

# 2014



# LUKA KOPER GROUP

**NON-AUDITED INTERIM REPORT OF LUKA KOPER GROUP  
AND LUKA KOPER D.D., JANUARY – SEPTEMBER 2014**

**Koper, November 2014**

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## BUSINESS REPORT

### PERFORMANCE HIGHLIGHTS OF LUKA KOPER GROUP

#### COMPARISON OF ACTUAL AND PLANNED RESULTS OF LUKA KOPER GROUP, JANUARY – SEPTEMBER 2014

(in euro)	1 - 9/2014	Plan 1 - 9/2014	Index Result/ Plan
<b>From Income Statement</b>			
Operating revenues	119.425.462	111.935.844	107
Operating profit (EBIT)	26.317.081	19.606.321	134
EBITDA	46.767.066	40.161.156	116
Net profit	21.818.377	14.924.476	146
<b>From Cash Flow Statement</b>			
Investments in real-estate, plant and equipment, real-estate investment and intangible assests	23.779.871	30.729.695	77
<b>Cargo throughput (in tonnes)</b>			
Cargo throughput	13.882.948	13.712.211	101

#### COMPARISON OF LUKA KOPER GROUP RESULTS FOR JANUARY – SEPTEMBER 2014 AND 2013

(in euro)	1 - 9/2014	1 - 9/2013	Index 2014/2013
<b>From Income Statement</b>			
Operating revenues	119.425.462	107.111.602	111
Operating profit (EBIT)	26.317.081	14.462.331	182
EBITDA	46.767.066	35.637.316	131
Financing gain (loss)	-1.177.435	-2.813.173	42
Pre-tax profit	25.139.646	11.649.158	216
Net profit	21.818.377	12.313.284	177
<b>from Cash Flow Statement</b>			
Investments in real-estate, plant and equipment, real-estate investment and intangible assests	23.779.871	10.447.934	228
<b>Cargo throughput (in tonnes)</b>			
Cargo throughput (in tonnes)	13.882.948	13.449.788	103

<b>(in euro)</b>	<b>30.09.2014</b>	<b>31.12.2013</b>	<b>Index 2014/2013</b>
<b>From Statement of Financial Position</b>			
Assets	461.911.603	443.558.563	104
Non-current assets	408.973.799	403.052.914	101
Current assets, and deferred costs and accrued revenues	52.937.804	40.505.649	131
Equity	280.370.564	259.204.139	108
Non-current liabilities and provisions, and long-term accruals	137.899.304	152.987.169	90
Current liabilities, and accrued costs and deferred revenues	43.641.736	31.367.255	139
Financial liabilities	139.226.969	153.750.652	91

<b>(as percentage)</b>	<b>1 - 9/2014</b>	<b>1 - 9/2013</b>	<b>Index 2014/2013</b>
<b>Indicators</b>			
Return on sales (ROS)	22,04%	13,50%	163
Net return on equity (ROE) <sup>1</sup>	10,78%	6,42%	168
Net return on assets (ROA) <sup>1</sup>	6,43%	3,57%	180
EBITDA margin	39,16%	33,27%	118
Financial liabilities / equity	49,66%	60,75%	82

***COMPARISON OF LUKA KOPER, d.d. RESULTS FOR JANUARY – SEPTEMBER 2014 AND 2013***

<b>(in euros)</b>	<b>1 - 9/2014</b>	<b>1 - 9/2013</b>	<b>Index 2014/2013</b>
<b>From Income Statement</b>			
Net profit	19.599.572	11.263.299	174

<sup>1</sup> The indicators are calculated on the basis of the annualised data.

## 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, 6501 Koper, Slovenia discloses this Non-Audited Interim Report on the performance of *Luka Koper, d. d.* and the *Luka Group* for January – September 2014.

This Non-Audited Report on the performance of *Luka Koper, d. d. and the Luka Koper Group* for January – September 2014 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](http://www.luka-kp.si), from 21<sup>st</sup> November 2014 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 2014 was addressed by the company's Supervisory Board at its regular session held on 21<sup>st</sup> November 2014.

## PRESENTATION OF LUKA KOPER GROUP

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

Luka Koper, d. d.'s. profile as of 21<sup>st</sup> November 2014

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<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>Telefon: 05 66 56 100</i> <i>Faks: 05 63 95 020</i> <i>E-mail: <a href="mailto:portkoper@luka-kp.si">portkoper@luka-kp.si</a></i> <i>Website: <a href="http://www.luka-kp.si">www.luka-kp.si</a></i>
<i>Company registration</i>	<i>Application No. 066/10032200, registered at the</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 non-par-value shares</i>
<i>Share listing</i>	<i>Ljubljana Stock exchange, prime market</i>
<i>Share ticket listing</i>	<i>LKPG</i>
<i>President of the Management Board</i>	<i>Dragomir Matić</i>
<i>Member of the Management Board</i>	<i>Andraž Novak</i>
<i>Member of the Management Board</i>	<i>Jože Jaklin</i>
<i>Member of the Management Board</i>	<i>Matjaž Stare</i>
<i>– Workers Director</i>	
<i>President of the Supervisory Board</i>	<i>Alenka Žnidaršič Kranjc</i>
<i>Luka Koper, d. d. core activity</i>	<i>Seaport and logistics system operator and service provider</i>
<i>Dejavnost v Skupini Luka Koper</i>	<i>Various support and ancillary services in relation to core activity</i>

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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, jointly-controlled and associated enterprises as of 30<sup>th</sup> September 2014:

- Luka Koper INPO, d. o. o., 100 %
- Adria Terminali, d. o. o., 100 %
- TOC, d. o. o., 68,13 %
- Luka Koper Pristan, d. o. o., 100 %
- Logis Nova, d. o. o., 100 %
- Adria Investicije, d. o. o., 100 %
- Adria – Tow, d. o. o., 50 %
- Adria Transport, d. o. o., 50 %
- Adriaфин, d. o. o., 50 %
- Avtoservis, d. o. o., 49 %
- S.C.RAILPORT ARAD, S. R. L., 33,33 %
- Golf Istra, d. o. o., - bankrupt, 20 % (under bankruptcy proceeding as of 9th October 2014)
- AdriaSOLE, d. o. o., - bankrupt, 98 % (under bankruptcy proceeding as of 28<sup>th</sup> February 2014)

## CORPORATE MANAGEMENT AND GOVERNANCE

### Luka Koper, d. d. Management Board

As of 30th September 2014, the Luka Koper d.d. Management Board was comprised of the following members:

- Dragomir Matić, President of the Management Board, appointed on 23<sup>rd</sup> May 2014, commenced a five-year term on 10<sup>th</sup> June 2014,
- Andraž Novak, Member of the Management Board, commenced a five-year term on 10<sup>th</sup> June 2014,
- Jože Jaklin, Member of the Management Board, commenced a five-year term on 1<sup>st</sup> February 2014,
- Matjaž Stare, Workers Director, commenced a five-year term on: 18<sup>th</sup> October 2010.

A presentation of the Luka Koper, d.d. Management Board is available on the company's website [www.luka-kp.si](http://www.luka-kp.si)

The Supervisory Board of *Luka Koper, d. d.*, at its regular session on 4<sup>th</sup> July 2014 acquainted with the resignation of Mr Jože Jaklin, Member of the Management Board. The Supervisory Board will start the recruitment activities within the notice period in order to select a new Member of the Management Board, responsible for Finance and Accounting.

### Luka Koper, d. d. Supervisory Board

The *Luka Koper, d. d.*, Supervisory Board is composed of nine members, of whom six are elected by the General Assembly of Shareholders and three by the Workers Council. They are elected for a four-year term. As of 30<sup>th</sup> June 2013, the Supervisory Board was comprised of the following members:

#### As representatives of shareholders

- dr. Alenka Žnidaršič Kranjc, President of the Supervisory Board, representative of shareholders, commenced a four-year term on: 7<sup>th</sup> October 2013 (23<sup>rd</sup> General Assembly of Shareholders),
- dr. Elen Tvrđy, Deputy President of Supervisory Board, representative of shareholders, commenced a four-year term: on 7<sup>th</sup> October 2013 (23<sup>rd</sup> General Assembly Shareholders),
- Rado Antolovič, Member of the Supervisory Board, representative of shareholders, commenced a four-year term: 7<sup>th</sup> October 2013 (23<sup>rd</sup> General Assembly Shareholders),
- Mr. Andrej Šercer, M.Sc., Member of the Supervisory Board, representative of shareholders, commenced a four-year term: 7<sup>th</sup> October 2013 (23<sup>rd</sup> General Assembly Shareholders),

- Žiga Škerjanec, Member of the Supervisory Board, representative of shareholders, commenced a four-year term: 7<sup>th</sup> October 2013 (23<sup>rd</sup> General Assembly Shareholders),
- Sabina Mozetič, Member of the Supervisory Board, representative of the Municipality of Koper, commenced a four-year term: 12<sup>th</sup> July 2011 (19<sup>th</sup> General Assembly Shareholders).

#### **As representatives of employees**

- Mr. Mladen Jovičič, member, Employee Representative; commenced a four-year term on 18<sup>th</sup> March 2013,
- Mr. Stojan Čepar, Member, Employee Representative, commenced a four-year term on 18<sup>th</sup> March 2013,
- Mr. Nebojša Topič, M.Sc., Member, Employee Representative, commenced a four-year term 28<sup>th</sup> July 2012.

#### **As an external member of the Supervisory Board Audit Committee**

- Mrs. Blanka Vezjak, M.Sc., the external member of the Supervisory Board Audit Committee, was recalled at the Supervisory Meeting on 22<sup>nd</sup> August 2014
- Ms. Barbara Nose was appointed as an external member of the Supervisory Board Audit Committee at the Supervisory Board Meeting of 22<sup>nd</sup> August 2014 for the term from 22<sup>nd</sup> August 2014 till 7<sup>th</sup> October 2017.

## SIGNIFICANT EVENTS JANUARY – SEPTEMBER 2014

### JANUARY

- Luka Koper, d. d., Supervisory Board appointed Andraž Novak as the Member of the Management Board for a five-year term commencing 13<sup>th</sup> January 2014.
- On 21<sup>st</sup> January 2014, Slovenska odškodninske družba, d. d., submitted a request to Luka Koper, d. d. Management Board for a General Assembly Meeting of Shareholders.
- In January 2014, the Slovenian Maritime Administration installed two new buoys at the entrance to the channel of Basin I, hence the requirement in relation to the Administration's decision to allow the arrival of ships with a draft of up to 11.8 m (thus far 11,4 m) under special conditions, was met. This 40-cm increase does not considerably impact cargo volumes at the Container terminal; the eventual increase to 14m, however, which was anticipated in April, 2014 shall have an impact on the throughput.
- In conjunction with the University of Primorska, Koper Municipality and the Association of technology institute advocates, Luka Koper signed a letter of intent in relation to the foundation of a Slovenian Institute of Technologies.
- Luka Koper presented its activities and operations at the 7<sup>th</sup> Annual European Oil Storage Conference.

### FEBRUARY

- On 6<sup>th</sup> February 2014, *Luka Koper* made public the conditions and crisis measures adopted by the Port as a consequence of the natural disaster that had befallen a large part of Slovenia. Due to damage caused by freezing rain and icing on the Notranjska region, the railway line linking Koper with its continental hinterland was closed for six days.
- On 17<sup>th</sup> February, the Company's Management Board published the call for 24<sup>th</sup> General Assembly of Luka Koper, d. d., which was held on 19<sup>th</sup> March 2014.
- February witnessed the commencement of the construction of 6.840 m<sup>2</sup> of storage areas behind berth 7 C at the Container Terminal. This extension of the Pier I, which will provide for the storage of an additional 672 TEUs, forms part of the Pier I investment project the completion of which is anticipated by 2018.
- As a part of the Pier I project, the first stage of dredging the seabed in Basin I to a depth of – 13m – got underway, as did the preparation of landfill areas for the deposit of dredged materials.
- As part of its *Living with the Port Fund* activities, Luka Koper published a call for applications for sponsorship and grants.
- After a break of five years, the Luka Koper d.d. share was once again included in the Ljubljana Stock Exchange's SBI TOP index.

## MARCH

- At the Luka Koper d.d. General Assembly held on 19<sup>th</sup> March 2014, shareholders adopted an amendment of the Company Statute. Koper Municipality anticipated challenging action against this resolution. The Company's President of the Management Board Gašpar Gašpar Mišič also presented shareholders the current situation with regard to actions for damages against the former Management Board as well as members of the Supervisory Board.
- The first stage of seabed dredging in Basin 1 – to a depth of 13m – was completed.
- Luka Koper signed a Letter of Intent in relation to various forms of mutual collaboration with the Slovenian Maritime Administration.
- The Slovenian Maritime Administration issued a decision that allows the Port of Koper Container Terminal to service vessels with drafts of up to 12.5 m (up from 11.8 m).
- Luka Koper presented its operations and activities at Miami - Seatrade 2014, the world's largest cruise shipping fair.

## APRIL

- At its regular session of 11<sup>th</sup> April 2014, the Luka Koper, d. d., Supervisory Board discharged the President of the Management Board Gašpar Gašpar Mišič and appointed Andraž Novak to this position. The Supervisory Board endorsed the Annual Report 2013 of the Luka Koper Group and Luka Koper, d. d., as well as proposal of the Management Board's proposal on the allocation of distributable net profit for 2013.
- The company was granted ISCC EU certification confirming that Luka Koper, d. d., handles and stores rape seed oil, soya oil, palm biodiesel, bioethanol and waste edible oil in accordance with the EC directive on the promotion of the use of energy from renewable sources.
- *Luka Koper, d.d.*, took on the presidency of the North Adriatic Ports Association (NAPA) until the end of 2014.
- The company obtained the usage permit for landfill sites 7A and 799/29.
- Commencement of dredging operations to deepen the navigational channel serving Basin I to a depth of 14 m.
- Slovenian Maritime Administration started the dredging of the access channel in Basin I to a depth of - 15 metres.
- The *Slovenian Institute of Quality and Metrology* performed an external audit in relation to environment management and health and safety at work.
- Luka Koper, d. d., received the Brand Leader Award for the best port operator and logistic provider in the South-Eastern Europe.

## MAY

- The contract between Luka Koper d.d. and the company selected through a public tendering procedure to undertake seabed dredging at the Container Terminal quayside in order to facilitate the servicing of vessels with 14 m draughts , expired on 13<sup>th</sup> May 2014. Upon measurement it was established that during the contractual period, within which the Italian company was obliged to complete dredging works, said contractor failed to complete even one tenth of the anticipated work. Consequent to the unjustified severe delay in dredging operations, as well as the problems which the contractor had had during the preparatio stage, the Management Board believed that it would be an excessive risk to allow the selected contractor to continue. Consequent to this decision, the company's Management Board has adopted all necessary measures to ensure that the project to deepen the quayside berths would be completed by the end of August.
- At Open Port Days the public was given the opportunity to visit the port
- In conjunction with the University of Primorska we organized a conference on Kinesiology in ergonomy.
- Within the framework of the European project B2MOS and in cooperation with the Slovenian national forum for e-Invoicing we organised a seminar entitled e-Invoicing in logistics and transport.
- The Supervisory Board of *Luka Koper, d. d.*, Board appointed Dragomir Matić as a Management Board President for five-year term commencing on 10<sup>th</sup> June 2014, the same day the previous President of the Management Board Andraž Novak assumed office as the Management Board Member responsible for operations and sales, the position which he had held prior to his appointment as President on 11<sup>th</sup> April this year.

## JUNE

- On 10<sup>th</sup> June 2014 Dragomir Matić took over the presidency from Andraž Novak who retook the position of the Member of the Management Board.
- Based on the provision of first paragraph of Article 10 *Luka Koper, d.d.* Statute, the Management Board published on 5<sup>th</sup> June the call for the 25<sup>th</sup>. General Assembly of Luka Koper, d. d., Shareholders which was held on 8<sup>th</sup> July 2014.
- On 19<sup>th</sup> June 2014 Luka Koper, d. d., and the Netherlands-based company Van Oord concluded the contract on dredging the access channel and northern section of Basin I within the Port of Koper harbour. The contract in the amount of 2.48 million euros anticipates the seabed dredging along the Container terminal to 14 metres which will require the removal of 230.000 m<sup>3</sup> of sea sediments (silt). The Dutch company which was the only to apply for public call will commence the works on 15<sup>th</sup> July and complete them in the second half of August. They will work 24 hours a day using a technique which is faster of the classic hopper dredger.
- Austrian Transport magazine "Verkehr" published an analysis of Austria's overseas trade. A Iso in 2013 Luka Koper, d. d., held the first position, which means that the

Port of Koper remained the first port for import and export of Austrian cargo also last year. Luka Koper, d. d., has held this leading position since 2010.

## JULY

- Shareholders attending the 25th General Shareholders Assembly of Luka Koper, d.d. held on 8<sup>th</sup> July 2014:
  - were presented the endorsed 2013 Annual Report for the *Luka Koper Group* and *Luka Koper, d. d.*;
  - adopted the proposed resolution on the allocation of distributable profit for 2013 in the amount of € 3.721.761 as follows:
    - a portion of distributable profit in the amount of € 2.240.000 to be disbursed as dividends in the gross value of € 0,16 per share,
    - the remaining distributable profit in the amount of € 1.481.761 to remain undistributed,
  - endorsed the work of the Management and Supervisory Board during 2013,
  - appointed the auditors KPMG Slovenija, podjetje za revidiranje, d. o. o., as the company's external auditor for fiscal 2013;
  - adopted the resolution on the amount of remuneration and the attendance fee for members of the Supervisory Board as well as Supervisory Board Commissions for the following twelve months,
  - Adopted the amendment to the *Luka Koper, d. d.* Statute
- Luka Koper d.d. completed the project on the extension of storage areas at the Container terminal on the head of Pier I, thus acquiring 6.840 m<sup>2</sup> of new areas.
- The Supervisory Board of *Luka Koper, d. d.*, on its regular session on 4<sup>th</sup> July 2014 acquainted with the resignation of Mr Jože Jaklin, Member of the Management Board. The Supervisory Board will start the recruitment activities within the notice period in order to select a new Member of the Management Board, responsible for Finance and Accounting.
- On 20<sup>th</sup> July 2014 the deepening of the seabed along the quayside of the Container Terminal to -14 metres started by a larger dredger of the Dutch contractor Van Oord.

## SEPTEMBER

- In September the first stage of the deepening operations of the seabed along the quayside of the Container Terminal to -14 metres were completed and the Slovenian Maritime Administration issued a decision allowing larger vessels with a draft up to 13.5 metres to enter the Northern part of the Basin I. It is expected that with the completion of the dredging to -14 meters the Port of will become the first port of call for ships entering the Adriatic.
- 24.300 m<sup>2</sup> of open storage areas for vehicles were arranged.
- the activities of the Koper Cruise Terminal were presented at the Cruise tourism Seatrade Med.

## RELEVANT POST-BALANCE-SHEET EVENTS

### OCTOBER

- The shipping company ARKAS Line from Turkey included Luka Koper, d. d., in the container line Northern Adriatic– East Mediterranean, Black Sea, Northern Africa.
- The award as the best supply chain provider for material was given to *Luka Koper d.d.* by the Austrian steel producer Voestalpine.

### NOVEMBER

- Luka Koper, d. d., was awarded this year's ESPO (European Sea Ports Organisation). Award. Other shortlisted ports for this year's competition for creating a sustainable future for the port and its surroundings were the port of Huelva, Lisbon, Marseille and Rotterdam.
- The theme of this year's ESPO Award was Innovative environmental projects. Luka Koper, d. d., presented the project No waste, just resources!, illustrating good practices in waste management in the Port of Koper. It was presented the use of paper mill sludge as an anti-dusting agent, the introduction of a heating system using the recycled wood, composting plant and the reuse of marine silt as a construction material. In all abovementioned cases the waste was reused and reprocessed into environment-friendly materials.

## PERFORMANCE ANALYSIS OF LUKA KOPER GROUP

In the period January – September 2014 *Luka Koper Group* handled a total of 13.9 million tonnes of cargo which is one percent ahead of plans and three percent above the first nine months of 2013 level. Cargo throughput – similar to the previous year - increased in the throughput of containers, vehicles and liquid cargoes, a decrease was recorded in the throughput of general cargoes and dry bulk and bulk cargoes.

*Luka Koper Group's* operating revenues for January – September 2014 amounted to 119.4 million euros and are 7.5 million (7 percent) ahead on the expectations, resp. 12.3 million (11 percent) ahead on the same period last year.

*Luka Koper Group's* operating profit for the January - September 2014 amounting to 26.3 million euros was 6.7 million euros (34 percent) ahead on the expectations and 11.9 million euros ( 82 percent) ahead on the same period last year. The increase of the operating profit for this year is due to the increase of the operating revenues.

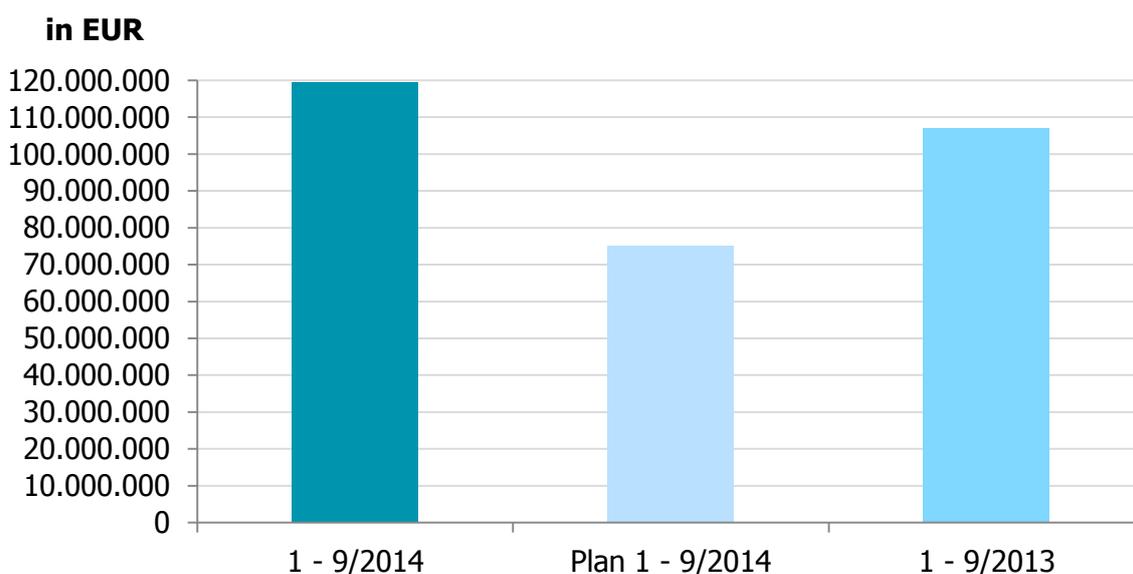
Net profit for the January - September 2014 in the amount of 21.8 million euros is 6.9 million euros (46 percent) ahead of the plan and 9.5 million euros (77 percent) ahead of the equivalent period last year.

### ***OPERATING REVENUES***

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In the first nine months of 2014, *Luka Koper Group* generated 119.4 million euros in operating revenues, which is 7.5 million euros (7 percent) ahead of expectations, and 12.3 million euros (11 percent) ahead of the same period last year.

Figure 1: Luka Koper Group operating revenues



Operating revenues for January – September 2014 were ahead on the same period last year for all cargo types. The biggest increase of operating revenues was recorded in container throughput.

Table 1: Operating revenues by cargo type, January – September 2014 and 2013

<b>(in euro)</b>	<b>1 – 9/2014</b>	<b>1 – 9/2013</b>	<b>Index 2014/2013</b>
General cargoes	24.964.814	23.924.717	104
Containers	37.132.510	27.947.242	133
Vehicles	11.923.707	11.258.273	106
Liquid cargoes	5.580.611	5.439.812	103
Break bulk cargoes	24.117.091	23.271.953	104
Other operating revenues	15.706.729	15.269.605	103
<b>TOTAL</b>	<b>119.425.462</b>	<b>107.111.602</b>	<b>111</b>

*Luka Koper Group* operating revenues from general cargoes are 1 million euros (4 percent) ahead on the same period last year. This rise is due to throughput increase in volumes of ferrous manufactures, steel products and livestock. The rise can be attributed also to the growth in revenues from storage fees.

Operating revenues generated by the throughput of containers across the first nine months of 2014 were 9.2 million euros (33 percent) ahead on January-September 2013, the volume of handled TEUs increased by fifteen percent. This increase was recorded in relation to throughput of full and empty containers, the growth in revenues from storage fees and performance of additional services.

In the first nine months of 2014, operating revenues from vehicles were 665.000 euros (six percent) ahead on the same period last year, while the throughput of vehicles increased by seven percent. Within the framework of operating revenues the revenues from the throughput and from the performance of additional services rose, but due to more rapid turnover of cargo *Luka Koper Group* registered decrease of revenues from storage.

The operating revenues from liquid cargoes throughput for January – September 2014 were 141.000 euros (3 percent) ahead on the same period last year. . This upturn is the result of the increased throughput of oil derivatives.

In the first nine months of 2014, operating revenues generated by break bulk cargoes rose by 845.000 euros resp. four percent. This rise is attributable to the increase of the operating revenues generated from the increased throughput and storage of soya and wheat at the silo, and the increase of revenues from the storage of iron ore.

Other operating revenues for January to September 2014 amounting to 15.7 million euros were 437.000 resp. three percent ahead on the same period last year. This rise is due to the increase in revenues generated by *Luka Koper INPO, d.o.o.*, in relation to its dredging of the navigation channel into the Port of Koper.

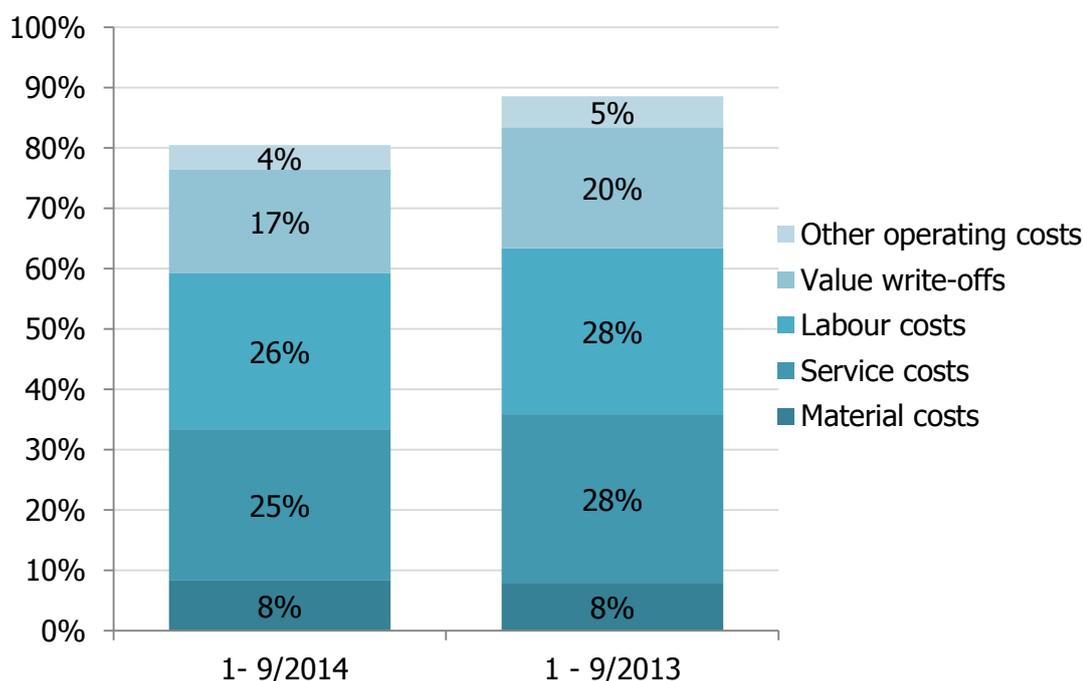
### ***OPERATING EXPENSES***

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*Luka Koper Group's* operating expenses for January – September 2014 amounted to 96.1 million euros which is 1.2 million euros resp. one percent ahead on the same period last year. An increase was recorded in material and labour costs within the operating expenses category, whereas service costs, value write-offs and other operating expenses decreased.

Operating expenses are equivalent to 80.5 percent, which is a year-on decrease of 8.1 percentage points. Compared to 2013, there was a decrease in all cost categories material costs, with the largest downturn (three percentage points) recorded in relation to service costs and value write-offs. Material costs remained at the same level.

Figure 2: Structure of the Luka Koper Group's operating expenses



### **MATERIAL COSTS**

In the first nine months of 2014, material costs amounted to 10.00 million euros which is 1.6 million euros (18 percent) ahead on the same period in 2013. Auxiliary materials and spare part costs increased and this rise can be attributed to a change of in the accounting of maintenance costs. Accordingly, in relation to the growth in maintenance material costs, there was a decline in costs of maintenance services. In other material costs categories the costs decreased in comparison to the first nine months of 2013, energy costs increased by one percent due to the increase of the fuel. The company *Luka Koper INPO, d. o. o.*, registered an increase of the fuel consumption of the dredger used in the dredging operations of the access canal.

### **SERVICE COSTS**

In the period January - September 2014 the service costs amounted to 29.9 million euros, thus they remain at last year's level. The aforementioned change in the accounting of maintenance material costs resulted in fall of maintenance service costs.

Due to the increased throughput the service costs pertaining to the provision of port services rose by 0.6 million euros (five percent). Also the costs of other services increased by 1.2 million euros (seventeen percent), a feature which can be attributed to higher Concession costs as a consequence of higher operating revenues and higher costs of other services, which are in large part reinvoiced.

### **LABOUR COSTS**

Labour costs amounting to 30.8 million euros were 1.4 million euros (5 percent) ahead of the same period last year. This year-on increase can be attributed to rise in remunerations for overtime, performance, larger number of employees and rise in basic salaries, on the basis of an existing agreement, further to which the increments were performed in February 2013 (+ 0.8%) and in August 2013 (1.9%).

As of 30<sup>th</sup> September 2014, the total number of employees in *Luka Koper Group* companies was 1.005, which was 24 more than on 31<sup>st</sup> December 2013, while employee structure in individual workplaces also altered.

### **VALUE WRITE-OFFS**

Value write-offs from January to September 2014 totalled 20.5 million euros, which is 0.9 million euros (5 percent) down on of the same period last year. Amortisation amounting to 21.2 million euros accounts for their major portion.

### **OTHER OPERATING EXPENSES**

Other operating expenses from January to September 2014 in the amount of 4.9 million euros were 0.7 million euros (12 percent) lower than the same period last year. The costs of provisions from indemnities decreased.

### **OPERATING PROFIT**

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Operating profit generated by the *Luka Koper Group* across the first nine months of 2014 totalled 26.3 million euros , which is 11.9 million euros (82 percent) up on last year's level. *Luka Koper Group* recorded a twelve percent increase in operating revenues, whereas operating expenses increased by one percent.

EBITDA in the amount of 46.8 million euros was 11 million euros (31 percent) ahead on the same period last year and 6.6 million euros (16 percent) ahead of the planned volume.

### **FINANCIAL REVENUES AND FINANCIAL EXPENSES**

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The *Luka Koper Group* generated 1.9 million in financial revenues across the first nine months of 2014, which is 0.5 million euros (37 percent) up on the same period last year. This increase can be attributed to higher revenues from profit participation in associated companies and other companies.

The Group's financial expenses for the period amounted to three million euros, which is 1.1 million euros (27 percent) down on January-September 2013 figure. Financial expenses from financial liabilities fell by 327.000 euros, as a result of a lower EURIBOR interest reference

rate and reduced indebtedness. Financial expenses from operating liabilities decreased by 0.7 million euros in comparison to the previous year as consequence of a lower impairment. Due to lower currency exchange loss, the financial expenses from operation liabilities are 0.1 million euros down.

### ***PRE-TAX PROFIT AND NET PROFIT***

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The *Luka Koper Group* pre-tax profit for January – September leta 2014 amounted to 25.1 million euros which is a year-on increase of 13.5 million euros resp. 116 percent.

The *Group's* net profit, amounting to 21.8 million euros, is 9.5 milion euros (77 percent) ahead of the same period in 2013.

Pre-tax profit and deferred tax liabilities in the period January – September 2014 reduced the net profit in the amount of 33 milion euros, whilst the net profit of the comparable period 2013 increased by 0.7 million euros.

## ***ASSETS AND LIABILITIES***

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As of 30<sup>th</sup> September 2014, Luka Koper Group's balance sheet total amounted to 461.9 million euros, which is 18.4 million euros (four percent) ahead on 31<sup>st</sup> December 2013.

Non-current assets amount to 409 million euros and account for eighty-nine percent of the balance sheet total, and are 5.9 million euros ahead of 31<sup>st</sup> December 2013. Real estate, plant and equipment arose by 11 million euros from assets under acquisition. The real estate investment arose by 2.6 million euros due to the rental of the building. The non-current financial investments arose in the amount of 3.1 million euros, due to the increase of the market value in other shares and stakes, and is carried out at fair value. The deferred tax assets decreased in the amount of 0.5 million euros.

As of 30<sup>th</sup> September 2014 short-term assets amounted to 50.3 million euros and are 116 million euros ahead on 31<sup>st</sup> December 2013. Operating receivables also arose by one million euros, cash and cash equivalent recorded a 10.9 million euros increase.

As of 30<sup>th</sup> September 2014, equity of *Luka Koper Group* 280,4 milijona evrov, and accounts for 61 percent of the balance sheet total.

Non-current liabilities and long-term provisions, together with long-term deferred revenues in the amount of 137.9 million euros, represent thirty percent of total equity and liabilities, and are 15.1 million euros down on 31<sup>st</sup> December 2013. The non-current liabilities decreased due to the early repayment of the loan in February 2014.

Short-term assets as of 30<sup>th</sup> September 2014 amount to 38.7 million euros and are 9.5 million euros higher with respect to 31<sup>st</sup> December 2013. The largest growth was recorded in the operating liabilities to suppliers due to the increased volume of business, loans attributable to the transfer of non-current to current loans and other liabilities for corporate income tax.

As of 30<sup>th</sup> September 2014, short term operating liabilities of *Luka Koper Group* amounted to 139.2 million euros, which is 14.5 million euros decrease in comparison to 31<sup>st</sup> December 2013. Due to the repayment of the loan, the non-current bank loans decreased by 16.8 million euros. The current bank loans increased in the amount of 1.6 million euros due to the transfer of non-current loans to current loans. Further financial strengthening of the *Luka Koper Group* has resulted in a reduction of financial liabilities in relation to equity; as of 30<sup>th</sup> September 2014 accounted for 49.7 percent, which is 9.7 percentage point down on 31<sup>st</sup> December 2013.

## FINANCIAL MANAGEMENT

In the first nine months of 2014, the *Luka Koper Group* managed to reduce its total financial liabilities by 9.5 percent, i.e. from 153.8 million euros to 139.2 million euros.

### Maturity of financing sources

As of 30<sup>th</sup> September 2014, non-current financial liabilities to banks accounted for 86 percent of total financial liabilities. The efforts invested by the *Group* over recent years to restructure its existing debt are reflected in a high proportion – eighty-eight percent of total – of liabilities with longer maturities.

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

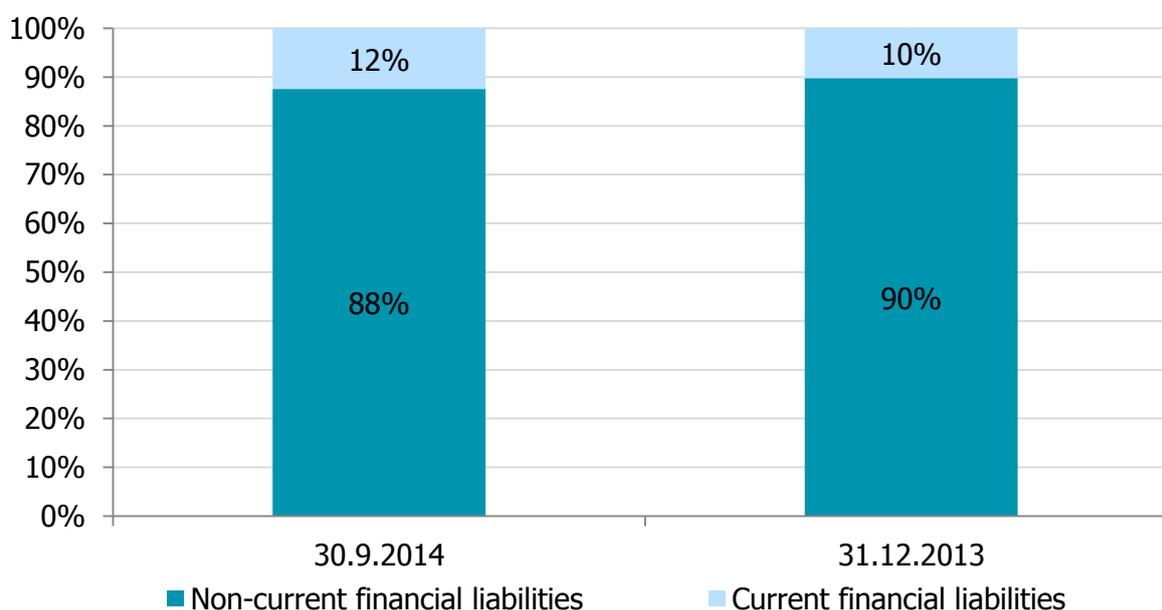
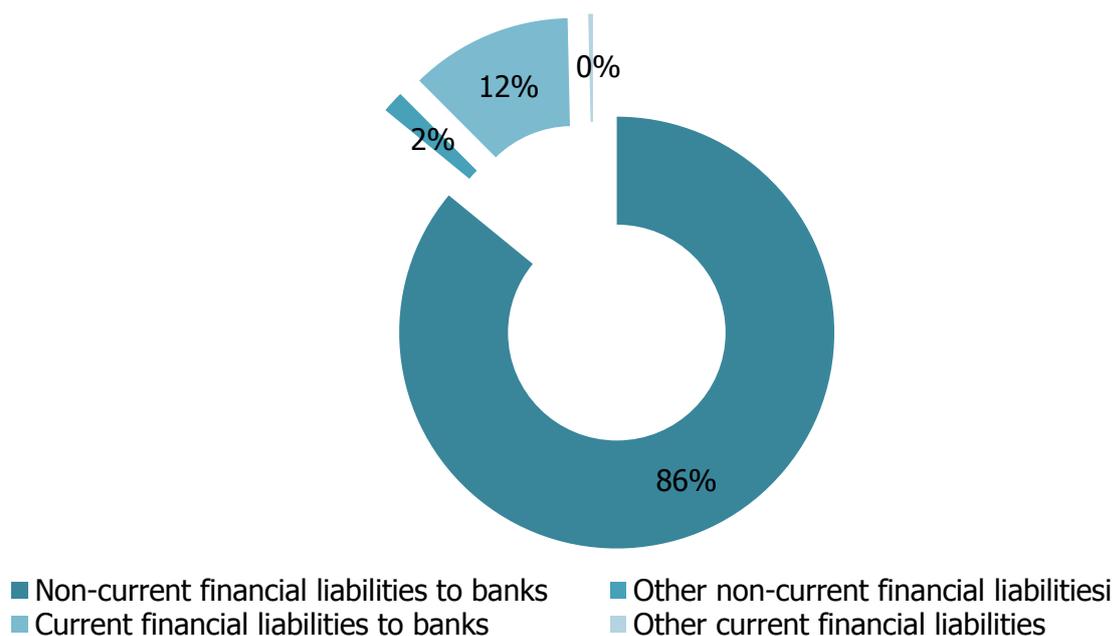


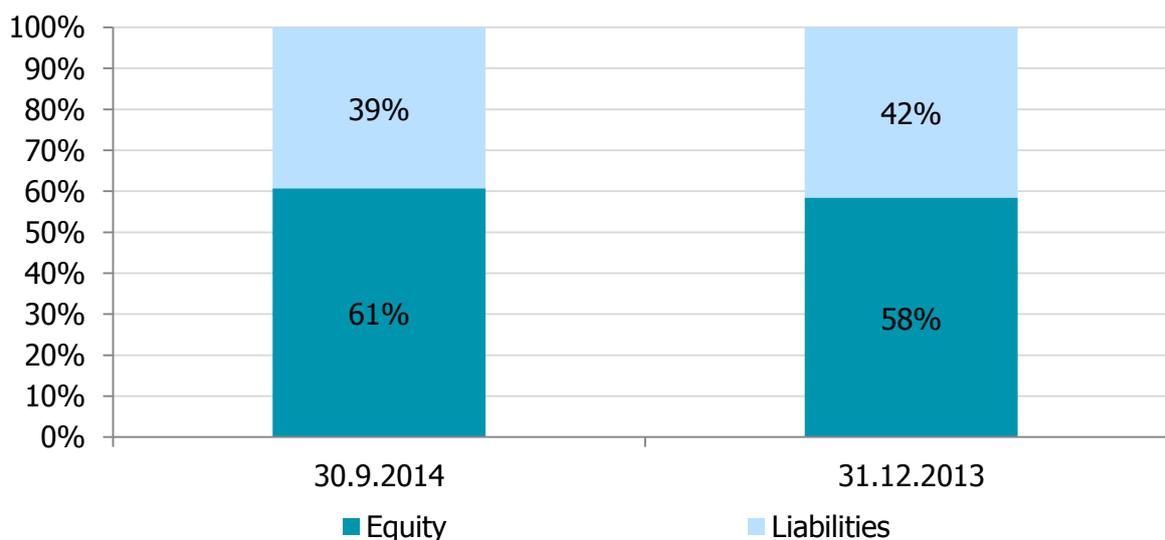
Figure 4: Luka Koper Group financial liabilities as of 30<sup>th</sup> September 2014



### Structure of equity and liabilities

Liabilities with non-fixed interest rates account for the major portion of the *Luka Koper Group's* financial liabilities. As of 30<sup>th</sup> September 2014, the *Group* had 65 million euros of long-term loans - i.e. nearly forty-six percent of its total financial liabilities - hedged with a fixed interest rate.

Figure 5: Luka Koper Group's equity and liabilities

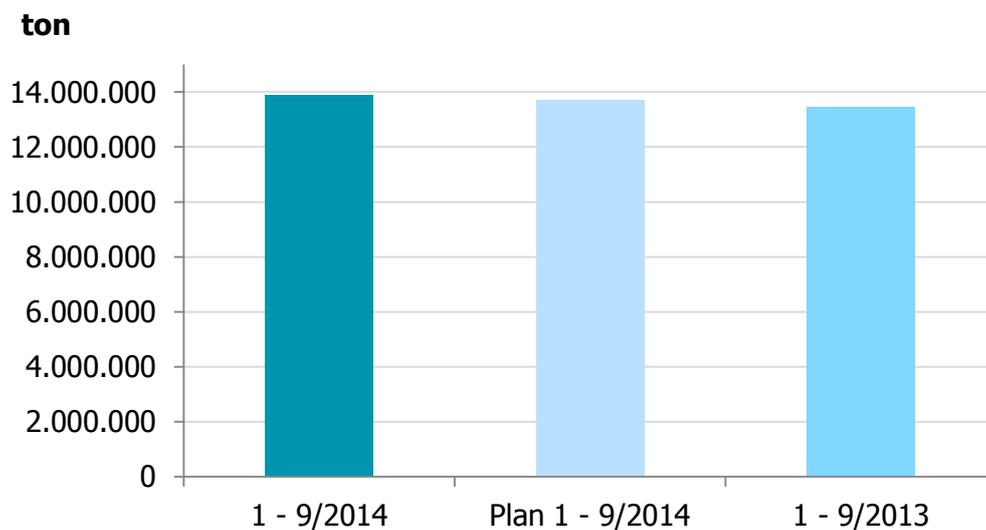


## MARKETING AND SALES

In the first nine months of 2014 the *Luka Koper Group* handled 13.9 million tonnes of cargo, which is one percent ahead of the plan and a year-on increase of three percent. Upturn was recorded in containers, vehicles and liquid cargoes throughput.

In the first nine months of 2014 the *Luka Koper Group* registered four percent year-on growth of cargo import and two percent cargo export, recording the largest growth in container freight on the route Asia-Europe-Asia.

Figure 6: Cargo throughput January – September 2014 and 2013, as well as plan for 2014



## Cargo structure by type

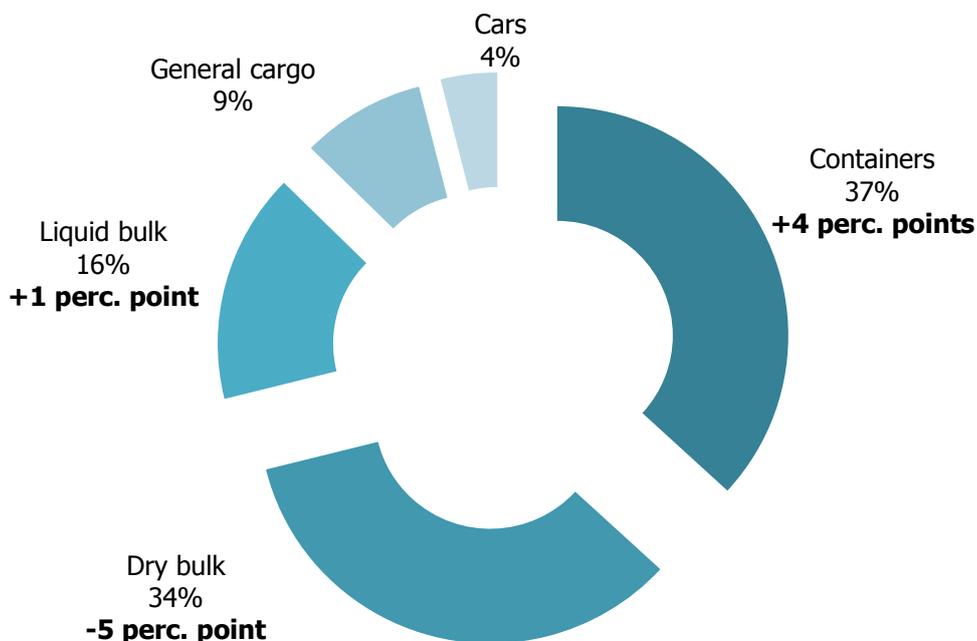
Table 2: Cargo throughput in tonnes by cargo type, tonnage measure, January – September 2014 and 2013

<b>CARGO TYPES (in tonnes)</b>	<b>1 - 9 2014</b>	<b>1 - 9 2013</b>	<b>Index 2014/2013</b>
General cargoes	1.205.943	1.217.575	99
Containers	5.112.179	4.345.588	118
Vehicles	548.435	497.141	110
Liquid cargoes	2.255.625	2.061.780	109
Dry bulk and bulk cargoes	4.760.767	5.327.704	89
<b>TOTAL</b>	<b>13.882.949</b>	<b>13.449.788</b>	<b>103</b>

Table 3: Container freight (in TEUs) and vehicle throughput (in units), January – September 2014 and 2013

<b>CARGO TYPE</b>	<b>1 - 9 2014</b>	<b>1 - 9 2013</b>	<b>Indeks 2014/2013</b>
Containers – in TEUs	510.265	445.447	115
Vehicles – in units	373.070	349.409	107

Figure 7: Structure of cargo throughput by type January - September 2014, and percentage change in relation to glade na January - September 2013



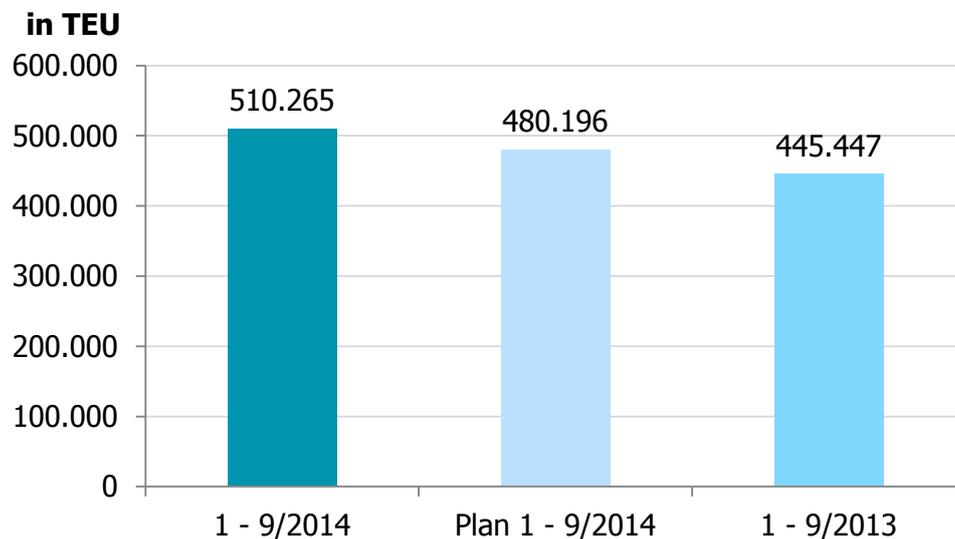
## General cargoes

In the first nine months of 2014, the Luka Koper Group registered a one percent decrease of cargo throughput than in the same period last year. However, growth was recorded in volumes of ferrous and steel products as well as livestock, whilst the volume of handled timber and bananas registered a downturn.

## Containers

510.265 TEUs were handled from January to September, which is a year-on increase of fifteen percent. The throughput of full containers rose by fifteen percent, whilst the throughput of empty ones by ten percent.

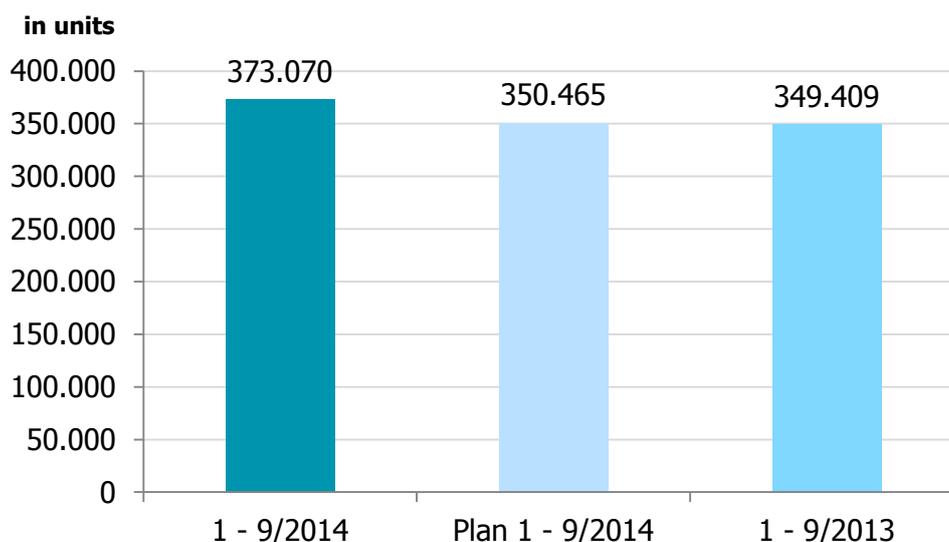
Figure 8: Container throughput, January to September 2014 and 2013 (v TEU)



## Vehicles

*Luka Koper* handled a total of 373,000 vehicles in the first nine months of 2014 which is a 7 percent year-on increase. The share of throughput in import and in export remains at last year's level, 157.000 vehicles were handled in import, 216.0000 in export.

Figure 9: Throughput of vehicles January-September 2014 and 2013 (in units)



### Liquid cargoes

The throughput of liquid cargoes from January to September 2014 recorded a year-on increase of nine percent, this rise was due in particular to oil derivatives.

### Dry bulk and bulk cargoes

The volume of dry bulk cargoes handled by Luka Koper from January to September 2014 was eleven percent down on the same period last year.

In the first nine months of 2014, the coal terminal registered a year-on downturn of handled iron ore of ten percent and downturn of handled coal of sixteen percent. The minor throughput of the iron ore is due to vessel's time lapse, whilst the minor throughput of coal is attributable to the temporary closure of an Italian power plant.

In the first nine months of 2014 the *Group* registered a moderate growth of cargo throughput in comparison to the same period of the previous year. After an encouraging start of the year, in summertime the volume of handled cargo slightly decreased.

### Marketing activities

In the first nine months of 2014 the following relevant marketing activities were performed within *Luka Koper Group*:

- *Luko Koper, d. d.*, was presented at the Transport Week Conference in Gdansk in the logistics workshop in occasion of the the visit of the Minister for Foreign Affairs in Slovakia,
- *Luka Koper* d.d. paid a visit to key business partners in South Korea,
- we participated in sectoral roundtables organized by Chamber of Commerce and Industry of Slovenia, we joined the Slovenian Indian Business Council and attended the Fresh Produce India Conference held in Pune,

- we joined the Slovenian-Japanese Business Council and met the representatives of the JETRO organisation in Vienna and Budapest,
- the company presented its plans and activities at Slovenian-Czech Economic Forum and at Danube Region Conference in Salzburg,
- *Luka Koper d.d.* took part in the business delegation in occasion of the visit of the Minister of Economic Development and Economy in Warsaw in Poland,
- in conjunction with the Association of Northern Adriatic ports NAPA, *Luka Koper, d. d.*, presented its activities at trade fairs and conferences Morocco, (2<sup>nd</sup> MED Ports), in Qatar (10<sup>th</sup> TransMiddle East Doha) and in Shanghai (TLC),
- *Luka Koper d.d.* representatives participated in business delegation in occasion of the visit of the President of the Slovenian National Assembly in Iran,
- Port Day was organized in Budapest jointly with the Slovenian Embassy,
- we attended the fair Asiafruitlogistica held in Hong Kong,
- *Luka Koper d.d.* paid visit to the Japanese International Freight Forwarders Association (JIFFA) and other customers in Japan.

## RISK MANAGEMENT

In the third quarter of 2014 the environmental risks were recorded within the risk management process, as result of the investments related to the extension of the Pier I and risks resulting from the maintenance area. A special concern was dedicated to the risk management in the field of public procurement for the investments projects, which are of strategic importance for the development of the *Group*.

The activities related to the regular annual inventory risk management – audit of the existing ones and the record keeping of new ones, are under progress.

## LKPG SHARE

As of 30<sup>th</sup> September 2014, *Luka Koper, d.d.*, had a total of 12,221 shareholders, which is a year-on decline of 2.15 percent. The ten largest shareholders held 76.54 percent of all *Luka Koper, d.d.* stock. The Republic of Slovenia, with its 51-percent stake, is the company's largest shareholder.

Table 4: Ten largest shareholders in Luka Koper d.d., as of 30<sup>th</sup> September 2014

Shareholder	Number of shares	Percentage stake
1. Republika Slovenija	7.140.000	51,00%
2. SDH, d.d.	1.557.857	11,13%
3. Kapitalska družba, d.d.	696.579	4,98%
4. Mestna občina Koper (Koper Municipality)	466.942	3,34%
5. Unicredit Bank Austria AG - fiduciarni	229.100	1,64%
6. KD Galileo, fleksibilna struktura naložb	158.230	1,13%
7. Perspektiva FT, d.o.o.	125.895	0,90%
8. Parametric Emerging Markets Fund	118.550	0,85%
9. KD Balkan, delniški sklad	118.000	0,84%
10. Zavarovalnica Triglav, d.d.	104.756	0,75%
<b>Ten largest shareholders – total</b>	<b>10.715.909</b>	<b>76,56%</b>
<b>Total shares</b>	<b>14.000.000</b>	<b>100,00%</b>

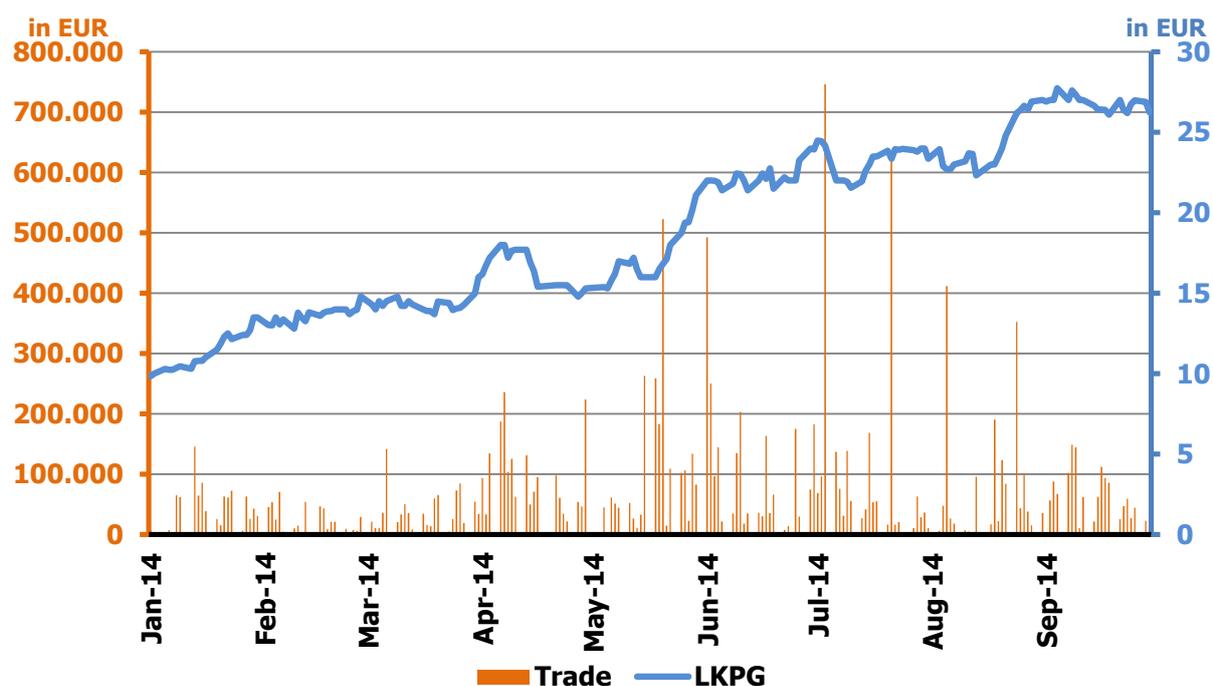
### Trading in the LKPG share

In the first nine months of 2014, the average daily share price of *Luka Koper, d. d.*, amounted to €18.87, whilst its overall trading value fluctuated between € 9.85 and € 27.75. The highest daily trading price was €28.00, the lowest €9.37 eur. As of 30<sup>th</sup> September 2014, the market capitalisation of Luka Koper, d.d., shares amounted to €367.150.000. There were 3.477 transactions and block trades in LKPG shares, and a total 733.627 shares with an aggregate value of €13.920.752 changed ownership.

Table 5: Relevant data on the LKPG share January – September 2014 and 2013

	2014	2013
Number of shares as of 30 <sup>th</sup> September	14.000.000	14.000.000
Number of ordinary no-par-value shares	14.000.000	14.000.000
Closing price as of 30 <sup>th</sup> September (in euro)	26,23	9,50
Book value of share as of 30 <sup>th</sup> September	18,64	17,67
Ratio between market price and book value (P/B ratio)	1,41	0,54
Average weighted market price (in euro) <sup>2</sup>	18,98	8,71
Average book value of share (in euro) <sup>3</sup>	18,12	17,28
Ratio between average weighted market price and average book value of the share	1,05	0,50
Net earnings per share (EPS) (in euro) <sup>4</sup>	1,87	1,07
Ratio between market price and earnings (P/E) <sup>4</sup>	14,05	8,86
Market capitalization as of 30 <sup>th</sup> September (in million euros)	367,2	133,0
Turnover (all transactions January–September (in mio euro)	13,9	5,3

Figure 10: Movement of the LKPG closing price and the value of daily trades, January – September 2014



<sup>2</sup> Weighted average market price is calculated as a ratio between total value of LKPG stock exchange transactions and the aggregate number of LKPG shares traded across the period.

<sup>3</sup> Average book value of the LKPG share is calculated on the basis of average monthly ratios between equity and number of ordinary shares.

<sup>4</sup> Indicators are calculated on the basis of annualised data..

### Number of LPKG shares held by Supervisory and Management Board Members

As of 30<sup>th</sup> September 2014, the following members of the Luka Koper, d. d., Supervisory Board held shares in the company:

Mr. Nebojša Topič, M.Sc., Supervisory Board Member	9
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As of 30<sup>th</sup> September 2014, the following members of the Luka Koper, d.d.; Management Board, held shares in the company:

Dragomir Matić, President of the Management Board	1.238
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### Dividend policy

The *Luka Koper, d. d.*, dividend policy combines the shareholders' strive for dividend yield with the requirement that the net profit is reinvested into the business.

Considering the operating result in 2013 and dividend policy, the proposal of the General Meeting about the allocation of distributable profit, which on 31<sup>st</sup> December 2013 amounted to 3.721.761 euros, is the following:

- 1.400.000 euros will be disbursed as dividends to shareholders in the gross value of 0.1 euro per share;
- the remaining portion of distributable profit in the amount of 2,321,761 euros shall remain undistributed.

At the 25<sup>th</sup> session of the General Meeting of Luka Koper d.d. shareholders, d. d., on 8<sup>th</sup> July 2014, the counter-proposal as to the allocation of distributable profit of the shareholder Republic of Slovenia and SDH, d. d., was endorsed, and namely:

- the portion of distributable profit in the amount of € 2.240.000 will be distributed as dividends in the gross value of € 0,16 per share.
- the remaining portion of distributable profit in the amount of €1.481.761 will remain undistributed.

Over the coming years, and taking into consideration plans for investment into port infrastructure and plant, the company anticipates the distribution of up to one-third of net profit as dividends.

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

As of 30<sup>th</sup> September 2014 *Luka Koper d.d.* didn't hold any treasury stock. The company Statute doesn't provide for any category of authorised capital through which the Management Board may increase share capital. Further to this the company had no grounds for any conditional increase in share capital in the January to September 2014 period.

## NON-FINANCIAL INVESTMENTS

In the first nine months of 2014 the *Luka Koper Group* invested 23.8 million euros into capital assests, which is 128 percent increase on the same period last year. 22.8 million euros were invested by *Luka Koper, d. d.*, which accounts for ninety-six percent of the *Group's* total investments.

The most significant infrastructure investments in the first half of 2014 were as follows:

- due to the extension of the storage areas at Container Terminal and direct connection of the shore 7.C with the hinterland Luka Koper d.d. started the construction of the hinterland storage area at berth 7.C at Pier I,
- due to the increased throughput at Container Terminal at Pier I, the first phase of dredging works of the navigation channel and northern part of Basin I to a depth was -14 metres, were completed,
- a new 6.480 m<sup>2</sup> storage area providing around 600 TEUs of additional storage space was put in use at the container Terminal,
- for the needs to of the disposal of dredged material from the northern side of Basin I two landfill sites were constructed in the Ankaran bonifika area and namely landfill site 7 A and landfill site 799/29 k.o. Ankaran,
- due to the wear of the equipment, 12 new forklifts were acquired at the General Cargo Terminal,
- the upgrading of the IP and analog surveillance system,
- acquisition of new handling equipment for dry bulk cargo, the renovation of storage areas and acquisition of technological equipment for the reduction of dust emission produced during loading operations,
- in order to prevent the railway accidents the reconstruction of critical part of railway tracks was started
- due to a increased number of customers' requirements to store the vehicles on asphalted areas, Luka Koper d.d. started the asphaltting of the storage area for the storage of vehicles on the surface of 24.000 m,
- storage areas at Container Terminal were reconstructed and a new lift for transport of the personnel to the container crane was acquired,
- the coal depot was consolidated and asphalted;
- due to the extension of railway capacities in the hinterland of the Pier II a new rail-road bridge was constructed over Rižana river,
- due to the needs of of weighing the wagons transporting iron ore and coal, a new rail weighing scale was acquired,
- due to the change in heating system i.e. the shift from fuel oil to biomass, the fuel boiler in in the boiler room of central changing rooms has been replaced,

- in order to ensure a smooth implementation of handling of wagons and shuntings of railway wagons in the Porft of Koper area, the deteriorated vehicle was replaced with a new Vosloh railway vehicle.

## RESEARCH AND DEVELOPMENT

In the first nine months of 2014 the *Luka Koper Group* further pursued its developmenta and research activities involving the preparation of various studies for the needs of a single terminal and cargo type, by IT upgrades and cooperation with local, national and international institutions.

In the first half of 2014, Luka koper d.d. pursued the project related to the European teritorial cooperation, mainly related to the planning and development of the national and Transeuropean transport infrastructure, logistic concepts, environmental protection, dangerous cargos and IT updates. *Luka Koper* began 2014 with 16 European projects of which three were completed and namely SETA, EMPIRIC and GREENCRANES.

In the field of territorial collaboration, the company was actively engaged in the following projects: LOGICAL, INWAPO, GIFT, GREENBERTH, INTE-TRANSIT, iFreightMED. In the context of the *Italy-Slovenia Cross-border Co-operation Programme*, part of the *ADRIA-A* project, which focuses on the promotion of regional transport links and services, *Luka Koper d.d.* further pursued the development of passengers. Within the *SafePort* collaborative research project, intensive efforts were also invested into the management of environmental and industrial risks in Northern Adriatic ports.

In the context of the *TEN-T* programme, activities were further implemented in relation to the following projects:

- NAPADRAG, focusing on improving nautical access, as well as anticipating the co-funding of dredging work to deepen Basin I;
- *NAPAPROG* pursuing the development of terminals and multimodal facilities, as well as focusing on the elaboration of project documentation for the extension of the southern portion Pier I; and
- *B2MoS* providing improvements to information systems and communication with business and institutional partners.
- At last TEN-T call for proposals in March this year 2014, from the former financial perspective 2007 – 2013, we received a positive assessment for the NAPA STUDIES project, related mainly to the elaboration of the project documentation for the future implementaion of priority port's investments till 2020. The activities have been acclerated and are underway.

*Luka Koper* further initiated training programmes within the *Competence Centre for the Development of Logistics Personnel* to provide employees with new knowledge and skills.

Resources were also invested into the renovation of the port's biomass energy plant, a project which will be co-funded by the State.

Likewise, the preparations to the new financial perspectives 2014 – 2020 were well underway. Jointly with competent Ministries and bodies we have harmonised the investments in the port's infrastructure, which Luka Koper d.d. endeavours to include in the co-funding for the period 2014 – 2020. The harmonization of the Partnership Agreement between Slovenia and the European Union, preparation of Operational Agreements for the new financial perspective and the formulation of Working programmes of priority TEN-T corridors (Baltic-Adriatic and Mediterranean) are underway. Luka Koper actively pursued its collaboration with local institutions in the realisation of port's development plans and their inclusion in the Regional Development Programme 2014 – 2020.

*Luka Koper* pursued its activities within the *European Sea Ports Organisation (ESPO)* where most attention was paid to the financing of European development co-operation, and specifically the EU's new financial perspective 2014-2020 as well as priorities as regards the port sector further adoption of the Port's regulation in occasion of the new composition of the European Parliament.

## SUSTAINABLE DEVELOPMENT

### NATURAL ENVIRONMENT

With the aim of becoming a "green port", *Luka Koper* pays much regard to the environmental aspects of its operations and continuously monitors their various impacts. Information in relation to all pertinent environmental metrics and issues are promptly published online at [www.luka-kp.si](http://www.luka-kp.si) and via the company's *Living With the Port* website [www.zivetispristaniscem.si](http://www.zivetispristaniscem.si), as well as the in-house *Luški Glasnik* gazette and the media.

#### Air quality

In order to reduce dusting at the coal and iron ore depot, *Luka Koper* has intensively implemented a new procedure for the application of protective paper sludge on bulks in storage. Within the framework of the investment and maintenance work approximately 10.000 m<sup>2</sup> of coal depot has been asphalted. This will additionally reduce the dusting, and allow the cleaning of surfaces, the transport of vehicles will not be carried out on unpaved surfaces. Additionally, another line of conveyor belts was installed at the depo, thus enabling the reduction of machinery transport across the depot and consequently minor dusting.

Monthly measurements of dust deposits are made at ten locations within the port zone. The measured values across these locations in the period January – September 2014 are within the company objective (250 mg/m<sup>2</sup>day), as the average value recorded across these locations 144 mg/m<sup>2</sup>day.

Legally prescribed ongoing measurements of airborne concentrations of PM<sub>10</sub> particulates ki implemented by an authorised independent institution are taken at three locations within the Port zone. In the January-September 2014 period, the readings were below the legally prescribed 40 µg/m<sup>3</sup>. The readings of two devices that facilitate automatic real-time measurements are published hourly on the Living With The Port [www.zivetispristaniscem.si](http://www.zivetispristaniscem.si).

Average PM<sub>10</sub> airborne particulate measurements January to September 2014 and 2013

	<b>1 – 9 2014</b>	<b>1 – 9 2013</b>	<b>Index 2014/2013</b>
Ankaran – Rožnik	23 µg/m <sup>3</sup>	26 µg/m <sup>3</sup>	88
Bertoki	23 µg/m <sup>3</sup>	22 µg/m <sup>3</sup>	105
Koper – Cruise Terminal	19 µg/m <sup>3</sup>	19 µg/m <sup>3</sup>	100

## Waste management

Various waste is arising from the port's activities. In order to protect the environment, *Luka Koper d.d.* ensures that waste separation is extended across all terminal operations as well as to all users of the port zone, vessels included. Separately-collected waste is delivered to external waste-processing contractors and agents, whereas organic waste is processed at the composting plant within the port zone. *Luka Koper* also collaborates with external companies in relation to recycling and waste processing.

In the first nine months of 2014 *Luka Koper* exceeded its set objective of eighty-four percent, sorted and separately collected the waste.

The project related to the reconstruction of on port's boiler room was completed, and which will use the unopolluted port's wood waste – chips as the replacement of the fuel oil. The produced heat will be utilized in a building outside the port's area, which is destined to health and catering services.

Separately-collected waste, January to September 2014 and 2013

	<b>1 – 9 2014</b>	<b>1 – 9 2013</b>	<b>Index 2014/2013</b>
Separately-collected waste	90 %	89 %	101

## Noise emissions

Noise levels are continuously monitored by devices at three peripheral points within the port zone, real-time results are published online via the *Living With the Port* [www.zivetispristaniscem.si](http://www.zivetispristaniscem.si) website.

Average noise levels at night time (in dB) for the January to September 2014 and 2013

<b>1 – 9 2014</b>			<b>1 – 9 2013</b>			<b>Statutory limit</b>
Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	
L <sub>N</sub> =50	L <sub>N</sub> =53	L <sub>N</sub> =59	L <sub>N</sub> = 51	L <sub>N</sub> = 53	L <sub>N</sub> = 60	L <sub>N</sub> = 63

In January started construction works on extending the storage area at the head of Pier I, including also pile driving which was only undertaken during daylight hours. The works have been completed and the average daily level of noise emissions has not been exceeded.

Within the framework of the extension of Pier I, a project related to the establishment of the placement of electric transtainer, is carried out and particularly in terms of the reduction of

levels and harmful emissions. The current transtainers are diesel-powered, thus resulting in the maximum level of noise in this location.

### Consumption of energy and water

Consumption of energy and water per tonne of cargo handled, January to September 2014 and 2013

	<b>1 – 9 2014</b>	<b>1 – 9 2013</b>	<b>Index 2014/2013</b>
Electricity consumption (kWh/tonne)	1,15	1,19	97
Fuel consumption (litres/tonne)	0,255	0,244	105
Potable water consumption (litres/tonne)	6,39	7,05	91

### Energy consumption

In the first half of 2014 *Luka Koper* further monitored of the consumption of energy and water in relation to established targets.

In the last quarter of 2014 *Luka Koper d.d.* will upgrade the existing energy review information system by introducing new tools for further monitoring of energy and water in relation to the established target.

In the first nine months of 2014 registered a lower annualised energy consumption target by 0.67 percent (151.489 kWh).

As a result of increases in fuel consumption at the Timber and Container terminals, annualised targets for 2014 were exceeded by 7.6 percent (180.779 litres). This rise is attributable to the mayor occupancy of storage areas – more cargo movements, and the consequent need for additional cargo handling operations at aforesaid terminals.

In the first nine months of 2014, water consumption was 8.4 percent (5.655 m<sup>3</sup>) below the annualised target amount. The consumption of water is not directly related to cargo throughput and is in part related to pipe-work distribution losses, hence this particular indicator is more difficult to manage.

In September 2014 the energy review at the Fruit Terminal was completed, as a part of European project GreenBearth. On the basis of the measures of the energy audits schemes, a reduction of consumption of energy and achievement of objectives can be expected.

### Wastewater

Typical sewerage waters account for a major portion of wastewater produced within the port zone; industrial wastewaters account for a smaller proportion of total, and are appropriately

processed in in-house treatment plants prior to their discharge. Sewerage waters are for the most part treated at Koper's municipal treatment plant.

This year an authorised agency implemented measurements in relation to industrial wastewaters within the port at the Liquid Cargoes Terminal, where the results are within the legally prescribed values. The control measurements of wastewaters on the areas where the scrap is stored, were implemented. The measurements resulted within the legally prescribed limits.

### Light pollution

The port zone requires sufficient lighting to ensure operational safety, and this is provided in accordance with current statutory regulation. 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 to avoid upward glare. The legally prescribed deadline for the 100 percent rehabilitation is the end of December 2016. The objective for the end of 2014 was to regulate all outdoor lighting within the port zone to ninety percent, and this objective has already been achieved.

### Maritime protection

Pursuant to the provisions of the Concession Agreement for the provision of port services, as well as the management, development and maintenance of the Port of Koper, the prevention of pollution and clean-up operations in the event of incidents and accidents form part of *Luka Koper's* everyday operations. Twenty incidents were recorded within the harbour area in the first nine months of 2014. There were five incidents of oil spillage, nine cases of coal dust pollution, three cases of involving fluvial materials and tree branches, and two of soot pollution. In one case there was a suspect of the pollution outside the area under the concession, which actually did not occur. In all aforesaid cases, the company took appropriate measures in compliance with the Force and means activation scheme in case of a minor incident and pollution consequences. Those who were identified as responsible for the accidents were traced and made liable for the costs of clean-up operations. Nine incidents were recorded within the harbour area during the first nine months of 2014.

Pollution mitigation operations, January to September 2014 and 2013

	<b>1 – 9 2014</b>	<b>1 – 9 2013</b>	<b>Index 2014/2013</b>
No. of incidents	20	9	222

A sea quality monitoring facility installed in a buoy at the entrance to Basin III of the Port of Koper provides real-time metrics available online via the <http://www.zivetispristaniscem.si/website>.

### Construction works

Major construction works in the first quarter of 2014 include the arrangement of the area at the head of Pier I, asphaltting of the part of surfaces at the coal depot, resurfacement of the asphalted surface at the Container Terminal, the completion of construction of two disposal sites for dredged materials and the completion of the seabed deepening in Basin I. The consolidation of the disposal site is carried out at the head of Pier II.

### Development projects

In 2014, the extension of the Pier I was completed, which under current legislation, require environmental impact assessments.

### Sea sediments

As part of the EU's *Safeport* project, a study into the impact port operations on the quality of sea sediments was implemented in 2014. Twelve silt samples were taken from Basins I, II and III at the Port of Koper, and one sample from the open sea in the adjacent bay. Sediment samples were taken from the seabed as well as from one metre below the seabed. The results showed that the port's activity had no impact on the quality of sea sediments, since no differences were remarked in the quality of sea sediments with respect to the reference point and with respect to the sediment concentration in depth.

Brick made from dredged silts was test produced in the context of a study. The physical and chemical properties of this prospective construction material have shown the positive characteristics.

## HUMAN RESOURCE MANAGEMENT

The trend towards a reduction in the total workforce of *Luka Koper Group* companies, registered in the last two years, stopped. With respect to the situation as of 30<sup>th</sup> September 2013 the number of employees increased by two percent in particular because of an intensive recruitment in Luka Koper.

Table 6: Number of employees in Luka Koper Group companies

Company	30 <sup>th</sup> Sept.2014	30 <sup>th</sup> Sept. 2013	31 <sup>st</sup> Dec. 2013	Index 30.9.2014/ 30.9.2013	Index 30.9.2014/ 31.12.2013
Luka Koper, d. d.	817	782	784	104	104
Luka Koper INPO, d. o. o.	161	171	168	94	96
Luka Koper Pristan, d. o. o.	4	4	4	100	100
Adria Terminali, d. o. o.	20	24	24	83	83
TOC, d. o. o.	3	2	2	150	150
<b>TOTAL*</b>	<b>1.005</b>	<b>983</b>	<b>982</b>	<b>102</b>	<b>102</b>

\* The comparision includes only those enterprises with employees which were – as of 30<sup>th</sup> September 2014- copnsolidated within the *Luka Koper Group* of companies.

In the first nine months of 2014, 47 recruitments were carried out, thereof 43 in *Luka Koper, d. d.* which is substantially up to the comparable period in 2013. The intensive internal reorganisation of services aiming to optimise work processes within *Luka Koper d.d.* was carried out in the first quarter of 2014. The recruitments were implemented to senior professional and management positions. Across the second and third quarter the intensive personnel recruitment for the most part pertained operations staff for the core processes of cargo handling and warehousing. The purpose of new recruitments is to satisfy the needs of assuring additional human ressources in relation to the planned throughput and the preseveration of the knowledge among employees, also at less valued posts resp. less demanding posts.

The number of departures due to the interruption of the employment relationship in the *Group* is slightly lower in comparison with the previous year. The number of departures due to the interruption of the employment relationship.

Employee churn rate in the *Group* is even lower than it was in 2013 due to the increased recruitment and lower number of departures.

Table 7: Recruitment, departures and churn rate in January - September 2014 and 2013

	No. of new employees		No. of departures		Churn rate (as %) *	
	Jan-Sep 2014	Jan-Sep 2013	Jan-Sep 2014	Jan-Sep 2013	Jan-Sep 2014	Jan-Sep 2013
Luka Koper, d. d.	43	12	10	15	1,2	1,9
Luka Koper Group	47	15	24	31	2,3	3,1

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

### Sick Leave

Sick leave among Luka Koper d.d. employees remains at the same level as previous year. Sick leave at the *Group* amounted to 5.1 percent of total working hours, whilst it stood at 4.9 percent at *Luka Koper, d. d.* .

### Occupational health and safety

Fifty-one work-related injuries were recorded between January and September 2014, equalling the number of injuries over the same period last year. A number of measures have been implemented with the aim of reducing work-related injuries. One of the most important tasks is the acquisition of a permit to provide expert services in the field of occupational health and safety at work.

The *Comprehensive Occupational Health and Safety Project* within *Luka Koper Group* aims to promote a healthy attitude to work, good working conditions as well as the physical and mental welfare of personnel. This project was upgraded through the final conference »Measurements of the lower back loading of *Luka Koper* employees«, undertaken by the *Scientific and Research Centre of the University of Primorska*. Further, the project comprehends the counselling in the purchase of machinery and equipment from the aspect of ergonomic requirements. The lectures entitled Cardio-vascular risks and diseases and Hydration at work were given. The external contractors are regularly informed about specific threats and risks from the safety and health at work. The harmonization of measures and actions to remove the incongruities as well as prevention from hazardous occurrences are carried out. The measurements of braking effect by decelerometer have been introduced at periodical inspections of machinery. The collection of video and photographic material is underway as supplement to the technological procedures in assessment of risks at posts.

### Personnel education

Employee education structure is constantly improving within the *Group*, notwithstanding the recruitments to the less qualified posts. The abovementioned results from the recruitment of highly professional human resources, successful conclusion of the part-time studies and a large number of age-related retirements at the lowest educational levels.

The trainings are orientated towards the attainment of the annual target, which is in average 16 education and training hours per *Luka Koper Group* employee. In the January – September period 2014 the average number of education and training hours provided per

*LK Group* employee amounted to 15,1 whilst this figure stood at 16,8 hours for *Luka Koper, d. d.*, personnel, which means that the target was exceeded. In relation to the newly-created *Logistics Personnel Competence Development Centre, Luka Koper d.d.* and *Adria Terminali d.o.o.* have the possibility to draw EU project funds for education and training programmes aimed at typical employee profiles. Eighty percent of all educational programmes are organised internally, while *Luka Koper, d. d.*, finances the part-time studies of eighteen of its employees on the basis of contract. 74 percent of employees were included in the functional training.

Employees enjoy a variety of forms of career development as a consequence of intensified internal mobility within *Luka Koper d.d.*, aimed to optimize the work processes. Internal mobility of *Luka Koper Group* personnel increased from year-on twenty-three percent to twenty-eight percent. The base of human resources potentials was examined and reintroduced in *Luka Koper d.d.* The Rules and Regulations on measures for protecting the dignity of employees has been adopted.

## COMMITMENT TO THE COMMUNITY

Although mindful of its role as one of the most important local and regional protagonists of economic development, *Luka Koper* is also fully aware that the port is merely a guest in the environment in which it operates. Already a number of years *Luka Koper d.d.* takes care for the improvement of the life quality, cooperates with educational and research institutions-, supporting sport humanitarian and environmental activities. The interested public is informed at the corporate website [www.luka-kp.si](http://www.luka-kp.si), website [www.zivetispristaniscem.si](http://www.zivetispristaniscem.si), at facebook profile, with publication of videos on Youtube, *Luka Koper d.d.* also has an open communication with media.

In the first nine months of 2014 *Luka Koper d.d.* disbursed almost 0.8 million euros in charitable and such funding. Major proportion represent the obligations arising from multi-annual contracts, and fifty thousand euros were disbursed from the Living with the Port fund.

As a socially committed enterprise, *Luka Koper* became actively involved in putting right the severe damage caused by the tempest which affected large part of Slovenia in February. *Luka Koper* has established constructive cooperation with the local community. Wishing to contribute to the revitalization of the town of Koper and to take active part in the events, *Luka Koper d.d.* affiliated the Institute for a sustainable development of the town of Koper »Koper Otok«, aimed to unify and link the shop keepers, restaurateurs and other entrepreneurs in the town. We joined the Project Koper Card, introduced by the Tourist Organization. By purchasing the tourist card the visitors of Koper may visit numerous monuments, on Saturdays also the Port of Koper and can benefit several discounts and reductions when visiting some shops and restaurants. At Open Port Day, which was organised for the eighth consecutive time last May, the public had the opportunity to visit the Port. During two-day event, almost 3.200 visitors visited the Port.

The European Sea Port Organisation, which awards every year the environmently most sustainable port, shortlisted *Luka Koper, d. d.*, among five best ports, thus acknowledging our efforts for the reduction of negative impacts of the port's activities on its surroundings. The local population, however, still considers the port to be a major source of pollution but approves *Luka Koper's* commitment to environmental protection.

However, according to the survey, more than seventy-four percent of respondents support port development as planned in the National Spatial Plan..

## FINANCIAL REPORT

### CONSOLIDATED FINANCIAL STATEMENTS OF LUKA KOPER GROUP

Table 8: Income Statement of Luka Koper Group

(in euro)	Jan – Sep 2014	Jan – Sep 2013
Operating revenues	119.425.462	107.111.602
Other revenues	3.009.025	2.250.651
Material costs	10.036.108	8.471.915
Service costs	29.863.127	29.941.672
Labour costs	30.838.131	29.475.067
Value write-offs	20.529.949	21.508.056
Other operating expenses	4.850.091	5.503.212
<b>OPERATING PROFIT</b>	<b>26.317.081</b>	<b>14.462.331</b>
Financial revenues from profit participation	1.613.791	1.109.316
Financial revenues from loans granted	94.229	98.228
Financial revenues from operating receivables	150.272	150.225
Financial expenses from financial investments	66.992	773.249
Financial expenses from financial liabilities	2.952.442	3.279.742
Financial expenses from operating liabilities	16.293	117.951
<b>Financial gain (loss)</b>	<b>-1.177.435</b>	<b>-2.813.173</b>
<b>Pre-tax profit</b>	<b>25.139.646</b>	<b>11.649.158</b>
Corporation tax	3.186.099	512.916
Deferred taxes	135.170	-1.177.042
<b>Net profit from ordinary activities</b>	<b>21.818.377</b>	<b>12.313.284</b>
<b>Net profit – majority shareholders</b>	<b>21.809.356</b>	<b>12.306.652</b>
<b>Net profit – minority shareholders</b>	<b>9.021</b>	<b>6.632</b>
<b>Net earnings per share: basic and diluted</b>	<b>1,56</b>	<b>0,88</b>

Table 9: Comprehensive Income Statement of Luka Koper Group

<b>(in euro)</b>	<b>Jan – Sep 2014</b>	<b>Jan – Sep 2013</b>
<b>Net profit for the period</b>	<b>21.818.377</b>	<b>12.313.284</b>
Changes in surplus from revaluation of financial assets available for sale	2.989.161	2.065.993
Deferred tax on revaluation of financial assets available for sale	-508.157	
Change in fair value of hedging instruments	-946.907	1.264.459
Deferred tax on change in value of hedging instruments	160.974	-113.262
Other comprehensive income	-	-
Total comprehensive income to be recognised in the Income Statement	1.695.071	<b>3.217.190</b>
<b>Total comprehensive income for the period</b>	<b>23.513.448</b>	<b>15.530.474</b>
<b>Total comprehensive income for the period – controlling shareholder</b>	<b>23.504.427</b>	<b>15.523.842</b>
<b>Total comprehensive income for the period – non-controlling shareholders</b>	<b>9.021</b>	<b>6.632</b>

Table 10: Statement of Financial Position of Luka Koper Group

(in euro)	30 <sup>th</sup> Sep.2013	31 <sup>st</sup> Dec. 2013
<b>ASSETS</b>		
Real-estate , plant and equipment	330.550.776	329.446.468
Real-estate investments	17.015.448	14.381.228
Intangible assets and long-term deferred costs	5.182.914	5.591.405
Non-current financial investments	47.846.568	44.697.605
Loans granted	1.472.735	1.548.089
Non-current financial investments	5.681	6.088
Deferred tax assets	6.899.677	7.382.031
<b>Non-current assets</b>	<b>408.973.799</b>	<b>403.052.914</b>
Assets (disposal group) held for sale	9.648.739	9.575.707
Inventories	279.580	-
Financial investments and loans granted	11.017	735.800
Operating receivables	26.353.953	25.295.670
Cash and cash equivalents	14.049.612	3.153.730
<b>Current assets</b>	<b>50.342.901</b>	<b>38.760.907</b>
<b>Deferred costs and accrued revenues</b>	<b>2.594.903</b>	<b>1.744.742</b>
<b>TOTAL ASSETS</b>	<b>461.911.603</b>	<b>443.558.563</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	58.420.965	58.420.965
Capital reserves	89.562.703	89.562.703
Revenue reserves	81.098.349	81.098.351
Revaluation surplus	10.920.107	9.225.036
Retained net profit	18.412.829	15.325.515
Net profit for the financial year	21.809.356	5.434.335
<b>Equity – controlling shareholder</b>	<b>280.224.309</b>	<b>259.066.905</b>
<b>Equity – non-controlling shareholder</b>	<b>146.255</b>	<b>137.234</b>
<b>Provisions and long-term accruals</b>	<b>15.842.009</b>	<b>14.819.654</b>
Loans	120.180.555	136.972.581
Other financial liabilities	1.755.377	1.099.393
Non-current operating liabilities	121.363	95.541
<b>Non-current liabilities</b>	<b>122.057.295</b>	<b>138.167.515</b>
Liabilities (disposal group) held for sale	221.014	80.377
Loans	16.887.208	15.211.280
Other financial liabilities	403.829	467.398
Corporation tax liabilities	-	368.300
Other current liabilities	21.191.230	13.117.243
<b>Current liabilities</b>	<b>38.703.281</b>	<b>29.244.598</b>
<b>Accrued costs and deferred revenues</b>	<b>4.938.455</b>	<b>2.122.657</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>461.911.603</b>	<b>443.558.563</b>

Table 11: Cash Flow Statement of Luka Koper Group

(in euro)	Jan – Sep 2014	Jan –Sep 2013
<b>Cash flows from operating activities</b>		
Net profit for the period	21.818.377	12.313.284
<b>Adjustments for:</b>		
Amortisation:	20.449.985	21.097.110
Valeue write-offs and losses from the sale of real-estate, plant, equipment and real-estate investments	76.412	737
Profit from the sale of real-estate, plant, intangibile assets and real-estate investments	-55.285	16.484
Allowance for receivables	3.552	312.480
Financial revenues	-1.858.292	-1.356.485
Financial expenses	3.035.727	4.170.937
Corporation tax and revenues (expenses) from deferred taxes	3.321.269	-664.126
<b>Operating profit before changes in net current assets and taxes</b>	<b>46.791.745</b>	<b>35.890.421</b>
<b>Change in net current assets and provisions</b>		
Change in operating receivables	-1.061.428	-686.584
Change in inventories	-279.580	-
Change in deferred costs and accrued revenues	-850.161	-1.169.452
Change in operating liabilities	7.849.364	-1.211.436
Change in provisions	1.022.355	1.562.600
Change in accrued costs and deferred revenues	2.815.798	2.616.663
Corporation tax	-3.186.099	-361.683
<b>Cash inflows (outflows) from operating activities</b>	<b>53.101.994</b>	<b>36.640.529</b>
<b>Cash flows from investments</b>		
Interests received	244.501	247.169
Dividends received	933.651	709.790
Proceeds from sale of real estater, palnt and equipment and intangible assets	59.976	2.341
Proceeds from sale of investment real-estate	-	-
Proceeds from sale and reduction of financial investments and loans granted	815.367	3.051.784
Acquisition of real estate, plant and equipment, and intangible assets	-23.779.871	-10.447.934
Proceeds from sale of real-estate investments	-	-
Acquisition of financial investments and increase of loans granted	-15.042	-1.187.842
<b>Cash inflows (outflows) from investments</b>	<b>-21.741.418</b>	<b>-7.624.692</b>
<b>Cash flows from financing activities</b>		
Interest paid	-2.968.735	-3.397.688
Proceeds from non-current loans received		8.398.343
Proceeds from current loans received	280.000	4.772.601
Expenses from repayment of non-current loans	-15.228.938	-32.534.228
Expenses from repayment of current loans	-200.000	-3.848.671
Change in equity	-107.021	31.843
Dividend paid	-2.240.000	-2.380.000
<b>Cash inflows (outflows) from financiing activities</b>	<b>-20.464.694</b>	<b>-28.957.800</b>
<b>Opening balance of cash and cash equivalents</b>	<b>3.153.730</b>	<b>1.608.345</b>

<b>Financial gain (loss) for the period</b>	<b>10.895.882</b>	<b>58.037</b>
<b>Closing balance of cash and cash equivalents</b>	<b>14.049.612</b>	<b>1.666.382</b>

Table 12: Statement of Changes in Equity of Luka Koper Group, 2014

(in euros)	Share capital	Capital reserves	Legal reserves	Other revenue reserves	Retained net profit	Net profit for the year	Revaluation surplus	Equity of controlling shareholders	Equity of non-controlling shareholders	Totalj equity
<b>Closing balance as of 31<sup>st</sup> December 2013</b>	<b>58.420.965</b>	<b>89.562.703</b>	<b>18.765.115</b>	<b>62.333.234</b>	<b>15.325.515</b>	<b>5.434.335</b>	<b>9.225.036</b>	<b>259.066.903</b>	<b>137.234</b>	<b>259.204.137</b>
<b>Opening balance as of 1<sup>st</sup> January 2014</b>	<b>58.420.965</b>	<b>89.562.703</b>	<b>18.765.115</b>	<b>62.333.234</b>	<b>15.325.515</b>	<b>5.434.335</b>	<b>9.225.036</b>	<b>259.066.903</b>	<b>137.234</b>	<b>259.204.137</b>
<b>Change of equity – transactions with shareholders</b>										
Dividend reimbursement	-	-	-	-	-2.240.000	-	-	-2.240.000	-	-2.240.000
Other changes of equity	-	-	-	-	-107.021	-	-	-107.021	-	-107.021
	-	-	-	-	-2.347.021	-	-	-2.347.021	-	-2.347.021
<b>Total comprehensive income for the period</b>										
Net profit for the reporting period	-	-	-	-	-	21.809.356	-	21.809.356	9.021	21.818.377
Change in surplus from financial investments revaluation reduced by tax	-	-	-	-	-	-	2.481.004	2.481.004	-	2.481.004
Change in fair value of hedging instruments reduced by tax	-	-	-	-	-	-	-785.933	-785.933	-	-785.933
	-	-	-	-	-	21.809.356	3.217.190	23.504.427	9.021	23.513.448
<b>Changes in equity</b>										
Allocation of the remaining portion of net profit for the period to other components of equity	-	-	-	-	5.434.335	-5.434.335	-	-	-	-
	-	-	-	-	5.434.335	-5.434.335	-	-	-	-
<b>Closing balance as of 30<sup>th</sup> September 2014</b>	<b>58.420.965</b>	<b>89.562.703</b>	<b>18.765.115</b>	<b>62.333.234</b>	<b>18.412.829</b>	<b>21.809.356</b>	<b>10.920.107</b>	<b>280.224.309</b>	<b>146.255</b>	<b>280.370.564</b>

Table 13: Statement of changes in Equity of Luka Koper Group, 2013

(in euro)	Share capital	Capital reserves	Legal reserves	Other revenue reserves	Retained net profit	Net profit for the year	Revaluation surplus	Equity of controlling shareholders	Equity of non-controlling shareholders	Total equity
<b>Closing balance as of 31<sup>st</sup> December 2012</b>	<b>58.420.965</b>	<b>89.562.703</b>	<b>18.877.761</b>	<b>60.027.111</b>	<b>10.845.942</b>	<b>6.715.086</b>	<b>4.750.559</b>	<b>249.200.127</b>	<b>128.192</b>	<b>249.328.319</b>
<b>Opening balance as of 1<sup>st</sup> January 2013</b>	<b>58.420.965</b>	<b>89.562.703</b>	<b>18.877.761</b>	<b>60.027.111</b>	<b>10.845.942</b>	<b>6.715.086</b>	<b>4.750.559</b>	<b>249.200.127</b>	<b>128.192</b>	<b>249.328.319</b>
<b>Change of equity – transactions with shareholders</b>										
Dividend reimbursement	-	-	-	-	-2.380.000	-	-	<b>-2.380.000</b>	-	<b>-2.380.000</b>
Other changes of equity	-	-	-	-	31.843	-	-	<b>31.843</b>	-	<b>31.843</b>
	-	-	-	-	-2.348.157	-	-	<b>-2.348.157</b>	-	<b>-2.348.157</b>
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	-			
Net profit for the reporting period	-	-	-	-	-	12.306.652	-	<b>12.306.652</b>	6.632	<b>12.313.284</b>
Change in surplus from financial investments revaluation reduced by tax	-	-	-	-	-	-	2.097.538	<b>2.097.538</b>	-	<b>2.097.538</b>
Change in fair value of hedging instruments reduced by tax	-	-	-	-	-	-	1.119.651	<b>1.119.651</b>	-	<b>1.119.651</b>
	-	-	-	-	-	<b>12.306.652</b>	<b>3.217.190</b>	<b>15.523.842</b>	<b>6.632</b>	<b>15.530.474</b>
<b>Changes in equity</b>										
Allocation of the remaining portion of net profit to other components of equity	-	-	-	-	6.715.086	-6.715.086	-	-	-	-
Other changes in equity	-	-	-112.646	-	112.646	-	-	-	-	-
	-	-	<b>-112.646</b>	-	<b>6.827.732</b>	<b>-6.715.086</b>	-	-	-	-
<b>Closing balance as of 30<sup>th</sup> September 2013</b>	<b>58.420.965</b>	<b>89.562.703</b>	<b>18.765.115</b>	<b>60.027.111</b>	<b>15.325.517</b>	<b>12.306.652</b>	<b>7.967.749</b>	<b>262.375.812</b>	<b>134.824</b>	<b>262.510.636</b>

## NOTES TO THE FINANCIAL STATEMENTS OF LUKA KOPER GROUP

The interim financial statements of *Luka Koper Group* for the January to September 2014 period, i.e. as at 30<sup>th</sup> September 2014, encompass the financial statements of the parent company, *Luka Koper d.d.*, as well as the statements of its subsidiary enterprises, together with the interim attributable profits and losses of associated and jointly controlled companies..

### Statement of compliance

The interim performance report is drawn up in compliance with the International Accounting Standards 34 – Interim Financial Reporting. These financial statements have been compiled in accordance with the Companies Act RS as well as International Reporting Standards (IRS) as adopted by the International Accounting Standards Board (IASB).

### Basis for the compilation of financial statements

The financial statements have been compiled in euros (EUR), rounded to the nearest unit. Through them, Luka Koper Group wishes to provide the broadest sphere of users information in relation to its performance in the January – September 2014 period, in comparison with a year previously, together with the company's financial standing as of 30<sup>th</sup> September 2014, in comparison with 31<sup>st</sup> December 2013.

The non-audited financial statements of the *Luka Koper Group* as of 30<sup>th</sup> June 2014 are compiled in accordance with the same accounting policies and principles that were applicable in 2013.

### Assets (disposal group) held for sale

In April 2013, *Luka Koper d.d.* reclassified its holding in *Luka Koper Pristand.o.o.* as an asset held for sale, a measure which affects the *Luka Koper Group's* Consolidated Financial Statements. In the Statement of Financial Position as at 30<sup>th</sup> September 2014, the net assets of *Luka Koper Pristand.o.o.* are disclosed under assets held for sale, whilst the company's liabilities are disclosed under liabilities held for disposal. *Luka Koper Pristan's* net profit is fully disclosed in the Consolidated Income Statement and not under a separate item of net profit of discontinued operations due to the fact that this company's operations do not fall within the *Luka Koper Group's* core activities.

Likewise were adjusted the comparable data in the consolidated profit-and-loss account for January – September 2013 period.

Reclassification of assets and liabilities of Luka Koper Pristan d.o.o to assets held for sale as of 30<sup>th</sup> September 2014

(in euro)	<b>30.9.2014</b>
<b>ASSETS</b>	
Real-estate, plant and equipment	1.524.469
Deferred tax liabilities	28.378
<b>Non-current assets</b>	<b>1.552.847</b>
Assets (disposal group) held for sale	2.089
Operating receivables	86.761
Cash and cash equivalents	11.898
<b>Current assets</b>	<b>100.748</b>
<b>Deferred costs and accrued revenues</b>	<b>30.195</b>
<b>TOTAL ASSETS</b>	<b>1.683.790</b>
<b>LIABILITIES</b>	
<b>Provisions and long-term accruals</b>	<b>3.936</b>
Non-current operating liabilities	2.140
<b>Non-current liabilities</b>	<b>2.140</b>
Other current liabilities	203.653
<b>Current liabilities</b>	<b>203.653</b>
<b>Accrued costs and deferred revenues</b>	<b>11.285</b>
<b>TOTAL LIABILITIES</b>	<b>221.014</b>

As of 30<sup>th</sup> September 2014, *Luka Koper Group* assets held for sale in relation to *Luka Koper Pristan*, d.o.o., amounted to 1.683.790 euros, whilst its liabilities held for disposal amounted to 221.014 euros.

## Additional Notes to the Income Statement

### Operating revenues

(in euros)	January - September 2014	January - September 2013
Net sales revenues on the domestic market from:	37.209.122	35.801.324
- services	36.303.527	34.720.680
- goods and materials	14.857	46.235
- rentals	890.738	1.034.409
Net sales revenues on foreign markets from:	82.210.491	71.310.278
- services	82.088.782	71.161.234
- rentals	121.709	149.044
Capitalised own products and own services	5.849	-
<b>Total operating revenues</b>	<b>119.425.462</b>	<b>107.111.602</b>

### Other revenues

(in euros)	January - September 2014	January - September 2013
Reversal of provisions	750.219	493
Subventions, grants and similar revenues	1.628.136	2.128.546
Revaluation of operating revenues	55.285	16.484
Other revenues	575.385	105.128
<b>Total other revenues</b>	<b>3.009.025</b>	<b>2.250.651</b>

In the first nine months of 2014, the Group shows other revenues in the amount of 3.009.025 euros, whereof 750.219 euros from reversal of provision on the basis of the judgement of the High Labour and Social Court which rejected the claim in the labour dispute.

**Material costs**

(in euros)	January - September 2014	January - September 2013
Material costs	814	6.158
Costs of auxiliary materials	1.798.994	2.903.529
Costs of spare parts and maintenance material	2.679.661	2.576
Energy costs	5.186.038	5.155.967
Costs of office supplies	105.473	108.526
Other material costs	265.128	295.159
<b>Total material costs</b>	<b>10.036.108</b>	<b>8.471.915</b>

**Service costs**

(in euros)	January - September 2014	Januar - September 2013
Costs in the provision of services	15.167.816	14.510.116
Transportation costs	211.014	111.594
Maintenance costs	3.165.670	5.167.145
Rentals	474.382	575.084
Reimbursement of costs associated with labour	244.894	257.045
Costs of payment processing and insurance premium	388.941	396.422
Costs of intellectual and personal services	726.818	774.220
Costs of trade fairs, advertising and hospitality	836.706	802.091
Costs of services rendered by natural persons	273.892	200.129
Other service costs	8.372.994	7.147.826
<b>Total service costs</b>	<b>29.863.127</b>	<b>29.941.672</b>

In 2014 the accounting of maintenance costs within *Luka Koper d.d.* was altered due to an upgrade of the SAP information system. Henceforth, the costs of maintenance services only disclose the costs of external service providers, whilst the materials used to this end are disclosed under material costs, or, more precisely, under costs of spare parts and maintenance material.

The major part of costs of other services are IT support costs in the amount of 2 million euros and the concession fee in the amount of 4 million euros.

**Labour costs**

(in euros)	January - September 2014	January - September 2013
Costs of salaries	23.440.433	22.268.671
Social insurance costs	4.863.672	4.749.626
Other labour costs	2.534.026	2.456.770
<b>Total labour costs</b>	<b>30.838.131</b>	<b>29.475.067</b>

**Value write-offs**

(in euros)	January - September 2014	January - September 2013
Amortisation of real estate, plant and equipment	19.939.477	20.651.475
Amortisation of real-estate investments	47.945	93.087
Amortisation of intangible non-current assets	462.563	430.423
Revaluation operating expenses from real estate, plant and equipment	76.412	737
Revaluation operating expenses from current assets	3.552	332.334
<b>Total value write-offs</b>	<b>20.529.949</b>	<b>21.508.056</b>

**Other operating expenses**

(in euros)	January - September 2014	January - September 2013
Provisions	307.523	1.080.468
Other costs and expenses	4.542.568	4.422.744
Charges unrelated to labour costs and other costs	4.144.331	4.071.198
Environmental protection charges	42.314	45.195
Awards to apprentice and interns	6.949	4.887
Scholarships awarded to students	-	2.100
Other costs and expenses	348.974	299.364
<b>Total other operating expenses</b>	<b>4.850.091</b>	<b>5.503.212</b>

In the first nine months 2014, the *Group* company formed 307.523 euros in provisions to cover losses from litigations and claims for damages, on the basis of the labour dispute because of unlawful dismissal.

**Financial revenues**

<b>(in euros)</b>	<b>January - September 2014</b>	<b>January - September 2013</b>
Financial revenues from profit participation	1.613.791	1.109.316
Financial revenues from loans granted	94.229	98.228
Financial revenues from operating receivables and foreign exchange gains	150.272	150.225
<b>Total financial revenues</b>	<b>1.858.292</b>	<b>1.357.769</b>

Financial revenues from profit participation in the associated companies represent the recognised results in the associated companies under the equity method and reimbursed dividends of other companies. The results of associated companies amount to 680.140 euros: the company Adria transport, d. o. o., in the amount of 388.473 euros, the company Adria tow, d. o. o., in the amount of 190.065 euros, the company Adria fin, d. o. o. in the amount of 60.605 euros and the company Avtoservis, d. o. o. in the amount of 40.997 euros.

<b>Financial expenses(in euro)</b>	<b>January - September 2014</b>	<b>January - September 2013</b>
Financial expense from financial investments	66.992	773.249
Financial expenses from financial liabilities	2.952.442	3.279.742
Financial expenses from operating liabilities and foreign exchange losses	16.293	117.951
<b>Total financial expenses</b>	<b>3.035.727</b>	<b>4.170.942</b>

**Operating profit for the period**

<b>(in euro)</b>	<b>January - September 2014</b>	<b>January - September 2013</b>
<b>Pre-tax profit</b>	<b>25.139.646</b>	<b>11.649.158</b>
Corporation tax	3.186.099	512.916
Deferred tax	135.170	-1.177.042
<b>Net profit for the period</b>	<b>21.818.377</b>	<b>12.313.284</b>
<b>Net earnings per share</b>	<b>1,56</b>	<b>0,88</b>

**Additional notes to the Statement of Financial Position****Real estate, plant and equipment, real-estate investments and intangible fixed assets**

<b>(in euros)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
<b>Real estate, plant and equipment</b>	<b>330.550.776</b>	<b>329.446.468</b>
Land and buildings	235.097.585	239.723.124
Land	9.649.649	9.612.708
Buildings	225.447.936	230.110.416
Plant and machinery	60.885.632	65.766.265
Other plant and equipment	3.053.015	2.684.283
Real-estate, plant and equipment under acquisition	31.514.544	21.272.796
<b>Real-estate investments</b>	<b>17.015.448</b>	<b>14.381.228</b>
<b>Intangible fixed assets and long-term deferred costs</b>	<b>5.182.914</b>	<b>5.591.405</b>

**Non-current financial investments and non-current loans granted**

<b>(in euros)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
<b>Non-current financial investments</b>	<b>47.846.568</b>	<b>44.697.605</b>
Stocks and holdings in associated enterprises	11.886.431	11.435.706
Other stocks and holdings	35.960.137	33.261.899
<b>Non-current loans granted</b>	<b>1.472.735</b>	<b>1.548.089</b>
Loans granted to others	1.472.735	1.548.089

**Assets held for sale**

<b>(in euro)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
Real-estate, plant and equipment held for sale	4.616.548	6.262.853
Other non-current assets held for sale	5.032.191	3.312.854
<b>Total assets held for sale</b>	<b>9.648.739</b>	<b>9.575.707</b>

**Inventories**

<b>(in euro)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
Material inventories	279.580	-
<b>Total inventories</b>	<b>279.580</b>	<b>-</b>

In 2014, *Luka Koper d.d.* included inventories of materials and spare parts item in its accounts. Inventories are accounted in the SAP system according to average weighted prices.

**Current loans granted**

<b>(in euros)</b>	<b>30th Sep2014</b>	<b>31.12.2013</b>
Loans granted to others	2.012	112.164
Deposits in banks and other financial institutions	9.005	623.636
<b>Total current loans granted</b>	<b>11.017</b>	<b>735.800</b>

**Current operating receivables, and deferred costs and accrued revenues**

<b>(in euros)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
<b>Current operating receivables</b>	<b>26.353.953</b>	<b>25.295.670</b>
Operating receivables from associated companies	232.759	229.471
Trade receivables	22.822.040	21.933.398
Operating receivables from others	3.299.154	3.132.801
<b>Deferred costs and accrued revenues</b>	<b>2.594.903</b>	<b>1.744.742</b>

**Equity**

<b>(in euro)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
Share capital	58.420.965	58.420.965
Capital reserves	89.562.703	89.562.703
Other revenues reserves	81.098.349	81.098.351
Legal reserve	18.765.115	18.765.117
Other revenues reserves	62.333.234	62.333.234
Revaluation surplus	10.920.107	9.225.036
Retained net profit	18.412.829	15.325.515
Net profit for the financial year	21.809.356	5.434.335
<b>Total equity of controlling shareholders</b>	<b>280.224.309</b>	<b>259.066.905</b>
<b>Equity of non-controlling shareholders</b>	<b>146.255</b>	<b>137.234</b>

**Provisions**

<b>(in euros)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
Provisions for pensions and similar liabilities	926.918	1.014.296
Provisions for lawsuits	2.238.891	3.077.543
Other provisions	355.370	231.621
Long-term accruals	12.320.830	10.496.194
<b>Total provisions</b>	<b>15.842.009</b>	<b>14.819.654</b>

At the end of the third quarter is shown a significant increase in the amount of 1.824.636 euros of long-term accruals in comparison to 31<sup>st</sup> december 2014. A major part of this rise is due to the formation of the long-term accruals from surplus of revenues over expenses generated by the public utility company.

**Non-current liabilities**

<b>(in euros)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
Loans	120.180.555	136.972.581
Other financial liabilities	1.755.377	1.099.393
Non-current operating liabilities	121.363	95.541
<b>Total non-current liabilities</b>	<b>122.057.295</b>	<b>138.167.515</b>

**Current liabilities, and accrued costs and deferred revenues**

<b>(in euro)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
<b>Current liabilities</b>	<b>38.703.281</b>	<b>29.244.598</b>
Liabilities (disposal group) held for sale	221.014	80.377
Loans	16.887.208	15.211.280
Other financial liabilities	403.829	467.398
Other financial liabilities	21.191.230	13.485.543
<b>Accrued costs and deferred revenues</b>	<b>4.938.455</b>	<b>2.122.657</b>

Liabilities held for disposal include the liabilities of *Luka Koper Pristan d.o.o.*, a Luka Koper subsidiary held for sale.

**Off-balance-sheet assets and liabilities**

<b>(in euro)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
Granted sureties	6.309.256	6.309.256
Granted warranties and sureties	8.690.038	8.968.473
Contingent claims from lawsuits	37.306.115	37.306.115
Other contingent liabilities	136.354	128.776
<b>Total contingent assets</b>	<b>52.441.763</b>	<b>52.712.620</b>
Letters of credit	-	608.000
Granted warranties and sureties	1.687.526	1.687.526
Issued sureties	18.097.291	18.097.291
Contingent liabilities from lawsuits	19.918.825	8.330.213
<b>Total contingent liabilities</b>	<b>39.703.642</b>	<b>28.723.030</b>
<b>Hedge accounting for interest rate swap</b>	<b>65.000.000</b>	<b>65.000.000</b>
<b>Total</b>	<b>157.145.405</b>	<b>146.435.650</b>

A major part of the increase of the off-balance-sheet assets and liabilities in comparison to the same period of 2013 are the increased off-balance-sheet liabilities for lawsuits in the amount of 11.588.612 euros.

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

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

<b>(in euro)</b>	<b>1 – 9 2014</b>	<b>1 – 9 2013</b>
Operating revenues	112.488.166	101.552.221
Other revenues	1.470.220	499.542
Material costs	9.438.792	7.773.617
Service costs	29.589.096	30.545.673
Labour costs	26.740.039	25.292.820
Value write-offs	19.503.150	20.158.015
Other operating expenses	4.889.346	5.500.996
<b>Operating profit</b>	<b>23.797.961</b>	<b>12.780.642</b>
Financial revenues from profit participation	1.660.299	1.557.522
Financial revenues from loans granted	83.964	78.237
Financial revenues from operating receivables	143.855	145.769
Financial expenses from financial investments	62.577	744.995
Financial expenses from financial liabilities	3.094.248	3.424.827
Financial expenses from operating liabilities	15.702	117.670
<b>Financial (gain) loss</b>	<b>-1.284.410</b>	<b>-2.505.964</b>
<b>Pre-tax profit</b>	<b>22.513.551</b>	<b>10.274.678</b>
Corporation tax	2.782.052	190.513
Deferred taxes	131.927	-1.179.134
<b>Net profit for the period</b>	<b>19.599.572</b>	<b>11.263.299</b>
<b>Net earnings per share: basic and diluted</b>	<b>1,40</b>	<b>0,80</b>

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

<b>(in euro)</b>	<b>1 - 9 2014</b>	<b>1 - 9 2013</b>
<b>Net profit for the period</b>	<b>19.599.572</b>	<b>11.263.299</b>
Change in surplus from revaluation of financial assets held for sale	2.989.161	2.065.993
Deferred tax on revaluation of financial assets held for sale	-508.157	31.545
Change in fair value of hedging instruments	-946.907	1.264.458
Deferred tax on change in fair value of hedging instruments	160.974	-144.807
Total other comprehensive income to be recognised in the income statement	1.695.071	3.217.189
<b>Other comprehensive income</b>	<b>1.695.071</b>	<b>3.217.189</b>
<b>Totla comprehensive income for the period</b>	<b>21.294.643</b>	<b>14.480.488</b>

Table 16: Statement of Financial Position of *Luka Koper, d.d.*

<b>(in euro)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
<b>ASSETS</b>		
Real-estate, plant and equipment	315.155.587	315.025.705
Real-estate investments	27.336.878	23.638.779
Intangible assets and deferred costs and accrued revenues	4.714.829	5.085.761
Non-current financial investments	45.240.134	42.541.896
Loans granted	1.309.209	1.384.563
Non-current operating receivables	5.681	6.088
Deferred tax assets	7.249.631	7.728.741
<b>Non-current assets</b>	<b>401.011.949</b>	<b>395.411.533</b>
Assets (disposal group) held for sale	8.178.862	8.233.179
Inventories	279.580	-
Financial investments and loans granted	316.830	534.983
Operating receivables	24.189.938	24.093.394
Cash and cash equivalents	11.601.094	895.323
<b>Current assets</b>	<b>44.566.304</b>	<b>33.756.879</b>
<b>Deferred costs and accrued revenues</b>	<b>2.539.022</b>	<b>1.741.728</b>
<b>TOTAL ASSETS</b>	<b>448.117.274</b>	<b>430.910.140</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	58.420.965	58.420.965
Capital reserves	89.562.703	89.562.703
Revenue reserves	81.098.349	81.098.349
Revaluation surplus	10.912.009	9.216.938
Retained net profit	1.374.740	1.415.638
Net profit for the financial year	19.599.572	2.306.123
<b>Equity</b>	<b>260.968.338</b>	<b>242.020.716</b>
<b>Provisions and long-term accruals</b>	<b>11.928.686</b>	<b>10.354.268</b>
Loans	130.352.135	147.223.161
Other financial liabilities	1.644.470	988.486
Non-current operating liabilities	70.410	60.090
<b>Non-current liabilities</b>	<b>132.067.015</b>	<b>148.271.737</b>
Loans	18.887.208	15.211.280
Other financial liabilities	403.418	466.845
Other current liabilities	19.374.159	12.751.481
<b>Current liabilities</b>	<b>38.664.785</b>	<b>28.429.606</b>
<b>Accrued costs and deferred revenues</b>	<b>4.488.451</b>	<b>1.833.813</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>448.117.274</b>	<b>430.910.140</b>

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

(in euro)	1 – 9 2014	1 – 9 2013
<b>Cash flow from operating activities</b>		
Net profit for the period	19.599.572	11.263.299
<b>Adjustments for:</b>		
Amortisationa	19.426.738	20.027.143
Value write-offs and losses from the sale of real-estate, plant, equipment and real-estate investments	76.412	430
Profit from the sale of real-estate, plant, equipment, intangible assets and real-estate investments	-	-8.936
Bad receivables allowance	-51.185	130.442
Financial revenues	-1.888.117	-1.781.528
Financial expenses	3.172.527	4.287.492
Corporation tax and revenues (expenses) from deferred taxes	2.913.980	-988.621
<b>Operating profit before change in current assets and taxes</b>	<b>43.249.926</b>	<b>32.929.721</b>
<b>Change in non-current assets and provisions</b>		
Change in operating receivables	-44.952	-853.374
Change in inventories	-279.580	-
Change in deferred costs and accrued revenues	-797.294	-1.124.543
Change in operating liabilities	6.431.431	-978.311
Change in provisions	1.574.418	2.290.879
Change in accrued costs and deferred revenues	2.654.638	2.578.306
Corporation tax	-2.782.052	-
<b>Cash inflows (outflows) from operating activities</b>	<b>50.006.536</b>	<b>34.842.678</b>
<b>Cash flows from investments</b>		
Interest received	227.818	224.006
Dividends received	1.660.299	1.557.522
Proceeds from sale of real-estate, plant and equipment and intangible assets	55.876	430
Proceeds from sale of real-estate investments	-	-
Proceeds from sale and reduction of financial investments and loans granted	324.236	3.042.634
Acquisition of real-estate, plant and equipment and intangible assets	-22.789.394	-10.290.449
Acquisition of real-estate investments	-	-
Acquisition of financial investments and increase of loans granted	-42.000	-35.246
<b>Cash inflows (outflows) from investments</b>	<b>-20.563.164</b>	<b>-5.501.103</b>
<b>Cash flows from financing activities</b>		
Interest paid	-3.109.950	-3.542.497
Proceeds from non-current loans received		8.398.343
Proceeds from current loans received	2.280.000	4.772.601
Expenses from repayment of non-current loans	-15.307.938	-32.534.228
Expenses from repayment of current loans	-252.691	-3.848.671
Change in equity	-107.021	31.843
Dividends paid	-2.240.000	-2.380.000
<b>Cash inflows (outflows) from financing activities</b>	<b>-18.737.601</b>	<b>-29.102.609</b>
<b>Opening balance of cash and cash equivalents</b>	<b>895.323</b>	<b>629.077</b>

<b>Cash flow for the period</b>	<b>10.705.771</b>	<b>238.966</b>
<b>Closing balance of cash and cash equivalents</b>	<b>11.601.094</b>	<b>868.043</b>

Tabela 18: Statement of Changes in Equity of *Luka Koper d.d.*, 2014

(in euro)	Share capital	Capital reserves	Legal reserve	Other revenue reserves	Retained net profit	Net profit for the year	Revaluation surplus	Total equity
<b>Closing balance as of 31<sup>st</sup> December 2013</b>	<b>58.420.965</b>	<b>89.562.703</b>	<b>18.765.115</b>	<b>62.333.234</b>	<b>1.415.638</b>	<b>2.306.123</b>	<b>9.216.938</b>	<b>242.020.716</b>
<b>Opening balance as of 1<sup>st</sup> January 2014</b>	<b>58.420.965</b>	<b>89.562.703</b>	<b>18.765.115</b>	<b>62.333.234</b>	<b>1.415.638</b>	<b>2.306.123</b>	<b>9.216.938</b>	<b>242.020.716</b>
<b>Change of equity –transactions with shareholders</b>								
Dividend reimbursements					-2.240.000			<b>-2.240.000</b>
Other changes of equity					-107.021			<b>-107.021</b>
	-	-	-	-	<b>-2.347.021</b>	-	-	<b>-2.347.021</b>
<b>Total comprehensive income for the period</b>	-	-	-	-	-	19.599.572	-	<b>19.599.572</b>
Net profit for the reporting period	-	-	-	-	-	19.599.572	-	<b>19.599.572</b>
Change in revaluation surplus of financial investments reduced by tax	-	-	-	-	-	-	2.481.004	<b>2.481.004</b>
Change of fair value of hedging instruments reduced by tax	-	-	-	-	-	-	-785.933	<b>-785.933</b>
	-	-	-	-	-	<b>19.599.572</b>	<b>1.695.071</b>	<b>21.294.643</b>
<b>Change in equity</b>								
Allocation of the remaining portion of net profit for the reporting period to other components of equity	-	-	-	-	2.306.123	-2.306.123	-	-
	-	-	-	-	<b>2.306.123</b>	<b>-2.306.123</b>	-	-
<b>Closing balance as of 30<sup>th</sup> September 2014</b>	<b>58.420.965</b>	<b>89.562.703</b>	<b>18.765.115</b>	<b>62.333.234</b>	<b>1.374.740</b>	<b>19.599.572</b>	<b>10.912.009</b>	<b>260.968.338</b>

Table 19: Statement of Changes in Equity of *Luka Koper d.d.*, 2013

(in euros)	Share capital	Capital reserves	Legal reserves	Other Revenue reserves	Retained net profit	Net Profit for the year	Revaluation surplus	Totalj equity
<b>Closing balance as of 31<sup>st</sup>December 2012</b>	<b>58.420.965</b>	<b>89.562.703</b>	<b>18.765.115</b>	<b>60.027.111</b>	<b>1.415.638</b>	<b>3.763.795</b>	<b>4.750.560</b>	<b>235.290.249</b>
<b>Opening balance as of 1<sup>st</sup>January 2013</b>	<b>58.420.965</b>	<b>89.562.703</b>	<b>18.765.115</b>	<b>60.027.111</b>	<b>1.415.638</b>	<b>3.763.795</b>	<b>4.750.560</b>	<b>235.290.249</b>
<b>Change of equity –transactions with shareholders</b>								
Dividend reimbursements					-2.380.000			<b>-2.380.000</b>
Other changes of equity					31.843			<b>31.843</b>
	-	-	-	-	<b>-2.348.157</b>	-	-	<b>-2.348.157</b>
<b>Total comprehensive income for the period</b>								
Net profit for the reporting period	-	-	-	-	-	11.263.299	-	<b>11.263.299</b>
Change in revaluation surplus of financial investments reduced by tax	-	-	-	-	-	-	2.097.538	<b>2.097.538</b>
Change of fair value of hedging instruments reduced by tax	-	-	-	-	-	-	1.119.651	<b>1.119.651</b>
	-	-	-	-	-	<b>11.263.299</b>	<b>3.217.189</b>	<b>14.480.488</b>
<b>Change in equity</b>								
Allocation of the remaining portion of net profit for the reporting period to other components of equity	-	-	-	-	3.763.795	-3.763.795	-	-
	-	-	-	-	<b>3.763.795</b>	<b>-3.763.795</b>	-	-
<b>Closing balance as of 30<sup>th</sup> September 2013</b>	<b>58.420.965</b>	<b>89.562.703</b>	<b>18.765.115</b>	<b>60.027.111</b>	<b>1.415.638</b>	<b>11.263.299</b>	<b>7.967.749</b>	<b>247.422.580</b>

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

The Koper-based Slovenian seaport and logistics system operator *Luka Koper d.d.* is the parent company of the *Luka Koper Group* of enterprises. These interim financial statements are compiled for January to September 2014, and thus reflect the company's position as at 30<sup>th</sup> September 2014.

### Statement of compliance

The interim performance report is drawn up in compliance with the International Accounting Standards 34 – Interim Financial Reporting. The financial statements have been compiled in accordance with the Companies Act RS, as well as International Reporting Standards (IRS) as adopted by the International Accounting Standards Board (IASB) ND THE European Union.

### Basis for the compilation of financial statements

The financial statements have been compiled in euros (EUR), rounded to the nearest unit. Through them, *Luka Koper d.d.* wishes to provide the broadest sphere of users information in relation to its performance in the January to September 2014, in comparison with a year previously, together with the company's financial standing as of 30<sup>th</sup> September 2014, in comparison with 31<sup>st</sup> December 2013.

The non-audited financial statements of *Luka Koper d.d.* for January to September are compiled in accordance with the same accounting policies and principles that were applicable in 2013.

### Additional Notes to the Income Statement

#### Operating revenues

(in euro)	January - September 2014	Januar - September 2013
Net sales revenues on the domestic market from:	33.207.534	32.932.904
- services	32.032.579	31.673.600
- goods and materials	14.857	46.235
- rentals	1.160.098	1.213.069
Net sales revenues on foreign markets from:	79.280.632	68.619.317
- services	79.159.000	68.474.123
- rentals	121.631	145.194
<b>Total operating revenues</b>	<b>112.488.166</b>	<b>101.552.221</b>

**Other revenues****Other revenues**

<b>(in euro)</b>	<b>Januar - September 2014</b>	<b>Januar - September 2013</b>
Reversal of provisions	750.219	493
Subventions, grants and similar revenues	99.337	401.990
Revaluation operating revenues	51.185	8.936
Other revenues	569.478	88.123
<b>Total other revenues</b>	<b>1.470.220</b>	<b>499.542</b>

In the first nine months of 2014, the company shows other revenues in the amount of 1.470.220 euros, whereof 750.219 euros v from reversal of provision on the basis of the judgement of the High Labour and Social Court which rejected the claim in the labour dispute.

**Material costs**

<b>(in euro)</b>	<b>January - September 2014</b>	<b>January - September 2013</b>
Cost of auxiliary materials	1.383.801	2.540.865
Cost of spare parts and maintenance materials	2.874.878	-
Energy costs	4.841.374	4.862.153
Cost of office supplies	93.535	94.434
Other material costs	245.204	276.165
<b>Total material costs</b>	<b>9.438.792</b>	<b>7.773.617</b>

**Service costs**

<b>(in euro)</b>	<b>January - September 2014</b>	<b>January - September 2013</b>
Costs in the provision of services	14.812.529	14.467.249
Transportation costs	191.614	92.424
Maintenance costs	3.881.583	6.177.912
Rentals	435.879	569.475
Reimbursement of costs associated with labour	221.421	247.110
Costs of payments processing and insurance premiums	339.750	311.505
Costs of intellectual and personal services	708.391	747.235
Costs of trade fairs, advertising and hospitality	841.669	807.635
Cost of services rendered by natural persons	234.335	180.673
Other service costs	7.921.926	6.944.455
<b>Total service costs</b>	<b>29.589.096</b>	<b>30.545.673</b>

Due to the upgrade of the SAP information system, the accounting of the maintenance costs of Luka Koper d.d. was altered. Maintenance services costs only disclose the costs of external services providers whilst the materials used to this end are disclosed under costs of spare parts and maintenance costs.

**Labour costs**

<b>(in euro)</b>	<b>January - September 2014</b>	<b>January - September 2013</b>
Costs of salaries	20.423.102	19.195.621
Social insurance costs	4.226.678	4.101.871
Other labour costs	2.090.259	1.995.328
<b>Total labour costs</b>	<b>26.740.039</b>	<b>25.292.820</b>

**Value write-offs**

(in euro)	January - September 2014	January - September 2013
Amortisation of real-estate, plant and equipment	18.705.198	19.290.445
Amortisation of real-estate investments	296.536	345.426
Amortisation of intangible non-current assets	425.004	391.272
Revaluation operating expenses from real-estate, plant and equipment	76.412	430
Revaluation operating expenses from current assets	-	130.442
<b>Total value write-offs</b>	<b>19.503.150</b>	<b>20.158.015</b>

**Other operating expenses**

(in euro)	January - September 2014	January - September 2013
Provisions	307.523	1.080.468
Other costs and expenses	4.581.823	4.420.528
Charges unrelated to labour costs and other costs	4.111.525	4.069.235
Environmental protection costs	69.295	52.134
Awards to apprentices and interns	6.042	3.462
Scholarships to students	-	2.100
Other costs and expenses	394.962	293.597
<b>Total other operating expenses</b>	<b>4.889.346</b>	<b>5.500.996</b>

In the first nine months of 2014, the company formed 307.523 euros in provisions to cover losses from litigations and claims for damages, on the basis of the labour dispute because of unlawful dismissal.

**Financial revenues**

<b>(in euro)</b>	<b>January - September 2014</b>	<b>January - September 2013</b>
Financial revenues from profit participation	1.660.299	1.557.522
Financial revenues from loans granted	83.964	78.237
Financial revenues from operating receivables and foreign exchange gains	143.855	145.769
<b>Total financial revenues</b>	<b>1.888.117</b>	<b>1.781.528</b>

**Financial expenses**

<b>(in euro)</b>	<b>January - September 2014</b>	<b>January - September 2013</b>
Financial expenses from financial investments	62.577	744.995
Financial expenses from financial liabilities	3.094.248	3.424.827
Financial expenses from operating liabilities and foreign exchange losses	15.702	117.670
<b>Total financial expenses</b>	<b>3.172.527</b>	<b>4.287.492</b>

In the first nine months of 2014, *Luka Koper d.d.* received the payments from dividends and shares in the amount of 1.660.299 euros, whereof 726.648 euros the payment of shares from subsidiary enterprises and associated companies, and 933.651 euros of dividends from other companies.

Financial expenses registered in the first nine months of 2014, are 1.114.965 euros down on the same period last year and are attributable to the lower EURIBOR reference interest rate and lower indebtedness.

**Operating profit for the period**

<b>(in euro)</b>	<b>January - September 2014</b>	<b>January - September 2013</b>
<b>Pre-tax profit</b>	<b>22.513.551</b>	<b>10.274.678</b>
Corporation tax	2.782.052	190.513
Deferred taxes	131.927	-1.179.134
<b>Net profit for the period</b>	<b>19.599.572</b>	<b>11.263.299</b>
<b>Net earnings per share</b>	<b>1,40</b>	<b>0,80</b>

The corporation tax amounting to 2.782.052 euros, represents 12,35 percent of operating result before tax.

**Additional Notes to the Statement of Financial Position****Real-estate, plant and equipment, real-estate investments and intangible fixed assets**

<b>(in euro)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
<b>Real-estate, plant and equipment</b>	<b>315.155.587</b>	<b>315.025.705</b>
Land and buildings	222.746.195	228.360.762
Land	7.276.705	7.280.453
Buildings	215.469.489	221.080.309
Production plant and machinery	58.020.153	63.032.036
Other plant and equipment	2.892.165	2.525.244
Real-estate, plant and equipment under acquisition	31.497.074	21.107.663
<b>Real-estate investments</b>	<b>27.336.878</b>	<b>23.638.779</b>
<b>Intangible assets, and deferred costs and accrued revenues</b>	<b>4.714.829</b>	<b>5.085.761</b>

**Non-current financial investments and non-current loans granted**

<b>(in euro)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
<b>Non-current financial investments</b>	<b>45.240.134</b>	<b>42.541.896</b>
Stocks and holdings in Group companies	1.562.288	1.562.288
Stocks and holdings in associated enterprises	7.717.710	7.717.709
Other stocks and holdings	35.960.137	33.261.899
<b>Non-current loans granted</b>	<b>1.309.209</b>	<b>1.384.563</b>
Loans granted to others	1.309.209	1.384.563

The increase of non-current financial investments results from the increase of the market value of the non-current financial investments in other stocks and holdings, which are carried at fair value.

**Assets held for sale**

<b>(in euro)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
Real-estate, plant and equipment held for sale	4.616.383	4.706.246
Other non-current assets held for sale	3.562.480	3.526.933
<b>Total assets held for sale</b>	<b>8.178.862</b>	<b>8.233.179</b>

**Inventories**

<b>(in euro)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
Material inventories	279.580	-
<b>Total inventories</b>	<b>279.580</b>	<b>-</b>

Inventories are accounted in the SAP system according to average weighted prices.

**Current loans granted**

<b>(in euro)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
Loans granted to Group companies	314.819	422.819
Loans granted to others	2.012	112.164
<b>Total current loans granted</b>	<b>316.830</b>	<b>534.983</b>

**Current operating receivables, and deferred costs and accrued revenues**

<b>(in euro)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
<b>Current operating receivables</b>	<b>24.189.938</b>	<b>24.093.394</b>
Operating receivables from Group companies	160.687	51.496
Operating receivables from associated companies	232.759	229.471
Trade receivables	21.275.765	21.221.502
Operating receivables from others	2.520.727	2.590.925
<b>Deferred costs and accrued revenues</b>	<b>2.539.022</b>	<b>1.741.728</b>

**Equity**

<b>(in euro)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
Share capital	58.420.965	58.420.965
Capital reserves	89.562.703	89.562.703
Revenue reserves	81.098.349	81.098.349
Legal reserves	18.765.115	18.765.115
Other revenues reserves	62.333.234	62.333.234
Revaluation surplus	10.912.009	9.216.938
Retained net profit	1.374.740	1.415.638
Net profit for the year	19.599.572	2.306.123
<b>Total equity</b>	<b>260.968.338</b>	<b>242.020.716</b>

**Provisions**

<b>(in euro)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
Provisions for pensions and similar liabilities	785.915	829.003
Provisions for lawsuits	2.238.891	3.077.543
Long-term accruals	8.903.880	6.447.722
<b>Total provisions</b>	<b>11.928.686</b>	<b>10.354.268</b>

In the first nine months of 2014, it was registered a significant increase of non-current deferred expenses and accrued revenues arose in the amount of 2.456.157 euros in comparison to 31<sup>st</sup> December 2013, whereof the mayor portion of surplus in revenues over expenditure of the public utility service providing for development and maintenance of ports infrastructure.

**Non-current liabilities**

<b>(in euro)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
Loans	130.352.135	147.223.161
Other financial liabilities	1.644.470	988.486
Non-current operating liabilities	70.410	60.090
<b>Total non-current liabilities</b>	<b>132.067.015</b>	<b>148.271.737</b>

The decrease of non-current and current assets in the first nine months of is attributable to the repayment of loans in amount of i 15.3 million euros.

**Current liabilities, and accrued costs and deferred revenues**

<b>(in euro)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
<b>Current liabilities</b>	<b>38.664.785</b>	<b>28.429.606</b>
Loans	18.887.208	15.211.280
Other financial liabilities	403.418	466.845
Current operating liabilities	19.374.159	12.751.481
Operating liabilities to Group companies and associated enterprises	511.004	629.152
Operating liabilities to suppliers and for advances	12.447.823	9.418.396
Other operating liabilities	6.415.332	2.703.933
<b>Accrued costs and deferred revenues</b>	<b>4.488.451</b>	<b>1.833.813</b>

As of 30<sup>th</sup> September 2014, the current loans were 3.7 million euros ahead on 31<sup>st</sup> December 2013. This increase is attributable to the received loans in the *Group* in the amount of 2 million euros and transfer of a part of non-current loans due in the term of 12 months in the amount of 1.5 million euros, under current loans.

Accrued costs and deferred revenues rose as a consequence of a proportional share of 13<sup>th</sup> salary (1.3 million euros), performance incentive for the third quarter of 2014 (0.6 million euros) and commercial discounts due to foreign customers (0.8 million euros).

**Off-balance-sheet assets and liabilities**

<b>(in euro)</b>	<b>30.9.2014</b>	<b>31.12.2013</b>
Granted sureties	6.309.256	6.309.256
Granted warranties and sureties	8.690.038	8.816.473
Contingent assets from lawsuits	37.306.116	37.306.115
Other contingent assets	132.371	126.676
<b>Total contingent liabilities</b>	<b>52.437.781</b>	<b>52.558.521</b>
Granted warranties and sureties	1.515.000	1.515.000
Issued sureties	18.097.291	18.097.291
Contingent liabilities from lawsuits	19.918.825	8.330.213
<b>Total contingent liabilities</b>	<b>39.531.116</b>	<b>27.942.504</b>
<b>Hedge accounting for interest rate swap</b>	<b>65.000.000</b>	<b>65.000.000</b>
<b>Total</b>	<b>156.968.897</b>	<b>145.501.024</b>

Compared to 31<sup>st</sup> December 2013 off-balance-sheet assets increased for newly incurred contingent liabilities from lawsuits in the amount of 11.588.613 euros.

## Related-party transactions

In the first nine months of 2014 numerous transactions were made 2014 between the associated companies of the Luka Koper Group. In these dealings the parent company – Luka Koper d.d. – was in a role of buyer, supplier, lessor or other roles. All these transactions were based on legal contracts, order forms and invoices, to which the same market terms and conditions were applied as with non-related parties.

Income Statements items (in euro)	Luka Koper, d.d.		Luka Koper Group	
	January - September 2014	January - September 2013	January - September 2014	January - September 2013
<b>Net sales revenues</b>				
Subsidiaries	1.286.214	1.160.747	-	-
Associated and jointly-controlled companies	366.742	324.144	510.978	435.970
<b>Material costs</b>				
Subsidiaries	195.933	11.648	-	-
Associated and jointly-controlled companies	36.090	734	36.090	-
<b>Service costs</b>				
Subsidiaries	1.819.682	1.242.244	-	-
Jointly controlled companies	405.849	122.285	415.432	100.761
<b>Labour costs</b>				
Subsidiaries	806	1.059	-	-
Associated and jointly-controlled companies	-	-	-	-
<b>Other operating expenses</b>				
Subsidiaries	60.107	4.951	-	-
Associated and jointly-controlled companies	-	-	-	-
<b>Financial revenues from profit</b>				
Subsidiaries	501.648	625.780	-	-
Associated and jointly-controlled companies	225.000	221.952	225.000	221.952
<b>Financial revenues from loans granted</b>				
Subsidiaries	4.255	5.709	-	-
Associated and jointly-controlled companies	-	-	-	-
<b>Financial expenses from financial investment impairments and write-offs</b>				
Subsidiaries	48.827	-	-	-
Associated and jointly-controlled companies	-	-	-	-
<b>Financial expenses from financial liabilities</b>				
Subsidiaries	141.806	145.085	-	-
Associated and jointly-controlled companies	6.600	6.593	6.600	6.593

Statement of Financial Position Items (in euro)	Luka Koper, d.d.		Group Luka Koper	
	30 <sup>th</sup> Sept 2014	31 <sup>st</sup> Dec 2014	30 <sup>th</sup> Sept 2014	31 <sup>st</sup> Dec 2014
<b>Non-current financial investment loans</b>				
Subsidiaries	1.562.288	1.562.288	-	-
Associated and jointly-controlled companies	7.717.709	7.717.709	11.886.431	11.435.706
<b>Assets (disposal group) held for sale</b>				
Subsidiaries	485.000	2.707.390	-	-
Associated and jointly-controlled companies	-	-	-	-
<b>Current loans</b>				
Subsidiaries	314.819	422.819	-	-
Associated and jointly-controlled companies	-	-	-	-
<b>Current operating receivables</b>				
Subsidiaries	160.687	51.496	-	-
Associated and jointly-controlled companies	232.759	229.471	232.759	229.471
<b>Non-current financial liabilities</b>				
Subsidiaries	10.171.580	10.250.580	-	-
Associated and jointly-controlled companies	500.000	500.000	500.000	500.000
<b>Current financial liabilities</b>				
Subsidiaries	2.000.000	-	-	-
Associated and jointly-controlled companies	80.000	-	80.000	500.000
<b>Current operating liabilities</b>				
Subsidiaries	429.175	561.088	-	-
Associated and jointly-controlled companies	81.828	68.064	81.828	68.064

## 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 30<sup>th</sup> September 2013 have been compiled in order that they shall provide a true and fair disclosure of the financial condition as well the business performance and cash flows of *Luka Koper d.d.* and the *Luka Koper Group*. The condensed financial statements January to September 2014 have been compiled in accordance with the same accounting policies and principles applicable in compilation of *Luka Koper, d. d.* and *Luka Koper Group* 2013 financial statements.

These condensed interim statements for the period ending 30<sup>th</sup> September 2014, have been compiled in accordance with International Accounting Standard 34, Interim Financial Reporting, and should be considered in relation to the annual financial statements for the fiscal year ending 31<sup>st</sup> December 2013. Financial statements for 2013 are audited.

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 together with their eliminations.

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.

Dragomir Matić  
President of the Management Board



Andraž Novak  
Member of the Management Board



Jože Jaklin  
Member of the Management Board



Matjaž Stare  
Member of the Management Board – Workers Director



Koper, 21st November 2014