

Based on the provisions of *Ljubljana Stock Exchange Rules* and the *Securities Market Act*, *Luka Koper d.d.*, Vojkovo nabrežje 38, 6501 Koper, Slovenia, discloses



**AUDITED ANNUAL UNCONSOLIDATED AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR 2006**

Koper, Slovenia, February 2007

KEY PERFORMANCE INDICATORS

LUKA KOPER d.d.	2002	2003	2004	2005	2006
Operating revenues (thousands of tolar)	12,967,444	14,505,505	16,732,937	20,693,887	23,332,260
Cargo throughput (tonnes)	9,431,497	11,036,457	12,402,607	13,066,102	14,030,733
Net profit for the financial year (thousands of tolar)	4,493,931	3,885,448	4,181,593	4,188,981	4,781,579
Return on equity (%)	8.3	6.9	7.1	6.8	7.3
Value added per employee (thousands of tolar)	12,449	13,029	14,038	16,501	18,418
Earning per share (tolars)	321	278	299	299	342

LUKA KOPER GROUP	2002	2003	2004	2005	2006
Operating revenues (thousands of tolar)	14,285,490	15,617,085	18,127,305	22,192,886	25,327,139
Net profit for the financial year (thousands of tolar)	4,572,639	4,007,018	5,399,624	4,814,871	4,961,160
Return on equity (%)	8.9	7.1	9.0	7.6	7.3
Value added per employee (thousands of tolar)	9,711	10,487	11,325	13,611	15,033
Earning per share (tolars)	327	286	386	344	354

REPORT ON CORPORATE GOVERNANCE

In 2006, one General Assembly of *Luka Koper d.d.* shareholders' was called. The 12th General Assembly held on 22nd August 2006, adopted the proposal of the Supervisory Board as to the allocation of the distributable net profit, as well as the resolution that as of 1st January 2006 *Luka Koper d.d.* annual report was to be prepared in compliance with the International Financial Reporting Standards (IFRS). In addition, the General Assembly adopted the changes to the Articles of Association related to the introduction of no-par value shares and the disclosure of information and notices relevant to the shareholders, as well as endorsed the Business Strategy of *Luka Koper* to 2015. The Assembly also adopted the resolutions not to discharge of their duties the Management Board whose term of office expired on 25th July 2005, and the Supervisory Board whose term of office expired on 7th July 2005, and to discharge of their duties the Management Board which performed its function as of 25th July 2005, and the Supervisory Board which performed its function as of 7th July 2005. The challenging action was announced and afterwards brought against these resolutions.

The Supervisory Board of the parent company is comprised of nine members, of which six are the representatives of capital, while the remaining three represent the employees.

- Starman Marko, MSc, Chairman, Representative of the Republic of Slovenia
- Dr. Verlič Peter, Deputy Chairman, Representative of the Republic of Slovenia
- Jazbec Tatjana, Member, Representative of Employees
- Jerman Robert, Member, Representative of Employees
- Mezek Metod, Member, Representative of minority shareholders
- Pavletič Alverino, Member, Representative of employees
- Popovič Boris, Member, Representative of the Municipality of Koper
- Valentinčič Marko, Member, Representative of the Funds of the Republic of Slovenia
- Zadel Bojan, Member, Representative of the Republic of Slovenia.

The Management Board comprises four members:

- Robert Časar, President
- Aldo Babič, MSc, Deputy President
- Marjan Babič, MSc, Member

- Pavle Krumenaker, Member, and Workers' Director.

Based on a unanimous proposal by the Management Board, the Supervisory Board approved at its 12th regular session a resolution on the appointment of Mr Aldo Babič, hitherto member of the Board, as Deputy President of the Management Board, with Mr Marjan Babič stepping down from that position but remaining on the Board, as of 6th June 2006. The Management Board decided upon this action due to the significance of the fields covered by the aforementioned members, as well as to strengthen the role of marketing in particular foreign markets. In compliance with the Articles of Association, the operation of subsidiaries is governed by their respective General Assemblies.

Management of Subsidiaries:

Company	Director
Luka Koper INPO, d.o.o	Iztok Faganeli
Luka Koper Pristan, d.o.o.	Darko Grgič
Adria-Tow, d.o.o.	Robert Gerik
Luka Kopar Beograd, d.o.o.*	-

*Dormant company.

BUSINESS REPORT

Plans for 2007

- Increase of cargo throughput by 2 percent.
- Increase of cargo volume at most terminals, with the largest relative increase anticipated with fruit.
- The volume of port and logistics services will be expanded.
- The range of services will be adapted and tailored to the needs and requirements of the customers.
- The objectives of profit growth, as well as efficient cost management shall be further pursued. Our goals encompass 19 percent ratio between net profit and operating revenues, 18 percent ratio between operating profit and operating revenues, and value added in the amount of 13.3 billion tolar.
- *Adria Transport* established in January 2005 together with the Austrian partner will start its operations. The company will be engaged in the rail cargo transport.
- 19.8 billion tolar will be invested in the modernisation and enlargement of port capacities.
- The works on the construction of a parking garage with the capacity of 10,000 vehicles will start.
- The Company shall further pursue the policy of planning and ongoing development of human resources.
- The possibilities of a more efficient human resources management and the organisation of the basic working process will be investigated.
- The Company shall further support solving housing and social issues of the employees, allocating 86 million tolar for this purpose.
- Particular attention will be paid to the development of common purchasing policy, which encompasses further organisation of »Purchasing Conferences«.
- Culture of Excellence shall be extended to the entire *Luka Koper Group*. By incorporating the findings of business excellence auditors in the management system, the Company shall upgrade to-date achievements and results.

Analyses of Business Performance

Due to the fact that operating revenues of the parent company account for 92 percent of the Group total revenues and that the parent company items substantially affect the business performance of *Luka Koper Group*, the overview of *Luka Koper Group* performance shall also introduce the performance of the parent company.

Luka Koper Group generated 25.3 billion tolar in operating revenues, which is 14 percent up on 2005. The operating revenues of the parent company amounted to 23.3 billion tolar, which is 13 percent ahead of the previous year. This increase may be attributed to the record maritime throughput in the amount of over 14 million tonnes. Major portion (77.6 percent) of operating revenues was generated in foreign markets, mainly in the European Union.

Recorded operating revenues also encompass the revenues from the sale of fixed assets in the amount of 128 million tolar, as well as other revenues (pre-scheduled unloading/loading of vessels) amounting to 600 million tolar.

Operating costs in all categories in the total amount of 20.7 billion tolar are a 16 percent increase on 2005. Expenses of the parent company account for 93 percent of total expenses, and amount to 19.3 billion tolar. A significant increase was recorded in the electricity and fuel costs, which account for two thirds of material costs. Within the service costs, there was a rise in the maintenance and transport service costs, as well as the suppliers' costs for the provision of port services.

Total depreciation amounted to 3.5 billion tolar, which is a 2.6 percent rise on the previous year. The Company separately records the depreciation costs of real-estate investments. In relation to 2005, the depreciation rates have remained the same.

In 2006, *Luka Koper Group* labour costs amounted to 6.4 billion tolar, which is a 13 percent rise on 2005. This increase may in particular be attributed to the internal promotion, and partially also to the increased number of employees.

Luka Koper Group generated 4.65 billion tolar in operating profits, which is a 6 percent year-on increase. Operating profit of the parent company amounted to 4 billion tolar, a 3 percent rise on 2005.

The Group corporation tax amounted to 709 million tolar, whereas deferred taxes totalled 61 million tolar.

In 2006, *Luka Koper d.d.* obtained the *DURS* (Tax Administration of the Republic of Slovenia) decision and enforced additional tax relief due to the company's operating in the economic zone.

Net profit generated by the Group amounted to 4.9 billion tolar, which is a 3 percent rise on 2005, whereas net profit generated by the parent company totalled 4.8 billion tolar, which is a 14 percent year-on increase.

Fixed assets and long-term financial investments account for a major portion (89%) of Group's total assets. Two percent of the assets are recorded under real-estate investments.

BUSSINES PERFORMANCE OF SUBSIDIARIES

In addition to the parent company, *Luka Koper Group* is comprised of the following subsidiaries:

Luka Koper INPO, d.o.o. (100% ownership of *Luka Koper d.d.*)

Luka Koper Pristan, d.o.o. (100% ownership of *Luka Koper d.d.*)

Luka Kopar Beograd, d.o.o. (90% ownership of *Luka Koper d.d.*)

Adria-Tow, d.o.o. (50% ownership of *Luka Koper d.d.*)

Luka Koper INPO, d.o.o.

Luka Koper INPO d.o.o. is a medium-sized company which has operated within the *Luka Koper Group* since 1995. It was established to undertake the training and employment of the disabled workers, who under special working conditions by way of various services, as well as their skills and experience still perform their work in a satisfactory manner.

In 2006, the company generated 1,505 million tolar in operating revenues, and 289 million tolar of net profit. Net profit to total revenues stood at 19.2 percent.

Luka Koper Pristan, d.o.o.

Luka Koper Pristan d.o.o. complements the business operations of the parent company by the provision of hotel and accommodation services, as well as a higher class restaurant. The company established in 1995 is fully owned by *Luka Koper d.d.* The company manages Hotel Garni Pristan and Dom Prisoje in Koper.

In 2006, the company generated 225 million tolar in operating revenues, and 20 million tolar of net profit. Net profit to total revenues stood at 8.7 percent.

Adria-Tow, d.o.o.

The main activity of *Adria-Tow d.o.o.* is the provision of vessel towing services. In addition, it also provides other services, such as vessel supply, rescue and assistance to vessels in the Port of Koper and Shipyard Izola. The company is owned by *Luka Koper d.d.* and *Ocean s.r.l.* from Trieste (Italy), 50 percent each.

In 2006, the company generated 932 million tolar in operating revenues, and net profit in the amount of 371 million tolar. Net profit to total revenues stood at 39.9 percent.

Marketing Strategy

In 2006, the Company further pursued the strategic shift and expansion of its activities from the provision of merely port to logistics services. Such is vindicated by considering the purchase or other form of ownership participation in various inland terminals, and by signing the letter of intent on the purchase of real-estate in Sežana.

The maritime throughput is further growing and increasing in volume. Turnover in 2006 recorded a 7 percent rise on 2005, and the annual plan was 6 percent ahead of the anticipated. Such is the result of successful performance in the field of all cargo types, and in particular containers, dry bulk cargo, vehicles and general cargo. In 2006, the Company also achieved two remarkable records, namely surpassing 200,000 TEUs and 14 million tonnes of cargo.

SHAREHOLDERS SATISFACTION

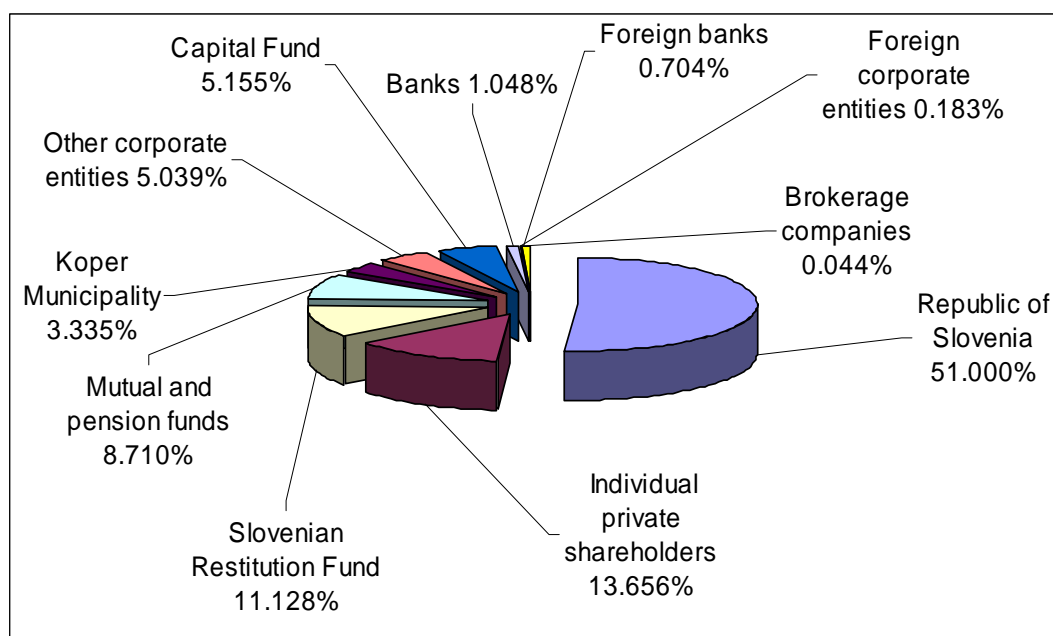
In December 2006, Ljubljana Stock Exchange transferred *Luka Koper d.d.* share onto its prime market.

Based on the resolution of shareholders General Assembly, all *Luka Koper d.d.* shares were replaced by shares with no-par value as of 1st January 2006. The company's share capital is comprised of 7,140,000 ordinary no-par value shares, and 6,860,000 participating preference no-par value shares with limited voting rights.

At the end of 2006, the Company had 9,859 shareholders, which is a 4 percent rise on 2005. As of 31st December 2006, ten largest shareholders held 76.17 percent of all *Luka Koper d.d.* shares.

The most significant change in the ownership structure was the sale of a 3.3 percent stake of Koper Municipality to *Slovenska Odškodninska Družba*. This transaction affected the ownership structure of *Luka Koper* so that the *Slovenska Odškodninska Družba* now holds 11.1%, and the Koper Municipality 3.3%. With its 51-percent stake in *Luka Koper*, the state (Republic of Slovenia) remains the majority shareholder.

Graph: Ownership structure of *Luka Koper d.d.* as of 31st December 2006



*Note: *Kapitalska Družba* (Capital Fund) encompasses all company funds (KVPS, PPS, SODPZ), and *Kapitalska družba d.d.*

Table 1: Ten largest shareholders as of 31st December 2006

Shareholder title	Address	No. of shares	Percentage stake
Republic of Slovenia	Gregorčičeva 20, 1000 Ljubljana	7,140,000	51.0
Slovenska odškodninska družba, d.d.	Mala ulica 5, 1000 Ljubljana	1,557,857	11.1
Kapitalska družba, d.d.	Dunajska cesta 119, 1000 Ljubljana	696,579	4.9
Municipality of Koper	Verdijeva ulica 10, 6000 Koper	466,942	3.3
KD ID, delniška ID, d.d.	Celovška cesta 206, 1000 Ljubljana	170,858	1.2
KD Galileo, vzajemni sklad	Celovška cesta 206, 1000 Ljubljana	151,905	1.1
Delniški vzajemni sklad Triglav Steber I	Slovenska cesta 54, 1000 Ljubljana	142,720	1.0
Vizija Holding Ena, d.d.	Dunajska cesta 156, 1000 Ljubljana	118,585	0.8
Adriatic Slovenica, d.d., Koper, kritno premoženje	Ljubljanska cesta 3a, 6000 Koper	114,077	0.8
Zavarovalnica Triglav, d.d.	Miklošičeva 19, 1000 Ljubljana	104,756	0.7
10 largest shareholders - total		10,664,279	76.173%

Note: The share of ownership also represents the share of voting rights, with the exception of the items stipulated in the Articles of Association at which the state's voting rights are provided only by ordinary shares.

Table 2: Selected data on the *Luka Koper d.d.* share for the past five-year period

	2002	2003	2004	2005	2006
Average book value per share	3,867.96	3,899.45	4,045.66	4,250.62	4,567.78
Net earnings per share (EPS)	321	277.53	298.69	299.21	341.54

Note: The average book value of a share is calculated from the monthly averages. EPS is calculated as the ratio between the net profit for the financial year and the total number of shares issued.

Introduction to the preparation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter: IFRS). The auditors of Deloitte revizija, d.o.o. audited the stand-alone and the consolidated financial statements and also prepared an auditor's report that has been included in this report.

Basis of preparation

The financial statements are drawn up in Slovenian Tolars and rounded to the nearest thousand. Owing to the fact that on 1 January 2007 the euro was introduced as a legal tender, the balance sheet and the income statement for the year 2006 have been converted into euros. In converting items in the financial statements referred to in the previous sentence, the official exchange rate of the Bank of Slovenia on the last day of 2006 was used (EUR 1 = SIT 239.640).

The purpose of publishing the Group's consolidated and stand-alone financial statements is to provide useful information on the financial position, performance and changes in the financial position to the widest circle of users, as if the Group were only one company.

Basis of consolidation

The consolidated financial statements of the Luka Koper Group for the year ended 31 December 2006 include the financial statements of the parent company Luka Koper d.d. and its subsidiary companies, and the corresponding profits or losses of associated companies and jointly controlled companies.

Subsidiary companies	Share in %	Share capital (in thousands of SIT)
Luka Koper Pristan d.o.o.	100	454,057
Luka Koper INPO, d.o.o.	100	57,724
Adria-Tow, d.o.o.	50	23,866
Luka Kopar Beograd d.o.o.	90	10,483

Note: Luka Kopar Beograd, in which Luka Koper, d.d. holds a 90% ownership share, was not consolidated in 2006 as the company was not operating and does not materially affect the Group's financial statements.

Luka Koper, d.d. also invested in the following associated companies and jointly controlled companies, in which it has a significant influence and which are disclosed in the Group's financial statements based on the equity method, so that their profit or loss increases or decreases the overall profit or loss:

Associated companies	Share in %	Value of investment	Value of revenues	Value of assets	Value of liabilities	Net profit or loss
In thousands of SIT as at 31 December 2006						
Intereuropa d.d. Koper	24.8	11,471,244	30,216,460	54,511,441	14,260,266	1,116,455
Avtoservis, d.o.o., Koper	49.0	33,972	827,903	530,595	124,225	75,240
Actual I.T., d.o.o., Koper	26.0	143,000	3,180,885	2,739,144	2,499,479	38,017
Golf Istra, d.o.o., Koper	20.0	28,200	0	62,957	31,290	-38,898
Jointly controlled companies						
Adriaфин, d.o.o., Koper	50.0	1,434,509	400,784	3,990,300	582,626	222,067
Kopininvest Netherlands B.V.	50.0	328,794	0	650,552	0	-1,532
Adria transport, d.o.o., Koper	50.0	12,000	0	24,202	664	-462

1 INCOME STATEMENT (audited unconsolidated and consolidated)

(In thousands of SIT)	Notes	LUKA KOPER, D.D.		LUKA KOPER GROUP	
		2006	2005	2006	2005
OPERATING REVENUES	8.1.1.	23,332,260	20,693,887	25,327,138	22,192,886
1. Net sales revenues		22,566,120	19,835,269	24,405,972	21,199,029
Revenues from sales in the domestic market		5,053,975	3,429,814	5,463,550	3,547,508
Revenues from sales in the foreign market		17,512,145	16,405,455	18,942,422	17,651,521
2. Changes in inventories of products and work-in-progress		0	0	0	0
3. Capitalised own products and own services		0	0	770	0
4. Other operating revenues		766,140	858,617	920,396	993,857
OPERATING COSTS	8.1.2.	19,332,994	16,797,632	20,678,160	17,799,903
5. Costs of goods, material and services	8.1.2.1	8,665,415	7,585,950	8,571,727	7,432,202
6. Labour costs	8.1.2.2.	5,268,731	4,734,017	6,425,242	5,689,439
7. Write-downs	8.1.2.3.	3,288,977	3,196,274	3,518,708	3,429,237
8. Other operating expenses	8.1.2.4.	1,794,074	1,281,391	1,808,249	1,249,025
9. Provisions	8.1.2.5.	315,797	0	354,234	0
OPERATING PROFIT OR LOSS		3,999,267	3,896,254	4,648,978	4,392,983
TOTAL FINANCIAL REVENUES	8.1.3	1,838,190	1,936,907	1,461,422	2,259,335
9. Financial revenues from shares		1,399,645	1,320,720	943,502	1,559,999
10. Financial revenues from loans granted		333,453	403,083	407,486	417,271
11. Financial revenues from operating receivables		105,092	213,104	110,434	282,065
TOTAL FINANCIAL EXPENSES	8.1.4.	460,212	735,168	501,248	830,401
12. Financial expenses for impairments and write-offs of investments		20,058	294,670	22,190	294,670
13. Financial expenses for financial liabilities		267,797	256,505	299,852	239,640
14. Financial expenses for operating liabilities		172,357	183,993	179,206	296,091
TOTAL PROFIT OR LOSS FROM ORDINARY ACTIVITIES	8.1.5.	5,377,244	5,097,993	5,609,152	5,821,916
15. Other revenues					0
16. Other expenses					0

PRE-TAX PROFIT		5,377,244	5,097,993	5,609,153	5,821,916
17. Income taxes	8.1.6.	651,952	989,004	709,087	1,079,005
18. Deferred taxes	8.1.6.1	56,287	79,992	61,094	72,176
19. Net profit or loss for the year		4,781,579	4,188,981	4,961,160	4,815,087
NET PROFIT OF MINORITY SHAREHOLDERS				186,026	72,605
NET PROFIT OR LOSS	8.1.7.	4,781,579	4,188,981	4,775,134	4,742,482
BASIC EARNINGS PER SHARE	8.1.8.	606.41	523.42	605.51	600.94
DILUTED EARNINGS PER SHARE	8.1.8.	341.54	299.21	341.08	338.75

INCOME STATEMENT IN EUR

	Luka Koper, d.d.	Luka Koper Group
(In thousands of EUR)	2006	2006
OPERATING REVENUES	97,364	105,688
1. Net sales revenues	94,167	101,844
REVENUES FROM SALES IN THE DOMESTIC MARKET	21,090	22,799
REVENUES FROM SALES IN THE FOREIGN MARKET	73,077	79,045
2. Capitalised own products and own services	0	3
3. Other operating revenues	3,197	3,841
OPERATING COSTS	80,675	86,288
5. Costs of goods, material and services	36,160	35,769
6. Labour costs	21,986	26,812
7. Write-downs	13,725	14,683
8. Other operating expenses	7,487	7,546
9. Provisions	1,318	1,478
OPERATING PROFIT OR LOSS	16,689	19,400
9. Financial revenues from shares	5,841	3,937
10. Financial revenues from loans granted	1,391	1,700
11. Financial revenues from operating receivables	439	461
12. Financial expenses for impairments and write-offs of investments	84	93
13. Financial expenses for financial liabilities	1,117	1,251
14. Financial expenses for operating liabilities	719	748
TOTAL PROFIT OR LOSS FROM ORDINARY ACTIVITIES	22,439	23,407
15. Other revenues	0	0
16. Other expenses	0	0
PRE-TAX PROFIT	22,439	23,407
17. Income taxes	2,721	2,959
18. Deferred taxes	235	255
19. Net profit or loss for the year	19,953	20,702
NET PROFIT OF MINORITY SHAREHOLDERS	0	776
NET PROFIT	19,953	19,926
BASIC EARNINGS PER SHARE	2.53	2.530
DILUTED EARNINGS PER SHARE	1.43	1.420

2 BALANCE SHEET (audited consolidated and unconsolidated)

	Notes	LUKA KOPER, D.D.		LUKA KOPER GROUP	
		31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
ASSETS (in thousands of SIT)		81,511,309	75,636,192	87,805,048	79,351,132
A. NON-CURRENT ASSETS	8.2.1.	73,661,195	62,189,628	78,340,618	63,924,678
I. Intangible assets	8.2.1.1.	155,430	261,763	155,664	261,983
II. Property, plant and equipment	8.2.1.2.	35,772,712	33,713,737	39,128,392	35,452,992
1. Land and buildings		26,189,103	26,663,669	26,918,593	27,407,022
2. Manufacturing plant and equipment		7,164,623	6,273,936	9,788,413	7,266,372
3. Other plant and equipment		12,343	10,742	14,743	13,142
4. Property, plant and equipment being acquired		2,406,643	765,390	2,406,643	766,456
III. Investment property	8.2.1.3.	1,881,932	1,922,817	1,881,932	1,922,817
IV. Long-term investments	8.2.1.4.	35,631,571	26,128,054	36,930,479	26,284,082
1. Long-term investments, excluding loans		33,082,751	24,047,738	32,810,672	24,201,039
2. Long-term loans		2,548,820	2,080,316	4,119,807	2,083,043
V. Long-term operating receivables	8.2.1.5.	2,811	2,804	2,811	2,804
VI. Deferred tax assets	8.2.1.6.	216,739	160,453	241,340	
B. CURRENT ASSETS	8.2.2.	7,829,808	13,433,573	9,442,624	15,407,627
I. Assets held for sale (or disposal groups)	8.2.2.1.	29,977	0	29,977	0
II. Inventories	8.2.2.2.	0	0	1,054	995
III. Short-term investments	8.2.2.3.	2,693,047	8,291,049	3,911,124	9,447,302
IV. Short-term operating receivables	8.2.2.4.	5,031,108	4,308,620	5,351,525	4,486,393
V. Cash	8.2.2.5.	75,676	833,904	148,944	1,472,937
C. SHORT-TERM DEFERRED COSTS (EXPENSES) AND ACCRUED REVENUES	8.2.2.6.	20,306	12,990	21,806	18,827
OFF-BALANCE SHEET ASSETS	8.2.2.7.	3,499,980	1,807,966	4,756,810	2,236,151
LIABILITIES		81,511,309	75,636,192	87,805,048	79,351,132
A. CAPITAL	8.2.3.	68,380,821	62,894,204	70,666,768	64,927,326
EQUITY – MAJORITY SHAREHOLDER		68,380,821	62,894,204	70,200,846	64,647,429
I. Called-up capital		14,000,000	14,000,000	14,000,000	14,000,000
II. Capital reserves		21,462,806	21,462,806	21,462,806	21,462,806
III. Profit reserves		24,250,484	22,167,891	24,274,211	22,190,639
IV. Revaluation surplus		4,838,074	1,824,840	4,838,074	1,824,840
V. Net profit or loss brought forward		1,438,668	1,344,177	3,242,388	2,521,152
VI. Net profit or loss for the year		2,390,789	2,094,490	2,383,367	2,647,992
EQUITY – MINORITY SHAREHOLDERS				465,922	279,897
B. PROVISIONS AND LONG-TERM ACCRUED COSTS (EXPENSES) AND DEFERRED REVENUES	8.2.4.	871,692	727,921	2,415,804	1,942,502
C. LONG-TERM LIABILITIES	8.2.5.	8,295,247	8,558,914	10,861,374	8,696,990
I. Long-term financial liabilities		6,832,619	7,939,185	7,975,236	8,253,187
II. Long-term operating liabilities		17,489	11,450	1,440,999	15,484
III. Deferred tax liabilities		1,445,139	608,279	1,445,139	428,319
D. SHORT-TERM LIABILITIES	8.2.6.	3,758,717	3,234,406	3,654,494	3,558,244
I. Liabilities included in disposal groups		0	0	0	0
II. Short-term financial liabilities		914,733	284,293	539,381	368,122
III. Short-term operating liabilities		2,843,984	2,950,113	3,115,113	3,190,122
E. SHORT-TERM ACCRUED COSTS (EXPENSES) AND DEFERRED REVENUES	8.2.7.	204,833	220,747	206,608	226,070
OFF-BALANCE SHEET LIABILITIES	8.2.2.7.	3,499,980	1,807,966	4,756,810	2,236,151

BALANCE SHEET IN EUR

	Luka Koper, d.d.	Luka Koper Group
	31 Dec 2006	31 Dec 2006
ASSETS (In thousands of EUR)	340,141	366,404
A. NON-CURRENT ASSETS	307,383	326,910
I. Intangible assets	649	650
II. Property, plant and equipment	149,277	163,280
1. Land and buildings	109,285	112,329
2. Manufacturing plant and equipment	29,897	40,846
3. Other plant and equipment	52	62
4. Property, plant and equipment being acquired	10,043	10,043
III. Investment property	7,853	7,853
IV. Long-term investments	148,688	154,108
1. Long-term investments, excluding loans	138,052	136,917
2. Long-term loans	10,636	17,192
V. Long-term operating receivables	12	12
VI. Deferred tax assets	904	1,007
B. CURRENT ASSETS	32,673	39,403
I. Assets held for sale (or disposal groups)	125	125
II. Inventories	0	4
III. Short-term investments	11,238	16,321
IV. Short-term operating receivables	20,994	22,332
V. Cash	316	622
C. DEFERRED COSTS (EXPENSES) AND ACCRUED REVENUES	85	91
OFF-BALANCE SHEET ASSETS	14,212	19,448
	0	0
LIABILITIES	340,141	366,404
A. CAPITAL	285,348	294,887
EQUITY – MAJORITY SHAREHOLDER	285,348	292,943
I. Called-up capital	58,421	58,421
II. Capital reserves	89,563	89,563
III. Profit reserves	101,195	101,295
IV. Revaluation surplus	20,189	20,189
V. Net profit or loss brought forward	6,003	13,530
VI. Net profit or loss for the year	9,977	9,945
EQUITY – MINORITY SHAREHOLDERS	0	1,944
B. PROVISIONS AND LONG-TERM ACCRUED COSTS (EXPENSES) AND DEFERRED REVENUES	3,638	10,081
C. LONG-TERM LIABILITIES	34,615	45,324
I. Long-term financial liabilities	28,512	33,280
II. Long-term operating liabilities	73	6,013
III. Deferred tax liabilities	6,030	6,030
D. SHORT-TERM LIABILITIES	15,685	15,250
I. Liabilities included in disposal groups	0	0
II. Short-term financial liabilities	3,817	2,251
III. Short-term operating liabilities	11,868	12,999
E. SHORT-TERM ACCRUED COSTS (EXPENSES) AND DEFERRED REVENUES	855	862
OFF-BALANCE SHEET LIABILITIES	14,605	19,850

CASH FLOW STATEMENT (audited consolidated and unconsolidated)

<i>(In thousands of SIT)</i>	Luka Koper, d.d.		Luka Koper Group	
	1-12.2006	1-12.2005	1-12.2006	1-12.2005
<i>Cash flows from operating activities</i>				
Income statement items	6,801,606	5,583,221	7,748,923	6,360,507
Operating revenues (excluding revaluation) and financial revenues from operating receivables	23,202,384	20,084,869	25,121,875	21,565,235
Operating expenses without depreciation/amortisation (excluding revaluation) and financial expenses from operating liabilities	-15,807,460	-13,512,644	-16,727,150	-14,197,899
Income taxes and other taxes not included in operating expenses	-595,665	-989,004	-647,993	-1,006,829
Changes in net operating current assets (and in accrued / deferred revenues / costs (expenses), provisions, and deferred receivables and tax liabilities) of the operating balance sheet items	-251,098	-1,020,860	-125,622	-898,551
Opening less closing operating receivables	-741,500	299,104	-858,797	434,793
Opening less closing deferred costs (expenses) and accrued revenues	-7,316	7,769	-2,979	8,360
Opening less closing deferred tax assets	-56,286	79,993	-241,340	0
Opening less closing assets held for sale (or disposal groups)	-29,977	0	-29,977	0
Opening less closing inventories			-59	615
Closing less opening operating liabilities (debts)	-100,091	-1,396,119	-146,402	-1,516,456
Closing less opening accrued costs (expenses) and deferred revenues and provisions	-150,440	-11,607	137,112	174,137
Closing less opening deferred tax liabilities	836,860	0	1,016,820	0
Net cash flows from operating activities (a+b)	6,550,510	4,562,361	7,623,301	5,461,956
<i>Cash flows from investing activities</i>				
Inflows from investing activities	3,212,364	2,179,510	2,378,095	2,129,597
Inflows from interest received and shares in profits of others relating to investing activities	1,802,410	1,371,786	1,029,966	1,431,131
Inflows from disposal of intangible assets	0	70,841	0	17,341
Inflows from disposal of long-term investments	0	736,883	0	681,125
Inflows from disposal of short-term investments	1,409,954	0	1,348,129	0
Outflows from investing activities	7,371,895	3,575,034	8,431,443	5,215,437
Outflows for acquisition of intangible assets	35,418	0	39,191	0
Outflows for acquisition of property, plant and equipment	5,014,139	3,264,242	5,427,412	3,057,039
Outflows for acquisition of investment property	45	0	45	0
Outflows for acquisition of long-term investments	2,322,293	0	2,962,604	0
Outflows for acquisition of short-term investments	0	310,792	0	2,158,398
Net cash flows from investing activities (a+b)	-4,159,531	-1,395,524	-6,053,348	-3,085,840
<i>Cash flows from financing activities</i>				
Inflows from financing activities	630,440	4,467,511	171,259	4,308,838
Inflows from increase in long-term financial liabilities		4,467,511		4,308,838
Inflows from increase in short-term financial liabilities	630,440		171,259	
Outflows from financing activities	3,779,646	7,536,758	3,065,205	6,586,987
Outflows for interest paid in relation to financing activities	364,884	391,763	479,058	473,647
Outflows for repayment of long-term financial liabilities	1,106,566	4,943,899	277,951	0
Outflows for repayment of long-term financial liabilities	0	0	0	3,912,244
Outflows for dividend payments and other shares in profits	2,308,196	2,201,096	2,308,196	2,201,096
Net cash flows from financing activities (a+b)	-3,149,206	-3,069,247	-2,893,946	-2,278,149
Closing balance of cash	75,676	328,198	148,944	362,274
Net cash flow for the period (sum of Ac, Bc and Cc)	-758,228	97,590	-1,323,993	97,967
Opening balance of cash	833,904	230,607	1,472,937	264,307

STATEMENT OF CHANGES IN EQUITY OF THE COMPANY LUKA KOPER, D.D. FOR THE YEAR 2006 (audited unconsolidated)

From 1 January to 31 December 2006	Share capital	Capital reserves	Legal reserves	Other profit reserves	Net profit brought forward	Net profit for the year	Revaluation surplus	Total equity
	I/1	II/1	III/1	III/4	IV/1	V/1	VI/2	
Balance as at 31 December 2005	14,000,000	0	4,496,872	17,671,019	1,585,557	2,094,490	23,267,630	63,115,568
IFRS-related adjustments as at 1 January 2006		21,462,806			-241,380		-21,442,790	
Balance as at 1 January 2006	14,000,000	21,462,806	4,496,872	17,671,018	1,344,177	2,094,490	1,824,840	62,894,203
Transfers to equity	0	0	0	0	0	4,781,579	3,013,234	7,794,813
Additional capital paid-up								0
Net profit or loss for the year						4,781,579		4,781,579
General equity revaluation								0
Specific equity revaluation							3,013,234	3,013,234
Transfers within equity	0	0	0	4,390,789	94,490	-4,485,279	0	0
Allocation of net profit according to the resolution of the Management and the Supervisory Board				2,390,789		-2,390,789		
Allocation of net profit to additional reserves according to the resolution of the General Meeting				2,000,000	94,490	-2,094,490		
Other reallocations of equity components								
Transfers from equity	0	0	0	-2,308,195	0	0	0	-2,308,195
Dividend distribution				-2,308,195				
Payment of bonuses to members of the Management and the Supervisory Board								
Distribution to employees								
Transfer of specific equity revaluation adjustment								
Balance as at 31 December 2006	14,000,000	21,462,806	4,496,872	19,753,612	1,438,667	2,390,790	4,838,074	68,380,821
DISTRIBUTABLE PROFIT				2,308,196	1,438,667	2,390,790		6,137,653

STATEMENT OF CHANGES IN EQUITY OF THE COMPANY LUKA KOPER, D.D. FOR THE YEAR 2005

	Changes in equity For the period from 1 January to 31 December 2005	Share	Capital	Legal	Other profit	Net profit	Net profit	General	Specific	Total
		capital	reserves	reserves	reserves	brought forward	for the year	equity revaluation adjustment	equity revaluation adjustment	equity
		I/1	II/1	III/1	III/4	IV/1	V/1	VI/1	VI/2	
A.	Balance as at 1 January 2005	14,000,000	0	4,496,872	15,777,624	1,494,761	2,090,797	21,462,806	1,281,698	60,604,558
B.	Transfers to equity	0	0	0	0	0	4,188,981	0	523,126	4,712,107
	Additional capital paid-up									0
	Net profit or loss for the year						4,188,981			4,188,981
	General equity revaluation									0
	Specific equity revaluation								523,126	523,126
C.	Transfers within equity	0	0	0	4,094,490	90,797	-4,185,287	0	0	0
	Allocation of net profit according to the resolution of the Management and the Supervisory Board				2,094,490	2,090,797	-2,094,490			2,090,797
	Allocation of net profit to additional reserves according to the resolution of the General Meeting				2,000,000	-2,000,000	-2,090,797			-2,090,797
	Other reallocations of equity components									0
D.	Transfers from equity	0	0	0	-2,201,096	0	0	0	0	-2,201,096
	Dividend distribution				-2,201,096					-2,201,096
	Payment of bonuses to members of the Management and the Supervisory Board									0
	Distribution to employees									0
	Transfer of specific equity revaluation adjustments									0
E.	Balance as at 31 December 2005	14,000,000	0	4,496,872	17,671,018	1,585,558	2,094,491	21,462,806	1,804,824	63,115,569
	DISTRIBUTABLE PROFIT				2,308,195	1,585,558	2,094,491			5,988,244

STATEMENT OF CHANGES IN EQUITY OF THE LUKA KOPER GROUP FOR THE YEAR 2006 (audited consolidated)

Changes in equity	Share capital	Capital reserves	Legal reserves	Other profit reserves	Net profit brought forward	Net profit for the year	Revaluation surplus	Total equity
	I/1	II/1	III/1	III/4	IV/1	V/1	VI/2	
Balance as at 1 January 2006	14,000,000	21,462,806	4,519,621	17,671,018	2,521,152	2,647,992	1,824,840	64,647,429
Transfers to equity	0	0		0	2,647,992	2,127,142	3,013,234	7,767,122
Net profit or loss for the year						4,775,134		4,775,134
Other reallocations of equity components					2,626,746	-2,647,992		-21,246
Specific equity revaluation							3,013,234	3,013,234
Transfers within equity	0	0	978	4,390,789	-1,905,510	-2,391,767	0	94,490
Allocation of net profit according to the resolution of the Management and the Supervisory Board			978	2,390,789		-2,391,767		0
Allocation of net profit to additional reserves according to the resolution of the General Meeting				2,000,000	-1,905,510			94,490
Other reallocations of equity components								0
Transfers from equity	0	0	0	-2,308,195	0	0	0	-2,308,195
Dividend distribution				-2,308,195				-2,308,195
Payment of bonuses to members of the Management and the Supervisory Board								0
Distribution to employees								0
Balance as at 31 December 2006	14,000,000	21,462,806	4,520,599	19,753,612	3,242,388	2,383,367	4,838,074	70,200,846
EQUITY – MINORITY SHAREHOLDERS								
Balance as at 31 December 2006	11,933	6,147	1,193	188,018	72,605	186,026	0	465,922
TOTAL EQUITY	14,011,933	21,468,953	4,521,792	19,941,630	3,314,993	2,569,393	4,838,074	70,666,768

STATEMENT OF CHANGES IN EQUITY OF THE LUKA KOPER GROUP FOR THE YEAR 2005

STATEMENT OF CHANGES IN EQUITY – MAJORITY SHAREHOLDER from 1 January to 31 December 2005	Share capital	Capital reserves	Legal reserves	Other profit reserves	Net profit brought forward	Net profit for the year	Revaluation surplus	Total equity
	I/1	II/1	III/1	III/4	IV/1	V/1	VI/2	
Balance as at 1 JANUARY 2005	14,000,000	21,462,806	4,518,961	15,777,624	1,326,258	3,195,553	1,401,907	61,683,109
Transfers to equity	0	0	0	0	1,075,499	4,742,482	422,933	6,241,574
Net profit or loss for the year						4,742,482		4,742,482
Specific equity revaluation					1,075,499		422,933	1,499,092
Transfers within equity	0	0	660	4,094,490	1,194,894	-5,290,043	0	0
Allocation of net profit according to the resolution of the Management and the Supervisory Board			660	2,094,490		-2,095,150		0
Allocation of net profit to additional reserves according to the resolution of the General Meeting				2,000,000	90,797	-2,090,797		0
Other reallocations of equity components					1,104,097	-1,104,097		0
Transfers from equity	0	0	0	-2,201,096	0	0	0	-2,201,096
Dividend distribution				-2,201,096				-2,201,096
Balance as at 31 December 2005	14,000,000	21,462,806	4,519,621	17,671,018	2,521,152	2,647,992	1,824,840	64,647,429
EQUITY – MINORITY SHAREHOLDERS								
Balance as at 31 December 2005	11,933	189	1,193	92,531	95,488	72,605	5,958	279,897
TOTAL EQUITY								
Balance as at 31 December 2005	14,011,933	21,462,995	4,520,814	17,763,549	2,616,640	2,720,597	1,830,798	64,927,326
Net profit or loss and net revenues and expenses directly allocated to equity						4,742,482	422,933	5,165,415

DISCLOSURE OF IMPACTS RELATING TO THE TRANSITION TO IFRS AT LUKA KOPER, D.D. - OPENING BALANCE SHEET AS AT 1 JANUARY 2005 AND THE BALANCE SHEET AS AT 31 DECEMBER 2005

The compilation of the opening balance sheet on the day of transition to IFRS, i.e. on 1 January 2005, was the basis for preparation of first-time reporting in accordance with IFRS. All business events relating to the economic categories disclosed in the opening balance sheet have been considered in line with IFRS. On the basis thereof, relevant recognitions, derecognitions, reclassifications, and/or other measurements of economic categories had to be performed.

The differences arising from the adjustments of items in the opening balance sheet were recognised under earnings brought forward (retained earnings) or under other applicable equity item.

The standard requires that a company applies the same accounting policies in its opening balance sheet and for all periods included in first-time reporting. These accounting policies have to be in compliance with each IFRS (except for the offered exceptions) applicable for the period for which a company performs first-time reporting in accordance with IFRS. The accounting policies applied by a company in its IFRS-compliant opening balance sheet may differ from the policies applied on the same date under previously applicable accounting rules. In compiling the opening balance sheet, the standard provides companies with two options:

- consistent retrospective application of all IFRS provisions, except for compulsory exceptions, which were considered, or
- consideration of certain exceptions from the retrospective use of IFRS. IFRS 1 offers 10 possible exceptions in different areas relating to disclosure of economic categories.

Luka Koper, d.d. has considered the following exceptions from the retrospective use of IFRS:

Consideration of previously contextually defined financial instruments

In accordance with IFRS 1.25 A, the Company applied an exception enabling it to define the purpose of financial instruments and use the prescribed valuation model (disclosure at fair value or cost) on the day of transition to IFRS.

Fair value or other revaluation as initial cost

In order to facilitate the transition to IFRS, we applied the exception under IFRS 1.17, which permits companies to use the revaluated value (revaluation of fixed assets) in accordance with former national accounting standards (for property, plant and equipment at or before the date of transition to IFRS) as the initial cost of items of property, plant and equipment on the date of transition, instead of their retrospective application.

The revaluation is considered a cost at the revaluation date if, on that date, the revaluation was generally comparable to the fair value or cost or to the revaluation in accordance with IFRS, and adjusted so as to reflect, e.g. the changes in the general or specific price index.

Estimates

The Company adopted certain estimates from the balance sheet, which was compiled on the last day of the period ended before the transition to IFRS and in accordance with the former accounting rules (IFRS 1.34).

In order to present comparative information, the financial statements of Luka Koper, d.d. prepared in accordance with Slovenian Accounting Standards were adjusted so that they correspond to International Financial Reporting Standards (IFRS).

BALANCE SHEET

(in thousands of SIT)	Luka Koper, d.d. (SAS)	IFRS-related adjustments	Luka Koper, d.d. (IFRS)	Luka Koper, d.d. (SAS)	IFRS-related adjustments	Luka Koper, d.d. (IFRS)
	31 Dec 2004		31 Dec 2004	31 Dec 2005		31 Dec 2005
ASSETS	74,164,428	678,600	74,843,028	74,927,437	708,755	75,636,192
A. NON-CURRENT ASSETS	61,028,191	533,419	61,561,610	61,714,969	474,659	62,189,628
I. Intangible assets and long-term deferred costs (expenses) and accrued revenues	610,630	-104,069	506,561	334,182	-72,419	261,763
1. Long-term property rights	610,630	-104,069	506,561	334,182	-72,419	261,763
II. Property, plant and equipment	34,638,392	104,069	34,742,461	35,564,135	-1,850,398	33,713,737
1. Land and buildings	26,976,007	104,069	27,080,076	28,514,067	-1,850,398	26,663,669
2. Manufacturing plant and equipment	5,197,713		5,197,713	6,273,936	0	6,273,936
3. Other plant and equipment	11,593		11,593	10,742	0	10,742
4. Property, plant and equipment being acquired	2,453,079	0	2,453,079	765,390	0	765,390
III. Investment property	0	0	0	0	1,922,817	1,922,817
IV. Long-term investments	25,776,560	442,330	26,218,890	25,733,856	394,198	26,128,054
1. Long-term investments, excluding loans	23,212,563	442,330	23,654,893	23,653,540	394,198	24,047,738
a) Shares and stakes in Group companies	1,370,610	-362,101	1,008,509	1,651,522	-643,013	1,008,509
b) Shares and stakes in associated companies	12,790,111	-919,597	11,870,514	13,814,976	-1,161,811	12,653,165
c) Other shares and stakes	9,051,842	1,724,028	10,775,870	8,187,042	2,199,022	10,386,064
1. Other shares and stakes at fair value	2,747,538	1,724,028	4,471,566	1,976,310	2,199,022	4,175,332
2. Other shares and stakes at cost	6,304,304	0	6,304,304	6,210,732	0	6,210,732
2. Long-term loans	2,563,997	0	2,563,997	2,080,316	0	2,080,316
V. Long-term operating receivables	2,609	0	2,609	2,804	0	2,804
VI. Deferred tax assets		91,089	91,089	79,992	80,461	160,453
B. CURRENT ASSETS	13,115,478	145,181	13,260,659	13,199,478	234,096	13,433,574
III. Short-term investments	8,253,206	145,181	8,398,387	8,562,660	-271,611	8,291,049
1. Short-term investments, excluding loans	2,175,204	145,181	2,320,385	3,953,953	234,096	4,188,049
b. Other shares and stakes	791,447	145,181	936,628	3,649,768	234,096	3,883,864
1. At fair value through profit or loss	225,822	0	225,822	2,725,703	0	2,725,703
2. At fair value through equity	565,625	145,181	710,806	924,065	234,096	1,158,161
c. Other short-term investments	1,383,757		1,383,757	304,185	0	304,185
2. Short-term loans	6,038,002	0	6,078,002	4,608,707	-505,707	4,103,000
IV. Short-term operating receivables	4,631,664	0	4,631,664	4,308,620	0	4,308,620
V. Cash	230,608	0	230,608	328,198	505,707	833,905
C. DEFERRED COSTS (EXPENSES) AND ACCRUED REVENUES	20,759		20,759	12,990	0	12,990

(in thousands of SIT)	Luka Koper, d.d. (SAS)	IFRS- related adjustment s	Luka Koper, d.d. (IFRS)	Luka Koper, d.d. (SAS)	IFRS- related adjustment s	Luka Koper, d.d. (IFRS)
	31 Dec 2004		31 Dec 2004	31 Dec 2005		31 Dec 2005
LIABILITIES	74,164,428	678,600	74,843,028	74,927,437	708,755	75,636,192
A. CAPITAL	60,604,557	-153,059	60,451,498	63,115,568	-221,364	62,894,204
EQUITY – MAJORITY SHAREHOLDER					0	
I. Called-up capital	14,000,000	0	14,000,000	14,000,000	0	14,000,000
1. Share capital	14,000,000		14,000,000	14,000,000	0	14,000,000
II. Capital reserves	0	21,462,806	21,462,806	0	21,462,806	21,462,806
III. Profit reserves	20,274,496	0	20,274,496	22,167,891	0	22,167,891
IV. Revaluation surplus	22,744,504	-21,342,598	1,401,906	23,267,630	-21,462,806	1,824,840
1. Revaluation for deferred tax purposes	1,281,698	-1,281,698	0		-608,279	-608,279
2. General equity revaluation adjustment	21,462,806	-21,462,806	0	21,462,806	-21,462,806	0
3. Specific equity revaluation adjustment		1,401,906	1,401,906	1,804,824	628,295	2,433,119
V. Net profit or loss brought forward	1,494,761	-273,267	1,221,494	1,585,557	-241,380	1,344,177
VI. Net profit or loss for the year	2,090,796		2,090,796	2,094,490	0	2,094,490
EQUITY – MINORITY SHAREHOLDERS					0	
B. PROVISIONS AND LONG-TERM ACCRUED COSTS (EXPENSES) AND DEFERRED REVENUES	320,532	364,356	684,888	406,081	321,840	727,921
1. Provisions for pensions and similar liabilities	0	364,356	364,356	0	321,840	321,840
2. Other provisions	320,532		320,532	406,081	0	345,505
3. Long-term accrued costs (expenses) and deferred revenues	0				0	60,576
C. LONG-TERM LIABILITIES	3,577,692	467,303	4,044,995	7,950,635	608,279	8,558,914
I. Long-term financial liabilities	3,577,692	0	3,577,692	7,939,185	0	7,939,185
II. Long-term operating liabilities	0	0	0	11,450	0	11,450
5. Other long-term operating liabilities	0		0	11,450	0	11,450
III. Deferred tax liabilities		467,303	467,303		608,279	608,279
D. SHORT-TERM LIABILITIES	9,429,293	0	9,429,293	3,234,406	0	3,234,406
I. Liabilities included in disposal groups	0	0	0	0	0	0
II. Short-term financial liabilities	4,178,346	0	4,178,346	284,293	0	284,293
III. Short-term operating liabilities	5,250,947	0	5,250,947	2,950,113	0	2,950,113
E. SHORT-TERM ACCRUED COSTS (EXPENSES) AND DEFERRED REVENUES	232,354		232,354	220,747	0	220,747

CONTRACTUAL RELATIONSHIP WITH THE REPUBLIC OF SLOVENIA AND THE MANAGEMENT OF PORT INFRASTRUCTURE

The contractual relationship with the Republic of Slovenia remains regulated by a lease agreement for operational shores and land owned by the Republic of Slovenia in the Port of Koper, which was concluded in 2000. In accordance with the agreement, lease costs amounted to SIT 244,704 thousand in 2006 and SIT 224,459 thousand in 2005 (SIT 20 per ton of handled goods, excluding handled oil derivatives). In 2006, the Company allocated SIT 509 million for investments in port infrastructure in comparison with SIT 385 million in 2005.

Since a concession agreement for the management, development and regular maintenance of port infrastructure in the cargo port of Koper has not yet been concluded, Luka Koper, d.d. still uses the operational shores and land owned by the Republic of Slovenia in the Port of Koper on the basis of the

lease agreement from 2000. Port infrastructure cannot be included in bankruptcy assets.

We have established a port infrastructure department and thus adapted our internal organisation to the foreseen changes. The department manages port infrastructure assets that are owned by the joint stock company, and also provides for the regular maintenance of buildings intended for safe navigation, safe mooring and the undisturbed execution of port activities (buildings in the public domain owned by the government).

The established organisational structure and accounting system will enable the Company to prepare, on the basis of the concession agreement, the financial statements and reporting in accordance with the provisions of accounting standards.

STATEMENT OF DISTRIBUTABLE PROFIT

Luka Koper, d.d

In 2006, the parent company Luka Koper, d.d. realised a net profit of SIT 4,781,578,855.35. The Management Board and the Supervisory Board earmarked 50% of the 2006 net profit in the amount of SIT 2,390,789,427.68 for the increase of other profit reserves. The remaining portion of the net profit was allocated to distributable profit. The distributable profit has been further increased by the profit brought forward from 2005 in the amount of SIT 1,438,667,524.42 SIT. In addition, a portion of other profit reserves from previous years in the amount of SIT 2,308,196,151.14 was also allocated to distributable profit. The total distributable profit for the year 2006 thus amounts to SIT 6,137,653,103.24.

(in SIT)	2006	2005
TOTAL DISTRIBUTABLE PROFIT	6,137,653,103.24	5,988,243,661.49
OTHER PROFIT RESERVES	2,308,196,151.14	2,308,196,151.14
NET PROFIT FOR THE YEAR	2,390,789,427.68	2,094,490,404.76
NET PROFIT BROUGHT FORWARD FROM 2005	1,438,667,524.42	1,585,557,105.59

The General Meeting of Shareholders will decide on the distribution of profit for the year 2006 in the amount of SIT 6,137,653,103.24 as proposed by the Management and the Supervisory Board.

The Management Board will propose the following resolutions to the General Meeting of Shareholders:

- a portion of distributable profit in the amount of SIT 2,308,196,151.14 shall be allocated to shareholders from other profit reserves formed on the basis of equity items from previous years;
- a portion of distributable profit in the amount of SIT 2,500,000,000.00 shall be allocated to other profit reserves, namely, the net profit brought forward from 2005 in the amount of SIT 1,438,667,524.42 and the net profit from 2006 in the amount of SIT 1,061,332,475.58;
- the allocation of the remaining portion of distributable profit (net profit for the year 2006) in the amount of SIT 1,329,456,952.10 shall be decided in the upcoming financial years.

On 22 August 2006, the General Meeting of Shareholders adopted resolutions concerning the proposal of the Management and the Supervisory Board for the allocation of distributable profit in the amount of SIT 5,988,243,661.49 for 2005.

Based on the resolutions of the General Meeting:

- A portion of distributable profit in the amount of SIT 2,308,196,151.14 (formed from other profit reserves for the years 2000 and 2002) was allocated to shareholders, of which:

- SIT 173,767,750.44 for fixed dividends pertaining to preference shares;
- SIT 1,856.400.000.00 for dividends pertaining to ordinary shares;
- SIT 278,028,400.70 for the variable portion of dividends pertaining to preference shares.

Gross dividend per ordinary share amounted to SIT 260.00.

- A portion of distributable profit in the amount of SIT 2,000,000,000.00 was allocated to other profit reserves according to the resolution adopted by the General Meeting of Shareholders; i.e. profit brought forward from 2004 in the amount of SIT 1,585,557,105.59 and SIT 414,442,894.41 of net profit for the year 2005.
- The General Meeting adopted a resolution specifying that the allocation of the remaining portion of distributable profit (net profit for 2005) in the amount of SIT 1,680,047,510.35 would be decided in the upcoming business years.

Distributable profit of subsidiary companies

(In thousands of SIT)	Luka Koper Inpo, d.o.o.		Luka Koper Pristan d.o.o.		Adria-tow, d.o.o.	
	2006	2005	2006	2005	2006	2005
TOTAL DISTRIBUTABLE PROFIT	334,719	246,367	18,585	12,544	517,261	336,184
OTHER PROFIT RESERVES						
NET PROFIT FOR THE YEAR	288,626	198,038	18,585	12,544	372,052	145,209
NET PROFIT BROUGHT FORWARD	46,093	48,329			145,209	190,975

Luka Koper INPO, d.o.o.

In 2006, the company generated SIT 288,626 thousand in net profit. The profit brought forward totalled SIT 46,093 thousand (decreased by long-term provisions in the amount of SIT 52,454 thousand) and constitutes, together with the net profit, a distributable profit in the amount of SIT 334,719 thousand. The allocation of distributable profit will be subject to the decision of the 2007 General Meeting.

Luka Koper Pristan d.o.o.

The subsidiary company Luka Koper Pristan, d.o.o. generated SIT 19,563 thousand in net profit, of which 5% was allocated to legal reserves, while the difference of SIT 18,585 thousand constitutes distributable profit. The allocation of distributable profit will be subject to the decision of the 2007 General Meeting.

Adria-tow, d.o.o.

Adria-Tow, d.o.o. recorded SIT 372,052 thousand of net profit. The company still has SIT 145,209 thousand of unallocated profit from previous years. The allocation of distributable profit in the amount of SIT 517,261 thousand will be subject to the decision of the 2007 General Meeting.

CERTIFIED AUDITOR'S OPINION

The audit of unconsolidated financial statements of *Luka Koper d.d.* and consolidated financial statements of *Luka Koper Group* as of 31st December 2006, as well as their income statements and cash flow statements for the then ended year, was conducted by *Deloitte Revizija d.o.o.* audit firm. We received the auditor's report on 27th February 2007. The certified auditor's opinion on unconsolidated and consolidated financial statements is unqualified.