

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 Consolidated Financial Statement of the Gorenje Group for the year 2004**:

Non-audited consolidated Balance Sheet of the Gorenje Group

	In 000 SIT	31.12.2004	31.12.2003
	ASSETS	180,938,916	161,439,581
A.	Fixed assets	88,305,081	82,139,131
I.	Intangible fixed assets	3,326,679	2,823,366
II.	Tangible fixed assets	78,302,418	73,739,635
III.	Long term financial investments	6,675,984	5,576,130
B.	Current assets	91,883,267	78,620,906
I.	Inventories	38,448,869	29,352,674
II.	Operating receivables	47,305,168	44,420,706
	a) Long term operating receivables	636,919	293,749
	b) Short term operating receivables	46,668,249	44,126,957
III.	Short term financial investments	4,288,843	2,195,664
IV.	Bank balances, cheques, cash	1,840,387	2,651,862
C.	Deferred costs and accrued revenues	750,568	679,544
	CAPITAL AND LIABILITIES	180,938,916	161,439,581
A.	CAPITAL	63,093,416	58,901,763
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	17,124,688
IV.	Retained net profit	1,285,197	2,997,434
V.	Net profit for current year	3,396,896	2,042,576
VI.	Capital revaluation adjustments	24,713,788	23,970,581
VII.	Minority interest	195,066	482,731
B.	Provisions	9,170,805	8,941,274
C.	Financial and operating liabilities	106,265,112	91,679,779
I.	Long term financial liabilities	25,589,547	18,919,501
II.	Long term liabilities from operations	6,233	6,118
III.	Short term financial liabilities	31,084,087	27,959,318
IV.	Short term liabilities from operations	49,585,245	44,794,842
D.	Accrued costs and deferred revenues	2,409,583	1,916,765

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

	In 000 SIT	2004	2003
1.	Net revenues from sales	213,589,406	196,230,665
2.	Changes in the value of inventories	5,661,358	2,235,397
3.	Value of capitalised own products	869,114	2,205,670
4.	Other operating revenues	2,733,503	3,019,744
5.	Gross operating yield	222,853,381	203,691,476
6.	Costs of goods, materials and services	-163,879,548	-148,739,991
7.	Labour costs	-39,403,064	-35,673,655
8.	Depreciation	-10,615,895	-9,406,731
9.	Revalued operating expenses	-1,320,614	-1,386,749
10.	Other expenses from operations	-1,226,274	-861,179
11.	Provisions	-204,716	-90,972
12.	Profit from operations	6,203,270	7,532,199
13.	Financial revenues	3,798,532	2,381,828
14.	Financial expenses	-5,237,504	-4,561,932
15.	Profit or loss from ordinary activities	4,764,298	5,352,095
16.	Extraordinary revenues	778,361	414,380
17.	Extraordinary expenses	-78,313	-566,151
18.	Net profit before taxation	5,464,346	5,200,324
19.	Tax on profit	-549,283	-452,910
20.	Net profit for the financial year	4,915,063	4,747,414
21.	Profit of minority owners	29,589	74,820
22.	Profit of majority owners	4,885,474	4,672,594

Non-audited consolidated Cash Flow Statement of Gorenje Group

	In 000 SIT	2004	2003
A.	CASH FLOWS FROM OPERATING ACTIVITIES		
	a) Inflows from operating activities	13,124,755	8,895,329
	Profit before taxes	5,464,346	5,200,324
	Depreciation	10,615,895	9,406,731
	Opening minus closing operating receivables	-2,884,462	-5,427,617
	Opening minus closing deferred costs and accrued revenues	-71,024	-284,109
	b) Outflows from operating activities	-4,362,142	4,937,606
	Tax on profits	-549,283	-452,910
	Closing minus opening inventories	-9,096,195	-3,185,149
	Opening minus closing operating liabilities	4,790,518	8,978,402
	Opening minus closing accrued costs and deferred revenues	492,818	-402,737
	c) Net inflow from operating activities or Net outflow from operating activities	8,762,613	13,832,935
B.	CASH FLOWS FROM INVESTMENT ACTIVITIES		
	a) Inflows from investment activities	0	3,259,129
	Offset decrease in long-term investments		628,174
	Offset decrease in short-term investments		2,630,955
	b) Outflows from investment activities	-18,729,967	-25,858,198
	Offset increase in Intangible fixed assets	-1,327,758	-1,554,471
	Offset increase in Tangible fixed assets	-14,354,233	-24,303,727
	Offset increase in Long-term investments	-745,767	
	Offset increase in Short-term investments	-2,302,209	
	c) Net inflow from investment activities or Net outflow from investment activities	-18,729,967	-22,599,069
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
	a) Inflows from financing activities	10,024,346	11,220,285
	Offset increase in Long-term provisions	229,531	
	Offset increase in Long-term financial liabilities	6,670,046	6,081,333
	Offset increase in Short-term financial liabilities	3,124,769	5,138,952
	b) Outflows from financing activities	-868,467	-2,902,230
	Decrease in capital	-868,467	-999,705
	Offset decrease in Long-term provisions		-1,902,525
	c) Net inflow from financing activities or Net outflow from financing activities	9,155,879	8,318,055
D.	CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	1,840,387	2,651,862
	x) Net cash flow for the financial year	-811,475	-448,079
	y) Opening balance of cash and cash equivalents	2,651,862	3,099,941

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, 2004	12,200,000	83,753	17,124,688	2,997,434	2,042,576	23,970,581	482,731	58,901,763
Movements to capital		45,500		25,137	4,885,474	1,021,036	29,589	6,006,736
Entry of net profit for the financial year					4,885,474		29,589	4,915,063
Entry of capital revaluations and translation adjustments						1,021,036		1,021,036
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	-517,374	-3,531,154			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			1,217,927		-1,217,927			0
Release of other reserves from the profit into net profit from the year 1998			-1,568,885	1,568,885				0
Release of reserves for treasury stock			-37,266	37,266				0
Transfer of net profit from previous years into other reserves from profit by general shareholder's meeting resolution			4,166,101	-4,166,101				0
Transfer of non-distributed net profit for 2003				2,042,576	-2,042,576			0
Movements from capital				-1,220,000		-277,829	-317,254	-1,815,083
Payment of dividends				-1,220,000				-1,220,000
Decrease of minority interest							-317,254	-317,254
Decrease of extraordinary revaluation of capital						-277,829		-277,829
Closing balance on Dec. 31, 2004	12,200,000	129,253	21,173,216	1,285,197	3,396,896	24,713,788	195,066	63,093,416

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			2,076,602	2,249,010	-4,325,612			0
Allocation of distributable net profit from 2002 to forming other reserves from the profit			1,897,497	-1,897,497				0
Allocation of net profit 2003 to forming statutory reserves			478,185		-478,185			0
Allocation of net profit 2003 to forming other reserves from profit			2,151,833		-2,151,833			0
Release of other reserves from the profit into net profit			-2,334,141	2,334,141				
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	17,124,688	2,997,434	2,042,576	23,970,581	482,731	58,901,763

Important notes to the Statements

Principles applied in preparation of financial statements

Non-audited consolidated financial statements for the year 2004 are prepared according to the Commercial Code and Slovenian Accounting Standards. The amended accounting principle of evaluating long-term financial investments into the capital of associated companies as described in the public announcement of non-audited non-consolidated accounting statements of Gorenje, d.d., for the year 2004 has no effect to the disclosure of the consolidated accounting statements.

Members of the Group

Changes in the structure of Gorenje Group in the year 2004 were as follows:

- In February 2004 the company Gorenje, d.d., purchased from the company Gorenje GTI, d.o.o., 100% ownership share in the company Elgor, d.o.o. The registered capital of the company increased to SIT 300 million, and the company changed its name to Istrabenz – Gorenje, d.o.o. Then the company Gorenje, d.d., sold 50% ownership share to the company Istrabenz Energetski sistemi, d.d. The owners of the company are now the Gorenje, d.d., (50.0%) and Istrabenz energetski sistemi, d.o.o., (50.0%), and in the consolidated accounting statements the company has been proportionally consolidated as a joint achievement.
- In March 2004 the company Gorenje, d.d., acquired 33.34% ownership of the company Kemis, d.o.o. Another associate of the company Kemis, d.o.o., is Energygor, d.o.o., so that the company Kemis, d.o.o., is indirectly 100% owned by the company Gorenje, d.d.
- During 2004 the company Gorenje, d.d., used its own stock to acquire additional ownership share in companies Gorenje Tiki, d.o.o., and Gorenje Notranja oprema, d.d.
- In May 2004 the company Gorenje, d.d., incorporated a new company Gorenje aparati za domačinstvo, d.o.o., Valjevo, 100% owned by the parent company.
- On July 1, 2004 the company Gorenje Real Kft., Budapest was merged with the company Gorenje Budapest Kft.
- On Nov 8, 2004 the company Gorenje Notranja oprema, d.d., purchased from Gorenje Austria Handels GmbH, Austria 100% share of the company Gorenje Küchen GmbH, Austria, and from the company Gorenje spol. S r.o., Czech Republic 100 % share of the company Gorenje kuchyne spol. S r.o., Czech Republic. This purchase completed the capital merger of the Interior Furnishing Division, whose principal is the company Gorenje Notranja oprema, d.d.
- On Dec. 8, 2004 the company Gorenje, d.d., incorporated the company Gorenje Imobilia, d.o.o., družba za promet in upravljanje z nepremičninami, Beograd (real estate trading and management company in Belgrade, Serbia and Montenegro).
- On Dec. 10, 2004 the deliberate liquidation of the company Gorenje Pacific Pty. Ltd., Australia was completed and the company was erased from the court register of companies.

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 Beteiligung GmbH, Austria; Gorenje Austria Handels GmbH, Austria; Gorenje Vertriebs GmbH, Germany; Gorenje Körting Italia S.r.l., Italy; Gorenje France SA, France; Gorenje Belux S.a.r.l., Belgium; Gorenje UK Ltd., Great Britain; Gorenje Skandinavien A/S, Denmark; Gorenje Sverige AB, Sweden; Gorenje USA Inc., USA; Gorenje spol. S r.o., Czech Republic;

Gorenje Real Spol. S r.o., Czech Republic; Gorenje Commerce, d.o.o., Bosnia and Herzegovina; Gorenje Slovakia s r.o., Slovakia; Gorenje Budapest Kft., Hungary; Gorenje Polska Sp. Z o.o., Poland; Gorenje Bulgaria EOOD, Bulgaria; Gorenje Zagreb, d.o.o., Croatia; Gorenje Podgorica, d.o.o., Serbia and Montenegro; Gorenje OY, Finska; Gorenje Skopje, d.o.o., Macedonia; Gorenje, d.o.o., Serbia and Montenegro; Gorenje Romania S.R.L., Romania; Gorenje AS, Norway; Gorenje Küchen GmbH, Austria; Gorenje kuchyne spol. S r.o., Czech Republic; Gorenje Kuhinje, d.o.o., Bosnia and Herzegovina; Hyundai Auto, d.o.o., Serbia and Montenegro; Hyundai auto Zagreb d.o.o., Croatia; Kemis, d.o.o., Zagreb, Croatia; Kemis BiH, d.o.o. Lukavac, Bosna in Hercegovina; Gorenje aparati za domačinstvo, d.o.o., Serbia and Montenegro; Gorenje Imobillia, d.o.o., Serbia and Montenegro.

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.

Net revenues from sales

amounted to SIT 213,589.4 million, which is 8.8% growth compared to 2003 and exceeded planned net revenues from sales for the year 2004 by 6.3%.

Net profit

for the year 2004 amounted to SIT 4,915.1 million, which is 3.5% growth compared to 2003 and falls behind the planned figures for net profit in the year 2004 by 7.9%.

EBITDA,

calculated as EBIT plus depreciation and net increase of long-term provisions, amounted to SIT 17,048.7 million, which represents 13.4% growth compared to the year 2003 and falls behind the planned figures by 2.7%.

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 (Home Interior) 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