



Bojan Brank, Management Board President

Dear readers,



nevertheless, it can, in conjunction with the state, act to remedy the lack of depth of the navigational channel serving Basin I. Currently, due to the shallow seabed, the largest fully loaded container vessels are compelled to unload containers at Trieste before calling at Koper. I am pleased to announce that dredging operations, which shall remedy this situation, are now underway.

The members of Luka Koper d.d. Supervisory Board have often pointed out the fact that the quantity of cargo handled is not the sole measure of the company's performance; more attention should be given to business results. In the month since the Supervisory Board asked me to take over the company's management (during which time my supervisory role has been suspended), I have gained more detailed insight into operational performance in relation to individual cargo types. Liquid cargo throughput has, for example, increased by nine percent, but due to existing longstanding commercial contracts, this rise is not directly reflected in terminal revenues. At the same time, however, such long-term fixed contracts may also guarantee income in the event of throughput decline, which provides a higher degree of safety in an era of instability. A similar example is provided by dry bulk cargos, which recorded ten percent throughput growth and simultaneously a two percent fall in revenues as a consequence of rapid cargo turnover and a decline in revenues from storage charges. The situation at the Car Terminal, where both cargo throughput and revenues from storage charges recorded an upturn, is completely opposite. Income from storage charges also increased at the Container Terminal, which last month faced the challenge of implementing new software. Initial problems have now been ironed out, and the Terminal's operation is back to normal.

The main purpose of Luka Koper's regular Notice is to present a comprehensive overview of the operations of our essential link in overseas trade flows. Although the seaport's role in the international logistics chain is indispensable, it is at one and the same time limited. In the twenty years of my career, I have been acquainted - primarily from the 'aviation' perspective - with the operations of DHL, one of the world's largest logistics providers. Regardless of the type or modality of the supply chain, however, price and reliability forever remain the key factors determining a client's choice of provider.

Luka Koper employs many dedicated professionals who have endeavoured in harsh economic conditions to ensure continued stability through maintaining a strong operational performance. Such is corroborated by a five percent growth in cargo throughput over the first nine months of this year. Indeed, growth has been recorded across all cargo categories, this with the exception of container freight, which - for the first time in several years of double-digit growth - has suffered a slight decline. This is attributable to a number of reasons: freight rates in relation to ports on the other side of the European continent are, despite the 2,000 nautical mile longer route from the Far East, often lower than those for Koper. In addition, it is generally estimated that absolute import quantities in relation to our hinterland markets have declined substantially. Luka Koper has only limited influence on the above;

I would like to end by providing my personal assurance that the company invests maximum effort into accomplishing best possible performance.

october 2012

Cargo throughput and revenues by cargo type

Cargo throughput in tonnes

| | January - September 2012 | January - September 2011 | Index 12/11 |
|-------------------|--------------------------|--------------------------|-------------|
| General cargos | 1,047,094 | 1,043,552 | 100 |
| Container freight | 3,999,966 | 4,029,663 | 99 |
| Cars | 492,926 | 463,149 | 106 |
| Liquid cargos | 2,416,598 | 2,211,712 | 109 |
| Dry bulk cargos | 5,292,728 | 4,814,915 | 110 |
| Total | 13,249,311 | 12,562,991 | 105 |

Cargo throughput in units

| | January - September 2012 | January - September 2011 | Index 12/11 |
|-------------------|--------------------------|--------------------------|-------------|
| Containers (TEUs) | 429,197 | 441,393 | 97 |
| Cars (units) | 349,428 | 324,325 | 108 |

Operating revenues by category

| (in 000 euros) | January - September 2012 | January - September 2011 | Index 12/11 |
|---------------------------------|--------------------------|--------------------------|-------------|
| General cargos | 23,368 | 23,435 | 100 |
| Container freight | 24,548 | 24,390 | 101 |
| Cars | 11,935 | 10,025 | 119 |
| Liquid cargos | 5,307 | 5,303 | 100 |
| Dry bulk cargos | 24,190 | 24,775 | 98 |
| Other operating revenues | 11,157 | 11,121 | 100 |
| Total operating revenues | 100,505 | 99,048 | 101 |

* Incomplete and non-audited data

** Operating revenues are composed of net sales revenues and other operating revenues which do not include other revenues. The 2011 interim reports included other revenues in operating revenues. The value of other revenues which are not included in January - September 2011 in order to allow comparison with January - September 2012 figures amounts to 62,900 euros, whereas their January - September 2012 value stood at 573,800 euros.

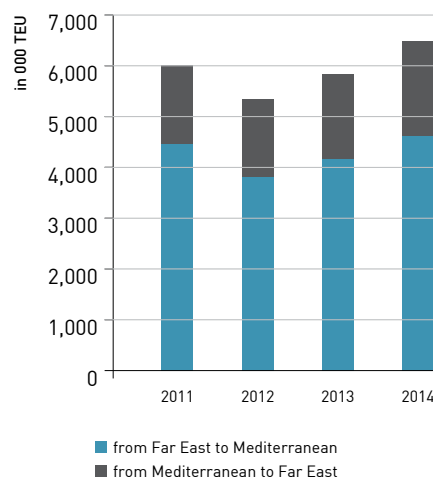


Global Container Freight is Rising, But Europe Lags Behind

Based on analytical data provided by MDS Transmodal and BoxTrade Intelligence, global maritime container freight rose by six percent between October 2011 and September 2012. Europe, however, is not achieving this level of growth; indeed, container

cargos are down over the last twelve months, particularly on the trade lanes with Asia. Further to this, and compared with January estimates, analysts have further reduced their expectations for growth in the period to 2014.

Far East – Mediterranean maritime trade in TEU:



Unitised trade growth rates (year-on-year):

| Container freight trade | 2011 | Q1+Q2 2012 | Estimate Q3 2012 – 2Q 2013 |
|---|------|------------|----------------------------|
| from Far East to Europe | +6% | -2% | +8% |
| from Europe to Far East | +10% | +3% | +3% |
| exports from North Europe & Mediterranean | +9% | +5% | +7% |
| imports into North Europe & Mediterranean | +6% | -1% | +8% |
| intra-Europe | +3% | +0% | +6% |
| global growth | +7% | +6% | +9% |

Source: Containerisation International Magazine, October 2012

Navigation Channel Dredging Commences

Selected through a tender conducted by the Maritime Administration RS, Luka Koper INPO began dredging the navigation channel linking Basin I with the waters beyond the port zone in September. These works will take about a year and provide a 14-metre deep channel into the Port of Koper. This facility will allow, in conjunction with dredging of berths, the largest ships, including those carrying a full

load of containers, to use the port. Currently, the maximum permissible draft of 11.4 meters does not allow entry of fully-loaded post-panamax vessels, for which reason they must first call at neighbouring ports, and only afterwards berth at Koper. This means that it takes a container two to three days longer to reach the port than in the event its carrier first calls at Koper.

Dredging Operations

Dredging is accomplished using a suction dredge with a hydraulic cutter head, which loosens smaller rocks and silt that are then transported using a suction pump along a 3-kilometre long pipe to the discharge area – a land reclamation project located in the port's hinterland. Due to the fact that it is not self-propelled, the dredger moves with the aid of five steel cables fixed on anchors. In order not to disturb the navigation of ships using Basin I, the dredger must regularly move itself clear of the navigation channel marked by red and green buoys.



Improvements at the Luka Koper Container Terminal

In early September, the Luka Koper Container Terminal acquired new container manipulation and storage capacities at the so-called LES 3 depot located adjacent the central rail freight station. The new handling area within the port zone will be used to unload empty containers from rail wagons as well as to load both full and stripped containers onto the wagons of block trains serving the continental hinterland. In addition, this September the Terminal acquired three new RTG cranes; these new cranes have twice

as many wheels (a total of 16) which increases their stability and reduces vibration during operation. This feature facilitates the operator's work as well as makes the driver's task more comfortable. Launched in early October as a replacement for the old Cosmos system, the new and more advanced Tideworks terminal management information system is anticipated to increase Terminal productivity, as well as be of benefit to both clients and operations alike.



New Direct Service between Koper and Libya

The port of Koper will receive a direct RO-RO link with Libya from the end of October. The Venice-based Med Cross Lines will provide a fortnightly

connection calling at Koper – Venice – Benghazi – Misrata – Tripoli, this with the option of calls at the Libyan ports of Tobruk and Brega. The multipurpose

service will be provided by the Gazalle, a multi-role RO-RO vessel capable of transporting vehicles, container freight and general cargos.

Open Door Day for Investors

On 12th September, Luka Koper organised its regular meeting with financial analysts and the investment community, who were invited to Koper in order that they might be presented with the latest performance results as well as the company's plans for the future. This visit also included a tour of the port so that they may gain better insight into activities and operations. Last year, this overview was provided from a tugboat, whereas this year guests were invited up onto one of the highest points in the port – the top of a container crane. Welcomed by Management Board President Mr Bojan Brank, guests were presented with business performance information by Management Board member, Mr Marko Rems, while the operations manager of the Container Terminal, Mr Sandi Ražman, took guests on the 'crane tour'.



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