spite of the circumstances.

All categories in the accounting statements of the parent company for the year 2004 are not directly comparable with those of the year 2003, because in line with the unification of its marketing activities on all markets, as of July 1, 2003 the Company transferred the sale of household appliances on domestic market to the associated company Gorenje GTI, d.o.o.

Net revenues from sales

amounted to SIT 144,149.9 million, which is 11.8% growth compared to 2003 and exceeded the planned figures for 2004 by 6.9%.

Net profit

for the year 2004 amounted to SIT 2,706.5 million, which is 9.5% lower compared to adjusted and comparable net profit 2003.

In addition to the net profit in the amount of SIT 2,706.5 million the parent company is also entitled to relevant shares in net profits of associated undertakings for the year 2004 in the amount of SIT 2,124.1 million, disclosed as increase in extraordinary revaluation of capital adjustment.

For clearer picture, the table below indicates comparable net profit for the years 2004 and 2003 considering the amended accounting principle of evaluating investments in the capital of associated companies, and the value of share in their net profit for the years 2004 and 2003:

| in million SIT | 2004 | 2003 | Index |
|---|---------|---------|-------|
| Net profit of Gorenje, d.d., excluding the share in net profits of associated companies | 2,706.5 | 2,990.8 | 90.5 |
| Share in net profits of associated companies | 2,124.1 | 1,791.0 | 118.5 |
| Total net profit of Gorenje, d.d., plus share in net profits of associated companies | 4,830.6 | 4,781.8 | 101.0 |

The disclosed net profit of Gorenje, d.d., plus the share in net profits of associated companies represents total net profit of Gorenje, d.d., as it would have been realized if the amendments of evaluating principles for the investments in capital of associated undertakings in the year 2004 had not taken place. In such case Gorenje, d.d., would disclose net profit in the amount of SIT 4,830.6 million, representing 1.0% growth compared to peer net profit of the year 2003 and 95.2% realization of net profit forecast for the year 2004.

EBITDA,

calculated as EBIT plus depreciation and net increase of long-term provisions, amounted to SIT 10,314.9 million, which represents 20.9% growth compared to the year 2003.

Distributable net profit

amounted to SIT 3,992.5 million. Distribution of balance sheet profit included the allocation of 10% of net profit for compulsory reserves in line with the Company By-Laws; Half of the remaining net profit for the year 2004 following its compulsory allocations was used for other reserves from profit and included the released reserves from profit allocated from net profit for the year 1998. Net profit allocations are of course subject to the approval of the Supervisory Board in the course of approving the Annual Report of the Company.

Ownership structure on Dec. 31, 2004

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

| | Shareholder/Number of shares | 31.12.2004 | % |
|-----|------------------------------------|-------------------|---------------|
| 1. | Kapitalska družba, d.d. | 2,142,788 | 17.56 |
| 2. | Slovenska odškodninska družba d.d. | 1,864,601 | 15.28 |
| 3. | KD Investments d.d. VS Galileo | 473,427 | 3.88 |
| 4. | KD Investments d.d. VS Rastko | 447,862 | 3.67 |
| 5. | ID Maksima, d.d. | 366,002 | 3.00 |
| 6. | Triglav Steber I, ID, d.d. | 362,729 | 2.97 |
| 7. | Gorenje, d.d. | 251,042 | 2.06 |
| 8. | KD ID, d.d. | 160,540 | 1.32 |
| 9. | VS PRIMUS | 154,388 | 1.27 |
| 10. | Krona Senior ID, d.d. | 149,516 | 1.23 |
| | Major shareholders total: | 6,372,895 | 52.24 |
| | Other shareholders: | 5,827,105 | 47.76 |
| | TOTAL: | 12,200,000 | 100.00 |

Treasury shares

On Jan 1, 2004 the company Gorenje, d.d., owned 264,540 treasury shares, which represents 2.17% of entire number of issued shares and at the end of 2004 251,042 shares or 2.06%. The decrease of the treasury shares was due to the exchange for additional ownership shares in associated undertakings in the subsidiaries Gorenje Tiki, d.o.o., Gorenje Notranja oprema, d.d., and Kemis, d.o.o.

On 21 June 2004 Slovenian Compensation Fund, d.d., and Gorenje, d.d., concluded a Contract on establishing put and call option, on the basis of which Slovenian Compensation Fund, d.d., shall have to right to sell and Gorenje, d.d., shall have the right to purchase in total 932,300 treasury shares or 7.64% of the Company capital in four equal parcels in the period from January 2005 to July 2006.

Book value of shares and earnings per share

Average Price of the company share, which is included in ordinary quotation of the Ljubljana Stock Exchange (www.ljse.si) under the code GRVG, amounted on Dec. 31, 2004 to SIT 6,474, which is 25.9% above its **book value**, which on Dec. 31, 2004 amounted to SIT 5,141. Book value of the share is calculated as a ratio between the entire capital of the company as at Dec. 31, 2004 minus reserves for treasury shares and the number of issued shares (12,200,000 shares), which remained constant in 2004 and did not change, reduced for the number of treasury shares.

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 shares, amounted in the year 2004 to SIT 226.50.

Supervisory Board

On April 23, 2004 the Supervisory Board member Mr. Igor Omerza submitted to the Chairman of the Board Mr. Marko Voljč his resignation from the Supervisory Board of Gorenje, d.d. resulting from the application of the Anticorruption Act which stipulates that a professional taking the public office of a local community can not at the same time perform either managing, supervision or representation of a commercial corporation, and that each such public servant shall within 30 days following the application of the above Act cease to perform such activity which by law is not compatible with his duties as a public servant. Supervisory Board accepted his notice at the 13th Board Meeting held on May 5, and deliberated that Mr. Igor Omerza resigned as a member of the Supervisory Board in accordance with the law.

The Supervisory Board further determined that the Board has been short of two members, representatives of the stockholders, since on June 11, 2003 another member, Mr. Anton Majzelj had resigned from the Board. His resignation was announced at the Stockholders' Assembly on June 20, 2003.

The Assembly held on July 7, 2004 therefore appointed two new members of the Supervisory Board, **Mr. Igor Kušar and Mr. Peter Tevž** with the term of office from the day of the appointment to July 18, 2006.

The members of the Supervisory Board owned on Dec 31, 2004 12,345 (0.1012%): Mr Ivan Atelšek 7,058 (0.0579%), Mr Peter Kobal 1,178 (0.0097%), Mr Drago Krenker 2,098 (0.0172%), Mr Tomaž Kuntarič 400 (0.0033%), Mr Krešimir Martinjak 100 (0.0008%) and Mr Jurij Slemenik 1,511 (0.0124%).

On 9 December 2004 member of the Supervisory Board Mr. Peter Tevž sold 2,961 Gorenje, d.d., GRVG shares and on 10 December 2004 another 2,039 shares at the Ljubljana Stock Exchange. On 14 December 2004 the deputy chairman Mr. Ivan Atelšek sold 2,000 Gorenje, d.d., GRVG shares and on 28 December 2004 another 3,000 shares at the Ljubljana Stock Exchange.

Number and percentage of shares owned by the members of the Board had not changed from Dec 31, 2004 to the day of the present publication.

The Management Board

On 18 July 2004, Ph.D. Andrej Vizjak, Member of the Management Board of Gorenje d.d., submitted his letter of resignation to the president of the Supervisory Board of Gorenje, d.d. , resigning from its function of the member of Gorenje's Management Board. Gorenje's Management Board has continued its work with four members, the president of the Management Board has covered the commercial and marketing areas.

The Management Board owned in total 8,754 (0.0718%): Mr Drago Bahun 7,132 (0.0585%), Mr Franc Bobinac 822 (0.0067%), Mr Žiga Debeljak 400 (0.0033%) and Franc Mr Košec 400 (0.0033%).

Number and percentage of shares owned by the members of the Board had not changed from Dec 31, 2004 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:

- On 19 January 2005 the main company Gorenje, d.d., realized the option for the purchase of 233,075 own shares (1.9105% stake in the company capital), in accordance with the Contract on establishing put and call option, which was concluded on 21 June 2004 with Slovenska odškodninska družba, d.d. (Slovenian Compensation Fund, d.d.)
- On Jan. 26, 2005 in accordance with the sales agreement the company Gorenje, d.d. became 100% owner of Czech company Mora Moravia, a.s.
- The Court Register entry on Jan. 28, 2005 completed the restructuring procedure of joint-stock company Gorenje Notranja oprema (Interior Home Equipment) to the limited responsibility company, with Gorenje, d.d., having a 99.7756% ownership share.

The Management Board has evaluated the business achievements for the year 2004 as positive, especially considering the difficult circumstances for business operations in the year 2004.

Gorenje, d.d., The Management Board