



LUKA KOPER D.D. NON-AUDITED BUSINESS REPORT JANUARY – MARCH 2007

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PRESENTATION OF THE *LUKA KOPER GROUP*

Luka Koper d.d., a public limited company, operates and administers the Free Zone and Port of Koper, Slovenia. Its terminals handle, store and tranship a diverse assortment of merchandise – from containers and vehicles, through dry and liquid bulk cargos, to perishable goods. In addition, *Luka Koper* provides its clients with a variety of value-added and logistical services precisely tailored to their needs and requirements.

Due to its location at the northernmost reach of the Mediterranean Sea, Koper lies at the heart of Europe, whilst the continent's major commercial and urban centres are easily at hand by way of excellent road and rail communications. Indeed, the Port of Koper is a perfect location for the development of logistics and distribution centres serving the European market. In addition, Koper is a maritime gateway on the shortest and most expedient route linking Central and Eastern Europe with the Mediterranean and - via the Suez Canal - the Far East. As a result, *Luka Koper* is intensively engaged in international maritime commerce, which is also corroborated by the fact that a high proportion of its operating revenues are generated on foreign markets.

The company share - LKPG - has been listed on the Ljubljana Stock Exchange since 1996; on 1st December 2006, it was transferred to the LSE's Prime Market.

The *Luka Koper Group* encompasses the following subsidiary enterprises:

- *Luka Koper Pristan* d.o.o. - 100 percent ownership of *Luka Koper, d.d.*
- *Luka Koper INPO*, d.o.o. - 100 percent ownership of *Luka Koper, d.d.*
- *Luka Kopar Beograd* d.o.o. - 90 percent ownership of *Luka Koper, d.d.*
- *Adria Tow* d.o.o. - 50 percent ownership of *Luka Koper, d.d.*
- *Adria Terminali* d.o.o. - 100 percent ownership of *Luka Koper, d.d.*

In March 2007, the *Luka Koper Group* acquired 100 percent equity in *Adria Terminali d.o.o.*, which operates realty and plant at its base in the town of Sežana, Slovenia. The establishment of an inland terminal at Sežana is one of *Luka Koper's* most significant recent investments, and is pursuant with its development strategy of providing integrated logistics services through regional distribution centres.

This May, *Luka Koper* celebrates its Fiftieth Anniversary. In a mere five decades, a small local port has grown to become a significant player in the European maritime market, achieving record cargo throughputs year after year. Further to which, such vigorous development sustains Koper's status as a key European entrepôt.

The processes of globalisation have opened a variety of market opportunities, thus the company's intensive marketing and promotional activities are in particular aimed at markets with large and not yet fully exploited potentials. The conclusion of long-term agreements with South Korea's largest logistics provider has also been a significant step in promoting international recognition of the *Luka Koper* brand, as have been the recent co-operation agreements with Port Klang in Malaysia and several ports in Israel.

BUSINESS PERFORMANCE OF *LUKA KOPER D.D.*

1. GENERAL NOTES

The non-audited interim accounts for the period January to March 2007 are prepared in compliance with International Accounting Standards.

Due to the fact that the parent company - *Luka Koper d.d.* - generates the major portion of the *Group's* operating revenues, and also engenders the major portion of net profits, the following information relates to the operations and performance of *Luka Koper d.d.*

2. KEY PERFORMANCE INDICATORS

Table 1.: Selected performance indicators 1st January – 31st March 2007, and a year-on comparison with the same period in 2006

	Jan – March 2007	Jan – March 2006	Indices 07/06
Net sales revenues (in thousands of EUR)	28,709	25,129	114
Earnings before depreciation and amortisation (in thousands of EUR)	10,950	8,304	132
Operating profit (in thousands of EUR)	5,997	5,064	118
Profit from ordinary activities (in thousands of EUR)	6,665	5,120	130
Net profit for the 3-month period (in thousands of EUR)	5,390	4,203	128
Value added per employee (in EUR)	23,813	20,071	119
Net profit per employee (in EUR)	7,635	6,083	126
	31 st March 2007	31 st March 2006	Indices 07/06
ROE – return on equity (as %)	7.63	6.38	120
ROA – return on assets (as %)	6.22	5.31	117
Net earnings per share (in EUR)	0.39	0.30	128
Book value per share (in EUR)	20.77	19.05	109

In the first quarter of 2007, *Luka Koper d.d.* generated 29 million euros in operating revenues, which is a year-on increase of 14 percent. Sales on foreign markets accounted for 78 percent of total operating revenues.

Earnings before depreciation and amortisation (EBDA) were 32 percent up on the same period last year.

Net profit was 28 percent ahead of that generated in the equivalent first quarter of 2006, while the high degree of competence and commitment exhibited by employees was also reflected in the solid per-capita value added of 23,800 euros per employee, a year-on increase of 19 percent.

Return on equity (ROE), revealing the ratio between net profit and the average balance of equity, is herein recalculated to the annual level to provide a better indication, and is 20 percent ahead of the level achieved in the first-quarter of 2006.

As of 31st March 2007, the book value of the share – taking into consideration monthly balances of equity and total number of shares – amounted to 20.77 euros; however, during this period, *Luka Koper* shares were trading on the market at more than three times this level.

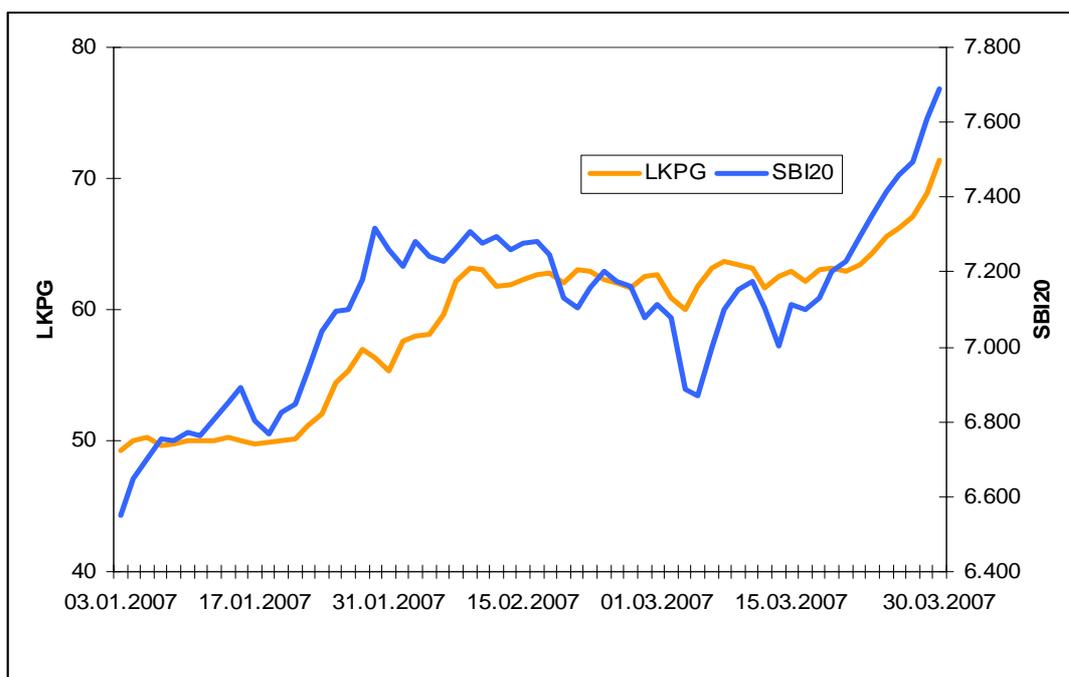
As of 31st March 2007, net earnings per share - as a ratio between net profit from the accounting period and the number of ordinary shares - amounted to 0.75 euros. If the total number of shares is included in the denominator, then net earning per share amounts to 0.39 euros.

3. SHARE PERFORMANCE

3.1. SHARE PRICE

Graph

1.: *Daily performance of the LKPG share relative to the overall performance of the LJSE SBI 20 index, January – March 2007*



The strong upward trend in the LKPG share price has continued into 2007. On the first day of trading in 2007, the spot price averaged 48.11 euros, while as of 31st March 2007 it amounted to 71.37 euros, which is a 48 percent increase over the quarter, and 183 percent rise on the level as of 31st March 2006.

3.2. OWNERSHIP STRUCTURE

Table 2.: Ownership structure as of 31st March 2007

Rank	Shareholder title	No. of shares	Percentage stake
1.	Republic of Slovenia	7,140,000	51.000%
2.	Slovenska Odškodninska Družba d.d. (Slovenian Restitution Fund)	1,557,857	11.128%
3.	Kapitalska Družba d.d. (Capital Fund)	696,579	4.976%
4.	Koper Municipality	466,942	3.335%
5.	KD ID Delniška ID d.d.	170,858	1.220%
6.	KD Galileo, vzjamni skladi (mutual funds)	151,905	1.085%
7.	Vizija Holding Ena d.d.	118,585	0.847%
8.	Delniški vzajemni sklad Triglav steber I	111,017	0.793%
9.	Zavarovalnica Triglav d.d. (Triglav Insurance)	104,756	0.748%
10.	Istrabenz d.d.	97,632	0.697%
	Ten largest shareholders (together)	10,616,131	75.830%
	Total number of shares	14,000,000	100.000%

3.3. SHARES HELD BY MEMBERS OF THE SUPERVISORY AND MANAGEMENT BOARDS OF LUKA KOPER

As of 31st March 2007, the following members of the *Luka Koper* Supervisory Board held shares in the company:

- Tatjana Jazbec 412 shares
- Robert Jerman 704 shares
- Metod Mezek 150 shares
- Alverino Pavletič 1,567 shares
- Marko Starman 140 shares, and
- Marko Valentinčič 100 shares.

The remaining members of the Supervisory Board owned no stock in *Luka Koper d.d.* as of the close of the first-quarter of 2007.

As of 31st March 2007, the following members of the *Luka Koper* Management Board held shares in the company:

- Marjan Babič 928 shares, and
- Pavle Krumenaker 3,328 shares.

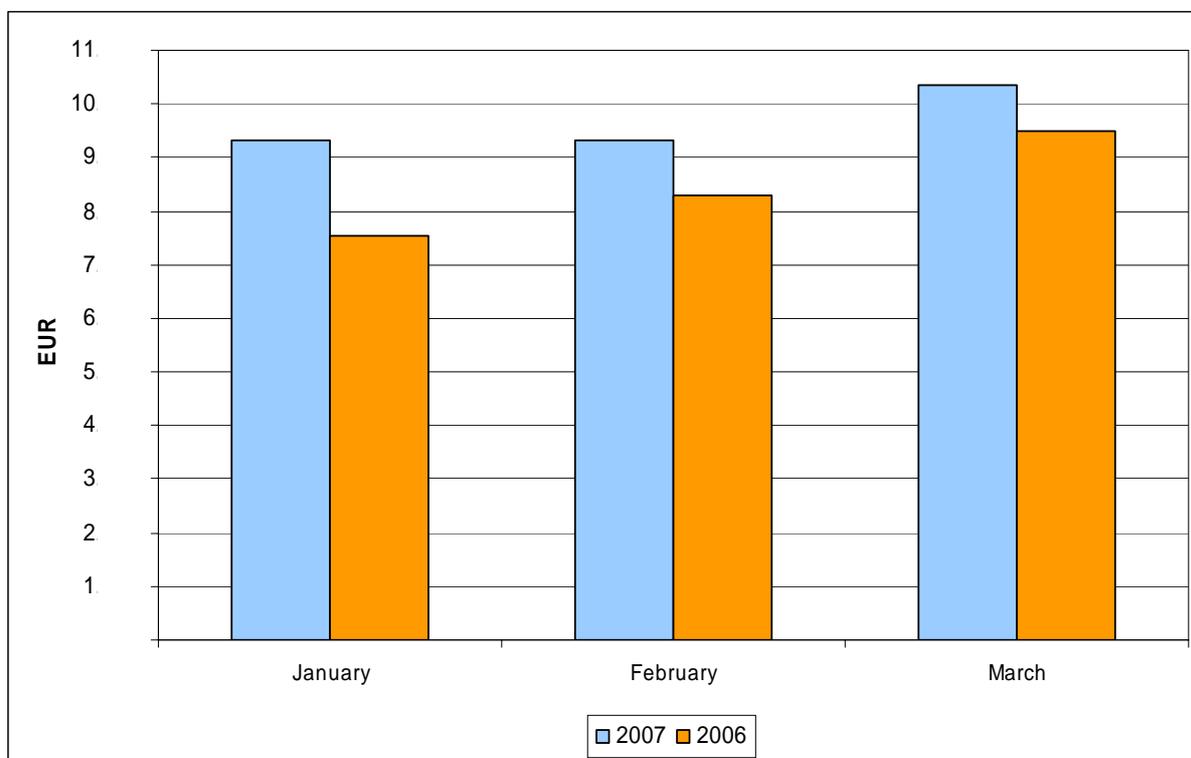
The President and Deputy President of the Management Board owned no shares in *Luka Koper d.d.*

4. BUSINESS PERFORMANCE

4.1. OPERATING REVENUES

Luka Koper's operating revenues mainly derive from foreign markets, and in the first-quarter of 2007 amounted to 28.97 million euros, which is considerably ahead of anticipations.

Graph 2.: First-quarter monthly operating revenues, a year-on comparison January – March 2007/2006 (in millions of EUR)

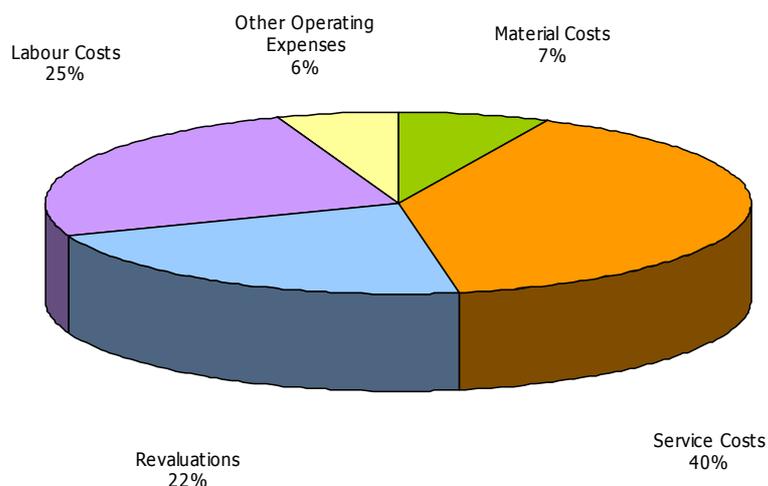


Total maritime throughput in the first quarter of 2007 amounted to some 4 million tonnes, which is a 2 percent ahead of first-quarter of 2006. Container freight surpassed 72,000 TEUs, a year-on rise of 38 percent; 111,000 vehicles were also passed through the port, an 18 percent rise on the same period last year.

4.2. OPERATING EXPENSES

Operating expenses in January to March 2007 were up by 13 percent on the same period in 2006. The greatest increases were recorded in depreciation and material costs. Depreciation, 54 percent ahead of first-quarter 2006, can be mainly attributed to more intensive investments in fixed assets, in particular handling equipment and machinery. Rises in material costs are directly related to recent hikes in fuel costs as well as an increased use of consumables resulting from the rising throughput volumes.

Graph 3.: Structure of operating expenses January – March 2007



4.2. OPERATING PROFITS

Between January and March 2007, *Luka Koper* generated 6 million euros in profits from its ordinary trading operations, which is considerably ahead of the anticipations and an 18 percent year-on rise over the first-quarter of 2006. The company also generated 668,000 euros through financing activities.

Luka Koper's total operating profit for the first quarter of 2007 thus stood at 6.7 million euros, which is 20 percent ahead of anticipations and a year-on increase of 30 percent. After

tax deductions in the amount of 1.2 million euros, net profit for the period January to March 2007 totals nearly 5.4 million euros, 18 percent ahead of expectations and a 28 percent up on the same period last year.

5. INVESTMENT

Luka Koper allocated 19 million euros for investments in the first quarter of 2007, which is 23 percent of the anticipated total volume for the year. A considerable portion of these resources was allocated for the purchase of realty assets in Sežana.

6. BALANCE SHEET AS OF 31ST MARCH 2007*Table 3.: Luka Koper Balance Sheet as of 31st March 2007 (in thousands of EUR)*

ASSETS	31st March 2007	31st March 2006	Indices 07/06
ASSETS	367,372	325,467	113
A. FIXED ASSETS	333,440	270,803	123
I. INTANGIBLE FIXED ASSETS AND LONG-TERM DEFERRED COSTS	612	940	65
II. TANGIBLE FIXED ASSETS	157,753	141,390	112
III. REAL-ESTATE INVESTMENTS	14,399	7,995	180
IV. LONG-TERM FINANCIAL INVESTMENTS	159,833	119,791	133
V. LONG-TERM OPERATING RECEIVABLES	18	12	154
VI. DEFERRED TAX RECEIVABLES	825	675	122
B. CURRENT ASSETS	32,596	54,098	60
I. ASSETS HELD FOR SALE (DISPOSAL)	104	0	-
II. INVENTORIES	0	0	-
III. SHORT-TERM FINANCIAL INVESTMENTS	5,013	31,426	16
IV. SHORT-TERM OPERATING RECEIVABLES	26,934	20,966	128
V. CASH AND LIQUID ASSETS	544	1,707	32
C. DEFERRED EXPENSES AND ACCRUED REVENUES	1,336	566	236
D. OFF-BALANCE-SHEET ASSETS	14,605	7,546	194
LIABILITIES	31st March 2007	31st March 2006	Indices 07/06
EQUITY AND LIABILITIES	367,372	325,467	113
A. CAPITAL	294,864	270,115	109
I. CALLED-UP CAPITAL	58,421	58,434	100
II. CAPITAL SURPLUS	89,563	89,582	100
III. RETAINED EARNINGS	101,195	92,525	109
IV. REVALUATION SURPLUS	24,315	11,018	221
V. RETAINED NET PROFIT	15,980	14,352	111
VI. NET PROFIT FOR THE CURRENT YEAR	5,390	4,203	128
B. LONG-TERM PROVISIONS	3,613	3,525	102
C. LONG-TERM LIABILITIES	41,230	35,745	115
I. LONG-TERM FINANCIAL LIABILITIES	33,895	33,137	102
II. LONG-TERM OPERATING LIABILITIES	72	48	151
III. DEFERRED TAX LIABILITIES	7,263	2,560	284
Č. SHORT-TERM LIABILITIES	25,097	14,053	179
I. LIABILITIES ARISING FROM ASSETS HELD FOR DISPOSAL	0	0	-

II. SHORT-TERM FINANCIAL LIABILITIES	7,616	800	952
III. SHORT-TERM OPERATING LIABILITIES	17,481	13,254	132
D. ACCRUED EXPENSES AND DEFERRED REVENUES	2,568	2,028	127
E. OFF-BALANCE-SHEET LIABILITIES	14,605	7,546	194

7. INCOME STATEMENT, JANUARY – MARCH 2007

Table 4.: *Luka Koper Income Statement, January – March 2007 (in thousands of EUR)*

	January – March 2007	January – March 2006	Indices 07/06
OPERATING REVENUES	28,969	25,360	114
OPERATING COSTS	22,972	20,296	113
1. COSTS OF MATERIALS, GOODS AND SERVICES	10,816	9,534	113
a. HISTORICAL COST OF MATERIALS AND GOODS SOLD	0	0	-
b. MATERIAL COSTS	1,619	1,249	130
c. SERVICE COSTS	9,197	8,285	111
2. LABOUR COSTS	5,801	5,392	108
3. VALUE WRITE-OFFS	5,048	3,415	148
4. OTHER OPERATING EXPENSES	1,307	1,955	67
OPERATING PROFIT	5,997	5,064	118
FINANCIAL REVENUES	1,118	383	292
FINANCIAL EXPENSES	450	327	137
TOTAL OPERATING PROFIT	6,664	5,120	130
CORPORATION TAX	1,195	922	130
DEFERRED TAXES	80	5	-
NET PROFIT FOR THE FIRST QUARTER	5,390	4,203	128

8. POST BALANCE SHEET DATE EVENTS

- At the beginning of April, representatives of *Luka Koper d.d.* visited Argentina in order to establish the possibilities for increasing flows of Argentinean cargo via Koper. During the visit Mr Robert Časar, President of Luka Koper Management Board, and Mr Alejandro Sanna, CEO of the Mar del Plata-based *Establecimiento Santa Barbara S.A.*, signed a letter of intent on business co-operation in the development of the Port of Mar del Plata, and the fostering of shipping logistics links between the two ports. *Establecimiento Santa Barbara*, which holds a terminal operation concession for the Port of Mar del Plata, is primarily engaged in the production, processing, marketing and export of foodstuffs.

- On 10th April 2007, *Luka Koper d.d.* disposed of 44,279 *Banka Koper d.d.* shares - some 8.3 percent of the total stock of the Bank - to *Intesa Sanpaolo S.p.A.*. The stock were sold at 563.345 euros per share, thus the total deal amounted to 24,944,354 euros. *Luka Koper* shall allocate these funds to development projects in accordance with its business strategy and plan; the company continues to hold a 1.67 percent stake in *Banka Koper*.
- A state delegation from South Korea, headed by Mr Park Gyeong Chel, Director of the Shipping and Logistics Bureau at Korea's Ministry of Maritime Affairs and Fisheries, visited *Luka Koper* on 19th April. During their visit to Koper, the Koreans revealed that they were particularly interested in the possibilities of co-operation in the field of logistics. They expressed their interest in co-investing in the development of the port as well as the new Sežana logistics centre.