



LUKA KOPER GROUP

NON-AUDITED INTERIM REPORT JANUARY – JUNE 2010

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PERFORMANCE HIGHLIGHTS OF LUKA KOPER GROUP

| (in euros) | January - June 2008 | January - June 2009 | January - June 2010 | Indices 2010/2009 |
|--|---------------------------|---------------------------|---------------------------|----------------------|
| From Income Statement | | | | |
| Operating revenues | 69,318,515 | 59,610,541 | 62,200,303 | 104 |
| Operating income (EBIT) | 16,280,715 | 6,895,519 | 7,551,633 | 110 |
| Simplified cash flow (EBITDA) ¹ | 25,449,002 | 17,340,437 | 20,553,845 | 119 |
| Pre-tax profit | 18,396,482 | 4,127,723 | 5,619,016 | 136 |
| Net profit | 15,673,232 | 3,694,626 | 5,380,015 | 146 |

| (in euros) | 31. 12. 2008 | 31. 12. 2009 | 30. 06. 2010 | Indices 2010/2009 |
|-------------------------------------|-----------------|-----------------|--------------------------|----------------------|
| From Balance Sheet Statement | | | | |
| Balance Sheet total | 556,610,483 | 531,672,019 | 536,177,717 | 101 |
| Long-term assets | 509,161,405 | 505,003,934 | 503,832,377 | 100 |
| Short-term assets | 47,449,079 | 26,668,086 | 32,345,339 | 121 |
| Equity | 311,059,034 | 247,410,497 | 253,227,067 | 102 |
| Long-term liabilities | 116,475,882 | 166,936,750 | 158,093,564 ² | 95 |
| Short-term liabilities | 129,075,567 | 117,324,774 | 124,857,086 | 106 |
| Financial liabilities | 201,358,206 | 234,538,592 | 245,146,625 | 105 |

| (as a percentage) | January - June 2008 | January - June 2009 | January - June 2010 | Indices 2010/2009 |
|---|---------------------------|---------------------------|---------------------------|----------------------|
| Indicators | | | | |
| Return on sales (ROS) | 23.49% | 11.57% | 12.14% | 105 |
| Net return on equity (ROE) ³ | 9.29% | 2.34% | 4.30% | 184 |
| Net return on assets (ROA) ³ | 6.52% | 1.29% | 2.02% | 156 |
| EBITDA margin | 36.71% | 29.09% | 33.04% | 114 |
| Financial liabilities / equity | 31.19% | 69.30% | 96.81% | 140 |

¹ Operating profit + amortisation

² Due to its failing to meet some financial obligations – in particular because of the impairment of financial investments – *Luka Koper d.d.* was obliged at the end of fiscal 2009 to reclassify these debts as short-term liabilities. Thanks to its regular servicing of all liabilities and stable business operations, *Luka Koper d.d.* doesn't anticipate that commercial banks shall withdraw from loan agreements. Thus the original maturity of financial liabilities is reported in the performance portion of the interim reports for January to June 2009, as well as in January to June of 2010, regardless of the fact that the de-recognition disclosed in the business report has been reported in the financial statements.

³ The indicators are calculated on the basis of annualised data.

| (in euros) | January - June 2008 | January - June 2009 | January - June 2010 | Indices 2010/2009 |
|---------------------------------|---------------------------|---------------------------|---------------------------|----------------------|
| From Cash Flow Statement | | | | |
| Infrastructure investments | 56,351,012 | 48,676,987 | 12,985,334 | 27 |

| Share Information | 30.06.2008 | 30.06.2009 | 30.06.2010 |
|--|------------|------------|------------|
| Number of shares | 14,000,000 | 14,000,000 | 14,000,000 |
| Average market price of share (in euros) | 57.96 | 24.42 | 18.12 |
| Net earnings per share (EPS) (in euros) ⁴ | 0.94 | 0.19 | 0.18 |
| Price/earnings (P/E) ratio per share | 61.66 | 128.53 | 100.67 |
| Book value of share (in euros) | 22.54 | 21.72 | 17.24 |
| Price to book (P/B) ratio | 2.57 | 1.12 | 1.05 |

⁴ Net profit for the period / number of shares issued

GENERAL INFORMATION

INTRODUCTORY NOTE

The disclosures in this non-audited non-consolidated interim report on the performance of *Luka Koper d.d.*, Vojkovo Nabrežje 38, Koper, Slovenia, together with the *Luka Koper Group* of companies, for the period January to June 2010, are compliant with the *Market in Financial Instruments Act RS* and *Ljubljana Stock Exchange Rules*.

This Non-Audited Interim Report on the performance of *Luka Koper d.d.* and the *Luka Koper Group* for January to June 2010 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 from 30th August 2010 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*.

The interim report of *Luka Koper d.d.* and the *Luka Koper Group* for January – June 2010 was addressed by the company's Supervisory Board at its regular session held on 27th August 2010.

| |
|---|
| PRESENTATION OF LUKA KOPER GROUP |
|---|

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

| | |
|---|---|
| <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 Telephone: 05 66 56 100 Fax: 05 63 95 020 Email: portkoper@luka-kp.si Website: www.luka-kp.si</i> |
| <i>Company registration</i> | <i>Application No. 066/10032200, registered at the Koper District Court</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 euros</i> |
| <i>Number of shares</i> | <i>14,000,000 ordinary no-par-value shares</i> |
| <i>Shares listing</i> | <i>Ljubljana Stock Exchange, prime market</i> |
| <i>Share ticker symbol</i> | <i>LKPG</i> |
| <i>President of the Management Board</i> | <i>Dr. Gregor Veselko</i> |
| <i>Deputy President of the Management Board</i> | <i>Tomaž Martin Jamnik</i> |
| <i>Member of the Management Board</i> | <i>Marko Rems</i> |
| <i>President of the Supervisory Board</i> | <i>Dr. Janez Požar</i> |
| <i>No. of consolidated companies</i> | <i>7</i> |
| <i>Luka Koper d.d. core activity</i> | <i>Seaport and logistics system operator and service provider</i> |
| <i>Luka Koper Group activities</i> | <i>Various support and ancillary services in relation to core activity</i> |

As of 30th June 2010, the *Luka Koper Group* was – in addition to the parent company, *Luka Koper d.d.* – comprised of the following subsidiary enterprises and associated companies:

| Subsidiary Enterprises | Percentage stake held by Luka Koper d.d. |
|--|---|
| Adria Investicije d.o.o. | 100% |
| Luka Koper INPO d.o.o. | 100% |
| Luka Koper Pristan d.o.o. | 100% |
| Adria Terminali d.o.o. | 100% |
| Adriasole d.o.o. | 98% |
| Ecoporto Koper d.o.o. | 98% |
| Associated & Controlled Companies | |
| Adria-Tow d.o.o. | 50% |
| Adria Transport d.o.o. | 50% |
| Adriaфин d.o.o. | 50% |
| Avtoservis d.o.o. | 49% |
| TOC d.o.o. | 47.82% |
| Railport Arad s.r.l. | 33.33% |
| Intereuropa d.d. | 24.81% |
| Golf Istra d.o.o. | 20% |

Changes to the subsidiary, associated and controlled companies from January to June 2010 were as follows:

- Congruent with the notarial record of 28th January 2010, the company *Eco-Morje d.o.o.* is wound up following summary proceedings without liquidation. The company was dormant.
- Congruent with the notarial record of 28th January 2010, the company *Ecopark d.o.o.* is wound up following summary proceedings without liquidation. The company was dormant.
- A change in the shareholding of *Adria Terminali d.o.o.* was registered on 12th March 2010. In addition, *Luka Koper* purchased a forty-nine percent holding from the Slovak company *Spedition Trade Trans Holding a.s.* thus becoming a 100 % shareholder of *Adria Terminali d.o.o.*. At the same time, *Luka Koper d.d.* relinquished its holding in *Trade Trans Terminal s.r.l.* (Arad), in which it had held a seventeen-percent stake.

The companies *Luka Koper Beograd d.o.o.* (Serbia), *Luka Koper Deutschland GmbH* (Germany) and *Kopinvest Netherlands B.V.* (Holland) are undergoing liquidation.

CORPORATE MANAGEMENT AND GOVERNANCE**Luka Koper d.d. Management Board**

As of 30th June 2010, the *Luka Koper d.d.* Management Board was comprised as follows:

- Dr. Gregor Veselko, President of the Management Board, commenced a five-year term on 16th June 2009.
- Mr. Tomaž Martin Jamnik, Deputy President of the Management Board, commenced a five-year term on 16th October 2009.
- Mr. Marko Rems, Member of the Management Board, commenced a five-year term on 1st March 2010.

A presentation of the Management Board members is accessible on the company's website: www.luka-kp.si

Luka Koper d.d. Supervisory Board

As of 30th June 2010, the 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 13th July 2009 (16th 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 13th July 2009 (16th 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 13th July 2009 (16th 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 13th July 2009 (16th 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 13th July 2009 (16th General Assembly of Shareholders).
- Mr. Boris Popovič, Member of the Supervisory Board, appointed upon the proposal of the Koper Municipal Council; commenced a four-year term on 2nd September 2008 (14th General Assembly of Shareholders).

Representatives of employees:

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

SIGNIFICANT EVENTS JANUARY – JUNE 2010**JANUARY**

- The company handled 1,506,878 tonnes of cargo, which is the highest ever January throughput volume in the history of the port.

MARCH

- Marko Rems assumed his position as the third member of the Management Board, as endorsed by the Supervisory Board on 6th November 2009.
- By purchasing a 49-percent stake from the Slovak company *Spedition Trade Trans Holding a.s.*, *Luka Koper d.d.* became the sole shareholder of the company *Adria Terminali d.o.o.* which operates the logistics centre in Sežana. At the same time, *Luka Koper d.d.* withdrew from the company *Trade Trans Terminal s.r.l.* (Arad) in which it had held a seventeen-percent stake.
- At the 17th General Assembly meeting, shareholders adopted the resolution that the *Luka Koper d.d.* Management Board is obliged - within six months of said Assembly meeting - to bring an action for compensation of damages which the company incurred in relation to certain business transactions and as a consequence of violations of obligation by the erstwhile management and/or supervisory bodies. Compliant with the counter-proposal by the shareholders *KAD* (Capital Fund) and *SOD* (Slovenian Restitution Fund), which was also adopted by the Republic of Slovenia as the majority shareholder, *Pricewaterhouse Coopers d.o.o.* auditors are accordingly obliged to supplement their Special Audit Report in relation to four further areas.

APRIL

- *Luka Koper d.d.* and the *SID Bank* sign a 15-year 30-million-euro loan agreement, a facility which will finance the completion of the Container Terminal extension at Pier I of the Port of Koper.

RELEVANT POST-BALANCE-SHEET EVENTS

At the 18th General Assembly of *Luka Koper d.d.*, held on 19th July 2010, shareholders:

- were introduced to 2009 Annual Report;
- were made aware of 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. The loss has been covered through the release of revenue reserves formed in previous years;
- voted against the endorsement of 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 company's Management Board prior to 11th September 2009;
 - Boris Marzi, as Workers Director and Management Board Member prior to 11th September 2009;
- voted against the endorsement of the work of Supervisory Board prior to 13th July 2009;
- endorsed Dr. Gregor Veselko, as Management Board President since 16th June 2009 and Tomaž Martin Jamnik, as Management Board Deputy President since 16th October 2009;
- endorsed the work of the Supervisory Board since 14th July 2009;
- appointed the auditors *Ernst & Young d.o.o.*, Dunajska cesta 111, Ljubljana, as external auditors of *Luka Koper d.d.* and the *Luka Koper Group* for fiscal 2010.
- were introduced to *Luka Koper d.d.*'s Consolidated Special Audit Report of 20th April 2010 undertaken by the auditors *Pricewaterhouse Coopers*;
- adopted a resolution on the amendment of the resolution adopted at the 17th General Assembly of Shareholders as to bringing actions for compensation of damages incurred in relation to certain business transactions and as a consequence of violations of obligations by the former management and/or supervisory bodies.

Two minority shareholders present at the General Assembly meeting stated their intention to bring challenging actions in relation to the adopted Assembly resolutions on amendments to the Company Statute of *Luka Koper d.d.*

LUKA KOPER GROUP BUSINESS REPORT**PERFORMANCE ANALYSES OF LUKA KOPER GROUP****Operating Revenues**

From January to June 2010, the *Luka Koper Group* generated operating revenues in the amount of € 62.2 million, which is four percent ahead of the same period in 2009.

Figure 1: Operating revenues of the Luka Koper Group in the first half of 2008, 2009 and 2010

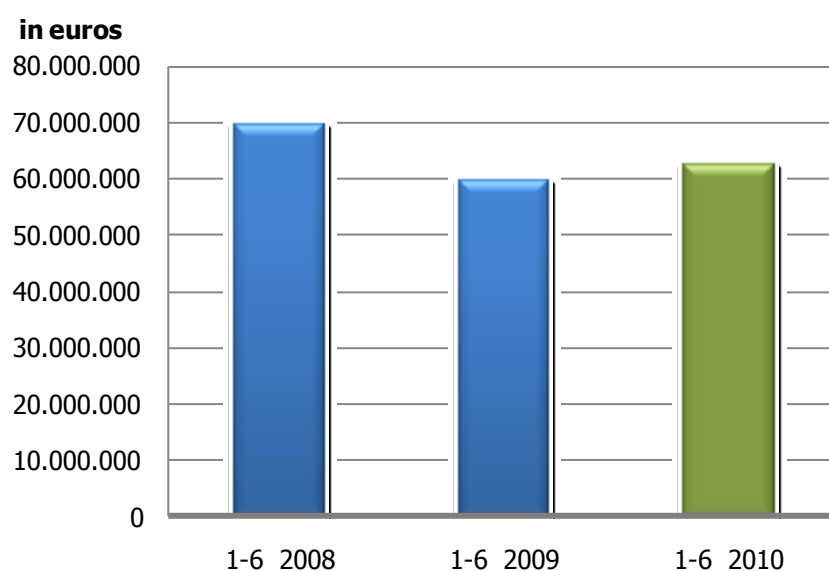
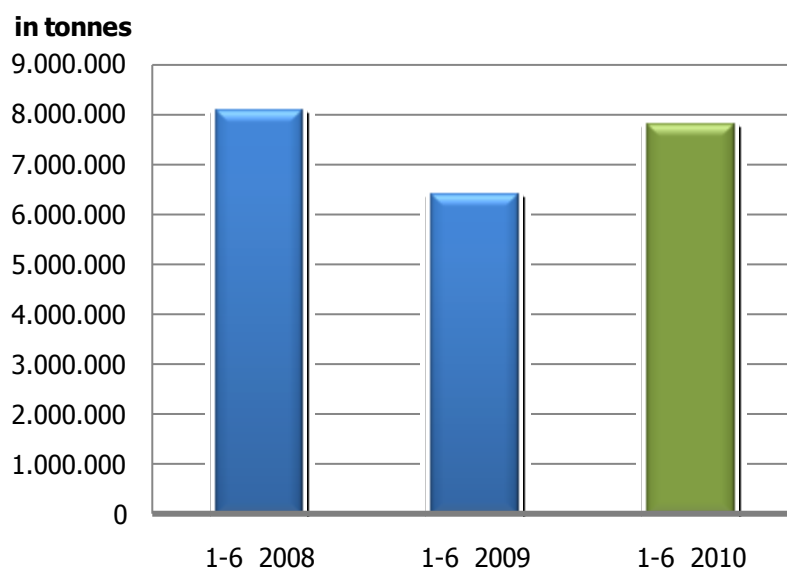


Figure 2: Cargo throughput in the first half of 2008, 2009 and 2010



The revenues of the parent company - *Luka Koper d.d.* - which recorded a five percent increase on the same period last year - account for ninety-three percent of total *Group* operating revenues. Cargo throughput at the port, one of the principal indicators of the physical volume of operations, exhibited a twenty-two percent year-on increase. Decline in handling volumes was recorded only in relation to general cargos, whilst the tonnages of all other cargo types were above their January - June 2009 levels. The growth in sales revenues doesn't meet the upward trend in cargo throughput, which can be attributed to the more rapid turnover of cargo at the port and the resultant down-turn in revenues from storage charges.

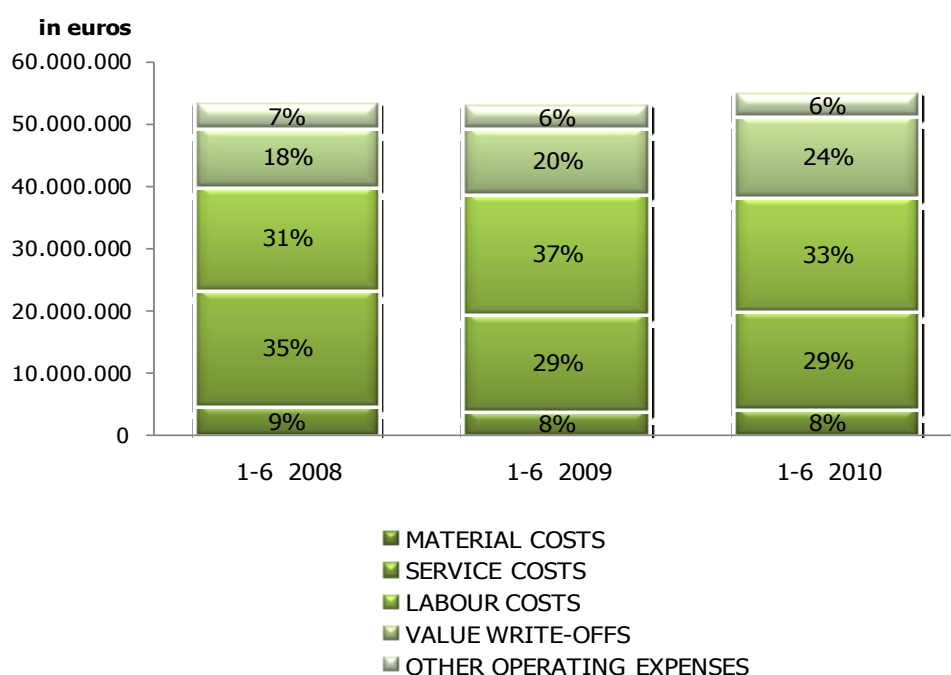
Revenues of associated companies account for some seven percent of total *Group* revenues. The *Sežana Terminal* recorded a twenty percent up-turn, whereas the provision of maintenance, manufacture and municipal services generated a ten percent increase on the same period in 2009. The provision of hospitality and catering services exhibited a five percent decline in revenues.

Sixty-four percent of the € 62.2 million operating revenues were generated on foreign markets. The major portion (ninety-seven percent) is euro-denominated, whilst the remaining three percent are denominated in US dollars.

Operating Expenses

In the first half of 2010, the operating expenses of the *Luka Koper Group* amounted to € 54.7 million, which is four percent ahead of the same period last year. Operating expenses were, in particular, affected by higher rates of amortisation, which is a consequence of the large investments into the modernisation of terminal facilities during 2009.

Figure 3: Structure of Luka Koper Group operating expenses from January to June 2008, 2009 and 2010



Material Costs

Material costs increased by nine percent which can, in particular, be attributed to higher energy consumption, mainly fuel; this is the result of augmented cargo throughput and its altered structure. January to June 2010 saw a significant rise in container freight which – compared to some other cargo types – necessitates relatively high manipulation expenditure, and thus higher per unit fuel costs.

Service Costs

The major portion (eighty-seven percent) of total service costs can be attributed to port service providers, maintenance costs and other service costs. Service costs in the amount of € 15.7 million recorded a one percent increase on the same period in 2009.

The up-turn in container throughput resulted in increased demand for services provided by contractors, and accounted for the nine percent rise in the cost of port service provision.

Maintenance costs, which account for € 3.6 million or six percent of total operating expenses, also recorded a year-on upturn of eight percent.

The major portion of other service costs can be attributed to IT support, the concession fee, as well as the receipt and dispatch of rail-freight wagons. The *Luka Koper Group* allocated € 1.7 million to the modernisation and maintenance of its information system, whereas the concession fee for the first half of 2010 amounted to € 1.9 million.

Labour Costs

From January to June 2010, labour costs, which account for one-third of total operating expenses, amounted to € 18.2 million – which is a six percent downturn on the same period last year.

Labour costs, together with costs of port service providers - which account for forty-four percent of total *Group* expenses (and thirty-nine percent of total operating revenues) - recorded a three percent decrease on the same period last year when they stood at € 24.9 million.

Value Write-Offs

Amortisation increased by € 2.5 million (twenty-four percent) which can be attributed to intense investments during 2009. Total amortisation in the amount of € 13 million accounts for twenty-one percent of operating revenues generated by the *Group*.

Operating Profit

Operating profit from January to June 2010 in the amount of € 7.6 million recorded a ten percent downturn on the same period in 2009. Despite growth in cargo throughput and the volume of sales revenues, the company managed to reduce overall labour costs which had a positive impact on the operating profit and EBIDTA.

Simplified cash flow generated by the *Group* over the first half of 2010 expressed using the EBITDA indicator amounted to € 20.6 million, which is nineteen percent ahead of the same period last year.

Financial Revenues And Expenses

The surplus of financial expenses over financial revenues amounted to € 1.9 million, which is thirty percent down on January to June 2009. The loss is primarily attributable to interest payable on loans hired, as well as the impairment of some investments allocated for trading. Financial revenues, primarily generated from an equity increase in the associated company *Intereuropa d.d.* as well as the sale of securities, recorded an upturn on the same period in 2009.

Profit For The Period

Interest payments impacted *Luka Koper's* profits from operations, and as a consequence pre-tax profit for the period was reduced to € 5.6 million. Accordingly, between January and June 2010, the *Luka Koper Group* generated a net profit in the amount of € 5.4 million, which is forty-six percent ahead of the same period last year.

Assets

At the end of June 2010, the total assets of the *Luka Koper Group* were valued at € 536.2 million, a one percent rise on 31st December 2009.

Tangible fixed assets in the amount of € 387.2 million, together with long-term financial investments amounting to € 82 million, account for the major portion of long-term assets. Long-term financial investments recorded a one percent decline on 31st December 2009, in particular due to the sale of securities and the impairment of investments in securities allocated for disposal.

As of the end of June 2010, the aggregate value of the *Luka Koper Group's* short-term assets stood at € 27.6 million, which is six percent ahead of the level recorded at the end of 2009; this can, in particular, be attributed to an increase in bank deposits.

Equity And Liabilities

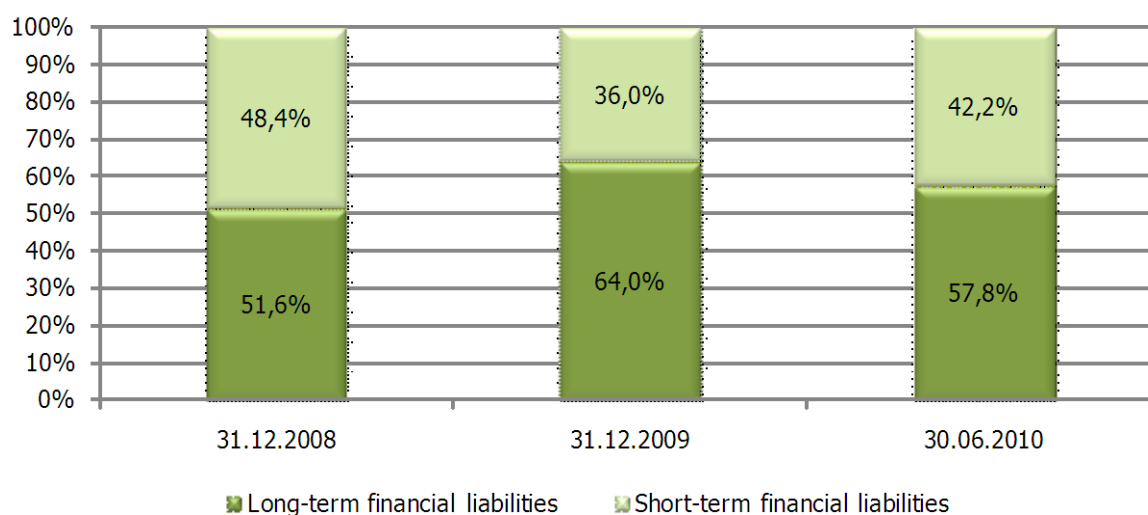
Compared to 31st December 2009, the aggregate equity of the *Luka Koper Group* - which accounts for forty-seven percent of total equity and assets - rose by two percent.

Short-term accounts payable fell by € 12.7 million (forty-eight percent) on the level recorded at the end of 2009, which is for the most part a result of a drop in accounts payable for fixed assets.

Financial Liabilities

Between January and June 2010, the *Luka Koper Group's* financial liabilities rose by € 10.6 million to stand at € 254.1 million, and accordingly accounts for forty-six percent of balance sheet total. Financial liabilities are illustrated by their initial maturity, which, consequent to financial covenants, differ from their accounting recognition.

Figure 4: Structure of the financial liabilities of the Luka Koper Group according to their initial maturity

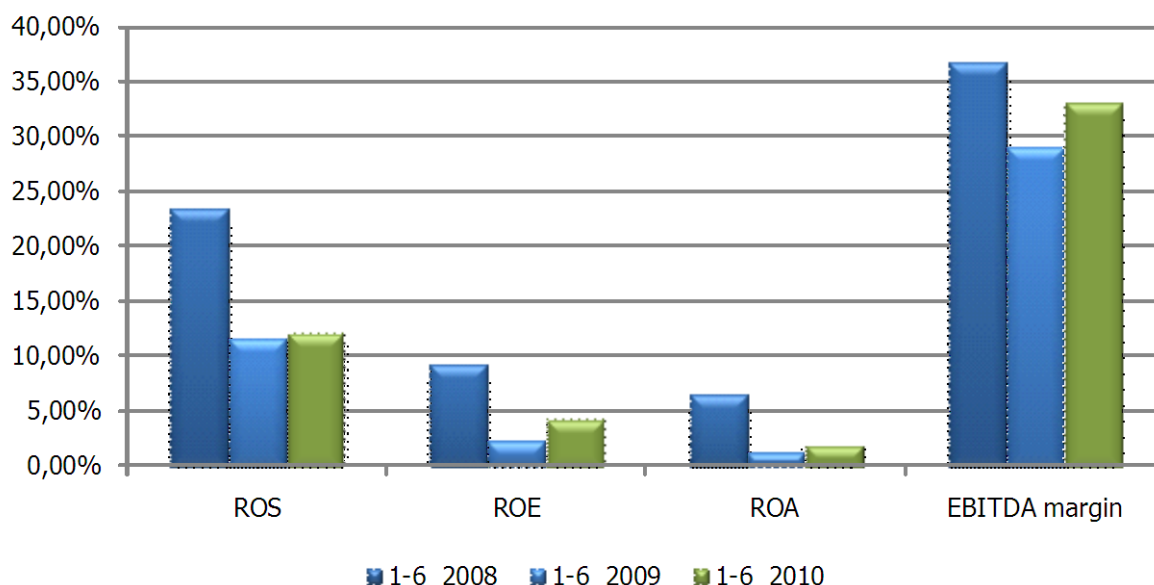


As of 31st December 2009, € 105.1 of long-term financial liabilities were recognised as short-term financial liabilities, whilst as of 30th June 2010 only € 40.6 million of long-term financial liabilities were recognised as short-term financial liabilities due to the fact that the company received the approval of a waiver request for financial covenants in the amount of € 83.7 million.

According to received information, and in particular due to its regular servicing of all financial liabilities and fulfilment of all financial covenants, the parent company *Luka Koper d.d.* does not anticipate that commercial banks shall request the prior redemption of outstanding loans.

Performance Indicators

Figure 5: Performance indicators in the first half of 2008, 2009 and 2010



MARKETING AND SALES

During the first half of 2010, marketing was mainly focused on the acquisition of new clients, particularly overseas ones, as well as the consolidation of relations with existing business partners. Slovenia's Chamber of Commerce and Industry, the Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments (JAPTI) and the Ministry of Transport, jointly organised conferences in China on the theme of Slovenia as a logistics platform for Central and Southeastern Europe. At these events in Hong Kong and Shanghai, *Luka Koper* presented its development plans as well as the advantages of the Northern Adriatic route to local logistics firms.

Together with the ports of Trieste, Venice and Ravenna, the Port of Koper shared a stand at *Transport Logistic China 2010*, one of the world's largest logistics fairs, which was held between 8th and 10th June in Shanghai. The main orientation of *NAPA* – the *Northern Adriatic Ports Association* – which comprises the aforementioned ports, remains the more aggressive and determined penetration of international markets in order to establish the Northern Adriatic region as a European logistics platform for overseas cargo pertaining to Central and Southeastern Europe.

The data on cargo throughput recorded in the first six months of 2010 seems promising. The volume of cargo handled amounted to 7,780,824 tonnes, which is a year-on increase of

twenty-two percent, and four percent below the record year 2008. The major growth trend was exhibited in relation to vehicles and container freight.

Cargo Throughput and Revenues by Cargo Type

Table 1: Cargo throughput by type in the first half of 2008, 2009 and 2010

| Cargo Type (in tonnes) | January – June 2008 | January – June 2009 | January – June 2010 | Indices 2010/2009 |
|----------------------------|---------------------------|---------------------------|---------------------------|----------------------|
| General cargos | 816,395 | 770,681 | 736,716 | 96 |
| Container freight | 1,502,951 | 1,401,405 | 2,050,954 | 146 |
| Vehicles | 425,928 | 185,222 | 243,605 | 132 |
| Liquid cargos | 1,345,254 | 1,299,856 | 1,336,440 | 103 |
| Bulk and break bulk cargos | 3,979,110 | 2,703,846 | 3,413,109 | 126 |
| Total | 8,069,638 | 6,361,010 | 7,780,824 | 122 |

Table 2: Throughput of container freight (in TEUs) and vehicles (in units) in the first half of 2008, 2009 and 2010

| Cargo Type (TEU equivalents & units) | January – June 2008 | January – June 2009 | January – June 2010 | Indices 2010/2009 |
|---|---------------------------|---------------------------|---------------------------|----------------------|
| Container freight – in TEUs | 170,937 | 165,220 | 221,841 | 134 |
| Vehicles – in units | 314,595 | 140,064 | 175,394 | 125 |

Table 3: Operating revenues by cargo type in the first half of 2008, 2009 and 2010

| Revenues (in euros) | January – June 2008 | January – June 2009 | January – June 2010 | Indices 2010/2009 |
|----------------------------|---------------------------|---------------------------|---------------------------|----------------------|
| General cargos | 17,438,949 | 15,995,750 | 15,685,894 | 98 |
| Container freight | 7,964,530 | 7,962,261 | 10,726,865 | 135 |
| Vehicles | 11,615,785 | 6,873,105 | 5,926,987 | 86 |
| Liquid cargos | 1,551,953 | 2,803,050 | 2,877,494 | 103 |
| Bulk and break bulk cargos | 18,426,427 | 15,681,667 | 15,206,480 | 97 |
| Other cargos | 12,320,871 | 10,294,708 | 11,776,583 | 114 |
| Total | 69,318,515 | 59,610,541 | 62,200,303 | 104 |

Container Freight

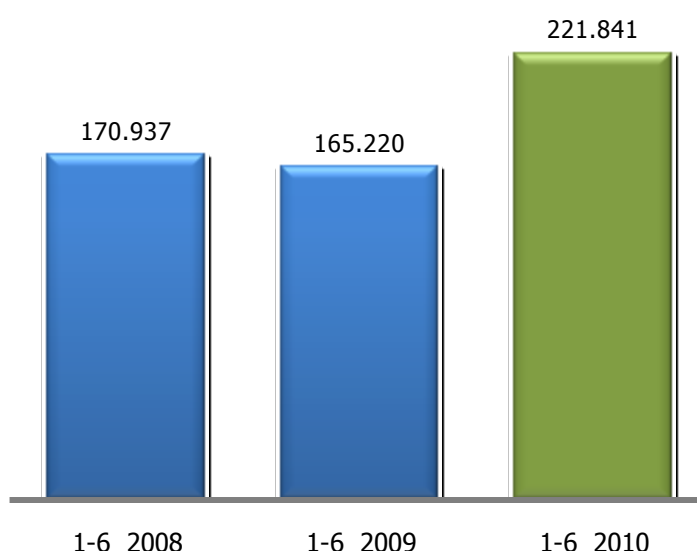
Container throughput in the total amount of 221,841 TEUs (a year-on upturn of thirty-four percent) recorded the largest growth, which remains ongoing.

The infrastructure investments made over recent years have increased capacities at Koper's Container Terminal, and these have stimulated shipping lines to establish new regular container freight services, particularly to the Far East. *CSAV Norasia* has introduced a *Adriatic Link* container service to Malta, whilst *Hanjin Shipping*, *Hyundai Merchant Marine*, *Yang Ming Line* and *United Arab Shipping Company* jointly established the *AAX-Asia – Adriatic Express* service to the Far East.

Parallel with these new shipping connections, *Luka Koper* is also developing regular railway services with its European hinterland markets, and in June these were further complemented by a regular container freight block train service with Austria.

During the first six months of 2010, container freight revenues growth attained the same degree of growth as TEU throughput.

Figure 6: Container throughput in the first half of 2008, 2009 and 2010 (in TEUs)



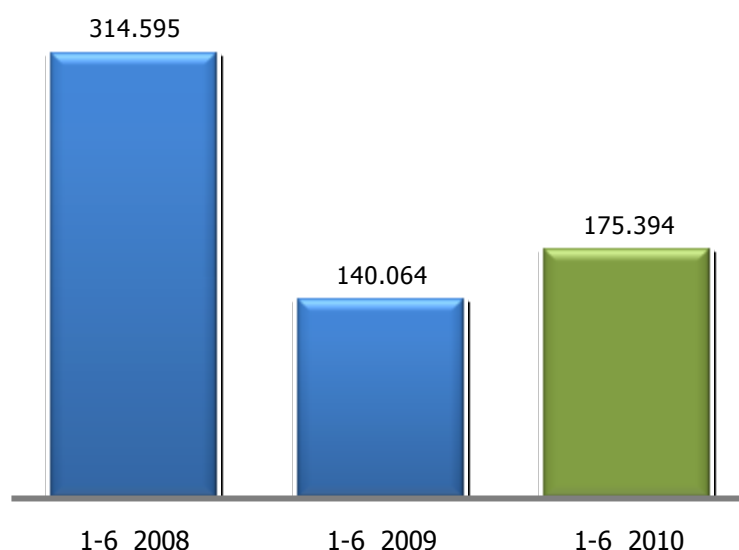
Vehicles

The global recession in 2009 affected vehicle throughput to a major extent; a recovery of this segment has been perceived during the first half of 2010. *Luka Koper* handled 175,394 cars, which is twenty-five percent ahead of the volumes recorded in the same period last year.

So-called Short Sea Shipping, i.e. maritime transport services between Koper and other Mediterranean ports, exhibited major growth in throughput volumes. An upturn was recorded in the export of models by *Volkswagen* as well as the Korean manufacturers *Hyundai* and *Kia* who have constructed plants in the Central European hinterland.

Despite increased cargo throughput in the first half of 2010, sales revenues didn't match the January – June 2009 level, and this can mainly be attributed to a decline in revenues from storage charges. Last year the recession resulted in a decline in vehicle manufacture, whereas increased demand in 2010 has contributed to downturn in vehicle stocks held at the Port of Koper, and accordingly reduced storage charges.

Figure 7: Vehicle throughput in the first half of 2008, 2009 and 2010 (in units)



General Cargos, Perishables and Timber

Throughput at the General Cargo Terminal has been ahead of the January to June 2009 level, particularly as regards paper, cellulose and steel-stock.

General Cargo perishables, a large portion of which was previously accounted for by bananas, have seen a decline, particularly as a consequence of cargo now being shipped in containers, thus adding to the rise in container freight. On this basis, the overall trade in perishables has seen an upturn, which has also been further boosted by an increased volume of business with existing clients as well as the acquisition of new ones. A new container line service between Koper and Egypt was also established in late May. Timber throughput remains at approximately the same level as in 2009.

During the first half of 2010, the volume of general cargo handled increased more than the revenues being generated, which is directly attributable to a decrease in the provision of additional value-added services in relation to cargo, as well as a downturn in storage charges, itself a consequence of the more rapid turnover of freight in storage at the port.

Liquid Cargos

The total volume of liquid cargos handled rose by three percent over the same period last year. In the first six months of 2010, the throughput of non-petroleum-derivative liquid cargos was a little down on the January to June 2009 level, whilst the volume of petroleum-

derivatives increased by four percent. The recently completed terminal will reveal its effects on performance in the second half of the year. In the first half of 2010, the upturn in the volume of cargo handled corresponds to the increase in sales revenues generated.

Bulk and Break Bulk Cargos

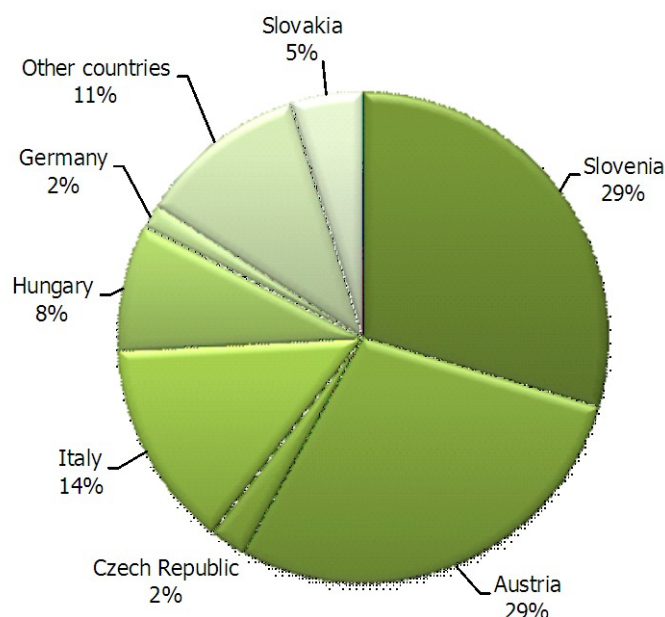
In the first half of 2010, the European Energy Terminal (handling coal and iron ore) recorded an upturn in throughput. Whilst some markets (in particular Austria) already exhibit signs of a revival in their steel industry, others are still suffering the recession, and thereby decreased demand for coal for thermal power generation plants.

The revival of production in hinterland markets has resulted in a year-on increase of cargo handled at the Bulk Cargo Terminal, mineral throughput is particularly buoyant. The volume of fodder handled also recorded an increase. The largest downturn was exhibited in cereals which can be attributed to market conditions; in this respect the Danube river transport route can be considered *Luka Koper's* principal competition. Due to decreased revenues from storage charges and service provision, income generated in this segment did not match the upturn in volume handled.

Cargo Throughput and Sales by Markets

The Slovenian market today accounts for a little under one-third of total cargo handled by the Port of Koper. Compared to January to June 2009, the proportions of cargo throughput pertaining to the Austrian, Hungarian and Slovak markets all recorded increases. The largest growth was attained by the Austrian market, particularly due to the increased import of raw materials and the export of container freight. Growth in cargo throughput was also recorded by Hungary and Slovakia, primarily as a consequence of the increase in container freight. A downturn in imports of coal destined for Italian thermal power plants resulted in a decline in overall cargo throughput attributable to the Italian market.

Figure 8: Cargo throughput by hinterland markets - January to June 2010



RISK MANAGEMENT

All relevant types of risk are systematically monitored and managed at the level of the *Luka Koper Group*. In comparison with January to June 2009, the *Group's* exposure to the most critical types of strategic, business and financial risks that have been detected, has not significantly altered during the first half of 2010.

INFORMATION ON SHARE

As of 30th June 2010, the company had a total of 14,667 shareholders, which is 1.5 percent less than a year previously. The ten largest shareholders held 75.81 percent of all *Luka Koper d.d.* stock. The largest shareholder remains the state - the Republic of Slovenia - which enjoys a 51 percent stake.

Table 4: Ten largest shareholders as of 30th June 2010

| No. | Shareholder title | No. of shares | Voting rights |
|-----|------------------------------------|---------------|---------------|
| 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. | ILIRIKA MODRA KOMBINACIJA MEŠANI PODSKLAD | 88,500 | 0.63% |
| TEN LARGEST SHAREHOLDERS - TOTAL | | 10,613,227 | 75.81% |
| TOTAL SHARES | | 14,000,000 | 100.00% |

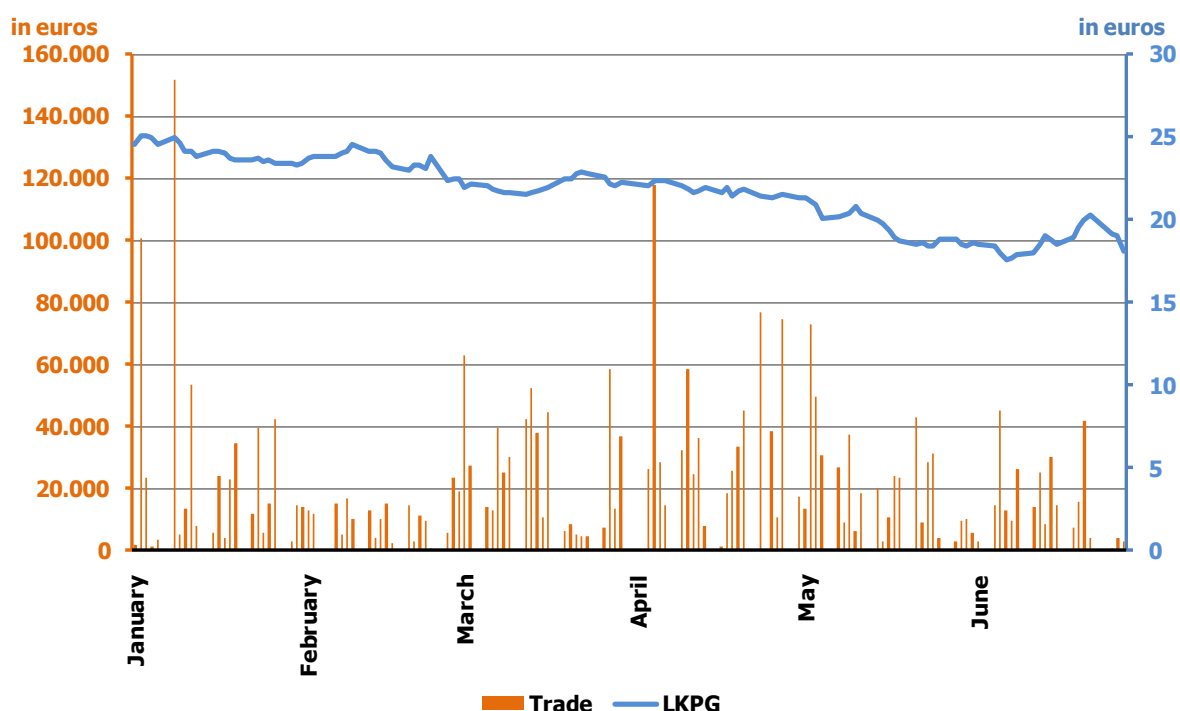
Trading in Luka Koper d.d. (LKPG) Shares

Table 5: Relevant information on the LKPG share

| | 2008 | 2009 | 2010 |
|--|------------|------------|------------|
| Number of shares issued as of 30 th June 2010 | 14,000,000 | 14,000,000 | 14,000,000 |
| - ordinary shares | 14,000,000 | 14,000,000 | 14,000,000 |
| Market capitalisation as of 30 th June (in million €) | 811.44 | 341.88 | 253.68 |
| Turnover (all transactions) January to June (in million €) | 23.00 | 4.518 | 2.812 |
| Lowest trading price January to June (in €) | 54.33 | 18.80 | 17.54 |
| Peak trading price January to June (in €) | 89.97 | 26.87 | 25.10 |
| Trading price as of 30 th June (in €) | 57.96 | 24.42 | 18.12 |

The average price of the *Luka Koper d.d.* share during the first half of 2010 was € 21.68, whereas its value during this period fluctuated between 18 and 25 euros. A total of 1,569 transactions and block trades were accomplished in LK stock during the period, and the total value of these trades amounted to € 2,812,438, with 129,793 shares changing ownership. The share's peak trading price was € 25.23, while its lowest trade was € 17.50. The share price has fallen by twenty-six percent on the same period last year, and twenty-four percent since the end of 2009.

Figure 9: Movement of the LKPG share price and the aggregate value of daily trades with the share, January to June 2010



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

As of 30th June 2010, the following members of the *Luka Koper d.d.* Supervisory Board held shares in the company:

| | |
|---|-----|
| Dr. Marko Simoneti, Member of Supervisory Board | 590 |
| Nebojša Topič, Member of Supervisory Board | 9 |

As of 30th June 2010, the following members of the *Luka Koper d.d.* Management Board held shares in the company:

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

Dividend policy

In the past, the company apportioned approximately one-half of net profits as dividends to shareholders. In 2009, *Luka Koper d.d.* generated net loss in the amount of € 59,191,002.63, and upon the compilation of financial statements for 2009 covered the loss

through the release of revenue reserves. Accordingly, the company will not disburse any dividends for 2009.

Net earnings per share

Net earnings per share - calculated on the basis of net profit for January to June 2010, divided by the total number of shares issued - amounts to 0.18 euros.

Book value of share

As of 30th June 2010, the book value of share, calculated as the total value of equity divided by the total number of shares issued, amounted to 17.24 euros.

Treasury stock, authorised capital, conditional increase in share capital

As of 30th June 2010, the company didn't hold treasury stock. The *Luka Koper d.d.* statute doesn't anticipate any category of authorised capital by way of which the Management Board may increase share capital. Between January and June 2010, the company has had no grounds for any conditional increase in share capital.

INVESTMENT POLICY

During 2010, the company is focussing on selective investments in port infrastructure in order to meet the requirements for the more intensive implementation of its core business. At the *Group* level, the major portion of investment - 12.9 million euros - was allocated to the construction of the new Alcohol Terminal facility as well as the development of the hinterland area behind Berth 7A.

Alcohol Terminal

Comprised of seven tanks – two larger and two smaller ones – with a total capacity of 31,360 m³, the new Alcohol Terminal will operate as a Central European distribution centre for alcohol derivatives. The building permit for the construction of the new facility was obtained in May 2009, whilst permission for its provisional operation was given in April 2010.

The terminal has its own tanker berth as well as all required equipment and installations to receive, store and dispatch cargos. The first vessel servicing the terminal was moored alongside on 26th June 2010.

Hinterland of Berth 7A

Additional works in the reclamation of the hinterland area behind Berth 7A/1 got underway in the first half of 2010. Infill reclamation and the construction of a platform shall create

further container storage areas and quayside access routes; rainwater runoff and sewerage systems are also provided by way of this development.

RESEARCH AND DEVELOPMENT

From January to June 2010, *Luka Koper d.d.* continued its active participation in a number of European projects, as well as systematically developed its in-house research and development activities.

In January this year, the company and all interested local stakeholders responded to a public initiative project introduced by Slovenia's Minister of Economy. Entitled *Koper Logistics Centre and Commercial Development*, this programme aims to develop strategic infrastructure of national significance that will be co-financed by EU structural funds. In addition to this, the company has been actively engaged in five other EU projects namely: *SoNorA*, *Climeport*, *Memo*, *Backgrounds* and *Watermode*. Three new projects - *Losamedchem*, *Porta Freight4All* - were confirmed within the Mediterranean programme, as were two strategic projects within the Slovenia-Italy cross-border *Adria A* and *SafePort* programme). The *FP7 StarNetRegio* project is nearing the completion, a new *Hinterports* initiative was launched within the context of the *Marco Polo* programme, whilst the *Kobalink* project is still underway.

In addition, *Luka Koper d.d.* is entered in the register of research organisations at the Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments (JAPTI).

PROVISION OF IT-SUPPORT

A number of projects, aimed at the optimisation of *Luka Koper d.d.*'s IT processes, the provision of better services to clients as well as cost-reduction through enhanced efficiency, were all underway in the first half of 2010. Activities in the field of IT support were focused on the following:

- imminent implementation of the e-invoice system;
- continuation of the portal solution project and e-document system;
- continuation of the introduction of the business intelligence system project;
- integration of the bar-code warehouse management system with the company's *TinO* system for freight management, operations and marketing;
- commencement of the project aimed at the integration of the port information system with the Customs Administration of the Republic of Slovenia systems (ICS, ECS) and the optimisation of port logistics in the field of IT.

SUSTAINABLE DEVELOPMENT

HUMAN RESOURCES

The reduction in personnel numbers, within *Luka Koper d.d.* and the *Group* as a whole, continued throughout the first half of 2010. As of 30th June 2010, the *Luka Koper Group* had 1,021 employees.

Table 6: Number of employees per Luka Koper Group company

| Company | 30.6.2008 | 30.6.2009 | 31.12.2009 | 30.6.2010 |
|---------------------------|--------------|--------------|--------------|--------------|
| Luka Koper d.d. | 787 | 794 | 768 | 763 |
| Luka Koper INPO d.o.o. | 237 | 234 | 220 | 219 |
| Luka Koper Pristan d.o.o. | 15 | 13 | 8 | 6 |
| Adria Terminali d.o.o. | 35 | 34 | 35 | 32 |
| Adriasole d.o.o. | - | - | 1 | 1 |
| TOTAL* | 1,074 | 1,075 | 1,032 | 1,021 |

* Due to the changed method of consolidation of *Luka Koper Group* companies, the comparison of employees with previous years only includes those enterprises which as of 30th June 2010 formed part of the *Luka Koper Group*. Also, those companies within the *Group* which have no employees are not included in the above table.

The constraint on recruitment is still effective. The reduction of labour costs within the category of operating expenses, improvement of internal organisation and more efficient allocation of working hours helped preserve jobs both within the parent company and the *Group* as a whole. Half of personnel departures are attributable to pension or disability retirements, while the remainder are a consequence of other forms of employment contract termination. The optimisation of internal organisation – both within the *Group* as well as

Luka Koper d.d. – and the number of employees per individual organisational units contributes to an increased internal mobility of human resources.

Occupational Health and Safety

In the first half of 2010, there has been a decline in sick leaves, both at the level of the parent company (from 4.7 percent in 2009 to 4 percent in 2010), as well as the *Group* (from 5.3 percent in 2009 to 4.6 percent in 2010).

Thirty-one occupational injuries were recorded of which none were fatal. Upon the analyses and establishment of reasons for every such injury, a report is elaborated together with the measures aimed at the reduction of accidents. The prime objective is to protect employees from the negative impacts of the work environment and technological processes. Also for this reason, the company's occupational health and safety management is compliant with the directions of the OHSAS 18001/2007 international standard.

Education and Training

As a result of a more cost-efficient and selective integration of personnel in education and training, the company provided a similar volume and number of programmes with - on average - a lower number of hours per employee than last year: 9.2 hours per *Luka Koper d.d.* employee in the first half of 2010 (as opposed to 12.9 hours in 2009), and an average of 7.4 hours per employee for the *Group* as a whole. This can also be attributed to an extremely large number of part-time studies completed in 2010, as well as the more rational conclusion of new education-related contracts.

Due to the emphasis on the organisation of in-house education courses and programmes involving maximum participation of the company's own professional staff in the role of lecturers and trainers, overall education and training costs have been reduced by thirty percent.

In order to enhance human resources management, new criteria aimed at establishing workplace efficiency as well as a two-year human resources development plan were adopted in the first half of 2010.

CONTROLLING ENVIRONMENTAL IMPACTS

The Port of Koper is the only Northern Adriatic port to have established environmental protection, food safety and occupational health and safety quality management systems. Concern for the environment, together with health and safety at work, are constituent elements of the company's management policy and its corporate culture.

In 2009, the company adapted its operations to the requirements of the Eco-Management and Audit Scheme (EMAS); as such it became only the third such enterprise in Slovenia to do this, and it remains one of only a handful of European ports with EMAS certification, successfully passing its second certification assessment in June 2010.

Luka Koper promptly publishes information on all relevant environmental aspects of its operations, including data on noise and dust particle emissions, on its www.luka-koper.si and www.zivetispristaniscem.si (living with the port) websites, as well as in the *Luški Glasnik* in-house journal and the Slovene media.

Air Quality

Luka Koper d.d. monitors the quality of air on a regular basis. Control measurements of dust deposits are made at ten locations within the port zone, as well as another ten beyond the port zone. Due to the absence of pertinent legal regulations in this field in Slovenia, the company follows German directives with the threshold value for total dust deposits amounting to 350 mg/m²/day.

In addition, modern equipment is also used to provide ongoing measurements of airborne concentrations of PM10 particulate matter, i.e. dust not exceeding 10 µm. The average semi-annual value of these emissions amounted to 26.2 µg/m³, which is compliant with legislation as well as within the annual objective set by the company.

Noise Monitoring

Noise emissions have been monitored since 1998, whilst in 2008 the company introduced ongoing measurements at three points on the periphery of the port zone. The values measured in the first half of 2010 are similar to those recorded last year with the exception of more frequent detection of increased noise from the operation of ship engines and gen-sets whilst moored alongside.

Waste Waters

The waste waters generated in the port are purified in on-site treatment plants prior to their discharge. During the first half of 2010, the quality of waste waters met the prescribed standards. The environmental protection permit pertaining to waste water emissions is in the process of acquisition.

Consumption of Energy and Water

The company is engaged in the preparation of an energy review of the Port of Koper in order to optimise energy consumption and implement measures aimed at reducing the use of energy.

Waste Management

Between January and June 2010, eighty-four percent of waste was sorted and collected separately for reprocessing, an amount which testifies to *Luka Koper's* concern for waste management and recycling, it is also indicative of the accomplishment of its objectives re sustainability.

Maritime Protection

Pursuant to the provisions of its concession agreement with the state on the management, development and maintenance of the Port of Koper, as well as the provision of port services, *Luka Koper d.d.* also continues to ensure services related to the prevention of maritime pollution and the provision of first instance response in the event of emergencies. Fifteen incidents were recorded in the harbour area during the first half of 2010, of which twelve required the intervention of *Luka Koper's* Maritime Protection Service. Five cases pertained to oil spillages, whereas the remainder were attributable to coal dust, inadequately treated sewage as well as various alluvial deposits and tree branches. In all of these instances, the polluters thus identified were called upon to reimburse the cost of clean-up operations.

Light Pollution

In December 2008 the company prepared an illumination rehabilitation plan, the phased introduction of which is now being carried out. By the first half of 2010 nearly eighty percent of total external illumination required for night-time operations at the port has been harmonised with the provisions of the Decree on the limitation of light pollution. In accordance with this Decree, the existing illumination of operational areas must be realigned by the end of 2012.

PARTNERSHIP WITH THE COMMUNITY

Donation and Sponsorship

The company allocated 540,000 euros for donation and sponsorship in the first half of 2010, the majority of which is set aside for ongoing sponsorship liabilities in support of sports clubs and individuals, as well as projects in the field of ecology, humanitarian endeavour, education, culture and the like.

A novelty introduced this year is the formation of a special *Living with the Port* fund, which aims to finance small-scale projects which are, in particular, of a local character. Following the first call for applications published in March 2010, 229 projects were submitted by interested members of the public. A special commission has now selected the most worthy projects in accordance with the predetermined criteria, and a further call for applications was published in July.

National Spatial Plan

The National Spatial Plan (NSP) for the comprehensive spatial arrangement and further development of the Port of Koper has been prepared, and it has now acquired all relevant opinions of major authorities and agents in the field of land use planning. The opinion of Italy's Ministry of the Environment is currently being sought.

Media Relations

The first quarter was characterised by increased media attention in relation to the General Assembly of *Luka Koper d.d.* shareholders held on 26th March 2010 and its principal topic - the company's special audit report, whereas the main subject in the second quarter was the idea of the establishment of a logistics holding. Congruent with the *Luka Koper* communication policy, Public Relations promptly responded to journalists' inquiries as well as endeavoured to protect the good name of the company.

BUSINESS EXCELLENCE

First rate companies carefully nurture their culture of excellence, which in *Luka Koper's* case is, in particular, exhibited in the high quality of its service provision: only the most excellent services are good enough for *Luka Koper* clients. The accomplishment of such an objective is also supported by the application of a variety of managerial tools and techniques, as well as standards and business models.

The activities of the Quality Department in the first quarter may be summarised in relation to three key fields of operation:

- maintenance and upgrade of ISO 9001 quality management system and its integration with other systems;
- promotion of teamwork and a spirit of initiative and resourcefulness;
- introduction of a variety of tools and approaches, as well as the implementation of improvements in their application.

FINANCIAL REPORT

NON-AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF LUKA KOPER GROUP

Table 7: Non-audited Income Statement of Luka Koper Group

| (in euros) | January - June 2010 | January - June 2009 |
|---|------------------------|------------------------|
| Operating revenues | 62,200,303 | 59,610,541 |
| 1. Net sales revenues | 60,838,377 | 57,559,438 |
| 2. Change in the value of inventories | - | - |
| 3. Capitalised own products and services | - | 9,449 |
| 4. Other operating revenues | 1,361,926 | 2,041,654 |
| Operating expenses | -54,648,670 | -52,715,022 |
| 5. Costs of goods, material and services | -20,041,101 | -19,592,515 |
| 6. Labour costs | -18,202,997 | -19,339,637 |
| 7. Value write-offs | -13,111,590 | -10,536,894 |
| 8. Other operating expenses | -3,175,611 | -3,245,976 |
| 9. Provisions | -117,371 | - |
| Operating profit | 7,551,633 | 6,895,519 |
| Financial revenues | 3,671,427 | 1,525,339 |
| 10. Financial revenues from profit participation | 3,276,289 | 983,072 |
| 11. Financial revenues from loans granted | 168,860 | 257,490 |
| 12. Financial revenues from operating receivables | 226,278 | 284,777 |
| Financial expenses | -5,604,044 | -4,293,135 |
| 13. Financial expenses from impairments and write-offs of financial investments | -1,145,400 | - |
| 14. Financial expenses from financial liabilities | -4,383,283 | -4,178,743 |
| 15. Financial expenses from operating | -75,361 | -114,392 |

| | | |
|---|-------------------|-------------------|
| liabilities | | |
| Financing gain/loss | -1,932,617 | -2,767,796 |
| Pre-tax profit | 5,619,016 | 4,127,723 |
| 16. Corporation tax | -251,456 | -424,940 |
| 17. Deferred tax | 12,455 | -8,157 |
| Net profit for the period | 5,380,015 | 3,694,626 |
| Net profit – majority shareholder | 5,380,585 | 3,841,572 |
| Net profit – minority shareholder | -570 | -146,946 |
| Basic net earnings per share (in euro) | 0.38 | 0.27 |

Table 8: Comprehensive Income Statement of Luka Koper Group

| (in euros) | January – June 2010 | January – June 2009 |
|---|------------------------------------|------------------------------------|
| Profit for the period | 5,380,015 | 3,694,626 |
| Other comprehensive income for the period: | | |
| Change in fair value of financial assets available for sale | 570,322 | 12,096,975 |
| Deferred taxes | -114,064 | -2,419,395 |
| Other comprehensive income for the period – total | 456,258 | 9,677,580 |
| Total comprehensive income for the period | 5,836,273 | 13,372,206 |
| Attributable to: | | |
| - equity of majority shareholding | 5,836,843 | 13,519,152 |
| - equity of minority shareholding | -570 | -146,946 |

Table 9: Non-audited Balance Sheet Statement of Luka Koper Group

| ASSETS (in euros) | 30.6.2010 | 31.12.2009 |
|---|--------------------|--------------------|
| ASSETS | 536,177,717 | 531,672,019 |
| A. Long-term assets | 503,832,377 | 505,003,934 |
| I. Intangible fixed assets and long-term deferred costs | 7,451,325 | 7,024,047 |
| II. Tangible fixed assets | 387,225,346 | 387,867,394 |
| III. Real-estate investments | 18,396,683 | 18,438,868 |
| IV. Long-term financial investments | 81,899,325 | 82,826,382 |
| V. Long-term operating receivables | 220,307 | 220,307 |
| VI. deferred tax assets | 8,639,391 | 8,626,936 |
| B. Short-term assets | 27,639,195 | 25,964,736 |
| I. Assets (disposal group) | 1,382,987 | 1,382,987 |
| II. Inventories | 13,118 | 13,752 |
| III. Short-term financial investments | 2,890,298 | 3,228,597 |
| IV. Short-term operating receivables | 20,584,053 | 20,482,935 |
| V. Short-term corporation tax assets | 254,725 | 302,131 |
| VI. Cash and liquid assets | 2,514,014 | 554,334 |
| C. Deferred exp. and accrued revenues | 4,706,145 | 703,350 |
| D. Off-balance-sheet assets | 7,269,232 | 10,997,403 |
| LIABILITIES (in euros) | 30.6.2010 | 31.12.2009 |
| EQUITY AND LIABILITIES | 536,177,717 | 531,672,019 |
| Equity | 253,227,067 | 247,410,496 |
| A. Equity – majority shareholder | 253,168,941 | 247,043,315 |
| I. Called-up capital | 58,420,965 | 58,420,965 |
| II. Capital reserves | 89,562,703 | 89,562,703 |
| III. Legal reserves | 18,876,841 | 18,876,842 |
| IV. Other revenue reserves | 60,544,409 | 60,544,410 |
| V. Revaluation surplus | 11,500,853 | 11,044,595 |

| | | |
|--|--------------------|--------------------|
| VI. Retained net profit | 8,882,585 | 15,706,530 |
| VII. Net profit for the period | 5,380,585 | -7,112,730 |
| B. Equity – minority shareholder | 58,126 | 367,181 |
| C. Provisions | 13,325,982 | 13,884,933 |
| D. Long-term liabilities | 104,147,582 | 47,972,817 |
| I. Long-term financial liabilities | 101,084,883 | 45,032,490 |
| II. Long-term operating liabilities | 187,486 | 179,178 |
| III. deferred tax liabilities | 2,875,213 | 2,761,149 |
| E. Short-term liabilities | 164,292,523 | 220,912,556 |
| I. Short-term financial liabilities | 144,061,742 | 189,506,103 |
| II. Short-term operating liabilities | 19,878,132 | 31,406,453 |
| III. Short-term corporation tax liabilities | 352,649 | 0 |
| F. Accrued exp. and deferred revenues | 1,184,563 | 1,491,218 |
| G. Off-balance-sheet liabilities | 7,269,232 | 10,997,403 |

Table 10: Non-audited Cash Flow Statement of Luka Koper Group

| (in euros) | January – June 2010 | January – June 2009 |
|---|------------------------|------------------------|
| A. Cash flows from operating activities | | |
| a) Net profit | 5,367,560 | 3,702,783 |
| Pre-tax profit | 5,619,016 | 4,127,722 |
| Corporation taxes and other taxes not included in operating expenses | -251,456 | -424,939 |
| | | |
| b) Adjustments for | 15,062,994 | 13,435,697 |
| Amortisation (+) | 13,002,212 | 10,444,919 |
| Operating revenue revaluation related to investment and financing items (-) | -63,094 | -21,519 |
| Operating expense revaluation related to investment and financing items (+) | 40,341 | 74,115 |
| Financial revenues, less financial revenues from operating receivables (-) | -3,445,149 | -1,240,561 |
| Financial expenses, less financial expenses from operating liabilities (+) | 5,528,684 | 4,178,743 |
| | | |
| c) Changes in net current assets per Balance Sheet items (including accrued expenses/revenues and deferred expenses/revenues, provisions, as well as deferred receivables and tax liabilities) | -16,088,844 | 161,083 |
| Changes in operating receivables | -53,712 | 3,399,158 |
| Changes in deferred expenses and accrued revenues | -4,002,795 | -524,472 |
| Changes in deferred tax assets | 0 | 0 |
| Changes in assets (disposal group) held for sale | 0 | -23,080 |
| Changes in inventories | 634 | 2,994 |
| Changes in operating liabilities | -11,167,364 | -2,573,342 |
| Changes in accrued expenses and deferred revenues, and provisions | -865,607 | -120,175 |

| | | |
|---|--------------------|---------------------|
| Changes in corporation tax liabilities | 0 | 0 |
| | | |
| d) Net inflows (outflows) from operating activities (a + b + c) | 4,341,710 | 17,299,563 |
| | | |
| B. Cash flows from investment activities | | |
| a) Inflows from investments | 15,676,450 | 22,250,436 |
| Inflows from interest and profit participation related to investments | 690,671 | 983,071 |
| Inflows from disposal of intangible fixed assets | 0 | 0 |
| Inflows from disposal of tangible fixed assets | 288,093 | 4,231,297 |
| Inflows from disposal of real-estate investments | 0 | 0 |
| Inflows from disposal of long-term financial investments | 4,341,461 | 78,794 |
| Inflows from disposal of short-term financial investments | 10,356,225 | 16,957,274 |
| | | |
| b) Outflows from investments | -24,521,898 | -63,743,831 |
| Outflows for acquisition of intangible fixed assets | -425,929 | -1,202,238 |
| Outflows for acquisition of tangible fixed assets | -12,538,054 | -44,762,444 |
| Outflows for acquisition of real-estate investments | -21,351 | -2,712,305 |
| Outflows for acquisition of long-term financial investments | -3,124,006 | -3,548,632 |
| Outflows for acquisition of short-term financial investments | -8,412,558 | -11,518,212 |
| | | |
| c) Net inflows (outflows) from investments activities (a + b) | -8,845,448 | -41,493,395 |
| | | |
| C. Cash flows from financing activities | | |
| a) Inflows from financing activities | 80,393,796 | 130,141,539 |
| Inflows from paid-up capital | 0 | 0 |
| Inflows from increased long-term financial liabilities | 43,338,336 | 20,441,867 |
| Inflows from increased short-term financial liabilities | 37,055,460 | 109,699,672 |
| | | |
| b) Outflows from financing activities | -73,930,246 | -112,664,938 |
| Outflows for interest payable related to financing | -4,383,283 | -4,178,743 |
| Outflows for capital refunds | 0 | 0 |
| Outflows for payment of long-term financial liabilities | -15,800,000 | -1,232,057 |
| Outflows for payment of short-term financial liabilities | -53,747,066 | -107,206,604 |
| Outflows for payment of dividends and other profit participation | 103 | -47,534 |
| | | |
| c) Net inflows (outflows) from financing activities (a + b) | 6,463,550 | 17,476,601 |
| | | |
| Closing balance of cash and cash equivalents | 2,514,146 | 1,199,989 |
| Net cash inflow (outflow) for the period (sum total of net cash Ad, Bc and Cc) | 1,959,812 | -6,717,231 |

| | | |
|--|----------------|------------------|
| <i>Opening balance of cash and cash equivalents</i> | 554,334 | 7,917,220 |
|--|----------------|------------------|

Table 11: Non-audited Statement of Changes in Equity of Luka Koper Group, January – June 2009

| STATEMENT OF CHANGES IN EQUITY (in euros) | Called-up capital | Capital reserves | Legal reserves | Other revenue reserves | Retained net profit | Net profit for the financial year | Fair value reserve | Total |
|--|-------------------|-------------------|-------------------|------------------------|---------------------|-----------------------------------|--------------------|--------------------|
| Opening balance as of 1st January 2009 | 58,420,965 | 89,562,703 | 18,877,775 | 100,333,556 | 25,058,917 | 10,049,468 | 5,293,292 | 307,596,678 |
| Transfer to equity | 0 | 0 | 0 | 0 | 0 | 3,841,572 | 9,677,579 | 13,519,151 |
| Net profit for the financial year | | | | | | 3,841,572 | | 3,841,572 |
| Change in the fair value of available-for-sale financial investments | | | | | | | 9,677,579 | 9,677,579 |
| Transfer within equity | 0 | 0 | -4,977 | 0 | 10,049,468 | -10,049,468 | 0 | -4,977 |
| Formation of other revenue reserves upon the resolution of Management and Supervisory Boards | | | | | | | | |
| Transfer to other revenue reserves upon the resolution of General Assembly | | | | | | | | |
| Transfer of net profit for the previous year to retained net profit | | | | | 10,049,468 | -10,049,468 | | |
| Change in the consolidation method – Adria Tow d.o.o. | | | -4,977 | | | | | -4,977 |
| Transfer from equity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Distribution of dividends | | | | | | | | |
| Remunerations for Supervisory Board members | | | | | | | | |
| Balance as of 30th June 2009 | 58,420,965 | 89,562,703 | 18,872,798 | 100,333,556 | 35,108,385 | 3,841,572 | 14,970,872 | 321,110,852 |
| Equity – minority shareholders | | | | | | | | |
| Balance as of 30th June 2009 | 1,393,149 | | | | -555,356 | -158,194 | 0 | 679,599 |
| Equity – total | 59,814,114 | 89,562,703 | 18,872,798 | 102,738,447 | 34,553,029 | 3,683,378 | 14,970,872 | 321,790,451 |

Table 12: Non-audited Statement of Changes in Equity of Luka Koper Group, January – June 2010

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

NOTES TO THE FINANCIAL STATEMENTS OF LUKA KOPER GROUP

The financial statements of the *Luka Koper Group* for January to June 2010, i.e. as at 30th June 2010, include the financial statements of the parent company, *Luka Koper d.d.*, as well as the statements of its subsidiary companies, together with the attributable profits or losses of associated and jointly controlled enterprises.

The non-audited financial statements of *Luka Koper Group* as of 30th June 2010 are compiled in accordance with the same accounting policies and principles applicable in 2009.

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 *Luka Koper Group* wants to provide the broadest sphere of users useful information on the finances, performance and changes in financial standing from January to June 2010, 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 2010 | January - June 2009 |
|---------------------------------------|------------------------|------------------------|
| OPERATING REVENUES | 62,200,303 | 59,610,541 |
| Net sales revenues on domestic market | 21,283,217 | 20,049,684 |
| Net sales revenues on foreign markets | 39,555,160 | 37,509,754 |
| Capitalised own products and services | 0 | 9,449 |
| Other operating revenues | 1,361,926 | 2,041,654 |

Costs of goods, materials and services

| (in euros) | January - June 2010 | January - June 2009 |
|---|------------------------|------------------------|
| COSTS OF GOODS, MATERIALS AND SERVICES | -20,041,101 | -19,592,515 |
| Material costs | -4,318,889 | -4,045,977 |
| Service costs | -15,722,212 | -15,546,538 |

Labour costs

| (in euros) | January - June 2010 | January - June 2009 |
|------------------------|------------------------|------------------------|
| LABOUR COSTS | -18,202,997 | -19,339,637 |
| Costs of salaries | -13,893,160 | -14,816,571 |
| Social insurance costs | -2,584,677 | -2,712,735 |
| Other labour costs | -1,725,160 | -1,810,331 |

Value write-offs

| (in euros) | January - June 2010 | January - June 2009 |
|---|------------------------|------------------------|
| VALUE WRITE-OFFS | -13,111,590 | -10,536,894 |
| Amortisation of fixed assets | -13,001,416 | -10,155,364 |
| Amortisation of real-estate investments | -796 | -289,554 |
| Revaluation of operating expenses | -109,378 | -91,976 |

The increase in the amortisation can mainly be attributed to the completion of large infrastructure investments. The depreciation rate has not been altered.

Other operating expenses

| (in euros) | January - June 2010 | January - June 2009 |
|---|------------------------|------------------------|
| OTHER EXPENSES | -3,175,611 | -3,245,976 |
| Charges unrelated to labour and other costs | -2,662,554 | -2,572,453 |
| Environmental protection expenditure | -56,887 | -231,906 |
| Other costs | -456,170 | -441,617 |

Financial revenues

| (in euros) | January - June 2010 | January - June 2009 |
|--|------------------------|------------------------|
| FINANCIAL REVENUES | 3,671,427 | 1,525,339 |
| Financial revenues from profit participation | 3,276,289 | 983,072 |
| Financial revenues from loans granted | 168,860 | 257,490 |
| Financial revenues from operating receivables and foreign exchange gains | 226,278 | 284,777 |

Increased financial revenues from profit participation can mainly be attributed to the capital increase in the associated company *Intereuropa d.d.* which is valued in accordance with the equity method.

Financial expenses

| (in euros) | January - June 2010 | January - June 2009 |
|---|------------------------|------------------------|
| FINANCIAL EXPENSES | -5,604,044 | -4,293,135 |
| Financial expenses from impairments and write-offs of financial investments | -1,145,400 | |
| Financial expenses from financial liabilities | -4,383,283 | -4,178,743 |
| Financial expenses from operating liabilities and foreign exchange losses | -75,361 | -114,392 |

Financial expenses from impairment and investment write-offs in the amount of 1,145,400 euros are attributable to the revaluation of investments available for trade as a consequence of impairment.

Operating profit for the period

| (in euros) | January - June 2010 | January - June 2009 |
|----------------------------------|------------------------|------------------------|
| PRE-TAX PROFIT | 5,619,016 | 4,127,723 |
| Corporation tax | -251,456 | -424,940 |
| Deferred tax | 12,455 | -8,157 |
| Net profit for the period | 5,380,015 | 3,694,626 |
| NET EARNINGS PER SHARE | 0.38 | 0.27 |

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

| (in euros) | 30.6.2010 | 31.12.2009 |
|---|--------------------|--------------------|
| INTANGIBLE FIXED ASSETS AND LONG-TERM DEFERRED EXPENSES & ACCRUED REVENUES | 7,451,325 | 7,024,047 |
| TANGIBLE FIXED ASSETS | 387,225,346 | 387,867,394 |
| 1. Land and buildings | 244,733,962 | 238,656,765 |
| a. Land | 12,072,877 | 12,072,877 |
| b. Buildings | 232,661,085 | 226,583,888 |
| 2. Plant and machinery | 92,789,753 | 98,533,530 |
| 3. Other plant and equipment | 148,952 | 148,952 |
| 4. Tangible fixed assets under acquisition | 49,552,679 | 50,528,147 |
| REAL-ESTATE INVESTMENTS | 18,396,683 | 18,438,868 |

Long-term financial investments

| (in euros) | 30.6.2010 | 31.12.2009 |
|--|-------------------|-------------------|
| LONG-TERM FINANCIAL INVESTMENTS | 81,899,325 | 82,826,382 |
| 1. Long-term financial investments, less loans | 79,272,770 | 80,072,885 |
| 2. Long-term loans | 2,626,555 | 2,753,497 |

Short-term assets

| (in euros) | 30.6.2010 | 31.12.2009 |
|--------------------------|-------------------|-------------------|
| SHORT-TERM ASSETS | 27,639,195 | 25,964,736 |

Equity

| (in euros) | 30.6.2010 | 31.12.2009 |
|--------------------------------------|--------------------|--------------------|
| EQUITY | 253,227,067 | 247,410,496 |
| EQUITY – majority shareholder | 253,168,941 | 247,043,315 |
| CALLED-UP CAPITAL | 58,420,965 | 58,420,965 |
| CAPITAL RESERVES | 89,562,703 | 89,562,703 |
| REVENUE RESERVES | 79,421,250 | 79,421,252 |
| 1. Legal reserves | 18,876,841 | 18,876,842 |
| 2. Other revenues reserves | 60,544,409 | 60,544,410 |
| REVALUATION SURPLUS | 11,500,853 | 11,044,595 |
| RETAINED NET PROFIT | 8,882,585 | 15,706,530 |
| NET PROFIT FOR THE FINANCIAL YEAR | 5,380,585 | -7,112,730 |
| EQUITY – minority shareholder | 58,126 | 367,181 |

Long-term liabilities

| (in euros) | 30.6.2010 | 31.12.2009 |
|---------------------------------|--------------------|-------------------|
| LONG-TERM LIABILITIES | 104,147,582 | 47,972,817 |
| LONG-TERM FINANCIAL LIABILITIES | 101,084,883 | 45,032,490 |
| LONG-TERM OPERATING LIABILITIES | 187,486 | 179,178 |
| DEFERRED TAX LIABILITIES | 2,875,213 | 2,761,149 |

Short-term liabilities

| (in euros) | 30.6.2010 | 31.12.2009 |
|----------------------------------|--------------------|--------------------|
| SHORT-TERM LIABILITIES | 164,292,523 | 220,912,555 |
| SHORT-TERM FINANCIAL LIABILITIES | 144,061,742 | 189,506,103 |
| SHORT-TERM OPERATING LIABILITIES | 20,230,781 | 31,406,453 |

Due to its failing to meet financial covenants, 105,079,000 euros of long-term liabilities to banks were reclassified to short-term financial liabilities as of 31st December 2009; as of 30th June 2010 the banks have approved the company's request that an additional 40,260,000 euros shall remain classified as long-term financial liabilities. Based on its regular servicing of all financial liabilities as well as the current fulfilment of financial covenants, the company doesn't anticipate any further actions by the commercial banks in relation to financial covenants.

**NON-AUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS
OF LUKA KOPER D.D.**

Table 13: Non-audited Income Statement of Luka Koper d.d.

| (in euros) | January – June 2010 | January – June 2009 |
|---|------------------------|------------------------|
| Operating revenues | 58,091,479 | 55,500,214 |
| 1. Net sales revenues | 58,030,182 | 54,004,534 |
| 2. Change in the value of inventories | - | - |
| 3. Capitalised own products and services | - | - |
| 4. Other operating revenues | 61,297 | 1,495,680 |
| Operating expenses | -51,669,193 | -49,098,393 |
| 5. Costs of goods, material and services | -20,486,695 | -19,728,717 |
| 6. Labour costs | -15,224,022 | -16,078,107 |
| 7. Value write-offs | -12,560,874 | -10,026,442 |
| 8. Other operating expenses | -3,280,231 | -3,265,127 |
| 9. Provisions | -117,371 | - |
| Operating profit | 6,422,286 | 6,401,821 |
| Financial revenues | 1,822,419 | 942,278 |
| 10. Financial revenues from profit participation | 802,655 | 448,535 |
| 11. Financial revenues from loans granted | 238,626 | 222,950 |
| 12. Financial revenues from operating receivables | 781,138 | 270,793 |
| Financial expenses | -5,742,285 | -4,442,863 |
| 13. Financial expenses from impairments and write-offs of financial investments | -1,145,401 | - |
| 14. Financial expenses from financial liabilities | -4,580,867 | -4,333,274 |
| 15. Financial expenses from operating liabilities | -16,017 | -109,589 |
| Financing loss | -3,919,866 | -3,500,585 |
| Pre-tax profit | 2,502,421 | 2,901,236 |
| 16. Corporation tax | 0 | -290,123 |
| 17. Deferred tax | 14,030 | -2,212 |
| Net profit for the period | 2,516,451 | 2,608,901 |
| Basic net earnings per share (in euros) | 0.18 | 0.19 |

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

| (in euros) | January – June 2010 | January – June 2009 |
|---|---------------------------|---------------------------|
| Profit for the period | 2,516,451 | 2,608,901 |
| Other comprehensive income for the period: | | |
| Change in fair value of financial assets available for sale | 570,322 | 12,096,975 |
| Deferred taxes | -114,064 | -2,419,395 |
| Other comprehensive income for the period – total | 456,258 | 9,677,580 |
| Total comprehensive income for the period | 2,972,709 | 13,491,496 |

Table 15: Non-audited Balance Sheet Statement of Luka Koper d.d.

| ASSETS (in euros) | 30.6.2010 | 31.12.2009 |
|---|--------------------|--------------------|
| ASSETS | 524,188,506 | 521,534,016 |
| A. Long-term assets | 492,799,493 | 496,479,516 |
| I. Intangible fixed assets and long-term deferred costs | 7,263,476 | 7,024,047 |
| II. Tangible fixed assets | 351,720,414 | 352,506,587 |
| III. Real-estate investments | 37,406,933 | 37,449,118 |
| IV. Long-term financial investments | 86,883,333 | 89,988,457 |
| V. Long-term operating receivables | 220,307 | 220,307 |
| VI. Deferred tax assets | 9,305,030 | 9,291,000 |
| B. Current assets | 26,870,920 | 24,365,362 |
| I. Assets (disposal group) | 1,382,987 | 1,382,987 |
| II. Short-term financial investments | 2,634,961 | 2,564,111 |
| III. Short-term operating receivables | 20,454,838 | 19,929,684 |
| IV. Short-term corporation tax assets | 0 | 0 |
| V. Cash and liquid assets | 2,398,134 | 488,580 |
| C. Deferred expenses and accrued revenues | 4,518,093 | 689,138 |
| D. Off-balance-sheet assets | 16,210,753 | 10,997,403 |
| LIABILITIES (in euros) | 30.6.2010 | 31.12.2009 |
| EQUITY AND LIABILITIES | 524,188,506 | 521,534,016 |
| A. Equity | 241,310,496 | 238,337,787 |
| I. Called-up capital | 58,420,965 | 58,420,965 |
| II. Capital reserves | 89,562,703 | 89,562,703 |
| III. Other revenue reserves | 79,309,524 | 79,309,524 |
| IV. Revaluation surplus | 11,500,853 | 11,044,595 |
| V. Retained net profit | 0 | 0 |
| VI. Net profit for the period | 2,516,451 | 0 |
| B. Provisions | 6,024,602 | 6,032,940 |
| C. Long-term liabilities | 104,048,434 | 47,874,671 |
| I. Long-term financial liabilities | 101,084,883 | 45,032,490 |
| II. Long-term operating liabilities | 88,338 | 81,032 |
| III. Deferred tax liabilities | 2,875,213 | 2,761,149 |
| D. Short-term liabilities | 171,944,899 | 228,104,650 |
| I. Short-term financial liabilities | 154,747,114 | 199,625,466 |
| II. Short-term operating liabilities | 17,197,785 | 28,479,184 |
| E. Accrued expenses and deferred revenues | 860,075 | 1,183,967 |
| F. Off-balance-sheet liabilities | 7,313,576 | 10,997,403 |

Table 16: Non-audited Cash Flow Statement of Luka Koper d.d.

| (in euros) | January – June 2010 | January – June 2009 |
|---|------------------------|------------------------|
| A. Cash flows from operating activities | | |
| a) Net profit | 2,502,421 | 2,611,113 |
| Pre-tax profit | 2,502,421 | 2,901,236 |
| Corporation taxes and other taxes not included in operating expenses | 0 | -290,123 |
| | | |
| b) Adjustments for | 16,495,708 | 13,588,991 |
| Amortisation (+) | 12,459,296 | 9,947,098 |
| Operating revenue revaluation related to investment and financing items (-) | -61,297 | -25,126 |
| Operating expense revaluation related to investment and financing items (+) | 40,341 | 5,229 |
| Financial revenues, less financial revenues from operating receivables (-) | -1,609,993 | -671,484 |
| Financial expenses, less financial expenses from operating liabilities (+) | 5,667,361 | 4,333,274 |
| | | |
| c) Changes in net current assets per Balance Sheet items (including accrued expenses/revenues and deferred expenses/revenues, as well as deferred receivables and tax liabilities) | -15,960,431 | 1,269,099 |
| Changes in operating receivables | -566,018 | 3,450,877 |
| Changes in deferred expenses and accrued revenues | -3,828,954 | -443,087 |
| Changes in deferred tax assets | - | |
| Changes in assets (disposal group) held for sale | - | -23,080 |
| Changes in inventories | - | |
| Changes in operating liabilities | -11,233,230 | -1,934,674 |
| Changes in accrued expenses and deferred revenues, and provisions | -332,229 | 219,063 |
| Changes in deferred tax liabilities | - | |
| | | |
| d) Net inflows (outflows) from operating activities (a + b + c) | 3,037,698 | 17,469,203 |
| | | |
| B. Cash flows from investment activities | | |
| a) Inflows from investments | 14,729,703 | 15,560,924 |
| Inflows from interest and profit participation related to investments | 1,455,187 | |
| Inflows from disposal of intangible fixed assets | - | |
| Inflows from disposal of tangible fixed assets | 286,295 | 57,726 |
| Inflows from disposal of real-estate investments | - | |
| Inflows from disposal of long-term financial investments | 3,081,532 | 622,599 |
| Inflows from disposal of short-term financial investments | 9,906,688 | 14,880,599 |

| | | |
|--|--------------------|---------------------|
| | | |
| b) Outflows from investments | -22,509,926 | -59,118,921 |
| Outflows for acquisition of intangible fixed assets | -425,929 | -938,091 |
| Outflows for acquisition of tangible fixed assets | -11,688,428 | -43,019,612 |
| Outflows for acquisition of real-estate investments | -21,351 | -2,712,304 |
| Outflows for acquisition of long-term financial investments | -2,257,076 | -1,963,030 |
| Outflows for acquisition of short-term financial investments | -8,117,142 | -10,485,884 |
| | | |
| c) Net inflows (outflows) from investment activities (a + b) | -7,780,223 | -43,557,997 |
| | | |
| C. Cash flows from financing activities | | |
| a) Inflows from financing activities | 94,760,931 | 134,384,480 |
| Inflows from paid-up capital | - | |
| Inflows from increased long-term financial liabilities | 43,338,336 | 20,441,867 |
| Inflows from increased short-term financial liabilities | 51,422,595 | 113,942,613 |
| | | |
| b) Outflows from financing activities | -88,108,852 | -115,160,732 |
| Outflows for interest payable related to financing | -4,521,960 | -4,333,274 |
| Outflows for capital refunds | - | |
| Outflows for payment of long-term financial liabilities | -15,800,000 | -1,232,057 |
| Outflows for payment of short-term financial liabilities | -67,786,994 | -109,547,867 |
| Outflows for payment of dividends and other profit participation | 102 | -47,534 |
| | | |
| c) Net inflows (outflows) from financing activities (a + b) | 6,652,079 | 19,223,748 |
| | | |
| Closing balance of cash and cash equivalents | 2,398,134 | 681,043 |
| Net cash inflow (outflow) for the period (sum total of net cash Ad, Bc and Cc) | 1,909,554 | -6,865,046 |
| Opening balance of cash and cash equivalents | 488,580 | 7,546,089 |

Table 17: Non-audited Statement of Changes in Equity of Luka Koper d.d., January – June 2009

| STATEMENT OF CHANGES IN EQUITY (in euros) | Called-up capital | Capital reserves | Legal reserves | Other revenue reserves | Retained net profit | Net profit for the financial year | Fair value reserve | Total |
|--|-------------------|-------------------|-------------------|------------------------|---------------------|-----------------------------------|--------------------|--------------------|
| | I/1 | II/1 | III/1 | III/4 | IV/1 | V/1 | VI/2 | |
| Opening balance as of 1st January 2009 | 58,420,965 | 89,562,703 | 18,765,115 | 100,333,556 | 12,534,194 | 6,867,662 | 5,293,293 | 291,777,487 |
| Transfer to equity | 0 | 0 | 0 | 0 | 0 | 2,608,901 | 9,677,580 | 12,286,481 |
| Net profit for the financial year | | | | | | 2,608,901 | | 2,608,901 |
| Change in the fair value of available-for-sale financial investments | | | | | | | 9,677,580 | 9,677,580 |
| Transfer within equity | 0 | 0 | 0 | 0 | 6,867,662 | -6,867,662 | 0 | 0 |
| Formation of other revenue reserves upon the resolution of Management and Supervisory Boards | | | | | | | | |
| Transfer to other revenue reserves upon the resolution of General Assembly | | | | | | | | |
| Transfer of net profit for the previous year to retained net profit | | | | | 6,867,662 | -6,867,662 | | |
| Transfer from equity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividend distribution | | | | | | | | |
| Remunerations for Supervisory Board members | | | | | | | | |
| Balance as of 30th June 2009 | 58,420,965 | 89,562,703 | 18,765,115 | 100,333,556 | 19,401,856 | 2,608,901 | 14,970,873 | 304,063,968 |

Table 18: Non-audited Statement of Changes in Equity of Luka Koper d.d., January – June 2010

| STATEMENT OF CHANGES IN EQUITY (in euros) | Called-up capital | Capital reserves | Legal reserves | Other revenue reserves | Retained net profit | Net profit for the financial year | Fair value reserve | Total |
|--|-------------------|-------------------|-------------------|------------------------|---------------------|-----------------------------------|--------------------|--------------------|
| | I/1 | II/1 | III/1 | III/4 | IV/1 | V/1 | VI/2 | |
| Opening balance as of 1st January 2010 | 58,420,965 | 89,562,703 | 18,765,115 | 60,544,409 | 0 | 0 | 11,044,595 | 238,337,787 |
| Net profit for the financial year | | | | | | 2,516,451 | | 2,516,451 |
| Other comprehensive income for the period | | | | | | | 456,258 | 456,258 |
| Comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 2,516,451 | 456,258 | 2,972,709 |
| Formation of other revenue reserves upon the resolution of Management and Supervisory Boards | | | | | | | | |
| Transfer to other revenue reserves upon the resolution of General Assembly | | | | | | | | |
| Transfer of net profit for the previous year to retained net profit | | | | | | | | |
| Dividend distribution | | | | | | | | |
| Other | | | | | | | | |
| Balance as of 30th June 2010 | 58,420,965 | 89,562,703 | 18,765,115 | 60,544,409 | 0 | 2,516,451 | 11,500,853 | 241,310,496 |

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. The financial statements are compiled for the period January to June 2010, i.e. as at 30th June 2010.

The non-audited financial statements of *Luka Koper d.d.* as of 30th June 2010 are compiled in accordance with the same accounting policies and principles applicable in 2009.

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 2010, 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 2010 | January - June 2009 |
|-----------------------------------|------------------------|------------------------|
| OPERATING REVENUES | 58,091,479 | 55,500,214 |
| Sales revenues on domestic market | 20,015,812 | 18,071,697 |
| Sales revenues on foreign markets | 38,014,370 | 35,932,837 |
| Other operating revenues | 61,297 | 1,495,680 |

Costs of goods, materials and services

| (in euros) | January - June 2010 | January - June 2009 |
|---|------------------------|------------------------|
| COSTS OF GOODS, MATERIALS AND SERVICES | -20,486,695 | -19,728,717 |
| Material costs | -4,037,645 | -3,676,423 |
| Service costs | -16,449,050 | -16,052,294 |

Labour costs

| (in euros) | January - June 2010 | January - June 2009 |
|------------------------|------------------------|------------------------|
| LABOUR COSTS | -15,224,022 | -16,078,107 |
| Costs of salaries | -11,744,144 | -12,429,048 |
| Social insurance costs | -2,145,955 | -2,261,329 |
| Other labour costs | -1,333,923 | -1,387,730 |

Value write-offs

| (in euros) | January - June 2010 | January - June 2009 |
|---|------------------------|------------------------|
| VALUE WRITE-OFFS | -12,560,874 | -10,026,442 |
| Amortisation of fixed assets | -12,140,721 | -9,657,545 |
| Amortisation of real-estate investments | -318,575 | -289,554 |
| Revaluated operating expenses | -101,578 | -79,343 |

Other operating expenses

| (in euros) | January - June 2010 | January - June 2009 |
|---|------------------------|------------------------|
| OTHER EXPENSES | -3,280,231 | -3,265,127 |
| Charges unrelated to labour and other costs | -2,639,408 | -2,534,052 |
| Environmental protection expenditure | -187,614 | -308,166 |
| Other costs | -453,209 | -422,909 |

Financial revenues

| (in euros) | January - June 2010 | January - June 2009 |
|--|------------------------|------------------------|
| FINANCIAL REVENUES | 1,822,419 | 942,277 |
| Financial revenues from profit participation | 802,655 | 448,534 |
| Financial revenues from loans granted | 238,626 | 222,950 |
| Financial revenues from operating receivables and foreign exchange gains | 781,138 | 270,793 |

Financial expenses

| (in euros) | January - June 2010 | January - June 2009 |
|---|------------------------|------------------------|
| FINANCIAL EXPENSES | -5,742,285 | -4,442,862 |
| Financial expenses from financial liabilities | -4,580,867 | -4,333,274 |
| Financial expenses from impairments and write-offs of financial investments | -1,145,401 | - |
| Financial expenses from operating liabilities and foreign exchange losses | -16,017 | -109,588 |

Operating profit for the period

| (in euros) | January - June 2010 | January - June 2009 |
|----------------------------------|------------------------|------------------------|
| PRE-TAX PROFIT | 2,502,421 | 2,901,236 |
| Corporation tax | 0 | -290,123 |
| Deferred tax | 14,030 | -2,212 |
| Net profit for the period | 2,516,451 | 2,608,901 |
| NET EARNINGS PER SHARE | 0.18 | 0.19 |

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

| (in euros) | 30.6.2010 | 31.12.2009 |
|---|--------------------|--------------------|
| INTANGIBLE FIXED ASSETS AND LONG-TERM DEFERRED EXPENSES & ACCRUED REVENUES | 7,263,476 | 7,024,047 |
| TANGIBLE FIXED ASSETS | 351,720,414 | 352,506,587 |
| 1. Land and buildings | 220,037,143 | 213,904,856 |
| a. Land | 6,261,659 | 6,261,659 |
| b. Buildings | 213,775,484 | 207,643,197 |
| 2. Plant and machinery | 87,906,510 | 94,015,714 |
| 3. Other plant and equipment | 138,696 | 138,696 |
| 4. Tangible fixed assets under acquisition | 43,638,065 | 44,447,321 |
| REAL-ESTATE INVESTMENTS | 37,406,933 | 37,449,118 |

Long-term financial investments

| (in euros) | 30.6.2010 | 31.12.2009 |
|--|-------------------|-------------------|
| LONG-TERM FINANCIAL INVESTMENTS | 86,883,333 | 89,988,457 |
| 1. Long-term financial investments, less loans | 84,256,778 | 87,234,960 |
| 2. Long-term loans | 2,626,555 | 2,753,497 |

Short-term operating receivables

| (in euros) | 30.6.2010 | 31.12.2009 |
|---|-------------------|-------------------|
| SHORT-TERM OPERATING RECEIVABLES | 20,454,838 | 19,929,684 |

Equity

| (in euros) | 30.6.2010 | 31.12.2009 |
|-----------------------------------|--------------------|--------------------|
| EQUITY | 241,310,496 | 238,337,787 |
| CALLED-UP CAPITAL | 58,420,965 | 58,420,965 |
| CAPITAL RESERVES | 89,562,703 | 89,562,703 |
| REVENUE RESERVES | 79,309,524 | 79,309,524 |
| 1. Legal reserves | 18,765,115 | 18,765,115 |
| 2. Other revenue reserves | 60,544,409 | 60,544,409 |
| REVALUATION SURPLUS | 11,500,853 | 11,044,595 |
| RETAINED NET PROFIT | 0 | 0 |
| NET PROFIT FOR THE FINANCIAL YEAR | 2,516,451 | 0 |

Long-term liabilities

| (in euros) | 30.6.2010 | 31.12.2009 |
|---------------------------------|--------------------|-------------------|
| LONG-TERM LIABILITIES | 104,048,434 | 47,874,671 |
| LONG-TERM FINANCIAL LIABILITIES | 101,084,883 | 45,032,490 |
| LONG-TERM OPERATING LIABILITIES | 88,338 | 81,032 |
| DEFERRED TAX LIABILITIES | 2,875,213 | 2,761,149 |

Short-term liabilities

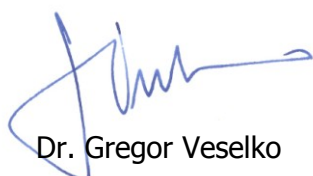
| (in euros) | 30.6.2010 | 31.12.2009 |
|----------------------------------|--------------------|--------------------|
| SHORT-TERM LIABILITIES | 171,944,899 | 228,104,650 |
| SHORT-TERM FINANCIAL LIABILITIES | 154,747,114 | 199,625,466 |
| SHORT-TERM OPERATING LIABILITIES | 17,197,785 | 28,479,184 |

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 30th June 2010 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 30th June 2010 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, which ended 31st December 2009.



Dr. Gregor Veselko

President of the Management Board



Tomaz Martin Jamnik

Deputy President of the Management Board



Marko Rems

Member of the Management Board

Koper, Slovenia, 30th August 2010