

# **LUKA KOPER GROUP**

**NON-AUDITED INTERIM REPORT OF  
LUKA KOPER D.D. AND LUKA KOPER GROUP  
JANUARY – MARCH 2012**

**Koper, Slovenia, May 2012**

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## PERFORMANCE HIGHLIGHTS OF LUKA KOPER GROUP

### COMPARISON OF PLANNED AND ACTUAL RESULTS FOR JANUARY – MARCH 2012

	Result	Plan	Index
	Jan – March 2012	Jan – March 2012	result/plan
Operating revenues	36,381,182	38,014,170	96
Operating profit (EBIT)	4,690,461	6,613,522	71
EBITDA	11,624,221	13,555,867	86
Net profit	2,562,729	3,875,514	66
Investments in intangible and tangible fixed assets, and real-estate investments	4,980,992	9,215,725	54
Cargo throughput (in tonnes)	4,357,369	4,435,446	98

### COMPARISON OF RESULTS FOR JANUARY – MARCH 2012 AND 2011

(in euros)	Jan – March 2012	Jan – March 2011	Index 2012/2011
<b>From Income Statement</b>			
Operating revenues	36,381,182	35,190,445	103
Operating profit (EBIT)	4,690,461	6,124,889	77
EBITDA	11,624,221	12,786,777	91
Financing gain (loss)	-1,607,284	-1,784,468	90
Pre-tax profit	3,083,177	4,340,421	71
Net profit	2,562,729	4,245,248	60

(in euros)	31. 3. 2012	31. 12. 2011	Index 2012/2011
<b>From Balance Sheet Statement</b>			
Assets	481,576,987	478,271,061	101
Non-current assets	439,125,420	445,905,231	98
Current assets and deferred expenses and accrued revenues	42,451,567	32,365,830	131
Equity	242,370,865	240,796,818	101
Long-term liabilities and provisions	190,110,799	171,108,726	111
Short-term liabilities and accrued expenses and deferred revenues	49,095,323	66,365,517	74
Financial liabilities	201,640,604	205,799,473	98

(as a percentage)	1 – 3 2012	1 – 3 2011	Index 2012/2011
<b>Indicators</b>			

Return on sales (ROS)	12.89%	17.40%	74
Net return on equity (ROE)	4.24%	6.91%	61
Net return on assets (ROA)	2.14%	3.38%	63
EBITDA margin	31.95%	36.34%	88
Financial liabilities/equity	83.20%	89.04%	93

<b>(in euros)</b>	<b>1 – 3 2012</b>	<b>1 – 3 2011</b>	<b>Index 2012/2011</b>
<b>From Cash Flow Statement</b>			
Investments in intangible, tangible fixed assets and real-estate investments	4,980,992	5,921,023	84

## GENERAL INFORMATION

### INTRODUCTORY NOTE

Compliant with the *Market and Financial Instruments Act RS, Ljubljana Stock Exchange Rules* as well as *Guidelines on Disclosure for Listed Companies, Luka Koper d.d., Vojkovo Nabrežje 38, Koper, Slovenia*, discloses this Non-Audited Report on the performance of *Luka Koper d.d.* and *Luka Koper Group* for January – March 2012.

This Non-Audited Report on the performance of *Luka Koper d.d.* and the *Luka Koper Group* for January – March 2012 can be examined at *Luka Koper d.d.*'s registered headquarters at Vojkovo Nabrežje 38, 6501 Koper, Slovenia, and shall also be accessible via the company's website [www.luka-kp.si](http://www.luka-kp.si) from 28<sup>th</sup> May 2012 onwards.

The company promptly publishes any pertinent changes to information contained in the prospectus for stock exchange listing on *SEOnet*, the electronic information system of the Ljubljana Stock Exchange.

This Non-Audited Report on the performance of *Luka Koper d.d.* and the *Luka Koper Group* for January – March 2012 was addressed by the company's Supervisory Board at its regular session held on 25<sup>th</sup> May 2012.

## PRESENTATION OF LUKA KOPER GROUP

*Luka Koper*, a port operator and logistics provider, with its registered office in Koper, Slovenia, is the parent company of the *Luka Koper Group*.

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<i>Full title</i>	<i>Luka Koper, d.d.</i> <i>a public limited liability port and logistics system operator</i>
<i>Short title</i>	<i>Luka Koper, d. d.</i>
<i>Registered office</i>	<i>Vojkovo Nabrežje 38, Koper, Slovenia</i> <i>Telephone: + 386 (0)5 66 56 100</i> <i>Fax: + 386 (0)5 63 95 020</i> <i>Email: <a href="mailto:portkoper@luka-kp.si">portkoper@luka-kp.si</a></i> <i>Website: <a href="http://www.luka-kp.si">www.luka-kp.si</a></i>
<i>Company registration</i>	<i>Application No. 066/10032200,</i> <i>registered at the Koper District Court, Slovenia</i>
<i>Registration number</i>	<i>5144353</i>
<i>Tax number</i>	<i>SI 89190033</i>
<i>Issued share capital</i>	<i>€ 58,420,964.78</i>
<i>Number of shares</i>	<i>14,000,000 ordinary no-par-value shares</i>
<i>Shares listing</i>	<i>Ljubljana Stock Exchange, prime market</i>
<i>Share ticker symbol</i>	<i>LKPG</i>
<i>President of the Management Board</i>	<i>Dr. Gregor Veselko</i>
<i>Management Board Deputy President</i>	<i>Tomaž Martin Jamnik</i>
<i>Member of the Management Board</i>	<i>Marko Rems</i>
<i>Member of the Management Board – Workers Director</i>	<i>Matjaž Stare</i>
<i>President of the Supervisory Board</i>	<i>Dr. Janez Požar</i>
<i>Number of consolidated companies</i>	<i>5</i>
<i>Luka Koper d.d. core activity</i>	<i>Seaport and logistics system operator and service provider</i>
<i>Luka Koper Group activities</i>	<i>Various support and ancillary serviced in relation to core activity</i>

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Companies consolidated within the *Luka Koper Group* provide various services which accomplish the comprehensive operation of the Port of Koper. In addition to the parent company *Luka Koper d.d.*, the *Luka Koper Group* was - as of 31<sup>st</sup> March 2012 - comprised of the following subsidiary enterprises:



\*The subsidiaries also include *Luka Koper Deutschland GmbH* in which the parent company holds a 74.80 percent share and is in the process of liquidation.

As of 31<sup>st</sup> March 2012, *Luka Koper d.d.* also discloses financial investments in jointly-controlled and associated companies in which it exerts significant influence:



\* The company *Adriasole d.o.o.* is not controlled in compliance with International Accounting Standards 27 (13). Although *Luka Koper d.d.* holds a 98-percent stake in *Adriasole d.o.o.*, decision making requires the consent of the partner pursuant to an agreement. Compliant with provisions of IAS 28 (7), *Adriasole d.o.o.* has been reclassified as an associated company.

*Luka Koper d. d.* has shareholdings in the companies listed below, which are classified as assets held for disposal and sale.

- *Intereuropa d.d.* - 24.81% stake,
- *Logis Nova d.o.o.* - 99.96% stake,
- *Adria Investicije d.o.o.* - 100% stake.

## CORPORATE GOVERNANCE AND MANAGEMENT

### Luka Koper d. d. Management Board

As of 31<sup>st</sup> March 2011, *Luka Koper d.d.*'s Management Board was comprised as follows:

- Dr. Gregor Veselko, President of the Management Board, commenced a five-year term on 16<sup>th</sup> June 2009.
- Tomaž Martin Jamnik, Deputy President of the Management Board, commenced a five-year term on 16<sup>th</sup> October 2009.
- Marko Rems, Member of the Management Board, commenced a five-year term on 1<sup>st</sup> March 2010.
- Matjaž Stare, Workers Director, commenced a five-year term on 18<sup>th</sup> October 2010.

A presentation of the Management Board members is available on the company's website: [www.luka-kp.si](http://www.luka-kp.si).

Tomaž Martin Jamnik's resignation as Vice President of the Management Board was accepted by the *Luka Koper d.d.* Supervisory Board at its 20<sup>th</sup> April 2012 meeting. Tomaž Martin Jamnik will continue to perform his function as a member of the Management Board until 31<sup>st</sup> May 2012.

### Luka Koper d. d. Supervisory Board

As of 31<sup>st</sup> March 2012, the *Luka Koper d.d.* Supervisory Board comprised of the following members:

#### Representatives of shareholders

- Dr. Janez Požar, President of the Supervisory Board, appointed upon the proposal of the Republic of Slovenia; commenced a four-year term on 14<sup>th</sup> July 2009 (16<sup>th</sup> General Assembly of Shareholders).
- Mr. Tomaž Može, Deputy President of the Supervisory Board, appointed as the representative of other shareholders; commenced a four-year term on 14<sup>th</sup> July 2009 (16<sup>th</sup> General Assembly of Shareholders).
- Mr. Bojan Brank, Member of the Supervisory Board, appointed upon the proposal of the Republic of Slovenia; commenced a four-year term on 14<sup>th</sup> July 2009 (16<sup>th</sup> General Assembly of Shareholders).



- Dr. Marko Simoneti, Member of the Supervisory Board, appointed upon the proposal of the Republic of Slovenia; commenced a four-year term on 14<sup>th</sup> July 2009 (16<sup>th</sup> General Assembly of Shareholders).
- Mr. Jordan Kocjančič, Member of the Supervisory Board, appointed upon the proposal of the state funds of the Republic of Slovenia; commenced a four-year term on 14<sup>th</sup> July 2009 (16<sup>th</sup> General Assembly of Shareholders).
- Sabina Mozetič, Member of the Supervisory Board, appointed upon the proposal of Koper Municipality Council; commenced a four-year term on 12<sup>th</sup> July 2011 (19<sup>th</sup> General Assembly of Shareholders).

### **Representatives of employees**

- Mr Mladen Jovičič, Employee Representative; commenced a four-year term on 8<sup>th</sup> April 2009.
- Mr. Stojan Čepar, Employee Representative; commenced a four-year term on 8<sup>th</sup> April 2009.
- Mr. Nebojša Topič, Employee Representative; commenced a four-year term on 27<sup>th</sup> July 2008.

### **External member of the Supervisory Board's Auditing Committee**

- Ms. Blanka Vezjak, the external member of the Supervisory Board's Auditing Committee, was appointed on 11<sup>th</sup> September 2009 meeting of the Supervisory Board.

## **SIGNIFICANT EVENTS JANUARY – MARCH 2012**

### **JANUARY**

- *Luka Koper* signed a contract on the acquisition of three RTG cranes with the Finnish company *Konecranes*; these will be delivered in six months.
- A consortium of ship owners (*Hanjin, Yang Ming, Hyundai Merchant Marine* and the *United Arab Shipping Company*) cancelled a direct container line linking the Port of Koper with the Far East. The last vessel operating this service called at Koper in mid-January 2012. The aforementioned companies will continue to serve Koper via feeder line services.

## FEBRUARY

- The *Luka Koper Group* published its non-audited non-consolidated and consolidated financial statements for fiscal 2011.
- Together with other members of North Adriatic Ports Association (NAPA), *Luka Koper* presented its operations at India's Mumbai logistics fair.
- The company was granted *Bureau Veritas* certification in relation to its handling and storage of crops and foods from organic and conventional production.
- A strong bora wind impeded port operations for several days, and, for a time, also prevented cargo handling.
- During his visit to *Luka Koper*, Mr Brian Simpson, President of the European Parliament Transport and Tourism Committee, was presented with an overview of the company's operations and the need for improved rail links, including the Port of Koper's inclusion within Europe's Baltic – Adriatic transport corridor.

## MARCH

- Koper's Passenger Terminal was presented to delegates at the Seatrade Cruise Shipping Convention in Miami, Florida, the world's largest such specialised fair.
- *Luka Koper's Living With The Port Fund*, which aims to foster and finance community-oriented initiatives, received 271 applications. Ninety-three projects - from such diverse fields as sport, culture, education, ecology and humanitarian endeavour - were supported in a total amount of € 91,400.
- In conjunction with Port Klang in Malaysia, *Luka Koper* organised business conferences in Budapest and Vienna.
- The company formed part of a Slovenian business delegation to Turkey, and met Turkish businessmen in Manisa, Izmir and Istanbul.

## SIGNIFICANT POST-BALANCE SHEET EVENTS

## APRIL

- At its 20<sup>th</sup> April 2012 session, the Supervisory Board accepted the resignation of Management Board Deputy President Tomaž Martin Jamnik, who shall continue to perform his function until 31<sup>st</sup> May 2012.
- At its 20<sup>th</sup> April 2012 session, the Supervisory Board also endorsed the 2011 Annual Report.
- Based on resolutions adopted by the *Koper Municipal Council*, Koper Municipality requested the provision of compensation for the pollution suffered by the inhabitants of Koper city, Žusterna, Za Gradom, Semedela, Olmo-Prisoje and Ankaran, as well as that *Luka Koper d.d.* draw up a strategy to cease its break bulk cargo handling operations within three years.

- The Taiwanese container freight shipping company *Evergreen Marine* established a direct container service between the Far East and the Adriatic, which also includes the Port of Koper.
- The 318 m long, 43 m wide *Maersk Karlskrona* with a capacity of 7,908 TEUs becomes the largest ever container vessel to berth at the Port of Koper.
- *Luka Koper* met with Slovak businessmen as part of a Slovenian commercial delegation accompanying a state visit to Slovakia by President Danilo Türk.
- On 16<sup>th</sup> April 2012, *Luka Koper d.d.* received a decision by the Securities Market Agency RS on the suspension of the exercise of its voting rights in *Krka Tovarna Zdravil d.d.*, Šmarješka Cesta 6, Novo Mesto, Slovenia. The suspension of such rights shall apply until the following companies:
  - *Slovenska odškodninska družba d.d.*, Mala Ulica 5, Ljubljana,
  - *Kapitalska družba pokojninskega & invalidskega zavarovanja d.d.*, Dunajska Cesta 119, Ljubljana
  - *Luka Koper d.d.*, Vojkovo Nabrežje 38, Koper,
  - *Zavarovalnica Triglav d.d.*, Miklošičeva Cesta 19, Ljubljana,
  - *KBM Fineko, družba za finančne storitve, trženje & svetovanje d.o.o. - Skupina Nove KBM Maribor*, Ulica Vita Kraigherja 5, Maribor,
  - *Aerodrom Ljubljana d.d.*, Zgornji Brnik 130A, Brnik,

together, or one of them on behalf and account of all of them, or several of them on behalf and account of all of them, makes a formal takeover bid for *Krka Tovarna Zdravil d.d.*, Šmarješka Cesta 6, Novo Mesto, Slovenia, in accordance with the provisions of the *Takeovers Act RS*, or until said companies dispose of Krka (KRKG) shares so that together, one or more of them does not maintain a holding in *Krka Tovarna Zdravil d.d.* which surpasses the prescribed takeover threshold. *Luka Koper d.d.* shall closely examine the decision by the *Securities Market Agency RS* and do everything in its power to protect the company's interests.
- The shipowner *Hapag Lloyd* has included the Port of Koper in a new container service linking the Egyptian ports of Damietta and Port Said with the Northern Adriatic.
- In late April, the companies *Luka Koper d.d.*, *INPO d.o.o.* and *Adria Terminali d.o.o.* were subject to external re-audits of their ISO 9001:2008 Quality Management, and ISO 14001 Environmental Protection Management (including EMAS) systems; *Luka Koper d.d.* was additionally subject to a regular surveillance audit of its food safety (ISO 22000:2005) and occupational health and safety (BS OHSAS 18001:2007) standards. Subsidiary enterprises have successfully passed the audit.

## PERFORMANCE ANALYSIS OF THE LUKA KOPER GROUP

The *Luka Koper Group* concluded the first quarter of 2012 with cargo throughput in the amount of 4.4 million tonnes, which is an eight percent increase on the same period last year. Operating revenues recorded three-percent year-on growth, whilst due to more rapid rises in operating expenses, in particular the costs of energy, labour and port service provision, together with the creation of long-term provisions, operating profit amounted to € 4.7 million, which is a year-on decline of twenty-three percent.

In addition, first quarter performance was also impacted by extreme weather conditions, in particular the strong bora wind which disrupted operations in February.

In the first quarter of 2012, *LK Group* net profit stood at € 2.6 million, of which the parent company - *Luka Koper d.d.* - generated net profit in the amount of € 1.9 million.

Based on the interim performance of the parent company and the *Luka Koper Group* as a whole, the *Luka Koper d.d.* Management Board estimates that conditions in the key hinterland markets are unpredictable, particularly as regards general cargoes and break bulk cargoes; this in itself presents a risk to the accomplishment of planned results. It is also expected that rises in the price of energy, labour costs and maintenance costs shall affect the *LK Group's* operating revenues. Marketing activities and cost management are implied in order to ameliorate said risks.

### ***OPERATING REVENUES***

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From January to March 2012, *Luka Koper Group's* operating revenues amounted to € 36.4 million, which is three percent ahead of the same period in 2011 and four percent short of planned performance.

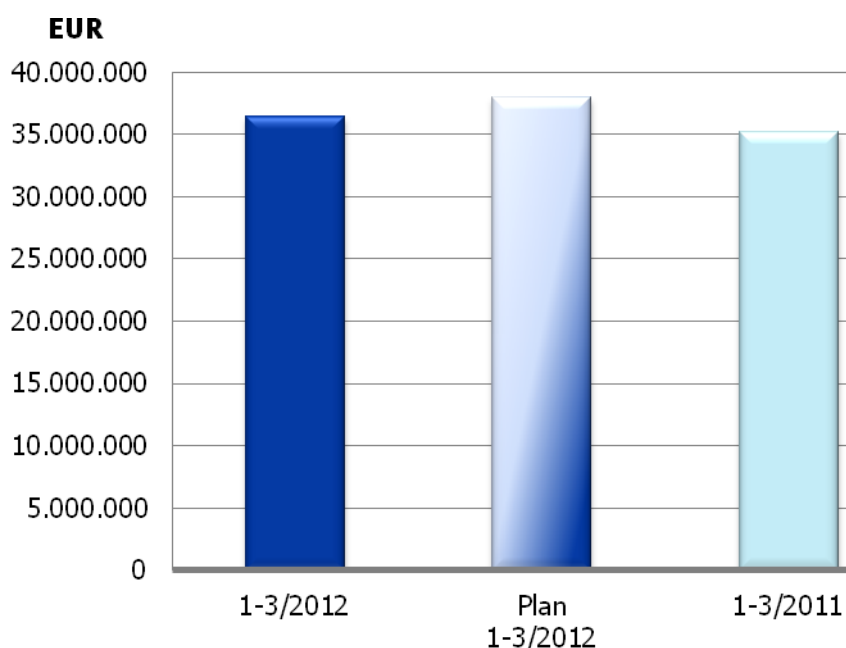


Table 1: Operating revenues by cargo type in the first quarters of 2012 and 2011

<b>OPERATING REVENUES (in euros)</b>	<b>1 – 3 2012</b>	<b>1 – 3 2011</b>	<b>Index 2012/2011</b>
General cargos	8,484,586	8,790,975	97
Container freight	8,366,526	7,883,963	106
Vehicles	3,754,109	3,085,979	122
Liquid cargos	1,673,400	1,715,325	98
Bulk and break bulk cargos	8,421,459	8,458,621	100
Other operating revenues	5,681,102	5,255,582	108
<b>TOTAL</b>	<b>36,381,182</b>	<b>35,190,445</b>	<b>103</b>

A year-on decrease in general cargo operating revenues can for the most part be attributed to unfavourable weather conditions, i.e. the strong bora wind in February which impacted handling operations. In addition, revenues were also affected by lower throughput of project cargos and paper, as well as by continuing political instability in North Africa. Despite a year-on decrease in fruit and perishables throughput, operating revenues rose due to the provision of value-added ancillary services.

Container freight recorded a six percent increase in operating revenues, which can be attributed to its growth and a slightly different revenue structure.

An increase in operating revenues at the Car Terminal is the result of the acquisition of new business, an expansion of supplementary service provision, as well as increased revenues from storage charges.

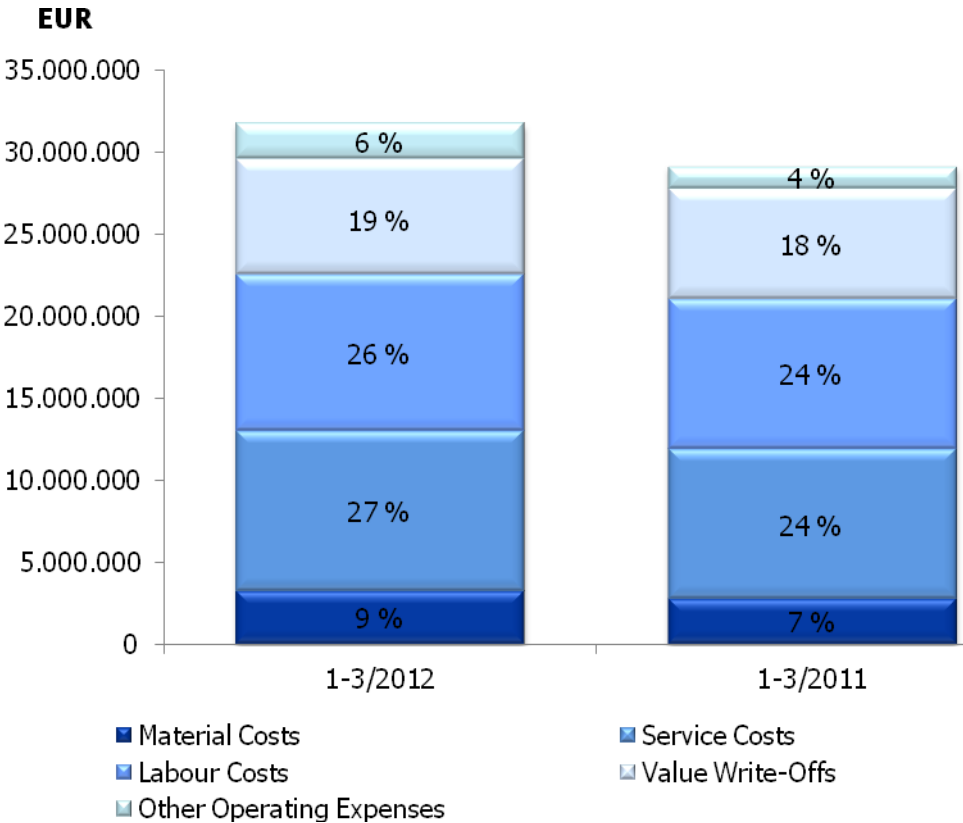
The decline in operating revenues at the Liquid Cargo Terminal can be attributed to a fall in storage charges and the flat rate handling provision charged to clients.

Bulk and break bulk cargos recorded the same operating revenues as they did in January to March 2011. There was an increase in revenues from coal handling operations and a slight decline in revenues from storage charges.

***OPERATING EXPENSES***

*Luka Koper Group* operating expenses amounted to €31.7 million in the first quarter of 2012, which is a nine percent year-on increase and one percent ahead of plans. Operating expenses equate to eighty-seven percent of operating revenues, which is ten percentage points above the same period last year. The largest absolute growth in operating expenses was recorded in other operating expenses from the formation of provisions, service costs – in particular the costs of port service providers – as well as labour costs.

Figure 2: Structure of Luka Koper Group Q1 operating expenses in 2012 and 2011



### ***MATERIAL COSTS***

Material costs in the amount of € 3.2 million recorded a year-on increase of eighteen percent. Rises were recorded in the costs of maintenance materials, electrical energy, fuel for machinery and vehicles as well as heating fuel. Higher costs for electricity and, in particular, fuel can be attributed to the rise in energy prices, growth in cargo throughput as well as the number of handling operations per unit of cargo. Rising prices, a severe winter and February's disruptive bora winds accounted for the increase in heating costs.

### ***SERVICE COSTS***

Service costs in the amount of € 9.8 million were seven percent ahead of the same period last year. The costs of port service provision in the amount of € 4.4 million, which recorded a year-on increase of nine percent, account for nearly fifty percent of total service costs. Escalating port service costs are the result of an increased volume of services provided due to the growth in cargo throughput and the rise in the number of handling operations. The per unit cost of port service provision was also above the Q1 2011 level, whilst maintenance costs in the amount of € 1.4 million (up by 0.6 percent) remained similar to the 2011 level.

Other service costs, and in particular the Concession Fee – which remained at € 1.1 million in the first quarter - was a significant item in the structure of total service costs

### ***LABOUR COSTS***

Labour costs recorded a four percent rise on January to March 2011, and amounted to € 9.5 million in the first quarter of 2012. The total number of employees in *Luka Koper Group* enterprises decreased by three as of the end of December 2011, but remains 25 more than a year previously. Increases in basic salaries in July and August 2011, and again in February 2012 additionally contributed to the growth in labour costs. Further to this, employee structure changed following last year's strike. Indeed, the company has taken on more crane operators, who have higher than average salaries, whilst there has been a reduction in employee numbers within those subsidiaries where average labour costs are lower.

### ***VALUE WRITE-OFFS***

Value write-offs in the amount of € 7 million recorded a five percent increase on the first quarter of 2011.

### ***LONG-TERM PROVISIONS***

Long-term provisions in the amount of € 696,700 are € 654,000 up on the first quarter of 2011. The company formed long-term provisions in the amount of € 380,400 to cover losses from an expected law suit, as well as € 316,300 for regular execution of the public services.

### **OPERATING PROFIT**

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Operating profit generated in the first quarter of 2012 amounted to € 4.7 million, and equates to seventy-seven percent of total operating profit in the same period last year. Despite the growth in operating revenues, profit from operations fell; this can mainly be attributed to the fact that January to March 2012 costs outgrew revenues by six percentage points. Operating profits were twenty-nine percent below the plan. EBITDA in the amount of € 11.6 million - which is € 1.9 million less than planned - also recorded a year-on decrease of nine percent (€ 1.2 million).

### **FINANCIAL REVENUES AND EXPENSES**

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In the first quarter of 2012, the *Luka Koper Group* generated € 210,000 in financial revenues, which is a year-on decrease of thirty-four percent. This decline can be attributed to the decrease in financial revenues from profit participation in those associated companies which failed to perform well.

Financial expenses in the amount of € 1.8 million were fourteen percent below the January – March 2011 level. Expenses from financial liabilities to banks are lower due to a reduced volume of debts as well as decreases in variable interest rates.

### **PRE-TAX PROFIT AND NET PROFIT**

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Pre-tax profit stood at € 3 million and net profit at € 2.6 million. Net profit is sixty percent of that generated between January and March 2011 as well as sixty-six percent of the planned net profit.

### **ASSETS AND LIABILITIES**

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As of 31<sup>st</sup> March 2012, the *Luka Koper Group* balance sheet total amounted to € 481.6 million, which is a one percent (€ 3.3 million) increase on the level recorded at 31<sup>st</sup> December 2011.

Non-current assets in the amount of € 439.1 million account for ninety-one percent of total assets. Tangible fixed assets in the amount of € 359.9 million account for the major portion of non-current assets, which have decreased by € 3.3 million on 31<sup>st</sup> December 2011. There was a reduction of fixed assets under acquisition, the consequent decrease in the value of this item occurred in conjunction with the regular amortisation of existing fixed assets.



Current assets in the amount of € 37.3 million rose by € 5.5 million above the 31<sup>st</sup> December 2011 level due to the accounting recognition of short-term aspects of long-term bank deposits. A € 2.8 million increase in short-term operating receivables, taking the total to € 25.9 million, was also recorded.

As of 31<sup>st</sup> March 2012, *LK Group* equity amounted to € 242.4 million, thus representing 50.3% of the balance sheet total.

Long-term liabilities and provisions amounting to € 190 million account for 39.5 percent of total equity and liabilities.

As of 31<sup>st</sup> March 2012, financial liabilities were the equivalent of 83.2 percent of equity, a 5.9 percentage-point decrease on 31<sup>st</sup> December 2011.

## FINANCIAL MANAGEMENT

The *Luka Koper Group* managed to reduce its total financial liabilities by two percent over the first three months of 2012, i.e. from € 205.8 million to 201.6 million.

### **Maturity of financing sources**

Through resorting to longer term sources of financing, the *Luka Koper Group* is continuing to restructure its financial liabilities during 2012. As of 31<sup>st</sup> March 2012, the *Group's* long-term financial liabilities to banks accounted for eighty-six percent of its total financial liabilities, which is an eleven percent increase on 31<sup>st</sup> December 2011.

Figure 3: Structure of financial liabilities of the Luka Koper Group by maturity

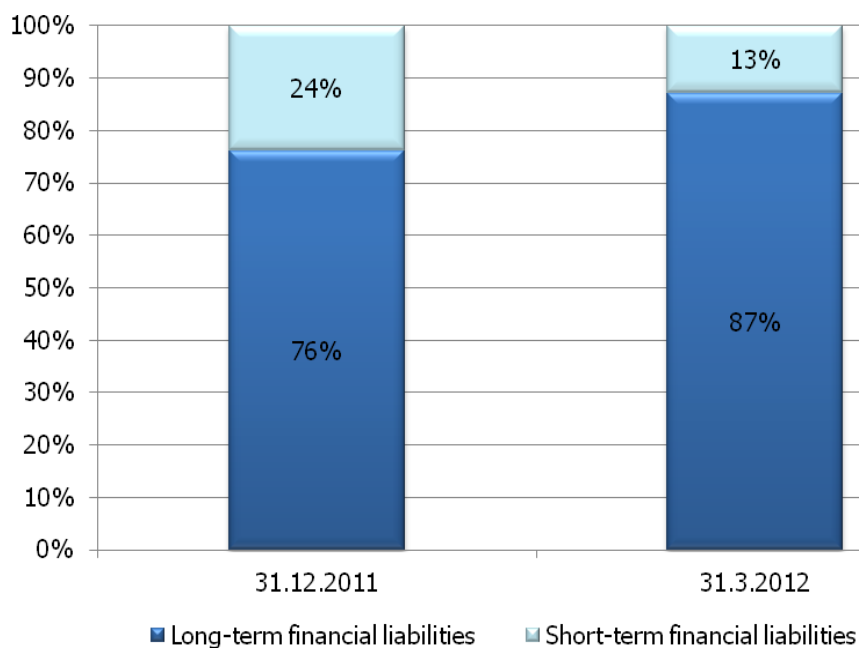
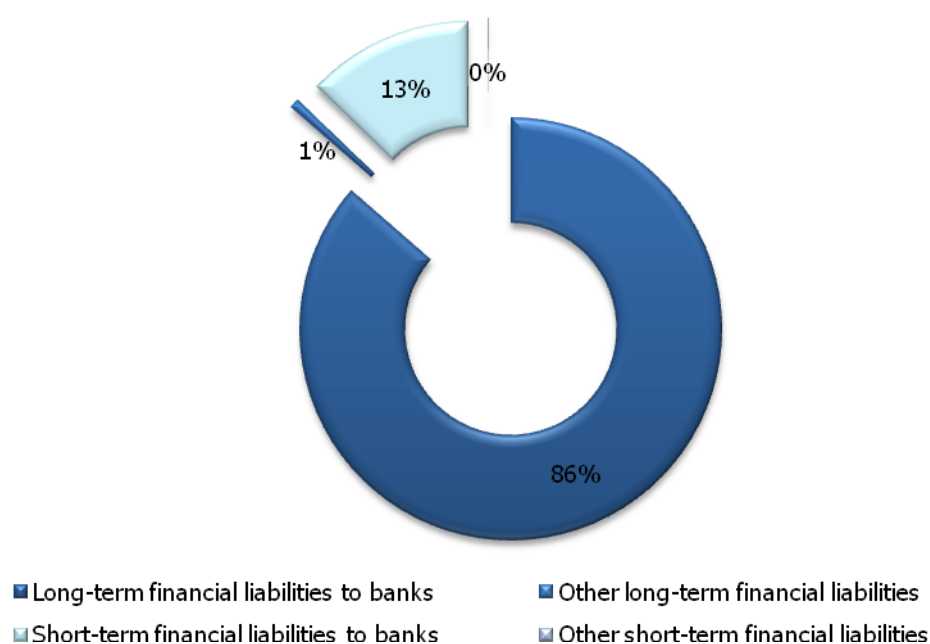


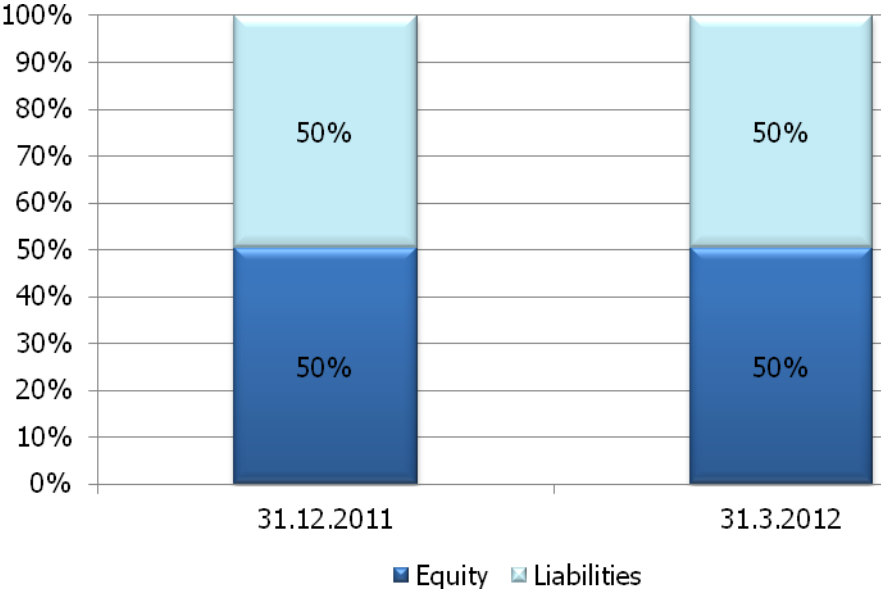
Figure 4: Luka Koper Group's financial liabilities as of 31<sup>st</sup> March 2012



### Structure of equity and liabilities

Loans subject to variable interest rates account for major portion of the total *Luka Koper Group* liabilities. During the second half of 2011, in order to manage interest rate risk, the *LK Group* established an interest rate protection scheme for a € 30 million loan.

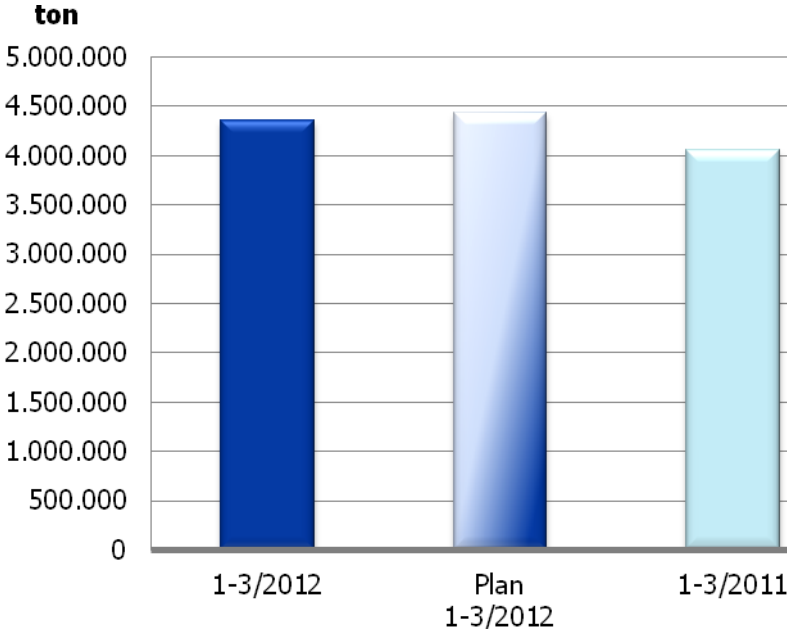
Figure 5: Capital structure of the Luka Koper Group



**MARKETING AND SALES**

Cargo throughput in the first quarter of 2012 amounted to 4.4 million tonnes, which is eight percent ahead of the same period last year and two percent below the planned volumes. The largest year-on growth was recorded in relation to bulk and break bulk cargos as well as vehicles, whilst there was an overall decline in general cargos.

Figure 6: Cargo throughput in the first quarter of 2012 and 2011, against the plan for 2012



## Throughput structure by cargo types

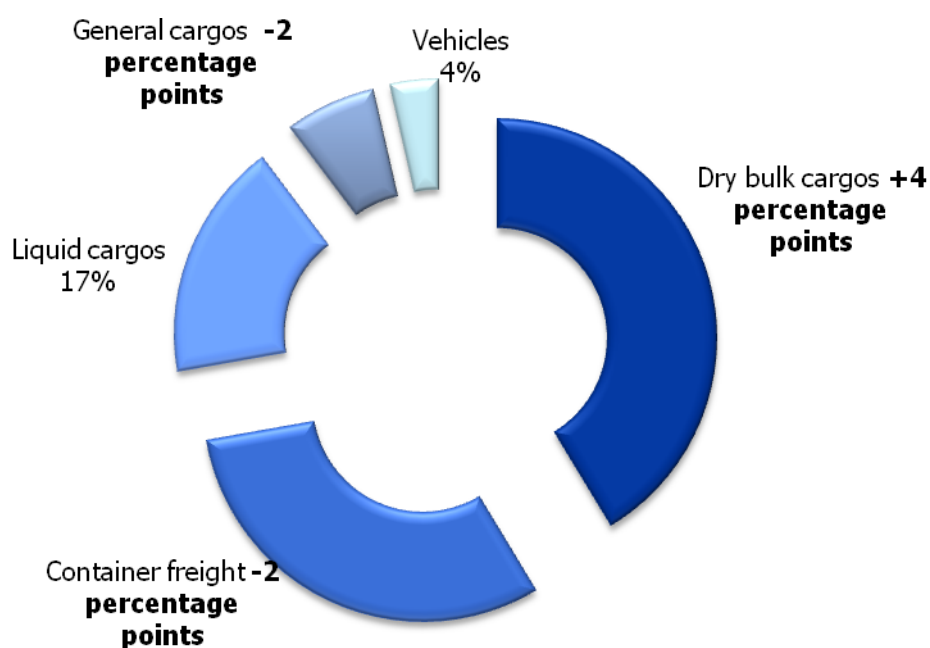
Table 2: Q1 tonnage throughput by cargo type in 2012 and 2011

CARGO TYPE (in tonnes)	1 – 3 2012	1 – 3 2011	Index 2012/2011
General cargos	290,624	357,475	81
Container freight	1,344,927	1,316,208	102
Vehicles	155,874	143,114	109
Liquid cargos	764,307	728,784	105
Bulk and break bulk cargos	1,801,637	1,507,620	120
<b>Total</b>	<b>4,357,369</b>	<b>4,053,201</b>	<b>108</b>

Table 3: Throughput of container freight (in TEUs) and vehicles (in units) in the first quarters of 2012 and 2011

CARGO TYPE	1 – 3 2012	1 – 3 2011	Index 2012/2011
Containers - in TEUs	152,072	149,593	102
Vehicles - in units	110,314	100,057	110

Figure 7: First quarter throughput in 2012 by cargo type, and percentage change in relation to Q1 2011 results

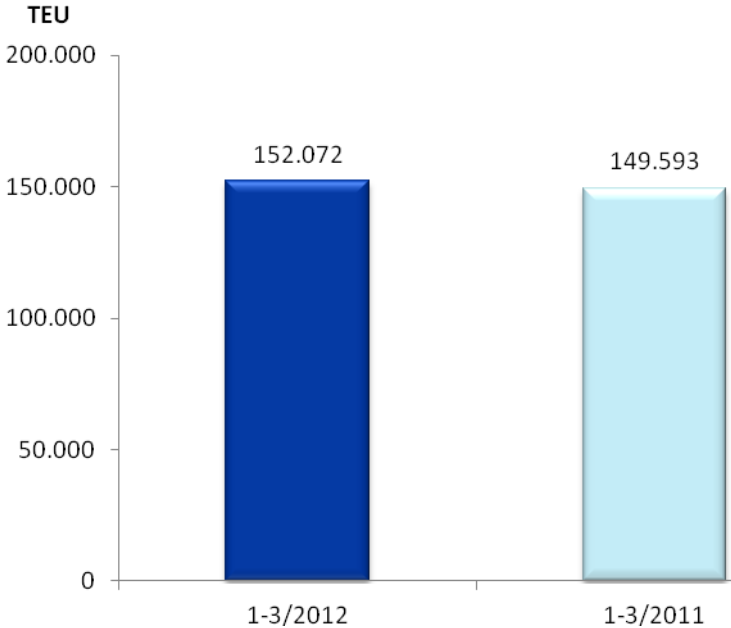


Dry bulk cargos, which recorded year-on growth of four percent, account for the major portion of total cargo throughput.

**Container freight**

Despite January’s cancellation of a direct container service linking the Port of Koper with the Far East, there was year-on growth in container freight. *Luka Koper’s* Container Terminal handled a record total of 152,072 TEUs in the first quarter of 2012, which is two percent ahead of last year. This growth trend is expected to continue, but not with the same intensity as in fiscal 2011.

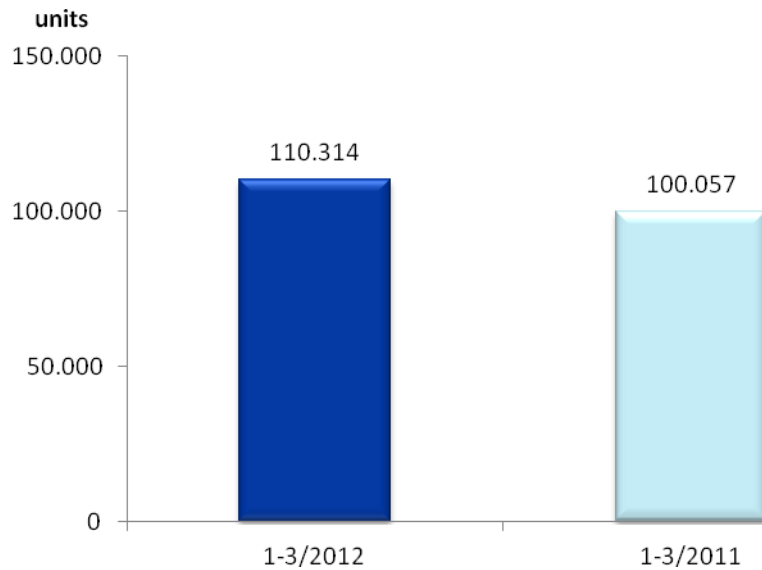
Figure 8: Container throughput in the first quarters of 2012 and 2011 (in TEUs)



**Vehicles**

Vehicle throughput in the first quarter of 2012 amounted to 110,314 units, which exhibits year-on growth of ten percent and is mainly attributable to the acquisition of new business in North Africa.

Figure 9: Vehicle throughput in the first quarters of 2012 and 2011 (in units)



### **General cargos**

Across the first three months of 2012, general cargo throughput recorded a nineteen percent decline on the same period last year.

The largest decrease within this cargo type was recorded in relation to project cargos, whereas a decline in the volumes of paper handled can be attributed to problems with the maritime carriers in the logistics chain.

The fall in fruit and perishable goods can, in particular, be attributed to the continuing trend towards containerisation, the growth rates of which are significantly higher than that of classical transport using conventional vessels. Accordingly, this particular decrease in throughput volumes has not impacted operating revenues.

The continuing political instability within some North African states, and in Libya in particular, are reflected in reduced timber exports and a consequent twelve percent year-on decrease in the volumes handled. Through the constant monitoring of events in the Middle East and proactive planning, preparations are being made to insure the immediate revival of timber and general cargo trade links once the situation in these crisis areas is resolved.

### **Liquid cargos**

The throughput of oil derivatives remains slightly below last year's levels, and no major changes are expected in this segment. Other liquid cargos continued to grow across the first quarter of 2012, with year-on volumes thirty-six percent ahead of last year, and ten percent above plans.

### **Bulk and break bulk cargos**

Coal imports saw twenty-six percent year-on growth in the first quarter of 2012, which is eight percent ahead of the planned throughput volumes. This can mainly be attributed to the

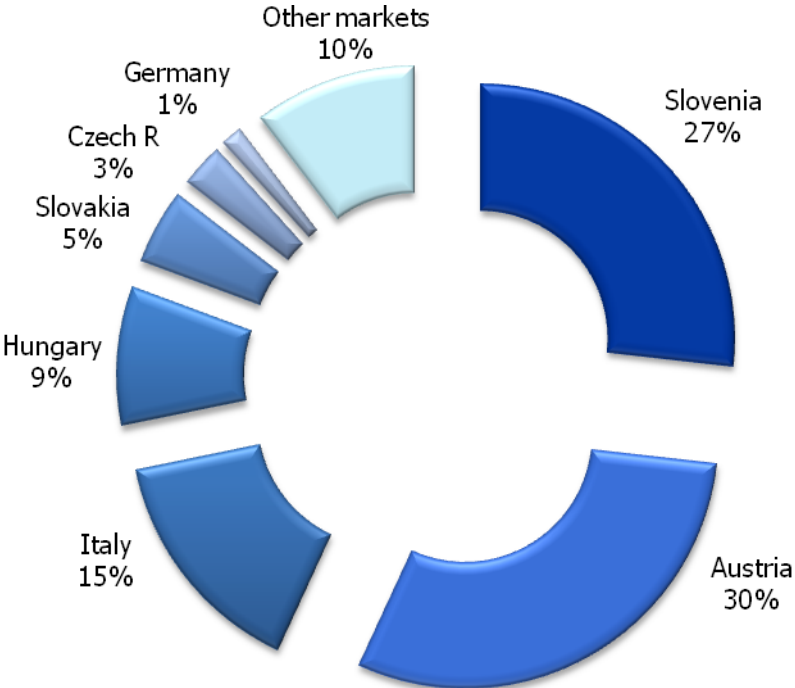
redirection of coal destined for the Italian market via the Port of Koper, as well as the rise in demand for coal within the said market.

Bulk cargo throughput remains at the levels experienced in the first quarter 2011. There has been a twelve percent year-on drop in the handled volumes of cereals, minerals and other raw materials, which can in particular be attributed to decreases in the throughputs of cereals and - due to a milder winter - salt. It is anticipated that the recent acquisition of certification for the handling and storage of origin-guaranteed cereals and foodstuffs shall have a favourable impact on future throughput volumes. Soya throughput recorded forty-three percent growth on the same period last year.

**Throughput structure by European hinterland markets**

The largest growth in relation to the first quarter of 2011 was recorded in the Italian market, mainly due to the increased volumes of bulk and break bulk cargos.

Figure 10: Throughput structure by European hinterland markets, January – March 2012



**Marketing activities**

In order to promote and further expand the visibility of the Port of Koper as an excellent gateway for transcontinental cargos pertaining to Central and Eastern Europe, *Luka Koper*

*d.d.* has attended a number of promotional events and business meetings in the Far East as well as in its European hinterland markets.

Special mention should be made of the *Fruit Logistica Berlin 2012* fair, which is one of the most important events in perishables logistics; indeed, fruit and vegetables are extremely important to the company.

Business conferences were also organised in Budapest and Vienna in conjunction with Port Klang in Malaysia, with which *Luka Koper d.d.* has signed a co-operation agreement. These events were aimed in particular at establishing contacts and identifying opportunities for collaboration between Malaysian forwarding agents and *Luka Koper's* Hungarian and Austrian partners.

Within the context of the *North Adriatic Ports Association (NAPA)* *Luka Koper d.d.* was present at the *SITL* fair in Mumbai in order to promote the advantage - both in terms of time as well as cost - of the Northern Adriatic gateway to the European continent for cargos from the Subcontinent and the Far East.

*Luka Koper* participated in a business delegation, organised by Slovenia's Chamber of Commerce and Industry, which visited three extremely important commercial centres - Manisa, Izmir and Istanbul - in Turkey. Penetration of the rapidly growing and development-wise important Turkish market is a huge challenge for *Luka Koper d.d.*; this said, however, its potentials are great.

## RISK MANAGEMENT

*Luka Koper* has established a universal risk management system of ongoing assessment processes which also encompass the reporting and communication of risks that the company is - or might be - exposed to through its operations.

The 2011 Annual Report refers to key risks classified in three groups: strategic, operational and financial. Herein are presented those risks where significant changes have been perceived in the first quarter of 2011.

The following two strategic risks have been identified and assessed as major due to their increased relevance:

1) The risk of late completion of infrastructure – in particular delays to the modernisation of Slovenia's railway network and specifically the construction of the new Divača – Koper line. The project for the construction of this second track has yet to commence, which puts the completion date ever further into the future, and accordingly the possibility that the long-term development of the Port of Koper is hindered by inadequate transport links.

2) The risk of opposition from the local or broader community to *Luka Koper's* development plans. Recently Koper's Municipal Council adopted a resolution which imposes that by July 2012 *Luka Koper d.d.* prepares a strategy for the closure of its break bulk cargo operations within three years. Further to this, said resolution requires the provision of compensation for pollution caused hitherto, as well as anticipates legal proceedings against *Luka Koper* and the possibility of a consultative referendum on the subject.



Despite the fact that decisions as to the closure of individual operations of *Luka Koper d.d.* is not the competence of Koper Municipality, the *LK* Management Board has made an adequate response to this resolution; namely, it has proposed the formation of a working body that would thoroughly analyse the issue and prepare a co-ordinated solution. It should also be pointed out that *Luka Koper's* long-term development strategy to 2015 does not anticipate the closure of break bulk terminal operations.

No significant changes have been identified as regards other risks.

## THE LKPG SHARE

As of 31<sup>st</sup> March 2012, *Luka Koper* had a total of 13,221 shareholders, which is 5.3 percent less than a year previously. The ten largest shareholders held 76.18 percent of all *Luka Koper d.d.* stock. The largest shareholder remains the state - the Republic of Slovenia - which enjoys a 51 percent stake.

Table 4: Ten largest shareholders as of 31<sup>st</sup> March 2012

No.	Shareholder title	No. of shares	Percentage stake
1.	Republika Slovenija	7,140,000	51.00%
2.	Slovenska odškodninska družba d.d.	1,557,857	11.13%
3.	Kapitalska družba d.d.	696,579	4.98%
4.	Mestna občina Koper	466,942	3.34%
5.	KD Galileo fleksibilna struktura naložb	158,230	1.13%
6.	KD Delniški dohodkovni	149,849	1.07%
7.	Abanka Vipava d.d.	140,652	1.00%
8.	Perspektiva FT d.o.o.	125,895	0.90%
9.	KD Indija - Kitajska delniški	114,989	0.82%
10.	Triglav vzajemni skladi - Delniški	114,859	0.82%
<b>Ten largest shareholders - total</b>		<b>10,665,852</b>	<b>76.18%</b>
<b>Total shares</b>		<b>14,000,000</b>	<b>100.00%</b>

## Trading in the LKPG share

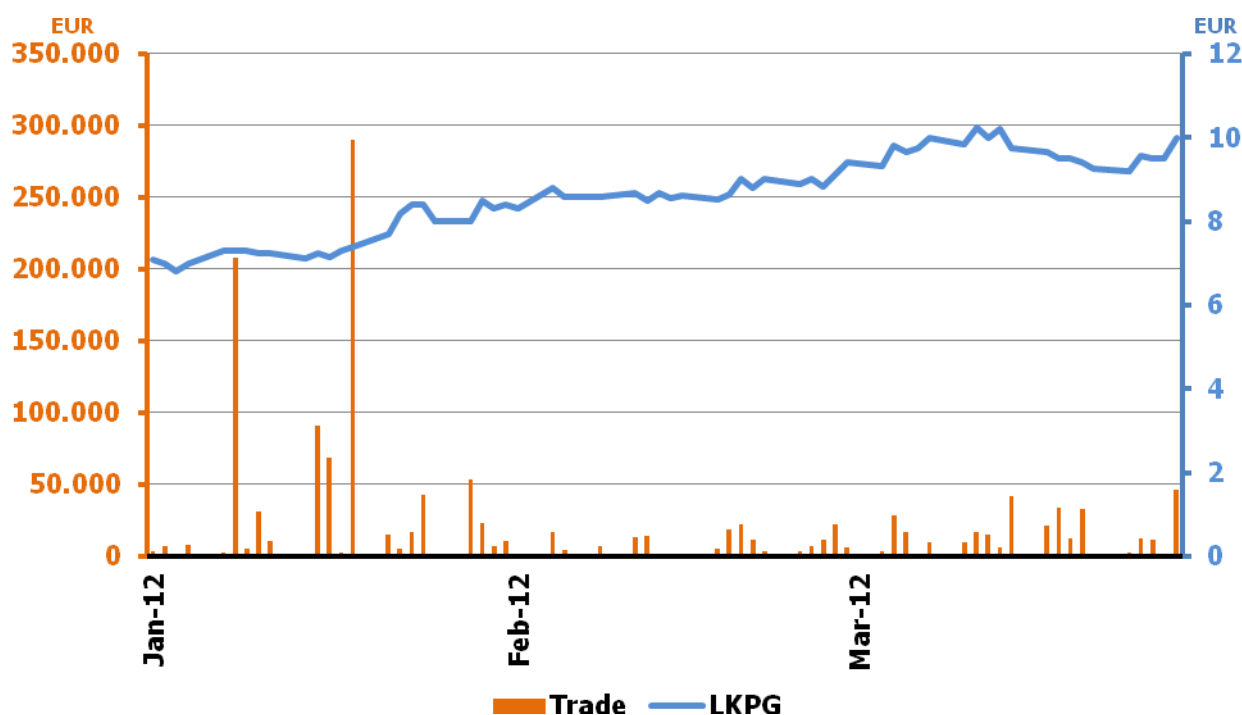
Table 5: Relevant information on the LKPG share

	2012	2011
Number of shares as of 31 <sup>st</sup> March	14,000,000	14,000,000
Market capitalisation as of 31 <sup>st</sup> March (in euro)	140,000,000	195,020,000
Turnover (all transactions) January – March (in euro)	1,403,972	1,481,963
*Lowest daily or closing price January – March (in euro)	6.80	12.48
Highest daily or closing price January - March (in euro)	10.25	17.09
Closing price as of 31 <sup>st</sup> March (in euro)	10.00	14.00

\* From April 2011 onwards, the Ljubljana Stock exchange modified its methodology of publishing the daily price, by publishing the closing price instead of the average trading price. In accordance with Ljubljana Stock Exchange methodology, the average daily trading prices are used for the first quarter of 2011, and the closing price from April 2011 onwards.

The average closing price of the *Luka Koper d.d.* (LKPG) share between January and March 2012, was € 8.62, whereas its overall trading value fluctuated between € 6.82 and € 10.25. 174,752 shares changed ownership in 852 transactions and block trades, and the total value of these transactions amounted to € 1,403,972. 100,865 LKPG shares with an aggregate value of € 1,481,963 were transacted in the first quarter of 2011 with the highest daily trading price fluctuating between € 6.80 and € 10.49. The share price is twenty-nine percent down on the same period last year, but forty-one percent up on 31<sup>st</sup> December 2011.

Figure 11: Movement of LKPG share price and the value of daily trades, January-March 2012



## Number of LKPG shares held by Supervisory and Management Board members

As of 31<sup>st</sup> March 2012, the following members of the *Luka Koper d.d.* Supervisory Board held shares in the company:

Dr. Marko Simoneti, Supervisory Board member	590
Nebojša Topič, Supervisory Board member	9

As of 31<sup>st</sup> March 2012, the following members of the *Luka Koper d.d.* Management Board held shares in the company:

Dr. Gregor Veselko, Management Board President	20
Tomaž Martin Jamnik, Management Board Deputy President	80

## Dividend policy

*Luka Koper d.d.* dividend policy combines the shareholders' strive for dividend yield with the requirement that net profit is reinvested into the business. Due to the fact that there was no distributable net profit for fiscal 2011, the Management Board shall not propose to the General Assembly that there be any disbursement of dividends for 2011. Over the coming years, as well as taking into consideration the plans for investment into port infrastructure and equipment, the company anticipates distributing up to one-third of net profit as dividends.

## Net earnings per share

Calculated as the ratio between total net profit generated between January to March 2012 divided by the number of shares issued, net earnings per *Luka Koper d.d.* share amounted to € 0.14 for the first quarter.

## Book value of share

As of 31<sup>st</sup> March 2012, the book value of the *Luka Koper* share - calculated as the total value of equity divided by the total number of shares issued - amounted to € 16.48.

## Treasury stock, authorised capital, conditional increase in share capital

As of 31<sup>st</sup> March 2012, the company didn't hold treasury stock. The *Luka Koper d.d.* statute doesn't anticipate any category of authorised capital by way of which the Management Board may increase share capital. Further to this, from January to March the company had no grounds for any conditional increase in share capital.

## NON-FINANCIAL INVESTMENTS

In the first quarter of 2012, the *Luka Koper Group* allocated € 4.98 million to infrastructure investments, of which 99.6 percent (€ 4.96 million) is attributable to *Luka Koper d.d.*

Between January and March 2012, the *LK Group* undertook the following major investments:

- Continued implementation of the *Tideworks* container management system, which shall enhance the competitive edge of the Container Terminal.
- Acquisition of two RTG cranes ordered in late 2011 which became operational on 1<sup>st</sup> March 2012.
- Additional container reach-stackers were acquired and put into operation at the end of March. This new machinery will increase handling operations efficiency in relation to increasing numbers of containers arriving at and leaving the port by railway wagon and truck.
- Due to legislative requirements, and compliant with the Decree on waste water emissions, the company has ceased the use of back-flowing septic tanks within the port zone and is constructing an internal sewage system.
- Additional filters have been successively installed at the Break Bulk Terminal in order to further reduce dust emissions.

## RESEARCH & DEVELOPMENT

*Luka Koper's* research & development activities were focused on its European projects in the January – March 2012 period. Nine European projects will be concluded this year: the *Marco Polo Hinterport* programme came to an end in January; the *Watermode* project within the South-East Europe programme was completed in February, while the *Memo* and *Backgrounds* projects within the Mediterranean programme ended in March. Accordingly, a number of conferences took place in the first quarter of 2012, and final reports have been drawn up.

Special mention should also be made of some relevant expert achievements developed within the *TEN-T (Trans-European Transport Network)* programme. These include prototype and pilot information solutions in port community and logistics chains in the context of the *MOS4MOS (Monitoring and Operation Services for Motorways of the Sea)* action, and a study of cargo type potentials for container transport to 2030 as part of the *ITS Multi-port Adriatic Gateway* action, which includes the partners of the *Northern Adriatic Ports Association (NAPA)*. Indeed, the participation of Northern Adriatic ports has revealed the six million TEU per annum potential of the Northern Adriatic as a southern gateway to the European continent. The results of the study were presented to the European Commission in January in order to justify the necessary funding for the extension of port facilities and provision of transport infrastructure.

Rotterdam-based *MTBS* has been selected to produce a feasibility study in relation to the future development of the Port of Koper, and in particular new arrangements for Container Terminal operation and transport links. *Luka Koper d.d.'s* requirements and expectations, together with a timeline have now been defined, while an inception report was prepared and presented in March. *Luka Koper d.d.'s* project team delivered its comments to this report, which was followed by an interim report produced and presented in April.

## IT-SUPPORT

In order to provide support, process optimisation and improved cost efficiency in relation to all aspects and actions of *Luka Koper's* operations, a number of IT projects were completed or continued between January and March 2012.

A new co-operative system for document management, based on *Microsoft SharePoint 2010* platform, was also introduced; this project, together with the B2B e-invoice system is also connected with the implementation of the e-archive.

The roll-out of *Tideworks*, a most advanced container terminal planning and management system is nearing completion. A solution and provider for a business reporting system has also been selected, and the launch of this application is anticipated during the summer.

Professional IT content and support was provided in relation to various EU projects, and in March much effort was invested into the preparation of prototype testing for the *TEN-T MOSAMOS* project; it is anticipated that this will improve co-operation between port community stakeholders and the broader milieu. Special mention should also be made of a prototype web interface with the *Customs Administration RS* and the *Slovenian Maritime Administration*, as well as a prototype system for the management of truck arrivals. Through its efficient commercialisation, this last project should - in the medium term - contribute to the optimisation of road haulage services and the consequent prevention of environmental degradation.

## SUSTAINABLE DEVELOPMENT

### HUMAN RESOURCE MANAGEMENT

After two years of reducing the number of personnel through natural wastage, together with highly selective and restricted recruitment and the internal optimisation of operational processes, the intensive growth of cargo throughput witnessed in 2011 forced the company to recruit additional labour necessary to undertake the additional handling and storage operations. Thus, in the first quarter of 2012, the aggregate number of employees within the *Luka Koper Group* of companies increased by three percent year-on, namely by twenty-five more personnel than a year previously. In relation to the situation as of 31<sup>st</sup> March 2012, there were three fewer personnel than as of year's end 2011.

Table 6: Number of employees per Luka Koper Group companies

Company	31. 3. 2012	31. 12. 2011	Index 2012/2011
Luka Koper d.d.	788	787	100
Luka Koper INPO d.o.o.	197	200	99
Luka Koper Pristan d.o.o.	4	4	100
Adria Terminali d.o.o.	26	27	96
TOC d.o.o.	2	2	100
<b>TOTAL*</b>	<b>1,017</b>	<b>1,020</b>	<b>100</b>

\* The comparison includes only those companies with employees which were - as of 31<sup>st</sup> March 2012 - consolidated within the *Luka Koper Group*.

In accordance with its annual plan, the company for the most part employed additional operational staff (stevedores) between January and March 2012. Additional recruitments are attributable to the

anticipated growth of cargo throughput and modifications as to the work organisation of crane operators following last year's strike.

Age-related retirements account for fifty percent of departures from the *LK Group*. Further to this, there were two consensual terminations of employment contracts, two internal transfers between *Group* companies and the death of one worker. The churn rate in the first quarter of 2012 was low, amounting to one percent.

Table 7: Recruitment, retirement and churn rate in the first quarters of 2012 and 2011

	Number of new employees		Number of departures		Churn rate (as %) *	
	1 – 3 2012	1 – 3 2011	1 – 3 2012	1 – 3 2011	1 – 3 2012	1 – 3 2011
Luka Koper d.d.	8	5	7	4	0.9	0.5
Luka Koper Group	9	7	10	7	1.0	0.7

\* Churn rate = number of departures / (initial number of employees + new recruitments) x 100

### Sick leave

Sick leave amongst employees fluctuates, and was significantly lower than during the same period last year. At the *Group* level it amounted to 3.9 percent of total working hours, whilst within *Luka Koper d.d.* it stood at 3.8 percent of hours. In the first quarter of 2011, the rate was 6.7 percent across the *Group* and 6.6 percent at *Luka Koper d.d.* There continued to be some individual cases of prolonged absence from work by employees suffering severe health problems which are not work related.

### Occupational health and safety

Seventeen workplace injuries were recorded in January to March 2012 (there were 22 in the same period last year); of these, six involved *Luka Koper* employees (12 in the first quarter of 2011) and eleven subcontractor providers of port services (9 in the first quarter of 2011). One injury of an external operator was also recorded in 2011.

Twenty-six (37 in 2011) events involving damage were reported in the first quarter of 2012. *Luka Koper* employees were implicated in ten cases (12 in 2011) and eight involved subcontractor providers of port services (13 in 2011); three concerned external operators (2 in 2011) while five events were a direct consequence of extreme weather conditions (10 in 2011).

In collaboration with the national railway operator *Slovenske Železnice d.d.*, *Luka Koper* endeavours to solve problems at level crossings in order to ensure safety, both through the additional training of employees as well as through the provision of in-situ technical solutions. To this end, the most dangerous crossings were identified and are now subject to a stricter control with respect to the Highway Code as well as the Railway Traffic Safety Act. Safety at level crossings has been further enhanced by additional signage - including speed limits as well as no waiting and coloured danger signs - together with warning light signals.

A project entitled *Comprehensive Employee Health and Occupational Safety within the Luka Koper Group* was launched this year in order to promote a healthy attitude to work and the physical and mental welfare of personnel.

### **Personnel education and development**

The education structure of the *Luka Koper* workforce continues to improve. This is for the most part attributable to last year's recruitment of operational and junior management staff as well as the successful completion of part-time study courses by personnel; currently, one percent of *Luka Koper* employees are being co-financed in their pursuit of higher degree qualifications.

Upper echelons of management, including two profit centre managers, were recruited internally - i.e. from within the *LK Group*. Indeed, such career development within the company was facilitated for nearly ten percent of employees. Sixteen employees were vertically promoted to a more demanding post within the *Group*, (13 of whom in *Luka Koper d.d.*) and fifteen were promoted horizontally (15 in *Luka Koper d.d.*). In addition, sixty-two employees were re-classified to a higher level of qualification and operational flexibility within their workplace (46 in *Luka Koper d.d.*).

The average number of training hours per employee was up on the same period last year, and stood at 6.5 hours in the *Group*, and 6.2 hours in *Luka Koper d.d.* In-house courses account for over 80 percent of training; courses encompassed the training of new employees as machinery operators, preventive maintenance of machinery, implementation of the new *Tideworks* information system and maritime skills.

During the first quarter of 2012, the company continued to organise more workshops aimed at raising awareness and informing employees on such issues as health promotion, pensions and the possibilities for additional health and disability.

Through its implementation of the *Luka Koper Group Code of Ethics*, the company has adopted specific values and principles in relation to conduct and decision-making. This Code applies to *Luka Koper* personnel, but also extends to other stakeholders and the company's relations with its contractors, suppliers, clients and other business partners, as well as shareholders and the media.



## ENVIRONMENTAL IMPACT CONTROL

*Luka Koper* closely monitors the impacts of its operations on the environment, as well as implements a number of activities to ensure that operations at the Port of Koper become ever more environment-friendly. The *Ministry of Environment and Spatial Planning – the Environmental Agency RS* – has officially corroborated the company's commitment towards efficient environmental management through its granting *EMAS* status under certificate No. SI 00004. In 2011, a joint Environmental Report, combining the requirements of ISO 14001 and EMAS 1221/2009 standards, was subject to management review and, accordingly, endorsed. Following its external audit, the Environmental Report was published in the 2011 Annual Report and is accordingly available online via the *Luka Koper* website.

Information on all relevant environmental issues is promptly published on the corporate [www.luka-kp.si](http://www.luka-kp.si) and *Living With The Port* [www.zivetispristaniscem.si](http://www.zivetispristaniscem.si) websites, as well as in the in-house *Luški Glasnik* gazette and the media.

### **Air quality**

Monthly control measurements of dust deposits are made at ten locations within the port zone. Due to the absence of pertinent national legislation in this field, the company follows German directives which define the upper limit for total dust deposits at 350 mg/m<sup>2</sup>/day. The average first quarter 2012 measurements do not significantly differ from those for 2011.

Ongoing measurements of airborne concentrations of PM10 particulates, which are constantly implemented by a legally prescribed independent authority at two locations within the port zone, remained below the 40 µg/m<sup>3</sup> threshold value. The results are automatically published every hour on the *Living With The Port* [www.zivetispristaniscem.si](http://www.zivetispristaniscem.si) website.

A prolonged period of strong bora winds in February caused dust to spread from the coal dump. The notification centre was informed as to the eventual spread of coal dust from the port zone prior to its actual occurrence.

### **Noise emissions**

Noise emissions have been measured by an authorised agency for over a decade, and the measurements have been promptly published on the *LK* website since 2008. Results in the first three months of 2011 are comparable to the same period last year. In 2011, *Luka Koper d.d.* was granted a noise emission environmental permit by Slovenia's *Ministry of the Environment and Spatial Planning – Environmental Agency RS*. Granted for a period of five years, the permit was the result of compliance with legislative provisions and constant implementation of noise abatement measures.

In the January to March period, *Luka Koper* addressed two complaints concerning noise generated by ships using the port. Based on these, the company asked the owner to withdraw the container vessel concerned from its Koper service. Within the noise-reduction action plan, all necessary measures are being implemented to ensure noise abatement.

## **Waste waters**

Sewerage waters account for a significantly larger portion of waste waters generated within the port than industrial ones. Prior to their discharge, industrial waste waters are purified in on-site treatment plants, whilst sewerage waters are mainly processed at Koper's municipal treatment plant. The results of industrial waste-water quality analysis at the Livestock Terminal meet the prescribed standards, and the environmental permit for waste water emissions is in the process of acquisition. In addition to all of this, a plan has been prepared for the phased reconstruction and renewal of the port sewerage system; the first stage of connecting septic tanks to the municipal network has already been completed.

## **Consumption of energy and water**

In order to establish the actual consumption of energy, *Luka Koper* is completing an energy review of the port in collaboration with Ljubljana's *Jožef Stefan Institute's Energy Efficiency Centre*. Various measurements were taken during the first quarter of 2012, and calculations together with actual measures to reduce the consumption of energy by at least fifteen percent are under preparation.

The consumption of fossil fuel oils during the January to March 2012 period amounted to 0.271 litres per tonne of cargo handled, which is above the annual target of 0.18 litres and slightly below the last year's average value (0.275 litres). Likewise, electrical energy consumption doesn't meet the annual objective of 1.30 kWh per tonne of cargo handled. Amounting to 1.64 kWh, first quarter consumption of electrical energy is ahead of last year's average. It is anticipated that measures based on the energy review together with the establishment of an energy management system will make a significant impact in ensuring a reduction in the consumption of energy.

Despite last year's reconstruction of obsolete parts of water supply network, the objective of 5.8 litre of water consumed per tonnage of cargo handled still hasn't been achieved. Thus far this year's consumption of potable water amounts to 7.2 litres per tonne of cargo handled. The situation is for the most part attributable to continued leakages through damaged pipes, including additional frost damage this winter, as well as within that part of the port supply network administered by the national railway network operator *Slovenske Železnice*.

## **Waste management**

The recycling of waste commences with the separation of waste material at the terminals, as well as aboard vessels using the Port of Koper. *Luka Koper* co-operates with external waste processing contractors, and sorted waste is delivered to these licensed agents. Organic waste (including perished fruit and vegetables, soya residues and suchlike) is processed within the composting plant at the port zone's Waste Management Centre.

Modernisation of the port's hazardous waste collection centre was completed in the first quarter of 2012. Eighty-six percent of waste generated within the port zone was recycled, which meets objectives and simultaneously testifies to the company's concern for the environment through ensuring the separation and salvage of waste materials. In February, worn tyres, scrap iron and redundant railway sleepers were removed from the port zone for reprocessing.

### **Maritime protection**

*Luka Koper* regularly provides services related to the prevention of maritime pollution, as well as first response and clean-up in the event of incidents in the harbour and coastal waters. Eight incidents were recorded within the harbour area during the first three months of 2012, and the company's maritime protection service intervened on seven occasions. There was one case of oil spillage whereas other incidents involved coal dust, inadequately treated sewage as well as various alluvial materials including tree branches. Perpetrators were identified and obliged to reimburse the costs of remedial operations. In addition, three events which caused direct danger of a pollution incident were also recorded, but - thanks to a prompt and efficient intervention - contamination was avoided.

*Luka Koper's Industrial Accident Threat Assessment, Protection and Rescue Plan* has served as a basis for the preparation of technical solutions for the early detection of oil spillage in conditions of impaired visibility. As part of its *Port and Industrial Environmental Risk Management* project, *SafePort* - Europe's maritime collaborative research programme - is to fund the installation of hydrocarbon sensors as well as various water quality measurement devices within the basins at the Port of Koper. The results of measurements shall also be published online.

### **Light pollution**

The port zone requires sufficient lighting in order to ensure operational safety, and this is provided in accordance with regulations. Unfortunately, the night-time illumination of operational areas, rail yards and roadways causes light pollution. For this reason, and based on a comprehensive study of port illumination, lighting is being rehabilitated in a series of stages. The legally prescribed deadline has been deferred to 2016, thus the implementation of the plan has been extended to that year. According to estimations, some eighty percent of external illumination within the port zone has already been appropriately regulated.

### **Construction works**

In the context of necessary maintenance and redevelopment of the port zone, construction works may result in increased noise and dust emissions; contractors are obliged to perform all operations in compliance with pertinent environmental regulations. Unfortunately, however, not all disturbances can be fully prevented. No major construction works were performed during the first quarter of 2012.

## **Development projects**

All schemes pertaining to any expansion or improvement of the Port of Koper are necessarily subject to environmental impact assessments, which are undertaken by authorised authorities and further reviewed by external auditors. There were no schemes which, under current legislation, would require environmental impact assessments in the January to March 2012 period.

## **Dredged materials**

In order to ensure the safe navigation of vessels using the Port of Koper, the port basins and approach channels have to be dredged to the prescribed depth. Accordingly, *Luka Koper* intermittently performs dredging works and deposits the dredged sediments in designated areas within the port zone. Due to the fact that the areas at the company's disposal are limited, studies have commenced into alternative uses of the excavated materials, in particular by the construction industry. A research project into the use of waterborne sediments as raw materials is being undertaken in conjunction with the *Slovenian National Building and Civil Engineering Institute*, *Ljubljana University's Faculty of Civil Engineering*, the *Jožef Stefan Institute*, and *Slovenia's National Institute of Chemistry*.

## **COMMITMENT TO THE COMMUNITY**

Social responsibility is a constituent part of the operation and development policy of the *Luka Koper Group*. Through its investing in the broader community in which it operates, it endeavours to contribute to a better quality of life for all. Further to this, through transparent and prompt communication with the public, the company strives to enhance the reputation of the *LK Group* as well as the acceptability of port operations to those who live within its proximity.

In the first quarter of 2012, donations and sponsorship to a total value of € 241,000 was allocated to a number of projects, organisations and events in the fields of sport, culture, education, environmental protection and humanitarian activities. Further to those with whom the company enjoys existing contracts, a public call was made for applications in January this year while annual funding was disbursed to recipients. The list of beneficiaries has been published on *Luka Koper's Living With The Port* [www.zivetispristaniscem.si](http://www.zivetispristaniscem.si) website, the contents of which have, this year, been increasingly connected with the *Facebook* social network.

Notwithstanding communication transparency and the immediate online publication of dust particle measurements, the Koper Municipal Council has adopted a resolution which requires *Luka Koper d.d.* to cease its break bulk cargo operations. In response to the city authority's resolution, the company has proposed the formation of a working group that would thoroughly address the issue and prepare co-ordinated solutions.

## BUSINESS EXCELLENCE

In February 2012, *Luka Koper* acquired *Bureau Veritas* certification in relation to its handling and storage of crops and foods from organic and conventional production. In relation to non-GMO appellation certification, requirements are in the first place be met by growers and the processing industry through ensuring the non-introduction of genetically modified organisms, synthetic additives or exposure to ionizing radiation. Likewise in the certificated chain of custody, these requirements are also met by *Luka Koper d.d.* across all stages of handling and storage, from acceptance to dispatch. The company is obliged to acquire the appropriate eco-certificate from the client and then, in all consequent stages of handling the cargo, maintain its specific characteristics. The acquisition of such certification has been required by clients and enhances the quality of *Luka Koper's* services in relation to this important segment of the food industry.

In addition, the company has also renewed its Non-GMO certification system which had lapsed over the last two years. Indeed, with respect to soya and similar cargoes, clients have set ever stricter requirements as to the integrity of handling operations and the provision of ancillary services.

## FINANCIAL REPORT

### CONSOLIDATED FINANCIAL STATEMENTS OF LUKA KOPER GROUP

Table 8: Income Statement of Luka Koper Group

(in euros)	January - March 2012 Non-audited	January - March 2011 Non-audited
<b>Operating revenues</b>	<b>36,381,182</b>	<b>35,190,445</b>
Net sales revenues	35,729,429	34,767,291
Other operating revenues	651,753	423,154
<b>Other revenues</b>	<b>1,190</b>	<b>20,873</b>
<b>Operating expenses</b>	<b>31,691,911</b>	<b>29,086,429</b>
Costs of goods, material and services	12,976,742	11,844,983
Labour costs	9,516,601	9,167,595
Value write-offs	7,013,392	6,695,695
Other operating expenses	1,488,514	1,335,511
Provisions	696,662	42,645
<b>Operating profit</b>	<b>4,690,461</b>	<b>6,124,889</b>
<b>Financial revenues</b>	<b>210,216</b>	<b>317,052</b>
Financial revenues from profit participation	85,439	222,296
Financial revenues from loans granted	62,948	32,939
Financial revenues from operating receivables	61,829	61,817
<b>Financial expenses</b>	<b>1,817,500</b>	<b>2,101,520</b>
Financial expenses from impairments and write-offs of financial investments	0	2,842
Financial expenses from financial liabilities	1,778,262	2,035,239
Financial expenses from operating liabilities	39,238	63,439
<b>Pre-tax profit</b>	<b>3,083,177</b>	<b>4,340,421</b>
Corporation tax	322,955	88,938
Deferred tax	-197,493	-6,235
<b>Net profit for the period</b>	<b>2,562,729</b>	<b>4,245,248</b>
Net profit – majority shareholder	2,568,392	4,245,248
Net profit (loss) – minority shareholder	-5,663	0
<b>Net earnings per share (basic and diluted)</b>	<b>0.18</b>	<b>0.30</b>

Table 9: Comprehensive Income Statement of Luka Koper Group

(in euros)	January – March 2012 Non-audited	January – March 2011 Non-audited
<b>Net profit for the period</b>	<b>2,562,729</b>	<b>4,245,248</b>
Other comprehensive income for the period:		
Change in fair value of financial assets available-for-sale	-1,237,086	-1,228,552
Deferred taxes	248,404	245,710
<b>Other comprehensive income for the period</b>	<b>-988,682</b>	<b>-982,842</b>
	<b>1,574,047</b>	<b>3,262,406</b>
Attributable to:		
- comprehensive income of majority shareholder	1,579,710	3,262,406
- comprehensive income of minority shareholder	-5,663	0

Table 10: Balance Sheet Statement of Luka Koper Group

<b>ASSETS</b> <b>(in euros)</b>	<b>31. 3. 2012</b> <b>Non-audited</b>	<b>31. 12. 2011</b> <b>Audited</b>
<b>ASSETS</b>	<b>481,576,987</b>	<b>478,271,061</b>
<b>A. Non-current assets</b>	<b>439,125,420</b>	<b>445,905,231</b>
I. Intangible fixed assets and long-term deferred costs and accrued revenues	5,616,988	5,089,118
II. Tangible fixed assets	359,871,999	363,153,532
III. Real-estate investments	20,161,950	20,283,049
IV. Non-current financial investments	44,603,467	48,310,023
V. Non-current operating receivables	7,664	8,664
VI. Deferred tax assets	8,863,352	9,060,845
<b>B. Current assets</b>	<b>37,328,372</b>	<b>31,813,082</b>
I. Assets (disposal group) held for sale	6,963,061	6,975,723
II. Current financial investments	3,527,456	681,227
III. Current operating receivables	25,871,419	23,117,862
IV. Cash and cash equivalents	966,436	1,038,270
<b>C. Deferred costs and accrued revenues</b>	<b>5,123,195</b>	<b>552,748</b>
<b>LIABILITIES</b> <b>(in euros)</b>	<b>31. 3. 2012</b> <b>Non-audited</b>	<b>31. 12. 2011</b> <b>Audited</b>
<b>EQUITY AND LIABILITIES</b>	<b>481,576,987</b>	<b>478,271,061</b>
<b>A. Equity – majority shareholder</b>	<b>242,268,388</b>	<b>240,688,678</b>
I. Called-up capital	58,420,965	58,420,965
II. Capital reserves	89,562,703	89,562,703
III. Revenue reserves	75,146,205	75,146,205
IV. Revaluation surplus	5,715,017	6,703,699
V. Retained net profit	10,855,106	10,411,742
VI. Net profit for the year	2,568,392	443,364
<b>B. Equity – minority shareholder</b>	<b>102,477</b>	<b>108,140</b>
<b>C. Provisions</b>	<b>12,801,359</b>	<b>12,435,924</b>
<b>D. Long-term liabilities</b>	<b>177,309,440</b>	<b>158,672,802</b>
I. Long-term financial liabilities	175,756,172	156,864,708
II. Long-term operating liabilities	124,514	130,935
III. Deferred tax liabilities	1,428,754	1,677,159
<b>E. Short-term liabilities</b>	<b>46,562,840</b>	<b>65,063,739</b>
I. Short-term financial liabilities	25,884,432	48,934,765
II. Short-term operating liabilities	20,678,408	16,128,974
<b>F. Accrued costs and deferred revenues</b>	<b>2,532,483</b>	<b>1,301,778</b>



Table 11: Cash Flow Statement of Luka Koper Group

(in euros)	January – March 2012 Non-audited	January – March 2011 Non-audited
<b>A. Cash flows from operating activities</b>		
<b>a) Net profit</b>	<b>2,760,221</b>	<b>4,251,481</b>
Pre-tax profit	3,083,177	4,340,420
Corporation tax and other taxes not included in operating expenses	-322,956	-88,939
<b>b) Adjustments for</b>	<b>8,591,869</b>	<b>8,431,473</b>
Amortisation (+)	6,933,760	6,661,888
Revaluation operating revenues associated with investments and financing (-)	-6,323	-24,587
Revaluation operating expenses associated with investments and financing (+)	34,556	11,326
Finance income less finance income from operating receivables (-)	-148,386	-255,235
Finance expenses less finance expenses form operating liabilities (+)	1,778,262	2,038,081
<b>c) Changes in net current assets per balance sheet items (including accruals and deferrals, provisions and deferred tax assets and liabilities)</b>	<b>-1,171,190</b>	<b>2,901,787</b>
Changes in operating receivables	-2,752,557	-53,210
Changes in deferred costs and accrued revenues	-4,570,446	-856,841
Changes in deferred tax assets	0	0
Changes in assets (disposal group) held for sale	12,662	36,166
Changes in inventories	0	-95
Changes in operating liabilities	4,543,011	3,154,181
Changes in accrued costs and deferred revenues, and provisions	1,596,140	621,586
Changes in deferred tax liabilities	0	0
<b>d) Net inflows (outflows) from operating activities (a + b)</b>	<b>10,180,900</b>	<b>15,584,741</b>
<b>B. Cash flows from investment activities</b>		
<b>a) Inflows from investments</b>	<b>1,166,042</b>	<b>168,057</b>
Inflows from interest and profit participation associated with investments	85,057	0
Inflows from disposal of intangible fixed assets	0	3,771
Inflows from disposal of tangible fixed assets	893,761	25,068
Inflows from disposal of real-estate investments	0	0
Inflows from disposal of long-term financial investments	52,589	44,469

Inflows from disposal of short-term financial investments	134,635	94,749
<b>b) Outflows from investments</b>	<b>-5,243,439</b>	<b>-6,040,557</b>
Outflows for acquisition of intangible fixed assets	-649,596	-700,133
Outflows for acquisition of tangible fixed assets	-4,311,472	-5,220,871
Outflows for acquisition of real-estate investments	-19,924	-19
Outflows for acquisition of long-term financial	-116,584	-119,534
Outflows for acquisition of short-term financial	-145,863	0
<b>c) Net inflows (outflows) from investment activities (a + b)</b>	<b>-4,077,397</b>	<b>-5,872,500</b>
<b><i>C. Cash flows from financing activities</i></b>		
<b>a) Inflows from financing</b>	<b>44,086,902</b>	<b>9,837,928</b>
Inflows from paid-up capital	0	0
Inflows from increase of non-current financial liabilities	27,425,000	15,017
Inflows from increase of current financial liabilities	16,661,902	9,822,911
<b>b) Outflows from financing</b>	<b>-50,262,239</b>	<b>-17,939,277</b>
Outflows for interest payable associated with financing	-1,778,262	-2,044,695
Outflows for capital refunds	0	0
Outflows for payment of non-current financial liabilities	-3,986,977	-5,945,000
Outflows for payment of current financial liabilities	-44,497,000	-9,949,582
Outflows for distribution of dividends and other profit participation	0	0
<b>c) Net inflows (outflows) from financing activities (a + b)</b>	<b>-6,175,337</b>	<b>-8,101,349</b>
<b><i>Closing balance of cash and cash equivalents</i></b>	<b>966,436</b>	<b>2,291,721</b>
Net cash inflow (outflow) for the period (sum total of net cash Ac, Bc and Cc)	-71,834	1,610,892
<b><i>Opening balance of cash and cash equivalents</i></b>	<b>1,038,270</b>	<b>680,829</b>

Table 12: Statement of Changes in Equity of Luka Koper Group, January - March 2011

STATEMENT OF CHANGES IN EQUITY (in euros) Non-audited	Called-up capital	Capital reserves	Legal reserves	Other revenue reserves	Retained net profit	Net profit / loss for the year	Revaluation surplus	Total	Equity – minority shareholders	Total equity
<b>As of 1 January 2011</b>	<b>58,420,965</b>	<b>89,562,704</b>	<b>18,882,889</b>	<b>58,112,522</b>	<b>8,562,536</b>	<b>0</b>	<b>10,514,887</b>	<b>244,056,503</b>	<b>0</b>	<b>244,056,503</b>
Net profit for the year	0	0	0	0	0	4,245,248	0	4,245,248	0	4,245,248
Other comprehensive income for the period	0	0	0	0	0	0	-982,842	-982,842		-982,842
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,245,248</b>	<b>-982,842</b>	<b>3,262,406</b>	<b>0</b>	<b>3,262,406</b>
Formation of other revenue reserves upon the resolutions of the Management and Supervisory Boards	0	0	0	0	0	0	0	0	0	0
Transfer to other revenue reserves upon resolution of General Assembly	0	0	0	0	0	0	0	0	0	0
Transfer of net profit from the previous year to retained net profit	0	0	0	0	0	0	0	0	0	0
Dividend distribution	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
<b>As of 31 March 2011</b>	<b>58,420,965</b>	<b>89,562,704</b>	<b>18,882,889</b>	<b>58,112,522</b>	<b>8,562,536</b>	<b>4,245,248</b>	<b>9,532,045</b>	<b>247,318,909</b>	<b>0</b>	<b>247,318,909</b>

Table 13: Statement of Changes in Equity of Luka Koper Group, January - March 2012

STATEMENT OF CHANGES IN EQUITY (in euros) Non-audited	Called-up capital	Capital reserves	Legal reserves	Other revenue reserves	Retained net profit	Net profit for the year	Revaluation surplus	Total	Equity – minority shareholders	Total equity
<b>As of 1 January 2012</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,882,889</b>	<b>56,263,316</b>	<b>10,411,742</b>	<b>443,364</b>	<b>6,703,699</b>	<b>240,688,678</b>	<b>108,140</b>	<b>240,796,818</b>
Net profit for the year	0	0	0	0	0	2,568,392	0	2,568,392	5,663	2,562,729
Other comprehensive income for the period	0	0	0	0	0	0	-988,682	-988,682	-5,663	-988,682
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,568,392</b>	<b>-988,682</b>	<b>1,579,710</b>	<b>-5,663</b>	<b>1,574,047</b>
Formation of other revenue reserves upon resolutions of Management and Supervisory Boards	0	0	0	0	0	0	0	0	0	0
Transfer to other revenue reserves upon resolution of General Assembly	0	0	0	0	0	0	0	0	0	0
Transfer of net profit from previous year to retained net profit	0	0	0	0	443,364	-443,364	0	0	0	0
Dividend distribution	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
<b>As of 31 March 2012</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,882,889</b>	<b>56,263,316</b>	<b>10,855,106</b>	<b>2,568,392</b>	<b>5,715,017</b>	<b>242,268,388</b>	<b>102,477</b>	<b>242,370,865</b>

## NOTES TO THE FINANCIAL STATEMENTS OF LUKA KOPER GROUP

The financial statements of the *Luka Koper Group* for January to March 2012, i.e. as at 31<sup>st</sup> March 2012, encompass the financial statements of the parent company, *Luka Koper d.d.*, as well as the statements of its subsidiary enterprises, together with the attributable profits or losses of associated and jointly controlled companies.

The non-audited financial statements of *Luka Koper Group* as of 31<sup>st</sup> March 201e are compiled in accordance with the same accounting policies and principles that were applicable in 2011.

### Statement of Compliance

The financial statements have been compiled in accordance with the Companies Act RS and International Financing Reporting Standards (IRS) as adopted by the EU.

### Basis for the Compilation of Financial Statements

The financial statements have been compiled in euros (EUR), rounded to the nearest unit. Through these consolidated financial statements, the *Luka Koper Group* wants to provide the broadest sphere of users useful information on its finances, performance and changes in financial standing from January to March 2012, in comparison with data for the previous year.

Fair value has been used and disclosed in relation to available-for-sale financial assets and real-estate investments, whilst other financial statement items have been presented either at cost or amortised cost.

### Additional Notes to the Income Statement

#### Operating revenues

(in euros)	January – March 2012	January – March 2011
<b>OPERATING REVENUES</b>	<b>36,381,182</b>	<b>35,190,445</b>
Net sales revenues on domestic market	13,598,708	12,963,957
Net sales revenues on foreign markets	22,130,721	21,803,334
Other operating revenues	651,753	423,154

#### Other revenues

(in euros)	January – March 2012	January – March 2011
<b>OTHER REVENUES</b>	<b>1,190</b>	<b>20,873</b>

### Costs of goods, materials and services

(in euros)	January – March 2012	January – March 2011
<b>COSTS OF GOODS, MATERIALS AND SERVICES</b>	<b>12,976,742</b>	<b>11,844,983</b>
Material costs	3,185,382	2,710,286
Service costs	9,791,360	9,134,697

### Labour costs

(in euros)	January – March 2012	January – March 2011
<b>LABOUR COSTS</b>	<b>9,516,601</b>	<b>9,167,595</b>
Costs of salaries	7,157,939	6,876,828
Social insurance costs	1,495,736	1,409,070
Other labour costs	862,926	881,697

### Value write-offs

(in euros)	January – March 2012	January – March 2011
<b>VALUE WRITE-OFFS</b>	<b>7,013,392</b>	<b>6,695,695</b>
Amortisation of tangible fixed assets and intangible non-current assets	6,898,975	6,636,693
Amortisation of real-estate investments	34,785	25,195
Revaluation operating expenses	79,632	33,807

### Other operating expenses

(in euros)	January – March 2012	January – March 2011
<b>OTHER OPERATING EXPENSES</b>	<b>1,488,514</b>	<b>1,335,511</b>
Charges unrelated to labour and other costs	1,342,584	1,242,900
Environmental protection expenditure	26,025	29,153
Other costs	119,905	63,458

### Other expenses

(in euros)	January – March 2012	January – March 2011
<b>OTHER EXPENSES</b>	<b>696,662</b>	<b>42,645</b>
Provisions	696,662	42,645

## Financial revenues

(in euros)	January – March 2012	January – March 2011
<b>FINANCIAL REVENUES</b>	<b>210,216</b>	<b>317,052</b>
Financial revenues from profit participation	85,439	222,296
Financial revenues from loans granted	62,948	32,939
Financial revenues from operating receivables and foreign exchange gains	61,829	61,817

## Financial expenses

(in euros)	January – March 2012	January – March 2011
<b>FINANCIAL EXPENSES</b>	<b>1,817,500</b>	<b>2,101,520</b>
Financial expenses from impairments and financial investment write-offs	0	2,842
Financial expenses from financial liabilities	1,778,262	2,035,239
Financial expenses from operating liabilities and foreign exchange losses	39,238	63,439

## Operating profit for the period

(in euros)	January – March 2012	January – March 2011
<b>PRE-TAX PROFIT</b>	<b>3,083,177</b>	<b>4,340,421</b>
Corporation tax	322,955	88,938
Deferred tax	-197,493	-6,235
<b>Net profit for the period</b>	<b>2,562,729</b>	<b>4,245,248</b>
Net profit – majority shareholder	2,568,392	4,245,248
Net profit – minority shareholders	-5,663	0
<b>NET EARNINGS PER SHARE</b>	<b>0.18</b>	<b>0.30</b>

## Additional Notes to Balance Sheet Statement

### Tangible and intangible fixed assets and real-estate investments

(in euros)	31. 3. 2012	31. 12. 2011
<b>INTANGIBLE FIXED ASSETS AND LONG-TERM DEFERRED COSTS AND ACCRUED REVENUES</b>	<b>5,616,988</b>	<b>5,089,118</b>
<b>TANGIBLE FIXED ASSETS</b>	<b>359,871,999</b>	<b>363,153,532</b>
1. Land and buildings	254,302,060	256,007,519
a. Land	10,966,136	10,966,136
b. Buildings	243,335,924	245,041,383
2. Plant and machinery	81,631,164	81,758,020
3. Other plant and equipment	227,175	245,119
4. Tangible fixed assets under acquisition	23,711,600	25,142,874
<b>REAL-ESTATE INVESTMENTS</b>	<b>20,161,950</b>	<b>20,283,049</b>

### Non-current financial investments

(in euros)	31. 3. 2012	31. 12. 2011
<b>NON-CURRENT FINANCIAL INVESTMENTS</b>	<b>44,603,467</b>	<b>48,310,023</b>
1. Non-current financial investments less loans	42,849,657	43,742,721
2. Non-current loans	1,753,810	4,567,302

### Assets (disposal group) held for sale

(in euros)	31. 3. 2012	31. 12. 2011
<b>ASSETS (DISPOSAL GROUP)</b>	<b>6,963,061</b>	<b>6,975,723</b>
Fixed assets held for sale	1,389,813	1,402,475
Other non-current assets held for sale	5,573,248	5,573,248

### Current financial investments

(in euros)	31. 3. 2012	31. 12. 2011
<b>CURRENT LOANS</b>	<b>3,527,456</b>	<b>681,227</b>
Current loans to others	645,820	641,201
Current bank deposits	2,881,636	40,026

### Current operating receivables

(in euros)	31. 3. 2012	31. 12. 2011
<b>CURRENT OPERATING RECEIVABLES</b>	<b>25,871,419</b>	<b>23,117,862</b>
Current operating receivables from associated companies	62,639	62,057
Current trade receivables	22,292,789	20,011,234
Current operating receivables from others	3,515,991	3,044,571



## Equity

(in euros)	31. 3. 2012	31. 12. 2011
<b>EQUITY</b>	<b>242,370,865</b>	<b>240,796,818</b>
<b>EQUITY – majority shareholder</b>	<b>242,268,388</b>	<b>240,688,678</b>
Called-up capital	58,420,965	58,420,965
Capital reserves	89,562,703	89,562,703
Revenue reserves	75,146,205	75,146,205
1. Legal reserves	18,882,889	18,882,889
2. Other revenue reserves	56,263,316	56,263,316
Revaluation surplus	5,715,017	6,703,699
Retained net profit	10,855,106	10,411,742
Net profit for the year	2,568,392	443,364
<b>EQUITY – minority shareholder</b>	<b>102,477</b>	<b>108,140</b>

## Provisions

(in euros)	31. 3. 2012	31. 12. 2011
<b>PROVISIONS</b>	<b>12,801,359</b>	<b>12,435,924</b>
Provisions for pensions and similar	1,193,542	1,251,736
Other provisions	5,601,989	4,903,216
Long-term accrued costs and deferred revenues	6,005,828	6,280,972

## Non-current liabilities

(in euros)	31. 3. 2012	31. 12. 2011
<b>NON-CURRENT LIABILITIES</b>	<b>177,309,440</b>	<b>158,672,802</b>
Non-current financial liabilities	175,756,172	156,864,708
Non-current operating liabilities	124,514	130,935
Deferred tax liabilities	1,428,754	1,677,159

## Current liabilities

(in euros)	31. 3. 2012	31. 12. 2011
<b>CURRENT LIABILITIES</b>	<b>46,562,840</b>	<b>65,063,739</b>
Current financial liabilities	25,884,432	48,934,765
Current operating liabilities	20,678,408	16,128,974

## NON-CONSOLIDATED FINANCIAL STATEMENTS OF LUKLA KOPER D.D.

Table 14: Income Statement of Luka Koper d.d.

(in euros)	January – March 2012 Non-audited	January – March 2011 Audited
<b>Operating revenues</b>	<b>34,053,279</b>	<b>33,458,849</b>
Net sales revenues	34,035,750	33,434,556
Other operating revenues	17,529	24,293
<b>Other revenues</b>	<b>1,190</b>	<b>20,824</b>
<b>Operating expenses</b>	<b>29,927,479</b>	<b>27,860,267</b>
Costs of goods, material and services	13,125,519	12,442,152
Labour costs	8,012,848	7,692,328
Value write-offs	6,620,956	6,374,671
Other operating expenses	1,471,494	1,308,471
Provisions	696,662	42,645
<b>Operating profit</b>	<b>4,126,990</b>	<b>5,619,406</b>
<b>Financial revenues</b>	<b>122,118</b>	<b>94,380</b>
Financial revenues from profit participation	0	0
Financial revenues from loans granted	63,329	34,712
Financial revenues from operating receivables	58,789	59,668
<b>Financial expenses</b>	<b>1,891,812</b>	<b>2,177,606</b>
Financial expenses from impairments and write-offs of financial investments	0	2,842
Financial expenses from financial liabilities	1,852,947	2,112,723
Financial expenses from operating liabilities	38,865	62,041
<b>Pre-tax profit</b>	<b>2,357,296</b>	<b>3,536,180</b>
Corporation tax	212,157	0
Deferred tax	-195,521	-5,208
<b>Net profit for the period</b>	<b>1,949,618</b>	<b>3,530,972</b>
<b>Net earnings per share (basic and diluted)</b>	<b>0.14</b>	<b>0.25</b>

Table 15: Comprehensive Income Statement of Luka Koper d. d.

(in euros)	January – March 2012 Non-audited	January – March 2011 Non-audited
<b>Net profit for the period</b>	<b>1,949,618</b>	<b>3,530,972</b>
Other comprehensive income for the period:		
Change in fair values of financial assets held for sale	-1,237,086	-1,228,552
Deferred taxes	248,405	245,710
<b>Other comprehensive income for the period</b>	<b>-988,681</b>	<b>-982,842</b>
<b>Total comprehensive income for the period</b>	<b>960,937</b>	<b>2,548,130</b>

Table 16: Balance Sheet Statement of Luka Koper d. d.

<b>ASSETS</b> <b>(in euros)</b>	<b>31. 3. 2012</b> <b>Non-audited</b>	<b>31. 12. 2011</b> <b>Audited</b>
<b>ASSETS</b>	<b>471,957,220</b>	<b>468,699,490</b>
<b>A. Non-current assets</b>	<b>431,491,559</b>	<b>437,991,718</b>
I. Intangible fixed assets and long-term deferred costs and accrued revenues	5,110,948	4,580,294
II. Tangible fixed assets	335,777,148	338,692,966
III. Real-estate investments	35,402,796	35,523,894
IV. Non-current financial investments	46,276,907	50,074,283
V. Non-current operating receivables	7,664	8,664
VI. Deferred tax assets	8,916,096	9,111,617
<b>B. Current assets</b>	<b>35,522,520</b>	<b>30,167,345</b>
I. Assets (disposal group) held for sale	6,963,061	6,963,061
II. Current financial investments	3,678,893	817,560
III. Current operating receivables	24,280,591	21,485,590
IV. Cash and cash equivalents	599,975	901,134
<b>C. Deferred costs and accrued revenues</b>	<b>4,943,141</b>	<b>540,427</b>
<b>LIABILITIES</b> <b>(in euros)</b>	<b>31. 3. 2012</b> <b>Non-audited</b>	<b>31. 12. 2011</b> <b>Audited</b>
<b>ASSETS AND LIABILITIES</b>	<b>471,957,220</b>	<b>468,699,490</b>
<b>A. Equity</b>	<b>230,676,734</b>	<b>229,715,797</b>
I. Called-up capital	58,420,965	58,420,965
II. Capital reserves	89,562,703	89,562,703
III. Revenue reserves	75,028,431	75,028,431
IV. Revaluation surplus	5,715,017	6,703,698
V. Retained net profit	0	0
VI. Net profit for the year	1,949,618	0
<b>B. Provisions</b>	<b>6,665,070</b>	<b>6,026,603</b>
<b>C. Non-current liabilities</b>	<b>187,166,210</b>	<b>168,279,760</b>
I. Non-current financial liabilities	185,664,608	166,525,580
II. Non-current operating liabilities	72,848	77,021
III. Deferred tax liabilities	1,428,754	1,677,159
<b>D. Current liabilities</b>	<b>45,024,880</b>	<b>63,478,830</b>
I. Current financial liabilities	25,884,432	48,934,765
II. Current operating liabilities	19,140,448	14,544,065
<b>E. Accrued costs and deferred revenues</b>	<b>2,424,326</b>	<b>1,198,500</b>

Table 17: Cash Flow Statement of Luka Koper d.d.

(in euros)	January – March 2012 Non-audited	January – March 2011 Non-audited
<b>A. Cash flows from operating activities</b>		
<b>a) Net profit</b>	<b>2,145,139</b>	<b>3,536,178</b>
Pre-tax profit	2,357,296	3,536,178
Corporation tax and other taxes not included in operating expenses	-212,157	0
<b>b) Adjustments for</b>	<b>8,356,591</b>	<b>8,409,754</b>
Amortisation (+)	6,549,946	6,341,863
Revaluation operating revenues associated with investments and financing (-)	-17,529	-24,287
Revaluation operating expenses associated with investments and financing (+)	34,556	11,325
Finance income less finance income from operating receivables (-)	-63,329	-34,712
Finance expenses less finance expenses from operating liabilities (+)	1,852,947	2,115,565
<b>c) Changes in net current assets per balance sheet items (including accruals and deferrals, provisions and deferred tax assets and liabilities)</b>	<b>-740,212</b>	<b>2,870,702</b>
Changes in operating receivables	-2,794,001	152,834
Changes in deferred costs and accrued revenues	-4,402,714	-657,481
Changes in deferred tax assets	0	0
Changes in assets (disposal group) held for sale	0	19,385
Changes in inventories	0	0
Changes in operating liabilities	4,592,210	2,731,933
Changes in accrued costs and deferred revenues, and provisions	1,864,293	624,031
Changes in deferred tax liabilities	0	0
<b>d) Net inflows (outflows) from operating activities (a + b + c)</b>	<b>9,761,518</b>	<b>14,816,634</b>
<b>B. Cash flows from investment activities</b>		
<b>a) Inflows from investments</b>	<b>1,061,439</b>	<b>167,757</b>
Inflows from interest and profit participation associated with investments	0	0
Inflows from disposal of intangible fixed assets	0	3,771
Inflows from disposal of tangible fixed assets	901,636	24,768
Inflows from disposal of real-estate investments	0	0
Inflows from disposal of non-current financial investments	104,063	44,469

Inflows from disposal of current financial investments	55,740	94,749
<b>b) Outflows from investments</b>	<b>-5,164,838</b>	<b>-5,795,899</b>
Outflows for acquisition of intangible fixed assets	-649,596	-696,263
Outflows for acquisition of tangible fixed assets	-4,292,827	-4,957,312
Outflows for acquisition of real-estate investments	-19,924	-19
Outflows for acquisition of non-current financial investments	-116,584	-84,823
Outflows for acquisition of current financial investments	-85,907	-57,482
<b>c) Net inflow (outflows) from investment activities (a + b)</b>	<b>-4,103,399</b>	<b>-5,628,142</b>
<b>C. Cash flows from financing</b>		
<b>a) Inflows from financing</b>	<b>44,953,646</b>	<b>10,188,109</b>
Inflows from paid-up capital	0	0
Inflows from increase of non-current financial liabilities	28,206,646	15,016
Inflows from increase of current financial liabilities	16,747,000	10,173,093
<b>b) Outflows from financing</b>	<b>-50,912,924</b>	<b>-17,891,778</b>
Outflows for interest payable associated with financing	-1,852,947	-2,122,179
Outflows for capital refunds	0	0
Outflows for payment of non-current financial liabilities	-4,517,977	-5,945,000
Outflows for payment of current financial liabilities	-44,542,000	-9,824,599
Outflows for dividend distribution and other profit participation	0	0
<b>c) Net inflows (outflows) from financing activities (a + b)</b>	<b>-5,959,278</b>	<b>-7,703,669</b>
<b>Closing balance of cash and cash equivalents</b>	<b>599,975</b>	<b>2,077,119</b>
Net cash inflow (outflow) for the period (sum total of net cash Ac, Bc and Cc)	-301,159	1,484,823
<b>Opening balance of cash and cash equivalents</b>	<b>901,134</b>	<b>592,296</b>

Table 18: Statement of Changes in Equity of Luka Koper d.d., January – March 2011

<b>STATEMENT OF CHANGES IN EQUITY (in euros) Non-audited</b>	<b>Called-up capital</b>	<b>Capital reserves</b>	<b>Legal reserves</b>	<b>Other revenue reserves</b>	<b>Retained net profit</b>	<b>Net profit for the year</b>	<b>Revaluation surplus</b>	<b>Total equity</b>
	<b>I/1</b>	<b>II/1</b>	<b>III/1</b>	<b>III/4</b>	<b>IV/1</b>	<b>V/1</b>	<b>VI/2</b>	
<b>As of 1 January 2011</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>58,112,521</b>	<b>0</b>	<b>0</b>	<b>10,514,887</b>	<b>235,376,191</b>
Net profit for the year	0	0	0	0	0	3,530,972	0	3,530,972
Other comprehensive income for the period	0	0	0	0	0	0	-982,842	-982,842
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,530,972</b>	<b>-982,842</b>	<b>2,548,130</b>
Formation of other revenue reserves upon resolutions of Management and Supervisory Boards	0	0	0	0	0	0	0	0
Transfer to other revenue reserves upon resolution of General Assembly	0	0	0	0	0	0	0	0
Transfer of net profit from the previous year to retained net profit	0	0	0	0	0	0	0	0
Dividend distribution	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
<b>As of 31 March 2011</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>58,112,521</b>	<b>0</b>	<b>3,530,972</b>	<b>9,532,045</b>	<b>237,924,321</b>

Table 19: Non-audited Statement of Changes in Equity of Luka Koper d.d., January – March 2012

<b>STATEMENT OF CHANGES IN EQUITY (in euros) Non-audited</b>	<b>Called-up capital</b>	<b>Capital reserves</b>	<b>Legal reserves</b>	<b>Other revenue reserves</b>	<b>Retained net profit</b>	<b>Net profit for the year</b>	<b>Revaluation surplus</b>	<b>Total equity</b>
	<b>I/1</b>	<b>II/1</b>	<b>III/1</b>	<b>III/4</b>	<b>IV/1</b>	<b>V/1</b>	<b>VI/2</b>	
<b>As of 1 January 2012</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>56,263,316</b>	<b>0</b>	<b>0</b>	<b>6,703,698</b>	<b>229,715,797</b>
Net profit for the year	0	0	0	0	0	1,949,618	0	1,949,618
Other comprehensive income for the period	0	0	0	0	0	0	-988,681	-988,681
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,949,618</b>	<b>-988,681</b>	<b>960,937</b>
Formation of other revenue reserves upon resolutions of Management and Supervisory Boards	0	0	0	0	0	0	0	0
Transfer to other revenue reserves upon resolution of General Assembly	0	0	0	0	0	0	0	0
Transfer of net profit from the previous year to retained net profit	0	0	0	0	0	0	0	0
Dividend distribution	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
<b>As of 31 March 2012</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>56,263,316</b>	<b>0</b>	<b>1,949,618</b>	<b>5,715,017</b>	<b>230,676,734</b>



## NOTES TO THE FINANCIAL STATEMENTS OF LUKA KOPER D.D.

*Luka Koper d.d.*, port and logistics system operator, with its registered office in Koper, Republic of Slovenia, is the parent company of the *Luka Koper Group* of companies. These financial statements are compiled for the period January to March 2012, i.e. as at 31<sup>st</sup> March 2012.

The non-audited financial statements of *Luka Koper d.d.* as of 31<sup>st</sup> March 2012 are compiled in accordance with the same accounting policies and principles as were applicable in 2011.

### Statement of Compliance

The financial statements have been compiled in accordance with the Companies Act RS and International Financing Reporting Standards (IRS) as adopted by the EU.

### Basis for Compilation of Financial Statements

The financial statements have been compiled in euros (EUR), rounded to the nearest unit. By way of these financial statements *Luka Koper d.d.* wishes to provide the broadest sphere of users useful information on the finances, performance and changes in its financial standing from January to March 2012, in comparison with data for the previous year.

Fair value has been used and disclosed in relation to available-for-sale financial assets and real-estate investments, whilst other financial statement items have been presented at cost or amortised cost.

### Operating revenues

(in euros)	January – March 2012	January – March 2011
<b>OPERATING REVENUES</b>	<b>34,053,279</b>	<b>33,458,849</b>
Revenues from sales on domestic market	12,820,605	12,517,453
Revenues from sales on foreign markets	21,215,145	20,917,103
Other operating revenues	17,529	24,293

### Other revenues

(in euros)	January – March 2012	January – March 2011
<b>OTHER REVENUES</b>	<b>1,190</b>	<b>20,824</b>

### Costs of goods, material and services

(in euros)	January – March 2012	January – March 2011
<b>COSTS OF GOODS, MATERIALS AND SERVICES</b>	<b>13,125,519</b>	<b>12,442,152</b>
Material costs	2,982,061	2,565,765
Service costs	10,143,458	9,876,387

### Labour costs

(in euros)	January – March 2012	January – March 2011
<b>LABOUR COSTS</b>	<b>8,012,848</b>	<b>7,692,328</b>
Costs of salaries	6,071,635	5,812,152
Costs of social insurances	1,261,010	1,195,895
Other labour costs	680,203	684,281

### Value write-offs

(in euros)	January – March 2012	January – March 2011
<b>VALUE WRITE-OFFS</b>	<b>6,620,956</b>	<b>6,374,671</b>
Amortisation of tangible fixed assets and intangible non-current assets	6,408,924	6,181,972
Amortisation of real-estate investments	141,023	159,892
Revaluation operating expenses	71,009	32,807

### Other operating expenses

(in euros)	January – March 2012	January – March 2011
<b>OTHER OPERATING EXPENSES</b>	<b>1,471,494</b>	<b>1,308,471</b>
Charges unrelated to labour and other costs	1,330,288	1,230,113
Environmental protection expenditure	24,155	16,402
Other costs	117,051	61,956

### Other expenses

(in euros)	January – March 2012	January – March 2011
<b>OTHER EXPENSES</b>	<b>696,662</b>	<b>42,645</b>
Provisions	696,662	42,645

## Financial revenues

(in euros)	January – March 2012	January – March 2011
<b>FINANCIAL REVENUES</b>	<b>122,118</b>	<b>94,380</b>
Financial revenues from profit participation	0	0
Financial revenues from loans granted	63,329	34,712
Financial revenues from operating receivables and foreign exchange gains	58,789	59,668

## Financial expenses

(in euros)	January – March 2012	January – March 2011
<b>FINANCIAL EXPENSES</b>	<b>1,891,812</b>	<b>2,177,606</b>
Financial expenses from financial liabilities	0	2,842
Financial expenses from impairments and financial investment write-offs	1,852,947	2,112,723
Financial expenses from operating liabilities and foreign exchange losses	38,865	62,041

## Operating profit for the period

(in euros)	January – March 2012	January – March 2011
<b>PRE-TAX PROFIT</b>	<b>2,357,296</b>	<b>3,536,180</b>
Corporation tax	212,157	0
Deferred tax	-195,521	-5,208
<b>Net profit for the period</b>	<b>1,949,618</b>	<b>3,530,972</b>
<b>NET EARNINGS PER SHARE</b>	<b>0.14</b>	<b>0.25</b>

## Additional Notes to Balance Sheet Statement

### Tangible and intangible fixed assets and real-estate investments

(in euros)	31. 3. 2012	31. 12. 2011
<b>INTANGIBLE FIXED ASSETS AND LONG-TERM DEFERRED COSTS &amp; ACCRUED REVENUES</b>	<b>5,110,948</b>	<b>4,580,294</b>
<b>TANGIBLE FIXED ASSETS</b>	<b>335,777,148</b>	<b>338,692,966</b>
1, Land and buildings	234,756,783	236,422,702
a, Land	6,261,659	6,261,659

b, Buildings	228,495,124	230,161,043
2, Plant and machinery	77,169,570	76,988,193
3, Other plant and equipment	139,695	139,696
4, Tangible fixed assets under acquisition	23,711,100	25,142,375
<b>REAL-ESTATE INVESTMENTS</b>	<b>35,402,796</b>	<b>35,523,894</b>

### Non-current financial investments

(in euros)	31. 3. 2012	31. 12. 2011
<b>NON-CURRENT FINANCIAL INVESTMENTS</b>	<b>46,276,907</b>	<b>50,074,283</b>
1. Non-current financial investments less loans	44,523,097	45,506,981
2. Non-current loans	1,753,810	4,567,302

### Assets (disposal group) held for sale

(in euros)	31. 3. 2012	31. 12. 2011
<b>ASSETS DISPOSAL GROUP</b>	<b>6.963.061</b>	<b>6.963.061</b>
Fixed assets held for sale	1.389.813	1.389.813
Other non-current assets held for sale	5.573.248	5.573.248

### Current financial investments

(in euros)	31. 3. 2012	31. 12. 2011
<b>CURRENT LOANS</b>	<b>3,678,893</b>	<b>817,560</b>
Current loans to Group companies	216,457	176,359
Current loans to others	580,800	641,201
Current bank deposits	2,881,636	0

### Current operating receivables

(in euros)	31. 3. 2012	31. 12. 2011
<b>CURRENT OPERATING RECEIVABLES</b>	<b>24.280.591</b>	<b>21.485.590</b>
Current operating receivables to Group companies	137.577	63.025
Current operating receivables to associated companies	62.639	62.057
Current trade receivables	21.370.639	19.099.136
Current operating receivables to others	2.709.736	2.261.372

## Equity

(in euros)	31. 3. 2012	31. 12. 2011
<b>EQUITY</b>	<b>230,676,734</b>	<b>229,715,797</b>
Called-up capital	58,420,965	58,420,965
Capital reserves	89,562,703	89,562,703
Revenue reserves	75,028,431	75,028,431
1, Legal reserves	18,765,115	18,765,115
2, Other revenues reserves	56,263,316	56,263,316
Revaluation surplus	5,715,017	6,703,698
Retained net profit	0	0
Net profit for the year	1,949,618	0

## Provisions

(in euros)	31. 3. 2012	31. 12. 2011
<b>PROVISIONS</b>	<b>6,665,070</b>	<b>6,026,603</b>
Provisions of pensions and similar	923,555	981,750
Other provisions	5,599,877	4,903,215
Accrued costs and deferred revenues	141,638	141,638

## Non-current liabilities

(in euros)	31. 3. 2012	31. 12. 2011
<b>NON-CURRENT LIABILITIES</b>	<b>187,166,210</b>	<b>168,279,760</b>
Non-current financial liabilities	185,664,608	166,525,580
Non-current operating liabilities	72,848	77,021
Deferred tax liabilities	1,428,754	1,677,159

## Current liabilities

(in euros)	31. 3. 2012	31. 12. 2011
<b>CURRENT LIABILITIES</b>	<b>45,024,880</b>	<b>63,478,830</b>
Current financial liabilities	25,884,432	48,934,765
Current operating liabilities	19,140,448	14,544,065

## MANAGEMENT BOARD STATEMENT OF RESPONSIBILITY

The Management Board of *Luka Koper d.d.* herein declares that the financial statements of *Luka Koper d.d.* and the consolidated financial statements of the *Luka Koper Group* of companies for the period ending 31<sup>st</sup> March 2012 have been compiled in order that they shall provide a true and fair disclosure of the financial condition, cash flows as well as the business performance of *Luka Koper d.d.* and the *Luka Koper Group*.

The same accounting policies and standards have been applied in the compilation of these interim statements, as with the preparation of the annual financial statements of *Luka Koper d.d.* and the *Luka Koper Group* for the year 2011.

These interim statements for the period ending 31<sup>st</sup> March 2012 have been compiled in accordance with International Financing Reporting Standards (IFRS) and have to be considered in relation with the annual financial statements for the fiscal year ending 31<sup>st</sup> December 2011.

The Management Board is responsible for the implementation of measures to preserve the value of assets of *Luka Koper d.d.* and the *Luka Koper Group*, as well as the detection and prevention of fraud and other irregularities.

The Management Board states that associated persons within the *Luka Koper Group* concluded mutual business on the basis of deeds of sale employing market prices for products and services, and that no business was concluded under unusual conditions.



Dr. Gregor Veselko  
President of the Management Board



Tomaž Martin Jamnik  
Deputy President of the Management Board



Marko Rems  
Member of the Management Board



Matjaž Stare  
Member of the Management Board – Workers Director

Koper, 25<sup>th</sup> May 2012