

LUKA KOPER GROUP

**NON-AUDITED INTERIM REPORT OF LUKA KOPER GROUP AND
LUKA KOPER D. D.
JANUARY – SEPTEMBER 2012**

**Koper, Slovenia,
November 2012**

CONTENTS

PERFORMANCE HIGHLIGHTS OF LUKA KOPER GROUP	1
GENERAL INFORMATION	3
INTRODUCTORY NOTE.....	3
PRESENTATION OF LUKA KOPER GROUP	4
CORPORATE MANAGEMENT AND GOVERNANCE	7
SIGNIFICANT EVENTS JANUARY – SEPTEMBER 2012	9
RELEVANT POST-BALANCE-SHEET EVENTS.....	14
LUKA KOPER GROUP BUSINESS REPORT	14
PERFORMANCE ANALYSIS OF THE LUKA KOPER GROUP	14
FINANCIAL MANAGEMENT	20
MARKETING & SALES	23
RISK MANAGEMENT	29
LKPG SHARE.....	31
NON-FINANCIAL INVESTMENTS.....	34
RESEARCH & DEVELOPMENT	35
IT SUPPORT	36
SUSTAINABLE DEVELOPMENT	36
HUMAN RESOURCE MANAGEMENT	36
ENVIRONMENTAL IMPACT CONTROL.....	39
COMMITMENT TO THE COMMUNITY	42
BUSINESS EXCELLENCE.....	43
FINANCIAL REPORT	44
CONSOLIDATED FINANCIAL STATEMENTS OF LUKA KOPER GROUP.....	44
NON-CONSOLIDATED FINANCIAL STATEMENTS OF LUKA KOPER D.D.....	57
MANAGEMENT BOARD STATEMENT OF RESPONSIBILITY	70

PERFORMANCE HIGHLIGHTS OF LUKA KOPER GROUP

COMPARISON OF ACTUAL AND PLANNED RESULTS FOR JANUARY – SEPTEMBER 2012

(in euros)	Result 1 – 9 2012	Plan 1 – 9 2012	Index result/ plan
Operating revenues	108,075,298	111,348,620	97
Operating profit (EBIT)	14,774,986	17,096,908	86
EBITDA	35,662,033	38,317,265	93
Net profit	8,260,807	10,061,169	82
Investments in intangible and tangible fixed assets and real-estate investments	14,461,101	27,516,622	53
Cargo throughput (in tonnes)	13,249,311	13,232,883	100

COMPARISON OF JANUARY–SEPTEMBER RESULTS FOR 2012 AND 2011

(in euros)	1 – 9 2012	1 – 9 2011	Index 2012/2011
From Income Statement			
Operating revenues	108,075,298	105,705,131	102
Operating profit EBIT	14,774,986	15,828,476	93
EBITDA	35,662,033	36,144,202	99
Financing gain (loss)	-4,333,070	-11,324,150	-
Pre-tax profit	10,441,916	4,504,326	232
Net profit	8,260,807	3,078,856	268

(in euros)	30. 9. 2012	31. 12. 2011	Index 2012/2011
From Balance Sheet Statement			
Assets	470,802,600	478,271,061	98
Non-current assets	433,024,991	445,905,231	97
Current assets and deferred expenses and accrued revenues	37,777,609	32,365,830	117
Equity	247,145,916	240,796,818	103
Non-current liabilities and provisions	164,559,090	171,108,726	96
Current liabilities and accrued expenses and deferred revenues	59,097,594	66,365,517	89
Financial liabilities	188,532,246	205,799,473	92
(as percentage)	1 – 9 2012	1 – 9 2011	Index 2012/2011

Indicators			
Return on sales (ROS)	13.67%	14.97%	91
Net return on equity (ROE)	4.51%	1.69%	268
Net return on assets (ROA)	2.32%	0.83%	280
EBITDA margin	33.00%	34.19%	97
Financial liabilities / equity	76.28%	86.76%	88

(in euros)	1 – 9 2012	1 – 9 2011	Index 2012/2011
From Cash Flow Statement			
Investments in tangible and intangible fixed assets and real-estate investments	14,461,101	14,579,463	99

GENERAL INFORMATION

INTRODUCTORY NOTE

Compliant with the *Market and Financial Instruments Act RS*, *Ljubljana Stock Exchange Rules* as well as *Guidelines on Disclosure for Listed Companies*, *Luka Koper d.d.*, Vojkovo Nabrežje 38, Koper, Slovenia, discloses this Non-Audited Interim Report on the performance of *Luka Koper d.d.* and the *Luka Koper Group* of companies for January – September 2012.

This Non-Audited Interim Report on the performance of *Luka Koper d.d.* and the *Luka Koper Group* for January – September 2012 can be examined at *Luka Koper d.d.*'s registered headquarters at Vojkovo Nabrežje 38, 6501 Koper, Slovenia, and shall also be accessible via the company's website www.luka-kp.si from 23rd November 2012 onwards.

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

This Non-Audited Interim Report on the performance of *Luka Koper d.d.* and the *Luka Koper Group* for January – September 2012 was addressed by the company's Supervisory Board at its regular session held on 23rd November 2012.

PRESENTATION OF LUKA KOPER GROUP

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

<i>Full title</i>	<i>Luka Koper, a public limited liability port and logistics system operator</i>
<i>Short title</i>	<i>Luka Koper, d. d.</i>
<i>Registered office</i>	<i>Vojkovo nabrežje 38, Koper, Slovenia</i> <i>Telephone: +386 (0)5 66 56 100</i> <i>Fax: +386 (0)5 63 95 020</i> <i>Email: portkoper@luka-kp.si</i> <i>Website: www.luka-kp.si</i>
<i>Company registration</i>	<i>Application No. 066/10032200, registered at the Koper District Court</i>
<i>Registration number</i>	<i>5144353</i>
<i>Tax number</i>	<i>SI 89190033</i>
<i>Issued share capital</i>	<i>€ 58,420,964.78</i>
<i>No. of shares</i>	<i>14,000,000 ordinary no-par-value shares</i>
<i>Share listing</i>	<i>Ljubljana Stock Exchange, prime market</i>
<i>Share ticker symbol</i>	<i>LKPG</i>
<i>Management Board President</i>	<i>Bojan Brank</i>
<i>Management Board Member</i>	<i>Marko Rems</i>
<i>Management Board Member – Workers Director</i>	<i>Matjaž Stare</i>
<i>Supervisory Board President</i>	<i>Dr. Janez Požar</i>
<i>No. of consolidated companies</i>	<i>4</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>

Companies consolidated within the *Luka Koper Group* provide various services which accomplish the comprehensive operation of the Port of Koper. In addition to the parent company *Luka Koper d.d.*, the *Luka Koper Group* was comprised of the following subsidiary enterprises as of 30th September 2012:



* The *Luka Koper Deutschland GmbH* subsidiary in which the parent company holds a 74.80 percent stake is currently under liquidation.

As of 30th September 2012, *Luka Koper d.d.* also discloses financial investments in jointly-controlled and associated companies in which it exerts significant influence:



* The company *Adriazole d.o.o.* is not controlled in compliance with International Accounting Standards 27 (13). Although *Luka Koper d.d.* holds a 98-percent stake in *Adriazole d.o.o.*, decision making requires the consent of the partner pursuant to an agreement. Compliant with provisions of IAS 28 (7), *Adriazole d.o.o.* has been reclassified as an associated company.

** In 2011, due to the withdrawal of one of the shareholders, *TOC d.o.o.* was reclassified from an associated company to a subsidiary. The court of company registration, however, rejected to enter this change company's ownership, and thus it officially remains unchanged; consequently, *TOC d.o.o.* has again been reclassified as a non-consolidated associated enterprise. As of 30th June 2012, *TOC d.o.o.* assets amount to 0.15 % of total assets of the *Luka Koper Group*.

Luka Koper Group also has shareholdings in the companies listed below, which are classified as assets held for disposal:

- *Intereuropa d.d.* - 24.81 %,
- *Logis Nova d.o.o.* - 99.9966 %,
- *Adria Investicije d.o.o.* - 100 %.

CORPORATE MANAGEMENT AND GOVERNANCE

Luka Koper d. d. Management Board

As of 30th September 2012, *Luka Koper d.d.*'s Management Board was comprised as follows:

- Bojan Brank, President of the Management Board, appointed on 7th September 2012 for a period of a maximum of one year in accordance with the provisions of Paragraph 2, Article 273 of the *Companies Act RS*.
- Marko Rems, Member of the Management Board, commenced a five-year term on 1st March 2010.
- Matjaž Stare, Workers Director, commenced a five-year term on 18th October 2010.

A presentation of Management Board members is available on the company's website:

www.luka-kp.si.

Luka Koper d. d. Supervisory Board

As of 30th September 2012, *Luka Koper d.d.*'s 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 14th July 2009 (16th General Assembly of Shareholders);
- Mr. Tomaž Može, Deputy President of the Supervisory Board, appointed as the representative of other shareholders; commenced a four-year term on 14th July 2009 (16th General Assembly of Shareholders);
- Mr. Bojan Brank, Member of the Supervisory Board, appointed upon the proposal of the Republic of Slovenia; commenced a four-year term on 14th July 2009 (16th General Assembly of Shareholders). Due to the appointment of the President of Luka Koper Management Board and in accordance with the provisions of Paragraph 2, Article 273 of the Companies Act RS, Mr Brank's status as a member of the Supervisory Board and his presidency of the Supervisory Board's Personnel Commission were suspended as of 7th September 2012;
- Dr. Marko Simoneti, Member of the Supervisory Board, appointed upon the proposal of the Republic of Slovenia; commenced a four-year term on 14th July 2009 (16th General Assembly of Shareholders);
- Mr. Jordan Kocjančič, Member of the Supervisory Board, appointed upon the proposal of the state funds of the Republic of Slovenia; commenced a four-year term on 14th July 2009 (16th General Assembly of Shareholders);

- Ms. Sabina Mozetič, Member of the Supervisory Board, appointed upon the proposal of the Council of Koper Municipality; commenced a four-year term on 12th July 2011 (19th General Assembly of Shareholders).

Representatives of employees:

- Mr. Mladen Jovičič, Member of the Supervisory Board, Employee Representative; commenced a four-year term on 8th April 2009;
- Mr. Stojan Čepar, Member of the Supervisory Board, Employee Representative; commenced a four-year term on 8th April 2009;
- Mr. Nebojša Topič, Member of the Supervisory Board, Employee Representative; commenced a four-year term on 28th July 2012.

External member of Supervisory Board Auditing Committee:

- Ms. Blanka Vezjak, external member of Supervisory Board Auditing Committee, appointed at the Supervisory Board meeting of 1st September 2009.

SIGNIFICANT EVENTS JANUARY – SEPTEMBER 2012

JANUARY

- *Luka Koper* signed a contract on the acquisition of three RTG cranes with the Finnish company *Konecranes*; these will be delivered in six months.
- A consortium of ship owners (*Hanjin, Yang Ming, Hyundai Merchant Marine* and the *United Arab Shipping Company*) cancelled a direct container line linking the Port of Koper with the Far East. The last vessel operating this service called at Koper in mid-January 2012. The aforementioned companies will continue to serve Koper via feeder line services.

FEBRUARY

- The *Luka Koper Group* published its non-audited non-consolidated and consolidated financial statements for fiscal 2011.
- Together with other members of *North Adriatic Ports Association (NAPA)*, *Luka Koper* presented its operations at India's Mumbai logistics fair.
- The company was granted *Bureau Veritas* certification in relation to its handling and storage of crops and foods from organic and conventional production. It certifies that the cargo preserves the features of ecological production through all the stages of handling and storage.
- A strong bora wind impeded port operations for several days, and, for a time, also prevented cargo handling.
- During his visit to *Luka Koper*, Mr Brian Simpson, President of the European Parliament Transport and Tourism Committee, was presented with an overview of the company's operations and the need for improved rail links, including the Port of Koper's inclusion within Europe's Baltic-Adriatic transport corridor.

MARCH

- Koper's Passenger Terminal was presented to delegates at the *Seatrade Cruise Shipping Convention* in Miami, Florida, the largest cruise fair in the world.
- *Luka Koper's Living With The Port Fund*, which aims to foster and finance community-oriented initiatives, received 271 applications. Ninety-three projects - from such diverse fields as sport, culture, education, ecology and humanitarian endeavour - were supported to a total amount of € 91,400.
- In conjunction with Port Klang in Malaysia, *Luka Koper* organised business conferences in Budapest and Vienna.
- The company formed part of a Slovenian business delegation to Turkey, and met Turkish business leaders in Manisa, Izmir and Istanbul.

APRIL

- At its 20th April 2012 meeting, the Supervisory Board accepted the resignation of Management Board Deputy President Tomaž Martin Jamnik, who shall continue to perform his function until 31st May 2012.
- At its 20th April 2012 session, the Supervisory Board also endorsed the 2011 Annual Report.
- Based on resolutions adopted by the *Koper Municipal Council*, Koper Municipality requested the provision of compensation for the pollution suffered by the inhabitants of Koper city centre, Žusterna, Za Gradom, Semedela, Olmo-Prisoje and Ankaran, as well as that *Luka Koper d.d.* draw up a strategy to cease its break bulk cargo handling operations within three years.
- The Taiwanese container freight shipping company *Evergreen Marine* established a direct container service between the Far East and the Adriatic, which also includes the Port of Koper.
- The 318 m long, 43 m wide *Maersk Karlskrona* with a capacity of 7,908 TEUs becomes the largest ever container vessel to berth at the Port of Koper.
- *Luka Koper* met with Slovak businessmen as part of a Slovenian commercial delegation accompanying a state visit to Slovakia by President Danilo Türk.
- On 16th April 2012, *Luka Koper d.d.* received a decision by the Securities Market Agency RS on the suspension of the exercise of its voting rights in *Krka Tovarna Zdravil d.d.*, Šmarješka Cesta 6, Novo Mesto, Slovenia. The suspension of such rights shall apply until the following companies
 - Slovenska odškodninska družba, d. d., Mala ulica 5, Ljubljana,
 - Kapitalska družba pokojninskega in invalidskega zavarovanja, d. d., Dunajska cesta 119, Ljubljana,
 - Luka Koper, pristaniški in logistični sistem, d. d., Vojkovo nabrežje 38, Koper,
 - Zavarovalnica Triglav, d. d., Miklošičeva cesta 19, Ljubljana,
 - KBM Fineko, družba za finančne storitve, trženje in svetovanje, d. o. o. - Skupina Nove KBM Maribor, Ulica Vita Kraigherja 5, Maribor,
 - Aerodrom Ljubljana d. d., Zgornji Brnik 130A, Brnik,
 together, or one of them on behalf and account of all of them, or several of them on behalf and account of all of them, makes a formal takeover bid for *Krka Tovarna Zdravil d.d.*, Šmarješka Cesta 6, Novo Mesto, Slovenia, in accordance with the provisions of the *Takeovers Act RS*, or until said companies dispose of Krka (KRKG) shares so that together, one or more of them does not maintain a holding in *Krka Tovarna Zdravil d.d.* which surpasses the prescribed takeover threshold. *Luka Koper d.d.* shall closely examine the decision by the *Securities Market Agency RS* and do everything in its power to protect the company's interests.
- Shipowner *Hapag Lloyd* includes the Port of Koper in a new container service linking the Egyptian ports of Damietta and Port Said with the Adriatic.
- In late April, the companies *Luka Koper d.d.*, *INPO d.o.o.* and *Adria Terminali d.o.o.* were subject to external re-audits of their ISO 9001:2008 Quality Management and ISO 14001 Environmental Protection Management (including EMAS) systems; *Luka*

Koper d.d. was additionally subject to a regular surveillance audit of its food safety (ISO 22000:2005) and occupational health and safety (BS OHSAS 18001:2007) standards.

- The arrival of *Seabourn Odyssey* in Koper launched this year's Passenger Terminal season.
- As a part of the commercial delegation under the Ministry of Economic Development and Technology and the Public Agency of RS for Entrepreneurship and Foreign Investments, *Luka Koper* met with various Moroccan companies engaged in the field of maritime trade and logistics.
- *Luka Koper* presented its operations and development plans to analysts, investors and journalists at the Slovene Capital Markets Day organised by Ljubljana Stock Exchange.

MAY

- At its 14th May meeting, upon the proposal of Supervisory Board employee representatives, the Supervisory Board addressed a motion of confidence in the Management Board. The Supervisory Board acknowledged the achievements of the Management Board in its increasing the volume of operations as well as financial consolidation of the company during an extremely difficult economic and financial situation over the past three years. In addition, the Supervisory Board established that the main obstacle to the efficiency of Management Board operations has been a lack of teamwork and internal disagreements between its members, which have increased over time and exerted a negative impact on relations within the company as well as with the local community. The Supervisory Board accordingly proposed that the General Assembly should adopt a resolution as to the amendment of the company's Statute in order that it could be managed by a (single) Managing Director as opposed to a Management Board; by way of this measure, the company could improve performance in the future, as well as better face the important challenges in relation to investments, financing and expansion of port facilities over the coming years.
- Upon its 55th anniversary, *Luka Koper* organised a round table discussion on the future of the Slovene maritime industry as well as an exhibition of paintings by Jurij Kobe.
- *Luka Koper d.d.* employees elected their representatives in the Workers Council.
- Model employees were given awards and acknowledgements for their work in 2011.
- Within the context of its Tokyo and Osaka Port Day presentations, *Luka Koper's* Japanese business partners were provided an overview of the company's operations.
- *Celebrity Silhouette*, the largest cruise vessel ever to visit Koper, berthed at the Passenger Terminal.
- *Luka Koper* published a call for non-binding tenders for the acquisition of its shareholding in the company *Aerodrom Portorož*.
- *Luka Koper* acquired an environmental permit in relation to air-borne emissions in the port zone.

- Koper Municipality councillors were invited to tour the port and were provided presentations of the measures being implemented in order to reduce the impacts of cargo handling operations on the local community.

JUNE

- *Luka Koper d. d.* presented its operations to Serbian business partners in Belgrade.
- The Annual General Assembly meeting of *Luka Koper d.d.* was called for 9th July 2012.
- Together with other members of *NAPA (North Adriatic Ports Association)*, *Luka Koper* presented the Adriatic route to Europe at the TLC fair in Shanghai, China.
- Upon the invitation of the *International Institute for Middle East and Balkan Studies (IFIMES)*, *Luka Koper* visited Kuwait as part of a Slovene commercial delegation.
- *Luka Koper* participated in a commercial delegation to Brazil organised by Slovenia's Ministry of Economic Development and Technology in collaboration with the national Chamber of Commerce and Industry and the Ministry of Foreign Affairs. The delegation met with various companies in the field of logistics.

JULY

- At the 20th Annual General Assembly of *Luka Koper d.d.*, held on 9th July 2012, shareholders:
 - were presented the 2011 Annual Report of *Luka Koper Group* and *Luka Koper d.d.*;
 - were introduced to the fact that there was no distributable profit for 2011, and that the company generated a net loss in the amount of € 1,849,205.32 over the accounting period; said loss was covered through the release of other revenue reserves;
 - refused to endorse the work of Management and Supervisory Boards for 2011,
 - appointed the auditors *Ernst & Young, Revizija, poslovno svetovanje, d.o.o.*, Dunajska Cesta 111, Ljubljana, Slovenia, as external auditor of *Luka Koper d.d.* and the *Luka Koper Group* for fiscal 2012;
 - rejected the resolution on the proposed amendment of the *Luka Koper d.d.* Statute mandating the running of the company by a (single) Managing Director;
 - adopted a resolution on the amount of remuneration for the performance of function and attendance fees for members of the Supervisory Board as well as Supervisory Board Commissions for the following twelve months;
 - rejected the resolution that the General Assembly authorise the company to acquire and dispose of treasury stock;
 - rejected the resolution on the recall of the following *Luka Koper d.d.* Supervisory Board members: Dr. Janez Požar, Dr. Marko Simoneti, Bojan Brank and Jordan Kocjančič;

- were introduced to the resolution adopted by *Luka Koper d.d.* Workers Council on the re-election of Mr Nebojša Topič as of 21st July 2012 as an employee representative on the *Luka Koper d.d.* Supervisory Board for a period of four years, commencing 28th July 2012.
- On 1st July 2012, *Luka Koper d.d.* Management Board President Mr Gregor Veselko assumed the rotating presidency of the North Adriatic Ports Association (NAPA). Compliant with the Association's statute, the managing directors of port members alternately assume the presidency for a six month period.
- A new buoy will measure the quality of seawater in the port zone. The basin measurement will be published online via the www.zivetispristaniscem.si (Living with the Port) portal.

SEPTEMBER

- On 7th September 2012, the Supervisory Board dismissed the President of the Luka Koper d.d. Management Board Dr Gregor Veselko for no-fault reasons. In accordance with the second paragraph of Article 273 of the Companies Act RS, the Supervisory Board provisionally - until the appointment of a new Management Board President through a public selection procedure - appointed Supervisory Board member Mr. Bojan Brank as acting Management Board President for a period of up to two months. Mr. Brank's status as a member of the Supervisory Board, together with his presidency of the Supervisory Board's Personnel Commission, were suspended as of 7th September 2012. The tasks of the Personnel Commission during this period are to be performed by the entire Supervisory Board, which also immediately initiates activities for the preparation of a selection procedure for a new Management Board President.
- On 12th September 2012, in order to further enhance communication with investors, the *Luka Koper d.d.* Management Board presented financial analysts and investors an overview of the company's performance and its future plans. This traditional autumn meeting was attended by analysts from Slovene and Croatian brokerage firms and banks, who were also addressed by the new Management Board President Mr Bojan Brank.
- The *Luka Koper INPO d.o.o.* subsidiary commenced dredging works to deepen the Basin I navigation channel at the Port of Koper.
- A new container storage area was arranged within the Koper Container Terminal.
- *Luka Koper* launched its new *Tideworks* container terminal management information system.
- The Port Day - when the Port of Koper was open for tours by the general public - was organised for a sixth consecutive year.
- The first train on a new regular rail service departed Koper for the Sławków terminal in Poland.
- *Luka Koper d.d.*'s 55th anniversary was celebrated with local and foreign business partners.

- A presentation of the Port of Koper in Düsseldorf provided insight to Japanese companies looking for business opportunities in Slovenia.

RELEVANT POST-BALANCE-SHEET EVENTS

OCTOBER

- At its 8th October 2012 meeting, the *Luka Koper d.d* Supervisory Board revoked its 28th September 2012 resolution on the appointment of Mr Rado Antolovič as Management Board President due to the fact that the said candidate had withdrawn his consent to the appointment. Thus the Supervisory Board completed its public call for applications for the position of Management Board President without selecting any candidate. The current President of the Management Board, Mr Bojan Brank, shall accordingly continue to head of the company until further notice; however, the provisions of the Companies Act RS, limit such tenure to a maximum of one year from the date of appointment.
- *Luka Koper* acquired a new regular Ro-Ro service to Libya, the vessel is capable of transporting various types of cargo, including container freight and general cargos.
- *Luka Koper's* associated company *Adria Transport d.o.o.* has acquired a new diesel locomotive.
- *Luka Koper d.d.* was presented to business partners in Krakow, Poland.

LUKA KOPER GROUP BUSINESS REPORT

PERFORMANCE ANALYSIS OF THE LUKA KOPER GROUP

The *Luka Koper Group* concluded the first nine months of 2012 with cargo throughput in the amount of 13.2 million tonnes, which is a five percent increase on the same period last year and compliant with the volumes planned. Operating revenues in the amount of 108.1 million euros were two-percent (€ 2.4 million) ahead of January to September 2011; nonetheless, they were three-percent (€ 3.3 million) down expectations. The one-million euro year-on decline in the *LK Group's* operating profit (amounting to € 14.8 million) can mainly be attributed to the growth in auxiliary materials, together with a rise in the cost of port

services provision and an increase in provisions. Operating profits were € 2.3 million (-14%) short of expectations, mainly due to lower operating revenues.

Q3 performance in 2012 was an improvement on 2011; across the July-September period the *LK Group* generated 3.6 million euros in operating profit, which is a year-on increase of thirty-six percent (€ 1 million), but € 1.4 million (-28%) short of planned.

Net profit in the amount of € 8.3 million for the January to September 2012 period is € 5.2 million (+168%) ahead of the same period last year, but eighteen percent below expectations. Net profit in 2011 was impacted by a 6.3 million euro write down in the company's holding in *Intereuropa d.d.* Third quarter net profits in the amount of € 2 million, was one million euro (-33%) behind the plan, but well ahead of the same period last year when the *Group* generated a net loss in the amount of € 0.3 million.

Based on the interim performance of *Luka Koper d.d.* and the *Luka Koper Group*, the Management Board estimates that economic conditions in key hinterland markets have yet to show signs of improvement. 2012 may fall short of expectations, particularly in general and break bulk cargos as well as container freight. In addition, returns on sales will also continue to be impacted by rises in energy costs, in particular diesel fuel, as well as higher maintenance costs. Said risks are actively managed by marketing activities and efficient cost management.

OPERATING REVENUES

In the January to September 2012 period, the *Luka Koper Group* generated operating revenues in the amount of € 108.1 million, which is a year-on increase of € 2.4 million (2%), and € 3.3 million (-3%) down on expectations.

Q3 operating revenues were € 0.2 million (0.7%) up on the same period last year, but € 2 million (-6%) below expectations.

Figure 1: Luka Koper Group operating revenues

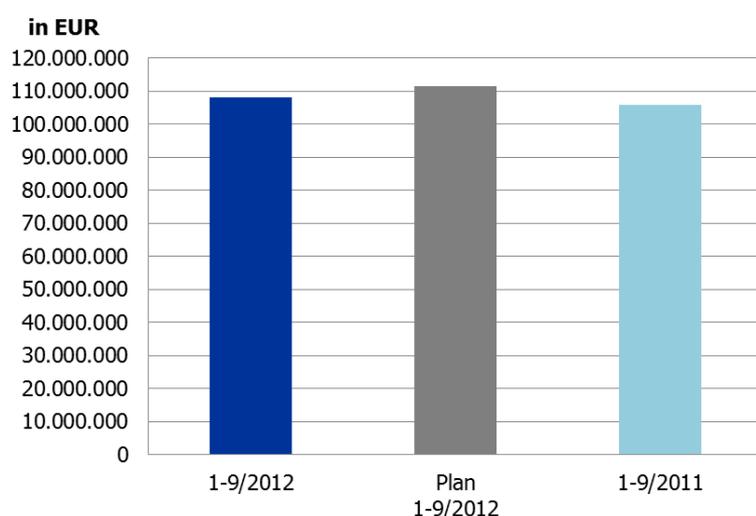


Table 1: Operating revenues by cargo type, January – September 2011 and 2012

OPERATING REVENUES (in euros)	1 – 9 2012	1 – 9 2011	Index 2012/2011
General cargoes	23,368,299	23,434,689	100
Container freight	24,547,860	24,389,533	101
Vehicles	11,934,902	10,024,948	119
Liquid cargoes	5,307,075	5,303,014	100
Bulk and break bulk cargoes	24,189,648	24,774,835	98
Other operating revenues	18,727,514	17,778,112	105
TOTAL	108,075,298	105,705,131	102

In the January to September period, general cargoes were € 66,000 down on the 2011 level, whilst Q3 operating revenues were € 0.1 million (2%) ahead on the same period in 2011. A decline was recorded in ferrous products, due to the downturn in steel production; likewise, paper volumes were also down. Consequent to increased exports, a better performance was recorded by timber, particularly across the third quarter.

In the first nine months of 2012, container freight generated a € 0.2 million (1%) year-on rise in operating revenues, whilst Q3 performance was € 0.2 million (-3%) down on the same period last year. This revenues growth is for the most part attributable to increased income from storage charges, whereas income generated by throughput maintained 2011 levels.

Car Terminal operating revenues were nineteen percent up on the same period last year, and the Q3 performance recorded a year-on increase of seven percent. This growth can, in particular, be attributed to increased exports to the countries of North Africa, Israel and Turkey, as well as a rise in income from storage charges.

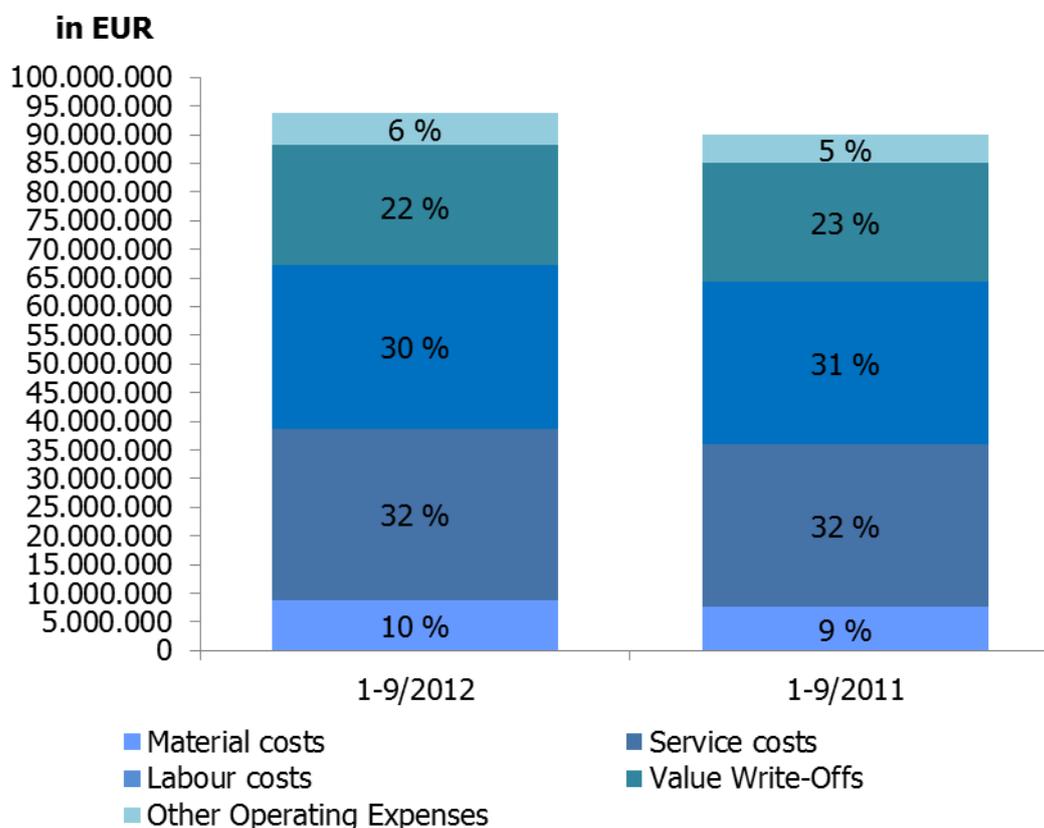
The four percent rise in liquid cargo throughput did not affect revenues due to the conclusion of fixed price contracts; accordingly, Q3 operating revenues remained at the same level as in 2011.

Bulk and break bulk cargos recorded a year-on € 0.6 million (-2%) decline on January – September 2011 levels, whilst Q3 performance was € 1 million (-12%) down on the same period last year; this is attributable to a more rapid turnover in cargo, and a consequent decline in income from storage charges. More information on bulk and break bulk throughputs is available under *Marketing and Sales*.

OPERATING EXPENSES

In the first nine months of 2012, *Luka Koper Group* operating expenses amounted to € 93.9 million, which is € 3.9 million (4%) ahead of the same period last year. Operating expenses recorded a year-on 1.4 percentage point increase, and were the equivalent of 86.4% of operating revenues. The largest absolute year-on growth was recorded in port service provision costs; however, unlike the increased costs of auxiliary materials, these rises were in accordance with expectations. Q3 operating expenses were € 0.6 million (-2%) down on both anticipations as well as the third quarter of 2011.

Figure 2: Structure of operating expenses in Luka Koper Group operating revenues



MATERIAL COSTS

January to September 2012 material costs in the amount of € 8.7 million are € 1.1 million (15%) ahead of the same period last year. Their growth is due to a € 0.8 million increase in auxiliary materials and a € 0.3 million rise in energy costs. The rise in auxiliaries is the consequence of maintenance services related to tangible fixed assets. Energy costs rose due to higher diesel fuel prices and increased cargo throughput. Material costs in the third quarter amounted to € 2.8 million, which is fifteen percent up on the same period last year.

SERVICE COSTS

Service costs in the amount of € 30 million recorded a six percent year-on increase in the January to September 2012 period. Port service provision costs amounting to € 13.2 million – which is € 0.9 million (+7%) ahead of the same period last year – accounted for forty-four percent of total service costs. This rise can be attributed to increased cargo throughput, an increased volume of services as well as higher costs per unit of service rendered. Maintenance costs also recorded a five percent year-on rise to stand at € 4.8 million.

Other service costs in the amount of € 8.9 million are the second largest service cost item across the nine-month period. The January to September concession fee in the amount of € 3.4 million (a one percent year-on increase) accounted for a major portion of other service costs. July-September service costs in the amount of € 9.9 million were one percent ahead of the same period last year.

LABOUR COSTS

Labour costs in the amount of € 28.4 million across the first nine months of 2012 recorded a year-on increase of € 122,600 (+0.4%). The total number of *Luka Koper Group* employees fell by one percent across the period, but are two percent ahead of the 30th September 2011 level. Increases in basic salaries in July and August 2011, and again in February and August 2012 additionally contributed to the growth in labour costs. Further to this, employee structure was altered following last year's strike. The company has taken on more crane operators, who have higher than average salaries, whilst there has been a reduction in employee numbers within those subsidiaries where average labour costs are lower. Due to the back payment of the salary escalator in the third quarter of 2011, labour costs in the third quarter of 2012 were nine percent down on the same period in 2011.

VALUE WRITE-OFFS

Value write-offs amounted to € 21 million in the January to September period, which is a year-on increase of two percent over 2011.

OTHER OPERATING EXPENSES

In addition to other costs, other operating expenses also include additional long-term provisions in the amount of € 1.2 million formed for regular maintenance work in relation to

Luka Koper's public utility service undertaking. Similar provisions in the amount of € 133,000 were eliminated in the third quarter of 2011.

OPERATING PROFIT

Between January and September 2012 the *Luka Koper Group* generated operating profit in the amount of € 14.8 million, which is € 1 million (-6.7%) down on the same period last year. This downturn can be attributed to a year-on increase in operating expenses in relation to revenues. Operating profit is also € 2.3 million (-14%) below expectations; EBITDA - in the amount of € 35.7 million - recorded € 0.5 million (-1%) decline on the same period last year, and is € 2.6 million (-7%) behind expectations.

Q3 operating profit in the amount of € 3.6 million is thirty-six percent ahead the same period last year and twenty-eight percent below expectations.

FINANCIAL REVENUES AND FINANCIAL EXPENSES

In the first nine months of 2012, the *LK Group* generated € 1 million in financial revenues, which is a year-on decrease of thirty-three percent and is attributable to a downturn in profits generated by companies in which *Luka Koper* enjoys shareholdings.

The *LK Group's* financial expenses in the amount of € 5.4 million are fifty-eight percent lower than they were for the same period last year. Financial expenses from the impairment of investments and value write-offs stood at € 0.6 million, of which € 0.5 million is attributable to the company's holding in *NLB d.d.*. In the same period last year financial expenses stood at € 6.6 million, of which the write down of the investment in *Intereuropa d.d.* accounted for € 6.3 million.

Expenses from financial liabilities also recorded a year-on decrease in the amount of € 1.4 million (-23%) due to reduced indebtedness, a lower average EURIBOR interbank interest rate, as well as a lower average interest margin resulting from credit refinancing in 2011.

PRE-TAX PROFIT AND NET PROFIT

Pre-tax profit amounted to € 10.4 million, while net profit stood at € 8.3 million for the January to September 2012 period. This is a year-on increase of 168%, but eighteen percent down on expectations.

Q3 net profit amounted to € 2 million, which is thirty-three percent down on the planned volume but well ahead of the same period last year when the company generated a net loss.

ASSETS AND LIABILITIES

As of 30th September 2012, the *Luka Koper Group's* balance sheet total amounted to € 470.8 million, which is a € 7.5 million decrease (-2%) on 31st December 2011.

Non-current assets account for ninety-two percent of total assets; as of 30th September 2012 these amounted to € 433 million, which is € 12.9 million down on 31st December 2011. Tangible fixed assets in the amount of € 355.6 million account for the major portion of non-current assets; they recorded a € 7.5 million decrease on 31st December 2011 and this is for the most part attributable to the amortisation of real estate. In the first nine months of 2012, long-term financial investments fell by € 4.8 million (-10%) consequent to the fall in the trading price of *Krka d.d.* and *NLB d.d.* shares; the investment in *Krka d.d.* shares were € 1.3 million lower, while the *NLB d.d.* stock was € 0.5 million down. The decline in non-current (long-term) and increase in current investments is also a consequence of the accounting recognition of a long-term € 2.9 million bank deposit as short-term.

From January to September 2012, current assets rose by eleven percent on 31st December 2011, and thus amounted to € 35.4 million. The major increase was recorded in relation to short-term bank deposits due to the above-mentioned accounting recognition of a long-term € 2.9 million bank deposit as short-term.

As of 30th September 2012, *LK Group* equity stood at € 247.1 million and accounted for 52.5% of the balance sheet total.

Long-term liabilities and provisions in the amount of € 164.6 million account for thirty-five percent of total equity and liabilities.

The *Group* further implements the strategy of enhancing financial strength. As of 30th September 2012, financial liabilities account for seventy-six percent of capital, which is a nine percentage point decrease on 31st December 2011.

FINANCIAL MANAGEMENT

In the first nine months of 2012, *Luka Koper Group* managed to reduce total indebtedness by eight percent, i.e. from € 205.8 million to € 188.5 million.

Maturity of financing sources

As of 30th September 2012, *Luka Koper Group's* non-current financial liabilities to banks accounted for eighty percent of total financial liabilities, which is a four percentage point increase on 31st December 2011.

Figure 3: Structure of financial liabilities of the Luka Koper Group by maturity

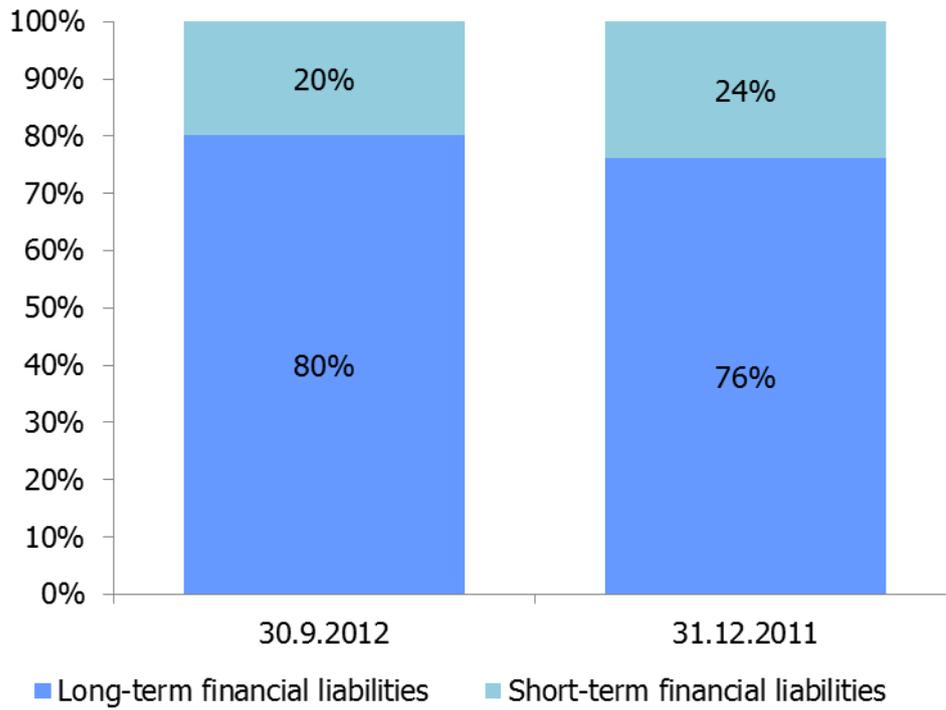
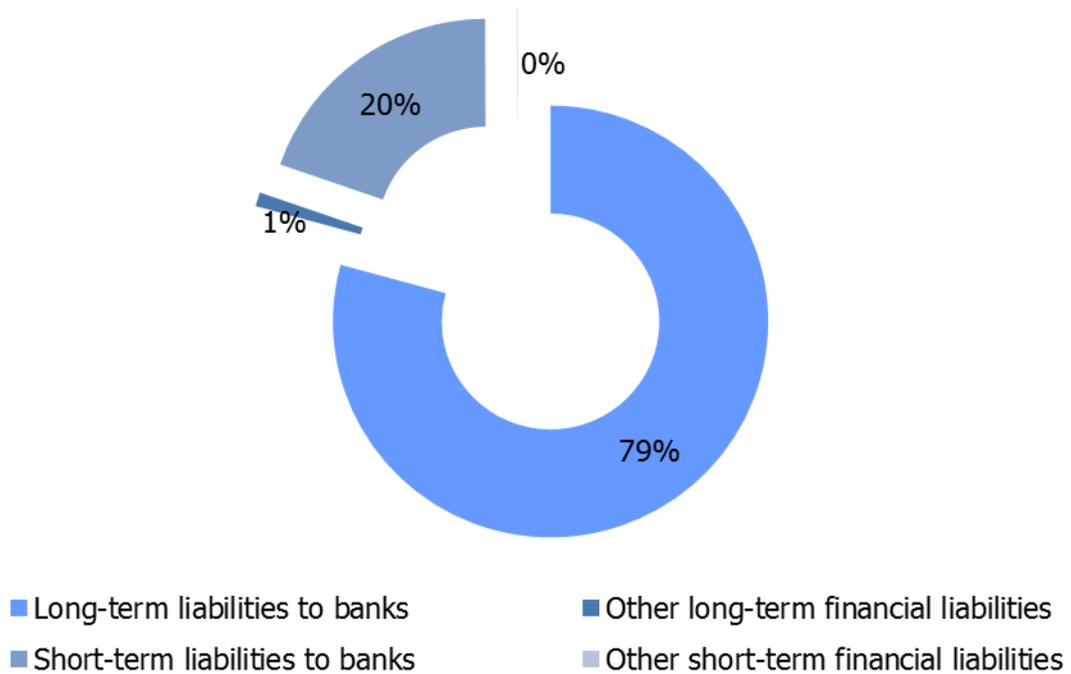


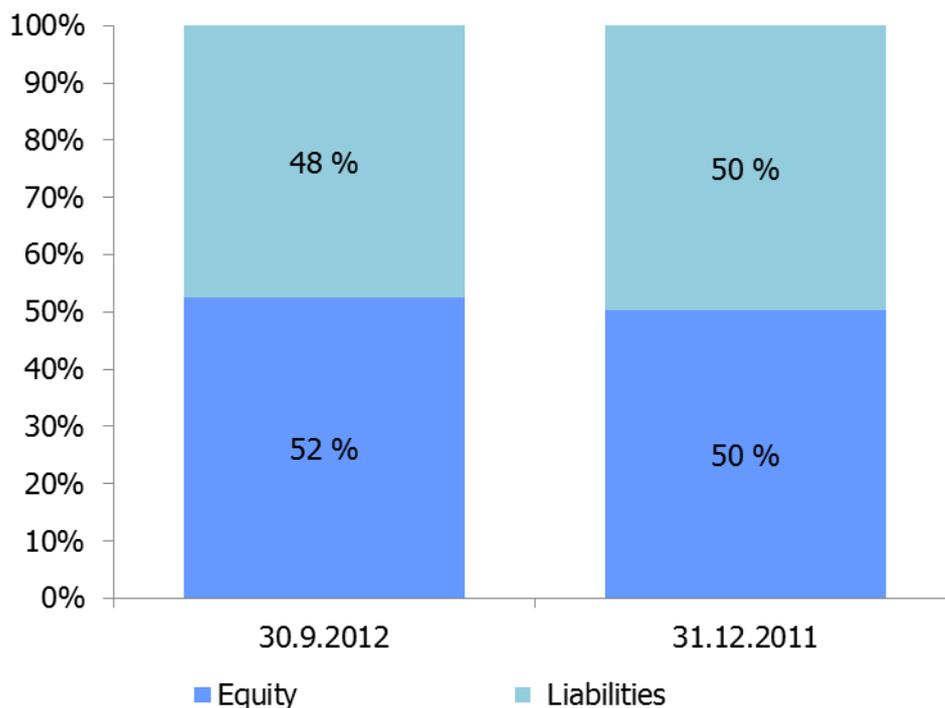
Figure 4: Luka Koper Group's financial liabilities as of 30th September 2012



Structure of equity and liabilities

Luka Koper Group companies did not conclude any new loan contracts in the January to September 2012 period. This, together with the regular servicing of existing loans, is manifested in the reduction of indebtedness and consequently a more favourable portion of equity in the balance sheet total.

Figure 5: Structure of equity and liabilities of the Luka Koper Group

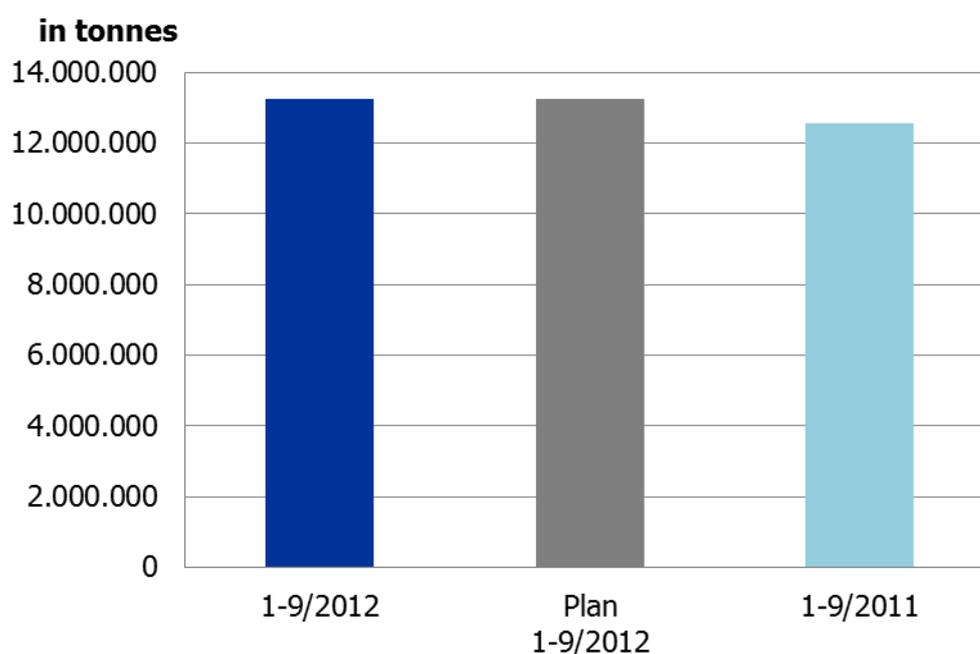


MARKETING & SALES

The *Luka Koper Group* handled 13.2 million tonnes of cargo between January and September 2012, which is a year-on increase of five percent and in accordance with expectations. Cargo throughput in the third quarters of 2011 and 2012 were at a similar level. 52,000 visitors arrived at Koper’s Passenger Terminal in the first nine months of 2012, which is a forty-one percent decline on the same period last year.

The largest year-on growth in cargo throughput was recorded in relation to bulk and break bulk cargos, liquid cargos and vehicles; general cargos maintained last year's volumes whilst a slight decline was recorded with regard to container freight.

Figure 6: Cargo throughput in the first nine months of 2012 and 2011, against the 2012 plan



Throughput structure by cargo type

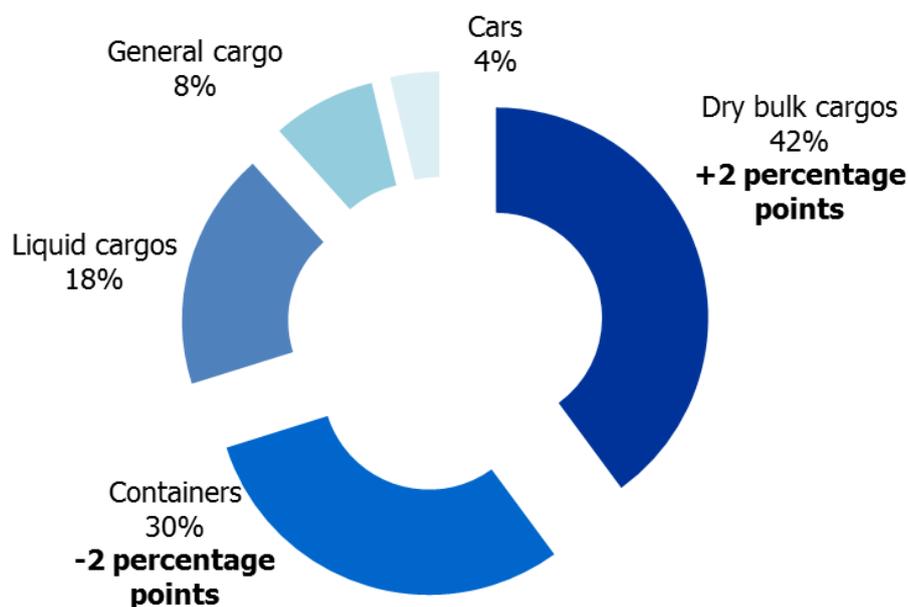
Table 2: Cargo throughput by type - in tonnes

Cargo Type (in tonnes)	1 – 9 2012	1 – 9 2011	Index 2012/2011
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

Table 3: Throughput of containers (in TEUs) and vehicles (in units) from January to September 2012 and 2011

Cargo Type	1 – 9 2012	1 – 9 2011	Index 2012/2011
Containers - in TEUs	429,197	441,393	97
Cars - in units	349,428	324,325	108

Figure 7: Throughput structure by cargo type from January to September 2012, and percentage change in relation to January – September 2011



Bulk and break bulk cargos, which recorded a two percentage point increase on the same period last year, still account for the major portion of cargo throughput whereas the container freight decreased by that same percentage.

General cargos

From January to September 2012, the volume of general cargos handled maintained the 2011 levels, whilst third quarter throughput rose by two percent on the same period last year mainly due to the increase in timber volumes.

A decline was recorded in the throughput of ferrous products from hinterland markets due to decreased production from steelworks; in addition, certain quantities cargo was redirected to the Port of Rijeka. A further decline has been recorded in the throughput of paper, as well as in project cargos, cellulose and sheet metal for the automobile industry.

The downturn in fruit volumes can mainly be attributed to the trend towards containerisation; shipping by conventional vessels continues to decline.

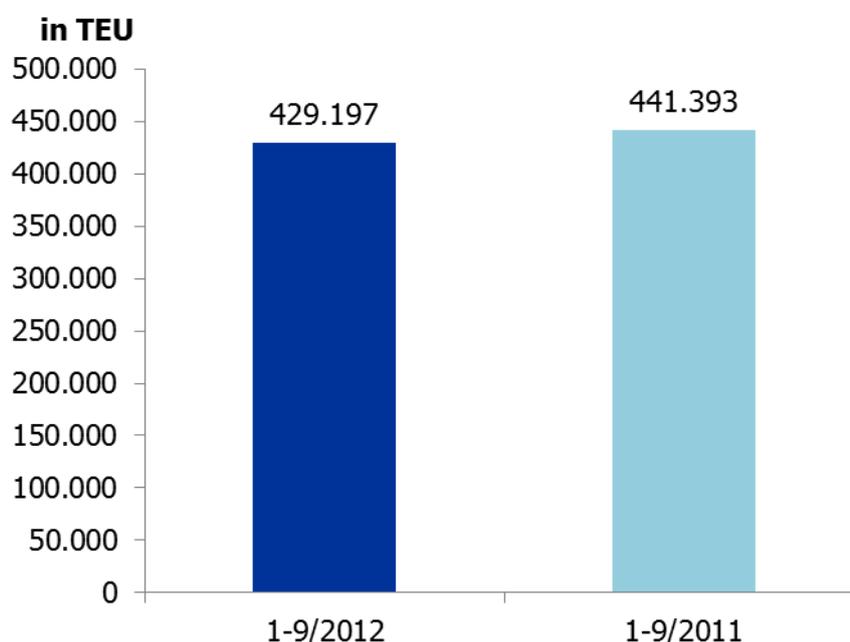
Timber throughput recorded a seventeen percent year-on increase across the first nine months of 2012. The volumes in the third quarter rose by twenty-one percent on the same period last year mainly due to exports to Libya.

Container freight

From January to September 2012, the *Luka Koper Group* handled 429,197 TEUs of container freight, which is a year-on decrease of three percent. Container throughput in the third quarter of 2012 recorded a two percent decline on the same period last year.

Following the cancellation of a direct container freight service from the Far East earlier this year, new lines provided by other operators were established between February and May. Nevertheless, thus far these services have failed to fully compensate for the shortfall in container throughput. Due to the problems in cargo handling related to the crane-operator strike and the strong bora wind, some major clients redirected a portion of their cargo to Northern European ports. In addition, due to the relatively shallow approaches to the Port of Koper, vessels operated by *CMA* and *Maersk* on direct lines from the Far East must first call at Trieste before calling at Koper; consequently some clients who are in a particular hurry for cargo opt to unload in Trieste instead.

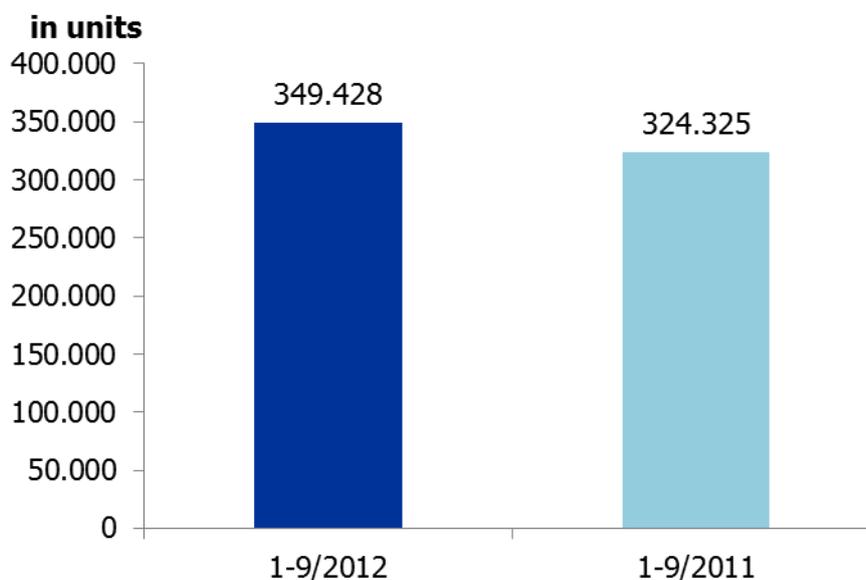
Figure 8: Container throughput in the first nine months of 2012 and 2011 (in TEUs)



Cars

From January to September 2012, the *LK Group* handled 349,428 cars, which is an eight percent year-on increase. Vehicle throughput recorded in the third quarter of 2012 was one percent down on the same period last year. According to data provided by the European Automobile Manufacturer's Association (ACEA), European car sales between January and September 2012 were 7.6 percent down on the same period in 2011; consequently, the import of vehicles through the Port Koper has declined accordingly. The growth in volumes handled can mainly be attributed to an increase in exports to the countries of North Africa (Egypt, Algeria and Libya) as well as Israel and Turkey.

Figure 9: Vehicle throughput in the first nine months of 2012 and 2011 (in units)



Liquid cargos

Oil derivatives handled between January and September 2012 were four percent ahead of the same period last year, whilst liquid cargos throughput recorded a year-on increase of thirty-one percent. The largest growth was recorded in the throughput of jet fuel and alcohol.

Dry bulk cargos

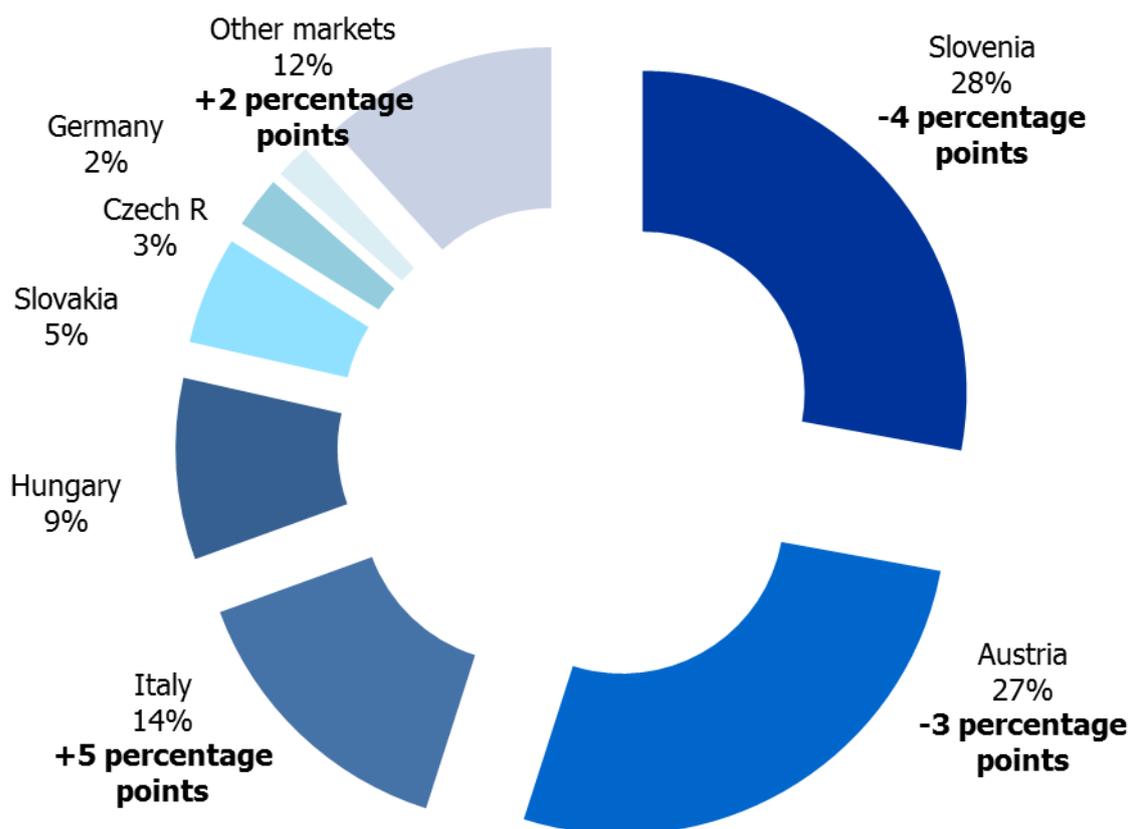
The European Energy Terminal recorded a year-on increase of sixteen percent in the January to September 2012 period; this was for the most part attributable to increased demand for coal from Italian thermal power stations.

The volume of break bulk cargos was seven percent down on January to September 2011, which can, in particular, be attributed to two factors, the first being the trend towards containerisation and thereby a decline in break bulk cargo shipping by conventional vessels. The second factor is the downturn in scrap iron and mineral throughput. The decline in scrap demand is for the major part attributable to relatively low market prices and a weak dollar, as well as a decrease in steel production due to the recession. The downturn in minerals throughput is the result of the exploitation of existing stocks and lower demand.

Throughput structure by markets

The local (Slovenian) market accounted for the major portion of cargo throughput in the first nine months of 2012; this was followed by the Austrian market which was one percentage point behind. The largest year-on growth was recorded in the Italian market, mainly due to the increased throughput volumes of bulk and break bulk cargos, which also rose in relation to other markets.

Figure 10: Cargo throughput structure by markets, January – September 2012



Marketing activities

In the first half of 2012 major attention was paid to the advancing BRIC economies. Together with its fellow members of *NAPA – North Adriatic Ports Association – Luka Koper* presented its operations at the *SITL* logistics fair in India as well as at Transport Logistics China 2012, while under the auspices of Slovenia's Ministry of Economic Development and Technology, and in collaboration with the Chamber of Commerce and Industry of Slovenia, *Luka Koper* took part in a commercial delegation to Brazil, where the company met with a variety of logistics enterprises.

In addition to marketing activities oriented towards the company's traditional hinterland markets, *Luka Koper* representatives visited, together with other Slovene executives, some rapidly-developing countries as well as potential new markets, including Turkey, Morocco and Kuwait, where they had talks with enterprises in the field of maritime trade and logistics.

In order to make connections and search out opportunities for collaboration, *Luka Koper* and *Port Kiang* in Malaysia jointly organised business conferences in Budapest and Vienna. Upon the visit of Slovenia's President Danilo Türk to Slovakia, *Luka Koper* representatives met with Slovak entrepreneurs and local business partners. Further marketing activities were aimed at the Port Authority of Thailand as part of efforts to penetrate South Asian markets.

In May, upon the inauguration of a new direct container service linking Japan and the Port of Koper, the company organised so-called Port Days in Tokyo and Osaka to which existing and

potential business partners were invited. A similar meeting was organised in June in Serbia at which *Luka Koper* re-established old business contacts with the aim of reviving trade with Serbia via the Port of Koper. Further to this, *Luka Koper* also attended a two-day South-East Europe Forum in Belgrade.

In conjunction with *JAPTI (Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments)* and *JETRO (Japan External Trade Organisation)* *Luka Koper d.d.* presented its operations and future plans at an Investment-Business Conference in Düsseldorf which was attended by numerous Japanese investors. *Luka Koper's* traditional late-September get together with its clients was organised slightly differently this year: business partners from Slovenia and its other hinterland markets were invited to a Port Day on the Slovenian coast. Further to this, *Luka Koper d.d.* also attended meetings with Iraqi entrepreneurs organised by the Chamber of Commerce and Industry of Slovenia, as well as a presentation of Bangladesh trade and commerce. The company also met with the Indian ambassador and first secretary, as well as the Japanese ambassador to the Republic of Slovenia.

RISK MANAGEMENT

Luka Koper has established a universal risk management system of ongoing assessment processes which also encompass the reporting and communication of risks that might significantly affect the accomplishment of *Luka Koper Group* objectives.

The 2011 Annual Report refers to key risks classified in three groups: strategic, operational and financial. Herein are presented those risks where significant changes have been perceived against the 2011 Annual Report as well as published in the first 2012 interim report.

The following two strategic risks have been identified and assessed as major due to their increased relevance since the first half of 2012: the risk of opposition to port development from the local or broader community, and the risk of late completion of infrastructure. As to the risk of public opposition to *Luka Koper's* development plans, no changes were recorded across the third quarter. As to the second strategic risk, an increase has been observed in the third quarter, and this is further described below.

The risk of late completion of infrastructure – in particular delays to the modernisation of Slovenia's railway network and specifically the construction of the new Divača – Koper line is increasing. Due to the fact that sixty percent of cargo is transported by rail, the Port of Koper's railway connection with the hinterland is of crucial importance. Another perspective is line throughput, which at peak times already reaches the maximum permissible. The project for the realisation of a second track has yet to commence, which puts the completion date ever further into the future, and accordingly diminishes possibilities regarding the long-term development of the Port of Koper. The magnitude of this particular risk remains at approximately at the same level as in the first half of the year, while the *Luka Koper Group* manages it by providing information on development plans and requirements, both nationally as well as in the EU.

In addition, an increase has been perceived in the risk related to the provision of additional areas aimed at the disposal of dredged material in the deepening of the northern portion of Basin I as well as the creation of areas for the provision of port services. This is affected by long procedures in the acquisition of requisite consents, as well as the 2nd October Verdict of the Constitutional Court which prohibited Koper Municipality from disposing of land within Ankaran cadastral register, or altering it or administering it in any way. In addition to the shortage of areas aimed at the provision of port services, the materialisation of this inherent risk will delay dredging operations in Basin I, and thereby jeopardise the competitiveness of *Luka Koper* re its ability to handle the largest vessels.

LKPG SHARE

As of 30th September 2012, *Luka Koper* had a total of 12,956 shareholders, which is 4.1 percent less than a year previously. The ten largest shareholders held 76.32 percent of all *Luka Koper d.d.* stock. The largest shareholder remains the state - the Republic of Slovenia - which enjoys a 51 percent stake.

Table 4: Ten largest shareholders as of 30th September 2012

No.	Shareholder's title	No. of shares	Percentage stake
1.	Republika Slovenija	7,140,000	51.00%
2.	Slovenska odškodninska družba, d. d.	1,557,857	11.13%
3.	Kapitalska družba, d. d.	696,579	4.98%
4.	Mestna občina Koper	466,942	3.34%
5.	KD Galileo, fleksibilna struktura naložb	158,230	1.13%
6.	KD Delniški dohodkovni	149,389	1.07%
7.	Abanka Vipava, d. d.	145,692	1.04%
8.	Perspektiva FT, d. o. o.	138,775	0.99%
9.	KD Indija - Kitajska, delniški	125,895	0.90%
10.	Triglav vzajemni skladi - Delniški	105,364	0.75%
Ten largest shareholders - total		10,684,723	76.32%
Total shares		14,000,000	100.00%

Trading in the LKPG share

Table 5: Relevant information on the LKPG share

	2012	2011
Number of shares as of 30 th September 2012	14,000,000	14,000,000
Market capitalisation as of 30 th September (in million euro)	118.3	131.4
Turnover (all transactions) Jan. - Sept. (in million euro)	2.06	3.12
*Lowest daily or closing price January - September (in euro)	6.49	9.05
Highest daily or closing price January - September (in euro)	10.80	17.09
Closing price as of 30 th September (in euro)	8.45	9.39

** From April 2011 onwards, the Ljubljana Stock exchange modified its methodology of publishing the daily price, by publishing the closing price instead of the average trading price. In accordance with Ljubljana Stock Exchange methodology, the average daily trading prices are used for the first quarter of 2011, and the closing price from April 2011 onwards.*

The average closing price of the *Luka Koper d.d.* (LKPG) share between January and September 2012 was € 8.44, whereas its overall trading value fluctuated between € 6.49 and € 10.80. In the first nine months of 2012, 314,660 shares changed ownership in 1,697 transactions and block trades, and the total value of these transactions amounted to € 2,565,134. The total value of transactions from January to September 2011 amounted to € 3,125,738, with 236,618 shares changing ownership.

In the first nine months of 2012, the highest daily trading price amounted to € 10.85 and the lowest € 6.10. The share price is ten percent down on the same period last year, but, as of 30th September 2012, nineteen percent up on 31st December 2011.

Figure 11: Movement of LKPG closing price and the value of daily trades, January - September 2012



Number of LKPG shares held by Supervisory and Management Board members

As of 30th September 2012, the following members of the *Luka Koper d.d.* Supervisory Board held shares in the company:

Dr. Marko Simoneti, Supervisory Board member	590
Nebojša Topič, Supervisory Board member	9

As of 30th September 2012, none of the members of *Luka Koper d.d.* Management Board held shares in the company:

Dividend policy

Luka Koper d.d. dividend policy combines the shareholders' strive for dividend yield with the requirement that net profit is reinvested into the business. Due to the fact that there was no distributable net profit for fiscal 2011, the Management Board did not propose that the General Assembly disburse any dividends for 2011. Over the coming years, taking into consideration plans for necessary investments into port infrastructure and plant, the company anticipates distributing up to one-third of net profit as dividends.

Net earnings per share

Calculated as the ratio between total net profit generated between January to September 2012 divided by the number of shares issued, net earnings per *Luka Koper d.d.* share amounted to € 0.52 for the nine-month period.

Book value of share

As of 30th September 2012, the book value of the *Luka Koper* share - calculated as the total value of equity divided by the total number of shares issued - amounted to € 16.79.

Treasury stock, authorised capital, conditional increase in share capital

As of 30th September 2012, 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. Further to this, the company had no grounds for any conditional increase in share capital during the January to September period.

INFRASTRUCTURE INVESTMENTS

In the first nine months of 2012, the *Luka Koper Group* allocated € 14.5 million to non-financial investments, which is a year-on decline of one percent. € 13.8 million of this total amount (95%) was invested by the parent company, *Luka Koper d.d.*

The *LK Group* undertook the following major plant and infrastructure investments during the January to September 2012 period:

- Two RTG cranes ordered in late 2011 were delivered; a further three RTG cranes were acquired in September. Further to this, additional reach stackers were also acquired for the Container Terminal, while additional areas aimed at the storage of full containers were regulated and surfaced.
- Due to legislative requirements, and compliant with the Decree on waste water emissions, the company has ceased the use of back-flowing septic tanks within the port zone and is constructing an internal sewerage system.
- In order to further reduce dust emissions, additional filters have been successively installed in relation to break bulk terminal operations.
- The introduction of a state-of-the-art *Tideworks Technology* container management system is anticipated to increase the competitive edge of the Container Terminal.
- *Luka Koper d.d.* commissioned and carried out a study on the increase of Container Terminal capacities; this also included the presentation of a business and operational model in relation to the Terminal's development.
- Commencement of rehabilitation works on the Pier II quayside.
- Additional storage parking areas are being created due to the ongoing rise in vehicle throughput.

RESEARCH & DEVELOPMENT

Eight European projects will be concluded this year: the Marco Polo programme *Hinterport* learning action came to an end in January, while the *Watermode* project within the South-East Europe programme was completed in February. Within the context of the Mediterranean programme, the *Memo* and *Backgrounds* projects ended in March, while the *Climeport* project was completed in April. The *MOS4MOS* project within the TEN-T programme was concluded in May, while and *Kobalink* project also within Marco Polo programme as well as *Sonora* project within the Central Europe programme were both completed in July. Accordingly, final reports are being drawn up and conferences organised.

Prototype and pilot information solutions in port community and logistics chains were developed within the context of the *MOS4MOS (Monitoring and Operation Services for Motorways of the Sea)* project within *TEN-T (Trans-European Transport Network)* programme. The project's outcomes were presented in the European Parliament in May. A study of cargo type potentials for container transport to 2030 - the regional potential has been estimated at six million TEUs per annum - was made as part of the *ITS Multi-port Adriatic Gateway* action, which includes the partners of the *Northern Adriatic Ports Association (NAPA)*. In addition, a joint information platform aimed at information exchange between *NAPA* ports is being established. Other interesting studies worth mentioning include an investigation of the development potentials of the Sežana multimodal terminal within the context of the *Empiric (Enhancing Multimodal Platforms, Inland waterways and Railways services Integration in Central Europe)* project; requisite hinterland rail connections within the *INWAPO (Upgrading of Inland Waterway and Sea Ports)* project, as well as an assessment of passenger terminal development potentials within the *Adria A (Accessibility and Development for the Re-launch of the Inner Adriatic Area)* project.

Two new projects were launched in the first half of 2012: *GIFT (Green Intermodal Freight Transport)* within the South-East Europe regional programme, and *Greencranes* in the context of the TEN-T programme; preliminary meetings in relation to both projects were held in the first quarter of 2012.

Luka Koper is currently engaged in thirteen open European projects. They are implemented in compliance with the anticipated activities of various programmes, with particular focus on European territorial collaboration.

IT SUPPORT

In order to provide support, process optimisation and improved cost efficiency in relation to all aspects and actions of *Luka Koper's* operations, a number of IT projects were completed or continued between January and September 2012.

- A new co-operative system for document management, based on *Microsoft SharePoint 2010* platform, was introduced.
- In March and April, prototype testing for the *TEN-T MOSAMOS* project was under preparation which will improve co-operation between port community stakeholders and the broader milieu. Special mention should be made of an archetype web interface with the *Customs Administration RS* and the *Slovenian Maritime Administration*, as well as a new IT system for the management of truck arrivals. Through its efficient commercialisation, this last project is anticipated – in the medium term – to contribute to the optimisation of road haulage services.
- On 16th September 2012, the previous TOS container terminal management system was replaced with a state-of-the-art *Tideworks Technology* system that will help provide more efficient container management, improved terminal utilisation and better collaboration with shipowners.
- The modernisation of the business reporting system, aimed at improving efficiency, is nearing conclusion.

SUSTAINABLE DEVELOPMENT

HUMAN RESOURCES MANAGEMENT

The first nine months of 2012 were characterised by changes in *Luka Koper d.d.'s* management. On 20th April 2012, the Supervisory Board accepted the resignation of Management Board Deputy President Mr Tomaž Martin Jamnik, thus the responsibilities and competences of management and governance were distributed among the remaining three Management Board members. On 7th September 2012, the Supervisory Board dismissed Management Board President Dr Gregor Veselko for no-fault reasons. The function was temporarily, until the appointment of a new Management Board President, taken over by Supervisory Board member Bojan Brank. The public call and selection procedure failed to provide a new President of the *Luka Koper d.d.* Management Board.

After the expiration of its mandate, a new Workers Council was constituted at regular elections held in June.

Table 6: Number of employees in Luka Koper Group companies

Company	30.9.2012	30.9.2011	31.12.2011	Index	
				30.9.2012 / 30.9.2011	30.9.2012 / 31.12.2011
Luka Koper d.d.	792	762	787	104	101
Luka Koper INPO d.o.o.	193	204	200	95	97
Luka Koper Pristan d.o.o.	4	4	4	100	100
Adria Terminali d.o.o.	26	28	27	93	96
TOTAL*	1,015	998	1,020	102	99

* The comparison includes only those companies with employees which were - as of 31st March 2012 - consolidated within the *Luka Koper Group* of companies.

The two percent year-on growth in the number of employees recorded on 30th September 2012 can mainly be attributed to recruitment in relation to handling operations due to increased need for junior operational managers and a change in the work organisation of a large number of employees.

At the *Group* level, the number of employee departures, and thereby the churn rate, was slightly down on the same period last year and within the anticipated three percent annual rate. Personnel departures were primarily a consequence of age-related retirement; in the light of amendments to retirement legislation, employees meeting the prerequisites for retirement now decide for themselves when they retire.

Table 7: Recruitment, retirement and churn in the first nine months of 2012 and 2011

	No. of new employees		No. of departures		Churn rate (as a % of total) *	
	1 – 9	1 – 9	1 – 9	1 – 9	1 – 9	1 – 9
	2012	2011	2012	2011	2012	2011
Luka Koper d. d.	24	31	19	17	2.3	2.2
Luka Koper Group	26	37	28	37	2.7	3.6

* churn rate = number of departures / (initial number of employees + new recruitments) x 100

Sick leave

Sick leave at the *Group* level amounted to 4.7 percent of total working hours, against 4.3 percent within *Luka Koper d.d.*. This year-on decline meant that levels were again similar to those recorded in previous years, as well as akin to the anticipated 4.7 percent threshold of absence through annual sick leave. *Luka Koper d.d.* is actively engaged in the promotion of employee health; disabled staff are provided adequate employment in a dedicated subsidiary within the *Luka Koper Group* and two employees with disability status are undergoing occupational prequalification.

Occupational health and safety

Fifty-two work-related injuries were recorded between January and September 2012, against fifty-nine in the same period last year.

In collaboration with the national railway operator *Slovenske Železnice d.d.*, *Luka Koper* is endeavouring to solve problems at level crossings in order to ensure safety, both through the additional training of employees as well as through the provision of in-situ technical solutions.

This year, the company launched a project which comprehensively considers employees and work processes in order to improve workplace occupational health and safety. This scheme shall promote a healthy relationship to work, conditions and co-workers through the provision of activities aimed at enhancing the physical and mental welfare of personnel. Further to this, the company is in the process of acquiring authorization to perform tasks in the field of occupational health and safety.

Personnel education and development

The education structure within *Luka Koper Group* is constantly improving, which is attributable to new recruitments in operational and junior management staff, age-related retirements as well as the successful completion of part-time study courses by personnel.

The *Luka Koper Group* systematically monitors the career development of its personnel. Annual interviews were conducted with fifty-eight percent of employees over the period. In addition to the assessment of management staff, the database of personnel potentials and eventual heads of organisational units has been supplemented. Recognitions and awards were presented to model workers, together with the manager, innovator and quality team of the year; in addition, ten employees received long-service awards for their many years of loyalty to the company.

Upper management was recruited internally, and thirty percent of employees benefitted from career development and promotion within the company. This includes the vertical promotion of personnel to more demanding posts, as well as the horizontal promotion of employees to positions requiring a higher level of qualifications and flexibility.

Eighty-four percent of personnel were involved in education and training courses. The average number of training hours per employee in *Luka Koper Group* companies amounted to 10.8, whilst this figure stood at 11.2 hours for *Luka Koper d.d.* personnel. Eighty-four percent of education and training activities were organised internally within the context of special programmes adapted to port operations. These courses encompassed the training of machine operators, machinery maintenance, application and use of the new *Tideworks* information system, computer training, English courses in business communication and maritime terminology, as well as training in maritime skills. It is anticipated that the planned sixteen hours of education and training per employee, and ninety percent inclusion of personnel, shall be realised by year's end.

In September, *Luka Koper d.d.* made an application in response to a public call for proposals to co-finance the establishment and operation of competence centres for human resources development for the period 2012–2015 published by the Slovene Human Resources Development and Scholarship Fund. The elaboration of a model of competences for typical branch profiles in the logistics sector as well as the training of personnel is anticipated within the context of this project.

ENVIRONMENTAL IMPACT CONTROL

Luka Koper closely monitors the impacts of its operations on the environment, as well as implements a number of activities to ensure that operations at the Port of Koper become ever more environment-friendly. The *Ministry of Environment and Spatial Planning – the Environmental Agency RS* – has officially corroborated the company's commitment towards efficient environmental management through its granting *EMAS (Eco-Management and Audit Scheme)* status under certificate No. SI 00004. In 2011, a joint Environmental Report, combining the requirements of ISO 14001 and EMAS 1221/2009 standards, was subject to management review and, accordingly, endorsed.

Information on all relevant environmental issues is promptly published on the corporate and *Living With The Port* www.zivetispristaniscem.si websites, as well as in the in-house *Luški Glasnik* gazette and the media.

Air quality

Monthly control measurements of dust deposits are made at ten locations within the port zone. Due to the absence of pertinent national legislation in this field, the company follows German directives which define the upper limit for total dust deposits at 350 mg/m²/day. The average January to September 2011 value amounted to 225 mg/m²day, against 166 mg/m²day in the first nine months of 2012.

Ongoing measurements of airborne concentrations of PM10 particulates, which are constantly implemented by an independent authority at two locations within the port zone, remain below the legally prescribed 40 µg/m³ annual value. The results are automatically published every hour on the *Living With The Port* www.zivetispristaniscem.si website.

Table 8: Average concentrations of PM10 particles January – September 2012 and 2011

Location	1 – 9 2012	1 – 9 2011	Index 2012 / 2011
Ankaran - Rožnik	24 µg/m ³	28 µg/m ³	86
Bertoki	27 µg/m ³	29 µg/m ³	93

Due to a strong and prolonged bora wind in February, dust was lifted from the European Energy Terminal's coal dump, but this didn't result in higher concentrations of dust particles. This year a plan has been prepared to reduce dusting from the Terminal, and this is now being implemented.

Noise emissions

Noise emissions measured by an authorised agency for over a decade have been taken at three peripheral points of the port zone since 2008. These regular measurements are promptly published on the *Luka Koper* website. The table below gives a comparison of night-time noise emissions at all three locales.

Table 9: Average noise emissions (in dB), January – September 2012 and 2011*

Location	1 – 9 2012	1 – 9 2011	Index 2012 / 2011
Ankaran	54	52	104
Bertoki	50	51	98
Koper	59	60	98

* In accordance with legislation, the night-time threshold value for level IV noise protection amounts to 63 dB.

In the January to September period, *Luka Koper* addressed two complaints concerning noise generated by ships using the port. On the basis of these, the company came to an agreement with a shipowner to withdraw a second 'noisy' vessel from its regular Far East container service and replace it with another.

Within the context of the company's noise-reduction action plan, all necessary noise abatement measures - particularly in relation to the Container Terminal and quaysides adjacent the old town centre - have been implemented.

Waste waters

The measurements of industrial waste water quality show compliance with the prescribed standards. The environmental permit for the waste water emissions is in the process of acquisition. In addition, a plan has been prepared for the phased reconstruction and renewal of the port sewerage system.

Consumption of energy and water

From January to September 2012, the company intensively implemented various measurements and prepared actual calculations and measures in order to reduce energy consumption by one percent per annum. Further to this, target monitoring of energy consumption (TMEC) is being introduced.

In the first nine months of 2012, the consumption of fossil fuel oils at *Luka Koper d.d.* amounted to 0.269 litre per tonne of cargo handled, which is above the annual anticipated objective of 0.18 l/tonne of cargo handled, and a little lower than last year's average value of 0.2788 l/tonne.

In relation to the consumption of electrical energy, the company also continues to lag behind its annual objective of 1.3 kWh per tonne of cargo handled. Consumption over the first nine months of 2012 amounted to 1.32 kWh/tonne of cargo handled, which is down on last year's average of 1.49 kWh/tonne.

After a troublesome winter, which saw frost damage followed by strong bora winds in February, the major portion of leakages through damaged pipes was stemmed. Thanks to the completion of a systemic rehabilitation of the potable water supply network, *Luka Koper* is again close to accomplishing its target of 5.8 l of water per tonne of cargo handled: in the first nine months of 2012, consumption amounted to 6.20 l per tonne of cargo handled.

Measures based on the energy review, together with the establishment of an energy management system, are expected to make a significant impact and further reduce energy consumption and the accomplishment of the company's goals.

Waste management

The recycling of waste starts with the separation of waste material at the terminals as well as aboard vessels using the Port of Koper. *Luka Koper* co-operates with external waste processing contractors, and sorted materials are delivered to these licensed agents. Organic waste is processed within the composting plant.

In the first nine months of 2012, eighty-seven percent of waste was sorted and collected separately, which is ahead of planned objective (80%). This testifies to the company's concern for the environment through the separation and recycling of waste materials. This year, worn tyres, redundant railway sleepers and scrap metal were removed from the port zone for reprocessing. In addition, the modernisation of the collection centre for hazardous waste has been completed.

Maritime protection

Luka Koper regularly provides services related to the prevention of maritime pollution, as well as first response and clean-up in the event of incidents in the harbour and coastal waters. Eighteen incidents were recorded within the harbour area during the first nine months of 2012, and the company's maritime protection service intervened on thirteen occasions. In addition, four events which caused direct danger of a pollution incident were also recorded, but - thanks to a prompt and efficient intervention - contamination was avoided.

Luka Koper's Industrial Accident Threat Assessment, Protection and Rescue Plan have served as a basis for the preparation of technical solutions for the early detection of an oil spillage in conditions of impaired visibility. As part of its *Port and Industrial Environmental Risk Management* project, *SafePort* - Europe's maritime collaborative research programme - is to fund the installation of hydrocarbon sensors as well as various water quality measurement devices within the basins at the Port of Koper. The results of measurements will be published online.

Light pollution

The port zone requires sufficient lighting in order to ensure operational safety, and this is provided in accordance with regulations. Unfortunately, the night-time illumination of operational areas, rail yards and roadways causes light pollution. For this reason, and based on a comprehensive study of port illumination, lighting is being rehabilitated in a series of stages. The legally prescribed deadline has been deferred to 2016. According to estimations, some eighty percent of external illumination within the port zone has already been appropriately regulated.

Construction works

Construction works within the port zone are executed in the context of necessary maintenance and redevelopment; contractors are obliged to perform all operations in compliance with pertinent environmental regulations. In addition to the construction of

container storage areas at the Container Terminal, there were also rehabilitation works to the bridge at the European Energy Terminal and the port roads during the first nine months of 2012.

Development projects

All larger development projects in the port zone are subject to environmental impact assessments, which are undertaken by authorised authorities and further reviewed by external auditors. In the first nine months of 2012, there were no developments which, under current legislation, would require environmental impact assessments.

Dredged materials

In order to ensure the safe navigation of vessels using the Port of Koper, the port basins and navigational channels have to be dredged to the prescribed depth. Accordingly, *Luka Koper* occasionally performs dredging works, and deposits the dredged sediments in designated areas within the port zone. Due to the fact that the areas at the company's disposal are limited, studies have commenced into alternative uses of the excavated materials, in particular by the construction industry. A research project into the use of waterborne sediments as raw materials is being undertaken in conjunction with the *Slovenian National Building and Civil Engineering Institute*.

Due to the limited area available for the disposal of dredged materials, *Luka Koper* is looking for alternative possibilities that would allow the disposal of excavated materials and thus facilitate the planned deepening of the northern part of Basin I.

COMMITMENT TO THE COMMUNITY

Luka Koper has been involved and integrated into its neighbouring communities for the fifty-five years of its operation. During that time, the company has evolved into a modern enterprise whose significance far surpasses local and national boundaries; nevertheless, it has remained loyal to its roots and the city from which the major portion of its employees - both past and present - originate.

Luka Koper d.d. has incorporated social responsibility into its day-to-day operations and development strategy. Such is also reflected in concern for the environment in its broadest sense - people and nature. In addition to maintaining dialogue with local and national stakeholders, the company supports events, projects, individuals and groups in such diverse fields as sport, culture, education, environmental protection and humanitarian endeavour. On the basis of a public call as well as multi-year contracts, the company allocated € 800,000 in sponsorship and donations during the first nine months of 2012. There is ongoing monitoring of the use of these funds, while information on all community-related activities is published on the *Living with the Port* website - www.zivetispristaniscem.si - as well as on the *Facebook* social network.

Luka Koper d.d. marked its 55th anniversary through the organisation of a round-table discussion on the significance of Slovenia's maritime trade from a future economic and infrastructural perspective. The event was attended by a number of professionals who pointed out the great significance and importance of maritime trade and port development to the state, as well as the necessary co-habitation of port and local community.

This September, for the sixth consecutive year, the company organised its annual Port Day. 2,500 visitors - a record total - took this opportunity to look around the port, both on land as well as from the sea. Some 20,000 people in organised groups visit the Port of Koper every year.

In April 2012, despite transparent communication between the company and the local council, Koper Municipality adopted a resolution on the cessation of break bulk handling operations at the Port of Koper. As a response to this resolution, *Luka Koper d.d.* suggested that the city authorities create a working body to thoroughly investigate the issue and prepare harmonised solutions. To this end, Koper municipal councillors were invited to the port and explained the economic and operational significance of these cargoes, together with the efforts invested by the company in environmental protection. At the same time, *Luka Koper* launched a campaign entitled *Let the Window Stay Open (Naj okno ostane odprto)* to raise the general public's awareness as to the significance of the port and its operations.

BUSINESS EXCELLENCE

In February 2012, *Luka Koper* acquired *Bureau Veritas* certification in relation to its handling and storage of crops and foods from organic and conventional production. Non-GMO appellation certification necessitates ensuring the non-introduction of genetically modified organisms, synthetic additives or exposure to ionizing radiation through all elements of the production, processing and handling chain of custody. The acquisition of such certification has been required by the customer, and enhances the quality of *Luka Koper's* services in relation to this important segment of the food industry.

With respect to soya and similar cargoes, clients have set ever stricter requirements as to the integrity of handling operations and the provision of ancillary services, thus the renewal of the company's Non-GMO certification system, which had lapsed over the last two years, shall be a boost to business.

In April, the *Slovenian Institute of Quality and Metrology - SIQ* - externally assessed *Luka Koper's* compliance with the following standards:

- Quality Management System – ISO 9001:2008 (re-assessment audit)
- Environmental Protection System – ISO 14001:2004 (re-assessment audit)
- Occupational Health and Safety System – BS OHSAS 18001 (surveillance audit)
- Food Safety System – ISO 22000:2005 (surveillance audit)
- Requirements of EC 1221/2009 regulation (EMAS) (surveillance audit).

The external audit by the competent authority confirmed that the company meets the prerequisites for the renewal of all three ISO certificates, BSI certification, as well as the requirements of EC 1221/2009 (EMAS) regulation. The four non-conformities detected in the

assessment process were eliminated prior to the assessment's completion and submission of the final written report.

FINANCIAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS OF LUKA KOPER GROUP

Table 8: Income Statement of Luka Koper Group

(in euros)	Jan. - Sept. 2012 Non-audited	Jan. - Sept. 2011 Non-audited
Operating revenues	108,075,298	105,705,131
Net sales revenues	105,661,044	103,859,552
Other operating revenues	2,414,254	1,845,579
Other revenues	587,573	63,023
Operating expenses	93,887,885	89,939,678
Costs of goods, materials and services	38,770,125	36,047,457
Labour costs	28,440,084	28,317,526
Value write-offs	21,007,255	20,642,916
Other operating expenses	5,670,421	4,931,779
Operating profit	14,774,986	15,828,476
Financial revenues	1,092,553	1,626,204
Financial revenues from profit participation	753,835	1,190,911
Financial revenues from loans granted	175,418	169,918
Financial revenues from operating receivables	163,300	265,375
Financial expenses	5,425,623	12,950,354
Financial expenses from investment impairments and write-offs	562,804	6,634,999
Financial expenses from financial liabilities	4,725,796	6,125,546
Financial expenses from operating liabilities	137,023	189,809
Pre-tax profit	10,441,916	4,504,326
Corporation tax	1,285,841	411,636
Deferred tax	895,268	1,013,834
Net profit for the period	8,260,807	3,078,856
Net profit – majority shareholder	8,260,807	3,078,856
Net profit – minority shareholder	0	0
Net earnings per share: basic and diluted	0.59	0.22

Table 9: Comprehensive Income Statement of Luka Koper Group

(in euros)	Jan. – Sept. 2012 Non- audited	Jan. – Sept. 2011 Non- audited
Net profit for the period	8,260,807	3,078,856
Other comprehensive income for the period:		
Change in fair value of financial assets available for sale	-2,396,396	-4,998,320
Deferred taxes	592,827	999,664
Other comprehensive income for the period	-1,803,569	-3,998,656
Total comprehensive income for the period	6,457,238	-919,800
Attributable to:		
- comprehensive income of majority shareholder	6,457,238	-919,800
- comprehensive income of minority shareholder	0	0

Table 10: Balance Sheet of Luka Koper Group

ASSETS (in euros)	30. 9. 2012 Non-audited	31. 12. 2011 Audited
ASSETS	470,802,600	478,271,061
A. Non-current assets	433,024,991	445,905,231
I. Intangible fixed assets and long-term deferred costs	5,227,072	5,089,118
II. Tangible fixed assets	355,567,420	363,153,532
III. Real-estate investments	20,546,452	20,283,049
IV. Non-current financial investments	43,510,806	48,310,023
V. Non-current operating receivables	7,664	8,664
VI. Deferred tax assets	8,165,577	9,060,845
B. Current assets	35,441,809	31,813,082
I. Assets (disposal group) held for sale	7,015,979	6,975,723
II. Current financial investments	3,278,083	681,227
III. Current operating receivables	23,845,708	23,117,862
IV. Cash and cash equivalents	1,302,039	1,038,270
C. Deferred costs and accrued revenues	2,335,800	552,748
LIABILITIES (in euro)	30. 9. 2012 Non-audited	31. 12. 2011 Audited
EQUITY AND LIABILITIES	470,802,600	478,271,061
A. Equity – majority shareholder	247,145,916	240,688,678
I. Share capital	58,420,965	58,420,965
II. Capital reserves	89,562,703	89,562,703
III. Revenue reserves	75,140,993	75,146,205
IV. Revaluation surplus	4,905,342	6,703,699
V. Retained net profit	10,855,106	10,411,742
VI. Net profit for the period	8,260,807	443,364
B. Equity – minority shareholder	0	108,140
C. Provisions	12,025,806	12,435,924
D. Non-current liabilities	152,533,284	158,672,802
I. Non-current financial liabilities	151,342,814	156,864,708
II. Non-current operating liabilities	106,139	130,935
III. Deferred tax liabilities	1,084,331	1,677,159
E. Current liabilities	57,025,945	65,063,739
I. Current financial liabilities	37,189,432	48,934,765
II. Current operating liabilities	19,836,513	16,128,974
F. Accrued costs and deferred revenues	2,071,649	1,301,778

Table 11: Cash Flow Statement of Luka Koper Group

(in euros)	Jan. – Sept. 2012 Non-audited	Jan. – Sept. 2011 Non-audited
A. Cash flows from operating activities		
a) Net profit without deferred taxes	9,156,075	4,092,690
Pre-tax profit	10,441,916	4,504,326
Corporation tax and other taxes not included in operating expenses	-1,285,841	-411,636
b) Adjustments for	25,251,079	25,047,054
Amortisation (+)	20,887,047	20,315,726
Revaluation operating revenues associated with investments and financing (-)	-79,189	-57,856
Revaluation operating expenses associated with investments and financing (+)	83,874	24,467
Finance income less finance income from operating receivables (-)	-929,253	-1,360,829
Finance expenses less finance expenses from operating liabilities (+)	5,288,600	6,125,546
c) Changes in net current assets per balance sheet items (including accruals and deferrals, provisions and deferred tax assets and liabilities)	1,492,342	8,899,784
Changes in operating receivables	-726,846	1,855,185
Changes in deferred expenses and accrued revenues	-1,783,052	-1,500,806
Changes in deferred tax assets	0	0
Changes in assets (disposal group) held for sale	-40,256	6,283,980
Changes in inventories	0	-95
Changes in operating liabilities	3,682,743	1,045,820
Changes in accrued expenses and deferred revenues, and provisions	359,753	1,215,700
Changes in deferred tax liabilities	0	0
d) Net inflows (outflows) from operating activities (a + b + c)	35,899,496	38,039,528
B. Cash flows from investment activities		
a) Inflows from investments	2,511,970	2,035,008
Inflows from interest and profit participation associated with investments	753,835	1,360,829
Inflows from disposal of intangible fixed assets	505,583	3,771
Inflows from disposal of tangible fixed assets	231,650	121,763

Inflows from disposal of real-estate investments	16,891	13,141
Inflows from disposal of non-current financial investments	193,005	176,376
Inflows from disposal of current financial investments	811,006	359,128
b) Outflows from investments	-14,988,855	-17,732,479
Outflows for acquisition of intangible fixed assets	-607,590	-946,580
Outflows for acquisition of tangible fixed assets	-13,851,627	-13,632,864
Outflows for acquisition of real-estate investments	-1,884	-19
Outflows for acquisition of non-current financial investments	-63,281	-2,888,738
Outflows for acquisition of current financial investments	-464,473	-264,278
c) Net inflows (outflows) from investment activities (a + b)	-12,476,885	-15,697,471
<i>C. Cash flows from financing activities</i>		
a) Inflows from financing	55,370,428	54,045,623
Inflows from paid-up capital	0	0
Inflows from increase of non-current financial liabilities	30,268,428	35,000,000
Inflows from increase of current financial liabilities	25,102,000	19,045,623
b) Outflows from financing	-78,529,270	-75,480,024
Outflows for interest payable associated with financing	-4,725,796	-6,334,452
Outflows for capital refunds	-113,353	0
Outflows for payment of non-current financial liabilities	-19,743,121	-46,282,321
Outflows for payment of current financial liabilities	-53,947,000	-22,863,218
Outflows for distribution of dividends and other profit participation	0	-33
c) Net inflows (outflows) from financing activities (a + b)	-23,158,842	-21,434,401
<i>Closing balance of cash and cash equivalents</i>	1,302,039	1,588,485
Net cash inflow (outflow) for the period (sum total of net cash Ac, Bc and Cc)	263,769	907,656
<i>Opening balance of cash and cash equivalents</i>	1,038,270	680,829

Table 12: Statement of Changes in Equity of Luka Koper Group, January – September 2011

STATEMENT OF CHANGES IN EQUITY (in euros) Non-audited	Called-up capital	Capital reserves	Legal reserves	Other revenue reserves	Retained net profit	Net profit for the financial year	Revaluation surplus	Total equity – majority shareholder	Equity – minority shareholders	Total equity
Opening balance as of 1st January 2011	58,420,965	89,562,704	18,882,889	58,112,522	8,562,536	0	10,514,887	244,056,503	0	244,056,503
Net profit for the financial year	0	0	0	0	0	3,078,856	0	3,078,856	0	3,078,856
Other comprehensive income for the period	0	0	0	0	0	0	-3,998,656	-3,998,656		-3,998,656
Comprehensive income for the period	0	0	0	0	0	3,078,856	-3,998,656	-919,800	0	-919,800
Formation of other revenue reserves upon the resolutions of Management and Supervisory Boards	0	0	0	0	0	0	0	0	0	0
Transfer to other revenue reserves upon the resolution of the General Assembly	0	0	0	0	0	0	0	0	0	0
Transfer of net profit from the previous year to retained net profit	0	0	0	0	0	0	0	0	0	0
Dividend distribution	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Closing balance as of 30th September 2011	58,420,965	89,562,704	18,882,889	58,112,522	8,562,536	3,078,856	6,516,231	243,136,703	0	243,136,703

Table 13: Statement of changes in equity of Luka Koper Group, January – September 2012

STATEMENT OF CHANGES IN EQUITY (in euros) Non-audited	Called-up capital	Capital reserves	Legal reserves	Other revenue reserves	Retained net profit	Net profit for the financial year	Revaluation surplus	Total equity – majority shareholder	Equity – minority shareholders	Total equity
Opening balance as of 1st January 2012	58,420,965	89,562,703	18,882,889	56,263,316	10,411,742	443,364	6,703,699	240,688,678	108,140	240,796,818
Net profit for the financial year	0	0	0	0	0	8,260,807	0	8,260,807	0	8,260,807
Other comprehensive income for the period	0	0	-5,212	0	0	0	-1,798,357	-1,803,569	0	-1,803,569
Comprehensive income for the period	0	0	-5,212	0	0	8,260,807	-1,798,357	6,457,238	0	6,457,238
Formation of other revenue reserves upon the resolutions of Management and Supervisory Boards	0	0	0	0	0	0	0	0	0	0
Transfer to other revenue reserves upon the resolution of General Assembly	0	0	0	0	0	0	0	0	0	0
Transfer of net profit from the previous year to retained net profit	0	0	0	0	443,364	-443,364	0	0	0	0
Dividend distribution	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	-108,140	-108,140
Closing balance as of 30th September 2012	58,420,965	89,562,703	18,877,677	56,263,316	10,855,106	8,260,807	4,905,342	247,145,916	0	247,145,916

NOTES TO THE FINANCIAL STATEMENTS OF LUKA KOPER GROUP

The financial statements of the *Luka Koper Group* for January to September 2012, i.e. as at 30th September 2012, encompass the financial statements of the parent company, *Luka Koper d.d.*, as well as the statements of its subsidiary enterprises, together with attributable profits and losses of associated and jointly controlled companies.

The non-audited financial statements of the *Luka Koper Group* as of 30th September 2012 are compiled in accordance with the same accounting policies and principles that were applicable in 2011.

Statement of Compliance

The financial statements have been compiled in accordance with the Companies Act RS and International 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, the *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 2012, 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)	Jan. – Sept. 2012	Jan. – Sept. 2011
OPERATING REVENUES	108,075,298	105,705,131
Net sales revenues on domestic market	38,324,915	34,402,833
Net sales revenues on foreign markets	67,336,129	69,456,719
Other operating revenues	2,414,254	1,845,579

Other revenues

(in euros)	Jan. – Sept. 2012	Jan. – Sept. 2011
OTHER REVENUES	587,573	63,023

Other revenues in the amount of € 587,573 arise from the elimination of provisions for lawsuits, namely: claims in the amount of € 254,492 filed by *S5 Vleka Ladij d.o.o.*, and € 271,308 claimed by *Map Trade d.o.o.* The provisions were eliminated based on a new Management Board estimation as to the magnitude of the claims, as well as the possibility that the court might refuse these lawsuits.

Costs of goods, materials and services

(in euros)	Jan. – Sept. 2012	Jan. – Sept. 2011
COSTS OF GOODS, MATERIALS AND SERVICES	38,770,125	36,047,457
Material costs	8,694,087	7,562,419
Service costs	30,076,038	28,485,038

Labour costs

(in euros)	Jan. – Sept. 2012	Jan. – Sept. 2011
LABOUR COSTS	28,440,084	28,317,526
Costs of salaries	21,405,439	21,318,906
Social insurance costs	4,475,996	4,378,599
Other labour costs	2,558,649	2,620,021

Value write-offs

(in euros)	Jan. – Sept. 2012	Jan. – Sept. 2011
VALUE WRITE-OFFS	21,007,255	20,642,916
Amortisation of tangible fixed assets and intangible non-current assets	20,782,519	20,240,141
Amortisation of real-estate investments	104,528	75,585
Revaluation operating expenses	120,208	327,190

Other operating expenses

(in euros)	Jan. – Sept. 2012	Jan. – Sept. 2011
OTHER OPERATING EXPENSES	5,670,421	4,931,779
Other costs	4,500,192	4,648,510
Formation of provisions	1,170,229	283,269

Financial revenues

(in euro)	Jan. – Sept. 2012	Jan. – Sept. 2011
FINANCIAL REVENUES	1,092,553	1,626,204
Financial revenues from profit participation	753,835	1,190,911
Financial revenues from loans granted	175,418	169,918
Financial revenues from operating receivables and foreign exchange gains	163,300	265,375

Financial expenses

(in euros)	Jan. – Sept. 2012	Jan. – Sept. 2011
FINANCIAL REVENUES	5,425,623	12,950,354
Financial expenses from impairments and financial investment write-offs	562,804	6,634,999
Financial expenses from financial liabilities	4,725,796	6,125,546
Financial expenses from operating liabilities and foreign exchange losses	137,023	189,809

Financial expenses from impairments and financial investment write-offs include the € 449,850 write-down - from € 116 to € 41 per share - in *Luka Koper's* investment in *NLB d.d.*, as per the resolution adopted by the *NLB d.d.* General Assembly on 27th June 2012.

Operating profit for the period

(in euros)	Jan. – Sept. 2012	Jan. – Sept. 2011
PRE-TAX PROFIT	10,441,916	4,504,326
Corporation tax	1,285,841	411,636
Deferred tax	895,268	1,013,834
Net profit for the period	8,260,807	3,078,856
Net profit – majority shareholder	8,260,807	3,078,856
Net profit – minority shareholder	0	0
NET EARNINGS PER SHARE	0.59	0.22

Interim corporation tax was calculated at an 18 percent rate in accordance with the changed provisions of the *Corporate Income Tax Act RS*. Seventy-five percent of deferred tax assets and liabilities in the amount of € 1,031,765 were also calculated on the basis of new tax rate applicable in 2013. The remaining portion of deferred tax assets will be calculated in the last quarter of the year.

The disparity in deferred taxes arises as a consequence of the newly-formed provisions for severance payment and long service bonuses, the regular maintenance of public utility assets, as well as a correction as to the value of receivables.

Additional Notes to Balance Sheet Statement

Tangible and intangible fixed assets and real-estate investments

(in euros)	30. 9. 2012	31. 12. 2011
INTANGIBLE FIXED ASSETS, AND LONG-TERM DEFERRED COSTS AND ACCRUED REVENUES	5,227,072	5,089,118
TANGIBLE FIXED ASSETS	355,567,420	363,153,532
1. Land and buildings	250,222,481	256,007,519
a. Land	10,966,136	10,966,136
b. Buildings	239,256,345	245,041,383
2. Plant and machinery	81,980,017	81,758,020
3. Other plant and equipment	149,952	245,119
4. Tangible fixed assets under acquisition	23,214,970	25,142,874
REAL-ESTATE INVESTMENTS	20,546,452	20,283,049

Non-current financial investments

(in euros)	30. 9. 2012	31. 12. 2011
NON-CURRENT FINANCIAL INVESTMENTS	43,510,806	48,310,023
1. Non-current financial investments less loans	41,870,898	43,742,721
2. Non-current loans	1,639,908	4,567,302

The decline in non-current financial investments is mainly attributable to falls in the price of *Krka d.d.* and *NLB d.d.* shares. In the first nine months of 2012, the fall in the value of *Krka d.d.* shares impacted *Luka Koper d.d.*'s investment by € 1,343,249, whereas the write-down in the investment in *NLB d.d.* was € 449,850.

Assets (disposal group) held for sale

(in euros)	30. 9. 2012	31. 12. 2011
ASSETS (DISPOSAL GROUP)	7,015,979	6,975,723
Fixed assets held for sale	1,442,731	1,402,475
Other non-current assets held for sale	5,573,248	5,573,248

Current financial investments

(in euros)	30. 9. 2012	31. 12. 2011
SHORT-TERM LOANS	3,278,083	681,227
Short-term loans to others	161,320	641,201
Short-term bank deposits	3,116,763	40,026

The increase of current financial investments in the amount of € 2,596,856 can in particular be attributed to the transfer of long-term deposits to short-term ones, whilst the fall in short-term loans to others is the result of loan payments.

Current operating receivables

(in euros)	30. 9. 2012	31. 12. 2011
CURRENT OPERATING RECEIVABLES	23,845,708	23,117,862
Current operating receivables from associated companies	231,927	62,057
Current trade receivables	19,104,629	20,011,234
Current operating receivables from others	4,509,152	3,044,571

Equity

(in euros)	30. 9. 2012	31. 12. 2011
EQUITY	247,145,916	240,796,818
EQUITY – majority shareholder	247,145,916	240,688,678
Called-up capital	58,420,965	58,420,965
Capital reserves	89,562,703	89,562,703
Revenue reserves	75,140,993	75,146,205
1. Legal reserves	18,877,677	18,882,889
2. Other revenue reserves	56,263,316	56,263,316
Revaluation surplus	4,905,342	6,703,699
Retained net profit	10,855,106	10,411,742
Net profit for the year	8,260,807	443,364
EQUITY – minority shareholder	0	108,140

The largest change in equity is due to the 73% - € 1,798,357 - decrease in the revaluation surplus which is for the major part attributable to the decrease of value of Krka d.d. shares.

In the third quarter, the company *TOC d.o.o.* was deconsolidated due to the fact that the court of company registration rejected to enter the withdrawal of one of the stakeholders. This company's ownership thus officially remained the same, and consequently *TOC d.o.o.* has been reclassified as an associated enterprise.

Provisions

(in euros)	30. 9. 2012	31. 12. 2011
PROVISIONS	12,025,806	12,435,924
Provisions for pensions and similar	1,028,819	1,251,736
Other provisions	5,645,588	4,903,216
Long-term accrued costs and deferred revenues	5,351,399	6,280,972

There hasn't been any significant change in the amount of provisions, but their structure has altered. As of 31st December 2011, other provisions went up by € 742,372 mainly due to the formation of provisions for the cost of regular maintenance of port infrastructure performed by a public utility provider. Long-term accrued costs and deferred revenues decreased by € 929,573. This fall was a consequence of *Luka Koper INPO*ś relinquishing accruals created from mandatory pension and disability insurance contributions.

Non-current liabilities

(in euros)	30. 9. 2012	31. 12. 2011
NON-CURRENT LIABILITIES	152,533,284	158,672,802
Non-current financial liabilities	151,342,814	156,864,708
Non-current operating liabilities	106,139	130,935
Deferred tax liabilities	1,084,331	1,677,159

Deferred tax liabilities derive from the revaluation of financial investments at their fair value, and are also disclosed as a special equity item within the revaluation surplus.

Current liabilities

(in euros)	30. 9. 2012	31. 12. 2011
CURRENT LIABILITIES	57,025,945	65,063,739
Current financial liabilities	37,189,432	48,934,765
Current operating liabilities	19,836,513	16,128,974

Short-term accrued costs and deferred revenues

(in euros)	30. 9. 2012	31. 12. 2011
SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES	2,071,649	1,301,778
Accrued costs and revenues	2,071,649	1,301,778

The January to September 2012 increase in accrued costs and revenues in the amount of € 769,871 was due to increased foreign commercial discounts.

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

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

(in euros)	Jan. – Sept. 2012 Non-audited	Jan. – Sept. 2011 Non-audited
Operating revenues	100,504,719	99,048,282
Net sales revenues	99,878,606	98,969,702
Other operating revenues	626,113	78,580
Other revenues	573,849	62,926
Operating expenses	88,414,983	85,777,603
Cost of goods, materials and services	38,726,782	37,549,884
Labour costs	24,163,916	23,697,257
Value write-offs	19,877,143	19,618,218
Other operating expenses	5,647,142	4,912,244
Operating profit	12,663,585	13,333,605
Financial revenues	1,913,976	2,576,802
Financial revenues from profit participation	1,580,952	2,144,902
Financial revenues from loans granted	175,017	176,158
Financial revenues from operating receivables	158,007	255,742
Financial expenses	5,538,253	13,149,504
Financial expenses from impairments and write-offs of financial investments	449,850	6,634,999
Financial expenses from financial liabilities	4,951,865	6,330,905
Financial expenses from operating liabilities	136,538	183,600
Pre-tax profit	9,039,308	2,760,903
Corporation tax	901,166	0
Deferred tax	890,356	1,011,620
Net profit for the period	7,247,786	1,749,283
Net earnings per share, basic and diluted	0.52	0.12

Table 15: Comprehensive Income Statement of Luka Koper d. d.

(in euros)	Jan. – Sept. 2012 Non- audited	Jan. – Sept. 2011 Non- audited
Net profit for the period	7,247,786	1,749,283
Other comprehensive income for the period:		
Change in fair value of financial assets held for sale	-2,391,184	-4,998,320
Deferred taxes	592,828	999,664
Other comprehensive income for the period	-1,798,356	-3,998,656
Total comprehensive income for the period	5,449,430	-2,249,373

Table 16: Balance Sheet Statement of Luka Koper d. d.

ASSETS (in euros)	30. 9. 2012 Non-audited	31. 12. 2011 Audited
ASSETS	461,730,210	468,699,490
A. Non-current assets	426,249,226	437,991,718
I. Intangible fixed assets and long-term deferred costs	5,224,410	4,580,294
II. Tangible fixed assets	331,972,502	338,692,966
III. Real-estate investments	35,474,159	35,523,894
IV. Non-current financial investments	45,349,230	50,074,283
V. Non-current operating receivables	7,664	8,664
VI. Deferred tax assets	8,221,261	9,111,617
B. Current assets	33,244,428	30,167,345
I. Assets (disposal group) held for sale	7,015,979	6,963,061
II. Current financial investments	3,456,102	817,560
III. Current operating receivables	21,943,183	21,485,590
IV. Cash and cash equivalents	829,164	901,134
C. Deferred costs and accrued revenues	2,236,556	540,427
LIABILITIES (in euros)	30. 9. 2012 Non-audited	31. 12. 2011 Audited
EQUITY AND LIABILITIES	461,730,210	468,699,490
A. Equity	235,165,227	229,715,797
I. Called-up capital	58,420,965	58,420,965
II. Capital reserves	89,562,703	89,562,703
III. Revenue reserves	75,028,431	75,028,431

IV. Revaluation surplus	4,905,342	6,703,698
V. Retained net profit	0	0
VI. Net profit for the period	7,247,786	0
B. Provisions	6,536,442	6,026,603
C. Non-current liabilities	162,681,643	168,279,760
I. Non-current financial liabilities	161,528,389	166,525,580
II. Non-current operating liabilities	68,923	77,021
III. Deferred tax liabilities	1,084,331	1,677,159
D. Current liabilities	55,281,493	63,478,830
I. Current financial liabilities	37,189,432	48,934,765
II. Current operating liabilities	18,092,061	14,544,065
E. Accrued costs and deferred revenues	2,065,405	1,198,500

Table 17: Cash Flow Statement of Luka Koper d. d.

(in euros)	Jan. – Sept. 2012 Non-audited	Jan. – Sept. 2011 Audited
A. Cash flows from operating activities		
a) Net profit without deferred taxes	8,138,142	2,760,903
Pre-tax profit	9,039,308	2,760,903
Corporation and other taxes not included in operating expenses	-901,166	0
b) Adjustments for	23,434,764	23,271,703
Amortisation (+)	19,795,223	19,315,953
Revaluation operating revenues associated with investments and financing (-)	-74,086	-78,563
Revaluation operating expenses associated with investments and financing (+)	67,881	24,467
Finance revenues less finance income from operating receivables (-)	-1,755,969	-2,321,059
Finance expenses less finance expenses from operating liabilities (+)	5,401,715	6,330,905
c) Changes in net current assets per balance sheet items (including accrual and deferrals, provisions and deferred tax assets and liabilities)	2,711,002	10,235,950
Changes in operating receivables	-456,593	2,816,004

Changes in deferred costs and accrued revenues	-1,696,129	-1,418,024
Changes in deferred tax assets	0	0
Changes in assets (disposal group) held for sale	-52,918	6,283,980
Changes in inventories	0	0
Changes in operating liabilities	3,539,898	736,399
Changes in accrued costs and deferred revenues, and provisions	1,376,744	1,817,591
Changes in deferred tax liabilities	0	0
d) Net inflows (outflows) from operating activities (a + b + c)	34,283,908	36,268,556
<i>B. Cash flows from investment activities</i>		
a) Inflows from investments	2,731,866	3,039,985
Inflows from interest and profit participation associated with investments	1,580,952	2,321,059
Inflows from disposal of intangible fixed assets	0	3,771
Inflows from disposal of tangible fixed assets	127,038	142,470
Inflows from disposal of real-estate investments	16,891	13,141
Inflows from disposal of non-current financial investments	230,409	176,376
Inflows from disposal of current financial investments	776,576	383,168
b) Outflows from investments	-14,340,889	-17,110,088
Outflows for acquisition of intangible fixed assets	-607,590	-941,711
Outflows for acquisition of tangible fixed assets	-13,197,390	-12,715,351
Outflows for acquisition of real-estate investments	-1,884	-19
Outflows for acquisition of non-current financial investments	-61,895	-3,250,000
Outflows for acquisition of current financial investments	-472,130	-203,007
c) Net inflows (outflows) from investment activities (a + b)	-11,609,023	-14,070,103
<i>C. Cash flow from financing activities</i>		
a) Inflows from financing	55,370,428	58,765,000
Inflows from paid-up capital	0	0
Inflows from increase of non-current financial liabilities	30,268,428	35,000,000
Inflows from increase of current financial liabilities	25,102,000	23,765,000
b) Outflows from financing	-78,117,283	-80,072,083
Outflows for interest payable associated with financing	-4,951,865	-6,540,229
Outflows for capital refunds	0	0
Outflows for payment of non-current financial liabilities	-19,218,418	-46,282,321

Outflows for payment of current financial liabilities	-53,947,000	-27,249,500
Outflows for distribution of dividends and other profit participation	0	-33
c) Net inflows (outflows) from financing activities (a + b)	-22,746,855	-21,307,083
<i>Closing balance of cash and cash equivalents</i>	829,164	1,483,666
Net cash inflow (outflow) for the period (sum total of net cash Ac, Bc and Cc)	-71,970	891,370
<i>Opening balance of cash and cash equivalents</i>	901,134	592,296

Table 18: Statement of Changes in Equity of Luka Koper d.d., January – September 2011

STATEMENT OF CHANGES IN EQUITY (in euros) Non-audited	Called-up capital	Capital reserves	Legal reserves	Other revenues reserves	Retained net profit	Net profit for the financial year	Revaluation surplus	Total equity
	I/1	II/1	III/1	III/4	IV/1	V/1	VI/2	
Opening balance as of 1st January 2011	58,420,965	89,562,703	18,765,115	58,112,521	0	0	10,514,887	235,376,191
Net profit for the period	0	0	0	0	0	1,749,283	0	1,749,283
Other comprehensive income for the period	0	0	0	0	0	0	-3,998,656	-3,998,656
Comprehensive income for the period	0	0	0	0	0	1,749,283	-3,998,656	-2,249,373
Formation of other revenue reserves upon resolutions by Management and Supervisory Boards	0	0	0	0	0	0	0	0
Transfer to other revenue reserves upon resolution of General Assembly	0	0	0	0	0	0	0	0
Transfer of net profit from previous year to retained net profit	0	0	0	0	0	0	0	0
Dividend distribution	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Closing balance as of 30th September 2011	58,420,965	89,562,703	18,765,115	58,112,521	0	1,749,283	6,516,231	233,126,818

Table 19: Statement of changes in equity of Luka Koper d.d., January – September 2012

STATEMENT OF CHANGES IN EQUITY (in euros) Non-audited	Called-up capital	Capital reserves	Legal reserves	Other revenue reserves	Retained net profit	Net profit for the financial year	Revaluation surplus	Total equity
	I/1	II/1	III/1	III/4	IV/1	V/1	VI/2	
Opening balance as of 1st January 2012	58,420,965	89,562,703	18,765,115	56,263,316	0	0	6,703,698	229,715,797
Net profit for the financial year	0	0	0	0	0	7,247,786	0	7,247,786
Other comprehensive income for the period	0	0	0	0	0	0	-1,798,356	-1,798,356
Comprehensive income for the period	0	0	0	0	0	7,247,786	-1,798,356	5,449,430
Formation of other revenue reserves upon resolutions by Management and Supervisory Boards	0	0	0	0	0	0	0	0
Transfer to other revenue reserves upon resolution of General Assembly	0	0	0	0	0	0	0	0
Transfer of net profit from previous year to retained net profit	0	0	0	0	0	0	0	0
Dividend distribution	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Closing balance as of 30th September 2011	58,420,965	89,562,703	18,765,115	56,263,316	0	7,247,786	4,905,342	235,165,227

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. These financial statements are compiled for the period January to September 2012, i.e. as at 30th September 2012.

The non-audited financial statements of *Luka Koper d.d.* as of 30th June 2012 are compiled in accordance with the same accounting policies and principles as were applicable in 2011.

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 Compilation of Financial Statements

The financial statements have been compiled in euros (EUR), rounded to the nearest unit. By way of these statements *Luka Koper d.d.* wishes to provide the broadest sphere of users useful information on the finances, performance and changes in its financial standing from January to September 2012, in comparison with data for the previous year.

Fair value has been used and disclosed in relation to available-for-sale financial assets and real-estate investments, whilst other financial statement items have been presented at cost or amortised cost.

Operating revenues

(in euros)	Jan. – Sept. 2012	Jan. – Sept. 2011
OPERATING REVENUES	100,504,719	99,048,282
Revenues from sales on domestic market	35,539,813	32,992,362
Revenues from sales on foreign markets	64,338,793	65,977,340
Other operating revenues	626,113	78,580

Other revenues

(in euros)	Jan. – Sept. 2012	Jan. – Sept. 2011
OTHER REVENUES	573,849	62,926

Costs of goods, materials and services

(in euros)	Jan. – Sept. 2012	Jan. – Sept. 2011
COSTS OF GOODS, MATERIALS AND SERVICES	38,726,782	37,549,884
Material costs	8,059,576	7,141,308
Service costs	30,667,206	30,408,576

Labour costs

(in euros)	Jan. – Sept. 2012	Jan. – Sept. 2011
LABOUR COSTS	24,163,916	23,697,257
Cost of salaries	18,306,716	18,003,488
Social insurance costs	3,799,603	3,675,487
Other labour costs	2,057,597	2,018,282

Value write-offs

(in euros)	Jan. – Sept. 2012	Jan. – Sept. 2011
VALUE WRITE-OFFS	19,877,143	19,618,218
Amortisation of tangible fixed assets and intangible non-current assets	19,370,253	18,850,363
Amortisation of real-estate investments	424,970	465,590
Revaluation operating expenses	81,920	302,265

Other operating expenses

(in euros)	Jan. – Sept. 2012	Jan. – Sept. 2011
OTHER OPERATING EXPENSES	5,647,142	4,912,244
Other costs	4,476,913	4,628,975
Formation of provisions	1,170,229	283,269

Financial revenues

(in euros)	Jan. – Sept. 2012	Jan. – Sept. 2011
FINANCIAL REVENUES	1,913,976	2,576,802
Financial revenues from profit participation	1,580,952	2,144,902
Financial revenues from loans granted	175,017	176,158
Financial revenues from operating receivables and foreign exchange gains	158,007	255,742

Financial expenses

(in euros)	Jan. – Sept. 2012	Jan. – Sept. 2011
FINANCIAL EXPENSES	5,538,253	13,149,504
Financial expenses from impairment and write-offs of financial investments	449,850	6,634,999
Financial expenses from financial liabilities	4,951,865	6,330,905
Financial expenses from operating liabilities and foreign exchange losses	136,538	183,600

Operating profit for the period

(in euros)	Jan. – Sept. 2012	Jan. – Sept. 2011
PRE-TAX PROFIT	9,039,308	2,760,903
Corporation tax	901,166	0
Deferred tax	890,356	1,011,620
Net profit for the period	7,247,786	1,749,283
NET EARNINGS PER SHARE	0.52	0.12

Additional Notes to Balance Sheet Statement

Tangible and intangible fixed assets and real-estate investments

(in euros)	30. 9. 2012	31. 12. 2011
INTANGIBLE FIXED ASSETS, AND LONG-TERM DEFERRED COSTS & ACCRUED REVENUES	5,224,410	4,580,294
TANGIBLE FIXED ASSETS	331,972,502	338,692,966
1. Land and buildings	231,076,937	236,422,702
a. Land	6,261,659	6,261,659
b. Buildings	224,815,278	230,161,043
2. Plant and machinery	77,548,502	76,988,193
3. Other plant and equipment	139,696	139,696
4. Tangible fixed assets under acquisition	23,207,367	25,142,375
REAL-ESTATE INVESTMENTS	35,474,159	35,523,894

Non-current financial investments

(in euros)	30. 9. 2012	31. 12. 2011
NON-CURRENT FINANCIAL INVESTMENTS	45,349,230	50,074,283
1. Non-current financial investments less loans	43,718,413	45,506,981
2. Long-term loans	1,630,817	4,567,302

Assets (disposal group) held for sale

(in euros)	30. 9. 2012	31. 12. 2011
ASSETS DISPOSAL GROUP	7,015,979	6,963,061
Fixed assets held for sale	1,442,731	1,389,813
Other non-current assets held for sale	5,573,248	5,573,248

Current financial investments

(in euros)	30. 9. 2012	31. 12. 2011
SHORT-TERM LOANS	3,456,102	817,560
Short-term loans to Group companies	353,819	176,359
Short-term loans to others	161,320	641,201
Short-term bank deposits	2,940,963	0

Current operating receivables

(in euros)	30. 9. 2012	31. 12. 2011
CURRENT OPERATING RECEIVABLES	21,943,183	21,485,590
Current operating receivables from Group companies	121,039	63,025
Current operating receivables from associated companies	231,927	62,057
Current trade receivables	17,906,871	19,099,136
Current operating receivables from others	3,683,346	2,261,372

Equity

(in euros)	30. 9. 2012	31. 12. 2011
EQUITY	235,165,227	229,715,797
Called-up capital	58,420,965	58,420,965
Capital reserves	89,562,703	89,562,703
Revenue reserves	75,028,431	75,028,431
1. Legal reserves	18,765,115	18,765,115
2. Other revenues reserves	56,263,316	56,263,316
Revaluation surplus	4,905,342	6,703,698
Retained net profit	0	0
Net profit for the financial year	7,247,786	0

Provisions

(in euros)	30. 9. 2012	31. 12. 2011
PROVISIONS	6,536,442	6,026,603
Provisions for pensions and similar	788,245	981,750
Other provisions	5,502,809	4,903,215
Accrued costs and deferred revenues	245,388	141,638

Non-current liabilities

(in euros)	30. 9. 2012	31. 12. 2011
NON-CURRENT LIABILITIES	162,681,643	168,279,760
Non-current financial liabilities	161,528,389	166,525,580
Non-current operating liabilities	68,923	77,021
Deferred tax liabilities	1,084,331	1,677,159

Current liabilities

(in euros)	30. 9. 2012	31. 12. 2011
CURRENT LIABILITIES	55,281,493	63,478,830
Current financial liabilities	37,189,432	48,934,765
Current operating liabilities	18,092,061	14,544,065

Short-term accrued costs and deferred revenues

(in euros)	30. 9. 2012	31. 12. 2011
SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES	2,065,405	1,198,500
Accrued costs and expenses	2,065,405	1,198,500

MANAGEMENT BOARD STATEMENT OF RESPONSIBILITY

The Management Board of *Luka Koper d.d.* herein declares that the condensed financial statements of *Luka Koper d.d.* and the condensed consolidated financial statements of the *Luka Koper Group* of companies for the period ending 30th September 2012 have been compiled in order that they shall provide a true and fair disclosure of the financial condition as well as the business performance and cash flows of *Luka Koper d.d.* and the *Luka Koper Group* of companies. The condensed financial statements for January to September 2012 have been compiled in accordance with the same accounting policies and principles applicable in the compilation of *Luka Koper d.d.* and *Luka Koper Group* 2011 annual reports.

These condensed interim statements for the period ending 30th September 2012 have been compiled in accordance with International Financial Reporting Standards (IFRS) and should be considered in relation to the annual financial statements for the fiscal year ending 31st December 2011.

The Management Board shall be held responsible for the implementation of measures guaranteeing the preservation of *Luka Koper d.d.* and *Luka Koper Group* assets as well as the prevention and detection of fraud and other irregularities.

The Management Board declares that the associated companies of the *Luka Koper Group* made mutual transactions on the basis of concluded agreements in which market prices for products and services were applied; namely, no business was conducted under unusual terms and conditions.

Bojan Brank
President of the Management Board



Marko Rems
Member of the Management Board



Matjaž Stare
Member of the Management Board – Workers Director



Koper, Slovenia, 9th November 2012