

gorenje

Gorenje, d.d.

Partizanska 12, SI-3503 Velenje, Slovenia

RELEASE

**OF NON-AUDITED SEMI-ANNUAL FINANCIAL REPORT
FOR THE PERIOD JANUARY – JUNE 2001**

Velenje, Slovenia, August 27, 2001

Half-year financial report for 2001 >>>

During the first six months of the year the operations of the Gorenje Group ran according to the annual plan, thus fulfilling the goals. The Group reached SIT 74.6bn in net sales revenue, which is an increase by 23% in comparison to the identical period last year. The growth of Gorenje was observed everywhere: in its primary activity – household appliances – as well as there was a rapid growth in sales in its secondary activities as their share within the Group increased to 18.7%. The fastest growth was observed in the sales of furniture and services.

The first six months of its business operations were earmarked by declining growth rates on some of the EU markets. Systematic work on a number of markets and investments in these markets have alleviated the consequences of the swinging growth rates in the individual economies. The majority of the recession signs were observed on the German market where Gorenje traditionally exports a major part of its household appliances. Here there was a slump in sales. In contrast, there was an important growth in sales on the Scandinavian markets and the markets of the south-eastern Europe, especially Croatia.

The investments of Gorenje, d.d. holding company in updating the production and the extension of capacities that started in the previous years came to an end in the first half of this year and have already shown their results. Following announcements that after a thorough consideration Gorenje will start investing on the markets of the former Yugoslavia, Gorenje already purchased a site in Sarajevo to construct new facilities for the production of furniture. The Gorenje Group is also undergoing an intensive process of updating its IT facilities and business processes.

Through increasing our market shares on some of the markets and through market expansion, the expected ends were met in the first half of the year. We firmly believe that the goals set for this year will be reached too, as we have a large flexibility in our production programme given by our investments and because we intend to continue to pursue our markets with equal intensity.

Consolidated Profit and Loss Account of the Gorenje Group and the Profit and Loss Account of Gorenje, d.d., the Parent Company >>>

	Gorenje Group 1-6/2001	Gorenje Group 1-6/2000	Gorenje, d.d. 1-6/2001	Gorenje, d.d. 1-6/2000
Net sales revenues	74,603.9	60,809.3	50,183.6	42,426.0
Changes in the value of inventories	1,138.0	616.6	921.1	578.4
Value of capitalised own product and/or services	517.7	88.9	454.0	65.8
Other operating revenues	788.6	305.5	297.4	67.8
Gross operating yield	77,048.2	61,820.3	51,856.1	43,138.0
Costs of goods, material and services	-57,984.9	-46,115.9	-40,557.0	-33,087.9
Labour costs	-12,486.6	-10,064.8	-7,160.0	-5,995.2
Depreciation	-3,534.8	-3,095.8	-2,540.8	-2,421.0
Write-offs of current assets	-163.3	-93.2	-67.3	-58.8
Other operating expenses	-324.0	-207.5	-104.7	-92.8
Provisions	-559.9	-276.6	-318.2	-179.9
Operating profit	1,994.7	1,966.5	1,108.1	1,302.4
Revenues from investments	1,741.2	1,276.5	1,529.9	961.8
Financial expenses	-2,489.4	-1,992.5	-1,509.2	-1,370.4
Profit or loss from ordinary activities	1,246.5	1,250.5	1,128.8	893.8
Extraordinary revenues	386.5	283.9	235.4	111.8
Extraordinary expenses	-171.5	-148.5	-80.3	-78.7
Total profit	1,461.5	1,385.9	1,283.9	926.9
Tax on profits	-134.4	-70.1	-0.5	
Net profit for the financial year	1,327.1	1,315.8	1,283.4*	926.9

* Due to the methodological changes in the preparation of a half-year financial statement, the net income of Gorenje, d.d. holding company for the period from 1st January to 30th June 2001 also includes subsidiary profits (SIT 236.5 bn) which are not included in the net income of a comparable period in 2000.

Consolidated Balance Sheet of the Gorenje Group and the Balance Sheet of Gorenje, d.d., the Parent Company (per 30.6.) >>>

	Gorenje Group 30.6.2001	Gorenje Group 30.6.2000	Gorenje, d.d. 30.6.2001	Gorenje, d.d. 30.6.2000
ASSETS	119,570.4	93,698.8	88,336.9	67,298.3
FIXED ASSETS	53,237.7	40,156.4	48,322.4	37,456.4
Intangible fixed assets	1,474.4	1,152.9	566.6	374.2
Tangible fixed assets	48,854.7	37,351.0	34,933.5	24,550.4
Long-term investments	2,908.6	1,652.5	12,822.3	12,531.8
CURRENT ASSETS	66,332.7	53,542.4	40,014.5	29,841.9
Inventories	25,260.9	20,076.2	10,551.1	8,779.3
Long-term operating receivables	403.2	496.6	359.9	364.1
Short-term operating receivables	35,832.5	29,486.8	26,841.7	18,553.2
Short-term investments	3,155.9	1,842.6	2,139.9	1,883.9
Cash	1,255.7	1,288.6	112.9	243.6
Deferred and accrued revenues	424.5	351.6	9.0	17.8
LIABILITIES AND CAPITAL	119,570.4	93,698.8	88,336.9	67,298.3
CAPITAL	47,545.8	39,889.3	45,253.8	39,160.7
Share capital	12,200.0	12,200.0	12,200.0	12,200.0
Other capital items	34,018.7	26,373.5	31,770.4	26,033.8
Undistributed net profit for the year	1,327.1	1,315.8	1,283.4	926.9
LONG-TERM PROVISIONS	8,702.2	5,825.8	5,433.9	3,467.6
LONG-TERM LIABILITIES	7,339.9	6,354.8	5,007.4	4,668.2
Long-term financial liabilities	7,334.8	6,336.9	5,006.8	4,667.4
Long-term operating liabilities	5.1	17.9	0.6	0.8
SHORT-TERM LIABILITIES	53,369.7	39,295.8	31,226.3	19,095.7
Short-term financial liabilities	24,739.3	16,348.4	9,496.7	3,807.5
Short-term operating liabilities	28,630.4	22,947.4	21,729.6	15,288.2
ACCRUED COSTS AND DEFERRED REVENUES	2,612.8	2,333.1	1,415.5	906.1

Consolidated Cash flow Statement of the Gorenje Group and of Gorenje, d.d., the Parent Company >>>

	Gorenje Group 1-6/2001	Gorenje Group 1-6/2000	Gorenje, d.d. 1-6/2001	Gorenje, d.d. 1-6/2000
OPENING BALANCE OF CASH AS AT 1 JANUARY	2,150.3	2,296.5	351.4	150.7
CASH FLOW FROM OPERATING ACTIVITY				
Net profit	1,327.1	1,315.8	1,283.4	926.9
Depreciation	3,534.8	3,095.8	2,540.8	2,421.0
Long-term operating receivables	42.8	-1.3	36.6	24.8
Short-term operating receivables	-7,755.3	-4,889.9	-7,420.4	-2,452.9
Inventories	-3,753.4	-3,098.8	254.5	-1,545.2
Long-term operating liabilities	0.2	7.4	0	1.2
Short-term operating liabilities	2,295.7	2,355.8	3,170.8	2,087.8
Deferred costs and accrued revenues	-49.2	94.8	2.0	39.5
Accrued costs and deferred revenues	920.7	1,111.8	692.7	548.4
Total	-3,436.6	-8.6	560.4	2,051.5
CASH FLOW FROM INVESTMENT ACTIVITY				
Intangible fixed assets	-385.6	-185.0	-189.6	40.0
Tangible fixed assets	-10,052.1	-8,097.7	-7,183.0	-6,451.7
Long-term investments	-1,143.2	541.5	-1,807.1	238.9
Short-term investments	1,527.5	636.7	1,527.9	427.6
Total	-10,053.4	-7,104.5	-7,651.8	-5,745.2
CASH FLOW FROM FINANCIAL ACTIVITY				
Capital	3,308.5	1,576.3	1,165.6	1,574.6
Long-term provisions	1,355.0	372.0	775.1	217.9
Long-term financial liabilities	363.5	2,283.6	166.7	2,316.6
Short-term financial liabilities	7,568.4	1,873.3	4,745.5	-322.5
Total	12,595.4	6,105.2	6,852.9	3,786.6
TOTAL CASH FLOW	-894.6	-1,007.9	-238.5	92.9
CLOSING BALANCE OF CASH AS AT 30 JUNE	1,255.7	1,288.6	112.9	243.6

Changes in the Gorenje Group >>>

At the end of March 2001 Gorenje, d.d. increased its ownership share to 50.28% in the acquisition of shares of Gorenje Notranja oprema, d.d.. Because the Gorenje Group had a majority share in its ownership structure, Gorenje Notranja oprema, d.d. was included in the consolidated financial statements of the Gorenje Group for the period from January to June 2001; Gorenje Point, d.o.o. merged with the Gorenje, d.d. company as of 1st January 2001; Gorenje Split, d.o.o merged with the Gorenje Zagreb, d.o.o as of 1st January 2001.

In addition to Gorenje, d.d. holding company, consolidations also include the following subsidiaries:

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 Tiki, d.o.o.; Biterm, d.o.o.; Gorenje Interieri, d.o.o.; Gorenje Notranja oprema, d.d..

Abroad: Gorenje Beteiligungsgesellschaft m.b.H.; Gorenje Austria Handelsgesellschaft m.b.H.; Gorenje Vertriebsgesellschaft m.b.H.; Gorenje Koerting Italia S.r.l.; Gorenje France S.A.; Gorenje BELUX S.a.r.l.; Gorenje UK Ltd.; Gorenje Skandinavien A/S; Gorenje Sverige AB; Gorenje Pacific Pty. Limited; Gorenje USA Inc; Gorenje Spol s.r.o.; Gorenje Kuchyne Spol s.r.o.; Gorenje Slovakia Spol s.r.o.; Gorenje Budapest Kft.; Gorenje Polska Sp.z.o.o.; Gorenje Bulgaria EOOD; Gorenje Zagreb, d.o.o.; Gorenje Skopje, d.o.o.; Hyundai auto Zagreb, d.o.o.; Gorenje Commerce, d.o.o.; Goretrade Beograd, d.o.o.

Gorenje, d.d., the Management Board