

# 2011



## LUKA KOPER GROUP

NON-AUDITED INTERIM REPORT OF  
LUKA KOPER D.D. AND THE LUKA KOPER GROUP  
JANUARY – JUNE 2011

Koper, Slovenia

August 2011

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## PERFORMANCE HIGHLIGHTS OF LUKA KOPER GROUP

### COMPARISON OF EXPECTATIONS WITH ACTUAL RESULTS ACHIEVED FOR JANUARY – JUNE 2011

(in euro)	Anticipated Jan. - June 2011	Achieved Jan. - June 2011	Indices achieved / anticipated
Operating revenues	66,007,617	71,656,632	109
Operating profit - EBIT	6,515,361	13,163,652	202
EBITDA	19,862,628	26,623,407	134
Net profit for the period	2,388,874	3,425,733	143
Investments in intangible and tangible fixed assets and real-estate investments	20,670,732	11,274,988	55
Cargo throughput (in tonnes)	8,116,660	8,363,443	103

### COMPARISON OF JANUARY - JUNE RESULTS FOR 2010 & 2011

(in euro)	January - June 2010	January - June 2011	Indices 2011/2010
<b>From Income Statement</b>			
Operating revenues	62,200,303	71,656,632	115
Operating profit (EBIT)	7,551,633	13,163,652	174
EBITDA	20,553,845	26,623,407	130
Financing gain (loss)	(-1,932,617)	(-10,116,990)	(523)
Pre-tax profit	5,619,016	3,046,662	54
Net profit for the period	5,380,015	3,425,733	64

(in euro)	31. 12. 2010	30. 06. 2011	Indices 2011/2010
<b>From Balance Sheet Statement</b>			
Assets	502,345,304	497,353,508	99
Long-term assets	459,124,856	456,250,965	99
Short-term assets, and deferred expenses and accrued revenues	43,220,449	41,102,543	95
Equity	244,056,503	246,383,918	101
Long-term liabilities and provisions	173,829,649	160,698,048	92
Short-term liabilities and accrued expenses and deferred revenues	84,459,152	90,271,542	107
Financial liabilities	226,269,650	215,367,094	95

(percentage)	1 – 6 2010	1 – 6 2011	Indices 2011/2010
<b>Indicators</b>			
Return on sales (ROS)	12.1%	18.4%	151
Net return on equity (ROE)	4.3%	2.8%	65
Net return on assets (ROA)	2.0%	1.4%	68
EBITDA margin	33.0%	37.2%	112
Financial liabilities/equity	96.8%	87.4%	90

(in euro)	1 – 6 2010	1 – 6 2011	Indices 2011/2010
<b>From Cash Flow Statement:</b>			
Investments in intangible and tangible fixed assets and real-estate investments	12,985,334	11,274,988	87

## 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 – June 2011.

This Non-Audited Report on the performance of *Luka Koper d.d.* and the *Luka Koper Group* for January – June 2011 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 29<sup>th</sup> August 2011 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 – June 2011 was addressed by the company's Supervisory Board at its regular session held on 26<sup>th</sup> August 2011.

## PRESENTATION OF THE LUKA KOPER GROUP

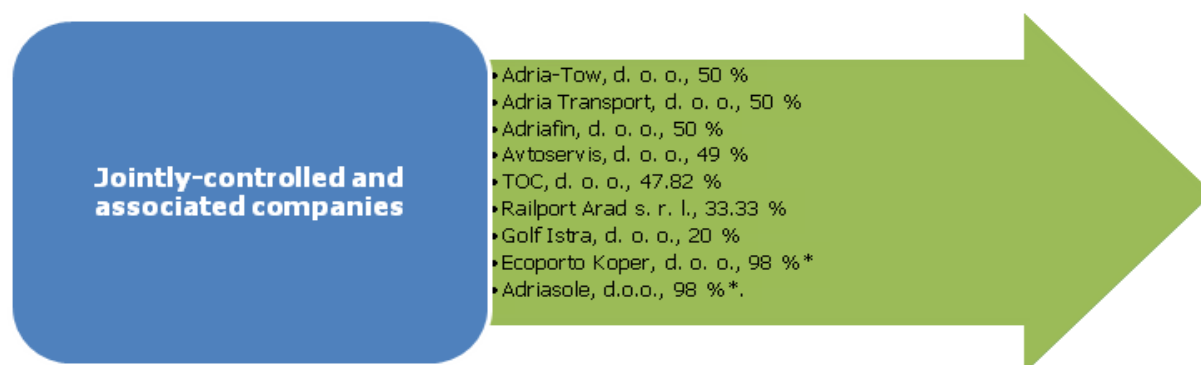
*Luka Koper*, a port operator and logistics provider, with its registered office in Koper, Slovenia, is the parent company of the *Luka Koper Group* of enterprises.

<i>Full title</i>	<i>Luka Koper, 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>Listing</i>	<i>Ljubljana Stock Exchange, primer market</i>
<i>Share ticker symbol</i>	<i>LKPG</i>
<i>President of the Management Board</i>	<i>Dr. Gregor Veselko</i>
<i>Deputy President of the Management Board</i>	<i>Tomaž Martin Jamnik</i>
<i>Management Board Member</i>	<i>Marko Rems</i>
<i>Management Board Member – Workers Director</i>	<i>Matjaž Stare</i>
<i>President of the Supervisory Board</i>	<i>Dr. Janez Požar</i>
<i>No. of consolidated companies</i>	<i>5</i>
<i>Luka Koper d.d. core activity</i>	<i>Seaport and logistics system operator and provider</i>
<i>Luka Koper Group activities</i>	<i>Various support and ancillary services related to core activity</i>

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 comprised of the following subsidiary enterprises as of 30<sup>th</sup> June 2011:



As of 30<sup>th</sup> June 2011, *Luka Koper d.d.* also discloses financial investments in jointly-controlled and associated companies in which it exerts significant influence:



\* The companies *Ecoporto Koper d.o.o.* and *Adriasole d.o.o.* are not controlled in compliance with International Accounting Standards 27 (13). Although *Luka Koper d.d.* holds a 98-percent stake in both enterprises, decision making requires the consent of minority shareholders pursuant to an agreement. Compliant with provisions of IAS 28 (7), *Ecoporto Koper d.o.o.* and *Adriasole d.o.o.* have been reclassified as associated companies.

## CORPORATE MANAGEMENT AND GOVERNANCE

### Luka Koper d. d. Management Board

As of 30<sup>th</sup> June 2011, Luka Koper d.d. 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 accessible on the company's website: [www.luka-kp.si](http://www.luka-kp.si)

### Luka Koper d. d. Supervisory Board

As of 30<sup>th</sup> June 2011, the *Luka Koper d.d.* Supervisory Board was 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 13<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 13<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 13<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 13<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 13<sup>th</sup> July 2009 (16<sup>th</sup> General Assembly of Shareholders).



**Representatives of employees:**

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

**Post-balance-sheet changes in the composition of the Supervisory Board**

At the 19<sup>th</sup> *Luka Koper d.d.* General Assembly held on 11<sup>th</sup> July 2011, the shareholders adopted the resignation statement and the discharge request of *Luka Koper* Supervisory Board member, Mr Boris Popovič, and discharged him from his supervisory function as of 21<sup>st</sup> October 2010. Upon the proposal of Koper Municipality, Ms Sabina Mozetič was appointed as a new member of the Supervisory Board for a four-year term.

**SIGNIFICANT EVENTS JANUARY– JUNE 2011****JANUARY**

On the basis of the provisions of the Takeovers Act RS, *Luka Koper* received a request from *Securities Market Agency RS* to clarify facts and circumstances pertaining to *Luka Koper d.d.*, *Krka d.d.*, *Zavarovalnica Triglav d.d.*, *Petrol d.d.*, *Telekom Slovenije d.d.*, and *Aerodrom Ljubljana d.d.*, acting in a concerted matter in the acquisition of shares in listed companies, on the basis of which formal takeover bids may be made.

**FEBRUARY**

On 10<sup>th</sup> February 2011, the *Luka Koper d.d.* Management Board received a resolution from the Administrative Board of *Luka Koper Crane Operators Trade Union* in relation to the undertaking of industrial action on 22<sup>nd</sup> February 2011. Prior to the commencement of this action, *Luka Koper d.d.*'s Management reached an agreement with the Union to call off the strike and enter into negotiations which shall be completed within ninety days.

On 21<sup>st</sup> February 2011, *Luka Koper d.d.*, together with the other larger shareholders of *Intereuropa d.d.* (namely, *Kapitalska Družba d.d.*, *Slovenska Odškodninska Družba d.d.*, *Zavarovalnica Triglav d.d.*, *NLB d.d.* and *Abanka Vipava d.d.*), invited interested parties to participate in a public tender for the blocks of shares they hold in *Intereuropa d.d.*. The

open-ended tender, published on 23<sup>rd</sup> December 2010, and again on 7<sup>th</sup> February 2011, remained unsubscribed.

The Port of Koper acquired a new regular Far East container line service operated by Japanese maritime logistics provider *NYK*.

## **MARCH**

*Luka Koper* received no bids in relation to the public tender for its holding in *Intereuropa d.d.*

In relation to port safety and security, *Luka Koper d.d.* was granted AEO (Authorised Economic Operator) status, and certification which recognized that the company maintained appropriate record-keeping, was financially solvent, and that the security and safety standards it upheld within the port zone ensured the lowest rates of risk.

A strong bora wind blew some iron oxide dust out of the port zone, which caused some alarm among the local population. According to the safety manifest accompanying this cargo it was evident that this mixture of iron oxides was in no way harmful to human health or detrimental to the environment.

## **APRIL**

On 6<sup>th</sup> April 2011, the *European Investment Bank* and *Luka Koper d.d.* signed a twenty-year loan agreement in the amount of 35 million euros. These funds will be used to complete the construction of the Container Terminal extension at Pier I of the Port of Koper.

## **MAY**

The representatives of the Institute of Public Health Maribor presented the results of its analysis which demonstrated that the iron oxide dust blown out of the port zone by high winds in March was harmless.

## **JUNE**

At its session of 16<sup>th</sup> June 2011, The Government of RS endorsed the *National Spatial Plan* for a comprehensive spatial arrangement of the Port in Koper. The Plan is a fundamental development document that will facilitate the long-term expansion and arrangement of the Port, thus enhancing its competitive edge.

Austria's *Verkehr* magazine published news that based on 2010 overseas trade data, more Austrian freight passed through Koper than any other port.

## RELEVANT POST-BALANCE-SHEET EVENTS

At the 19<sup>th</sup> General Assembly meeting, held on 11<sup>th</sup> July 2011, *Luka Koper d.d.* shareholders:

- were presented the adopted Annual Report for 2010;
- were introduced to the fact that the company generated a net loss in the amount of € 2,431,887.92. During the period of compilation of the Annual Report, this loss was covered through the release of other revenue reserves. The General Assembly endorsed the resolution on the non-distribution of dividends for 2010;
- endorsed the work of Management and Supervisory Boards for 2010;
- appointed the auditors *Ernst & Young, Revizija, poslovno svetovanje, d. o. o.*, Dunajska Cesta 111, Ljubljana, Slovenia, as external auditor of *Luka Koper d.d.* and the *Luka Koper Group* for fiscal 2011;
- adopted the proposed amendments to the company's Statute, of which one of the most relevant was:
  - the provision which restrained the Management Board competence in concluding business with a value in excess of five percent of the company's issued share capital (excluding business with subsidiaries). The provision was partially extended to loans which require Supervisory Board consent should their value exceed twenty percent of the company's issued share capital;
- adopted a resolution on the amount of remuneration for performance of function and attendance fees for members of the Supervisory Board. as well as members of Supervisory Board Commissions for the following twelve months;
- rejected the resolution that the General Assembly authorise the company to acquire and dispose of treasury stock;
- adopted a resolution on the resignation of *Luka Koper d.d.* Supervisory Board member Mr Boris Popovič, and, further to his resignation statement, discharged him from the function of Supervisory Board member as of 21<sup>st</sup> October 2010. Upon the proposal of Koper Municipality, Ms Sabina Mozetič was appointed a new member of the Supervisory Board for a four-year term.

On 18<sup>th</sup> July 2011, the *Luka Koper d.d.* Management Board received a Crane Operators Union resolution on strike action anticipated to commence at 6 am on 29<sup>th</sup> July 2011 should its demands not be met. On 28<sup>th</sup> July 2011, the negotiations between *Luka Koper d.d.*

Management Board and the Crane Operators Union failed to reach a solution, thus the Union members went on strike at 6 am on 29<sup>th</sup> July 2011.

On 4<sup>th</sup> August 2011 the company's Supervisory Board were introduced to the course of negotiations between Management and the Union as well as the standpoints of both negotiating parties, further to which it supported the Management Board's efforts to resolve the crisis.

On 5<sup>th</sup> August 2011, the *Luka Koper d.d.* Management Board and the Crane Operators Union concluded negotiations and came to an agreement to end the strike. By way of this agreement the signatories have ensured stable working relations for at least one year, and made a commitment to continue a constructive dialogue.

## LUKA KOPER GROUP BUSINESS REPORT

In June 2011, the Government of the Republic of Slovenia formally adopted the *National Spatial Plan for the Port of Koper*, a move for which *Luka Koper* has been waiting since 2006. This fundamental document, which defines the expansion and long-term development of the port, is of key strategic significance.

### PERFORMANCE ANALYSIS OF LUKA KOPER GROUP

During the first half of 2011, the encouraging growth of both cargo throughput and revenues, as well as the imposition of effective cost management, resulted in a significant increase in operating profit and EBITDA. Nevertheless, the first half of 2011 was severely impacted by the write-down in the company's investment in *Intereuropa d.d.*, which has affected net profit.

#### OPERATING REVENUES

Operating revenues in the amount of 71.7 million euros recorded a 9.5 million-euro (15%) increase on the same period in 2010. Growth exceeded projections by nine percent.

Figure 1: Luka Koper Group operating revenues

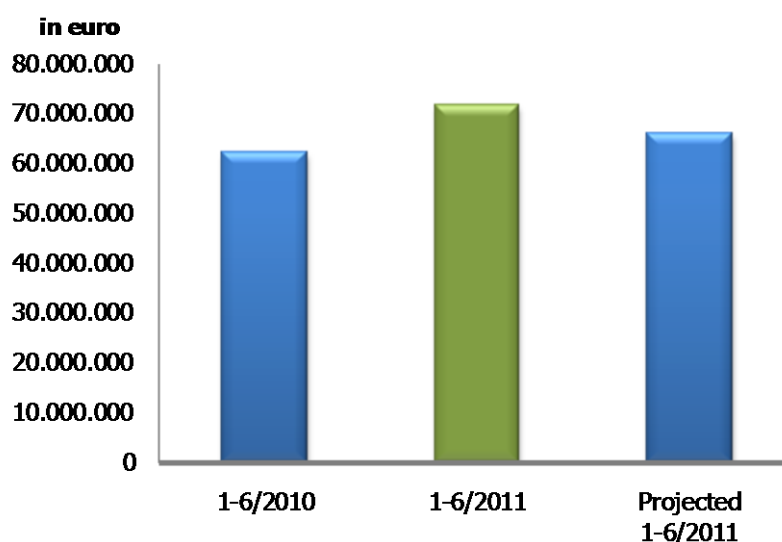


Table 1: Operating revenues by cargo type in the first half of 2010 and 2011

<b>REVENUES (in euro)</b>	<b>1 – 6 2010</b>	<b>1 – 6 2011</b>	<b>Indices 2011/2010</b>
General cargos	15,685,894	16,702,748	106
Containers	10,726,865	16,369,013	153
Vehicles	5,926,987	6,583,512	111
Liquid cargos	2,877,494	3,519,845	122
Bulk and break bulk cargos	15,206,480	16,757,514	110
Other	11,776,583	11,724,000	100
<b>TOTAL</b>	<b>62,200,303</b>	<b>71,656,632</b>	<b>115</b>

A year-on revenue increase in general cargos can mainly be attributed to increased revenues from storage charges and the provision of ancillary services. Further to this, the increased volume of container stripping/stuffing operations also contributed to revenue growth.

The containerisation trend is on the increase globally, *Luka Koper* accordingly recorded enviable growth in both throughput and revenues from its container freight business.

Due to the rapid turnover of vehicles at the Port of Koper, the Car Terminal recorded a decline in revenues from storage charges. Nevertheless, due to the acquisition of new business and the company's provision of a wide range of vehicle-related supplementary services, revenues increased by eleven percent on the same period last year.

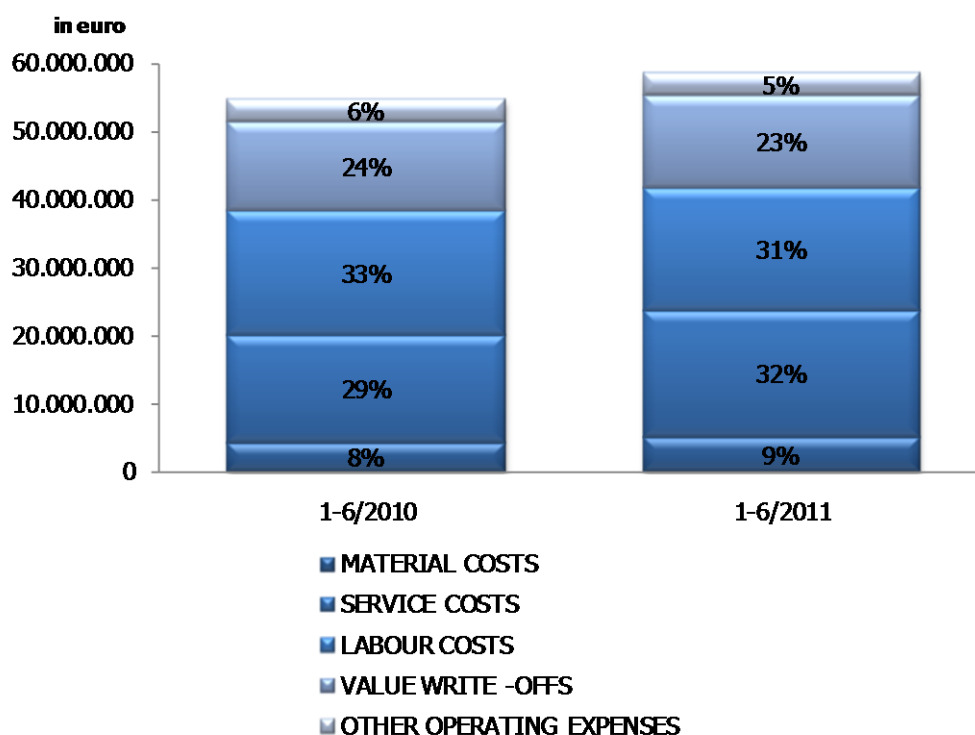
As a consequence of the investment into the alcohol terminal facility, revenues generated by liquid cargos during first half of 2011 remained ahead of 2010 levels.

The year-on increase in bulk and break bulk throughput and revenues derives from the growth in income from storage charges as well as the provision of additional services.

### ***OPERATING EXPENSES***

The *Luka Koper Group's* operating expenses in the amount of 58.5 million euros were seven percent up on the same period last year, and two percent below expectations, in particular due to a decrease in current maintenance costs compared to projections. With regard to the first half of 2010, the operating expenses were mainly affected by the increase of the variable costs of which major portion can be attributed to cost of port service provision, as well as energy cost.

Figure 2: Structure of operating expenses of the Luka Koper Group



### ***MATERIAL COSTS***

The nineteen percent year-on increase in material costs is mainly attributable to hikes in the price of energy. The growth in cargo throughput, as well as the number of handling operations per unit of cargo, resulted in higher electrical energy costs as well as increased fuel consumption. Indeed, with the exception of quayside cranes and some electric forklifts, the major portion of port machinery is reliant on fossil fuels.

### ***SERVICE COSTS***

Service costs in the amount of 18.6 million euros recorded a year-on increase of eighteen-percent. The cost of port services providers in the amount of 8.1 million euros accounts for the most significant item. The increase in port service provision costs is significantly impacted by the price increase per unit of service rendered, as well as the larger volume of services rendered, which is itself attributable to throughput growth.

Maintenance costs, which account for 4.2 million euros - i.e. some six percent of operating revenues - increased by fifteen percent on last year.

The concession fee, in the amount of 2.3 million euros, accounted for a considerable portion of service costs.

### **LABOUR COSTS**

Accounting for one-third of all operating expenses, labour costs in the amount of 17.9 million euros were one percent below last year's level during the first half of 2011. As of 30<sup>th</sup> June 2011, *Luka Koper Group* enterprises had a total of 987 employees, which is ten less than a year previously.

Labour costs combined with the costs of port service providers account for forty-five percent of all operating expenses of the *Group*. In the first half of this year they were up seven percent on January to June 2010.

### **VALUE WRITE-OFFS**

Amortisation in the amount of 13.5 million euros recorded a three percent increase on the same period last year. From January to June 2011, investments stood at 11.3 million euros (more information on completed investments can be found under *Investments in Non-Financial Assets*).

### **OPERATING PROFIT**

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The dynamics of operating revenues and expenses in the first half of 2011 resulted in an increase in the company's profitability ahead of both projections and the same period last year. Operating profit generated for January to June 2011 amounted to 13.2 million euros, which is a year-on increase of seventy-four percent. EBITDA, which stood at 26.6 million euros, was 6.1 million euros ahead of January – June 2010, and 6.8 million euros ahead of expectations.

### **FINANCIAL REVENUES AND EXPENSES**

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The *Luka Koper Group* generated 0.4 million euros in financial revenues, which is 89 percent below the same period last year. 2.3 million euros in financial revenues from profit participation in the associated company *Intereuropa d.d.* were disclosed for January to June 2011; however, as of 31<sup>st</sup> December 2010, the *Intereuropa* investment was reclassified as a short-term asset (disposal group) held for sale.

Financial expenses stood at 10.5 million euros. Despite the rise in the EURIBOR rate, interest costs on loans hired decreased by 263,000 euros on the same period last year to 4.1 million euros; this is attributable to the decrease in indebtedness and, in particular, to better financing conditions.

As of 30<sup>th</sup> June 2011, the financial investment in *Intereuropa d.d.* was revised downwards by 6.3 million euros.



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

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Operating profits amounted to 3 some million euros for the first six months of 2011. Pre-tax profit in the amount of 3.4 million euros is thirty-six percent below the January – June 2010 level, but forty-three percent ahead of projections for the first half of 2011. Had the impairment pertaining to the *Group's* holding in *Intereuropa d.d.* not been taken into consideration, net profit would amount to 9.1 million euros.

### ***ASSETS AND LIABILITIES***

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As of 30<sup>th</sup> June 2011, the balance sheet total of the *Luka Koper Group* amounted to 497.4 million euros, which is a one percent decrease on 31<sup>st</sup> December 2010.

In the structure of assets, 456 million (92%) were categorised as long-term. The decrease in intangible fixed assets under acquisition is the result of the completed investment in the Passenger Terminal. Real-estate, plant and equipment in the amount of 373.6 million euros account for the most significant item under long-term assets.

Short-term assets - in the amount of 37.6 million euros - decreased by twelve percent due to the write-down in the value of *Intereuropa d.d.*, a holding which has been classified under the assets held for sale (disposal group). Receivables in the amount of 23.7 million euros account for the largest item under short-term assets. Compared to 31<sup>st</sup> December 2010, receivables from trade rose by three percent, whilst the operating revenues recorded a year-on increase of fifteen percent.

As to short-term assets, cash (short-term bank deposits) increased to 1.3 million euros.

*Group* equity rose by 2.3 million euros over the six-month period which is mainly attributable to profit in the amount of 3.4 million euros. At the same time, the 1.1-million euro downward re-evaluation of financial assets available for sale impacted the total value of equity.

Short-term liabilities account for eighteen percent of equity and liabilities.

## FINANCIAL MANAGEMENT

The *Luka Koper Group* reduced total financial liabilities by five percent - from 226.3 million to 215.4 million euros - over the first half of 2011.

### Maturity of sources of finance

During 2011, *Luka Koper d.d.* - which accounts for the major part of the *Luka Koper Group* of companies - continues to restructure its debt and cover a number of its current financial liabilities through resort longer term sources of finance. As of 30<sup>th</sup> June 2011, the *Group's* long-term liabilities to banks accounted for sixty-eight percent of total financial liabilities. The result of the restructuring process will fully be evident in the third quarter of 2011 when the EIB loan, aimed at the strategic investment to complete extension of the Container Terminal at Pier I of the Port of Koper, will be actually drawn. By the end of the fiscal year, the company plans to substitute some other short-term credit lines to longer-term facilities.

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

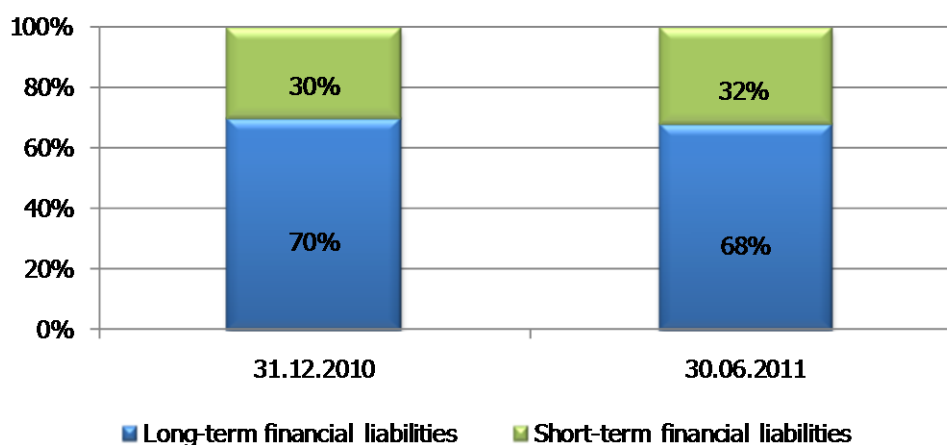
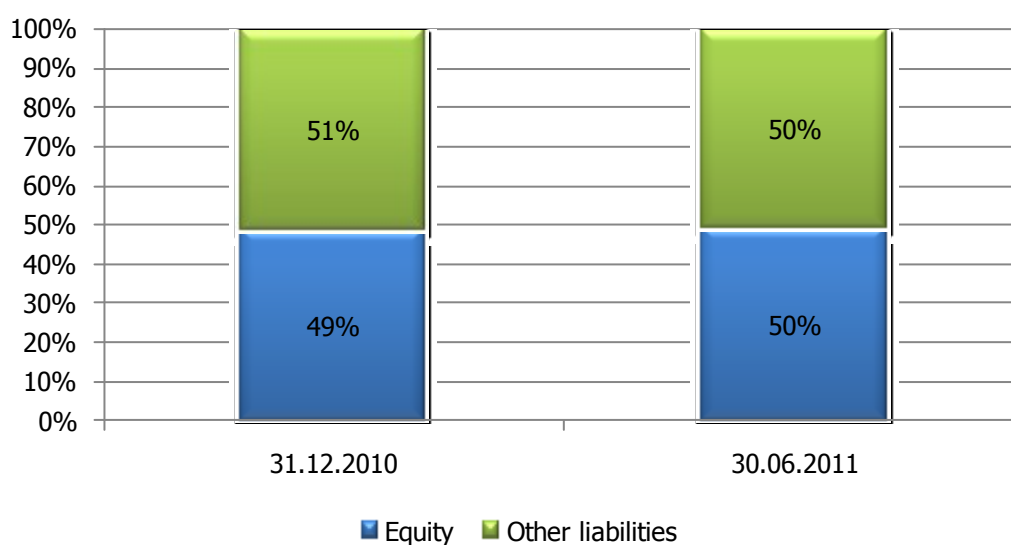


Figure 4: Luka Koper Group financial liabilities as of 30<sup>th</sup> June 2011

### Structure of liabilities

Loans subject variable interest rate account for ninety-nine percent of the total financial liabilities of the *Luka Koper Group*. Fixed interest rate loans only pertain to lines of credit granted by associated or jointly controlled companies which are granted for the purpose of mutual liquidity regulation; indeed, facilities with such nominal interest rates account for just five percent of the loans granted to *Luka Koper d.d.*, they are exclusively from subsidiaries and are granted to ensure the efficient regulation of *Luka Koper Group* liquidity.

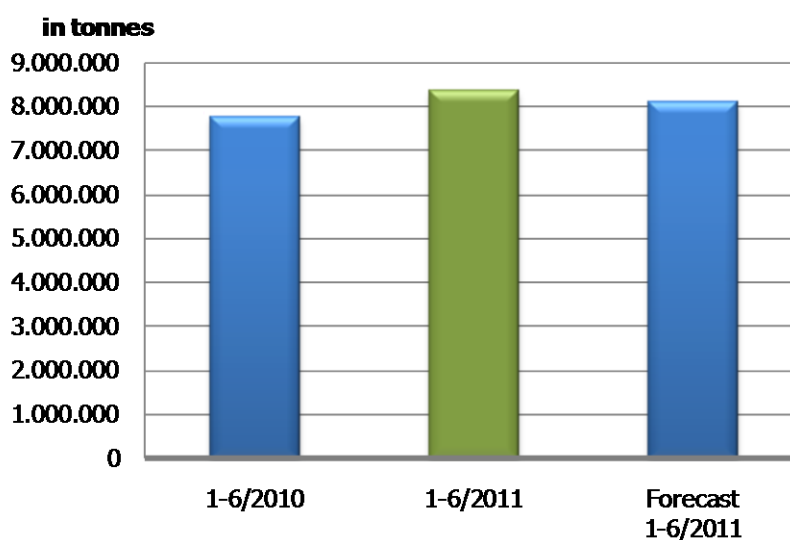
Figure 5: Capital structure of the Luka Koper Group



## SALES AND MARKETING

Total cargo handled in the first half of 2011 amounted to 8,363,443 tonnes, which is eight percent up on the same period in 2010 as well as three percent ahead the projections. The significant upward trend in the throughput of containers, vehicles and liquid cargos seen in the first quarter continued.

Figure 6: Cargo throughput from January to June 2010 and 2011, against 2011 interim projection

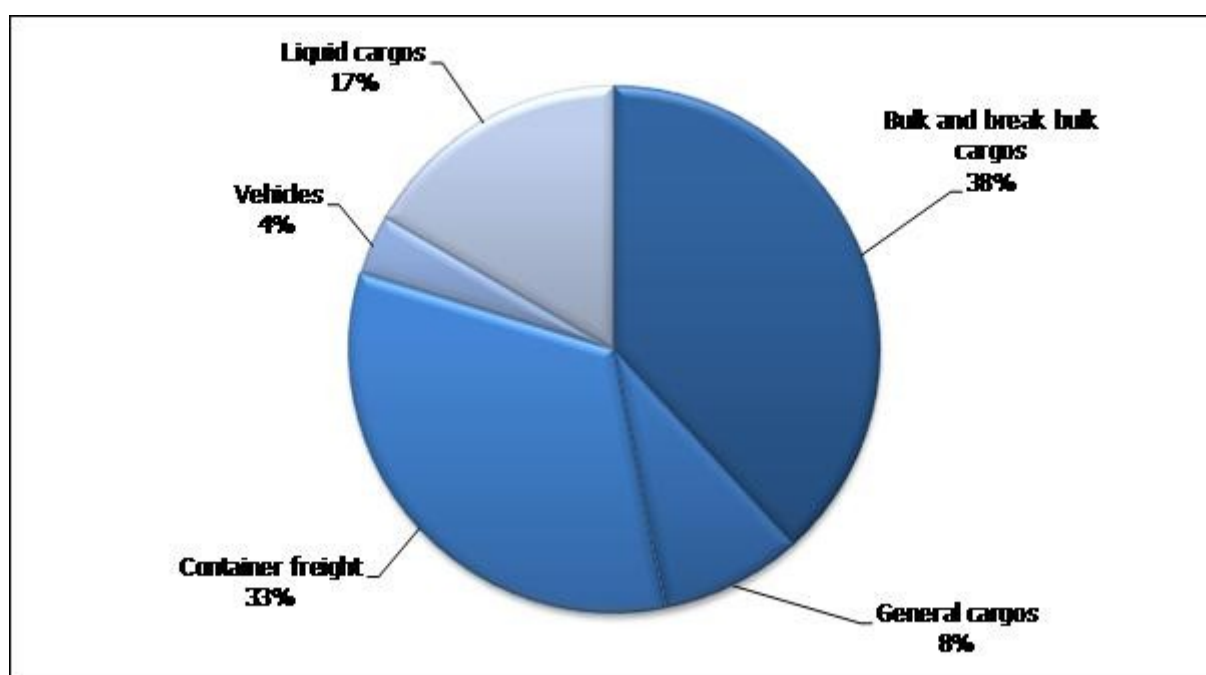


### Cargo throughput structure - by type

Table 2: Cargo throughput tonnage by type

CARGO TYPE (in tonnes)	1 – 6 2010	1 – 6 2011	Indices 2011/2010
General cargos	736,716	722,298	98
Container freight	2,050,954	2,744,060	134
Vehicles	243,605	307,027	126
Liquid cargos	1,336,440	1,393,413	104
Bulk and break bulk cargos	3,413,109	3,196,646	94
<b>Total</b>	<b>7,780,824</b>	<b>8,363,443</b>	<b>107</b>

Figure 7: Structure of cargo throughput by type from January to June 2011

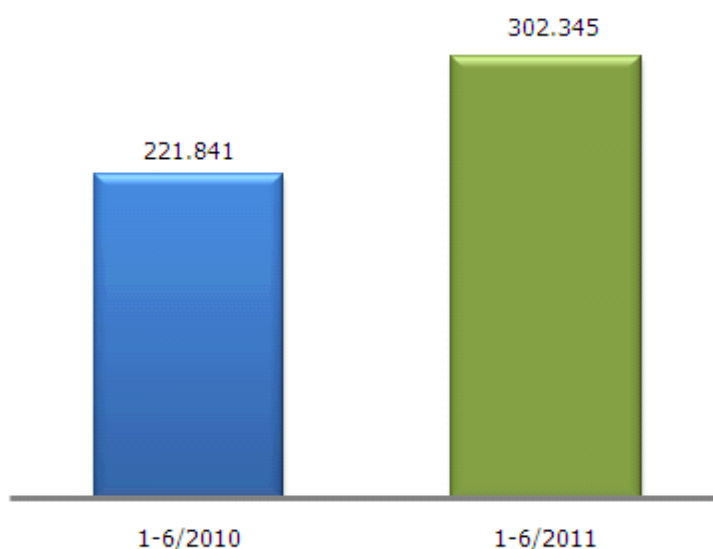


### Container freight

With a total throughput of 302,345 TEUs - some 36 percent up on the first six months of 2010 - the precipitous growth in *Luka Koper's* container freight business remains ongoing. The 53,900 TEUs handled in June was an absolute record; beating the previous best - 52,942 TEUs - achieved in March.

Promoting the competitive advantages of the Northern Adriatic route in servicing Central European markets has resulted in the redirection of freight from the great ports along the northwestern flank of the continent. In conjunction with new direct shipping services to the Far East, *Luka Koper* has – in conjunction with its partners – also established regular container freight train services into its hinterland markets.

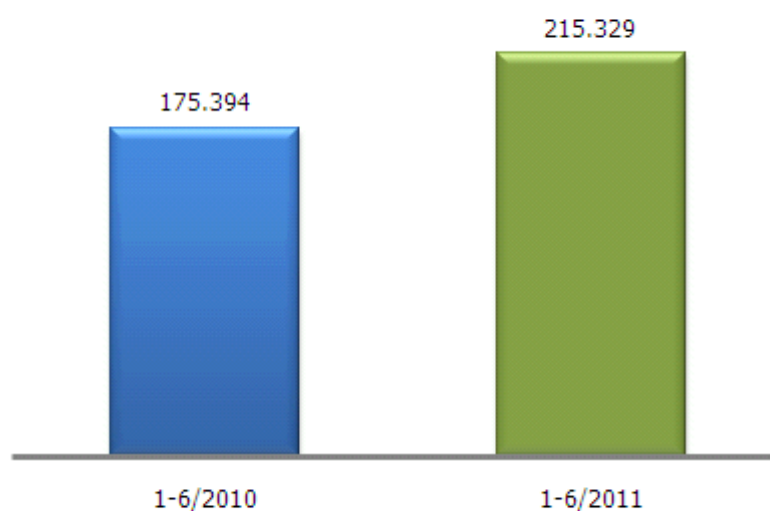
Figure 8: Container freight throughput in the first half of 2010 and 2011 (TEUs)



### Vehicles

*Luka Koper* handled 215,329 vehicles between January and June 2011, twenty-three percent up on the same period last year. The increase of cargo throughput can, in particular, be attributed to the assembly plants in the European hinterland exporting vehicles to Mediterranean countries. Indeed, the export of Korean trademarks - topped by *Hyundai* and *Kia* - as well as *Volkswagen* models were markedly up.

Figure 9: Vehicle throughput in the first half of 2010 and 2011 (units)



## **General Cargos**

The eight percent increase in the throughput of general cargos can mainly be attributed to steel manufactures and project cargos.

Fruit Terminal throughput - and the volume of bananas in particular - has witnessed a downturn, which is attributable to changed conditions in the market. Indeed, throughput of containerised fruit was markedly up, which also revealed itself in the introduction of a new container freight service bringing early fruit and vegetables from Egypt. Sawn timber exports recorded a nine-percent fall, which is a consequence of the unstable political situation in the countries of Northern Africa and the Middle East.

## **Liquid Cargos**

Total volumes of liquid cargo handled recorded a four percent increase on the same period last year; oil derivatives rose by nearly three percent, whilst the throughput of other liquid cargos was up by eleven percent.

## **Bulk and Break Bulk Cargos**

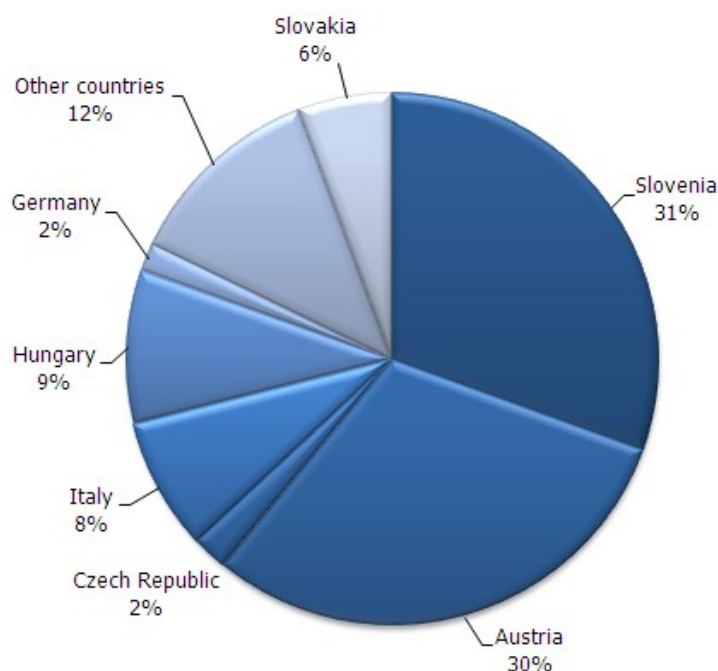
Between January and June 2011, the European Energy Terminal (coal and iron ore) handled eighty-seven percent of the volume recorded during the same period last year; this is attributable to a delay in the delivery of ore.

Due to the revival of manufacturing and industry in the hinterland markets, break bulk cargo - and non-ferrous ores and minerals in particular - recorded a year-on increase, whereas the throughput of cereals fell, this mainly as a consequence of competition from the Danube river route providers. The throughput of alumina recorded a year-on increase of forty-five percent.

## **Throughput Structure by Markets**

The domestic market - Slovenia - accounts for about one-third of total cargo throughput at the Port of Koper. Cargos pertaining to the Austrian, Hungarian and Slovak markets all recorded year-on increases. Austria witnessed the largest growth, exhibiting itself in increased imports of raw materials and container freight; indeed, today Koper handles the largest portion of Austria's overseas trade, more Austrian freight passes through Koper than any other port. The rises in cargo volumes attributable to Hungary and Slovakia were for the major part attributable to increased container freight.

Figure 10: Structure of cargo throughput by markets, January – June 2011



### Marketing Activities

During the first half of 2011, *Luka Koper's* management visited South Korea and Israel in order to promote business relations with existing clients and introduce them to the company's development plans. Further to this, *Luka Koper* also joined Slovenian business delegations, headed by Slovene Prime Minister Borut Pahor, to Turkey (in March) and India (in June). The company also joined a June delegation to the Czech Republic, headed up by Slovene President Dr. Danilo Türk.

Between 10<sup>th</sup> and 13<sup>th</sup> May, *Luka Koper*, together with the *NAPA* ports of Trieste, Rijeka, Venice and Ravenna, shared a joint stand at Munich's *Transport Logistic Europe 2011*, one of the world's largest logistics fairs. The principal direction of *NAPA – the North Adriatic Ports Association* - remains the more determined joint penetration of international markets in order to further expand the Northern Adriatic shipping route and establish its member ports as European entrepôts in a logistics platform serving Central and Eastern Europe. During the Munich fair, *Luka Koper* hosted a delegation from the *Port Authority of Thailand* and signed a co-operation agreement.

*Luka Koper* also played host to a number of other business delegations, as well as discussed potential deals and possibilities related to establishing new direct maritime services with the Port of Koper, together with transport connections linking its hinterland markets.



## RISK MANAGEMENT

The *Luka Koper Group* tracks and manages all relevant types of risk.

Among the financial risks - whose nature and management are described in more detail in the 2010 Annual Report - most attention was paid to the interest rate risk during the first half of 2011.

The expansion of variable interest rates in money markets has resulted in an increase in interest costs. The *Group* didn't employ active interest rate risk protection between January and June 2011. Due to more favourable quotes in relation to interest risk protection instruments and the continuing low level of interest rates, the protection of a portion of non-current financial liabilities is anticipated later this year.

Due to the cargo throughput increase and dependence upon key personnel, human resource risk was estimated high back in 2010. It has been the opinion of the Crane Operators Union that - due to the specifics of crane operator training and, in particular, the employment of new staff and temporarily changed organisation – working conditions were unsuitable. Indeed, the company's operations were ultimately affected by the Crane Operators Union strike in July. More details of this are provided under *Relevant Post-Balance-Sheet Events*.

No significant changes have occurred in the management of other financial risks.

## LKPG SHARE

As of 30<sup>th</sup> June 2011, *Luka Koper* had a total of 13,696 shareholders, which is six percent less than a year previously. The ten largest shareholders held 75.79 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 3: Ten largest shareholders as of 30<sup>th</sup> June 2011

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.	712,304	5.09%
4.	Mestna Občina Koper	466,942	3.34%
5.	KD Galileo, fleksibilna struktura naložb	152,265	1.09%
6.	KD ID, Delniška ID d. d.	149,849	1.07%
7.	Perspektiva FT d. o. o.	125,895	0.90%
8.	Delniški Vzajemni Sklad Triglav Steber I	114,859	0.82%
9.	Zavarovalnica Triglav d. d.	104,756	0.75%
10.	KD Indija – Kitajska, delniški vzajemni sklad	85,747	0.61%
<b>Ten largest shareholders – total</b>		<b>10,610,474</b>	<b>75.79%</b>
<b>Total shares</b>		<b>14,000,000</b>	<b>100.00%</b>

## Trading in the Luka Koper Share

Table 4: Relevant information on the LKPG share

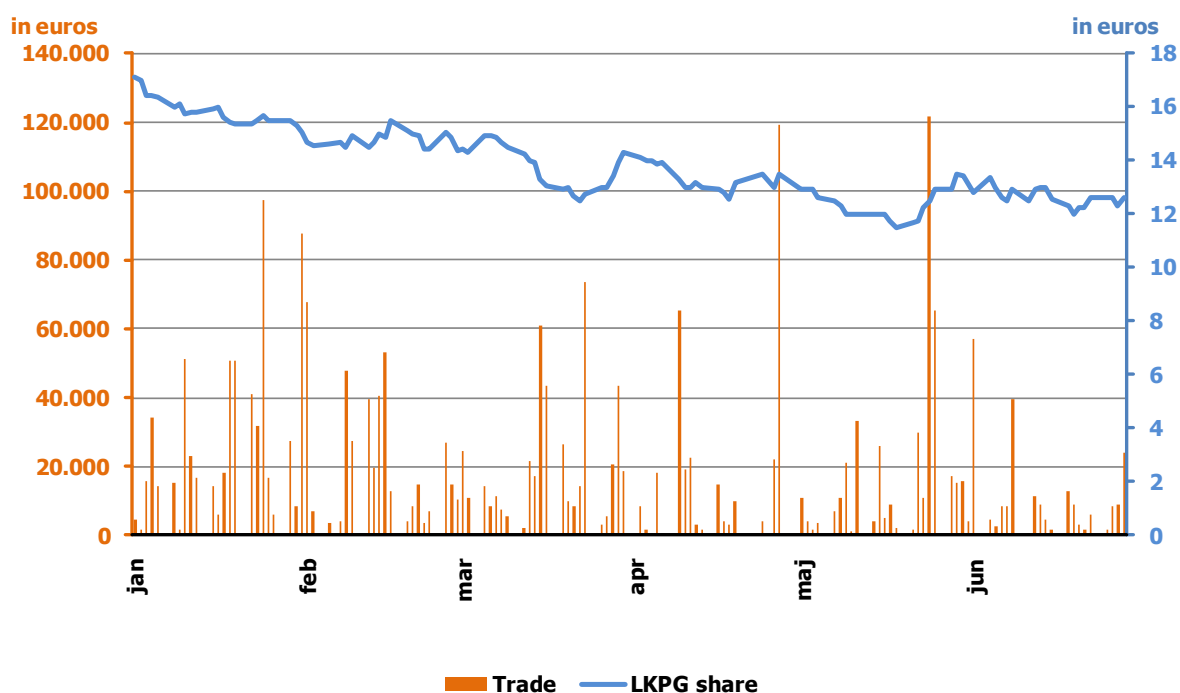
	2011	2010
Number of shares as of 30 <sup>th</sup> June	14,000,000	14,000,000
Market capitalisation as of 30 <sup>th</sup> June (in €)	176,400,000	253,680,000
Turnover (all transactions) January to June (in €)	2,460,000	2,810,000
Lowest daily*/closing price January to June (in €)	11.52	17.54
Highest daily*/closing price January to June (in €)	17.09	25.10
Closing price as of 30 <sup>th</sup> June (in €)	12.60	18.23

\* 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 last year and the first quarter of 2011, and the closing price from April 2011 onwards.

The average daily price and - since April - the average closing price of the *Luka Koper d.d.* share during January to June 2011 period was € 13.81, whereas its value fluctuated between

11.52 and 17.09 euros. A total of 1,559 transactions and block trades were accomplished in LKPG shares during the period, and the total value of these trades amounted to € 2,464,293, with 177,469 shares changing ownership. The peak market share price was € 17.20, while its lowest price was € 11.22. Compared to the same period last year, the share's value dropped by thirty-one percent, whilst compared to 31<sup>st</sup> December 2010 it fell by twenty-nine percent.

Figure 11: Movement of the LKPG daily price (first quarter) and closing price (second quarter), and daily trade in the share between January and June 2011



### Number of Shares Held by Members of the Supervisory and Management Boards

As of 30<sup>th</sup> June 2011, 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 30<sup>th</sup> June 2011, the following members of the *Luka Koper d.d.* Management Board held shares in the company:

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

**Dividend Policy**

*Luka Koper d.d.* dividend policy combines the shareholders' strive for dividend yields with the requirement that a portion of profits should necessarily be reinvested into the business; this is forever a compromise between maximizing shareholder yields and ensuring the long-term development of the company. Due to a zero distributable net profit for 2010, *Luka Koper d.d.* shall not distribute dividends for fiscal 2010. Taking into consideration the anticipated investments in port infrastructure and equipment, the company aims to disburse up to one-third of net profit as dividends over the coming years.

**Net Earnings per Share**

Calculated on the basis of net profit generated between January and June 2011, divided by the number of shares issued, net earnings are the equivalent of 20 cents per share.

**Book Value of Share**

As of 30<sup>th</sup> June 2011, 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 € 16.94.

**Treasury Stock, Authorised Capital, Conditional Increase in Share Capital**

As of 30<sup>th</sup> June 2011, the company didn't hold treasury stock. At the 19<sup>th</sup> General Assembly meeting, shareholders rejected the proposal of a resolution that would allow the company to acquire treasury stock in the value of up to ten percent of the issued share capital. 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. Between January and June 2011, the company has had no grounds for any conditional increase in share capital.

**Communication with Investors**

On 21<sup>st</sup> April 2011, *Luka Koper* attended the Slovene Capital Markets Day in Ljubljana, organised for the sixth consecutive year by Ljubljana Stock Exchange. Through various presentations as well as individual meeting, some 150 representatives of Slovene and foreign brokerage firms, asset management corporations, banks and funds, acquired information about the company.

## INVESTMENT IN PLANT AND INFRASTRUCTURE

During the first half of 2011, the *Group* allocated 11.3 million euros – of which 10.8 million euros was invested by *Luka Koper d.d.* – into the creation of infrastructure and acquisition of machinery. Due to ever-increasing quantities of container freight, a large percentage was earmarked for the acquisition of Container Terminal plant. Other investments were made into seabed dredging operations at the new Passenger Terminal ready for the arrival and berthing of larger cruise vessels; the renovation of Fruit Terminal warehousing and its conversion into temperature and humidity controlled facilities also continued.

### **New Equipment for the Container Terminal**

Confronted with a large growth in the container freight business, modern handling machinery is being acquired for the Container Terminal in order to ensure the ongoing provision of reliable high quality services. Two reach-stackers and six terminal tractors with trailers were acquired early this year, whilst in late May the machinery inventory was complemented with two new transtainers.

### **Investments at the Break Bulk Terminal**

The Break Bulk Terminal acquired a more functional open area for the storage of scrap iron, as well as new *Sennebogen* machine for handling scrap metal. In addition, the construction of a new surface for scrap metal handling has also been completed. The reason behind these investments is the growth in scrap throughput, although these same facilities will also serve for the handling and storage of other break bulk cargos.

### **Quayside Dredging at the Passenger Terminal**

The investment in seabed dredging at the Passenger Terminal encompassed the reconstruction of the seawall and installation of ground anchors, the provision of a new quayside with pilotage facility, the incorporation of four new bollards with a greater load capacity. and the replacement of twenty-five fenders. The seabed at the berths was dredged to a depth of 10 metres, and to 8.5 m in the vicinity of Koper Marina. An operating permit for the reconstructed quayside was granted on 27<sup>th</sup> May, and on 29<sup>th</sup> May the *Voyager of the Seas* - the largest cruise vessel ever to visit Koper - berthed at the Passenger Terminal.

### **Modernisation of the Liquid Cargo Terminal**

Based on a request by the Ministry of the Environment and Spatial Planning - Slovenia's Environment Agency - a number of installations and equipment at the tank chemicals storage facility were reconstructed and modernised. The contract for these works, signed in March, refers to equipment supplements and safety adjustments in accordance with current regulations governing the storage of hazardous liquids in above ground reservoirs.

### Upgrade of the LAN Communications System

The core of *Luka Koper's* communications system is provided by six large hubs, and thus its entire information system is preconditioned by the functioning of these nodes. Due to the modernisation of applications and the provision of additional services, as well as in order to meet the requirements of software and the needs of other providers, the erstwhile communications hubs had to be replaced with new high-performance switches.

## RESEARCH & DEVELOPMENT

The government's adoption of the National Spatial Plan for the Port of Koper is of key importance for its future expansion, and further the state's acceptance of this document, an amended five-year strategic plan for the development of *Luka Koper* is also under discussion. Between January and June 2011, *Luka Koper d.d.* continued its intensive participation in a number of European projects, as well as systematically developed its own in-house research and development activities. The company has been actively engaged in a number of European territorial and cross-border projects, including *SoNorA*, *Climeport*, *Memo*, *Backgrounds*, *Watermode*, *Porta*, *Freight4all*, *Losamedchem* and *Adria A*. Within the context of the *Marco Polo* programme, the *Hinterports* and *Kobalink* projects continued, where within the context of the latter, there has been relatively modest traffic via the Koper – Barcelona sea-link; discussions in relation to the launch of the *Safeport* cross-border strategic project are now complete. Further to this, *Luka Koper* became involved in the following:

- two projects entitled *Empiric* and *Logical* in the Central Europe programme;
- two projects entitled *Seta* and *Sea Mariner* in the Southeast Europe programme; and
- two TEN-T projects entitled *ITS Multiport Adriatic Gateway* (within NAPA – North Adriatic Ports Association) and *Mos4mos*, which is aimed at the establishment of IT support in relation to the so-called sea highways linking Koper with ports in Spain, Greece and Italy.

*Luka Koper* thus presently participates in a total of eighteen European projects, and a number of others are under consideration and assessment. All these projects are implemented and applied for in conjunction with other ports and operators in the field of logistics provision.

## IT SUPPORT

A number of IT system improvements, aimed at the optimisation of *Luka Koper's* IT processes, the provision of better services to clients, as well as cost-reduction through enhanced efficiency, got underway between January and June 2011.

The solution for the e-invoice system was implemented in January, while the first modules of the new e-document system based on the Microsoft SharePoint 2010 platform were launched in March.

The integration of the bar-code warehouse management system with the company's *TinO* system for freight management, operations and marketing - which will facilitate more efficient warehouse operations in relation to highly perishable fresh fruit and vegetables - has also been completed.

In order to optimise operations and provide more efficient services to clients, a situation analysis has been undertaken at the Car and Container Terminals, and a new solution for container management is being implemented.

## SUSTAINABLE DEVELOPMENT

### HUMAN RESOURCE MANAGEMENT

Across the first half of 2011, as a result of retirements and departures, the total number of personnel within the *Luka Koper Group* of companies fell; however, as a consequence of ongoing throughput growth in a number of sectors, *Luka Koper d.d.* recruited seven new employees in the spring. Despite the fact that many newly apparent human resources needs are resolved through the in-house redistribution of personnel, ten new operations staff were recruited in June, and eleven more in August.

Table 5: Number of employees per Luka Koper Group companies

Company	31. 12. 2010	30. 6. 2011	Indices 2011/2010
Luka Koper d. d.	748	747	100
Luka Koper INPO d. o. o.	213	207	97
Luka Koper Pristan d. o. o.	6	4	67
Adria Terminali d. o. o.	30	29	97
<b>TOTAL*</b>	<b>997</b>	<b>987</b>	<b>99</b>

\* The comparison only includes companies which have employees.

The departures can mainly be attributed to age-related retirements, consensual terminations of employment contracts and, within the *Luka Koper Pristan* subsidiary, the transfer of part of the activity to another company. The churn rate over the first six months of 2011 remains relatively low, and is comparable to the same period last year.

Table 6: Recruitment, retirement and churn in the first six months of 2010 and 2011

	No. of New Employees		No. of Departures		Churn Rate*	
	1 – 6 2010	1 – 6 2011	1 – 6 2010	1 – 6 2011	1 – 6 2010	1 – 6 2011
Luka Koper d. d.	3	7	8	8	1	1,1
Luka Koper Group	4	8	15	19	1.4	1.9

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

### Occupational Health and Safety

Sick leave is up on last year's levels, both in the parent company (from 4 percent in 2010 to 5.7 percent in 2011) as well as at the *Group* level (from 4.6 percent in 2010 to 5.8 percent in 2011). This can be attributed to the prolonged absences (over 3 months) of an increased number of personnel suffering from severe health conditions not directly related to their work.



Thirty-nine workplace injuries were recorded over the period (up from 31 last year); of these, nineteen involved injury to *Luka Koper* employees (up from 9 in 2010), sixteen pertained to subcontractor providers of port services (15 last year), and four were external operators (7 last year) including a severe injury to an employee of Slovenian railways - *Slovenske Železnice d.d.*

*Luka Koper's* Management Board adopted an action plan in June, and several activities are being implemented in order to enhance the safety of all those who work or visit the port zone.

In order to reduce the number of traffic accidents, a new brochure has been published for the needs of the Container Terminal, an area where traffic and the circulation of people has substantially increased. The brochure, which is provided to truck drivers upon entrance to the Terminal, warns as to the potential dangers.

Three defibrillators are also being acquired in order to improve rescue operations and provide first aid to those who have been injured.

### **Personnel Education and Development**

Personnel education structure is improving within *Luka Koper d.d.* as well as at the *Group* as a whole. The decrease in the number of employees with lower levels of education can be attributed to the retirement of operational personnel who are not being replaced through new recruitment. In addition, the improved structure is due to successfully completed part-time study programmes. The percentage of employees whose part-time study is co-financed by the company remains nearly the same in 2011, namely two percent.

The selective integration of personnel in training which organised in the form of in-house courses - with the company's own professionals taking on the role of lecturers - is also comparable to last year (8.2 hours per employee in the parent company, and 9.5 hours per employee at the *Group* level).

## ENVIRONMENTAL IMPACT CONTROL

The company closely monitors the impacts of its operations on the environment, and implements numerous measures and schemes to ensure that Koper becomes an evermore environment-friendly port. The Ministry of the Environment and Spatial Planning - Slovenia's Environment Agency - officially corroborated the company's commitment and efficient environmental management by granting it EMAS status under certificate No. SI 00004. This year, *Luka Koper* published its first Environmental Report, which is also available via the company website. Further to this, information in relation to all pertinent 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 press releases provided to the national media.

### Air Quality

Monthly control measurements of dust deposits are made at ten locations within the port zone. Because of the absence of pertinent national legislation in this field, the company follows German directives where the threshold value for total dust deposits amounts to 350 mg/m<sup>2</sup>/day. The half-year measurements at all ten locations were within the German standard.

Legally prescribed measurements of airborne concentrations of PM10 particulates, which are constantly implemented by an independent authority at two locations within the port zone, remained below the 40 µg/m<sup>3</sup> threshold value. Average emissions for the half-year in the direction of Ankaran-Rožnik amounted to 31.6 µg/m<sup>3</sup>, whilst at Bertoki they were 28.6 µg/m<sup>3</sup>. The results are automatically published every hour via the *Living with the Port* [www.zivetispristaniscem.si](http://www.zivetispristaniscem.si) website.

In February, during some exceptional conditions, strong winds blew iron ore dust out of the port zone and into the city centre of Koper. Based on the safety manifest, chemical analysis and a calculated risk assessment, experts established that the event was in no way whatsoever harmful to human health or detrimental to the environment. The risk rate was additionally reduced by the fact that this was not an instance of long-term exposure to the compound. Regardless of the facts mentioned above, the company decided not to handle this type of iron oxide powder in the future. The results of the study into this and other events is available online via the *Luka Koper* websites.

Within the project of CO<sub>2</sub> emissions reduction, the company is proceeding with the *Climeport* project - Mediterranean Port's' Contribution to Climate Change Mitigation - which is now in the final stage implementation.

## Noise Emissions

Noise emissions have been monitored by an authorised agency for over a decade, and since 2008 *Luka Koper* has promptly published measurements on its website. This year the company has been granted a noise emission environmental permit by the Ministry of the Environment and Spatial Planning – Slovenia's Environment Agency. Due to its compliance with legislative provisions and the ongoing implementation of noise abatement measures, the permit is for a period of five years.

The relevant noise sources within the port have been identified and, within the context of a noise-reduction action plan, a variety of abatement measures have been investigated. In February, a ship owner withdrew a container vessel which generated excessive noise upon each visit to the port. In addition, the two oldest and noisiest transtainers have been withdrawn from service at the Container Terminal and replaced with new ones.

## Waste Waters

Significantly lower quantities of industrial waste waters are being generated at the port. Industrial waste waters are purified in on-site treatment plants prior to their discharge, whereas sewage waters are for the most part processed at the municipal treatment plant. Six-month measurements of industrial waste-water quality meet the prescribed standards, and the environmental protection permit pertaining to waste water emissions is in the process of acquisition.

## Consumption of Energy and Water

In conjunction with the *Jožef Stefan Institute's* Energy Efficiency Centre, *Luka Koper* is implementing an energy review of the port in order to establish the dynamics of its energy consumption. On the basis of this project - which is to be completed by the end of the year - the company anticipates that it shall be in a position to reduce energy consumption by at least fifteen percent.

In the first half of 2011, the consumption of fossil fuels amounted to 0.29 litres per tonne of cargo handled, which is above the target as well as last year's average value of 0.256 l/t. Likewise, electrical energy consumption is ahead of the annual objective of 1.30 kWh per tonne of cargo handled.

The reconstruction of the existing water supply network in the vicinity of the headquarters building and the RO-RO berths in Basin I - i.e. those areas where largest water losses were recorded - were completed in late 2010; water losses across the entire network have now been reduced by fifty percent as a consequence.

The 5.8 litres per tonne objective in relation to potable water consumption was achieved in the first half of 2011; average consumption amounted to 5.35 l/t. Further to all of this, the quality of potable water in the port water supply network complies with the legislative provisions.

**Waste Management**

The recycling of waste materials is based on the separation of waste at the terminals, within the port zone area, as well as aboard vessels using the port. Some separately collected waste is used as secondary raw material, whilst the composting plant at the Waste Management Centre processes organic waste - such as timber off-cuts, perished fruit and soya residues - into compost.

*Luka Koper* also co-operates with external contractors in waste processing. During the first six months of 2011, eighty-five percent of waste generated at the port was collected separately for recycling, which is testimony to the company's concern for the environment and thereby the accomplishment of established environmental objectives.

**Maritime Protection**

*Luka Koper* also provides services related to the prevention of maritime pollution, as well as response and clean-up in the event of pollution incidents. Nine such incidents were recorded within the harbour area during the first six months of 2011, and six of these required the intervention of the company's maritime protection service. Five cases pertained to oil spillage, whereas others incidents involved coal dust, inadequately processed sewage as well as various alluvial materials and tree branches.

**Light Pollution**

In order to ensure operational safety, the port requires good illumination which 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 seventy-five percent of external illumination has already been regulated.

**Construction Works**

Construction work performed within the port in the context of necessary maintenance and redevelopment, may result in increased noise and dust emissions; building contractors are obliged to perform such operations in compliance with pertinent environmental regulations. Unfortunately, however, not all disturbances can be fully prevented. Excavation works pertaining to seabed dredging at the Passenger Terminal berths has caused disturbing noise and vibration.

**Development**

Large-scale developments are necessarily subject to environmental impact assessments, which are undertaken by authorised authorities and further reviewed by auditors. In the first half of 2011, there were no developments which would require environmental impact assessment under current legislation.

## Dredged Materials

In order to guarantee safe navigation of vessels using the harbour, the port basins have to be of a prescribed depth. Thus the company occasionally 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. The research involves the participation of, amongst others, the Slovenian National Building and Civil Engineering Institute, Ljubljana University's Faculty of Civil Engineering, the Jožef Stefan Institute, and the National Institute of Chemistry.

## COMMITMENT TO THE COMMUNITY

The *Luka Koper Group* demonstrates its commitment to society through mutual development as well as its support and co-operation with the community in which it operates, and from which the major portion of its employees are drawn. The company continues to support projects relevant to the local as well as broader community, and especially those endeavours which enhance quality of life. By far the largest project this year - a 1.6 million euro investment - has been the development of the Passenger Terminal, and includes the renovation of the quayside area. The project, which is nearing completion, will allow Koper, the coastal region and Slovenia as a whole to further develop its tourist sector. Twenty-five vessels, with 27,000 visitors aboard, visited Koper during the first six months of 2011.

As to the local environment, *Luka Koper* has traditionally sponsored numerous projects and events. This year's call for applications to *Luka Koper's Living with the Port* sponsorship fund was entitled »A Port of Good Ideas«. The fund aims to finance projects which promote culture, sport, environmental and humanitarian endeavours, as well as other activities, locally as well as beyond. The company received a total of 248 applications, and, in the first half of the year, disbursed 0.6 million euros in funding.

*Luka Koper's* economic importance reaches well beyond the local. Its future development will be even more harmonised through meeting the requirements of environmental protection and providing a better quality of life for the population. In June, the Government of the Republic of Slovenia ratified the *National Spatial Plan* (NSP) for the development of the Port of Koper. In addition to delimiting the expanded port zone, increasing it from the current 280 to 404 hectares, the NSP specifies a number of conditions, including regulation of the contact areas with the urban milieu as well as the provision of local amenities and infrastructure. Further to the construction of a new pier, activities and operations at the existing piers shall be supplemented and expanded, and it is anticipated that ultimately the port shall be capable of handling 35 million tonnes of cargo per year.

**BUSINESS EXCELLENCE**

For years *Luka Koper d.d.* has been implementing a comprehensive management system based on the ISO 9001 standard. Said system is integrated with the requirements of other standards, such as ISO 22000, food safety system, the BS OHSAS 18001 occupational health and safety system, and the ISO 14001 environment protection system. This year, all the above have been upgraded with EMAS - the Eco-Management and Audit Scheme, thus the notion that *Luka Koper* operates within the context of a Comprehensive Integrated Management System, is well justified.

In order to measure its success and ensure its ongoing improvement, the Management System has to be regularly assessed on a basis of internal audit, further to which System operational compliance and maturity are assessed annually by an external authority. Performed in April, this external audit corroborated certification and highlighted incongruities which were thence eliminated within a suitable term; in addition, a number of opportunities for improvement, which were identified and recommended by audits, have already been implemented.

## FINANCIAL REPORT

## CONSOLIDATED FINANCIAL STATEMENTS OF LUKA KOPER GROUP

Table 7: Income Statement of Luka Koper Group

(in euros)	January - June 2011 Non-audited	January - June 2010 Non-audited
<b>Operating revenues</b>	<b>71,656,632</b>	<b>62,200,303</b>
Net sales revenues	70,241,404	60,838,377
Change in the value of inventory	-	-
Capitalised own products and services	-	-
Other operating revenues	1,415,228	1,361,926
<b>Operating expenses</b>	<b>-58,492,980</b>	<b>-54,648,670</b>
Cost of goods, material and services	-23,756,862	-20,041,101
Labour cost	-17,978,378	-18,202,997
Value write-offs	-13,522,264	-13,111,590
Other operating expenses	-2,884,160	-3,175,611
Provisions	-351,316	-117,371
<b>Operating profit</b>	<b>13,163,652</b>	<b>7,551,633</b>
<b>Financial revenues</b>	<b>419,943</b>	<b>3,671,427</b>
Financial revenues from profit participation	165,349	3,276,289
Financial revenues from loans granted	97,245	168,860
Financial revenues from operating receivables	157,349	226,278
<b>Financial expenses</b>	<b>-10,536,933</b>	<b>-5,604,044</b>
Financial expenses from impairments and write-offs of financial investments	-6,258,612	-1,145,400
Financial expenses from financial liabilities	-4,120,191	-4,383,283
Financial expenses from operating liabilities	-158,130	-75,361
<b>Pre-tax profit</b>	<b>3,046,662</b>	<b>5,619,016</b>
Corporation tax	-293,177	-251,456
Deferred tax	672,248	12,455
<b>Net profit for the period</b>	<b>3,425,733</b>	<b>5,380,015</b>
Net profit – majority shareholder	3,425,733	5,380,585
Net profit – minority shareholder	0	-570
<b>Net earnings per share (basic and diluted)</b>	<b>0.25</b>	<b>0.38</b>

Table 8: Comprehensive Income Statement of Luka Koper Group

<b>(in euros)</b>	<b>January – June 2011 Non-audited</b>	<b>January – June 2010 Non-audited</b>
<b>Net profit for the period</b>	<b>3,425,733</b>	<b>5,380,015</b>
<b>Other comprehensive income for the period:</b>		
Change in revaluation surplus from financial assets available-for-sale	-1,372,896	570,322
Deferred taxes	274,579	-114,064
<b>Other comprehensive income for the period</b>	<b>-1,098,317</b>	<b>456,258</b>
<b>Total comprehensive income for the period</b>	<b>2,327,416</b>	<b>5,836,273</b>
Attributable to:		
- majority shareholder equity	2,327,416	5,836,843
- minority shareholder equity	0	-570



Table 9: Balance Sheet Statement of Luka Koper Group

<b>ASSETS</b> <b>(in euros)</b>	<b>30. 6. 2011</b> <b>Non-audited</b>	<b>31. 12. 2010</b> <b>Audited</b>
<b>ASSETS</b>	<b>497,353,508</b>	<b>502,345,304</b>
<b>A. Long-term assets</b>	<b>456,250,965</b>	<b>459,124,856</b>
I. Intangible fixed assets and long-term deferred costs	4,244,075	7,299,398
II. Tangible fixed assets	373,565,428	373,840,418
III. Real-estate investments	18,750,969	17,512,207
IV. Long-term financial investments	49,597,296	51,015,089
V. Long-term operating receivables	4,764	41,559
VI. Deferred tax assets	10,088,433	9,416,185
<b>B. Short-term assets</b>	<b>37,624,897</b>	<b>42,736,311</b>
I. Assets (disposal group)	11,940,433	18,224,413
II. Inventories	12,782	12,688
III. Short-term financial investments	743,369	837,691
IV. Short-term operating receivables	23,278,343	22,980,690
V. Short-term corporation tax assets	391,250	0
VI. Cash and cash equivalents	1,258,720	680,829
<b>C. Deferred cost and accrued revenue</b>	<b>3,477,646</b>	<b>484,137</b>
<b>LIABILITIES</b> <b>(in euros)</b>	<b>30. 6. 2011</b> <b>Non-audited</b>	<b>31. 12. 2010</b> <b>Audited</b>
<b>EQUITY AND LIABILITIES</b>	<b>497,353,508</b>	<b>502,345,304</b>
<b>Equity</b>	<b>246,383,918</b>	<b>244,056,503</b>
<b>A. Equity - majority shareholder</b>	<b>246,383,918</b>	<b>244,056,503</b>
I. Called-up capital	58,420,965	58,420,965
II. Capital reserves	89,562,703	89,562,703
III. Legal reserves	18,882,890	18,882,890
IV. Other revenues reserves	58,112,522	58,112,522
V. Revaluation surplus	9,416,569	10,514,887
VI. Retained net profit	8,562,536	8,562,536
VII. Net profit for the year	3,425,733	0
<b>B. Equity - minority shareholder</b>	<b>0</b>	<b>0</b>
<b>C. Provisions</b>	<b>12,384,694</b>	<b>12,636,801</b>
<b>D. Long-term liabilities</b>	<b>148,313,354</b>	<b>161,192,848</b>
I. Long-term financial liabilities	145,829,951	158,376,144
II. Long-term operating liabilities	129,260	187,982
III. Deferred tax liabilities	2,354,143	2,628,722
<b>E. Short-term liabilities</b>	<b>87,979,096</b>	<b>83,673,527</b>
I. Short-term financial liabilities	69,537,143	67,893,506
II. Short-term operating liabilities	18,148,779	15,511,503
III. Short-term corporation tax liabilities	293,174	268,518

**F. Accrued costs and deferred revenues****2,292,446****785,625**

Table 10: Cash Flow Statement of Luka Koper Group

(in euros)	January – June 2011 Non-audited	January – June 2010 Non-audited
<b><i>Cash flows from operating activities</i></b>		
<b>a) Net profit</b>	<b>2,753,487</b>	<b>5,367,560</b>
Pre-tax profit	3,046,662	5,619,016
Corporation tax and other taxes not included in operating expenses	-293,175	-251,456
<b>b) Adjustments for</b>	<b>17,271,262</b>	<b>15,062,994</b>
Amortisation (+)	13,459,755	13,002,212
Revaluation operating revenues associated with investments and financing (-)	-57,416	-63,094
Revaluation operating expenses associated with investments and financing (+)	11,326	40,341
Finance income less finance income from operating receivables (-)	-262,594	-3,445,149
Finance expenses less finance expenses from operating liabilities (+)	4,120,191	5,528,684
<b>b) Changes in net current assets per balance sheet items (including accruals and deferrals, provisions and deferred tax assets and liabilities)</b>	<b>6,592,119</b>	<b>-16,088,844</b>
Changes in operating receivables	-652,107	-53,712
Changes in deferred expenses and accrued revenues	-2,993,509	-4,002,795
Changes in deferred tax assets	-	0
Changes in assets (disposal group) held for sale	6,324,660	0
Changes in inventories	-95	634
Changes in operating liabilities	2,658,456	-11,167,364
Changes in accrued costs and deferred revenue, and provisions	1,254,714	-865,607
Changes in deferred tax liabilities	-	0
<b>c) Net inflows (outflows) from operating activities (a + b)</b>	<b>26,616,868</b>	<b>4,341,710</b>
<b><i>Cash flows from investment activities</i></b>		
<b>a) Inflows from investments</b>	<b>474,944</b>	<b>15,676,450</b>
Inflows from interest and profit participation associated with investments	262,594	690,671
Inflows from disposal of intangible fixed assets	3,771	0
Inflows from disposal of tangible fixed assets	72,384	288,093

Inflows from disposal of real-estate investments	-	0
Inflows from disposal of long-term financial investments	136,195	4,341,461
Inflows from disposal of short-term financial investments	-	10,356,225
<b>b) Outflows from investments</b>	<b>-11,271,964</b>	<b>-24,521,898</b>
Outflows for acquisition of intangible fixed assets	-733,957	-425,929
Outflows for acquisition of tangible fixed assets	-10,541,012	-12,538,054
Outflows for acquisition of real-estate investments	-19	-21,351
Outflows for acquisition of long-term financial investments	34,652	-3,124,006
Outflows for acquisition of short-term financial investments	-31,628	-8,412,558
<b>c) Net inflows (outflows) from investment activities (a + b)</b>	<b>-10,797,020</b>	<b>-8,845,448</b>
<b><i>Cash flows from financing activities</i></b>		
<b>a) Inflows from financing</b>	<b>11,519,749</b>	<b>80,393,796</b>
Inflows from paid-up capital	-	0
Inflows from increase of non-current financial liabilities	259	43,338,336
Inflows from increase of current financial liabilities	11,519,490	37,055,460
<b>b) Outflows from financing</b>	<b>-26,761,707</b>	<b>-73,930,246</b>
Outflows for interest payable associated with financing	-4,175,437	-4,383,283
Outflows for capital refunds	-	0
Outflows for payment of non-current financial liabilities	-12,546,452	-15,800,000
Outflows for payment of current financial liabilities	-10,039,785	-53,747,066
Outflows for distribution of dividends and other profit participation	-33	103
<b>c) Net inflows (outflows) from financing activities (a + b)</b>	<b>-15,241,958</b>	<b>6,463,550</b>
<b><i>Closing balance of cash and cash equivalents</i></b>	<b>1,258,719</b>	<b>2,514,146</b>
Net cash inflow (outflow) for the period (sum total of net cash Ac, Bc and Cc)	<b>577,890</b>	<b>1,959,812</b>
<b><i>Opening balance of cash and cash equivalents</i></b>	<b>680,829</b>	<b>554,334</b>

Table 11: Statement of Changes in Equity of Luka Koper Group January – June 2010

STATEMENT OF CHANGES IN EQUITY (in euros) Non-audited	Called-up capital	Capital reserves	Legal reserves	Other revenues reserves	Retained net profit	Net profit for the financial year	Revaluation surplus	Total equity	Equity – minority shareholders	Total equity
<b>Opening balance as of 1<sup>st</sup> January 2010</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,876,842</b>	<b>60,544,410</b>	<b>15,706,530</b>	<b>-7,112,730</b>	<b>11,044,595</b>	<b>247,043,315</b>	<b>367,181</b>	<b>247,410,496</b>
Net profit for the financial year						5,380,585		5,380,585	-570	5,380,015
Other comprehensive income for the period							456,258	456,258		456,258
<b>Comprehensive income for the period</b>						<b>5,380,585</b>	<b>456,258</b>	<b>5,836,843</b>	<b>-570</b>	<b>5,836,273</b>
Formation of other revenues reserves upon the resolutions of the Management and Supervisory Boards								0	0	0
Transfer to other revenues reserves upon the resolution of General Assembly								0	0	0
Transfer of the net profit from the previous year to retained net profit					-7,112,730	7,112,730		0	0	0
Distribution of dividends								0		0
Transfer from equity								0	-308,485	-308,485
<b>Acquisition of minority interest</b>					<b>288,785</b>			<b>288,785</b>		<b>288,785</b>
Other								0		0
<b>Balance as of 30<sup>th</sup> June 2010</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,876,841</b>	<b>60,544,409</b>	<b>8,882,585</b>	<b>5,380,585</b>	<b>11,500,853</b>	<b>253,168,941</b>	<b>58,126</b>	<b>253,227,067</b>

Table 12: Statement of Changes in Equity of Luka Koper Group January – June 2011

STATEMENT OF CHANGES IN EQUITY (in euros) Non-audited	Called-up capital	Capital reserves	Legal reserves	Other revenues reserves	Retained net profit	Net profit for the financial year	Revaluation surplus	Equity total	Equity – minority shareholders	Equity total
<b>Balance as of 1<sup>st</sup> January 2011</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,882,890</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 financial year						3,425,733		3,425,733	0	3,425,733
Other comprehensive income for the period							-1,098,318	-1,098,318		-1,098,318
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,425,733</b>	<b>-1,098,318</b>	<b>2,327,415</b>	<b>0</b>	<b>2,327,415</b>
Formation of legal reserves and coverage of losses from other revenues reserves upon the resolution of the Management Board										
Coverage of net loss for the current year from retained profits										
Transfer of net profit from the previous year to retained net profit										
Dividends										
Relinquished holding in acquisition										
<b>Balance as of 30<sup>th</sup> June 2011</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,882,890</b>	<b>58,112,522</b>	<b>8,562,536</b>	<b>3,425,733</b>	<b>9,416,569</b>	<b>246,383,918</b>	<b>0</b>	<b>246,383,918</b>

## NOTES TO THE FINANCIAL STATEMENTS OF LUKA KOPER GROUP

The financial statements of the *Luka Koper Group* for January to June 2011, i.e. as at 30<sup>th</sup> June 2011, 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 30<sup>th</sup> June 2011 are compiled in accordance with the same accounting policies and principles that were applicable in 2010.

### 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 June 2011, 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 - June 2011	January - June 2010
<b>OPERATING REVENUES</b>	<b>71,656,632</b>	<b>62,200,303</b>
Net sales revenues on domestic market	24,118,646	21,283,217
Net sales revenues on foreign markets	46,122,758	39,555,160
Other operating revenues	1,415,228	1,361,926

#### Costs of goods, materials and services

(in euros)	January - June 2011	January - June 2010
<b>COSTS OF GOODS, MATERIALS AND SERVICES</b>	<b>-23,756,862</b>	<b>-20,041,101</b>
Material costs	-5,138,978	-4,318,889
Service costs	-18,617,884	-15,722,212

**Labour costs**

(in euros)	January - June 2011	January - June 2010
<b>LABOUR COSTS</b>	<b>-17,978,378</b>	<b>-18,202,997</b>
Costs of salaries	-13,482,667	-13,893,160
Social insurance costs	-2,765,482	-2,584,677
Other labour costs	-1,730,229	-1,725,160

**Value write-offs**

(in euros)	January - June 2011	January - June 2010
<b>VALUE WRITE-OFFS</b>	<b>-13,522,264</b>	<b>-13,111,590</b>
Amortisation of fixed assets	-13,404,365	-13,001,416
Amortisation of real-estate investments	-50,390	-796
Revaluation operating expenses	-62,509	-109,378

**Other operating expenses**

(in euros)	January - June 2011	January - June 2010
<b>OTHER COSTS</b>	<b>-2,884,160</b>	<b>-3,175,611</b>
Charges unrelated to labour and other costs	-2,705,502	-2,662,554
Environmental protection expenditure	-68,143	-56,887
Other costs	-110,515	-456,170

**Provisions**

(in euros)	January - June 2011	January - June 2010
<b>PROVISIONS</b>	<b>-351,316</b>	<b>-117,370</b>

**Financial revenues**

(in euros)	January - June 2011	January - June 2010
<b>FINANCIAL REVENUES</b>	<b>419,943</b>	<b>3,671,427</b>
Financial revenues from profit participation	165,349	3,276,289
Financial revenues from loans granted	97,245	168,860
Financial revenues from operating receivables and foreign exchange gains	157,349	226,278

Financial revenues recorded a year-on decline because in the same period last year the associated company *Intereuropa d.d.* disclosed a profit in the amount of 2.3 million euros. As of 31<sup>st</sup> December 2010, *Luka Koper's* holding in *Intereuropa* was reclassified as a non-

current asset (disposal group) held for sale, therefore such effects are not disclosed in financial revenues (expenses).

### Financial expenses

(in euros)	January - June 2011	January - June 2010
<b>FINANCIAL EXPENSES</b>	<b>-10,536,933</b>	<b>-5,604,044</b>
Financial expenses from impairments and financial investment write-offs	-6,258,612	-1,145,400
Financial expenses from financial liabilities	-4,120,191	-4,383,283
Financial expenses from operating liabilities and foreign exchange losses	-158,130	-75,361

Financial expenses deriving from impaired investments increased due to the fact that the investment in *Intereuropa d.d.* - which is classified as a non-current asset (disposal group) held for sale - has, on the basis of a March 2011 valuation, been additionally impaired in accordance with an 8-year projection of cash flows which take into consideration the effective discount rate, which shall vary depending on the structure of liabilities; cash flows above 8 years were extrapolated in accordance with a nominal growth rate of two percent.

### Operating profit for the period

(in euros)	January - June 2011	January - June 2010
<b>PRE-TAX PROFIT</b>	<b>3,046,662</b>	<b>5,619,016</b>
Corporation tax	-293,177	-251,456
Deferred tax	672,248	12,455
<b>NET PROFIT FOR THE PERIOD</b>	<b>3,425,733</b>	<b>5,380,015</b>
Net earnings per share	<b>0.25</b>	<b>0.38</b>



**Additional Notes to the Balance Sheet Statement****Tangible and intangible fixed assets and real-estate investments**

(in euros)	30. 6. 2011	31. 12. 2010
<b>INTANGIBLE FIXED ASSETS AND LONG-TERM DEFERRED COSTS &amp; ACCRUED REVENUES</b>	<b>4,244,075</b>	<b>7,299,398</b>
<b>Tangible fixed assets</b>	<b>373,565,428</b>	<b>373,840,417</b>
1. Land and buildings	262,592,645	258,312,081
a. Land	12,072,877	12,072,877
b. Buildings	250,519,768	246,239,204
2. Plant and machinery	86,680,692	88,756,918
3. Other plant and equipment	148,952	148,951
4. Tangible fixed assets under acquisition	24,143,139	26,622,467
<b>REAL-ESTATE INVESTMENTS</b>	<b>18,750,969</b>	<b>17,512,207</b>

**Non-current investments**

(in euros)	30. 6. 2011	31. 12. 2010
<b>NON-CURRENT INVESTMENTS</b>	<b>49,597,296</b>	<b>51,015,089</b>
1. Non-current investments less loans	47,248,764	48,671,349
2. Non-current loans	2,348,532	2,343,740

**Current assets**

(in euros)	30. 6. 2011	31. 12. 2010
<b>CURRENT ASSETS</b>	<b>37,624,897</b>	<b>42,736,311</b>

**Equity**

(in euros)	30. 6. 2011	31. 12. 2010
<b>EQUITY</b>	<b>246,383,918</b>	<b>244,056,503</b>
<b>EQUITY – majority shareholder</b>	<b>246,383,918</b>	<b>244,056,503</b>
Issued share capital	58,420,965	58,420,965
Capital reserves	89,562,703	89,562,703
Revenues reserves	76,995,412	76,995,412
1. Legal reserves	18,882,890	18,882,890
2. Other revenue reserves	58,112,522	58,112,522
Revaluation surplus	9,416,569	10,514,887
Retained net profit	8,562,536	8,562,536
Net profit for the financial year	3,425,733	0
<b>EQUITY – minority shareholder</b>	<b>0</b>	<b>0</b>

**Non-current liabilities**

(in euros)	30. 6. 2011	31. 12. 2010
<b>NON-CURRENT LIABILITIES</b>	<b>148,313,354</b>	<b>161,192,848</b>
Non-current financial liabilities	145,829,951	158,376,144
Non-current operating liabilities	129,260	187,982
Deferred tax liabilities	2,354,143	2,628,722

**Current liabilities**

(in euros)	30. 6. 2011	31. 12. 2010
<b>CURRENT LIABILITIES</b>	<b>87,979,096</b>	<b>83,673,527</b>
Current financial liabilities	69,537,143	67,893,506
Current operating liabilities	18,441,953	15,780,021

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

Table 13: Income Statement of Luka Koper d.d.

(in euros)	January – June 2011 Non-audited	January – June 2010 Non-audited
<b>Operating revenues</b>	<b>67,201,365</b>	<b>58,091,479</b>
Net sales revenues	67,121,116	58,030,182
Change in the value of inventories	-	-
Capitalised own products and services	-	-
Other operating revenues	80,249	61,297
<b>Operating expenses</b>	<b>-55,859,438</b>	<b>-51,669,193</b>
Costs of goods, material and services	-24,758,855	-20,486,695
Labour costs	-15,020,435	-15,224,022
Value write-offs	-12,859,086	-12,560,874
Other operating expenses	-2,869,746	-3,280,231
Provisions	-351,316	-117,371
<b>Operating profit</b>	<b>11,341,927</b>	<b>6,422,286</b>
<b>Financial revenues</b>	<b>1,496,684</b>	<b>1,822,419</b>
Financial revenues from profit participation	1,242,729	802,655
Financial revenues from loans granted	101,687	238,626
Financial revenues from operating receivables	152,268	781,138
<b>Financial expenses</b>	<b>-10,675,098</b>	<b>-5,742,285</b>
Financial expenses from impairments and financial investment write-offs	-6,258,612	-1,145,401
Financial expenses from financial liabilities	-4,265,273	-4,580,867
Financial expenses from operating liabilities	-151,213	-16,017
<b>Pre-tax profit</b>	<b>2,163,513</b>	<b>2,502,421</b>
Corporation tax	0	0
Deferred tax	674,462	14,030
<b>Net profit for the period</b>	<b>2,837,975</b>	<b>2,516,451</b>
<b>Net earnings per share (basic and diluted)</b>	<b>0.20</b>	<b>0.18</b>

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

(in euros)	January – June 2011 Non-audited	January – June 2010 Non-audited
<b>Net profit for the period</b>	<b>2,837,975</b>	<b>2,516,451</b>
Other comprehensive income for the period:		
Change in revaluation surplus from financial assets available-for-sale	-1,372,896	570,322
Deferred taxes	274,579	-114,064
<b>Other comprehensive income for the period</b>	<b>-1,098,317</b>	<b>456,258</b>
<b>Total comprehensive income for the period</b>	<b>1,739,658</b>	<b>2,972,709</b>

Table 15: Balance Sheet Statement of Luka Koper d.d.

<b>ASSETS</b> <b>(in euros)</b>	<b>30. 6. 2011</b> <b>Non-audited</b>	<b>31. 12. 2010</b> <b>Audited</b>
<b>ASSETS</b>	<b>488,942,468</b>	<b>494,944,676</b>
<b>A. Non-current assets</b>	<b>449,400,187</b>	<b>452,202,349</b>
I. Intangible fixed assets and long-term deferred costs	4,240,444	7,299,398
II. Tangible fixed assets	345,385,781	343,843,293
III. Real-estate investments	36,579,881	37,120,101
IV. Non-current investments	53,091,381	54,474,523
V. Non-current operating receivables	4,764	41,559
VI. Deferred tax assets	10,097,936	9,423,475
<b>B. Current assets</b>	<b>36,234,906</b>	<b>42,270,577</b>
I. Assets (disposal group)	11,927,771	18,211,752
II. Current financial investments	1,139,134	1,131,029
III. Current operating receivables	22,137,390	22,335,500
IV. Current corporation tax assets	0	0
V. Cash and cash equivalents	1,030,611	592,296
<b>C. Deferred costs and accrued revenues</b>	<b>3,307,375</b>	<b>471,750</b>
<b>LIABILITIES</b> <b>(in euros)</b>	<b>30. 6. 2011</b> <b>Non-audited</b>	<b>31. 12. 2010</b> <b>Audited</b>
<b>EQUITY AND LIABILITIES</b>	<b>488,942,468</b>	<b>494,944,676</b>
<b>A. Equity</b>	<b>237,115,848</b>	<b>235,376,191</b>
I. Called-up capital	58,420,965	58,420,965
II. Capital reserves	89,562,703	89,562,703
III. Revenue reserves	76,877,636	76,877,636
IV. Revaluation surplus	9,416,569	10,514,887
V. Retained net profit	0	0
VI. Net profit for the financial year	2,837,975	0
<b>B. Provisions</b>	<b>5,709,443</b>	<b>5,358,127</b>
<b>C. Non-current liabilities</b>	<b>148,260,673</b>	<b>161,075,952</b>
I. Non-current financial liabilities	145,829,951	158,376,144
II. Non-current operating liabilities	76,580	71,086
III. Deferred tax liabilities	2,354,142	2,628,722
<b>D. Current liabilities</b>	<b>95,636,014</b>	<b>92,402,544</b>
I. Current financial liabilities	78,430,272	77,693,895
II. Current operating liabilities	17,205,742	14,708,649
<b>E. Accrued costs and deferred revenues</b>	<b>2,220,490</b>	<b>731,862</b>

Table 16: Cash Flow Statement of Luka Koper d.d.

(in euros)	January – June 2011 Non-audited	January – June 2010 Non-audited
<b><i>Cash flows from operating activities</i></b>		
<b>a) Net profit</b>	<b>2,163,513</b>	<b>2,502,421</b>
Pre-tax profit	2,163,513	2,502,421
Corporation taxes and other taxes not included in operating expenses	0	0
<b>b) Adjustments for</b>	<b>15,677,630</b>	<b>16,495,708</b>
Amortisation (+)	12,803,577	12,459,296
Revaluation of operating revenues associated with investment and financing (-)	-57,416	-61,297
Revaluation of operating expenses associated with investment and financing (+)	11,326	40,341
Finance income less finance income from operating receivables (-)	-1,344,250	-1,609,993
Finance expenses less financial expenses from operating liabilities (+)	4,264,392	5,667,361
<b>b) Changes in net current assets per balance sheet items (including accruals and deferrals, provisions and deferred tax assets and liabilities)</b>	<b>8,121,714</b>	<b>-15,960,431</b>
Changes in operating receivables	234,905	-566,018
Changes in deferred costs and accrued revenues	-2,835,625	-3,828,954
Changes in deferred tax assets	-	-
Changes in assets (disposal group) held for sale	6,324,660	-
Changes in inventories	-	-
Changes in operating liabilities	2,557,831	-11,233,230
Changes in accrued costs and deferred revenues, and provisions	1,839,943	-332,229
Changes in deferred tax liabilities	-	-
<b>c) Net inflows (outflows) from operating activities (a + b)</b>	<b>25,962,857</b>	<b>3,037,698</b>
<b><i>Cash flows from investment activities</i></b>		
<b>a) Inflows from investments</b>	<b>1,648,295</b>	<b>14,729,703</b>
Inflows from interest and profit participation associated with investments	1,344,250	1,455,187
Inflows from disposal of intangible fixed assets	3,771	-
Inflows from disposal of tangible fixed assets	72,384	286,295
Inflows from disposal of real-estate investments	-	-
Inflows from disposal of non-current financial investments	136,195	3,081,532
Inflows from disposal of current financial investments	91,695	9,906,688

<b>b) Outflows from investments</b>	<b>-11,043,382</b>	<b>-22,509,926</b>
Outflows for acquisition of intangible fixed assets	-730,088	-425,929
Outflows for acquisition of tangible fixed assets	-10,087,529	-11,688,428
Outflows for acquisition of real-estate investments	-19	-21,351
Outflows for acquisition of non-current financial investments	-	-2,257,076
Outflows for acquisition of current financial investments	-225,746	-8,117,142
<b>c) Net inflows (outflows) from investment activities (a + b)</b>	<b>-9,395,087</b>	<b>-7,780,223</b>
<b>Cash flows from financing activities</b>		
<b>a) Inflows from financing</b>	<b>10,870,259</b>	<b>94,760,931</b>
Inflows from paid-up capital	-	-
Inflows from increase of non-current financial liabilities	259	43,338,336
Inflows from increase of current financial liabilities	10,870,000	51,422,595
<b>b) Outflows from financing activities</b>	<b>-26,999,713</b>	<b>-88,108,852</b>
Outflows for interest payable associated with financing	-4,319,638	-4,521,960
Outflows for capital refunds	-	-
Outflows for payment of non-current financial liabilities	-12,546,452	-15,800,000
Outflows for payment of current financial liabilities	-10,133,590	-67,786,994
Outflows for payment of dividends and other profit participation	-33	102
<b>c) Net inflows (outflows) from financing activities (a + b)</b>	<b>-16,129,454</b>	<b>6,652,079</b>
<b>Closing balance of cash and cash equivalents</b>	<b>1,030,612</b>	<b>2,398,134</b>
Net cash inflow (outflow) for the period (sum total of net cash Ac, Bc and Cc)	<b>438,316</b>	<b>1,909,554</b>
<b>Opening balance of cash and cash equivalents</b>	<b>592,296</b>	<b>488,580</b>

Table 17: Statement of Changes in Equity of Luka Koper d.d., January – June 2010

<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 revenues reserves</b>	<b>Retained net profit</b>	<b>Net profit for the financial 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>Opening balance as of 1<sup>st</sup> January 2010</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>60,544,409</b>	<b>0</b>	<b>0</b>	<b>11,044,595</b>	<b>238,337,787</b>
Net profit for the financial year						2,516,451		2,516,451
Other comprehensive income for the period							456,258	456,258
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,516,451</b>	<b>456,258</b>	<b>2,972,709</b>
Formation of other revenue reserves upon the resolution of Management and Supervisory Boards								
Transfer to other revenue reserves upon resolution of General Assembly								
Transfer of net profit for the previous year to retained net profit								
Dividend distribution								
Other								
<b>Balance as of 30<sup>th</sup> June 2010</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>60,544,409</b>	<b>0</b>	<b>2,516,451</b>	<b>11,500,853</b>	<b>241,310,496</b>



Table 18: Non-audited Statement of Changes in Equity of Luka Koper d.d., January – June 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 revenues reserves</b>	<b>Retained net profit</b>	<b>Net profit for the financial year</b>	<b>Revaluatio n surplus</b>	<b>Total</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>Opening balance as of 1<sup>st</sup> 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 financial year						2,837,975		2,837,975
Other comprehensive income for the period							-1,098,318	-1,098,318
<b>Comprehensive income for the period</b>						<b>2,837,975</b>	<b>-1,098,318</b>	<b>1,739,657</b>
Formation of other revenue reserves upon resolutions of Management and Supervisory Boards								
Transfer to other revenues reserves upon resolution of General Assembly								
Transfer of net profit for the previous year to retained net profit								
Dividend distribution								
Other								
<b>Balance as of 30<sup>th</sup> June 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>2,837,975</b>	<b>9,416,569</b>	<b>237,115,848</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 June 2011, i.e. as at 30<sup>th</sup> June 2011.

The non-audited financial statements of *Luka Koper d.d.* as of 30<sup>th</sup> June 2011 are compiled in accordance with the same accounting policies and principles as were applicable in 2010.

**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 Preparation 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 June 2011, 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 - June 2011	January - June 2010
<b>OPERATING REVENUES</b>	<b>67,201,365</b>	<b>58,091,479</b>
Net sales revenues on domestic market	23,146,578	20,015,812
Net sales revenues on foreign markets	43,974,538	38,014,370
Other operating revenues	80,249	61,297

**Costs of goods, materials and services**

(in euros)	January - June 2011	January - June 2010
<b>COSTS OF GOODS, MATERIALS AND SERVICES</b>	<b>-24,758,855</b>	<b>-20,486,695</b>
Material costs	-4,863,147	-4,037,645
Service costs	-19,895,708	-16,449,050

**Labour costs**

(in euros)	January - June 2011	January - June 2010
<b>LABOUR COSTS</b>	<b>-15,020,435</b>	<b>-15,224,022</b>
Costs of salaries	-11,365,205	-11,744,144
Social insurance costs	-1,849,204	-2,145,955
Other labour costs	-1,806,026	-1,333,923

**Value write-offs**

(in euros)	January - June 2011	January - June 2010
<b>VALUE WRITE-OFFS</b>	<b>-12,859,086</b>	<b>-12,560,874</b>
Amortisation of fixed assets	-12,487,303	-12,140,721
Amortisation of real-estate investments	-316,273	-318,575
Revaluation operating expenses	-55,510	-101,578

**Other operating expenses**

(in euros)	January - June 2011	January - June 2010
<b>OTHER COSTS</b>	<b>-2,869,746</b>	<b>-3,280,231</b>
Charges unrelated to labour and other costs	-2,714,974	-2,639,408
Environmental protection expenditure	-47,802	-187,614
Other costs	-106,970	-453,209

**Financial revenues**

(in euros)	January - June 2011	January - June 2010
<b>FINANCIAL REVENUES</b>	<b>1,496,684</b>	<b>1,822,419</b>
Financial revenues from profit participation	1,242,729	802,655
Financial revenues from loans granted	101,687	238,626
Financial revenues from operating receivables and foreign exchange gains	152,268	781,138

**Financial expenses**

(in euros)	January - June 2011	January - June 2010
<b>FINANCIAL EXPENSES</b>	<b>-10,675,098</b>	<b>-5,742,285</b>
Financial expenses from financial liabilities	-4,265,273	-4,580,867
Financial expenses from impairments and financial investment write-offs	-6,258,612	-1,145,401
Financial expenses from operating liabilities and foreign exchange losses	-151,213	-16,017

**Operating profit for the period**

(in euros)	January - June 2011	January - June 2010
<b>PRE-TAX PROFIT</b>	<b>2,163,513</b>	<b>2,502,421</b>
Corporation tax	0	0
Deferred tax	674,462	14,030
<b>Net profit for the period</b>	<b>2,837,975</b>	<b>2,516,451</b>
<b>NET EARNINGS PER SHARE</b>	<b>0.20</b>	<b>0.18</b>

**Additional Notes to the Balance Sheet Statement****Tangible and intangible fixed assets and real-estate investments**

(in euros)	30. 6. 2011	31. 12. 2010
<b>INTANGIBLE FIXED ASSETS AND LONG-TERM DEFERRED COSTS &amp; ACCRUED REVENUES</b>	<b>4,240,444</b>	<b>7,299,398</b>
<b>TANGIBLE FIXED ASSETS</b>	<b>345,385,781</b>	<b>343,843,293</b>
1. Land and buildings	239,195,176	233,069,731
a. Land	6,261,659	6,261,659
b. Buildings	232,933,517	226,808,072
2. Plant and machinery	82,099,166	84,045,380
3. Other plant and equipment	138,696	138,695
4. Tangible fixed assets under acquisition	23,952,743	26,589,487
<b>REAL-ESTATE INVESTMENTS</b>	<b>36,579,881</b>	<b>37,120,101</b>

**Non-current financial investments**

(in euros)	30. 6. 2011	31. 12. 2010
<b>NON-CURRENT FINANCIAL INVESTMENTS</b>	<b>53,091,381</b>	<b>54,474,523</b>
1. Non-current financial investments less loans	50,742,849	52,130,784
2. Long-term loans	2,348,532	2,343,739

**Assets (disposal group) held for sale**

(in euros)	30.6.2011	31.12.2010
<b>ASSETS (DISPOSAL GROUP)</b>	<b>11,927,771</b>	<b>18,211,752</b>
Fixed assets held for sale	1,385,540	1,413,750
Other non-current assets held for sale	10,542,231	16,798,002

On the basis of a March 2011 valuation, the investment in *Intereuropa d.d.* was additionally impaired as of 30<sup>th</sup> June 2011 in accordance with an 8-year projection of cash flows which

take into consideration the effective discount rate, which shall vary depending on the structure of liabilities; cash flows above 8 years were extrapolated in accordance with a nominal growth rate of two percent.

### Current operating receivables

(in euros)	30. 6. 2011	31. 12. 2010
<b>CURRENT OPERATING RECEIVABLES</b>	<b>22,137,390</b>	<b>22,335,500</b>

### Equity

(in euros)	30. 6. 2011	31. 12. 2010
<b>Equity</b>	<b>237,115,848</b>	<b>235,376,191</b>
Called-up capital	58,420,965	58,420,965
Capital reserves	89,562,703	89,562,703
Revenue reserves	76,877,636	76,877,636
1. Legal reserves	18,765,115	18,765,115
2. Other revenue reserves	58,112,521	58,112,521
Revaluation surplus	9,416,569	10,514,887
Retained net profit	0	0
Net profit for the financial year	2,837,975	0

### Non-current liabilities

(in euros)	30. 6. 2011	31. 12. 2010
<b>NON-CURRENT LIABILITIES</b>	<b>148,260,673</b>	<b>161,075,952</b>
Long-term financial liabilities	145,829,951	158,376,144
Long-term operating liabilities	76,580	71,086
Deferred tax liabilities	2,354,142	2,628,722

### Current liabilities

(in euros)	30. 6. 2011	31. 12. 2010
<b>CURRENT LIABILITIES</b>	<b>95,636,014</b>	<b>92,402,544</b>
Current financial liabilities	78,430,272	77,693,895
Current operating liabilities	17,205,742	14,708,649

**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 30<sup>th</sup> June 2011 have been compiled in order that they shall provide a true and fair disclosure of the financial condition 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*.

These half-year statements for the period ending 30<sup>th</sup> June 2011 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 2010.

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, Slovenia, 26<sup>th</sup> August 2011