



LUKA KOPER

Annual Report 2002



Cover Photo | Caspian Gull | *Larus cachinnans*

The Caspian gull spreads its silvery wings above the sea and soars up to the sky. This not too shy bird lives close to humans as if wishing to attract as many admiring glances as possible.
Gulls return to rest in their nests in the salt pans.

PHOTO : Getty images

An advantageous location in the North Adriatic allows us to connect Central and Eastern European countries with the Mediterranean, the Middle and Far East and other continents.

We are upgrading our main port activities and becoming the providers of complete logistics services.

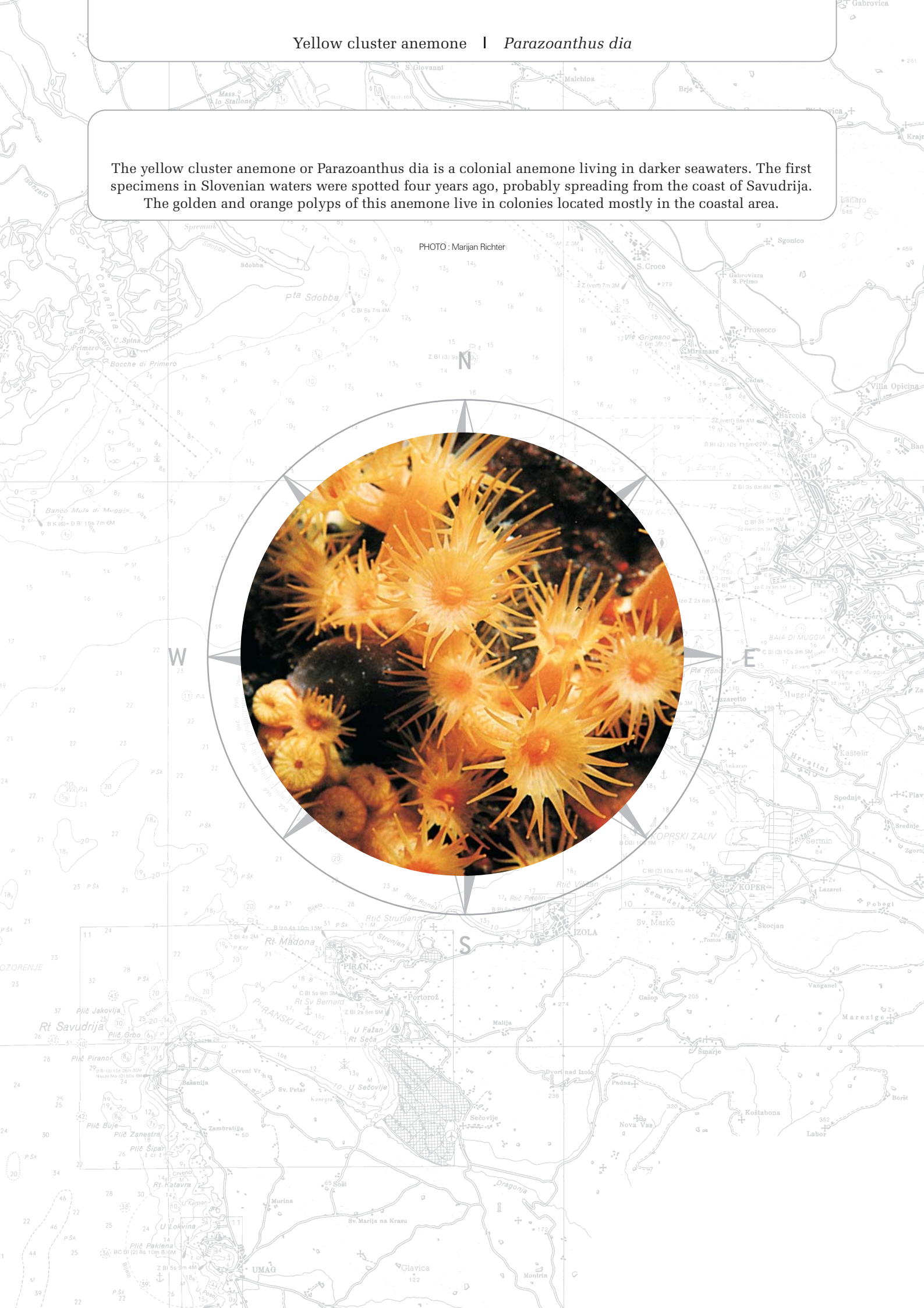
Our advantage is the high quality of our services. We are striving for business excellence and introducing environment-friendly technologies. We are the first European port to have introduced international quality standards across the entire operating system.

We are actively involved in the transport industry. We encourage all ports of the North Adriatic to enter international markets together. The first step in such co-operation came when we obtained a concession agreement to operate the Container Terminal on Pier VII at the Port of Trieste.

Yellow cluster anemone | *Parazoanthus dia*

The yellow cluster anemone or *Parazoanthus dia* is a colonial anemone living in darker seawaters. The first specimens in Slovenian waters were spotted four years ago, probably spreading from the coast of Savudrija. The golden and orange polyps of this anemone live in colonies located mostly in the coastal area.

PHOTO : Marijan Richter



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The Company's Performance

	1998	1999	2000	2001	2002
Operating revenues (in SIT million)	11,212	12,043	12,739	12,851	12,967
Throughput (in million of tonnes)	8.61	8.34	9.32	9.35	9.43
Net profit (in SIT million)	2,272	2,682	2,900	3,638	4,494
Equity (in SIT million)	37,411	41,783	47,151	52,666	55,636
EPS (in SIT)*	162.3	191.6	207.2	259.9	321
Return on equity (in percent)	6.8	6.8	6.5	7.29	8.30
Added value per employee (in SIT thousand)	11,523	12,494	13,679	13,121	12,449
Number of employees on the 31 December	630	631	632	633	630

All shares were considered in calculating the earnings-per-share ratio.



Mission, Vision, Values and Activity

Our mission

Being located along the shortest route between the sea and Central Europe and by offering logistics services, we provide our partners from Slovenia and Europe with the easiest way of establishing overseas business relationships and trade flows.

Our vision

We want to become the leading logistics and distribution centre for Central European countries.

Activities

Our core activities are handling and warehousing of goods. We complement our main activities with logistics, financial, marketing and other related services. We are running seaport terminals, developing and maintaining the port infrastructure as well as managing subsidiaries and the economic zone.

Values

Our guidelines for future development are built on five key values:

- knowledge;
- enterprise;
- partnership;
- responsibility; and
- respect.

These values define the corporate culture and guidelines for each and every employee. The head staff and management are also grooming their successors on the basis of these values.



Luka Koper



A Demanding yet Successful Anniversary



The business year may be summarised by stating that Luka Koper is continuing to successfully develop into an important goods distribution centre. In the year of the Company's 45th anniversary, we handled record volumes of cargo and improved net profit. We achieved a historical turning point in the development of our capacities by establishing the conditions for expanding our business on a long-term basis and relocating the port from the northern part of the city. We continued to improve the competitiveness of the North Adriatic transport route. At the beginning of the second year of our operations at the Container Terminal at the neighbouring Port of Trieste, we faced tough economic conditions that were subsequently settled.

Challenging conditions and improved net profit

We can characterise the market conditions of 2002 as challenging. Due to the continuing global recession, international trade flows in all business segments did not strengthen as expected. Playing an important part in our revenues, the US dollar lost 12 percent of its value, while operating expenses were affected by domestic inflation. These circumstances caused revenues to be six percent lower and costs three percent higher than planned. We decided to revalue fixed assets in all segments in which resources do not generate satisfactory economic results. We thereby formed value adjustments worth SIT 9.5 billion.

Nevertheless, we considerably improved net profit and the net profitability of operating revenues, which rose 22 percent compared with the preceding year. The good financial outcome of the business year and the net profit of SIT 4.49 billion prove that the Company's operations were successful.

By handling 9.43 million tonnes of cargo, we achieved record volumes, an optimum result in our view, given the conditions. Movements in the area of general cargoes and container handling were particularly good since we exceeded the plans and improved on the previous year's results. The quantities of general cargoes handled were over fifty percent higher than the year before. Turnover in most types of goods improved; the quantities of liquid cargoes did not change, while bulk cargoes fell slightly.

Open long-term spatial development opportunities

Spatial development opportunities remain one of the key advantages of Luka Koper and hence will entirely support our planned development to become an advanced port system and goods distribution centre. 2002 was a break-through year in this context. We exploited all the development possibilities in terms of both space and technology in the area extending to the Rižana River. By bridging the Rižana River, we reached a second pier and opened up thirty hectares available for the development of new capacities for general cargoes and timber. The main infrastructure has already been constructed at the second pier, as have a new operative quay, open and closed warehouses and a roofed timber warehouse. The new area allows opportunities for further expansion and is not only important to Luka Koper but for the entire local community. By acquiring this new area, we created the conditions for relocating from the northern part of the city of Koper and for enabling a passenger port to be built and the city's life reinvigorated.

Strengthening the competitiveness of the North Adriatic transport route

2002 was marked by the assessment of grounds for the development of logistics services, which showed that such

expansion would give the Company new added value that is in line with our capabilities and the development of port systems across the world. We started establishing a logistics department and preparing it to undertake the first operations. Luka Koper is thus developing into a distribution centre, basing its competitive advantage on its beneficial geographical position as well as the quality and wide range of its services.

We are firmly convinced that the North Adriatic transport route can enhance its competitive advantages by bringing ports in the North Adriatic together and developing complete logistics solutions. In 2002, we operated according to these two guidelines. The expansion of operations to the neighbouring Port of Trieste, where the associated company TICT runs the Container Terminal on Pier VII, was influenced in the second half of the year by the tougher economic conditions. Intensive activities were needed to settle those conditions and the results can be regarded as satisfactory since we managed to remove former obstacles and ensure stable business conditions. We can state that we wish to further strengthen our influence in the management of Pier VII, and co-operation with the Port of Trieste, upon accession to the European Union. In our view, it would be sensible to jointly oversee Container Terminals in Trieste and Koper from a single location. For this reason, we began introducing unified IT support and, in 2003, we joined the management of Container Terminals in Trieste and Koper.

Activities aimed at strengthening the reputation of the Slovenian transport route continued successfully. As the leading company and initiator of the Slovenian Transport and Logistics Cluster, we are glad that the Cluster was reorganised into an Economic Interest Association and enhanced its activities in target markets.

An important recognition of quality

2002 was also a year of recognition, meaning above all recognition from the wider community and the expert community for our philosophy and operations. Based on the EFQM model, the Business Excellence Award of the Republic of Slovenia that we received as a large service company is of special value.

Clearly, the quality of our services is becoming the advantage through which we are becoming increasingly known and competitive. Procedures across the entire organisation of Luka Koper have improved and the business excellence award was dedicated to all our employees. These facts are proven by the extent of improvements, which exceeded one hundred operating improvements introduced in 2002. The high quality of our operations can only find comparisons in Europe; therefore in 2003 we will adapt our operations to European models of business

excellence applicable to large companies. We would also like to point out the upgrading seen in the sphere of human resources, where we are committed to extensive campaigns ensuring excellent results and strategic human resources for the Company's ongoing development.

2003 Forecast

2003 will be a demanding year of preparing for accession to the European Union. Port of Koper will become part of the Schengen border. Entering the common European market creates enormous opportunities for Luka Koper since so far we have not been in the same competitive position relative to certain profitable cargoes like cars or citrus fruit. We will continue negotiations to enter into a concession agreement with the government, with a new agreement on the existing financial liabilities and tax burden.

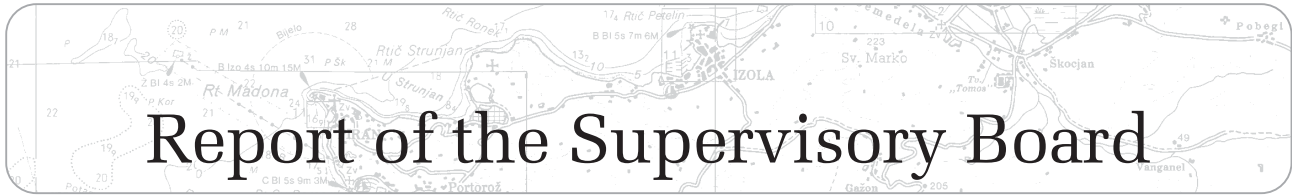
In 2003, we want political stability in order to achieve the planned record quantities and exceed the 10-million-tonne mark of goods handled; we also want to increase our revenues by ten percent by acquiring new business. We plan to upgrade our profit centres and terminals to become suppliers of logistics services. We will continue to build warehouses and infrastructure at Pier II.

In 2002, our shareholders have seen a rise of 42 percent in the value of their assets, i.e. shares listed on the Ljubljana Stock Exchange. The distributable net profit of SIT 4.36 billion will be allocated to reserves and distributed among shareholders in 2003. Thus, shareholders will receive almost SIT 2 billion, gross dividend per ordinary share will be SIT 225 or 18 percent more than the year before. Preference shares will be allocated SIT 56 per share.

Confidence in our past plans was reflected in the steep growth in the average price of our shares on the Ljubljana Stock Exchange and the increase in turnover in 2002. We believe there are still many opportunities to increase our assets based on the trust and support of the owners.



Bruno Korelič, Chief Executive Officer



Report of the Supervisory Board

Within the scope of its powers, the Supervisory Board of Luka Koper monitored the Company's management and operations over the entire year. The Supervisory Board was convened at six ordinary and five extraordinary meetings. Implementation of the Company's 2002 business plan, approved by the Supervisory Board at its last meeting in 2001, was supervised through oral and written reports of the Management Board at the end of each quarter. The Supervisory Board was contemporaneously informed of the standing of the Company and its subsidiaries, as well as their operations and operating results.

Operations of TICT in the forefront

In 2002, the Supervisory Board paid particular attention to problems regarding the operations of TICT, which manages the Container Terminal in Trieste in which Luka Koper holds a 49-percent participating interest. The Company's Management Board regularly informed the Supervisory Board about all events and situations regarding the introduction of urgently needed measures. The Supervisory Board offered its continuous support to the Management Board in defending Luka Koper's interests regarding Pier VII in Trieste. At the year's end and beginning of this year, the disagreements were resolved and a new accord reached that ensures normal work at Pier VII and in the operations of TICT in line with the planned goals.

The Supervisory Board was directly involved in all relevant business decisions of the Management Board in 2002. It supported those activities aimed at establishing strategic links with the leading automobile logistics company BLG. A letter of intent was signed by Luka Koper and BLG Automobile Logistics Services. The Supervisory Board adopted a resolution on signing a share purchase agreement to acquire a stake in FINOR. Further, it gave its consent to the capital increase in the IEDC Bled School of Management, the disposal of a participating interest in Bonifika and the public offering of Novartis regarding the purchase of Lek shares. The Supervisory Board also approved the acquisition of a property located at the entrance to the Port of Koper, along with other investments not envisaged in the Company's business plan.

2001 and 2002 Annual Reports adopted

In March 2002, the Company's 2001 Annual Report was discussed and approved along with the proposed distribution of profit. Shareholders of Luka Koper deliberated on the

distribution of profit at their 7th general meeting in July. They adopted the proposed distribution and approved the reports and accounts of the Management and Supervisory Boards. The general meeting also appointed the auditor of the accounting statements of Luka Koper for 2002, recalled two Supervisory Board members: Edvard Roškar and Robert Časar, who were replaced by Branko Mahne and Tomaž Može as new representatives of the majority shareholder, the Republic of Slovenia. On the proposal of the majority shareholder, the item referring to amendments to the Company's Articles of Association was removed from the agenda.

The Supervisory Board discussed the 2002 Annual Report at its regular meeting on 26 February 2003. It found that all the formally required contents were disclosed and events affecting the Company's operating results properly explained. Operations of Luka Koper in 2002 were successful, given the market conditions. The record volume of maritime throughput, totalling 9.43 million tonnes of goods, was one percent higher than the figure for 2001, although 3 percent lower than planned. On the basis of comparable indicators, revenues were in line with the results of the quantities handled and amounted to SIT 13 billion. Operating costs also exceeded the plans due to the high inflation rate in Slovenia, which affected the costs of energy and materials. In 2002, the Company generated SIT 4.49 billion in net profit, one-fifth more than in 2001 and one-third more than planned. The unconsolidated and consolidated accounting statements for 2002 were audited by Deloitte & Touche, which gave its positive opinion on them. The Supervisory Board agreed with the auditor's opinion stating that the accounting statements fairly present the financial position and results of the Company's operations in accordance with the law and business practice. Following the discussion, the Supervisory Board unconditionally approved the 2002 Annual Report of Luka Koper.

Distribution of distributable net profit

Alongside approving the Annual Report, the Supervisory Board also discussed the Management Board's proposal on the allocation of distributable net profit of the 2002 financial year, amounting to SIT 4.36 billion. The proposal to allocate SIT 1.997 billion to shareholders, SIT 1 billion to other reserves and SIT 1.352 billion for allocation in subsequent years was approved. The gross dividend per ordinary share for 2002 would thus amount to SIT 225. The proposal will be discussed by the general meeting.

Further growth in 2003

At its last meeting in 2002, the Supervisory Board reviewed the Company's business plan. The plans laid down for 2003 are bold since the Company should exceed 10 million tonnes of cargo handled in maritime transport and increase its revenues by 10 percent.

The successful closing of the year, the Company's commitment to business excellence, the development-oriented efforts across all departments and the ambitiously set goals are all a guarantee that Luka Koper will continue to develop with success. The Supervisory Board would like to commend the management and the employees for their outstanding work in 2002.



Miha Kozinc,
Chairman of the Supervisory Board



The Management and Supervisory Boards

THE MANAGEMENT BOARD

The Company's Chief Executive Officer, Bruno Korelič, also acts as the one-member Management Board.

HEAD STAFF AND MANAGEMENT

Vitimir Mavrič - Deputy Chief Executive Officer

The management team of Chief Executive Officer:

Marjan Babič,
Gordan Ban,
Ernest Gortan,
Metka Sušec Praček.



Directors of the Profit Centres:

Andrej Cah - Director of the Container and RO-RO Terminal PC,
Franc Cedilnik - Director of the Timber Terminal PC,
Borut Čok - Director of the Dry Bulk Cargoes Terminal PC,
Nevio Dolenc - Director of the Alumina Terminal PC,
Pavle Krumenaker - Director of the Car Terminal PC,
Dragomir Matič - Director of the General Cargo PC,
Bojan Tomišič - Director of the Liquid Cargo Terminal PC, and
Branko Vodopija - Director of the Coal & Iron Ore Terminal PC.

SUPERVISORY BOARD

The Supervisory Board is composed of nine members.

Miha Kozinc - Chairman
Aldo Babič,
Karmen Dietner,
Tatjana Jazbec,
Robert Jerman,
Branko Mahne,
Tomaž Može,
Alverino Pavletič,
Dino Pucer.



The Company's History

In 2002, we celebrated 45 years of the Company's operations.

Luka Koper was established on 23 May 1957. A year later the first mooring on the new operative quay was opened. We mostly handled general cargo.

In 1963 we were granted the status of a free-trade zone. With the construction of a railway in Koper, new transport routes into the heart of Europe were opened up. In 1968, we handled over one million tonnes of goods.

In the mid-seventies, we established the first container line to the Mediterranean and built a Container Terminal in 1979.

In 1984, we also constructed a Terminal for Coal and Iron Ore and a Silo for cereals four years later.

In 1996, the Company was transformed into the joint-stock

company Luka Koper. Our share was listed on the Ljubljana Stock Exchange.

In the same year we built a Car Terminal; two years later came a Livestock Terminal and a waste-treatment centre. In 1999, we completed the construction of a multi-level car park. In the same period, we started adapting our operations in line with both the business-excellence model and international quality standards.

In 2001, we transferred the operations of the Fruit and Livestock Terminals to the General Cargo Profit Centre due to lower market results and with the aim of rationalising operations. The activities of the Silo Terminal were transferred to the Dry Bulk Cargoes Terminal Profit Centre.



Main Events in 2002

February

Luka Koper was visited by Brazil's Minister of Science and Technology, Ronaldo Mota Sardenberg. The main issue discussed was the possibility of boosting co-operation between Slovenia and Brazil since seven percent of Brazilian goods are handled annually at the port.

March

Employees at the Container and RO-RO Terminal completed their training in a specialised programme for container terminals organised by the International Labour Organisation (ILO).

At a business meeting in the Egyptian port of Alexandria, the Company's representatives entered into an agreement on co-operation between the two ports.

April

An Available Cargo Space service began operating at our website, offering information to our partners on space available on vessels calling at the Port of Koper.

The Slovenian Transport and Logistics Cluster, of which Luka Koper is an active member, was transformed into the Economic Interest Association Transport Logistics Cluster - Gospodarsko interesno združenje Transportno Logistični grozd (giz TLG).

May

The "Luški glasnik" (Port Bulletin) was awarded the Golden Quill for being the best gazette by the Working Group of Journalists in Companies and Institutions of the Slovenian Association of Journalists.

At a ceremony marking the Company's 45th anniversary, Minister of Transport Jakob Presečnik officially opened the new operative quay and storage capacities at Pier II.

At the first general meeting of the TLG, the Company's Deputy CEO Vitomir Mavrič was elected Chairman of the Supervisory Board.

A letter of intent was signed by Luka Koper and BLG Automobile Logistics Service GmbH regarding the establishment of a joint company, which will manage the Car Terminal and offer complete automobile logistics services.

June

A joint two-day conference of the Transport and Logistics Cluster and the Israeli Federation of International Freight Forwarders and Customs Clearing Agents (IFFCCA) was held in Koper. The hosts presented the logistics solutions that they offer in the area of commercial transport through Koper.

Adria kombi introduced a block trains between Koper and Belgrade.

The magazine Gospodarski vestnik nominated the Company's CEO Bruno Korelič the most successful Slovenian manager of 2001.

July

Lošinjska plovdba established the first regular passenger line between Koper and Zadar operating in summer.

At the seventh general meeting, shareholders appointed Branko Mahne and Tomaž Može as new Supervisory Board members.

August

The Taiwanese shipping company Evergreen Marine Ltd. began transporting containers on a regular line from Koper to the Far East.

September

The Company acquired a 39-percent share of Finor.

October

An agreement on business and technical co-operation was signed with the Danube Port of Pančevo.

At their general meeting, shareholders of the TICT appointed Pavel Krumenaker President of the Management Board.

November

The Public Relations Society of Slovenia selected Bruno Korelič to receive the Primus Award for excellence in communication.

The Slovenian government passed the Decree on Awarding the Concession for the Management, Development and Maintenance of Port Infrastructure in the Port of Koper.

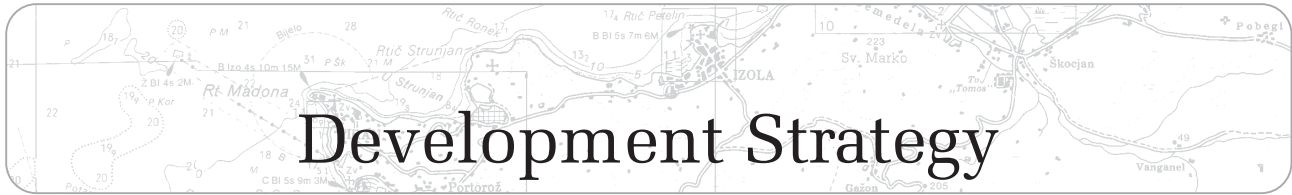
An agreement on the relocation of Luka Koper away from the city's centre was entered into with the Municipality of Koper.

CEO Bruno Korelič and the President of the Port Authority of Trieste, Maurizio Maresca, signed an agreement on the sanitation of business at Pier VII of the Port of Trieste.

December

The Company received the Business Excellence Award of the Republic of Slovenia.

The Norwegian shipping company Star Shipping introduced a regular conventional line between Koper and Brazil.



The Development Programme of Luka Koper for the period from 2002 to 2005 was adopted on the basis of the Development Strategy until 2010. The following goals are identified:

- Luka Koper Group will strengthen its role as a renowned and respected supplier of complete logistics solutions.
- Luka Koper will develop into an advanced port system and distribution centre with enhanced competitive advantages.
- The Company will establish strategic links with European partners and link up with Slovenian companies.
- We will ensure long-term business stability and profitability.
- We will establish effective information and logistics connections with our business partners.

Strategic guidelines

The programme for achieving the plans has been defined in detail.

- We will continue to expand our offer by adding new services. They will be developed through the network of subsidiaries to realise our vision of a supplier of complete logistics services. We will continue to perform and improve operations that generate added value, while rationalising or discontinuing unprofitable activities.
- We will increase our competitive advantages by developing long-term business relations with customers, business partners and suppliers and through investments in European and overseas markets. We will link up with Slovenian and European partners and do our best to establish closer co-operation between North Adriatic ports. We will set up a network of logistics terminals with countries of Central and South-east Europe and acquire shares in railroad transport companies.
- We will reorganise into a business concern, including specialised companies incorporated through joint investments with our strategic partners.
- Our business excellence model will be adapted to European business excellence standards.
- We will carry out our established human-resources policy, based on training future leaders and managers, as well as by improving the employees' education structure through training and by hiring highly educated staff.

- We will upgrade our IT support and introduce the electronic exchange of data with our business partners to improve and speed up business procedures.

The total value of investments forecast in the Development Strategy until 2010 will amount to SIT 46.7 billion.

A glance at 2005

These are the goals of Luka Koper for 2005:

- a three percent annual increase in operating revenues;
- an increase in the handling of general cargo, automobiles and containers;
- the setting up of a multi-modal terminal at Pier III;
- expansion of storage and handling capacities at the Terminal for Coal & Iron Ore;
- expansion of capacities for alumina storage by constructing a 20,000-tonne tank;
- relocation of the General Cargo Terminal to the southern part of Pier I and construction of 63,000 square metres of roofed warehouses;
- construction of a new entrance to the Port of Koper and its connection with the new motorway between Koper and Ljubljana;
- construction of infrastructure for the international maritime passenger border crossing;
- construction of new open and covered warehouses and storage capacities of 125,600 square metres on the south-eastern side of Pier II; and
- achieving cargo volumes of 11,2 million tonnes by 2005.

The opportunity to expand the port area provides an important competitive advantage to Luka Koper compared with other North Adriatic ports. Hence, we will be able to expand and complete our handling, storage and other capacities.

Realising the development strategy in 2002

We established new connections and gained new markets.

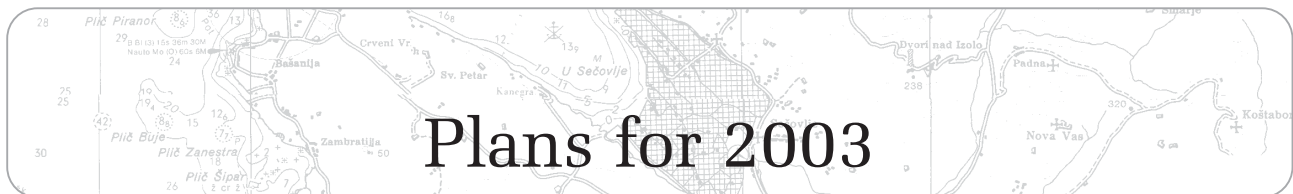
- In May, we signed a letter of intent on the incorporation of a new company with the German company BLG

Automobile Logistics GmbH, a leader in the area of car logistics. The joint limited-liability company will manage and develop the Car Terminal at Luka Koper. During the initial five-year period, we expect to increase cargo volumes to 400,000 vehicles per year.

- We strengthened our role in the former Yugoslav market by entering into an agreement on business and technical co-operation with the Danube Port of Pančevo in October. The agreement will help transfer both existing

and potential flows of goods from European Corridors V and X to the route between Koper and Pančevo, while developing and expanding the offer of complete logistics solutions in both ports.

- In December, we opened the first regular shipping line to Brazil.



- The cargo volume will exceed 10 million tonnes.
- By gaining new businesses, we will increase revenues by 10 percent and reach SIT 14 billion.
- Profit from regular activities will represent a 19.9-percent share of sales revenues.
- The added value per employee will reach SIT 14.5 million.
- Earnings per share will be SIT 266.
- Return on equity will amount to 7 percent.
- We will intensively prepare for Slovenia's accession to the European Union and the establishment of the Schengen border in the Port of Koper.
- The profit centres and terminals will be organised in line with the vision of a supplier of complete logistics services.

Common tern | *Sterna hirundo*

The common tern - the small, elegant and daring conqueror of heights - can be found across the Slovenian coast, in the Škocjan Bay and the salt pans of Sečovlje. While observing its prey, the tern hovers above the sea surface for a while, then plunges rapidly to shortly re-emerge with its catch. The tern's natural nesting places on gravel and sand islets have almost disappeared, threatening its very existence.

PHOTO: Iztok Geister¹⁴⁵



REPORT AND ACCOUNTS

Basic Operating Ratios

At Luka Koper, in 2002 we generated SIT 12.97 billion in operating revenues, one percent more than in 2001; with a total of 9.43 million tonnes of handled goods we achieved the highest annual volumes seen so far.

Apart from market conditions, Luka Koper's operations were also affected by changes in the Slovenian and global economies. The cost of living grew 7.5 percent annually. In the period from 29 December 2001 to 31 December 2002 the US dollar lost 12 percent against the tolar at the middle exchange rate of the Bank of Slovenia, while the euro gained 4 percent.

Return on equity (net profit of the business year / average capital) was 14 percent more than in 2002 than in 2001, equalling 8.3 percent.

Return on equity at Luka Koper from 1998 to 2002

Year	Return on equity (in percent)
1998	6.80
1999	6.80
2000	6.50
2001	7.29
2002	8.30

Revenue Profitability

The net profitability of operating revenues (net profit / operating revenues) shows positive growth trends, positively affecting the return on equity since, in 2002, we attained around SIT 35 in net profit on SIT 100 in revenues, i.e. 22 percent more than in 2001. Higher net profit of the business year led to higher net profitability of operating revenues as a consequence of higher financial revenues. The net profitability of revenues (net profit / overall revenues) was 9 percent higher in 2002 than the year before, equalling 18.3 percent.

The net-return-on-equity ratio (net profit of the business year / average capital - excluding net operating revenues from the year concerned) as of 31 December 2002 shows a 14-percent increase in comparison with 2001.

The ratio between the assets intended for dividend payouts

(totalling SIT 1.7 billion) and basic equity capital increased in 2002 by 22 percent compared to 2001.

Net profitability of revenues and return on equity

	2002	2001	Index 02/01
Net profitability of operating revenues in percent	34.655	28.310	122
Net profitability of revenues in percent	18.333	16.780	109
Net return on equity	0.087	0.076	114
Share capital's dividend yield	0.121	0.199	122
Return on equity in percent	8.299	7.290	114



The operating-efficiency ratio (operating revenues / business events) in 2002 dropped 5 percent compared to 2001 due to a faster increase in operating expenses (excluding additional depreciation or impairment of assets) compared with the extent of business events, while the overall-efficiency ratio (revenues / expenses) was one percent higher than the year before due to higher revenues from the sale of financial investments. Added value per employee in 2002 amounted to SIT 12,449 thousand.

Cost-efficiency and added value per employee

	2002	2001	Index 02/01
Operating cost-efficiency ratio*	1.116	1.176	95
Total cost-efficiency ratio	1.245	1.227	101
Added value per employee (in SIT thousand)	12,449	13,121	95

Note: Realistic figures have been achieved by excluding the costs of additional depreciation in 2001 and revalued operating expenses related to tangible fixed assets in 2002 from the operating cost-efficiency index.

Compared to the structure of operating revenues, where a 46-percent portion of operating receivables is calculated in US dollars and 37 percent in euros, totalling 82.4 percent of receivables in foreign currency, a 96-percent portion of liabilities to suppliers in the structure of operating expenses (excluding depreciation and labour costs) is calculated in Slovenian tolar.

Currency	Amount	Tolar equivalent in SIT thousand	Exp. in %	Index 02/01
SIT	4,904,238,294	4,904,238	96	109
USD	639,348	153,538	3	93
EUR	256,233	58,226	1	121
GBP	21,857	7,883	0	83
CHF	4,000	624	0	46
HRK	4,425	134	0	80
Total in SIT		5,124,642	100	107

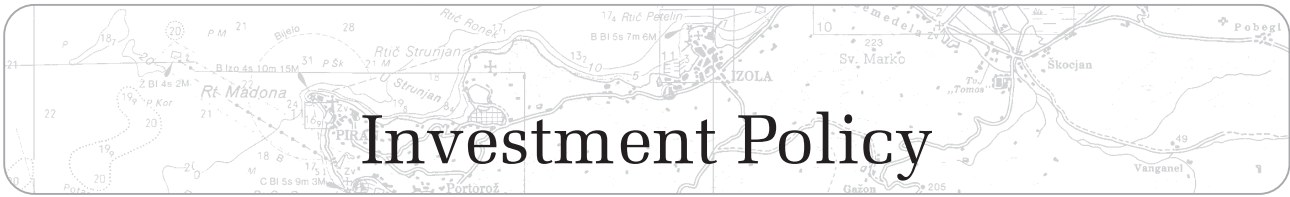


We are ensuring effective management of financial risks through a complete approach to all business areas exposed to such risks. Foreign-exchange and liquidity risks stand out among financial risks. Solvency-related risks are managed through an active approach to the monitoring of the Company's liquidity and an efficient policy of collecting receivables matured. With reference to liquidity risks, we define payment and other terms on the basis of the liquidity statements of our customers. Considering the structure of financing sources at Luka Koper, interest-related risks do not represent a key element of our risk-management policy.

In order to reduce the exposure of cash flow to currency risks, we rely mostly on internal security measures, like increasing our debts in US dollars and balancing our liabilities to suppliers and receivables from customers in the foreign currency in which the cash flow is most exposed to risks. The situation of the Slovenian economy is becoming similar to business conditions in the European Union and Luka Koper works with many

customers from the European Union. For this reason, the Company is systematically switching to the euro, both when renewing old agreements or entering into new ones. Given the changes in the US dollar / euro exchange rate in 2002, this transition positively affected the cash flow.

Although the Company operates with customers around the world, involving specific country-related risks, many operations are carried out through agents (freight forwarders etc). Consequently, the Company has no direct payment issues with owners of goods or traders. If direct contact is established, the Company ensures its security through appropriate agreements.



The main guidelines for asset management are rational financing, optimum use, liquidity and the reduction of financial and operating risks.

Financial assets are employed in short-term financial investments, long-term investments in securities and the upgrading of capacities and equipment.

The guidelines for short-term financial investments are optimum liquidity, safety and investment spread.

Long-term investments are directed to companies that are rapidly developing logistics activities as well as other companies with stable and growing operations.

A total of SIT 3.5 billion to SIT 4 billion is allocated annually for the upgrading of capacities and equipment. In 2002, the said amount totalled SIT 3.558 billion. The most important investment was the construction of infrastructure and storage premises at Pier II. A total of SIT 1.217 billion was employed for this purpose, i.e. 41 percent of all assets. The new part of Pier II will mostly be used for the handling and storage of iron cargo in 22,000 m² of covered warehouses and 50,000 m² of open storage. At the end of 2002, we started building another 11,000 m² of roofed and 25,000 m² open storage areas for timber. We also invested in the renovation of buildings and purchase of equipment and tools in order to achieve a higher degree of reliability and safety in port operations.

The following major investments were carried out in 2002:

- SIT 1 billion for the construction of warehouses, roofing and infrastructure at Pier II;
- SIT 140 million for the construction of the new bridge over the Rižana river, connecting Piers I and II;
- SIT 128 million to relieve railway tracks and the reclaimer at Pier II;
- SIT 296 million for the renovation of cranes and purchase of forklifts;
- SIT 38 million for the purchase of equipment and modernisation of the cement silo;
- SIT 46 million for the purchase of a timber processing line; and
- SIT 285 million for new investments in IT support.

Plans

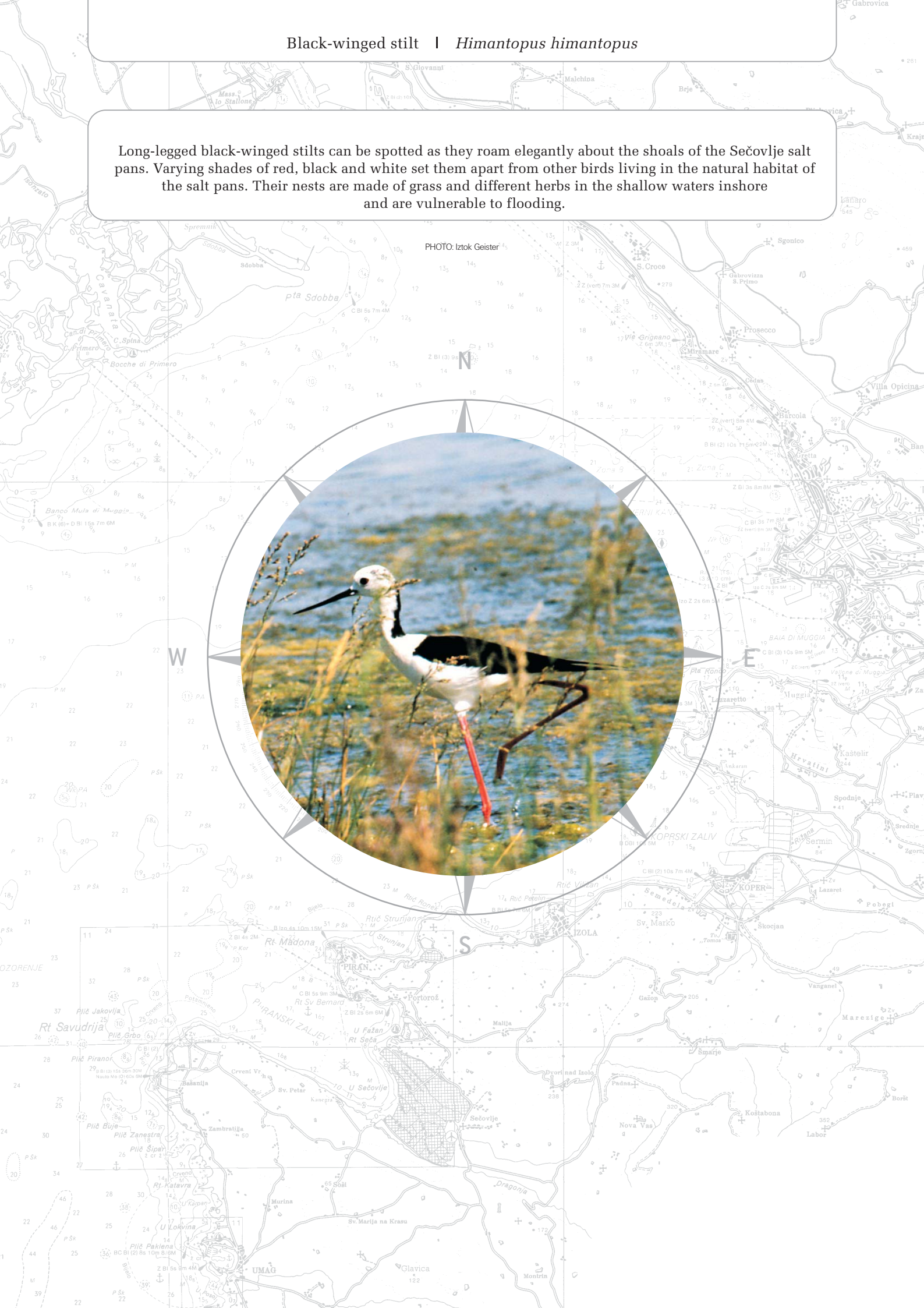
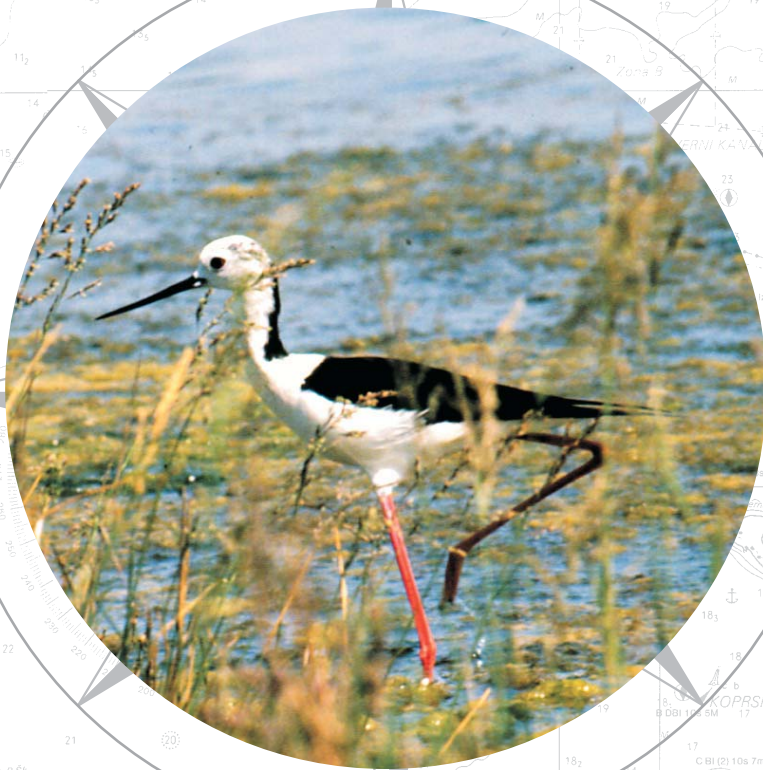
In 2003, investment funds will be increased to SIT 3.989 billion;

- a 16-percent portion will be employed for the purchase of new mechanical and technical equipment;
- 14 percent of all investment funds will be used for the construction of additional storage capacities for general cargoes and timber, as well as road connections and railway tracks in the south-eastern part of Pier II;
- 12 percent will be employed to upgrade IT equipment;
- 10 percent will be allocated to environment-related investments; and
- 7 percent will be invested for reconstruction of a coal storage capacities.

Black-winged stilt | *Himantopus himantopus*

Long-legged black-winged stilts can be spotted as they roam elegantly about the shoals of the Sečovlje salt pans. Varying shades of red, black and white set them apart from other birds living in the natural habitat of the salt pans. Their nests are made of grass and different herbs in the shallow waters inshore and are vulnerable to flooding.

PHOTO: Iztok Geister

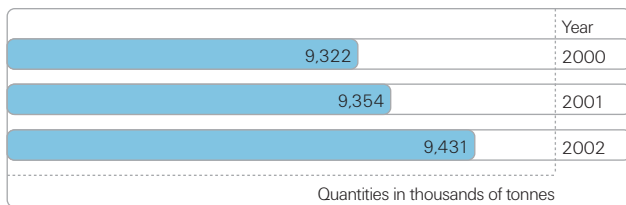




More record volumes

In spite of the global economic recession in 2002, we continued to increase the volume of our maritime throughput. We handled 9.43 million tonnes of goods and achieved a new annual record. We came close to realising the planned cargo volumes by accomplishing 97.18 percent of the plans and beating the volumes of 2001 by 0.83 percent.

Total maritime throughput from 2000 to 2002



Areas in which the results exceeded the plans were general cargoes (by 37 percent), liquid cargoes (by 15 percent) and containers (by 7 percent). The areas of cars, dry bulks and liquid bulk cargoes underperformed by 20 and 15 percent, respectively.

The handling results are shown in five groups of goods, on the basis of characteristics and difficulty in handling as well as the extent of port services needed. These are: containers, general cargoes, vehicles, dry bulk and liquid cargoes.

Containers

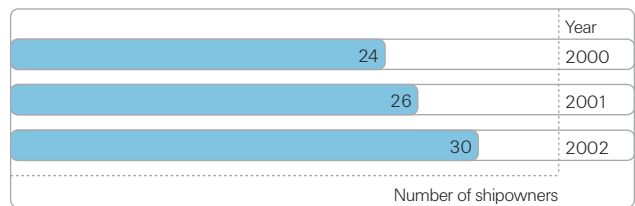
Luka Koper handles containers of various types and sizes: regular, refrigerated, open-top and different special containers.

We managed for the first time to handle more than 100,000 TEU of containers, equalling one million tonnes of handled goods. We closed 2002 with 1.26 million tonnes of containerised goods handled, i.e. 115,000 TEUs. In comparison with 2001, we increased the volumes by one-quarter, far more than the world industry average, where the normal annual increase ranges from 6 to 8 percent. In 2003, we plan to handle 120,000 TEUs.

The increase in the number of container shipping companies calling at the Port of Koper and connecting it with new overseas markets represents an important opportunity for attracting new

customers. In 2002, Luka Koper linked up with four new container shipping companies (Evergreen, Hanjin, IRISL and Lykes Lines), bringing their number to thirty.

Number of container shipping companies in the Port of Koper



General Cargoes

This group comprises all types of itemised goods, normally transported in bags, boxes, cardboard boxes and on pallets. Goods transported through Port of Koper in this way are mostly: coffee, rice, sugar, cotton, refrigerated and frozen goods, fruit, household appliances, iron, ironware, paper, cellulose, wooden products etc.

In 2002, the volume of general cargoes handled increased by 55 percent, exceeding 1.1 million tonnes and beating all expectations. The largest increase was experienced in ironware, cellulose and paper. A total of 390 thousand tonnes of timber hadland was also promising for it exceeded the 2001 volumes by 19 percent. The throughput of general cargoes in 2003 will be roughly the same as in 2002.

Vehicles

Although the volumes of cars handled in 2002 were only 3 percent higher than the year before, these positive results are exciting. Namely, operating conditions at Port of Koper are tougher because Slovenia is still not part of the European Union. The tense political or economic conditions in certain markets that represent important car-sales potential pose an additional hindrance. The development of the Car Terminal is an important strategic advantage of the Company.

Liquid cargoes

This group comprises chemicals, oils, petroleum and petroleum products.

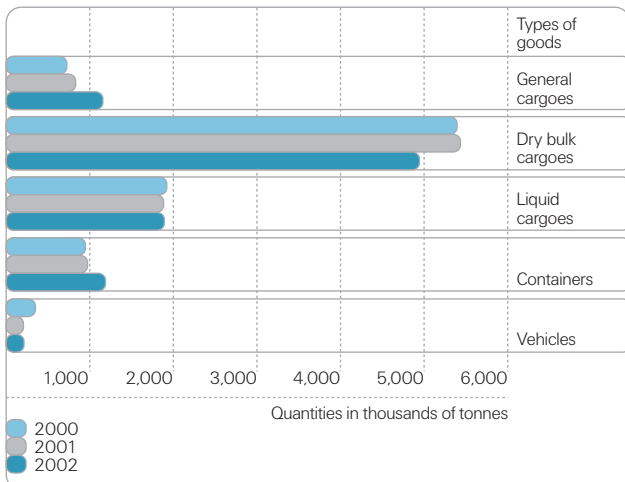
The total volume of liquid cargo handled remained the same as during previous periods, amounting in 2002 to 1.9 million tonnes. A total of 70 thousand tonnes of liquid cargoes excluding petroleum and petroleum products was handled in 2002 with a stable growth ratio over the past two years of slightly over 0.7 percent. In 2003, we expect the volumes of petroleum and petroleum products to remain unchanged, while we plan a 30-percent increase in the volumes of other liquid cargoes.

Dry bulk cargoes

The group of dry bulk cargo comprises: coal, iron ore, alumina, various minerals, cereals, foodstuffs etc.

We experienced a 20-percent decrease in bulk cargoes compared to 2001. The handled volumes of cereals were particularly disappointing since they were mostly sold to neighbouring markets instead of overseas exports. Coal and iron-ore volumes handled dropped by 8 percent, while alumina volumes went up by 16 percent. The overall volumes of dry bulk cargoes handled over the last year fell by 9 percent compared to the year before. In 2003, we expect the volumes of dry bulk cargoes handled to grow by 14 percent.

Throughput per types of goods

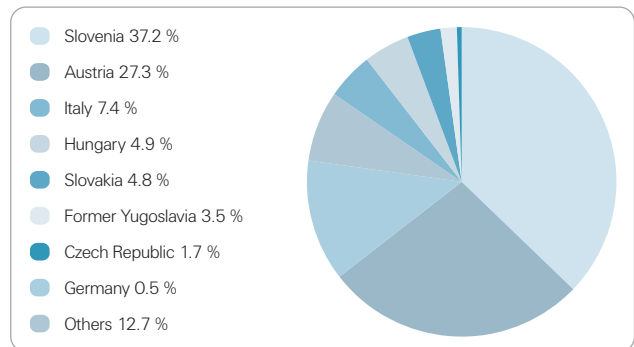


Changes in the structure of goods per individual markets

The changes in the throughput of individual types of goods affected the structure of throughput per individual markets in comparison with 2001. The volumes of goods handled for Slovakian, Czech, Austrian, Hungarian and Slovenian customers went up, as they did for customers from the countries of former Yugoslavia. We handled fifty percent less goods for our German and almost one-third fewer goods for our Italian partners.

Similarly to 2002, 62.8 percent of the quantities handled represented cargoes transiting to foreign markets. Thus, over 3.51 million tonnes of goods were intended for the Slovenian market. Over 2.57 million tonnes were destined for Austrian, almost 700 thousand tonnes for Italian, over 465 thousand tonnes for Hungarian and over 450 thousand tonnes for Slovakian customers. Almost 330 thousand tonnes were handled for former-Yugoslav markets and in excess of 160 thousand tonnes for Czech customers.

Throughput in 2002 per markets





At Luka Koper, we operate with a system of complete management, introducing operations aiming at satisfying the model of business excellence. Thus, we are bound to constantly improve operating procedures and satisfy our shareholders, customers and employees, as well as respect the environment. We are ensuring the appropriate level of quality by meeting the needs of our business partners as well as by respecting international quality standards and principles of business excellence. We aim at completely mastering business procedures by employing highly skilled and motivated workers. We are constantly monitoring and assessing the implementation of the set goals and the development of complete management. The results prove we are successfully realising the plans.

Business Excellence Award

In 2002, the Company received the prestigious Business Excellence Award of the Republic of Slovenia, granted every year by the government to organisations with the best achievements regarding the quality of products, services and operations. The Award's board evaluates the achievements in line with the international business excellence model EFQM (European Foundation for Quality Management). Luka Koper was the best corporation in the category of companies with over 250 employees.

Adapting to a new quality standard

In 2002, we introduced 108 improvement measures and started adapting to the requirements of the ISO 9000:2000 quality standard. We introduced benchmarks to assess the efficiency of relevant procedures, while we increased the number of suppliers evaluated and established working groups for supporting innovative activities.

The following goals are set for 2003:

- We will establish a joint system of complete management in the parent company as well as in the subsidiaries.
- The complete-management system will be certified in accordance with the ISO 9000:2000 quality standard.
- We will adapt our operations to European models of business excellence applicable to large companies and match the achievements of the best companies in Europe.
- We will start introducing the 20 Keys Model with the aim of improving productivity and cutting costs.
- Innovations will be organised in working groups.
- Good operating practices will be introduced both within and outside the Company.





Research and development

In order to successfully follow changes in the market and meet our customers' needs, we have to constantly upgrade and adapt the Company's resources. We are introducing new technologies, improving operating procedures, supporting the employees' project orientation, modernising the infrastructure and regaining new port areas. For this reason, we are systematically planning and supervising the activities and relying predominantly on synergetic strategies and on a project-oriented approach. This enables us to:

- monitor customer relations, competitors' business moves and general trends in the industry;
- achieve an appropriate level of respect in our business community by forwarding relevant information on the Company; and
- introduce well-planned sales approaches.

Only by reallocating internal resources according to the desired results and paying attention to external factors will the Company be able to develop its activities extensively. Additionally, we are ensuring sophisticated, high-quality services as well as protecting the environment and motivating our employees.

Marketing campaigns

The Company is well known as numerous visitors come to the Port of Koper, including Slovenian and foreign experts, diplomats and, of course, business people. In 2002, we certainly did not miss such meetings. We presented our capacities, services and guidelines to our guests and together studied opportunities for strengthening our co-operation. Our agents also took advantage of similar events and participated in business meetings abroad: in India, Brazil, Turkey, Germany, Egypt, Serbia and Montenegro etc. Our presence at the fair and conference Coaltrans 2002 in Berlin is one of the more important events.

We will continue to strengthen the Company's reputation and image, since we see it as an important opportunity for upgrading relations with existing customers and acquiring new ones.

Along with changing our representatives in Austria and Hungary, we will independently organise business meetings in these two countries, while we intend to promote our activities together with other major Slovenian suppliers of logistics services within the Transport and Logistics Cluster.

Connecting inland markets with the Mediterranean and the countries over the Suez

Our priority will be to address those markets that rely on our Port as an important competitive advantage. We have already gained a certain level of co-operation or at least experience in these markets. The main focus will be on our hinterland, while overseas it will be on the countries of the Mediterranean basin, as well as the Middle and Far East.

Our marketing activities are adapting to the Company's transformation to a supplier of complete logistics solutions. We will negotiate with shipping companies and railway authorities in order to successfully synchronise land and sea connections to our port. We will prepare joint bids and infrastructure projects since the co-ordinated supply of logistics services is in the interest of all and most certainly will attract customers.

Joint marketing of Container Terminals

Since 1 February 2003 we have joined the management of the Container Terminal in Koper and at Pier VII in Trieste. Such management will ensure better co-ordinated marketing activities and advanced opportunities for stable development. We will be able to better identify new opportunities for container flows in the North Adriatic. By concentrating these routes, we want to develop an important collecting-distribution centre and upgrade the competitiveness of the North Adriatic route. We want to gain better starting points in the creation of land-transport prices. We will offer our customers the possibility to choose the best logistics service and we will unify the quality standards and improve the information flow.

Strengthening the entire transport route's competitiveness

For the third year, Luka Koper has been co-operating in the pilot project Transport and Logistics Cluster, which has been an autonomous legal entity, an Economic Interest Association, since April 2002. The Association is composed of 15 members committed to offering their services more effectively by developing 12 parallel projects and strengthening the image of the Slovenian transport route in continental as well as overseas markets. Luka Koper is managing four projects: Market

Development, Distribution Centres, Know-how and Air Quality Assessment. Luka Koper also offers support to most promotional activities and co-operation with domestic and foreign institutions. Among all relevant business events in 2002, we should highlight the return visit of our Israeli partners following a business convention in Tel Aviv in 2001. We organised a new business convention in Istanbul, where 10 members presented their services to the Turkish business community.

Information about available cargo space on the Internet

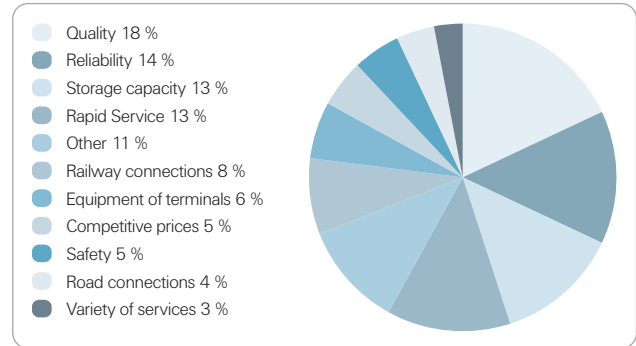
In April, we offered our customers a new service on our web page: Available Cargo Space. We are publishing information about available cargo space on vessels arriving at the Port of Koper. Current data is received directly from shipping agents. The purpose of this service is to ensure the best marketing of unused capacity both to shipping companies and customers.

Customers satisfied with Luka Koper's work

At the end of every year, we survey the satisfaction of our customers. The fourth survey is currently under way. Participants in the survey evaluated Luka Koper from the point of view of communication through personal contacts, various communication means, the performance of basic services (rapidity and accuracy of tasks performed, safety of goods, price), the relations between the Company and the other operators, complementing its services and a comparison with the competition. We are trying to improve our relations with customers on the basis of the collected responses and to then adapt the services offered by the Company.

The findings of the last analysis performed in 2002 have shown that most customers chose our services because of quality, rapid and reliable performance as well as storage capacities. Customers rated overall co-operation with an average score of 4.25, i.e. 2.4 percent more than the year before.

Factors in favour of co-operating with Luka Koper



Customer satisfaction is also assessed by monitoring any complaints we receive. The goal set out here is to reduce the number of complaints by 10 percent each year. The goal was also achieved in 2002.



Evaluation of Suppliers

Relations with our suppliers are based on the Company's values. We are establishing partnership relations that will ensure long-term co-operation and a successful market performance.

Four different groups of suppliers have been evaluated: technical services, products and investments, information technology as well as port and transport services. The assessment is needed to select long-term reliable suppliers and ensure feedback to

suppliers regarding their performance and the possibilities of improvement. In 2002, we evaluated a total of 80 suppliers and awarded the three best suppliers in three different categories. Since we first started to evaluate suppliers in 1997, the ratings have been increasing as have the number of suppliers with quality-system certificates.



Growing Number of Innovations

In 2002, we introduced a new scheme for stimulating, recording and rewarding proposals for improvement. Independent work groups with the purpose of stimulating innovations were established in all organisational units. At present, all members of these groups are informed about improvement proposals and can approve or reject them. The new scheme will help us introduce improvements faster and speed up the time needed for rewarding authors. The scheme will be introduced in 2003.

In 2002, employees submitted a total of 187 improvement proposals, i.e. 34 percent more than in 2001. The most important innovations comprise a device for ripening palletised

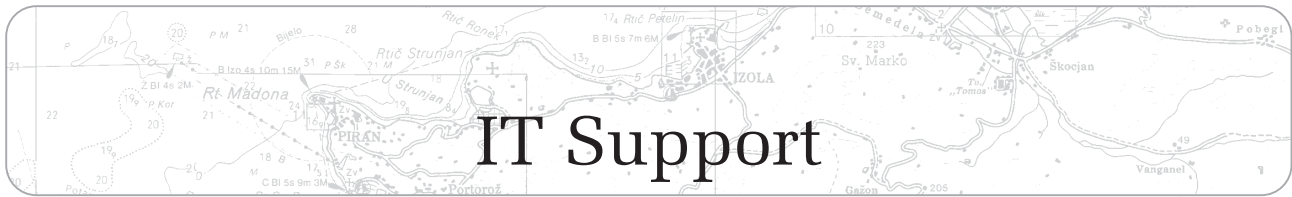
bananas, upgrades of bulk cargo transporters, innovations for equipment for the handling of liquid cargo, improvements of the filling of alumina tank-wagons and the technology line for putting timber on sticks.

In 2003, we expect the number of proposals to increase to at least 250.



European Inspectors Satisfied with the Level of Organisation

In September 2002, Luka Koper was visited by European Union inspectors from the Food and Veterinary Office, who control and inspect imports and control procedures at border crossings. We informed them about our procedures for handling fruit, perishable goods and livestock, as well as the notification and information systems. They commended the Company's organisational structure.



Information technology is a constitutive part of the strategic development guidelines for we want to ensure the best possible support for developing and rationalising operating procedures and offer high-quality, timely information to all levels of employees in the Company. By introducing and using optimum IT solutions, we support the efficient operations of the Group from the point of view of rationalising costs, investments and maintenance.

Common IT support at Container Terminals in Koper and Trieste

The COSMOS application used at the terminal at Pier VII in Trieste is also being introduced in the Container Terminal in Koper. The COSMOS software optimises movements of containers and offers an effective overview of all operating procedures at a Container Terminal. By unifying the IT applications used at the Trieste and Koper Container Terminals, we seek to ensure the effective, co-ordinated and transparent management of operations.

Constantly introducing improvements

We have introduced the SAP system in the human resources and salaries departments, which will allow us to simplify operating procedures, reduce the time needed for calculating salaries and ensure better data connections with other IT solutions.

By installing intranet solutions, we connected various classes of information from different data sources and made them accessible by every single station.

We established the web-based exchange of data with our customers, thereby reducing communication costs and ensuring increased access through advanced e-commerce.

Along with introduction of the BS 7799 standard, we also established a data protection policy and a risk assessment regarding the use of IT systems. Consequently, we started introducing measures and activities in order to ensure effective supervision, storage, accessibility, accuracy and the forwarding of information. Authorisations and protocols for accessing data, documents and IT systems have been set out.

We are periodically assessing and recording the satisfaction of users of the information technology, as suggested by the

software quality standard ISO 9126. Corrective measures are already being introduced on the basis of the results collected. On average, fifty calls to the help desk are recorded per day. High-priority problems are solved on the same day. Most requests for assistance involve the use of single applications.

We are ensuring adequate levels of computer literacy through regular user training sessions within the Company or in co-operation with external partners.

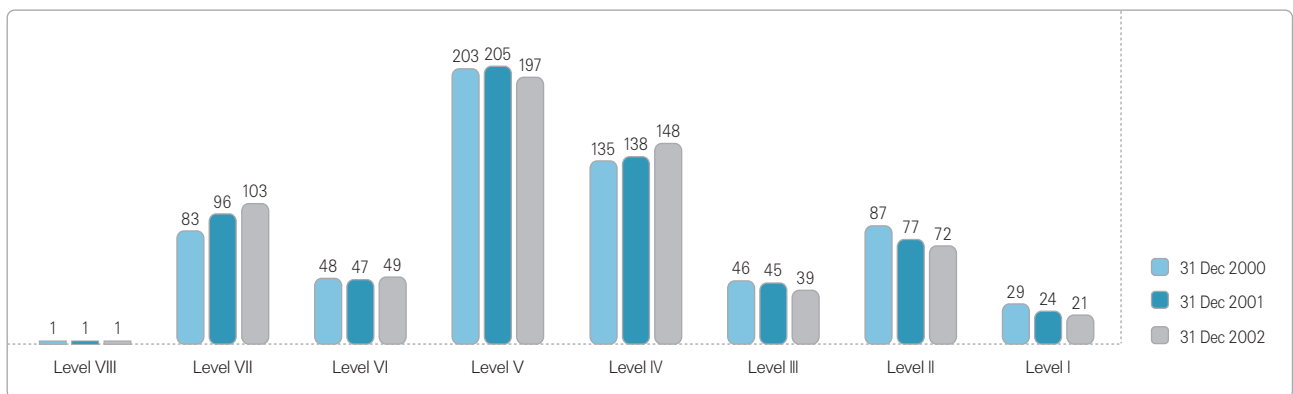


Increasing numbers of skilled personnel

At the end of 2002, Luka Koper employed 630 workers, i.e. one percent less than in 2001. We hired 41 new employees and terminated employment agreements with 45 workers. Of these new employees, 44 percent are employed in professional posts and 56 percent in operational work posts. The education structure is improving. In 2002, there were 6 percent more

highly educated employees with the sixth, seventh and eighth levels of education than the year before, while the portion of all other employees was reduced by 3 percent. The portion of employees with university degrees grew by 7 percent in 2002 compared to 2001, while the portion of employees with high-school degrees rose by 4 percent. The average age of employees in 2002 was 42.5 years; while the average length of service was 20.6 years.

Education structure of employees from 2000 to 2002



Employees actively co-operating in the Company's development

Our partnership-oriented corporate culture stresses our Company's key values, which stimulate employees to actively co-operate in planning of the Company's development. This corporate culture is based on advanced principles of corporate governance, including the principles of internal communication. Such principles are taken into consideration in employee information and co-operation procedures. Employees are informed by means of meetings, an internal bulletin, an open-door policy (constantly open communication in all units), through the intranet, by e-mail, bulletin boards, quality teams, annual interviews, annual information workshops and regular visits by the Company's CEO. Employees are encouraged to co-operate by submitting proposals in groups or participating in projects, while younger staff are attending specialised problem workshops.

is supported by an appropriate IT system, which allows the positions and related tasks and powers to be clearly defined. The application was connected to the intranet so that our employees have an overview of operating procedures.

Developing individual careers

We are ensuring the progress of employees by planning their career and offering regular training. Employees' satisfaction at work is evaluated annually. Several processes are carried out within the staff advancement scheme: hiring, training and education, promotions, annual interviews, identification and development of potential as well as succession.

Hiring

The hiring procedure ensures personal and professional training of individuals through reallocation to other positions or organisational units. We are hiring people with appropriate skills in suitable positions. In 2002, we thus reallocated 38 workers. The success of this approach to hiring is reflected in the improved education structure of our employees.

Workflow organisation

In 2002, we drafted and adopted the Organisation and Job Systematisation Rules. The Rules comply with the new legislation that entered into force in January 2003. Job systematisation

Training

The concept of a learning organisation ensures the co-ordinated professional advancement of employees and changes in management. The purpose of training employees is to gain know-how that will contribute to the improved performance and development of the Company. Employees participate in seminars and workshops, while co-workers are also empowered through the transfer of knowledge.

In 2002, 90 percent of employees were involved in training, i.e. two percentage points more than the year before. The results in this area are 30 percent higher than the Slovenian average. Individual workers underwent 40 hours of training on average in 2002, i.e. 5.8 percent more than in 2001. The scope of training at all levels exceeded the plans, while the Company invested around SIT 65 million for this purpose.

Internal seminars for target employee groups gaining additional know-how relative to their positions represented 68 percent of all training. Six percent of all employees were involved in study at work at postgraduate, graduate and high-school levels.

Leading and management staff as well as their successors - selected in the process of staff identification and development - attend manager academies where they are trained to effectively resolve issues that they are or will be facing. These academies offer education in the areas of management, communication and corporate governance as well as functional and specialised knowledge.

Employees were satisfied with the education programmes in 2002, evaluating them as better than planned (a mark of 3.79). The employees rated them at 3.98, while the mark amounted to 3.68 in 2001. They judged that their wishes regarding education were respected more than the year before, which proves that employees' education goals were in line with the requirements of individual operating procedures.

The employees' satisfaction with training, the lower incidence of injuries at work, sickness leave, complaints and the increased customer satisfaction prove that the approach to education was successfully defined.

Annual interviews

Middle and lower management hold annual interviews regarding professional progress with employees in operational work posts.

These interviews ensure more efficient management, better communication, increased promotions and the improvement of the personal marks of employees.

Staff identification and development

In 2002, we carried out - for the first time - a thorough process of identification and development of staff who will take up leading or managerial positions. A total of 35 high-potential employees were proposed. We started preparing four of them to eventually take up leading positions. Individual advancement programmes were defined, including regular training sessions for senior management within the manager academy and special programmes as MBA studies and the School of Young Managers. The employees also gained concrete knowledge related to their future positions. Other potential staff were involved in annual training sessions and experience-building in day-to-day work.

Assessing the success of the staff-development scheme

The success of the staff-development scheme is being assessed by evaluating the management's performance, measuring employee satisfaction and rating the success of both employees and the Company.

Growing satisfaction of employees

The satisfaction of employees at Luka Koper has been growing since we first started to monitor satisfaction levels in 1997. Employees evaluated their own satisfaction at Luka Koper in 2002 with a mark of 3.69. In 2001, the mark was 3.5. Results prove that, by improving management and communication procedures as well as working conditions and employee advancement, we have succeeded in creating a better working environment.

Rewarding

In 2002, we also rewarded the best manager, model workers, the best innovator and the best quality group.

Housing loans

In 2002, Luka Koper granted housing loans in a total amount of SIT 39.2 million to 15 employees.

Fewer injuries at work

We want to train our employees in safe operating procedures. Training is organised to raise safety awareness. We ensured that they use safety equipment more often. In 2002, we recorded 28 injuries at work, i.e. 28 percent fewer than in 2001. The reduced number of injuries at work proves that the employees' attitude is changing.

We are providing a safe working environment by constantly checking and measuring the microclimate and safety hazards in positions.

Internal communication and management will be further improved

In 2003, we will try to improve employee satisfaction by bettering internal communication and management at all the Company's levels. We will achieve this goal through training (interactive communication and management), which is already under way and involves all levels of management. A total of SIT 72 million will be dedicated to training.

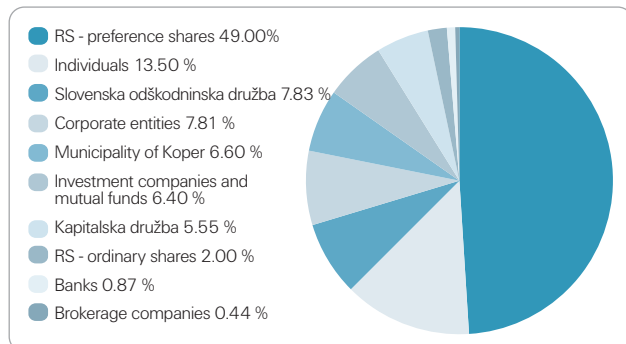
We will upgrade the management quality supervision systems which help us gather information on an individual's weaknesses and strengths. The findings of these systems will help us plan the development of individuals and improve their management.

Shareholders' Satisfaction

Ownership structure

The basic equity capital of Luka Koper is distributed over 14,000,000 shares, 7,140,000 of which are ordinary registered shares traded on the Ljubljana Stock Exchange. The remaining 6,680,000 shares are participating preference shares with fixed and variable portions of return and limited voting rights. All preference shares are held by the Republic of Slovenia. The face value of both preference and ordinary shares is SIT 1,000. The Company's share was first listed on the Ljubljana Stock Exchange on 20 November 1996 under the LKPG symbol.

The ownership structure of Luka Koper did not change considerably in 2002.



The Republic of Slovenia remains the largest owner with a 51-percent participating interest, while the Slovenska odškodninska družba holds 7.8 percent of shares. The Municipality of Koper, the Kapitalska družba and ID Infond are among the major individual shareholders. The number of shareholders has been growing over the last few years. At the end of 2002, the Company had 7,875 shareholders, i.e. 8.2 percent more than in 2001.

Ten biggest shareholders as at 31 December 2002

	Number of shares	Stake
Republic of Slovenia	7,140,000	51.00 %
Slovenska odškodninska družba	1,096,319	7.83 %
Municipality of Koper	928,480	6.63 %
Kapitalska družba	726,784	5.19 %
ID Infond	334,243	2.38 %
ID Krmečka Družba	178,672	1.27 %
KD Investments Galileo MF	170,748	1.21 %
Megafin	129,572	0.92 %
Triglav steber I PID	120,658	0.86 %
Zavarovalnica Triglav	110,335	0.78 %

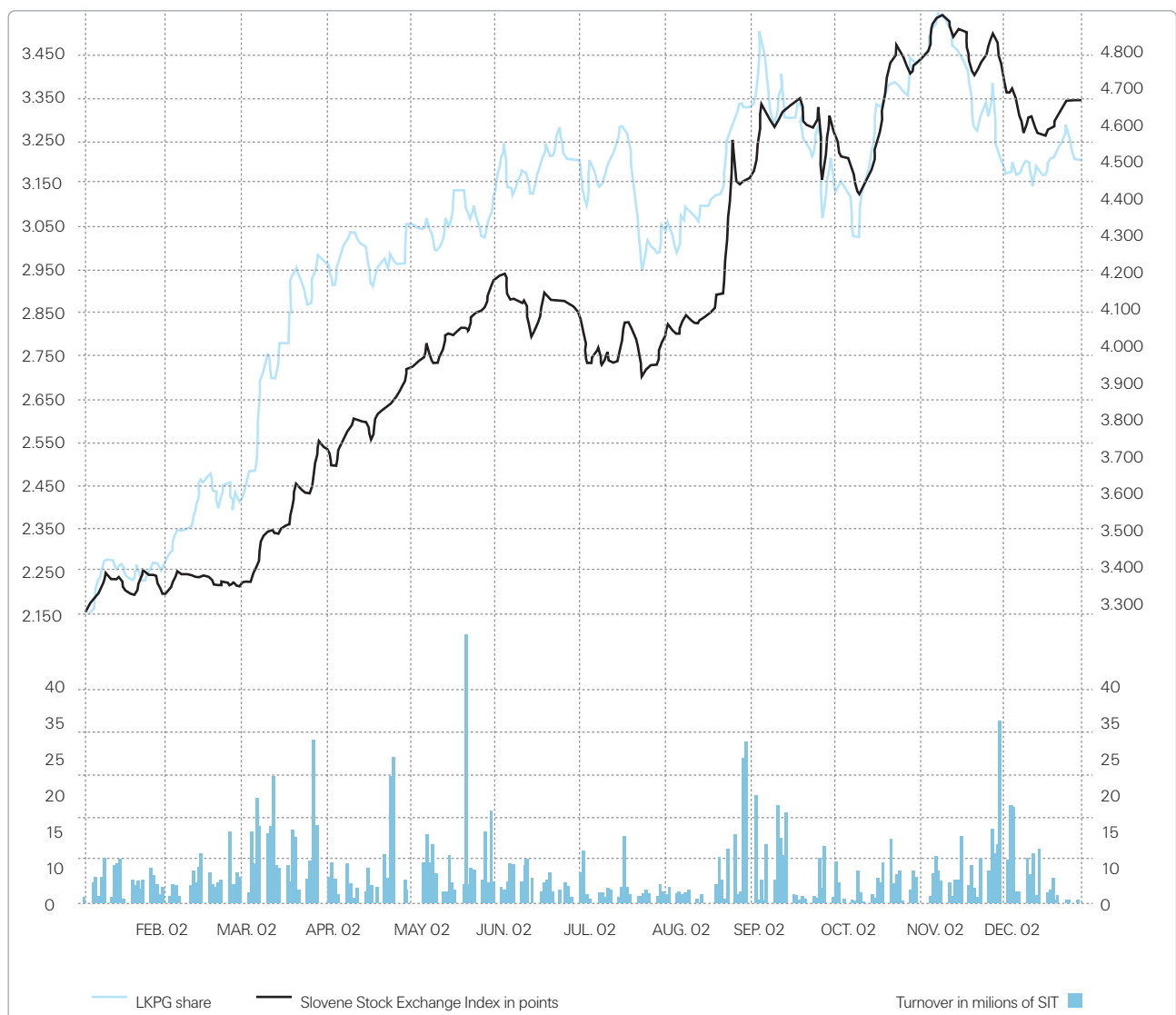
On 31 December 2002, the Company's CEO, Bruno Korelič, owned 14,763 shares of Luka Koper.

The Supervisory Board members hold the following numbers of shares:

Miha Kozinc 2,097, Tatjana Jazbec 1,435, Robert Jerman 704 and Alverino Pavletič 3,167. Other Supervisory Board members have no shares in Luka Koper.

The share's average price increased by almost 50 percent, while the trading volume rose by 78 percent.

Price and Turnover of LKPG Share and the Slovene Stock Exchange Index in 2001



A total of 5,310 transactions was carried out with LKPG shares in 2002 and 1,353,892 shares - i.e. 18 percent of all ordinary shares listed - changed owners. Transactions were mostly carried out by authorised investment companies, mutual funds or natural persons. The share's average price in 2002 amounted

to SIT 4,267.84, i.e. 42 more than in 2001, when it was SIT 3,005.80. The peak price achieved in transactions was SIT 4,940, while the bottom price was SIT 3,311. The trading volume, amounting to SIT 5.78 billion, increased by 78 percent compared to 2001.

Selected data on Luka Koper's shares in the past three years

	2002	2001	2000
Number of shares	14,000,000	14,000,000	14,000,000
Preference shares	6,860,000	6,860,000	6,860,000
Ordinary shares	7,140,000	7,140,000	7,140,000
Price on the last trading day of the current year	4.594.11	3.245.90	3.001.70
Average book value of a share	3,867.97	3,477.00	3,088.00
Net earnings per share (EPS)	321,00	259.90	207.20
Price-earnings ratio per share (P/E)	13,30	11.70	14.40
Price-book-value ratio per share	1.10	0.86	0.96
Weighted average market price	4.267.84	3.005.80	2.979.00
Dividend yield (in percent)	4.45	4.99	4.43
Return on equity (in percent)	8.30	7.29	6.52
Total trading with the share (in SIT thousand)	5,781,739	3,240,877	2,869,612

Dividend policy

The Company's dividend policy provides one-half of the net profit to be distributed among the shareholders and ensures growing profitability return on shares.

The shareholders deliberated on the distribution of the distributable net profit from 2001 at the 7th general meeting held on 19 July 2002. A portion of the distributable net profit amounting to SIT 1,695,447,113.35 shall be distributed among the shareholders as follows: SIT 173,767,750.44 for the payment of fixed dividends for preference shares; SIT 1,356,600,000 for dividends for ordinary shares; and SIT 165,079,362.92 for the variable part of dividends for preference shares. The gross dividend per ordinary share for 2001 was therefore SIT 190. The gross dividend per ordinary share for 2002 was SIT 225 and approximately SIT 56 for preference shares.

The Company's Management Board ensures a long-term dividend policy in the following years as well. The real growth of dividends will follow the Company's performance.

In 2002, Luka Koper had no own shares.

Olive | *Olea europea*

Olive plantations are very common in the Slovenian Istria. Hippocrates once wrote about the importance of this Mediterranean tree bearing noble fruit, leaves and bark. *Olea europea* needs much light and can be harmed by low temperatures. At Luka Koper, we planted 48 olive trees and harvested 107 kg of olives in 2002.

PHOTO: Iztok Geister





Supporting the University of Primorska

The Company is committed to its local environment at various levels. We want to contribute to the region's development and we therefore stimulate education. We are adapting the expansion of our operations to the urban and natural environments.

Knowledge will be a decisive factor in Slovenia's access to European connections and globalisation processes. For this reason, we will continue to support a number of educational and informational activities. In 2002, we granted a special contribution to the Faculty of Humanities in Koper and were the first to support the establishment of the University of Primorska. We are regularly dedicating funds for the operations of the primary school in Gračišče.

In co-operation with some Slovenian high schools and faculties, as well as schools in Italy and Austria, we give students the possibility to complete their internship in our Company and become acquainted with activities at the port. We gave students of the Commercial High School in Völkermarkt (Velikovec) in Austria the chance to prepare for their leaving examination. Each year, we host several groups, delegations and representatives of the media, who are offered additional training at Luka Koper.

Changes in spatial planning

Passenger sea transport would considerably contribute to Koper's development. We have already agreed with the Municipality of Koper that parts of the port area will be given over to the Municipality for the construction of a pier for passenger ships and a bypass.

The Port will be connected to the motorway through a new exit, and a new entrance to the port will be built.

Informing the Slovenian and foreign public

External audiences are regularly informed about events at the Company. The Company and the Slovenian transport route are systematically promoted through such announcements. The Company's renewed website offers updated information on the Company's operations, activities and plans.

On average, the media publish monthly around 28 mentions of Luka Koper, including interviews with the Company's CEO

and other articles. We are also paying attention to Croatian and Italian media that regularly publish different articles about the Company's operations, development and strategic management, our co-operation with other organisations and other information about the Company. Analyses show that in general we are able to attain favourable reporting.

The proactive management of public relations enables us to often gain the leading role among companies and institutions in the Slovenian transport network.

We offer financial support to non-profit organisations and sports activities

In 2002, we granted SIT 10 million to the Izola General Hospital for the purchase of medical equipment. The Company is also the main sponsor of the Koper Brass Band.

We support several activities of employees involved in the Sports Club of Luka Koper.

We are the main sponsor of the women's volleyball club in Koper, which also bears our name. In 2002, the Club - one of the top clubs in the Slovenian league - celebrated its 30th anniversary.

We contributed funds for the regatta sailboat Maxi Jena, which started competing in 2002 and will certainly successfully represent Slovenia and promote Koper.

For two Olympic periods, we have been among the main sponsors of the Olympic Committee of Slovenia.

In 2002, the four-year sponsorship agreement with the Slovenian Ski Team expired.

We offered financial support to Martin Strel, the swimmer who completed a successfully advertised marathon along the Mississippi River in the USA.



Because of its activities and size, Luka Koper has a strong impact on the delicate local environment. The Company's development plans provide a responsible approach to nature. A healthy, clean and safe environment is an important precondition of the Company's stable operations and development. We are introducing new, environment-friendly technological solutions, ensuring more safety, reliability and cost-effectiveness. A three-phase wastewater purification plant has been installed at the Liquid Cargoes Terminal. A loading bridge was replaced by an loading line for bulk cargoes, thereby sensibly reducing dust emissions. Oil catchers are being installed at parking lots to prevent any accidental spills. In 2002, we replaced the last generator sets at the container yard crane with water-cooled engines, which are quieter and more efficient. We also renovated two tanks for chemicals. We are constantly adapting to legal environmental requirements. We are complying with the ISO 14001:1996 environmental standard. In 2002, the Company's subsidiary INPO was also granted the same standard. Environment-protection investments in 2002 amounted to SIT 259 million, totalling SIT 1.7 billion over the last four years.

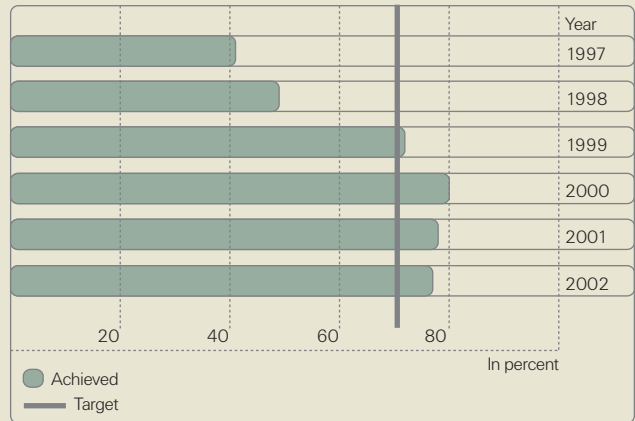
Plans have been achieved

- The plans of our environmental policy for 2002 have been achieved.
- Dust emissions and noise levels are within legally permitted limits.
 - The sea has been further protected from accidental pollution. Two oil catchers have been installed at the Car Terminal.
 - The building documentation for the final arrangement of the storage capacities for coal has been completed. Thus, the port's appearance will be even more harmonised with its surroundings.
 - The portion of waste that is not separately collected amounted to 23 percent and therefore did not exceed the planned 30-percent threshold.
 - Public opinion about Luka Koper's environmental impact improved in comparison with 2001.
 - Uncontrolled dumping was prevented by means of regular controls and corrective measures in the case of any irregularities.

Only a quarter of all waste sent to the dump

The Company's waste management system ensures that over 70 percent of all recyclable waste is collected separately. In 2002, we again exceeded the plans.

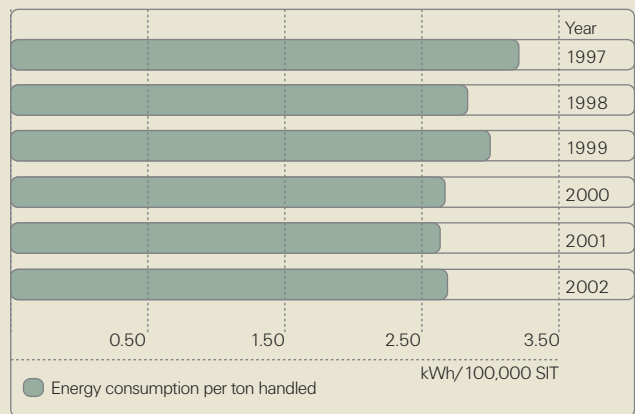
Separately collected waste from the introduction of the new waste-management system



Efficient use of natural resources

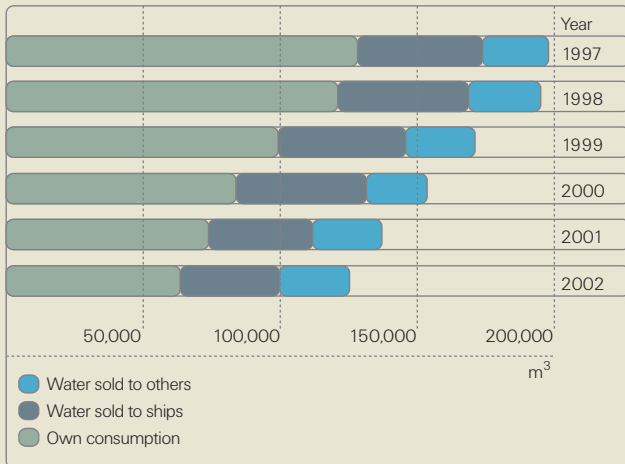
We are systematically reducing electricity consumption by installing energy-saving devices and automatic equipment as well as by re-routing electricity consumption. By replacing the lighting at the Container Terminal in 2001, we cut power consumption in half.

Electricity and fuel consumption per handled ton



In 2002, we modernised some heating devices which then contributed to lower consumption of heating fuel. We saved 14 percent of water in 2002, over 50 percent in five years. Water consumption is constantly controlled by the early detection of losses and by increasing employees' awareness.

Water consumption from 1997 to 2002



The safety control system enables us to use natural resources efficiently. The system helps us rapidly detect any deviations from the set values and the location of an error. The safety control system is used for monitoring water flow at 12 spots across the port, the conditions in air-conditioned storage, fire alarms and the fence at the customs area.

Electric instead of diesel forklifts

Diesel loading equipment is being replaced by electric equipment that does not generate exhaust gases and causes less noise. Over the past five years, we disposed of 12 diesel forklifts and replaced them with electric forklifts, currently used for 80 percent of all the work.

Measurement results within statutory limits

In 2002, the Work Safety Institute of Ljubljana measured emissions from heating equipment, dust emissions and noise levels in the port area. The Regional Institute of Public Health of Koper monitored wastewater quality and sea pollution. None of the values exceeded the legally set values. According to the Slovenian Environmental Movement, the environmental conditions in the Port of Koper and Škocjan Bay have improved considerably since 1996.

Co-operating with several institutions

We are carrying out several research projects and co-operating in national and international projects regarding the reduction and prevention of negative environmental impacts. We co-operate with the Bird Watching and Research Society of Slovenia and the Regional Institute for the Conservation of Natural and Cultural Heritage Piran in protecting Škocjan Bay. With the Environmental Agency of the Republic of Slovenia, we are modernising an oceanographic station.

Our very own olive oil

We want the area of the port to be as green as possible. So far, we have planted 2,828 trees of various kinds, including 48 olive trees. In 2002, we collected 107 kilograms of olives and produced almost 14 kilograms of oil.

The fourth study on the port's environmental impact

Every year, the Company assesses effects of the introduction of environment-friendly technologies. In 2002, we distributed questionnaires among residents of the Municipality of Koper for the fourth time. We interviewed 105 people, who gave our Company an average mark of 3.05. In 2001, the mark was 3.02. The Company's environmental impact was judged as medium, the environmental efforts as good, meaning that Luka Koper is undertaking activities to maintain the present conditions. A comparison between the average data with results from the 1999-2002 period shows that public opinion finds that the environmental impact of Luka Koper is improving.

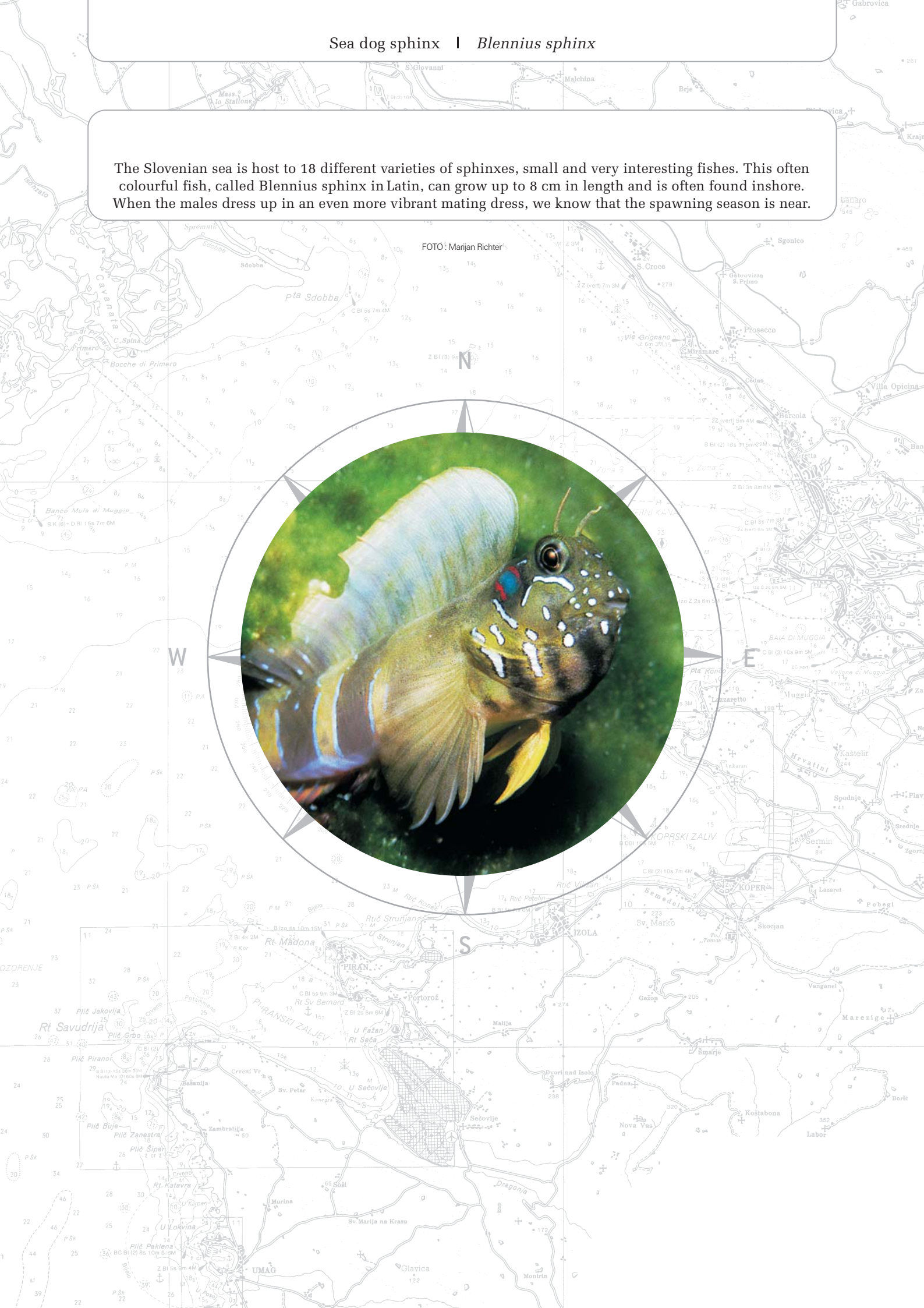
Plans for 2003

- The following goals have been laid down for 2003:
- dust emissions will remain within legally permitted limits;
 - noise will be kept at present levels;
 - we will prevent sea pollution;
 - the port's appearance will be adapted to the surroundings;
 - we will prevent the uncontrolled dumping of waste;
 - we want our environmental efforts to be given the mark 4 by the public; and
 - we intend to keep the proportion of waste sent to the dump below 30 percent.

Sea dog sphinx | *Blennius sphinx*

The Slovenian sea is host to 18 different varieties of sphinxes, small and very interesting fishes. This often colourful fish, called Blennius sphinx in Latin, can grow up to 8 cm in length and is often found inshore. When the males dress up in an even more vibrant mating dress, we know that the spawning season is near.

FOTO: Marjan Richter





FINANCIAL REPORT

INCOME STATEMENT FOR LUKA KOPER, d.d.

(in SIT thousand)	2002	2001
OPERATING EXPENSES	12,967,444	12,854,360
REVENUES FROM SERVICES SOLD IN THE DOMESTIC MARKET	1,954,437	1,859,083
REVENUES FROM SERVICES SOLD IN FOREIGN MARKETS	10,576,032	10,600,922
REVENUES FROM SALES OF GOODS AND MATERIALS	2,879	4,682
REVENUES FROM MOVEMENTS OF LONG-TERM PROVISIONS	16,129	0
REVENUES FROM RENTS	316,295	292,551
OTHER REVENUES RELATED TO PRODUCTS AND SERVICES - DISPATCH	78,421	93,982
GAIN ON SALE OF FIXED ASSETS	23,198	3,140
CAPITALISED OWN PRODUCTS	53	0
OPERATING REVENUES	18,491,520	16,264,742
COSTS OF MATERIALS CONSUMED	716,735	670,126
COSTS OF SERVICES	3,917,804	3,803,393
DEPRECIATION AND IMPAIRMENT EXPENSES (WRITE-OFFS)	9,529,795	7,944,041
FORMATION OF LONG-TERM PROVISIONS	0	200,000
LABOUR COSTS	3,837,083	3,323,939
OTHER EXPENSES	489,705	321,653
COST OF GOODS AND MATERIALS SOLD	398	1,590
OPERATING PROFIT OR LOSS	-5,524,077	-3,410,382
FINANCIAL REVENUES	11,321,462	8,397,716
INTEREST REVENUES	1,965,381	258,220
REVENUES FROM DIVIDENDS AND SHARE IN PROFITS OF ASSOCIATED COMPANIES	153,182	913,087
FOREIGN EXCHANGE GAINS	260,633	414,753
REVENUES FROM LOANS GRANTED	9,191	0
GAINS ON SALES OF INVESTMENTS	8,909,558	6,806,703
OTHER FINANCIAL REVENUES	23,517	4,953
FINANCIAL EXPENSES	1,146,847	1,308,113
INTEREST EXPENSES	206,056	81,922
FOREIGN EXCHANGE LOSSES	360,311	219,310
LOSSES FROM DISPOSAL OF INVESTMENTS	0	99,953
OTHER FINANCIAL EXPENSES	102,697	212
FINANCIAL IMPAIRMENT EXPENSES	477,783	906,716
PROFIT FROM ORDINARY ACTIVITIES	4,650,538	3,679,221
EXTRAORDINARY REVENUES	224,311	425,153
EXTRAORDINARY EXPENSES	48,491	89,287
PROFIT OR LOSS FROM EXTRAORDINARY OPERATIONS	175,821	335,867
TOTAL PROFIT	4,826,359	4,015,088
INCOME TAX EXPENSE	332,428	376,569
NET PROFIT FOR THE YEAR	4,493,931	3,638,519

BALANCE SHEET OF LUKA KOPER, d.d.

(in SIT thousand)	31 Dec 2002	31 Dec 2001
ASSETS	61,945,964	61,071,032
A. NON-CURRENT ASSETS	50,152,002	46,706,600
I. INTANGIBLE ASSETS	803,262	733,886
II. TANGIBLE FIXED ASSETS	28,572,874	35,424,604
1. LAND AND BUILDINGS	23,699,168	28,673,120
a. LAND	73,946	73,946
b. BUILDINGS	23,625,221	28,599,174
2. EQUIPMENT AND MACHINERY	3,788,509	4,605,871
3. FIXED ASSETS IN ACQUISITION	1,085,197	2,145,613
III. LONG-TERM INVESTMENTS	20,775,866	10,548,110
B. CURRENT ASSETS:	11,782,693	14,349,614
I. INVENTORIES	6,778	6,778
II. OPERATING RECEIVABLES	3,593,539	2,720,111
a. LONG-TERM OPERATING RECEIVABLES	1,310	1,439
b. SHORT-TERM OPERATING RECEIVABLES	3,592,229	2,718,672
III. SHORT-TERM INVESTMENTS	7,868,971	11,387,671
IV. CASH AT BANK	313,406	235,054
C. DEFERRED EXPENSES AND ACCRUED REVENUES	11,269	14,818
D. OFF-BALANCE-SHEET ASSETS	4,293,370	17,440,622
EQUITY AND LIABILITIES	61,945,964	61,071,032
A. EQUITY	55,636,197	52,666,649
I. SHARE CAPITAL	14,000,000	14,000,000
a. PAID-IN SHARE CAPITAL	14,000,000	14,000,000
II. CAPITAL SURPLUS	0	0
III. REVENUE RESERVES	17,645,521	13,565,323
a. LEGAL RESERVES	4,496,872	4,496,872
b. OTHER REVENUE RESERVES	13,148,649	9,068,451
IV. NET PROFIT OR LOSS FROM PRIOR YEARS	0	0
V. NET PROFIT OR LOSS OF THE YEAR	2,346,064	3,638,519
VI. EQUITY REVALUATION RESERVE	21,644,612	21,462,806
a. GENERAL EQUITY REVALUATION RESERVE	21,462,806	21,462,806
b. SPECIFIC EQUITY REVALUATION RESERVE	181,806	0
B. LONG TERM PROVISIONS	378,109	354,659
C. FINANCIAL AND OPERATING LIABILITIES	5,851,159	7,971,844
a. LONG-TERM FINANCIAL LIABILITIES	1,338,518	497,914
b. LONG-TERM OPERATING LIABILITIES	31,242	29,477
c. SHORT-TERM FINANCIAL LIABILITIES	2,278,718	2,907,400
d. SHORT-TERM OPERATING LIABILITIES	2,202,681	4,537,053
D. ACCRUED EXPENSES AND DEFERRED REVENUES	80,499	77,881
E. OFF-BALANCE-SHEET LIABILITIES	4,293,370	17,440,622

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR LUKA KOPER, d.d.

(in SIT thousand)	2002	2001
A. FUND FLOWS FROM OPERATING ACTIVITIES		
a) INFLOWS FROM OPERATING ACTIVITIES	12,321,876	14,473,735
OPERATING REVENUES	12,967,444	12,854,360
EXTRAORDINARY OPERATING REVENUES	224,311	425,153
OPENING LESS CLOSING OPERATING RECEIVABLES	-873,428	1,195,612
OPENING LESS CLOSING DEFERRED EXPENSES / ACCRUED REVENUES	3,549	-1,390
b) OUTFLOWS FROM OPERATING ACTIVITIES	11,714,250	5,997,547
OPERATING EXPENSES, EXCLUDING DEPRECIATION AND FORMATION OF LONG-TERM PROVISIONS	9,003,342	8,169,354
EXTRAORDINARY OPERATING EXPENSES	48,491	89,287
INCOME TAX AND OTHER TAXES NOT INCLUDED IN OPERATING EXPENSES	332,428	376,569
CLOSING LESS OPENING INVENTORY	0	-80,541
OPENING LESS CLOSING OPERATING LIABILITIES	2,332,607	-2,596,447
OPENING LESS CLOSING ACCRUED EXPENSES / DEFERRED REVENUES	-2,618	39,325
c) SURPLUS OF NET INFLOWS OR OUTFLOWS FROM OPERATING	607,626	8,476,188
B. FUND FLOWS FROM INVESTMENT ACTIVITIES		
a) INFLOWS FROM INVESTMENT ACTIVITIES	14,840,163	1,223,573
FINANCIAL REVENUES RELATED TO INVESTING (EXCLUDING REVALUATIONS)	11,321,462	8,397,717
EXTRAORDINARY REVENUES RELATED TO INVESTING	0	0
OFFSET DECREASE OF SHORT-TERM FINANCIAL INVESTMENTS (EXCLUDING REVALUATIONS)	3,518,701	-7,174,144
b) OUTFLOWS FROM INVESTMENT ACTIVITIES	12,751,774	7,905,856
OFFSET INCREASE OF INTANGIBLE FIXED ASSETS (EXCLUDING IMPAIRMENTS AND REVALUATIONS)	282,031	290,506
OFFSET INCREASE OF TANGIBLE FIXED ASSETS (EXCLUDING IMPAIRMENTS AND REVALUATIONS, AND INCREASE OF CAPITAL BY CONTRIBUTIONS-IN-KIND)	2,423,793	2,789,956
OFFSET INCREASE OF LONG-TERM INVESTMENTS (EXCLUDING REVALUATIONS AND IMPAIRMENTS)	10,045,950	4,825,394
c) SURPLUS OF NET INFLOWS OR OUTFLOWS FROM INVESTING	2,088,389	-6,682,283
C. FUND FLOWS FROM FINANCING ACTIVITIES		
a) INFLOWS FROM FINANCING ACTIVITIES	864,054	-352,464
OFFSET INCREASE OF LONG-TERM PROVISIONS (EXCLUDING REVALUATIONS AND IMPAIRMENTS)	23,450	-165,012
OFFSET INCREASE OF LONG-TERM FINANCIAL LIABILITIES (EXCLUDING REVALUATIONS AND IMPAIRMENTS)	840,604	-187,452
b) OUTFLOWS FROM FINANCING ACTIVITIES	3,481,717	1,648,540
FINANCIAL EXPENSES RELATED TO FINANCING (EXCLUDING REVALUATIONS AND IMPAIRMENTS)	1,146,847	1,308,113
DECREASE OF EQUITY (OUTSIDE OF NET LOSS OF THE YEAR)	1,706,188	1,423,828
OFFSET DECREASE OF SHORT-TERM FINANCIAL LIABILITIES (EXCLUDING REVALUATIONS AND IMPAIRMENTS)	628,682	-1,083,401
c) SURPLUS OF NET INVESTMENT INFLOW OR OUTFLOWS FROM FINANCING	-2,617,663	-2,001,004
D. CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		
x) NET FUND FLOW IN THE PERIOD	78,352	-207,099
y) OPENING BALANCE OF CASH AND CASH EQUIVALENTS	235,054	442,153

STATEMENT OF CHANGES IN EQUITY OF LUKA KOPER, d.d. FOR YEAR 2001

(in SIT thousand)	Balance on 31 December 2000	Increase	Decrease	Inflation adjustment	Balance on 31 December 2001
SHARE CAPITAL	14,000,000			980,000	14,980,000
INFLATION ADJUSTMENT SHARE CAPITAL	19,142,810			1,339,997	20,482,807
TOTAL	33,142,810	0	0	2,319,997	35,462,807
CAPITAL SURPLUS					0
INFLATION ADJUSTMENT OF CAPITAL SURPLUS					0
TOTAL	0	0	0	0	0
RESERVES	5,664,119	1,501,948		423,523	7,589,590
INFLATION ADJUSTMENT OF RESERVES	3,036,210			212,535	3,248,745
TOTAL	8,700,329	1,501,948	0	636,058	10,838,335
NET PROFIT / LOSS FROM PRIOR YEARS	4,577,923		2,900,367	268,010	1,945,566
INFLATION ADJUSTMENT OF NET PROFIT / LOSS FROM PRIOR YEARS	730,301			51,121	781,422
TOTAL	5,308,224	0	2,900,367	319,131	2,726,988
UNDISTRIBUTED NET PROFIT OR LOSS OF THE YEAR		3,638,519			3,638,519
TOTAL	0	3,638,519	0	0	3,638,519
TOTAL	47,151,363	5,140,467	2,900,367	3,275,186	52,666,649

STATEMENT OF CHANGES IN EQUITY OF LUKA KOPER, d.d. FOR YEAR 2002

(in SIT thousand)									
	Share capital	Capital reserves	Legal reserves	Other revenue reserves	Net profit from prior years	Net profit of the year	General equity revaluation reserve	Specific equity revaluation reserve	Total shareholders' equity
A. BALANCE ON 1 JANUARY 2002	14,000,000	0	4,496,872	9,068,452	3,638,519	0	21,462,806		52,666,649
B. TRANSFERS TO EQUITY	0	0	0	0	0	4,493,931	0	181,806	4,675,737
NET PROFIT OR LOSS OF THE YEAR						4,493,931			4,493,931
INCREASE OF THE GENERAL CAPITAL REVALUATION RESERVE									0
INCREASE OF SPECIFIC CAPITAL REVALUATION RESERVE								181,806	181,806
C. TRANSFERS INSIDE EQUITY	0	0	0	5,786,385	-3,638,519	-2,147,867	0	0	0
ALLOCATION OF NET PROFIT FOLLOWING THE RESOLUTION OF THE MANAGEMENT AND SUPERVISORY BOARDS				3,967,125	-1,819,259	-2,147,867			0
ALLOCATION OF NET PROFIT TO ADDITIONAL RESERVES FOLLOWING THE RESOLUTION OF THE ASSEMBLY				1,819,260	-1,819,260	0			0
OTHER TRANSFERS OF EQUITY ITEMS									0
D. MOVEMENTS FROM EQUITY SECTION	0	0	0	-1,706,188	0	0	0	0	-1,706,188
DISTRIBUTION OF DIVIDENDS				-1,695,448					-1,695,448
DISTRIBUTION OF PROFIT TO MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS				-10,740					-10,740
DISTRIBUTION OF PROFIT TO EMPLOYEES									0
E. BALANCE ON 31 DECEMBER 2002	14,000,000	0	4,496,872	13,148,649	0	2,346,064	21,462,806	181,806	55,636,197
DISTRIBUTABLE NET PROFIT FOR 2002				2,015,000		2,346,064			4,361,063



NOTES TO THE FINANCIAL STATEMENTS

The Company's financial statements have been prepared based on the Law on Commercial Companies and the accounting and disclosure requirements of the Slovenian Accounting Standards ('SAS' or 'the Standards'), which are considered to be the accounting guidelines for professional application. These Standards contain professional rules, which further break down the legal and accounting requirements, their explanations and also prescribe the manner of their application. They are based on the Law on Commercial Companies and the national Code of Accounting Ethics.

The financial statements and notes thereto present a true and fair view of the Company's operations, which recognise the

business events at the time of they occur and not at the time of their payment. We aimed to present the users with comprehensible, essential, reliable and comparable information that can serve as a good basis for decision-making.

Information, contained in the financial statements for year 2001, presented as comparative information, has not been recalculated in compliance with the revised accounting standards, although relevant items have been reclassified so as to be comparable with the current year financial statement items. The said reclassification was not applied to items of equity as the previous accounting standards did not recognize comparable similar items.



Accounting Policies and Disclosures

As a Company, whose financial statements are audited, we met disclosure requirements for all categories required by the accounting standards and the Law on Commercial Companies.

Disclosures are required for all material items, the nature and the materiality are stated in the Company's Accounting Guidelines.



Balance Sheet

Fixed assets and Intangible assets

Intangible assets are disclosed at cost and depreciated on the basis of their useful life using the straight-line depreciation method.

We intend to disclose the information on those categories of intangible assets that are accounted for under three-digit subaccounts of the Company's Chart of Accounts. Material assets is such assets whose value exceeds 10 percent of the total value of all intangible assets at the balance-sheet date. Fixed assets are disclosed in the financial statements at their

net book value, which is the difference between their cost and accumulated depreciation and is considered to be their carrying value. Cost of fixed assets comprises those purchase costs, which can be directly attributed to an asset.

Accumulated depreciation of fixed assets is calculated on a single item basis; for small tools, accumulated depreciation is calculated on a group basis.

Average depreciation rates:

Intangible assets:

- Project documentation, software, research 20 %

Buildings:

- operating banks 2 %
- open areas 3.3 %
- roofs 2.5 %
- warehouses 1.5 %
- tanks from 2.5 % to 4 %
- railway tracks 4 %
- infrastructure from 2 % to 8.3 %
- container premises 4 %
- office buildings 1.5 %
- restaurants and bars 1.8 %
- holiday premises 1.8 %

Equipment

- computer equipment 25 %
- cargo handling equipment 12.5 %
- boats, dredgers 6.6 %
- means of transport from 14.3 % to 16.6 %
- machine maintenance equipment from 9 % to 16.6 %
- cooling equipment 20 %
- wood-processing equipment from 9 % to 14.3 %
- instruments and special equipment from 10 % to 33.3 %
- fire extinguishing equipment from 12.5 % to 14.3 %
- hospitality equipment from 12.5 % to 14.3 %
- small tools from 11 % to 33.3 %
- cleaning, airing and heating equipment from 12.5 % to 20 %
- furniture and other office equipment from 12.5 % to 33.3 %

Long-term investments

The following long-term investments are disclosed separately:

- participating interests and shares in the Group;
- other investments in shares and participating interests; and
- long-term loans granted to others.

Initially, long-term investments are recognized as the amount of cash or other equivalent means paid, on the day of each investment. When the investment is valued in foreign currency, it is recalculated at the middle exchange rate of the Bank of Slovenia on the last day of the business year.

Long-term investments in subsidiaries and associated companies, valued using the equity method, are adjusted for an individual company's operating results on the basis of the Company's ownership interest. Such investments increase annually for that portion of subsidiaries' and associated companies' net profit that concerns the parent company; the corresponding double-entry is to the special equity revaluation reserve. If a single subsidiary or associated company discloses a net loss for the business year, the investment is reduced and financial expenses are recognized.

The value of investments in shares quoted on the stock exchange is adjusted to their market price on the last day of the year, if their market value is lower than their carrying value. If the market price of shares is higher than their carrying value, the shares remain valued at their current carrying value.

Long-term loans granted are recognized at their amounts outstanding to be paid. Interest is calculated in line with the underlying agreements.

Inventories

Materials inventories are recorded at their purchase prices. Inventories of raw materials, spare parts and small tools are recorded separately. When used, small tools are fully written-off. The value of spare parts inventories that is deemed unusable is recognized for impairment, decreasing the operating result. At the balance-sheet date, the value of inventories is adjusted to the last purchase price.

Consumption of inventory is recorded using the LIFO method.

Operating receivables

Long- and short-term receivables from customers, the State and employees are kept in separate ledgers. Interest receivables are also disclosed among operating receivables. Long- and short-term operating receivables are initially recognized at the amounts stemming from the related agreements or accounting documents. Operating receivables in foreign currencies are translated into domestic currency at the middle exchange rate of the Bank of Slovenia on the last day of the business year.

Interest, calculated on operating receivables, increases financial revenues.

The adequacy of the amount, at which a single receivable is held, is assessed at the end of the accounting period on the basis of evidence regarding the uncollectability of such receivables. A full

provision for bad debt is formed for the amount of questionable and doubtful receivables. The amount of the provision formed in the current year increases the operating impairment expenses.

Short-term investments

Short-term investments in securities, short-term loans granted and other investments are kept in separate accounting sub-ledgers.

At the end of each accounting period, the adequacy of the value for each short-term investment is assessed. If a short-term investment is losing value, its carrying value is correspondingly decreased and financial impairment expenses are recognized. Short-term investments are not revalued.

Only those short-term investments, whose value exceeds 10 percent of the total value of all short-term investments, are disclosed, if such investments equal at least 10-percent of the value of all assets at the balance-sheet date.

Cash and cash equivalents, deferred expenses and accrued revenues

Cash and cash equivalents comprises the balance on Tolar and foreign currency bank accounts. The balance of cash in foreign currencies is translated into local currency at the middle exchange rate of the Bank of Slovenia on the last day of the business year. Deferred expenses/accrued revenues include paid-up subscription fees, rentals and insurance premiums paid, which will be recognized in the statement of income in the following year. Such expenditure is not recognised as an expenses in the current year.

Equity

The Company's equity is composed of: share capital, capital reserves, revenue reserves, net profit or loss of the year and equity revaluation reserve. The Company's share capital comprises preference and ordinary shares, all accounted for separately. The Company discloses items of equity and their movements in the Statement of changes in equity.

Long-term provisions

Long-term provisions, formed in the previous years, are reduced in proportion to their planned use, for which they were formed.

At the end of the business year, unused long-term provisions are assessed and, if there is no need to maintain these provisions at the same amount, the excessive amount is then transferred to extraordinary revenues. A new schedule for required provisions is prepared and recorded to the current year operating expenses.

Only those long-term provisions, whose value exceeds 10 percent of the total value of all long-term provisions, are disclosed, if such investments exceed one percent of all liabilities at the balance-sheet date.

Long-term financial liabilities

Long-term financial liabilities include long-term hired loans. These are disclosed at the unpaid amounts of the loans received, increased for the accrued, unpaid interest. If the value of long-term liabilities at the balance-sheet date is lower than their fair value, the long-term financial liabilities are revalued. Impairment of financial liabilities is neither assessed nor recognized.

Long-term operating liabilities

Long-term operating liabilities include security deposits for leased business premises. Security deposits received are valued on the basis of the underlying agreements and revalued using the official consumer price index or at the middle exchange rate for the foreign currency in which the deposits were stated on the last day of the business year.

Short-term operating liabilities

Liabilities to suppliers, to the State and employees are disclosed separately. Interest liabilities and liabilities for dividends are disclosed among operating liabilities.

Operating liabilities expressed in foreign currencies are translated into the domestic currency at the middle exchange rate of the Bank of Slovenia on the last day of the business year.

Short-term financial liabilities are revalued if their carrying values are lower than the assessed fair values. Impairment of short-term liabilities is neither assessed nor recognized.

Material short-term liabilities, whose value exceeds 10 percent of the total value of all short-term financial liabilities, are disclosed, if such financial liabilities exceed five percent of all liabilities at the balance-sheet date.

Short-term financial liabilities are disclosed for the following: members of the Management or Supervisory Boards and internal shareholders.

Short-term accrued and deferred items

Accrued expenses/deferred revenues include accrued expenses, which decrease the operating result of the business year. The liability for payment is expected to be carried out in the following accounting period. The current year result already includes effects of obligations undertaken.

Taxes

Income tax is calculated pursuant to the Law on Tax on Profit for Commercial Companies and the Law on Economic Zone. The taxable base for the calculation of income tax is gross profit, increased for the non-deductible costs and reduced for the amount of allowed tax relief. The income tax liability is then calculated from the so assessed taxable base. The income tax liability of the accounting period decreases the gross profit as disclosed in the statement of income for the accounting period.

Disclosure of Items in the Statement of Income

Version I of the statement of income is used for presentation purposes. The distributable profit is disclosed in the statement of changes in equity. These notes also include the presentation of costs according to their function.

The Company calculates the effect on the operating result, regardless whether a general adjusting for inflation is performed, if such a general adjusting for inflation had been carried out.

All items accounted for in the three-digit accounts of the Company's Chart of Accounts are disclosed.

Additional information, not required by in the statement of income form, but necessary for the proper presentation of the Company's operations, is disclosed in the Company's business report.

Disclosure of the Statement of Funds Flow

The disclosure of statement of income items also contains the disclosure of the basis for calculation of fund flows and the version of the Statement of fund flows used.



Notes on the Financial Statements

NOTES TO THE STATEMENT OF INCOME OF LUKA KOPER, d.d.

Operating revenues

Revenues from basic activities in domestic and foreign markets, revenues from rentals, dispatching and revalued operating revenues are all separately disclosed among operating revenues.

(in SIT thousand)	2002	2001
OPERATING REVENUES	12,967,444	12,854,360
REVENUES FROM SERVICES SOLD IN DOMESTIC MARKET	1,954,437	1,859,083
REVENUES FROM SERVICES SOLD IN FOREIGN MARKETS	10,576,032	10,600,922
REVENUES FROM SALES OF PRODUCTS AND SERVICES IN DOMESTIC MARKET		
REVENUES FROM SALES OF PRODUCTS AND SERVICES IN FOREIGN MARKETS		
REVENUES FROM LONG-TERM PROVISIONS	16,129	0
REVENUES FROM RENTS	316,295	292,551
OTHER REVENUES RELATED TO PRODUCTS AND SERVICES - DISPATCH	78,421	93,982
GAIN ON SALE OF FIXED ASSETS	23,198	3,140
CAPITALISED OWN PRODUCTS	53	0

Operating expenses

Since the statement of income has been prepared in the format of Version I, the operating expenses are also disclosed in accordance with their function.

Costs of goods and materials

(in SIT thousand)	2002	2001
COSTS OF MATERIALS	716,735	671,716
COSTS OF CONSUMABLES	156,940	131,935
ENERGY COSTS	470,229	447,870
SMALL-TOOLS WRITE-OFF	0	0
INVENTORY COUNT ADJUSTMENT FOR MATERIALS	0	0
COSTS OF OFFICE SUPPLIES AND PROFESSIONAL LITERATURE	32,160	33,954
OTHER COSTS OF MATERIAL	57,406	56,367
COST OF GOODS AND MATERIALS SOLD	398	1,590

Costs of services

(in SIT thousand)	2002	2001
COSTS OF SERVICES	3,917,804	3,803,393
COSTS OF PHYSICAL SERVICES	899,986	804,938
COSTS OF TRANSPORT SERVICES	245,507	220,970
MAINTENANCE OF FIXED ASSETS EXPENSES	1,616,345	1,437,747
RENTS	335,840	376,417
REIMBURSEMENT OF WORK-RELATED COSTS TO EMPLOYEES	107,701	104,128
PAYMENT PROCESSING AND BANKING FEES	66,881	82,370
COSTS OF PROFESSIONAL AND PERSONAL SERVICES	101,569	80,526
FAIRS, ADVERTISING AND ENTERTAINMENT EXPENSES	131,094	126,857
SERVICES PERFORMED BY INDIVIDUALS BASED ON SERVICE CONTRACTS	182,343	251,010
COSTS OF OTHER SERVICES	230,548	318,430

Allowances

Write-offs in 2002 amounted to SIT 9,529,795,000, as follows:

- SIT 2,603,703 thousand for the depreciation of and intangible assets; and
- SIT 6,871,742 thousand for revalued operating impairment expenses;

In accordance with prudence principle, impairment of fixed assets has been recognized, as their carrying value exceeded the replacement value. The Company assessed such replacement values on the basis of a formal valuation for

each cash-generating unit, to which an asset belongs. The cost and accumulated depreciation of impaired assets has been decreased for the appropriate percentage, the difference was recognized as operating impairment expense.

- SIT 41,616 thousand relates to 100-percent provision for doubtful and questionable receivables.

(in SIT thousand)	2002	2001
ALLOWANCES	9,529,795	7,944,041
DEPRECIATION	2,603,703	7,895,388
OPERATING IMPAIRMENT EXPENSES FOR FIXED ASSETS	6,884,476	7,693
PROVISION EXPENSES FOR DOUBTFUL RECEIVABLES	41,616	40,960

Labour costs

On 31 December 2002, Luka Koper had 630 employees, of whom 37 were hired on the basis of individual employment agreements. In 2001, 36 employees had entered into individual employment agreements. Total payments for individual employment agreements amounted to SIT 450,759,686, while in 2001 the figure was SIT 426,292,474.

Remuneration paid to a member of Management Board amounted to SIT 29,115,109, while other remunerations paid to Supervisory Board members totalled SIT 662,201.

In 2002, a total of SIT 101,123,809 was paid out as holiday allowances, while in 2001 the figure equalled SIT 79,188,454 in compliance with the Decree on the Holiday Allowance Payments issued by the government of the Republic of Slovenia. In December 2002, employees received Christmas bonuses worth a total of SIT 154,479,253, while the amount paid out in 2001 was SIT 141,620,958.

In 2002, the Company entered to the supplementary pension insurance program and allocated SIT 107,198 thousand.

(in SIT thousand)	2002	2001
LABOUR COSTS	3,837,083	3,323,939
SALARIES	2,331,268	2,082,213
SALARY COMPENSATIONS	411,873	399,693
SUPPLEMENTARY PENSION INSURANCE FOR EMPLOYEES PAID	107,198	0
HOLIDAY ALLOWANCES, REIMBURSEMENTS AND OTHER EXPENSES	360,715	296,492
EMPLOYER'S CONTRIBUTIONS ON SALARIES, WAGES AND EXPENSES	440,413	545,541
OTHER EMPLOYER'S TRIBUTES ON SALARIES	185,616	0

Other expenses

(in SIT thousand)	2002	2001
OTHER EXPENSES	489,705	321,653
EXPENSES NOT RELATED TO LABOUR	433,918	226,682
EXPENDITURE FOR ENVIRONMENT CONSERVATION	23,892	16,577
AWARDS TO STUDENTS ON INTERNSHIP	572	3,664
SCHOLARSHIPS	1,847	0
OTHER EXPENSES	29,476	74,730

Financial revenues and expenses

Overall financial revenues in 2002 reached SIT 11.3 billion, 35 percent more than in 2001. Revenues from sales of investments had the largest impact - totalling SIT 8.9 billion - mostly composed of the capital gains generated from the sale of securities (sale of Banka Koper, Lek and DZS shares). Interest revenues also increased as most proceeds from sales of shares were invested in bank deposits and debt securities.

(in SIT thousand)	2002	2001
FINANCIAL REVENUES	11,321,462	8,397,716
INTEREST REVENUES	1,965,381	258,220
REVENUES FROM DIVIDENDS AND SHARE IN PROFITS OF ASSOCIATED COMPANIES	153,182	913,087
FOREIGN EXCHANGE GAINS	260,633	414,753
REVENUES FROM LOANS GRANTED	9,191	0
GAINS ON SALE OF INVESTMENTS	8,909,558	6,806,703
OTHER FINANCIAL REVENUES	23,517	4,953
FINANCIAL EXPENSES	1,146,847	1,308,113
INTEREST EXPENSES	206,056	81,922
FOREIGN EXCHANGE LOSSES	360,311	219,310
LOSSES FROM DISPOSAL OF INVESTMENTS	0	99,953
OTHER FINANCIAL EXPENSES	102,697	212
FINANCIAL IMPAIRMENT EXPENSES	477,783	906,716
PROFIT ON FINANCING	10,217,451	7,089,603

NOTES ON THE BALANCE SHEET OF LUKA KOPER, d.d.

Non-current assets

Non-current assets comprise:

(in SIT thousand)	31 Dec 2002	31 Dec 2001
A. FIXED ASSETS	50,152,002	46,706,600
I. INTANGIBLE ASSETS	803,262	733,886
II. FIXED ASSETS	28,572,873	35,424,604
1. LAND AND BUILDINGS	23,699,167	28,673,120
a. LAND	73,946	73,946
b. BUILDINGS	23,625,222	28,599,174
2. EQUIPMENT AND MACHINERY	3,788,509	4,605,871
3. FIXED ASSETS IN ACQUISITION	1,085,197	2,145,613
III. LONG-TERM INVESTMENTS	20,775,866	10,548,110

As the operating results did not achieve the level planned, we noted that fixed assets included in single cash-generating units of Luka Koper were impaired. This is the result of a material difference between lower value-in-use, as the replacement value, and the higher carrying value, disclosed in account.

For this reason, impairment adjustment needed to be recognized for the fixed assets in accordance with the Slovenian Accounting Standards. The value-in-use was calculated comparing the value arrived at using the discounted cash-flow method and the net selling price of assets.

The following impairment result was obtained:

COST	ACCUMULATED DEPRECIATION	NET (CARRYING VALUE)
13.776.327.118.67	6.904.584.779.13	6.871.742.339.54

Long-term investments

(in SIT thousand)	31 Dec 2002	31 Dec 2001
III. LONG-TERM INVESTMENTS	20,775,866	10,548,110
INVESTMENTS IN SHARES OF GROUP COMPANIES	1,129,921	1,146,160
INVESTMENTS IN ASSOCIATED COMPANIES	1,222,562	114,473
OTHER INVESTMENTS IN SHARES AND INTEREST	7,647,578	4,278,089
OTHER LONG-TERM INVESTMENTS	136,013	706
LONG-TERM LOANS GRANTED	438,189	451,985
LONG-TERM LOANS GRANTED TO OTHERS	67,697	86,178
LONG-TERM LOANS GRANTED BY PURCHASE OF BONDS FROM OTHERS	1,327,113	1,497,656
OTHER LONG-TERM INVESTMENTS	576,862	0
LONG-TERM DEPOSITS HELD	8,229,931	2,972,863

Current assets

Operating receivables

Operating receivables comprise:

(in SIT thousand)	31 Dec 2002	31 Dec 2001
II. OPERATING RECEIVABLES	3,593,539	2,720,111
A. LONG-TERM OPERATING RECEIVABLES	1,310	1,439
B. SHORT-TERM OPERATING RECEIVABLES	3,592,229	2,718,672

The following table shows all outstanding receivables; receivables due are disclosed separately per maturity date.

TOTAL RECEIVABLES	TOTAL RECEIVABLES MATURED	UNDER 30 DAYS	UNDER 60 DAYS	UNDER 90 DAYS	UNDER 180 DAYS	UNDER 365 DAYS
2001						
2,428,844,734	727,403,560	135,801,704	105,245,663	145,591,048	48,259,846	292,505,299
	100 %	19 %	14 %	20 %	7 %	41 %
2002						
2,194,436,489	491,498,718	186,451,610	43,587,468	13,418,563	55,574,141	192,196,936
	100 %	38 %	9 %	3 %	11 %	39 %

Short-term investments

(in SIT thousand)	31 Dec 2002	31 Dec 2001
III. SHORT-TERM INVESTMENTS	7,868,971	11,387,671
OTHER SHARES, BOUGHT FOR RESALE	50,802	1,668,086
OTHER SECURITIES, BOUGHT FOR RESALE	1,900,458	2,982,327
SHORT-TERM LOANS GRANTED	5,917,711	6,800,751

Off-balance-sheet items

The off-balance-sheet liabilities as of 31 December 2002 amounted to SIT 4,293,369,729 (totalling SIT 17,440,621,868 on 31 December 2001) as follows:

- bank guarantees received amounting to SIT 46,087,494 (as of 31 December 2001 SIT 46,098,494);
- guarantees given in the amount of SIT 3,411,826,918 (as of 31 December 2001 SIT 3,922,219,809); and
- securities pledged for the loan received by the Environmental Fund in the amount of SIT 927,630,305.00 (as of 31 December 2001 SIT 927,630,305).

Equity

The share capital of Luka Koper amounts to SIT 14 billion. It is divided into 14 million shares with a face value of SIT 1,000. The Articles of Association of Luka Koper do not provide for approved capital, i.e. a threshold within which the Company can increase its basic equity capital.

In 2002, Luka Koper had no reason for a conditional capital increase.

(in SIT thousand)	31 Dec 2002	31 Dec 2001
A. EQUITY	55,636,197	52,666,649
I. SHARE CAPITAL	14,000,000	14,000,000
a. SHARE CAPITAL	14,000,000	14,000,000
II. CAPITAL SURPLUS	0	0
III. REVENUE RESERVES	17,645,521	13,565,323
a. LEGAL RESERVES	4,496,872	4,496,872
b. RESERVES FOR OWN SHARES	0	0
c. STATUTORY RESERVES	0	0
d. OTHER REVENUE RESERVES	13,148,649	9,068,451
IV. NET PROFIT OR LOSS FROM PRIOR YEAR	0	0
V. NET PROFIT OR LOSS OF THE YEAR	2,346,064	3,638,519
VI. EQUITY REVALUATION RESERVES	21,644,612	21,462,806
a. GENERAL EQUITY REVALUATION RESERVE	21,462,806	21,462,806
b. SPECIFIC EQUITY REVALUATION RESERVE	181,806	0

The net profit of the business year amounts to SIT 4,493,931 thousand in 2002, the general revaluation of equity was not carried out since the euro's exchange rate against the tolar increased by less than 5.5 percent. In accordance with the Slovenian Accounting Standards the Company must separately disclose two types of profit or loss from operations: calculated on the basis of a general revaluation for maintaining the equity's purchasing power in euros and on the basis of the increase in the cost of living.

1,691,805 thousand, while the method involving the increase in the cost of living would disclose an operating profit reduced by SIT 3,379,996 thousand.

Long-term financial obligations

Long-term financial liabilities comprise a long-term loan received by the Environmental Fund amounting to SIT 398,220 thousand (base interest rate + 2 percent) and a long-term bank loan totalling SIT 940,078 thousand at the LIBOR 3-month interest rate increased by 0.7 percent.

(in SIT thousand)	31 Dec 2002	31 Dec 2001
LONG-TERM FINANCIAL OBLIGATIONS	1,338,518	497,911
LONG-TERM LOANS, RECEIVED FROM DOMESTIC BANKS	940,198	330
LONG-TERM LOANS, RECEIVED FROM OTHERS	398,220	497,581

Long-term operating liabilities

Long-term operating liabilities include long-term security deposits received for leased business premises. These are disclosed in the amount of SIT 31,242 thousand, while in 2001 they totalled SIT 29,477 thousand.

Short-term operating liabilities

(in SIT thousand)	31 Dec 2002	31 Dec 2001
SHORT-TERM OPERATING LIABILITIES	2,202,681	4,537,053
SHORT-TERM LIABILITIES TO DOMESTIC SUPPLIERS	1,246,976	3,509,375
SHORT-TERM LIABILITIES TO FOREIGN SUPPLIERS	260,814	297,534
ADVANCES RECEIVED	26,198	47,481
LIABILITIES FROM SALARIES ACCRUED	128,920	81,553
LIABILITIES FROM NET SALARIES	144,162	126,294
LIABILITIES FROM NET SALARIES COMPENSATIONS	25,135	24,105
LIABILITIES FROM CONTRIBUTIONS FROM SALARIES	66,036	58,102
LIABILITIES FROM TAXES ON SALARIES	62,097	53,886
OTHER SHORT-TERM LIABILITIES TO EMPLOYEES	37,865	29,401
LIABILITIES FOR TAXES FROM OTHER RECEIPTS	3,088	3,517
SHORT-TERM LIABILITIES TO STATE AND OTHER INSTITUTIONS	189	191
LIABILITIES TAX ON PAID SALARIES	26,424	21,090
CORPORATE INCOME TAX	-77,625	70,044
OTHER SHORT-TERM LIABILITIES TO STATE AND OTHER INSTITUTIONS	76,758	48,180
SHORT-TERM LIABILITIES FROM DIVIDENDS	20,402	15,038
OTHER SHORT-TERM LIABILITIES	155,241	151,619

Short-term financial liabilities

The table below shows a breakdown of short-term financial liabilities to companies in the country and banks. Nominal interest rates for short-term loans received from companies range from 8.7 to 9.1 percent; while an 8.4-percent interest rate is applied to tolar loans and the 3-month EURIBOR + 0.7 percent for short-term loans raised at banks in euros.

(in SIT thousand)	31 Dec 02	31 Dec 01
SHORT-TERM FINANCIAL LIABILITIES	2,278,718	2,907,400
SHORT-TERM LOANS RECEIVED FROM DOMESTIC COMPANIES	607,648	579,762
SHORT-TERM LOANS RECEIVED FROM BANKS	1,671,069	2,327,638



The Agreement with the Republic of Slovenia

The contractual relationship with the Republic of Slovenia is temporarily regulated by a lease agreement - dated 2 February 2000 - regarding the operating quays and land owned by the Republic of Slovenia at Luka Koper. In compliance with the agreement, the Company paid rent for 2002 in the amount of SIT 151,016,320 (SIT 20 per handled tonne excluding petroleum products).

The Maritime Code, which entered into force on 12 May 2002, provides a six-month period from the entry into force of the regulation referred to in Article 39, within which the business relations between the Republic of Slovenia and Luka Koper need to be settled.

The Slovenian government passed the Decree on Awarding the Concession for the Management, Development and Maintenance of Port Infrastructure in the Port of Koper (Official

Gazette of the RS No. 103/2002), which came into force on 14 December 2002. The said Decree is the basis for the settlement of business relations between the Republic of Slovenia and Luka Koper. A draft licence agreement has been prepared. In addition to the licence agreement, Luka Koper will also sign an agreement regulating their mutual relationship and an agreement on the lease of land at Port of Koper.

In accordance with the lease agreement regarding the operating quays and land owned by the Republic of Slovenia at Luka Koper, the Company is entitled to invest in the leased property. In 2001, the Company did not invest in the operating banks and land owned by the Republic of Slovenia, but only performed regular maintenance. In 2002, a total of SIT 260,558,000 was invested and disclosed in the profit and loss statement as investment maintenance costs.



Distributable Profit

In 2002, Luka Koper realized SIT 4,493,930,996.46 in net profit. Part of net profit from 2002, amounting to SIT 2,147,866,826.23, was allocated by the Management Board to increase other revenue reserves. The remaining of net profit from 2002 is represent the distributable profit, also formed from other reserves from previous years, totalling SIT 2,015,000,000.00.

(in SIT thousand)	2002	2001
TOTAL DISTRIBUTABLE PROFIT	4,361,064,170.23	3,681,356,940.17
OTHER REVENUE RESERVES	2,015,000,000.00	1,862,097,532.98
NET PROFIT OF THE YEAR	2,346,064,170.23	1,819,259,407.19

- that a portion of the distributable net profit amounting to SIT 1,000,000,000.00 be allocated to other revenue reserves;
- that a portion of the distributable profit amounting to SIT 11,550,000.00 be distributed among members of the Supervisory Board pursuant to Article 33 of the Articles of Association of Luka Koper and Resolution No. 1 of the Company's general assembly; and
- that the allocation of the remaining portion of the distributable profit in the amount of SIT 1,352,036,731.74 be carried forwards in the following years.

The Company's general assembly must pass a resolution on the distribution of the distributable profit from 2002, based on a proposal made by the Management and Supervisory Boards.

The Management Board will propose the following to the general assembly:

- that a portion of the distributable profit, formed from other revenue reserves, amounting to SIT 1,997,477,438.49, be distributed among the shareholders as dividends;

CONSOLIDATED ACCOUNTING STATEMENTS OF LUKA KOPER GROUP

Subsidiaries and associated companies

The consolidated financial statements of Luka Koper Group include the results of the following subsidiaries:

- Luka Koper Pristan (100-percent owned);
- Luka Koper INPO (100-percent owned);
- Logistic Service (100-percent owned);
- Luka Kopar Beograd (90-percent owned);
- Atnet (51-percent owned); and
- Adria-Tow (50-percent owned).

Luka Koper Pristan

The company operates in the hotel, hospitality and accommodation industry. The company manages Hotel Garni Pristan and Dom Prisoje in Koper. It is headed by Mojca Bergoč. In the first nine months of 2002, the company operated as five profit units with a total of 29 employees. Some units failed to achieve the expected rates of return, consequently some hospitality activities along with 21 employees were transferred to the Italian company CAMST 2000 as of 1 October. Since that date, Luka Koper Pristan operated to a limited extent under the Lodging Capacities profit center which manages Dom Prisoje and Garni Hotel Pristan. The company concluded the 2002 business year with SIT 3.6 million in net profit.

Luka Koper INPO

Luka Koper INPO is a company employing disabled persons with a total of 246 employees; it is headed by Iztok Faganeli. The activities comprise maintenance, services and manufacturing, services performed for the parent company, maritime and communal services as well as management of the lorry terminal. In 2002, the company generated a total of SIT 849 million in operating revenues and SIT 30 million in net profit.

Logistic Service

The company is dormant and did not carry out any operations in 2002. It was established in 1996 for transporting containers.

Luka Kopar Beograd

Luka Koper Beograd employs two people and was established in 2002. The company's operations contributed positively to the activities of Luka Koper. The volumes of goods handled are increasing. Luka Koper thus strengthened its market position and gained new opportunities for a stronger presence in the markets of Serbia and Montenegro.

The Belgrade company generated SIT 47 million in revenues in 2002.

Atnet

Atnet - Napredne tehnologije, is a company performing e-commerce services, designing software and offering advice to the users of electronic services. The company's manager is Edvard Bešlagič.

In 2002, the company generated SIT 2.3 million in net profit. Luka Koper holds a 51-percent interest in capital. In September, Luka Koper informed the Atnet's management that it intended to withdraw from the company; however the procedures were not completed by 31 December 2002. Following its withdrawal, Luka Koper will not hold any participating interest in the company nor any related rights or obligations.

Adria-Tow

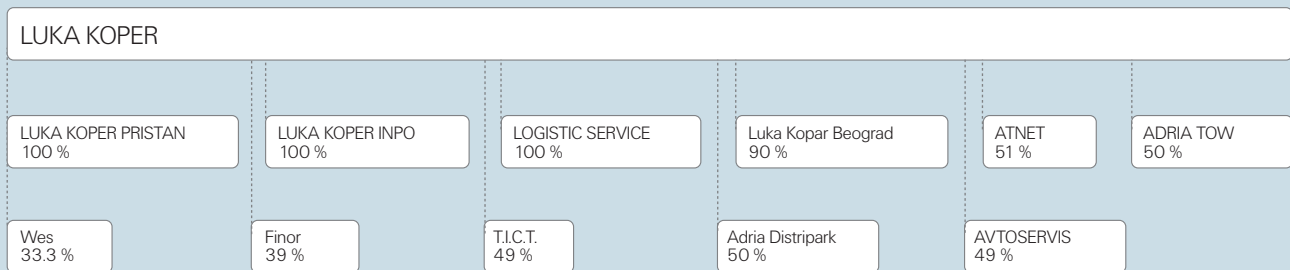
The company's core activity is ship towing. Employing 19 workers, the company also performs other services like ship

supplies, rescue and assistance to vessels at sea. The company is headed by Robert Gerk.

In 2002, the company generated SIT 474.6 million in revenues and SIT 37.5 million in net profit. Operations were affected by the late purchase of a third tug-boat, higher costs and lower sales revenues. The planned results were achieved in spite of the situation, partly due to an increase in service prices. By acquiring a new towboat and repairing the existing ones, the quality of services improved and operating costs were reduced, i.e. the main purpose of investments in 2002 was achieved.

As of 31 December 2002, Luka Koper had participating interests in the following associated companies:

- Adria Distripark (50-percent owned);
- TICT (49-percent owned);
- Finor (39-percent owned);
- Avtoservis (49-percent owned); and
- Wes (33.3-percent owned).



Operations of TICT

In 2002, a total of 180,861 container units were handled at Pier VII in the Port of Trieste, i.e. 8.8 percent less than the year before. The plans were not achieved. Transport to Far-East ports dropped by more than one-quarter, while trade with Greece, Turkey and Egypt went up by almost ten percent.

The problems were caused by the cancellation of the direct maritime connection link between Trieste and the Far East and the poor management of workers hired by TICT. Workers at the pier often stopped working because they did not agree with the urgently needed changes in work conditions. An agreement was reached in December 2002, when TICT, the trade unions and the port authority of the Port of Trieste signed an operating contract.

Post-balance-sheet events

- In January, a new partner acquired a 35-percent ownership interest in TICT. Its shareholders decided to allocate 1.8 million euros for a capital increase and the settlement of losses.
- On 1 February 2003, Luka Koper joined the management of container terminals in Koper and at Pier VII in Trieste.

- On 17 February, the Company acquired a 9.49-percent ownership interest in Autocommerce of Ljubljana, which imports and sells cars. The investment should offer the Company more opportunities for gaining transactions of higher quality and price-range cars.

Adjusting the accounting statements

Following the resolution of the Ministry of Finance, Tax Administration of the Republic of Slovenia dated 31 March 2003 regarding the enforcement of tax relief for 2002 pursuant to the Free Trade Zones Act, we have adjusted the accounting statements in order to change the amount of income tax.

The formerly calculated corporate income tax of SIT 530,625,000 has been reduced to SIT 332,428,000. Following the acknowledged tax relief and specific instructions submitted for the calculation of tax, we adapted our accounting of corporate income tax.

This has resulted in changes in the profit and loss statement, cash flow statement, balance-sheet statement and the shareholders' equity statement of Luka Koper and the Luka Koper Group.

The ratios calculated in the business report of Luka Koper have been corrected accordingly.

CONSOLIDATED INCOME STATEMENT OF LUKA KOPER GROUP

(in SIT thousand)	2002	2001
OPERATING REVENUES	14,285,490	14,290,398
REVENUES FROM SERVICES SOLD IN THE DOMESTIC MARKET	2,313,602	2,293,719
REVENUES FROM SERVICES SOLD IN FOREIGN MARKETS	11,494,943	11,533,596
REVENUES FROM SALES OF GOODS AND MATERIALS - DOMESTIC MARKET	16,342	729
REVENUES FROM SALES OF GOODS AND MATERIALS - FOREIGN MARKETS	994	4,102
REVENUES MOVEMENTS IN LONG-TERM PROVISIONS	16,130	0
REVENUES FROM RENTS	317,481	285,612
OTHER REVENUES RELATED TO PRODUCTS AND SERVICES - DISPATCH	78,421	93,982
GAIN ON SALE OF FIXED ASSETS	45,651	73,409
CAPITALISED OWN PRODUCTS	1,926	5,249
OPERATING EXPENSES	19,841,819	17,686,485
COST OF GOODS AND MATERIAL SOLD	20,516	21,054
COSTS OF MATERIALS	922,807	923,360
COSTS OF SERVICES	3,873,148	3,930,896
ALLOWANCES	9,782,372	8,102,838
LONG-TERM PROVISIONS	0	200,000
LABOUR COSTS	4,746,555	4,190,196
OTHER EXPENSES	496,421	318,141
OPERATING PROFIT OR LOSS	-5,556,329	-3,396,087
FINANCIAL REVENUES - TOTAL	11,362,234	8,372,097
INTEREST REVENUES	1,959,670	259,443
REVENUES FROM OTHER SHARING IN PROFIT	153,182	834,573
FOREIGN EXCHANGE GAINS	306,954	465,787
REVENUES FROM LOANS GRANTED	9,191	0
GAINS ON SALES OF INVESTMENTS	8,909,558	6,806,704
OTHER FINANCIAL REVENUES	23,679	5,590
FINANCIAL REVALUTION REVENUES	0	0
FINANCIAL EXPENSES - TOTAL	1,185,459	1,339,357
INTEREST EXPENSES	185,742	80,302
FOREIGN EXCHANGE LOSSES	419,237	270,882
LOSSES ON SALES OF INVESTMENTS	0	99,953
OTHER FINANCIAL EXPENSES	102,697	212
FINANCIAL IMPAIRMENT EXPENSES	477,783	888,008
PROFIT FROM ORDINARY OPERATIONS	4,620,446	3,636,653
EXTRAORDINARY REVENUES	334,267	487,786
EXTRAORDINARY EXPENSES	48,622	89,896
TOTAL PROFIT	4,906,091	4,034,543
INCOME TAX	333,452	376,569
NET PROFIT OF MINORITY SHAREHOLDERS	20,437	19,455
NET PROFIT FOR THE YEAR	4,552,202	3,657,974

CONSOLIDATED BALANCE SHEET OF LUKA KOPER GROUP

(in SIT thousand)	31 Dec. 2002	31 Dec. 2001
ASSETS	63,490,752	61,963,271
A. NON CURRENT ASSETS	51,397,802	47,386,473
I. INTANGIBLE ASSETS	887,663	798,995
II. FIXED ASSETS	30,859,984	37,084,879
1. LAND AND BUILDINGS	24,366,959	29,286,798
a. LAND	73,946	73,946
b. BUILDINGS	24,293,013	29,212,852
2. EQUIPMENT AND MACHINERY	5,399,868	5,611,600
3. FIXED ASSETS IN ACQUISITION	1,093,157	2,186,481
III. LONG-TERM INVESTMENTS	19,650,155	9,502,599
B. CURRENT ASSETS	12,078,810	14,554,841
I. INVENTORIES	8,840	16,972
II. OPERATING RECEIVABLES	3,882,655	2,909,658
a. LONG-TERM OPERATING RECEIVABLES	1,310	1,439
b. SHORT-TERM OPERATING RECEIVABLES	3,854,048	2,908,219
III. SHORT-TERM INVESTMENTS	7,847,098	11,339,528
IV. CASH AND CASH EQUIVALENTS	367,513	288,683
C. DEFERRED EXPENSES AND ACCRUED REVENUES	14,140	21,957
D. OFF-BALANCE-SHEET ASSETS	5,243,974	17,440,768
EQUITY LIABILITIES	63,490,752	61,963,271
A. EQUITY	55,748,960	52,773,364
CAPITAL - MAJORITY SHAREHOLDER	55,636,197	52,666,649
I. SHARE CAPITAL	14,000,000	14,000,000
a. SHARE CAPITAL	14,000,000	14,000,000
II. CAPITAL SURPLUS	0	0
III. REVENUE RESERVES	17,650,370	13,565,324
a. LEGAL RESERVES	4,500,510	4,496,872
b. RESERVES FOR TREASURY SHARES	0	0
c. STATUTORY RESERVES	0	0
d. OTHER REVENUE RESERVES	13,149,860	9,068,452
IV. NET PROFIT OR LOSS FROM PRIOR YEARS	0	0
V. NET PROFIT OR LOSS OF THE YEAR	2,346,064	3,638,519
VII. EQUITY REVALUATION RESERVES	21,639,764	21,462,806
a. GENERAL EQUITY REVALUATION RESERVE	21,462,806	21,462,806
b. SPECIFIC EQUITY REVALUATION RESERVE	176,958	0

BALANCE SHEET	31 Dec. 2002	31 Dec. 2001
VIII. CAPITAL - MINORITY SHAREHOLDERS	112,763	106,715
SHARE CAPITAL	63,181	61,933
CAPITAL SURPLUS	188	0
REVENUE RESERVES	0	0
NET PROFIT / LOSS FROM PRIOR YEARS	11,089	-11,065
NET PROFIT OR LOSS OF THE YEAR	19,273	19,455
EQUITY REVALUATION RESERVES	19,032	36,392
B. LONG - TERM PROVISIONS	1,138,874	1,003,663
C. FINANCIAL AND OPERATING LIABILITIES	6,522,319	8,107,096
a. LONG-TERM FINANCIAL LIABILITIES	2,232,453	856,651
b. LONG-TERM OPERATING LIABILITIES	35,036	32,447
c. SHORT-TERM FINANCIAL LIABILITIES	1,919,236	2,478,641
d. SHORT-TERM OPERATING LIABILITIES	2,335,594	4,739,357
D. ACCRUED EXPENSES AND DEFERRED REVENUES	80,599	79,148
E. OFF-BALANCE-SHEET LIABILITIES	5,243,974	17,440,768

CONSOLIDATED FUNDS FLOW STATEMENT OF LUKA KOPER GROUP

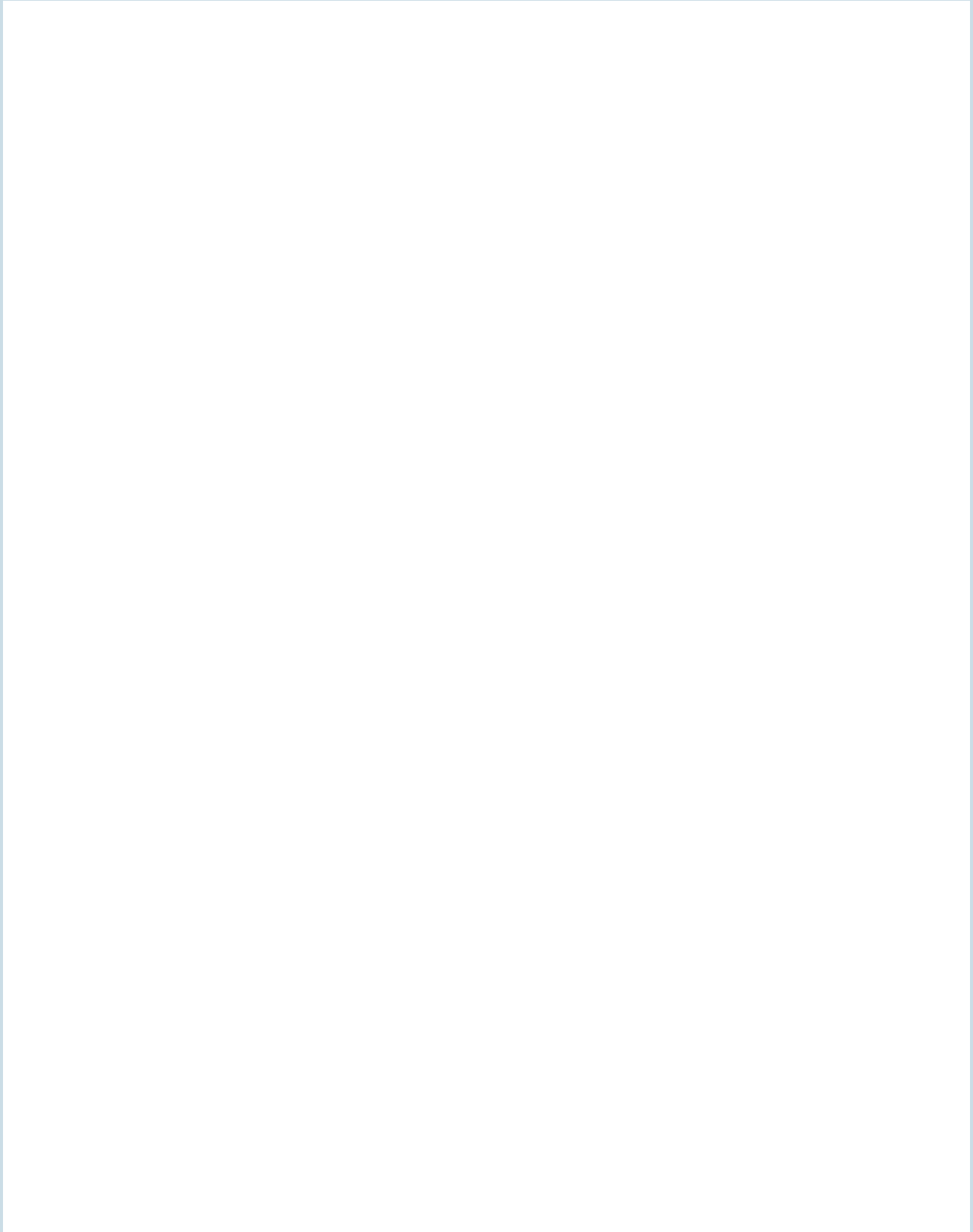
(in SIT thousand)	2002	2001
A. FUND FLOWS FROM OPERATING ACTIVITIES		
a) INFLOWS FROM OPERATING ACTIVITIES	13,681,874	15,935,350
OPERATING REVENUES	14,285,490	14,290,398
EXTRAORDINARY OPERATING REVENUES	334,267	487,786
OPENING LESS CLOSING OPERATING RECEIVABLES	-945,700	1,154,961
OPENING LESS CLOSING DEFERRED EXPENSES/ACCRUED REVENUES	7,817	2,205
b) OUTFLOWS FROM OPERATING ACTIVITIES	12,880,325	7,195,377
OPERATING EXPENSES EXCLUDING OF DEPRECIATION AND FORMATION EXPENSES FOR LONG-TERM PROVISIONS	10,106,658	9,438,733
EXTRAORDINARY OPERATING EXPENSES	48,622	89,896
INCOME TAX AND OTHER TAXES NOT INCLUDED IN OPERATING EXPENSES	333,452	376,569
CLOSING LESS OPENING INVENTORY	-8,131	-84,468
OPENING LESS CLOSING OPERATING LIABILITIES	2,401,175	-2,593,219
OPENING LESS CLOSING ACCRUED EXPENSES/DEFERRED REVENUES	-1,451	-32,134
c) SURPLUS OF NET OPERATING INFLOWS OE NET OPERATING OUTFLOWS	801,549	8,739,973
B. FUNDS FLOWS FROM INVESTING ACTIVITIES		
a) INFLOWS FROM INVESTING ACTIVITIES	14,637,469	1,202,253
FINANCIAL REVENUES RELATED TO INVESTING (EXCLUDING REVALUATIONS AND IMPAIRMENTS)	11,362,234	8,372,097
EXTRAORDINARZ REVENUES RELATED TO INVESTING	0	0
OFFSET DECREASE OF SHORT-TERM FINANCIAL INVESTMENTS (EXCLUDING REVALUATIONS AND IMPAIRMENTS)	3,275,235	-7,169,844
b) OUTFLOWS FROM INVESTING ACTIVITIES	13,897,932	8,477,564
OFFSET INCREASE OF INTANGIBLE LONG-TERM ASSETS (EXCLUDING REVALUATIONS AND IMPAIRMENTS)	321,013	293,796
OFFSET INCREASE OF TANGIBLE FIXED ASSETS (EXCLUDING REVALUATIONS AND CONTRIBUTIONS-IN-KIND AS AN INCREASE OF EQUITY)	3,277,921	3,435,356
OFFSET INCREASE OF LONG-TERM FINANCIAL INVESTMENTS (EXCLUDING REVALUATIONS AND IMPAIRMENTS)	10,298,998	4,748,412
c) SURPLUS OF NET INVESTING INFLOWS OR OUTFLOWS	739,537	-7,275,311
C. FUNDS FLOWS FROM FINANCING ACTIVITIES		
a) INFLOWS FROM FINANCING ACTIVITIES	1,511,013	24,859
OFFSET INCREASE OF LONG-TERM PROVISIONS (EXCLUDING IMPAIRMENTS)	135,211	-37,376
OFFSET INCREASE OF LONG-TERM FINANCIAL LIABILITIES (EXCLUDING IMPAIRMENTS)	1,375,802	62,235
b) OUTFLOWS FROM FINANCING ACTIVITIES	2,973,269	1,717,452
FINANCIAL EXPENSES RELATED TO FINANCING (EXCLUDING REVALUATIONS)	707,676	1,339,357
DECREASE OF EQUITY (OUTSIDE OF NET LOSS OF THE YEAR)	1,706,188	1,423,828
OFFSET DECREASE OF SHORT-TERM FINANCIAL LIABILITIES (EXCLUDING REVALUATIONS)	559,405	-1,045,733
c) SURPLUS OF NET FINANCING INFLOWS OR OUTFLOWS	-1,462,256	-1,692,593
D. CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		
x) NET FUND FLOW IN THE PERIOD	78,830	-227,931
y) OPENING BALANCE OF CASH AND CASH EQUIVALENTS	288,683	516,614

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF LUKA KOPER GROUP FOR 2001

(in SIT thousand)	Balance on 31 December 2000	Increase	Decrease	Revaluation	Balance on 31 December 2001
SHARE CAPITAL	14,000,000				14,000,000
INFLATION ADJUSTMENT OF SHARE CAPITAL	19,142,810			2,319,997	21,462,807
TOTAL	33,142,810	0	0	2,319,997	35,462,807
CAPITAL SURPLUS					0
INFLATION ADJUSTMENT OF CAPITAL SURPLUS					0
TOTAL	0	0	0	0	0
RESERVES	5,664,119	1,501,948		0	7,166,067
INFLATION ADJUSTMENT OF RESERVES	3,036,210			636,058	3,672,268
TOTAL	8,700,329	1,501,948	0	636,058	10,838,335
NET PROFIT / LOSS FROM PRIOR YEARS	1,677,556	2,900,367	2,900,367	0	1,677,556
INFLATION ADJUSTMENT OF NET PROFIT / LOSS FROM PRIOR YEARS	730,301			319,131	1,049,432
TOTAL	2,407,857	2,900,367	2,900,367	319,131	2,726,988
UNDISTRIBUTED NET PROFIT / LOSS OF THE YEAR	2,900,367	3,638,519	2,900,367		3,638,519
TOTAL	2,900,367	3,638,519	2,900,367	0	3,638,519
EQUITY - MAJORITY SHAREHOLDERS	47,151,363	8,040,834	5,800,734	3,275,186	52,666,649
EQUITY - MINORITY SHAREHOLDERS	61,933	8,390	0	36,392	106,715
EQUITY - TOTAL	47,213,296	8,049,224	5,800,734	3,311,578	52,773,364

CONSOLIDATED STATEMENT OF CHANGES ON EQUITY OF LUKA KOPER GROUP FOR 2002

(in SIT thousand)	Share capital	Capital reserves	Legal reserves	Other revenue reserves	Net profit from prior years	Net loss from prior years	Net profit of the year	General equity revaluation reserve	Specific equity revaluation reserve	Total shareholder`s equity
A. BALANCE 1 JANUARY 2002	14,000,000	0	4,496,872	9,068,452	3,638,519	0	0	21,462,806	0	52,666,649
B. TRANSFERS TO EQUITY	0	0	0	0	0	0	4,552,202	0	123,535	4,675,737
ADDITIONAL PAYMENTS OF CAPITAL										0
NET PROFIT OR LOSS OF THE YEAR							4,552,202			4,552,202
INCREASE OF THE GENERAL EQUITY REVALUATION RESERVE										0
INCREASE OF SPECIFIC EQUITY REVALUATION RESERVE									123,535	123,535
C. TRANSFERS INSIDE EQUITY	0	0	3,638	5,787,596	-3,638,519	0	-2,206,138	0	53,422	-1
ALLOCATION OF NET PROFIT FOLLOWING THE RESOLUTION OF THE MANAGEMENT AND SUPERVISORY BOARDS			3,638	3,968,336	-1,819,259		-2,147,867		-4,849	-1
ALLOCATION OF NET PROFIT TO ADDITIONAL RESERVES FOLLOWING THE RESOLUTION OF THE GENERAL ASSEMBLY				1,819,260	-1,819,260					0
OTHER REALLOCATIONS OF EQUITY ITEMS							-58,271		58,271	
D. TRANSFERS FROM EQUITY	0	0	0	-1,706,188	0	0	0	0	0	-1,706,188
DIVIDEND DISTRIBUTION				-1,695,448						-1,695,448
IDISTRIBUTIONS TO MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS				-10,740						-10,740
EQUITY - MAJORITY SHAREHOLDERS										
E. BALANCE ON 31 DECEMBER 2002	14,000,000	0	4,500,510	13,149,860	0	0	2,346,064	21,462,806	176,957	55,636,197
EQUITY - MINORITY SHAREHOLDERS										
F. BALANCE ON 31 DECEMBER 2002	63,181	188	0	0	33,696	-22,607	19,273	19,032	0	112,763
EQUITY - TOTAL										
G. BALANCE ON 31 DECEMBER 2002	14,063,181	188	4,500,510	13,149,860	33,696	-22,607	2,365,337	21,481,838	176,957	55,748,960





Common reed | *Phragmites australis*

The long culms of the common reed create vast reeds across the Slovenian coast. The plants grow very quickly and offer shelter to the many animals that live in marshlands. The culms of the common reed are believed to be natural "water cleaners", since large amounts of oxygen are conveyed through the rhizomes into the ground.

FOTÖ: Iztok Geister 145





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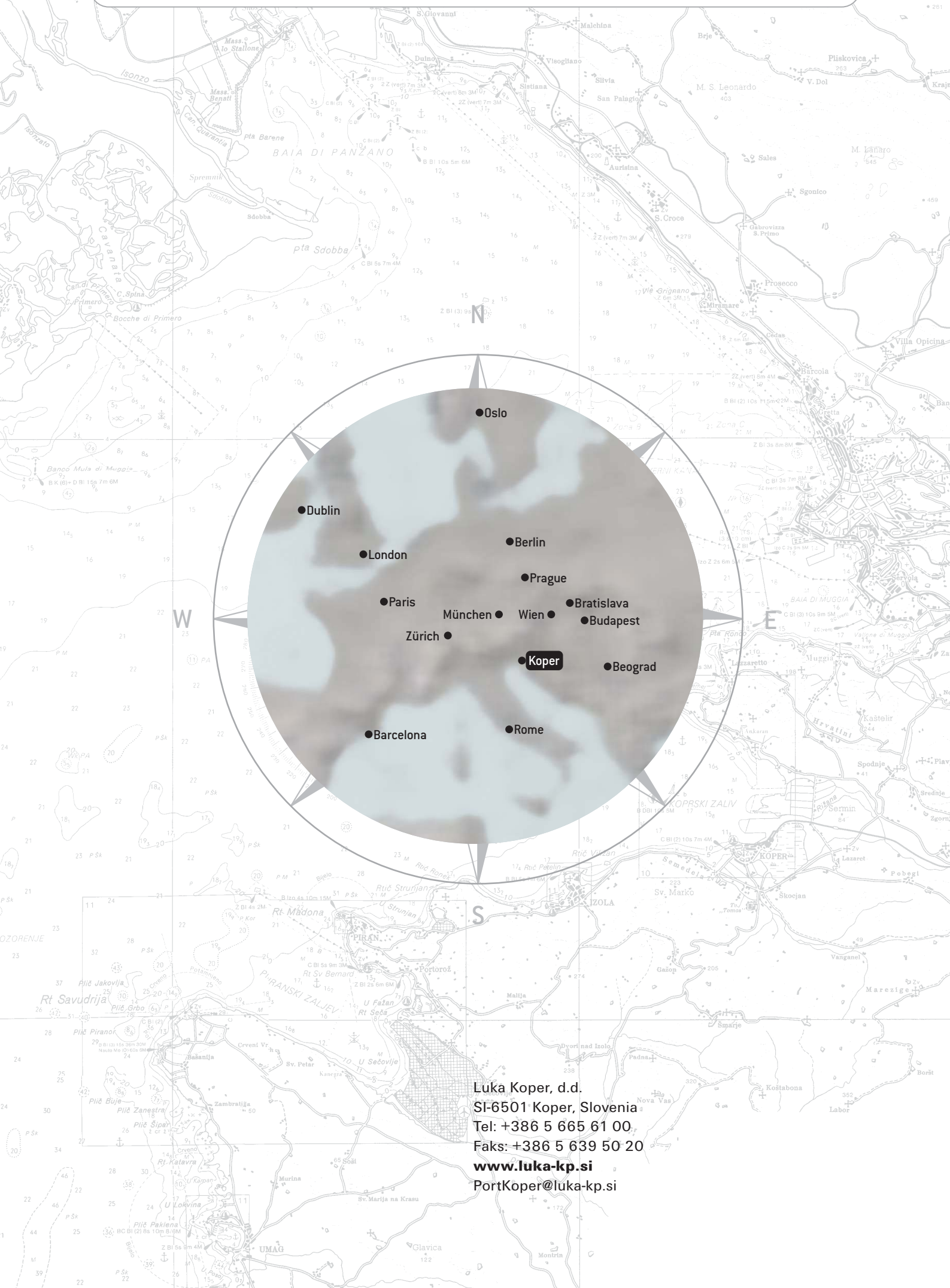
Ships sail according to directions set by the points of a compass. At Luka Koper, we know a reliable and effective guide that helps us overcome more than just the distances to those countries where goods are sent.

This guide is **our business excellence compass**. It brings us closer to our customers, employees, owners and the community. It motivates us to achieve more than before and constantly introduce improvements.

It also guides us to make ongoing efforts to improve environmental protection.

This Annual Report is enriched by some selected scenes to from the natural environment in which we create.

Koper | 45 degrees 33 minutes N, 13 degrees 44 minutes E



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