

**Explanation of resolutions proposed at the 20<sup>th</sup> General Assembly of *Luka Koper d.d.* shareholders, which shall take place at 1 pm on Monday 9<sup>th</sup> July 2012 in the Plenary Hall of the Primorska Chamber of Commerce and Industry, Ferrarska Ulica 2, Koper, Slovenia.**

**Item 3 - Presentation of the 2011 Annual Report for *Luka Koper d.d.* and the *Luka Koper Group*, together with the auditor's opinion as well as the Supervisory Board's overview and report on the 2011 Annual Report for *Luka Koper d.d.* and the *Luka Koper Group***

**The Management Board proposes that the General Assembly adopt the following Resolution:**

The General Assembly shall be presented the endorsed 2011 Annual Report together with the auditor's opinion as well as the Supervisory Board's report upon its examination of the 2011 Annual Reports of *Luka Koper d.d.* and the *Luka Koper Group*.

The company's General Assembly is introduced to the remunerations of Management and Supervisory Board members, which are listed on pages 206 and 207 of the Annual Report.

**Management Board explanation to the proposed Resolution:**

Pursuant to the provisions of the Companies Act RS, the Supervisory Board has examined the 2011 Annual Reports for *Luka Koper d.d.* and *Luka Koper Group* which were submitted by the Management Board. The Annual Reports were examined by the Supervisory Board audit commission in the presence of representatives of the authorised external auditor Ernst & Young, and had no comments on it. The Supervisory Board established that these Reports present a true and legitimate overview of the financial situation and performance of *Luka Koper d.d.* and the *Luka Koper Group* in 2011; at its session of 20<sup>th</sup> April 2012, the Supervisory Board endorsed the Reports. The Supervisory Board was also introduced to the auditor's report and had no comments. The Supervisory Board has prepared a report on its examination of the 2011 Annual Reports of *Luka Koper d.d.* and the *Luka Koper Group*.

Management Board  
Luka Koper d.d.

Attachment:

- 2011 Annual Report of Luka Koper d.d. and the Luka Koper Group

**Explanation of resolutions proposed at the 20<sup>th</sup> General Assembly of *Luka Koper d.d.* shareholders, which shall take place at 1 pm on Monday 9<sup>th</sup> July 2012 in the Plenary Hall of the Primorska Chamber of Commerce and Industry, Ferrarska Ulica 2, Koper, Slovenia.**

**Item 4 - Proposal as to the allocation of distributable net profit for 2011 and the endorsement of Management and Supervisory Boards for their work in 2011**

**The Management and Supervisory Boards propose that the General Assembly adopt the following resolutions:**

4.1.

Luka Koper d.d. Shareholders Assembly is introduced to the fact that there is zero distributable profit for fiscal 2011. In 2011, *Luka Koper d.d.* generated a net loss in the amount of € 1,849,205.32. This loss has already been covered through the release of other revenue reserves formed in the past.

4.2

The General Assembly shall endorse the Management Board for its work 2011.

4.3.

The General Assembly shall endorse the Supervisory Board for its work in 2011.

**Management and Supervisory Boards explanation of the proposed resolutions:**

4.1

In 2011, *Luka Koper d.d.* generated a net loss in the amount of € 1,849,205.32. Based on the Management Board resolution, the company covered this loss through the release of other revenue reserves formed in the past.

(in euros)	2011	2010
<b>TOTAL DISTRIBUTABLE PROFIT (LOSS)</b>	<b>0</b>	<b>0</b>
RELEASE OF OTHER REVENUE RESERVES	1,849,205.32	2,431,887.92
NET LOSS FOR THE YEAR	-1,849,205.32	-2,431,887.92

Distributable profit for 2011 as the sum of the net loss for 2011 and released other revenue reserves amounts to € 0.00.

The Management and Supervisory Boards do not propose any distribution of dividends for 2011. In the formulation of this proposal, the Management and Supervisory Boards have acted with the diligence of a good manager. All relevant circumstances which affected and still affect *Luka Koper d.d.*'s performance have been considered, as has its commercial and financial state characterised by the company's high degree of indebtedness and plans for the current fiscal year.

4.2 and 4.3

The Management and Supervisory Boards propose that their operation and work in 2011 is endorsed.

In 2011, the Management Board managed the company correctly and compliant with regulations.

Also compliant with regulations, the Supervisory Board appropriately performed its supervisory and control function over the company's operations and management.

Management Board  
Supervisory Board  
Luka Koper d.d.

Attachment:

- 2011 Annual Report of Luka Koper d.d. and the Luka Koper Group

**Explanation of resolutions proposed at the 20<sup>th</sup> General Assembly of Shareholders of *Luka Koper d.d.*, which shall take place at 1 pm on Monday 9<sup>th</sup> July 2012 in the Plenary Hall of the Primorska Chamber of Commerce and Industry, Ferrarska Ulica 2, Koper, Slovenia.**

**Item 5 - Appointment of an external auditor for fiscal 2011**

**The Supervisory Board proposes that the General Assembly adopt the following resolution:**

The auditors *Ernst & Young d.o.o.*, Dunajska Cesta 111, Ljubljana, Slovenia, shall be appointed as external auditor for fiscal 2012.

**Supervisory Board explanation to the proposed resolutions:**

The *Luka Koper d.d.* annual report and the consolidated annual report of the *Luka Koper Group* for 2012 shall be examined by an external auditor in a manner and under terms determined by law.

The auditors *Ernst & Young d.o.o.*, Dunajska Cesta 111, Ljubljana, Slovenia, which audited *Luka Koper d.d.* and *Luka Koper Group* in 2009, 2010 and 2011, is one of the four largest internationally acknowledged auditing firms. Thus the Supervisory Board proposes that the General Assembly appoint *Ernst & Young d.o.o.*, Dunajska Cesta 111, Ljubljana, Slovenia, as external auditors for 2012.

The proposal of a resolution regarding the appointment of *Ernst & Young d.o.o.* to audit the company's annual report is based on the 14<sup>th</sup> May 2012 proposal by the Supervisory Board Audit Commission which was submitted to the Supervisory Board in compliance with Article 280 of the Companies Act RS.

Supervisory Board  
Luka Koper d.d.

**Explanation of resolutions proposed at the 20<sup>th</sup> General Assembly of *Luka Koper d.d.* shareholders, which shall take place at 1 pm on Monday 9<sup>th</sup> July 2012 in the Plenary Hall of the Primorska Chamber of Commerce and Industry, Ferrarska Ulica 2, Koper, Slovenia.**

<b>Item 6 - Amendments to the Luka Koper d.d. Statute</b>
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**The Supervisory Board proposes that the General Assembly adopt the following resolution:**

The Assembly shall adopt the following amendment to the company statute of *Luka Koper d.d.*, port and logistics system operator:

The company shall harmonise the general acts with the Statute amendments not later than by 9<sup>th</sup> September 2012. By that same date the Supervisory Board shall be obliged to appoint a new (single) Managing Director and settle all the relations with the previous Management Board.

The notary public shall prepare a clean copy of the Statute of *Luka Koper d.d.*, port and logistics system operator.

**Supervisory Board explanation to the proposed resolution and explanations as to the proposed amendments to the Luka Koper d.d. Statute:**

At its 14<sup>th</sup> May 2012 session, upon the proposal of the Supervisory Board members – employee representatives - the Supervisory Board considered a vote of confidence in the Management Board.

The Supervisory Board established that the company is facing important and long-term challenges as to investment financing in the expansion of port facilities. Further to the competence of Management Board members, these complex projects require in particular team work involving both the Management Board as well as the company's broader management structures.

The Supervisory Board, whose function is to monitor the work of Management and attend to the interests of shareholders, believes that in future the company would be better able to achieve optimum results with a single Managing Director rather than a Management Board; therefore it proposes that the General Assembly amends the company Statute of *Luka Koper d.d.* in order that the company shall be administered by a (single) Managing Director.

The Supervisory Board proposes that the General Assembly amend the provisions of the current *Luka Koper d.d.* Statute so that those parts and articles which presently refer to the management of the company by way of a Management Board, shall henceforth be amended so that they instead prescribe a Managing Director. On this basis there may be a transition from a four-member Management Board to a single Managing Director. It is the opinion of the Supervisory Board that there is no need to explain the amendments of individual provisions due to the fact that proposed amendments of the company's Statute only include amendments which are necessary because of the transition to a single Managing Director.

The company's current Management Board is composed of three members, i.e. the Management Board President and two members, one of whom is the Workers Director. The mandate of all the members of the existing Management Board expires at the end of September. It is anticipated that the proposed amendments to the company's Statute will become effective on a predetermined date when the changes to the company's Management shall be accomplished. As the body responsible for the appointment and dismissal of Management, the Supervisory Board shall be obliged to ensure harmonisation and application of the amended provisions to the Company Statute. The mandate of

the current Management Board ends on 8<sup>th</sup> September 2012, accordingly the newly appointed Managing Director will commence a five-year term on 9<sup>th</sup> September 2012.

Based on resolutions adopted at the General Assembly the existing Management Board shall be discharged and its mandate shall end. This non-fault dismissal shall mean that that the members of the Management Board will be entitled to full rights deriving from their Contracts of Employment.

The Supervisory Board thus proposes that:

- **the provisions of Article 8 (eight) of the Luka Koper d.d. Statute shall be amended to read as follows:**

*Article 8 (eight)*

*The company has established a two-tier governance system.*

*The company is governed by its shareholders, each in proportion to its equity investment and in compliance with the Statute and the provisions of the law.*

*The governing bodies of the company are as follows:*

- *the General Assembly of Shareholders,*
- *the Supervisory Board,*
- *the Managing Director.*

In the text of the Statute, the word Management is used and understood as the management entity, i.e. henceforth a (single) Managing Director.

- **the provisions of Article 27 (twenty-seven) of the Luka Koper d.d. Statute shall be amended to read as follows:**

*Article 27 (twenty-seven)*

*The company's Management has a single member – a Managing Director, appointed by the Supervisory Board for a period of five years with the possibility of reappointment.*

- **the provisions of Article 28 (twenty-eight) of the Luka Koper d.d. Statute shall be amended to read as follows:**

*Article 28 (twenty-eight)*

*For reasons pursuant to the law, the Supervisory Board shall be entitled to recall the Managing Director prior to the mandated and contracted period.*

- **the provisions of Article 29 (twenty-nine) of the Luka Koper d.d. Statute shall be amended to read as follows:**

*Article 29 (twenty-nine)*

*The appointment or recall of the Managing Director requires the endorsement of 2/3 (two thirds) of Supervisory Board members as a quorum.*

- **the provisions of Article 30 (thirty) of the Luka Koper d.d. Statute shall be amended to read as follows:**

*Article 30 (thirty)*

*The management - the Managing Director - shall manage the company independently and upon their own responsibility, as well as represent the company in its relations with third parties.*

*The Managing Director shall be entitled to authorise individual employees with special powers and responsibilities in the company in order to represent it in particular areas.*

- **the provisions of Article 31 (thirty-one) of the Luka Koper d.d. Statute shall be amended to read as follows:**

*Article 31 (thirty-one)*

*The Supervisory Board may decide that certain types and scopes of business can only be effected upon prior consent by the Supervisory Board.*

- **the provisions of Article 32 (thirty-two) of the Luka Koper d.d. Statute shall be amended to read as follows:**

*Article 32 (thirty-two)*

*The Management - Managing Director - may, with the consent of the Supervisory Board, authorise one or more procurators who shall present the company individually.  
With the Supervisory Board's consent, the Management may also authorise other persons to represent the company in a general or specific capacity.*

- **the provisions of Article 33 (thirty-three) of the Luka Koper d.d. Statute shall be amended to read as follows:**

*Article 33 (thirty-three)*

*The mutual rights and obligations existing between the Managing Director and the company shall be regulated by a separate contract on management competences, which shall be concluded by the Supervisory Board President on behalf of the company.*

*Upon the proposal of the Supervisory Board, and in accordance with the General Assembly resolution, the Management - Managing Director – may participate in profit sharing, but usually only if the net profit for the year to the account date is, in relation to the company's total equity, higher than the interest rate payable on one-year deposits.*

*As a rule, the portion of distributable profit disbursed to Management may not exceed 5 (five) percent of total distributable profit allocated for distribution to shareholders.*

- **the provisions of Article 37 (thirty-seven) of the Luka Koper d.d. Statute shall be amended to read as follows:**

*Article 37 (thirty-seven)*

*Management and the members of the Supervisory Board must jointly ensure that the annual reports and all their components, including the Statement on the Management of the Company, shall be compiled and published in accordance with the law, as well as Slovenian accounting standards or International Financial Reporting Standards. In doing so they shall act diligently in compliance with their powers and responsibilities as determined for a joint stock enterprise by the law.*

*The annual report and its components must be signed off by the Management – Managing Director.*

- **the provision of Article 51 (fifty-one) of the Luka Koper d.d. Statute shall be amended to read as follows:**

*Article 51 (fifty-one)*

*Other general acts of Luka Koper d.d. shall be applicable unless they are contrary to this Statute.*

*The company shall be liable to harmonise general acts with the proposed amendments to the Statute not later than by 9<sup>th</sup> September 2012, and by the same date the Supervisory Board shall be liable to appoint the Managing Director as well as settle all relations with the previous Management Board.*

Supervisory Board  
Luka Koper d.d.



**Explanation of resolutions proposed at the 20<sup>th</sup> General Assembly of Luka Koper d.d. shareholders, which shall take place at 1 pm on Monday 9<sup>th</sup> July 2012 in the Plenary Hall of the Primorska Chamber of Commerce and Industry, Ferrarska Ulica 2, Koper, Slovenia.**

<b>Item 7 - Determination of Supervisory Board and Supervisory Board Commission members' remuneration and attendance fees for the following twelve (12) months</b>
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**The Management Board proposes that the General Assembly adopt the following resolution:**

On the basis of the provisions of Article 25 of the *Luka Koper d.d.* Statute, the General Assembly shall adopt a resolution on the determination of remuneration and attendance fees for members of the Supervisory Board as well as members of Supervisory Board Commissions for the following twelve (12) months as follows:

- Each Supervisory Board member shall receive € 275 (gross) as an attendance fee for their participation at a Supervisory Board meeting.
- For their participation at a Supervisory Board Commission meeting, a Supervisory Board Commission member shall receive an attendance fee in the amount of 80% of the attendance fee for participation at a Supervisory Board meeting.
- The attendance fee for a correspondence meeting shall amount to 80% of the regular attendance fee.
- Notwithstanding the aforementioned, i.e. regardless of the number of meetings attended in a fiscal year, a Supervisory Board member shall be entitled to the remuneration of attendance fees - from either Supervisory Board or Supervisory Board's Commission meetings - to an aggregate maximum amount of 50% of their basic remuneration for performing their function as a Supervisory Board member.
- In addition to attendance fees, Supervisory Board members shall receive basic remuneration for performing their function as a member of the Supervisory Board in an annual amount of € 11,000 gross per individual member.
- The President of the Supervisory Board shall also be entitled to a 50% supplement to their basic remuneration for their Supervisory Board member function.
- The President of a Supervisory Board Commission shall also be entitled to a 50% supplement to their basic remuneration for the performance of a Supervisory Board Commission member function.
- Supervisory Board Members of a Supervisory Board Commission shall be entitled to a 25% supplement on top of their basic remuneration for the performance of their Supervisory Board function.
- External members of Supervisory Board Commissions - i.e. those who are not simultaneously members of the Supervisory Board - shall be entitled to remuneration in the amount of € 11,000 (gross) per year for the performance of their function.
- For the period in which they perform their respective functions, Supervisory Board and Supervisory Board Commission members shall receive their basic remuneration and supplements in proportional monthly instalments.
- Each monthly payment shall amount to one twelfth of the annual amounts defined above. In the event that a Board member performs their function for less than a month, they shall be entitled to proportional payment according to the number of days worked.
- Notwithstanding the above, an individual Supervisory Board Commission member - i.e. regardless as to the number of commissions they are members of, or preside over - shall only be entitled to supplementary payments up to a total amount equal to 50% of their basic remuneration as a Supervisory Board member.

- The restriction as to the total amount of attendance fee or supplement payments to Supervisory Board members shall in no way whatsoever affect the obligation to attend meetings of either the Supervisory Board or the Commission of which they are a member; such shall remain their legally prescribed responsibility.

#### **Management Board explanation to the proposed resolution:**

At its July 2011 meeting, *Luka Koper d.d.*'s General Assembly adopted a resolution by way of which it determined the attendance fees of Supervisory Board members as well as remuneration as to the performance of their function. The resolution adopted by the Assembly remains in force for a period of one year (twelve months) from its adoption at the Assembly meeting. Following the expiration of the twelve-month period, the criteria and legal basis for attendance fee payments cease to be valid, as does the criteria for determination of attendance fees and the remuneration of Supervisory Board members and Supervisory Board Commission members for the performance of their function.

*Luka Koper d.d.*, Vojkovo Nabrežje 38, Koper, Slovenia, is a public limited company whose shares are listed and traded on the stock market. On the basis of Item 2.C of the 8<sup>th</sup> April 2011 Recommendations of the Capital Assets Management Agency of the Republic of Slovenia, the company meets the terms and the status of a large enterprise. Although large, *Luka Koper d.d.* is in a poor situation and over the coming year shall continue to implement rehabilitation measures in order to consolidate its performance. This should be taken into consideration in determination of the remuneration of Supervisory Board members; accordingly, a sum of € 11,000 per annum is suggested.

The Management therefore proposes that the General Assembly endorses this resolution prescribing € 11,000 per annum gross, together with the proposed supplements, as an appropriate amount for the remuneration of Supervisory Board members. The external members of Supervisory Board Commissions shall also receive basic remuneration as per Supervisory Board members, but without supplements.

Management also proposes that attendance fees be set at € 275 gross, and that members of Supervisory Board and Supervisory Board Commissions shall be entitled to the reimbursement of travel and other expenses in relation to their participation at meetings in accordance with the company's Statute.

Management Board  
Luka Koper d.d.

**Explanation of resolutions proposed at the 19<sup>th</sup> General Assembly of Luka Koper d.d. shareholders, which shall take place at 1 pm on Monday 11<sup>th</sup> July 2011, in the Plenary Hall of the Primorska Chamber of Commerce and Industry, Ferrarska Ulica 2, Koper, Slovenia.**

#### **Item 8 - General Assembly authorisation for the acquisition of treasury stock**

**The Management Board proposes that the General Assembly adopts the following Resolution:**

The General Assembly shall authorise the company to acquire and dispose of treasury stock under the following conditions:

1. Authorisation for the acquisition of treasury stock shall be valid for 36 months from the date that such is granted by the General Assembly.
2. Authorisation shall apply in relation to the acquisition of a maximum of 1,400,000 LKPG shares; namely, the total amount of treasury stock acquired and thence held by the company may not exceed 10% of *Luka Koper d.d.*'s issued share capital.
3. The purchase price for the acquisition of LKPG shares as treasury stock:
  - shall not be more than 10% above the average daily trading price of the company's share on the Ljubljana Stock Exchange over the previous calendar month prior the date of acquisition;
  - shall not be lower than € 4.17, which is the base value of the share as a fractional proportion of the company's issued share capital.
4. The company may only acquire treasury stock via a stock exchange;
5. The company may use existing treasury stock as well as treasury stock acquired by way of this authorisation for all, or some, of the following purposes:
  - for exchange of business or financial assets on the basis of prior Supervisory Board consent;
  - for employee stock options aimed at employees of *Luka Koper d.d.* or associated companies;
  - for eventual disposal to a strategic investor on the basis of prior Supervisory Board consent;
6. The price at which the company shall dispose of its treasury stock may not be lower than their average purchase price, nor may it be lower than the average daily trading price of the LKPG share on the Ljubljana Stock Exchange over the previous full calendar month prior to the date of their disposal.
7. In the event treasury stock is disposed of under the terms and for the purposes determined in this authorisation, any pre-emptive right shall be excluded in the disposal of shares.
8. At the first regular General Assembly meeting following the date of any eventual acquisition of treasury stock, Management shall be obliged to inform shareholders as to the reasons and purpose of the acquisition, the total number and portion of acquired shares, as well as their value. At the first regular General Assembly meeting following the date of any eventual disposal of treasury stock, the Management Board shall report to shareholders as to the reasons and purpose of the disposal, the total number and portion of disposed shares, together with the amount realised. In addition - and from the perspective of the interests of the company and its shareholders - Management shall submit the opinion of an independent financial consultant as to the appropriateness of disposal.

#### **Management Board explanation to the proposed resolution:**

It is proposed that the General Assembly should grant the company authorisation to acquire and dispose of treasury stock. Compliant with the proposed resolution, the company shall only be allowed to acquire treasury stock via a stock exchange, which is fully compliant with the principle of equality of shareholders pursuant to Article 221 from Companies Act RS (ZGD-1). The purchase price for the acquisition of treasury stock shall not:

- be more than 10% above the average daily trading price of the company's share on the Ljubljana Stock Exchange over the previous calendar month; and
- be lower than € 4.17, which is the base value of the share as a fractional proportion of the company's issued share capital.

Based on the proposed authorisation, the company may acquire treasury stock for the following purposes:

- for exchange of business or financial assets on the basis of prior Supervisory Board consent;
- for employee stock options aimed at employees of *Luka Koper d.d.* or associated companies;
- for eventual disposal to a strategic investor on the basis of prior Supervisory Board consent.

As to all three of the aforementioned purposes, Management shall require prior consent from the Supervisory Board. This facility allows the company to use treasury stock to finance the acquisition of other assets, or administer their eventual disposal to a strategic partner, which would be compliant with its business interests and strategic orientations.

Compliant with pertinent regulations, the company does not exercise management rights deriving from share ownership.

Due to the above listed purposes as to the eventual use of these shares, pre-emptive rights and the principle of an equal position amongst shareholders in the disposal of shares cannot be applied in relation to such treasury stock. In any such event, shares may only be disposed of to a previously identified person, entity, asset holder or strategic partner. For this reason, the authorisation explicitly excludes the shareholders' pre-emptive right in the disposal of treasury stock. The requisite of prior consent by the Supervisory Board as well as the report to the General Assembly at the first meeting following any disposal of treasury stock, together with the submission of the opinion of an independent financial consultant as to the suitability of disposal from the perspective of the interests of the company and its shareholders, shall ensure that any such transaction will only transpire in order to accomplish the company's mandated strategic objectives. Simultaneously, treasury stock disposal shall not disproportionately affect or damage the interests of existing shareholders. The disposal of shares for purposes deriving from the General Assembly's authorisation shall also be subject to Supervisory Board consent.

Under the terms and conditions described above, the exclusion of pre-emptive rights in the disposal of treasury stock is in the company's commercial and economic interest. At the same time, authorisation shall also determine the terms and procedures in the disposal of treasury stock which shall ensure that the interests of all shareholders are protected. Based on the aforementioned, we believe that the exclusion of the existing shareholders' pre-emptive rights is substantiated due to the fact that this is the only manner in which a strategic goal that is in the company's interest may be objectively accomplished.

Further to the aforementioned purposes of the acquisition of treasury stock, the Management Board believes that this means of acquisition is also reasonable due to the low market prices presently being accomplished by LKPG shares, which in itself presents a good business opportunity for the company and a consequent increase in its assets.

Management Board  
Luka Koper d.d.