

Luka Koper, port and logistics system operator, a public limited company
Vojkovo Nabrežje 38
6501 Koper
Slovenia

Explanation of the proposed resolutions of the 18th General Assembly of *Luka Koper d.d.* shareholders, taking place at 1 pm on Monday 19th July 2010 in the Plenary Hall of the Chamber of Commerce and Industry of Primorska, Ferrarska Ulica 2, 6000 Koper, Slovenia.

Item 3 – Introduction of the *2009 Annual Report of Luka Koper d.d. and the Luka Koper Group*, together with the opinion of the auditor, as well as the Supervisory Board report in relation to its examination of the Annual Report.

The Management Board submits the following proposal of a resolution to the General Assembly:

The Assembly of *Luka Koper d.d.* is presented with the endorsed *2009 Annual Report of Luka Koper d.d. and the Luka Koper Group*, together with the auditor's opinion, as well as the Supervisory Board report on the examination of the Annual Report.

The company's Assembly is introduced to the remunerations of the Management and Supervisory Board members, which are listed on page 145 of the Annual Report.

Management Board's explanation of the proposed resolution:

Compliant with the provisions of the Companies Act RS, the *Luka Koper d.d.* Supervisory Board has examined the *2009 Annual Report of Luka Koper d.d. and Luka Koper Group* submitted by the Management Board of *Luka Koper d.d.*. The Annual Report was revised by Supervisory Board's Audit Committee, which passed no comments. By way of its 30th April 2010 statement that the *Annual Report* presents a true and authentic illustration of the operations and performance of *Luka Koper d.d.* and the *Luka Koper Group* in 2009, the Supervisory Board has also endorsed this document. In addition, the external auditors *Ernst & Young* presented their report to the Supervisory Board, further to which the Board made no comments whatsoever. Based on the statements of the Audit Committee and the endorsement of the Annual Report, the Supervisory Board has prepared its own report further to its examination of the *2009 Annual Report of Luka Koper d.d. and Luka Koper Group*. The *Luka Koper* Supervisory Board, in the composition which commenced its mandate on 14th July 2009 examined and endorsed the Annual Report. The report on Supervisory Board activities prior to the above date is based solely on the minutes of Supervisory Board meetings.

**Luka Koper d.d.
Management Board**

Attachment:

2009 Annual Report of Luka Koper d.d. and the Luka Koper Group

Explanation of the proposed resolutions of the 18th General Assembly of *Luka Koper d.d.* shareholders, taking place at 1 pm on Monday 19th July 2010 in the Plenary Hall of the Chamber of Commerce and Industry of Primorska, Ferrarska Ulica 2, 6000 Koper, Slovenia.

Item 4 – Proposal as to the allocation of distributable profit for 2009

The Management Board submits the following proposal of a resolution to the General Assembly:

Luka Koper d.d. Shareholders Assembly is introduced to the fact that in 2009, *Luka Koper d.d.* generated a net loss in the amount of € 59,191,002.63, thus there is no distributable profit for 2009. This loss has been covered by the company through the release of revenue reserves.

Management Board's explanation of the proposed resolution:

Luka Koper d.d. generated a net loss in the amount of € 59,191,002.63 in 2009. This loss has been covered by the company through the release of revenue reserves.

in euros	2009	2008
Total distributable profit (loss)	0.00	19,401,856.28
Release from other revenue reserves	59,191,002.63	0.00
Net profit (loss) for the financial year	(-59,191,002.63)	6,867,662.16
Retained net profit	0.00	12,534,194.12

Due to the fact that *Luka Koper d.d.* has accrued no profit in 2009, shareholders shall not decide upon the apportionment of distributable profit at this year's General Assembly. Consequently, the Management and Supervisory Boards do not propose any distribution of dividends for 2009.

In formulating this proposal, the Management and Supervisory Boards have acted with due diligence. The relevant circumstances, which have impacted and still affect the performance of *Luka Koper d.d.* have been deliberated, whilst the directions for the current fiscal year in accordance with the company's Business Plan, as well as future performance, have also been anticipated and taken into consideration.

Harsh conditions in the global economy in 2009 resulted in a 15% downturn in the company's operating revenues, whilst the completion of investments in new infrastructure projects has not, as yet, exerted any impact on the company's performance. The loss generated in 2009, which was, in particular, a consequence of inappropriate business decisions made in the past, justify the proposal as formulated.

**Luka Koper d.d.
Management Board**

Attachment: *2009 Annual Report of Luka Koper d.d. and the Luka Koper Group*

Explanation of the proposed resolutions of the 18th General Assembly of *Luka Koper d.d.* shareholders, taking place at 1 pm on Monday 19th July 2010 in the Plenary Hall of the Chamber of Commerce and Industry of Primorska, Ferrarska Ulica 2, 6000 Koper, Slovenia.

Item 5 - Endorsement of the Management and Supervisory Boards for 2009

The Management Board submits the following proposal of a resolution to the General Assembly:

Proposal of a resolution:

5.1.

The Assembly **shall not endorse** the following Management and Supervisory Board members for 2009:

- Robert Časar, as President of the company's Management Board prior to 15th June 2009;
- Aldo Babič, as Deputy President of the company's Management Board prior to 15th June 2009;
- Marjan Babič, as a Member of the Management Board prior to 11th September 2009;
- Boris Marzi as a Management Board Member (Workers Director) prior to 11th September 2009; and
- the entire Supervisory Board, which oversaw the work of the Management Board prior to 13th July 2009.

5.2

The Assembly **shall endorse** the following Management and Supervisory Board members for 2009:

- Dr. Gregor Veselko, as Management Board President since 16th June 2009;
- Tomaž Martin Jamnik, as Deputy President of the Management Board since 16th October 2009; and
- the work of all Supervisory Board members since 14th July 2009.

Management Board's explanation of the proposed resolutions:

There were changes and restitutions in the company's management and supervisory bodies during 2009. An external audit of the company's transactions over the past five years was undertaken on the basis of Resolution No. 4, adopted at the 15th Shareholders' Assembly of 20th March 2009. The Resolution was realised, and the Assembly was introduced to its findings – i.e. the *Luka Koper d.d. Special Audit Report* produced by the auditors *Pricewaterhouse Coopers d. o. o.*, Cesta v Kleče 15, Ljubljana – and further addressed by the Assembly by way of Resolution No. 3.1 at its 17th meeting of 26th March 2010.

During 2009, the entire Management Board was replaced in two stages, in addition to which five of nine Supervisory Board members were also restituted.

Based on the findings of the *Special Audit*, the company's management and supervisory bodies were deemed to have acted in a manner which damaged the company.

The Management Board proposes that the members of the erstwhile Management Board shall not be exonerated for their work in 2009. The Management Board members Gregor Veselko and Tomaž M. Jamnik shall, however, be endorsed.

Further to this, and on the basis of the same grounds, the Management Board proposes that the Supervisory Board which attended its function prior to 13th July 2009, shall likewise not be discharged for 2009, whereas the Supervisory Board constituted on 14th July 2009 shall be accordingly endorsed.

Luka Koper d.d.
Management Board

Attachment:

2009 Annual Report of Luka Koper d.d. and the Luka Koper Group

Explanation of the proposed resolutions of the 18th General Assembly of *Luka Koper d.d.* shareholders, taking place at 1 pm on Monday 19th July 2010 in the Plenary Hall of the Chamber of Commerce and Industry of Primorska, Ferrarska Ulica 2, 6000 Koper, Slovenia.

Item 6 – Appointment of an external auditor for 2010

The Management Board submits the following proposal of a resolution to the Assembly:

The auditors *Ernst & Young, Revizija, poslovno svetovanje d. o. o.*, Dunajska cesta 111, Ljubljana, Slovenia, shall be appointed as external auditor for fiscal 2010.

Management Board's explanation of the proposed resolution:

Luka Koper d.d.'s operations shall be audited by *Ernst & Young, Revizija, poslovno svetovanje d. o. o.*, Dunajska cesta 111, Ljubljana, Slovenia, and that said company shall prepare a report on the examination and audit of company's financial statements as well as the business report of *Luka Koper d.d.* and the *Luka Koper Group* for fiscal 2010.

**Luka Koper d.d.
Management Board**

Explanation of the proposed resolutions of the 18th General Assembly of *Luka Koper d.d.* shareholders, taking place at 1 pm on Monday 19th July 2010 in the Plenary Hall of the Chamber of Commerce and Industry of Primorska, Ferrarska Ulica 2, 6000 Koper, Slovenia.

Item 7 - Amendments to Luka Koper d.d. Statute

The Management Board submits the following proposal of a resolution to the Assembly:

The Assembly shall adopt the proposed amendments to the company statute of *Luka Koper d.d.*

Management Board's explanation of the proposed resolution:

The Statute of *Luka Koper d.d.* has not been supplemented or amended for quite some time. A number of its provisions fail to comply with the provisions of the Companies Act RS, whilst others are ambiguous and allow various interpretations. The Management Board has proposed the amendments of the Statute of *Luka Koper d.d.* Amendments and supplements of the company Statute shall be decided upon by shareholders through the necessary provision of a 75% majority.

**Luka Koper d.d.
Management Board**

Explanation of the proposed resolutions of the 18th General Assembly of *Luka Koper d.d.* shareholders, taking place at 1 pm on Monday 19th July 2010 in the Plenary Hall of the Chamber of Commerce and Industry of Primorska, Ferrarska Ulica 2, 6000 Koper, Slovenia.

Item 8 - Assembly's familiarisation with the realisation of Resolution No. 3.1, adopted by the 17th Shareholders' Assembly of 26th March 2010

The Management Board submits the following proposal of a resolution to the Assembly:

The Assembly is familiarised as to the realisation of Resolution No. 3.1 of the 17th Shareholders Assembly meeting, in relation to the consolidated special audit of *Luka Koper d.d.* dated 20th April 2010, undertaken by *Pricewaterhouse Coopers d.o.o.*, Cesta v Kleče 15, Ljubljana, Slovenia.

Management Board's explanation of the proposed resolution:

As per Item 3.1 of the 17th General Assembly Meeting of 26th March 2010, the company's shareholders adopted a resolution commissioning the special auditor *Pricewaterhouse Coopers d.o.o.* - appointed a by way of Resolution No. 4 at the 20th March 2009 General Assembly - to review the remaining business transactions identified in the said resolution and enclose their findings in a further supplement to its *Special Audit Report*. These dealings and transactions had not been encompassed by the scope of the original *Luka Koper d.d. Special Audit Report*, which was published on 19th December 2009, or the *Supplement* to the *Luka Koper d.d. Special Audit Report* published on 5th February 2010.

The Management Board asked the special auditor, *Pricewaterhouse Coopers d.o.o.*, Cesta v Kleče 15, Ljubljana, Slovenia, to supplement the Special Audit Report as required by the Assembly. Further to this, on 20th April 2010, *Pricewaterhouse Coopers d. o. o.* delivered a *Consolidated Special Audit Report* to the company. The extended remit of the *Consolidated Report* encompasses further findings that had not been recorded in the *Luka Koper d.d. Special Audit Report* (of 10th December 2009) or the *Supplement* to the *Special Audit Report* (of 5th February 2010).

Immediately upon receipt of the *Consolidated Audit Report*, the company's Management Board informed shareholders as well as the interested public by publishing said document in its entirety. The *Consolidated Special Audit Report* was published online on *SEOnet* http://seonet.ljse.si/?doc_id=40882 on 30th April 2010. The report was also published via the company's website www.luka-kp.si as a link to *SEOnet*: <http://www.luka-kp.si/slo/za-vlagatelje/objave> (see: 30th April 2010 – »*Supervisory Board endorses 2009 Annual Report*«).

The company's Management Board believes that the special auditor's further review and supplement to its original *Special Audit Report*, in compliance with the Assembly's Resolution 3.1 at the 17th Assembly meeting of 26th March 2010, together with the publication of *Consolidated Special Audit Report*, has fully accomplished and realised said resolution. The Management Board proposes the Assembly's adoption of this resolution in order to establish

that the Management Board has faithfully executed the Assembly's resolution and through its publication of the *Consolidated Special Audit Report* the special auditor, *Pricewaterhouse Coopers d.o.o* has performed the task of which was accomplished 20th April 2010.

Luka Koper d.d.
Management Board

Attachment:

- *Luka Koper Consolidated Special Audit Report*, dated 20th April 2010

Explanation of the proposed resolutions of the 18th General Assembly of Luka Koper d.d. shareholders, taking place at 1 pm on Monday 19th July 2010 in the Plenary Hall of the Chamber of Commerce and Industry of Primorska, Ferrarska Ulica 2, 6000 Koper, Slovenia.

Item 9 - Amendment of Resolution No. 3.2 adopted by the 17th Shareholders' Assembly on 26th March 2010

The Management Board submits the following proposal for a resolution to the Assembly:

Resolution No. 3.2, adopted by 17th Shareholders Assembly of *Luka Koper d.d.* of 26th March 2010, which reads:

»In compliance with Article 327 of the Companies Act, and on the basis of findings of the Special Audit Report and Supplement to the Special Audit Report, the company's Management Board is obliged - within six months of the date of the Assembly meeting - to bring an action for compensation of damages which the company incurred in relation to certain business transactions as a consequence of violations of obligation by the erstwhile management and/or supervisory bodies of *Luka Koper*, in particular those listed in the Resolution No. 4 (four) adopted at the Assembly meeting held on 20th March 2009 (twentieth day of March two-thousand-and-nine) in relation to:

- disposal of all capital investments during the last five years;
- construction of new business premises;
- purchase and demolition of warehouses at the Koper passenger terminal;
- purchase of real estate in the BTC terminal zone and Orleška Gmajna in Sežana;
- business conducted with *Premik-net*, *Grafist* and *B.R.I.L.*;
- elaboration of project documentation in relation to covering over the bulk cargo terminal;
- purchase of shares in the Slovak company *TT Invest*;
- foundation and financing of all newly-established companies during the last five years;
- rationale as to the purchase of cranes for the extension of Pier I;
- cost-wise rationale as to the purchase of all real estate during the last five years;
- cost-wise justification of investment management;
- justification of surety payment and release of vessels owned by *Pašnjak d.o.o.* and *H/J Shipping Malta Ltd.*;
- construction of road to Ankaran.

shall be amended to read as follows:

»In compliance with Article 327 of the Companies Act, and on the basis of findings of the Special Audit Report and Supplement to Special Audit Report, as well **as the Consolidated Special Audit Report of *Luka Koper d.d.* dated 20th April 2010 issued by the external auditors *Pricewaterhouse Coopers, d.o.o.*, Cesta v Kleče 15, Ljubljana, Slovenia**, the company's Management Board is, **with the diligence of a good manager**, obliged to - within six months from the date of the Assembly meeting – **closely examine**

the elements of damage liability and bring an action for compensation of damages which the company incurred in relation to certain business transactions as a consequence of violations of obligation by the erstwhile management and/or supervisory bodies of *Luka Koper*, in particular those listed in the Resolution No. 4 (four) adopted at the Assembly meeting held on 20th March 2009 (twentieth day of March two-thousand-and-nine) in relation to:

- disposal of all capital investments during the last five years;
- construction of new business premises;
- purchase and demolition of warehouses at the Koper passenger terminal;
- purchase of real estate in the BTC terminal zone and Orleška Gmajna in Sežana;
- business conducted with *Premik-net*, *Grafist* and *B.R.I.L.*;
- elaboration of project documentation in relation to covering over the bulk cargo terminal;
- purchase of shares in the Slovak company *TT Invest*;
- foundation and financing of all newly-established companies during the last five years;
- rationale as to the purchase of cranes for the extension of Pier I;
- cost-wise rationale as to the purchase of all real estate during the last five years;
- cost-wise justification of investment management;
- justification of surety payment and release of vessels owned by *Pašnjak d.o.o.* and *H/J Shipping Malta Ltd.*;
- construction of road to Ankaran."

Management Board's explanation of the proposed resolution:

As per Item 3.1 of the 17th General Assembly Meeting of 26th March 2010, the company's shareholders adopted a resolution commissioning the special auditor *Pricewaterhouse Coopers d.o.o.* - appointed a by way of Resolution No. 4 at the 20th March 2009 General Assembly - to review the remaining business transactions identified in the said resolution and enclose their findings in a further supplement to its *Special Audit Report*. These dealings and transactions had not been encompassed by the scope of the original *Luka Koper d.d. Special Audit Report*, which was published on 19th December 2009, or the original *Supplement* to the *Luka Koper d.d. Special Audit Report* published on 5th February 2010.

The Management Board asked the special auditor, *Pricewaterhouse Coopers d.o.o.*, Cesta v Kleče 15, Ljubljana, Slovenia, to supplement the *Special Audit Report* as required by the Assembly. Further to this, on 20th April 2010, *Pricewaterhouse Coopers d. o. o.* delivered a *Consolidated Special Audit Report* to the company. The extended remit of the *Consolidated Report* encompasses further findings that had not been recorded in the *Luka Koper d.d. Special Audit Report* (of 10th December 2009) or the *Supplement* to the *Special Audit Report* (of 5th February 2010).

On page 22 of the *Consolidated Special Audit Report* (Chapter 3, Item No. 4), the special auditor explicitly states that if the company and its legal consultants establishes that the findings of the special auditor conclude there to have been a breach of the authorisations of management and/or supervisory bodies, and if the company decides to pursue a civil action, the damage should be calculated for each individual additionally reviewed matter. In analysing the *Consolidated Special Audit Report* the Management Board has established that it does not include any evaluation or calculation of damages or the aspects and circumstances of reviewed matters to the extent required to meet legal standards to bring a

civil action for damages. The Management Board has thus followed the recommendation made by the special auditor and commissioned an evaluation in order to establish the volume and magnitude of damages incurred.

When the Assembly of Shareholders considered the *Special Audit Report* they established that this original report and its *Supplement* did not comprise information in relation to all matters in need of review, and accordingly required the further supplement of the *Special Audit Report*. Shareholders were appropriately familiarised with the *Consolidated Special Audit Report* as of 20th April 2010.

Only the shareholders attending the General Assembly may cancel or complement, or otherwise amend, adopted resolutions, as well as substitute them with new ones. The company's Management Board accordingly proposes that the Assembly amend Resolution No. 3.2, adopted by the 17th General Assembly of 26th March 2010, due to the fact that it contains the word »in particular« which might cause various interpretations of the Management Board's obligation.

The Management Board believes that the General Assembly's resolution should contain the right of discretion in the bringing of actions for damages, and namely that such action shall only be instigated solely and exclusively in those instances in which the Management Board ascertains there has been a breach which complies with the pertinent legal regulations.

Such a stand was already adopted by the shareholders at the 17th Assembly, but it was not contained in the text of the Resolution the shareholders voted for and consequently endorsed. The adopted Assembly resolution contained the term »in particular« which allows various interpretations of the adopted resolution.

In its bringing of actions for damages, the company is intensively engaged in assessments as to the fulfilment of legal liability in all matters which are subject to the *Consolidated Special Audit Report*.

Further to this, the Management Board would like to draw attention to the fact that the majority - if not all - instances which are the substance and focus of the Assembly's resolution are also subject of investigation by the Koper Police Directorate and the competent public prosecutor's office. In the event that law-enforcement authorities in the matters under investigation establish evidence of criminality and take action against those responsible (members of the erstwhile management and supervisory bodies and others), the company shall be entitled – compliant with the regulations in such proceedings – to enforce its pecuniary claim for damages incurred.

Due to the fact that the Management Board is liable to act with due diligence of a good manager, it proposes that the Assembly amend resolution No. 3.2 adopted by 17th Shareholders' Assembly which shall allow the Management Board, in accordance with the principles of a good management, to bring actions for damages against members of the former management and/or supervisory bodies for the benefit of the company, as well as realise the Assembly's resolution pertaining to the matters arising from the *Consolidated Special Audit Report* within the period defined by the Companies Act RS, as determined by the Assembly as of 26th March 2010.

Luka Koper d.d.
Management Board