

# LUKA KOPER GROUP

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## NON-AUDITED INTERIM REPORT JANUARY – SEPTEMBER 2010

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## PERFORMANCE HIGHLIGHTS OF LUKA KOPER GROUP

(in euros)	January - September 2008	January - September 2009	January - September 2010	Indices 2010/2009
<b>From Income Statement</b>				
Operating revenues	103,374,730	87,883,695	92,188,680	105
Operating income (EBIT)	20,564,174	9,494,271	7,589,757	80
Simplified cash flow (EBITDA) <sup>1</sup>	34,552,497	25,477,862	27,174,673	107
Financing gain	1,179,801	-4,504,856	-6,216,901	138
Pre-tax profit	21,743,975	4,989,415	1,372,856	28
Net profit	18,177,991	4,235,854	1,028,617	24

(in euros)	31. 12. 2008	31. 12. 2009	30. 09. 2010	Indices 2010/2009
<b>From Balance Sheet Statement</b>				
Balance Sheet total	556,610,483	531,672,019	522,372,102	98
Long-term assets	509,161,405	505,003,934	492,837,216	98
Short-term assets	47,449,079	26,668,086	29,534,886	111
Equity	311,059,034	247,410,497	248,064,511	100
Long-term liabilities	116,475,882	166,936,750	154,283,235 <sup>2</sup>	92
Short-term liabilities	129,075,567	117,324,774	120,024,355	102
Financial liabilities	201,358,206	234,538,592	236,842,785	101

(as a percentage)	January - September 2008	January - September 2009	January - September 2010	Indices 2010/2009
<b>Indicators</b>				
Return on sales (ROS)	19.89%	10.80%	8.23%	76
EBITDA margin	33.42%	28.99%	29.48%	102
Net return on equity (ROE) <sup>3</sup>	7.34%	1.78%	0.55%	31
Net return on assets (ROA) <sup>3</sup>	4.93%	0.98%	0.26%	27
Financial liabilities/equity	45.78%	70.11%	95.48%	136

<sup>1</sup> Operating profit + amortisation

<sup>2</sup> 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. Financial liabilities as of 30<sup>th</sup> September 2010 are disclosed by their original maturity due to the fact that the company received the approval of a waiver request for financial covenant by all the commercial banks concerned.

<sup>3</sup> The indicators are calculated on the basis of annualised data.

(in euros)	January - September 2008	January - September 2009	January - September 2010	Indices 2010/2009
<b>From Cash Flow Statement</b>				
Investments	86,036,086	61,999,419	15,067,393	24

<b>SHARE INFORMATION</b>	<b>30.09.2008</b>	<b>30.09.2009</b>	<b>30.09.2010</b>
Number of shares	14,000,000	14,000,000	14,000,000
Average market price of share (in euros)	43.37	24.19	16.17
Net earnings per share (EPS) (in euros) <sup>4</sup>	1.15	0.35	0.07
Price/earnings ratio (P/E)	37.71	69.11	231
Book value of share (in euros)	21.55	21.93	17.07
Price to book ratio (P/B)	2.01	1.10	0.95

<sup>4</sup> Net profit for the period / number of shares issued

## GENERAL INFORMATION

### INTRODUCTORY NOTE

Compliant with the provisions of Financial Instruments Market Act RS and Ljubljana Stock Exchange Rules, *Luka Koper d.d.*, Vojkovo Nabrežje 38, Koper, Slovenia, herein discloses its non-audited non-consolidated interim report January – September 2010 for *Luka Koper d.d.* and the non-audited consolidated interim report January – September 2010 for the *Luka Koper Group*.

This Non-Audited Interim Report on the performance of *Luka Koper d.d.* and the *Luka Koper Group* for January to September 2010 can be examined at *Luka Koper d.d.*'s registered office at Vojkovo Nabrežje 38, 6501 Koper, Slovenia, and shall also be accessible via the company's website [www.luka-kp.si](http://www.luka-kp.si) from 26<sup>th</sup> November 2010 onwards.

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

The interim report of *Luka Koper d.d.* and the *Luka Koper Group* for January – September 2010 was addressed by the company's Supervisory Board at its regular session of 26<sup>th</sup> November 2010.

<b>PRESENTATION OF LUKA KOPER GROUP</b>
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*Luka Koper d.d.*, 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</i> <i>Telephone: + 386 5 66 56 100</i> <i>Fax: + 386 5 63 95 020</i> <i>E-mail: <a href="mailto:portkoper@luka-kp.si">portkoper@luka-kp.si</a></i> <i>Website: <a href="http://www.luka-kp.si">www.luka-kp.si</a></i>
<i>Company registration</i>	<i>Application No. 066/10032200,</i> <i>registered at the Koper District Court, Slovenia</i>
<i>Registration number</i>	<i>5144353</i>
<i>Tax number</i>	<i>SI 89190033</i>
<i>Issued share capital</i>	<i>€ 58,420,964.78</i>
<i>Number of shares issues</i>	<i>14,000,000 no-par-value shares</i>
<i>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>Member of the Management Board – Workers Director</i>	<i>Matjaž Stare</i>
<i>President of the Supervisory Board</i>	<i>Dr. Janez Požar</i>
<i>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 30<sup>th</sup> September 2010, the *Luka Koper Group* was – in addition to the parent company, *Luka Koper d.d.* – comprised of the following subsidiary enterprises:

<b>SUBSIDIARY COMPANIES</b>	<b>Percentage stake held by Luka Koper d.d.</b>
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%

As of 30<sup>th</sup> September 2010, *Luka Koper d.d.* also discloses financial investments in the associated and jointly-controlled companies in which it has significant influence:

<b>ASSOCIATED &amp; JOINTLY-CONTROLLED COMPANIES</b>	<b>Percentage stake held by Luka Koper d.d.</b>
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 in relation to the subsidiary, associated and controlled companies from January to September 2010 were as follows:

- Congruent with the notarial record of 28<sup>th</sup> January 2010, the company *Eco-Morje d.o.o.* has been wound up following summary proceedings without liquidation. The company was dormant.
- Congruent with the notarial record of 28<sup>th</sup> January 2010, the company *Ecopark d.o.o.* has been 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 12<sup>th</sup> 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 Deutschland GmbH* (Germany), *Kopinvest Netherlands B.V.* (Holland) and *Luka Koper Beograd d.o.o.* (Serbia) have ceased operation.

## CORPORATE MANAGEMENT AND GOVERNANCE

### Luka Koper d.d. Management Board

As of 30<sup>th</sup> September 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 16<sup>th</sup> June 2009.
- Tomaž Martin Jamnik, Deputy President of the Management Board, commenced a five-year term on 16<sup>th</sup> October 2009.
- Marko Rems, Member of the Management Board, commenced a five-year term on 1<sup>st</sup> March 2010.

### Post-balance-sheet changes in the composition of the Management Board

At its session of 18<sup>th</sup> October 2010, the Supervisory Board of *Luka Koper d.d.* appointed Matjaž Stare the Member of the Management Board – Workers Director for a five-year term.

Presentation of Management Board members is also available on the company website:

[www.luka-kp.si](http://www.luka-kp.si).

### Luka Koper d.d. Supervisory Board

As of 30<sup>th</sup> September 2010, *Luka Koper d.d.* Supervisory Board was comprised as follows:

#### Representatives of shareholders

- Dr. Janez Požar, President of the Supervisory Board, appointed upon the proposal of the Republic of Slovenia; commenced a four-year term on 13<sup>th</sup> July 2009 (16<sup>th</sup> General Assembly of Shareholders).
- Mr. Tomaž Može, Deputy President of the Supervisory Board, appointed as the representative of other shareholders; commenced a four-year term on 13<sup>th</sup> July 2009 (16<sup>th</sup> General Assembly of Shareholders).
- Mr. Bojan Brank, Member of the Supervisory Board, appointed upon the proposal of the Republic of Slovenia; commenced a four-year term on 13<sup>th</sup> July 2009 (16<sup>th</sup> General Assembly of Shareholders).
- Dr. Marko Simoneti, Member of the Supervisory Board, appointed upon the proposal of the Republic of Slovenia; commenced a four-year term on 13<sup>th</sup> July 2009 (16<sup>th</sup> General Assembly of Shareholders).



- Mr. Jordan Kocjančič, Member of the Supervisory Board, appointed upon the proposal of the state funds of the Republic of Slovenia; commenced a four-year term on 13<sup>th</sup> July 2009 (16<sup>th</sup> General Assembly of Shareholders).
- Mr. Boris Popovič, Member of the Supervisory Board, appointed upon the proposal of the Koper Municipal Council; commenced a four-year term on 2<sup>nd</sup> September 2008 (14<sup>th</sup> General Assembly of Shareholders).

### Representatives of employees

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

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

On 21<sup>st</sup> October 2010, Boris Popovič resigned as a Member of *Luka Koper d.d.* Supervisory Board. He stated that the reason for his resignation was compliance with the Article 27 of *Public Sector Integrity Act RS*. Until the appointment of a new member – which is the mandate of the company's Assembly – the Supervisory Board will operate with eight members which still constitutes a quorum of the supervisory body.

## SIGNIFICANT EVENTS JANUARY – SEPTEMBER

### JANUARY

- *Luka Koper* 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 6<sup>th</sup> 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 17<sup>th</sup> 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 as well as 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* signed 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.

#### JULY

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

- were introduced to the 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 not to endorse the work of Supervisory Board prior to 13<sup>th</sup> July 2009;
- voted not to endorse the actions of the following Management and Supervisory Board members for 2009:
  - Robert Časar, as President of the company's Management Board prior to 15<sup>th</sup> June 2009,
  - Aldo Babič, as Deputy President of the company's Management Board prior to 15<sup>th</sup> June 2009,
  - Marjan Babič, as a Member of the company's Management Board prior to 11<sup>th</sup> September 2009,
  - Boris Marzi, as Workers Director and Management Board Member prior to 11<sup>th</sup> September 2009;
- endorsed:
  - Dr. Gregor Veselko, as Management Board President since 16<sup>th</sup> June 2009,
  - Tomaž Martin Jamnik, as Management Board Deputy President since 16<sup>th</sup> October 2009, and
  - the work of the Supervisory Board since 14<sup>th</sup> July 2009;
- appointed the auditors *Ernst & Young d.o.o.*, Dunajska cesta 111, Ljubljana, as external auditors of annual and consolidated financial statements of *Luka Koper d.d.* and the *Luka Koper Group* for fiscal 2010;
- adopted the proposed amendments to the company's Statute,
- were introduced to *Luka Koper d.d.*'s Consolidated Special Audit Report of 20<sup>th</sup> April 2010 undertaken by the auditors *Pricewaterhouse Coopers*;

- adopted a resolution on the amendment of the resolution adopted at the 17<sup>th</sup> 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 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.*.

## AUGUST

In a joint statement, *Luka Koper d.d.* Management and Supervisory Boards said that Luka Koper d.d. is willing to creatively participate in the preparation of expert analyses as to the establishment of the Slovenian Logistics Holding, but the company will make its final decision on the matter on the basis of the actual proposal.

## SEPTEMBER

At the competent court in Koper, *Luka Koper d.d.* brought actions for compensation of damages against its erstwhile Management Board. The total value of compensation claim amounts to 32,613,381 euros. The subject of actions against the previous Management Board are the business deals with company *Grafist*, the acquisition and demolition of warehouses at the Koper Passenger Terminal, the acquisition of real-estate in relation to the »Luna« building in Sežana, cost eligibility of investment management in the extension of Pier I, transactions in relation to the companies *Adriasole d.o.o.* and *Ecoporto d.o.o.*, and the acquisition of a holding in the Slovak company *Trade Trans Invest s.r.l.*. As to the stake in *Trade Trans Invest s.r.l.*, the action for compensation of damages was also brought against the previous Supervisory Board. By bringing these actions, the company's Management Board has implemented the resolutions adopted by the 17<sup>th</sup> and 18<sup>th</sup> Shareholders Assemblies of *Luka Koper d.d.*

## RELEVANT POST-BALANCE-SHEET EVENTS

At its session held on 18<sup>th</sup> October 2010, the company's Supervisory Board appointed Matjaž Stare Member of the Management Board – Workers Director with a five-year term. Compliant with the Worker Participation in Management Act RS, Mr Stare was proposed by Luka Koper d.d. Works Council.

## LUKA KOPER GROUP BUSINESS REPORT

### PERFORMANCE ANALYSES OF LUKA KOPER GROUP

Operating revenues of the *Luka Koper Group* generated between January and September 2010 recorded a € 4.3 million (five percent) increase on the same period last year. Other operating revenues decreased considerably on the 2009 level, which is attributable to the fact that last year the *LK Group* received one million euros in revenues from contractual settlements in relation to supply delay, whilst no such revenues were generated this year.

Figure 1: Operating revenues of the Luka Koper Group from January to September 2008, 2009 and 2010

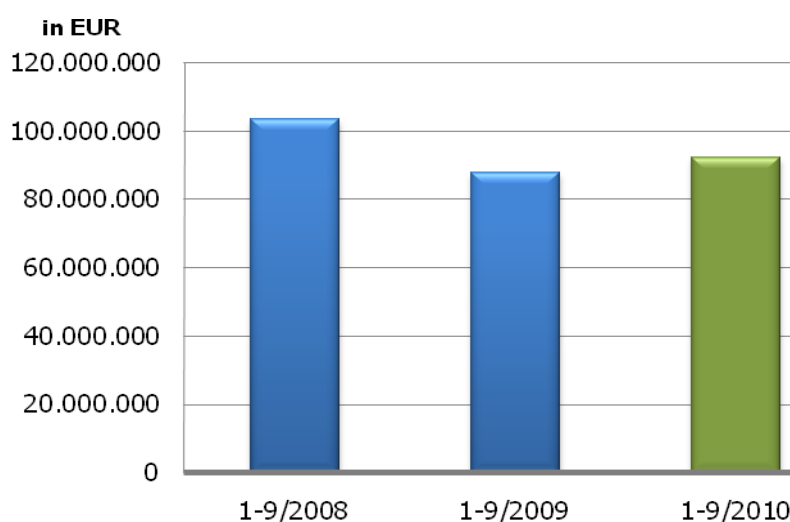
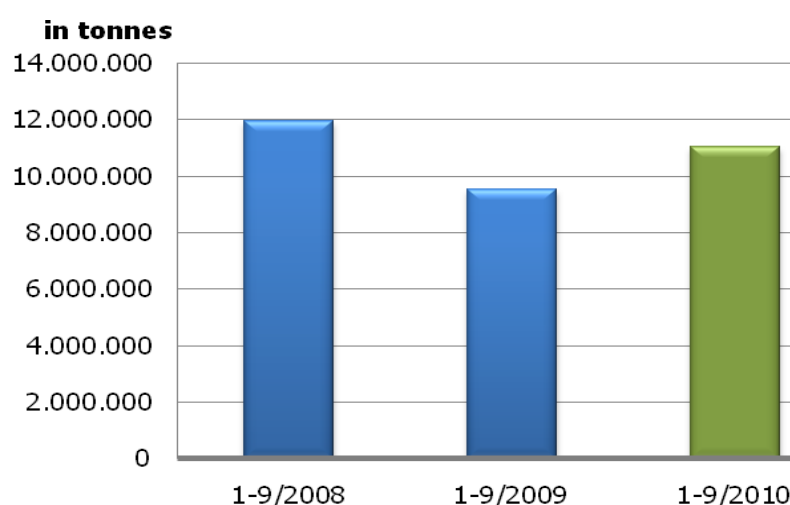


Figure 2: Cargo throughput from January to September 2008, 2009 and 2010



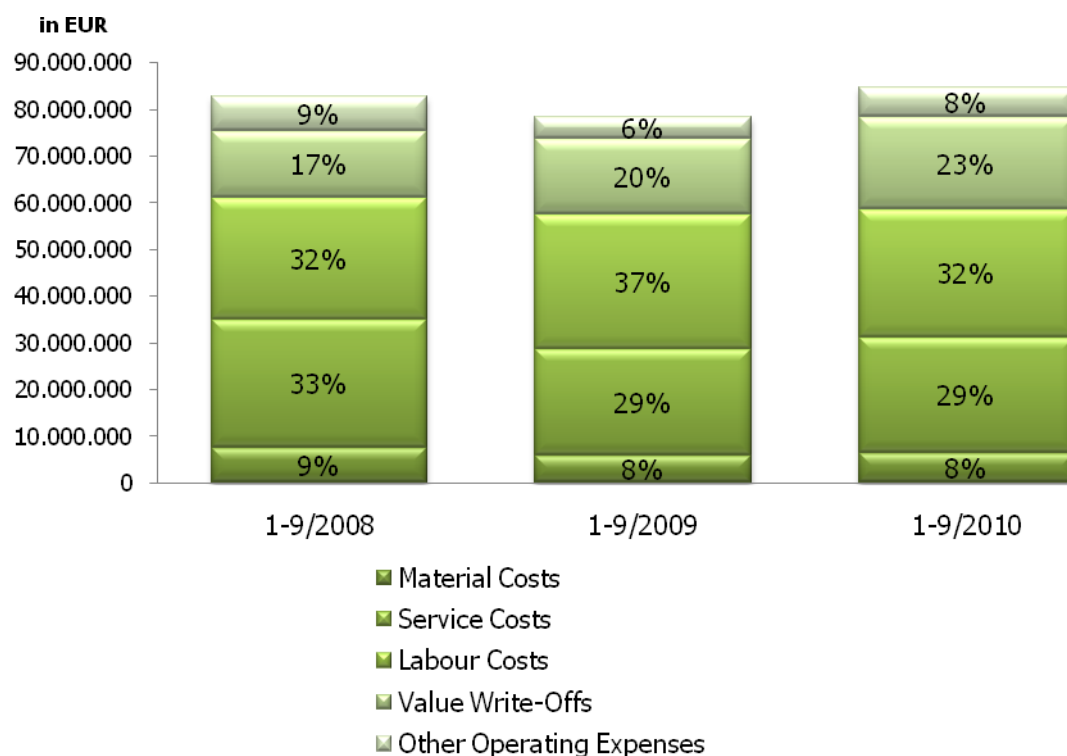
The revenues of the parent company - *Luka Koper d.d.* - which recorded a five percent increase on the same period last year - account for ninety-two percent of total *Group* operating revenues.

Cargo throughput at the port, one of the principal indicators of the physical volume of operations, exhibited a sixteen percent rise. Year-on increases in volumes were recorded with regard to all cargo types, save for liquid cargos. From 1<sup>st</sup> January to 5<sup>th</sup> October 2010, the Container Terminal handled a total of 355,285 TEUs, a record volume which exceeds the entire annual container throughputs recorded in 2008 (353,880 TEUs) as well as in 2009 (343,165 TEUs). Nevertheless, due to the more rapid turnover of cargo at the port and the resultant down-turn in revenues from storage charges, the growth in sales revenues doesn't match the upward trend in cargo throughput.

Revenues of associated companies account for eight percent of total *Group* revenues. The Sežana Terminal recorded a fifteen percent upturn, whilst the provision of maintenance, manufacture, maritime and municipal services, generated an eleven percent increase on the equivalent period in 2009. The provision of hospitality and catering services experienced a nine percent fall in revenues.

## OPERATING EXPENSES

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



From January to September 2010, *Luka Koper Group's* operating expenses recorded a somewhat higher growth than its operating revenues, which can in particular be attributed to higher rates of amortisation resulting from large infrastructure investments over recent years. Operating expenses for the period amount to € 84.6 million, which is a year-on rise of eight percent.

### **MATERIAL COSTS**

Material costs recorded a € 450,000 upturn, which is nine percent ahead of January – September 2009. This can mainly be attributed to higher energy consumption, in particular fuel; this is the result of augmented cargo throughput and its altered structure in favour of container freight. Unlike some other cargo types, container freight requires relatively high manipulation expenditure; this and higher fuel costs contributed to a year-on increase in material costs of thirty-four percent.

### **SERVICE COSTS**

Service costs for January to September 2010 increased by € 1.98 million over the same period last year. Port service providers, maintenance and other service costs account for the major portion, i.e. eighty-seven percent of total.

Given sixteen percent growth in cargo throughput, the costs attributable to port service providers rose by eleven percent, in particular in container and vehicles handling, where record throughput volumes have been recorded.

Maintenance costs, which account for the equivalent of seven percent of operating revenues stood at € 5.9 million and recorded a year-on increase of twenty-two percent. The major portion of these costs can be attributed to the upkeep of port infrastructure, followed by the maintenance of equipment, particularly that pertaining to container and vehicle handling as a consequence of higher volumes and loads.

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 € 2.4 million to the modernisation and maintenance of its information system, whereas the concession fee for the January to September 2010 period amounted to € 2.8 million.

### **LABOUR COSTS**

Considering the decrease in the number of employees (twenty-six less than this time last year) and increased volume of operations (up sixteen percent), labour costs fell by € 1.4 million on the same period last year, which in itself contributed to a one-percent upturn in value-added.

Labour costs, together with the costs of port service providers - which account for forty-three percent of total *Group* expenses (and forty percent of total operating revenues) -

recorded a one percent downturn on the same period last year and amounted to € 37 million.

### **VALUE WRITE-OFFS**

Amortisation increased by € 3.6 million (twenty-two percent) which is the result of large investments made in 2009. It amounted to a total of € 19.7 million, which is equal to twenty-one percent of operating revenues generated by the *Group*.

### **PROVISIONS**

From January to September 2010, the *Luka Koper Group* formed provisions in the amount of € 1.78 million aimed at the regular maintenance of port infrastructure, as well as claims reserves - provisions for disputes which may eventually be lost at court. € 316,000 in provisions were eliminated in the first three-quarters of 2010.

### **OPERATING PROFIT**

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In the first nine months of 2010, the *Luka Koper Group* generated € 27.2 million in cash flow from operations (EBITDA), which is a seven-percent increase on the same period last year; however, operating profits (EBIT) - taking into account amortisation - stood at € 7.6 million, which is a twenty percent decrease on the same period last year.

### **FINANCIAL REVENUES AND EXPENSES**

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The surplus of financial expenses over financial revenues amounted to € 6.2 million, which is thirty-eight percent up on January to September 2009. The loss is primarily attributable to financing expenses, i.e. interest payable on loans hired, as well as the impairment of some investments allocated for trading. Financial expenses attributable to interest payable amount to € 6.45 million.

### **PROFIT FOR THE PERIOD**

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The financing loss impacted *Luka Koper's* profits from operations, and as a consequence pre-tax profit for the period was reduced to € 1.4 million. Accordingly, between January and September 2010, the *Luka Koper Group* generated a net profit in the amount of € 1 million, which is seventy-six percent down on the same period last year.

## **ASSETS**

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At the end of September 2010, the total assets of the *Luka Koper Group* were valued at € 522.4 million, which is two percent down on the end of 2009.

Tangible fixed assets in the amount of € 383 million and long-term financial investments amounting to € 75 million account for the major portion of long-term assets. Tangible fixed assets recorded a decline on 31<sup>st</sup> December 2009, in particular due to their revaluation and a downturn in the volume of investments.

The aggregate value of long-term financial investments has decreased by nine percent from the end of 2009, which can mainly be attributed to the sale of securities and the impairment of investments in securities allocated for disposal.

The downturn in the value of short-term financial investments is due to the decrease in short-term deposits with banks.

Short-term operating receivables have risen by € 1 million from the end of 2009, which is attributable to increased receivables from associated companies.

## **EQUITY AND LIABILITIES**

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*Luka Koper Group* equity increased by € 654,000 in the first nine months of 2010, and accounts for forty-seven percent in the balance of total equity and assets.

Long-term provisions recorded an increase of € 789,000 on 31<sup>st</sup> December 2009 due to a rise in provisions for damages and compensation.

Short-term accounts payable fell by € 13.7 million (forty-four percent) on the end of 2009, which can mainly be attributed to a downturn in accounts payable for fixed assets.

## **FINANCIAL LIABILITIES**

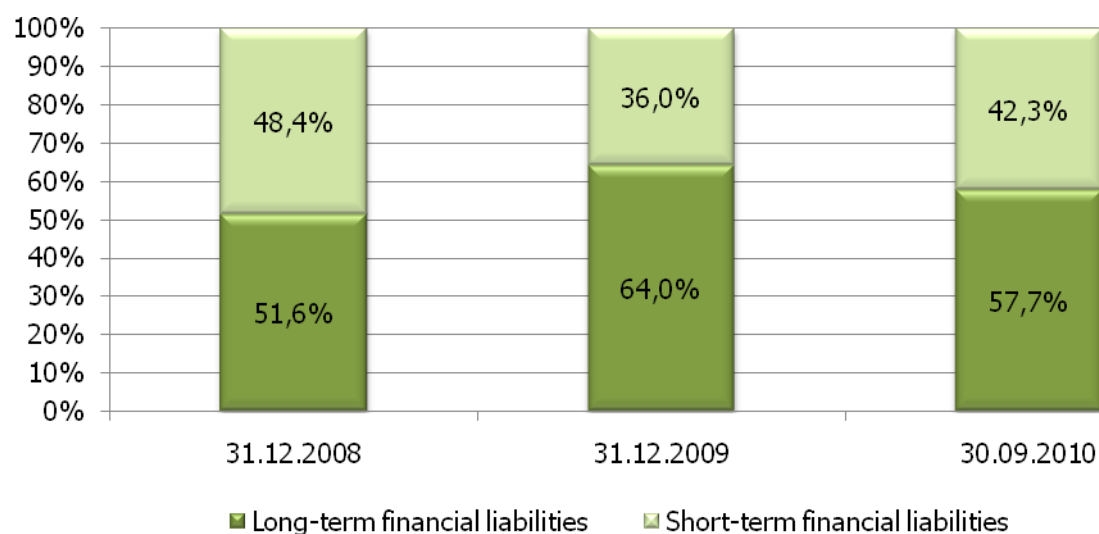
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During the first nine months of 2010, the financial liabilities of the *Luka Koper Group* increased by € 2.3 million, to € 236.8 million, and accordingly accounts for forty-five percent of balance sheet total.

As of 31<sup>st</sup> December 2009, short-term financial liabilities included € 105.1 million in long-term financial liabilities, whereas as of 30<sup>th</sup> September 2010 all financial liabilities are disclosed at their initial maturity due to the fact that by this date the company had received approval from all its creditor banks in a relation to a request for the waiver of certain financial covenants.

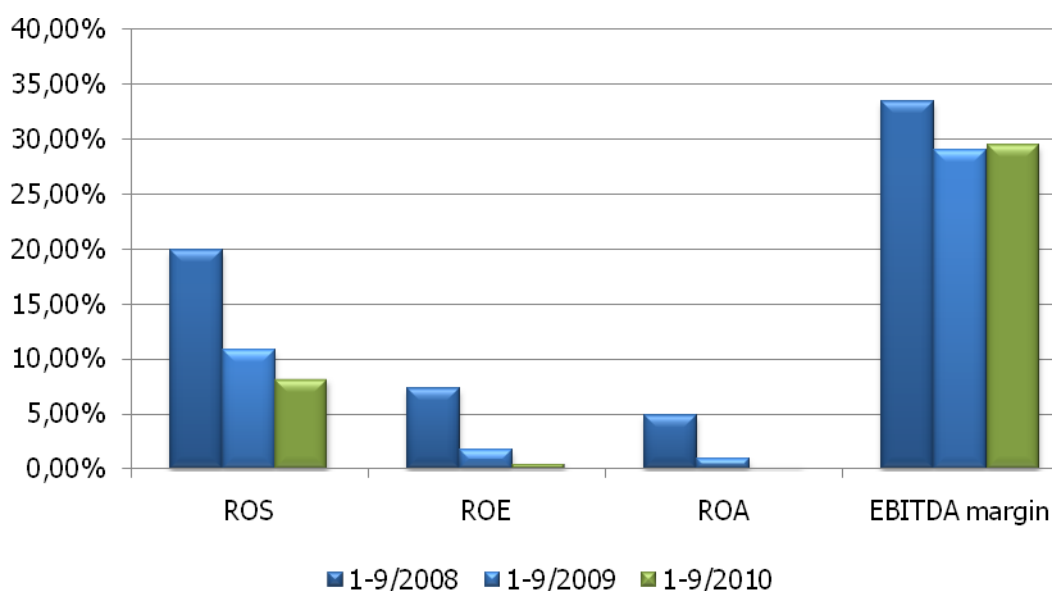


Figure 4: Structure of the financial liabilities of the Luka Koper Group, according to their initial maturity



### PERFORMANCE INDICATORS

Figure 5: Performance indicators from January to September 2008, 2009 and 2010



### MARKETING AND SALES

*Luka Koper* handled a total of 11,050,774 tonnes of cargo between January and September 2010, which is sixteen percent ahead of the same period last year and eight percent down on the record year 2008. Major growth in throughput was recorded in relation to container freight and vehicles.

This year, marketing was mainly focused on enhancing the visibility of the company in overseas markets, the realisation of new business opportunities and the consolidation of relations with existing clients. Special attention was paid to potential clients in new markets such as India, as well as existing ones, such as South Korea and Israel. The company also participated at conferences in Hong Kong and Shanghai on the subject of Slovenia as a logistics platform for Central and Southeastern Europe, at which the advantages of the Southern Route to continental Europe via the Adriatic, as well as *Luka Koper's* development plans, were presented to local logistics and transport providers. These plans and prospects were also presented and disseminated at Shanghai's *Transport Logistic China 2010* - one of the world's largest logistics fairs - by NAPA - the North Adriatic Ports Association - which brings together the ports of Koper, Trieste, Venice and Ravenna.

#### Cargo throughput and revenues by cargo type

Table 1: Cargo throughput by type from January to September 2008, 2009 and 2010

CARGO TYPE (in tonnes)	January – September 2008	January – September 2009	January – September 2010	Indices 2010/2009
General cargos	1,129,840	1,105,053	1,117,503	101
Containers	2,277,197	2,164,537	3,157,731	146
Vehicles	625,724	297,256	382,742	129
Liquid cargos	2,082,864	2,007,620	1,985,077	99
Bulk and break bulk cargos	5,845,437	3,974,972	4,407,721	111
<b>Total</b>	<b>11,961,062</b>	<b>9,549,438</b>	<b>11,050,774</b>	<b>116</b>

Table 2: Throughput of container freight (in TEUs) and vehicles (in units) from January to September 2008, 2009 and 2010

CARGO TYPE	January – September 2008	January – September 2009	January – September 2010	Indices 2010/2009
Containers – in TEUs	261,086	245,664	344,644	140
Vehicles – in units	456,257	224,187	273,729	122

Table 3: Operating revenues by cargo type from January to September 2008, 2009 and 2010

<b>REVENUES (in euros)</b>	<b>January – September 2008</b>	<b>January – September 2009</b>	<b>January – September 2010</b>	<b>Indices 2010/2009</b>
General cargos	24,125,869	21,670,314	22,550,905	104
Containers	12,392,546	12,124,129	17,185,668	142
Vehicles	17,317,909	10,828,215	9,028,476	83
Liquid cargos	2,752,934	4,256,669	4,476,401	105
Bulk and break bulk cargos	27,424,515	23,074,407	20,966,096	91
Other cargos	19,360,958	15,929,961	17,981,134	113
<b>Total</b>	<b>103,374,731</b>	<b>87,883,695</b>	<b>92,188,680</b>	<b>105</b>

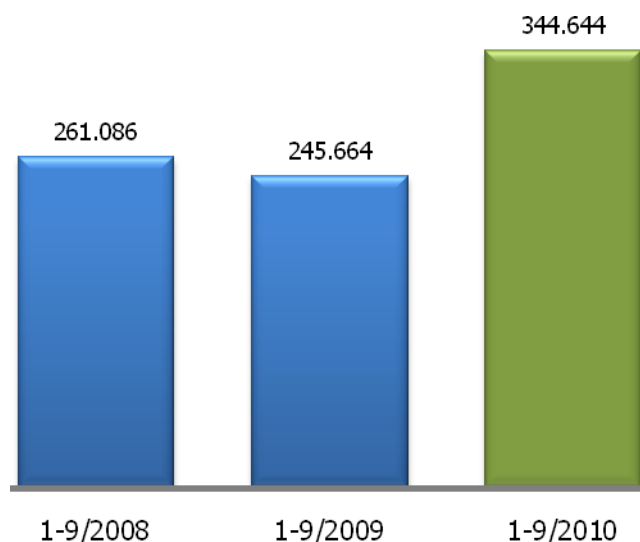
### Container freight

The *Luka Koper* Container Terminal handled 344,644 TEUs between January and September 2010, which is forty percent ahead of the same period last year, and twenty-eight percent ahead of anticipated volumes. On 8<sup>th</sup> November 2010, the Terminal handled its four hundred thousandth container of the year, thereby setting another record and milestone in the history of the Port of Koper.

This year's record increase in container freight can be attributed to an array of factors, including the revival of economies in Central Europe, increased storage and handling capacities at the Koper Terminal, the establishment of new direct services with the Far East, more competitive logistics service provision in the hinterland markets (shorter transit times, lower costs than those being provided via the ports of Northwest Europe, extended provision of railfreight services as well as the quality provision of handling operations.

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

Figure 6: Container throughput from January to September 2008, 2009 and 2010 (in TEUs)

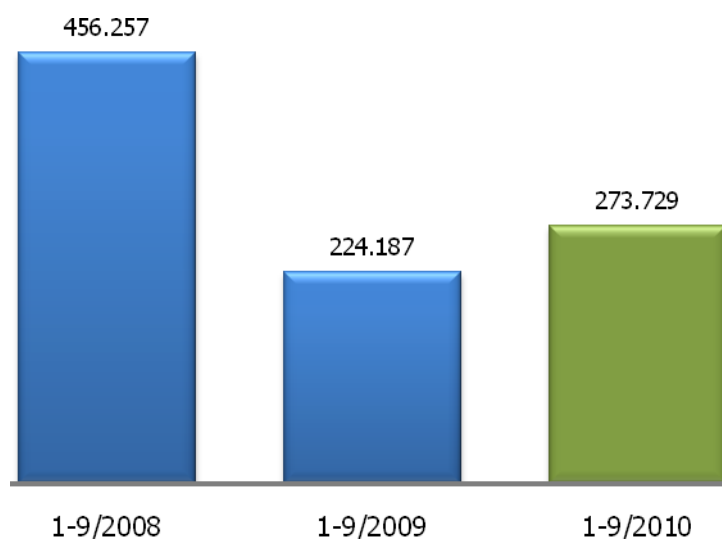


### Vehicles

From January to September 2010, 273,729 vehicles were handled by Koper's Car Terminal, which is twenty-two percent ahead of the same period last year. The increase can mainly be attributed to larger quantities of cars shipped to/from the countries of the Mediterranean. In addition, an increasing number of Asian vehicle manufacturers are establishing assembly plants in Central Europe, which is reflected in the downturn of vehicle imports, in particular from the Far East, as well as the upturn of exports from continental Europe to nearby overseas markets in the Mediterranean Basin.

Due to decreased revenues from storage charges, sales revenues – despite the increased throughput of vehicles – didn't meet the 2009 levels. The recession has resulted in a downturn in vehicle manufacture, whereas this year's increased demand has contributed to decline in vehicles stocks held at the port, and accordingly further reduced storage charge revenues.

Figure 7: Vehicle throughput from January to September 2008, 2009 and 2010 (in units)



### General cargos, perishables and timber

Throughput at the General Cargo Terminal was nine percent ahead of the same period last year, particularly as a consequence of increases in cellulose and steel-stock, whereas alumina and paper remained at 2009 levels. The steep increase in the throughput of breeding cattle witnessed in early 2010 slowed somewhat later in the year, whilst project cargos recorded relatively moderate yet ongoing growth.

General Cargo perishables, a large portion of which was previously accounted for by bananas, have seen a decline, particularly as a consequence of these fruits being shipped in reefer containers, thus adding to the rise in container freight.

Timber throughput remains at about the same level as in 2009, though rises in the volumes of sawn softwood exports destined for North African and the Middle Eastern markets are anticipated. The trend towards containerisation is also effecting timber; indeed, the quantity of containerised timber has doubled over the past year.

General cargos recorded higher revenues than in 2009, and these were mainly generated from increased container handling services.

### Liquid cargos

Despite the somewhat smaller quantities handled in the same period 2009, revenues deriving from liquid cargos recorded an increase in the first nine months of 2010.

### Bulk and break bulk cargos

Between January and September 2010, Koper's European Energy Terminal - which handles coal and iron ore - recorded an eleven percent increase in throughput on 2009 levels. This

rise can, in particular, be attributed to the revival of Austrian economy and increased production volumes at their steelworks.

The throughput of scrap iron and minerals at Bulk Cargo Terminal rose, and, according to the results thus far, record volumes of soya are anticipated for 2010. The throughput of cereals is down, mainly as a consequence of the poor harvest in Hungary and non-competitive transport route via Slovenia to the Port of Koper. The volume of alumina handled also fell, but long-term leases on warehousing provide regular income and constant cash flow.

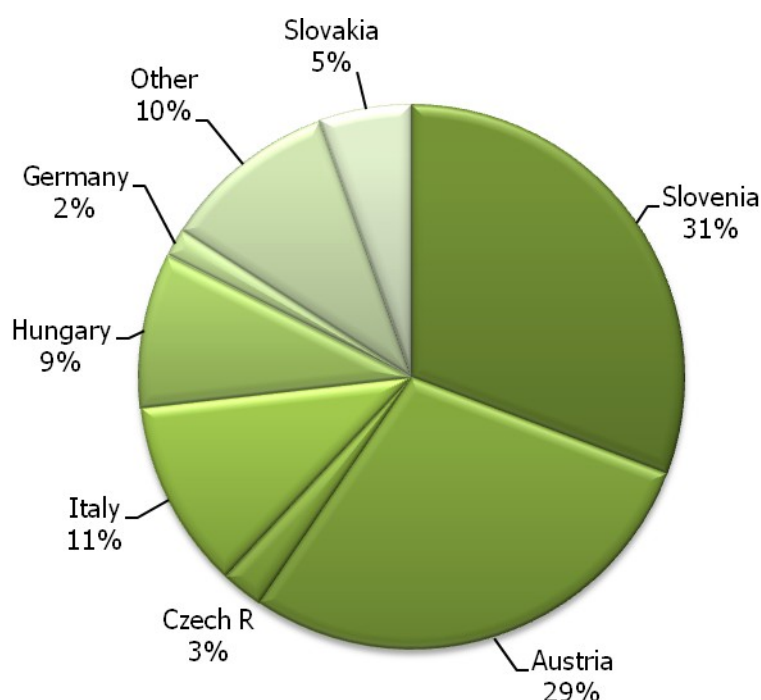
The revenues from bulk and dry bulk cargos decreased on the same period last year, mainly due to decline in storage charges.

### Cargo throughput and sales by markets

The Slovene market accounts for about one-third of the total cargo handled by the Port of Koper. This year the largest throughput increases have been achieved in relation to the Austrian and Slovak markets, whereas the year-on drop recorded in the Italian market can for the most part be attributed to the downturn in coal imports destined for the country's thermal power plants.

As to container throughput, the largest growth rates were achieved in relation to Slovakia (up eighty-four percent), and the Czech Republic (up eighty-three percent), as well as Austria (up seventy-three percent) and Hungary (up forty-five percent).

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



## RISK MANAGEMENT

All relevant types of risk are systematically monitored and managed at the level of the *Luka Koper Group*. The *Group's* exposure to the most critical types of strategic, business and financial risks which have been detected, is not deemed to have significantly altered since January to September 2009.

## INFORMATION ON SHARE

As of 30<sup>th</sup> September 2010, the company had a total of 14,497 shareholders, which is three 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 30<sup>th</sup> September 2010

No.	Shareholder title	No. of shares	Voting tights
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%
<b>TEN LARGEST SHAREHOLDERS - TOTAL</b>		<b>10,613,227</b>	<b>75.81%</b>
<b>TOTAL SHARES</b>		<b>14,000,000</b>	<b>100.00%</b>

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

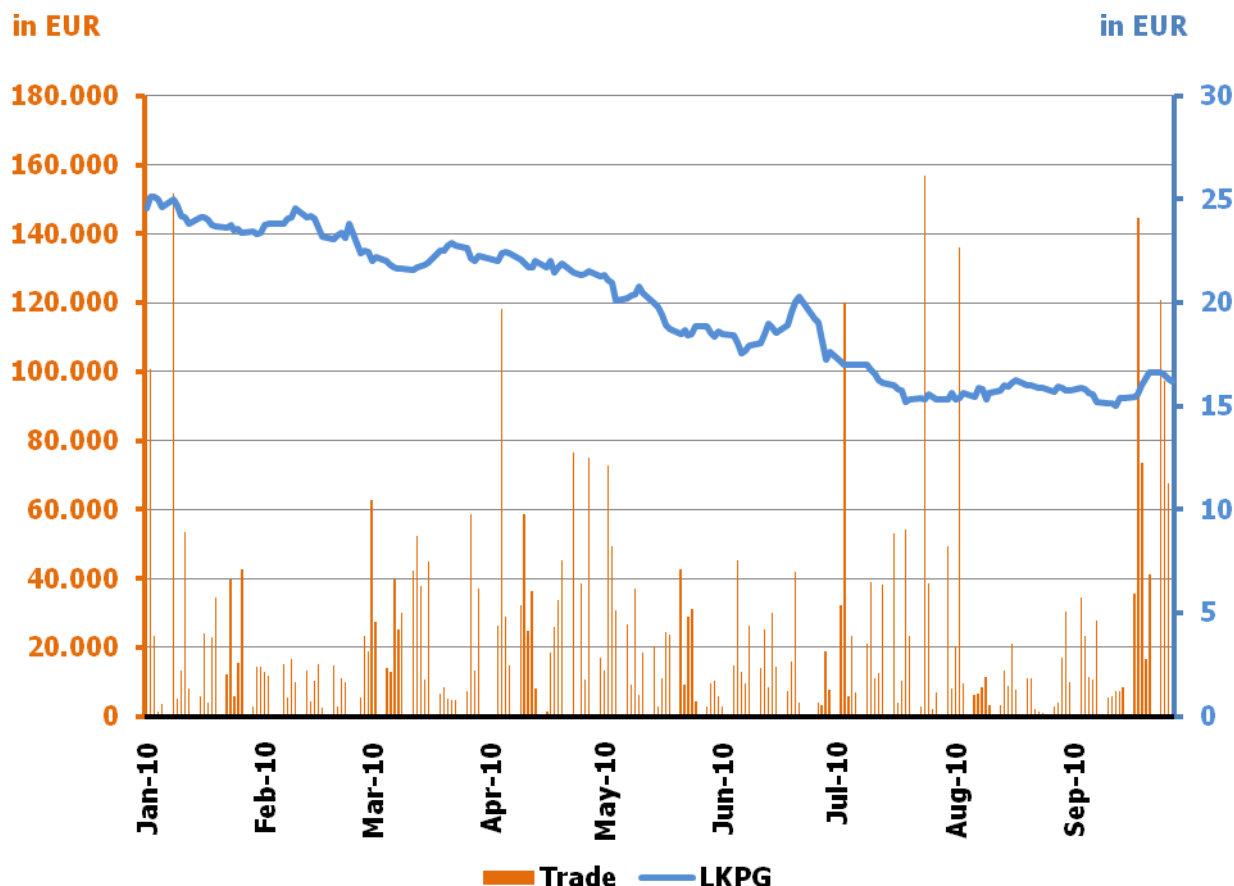
Table 5: Relevant information on the LKPG share

	2008	2009	2010
Number of shares issued as of 30 <sup>th</sup> September 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 <sup>th</sup> September (in million €)	607.18	338.66	226.38
Turnover (all transactions) January to September (in million €)	29.68	8.18	4.65
Lowest trading price January to September (in €)	40.09	18.80	15.02
Peak trading price January to June (in €)	89.97	26.87	25.10
Trading price as of 30 <sup>th</sup> September (in €)	43.37	24.19	16.17

The average price of the *Luka Koper d.d.* share between January and September 2010 was € 19.67, whereas its traded value during this period was between 15 and 25 euros. A total of 2,483 transactions and block trades were accomplished in LK stock during the period, and the aggregate value of these trades amounted to € 4,652,327, with 245,097 shares changing ownership. The share's peak trading price was € 25.23, while its lowest trade was € 17.50 = € 15.02. The share price has fallen by thirty-three percent on the same period last year, and thirty-two 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 September 2010



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

As of 30<sup>th</sup> September 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 30<sup>th</sup> September 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 this 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 September 2010, divided by the total number of shares issued - amounts to 0.07 euros.

**Book value of share**

As of 30<sup>th</sup> September 2010, the book value of share, calculated as the total value of equity divided by the total number of shares issued, amounted to 17.07 euros.

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

As of 30<sup>th</sup> September 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 September 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 – a € 15 million investment – has been allocated to the construction of the new Alcohol Terminal facility, the development of the hinterland area behind Berth 7A has also been a priority.

**Alcohol Terminal**

Comprised of seven tanks – two larger and two smaller ones – with a total capacity of 31,360 m<sup>3</sup>, the new Alcohol Terminal will operate as a Central European distribution centre for alcohol derivatives. The Terminal has its own tanker berth as well as all requisite equipment and installations to receive, store and dispatch volatile flammable liquids. Environment-friendly technology, state of the art control and protection systems and have been implemented during construction, as have integrated fire-fighting systems.

The first vessel, transporting 5,274 tonnes of methanol, was moored alongside on 26<sup>th</sup> June 2010.

### Hinterland of Berth 7A

Additional works in the reclamation and arrangement of the hinterland area behind Berth 7A/1 were completed during the first half of the year, while the facility as a whole was inaugurated in August 2010. Infill reclamation and the construction of the platform have created further container storage areas and quayside access routes; rainwater runoff and sewerage system infrastructure is also encompassed by this development.

### Hinterland of Berth 12

Due to the increased throughput of general cargos, the immediate hinterland of Berth 12 is also being developed. The project involves the removal of the preload embankment, asphaltting an area of about 11,330 m<sup>2</sup> as well as the regulation of rainwater runoff and the provision of floodlighting. It will allow the storage of cargo closer to the quayside as well as consequently reduce transport costs and the need for remote storage areas.

## RESEARCH AND DEVELOPMENT

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

The company is actively engaged in eight EU projects: *SoNorA*, *Climeport*, *Memo*, *Backgrounds*, *Watermode*, *Porta*, *Freight4all*, *Losamedchem*, in addition to which it is also participating in *Adria A*, a strategic Slovenia-Italy cross-border initiative. The *FP7 StarNetRegio* project was completed in July, whilst a new *Hinterports* learning action was launched within the context of the *Marco Polo* programme in March; meanwhile the *Kobalink* project was re-launched in June, after having been interrupted for six months due to insufficient vehicle transport dynamics to support a regular Koper – Barcelona service.

*Luka Koper* participates in a total of twelve EU projects and twice as many as this are under evaluation. In late August 2010, the company made an application in relation to the *TEN-T* programme, aimed at the establishment of physical and virtual support to three sea highways projects - *Adriamos*, *Mos4mos* and *ITS Adriatic Gateway*, whereas in late September it responded to the call by Slovenia's Ministry of Labour, Family and Social Affairs for applications for the establishment of a Competence Centre for the development of personnel engaged in maritime trade and logistics. All of the aforementioned projects are implemented and applied for in conjunction with other ports and operators in the field of logistics provision. In addition to which, *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 Investment (JAPTI).

### PROVISION OF IT SUPPORT

A number of projects, aimed at the optimisation of *Luka Koper's* IT processes, the provision of better services to clients as well as cost-reduction through enhanced efficiency, all got underway in the first nine months of 2010. *Luka Koper d.d.* also launched a project for an e-document system based on the Microsoft SharePoint 2010 platform, as well as an e-invoice project. Both are currently in the stage of pre-production testing.

The project for the rationalisation and optimisation of multifunctional devices and printing, which is intended to enhance operational efficiency, has also been completed. In addition, the integration of the bar-code warehouse management system within the company's *TinO* system for freight management, operations and marketing, is in its stage of final testing and shall facilitate efficient warehouse operation.

## SUSTAINABLE DEVELOPMENT

### HUMAN RESOURCES MANAGEMENT

The reduction in personnel numbers, within *Luka Koper d.d.* and the *Group* as a whole – which has been ongoing for the last two years - continued throughout the first nine months of 2010. As of 30<sup>th</sup> September 2010, the *Luka Koper Group* had 1,006 employees.

Table 6: Number of employees per Luka Koper Group company

Company	30.9.2008	30.9.2009	31.12.2009	30.9.2010
Luka Koper d.d.	783	777	768	749
Luka Koper INPO d.o.o.	234	226	220	218
Luka Koper Pristan d.o.o.	15	13	8	6
Adria Terminali d.o.o.	35	36	35	32
Adriasole d.o.o.	0	0	1	1
<b>TOTAL*</b>	<b>1,067</b>	<b>1,052</b>	<b>1,032</b>	<b>1,006</b>

\* 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 30<sup>th</sup> September 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.

Constraint of recruitment continued to be effective over the first nine months of 2010, as did the processes of internal optimisation, both with regard to operations and the number of employees. The decline in personnel numbers is attributable to natural wastage, mostly

retirement, which has been rather high this year, mainly due to the anticipation that retirement conditions in the coming years will be less favourable than at present. Staff reduction has been compensated by processes optimisation in the internal organisation of the various divisions of the company. To this end a number of employees have been reallocated both vertically and horizontally, whereas the number of job promotions decreased slightly.

### **Occupational Health and Safety**

In the first nine months of 2010, there has been a fall in the number of working days lost at *Luka Koper d.d.* as a consequence of sick leave (from 4.5 percent in 2009, to 4.1 percent in 2010), whilst at the *Group* level it remained at 4.9 percent of the total working hours.

Forty workplace injuries were recorded in the first nine months of 2010, of which none were fatal. A report is elaborated upon the analyses and establishment of the reasons for every such injury, as are the consequent introduction of measures aimed at the reduction of accidents. The prime objective is to protect employees from the impacts of their work and processes in the workplace. Also for this reason, the *Luka Koper's* occupational health and safety management is compliant with the directions of the OHSAS 18001/2007 international standard.

### **Education and Training**

As the result of a more cost-efficient and selective integration of personnel in education and training, *Luka Koper d.d.* provided a similar volume and number of programmes with - on average - a lower number of hours per employee than last year (12 hours per employee in 2010, down from 15 hours in 2009), and an average of 9.7 hours per employee for the *LK Group* as a whole.

In order to enhance human resources management, new criteria aimed at establishing workplace efficiency together with a two-year human resources provision and development plan have now been adopted.

## **ENVIRONMENTAL IMPACT CONTROL**

*Luka Koper* rigorously monitors the impacts of its activities on the environment and implements a number of activities in order to make the port even more environment-friendly. Operations comply with the requirements of the *Eco-Management and Audit Scheme (EMAS)* and the company successfully passed its second certification assessment in June 2010.

### **Air Quality**

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/m<sup>2</sup>/day. The emissions are below the threshold values at most of the measurement points. We have established that in addition to intensive construction works, the increased levels at some locations may be attributable to the handling of bulk cargos. For this reason the company has launched a project aimed at reduction of dust emissions generated by bulk cargos.

In addition, modern equipment is also used to provide ongoing measurements of airborne concentrations of PM10 particulates, i.e. dust not exceeding 10 µm. The average semi-annual value of these emissions amounted to 24.3 µg/m<sup>3</sup>, which is compliant with legislation as well as within the annual objective set by the company. The highest value permitted by legal regulations amounts to 50 µg/m<sup>3</sup>, and this ceiling may be exceeded 35-times during a year. In the reporting period, the concentration of PM10 particulate matter was below the legally prescribed value, and it only exceeded the approved value four times, which is well within the prescribed limits.

### **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 nine months of 2010 are similar to those recorded last year, this with the exception of the 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. In 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**

Over the last two years, a trend towards the increased consumption of energy per tonne of cargo handled has been observed. For this reason the company is now 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 its use.

### **Waste Management**

Between January and September 2010, eighty-five 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 set objectives.

## 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. Nineteen incidents were recorded in the harbour area between January and September 2010, of which thirteen required the intervention of *Luka Koper's* Maritime Protection Service. Six 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. The polluters that were 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 September 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 2015.

## Informing the public

Information on all relevant environmental aspects, including data on noise and dust particle emissions, is available at *Luka Koper's Living With the Port* website [www.zivetispristaniscem.si](http://www.zivetispristaniscem.si). Further to this, the public are also informed via the media.

## PARTNERSHIP WITH THE PUBLIC

### Responsibility to the community

*Luka Koper d.d.* is a commercial enterprise whose operations provides economic benefits to in the entire country, and beyond. Nevertheless, the company is not merely important from a commercial perspective but also a social one, this due to the fact that it provides a great deal of employment in the region and significantly contributes to the local quality of life. Indeed, *Luka Koper* makes a considerable contribution to the development of infrastructure, education, as well as activities in such fields as culture, sport and humanitarian undertakings. Between January and September 2010, the company disbursed a total of 832,000 euros in sponsorship and donation.

An innovation 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 two calls for applications (published in February and July 2010) for projects in such spheres as sport, culture, education, ecology, research and development as well as humanitarian and other endeavours, 392 projects were submitted. Based on the

predetermined criteria, and with the help of a special commission, the company is now supporting 101 projects financially.

*Living with the Port* was deemed one of Europe's best projects in relation to the societal integration of seaports, by way of which *Luka Koper d.d.* was one of six finalists in the *European Sea Ports Organisation (ESPO) Award*.

### **Communication with the public**

Compliant with its governance and management policy, *Luka Koper d.d.* promptly informs the interested public about all significant events in relation to the company through its corporate website [www.luka-kp.si](http://www.luka-kp.si) and sustainable development portal [www.zivetispristaniscem.si](http://www.zivetispristaniscem.si) (Living With the Port). Information is also disseminated via the Ljubljana Stock Exchange portal, as well as through press releases and responses to inquiries and questions by the media. During the first nine months of 2010, local media took an interest in the company's performance, the notion of creating a Slovenian Logistics Holding and the topics of the two General Assemblies.

In addition, the interested public also enjoy the possibility of a visit to the port and learning about its operations. School parties, associations and other organised groups visit the port nearly every day, and in September *Luka Koper's* annual *Open Door Day* was attended by 1,500 visitors.

### **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 the relevant opinions of major authorities and agents in the field of land use and planning. The opinion of Italy's Ministry of the Environment is currently being sought.

## **BUSINESS EXCELLENCE**

In their day-to-day operations, excellent companies are process-oriented, they regularly monitor and evaluate them, measure their efficiency, as well as constantly improve them – all in order to accomplish common objectives. The process of improvement is managed by systems created and fine tuned through well-elaborated approaches. In attaining this goal, *Luka Koper d.d.* employs a comprehensive management system based on the ISO 9001 standard. The system is integrated with the requirements of other standards – ISO 22000, BS OHSAS 18001, ISO 14001 – and upgraded by the excellence model; accordingly, this is an entirely Integrated Management System.



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 (benchmarking, EFQM model of excellence).

## FINANCIAL REPORT

### NON-AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF LUKA KOPER GROUP

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

(in euros)	January - September 2010	January - September 2009
<b>Operating revenues</b>	<b>92,188,680</b>	<b>87,883,695</b>
1. Net sales revenues	90,396,160	84,993,645
2. Change in the value of inventories	-	-
3. Capitalised own products and services	4,315	9,449
4. Other operating revenues	1,788,205	2,880,601
<b>Operating expenses</b>	<b>-84,598,922</b>	<b>-78,389,424</b>
5. Costs of goods, materials and services	-31,204,986	-28,774,053
6. Labour costs	-27,320,323	-28,752,677
7. Value write-offs	-19,736,406	-16,122,625
8. Other operating expenses	-6,337,206	-4,659,122
9. Provisions	-1,464,101	-80,947
<b>Operating profit</b>	<b>7,589,757</b>	<b>9,497,271</b>
<b>Financial revenues</b>	<b>1,833,869</b>	<b>1,772,112</b>
10. Financial revenues from profit participation	1,291,081	1,067,455
11. Financial revenues from loans granted	244,603	362,972
12. Financial revenues from operating receivables	298,185	341,686
<b>Financial expenses</b>	<b>-8,050,770</b>	<b>-6,276,968</b>
13. Financial expenses from impairments and write-offs of financial investments	-1,328,729	-4,916
14. Financial expenses from financial liabilities	-6,480,838	-6,120,329
15. Financial expenses from operating liabilities	-241,203	-151,723
<b>Financing gain</b>	<b>-6,216,901</b>	<b>-4,504,856</b>
<b>Pre-tax profit</b>	<b>1,372,856</b>	<b>4,989,415</b>
16. Corporation tax	-336,143	-735,590
17. Deferred tax	-8,096	-17,971
<b>Net profit for the period</b>	<b>1,028,617</b>	<b>4,235,854</b>
<b>Net profit – majority shareholder</b>	<b>1,029,590</b>	<b>4,456,106</b>
<b>Net profit – minority shareholder</b>	<b>-973</b>	<b>-220,252</b>
<b>Basic net earnings per share (in euro)</b>	<b>0.07</b>	<b>0.32</b>

Table 8: Comprehensive Income Statement of Luka Koper Group

(in euros)	January - September 2010	January - September 2009
<b>Profit for the period</b>	<b>1,028,617</b>	<b>4,456,106</b>
<b>Other comprehensive income for the period:</b>		
Change in fair value of financial assets available for sale	-443,624	12,834,820
Deferred taxes	88,725	-2,566,964
<b>Other comprehensive income for the period – total</b>	<b>-354,899</b>	<b>10,267,856</b>
<b>Total comprehensive income for the period</b>	<b>673,718</b>	<b>14,723,962</b>
Attributable to:		
- equity of majority shareholding	674,691	14,944,214
- equity of minority shareholding	-973	-220,252

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

<b>ASSETS (in euros)</b>	<b>30.9.2010</b>	<b>31.12.2009</b>
<b>ASSETS</b>	<b>522,372,102</b>	<b>531,672,019</b>
<b>A. Long-term assets</b>	<b>492,837,216</b>	<b>505,003,934</b>
I. Intangible fixed assets and long-term deferred costs	7,383,924	7,024,047
II. Tangible fixed assets	383,100,974	387,867,394
III. Real-estate investments	18,245,297	18,438,868
IV. Long-term financial investments	75,267,873	82,826,382
V. Long-term operating receivables	220,307	220,307
VI. Deferred tax assets	8,618,840	8,626,936
<b>B. Short-term assets</b>	<b>25,844,428</b>	<b>25,964,736</b>
I. Assets (disposal group)	1,390,901	1,382,987
II. Inventories	11,950	13,752
III. Short-term financial investments	845,364	3,228,597
IV. Short-term operating receivables	21,580,573	20,482,935
V. Short-term corporation tax assets	253,134	302,131
VI. Cash and liquid assets	1,762,506	554,334
<b>C. Deferred exp. and accrued revenues</b>	<b>3,690,458</b>	<b>703,350</b>
<b>D. Off-balance-sheet assets</b>	<b>7,269,232</b>	<b>10,997,403</b>
<b>LIABILITIES (in euros)</b>	<b>30.9.2010</b>	<b>31.12.2009</b>
<b>EQUITY AND LIABILITIES</b>	<b>522,372,102</b>	<b>531,672,019</b>
<b>Equity</b>	<b>248,064,511</b>	<b>247,410,496</b>
<b>A. Equity- majority shareholder</b>	<b>248,006,789</b>	<b>247,043,315</b>
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 revenues reserves	60,544,410	60,544,410
V. Revaluation surplus	10,689,696	11,044,595
VI. Retained net profit	8,882,585	15,706,530
VII. Net profit for the period	1,029,590	-7,112,730
<b>B. Equity – minority shareholder</b>	<b>57,722</b>	<b>367,181</b>
<b>C. Provisions</b>	<b>14,674,383</b>	<b>13,884,933</b>
<b>D. Long-term liabilities</b>	<b>139,608,853</b>	<b>47,972,817</b>
I. Long-term financial liabilities	136,680,288	45,032,490
II. Long-term operating liabilities	256,140	179,178
III. Deferred tax liabilities	2,672,424	2,761,149
<b>E. Short-term liabilities</b>	<b>117,846,883</b>	<b>220,912,556</b>
I. Short-term financial liabilities	100,162,497	189,506,103
II. Short-term operating liabilities	17,684,386	31,406,453
III. Short-term corporation tax liabilities	0	0
<b>F. Accrued exp. and deferred revenues</b>	<b>2,177,472</b>	<b>1,491,218</b>

**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 - September 2010	January - September 2009
<b>A. Cash flows from operating activities</b>		
<b>a) Net profit</b>	<b>1,036,713</b>	<b>4,253,825</b>
Pre-tax profit	1,372,856	4,989,415
Corporation taxes and other taxes not included in operating expenses	-336,143	-735,590
<b>b) Adjustments for</b>	<b>25,844,165</b>	<b>20,628,088</b>
Amortisation (+)	19,584,916	15,983,592
Operating revenue revaluation related to investing and financing items (-)	-58,194	-73,185
Operating expense revaluation related to investing and financing items (+)	43,560	22,862
Financial revenues, less financial revenues from operating receivables (-)	-1,535,685	-1,430,426
Financial expenses, less financial expenses from operating liabilities (+)	7,809,568	6,125,245
<b>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)</b>	<b>-16,211,264</b>	<b>1,510,148</b>
Changes in operating receivables	-1,048,641	1,828,630
Changes in deferred expenses and accrued revenues	-2,987,109	-260,636
Changes in assets (disposal group) held for sale	-7,914	
Changes in inventories	1,801	3,256
Changes in operating liabilities	-13,645,104	-286,350
Changes in accrued expenses and deferred revenues, and provisions	1,475,703	225,248
Changes in deferred tax liabilities	0	0
<b>d) Net inflows (outflows) from operating activities (a + b + c)</b>	<b>10,669,614</b>	<b>26,392,061</b>
<b>B. Cash flows from investing activities</b>		
<b>a) Inflows from investments</b>	<b>11,984,826</b>	<b>31,499,988</b>
Interest from profit participation pertaining to investments	1,291,081	1,067,455
Inflows from disposal of intangible fixed assets	0	0
Inflows from disposal of tangible fixed assets	285,074	4,328,948
Inflows from disposal of real-estate investments	0	0

Inflows from disposal of long-term financial investments	6,557,398	307,262
Inflows from disposal of short-term financial investments	3,851,273	25,796,323
<b>b) Outflows from investments</b>	<b>-17,269,624</b>	<b>-83,820,024</b>
Outflows for acquisition of intangible fixed assets	-396,769	-1,367,774
Outflows for acquisition of tangible fixed assets	-14,640,934	-58,289,640
Outflows for acquisition of real-estate investments	-29,690	-2,342,005
Outflows for acquisition of long-term financial investments	-145,390	-6,748,418
Outflows for acquisition of short-term financial investments	-2,056,841	-15,072,187
<b>c) Net inflows (outflows) from investment activities (a + b)</b>	<b>-5,284,796</b>	<b>-52,320,036</b>
<b>C. Cash flows from financing activities</b>		
<b>a) Inflows from financing activities</b>	<b>102,387,218</b>	<b>170,321,580</b>
Inflows from paid-up capital	0	0
Inflows from increased long-term financial liabilities	43,814,841	26,394,181
Inflows from increased short-term financial liabilities	58,572,377	143,927,399
<b>b) Outflows from financing activities</b>	<b>-106,563,862</b>	<b>-151,394,853</b>
Outflows for interest payable pertaining to financing	-6,480,838	-6,120,329
Outflows for capital refunds	0	0
Outflows for payment of long-term financial liabilities	-31,277,924	-2,173,557
Outflows for payment of short-term financial liabilities	-68,804,916	-143,052,034
Outflows for payment of dividends and other profit participation	-184	-48,933
<b>c) Net inflows (outflows) from financing activities (a + b)</b>	<b>-4,176,644</b>	<b>18,926,727</b>
<b>Closing balance of cash and cash equivalents</b>	<b>1,762,506</b>	<b>915,970</b>
Net cash inflow (outflow) for the period (sum total of net cash: Ad, Bc and Cc)	<b>1,208,172</b>	<b>-7,001,248</b>
<b>Opening balance of cash and cash equivalents</b>	<b>554,334</b>	<b>7,917,220</b>

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

STATEMENT OF CHANGES IN EQUITY (in euros)	Called-up capital	Capital reserves	Legal reserves	Other revenues reserves	Retained net profit	Net profit for the financial year	Fair value reserve	Total
<b>Opening balance as of 1st January 2009</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,877,775</b>	<b>100,333,556</b>	<b>25,058,917</b>	<b>10,049,468</b>	<b>5,293,292</b>	<b>307,596,678</b>
<b>Transfer to equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,456,108</b>	<b>10,267,856</b>	<b>14,723,964</b>
Net profit for the financial year						4,456,108		4,456,108
Change in the fair value of available-for-sale investments							10,267,856	10,267,856
<b>Transfer within equity</b>	<b>0</b>	<b>0</b>	<b>-4,977</b>	<b>19,401,856</b>	<b>-9,352,388</b>	<b>-10,049,468</b>	<b>0</b>	<b>-4,977</b>
Formation of other revenue reserves upon the resolution of Management and Supervisory Boards								
Transfer to other revenue reserves upon the resolution of General Assembly				19,401,856	-19,401,856			
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
<b>Transfer from equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Distribution of dividends								
Remunerations for Supervisory Board members								
<b>Balance as of 30th September 2009</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,872,798</b>	<b>119,735,412</b>	<b>15,706,529</b>	<b>4,456,108</b>	<b>15,561,148</b>	<b>322,315,664</b>
<b>Equity – minority shareholder</b>								
<b>Balance as of 30th September 2009</b>	<b>1,393,149</b>				<b>-566,604</b>	<b>-220,252</b>	<b>0</b>	<b>606,293</b>
<b>Equity - total</b>	<b>59,814,114</b>	<b>89,562,703</b>	<b>18,872,798</b>	<b>119,735,412</b>	<b>15,139,926</b>	<b>4,235,855</b>	<b>15,561,148</b>	<b>322,921,957</b>

Table 12: Non-audited Statement of Changes in Equity of Luka Koper Group, January – September 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	Equity - total	Equity – minority shareholder	Equity - total
<b>Opening balance as of 1st January 2010</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,876,842</b>	<b>60,544,410</b>	<b>15,706,530</b>	<b>-7,112,730</b>	<b>11,044,595</b>	<b>247,043,315</b>	<b>367,181</b>	<b>247,410,494</b>
Net profit for the financial year						1,029,590		1,029,590	-973	1,028,617
Other comprehensive income for the period							-354,900	-354,900		-354,900
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,029,590</b>	<b>-354,900</b>	<b>674,690</b>	<b>-973</b>	<b>673,717</b>
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	-308,486	-308,486
<b>Buyout of minority shareholders</b>					<b>288,785</b>			<b>288,785</b>		<b>288,785</b>
Other								0		0
<b>Balance as of 30th September 2010</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,876,841</b>	<b>60,544,409</b>	<b>8,882,585</b>	<b>1,029,890</b>	<b>10,689,695</b>	<b>248,006,789</b>	<b>57,722</b>	<b>248,064,511</b>



## NOTES TO THE FINANCIAL STATEMENTS OF LUKA KOPER GROUP

The financial statements of the *Luka Koper Group* for January to September 2010, i.e. as at 30<sup>th</sup> September 2010, encompass 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 30<sup>th</sup> September 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 its finances, performance and changes in financial standing from January to September 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 – September 2010	January – September 2009
<b>OPERATING REVENUES</b>	<b>92,188,679</b>	<b>87,883,695</b>
Net sales revenues on domestic market	31,160,942	29,098,241
Net sales revenues on foreign markets	59,235,218	55,895,404
Capitalised own products and services	4,315	9,449
Other operating revenues	1,788,204	2,880,601

**Costs of goods, materials and services**

(in euros)	January – September 2010	January – September 2009
<b>COSTS OF GOODS, MATERIALS AND SERVICES</b>	<b>-31,204,986</b>	<b>-28,774,053</b>
Material costs	-6,383,454	-5,933,335
Service costs	-24,821,532	-22,840,719

**Labour costs**

(in euros)	January – September 2010	January – September 2009
<b>LABOUR COSTS</b>	<b>-27,320,323</b>	<b>-28,752,677</b>
Costs of salaries	-20,815,085	-22,042,007
Social insurance costs	-3,892,877	-4,070,524
Other labour costs	-2,612,361	-2,640,146

**Value write-offs**

(in euros)	January – September 2010	January – September 2009
<b>VALUE WRITE-OFFS</b>	<b>-19,736,407</b>	<b>-16,122,625</b>
Amortisation of fixed assets	-19,584,916	-15,552,292
Amortisation of real-estate investments	-43,560	-431,299
Revaluation of operating expenses	-107,931	-139,034

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

**Other operating expenses**

(in euros)	January – September 2010	January – September 2009
<b>OTHER EXPENSES</b>	<b>-4,873,105</b>	<b>-4,659,122</b>
Charges unrelated to labour and other costs	-4,030,578	-3,814,678
Environmental protection expenditure	-134,322	-251,939
Other costs	-703,410	-592,504

**Financial revenues**

(in euros)	January – September 2010	January – September 2009
<b>FINANCIAL REVENUES</b>	<b>1,833,869</b>	<b>1,772,112</b>
Financial revenues from profit participation	1,291,081	1,067,455
Financial revenues from loans granted	244,603	362,972
Financial revenues from operating receivables and foreign exchange gains	298,184	341,686

**Financial expenses**

(in euros)	January – September 2010	January – September 2009
<b>FINANCIAL EXPENSES</b>	<b>-8,050,770</b>	<b>-6,276,968</b>
Financial expenses from impairments and write-offs of financial investments	-1,328,729	-4,916
Financial expenses from financial liabilities	-6,480,838	-6,120,329
Financial expenses from operating liabilities and foreign exchange losses	-241,203	-151,723

Financial expenses from impairment and investment write-offs in the amount of 1,328,729 euros are attributable to the revaluation of investments available for trade as a consequence of impairment.

**Operating profit for the period**

(in euros)	January – September 2010	January – September 2009
<b>PRE-TAX PROFIT</b>	<b>1,372,855</b>	<b>4,989,415</b>
Corporation tax	-336,143	-735,590
Deferred tax	-8,095	-8,157
<b>Net profit for the period</b>	<b>1,028,617</b>	<b>4,235,854</b>
<b>NET EARNINGS PER SHARE</b>	<b>0.07</b>	<b>0.32</b>

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

(in euros)	30.9.2010	31.12.2009
<b>INTANGIBLE FIXED ASSETS AND LONG-TERM DEFERRED EXPENSES &amp; ACCRUED REVENUES</b>	<b>7,383,924</b>	<b>7,024,047</b>
<b>TANGIBLE FIXED ASSETS</b>	<b>383,100,974</b>	<b>387,867,394</b>
1. Land and buildings	260,340,404	238,656,765
a. Land	12,072,877	12,072,877
b. Buildings	248,267,527	226,583,888
2. Plant and machinery	92,163,304	98,533,530
3. Other plant and equipment	148,952	148,952
4. Tangible fixed assets under acquisition	30,448,315	50,528,147
<b>REAL-ESTATE INVESTMENTS</b>	<b>18,245,297</b>	<b>18,438,868</b>

**Long-term financial investments**

(in euros)	30.9.2010	31.12.2009
<b>LONG-TERM FINANCIAL INVESTMENTS</b>	<b>75,267,873</b>	<b>82,826,382</b>
1. Long-term financial investments, less loans	72,713,365	80,072,885
2. Long-term loans	2,554,508	2,753,497

**Short-term assets**

(in euros)	30.9.2010	31.12.2009
<b>SHORT-TERM ASSETS</b>	<b>25,844,428</b>	<b>25,964,736</b>

**Equity**

(in euros)	30.9.2010	31.12.2009
<b>EQUITY</b>	<b>248,064,511</b>	<b>247,410,496</b>
<b>EQUITY – majority shareholder</b>	<b>248,006,789</b>	<b>247,043,315</b>
Called-up capital	58,420,965	58,420,965
Capital reserves	89,562,703	89,562,703
Revenues reserves	79,421,251	79,421,252
Revaluation surplus	10,689,696	11,044,595
Retained net profit	8,882,585	15,706,530
Net profit for the period	1,029,590	-7,112,730
<b>EQUITY– minority shareholder</b>	<b>57,722</b>	<b>367,181</b>

**Long-term liabilities**

(in euros)	30.9.2010	31.12.2009
<b>LONG-TERM LIABILITIES</b>	<b>139,608,853</b>	<b>47,972,817</b>
Long-term financial liabilities	136,680,288	45,032,490
Long-term operating liabilities	256,140	179,178
Deferred tax liabilities	2,672,424	2,761,149

**Short-term liabilities**

(in euros)	30.9.2010	31.12.2009
<b>SHORT-TERM LIABILITIES</b>	<b>117,846,883</b>	<b>220,912,555</b>
Short-term financial liabilities	100,162,497	189,506,103
Short-term operating liabilities	17,684,386	31,406,453

**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 – September 2010	January – September 2009
<b>Operating revenues</b>	<b>85,732,260</b>	<b>81,823,538</b>
1. Net sales revenues	85,635,358	79,787,213
2. Change in the value of inventories	-	-
3. Capitalised own products and services	-	-
4. Other operating revenues	96,902	2,036,325
<b>Operating expenses</b>	<b>-79,659,704</b>	<b>-72,933,092</b>
5. Costs of goods, materials and services	-31,543,837	-29,117,972
6. Labour costs	-22,789,949	-23,732,306
7. Value write-offs	-18,884,486	-15,330,574
8. Other operating expenses	-4,977,331	-4,671,293
9. Provisions	-1,464,101	-80,947
<b>Operating profit</b>	<b>6,072,556</b>	<b>8,890,446</b>
<b>Financial revenues</b>	<b>3,170,918</b>	<b>3,108,628</b>
10. Financial revenues from profit participation	2,659,567	2,465,631
11. Financial revenues from loans granted	229,002	318,029
12. Financial revenues from operating receivables	282,350	324,968
<b>Financial expenses</b>	<b>-8,276,352</b>	<b>-6,476,299</b>
13. Financial expenses from impairments and write-offs of financial investments	-1,328,729	-4,916
14. Financial expenses from financial liabilities	-6,803,579	-6,325,576
15. Financial expenses from operating liabilities	-144,043	-145,807
<b>Financing gain</b>	<b>-5,105,433</b>	<b>-3,367,671</b>
<b>Pre-tax profit</b>	<b>967,125</b>	<b>5,522,775</b>
16. Corporation tax	0	-552,278
17. Deferred tax	-6,226	-8,915
<b>Net profit for the period</b>	<b>960,899</b>	<b>4,961,582</b>
<b>Basic net earnings per share (in euros)</b>	<b>0.07</b>	<b>0.35</b>

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

<b>(in euros)</b>	<b>January – September 2010</b>	<b>January – September 2009</b>
<b>Profit for the period</b>	<b>960,899</b>	<b>4,961,583</b>
<b>Other comprehensive income for the period:</b>		
Change in fair value of financial assets available for sale	-443,624	12,834,820
Deferred taxes	88,725	-2,566,964
<b>Other comprehensive income for the period – total</b>	<b>-354,899</b>	<b>10,267,856</b>
<b>Total comprehensive income for the period</b>	<b>606,000</b>	<b>15,229,439</b>

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

<b>ASSETS (in euros)</b>	<b>30.9.2010</b>	<b>31.12.2009</b>
<b>ASSETS</b>	<b>513,029,390</b>	<b>521,534,016</b>
<b>A. Long-term assets</b>	<b>484,402,227</b>	<b>496,479,516</b>
I. Intangible fixed assets and long-term deferred costs	7,196,075	7,024,047
II. Tangible fixed assets	347,004,056	352,506,587
III. Real-estate investments	37,255,546	37,449,118
IV. Long-term financial investments	83,441,468	89,988,457
V. Long-term operating receivables	220,307	220,307
VI. Deferred tax assets	9,284,775	9,291,000
<b>B. Short-term assets</b>	<b>25,031,225</b>	<b>24,365,362</b>
I. Assets (disposal group)	1,390,901	1,382,987
II. Short-term financial investments	1,145,339	2,564,111
III. Short-term operating receivables	20,814,605	19,929,684
IV. Short-term corporation tax assets	0	0
V. Cash and liquid assets	1,680,380	488,580
<b>C. Deferred expenses and accrued revenues</b>	<b>3,595,938</b>	<b>689,138</b>
<b>D. Off-balance-sheet assets</b>	<b>12,482,583</b>	<b>10,997,403</b>
<b>LIABILITIES (in euros)</b>	<b>30.9.2010</b>	<b>31.12.2009</b>
<b>EQUITY AND LIABILITIES</b>	<b>513,029,390</b>	<b>521,534,016</b>
<b>A. Equity</b>	<b>238,943,786</b>	<b>238,337,787</b>
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	10,689,695	11,044,595
V. Retained net profit	0	0
VI. Net profit for the period	960,899	0
<b>B. Provisions</b>	<b>7,370,313</b>	<b>6,032,940</b>
<b>C. Long-term liabilities</b>	<b>139,492,223</b>	<b>47,874,671</b>
I. Long-term financial liabilities	136,680,288	45,032,490
II. Long-term operating liabilities	139,511	81,032
III. Deferred tax liabilities	2,672,424	2,761,149
<b>D. Short-term liabilities</b>	<b>125,374,043</b>	<b>228,104,650</b>
I. Short-term financial liabilities	111,457,404	199,625,466
II. Short-term operating liabilities	13,916,639	28,479,184
<b>E. Accrued expenses and deferred revenues</b>	<b>1,849,025</b>	<b>1,183,967</b>
<b>F. Off-balance-sheet liabilities</b>	<b>12,482,583</b>	<b>10,997,403</b>



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

(in euros)	January – September 2010	January – September 2009
<b>A. Cash flows from operating activities</b>		
<b>a) Net profit</b>	<b>967,125</b>	<b>4,970,498</b>
Pre-tax profit	967,125	5,522,775
Corporation taxes and other taxes not included in operating expenses	0	-552,277
<b>b) Adjustments for</b>	<b>23,883,268</b>	<b>18,740,265</b>
Amortisation (+)	18,747,938	15,209,172
Operating revenue revaluation related to investing and financing items (-)	-56,314	-25,968
Operating expenses revaluation related to investing and financing items (+)	43,560	10,230
Financial revenues, less financial revenues from operating receivables (-)	-2888,568	-2,783,660
Financial expenses, less financial expenses from operating liabilities (+)	8,036,652	6,330,492
<b>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)</b>	<b>-16,301,271</b>	<b>2,525,982</b>
Changes in operating receivables	-925,785	1,763,167
Changes in deferred expenses and accrued revenues	-2,906,801	-250,323
Changes in deferred tax assets	-	-
Changes in assets (disposal group) held for sale	-7,914	-
Changes in inventories	-	-
Changes in operating liabilities	-14,463,202	786,048
Changes in accrued expenses and deferred revenues, and provisions	2,002,431	227,090
Changes in deferred tax liabilities	-	-
<b>d) Net inflows (outflows) from operating activities (a + b + c)</b>	<b>8,549,122</b>	<b>26,236,745</b>
<b>B. Cash flows from investment activities</b>		
<b>a) Inflows from investments</b>	<b>12,430,428</b>	<b>21,473,895</b>
Inflows from interest and profit participation related to investments	2,659,567	2,844,616
Inflows from disposal of intangible fixed assets	-	-
Inflows from disposal of tangible fixed assets	281,313	104,553
Inflows from disposal of real-estate investments	-	-
Inflows from disposal of long-term financial investments	5,913,405	-

Inflows from disposal of short-term financial investments	3,576,143	18,524,726
<b>b) Outflows from investments</b>	<b>-16,559,761</b>	<b>-75,327,242</b>
Outflows for acquisition of intangible fixed assets	-396,769	-1,103,626
Outflows for acquisition of tangible fixed assets	-13,065,964	-56,323,945
Outflows for acquisition of real-estate investments	-29,690	-2,342,005
Outflows for acquisition of long-term financial investments	-434,760	-1,997,291
Outflows for acquisition of short-term financial investments	-2,632,578	-15,861,201
<b>c) Net inflows (outflows) from investment activities (a + b)</b>	<b>-4,129,333</b>	<b>-53,853,347</b>
<b>C. Cash flow from financing activities</b>		
<b>a) Inflows from financing activities</b>	<b>118,778,376</b>	<b>166,312,441</b>
Inflows from paid-up capital		
Inflows from increased long-term financial liabilities	43,814,841	26,394,181
Inflows from increased short-term financial liabilities	74,963,536	139,918,260
<b>b) Outflows from financing activities</b>	<b>-122,006,562</b>	<b>-145,784,632</b>
Outflows from interest payable in relation to financing	-6,707,922	-6,325,576
Outflows for capital refunds		
Outflows for payment of long-term financial liabilities	-31,277,924	-2,173,557
Outflows for payment of short-term financial liabilities	-84,020,532	-137,285,499
Outflows for payment of dividends and other profit participation	-184	-
<b>c) Net inflows (outflows) from financing activities (a + b)</b>	<b>-3,228,186</b>	<b>20,527,809</b>
<b>Closing balance of cash and cash equivalents</b>	<b>1,680,182</b>	<b>457,296</b>
Net cash inflow (outflow) for the period (sum total of net cash Ad, Bc & Cc)	<b>1,191,602</b>	<b>-7,088,793</b>
<b>Opening balance of cash and cash equivalents</b>	<b>488,580</b>	<b>7,546,089</b>

Table 17: Non-audited Statement of Changes in Equity of Luka Koper d.d., January – September 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	
<b>Opening balance as of 1st January 2009</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>100,333,556</b>	<b>12,534,194</b>	<b>6,867,662</b>	<b>5,293,293</b>	<b>291,777,487</b>
<b>Transfer to equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,961,583</b>	<b>10,267,856</b>	<b>15,229,439</b>
Net profit for the financial year						4,961,583		4,961,583
Change in the fair value of available-for-sale financial investments							10,267,856	10,267,856
<b>Transfer within equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,401,856</b>	<b>-12,534,194</b>	<b>-6,867,662</b>	<b>0</b>	<b>0</b>
Formation of other revenue reserves upon the resolution of Management and Supervisory Boards					6,867,662	-6,867,662		
Transfer to other revenue reserves upon the resolution of General Assembly								
Transfer of net profit for the previous year to retained net profit				19,401,856	-19,401,856			
<b>Transfer from equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Dividend distribution								
Remunerations for Supervisory Board members								
<b>Balance as of 30th September 2009</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>119,735,412</b>	<b>0</b>	<b>4,961,583</b>	<b>15,561,149</b>	<b>307,006,927</b>

Table 18: Non-audited Statement of Changes in Equity of Luka Koper d.d., January – September 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
	I/1	II/1	III/1	III/4	IV/1	V/1	VI/2	
<b>Opening balance as of 1st January 2010</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>11,044,595</b>	<b>60,544,410</b>	<b>0</b>	<b>11,044,595</b>	<b>238,337,788</b>
Net profit for the financial year						960,899		960,899
Other comprehensive income for the period							-354,900	-354,900
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>960,899</b>	<b>-354,900</b>	<b>606,000</b>
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								
<b>Balance as of 30th September 2010</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>11,044,595</b>	<b>60,544,410</b>	<b>960,899</b>	<b>10,334,796</b>	<b>238,943,787</b>

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

*Luka Koper d.d.*, port and logistics system operator, with its registered office in Koper, Republic of Slovenia, is the parent company of the *Luka Koper Group* of companies. The financial statements are compiled for the period January to September 2010, i.e. as at 30<sup>th</sup> September 2010.

The non-audited financial statements of *Luka Koper d.d.* as of 30<sup>th</sup> September 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 separated financial statements *Luka Koper d.d.* wishes to provide the broadest sphere of users useful information on its finances, performance and changes in its financial standing from January to September 2010, in comparison with data for the same period last 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 – September 2010	January – September 2009
<b>OPERATING REVENUES</b>	<b>85,732,260</b>	<b>81,823,538</b>
Sales revenues on domestic market	28,756,271	26,311,584
Sales revenues on foreign markets	56,879,064	53,475,629
Other operating revenues	96,925	2,036,325

**Costs of goods, materials and services**

(in euros)	January – September 2010	January – September 2009
<b>COSTS OF GOODS, MATERIALS AND SERVICES</b>	<b>-31,543,837</b>	<b>-29,117,972</b>
Material costs	-5,931,893	-5,437,100
Service costs	-25,611,944	-23,680,872

**Labour costs**

(in euros)	January – September 2010	January – September 2009
<b>LABOUR COSTS</b>	<b>-22,789,949</b>	<b>-23,732,306</b>
Costs of salaries	-17,528,370	-18,363,351
Social insurance costs	-3,227,946	-3,373,691
Other labour costs	-2,033,633	-1,995,264

**Value write-offs**

(in euros)	January – September 2010	January – September 2009
<b>VALUE WRITE-OFFS</b>	<b>-18,884,486</b>	<b>-15,330,573</b>
Amortisation of fixed assets	-18,747,938	-14,777,873
Amortisation of real-estate investments	-478,301	-431,299
Revaluated operating expenses	-136,547	-121,401

**Other operating expenses**

(in euros)	January – September 2010	January – September 2009
<b>OTHER EXPENSES</b>	<b>-4,977,331</b>	<b>-4,671,293</b>
Charges unrelated to labour and other costs	-3,996,209	-3,775,932
Environmental protection expenditure	-277,629	-324,852
Other costs	-703,493	-570,509

**Financial revenues**

(in euros)	January – September 2010	January – September 2009
<b>FINANCIAL REVENUES</b>	<b>3,170,918</b>	<b>3,108,628</b>
Financial revenues from profit participation	2,659,567	2,465,631
Financial revenues from loans granted	229,002	318,029
Financial revenues from operating receivables and foreign exchange gains	282,350	324,968

**Financial expenses**

(in euros)	January – September 2010	January – September 2009
<b>FINANCIAL EXPENSES</b>	<b>-8,276,351</b>	<b>-6,476,299</b>
Financial expenses from financial liabilities	-6,707,922	-6,325,576
Financial expenses from impairments and write-offs of financial investments	-1,328,729	-4,916
Financial expenses from operating liabilities and foreign exchange losses	-239,699	-145,807

**Operating profit for the period**

(in euros)	January – September 2010	January – September 2009
<b>PRE-TAX PROFIT</b>	<b>967,125</b>	<b>5,522,775</b>
Corporation tax	0	-552,278
Deferred tax	-6,226	-8,915
<b>Net profit for the period</b>	<b>960,899</b>	<b>4,961,582</b>
<b>NET EARNINGS PER SHARE</b>	<b>0,06</b>	<b>0,35</b>

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

(in euros)	30.9.2010	31.12.2009
<b>INTANGIBLE FIXED ASSETS AND LONG-TERM DEFERRED EXPENSES &amp; ACCRUED REVENUES</b>	<b>7,196,075</b>	<b>7,024,047</b>
<b>TANGIBLE FIXED ASSETS</b>	<b>347,004,056</b>	<b>352,506,587</b>
1. Land and buildings	235,665,842	213,904,856
a. Land	6,261,659	6,261,659
b. Buildings	229,404,183	207,643,197
2. Plant and machinery	86,670,785	94,015,714
3. Other plant and equipment	138,696	138,696
4. Tangible fixed assets under acquisition	24,528,733	44,447,321
<b>REAL-ESTATE INVESTMENTS</b>	<b>37,255,547</b>	<b>37,449,118</b>

**Long-term financial investments**

(in euros)	30.9.2010	31.12.2009
<b>LONG-TERM FINANCIAL INVESTMENTS</b>	<b>83,441,468</b>	<b>89,988,457</b>
1. Long-term financial investments, less loans	80,886,960	87,234,960
2. Long-term loans	2,554,508	2,753,497

**Short-term operating receivables**

(in euros)	30.9.2010	31.12.2009
<b>SHORT-TERM OPERATING RECEIVABLES</b>	<b>20,814,605</b>	<b>19,929,684</b>

**Equity**

(in euros)	30.9.2010	31.12.2009
<b>EQUITY</b>	<b>238,943,786</b>	<b>238,337,787</b>
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	10,689,695	11,044,595
Retained net profit	0	0
Net profit for the financial year	960,899	0

**Long-term liabilities**

(in euros)	30.9.2010	31.12.2009
<b>LONG-TERM LIABILITIES</b>	<b>139,492,223</b>	<b>47,874,671</b>
Long-term financial liabilities	136,680,288	45,032,490
Long-term operating liabilities	139,511	81,032
Deferred tax liabilities	2,672,424	2,761,149

**Short-term liabilities**

(in euros)	30.9.2010	31.12.2009
<b>SHORT-TERM LIABILITIES</b>	<b>125,374,043</b>	<b>228,104,650</b>
Short-term financial liabilities	111,457,404	199,625,466
Short-term operating liabilities	13,916,639	28,479,184



