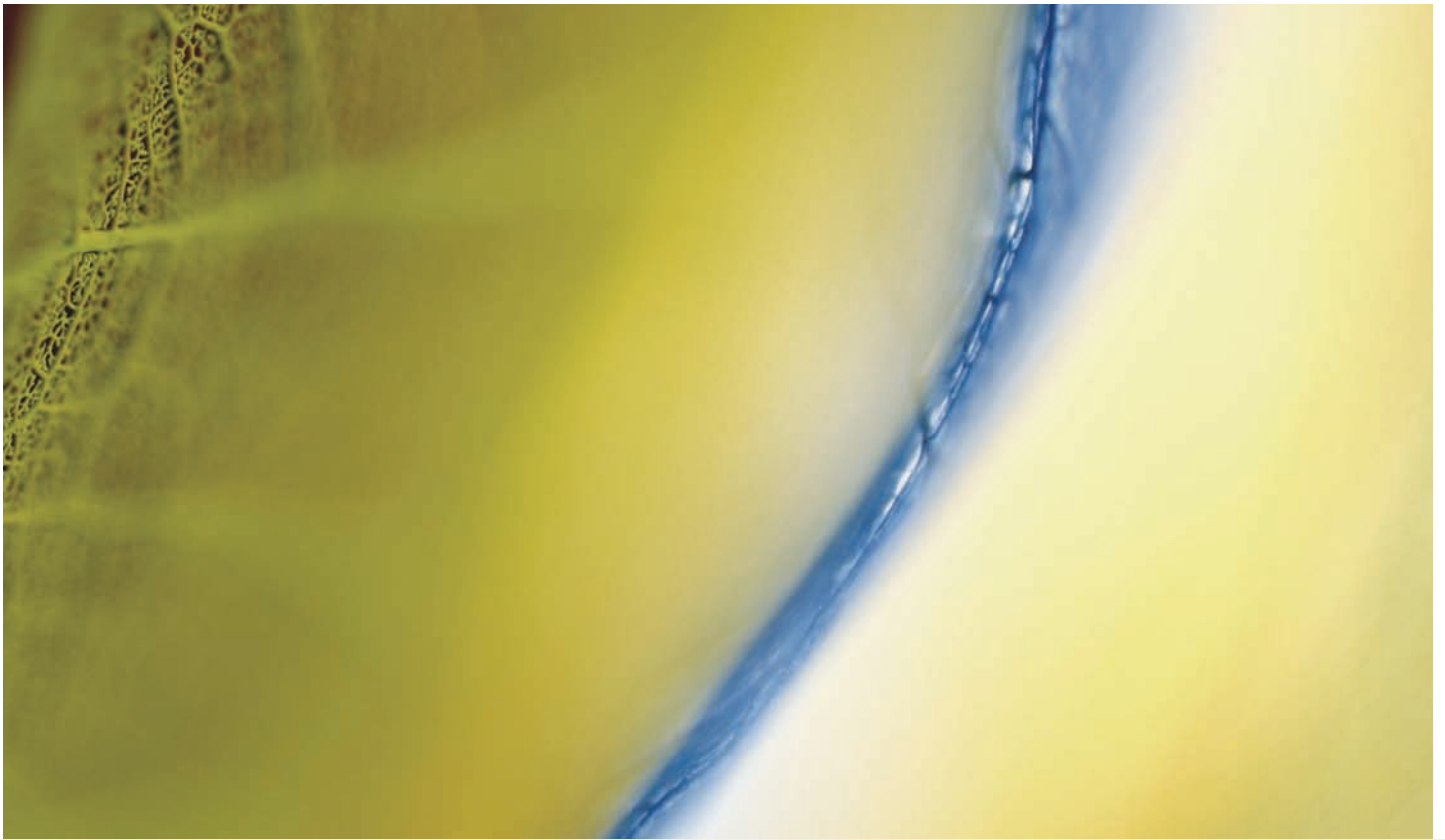


*Four Operational Seasons*

**geoplin**



*N*atural gas is the cleanest of all the fossil fuels and an extremely important source of energy for reducing pollution and maintaining a clean and healthy environment.

*Natural gas - fuel of choice  
for healthy environment*



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# *Four Operational Seasons*



*Spring*

5

*G*eoplin – natural gas marketer  
and a reliable supplier.  
*N*atural gas is today's affordable environmental solution.





*Alojz Stana, General Manager*

2006 was a successful year. Net quantities of natural gas sold totalled 1.174 million cubic metres, two percent higher than anticipated. Geoplin reported net profit of 5.66 billion SIT, 23.6 million EUR resp., and the consolidated net profit of the Geoplin Group was 7.9 billion, 33.1 million EUR resp.

Natural gas consumption in Europe is projected to increase at an average annual rate of 2 percent, whereas the average annual growth rate for natural gas demand in Slovenia is projected to be 3.4 percent. I look forward to the future with great enthusiasm.

## // FOREWORD BY GENERAL MANAGER ///

Geoplin d.o.o. Ljubljana began its operation in 1975, the year marked by the beginning of the construction of Slovenian natural gas pipeline system, followed in 1978 by connection of first consumers to the system. As of today, Geoplin is well positioned to compete strongly in liberalised and single gas market and to expand its range of activities.

Core business of Geoplin is wholesale natural gas marketer providing also gas transit services for neighbouring countries. Natural gas as one of the principle sources of energy is extremely valued source and its consumption in Europe is projected to increase at an average annual rate of 2 percent, whereas the average annual growth rate for natural gas demand in Slovenia is projected to be 3.4 percent, the highest anticipated growth in energy sector.

Company performed well in 2006, meeting the expectations of our customers and shareholders. The year was notably marked by preparations for adopting euro as Slovenian national currency and by warmer than normal temperature conditions. Nevertheless, quantities of natural gas sold totalled 1.174 billion cubic metres, two percent higher than anticipated and the company reported net profit of 5.66 billion SIT, 23.6 million EUR resp.

Reductions of gas supply during winter period called for immediate response and the company delivered gas from its leased gas storage facility, thus assuring uninterrupted supply of natural gas at competitive prices.

Access to resources has become an increasingly difficult task and in past year, Geoplin's activities were focused on negotiating long term contracts with resource owners from abroad, thus securing Slovenian market adequate natural gas supply to meet the anticipated future demands.

Our corporate governance will focus on our core business as natural gas marketer, including marketing of transit capacities, seeking diversification of supply routes and storage facilities. In line with sales growth, one of our key drivers will be new investment in storage facility, gas power plants projects, alternative sources of energy, gas distribution and expansion to markets in South-East Europe in order to strengthen company's strategic position and to assure a sustainable development of the environment in which company operates.

Employees of Geoplin d.o.o. Ljubljana are committed to achieve operational and service efficiencies focusing on our customers' needs and on delivery of shareholder value. Geoplin intends to maintain its competitive position in its traditional service area and to take advantage of opportunities for secure supply of natural gas to the existing and potential customers and markets. Geoplin's aim is to maximise shareholder benefits and to achieve our strategic objectives in European single energy market.

A stylized, handwritten signature in dark blue ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

**Alojz Stana,**  
General Manager

## // MILESTONES ///

Beginning of the construction of the Slovenian gas pipeline network, connection of first consumers to the system.

**1975**

Beginning of natural gas supply to Slovenian customers.

**1978**

Geoplin becomes one of the first limited liabilities companies registered in Slovenia.

**1991**

Slovenia joins the European Union, and becomes part of European single energy market.

**2004**

After internal reorganisation, the parent company Geoplin d.o.o. Ljubljana assumes control of natural gas trading, while the subsidiary Geoplin plinovodi d.o.o. becomes the transmission system operator.

**2005**

New long-term supply contracts signed with gas resources owners.

**2006**

The company's core business is supply, trading, marketing of natural gas and other natural gas related services and arrangements for larger industrial customers and distribution companies and other interested parties.

## [ MISSION AND VALUES ]

Geoplin's mission is to secure a long-term supply of natural gas.

The company's core values are highly professional, partnership relations based on reliability and efficiency.

The staff are encouraged to be open-minded and to show initiative, a highly positive and professional attitude towards colleagues, flexibility and consideration for others and the environment at large.

The ISO 14001 environmental management certification the company has acquired demonstrates its responsible attitude and accountability in the implementation of all company operations, compliance with environmental standards, as well as business excellence.

Geoplin closely monitors the developments of the ISO 26000 guidelines on social responsibility, which are consistent with the declarations and conventions of the United Nations and its founding members, in particular the International Labour Organisation.

The business operations of the parent company Geoplin d.o.o. Ljubljana are as follows:

- purchasing natural gas from producers,
- transmission of natural gas to the Slovenian border,
- sale of natural gas in Slovenia and abroad,
- ensuring the transit of natural gas across the Slovenian territory for foreign partners.

In line with the EU directive concerning measures to safeguard security of natural gas supply, and accordingly amended Slovenian legislation, Geoplin has transferred certain business operations to its subsidiary company Geoplin plinovodi d.o.o. On 1 January 2005, Geoplin plinovodi d.o.o. commenced operation as Transmission System Operator (TSO).

The business operations of the subsidiary Geoplin plinovodi d.o.o. are as follows:

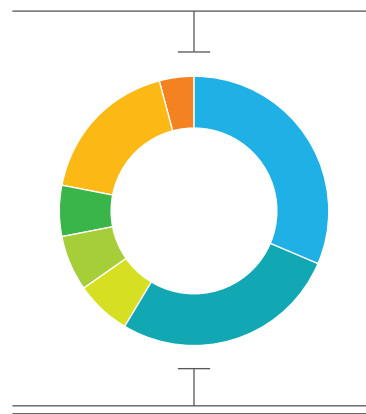
- transmission of natural gas through the gas transmission network in Slovenia, and
- planning, development, maintenance and operation of the gas transmission network.

## [ THE GEOPLIN GROUP ]

The Geoplin Group comprises Geoplin d.o.o. Ljubljana, Geoplin plinovodi d.o.o. and Geocom d.o.o., an inactive company with headquarters in Ljubljana; Geoplin is the sole owner of both Geoplin plinovodi d.o.o. and Geocom d.o.o.

## [ OWNERSHIP STRUCTURE AS AT 31 DECEMBER 2006 ]

31.39%	Republic of Slovenia
27.26%	Petrol d.d., Ljubljana
6.81%	Salonit Anhovo, d.d.
6.52%	Ekopur d.o.o.
6.20%	Energetika Ljubljana, d.o.o.
17.78%	27 other shareholders
4.04%	own share



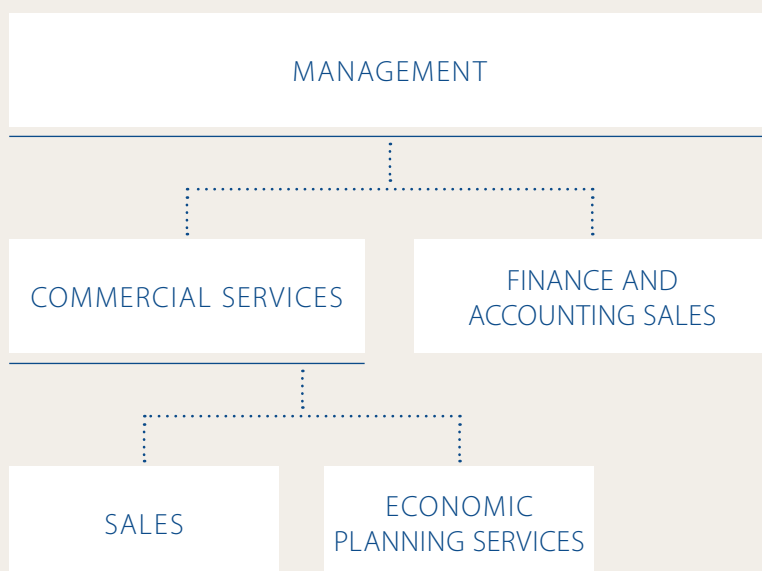
Geoplin is registered as a limited liability company. The company's share capital in the amount of SIT 7,388,010,142.50 (EUR 30,829,620) is divided between 32 shareholders.

## [ EMPLOYEES ]

In line with the corporate mission, the staff of parent company Geoplin are highly-qualified professionals with diverse areas of specialisation, fields of expertise and skill levels.

The qualification structure of the Geoplin Group workforce is much higher than average with almost half of the employees having graduated from either college or university, including one with a doctorate and eleven people holding a master's degree.

## [ ORGANISATIONAL STRUCTURE OF GEOPLIN D.O.O. LJUBLJANA ]



The company favours further education of employees encouraging them to attend courses according to their individual professional demands and to apply newly learned expertise in the workplace.

## GEOPLIN GROUP IN FIGURES

960 km

length of the gas pipeline network owned and operated by Geoplin plinovodi d.o.o.

213

number of metering-regulation stations

SIT 2.9 billion  
(EUR 12.2 million)

the investment in gas transmission infrastructure

43%

gas pipeline network coverage of the Slovenian territory

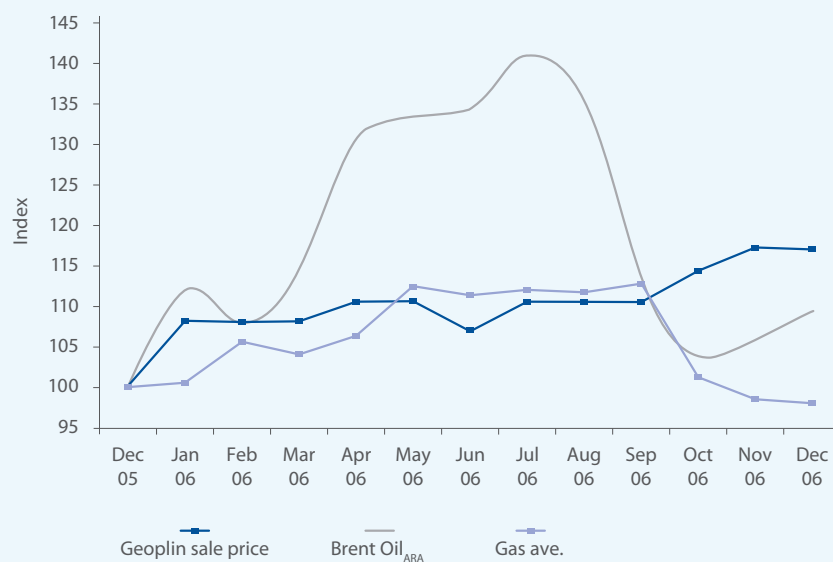
13.9%

share of natural gas in the primary energy sector

1.174 billion m<sup>3</sup>

the quantity of natural gas sold in 2006

## [ THE 2006 PRICE INDEX ]



The figure indicates that in the first four months of 2006 the sale price of natural gas grew at a higher rate than the price of extra-light fuel, as the high global price of petroleum and petroleum products in the second half of 2005 continued to influence the sale price of natural gas over that period. From May to September 2006 the sale price index for natural gas was lower than the growth index for fuel oil, due to changes in global petroleum prices over the reference period. Despite the fall in the vital petroleum price, from October to December 2006 the natural gas price grew for the same reason, while the Slovenian fuel oil prices tracked global petroleum prices over the same period.

## [ KEY BUSINESS EVENTS IN 2006 ]

In 2006, the company operated successfully, selling 1.17 billion m<sup>3</sup> of natural gas, 2% higher than planned. The net profit also increased, reaching SIT 5.66 billion.

Geoplin successfully completed negotiations with foreign suppliers of natural gas, securing long term contracts which together with agreed upon supply terms are extremely important as the competition for available resources intensifies in liberalised European single energy market. Securing gas supplies to domestic market is becoming more and more difficult as contract and purchasing conditions are more and more stringent.

In the first half of 2006 the company successfully renewed company's ISO 14001:2004 environmental management certificate, following a series of internal reviews.

The 2006 business year was marked by long-lasting restrictions in the supply of natural gas from Russia. Together with other gas supply restrictions in the gas pipeline network abroad, this required considerable additional commercial activities and adjustments so that Geoplin was able to secure uninterrupted supply to customers at all time.

At its 22nd meeting on 17 November 2006 the Supervisory Board appointed a new president for the next five-year term-in-office.

## [ INVESTMENTS ]

The legal separation of gas transmission system operator's activities from the trading of natural gas significantly affected the volume of Geoplin's financial investment in development-related projects.

In 2006 the company invested SIT 89 million (EUR 0.4 million) for administrative building renovation and the upgrading of computer equipment.

## [ BUSINESS ENVIRONMENT ]

The major factors influencing the scope of Geoplin's business and the price of natural gas in 2006 were the growing prices for petroleum and petroleum derivatives on the global market in the first eight months of the year, and the depreciation of the US dollar against the euro.

The US dollar/euro exchange rate also affects the final price of natural gas in tolar. The tolar/euro exchange rate was stable, while the value of the US dollar fell 10% against the tolar over 2006.

Increased prices in the first quarter were due to high petroleum prices in September and November 2005, while the June to August 2006 prices affected the price rise that occurred in the final quarter of 2006. During the year the net sales price also fell occasionally, most of all in June, due to the decline in value of the US dollar. Despite this, the average sale price for natural gas in 2006 was somewhat higher than in 2005 due to the mentioned factors.

## [ NATURAL GAS TRADING ]

The company operated successfully in 2006, selling 1.174 billion m<sup>3</sup> of natural gas, which is 2 percent more than planned.

The factors affecting the volume of sales include:

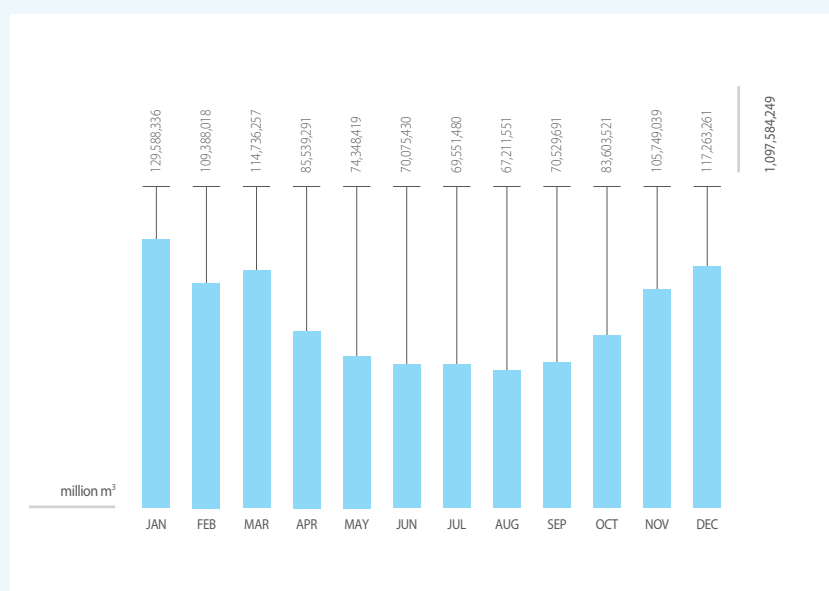
- weather conditions,
- new end consumers connected to the network of natural gas distributors,
- fluctuations in sales of natural gas for methanol production,
- growth trends in consumption in ferrous and non-ferrous metallurgy, and "non-metal" sectors,
- decline in manufacturing business.

The sources of supply have remained essentially unchanged. Just over one half of natural gas purchased in 2006 was of Russian origin, some 30% came from Algeria, and the difference was secured by the contracts with Austrian suppliers. The company met the seasonal demand from storage facilities in Austria and Croatia.

Transit routes:

- from Austria to Croatia (Ceršak–Rogatec),
- from Italy to Croatia (Gorica–Rogatec), and
- from Austria to Italy (Ceršak–Gorica).

## [ NATURAL GAS SALES IN SLOVENIA IN 2006 ]





# *Summer*

15

*L*ong-term secure supply of natural gas  
is essential to our economy and life.

*G*eoplin, an efficient natural gas marketer and recognized for its operational excellence,  
provides adequate quantities of natural gas at competitive terms.



## // FINANCIAL STATEMENTS ///

The 2006 Financial Statements were made in accordance with new legislation, i.e. amendments of EU directives on annual and consolidated accounts, Companies Act and new Slovenian Accounting Standards.

### [ BALANCE SHEET ]

Balance sheet as at 31 December 2006 was SIT 57.33 billion, 239.2 million EUR, resp., up 8.3% on the previous year.

The proportion of non-current assets in total assets fell, while the proportion of current assets in total assets increased. Non-current assets increased by 0.3%, while their proportion of total assets fell by 4.5 percentage points. This is primarily due to transfers from non-current to current financial investments maturing in the following year.

Capital increased by 8% from the start of the year. The profit for the period was higher than the profit allocated for distribution in previous years by the company's shareholders at the general shareholders assembly's. Changes took place in the capital structure. General shareholders assembly's resolution was passed distributing part of the net profit carried forward (SIT 2.5 billion) to the partners, and another part (SIT 1 billion) was allocated to other profit reserves.



## Independent Auditor's Report

### To the Shareholders of GEOPLIN d.o.o., Ljubljana

We have audited the accompanying financial statements of the company GEOPLIN d.o.o., Ljubljana which comprise the balance sheet as at 31 December 2006, the income statement, the statement of changes in equity, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. We also read the Management Report.

#### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements prepared in accordance with the Slovenian Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements.

An audit involves procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company GEOPLIN d.o.o. as at 31 December 2006, the result of its operations and its cash flows for the year then ended in accordance with the Slovenian Accounting Standards.

The Management Report is in conformity with the audited financial statements.

Srečko Kodrič, B.Sc.Ec.  
*Certified Auditor*

Ljubljana, 17 April 2007

KPMG SLOVENIJA,  
podjetje za revidiranje, d.o.o.

Marjan Mahnič, B.Sc.Ec.  
*Certified Auditor*  
*Partner*

KPMG Slovenija, d.o.o.

// BALANCE SHEET AS AT 31 DECEMBER 2006 -  
GEOPLIN D.O.O. LJUBLJANA ///

BALANCE SHEET AS AT 31 December 2006			SIT thousand
	balance as at 31.12.2006	balance as at 1.1.2006	balance as at 31.12.2005
<b>ASSETS</b>	<b>57,331,643</b>	<b>52,939,500</b>	<b>56,242,415</b>
A. Fixed assets	32,347,105	32,234,436	35,427,935
I. Intangible fixed assets and non-current deferred expenses and accrued revenues	29,918	3,013	3,013
1. Concessions, patents, licences, trademarks, and similar rights and assets	29,918	3,013	3,013
II. Tangible fixed assets	407,743	407,841	661,867
1. Land and buildings	344,657	334,464	588,490
a. Land	239,888	239,888	239,888
b. Buildings and other real estate	104,769	94,576	348,602
3. Other plant and equipment	63,086	73,091	73,091
4. Tangible fixed assets under construction	0	286	286
a. Tangible fixed assets under construction or in production		286	286
III. Investment property	279,375	254,026	
IV. Non-current financial investments	31,524,536	31,460,140	34,763,055
1. Non-current financial investments, except loans	28,591,148	27,493,938	30,796,853
a. Shares and participating interests in companies within the group	25,672,111	25,672,111	27,808,109
c. Other shares and participating interests	1,601,017	1,321,827	1,321,827
d. Other non-current financial investments	1,318,020	500,000	500,000
Treasury shares			1,166,917
2. Long-term loans	2,933,388	3,966,202	3,966,202
b. Long-term loans to others	2,933,388	3,966,202	3,966,202
VI. Deferred tax assets	105,533	109,416	
B. Current assets	24,959,518	20,693,128	20,802,544
II. Inventories	6,933,650	3,817,331	3,817,331
3. Commercial goods	6,933,650	3,817,331	3,817,331
III. Current financial investments	6,204,328	6,375,400	6,375,400
1. Current financial investments, except loans	6,204,328	5,795,400	5,795,400
c. Other current financial investments	6,204,328	5,795,400	5,795,400
2. Short-term loans	0	580,000	580,000
b. Short-term loans to others	0	580,000	580,000
Non-current operating receivables			109,416
IV. Current operating receivables	11,056,627	10,475,350	10,475,350
1. Current trade receivables from companies within the group	158,442	83,092	83,092
2. Current trade receivables	10,198,052	9,241,971	9,241,971
3. Current receivables due from other entities	700,133	1,150,287	1,150,287
V. Cash	764,913	25,047	25,047
C. Current deferred expenses and accrued revenue	25,020	11,936	11,936
<b>LIABILITIES</b>	<b>57,331,643</b>	<b>52,939,500</b>	<b>56,242,415</b>
A. Capital	45,641,275	42,253,453	45,556,368
I. Called-up capital	7,388,010	7,388,010	7,388,010
1. Share capital	7,388,010	7,388,010	7,388,010
II. Equity reserves	18,715,316	18,715,316	10,876,105
III. Profit reserves	10,297,522	9,297,522	10,464,439
2. Reserves for treasury shares	1,955,361	1,955,361	1,955,361
3. Own participating interests (as deduction item)	-1,166,917	-1,166,917	
5. Other profit reserves	9,509,078	8,509,078	8,509,078
IV. Revaluation surplus	735,769	507,572	2,642,641
V. Net profit brought forward	2,845,033	6,345,033	2,566,540
VI. Net profit (or loss) for financial year	5,659,625		3,779,422
General capital revaluation adjustment			7,839,211
B. Provisions and non-current accruals and deferred income	1,456,221	1,247,255	1,247,255
2. Other provisions	1,456,221	1,247,255	1,247,255
D. Current liabilities	10,146,124	9,411,226	9,411,226
III. Current trade payables	10,146,124	9,411,226	9,411,226
1. Current trade payables to companies within the group	949,422	969,019	969,019
2. Current trade payables to suppliers	6,262,544	5,989,594	5,989,594
4. Current operating liabilities from advances		3,200	3,200
5. Other current trade payables	2,934,158	2,449,413	2,449,413
D. Current accruals and deferred income	88,023	27,566	27,566
<b>OFF-BALANCE SHEET ITEMS</b>	<b>1,270,465</b>	<b>2,213,318</b>	<b>2,213,318</b>

// INCOME STATEMENT FOR 1 JANUARY TO  
31 DECEMBER 2006 - GEOPLIN D.O.O. LJUBLJANA ///

INCOME STATEMENT	SIT thousand	
	2006	2005
1. Net sales revenues	82,342,483	68,237,570
2. Cost of goods sold	75,464,607	63,081,642
3. GROSS PROFIT FROM SALES	6,877,876	5,155,928
4. Marketing and sales and administrative costs	2,145,344	2,506,996
a. Estimated marketing and sales and administrative costs	2,095,970	2,328,906
b. Operating expenses from revaluation of intangible fixed assets and tangible current assets	18	5,931
c. Operating expenses from revaluation of current assets	49,356	172,159
6. Other operating revenues (including revaluation operating revenues)	2,625,323	1,545,070
7. Financial revenues from participating interests	610,589	480,454
c. Financial income from participation in other companies	17,161	10,211
e. Financial income from other investments	593,428	470,243
8. Financial income from loans	7,399	
b. Financial income from other loans	7,399	
9. Financial income from trade receivables	497,842	681,577
b. Financial income from other trade receivables	497,842	681,577
11. Financial expenses for financial liabilities	69,923	2,920
d. Financial expenses for other financial liabilities	69,923	2,920
12. Financial expenses for trade payables	854,491	423,907
b. Financial expenses for trade payables to suppliers and bills of exchange payables	854,427	423,907
c. Financial expenses for other trade payables	64	
13. Other income	33,835	21,695
14. Other expenses	62	451
15. Income tax expense	1,919,536	1,280,444
16. Deferred taxes	3,883	-109,416
17. NET PROFIT OR LOSS FOR THE FINANCIAL YEAR	5,659,625	3,779,422
18. Net profit/loss carried forward	2,845,033	2,566,540
19. Reduction (release) of capital reserves		
20. Reduction (release) in profit reserves		
21. Increase (additional formation) of profit reserves		
22. DISTRIBUTABLE PROFIT	8,504,658	6,345,962

[ INCOME STATEMENT ]

In 2006 Geoplin achieved a pre-tax operating result of SIT 6.88 billion and a net operating result of SIT 5.66 billion, which is 6.9% of net sales revenues. Ninety-seven per cent of the total operating result was generated from operations, 2.5% from financing, and 0.5% from other income and expenses.

The majority (91.4%) of the net sales revenues came from sales revenues from natural gas on the domestic market. The revenues include transmission charged for on the Slovenian gas pipeline network and sales of natural gas to Geoplin plinovodi d.o.o. in order to balance the transmission system.

General administrative and sales costs represent 2.7% of total expenses. These include the costs of materials, services and work, other operating expenses, depreciation and amortisation, and access charged to the transmission network to transmit natural gas between transmission systems in neighbouring countries. Increases in provisions for lawsuit in 2006 are also disclosed, and revaluation operating expenses for new formed adjustments to trade payables.



# *Autumn*

*Geoplin* is efficient natural gas supplier, a statement that is supported by an overall customers' satisfaction.





## Auditor's Report for Public Reporting Purposes

We have audited the financial statements of the Geoplin group, Ljubljana for the year ended 31 December 2006, from which the summarized financial statements are derived, in accordance with International Standards on Auditing. As stated in our Auditor's Report of 17 April 2007, the financial statements with notes, used for the preparation of the summarized financial statements, present fairly, in all material respects, the financial situation of the Geoplin group, Ljubljana as of 31 December 2006, the results of its operations, its cash flows and the changes in equity for the year then ended, in accordance with Slovenian Accounting Standards issued by the Slovenian Institute of Auditors.

In our opinion, the attached summarized financial statements comply, in all material aspects, with the financial statements and the notes thereto from which they originate and on which we have expressed an unqualified audit opinion.

For a better understanding of the financial situation of the Geoplin group, Ljubljana as of 31 December 2006, the results of its operations, its cash flows and the changes in equity for the year then ended, and the scope of our audit, it is necessary to read the summarized financial statements together with the financial statements and the notes thereto, and our audit report on these financial statements.

The Annual Report has not yet been submitted to the agency authorised for data processing and publishing.

Srečko Kodrič, B.Sc.Ec.

*Certified Auditor*

**KPMG SLOVENIJA,**

podjetje za revidiranje, d.o.o.

Marjan Mahnič, B.Sc.Ec.

*Certified Auditor*

*Partner*

*KPMG Slovenija, d.o.o.*

Ljubljana, 17 April 2007

// BALANCE SHEET AS AT 31 DECEMBER 2006 -  
GEOPLIN GROUP ///

BALANCE SHEET AS AT 31 December 2006			SIT thousand
	balance as at 31.12.2006	balance as at 1.1.2006	balance as at 31.12.2005
<b>ASSETS</b>	<b>63,089,924</b>	<b>56,210,406</b>	<b>57,370,442</b>
A. Fixed assets	31,778,493	31,032,593	32,028,478
I. Intangible fixed assets and non-current deferred expenses and accrued revenues	2,523,509	1,565,612	1,565,612
1. Concessions, patents, licences, trademarks, and similar rights and assets	2,523,509	1,565,612	1,565,612
II. Tangible fixed assets	22,878,122	23,184,345	23,438,371
1. Land and buildings	16,665,663	17,970,429	18,224,455
a. Land	893,103	888,437	888,437
b. Buildings and other real estate	15,772,560	17,081,992	17,336,018
3. Other plant and equipment	4,276,733	4,081,724	4,081,724
4. Tangible fixed assets under acquisition	1,935,726	1,132,192	1,132,192
a. Tangible fixed assets under construction or in production	1,935,726	1,132,192	1,132,192
III. Investment property	279,375	254,026	0
IV. Non-current financial investments	5,910,542	5,846,146	7,024,495
1. Non-current financial investments, except loans	2,977,154	1,879,944	3,058,293
c. Other shares and participating interests	1,659,134	1,379,944	1,391,376
d. Other non-current financial investments	1,318,020	500,000	500,000
Treasury shares			1,166,917
2. Long-term loans	2,933,388	3,966,202	3,966,202
b. Long-term loans to others	2,933,388	3,966,202	3,966,202
VI. Deferred tax assets	186,945	182,464	
B. Current assets	31,276,443	25,159,843	25,323,994
II. Inventories	7,358,335	4,235,574	4,235,574
1. Materials and spare parts	279,586	336,159	336,159
3. Commercial goods	7,078,749	3,899,415	3,899,415
III. Current financial investments	11,945,150	10,360,612	10,360,612
1. Current financial investments, except loans	11,945,150	9,780,612	9,780,612
c. Other current financial investments	11,945,150	9,780,612	9,780,612
2. Short-term loans	0	580,000	580,000
b. Short-term loans to others	0	580,000	580,000
Non-current operating receivables			164,151
IV. Current operating receivables	11,195,559	10,537,445	10,537,445
2. Current trade receivables	10,222,880	9,245,349	9,245,349
3. Current receivables due from other entities	972,679	1,292,096	1,292,096
V. Cash	777,399	26,212	26,212
C. Current deferred expenses and accrued revenues	34,988	17,970	17,970
<b>LIABILITIES</b>	<b>63,089,924</b>	<b>56,210,406</b>	<b>57,370,442</b>
A. Capital	49,958,098	44,253,618	45,505,221
I. Called-up capital	7,388,010	7,388,010	7,388,010
1. Share capital	7,388,010	7,388,010	7,388,010
II. Equity reserves	18,715,316	18,715,316	10,876,105
III. Profit reserves	12,463,414	9,330,497	10,570,668
1. Legal reserves	220,809	106,229	106,229
2. Reserves for treasury shares	1,955,361	1,955,361	1,955,361
3. Own participating interests (as deduction item)	-1,166,917	-1,166,917	
5. Other profit reserves	11,454,161	8,435,824	8,509,078
IV. Revaluation surplus	735,769	507,572	8,357,286
V. Net profit brought forward	2,845,033	8,312,223	2,567,672
VI. Net profit (or loss) for financial year	7,810,556		5,745,480
B. Provisions and non-current accruals and deferred income	1,932,707	1,937,333	1,845,766
2. Other provisions	1,932,707	1,937,333	1,845,766
D. Current liabilities	11,097,286	9,991,889	9,991,889
III. Current trade payables	11,097,286	9,991,889	9,991,889
2. Current trade payables to suppliers	7,590,733	6,815,545	6,815,545
4. Current operating liabilities from advances	48,085	19,640	19,640
5. Other current trade payables	3,458,468	3,156,704	3,156,704
D. Current accruals and deferred income	101,833	27,566	27,566
<b>OFF-BALANCE SHEET ITEMS</b>	<b>1,405,622</b>	<b>2,213,318</b>	<b>2,213,318</b>

// INCOME STATEMENT FOR 1 JANUARY TO  
31 DECEMBER 2006 - GEOPLIN GROUP ///

INCOME STATEMENT		SIT thousand
	2006	2005
1. Net sales revenues	81,591,783	67,131,263
2. Cost of goods sold	68,635,904	56,426,282
3. GROSS PROFIT FROM SALES	12,955,879	10,704,981
4. Marketing and sales and administrative costs	5,554,953	5,685,140
a. Estimated marketing and sales and administrative costs	5,503,502	5,502,098
b. Operating expenses from revaluation of intangible fixed assets and tangible current assets	1,567	10,883
c. Operating expenses from revaluation of current assets	49,884	172,159
6. Other operating revenues (including revaluation operating revenues)	2,740,068	1,613,537
7. Financial revenues from participating interests	769,506	590,853
c. Financial income from participation in other companies	17,161	10,211
d. Financial income from other investments	752,345	580,642
8. Financial income from loans	7,399	
b. Financial income from other loans	7,399	
9. Financial income from trade receivables	499,098	687,811
b. Financial income from other trade receivables	499,098	687,811
11. Financial expenses for financial liabilities	70,106	2,926
d. Financial expenses for other financial liabilities	70,106	2,926
12. Financial expenses for trade payables	854,997	427,202
b. Financial expenses for trade payables to suppliers and bills of exchange payables	854,933	427,202
c. Financial expenses for other trade payables	64	
13. Other income	36,552	22,227
14. Other expenses	220	548
15. Income tax expense	2,607,571	1,816,095
16. Deferred taxes	-4,481	-164,151
17. NET PROFIT OR LOSS FOR THE FINANCIAL YEAR	7,925,136	5,851,649
18. Net profit/loss carried forward	2,845,033	2,567,672
19. Reduction (release) of capital reserves		
20. Reduction (release) in profit reserves		
21. Increase (additional formation) of profit reserves	3,132,917	1,785,501
22. DISTRIBUTABLE PROFIT	7,637,252	6,633,820

## *Winter*

*During* this dynamic season, Geoplin closely follows demands in gas market, promptly responding to customers' needs, monitoring system's technical capacities and taking necessary adjustments to weather conditions.

*Our* operating efficiency means that we can conclude the business year just as we planned. Successfully.



### [ ENVIRONMENT ]

Care for the environment and a responsible attitude and accountability in the implementation of all company operations are an integral part of the operations of the Group as a whole, as well as for the Geoplin company. The company has adopted a total management approach in relation to the protection of the environment, which includes ongoing monitoring and environmentally friendly operation. Clear evidence of this is provided by the ISO 14001:2004 environmental management certification, which was renewed once more in 2006.

By undertaking the development of infrastructure and making natural gas available to an increasing number of consumers, Geoplin has been making a significant contribution to improving the quality of life in a broader context, as this energy resource is regarded as the cleanest i.e. most environmentally friendly of all fossil fuels.

### [ LOCAL COMMUNITIES ]

The nature of the business and the highly professional attitude ensure that the company establishes constructive relationships with local communities, representative consumers of natural gas and the drivers of economic and technological development made possible by natural gas being delivered to their doorsteps.

By securing the funds to enhance the gas infrastructure and by supplying an environmentally friendly energy product, the company is doing its part to strengthen the economy and improve the standard of living for local communities.

### [ SPONSORSHIP ]

Geoplin's involvement in the local and broader environment also extends to financial support of sport and cultural events. One such project is the sponsorship of the Geoplin Slovan basketball club.

Geoplin is also actively in socially beneficial initiatives around Slovenia, such as assisting a Safe House project, fire brigades, and individual local and non-governmental organisations of broader community importance.

### [ MEMBERSHIP IN INTERNATIONAL ASSOCIATIONS ]

Geoplin is an active member in a number of international associations:

- International Gas Union (IGU), which promotes the technical and economic progress of the gas industry over the entire chain, from acquisition to production of natural gas,
- World Energy Council (WEC),
- Eurogas, an association representing the European gas industry to European Union institutions,
- other international bodies and a range of wider interest groups.

Publisher: Geoplin d.o.o. Ljubljana  
Design and production: Sedna d.o.o.  
Text: Sedna d.o.o.  
Coordination: Nada Zupanc  
Language review: Amidas, d.o.o.  
Photos: Aleksander Štokelj and Glowimages  
Ljubljana, August 2007



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# *Four Operational Seasons*



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*Natural gas – fuel of choice for healthy environment*