

2012

LUKA KOPER GROUP

**NON-AUDITED BUSINESS REPORT OF
LUKA KOPER D.D. AND LUKA KOPER GROUP
JANUARY – DECEMBER 2012**

**Koper, Slovenia
February 2013**

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PERFORMANCE HIGHLIGHTS OF LUKA KOPER GROUP

COMPARISON OF ACTUAL AND PROJECTED LUKA KOPER GROUP RESULTS FOR 2012

| (in euro) | Result 2012 Non- audited | Plan 2012 | Index 2012 / plan |
|---|-----------------------------------|--------------|-------------------------|
| Operating revenues | 144,359,819 | 149,892,117 | 96 |
| Operating profit (EBIT) | 19,184,236 | 23,382,499 | 82 |
| EBITDA | 47,216,586 | 51,993,729 | 91 |
| Net profit | 10,428,322 | 13,619,075 | 77 |
| Investments in intangible and tangible fixed assets and real-estate investments | 18,736,867 | 35,012,263 | 54 |
| Cargo throughput (in tonnes) | 17,880,697 | 17,810,980 | 100 |

COMPARISON OF LUKA KOPER GROUP RESULTS FOR 2012 AND 2011

| (in euro) | 2012 Non-audited | 2011 Audited | Index 2012/2011 |
|------------------------------|---------------------|-----------------|--------------------|
| from Income Statement | | | |
| Operating revenues | 144,359,819 | 143,633,226 | 101 |
| Operating profit (EBIT) | 19,184,236 | 22,383,700 | 86 |
| EBITDA | 47,216,586 | 49,675,240 | 95 |
| Financing gain (loss) | -6,054,588 | -20,450,291 | 338 |
| Pre-tax profit | 13,129,648 | 1,933,409 | 679 |
| Net profit | 10,428,322 | 447,729 | 2,329 |

| (in euro) | 31. 12. 2012 Non-audited | 31. 12. 2011 Audited | Index 2012/2011 |
|---|-----------------------------|-------------------------|--------------------|
| from Financial Position Statement | | | |
| Assets | 463,810,170 | 478,271,061 | 97 |
| Non-current assets | 428,183,301 | 445,905,231 | 96 |
| Current assets and deferred costs and accrued revenues | 35,626,869 | 32,365,830 | 110 |
| Equity | 249,302,610 | 240,796,818 | 104 |
| Non-current liabilities with provisions and accrued costs and deferred revenues | 150,324,646 | 171,108,726 | 88 |

| | | | |
|---|--------------------|----------------|------------------|
| Current liabilities and accrued costs and deferred revenues | 64,182,914 | 66,365,517 | 97 |
| Financial liabilities | 183,458,674 | 205,799,473 | 89 |
| (as percentage) | 2012 | 2011 | Index |
| Indicators | Non-audited | Audited | 2012/2011 |
| Return on sales (ROS) | 13.29% | 15.58% | 85 |
| Net return on equity (ROE) | 4.26% | 0.18% | 2,304 |
| Net return on assets (ROA) | 2.21% | 0.09% | 2,424 |
| EBITDA margin | 32.71% | 34.58% | 95 |
| Financial liabilities/equity | 73.59% | 85.47% | 86 |

| | | | |
|---|--------------------|----------------|------------------|
| (in euro) | 2012 | 2011 | Index |
| From Cash Flow Statement | Non-audited | Audited | 2012/2011 |
| Investments in intangible and tangible fixed assets and real-estate investments | 18,736,867 | 19,834,054 | 94 |

COMPARISON OF LUKA KOPER D.D. RESULTS FOR 2012 AND 2011

| | | | |
|------------------------------|--------------------|----------------|------------------|
| (in euro) | 2012 | 2011 | Index |
| From Income Statement | Non-audited | Audited | 2012/2011 |
| Net profit | 7,457,354 | -1,849,205 | - |

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 Business Report of *Luka Koper d.d.* and *Luka Koper Group* for January – December 2012.

This Non-Audited Business Report of *Luka Koper d.d.* and the *Luka Koper Group* for January – December 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 22nd February 2013 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*.

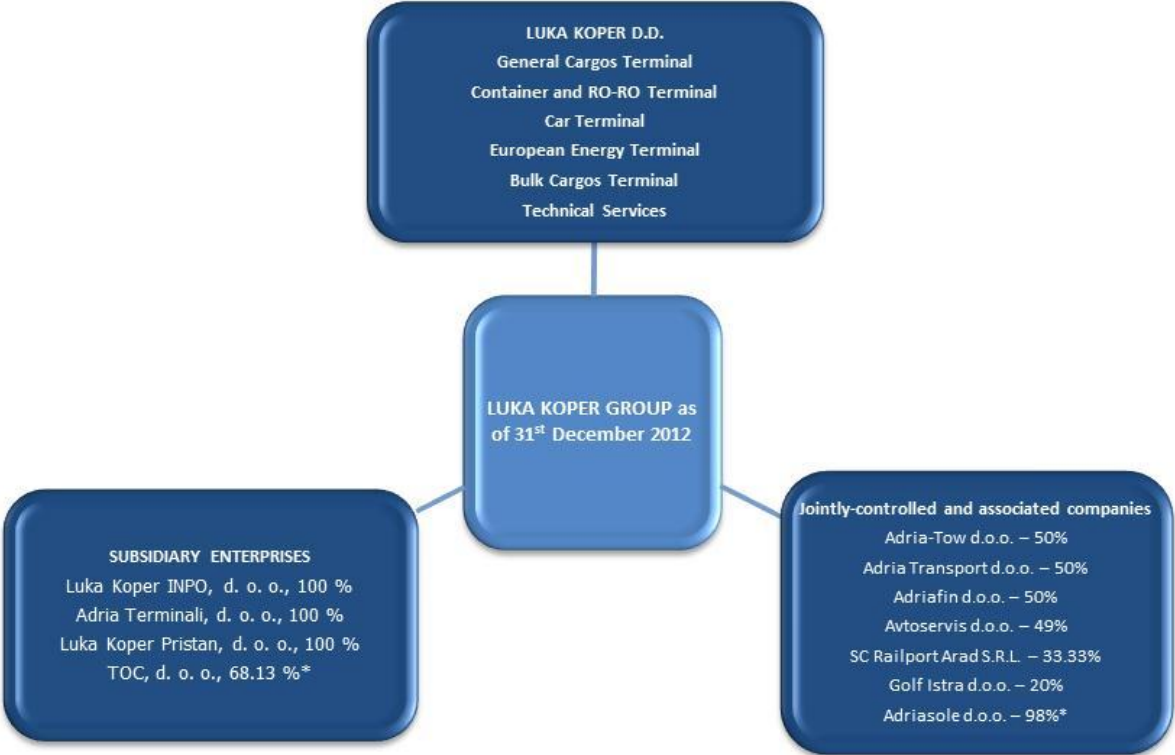
This Non-Audited Business Report of *Luka Koper d.d.* and the *Luka Koper Group* for January – December 2012 was addressed by the company's Supervisory Board at its regular session held on 22nd February 2013.

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</i> <i>Telephone: 05 66 56 100</i> <i>Fax: 05 63 95 020</i> <i>EI-mail: 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>Number of shares</i> | <i>14,000,000 ordinary no-par-value shares</i> |
| <i>Shares listing</i> | <i>Ljubljana Stock Exchange, prime market</i> |
| <i>Share ticker symbol</i> | <i>LKPG</i> |
| <i>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>Number of consolidated companies</i> | <i>12</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 and jointly-controlled and associated enterprises as of 31st December 2012:



* Due to the withdrawal of shareholders in *TOC d.o.o.*, *Luka Koper d.d.* increased its holding in the company to 68.13 percent as of 30th November 2012

* 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 classified as an associated company.

In 2012, the erstwhile subsidiary enterprise *Luka Koper Deutschland GmbH* was deleted from the court register.

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

- Intereuropa d. d., 7.13% of total equity, 11.65% of ordinary shares,
- Logis Nova d.o.o., 99.67%,
- Adria Investicije d.o.o., 100 %.

SIGNIFICANT EVENTS IN 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.

OCTOBER

- At its session of 8th October 2012, the Supervisory Board revoked the resolution on the appointment of Rado Antolovič for the company's Management Board President (the resolution had been adopted at the 28th September 2012 session) because the candidate withdrew his consent to the appointment. The Supervisory Board concluded the public call for the appointment of the Management Board President without selecting any other candidate. Consequently, the current Management Board President - Mr Bojan Brank - shall continue to head-up the company for a maximum of one year from the date of his appointment, compliant with the provisions of the Companies Act RS (ZGD-1).
- *Luka Koper* acquired a new regular service to Libya provided by a RO-RO vessel capable of transporting various types of cargo (container freight, as well as general and RO-RO cargos).
- The associated enterprise *Adria Transport d. o. o.* acquired a new diesel locomotive.
- *Luka Koper d. d.* presented its operations and plans to business partners in Krakow, Poland.
- *Luka Koper* participated at the India Maritime 2012 fair and conference.

NOVEMBER

- *Luka Koper* acquired a new regular RO-RO service to West Africa.
- Together with its *Adria Transport* subsidiary, *Luka Koper* signed a collaboration agreement with the *Cargo Center Graz* logistics terminal in Austria.
- *Luka Koper* acquired new container freight storage area for full containers.
- Together with Koper Municipality, the company organised a conference on the development of passenger services at the Port of Koper.

DECEMBER

- At a round table discussion, business and the broader public were presented with the findings of a study vindicating the construction of a new railway line between Koper and Divača, and that such is of national strategic importance as well as essential for the further development of the Port of Koper.
- *AUKN - the Capital Assets Management Agency of the Republic of Slovenia* – representing the state's holding in the company, submitted a request calling for a General Assembly of *Luka Koper d.d.* shareholders.
- The European Parliament's *Committee for Transport and Tourism* as well as the *Committee for Industry, Research and Energy* voted for the amendments that include the Port of Koper in the Baltic-Adriatic transport corridor, which is one of Europe's important TEN-T corridors.

RELEVANT POST-BALANCE-SHEET EVENTS

JANUARY 2013

- As of 17th January 2013, the *Luka Koper d.d.* Management Board received a communication from the *Slovenska Odškodninska Družba (SOD)* proposing that the call for a General Assembly be postponed until all the verification procedures in relation to Supervisory Board candidates are completed in accordance with the provisions of the Corporate Governance Code RS.

FEBRUARY 2013

- On 6th February 2013, *Luka Koper d.d.* Management Board received an appeal from *Slovenska Odškodninska Družba (SDO)* to call for a General Assembly of shareholders within 60 days in the manner requested by the majority shareholder - the Republic of Slovenia - on 20th December 2012.

LUKA KOPER GROUP BUSINESS REPORT

PERFORMANCE ANALYSIS OF LUKA KOPER GROUP

Luka Koper d.d.'s total cargo throughput amounted to 17.9 million tonnes in 2012, which is five percent ahead of the same period last year and compliant with the planned volumes. The *LK Group*'s operating revenues in 2012 stood at 144.4 million euros, which is a one percent increase (0.73 million euros) on the previous year, as well as four percent (5.5 million euros) down on expectations. The *LK Group* generated 19.2 million euros in operating profit which is 3.2 million euros less than in the same period last year. The downturn in operating profit can be attributed to an operating expense revaluation, as well as rises in the costs of port service provision, maintenance and auxiliary materials. Labour costs were slightly down on the 2011 level. Operating profit fell eighteen percent (4.2 million euros) short of expectations, mainly due to the failed realisation of anticipated operating revenues.

The performance in the last quarter of 2012 was down on the same period in 2011. The *Group*'s operating profit in the amount of 4.4 million euros was 33 percent (2.1 million euros) lower than in the last quarter of 2011, as well as 13 percent (0.6 million euros) down on the planned volume.

2012 net profit, in the amount of 10.4 million euros, is 10 million euros ahead of 2011, but 23 percent (3.2 million euros) down on the expected performance. The *LK Group*'s financial investments were written down by a further 2.2 million euros, the major portion of which can be attributed to the investment in *Intereuropa d.d.*; last year's net profit included the expenses arising from the company's holding in *Intereuropa d.d.* in the amount of 13.9 million euros. Net profit for the last quarter of 2012 in the amount of 2.2 million euros was 39 percent (1.4 million euros) down on the planned volume, but ahead of the same period of the previous year when the *Group* generated a loss amounting to 2.6 million euros.

OPERATING REVENUES

In 2012, the *Luka Koper Group* generated operating revenues in the amount of 144.4 million euros, which is a one percent (0.73 million euros) increase on 2011 performance and four percent (5.5 million euros) down on the anticipated volume. The *Group* recorded the largest increases in relation to vehicles throughput. Other operating revenues were similar to 2011 level but their structure changed. In 2012, an increase was recorded in particular due to revenues from dredging the navigation channel to the port, which is being executed by the subsidiary enterprise *Luka Koper INPO d.o.o.* but said increase was neutralised by allocation of port dues income to long-term accruals for the cost of regular maintenance of port infrastructure in the following years according to the Article 9.3 of the Concession Agreement.

Operating revenues in the last quarter of 2012 were four percent (1.6 million euros) down on the 2011 level, and six percent (2.3 million euros) short of the anticipated volume.

Figure 1: Luka Koper Group operating revenues

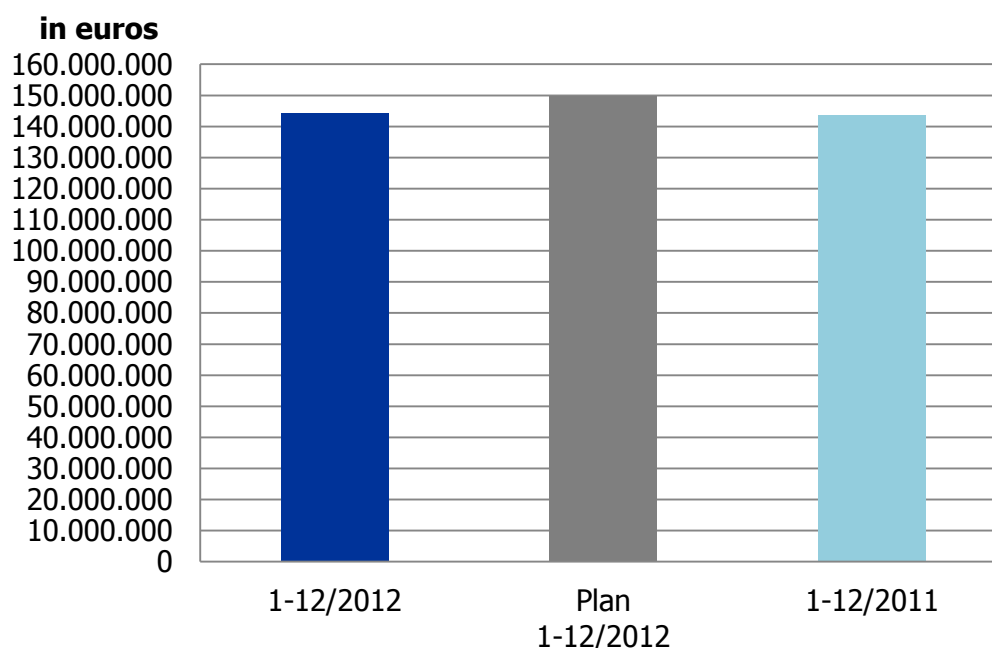


Table 1: Operating revenues by cargo types in 2012 and 2011

| OPERATING REVENUES (in euro) | 2012 | 2011 | Index 2012/2011 |
|---|--------------------|--------------------|----------------------------|
| General cargoes | 31,300,116 | 31,572,579 | 99 |
| Container freight | 32,485,358 | 32,356,896 | 100 |
| Vehicles | 16,178,114 | 14,062,430 | 115 |
| Liquid cargoes | 7,046,889 | 7,201,491 | 98 |
| Bulk and break bulk cargoes | 33,551,648 | 34,647,247 | 97 |
| Other operating revenues | 23,797,694 | 23,792,583 | 100 |
| TOTAL | 144,359,819 | 143,633,226 | 101 |

In 2012, the operating revenues from general cargoes recorded a year-on decrease of one percent (0.3 million euros), while fourth quarter revenues were three percent (0.2 million euros) down on the same period in the previous year. The decline can be attributed to a more rapid turnover of cargo, and consequently a decline in revenues from storage charges.

Despite a one percent decline in container throughput in 2012, the *Luka Koper Group* managed to maintain the volume of operating revenues at the 2011 level. The revenues generated in the last quarter of 2012 were similar to the same period in 2011, whilst cargo throughput volumes were one percent down.

The largest year-on increase - i.e. 15 percent (2.1 million euros) - was realised in relation to vehicles throughput. The last quarter performance was 5 percent (0.2 million euros) ahead

of the same period in 2011. The upturn in operating revenues can mainly be attributed to an increase in exports to North African countries and Turkey, as well as a rise in revenues from storage charges.

In 2012, revenues from liquid cargos recorded a two percent (0.2 million euros) year-on decline, whilst the fourth-quarter performance was eight percent down on the same period in 2011. Although cargo throughput increased in 2012, this was not reflected in revenues due to the conclusion of fixed price contracts.

Operating revenues generated by bulk and break bulk cargos stood at 33.6 million euros in 2012, which was three percentage points (1.1 million euros) down on the 2011 level. The decline can be attributed to a more rapid turnover of cargo, and consequently reduced revenue from storage charges. The growth of cargo throughput was not reflected in revenue growth, due to the increased transshipment of break bulk cargo. Revenue in the last quarter of 2012 was five percent (0.5 million euros) down on the same period in 2011, which can in particular be attributed to the decrease in throughput of bulk cargos and to a lesser degree a decline in revenues from storage charges. More information on bulk and break bulk throughput is available under *Sales and Marketing*.

OPERATING EXPENSES

In 2012, the *Luka Koper Group* generated 126.2 million euros in operating expenses, which is a year-on increase of four percent (4.5 million euros). Operating expenses were equivalent to 87.4 percent of operating revenues, which is 2.7 percentage points ahead of the 2011 level.

The increase in operating expenses can mainly be attributed to value write-offs, including amortisation of plant and equipment in the amount of 1.7 million euros recognised in the final quarter of 2012. The value write-downs, which in addition to operating expense revaluation also include amortisation, thus rose by 8 percent to 2.1 million euros and following the 1.4 percentage point increase were equivalent to 20.7 percent of operating revenues.

Service provision costs recorded a 1.2 percentage point growth and material costs recorded a 1 percentage point growth within operating expenses. As to service costs, port service provision costs in the amount of 17.8 million euros rose by 5 percent (0.8 million euros) on 2011 level. This can be attributed to the upturn in cargo throughput and higher unit cost per service rendered. Maintenance costs amounting to 6.8 million euros recorded a year-on increase of 8 percent (0.5 million euros). Material costs stood at 12 million euros, which is 14 percent (1.5 million) ahead of the 2011 level. There have been rises in the cost of energy and materials required in maintenance and service operations, in addition to which the accounting method employed in relation to the supply and consumption of materials used in auxiliary service provision has been altered.

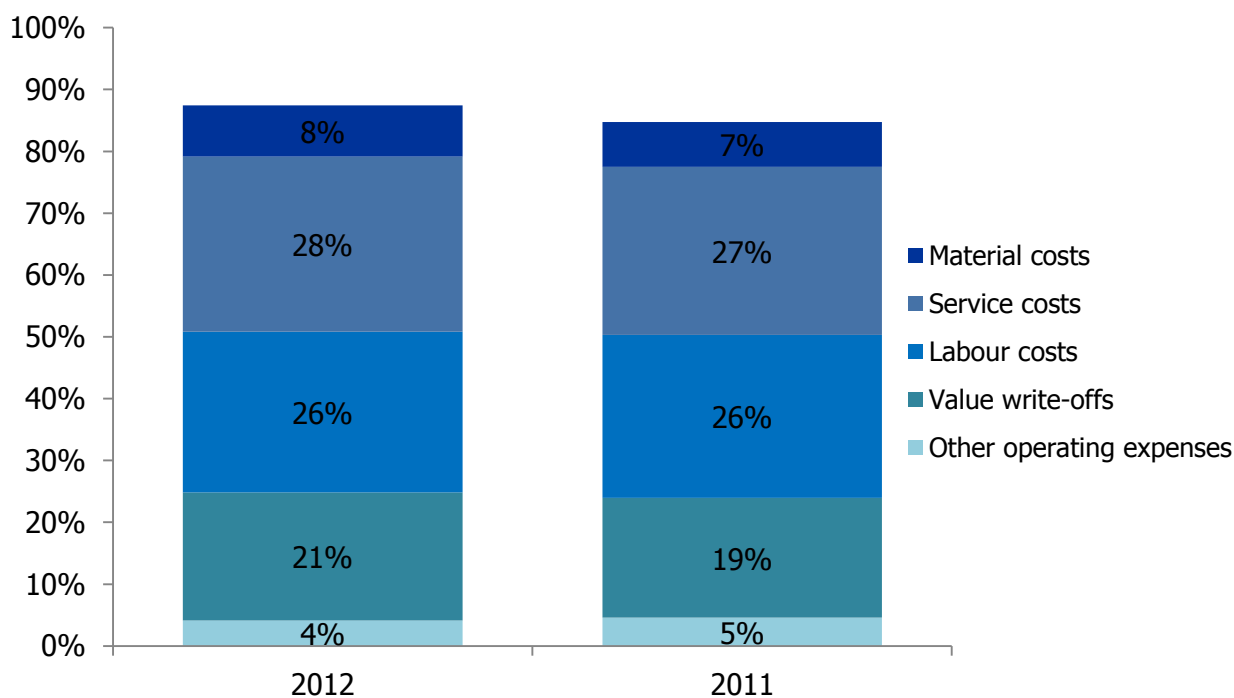
Labour costs amounted to 37.5 million euros in 2012, which is 0.4 million euros down on the 2011 level. Labour costs were equivalent to 26 percent of operating revenues, thus down by 0.4 percentage points on the previous year.

The year-on fall in labour costs can also be attributed to a 40 percent reduction in the 13th salary, lower labour costs related to work efficiency and the back payment of the wage escalator in 2011 in *Luka Koper d.d.* Despite the salary escalation in accordance with the collective agreement, higher average monthly number of employees and change of employee structure on workers positions, the labour cost was 1 percentage point down compared to 2012.

Other operating expenses in the amount of 6 million were 10 percent (0.6 million euros) down on the previous year. In 2012, the *Luka Koper Group* eliminated formed provisions in the amount of 0.5 million euros for law suits from previous years which contributed to the decline of other operating expenses.

Operating expenses in the last quarter of 2012 recorded a 2 percent (0.5 million euros) year-on increase, which can mainly be attributed to operating expenses revaluation. Other increases in the cost of materials and services were neutralised by lower labour costs and other operating expenses. The 0.5 million euros decrease in labour costs in the last quarter of 2012 was, in particular, a consequence of the elimination of pre-calculated labour costs from the 13th salary in the amount of an average monthly salary of *Luka Koper d.d.* employee. At the end of 2012 and in compliance with the provisions of the collective agreement, *Luka Koper d.d.* paid the 13th salary in the amount of 60 percent of the average monthly salary of an employee.

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



OPERATING PROFIT

In 2012, the *Luka Koper Group* generated operating profit in the amount of 19.2 million euros, which is a year-on decrease of 14 percent (3.2 million euros). The growth in operating expenses exceeded the growth in operating revenues. Operating profit was 18 percent (4.2 million euros) short of the anticipated volume. EBITDA amounting to 47.2 million euros is also 5 percent (2.5 million euros) down on the 2011 level, as well as 9 percent (4.8 million euros) short of expectations.

Operating profit in the last quarter of 2012 in the amount of 4.4 million euros recorded a year-on decline of 33 percent and was 13 percent below the planned amount.

FINANCIAL REVENUES AND FINANCIAL EXPENSES

In 2012, *Luka Koper Group* generated 2.1 million euros in financial revenues, which is a year-on increase of 10 percent, and is mainly due to an upturn in financial revenues from loans granted.

The *LK Group's* financial expenses in the amount of 8.2 million euros are 63 percent down on the previous year. In 2012, the financial expenses from impairment and write-offs of financial investments amounted to 2.2 million euros, of which the impairment of the holding in *Intereuropa d.d.* account for 0.9 million euros, whilst the impairment in *NLB d.d.* shares account for 0.5 million euros, while a further 0.5 million euros of write-downs are attributable to the impairment of other financial investments. In 2011, financial expenses from impairment and write-offs of financial investments stood at 14.2 million euros, of which the *Intereuropa d.d.* investment accounted for 13.9 million euros.

Financial expenses from financial liabilities stood at 6 million euros in 2012, thus they recorded a 25 percent (2 million euros) year-on decrease. This was due to reduced indebtedness, a lower average EURIBOR interbank interest rate, as well as a smaller average interest margin resulting from credit refinancing during 2011.

PRE-TAX PROFIT AND NET PROFIT

Pre-tax profit amounted to 13.1 million euros, while net profit stood at 10.4 million euros. 2012 net profits were 10 million euros up on the 2011 level, but 3.2 million euros less than anticipated.

Net profit in the last quarter amounted to 2.2 million euros, which was 39 percent behind expectations but ahead of the last quarter of 2011 when the *LK Group* generated a loss in the amount of 2.6 million euros.

In 2012, *Luka Koper d.d.* generated net profit in the amount of 7.5 million euros whereas the company concluded 2011 with a net loss amounting to 1.8 million euros. 2012 net profit of *Luka Koper d.d.* was affected by the impairment of financial investment in the subsidiary *Adria Terminali d.o.o.* in the amount of 1 million euros which is due to consolidation in *Luka Koper Group's* financial statements eliminated.

ASSETS AND LIABILITIES

As of 31st December 2012, the *Luka Koper Group* balance sheet total amounted to 463.8 million euros, which is three percent (14.5 million euros) down on 31st December 2011.

Long-term assets, which account for 92 percent of total assets, recorded a 17.7 million euro decline on 31st December 2011. The largest decrease was recorded in real-estate, plant and equipment due to asset amortisation and impairment in the amount of 1.7 million euros. Non-current financial investments decreased by a total of 2.4 million euros, and these include the fall in share price of *Krka d.d.* (in the amount of 1.2 million euros), as well *NLB d.d.* (0.5 million euros). The decline in long-term investments and consequent increase in current investments is the consequence of the accounting recognition of a long-term € 2.9 million bank deposit as short-term. As of 31st December 2012, year on current assets rose by 7 percent (2.3 million euros) to 34.1 million euros. Current assets also disclose the holding in *Intereuropa d.d.* which was written down by 0.9 million euros. As of 31st December 2012, the *LK Group's* equity amounted to 249.3 million euros, and accounts for 54 percent of the balance sheet total.

Non-current liabilities and provisions together with accrued costs and deferred revenues in the amount of 150.3 million euros account for 32 percent of total equity and liabilities.

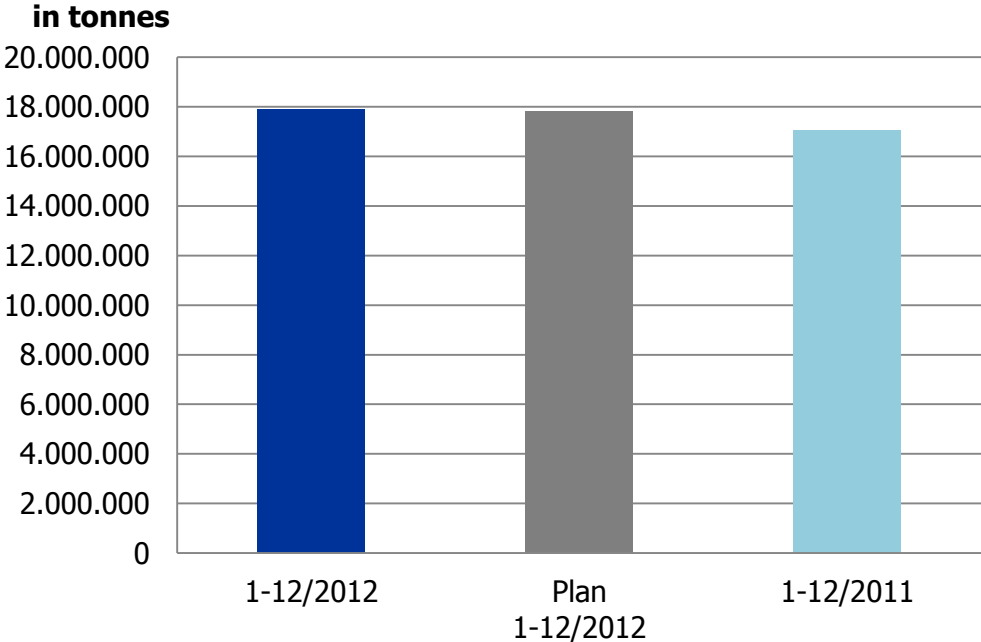
The *LK Group* further implements the strategy of enhancing financial strength. As of 31st December 2012, financial liabilities account for 74 percent of total capital, which is a twelve percentage point decrease on 31st December 2011. Financial liabilities recorded a year-on

decline of 22.3 million euros during 2012, and as of 31st December 2012 amounted to 183.5 million euros.

SALES & MARKETING

Despite harsh economic conditions within hinterland markets, the *Luka Koper Group* managed to accomplish its plans as well as surpass last year’s record total cargo throughput. Indeed, total cargo throughput amounted to 17.9 million tonnes, a five percent increase on the 2011 level. In 2012, cargo throughput increased in relation to all cargo types with the exception of container freight, where a slight fall was observed. The Passenger Terminal recorded 64,461 visitors, which was 41 percent down on the previous year.

Figure 3: Cargo throughput in 2012 and 2011, against the 2012 plan



Throughput structure by cargo type

Table 2: Throughput by cargo type in tonnes

| CARGO TYPE (in tonnes) | 1 – 12 2012 | 1 – 12 2011 | Index 2012/2011 |
|----------------------------|-------------------|-------------------|--------------------|
| General cargos | 1,438,833 | 1,383,355 | 104 |
| Containers | 5,292,047 | 5,334,817 | 99 |
| Vehicles | 674,692 | 640,407 | 105 |
| Liquid cargos | 3,194,636 | 2,922,890 | 109 |
| Bulk and break bulk cargos | 7,280,490 | 6,769,845 | 108 |
| Total | 17,880,697 | 17,051,314 | 105 |

Luka Koper Group handled four percent more general cargo in 2012 than it did in 2011, and this is mainly attributable to timber throughput.

Container throughput amounted to 571,000 TEUs, which is a year-on decrease of three percent; the overall number of full containers increased whilst the number of empty containers fell. In order to be more cost-effective, shipowners are filling containers in Europe thus the number of empty containers transported to the Far East is declining. The competitiveness of the Koper Container Terminal has also been affected by delays in dredging operations to deepen the navigation channel into the port, which shall ultimately allow the passage of heavily loaded large vessels with greater drafts.

In 2012, the *LK Group* handled 481,000 vehicles, which is seven percent up on the previous year. The growth can in particular be attributed to increased export of vehicles to North-African countries, as well as Israel and Turkey, whilst the downturn in car sales on the European market resulted in a downturn in their import through the Port of Koper.

The throughput of liquid cargos was nine percent ahead of 2011; here, the largest growth was recorded in relation to jet fuel (avgas) and other oil derivatives.

The eight percent year-on increase in the throughput of bulk and break bulk cargos can be attributed to the upturn in the transshipment of break bulk cargo to the Italian market. Bulk cargos recorded a nine percent decrease, which is mainly due to the increased containerisation of minerals, drought and consequent lower throughput of soya and cereals, as well as a downturn in the throughput of scrap metal, attributable to the decline in demand for this commodity.

Table 3: Throughput of containers (in TEU) and vehicles (in units) in 2012 and 2011

| CARGO TYPE | 1 – 12 2012 | 1 – 12 2011 | Index 2012/2011 |
|---------------------|----------------|----------------|--------------------|
| Containers – in TEU | 570,744 | 589,314 | 97 |
| Vehicles – in units | 479,820 | 446,743 | 107 |

Throughput structure by market

Throughput in 2012 recorded an increase in relation to the majority of our target markets. Efforts were invested in the preservation of *Luka Koper's* position in its traditional markets,

whilst simultaneously exploiting opportunities in order to increase market share in new ones. Slovenia accounted for the major portion of cargo throughput in 2012, whereas the largest year-on growth was accomplished in relation to the Italian market.

LKPG SHARE

As of 31st December 2012, *Luka Koper* had a total of 12,861 shareholders, which is four percent less than a year previously. The ten largest shareholders held 76.39 percent of all *Luka Koper d.d.* stock. The biggest shareholder remains the state - the Republic of Slovenia - which enjoys a 51 percent stake.

Table 4: Ten largest shareholders as of 31st December 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 Indija – Kitajska, delniški | 160,205 | 1.14% |
| 6. | KD Galileo, fleksibilna struktura naložb | 158,230 | 1.13% |
| 7. | Vzajemni sklad KD delniški dohodkovni | 149,389 | 1.07% |
| 8. | Abanka Vipava, d. d. | 134,583 | 0.96% |
| 9. | Perspektiva FT, d. o. o. | 125,895 | 0.90% |
| 10. | Zavarovalnica Triglav | 104,756 | 0.75% |
| Ten largest shareholders – total | | 10,694,436 | 76.39% |
| 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 31 st December 2012 | 14,000,000 | 14,000,000 |
| Market capitalisation as of 31 st December (in euro) | 111,300,000 | 99,400,000 |
| Turnover (all transactions) January - December (in euro) | 3,400,000 | 3,600,000 |
| Lowest daily or closing price January - December (in euro)* | 6.49 | 6.86 |
| Highest daily average trading price Jan. – Dec. (in euro) | 10.80 | 17.01 |
| Closing price as of 31 st December (in euro) | 7.95 | 7.10 |

* 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.

In 2012, the average closing price of the *Luka Koper d.d.* (LKPG) share was € 8.24, whereas its overall trading value fluctuated between € 6.49 and € 10.80. The highest trading price amounted to € 10.85 and the lowest € 6.11. As of 31st December 2012, the market capitalisation of *Luka Koper* amounted to € 111,300,000.

In 2012, the LKPG price rose at a rate which was slightly above that of the Ljubljana Stock Exchange's SBITOP index: the SBITOP index increased by 7.79 percent whilst the *Luka Koper* share recorded 11.97 percent growth. 426,086 shares changed ownership in 2,173 transactions and block trades, and the total value of transactions amounted to € 3,412,184, which is 19 percent down on 2011.

Figure 4: LKPG closing price and the value of daily trades, January - December 2012



Number of LKPG shares held by Supervisory and Management Board members

As of 31st December 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 31st December 2012, none of the members of *Luka Koper d.d.* Management Board held shares in the company.

Net earnings per share

Calculated as the ratio between total net profit generated between January to December 2012 divided by the number of shares issued, net earnings per *Luka Koper d.d.* share amounted to € 0.53.

Book value of share

As of 31st December 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 € 16.80.

FINANCIAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS OF LUKA KOPER GROUP

Notes to the financial statements

The non-audited financial statements of the *Luka Koper Group* and the non-audited financial statements of the parent company *Luka Koper d.d.* for 2012, together with audited comparative financial statements for 2011, have been compiled in accordance with International Reporting Standards (IRS).

Table 6: Income Statement of Luka Koper Group

| (in euro) | 2012 Non-audited | 2011 Audited |
|---|---------------------|--------------------|
| Operating revenues | 144,359,819 | 143,633,226 |
| Net sales revenues | 141,702,100 | 141,032,422 |
| Other operating revenues | 2,657,719 | 2,600,804 |
| Other revenues | 1,003,939 | 486,606 |
| Operating expenses | 126,179,522 | 121,736,132 |
| Cost of goods, material and services | 52,840,193 | 49,463,203 |
| Labour costs | 37,490,357 | 37,897,391 |
| Value write-offs | 29,867,591 | 27,738,474 |
| Other operating expenses | 5,981,381 | 6,637,064 |
| Operating profit | 19,184,236 | 22,383,700 |
| Financial revenues | 2,143,296 | 1,714,786 |
| Financial revenues from profit participation | 1,057,061 | 1,298,498 |
| Financial revenues from loans granted | 893,559 | 256,170 |
| Financial revenues from operating receivables | 192,676 | 160,118 |
| Financial expenses | 8,197,884 | 22,165,077 |
| Financial expenses from investment impairments and write-offs | 2,167,628 | 14,161,958 |
| Financial expenses from financial liabilities | 5,968,102 | 8,001,151 |
| Financial expenses from operating liabilities | 62,154 | 1,968 |
| Pre-tax profit | 13,129,648 | 1,933,409 |
| Corporation tax | 1,464,492 | 1,130,339 |
| Deferred tax | 1,236,834 | 355,341 |
| Net profit for the period | 10,428,322 | 447,729 |
| Net profit – majority shareholder | 10,408,644 | 443,364 |
| Net profit – minority shareholder | 19,678 | 4,365 |

| | | |
|--|-------------|-------------|
| Net earnings per share: basic and diluted | 0.74 | 0.03 |
|--|-------------|-------------|

Table 7: Comprehensive Income Statement of Luka Koper Group

| (in euro) | 2012 Non- audited | 2011 Audited |
|---|----------------------------------|-------------------------|
| Net profit for the period | 10,428,322 | 447,729 |
| Change in surplus from revaluation of financial assets available for sale | -1,195,798 | -4,389,895 |
| Change in fair value of hedging instruments | -1,123,620 | -372,857 |
| Deferred taxes | 366,278 | 951,563 |
| Other components of comprehensive income | 30,610 | 0 |
| Total comprehensive income for the period | 8,505,792 | -3,363,460 |
| Comprehensive income of controlling shareholder | 8,450,376 | -3,367,824 |
| Comprehensive income of non-controlling shareholder | 55,416 | 4,364 |

Table 8: Statement of Financial Position of Luka Koper Group

| ASSETS (in euros) | 31. 12. 2012 Non-audited | 31. 12. 2011 Audited |
|--|-------------------------------------|---------------------------------|
| Real-estate, plant and equipment | 351,319,247 | 363,153,532 |
| Real-estate | 20,310,622 | 20,283,049 |
| Intangible assets and long-term deferred costs | 5,882,038 | 5,089,118 |
| Non-current financial investments | 41,319,007 | 43,742,721 |
| Loans granted | 1,526,547 | 4,567,302 |
| Non-current operating receivables | 5,243 | 8,664 |
| Deferred tax assets | 7,820,597 | 9,060,845 |
| Long term assets | 428,183,301 | 445,905,231 |
| Assets (disposal group) held for sale | 5,992,398 | 6,975,723 |
| Inventories | 0 | 0 |
| Financial assets and loans granted | 3,278,291 | 681,227 |
| Operating receivables | 23,192,332 | 23,117,862 |
| Cash and cash equivalents | 1,608,345 | 1,038,270 |
| Current assets | 34,071,366 | 31,813,082 |
| Deferred costs and accrued revenues | 1,555,503 | 552,748 |
| TOTAL ASSETS | 463,810,170 | 478,271,061 |

| EQUITY AND LIABILITIES (in euro) | 31. 12. 2012 Non-audited | 31. 12. 2011 Audited |
|---|-------------------------------------|---------------------------------|
| Share capital | 58,420,965 | 58,420,965 |
| Capital reserves | 89,562,703 | 89,562,703 |
| Revenue reserves | 78,869,754 | 75,146,205 |
| Revaluation reserves | 4,750,559 | 6,703,699 |
| Retained net profit | 10,855,106 | 10,411,742 |
| Net profit for the financial year | 6,679,967 | 443,364 |
| Cumulative translation adjustment | 0 | 0 |
| Equity – majority shareholder | 249,139,054 | 240,688,678 |
| Equity – minority shareholder | 163,556 | 108,140 |
| Provisions and long-term accruals | 12,053,082 | 12,435,924 |
| Loans | 135,262,778 | 156,367,885 |
| Other financial liabilities | 1,496,476 | 496,823 |
| Non-current operating liabilities | 201,430 | 130,935 |
| Deferred tax liabilities | 1,310,880 | 1,677,159 |
| Non-current liabilities | 138,271,564 | 158,672,802 |
| Loans | 46,586,860 | 48,822,193 |
| Other financial liabilities | 112,560 | 112,572 |
| Corporation tax liabilities | 0 | 0 |
| Other non-current liabilities | 16,017,914 | 16,128,974 |
| Current liabilities | 62,717,334 | 65,063,739 |

| | | |
|--|--------------------|--------------------|
| Accrued costs and deferred revenues | 1,465,580 | 1,301,778 |
| TOTAL EQUITY AND LIABILITIES | 463,810,170 | 478,271,061 |

Table 9: Cash Flow Statement of Luka Koper Group

| (in euro) | 2012 Non-audited | 2011 Audited |
|--|-----------------------------|-------------------------|
| <i>Cash flows from operating activities</i> | | |
| Net profit for the period | 10,428,322 | 447,729 |
| Adjustments for: | | |
| Amortisation | 28,032,350 | 27,815,969 |
| Value write-offs and losses from the sale of real estate, plant, equipment and real-estate investments | 1,729,727 | 33,023 |
| Profit from the sale real estate, plant and equipment, intangible assets and real-estate investments | -85,705 | -108,024 |
| Reversal of impairment losses and liabilities | 0 | 0 |
| Financial revenues | -2,143,296 | -1,140,757 |
| Financial expenses | 8,197,884 | 22,163,108 |
| Share of profit of equity accounted investees | 0 | 0 |
| Corporation tax and revenues (expenses) from deferred taxes | 2,701,326 | 1,485,680 |
| Operating profit before changes in net short-term assets and taxes | 48,860,608 | 50,696,728 |
| | | |
| Changes in net short-term assets and provisions | | |
| Change in operating receivables | -71,049 | -518,187 |
| Change in inventories | 0 | 12,688 |
| Change in current assets (disposal group) held for sale | 0 | 378,100 |
| Change in deferred costs and accrued revenues | -1,002,755 | -593,041 |
| Change in operating liabilities | -40,565 | 291,907 |
| Change in provisions | -382,842 | -200,877 |
| Change in accrued costs and deferred revenues | 163,802 | 516,152 |
| Corporation tax | -1,464,492 | -1,130,339 |
| | | |
| Cash inflows (outflows) from operating activities | 46,062,707 | 49,453,131 |
| | | |
| <i>Cash flows from investments</i> | | |
| Interest received | 1,086,235 | 256,170 |
| Dividend received | 1,057,061 | 1,073,562 |

| | | |
|---|--------------------|--------------------|
| Proceeds from sale of real estate, plant and equipment and intangible assets | 97,530 | 168,493 |
| Proceeds from sale of real-estate investments | 0 | 805,253 |
| Proceeds from the sale and reduction of financial investments and loans granted | 719,796 | 2,089,150 |
| Acquisition of real estate, plant and equipment and intangible assets | -18,736,867 | -19,790,184 |
| Acquisition of real-estate investments | 0 | -43,870 |
| Acquisition of financial investments and increase of loans granted | -345,691 | -4,787,541 |
| Cash flow from investments | -16,121,936 | -20,228,967 |
| | | |
| <i>Cash flows from financing activities</i> | | |
| Interest paid | -6,030,256 | -8,001,150 |
| Expenses in the repayment of long-term loans | -2,724,543 | 45,000,000 |
| Expenses in the repayment of short-term loans | -79,629,193 | 30,223,470 |
| Proceeds received from long-term loans | 28,206,296 | -34,895,279 |
| Proceeds received from short-term loans | 30,807,000 | -61,193,656 |
| Change in equity | 0 | 0 |
| Dividends paid | 0 | -108 |
| Cash inflows (outflows) from financing activities | -29,370,696 | -28,866,723 |
| | | |
| <i>Opening balance of cash and cash equivalents</i> | 1,038,270 | 680,829 |
| Exchange rate differences on cash | | |
| <i>Net cash inflow (outflow) for the period</i> | 570,075 | 357,441 |
| <i>Closing balance of cash and cash equivalents</i> | 1,608,345 | 1,038,270 |

Table 10: Statement of Changes in Equity of Luka Koper Group 2011

| STATEMENT OF CHANGES IN EQUITY | Share capital | Capital reserves | Legal reserves | Other revenue reserves | Total revenue reserves | Retained net profit | Retained net profit/loss | Net profit for the year | Revaluation surplus | Total equity of controlling shareholders | Equity of non-controlling shareholders | Total equity |
|---|----------------------|-------------------------|-----------------------|-------------------------------|-------------------------------|----------------------------|---------------------------------|--------------------------------|----------------------------|---|---|---------------------|
| (in euro) Audited | | | | | | | | | | | | |
| Closing balance as of 31st December 2010 | 58,420,965 | 89,562,703 | 18,882,889 | 58,112,522 | 76,995,411 | 8,562,537 | 8,562,537 | - | 10,514,887 | 244,056,503 | - | 244,056,503 |
| Opening balance as of 1st January 2011 | 58,420,965 | 89,562,703 | 18,882,889 | 58,112,522 | 76,995,411 | 8,562,537 | 8,562,537 | - | 10,514,887 | 244,056,503 | - | 244,056,503 |
| Changes in equity – transactions with shareholders | | | | | | | | | | | | |
| Other changes in equity | - | - | - | - | - | - | - | - | - | - | 103,776 | 103,776 |
| | - | - | - | - | - | - | - | - | - | - | 103,776 | 103,776 |
| Total comprehensive income for the period | | | | | | | | | | | | |
| Net profit/loss for the reporting period | - | - | - | - | - | - | - | 443,364 | - | 443,364 | 4,364 | 447,728 |
| Other components of comprehensive income for the reporting period | - | - | - | - | - | - | - | - | -3,811,189 | -3,811,189 | - | -3,811,189 |
| | - | - | - | - | - | - | - | 443,364 | -3,811,189 | -3,367,825 | 4,364 | -3,363,461 |
| Changes in equity | | | | | | | | | | | | |
| Release of revenue reserves upon the resolution of the Management Board | - | - | - | -1,849,205 | -1,849,205 | 1,849,205 | 1,849,205 | - | - | - | - | - |
| | - | - | - | -1,849,205 | -1,849,205 | 1,849,205 | 1,849,205 | - | - | - | - | - |
| Closing balance as of | 58,420,965 | 89,562,703 | 18,882,889 | 56,263,317 | 75,146,206 | 10,411,742 | 10,411,742 | 443,364 | 6,703,698 | 240,688,678 | 108,140 | 240,796,818 |

31st December 2011

Table 11: Statement of Changes in Equity of Luka Koper Group 2012

| STATEMENT OF CHANGES IN EQUITY (in euro) Non-audited | Share capital | Capital reserves | Legal reserves | Other revenue reserves | Total revenue reserves | Retained net profit | Retained net profit/loss | Net profit for the year | Revaluation surplus | Total equity of controlling shareholders | Equity of non-controlling shareholders | Total equity |
|--|----------------------|-------------------------|-----------------------|-------------------------------|-------------------------------|----------------------------|---------------------------------|--------------------------------|----------------------------|---|---|---------------------|
| Closing balance as of 31st December 2011 | 58,420,965 | 89,562,703 | 18,882,889 | 56,263,316 | 75,146,205 | 10,411,742 | 10,411,742 | 443,364 | 6,703,699 | 240,688,678 | 108,140 | 240,796,818 |
| Opening balance as of 1st January 2012 | 58,420,965 | 89,562,703 | 18,882,889 | 56,263,316 | 75,146,205 | 10,411,742 | 10,411,742 | 443,364 | 6,703,699 | 240,688,678 | 108,140 | 240,796,818 |
| Changes in equity – transactions with shareholders | | | | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period | | | | | | | | | | | | |
| Net profit/loss for the reporting period | - | - | - | - | - | - | - | 10,408,644 | - | 10,408,644 | 19,678 | 10,428,322 |
| Other components of comprehensive income for the reporting period | - | - | -5,128 | - | -5,128 | - | - | - | -1,953,140 | -1,958,268 | 35,738 | -1,922,530 |
| | - | - | -5,128 | - | -5,128 | - | - | 10,408,644 | -1,953,140 | 8,473,766 | 55,416 | 8,529,182 |
| Changes in equity | | | | | | | | | | | | |
| Allocation of the remaining portion of net profit of comparable reporting period to other items of equity | - | - | - | - | - | 443,364 | 443,364 | -443,364 | - | - | - | - |
| Allocation of the remaining portion of net profit of comparable reporting period to other items of equity upon the resolutions of Management and Supervisory | | | | 3,728,677 | 3,728,677 | | | -3,728,677 | | | | |

Non-Audited Business Report of Luka Koper d.d. and Luka Koper Group, January – December 2012

| | | | | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|--------------------|----------------|--------------------|
| Boards | | | | | | | | | | | | |
| | - | - | - | 3,728,677 | 3,728,677 | 443,364 | 443,364 | -4.172.041 | - | - | - | - |
| Closing balance as of 31st December 2012 | 58,420,965 | 89,562,703 | 18,877,761 | 59,991,993 | 78,869,754 | 10,855,106 | 10,855,106 | 6,679,967 | 4,750,559 | 249,162,444 | 163,556 | 249,326,000 |

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

Table 12: Income Statement of Luka Koper d. d.

| (in euro) | 2012 Non-audited | 2011 Audited |
|---|---------------------|--------------------|
| Operating revenues | 133,409,267 | 134,426,838 |
| Net sales revenues | 133,329,178 | 134,346,848 |
| Other operating revenues | 80,089 | 79,990 |
| Other revenues | 954,210 | 386,008 |
| Operating expenses | 118,114,117 | 115,814,717 |
| Cost of goods, material and services | 52,442,541 | 51,283,602 |
| Labour costs | 31,474,106 | 31,764,802 |
| Value write-offs | 28,273,820 | 26,196,999 |
| Other operating expenses | 5,923,650 | 6,569,314 |
| Operating profit | 16,249,360 | 18,998,129 |
| Financial revenues | 2,694,583 | 2,862,317 |
| Financial revenues from profit participation | 1,615,928 | 2,448,431 |
| Financial revenues from loans granted | 892,226 | 262,300 |
| Financial revenues from operating receivables | 186,429 | 151,586 |
| Financial expenses | 9,333,473 | 22,811,606 |
| Financial expenses from impairments and write-offs of financial investments | 2,997,688 | 14,538,345 |
| Financial expenses from financial liabilities | 6,272,503 | 8,271,455 |
| Financial expenses from operating liabilities | 63,282 | 1,806 |
| Pre-tax profit | 9,610,470 | -951,160 |
| Corporation tax | 1,018,106 | 586,187 |
| Deferred tax | 1,135,010 | 311,858 |
| Net profit for the period | 7,457,354 | -1,849,205 |
| Net earnings per share: basic and diluted | 0.53 | -0.13 |

Table 13: Comprehensive Income Statement of Luka Koper d.d.

| (in euro) | 2012 Non- audited | 2011 Audited |
|---|-------------------------|-------------------|
| Net profit for the period | 7,457,354 | -1,849,205 |
| Change in surplus from revaluation of financial assets available for sale | -1,195,798 | -4,389,895 |
| Change in fair value of hedging instruments | -1,123,620 | -372,857 |
| Deferred taxes | 366,279 | 951,563 |
| Total comprehensive income for the period | 5,504,215 | -5,660,394 |

Table 14: Statement of Financial Position of Luka Koper d.d.

| ASSETS (in euro) | 31. 12. 2012 Non-audited | 31. 12. 2011 Audited |
|--|-----------------------------|-------------------------|
| Real estate, plant and equipment | 327,801,022 | 338,692,965 |
| Real-estate investments | 35,342,753 | 35,523,894 |
| Intangible assets and long-term deferred costs | 5,324,587 | 4,580,294 |
| Non-current financial investments | 42,260,883 | 45,506,981 |
| Loans granted | 1,517,396 | 4,567,302 |
| Non-current operating receivables | 5,243 | 8,665 |
| Deferred tax assets | 7,976,607 | 9,111,617 |
| Long-term assets | 420,228,491 | 437,991,718 |
| Assets (disposal group) held for sale | 5,988,745 | 6,963,061 |
| Inventories | 0 | - |
| Financial investments and loans granted | 3,525,810 | 817,560 |
| Operating receivables | 21,108,844 | 21,485,589 |
| Cash and cash equivalents | 629,077 | 901,134 |
| Current assets | 31,252,476 | 30,167,344 |
| Deferred costs and accrued revenues | 1,528,525 | 540,428 |
| TOTAL ASSETS | 453,009,492 | 468,699,490 |

| EQUITY AND LIABILITIES (in euro) | 31. 12. 2012 Non-audited | 31. 12. 2011 Audited |
|-------------------------------------|-----------------------------|-------------------------|
| Share capital | 58,420,965 | 58,420,965 |
| Capital reserves | 89,562,703 | 89,562,703 |
| Revenue reserves | 78,757,108 | 75,028,431 |
| Revaluation reserves | 4,750,559 | 6,703,698 |
| Retained net profit | 0 | - |
| Net profit for the year | 3,728,677 | - |
| Cumulative translation adjustment | 0 | - |

| | | |
|--|--------------------|--------------------|
| Equity | 235,220,012 | 229,715,797 |
| Provisions and long-term accruals | 6,627,678 | 6,026,603 |
| Loans | 145,446,353 | 166,152,723 |
| Other financial liabilities | 1,496,476 | 372,857 |
| Non-current operating liabilities | 164,000 | 77,021 |
| Deferred tax liabilities | 1,310,880 | 1,677,159 |
| Non-current liabilities | 148,417,709 | 168,279,760 |
| Loans | 46,586,860 | 48,822,193 |
| Other financial liabilities | 112,560 | 112,572 |
| Corporation tax liabilities | 0 | - |
| Other non-current liabilities | 14,694,639 | 14,544,065 |
| Current liabilities | 61,394,059 | 63,478,830 |
| Accrued costs and deferred revenues | 1,350,034 | 1,198,500 |
| TOTAL EQUITY AND LIABILITIES | 453,009,492 | 468,699,490 |

Table 15: Cash Flow Statement of Luka Koper d.d.

| (in euro) | 2012 Non-audited | 2011 Audited |
|--|-----------------------------|-------------------------|
| <i>Cash flows from operating activities</i> | | |
| Net profit for the period | 7,457,354 | -1,849,205 |
| Adjustments for: | | |
| Amortisation | 26,481,698 | 26,374,436 |
| Value write-offs and losses from the sale of real estate, plant, equipment and real-estate investments | 1,713,734 | 346,992 |
| Profit from the sale real estate, plant and equipment, intangible assets and real-estate investments | -80,053 | -79,963 |
| Reversal of impairment losses and liabilities | 0 | 0 |
| Financial revenues | -2,694,583 | -2,710,731 |
| Financial expenses | 9,333,473 | 22,809,800 |
| Share of profit of equity accounted investees | 0 | 0 |
| Corporation tax and revenues (expenses) from deferred taxes | 2,153,116 | 898,045 |
| Operating profit before changes in net short-term assets and taxes | 44,364,739 | 45,789,374 |
| Changes in net short-term assets and provisions | | |
| Change in operating receivables | 380,167 | 566,272 |
| Change in inventories | 0 | 0 |

| | | |
|---|--------------------|--------------------|
| Change in current assets (disposal group) held for sale | 0 | 378,101 |
| Change in deferred costs and accrued revenues | -988,097 | 229,323 |
| Change in operating liabilities | 237,553 | -158,648 |
| Change in provisions | 601,075 | 144,048 |
| Change in accrued costs and deferred revenues | 151,534 | 466,637 |
| Corporation tax | -1,018,106 | -586,187 |
| Cash inflows (outflows) from operating activities | 43,728,865 | 46,828,920 |
| <i>Cash flows from investments</i> | | |
| Interest received | 1,078,655 | 638,822 |
| Dividend received | 1,615,928 | 1,548,974 |
| Proceeds from sale of real estate, plant and equipment and intangible assets | 72,773 | 140,432 |
| Proceeds from sale of real-estate investments | 21,427 | 805,253 |
| Proceeds from the sale and reduction of financial investments and loans granted | 782,565 | 3,018,684 |
| Acquisition of real estate, plant and equipment and intangible assets | -17,596,484 | -17,236,679 |
| Acquisition of real-estate investments | -169,979 | -43,870 |
| Acquisition of financial investments and increase of loans granted | -528,319 | -6,137,690 |
| Cash inflow (outflows) from investments | -14,723,434 | -17,266,074 |
| <i>Cash flows from financing activities</i> | | |
| Interest paid | -6,335,785 | -8,271,455 |
| Expenses in the repayment of long-term loans | -4,279,637 | -34,895,279 |
| Expenses in the repayment of short-term loans | -79,629,193 | -62,420,517 |
| Proceeds received from long-term loans | 30,160,127 | 45,000,000 |
| Proceeds received from short-term loans | 30,807,000 | 31,333,352 |
| Change in equity | 0 | 0 |
| Dividends paid | 0 | -108 |
| Cash inflow (outflows) from financing activities | -29,277,488 | -29,254,007 |
| <i>Opening balance of cash and cash equivalents</i> | | |
| Exchange rate differences on cash | | |
| <i>Net cash inflow (outflow) for the period</i> | -272,057 | 308,839 |
| <i>Closing balance of cash and cash equivalents</i> | 629,077 | 901,134 |

Table 16: Statement of Changes in Equity of Luka Koper d.d. 2011

| STATEMENT OF CHANGES IN EQUITY (in euro) Audited | Share capital | Capital reserves | Legal Reserves | Other revenue reserves | Total revenues reserves | Retained net profit | Net profit for the year | Revaluation surplus | Total equity |
|---|--------------------------|-----------------------------|---------------------------|---------------------------------------|--|--------------------------------|--|--------------------------------|---------------------|
| Closing balance as of 31st December 2010 | 58,420,965 | 89,562,703 | 18,765,115 | 58,112,521 | 76,877,636 | - | - | 10,514,887 | 235,376,191 |
| Opening balance as of 1st January 2011 | 58,420,965 | 89,562,703 | 18,765,115 | 58,112,521 | 76,877,636 | - | - | 10,514,887 | 235,376,191 |
| Changes in equity – transactions with shareholders | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period | | | | | | | | | |
| Net profit/loss for the reporting period | - | - | - | - | - | - | -1,849,205 | - | -1,849,205 |
| Other components of comprehensive income for the reporting period | - | - | - | - | - | - | - | -3,811,189 | -3,811,189 |
| | - | - | - | - | - | - | -1,849,205 | -3,811,189 | -5,660,394 |
| Changes in equity | | | | | | | | | |
| Release of revenue reserves upon the resolution of Management Board | - | - | - | -1,849,205 | -1,849,205 | - | 1,849,205 | - | - |
| | - | - | - | -1,849,205 | -1,849,205 | - | 1,849,205 | - | - |
| Closing balance as of 31st December 2011 | 58,420,965 | 89,562,703 | 18,765,115 | 56,263,316 | 75,028,431 | - | - | 6,703,698 | 229,715,797 |

Table 17: Statement of Changes in Equity of Luka Koper d.d. 2012

| STATEMENT OF CHANGES IN EQUITY (in euro) Non-audited | Share capital | Capital reserves | Legal Reserves | Other revenue reserves | Total revenues reserves | Retained net profit | Net profit for the year | Revaluation surplus | Total equity |
|--|----------------------|-------------------------|-----------------------|-------------------------------|--------------------------------|----------------------------|--------------------------------|----------------------------|---------------------|
| Closing balance as of 31st December 2011 | 58,420,965 | 89,562,703 | 18,765,115 | 56,263,316 | 75,028,431 | 0 | 0 | 6,703,698 | 229,715,797 |
| Opening balance as of 1st January 2012 | 58,420,965 | 89,562,703 | 18,765,115 | 56,263,316 | 75,028,431 | 0 | 0 | 6,703,698 | 229,715,797 |
| Changes in equity – transactions with shareholders | | | | | | | | | |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total comprehensive income for the period | | | | | | | | | 0 |
| Net profit/loss for the reporting period | 0 | 0 | 0 | 0 | 0 | 0 | 7,457,354 | -1,953,139 | 5,504,215 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 7,457,354 | -1,953,139 | 5,504,215 |
| Changes in equity | | | | | | | | | |
| Allocation of a portion of net profit of the reporting period to other items of equity upon the resolutions of Management and Supervisory Boards | 0 | 0 | 0 | 3,728,677 | 3,728,677 | 0 | -3,728,677 | 0 | 0 |
| | 0 | 0 | 0 | 3,728,677 | 3,728,677 | 0 | -3,728,677 | 0 | 0 |
| Closing balance as of 31st December 2012 | 58,420,965 | 89,562,703 | 18,765,115 | 59,991,993 | 78,757,108 | 0 | 3,728,677 | 4,750,559 | 235,220,012 |

Management Board
Luka Koper d.d.

Koper, Slovenia, 12th February 2013