

RELEASE

**OF NON-AUDITED SEMI-ANNUAL FINANCIAL REPORT SUMMARY
FOR THE PERIOD JANUARY – JUNE 2003**

Velenje, August 27, 2003

TABLE OF CONTENTS

| | |
|---|-----------|
| INCOME STATEMENT OF GORENJE GROUP AND THE PARENT COMPANY | 3 |
| BALANCE SHEETS OF GORENJE GROUP AND THE PARENT COMPANY | 4 |
| CASH FLOW STATEMENT OF GORENJE GROUP AND THE PARENT COMPANY | 5 |
| CAPITAL FLOW STATEMENT OF GORENJE GROUP AND THE PARENT COMPANY | 6 |
| IMPORTANT NOTES | 10 |

Pursuant Article 36 of the Ljubljana Stock Market Code and Code of Stock Exchange, the company Gorenje, d.d., Velenje, hereby releases the **Summary of un-audited semi-annual Report for the period of January – June 2003 for the Gorenje company and the unaudited consolidated semi-annual report for the Gorenje Group:**

PROFIT AND LOSS ACCOUNT

| In SIT '000 | Gorenje, d.d. | | Gorenje Group | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 1 – 6/ 2003 | 1 – 6/ 2002 | 1 – 6/ 2003 | 1 – 6/ 2002 |
| 1. Net revenues from sales | 60,208,475 | 59,298,260 | 90,771,208 | 82,612,710 |
| 2. Changes in the value of inventories | 370,553 | 1,686,981 | 631,422 | 1,792,849 |
| 3. Value of capitalised own products | 49,780 | 39,945 | 132,030 | 156,206 |
| 4. Other operating revenues | 116,685 | 101,647 | 1,540,241 | 726,492 |
| 5. Total | 60,745,493 | 61,126,833 | 93,074,901 | 85,288,257 |
| 6. Costs of goods, materials and services | -46,215,234 | -46,324,208 | -67,959,194 | -61,717,608 |
| 7. Labour costs | -9,205,599 | -8,099,322 | -16,453,965 | -14,189,842 |
| 8. Depreciation | -3,244,566 | -3,134,485 | -4,623,601 | -4,288,187 |
| 9. Revalued operating expenses | -210,656 | -88,292 | -467,399 | -268,341 |
| 10. Other operating expenses | -156,106 | -120,876 | -367,070 | -408,943 |
| 11. Provisions | | -1,668,409 | -452,470 | -2,034,661 |
| 12. Profit from operations | 1,713,332 | 1,691,241 | 2,751,202 | 2,380,675 |
| 13. Financial revenues | 1,536,655 | 1,406,223 | 1,237,986 | 1,101,891 |
| 14. Financial expenses | -1,311,844 | -1,115,738 | -2,195,548 | -1,903,611 |
| 15. Profit of loss from ordinary activities | 1,938,143 | 1,981,726 | 1,793,640 | 1,578,955 |
| 16. Extraordinary revenues | 191,014 | 90,243 | 167,141 | 161,424 |
| 17. Extraordinary expenses | -14,147 | -5,495 | -66,843 | -45,010 |
| 18. Total profit | 2,115,010 | 2,066,474 | 1,893,938 | 1,695,369 |
| 19. Tax on profits | | -605 | -140,298 | -142,016 |
| 20. Net profit for the financial year | 2,115,010 | 2,065,869 | 1,753,640 | 1,553,353 |
| 21. Profit of minority owners | - | - | 51,995 | 73,963 |
| 22. Profit of majority owners | - | - | 1,701,645 | 1,479,390 |

BALANCE SHEET on 30 June

| In SIT '000 | Gorenje, d.d. | | Gorenje Group | |
|---|--------------------|-------------------|--------------------|--------------------|
| | 2003 | 2002 | 2003 | 2002 |
| ASSETS | 108,482,479 | 99,870,323 | 154,342,438 | 136,601,621 |
| A. Fixed assets | 63,439,268 | 52,789,303 | 73,136,114 | 58,277,069 |
| I. Intangible fixed assets | 513,179 | 619,733 | 1,536,465 | 1,655,927 |
| II. Tangible fixed assets | 42,458,861 | 35,949,506 | 66,932,914 | 52,920,709 |
| III. Long-term investments | 20,467,228 | 16,220,064 | 4,666,735 | 3,700,433 |
| B. Current assets | 44,797,486 | 47,038,201 | 80,562,233 | 77,945,298 |
| I. Inventories | 12,071,792 | 11,123,295 | 30,608,504 | 27,065,575 |
| II. Operating receivables | 30,100,262 | 30,727,250 | 44,344,623 | 42,565,490 |
| a) Long-term operating receivables | 321,724 | 301,057 | 274,918 | 646,917 |
| b) Short-term operating receivables | 29,778,538 | 30,426,193 | 44,069,705 | 41,918,573 |
| III. Short-term investments | 2,617,168 | 5,042,058 | 3,831,292 | 6,161,635 |
| IV. Bank balances, cheques, cash | 8,264 | 145,598 | 1,777,814 | 2,152,598 |
| C. Deferred costs and accrued revenues | 245,725 | 42,819 | 644,091 | 379,254 |
| CAPITAL AND LIABILITIES | 108,482,479 | 99,870,323 | 154,342,438 | 136,601,621 |
| A. Capital | 55,004,203 | 49,887,225 | 55,407,438 | 51,240,561 |
| I. Called-up capital | 12,200,000 | 12,200,000 | 12,200,000 | 12,200,000 |
| II. Capital surplus | | | | |
| III. Reserves | 16,945,583 | 13,796,646 | 16,945,583 | 13,922,513 |
| IV. Retained net profit | 1,897,496 | 2,333,034 | 517,346 | 630,531 |
| V. Net profit for the year | 2,115,010 | 2,065,869 | 1,701,645 | 1,479,390 |
| VI. Capital revaluation adjustments | 21,846,114 | 19,491,676 | 23,513,213 | 22,198,783 |
| VII. Minority interest | | | 529,651 | 809,344 |
| B. Provisions | 6,076,818 | 6,037,033 | 10,538,212 | 10,183,171 |
| C. Financial and operating liabilities | 46,697,324 | 41,454,843 | 84,362,905 | 71,059,334 |
| I. Long-term financial liabilities | 9,478,636 | 8,355,554 | 15,785,038 | 12,729,848 |
| II. Long-term operating liabilities | 1,004 | 1,004 | 22,676 | 9,745 |
| III. Short-term financial liabilities | 12,260,997 | 9,490,458 | 30,710,080 | 25,756,806 |
| IV. Short-term operating liabilities | 24,956,687 | 23,607,827 | 37,845,111 | 32,562,935 |
| D. Accrued costs and deferred revenues | 704,134 | 2,491,222 | 4,033,883 | 4,118,555 |

CASH FLOW STATEMENT

| In SIT '000 | Gorenje, d.d. | | Gorenje Group | |
|---|-------------------|-------------------|--------------------|-------------------|
| | 1 - 6/ 2003 | 1 - 6/ 2002 | 1 - 6/ 2003 | 1 - 6/ 2002 |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| a) Inflows from operating activities | 4,707,810 | -1,412,127 | 917,350 | -2,310,700 |
| Profit before taxes | 2,115,010 | 2,066,474 | 1,893,938 | 1,695,369 |
| Depreciation | 3,244,566 | 3,134,485 | 4,623,602 | 4,288,187 |
| Opening minus closing operating receivables | -637,488 | -6,586,333 | -5,351,534 | -8,307,491 |
| Opening minus closing deferred costs and accrued revenues | -14,278 | -26,753 | -248,656 | 13,235 |
| b) Outflows from operating activities | -1,814,346 | 2,555,408 | -821,667 | -582,730 |
| Tax on profits | | -605 | -140,298 | -142,016 |
| Closing minus opening inventories | -525,392 | -1,591,756 | -4,440,979 | -5,743,790 |
| Opening minus closing operating liabilities | -1,052,065 | 2,519,988 | 2,045,229 | 3,479,713 |
| Opening minus closing accrued costs and deferred revenues | -236,889 | 1,627,781 | 1,714,381 | 1,823,363 |
| c) Net inflow from operating activities or Net outflow from operating activities | 2,893,464 | 1,143,281 | 95,683 | -2,893,430 |
| B. CASH FLOWS FROM INVESTMENT ACTIVITIES | | | | |
| a) Inflows from investment activities | | 496,899 | 2,335,598 | 1,840,888 |
| Offset decrease in intangible fixed assets | | | 55,243 | |
| Offset decrease in long-term investments | | | 1,294,235 | |
| Offset decrease in short-term investments | | 496,899 | 986,120 | 1,840,888 |
| b) Outflows from investment activities | -7,788,994 | -4,318,493 | -13,036,690 | -6,456,610 |
| Offset increase in Intangible fixed assets | -10,293 | -3,829 | | -414,775 |
| Offset increase in Tangible fixed assets | -7,036,340 | -2,241,246 | -13,036,690 | -5,234,208 |
| Offset increase in Long-term investments | -551,191 | -2,073,418 | | -807,627 |
| Offset increase in Short-term investments | -191,170 | | | |
| c) Net inflow from investment activities or Net outflow from investment activities | -7,788,994 | -3,821,594 | -10,701,092 | -4,615,722 |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| a) Inflows from financing activities | 6,174,688 | 3,778,261 | 10,836,584 | 8,586,556 |
| Increase in capital | | | | |
| Offset increase in Long-term provisions | | 7,190 | | 34,633 |
| Offset increase in Long-term financial liabilities | 429,319 | | 2,946,870 | 1,667,882 |
| Offset increase in Short-term financial liabilities | 4,586,369 | 2,795,071 | 6,730,714 | 5,908,041 |
| Dividends payable | 1,159,000 | 976,000 | 1,159,000 | 976,000 |
| b) Outflows from financing activities | -1,574,589 | -1,285,800 | -1,553,302 | -1,613,443 |
| Decrease in capital | -1,218,000 | -1,025,413 | -1,247,715 | -1,613,443 |
| Offset decrease in Long-term provisions | -356,589 | | -305,587 | |
| Offset decrease in Short-term financial liabilities | | -260,387 | | |
| c) Net inflow from financing activities or Net outflow from financing activities | 4,600,099 | 2,492,461 | 9,283,282 | 6,973,113 |
| D. CLOSING BALANCE OF CASH AND CASH EQUIVALENTS | | | | |
| x) Net cash flow for the financial year | 8,264 | 145,598 | 1,777,814 | 2,152,598 |
| y) Opening balance of cash and cash equivalents | -295,431 | -185,852 | -1,322,127 | -536,039 |
| | 303,695 | 331,450 | 3,099,941 | 2,688,637 |

STATEMENT OF CHANGES IN CAPITAL: GORENJE, d.d. for the period 1 January to 30 June 2003

| | Share capital | Reserves from profit | Retained net profit or loss | Net profit or loss for the financial year | Capital revaluation adjustments | Total |
|--|-------------------|----------------------|-----------------------------|---|---------------------------------|-------------------|
| In SIT '000 | | | | | | |
| Opening balance at 1 January 2003 | 12,200,000 | 16,162,032 | 3,899,047 | | 22,049,411 | 54,310,490 |
| Movements to capital | | | | 2,115,010 | -203,297 | 1,911,713 |
| - Entry of net profit for the financial year | | | | 2,115,010 | | 2,115,010 |
| - Entry of special capital revaluation adjustments | | | | | -203,297 | -203,297 |
| Movements within capital | | 1,897,497 | -1,897,497 | | | 0 |
| - Allocation of distributable net profit to forming other reserves | | 1,897,497 | -1,897,497 | | | 0 |
| Movements from capital | | -1,113,946 | -104,054 | | | -1,218,000 |
| - Payment of dividends | | -1,113,946 | -104,054 | | | -1,218,000 |
| Closing balance at 30 June 2003 | 12,200,000 | 16,945,583 | 1,897,496 | 2,115,010 | 21,846,114 | 55,004,203 |

STATEMENT OF CHANGES IN CAPITAL: GORENJE, d.d. for the period 1 January to 30 June 2002

| | Share capital | Reserves from profit | Retained net profit or loss | Net profit or loss for the financial year | Capital revaluation adjustments | Total |
|--|-------------------|----------------------|-----------------------------|---|---------------------------------|-------------------|
| In SIT '000 | | | | | | |
| Opening balance at 1 January 2002 | 12,200,000 | 11,463,612 | 5,691,480 | | 18,703,302 | 48,058,394 |
| Movements to capital | | | | 2,065,869 | 788,374 | 2,854,243 |
| - Entry of net profit for the financial year | | | | 2,065,869 | | 2,065,869 |
| - Entry of special capital revaluation adjustments | | | | | 788,374 | 788,374 |
| Movements within capital | | 2,333,034 | -2,333,034 | | | 0 |
| - Allocation of distributable net profit to forming other reserves | | 2,333,034 | -2,333,034 | | | 0 |
| Movements from capital | | | -1,025,412 | | | -1,025,412 |
| - Payment of dividends | | | -1,025,412 | | | -1,025,412 |
| Closing balance at 30 June 2002 | 12,200,000 | 13,796,646 | 2,333,034 | 2,065,869 | 19,491,676 | 49,887,225 |

STATEMENT OF CHANGES IN CAPITAL: GORENJE GROUP for the period 1 January to 30 June 2003

| | Share capital | Reserves from profit | Retained net profit | Net profit for the financial year | Capital revaluation and translation adjustments | Minority interest | Total |
|---|-------------------|----------------------|---------------------|-----------------------------------|---|-------------------|-------------------|
| in SIT '000 | | | | | | | |
| Opening balance at 1 January 2003 | 12,200,000 | 16,162,032 | 2,518,897 | 0 | 23,586,388 | 771,801 | 55,239,118 |
| Movements to capital | | | | 1,701,645 | -73,175 | 51,995 | 1,680,465 |
| – Entry of Net profit for the financial year | | | | 1,701,645 | | 51,995 | 1,753,640 |
| – Entry of capital revaluation and translation adjustments | | | | | -73,175 | | -73,175 |
| Movements in capital | | 1,897,497 | -1,897,497 | | | | 0 |
| – Allocation of distributable net profit 2002 to forming other reserves | | 1,897,497 | -1,897,497 | | | | 0 |
| Movements from capital | | -1,113,946 | -104,054 | | | -294,145 | -1,512,145 |
| – Payment of dividends | | -1,113,946 | -104,054 | | | | -1,218,000 |
| – Minority capital decrease | | | | | | -294,145 | -294,145 |
| Closing balance at 30 June 2003 | 12,200,000 | 16,945,583 | 517,346 | 1,701,645 | 23,513,213 | 529,651 | 55,407,438 |

STATEMENT OF CHANGES IN CAPITAL: GORENJE GROUP for the period 1 January to 30 June 2002

| | Share capital | Reserves from profit | Retained net profit | Net profit for the financial year | Capital revaluation and translation adjustments | Minority interest | Total |
|--|-------------------|----------------------|---------------------|-----------------------------------|---|-------------------|-------------------|
| in SIT '000 | | | | | | | |
| Opening balance at 1 January 2002 | 12,200,000 | 11,589,479 | 3,988,977 | | 20,123,231 | 2,610,590 | 50,512,277 |
| Movements to capital | | | | 1,479,390 | 2,075,552 | 73,963 | 3,628,905 |
| – Entry of Net profit for the financial year | | | | 1,479,390 | | 73,963 | 1,553,353 |
| – Entry of capital revaluation and translation adjustments | | | | | 2,075,552 | | 2,075,552 |
| Movements in capital | | 2,333,034 | -2,333,034 | | | | 0 |
| – Other capital items allocation | | 2,333,034 | -2,333,034 | | | | 0 |
| Movements from capital | | | -1,025,412 | | | -1,875,209 | -2,900,621 |
| – Payment of dividends | | | -1,025,412 | | | | -1,025,412 |
| – Minority capital decrease | | | | | | -1,875,209 | -1,875,209 |
| Closing balance at 30 June 2002 | 12,200,000 | 13,922,513 | 630,531 | 1,479,390 | 22,198,783 | 809,344 | 51,240,561 |

Important notes

Principles applied in preparation of financial statements

Semi-annual accounting statements are prepared according to the Commercial Code and Slovenian Accounting Standards.

The following **changes in the capital structure** of the Gorenje Group occurred in the relevant period:

- on Jan. 1, 2003, the company Glin, K&M, renamed to Gorenje Glin d.o.o., began its operation within the Gorenje Group. A 100% share of the company producing living room furniture and enhanced splinter panels was acquired by the company Gorenje Notranja oprema, d.d. (interior equipment);
- the company Energygor, d.o.o., owned by the company Gorenje, d.d., acquired a 99.8% share of the company Opte Ptuj, d.o.o. and a 66.66% share of the company KEMIS, d.o.o. Radomlje;
- the company Gorenje, d.d., acquired an additional share of 27.48 % of Gorenje Tiki, d.o.o., to hold a total of 78.48% of this company.

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 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 in Kemis, d.o.o., Radomlje;
- **abroad:** Gorenje Beteiligungs 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., ZDA; Gorenje spol s r.o., Češka; Gorenje Kuchyne spol s r.o., Češka; Gorenje Slovakia spol 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; Gorenje

Real spol. s r.o., Czech Republic; Gorenje Real Kft., Hungary; Gorenje Podgorica, d.o.o., Montenegro; Gorenje Küchen GmbH, Austria; Gorenje OY, Finland; Hyundai auto, d.o.o., Serbia; Gorenje Kuhinje, d.o.o., Bosnia and Herzegovina.

The semi-annual report of the Gorenje, d.d. company and the Gorenje Group is available at the Gorenje, d.d. head office, Partizanska 12, 3320 Velenje. It has also been published on the electronic information system of the Ljubljana Stock Market on August 28th 2003.

Financial position and accomplishing business goals

In the first six months of this year the trend of stagnant low economic growth has persisted throughout most important markets in European Union (the estimations of economic growth in the European Union by international institutions and the private sector are very similar, predicting 1.3%, compared to 1.1% last year). The unfavorable USD/EUR exchange rate and weakening of economic growth have had a significantly adverse impact on economic activity.

The Gorenje Group

In spite of the unfavorable economic situation, the **consolidated net revenues from sales** of the Gorenje Group amounted to 90.8 billion SIT, representing a 9.9% increase compared to last year and reaching 47.3% of the annual plan. Production and sale of household appliances has grown by 4.5% while growth in other fields of operation (services, furniture, machine manufacturing and tool manufacturing) was somewhat higher, in line with the strategic plan which anticipated quicker growth of other activities. The share of other activities in total sales' structure has increased to 18.9%.

Consolidated net profit of the Gorenje Group totaled 1,753.6 million or 35.4% of the annual plan and exceeded the net income of the same period last year by 12.9%. The net income includes the share of minor owners' net income, which equals to 52.0 million SIT.

On June 30th 2003, the **total assets** of the Gorenje Group amounted to 154.3 billion SIT, which is a 10.3 % increase compared to the end of 2002. A significant part of this increase is a result of **investments in fixed assets**, amounting to 11.6 billion SIT; majority of these investments were realized in the parent company, while other companies, receiving a considerable share are Gorenje IPC, d.o.o. (polystyrene packaging manufacture equipment), Gorenje Zagreb, d.o.o., Croatia (construction of office premises) and Gorenje Real Spol. s.r.o., Czech Republic (purchase of franchise outlets).

The company Gorenje, d.d.

Company Gorenje, d.d., indicates 60.2 billion SIT of **net revenues from sales**, therewith realizing 46.1 % of the annual plan and exceeding the last year's value by 1.5 %. As in previous years total value of sales has grown faster than quantity sold, which is attributable to improved equipment raising the price of the appliances.

Net sales of household appliances decreased par value for **long-term provisions** allocated for potential warranty claims and customer discounts.

Net profit reached 2.1 billion SIT, representing 46.8% of the annual plan and topping the last year's figure by 2.4%. Net profit comprises net profit of associated undertakings, amounting to 546.1 million SIT.

On June 30, 2003, the **total assets** of the Gorenje, d.d. company amounted to 108.5 billion SIT, which is a 5.1% increase compared to the end of 2002. Regarding the asset structure, there was a 1.2% change in favor of fixed assets. Investment activity, amounting to 7.0 billion SIT was predominantly aimed at completion of projects, started preceding year, plus at constructing the automatic slot-shelf warehouse next to the Company head office compound, as well as at developing new technologies for enhancing productivity and reliability of business processes.

In line with business circumstances anticipated in the second half of 2003, the Gorenje, d.d. Board of Directors expects the key elements of the Annual Plan for 2003 to be fully realized.

Equity structure

as at June 30th 2003:

| Shareholder | Number of shares | Share percentage |
|---|-------------------|------------------|
| National Capital Fund | 2,149,342 | 17.6 |
| National Remuneration Agency | 1,864,601 | 15.3 |
| ID Maksima, d.d. | 439,208 | 3.6 |
| Gorenje, d.d. – own shares | 307,105 | 2.5 |
| Krona Senior, d.d. | 252,145 | 2.1 |
| KD Investments d.d. Mutual Fund Galileo | 248,552 | 2.0 |
| Triglav Steber 1 PID d.d. | 241,821 | 2.0 |
| Nova KBM, d.d. | 202,532 | 1.7 |
| Kapitalska družba, d.d. -PPS | 189,748 | 1.6 |
| PID Vipa Invest, d.d. | 142,155 | 1.2 |
| SOP Ljubljana | 132,062 | 1.1 |
| Pomurska investicijska družba 1, d.d. | 128,139 | 1.0 |
| KD Investments d.d. Mutual Fund Rastko | 124,958 | 1.0 |
| Pivovarna Laško, d.d. | 112,664 | 0.9 |
| Other shareholders | 5,664,968 | 46.4 |
| TOTAL | 12,200,000 | 100.0 |

Number and percentage of shares

owned by Board Directors and Supervisory Board members:

| First and Last Name | Function (position) | Situation as of 30.06.2003 | |
|---------------------|---------------------|----------------------------|--------------------------|
| | | Number of shares | Percentage of equity (%) |

| BOARD OF DIRECTORS | | | |
|--------------------|-----------------|---------------|--------------|
| Jože STANIČ | President & CEO | 2,093 | 0.017 |
| Franjo BOBINAC | Vice-President | 322 | 0.003 |
| Marija MIHELJAK | Board Director | 5,007 | 0.041 |
| Drago BAHUN | Board Director | 6,732 | 0.055 |
| TOTAL | | 14,154 | 0.116 |

| SUPERVISING BOARD | | | |
|------------------------------|---------------|--------|-------|
| Representatives of employees | | | |
| Ivan ATELŠEK | Vice Chairman | 12,058 | 0.099 |
| Jurij SLEMENIK | Member | 1,511 | 0.012 |
| Krešimir MARTINJAK | Member | 100 | 0.001 |
| Peter KOBAL | Member | 1,178 | 0.010 |
| Drago KRENKER | Member | 2,098 | 0.017 |
| Representatives of capital | | | |
| Marko VOLJČ | Chairman | 0 | 0.000 |
| Tomaž KUNTARIČ | Vice Chairman | 0 | 0.000 |

| | | | |
|-----------------|---|---------------|--------------|
| Bogdan PUŠNIK | Supervisor | 0 | 0.000 |
| Igor OMERZA | Supervisor | 0 | 0.000 |
| Anton MAJZELJ | Supervisor (resigned on June 11, 2003) | 1,064 | 0.009 |
| TOTAL SB | | 18,009 | 0.148 |

Own shares

On June 30 2003, Gorenje d.d. company owned 307,105 **own shares**, acquired in 2002 at cost price of 823,940,611.34 SIT in order to trade them for the remaining shares of companies in which Gorenje, d.d. already possessed the majority share. For this purpose, the company allocated reservations in the above amount in 2002.

In the first half of 2003, the company did not acquire or sell any of its own shares. In line with Paragraph 8, Article 240 of the Commercial Corporations Act, the Stockholders Assembly authorized the company Executive Board on June 20, 2003 to purchase its own shares in total nominal value of less than 5% of the registered capital.

The acquisition of own share is to be performed by the Stock Exchange Market Rules, and the purchasing price may not exceed 5,000 SIT per share. If the purchase deal is considered as a block deal according to the Stock Market Code, it is required to follow the preemptive right of shareholders when purchasing own shares, in proportion to their share in registered capital.

Board of Directors is entitled to acquire shares to be traded for business shares and shares of the companies that Gorenje, d.d. intends to acquire according to its business policy. Therefore, the preemptive right of shareholders at selling own shares is void. When selling own shares, the trading price must be higher than their cost value.

This authorization shall be in effect 18 months from the day of the Stockholders Assembly Decree.

Conditional capital increase and approved capital

The company does not have any decrees regarding the conditional capital increase and approved capital.

Dividends

By the Decree of the Stockholders Assembly, the **gross dividend** for the year 2002 in the amount of SIT **95 gross** per share will be paid out at the end of August (29.8.2003) to all stockholders recorded in the Shareholders Record Book as of June 27, 2003. Compared to previous year when it amounted to 80 SIT gross per share, the dividend is higher by 18.8%.

Book value of shares and net income per share

On June 30, 2003, the **market value of the share** was SIT 3,839 and was lower than the **book value**, equaling 4,509 SIT on the same day. Compared to the situation on December 31, 2002, the bookkeeping value was higher by 1.3%. The book value of a share is calculated as the ratio between total company capital on June 30, 2003 and the number of shares issued, which has not changed in this period.

Net income per share is the ratio between net income of the period and the number of shares issued, less the number of own shares. The ratio equals to SIT 177.8 and has increased by 2.4% compared to the same period last year.

Supervisory Board

On June 11, 2003, member of Supervisory Board, Mr. Anton MAJZELJ submitted his letter of resignation to the Board Chairman. The Assembly held on June 20, 2003 was informed of the resignation, but it did not appoint a new member, because the letter of resignation had been submitted after the deadline for submission of amendments to the Assembly agenda.

Important events after the last balance sheet date

On June 3, 2003, the Supervisory Board of Gorenje, d.d. company appointed new **Board of Directors (Executive Board) for the term of office of five years**, which took over the company management on July 18, 2003. Members of the new Executive Board are:

- Mr. Franjo BOBINAC, President and Chief Executive Officer,
- Mr. Andrej VIZJAK, Assistant Executive, Marketing,
- Mr. Franc KOŠEC, Assistant Executive, Development and Quality,
- Mr. Žiga DEBELJAK, Assistant Executive, Finances,
- Drago BAHUN, Assistant Executive, Organization & Human Resources, Employee Representative.

Number and percentage of shares held by members of the Executive Board and Supervisory Board has changed after June 30, 2003. Before his appointment to the present office, board member Andrej VIZJAK acquired 2,500 shares by purchasing them on the stock market, while the Supervisory Board Vice Chairman Tomaž KUNTARIČ purchased 400 shares of the Gorenje, d.d. company.

Gorenje, d.d.
The Management Board