

LUKA KOPER GROUP
NON-AUDITED REPORT OF LUKA
KOPER GROUP AND
LUKA KOPER, D. D.,
JANUARY – SEPTEMBER 2016

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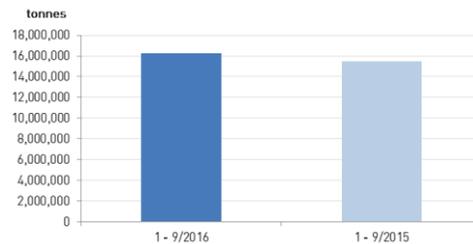
BUSINESS REPORT

PERFORMANCE HIGHLIGHTS OF LUKA KOPER GROUP JANUARY – SEPTEMBER 2016

→ In January – September 2016, the maritime throughput stood at EUR16.3 million tonnes and was by 5 percent ahead on the comparable period 2015. In May 2016, a record monthly maritime throughput in the amount of 2.15 million tonnes was achieved in Luka Koper, d. d., history.

16,290,166 TONNES

MARITIME THROUGHPUT 2016/2015 **+5 %**



→ In January - September 2016, the containers throughput amounted to EUR 631.8 thousand TEUs and was by 7 percent ahead on the comparable period in 2015. In March 2016, a record monthly throughput of 73.7 TEUs was achieved in Luka Koper, d. d., history. The vehicles throughput in January - September 2016 amounted to 536.7 thousand vehicles and was by 24 percent ahead on the same period in 2015. In March 2016, a record monthly throughput of vehicles was achieved in Luka Koper, d. d., history in the amount of 70.1 thousand vehicles.

631,773 TEUS

CONTEJNERJI 2016/2015 **+7 %**

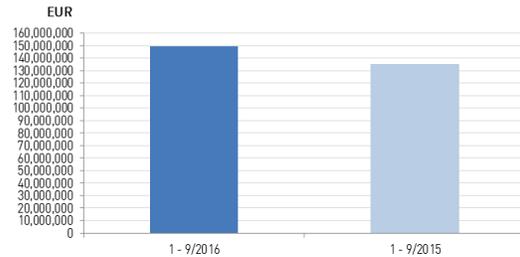
536,676 UNITS

VEHICLES 2016/2015 **+24 %**

→ In January – September 2016, net revenue from sales amounted to EUR 149.5 million and was 11 percent ahead on 2015.

149,522,617 EUR

NET REVENUE FROM SALE 2016/2015 **+11 %**



→ In January - September 2016, operating profit amounted to EUR 38.2 million and exceeded by 20 percent the achieved operating profit in 2015.

38,169,474 EUR

OPERATING PROFIT 2016/2015 **+20 %**

→ In January- September 2016, net operating profit amounted to EUR 33.2 million, which is a year-on increase of 23 percent.

33,229,027 EUR

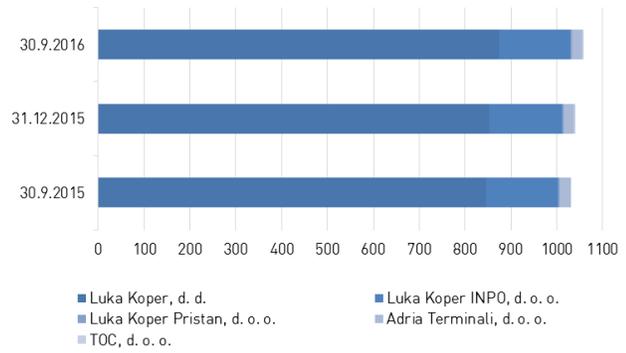
NET OPERATING PROFIT 2016/2015 **+23 %**

→ In January - September 2016, Luka Koper Group allocated EUR 40.9 million for investments. The construction of three new tanks continued for the needs of the Liquid cargoes terminal continued, the construction of a new railway track and new bridge over the channel for the needs of the Container terminal was completed, filling of the landfill site on the head of the Pier II for the needs of the increased throughput of vehicles continued, construction of the RMG lane for new cranes started as well as the replacement of lighting towers at the Container terminal. In January – September 2016, Luka Koper, d. d., allocated EUR 15.2 million for 11 new, more efficient cranes for containers throughput.

→ In January - September 2016, 43 new employments were realised. Number of employees in January - September 2016 increased by 3 percent resp. for 27 employees and reached a figure of 1,059 employees.

1,059

NUMBER OF EMPLOYEES 2016/2015 **+ 3 %**



FINANCIAL INDICATORS

Key performance indicators of Luka Koper, d. d., and Luka Koper Group, January – September 2016 in comparison to January – September 2015

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
	1 – 9 2016	1 – 9 2015	Index 2016/ 2015	1 – 9 2016	1 – 9 2015	Index 2016/ 2015
Income statement						
Revenue	141,617,187	127,584,999	111	149,522,617	135,196,253	111
Operating result (EBIT)	34,718,906	29,443,777	118	38,169,474	31,880,860	120
Operating earning before amortisation (EBITDA)	53,926,698	49,188,733	110	58,101,578	52,458,610	111
Profit or loss from financing activities	1,023,365	-32,171	-3,181	-442,966	-1,129,704	39
Profit and loss before tax	35,742,271	29,411,606	122	39,236,146	31,676,791	124
Net operating profit	30,219,223	25,051,796	121	33,229,027	26,971,470	123
Added value ¹	89,206,685	80,298,122	111	98,151,192	87,991,402	112
Statement of financial position	30.09.2016	31.12.2015	Index 2016/ 2015	30.09.2016	31.12.2015	Index 2016/ 2015
Assets	464,226,815	448,483,218	104	479,436,522	466,991,445	103
Non-current assets	431,053,214	412,427,964	105	440,767,586	421,332,909	105
Current assets	33,173,601	36,055,254	92	38,668,936	45,658,536	85
Equity	297,300,768	282,847,478	105	324,065,818	306,290,469	106
Non-current liabilities with provisions and long-term accruals	126,611,221	127,660,101	99	113,818,532	121,175,916	94
Current liabilities	40,314,826	37,975,639	106	41,552,172	39,525,060	105
Financial liabilities	123,215,290	121,896,953	101	107,184,710	111,866,534	96
Statement of cash flows	1 – 9 2016	1 – 9 2015	Index 2016/ 2015	1 – 9 2016	1 – 9 2015	Index 2016/ 2015
Investment in property, plant and equipment, investment property and intangible assets	40,328,306	16,263,750	248	40,901,931	16,641,116	246

¹ Added value = operating revenue + income – cost of goods, material, services – other operating expenses excluding revaluation operating expenses.

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
	1 – 9 2016	1 – 9 2015	Index 2016/ 2015	1 – 9 2016	1 – 9 2015	Index 2016/ 2015
Indicators (in %)						
Return on sales (ROS)	24.5%	23.1%	106	25.5%	23.6%	108
Net return on equity (ROE) ²	13.9%	12.3%	113	14.1%	12.3%	115
Net return on assets (ROA) ³	8.8%	7.5%	118	9.4%	7.8%	121
EBITDA margin	38.1%	38.6%	99	38.9%	38.8%	100
Financial liabilities /equity	41.4%	43.1%	96	33.1%	42.7%	77
Net financial debt/EBITDA ⁴	1.7	1.7	99	1.3	1.4	96
Maritime throughput (in tonnes)						
Maritime throughput	16,290,166	15,494,341	105	16,290,166	15,494,341	105
Number of employees						
Number of employees	874	845	103	1,059	1,032	103

Key performance indicators of Luka Koper, d. d., and Luka Koper Group, January – September

² Indicator calculated on the basis of annualised data

³ Indicator calculated on the basis of annualised data.

⁴ Indicator calculated on the basis of annualised data.

Net financial indebtedness /EBITDA = (Financial liabilities – cash and cash equivalents) /EBITDA

2016 in comparison with the plan for January – September 2016

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
	From Income Statement	1 – 9 2016	Plan 1 – 9 2016	Index 2016/ Plan 2016	1 – 9 2016	Plan 1 – 9 2016
Operating revenues	141,617,187	137,762,198	103	149,522,617	146,113,134	102
Operating profit (EBIT)	34,718,906	31,143,181	111	38,169,474	33,636,196	113
EBITDA	53,926,698	50,073,066	108	58,101,578	53,291,215	109
Net profit	30,219,223	26,064,854	116	33,229,027	27,803,316	120

From Statement of Financial Position	30.09.2016	Plan 30.09.2016	Index 2016/ Plan 2016	30.09.2016	Plan 30.09.2016	Index 2016/ Plan 2016
Assets	464,226,815	476,887,268	97	479,436,522	489,998,475	98
Equity	297,300,768	298,193,968	100	324,065,818	323,188,705	100
Financial liabilities	123,215,290	138,953,388	89	107,184,710	123,153,649	87

Indicators (in %)	1 – 9 2016	Plan 1 – 9 2016	Index 2016/ Plan 2016	1 – 9 2016	Plan 1 – 9 2016	Index 2016/ Plan 2016
Return on sales (ROS)	24.5%	22.6%	108	25.5%	23.0%	111
Net return on equity (ROE) ⁵	13.9%	12.0%	116	14.1%	11.8%	119
Net return on assets (ROA) ⁶	8.8%	7.5%	118	9.4%	7.7%	121
EBITDA margin	38.1%	36.3%	105	38.9%	36.5%	107
Financial liabilities /equity	41.4%	46.6%	89	33.1%	38.1%	87
Net financial debt /EBITDA ⁷	1.7	2.1	83	1.3	1.7	78

From Cash Flow Statement	1 – 9 2016	Plan 1 – 9 2016	Index 2016/ Plan 2016	1 – 9 2016	Plan 1 – 9 2016	Index 2016/ Načrt 2016
Investments in property, plant and equipment, investment property and assets	40,328,306	55,816,622	72	40,901,931	56,293,162	73

Maritime throughput (in tonnes)	1 – 9 2016	Plan 1 – 9 2016	Indeks 2016/ načrt 2016	1 – 9 2016	Plan 1 – 9 2016	Index2016/ Plan 2016
Maritime throughput	16,290,166	15,599,349	104	16,290,166	15,599,349	104

⁵ Indicator calculated on the basis of annualised data.

⁶ Indicator calculated on the basis of annualised data.

⁷ Indicator calculated on the basis of annualised data.

Net financial debt /EBITDA = (Financial liabilities – cash and cash equivalents)/EBITDA

INTRODUCTORY NOTE

Compliant with the Market and Financial Instrument Act RS, Ljubljana Stock Exchange Rules as well as Guidelines and Disclosure for Listed Companies, Luka Koper, d. d., Vojkovo nabrežje 38, 6501 Koper discloses this Non-audited Report on the performance of Luka Koper, d. d., for January – September 2016.

This Non-audited report on the performance of Luka Koper, d. d., and Luka Koper Group for January – September 2016 can be examined at Luka Koper, d. d., Vojkovo nabrežje 38, 6501 Koper and shall be accessible via the company' website www.luka-kp.si , from 25 November 2016 onwards.

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

This Non-audited Report on the performance of Luka Koper, d. d., and the Luka Koper Group for January - September 2016 was addressed by the company's Supervisory Board at its regular session on 25 November 2016.

PRESENTATION OF LUKA KOPER

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

Profile of the company Luka Koper, d. d., as of 25 November 2016

Company name	Luka Koper, pristaniški in logistični sistem, delniška družba
Short company name	Luka Koper, d. d.
Registered office	Vojkovo nabrežje 38, Koper
	Phone: 05 66 56 100
	Fax: 05 63 95 020
	Email: portkoper@luka-kp.si
	Website: www.luka-kp.si
Company registration	Application N°066/10032200 registered at Koper District Court
Company registration number	5144353000
Tax number	SI 89190033
Issued share capital	58.420.964,78 euros
Number of shares	14.000.000 ordinary no-par value shares
Share listing	Ljubljana Stock Exchange
Share ticker symbol	LKPG
President of the Management Board	Dragomir Matić
Member of the Management Board	Andraž Novak
Member of the Management Board	Irena Vincek
Member of the Management Board – Labour Director	Stojan Čepar
President of the Supervisory Board	dr. Alenka Žnidaršič Kranjc
Luka Koper, d.d. core activity	Seaport and logistics system and service provider
Luka Koper Group activities	Various support and ancillary services in relation to core activity

Companies consolidated within the Luka Koper Group provide various services which accomplish the comprehensive operation of the Port of Koper. In addition to the parent company Luka Koper, d. d., the Luka Koper Group was comprised of the following subsidiary and associated companies as of 30 September 2016:

Luka Koper Group as of 30 September 2016

- Luka Koper, d. d.
 - Subsidiary companies
 - Luka Koper INPO, d. o. o., 100 %
 - Adria Terminali, d. o. o., 100 %
 - Luka Koper Pristan, d. o. o., 100 %
 - Logis Nova, d. o. o., 100 %
 - Adria Investicije, d. o. o., 100 %
 - TOC, d. o. o., 68,13 %
 - Associated companies
 - Adria Transport, d. o. o., 50 %
 - Adria – Tow, d. o. o., 50 %
 - Adriaфин, d. o. o., 50 %
 - Avtoservis, d. o. o., 49 %
 - Golf Istra, d. o. o. – bankruptcy, 20 % (in bankruptcy since 9th October 2014)

CORPORATE MANAGEMENT AND GOVERNANCE

Luka Koper, d. d., Management Board

As at 30 September 2016, the Luka Koper, d. d., Management Board was comprised of the following members:

- Dragomir Matić, President of the Management Board, appointed on 23rd May 2014 for a five-year term, taking up the position as of 10th June 2014,
- Andraž Novak, Member of the Management Board, commenced a five-year term on 10th June 2014,
- Irena Vinček, Member of the Management Board, commenced a five-year term on 21st August 2015,
- Stojan Čepar, Labour Director, commenced a five-year term on 30th November 2015.

A presentation of Luka Koper, d. d., Members of the Management Board is available on the company's website www.luka-kp.si.

Luka Koper, d. d. Supervisory Board

The Luka Koper, d. d., Supervisory Board is composed of nine members, six of whom are elected by the General Shareholders' Meeting and three by the Workers' Council. They are elected for a four-year term.

As of 30 September 2016, the Supervisory Board was comprised of the following members:

Representatives of shareholders

- dr. Alenka Žnidaršič Kranjc, President of the Supervisory Board, commenced a four-year term on 7th October 2013 (23rd General Shareholders' Meeting),
- dr. Elen Tvrđy, Deputy President of the Supervisory Board, commenced a four-year term on 7th October 2013 (23rd General Shareholders' Meeting),
- Rado Antolovič, Member of the Supervisory Board, commenced a four-year term on 7th October 2013 (23rd General Shareholders' Meeting),
- Andrej Šercer, M.SC. , Member of the Supervisory Board, commenced a four-year term on 7th October 2013 (23rd General Shareholders' Meeting),
- Žiga Škerjanec, Member of the Supervisory Board, commenced a four-year term on 7th October 2013 (23rd General Shareholders' Meeting),
- Sabina Mozetič, Member of the Supervisory Board, representative of the Municipality of Koper, commenced a four-year term on 21st August 2015 (26th General Shareholders' Meeting).

Representatives of Employees

- Mladen Jovičić, Member of the Supervisory Board, commenced a four-year term on 18th March 2013,
- Marko Grabljevec, Member of the Supervisory Board, commenced a four-year term on 18th January 2016 (the shareholders were informed in this respect at 27th General Shareholders Meeting on 1st July 2016).
- Rok Parovel, Member of the Supervisory Board, commenced a four-year term on 12th September 2016 (the notification will be given at the following Shareholders' Meeting).

On 28 July 2016, a four-year mandate expired to Nebojša Topič, Member of the Supervisory Board. On 12 September 2016 the Works Council of Luka Koper, d. d., appointed Rok Parovel as Employees Representative in the Supervisory Board of Luka Koper, d. d.

External Member of the Supervisory Board Audit Committee

- Polona Pergar Guzaj, appointed for the term from 7th July 2016 until revocation.

At its session held on 7 July 2016, the Supervisory Board of Luka Koper, d. d., the external member of the Audit committee of the Supervisory Board Barbara Nose and appointed a new external Member of the Audit Committee Polona Pergar Guzaj.

SIGNIFICANT EVENTS, NEWS AND ACHIEVEMENTS JANUARY– SEPTEMBER 2016

JANUARY

- The Study "What are the consequences for the Slovenian economy of the potential if the second railway track is not constructed?" was presented at the Chamber of Commerce and Industry
- The Members of Workers' Council elected Marko Grabljevec as member of the Supervisory Board. The General Shareholders' Meeting has to be informed about his appointment.
- Luka Koper published its annual call for applications for sponsorship and donations as part of Living with the Port fund for 2016.
- The meeting of the board of directors of the Association of Mediterranean Cruise Ports MedCruise was held in Koper.
- On 14 January 2016 Luka Koper addressed a letter with the information about the situation in the railway sector in the Port of Koper to the managing director of Slovenian Railways, Mr. Dušan Mes . Yet from November 2015 the problems in the Slovenian railway network escalated, which resulted in long delays in port's works. In January 2016, due to the closures of Koper-Divača railway line Luka Koper d.d. was facing the problems with delivery/shipment of waggons.
- The delegation from the Chinese port Tianjin paid the visit to the Port of Koper.
- Under auspices of the European project Fresh food corridors, Luka Koper presented itself at the biggest fresh produce trade fair Fruit Logistica in Berlin.
- Under the auspices of the Slovenian business delegation, Luka Koper presented the advantages of the transport route through the Port of Koper to the Iranian businessmen.
- Luka Koper concluded an agreement on cooperation with Sherif Rashed for the assistance in promoting the Port of Koper in Egypt.
- Luka Koper, d. d., obtained the rating of a recognised credit rating agency Dun & Bradstreet, which assessed the credit worthiness of the company as excellent, with high rating 5A1, which is an improvement compared to the previous rating 5A2. The obtained rating 5A1 is the highest possible credit rating, which means an excellent general performance and the lowest rating of operational risk.

FEBRUARY

- In relation to the saturation of the railway capacities on the Slovenian railway network and consequently the congestion in the cargo transport to resp.from the Port of Koper, Luka Koper suggested the establishment of a crisis team with aim to accelerate solving of the situation and invited the representatives of all operators involved in the railway transport in Slovenia, SŽ-tovorni promet, Rail Cargo Carrier, Adria Transport, Slovenian Freight

Forwarders Association, SŽ-Infrastruktura to participate.

- On 22nd February 2016 the deputies of the parliamentary committee for infrastructure and economy discussed about the construction of the second track on Koper-Divača railway line. The President of the Management board of Luka Koper, representative of the trade union SŽPD, representative of the trade union SPDS-KS-90 and the Deputy-Chairman of Workers council of Luka Koper also attended the session.
- In February 2016, the employees of Luka Koper started to collect signatures under the statement requiring from the Government to start immediately the construction of the second track on Koper-Divača railway line and to prevent the selling-off of the sole Slovenian cargo port.
- After four months of cars export through the Port of Koper, Mercedes assessed the Port of Koper 'southern logistic route' as a turning point in the development of its global logistic network. It was emphasized that the export of vehicles through the Port of Koper to the Far Est represents a major step forward for the improvement of the whole distribution logistics. After Bremerhaven and Zeebrugge the Port of Koper is the third export port that Mercedes included in its supply chains. The prerequisite for the selection was the reliability of the infrastructure and specific experience in handling and storage of sensitive cargo.

MARCH

- President of the Management Board of Luka Koper, d. d., Mr. Dragomir Matić was granted the Entrepreneur of Primorska Award which was granted for the 19th consecutive time by Radio Koper, Primorske novice and Televizija Koper. The award was given for excellent business performance and numerous records Luka Koper achieved in 2015. The Prime Minister of the Republic of Slovenia Miro Cerar, also attended the event and in addressing the government's achievements and future plans, among others also emphasized the construction of the second track on Koper – Divača railway line.
- On 5 March 2016, at night, the first test container train with a perishable cargo through the Port of Koper, destined to Rotterdam was conveyed . within the framework of the EU project Fresh Food Corridors (FFC). It was the case of the freight of a major Israeli exporters, conveyed as per the concept of the motorways of the sea. This was the first train in the history that was fully loaded with reefer« containers and which was conveyed from the south to the north of Europe. The freight, usually conveyed with ships from Israel to the Northern-European ports, will reach the destination in a significantly shorter time, since the transit time through a new corridor will be shorter for six days.
- Also in 2016, Luka Koper d.d. presented itself in Seatrade Cruise Global v Miamiju, attended by all the most important stakeholders in the cruise industry.
- Mayors of the Primorska region signed a joint declaration on support to Luka Koper and its development plans and the construction of the second railway track.
- The Economic and Social Council discussed about development dilemmas of the Port of

Koper, adopted the following two decisions: the State should provide sufficient investments in the public railway infrastructure, prioritising the second railway track and intervening in the current governance model of Luka Koper, which should remain State investment.

- Luka Koper presented itself to the Egyptian economic operators in Cairo.
- In the National Assembly of the Republic of Slovenia took place the consultation session about the construction of the second railway track.
- The Government of the Republic of Slovenia adopted a decision on the establishing the project company 2TDK, which will perform all activities for implementation of the second track of the Divača – Koper railway line.
- Ministry of the Environment and Spatial Planning issued the building permit for the construction of the second track.
- The specialized magazine Automotive Logistics, ranked Luka Koper at twelfth place with respect to handled vehicles among the EU ports and at third place among the Mediterranean European ports.
- State-owned Algerian shipping company CNAN MED started new service connecting the Port of Koper with Algerian ports.

APRIL

- The representatives of the Government of the Republic of Slovenia and key stakeholders discussed about the second railway track project at working session where they agreed on the establishment of the project board and reached a compromise to seek solutions, not requiring additional concessions in the Port.
- Luka Koper rewarded best suppliers in 2015.
- The intermodal operator Adria Kombi has launched a new container shuttle train from Luka Koper Container terminal to Salzburg.
- The Supervisory Board of Luka Koper, d. d., endorsed the proposal on the allocation of distributable profit for 2015, the Management Board and Supervisory Board will propose for endorsement to the General Shareholders' Meeting. The proposal on the allocation of distributable profit amounting to EUR 15,880,814.24 as per 31 December 2015, is the following:
 - part of distributable profit in the amount of EUR 9,520,000.00 is to be disbursed as dividends in gross value of EUR 0.68 per ordinary share,
 - the remaining distributable profit in the amount of EUR 6,360,814.24 shall remain undistributed.
- Luka Koper, d. d., joined the Slovenian transport logistics delegation in Japan, which presented the transport route to the Europe through the Port of Koper.

MAY

- Luka Koper invited Polish and Serbian business partners to a business meeting.
- The President of the Government of the Republic of Slovenia, Mr. Miro Cerarr accompanied by the Minister for infrastructure Peter Gašperšič and Minister for Economic Development and technology Mr. Zdravko Počivalšek paid visit to Luka Koper.
- Luka Koper discussed about the business cooperation with the representatives of Chinese State agencies and the National Council of the Republic of China as well as with the Algerian delegation.
- In occasion of the traditional tenth Port's Day more than 3,000 visitors visited the Port.

JUNE

- Luka Koper arranged a business meeting in Koper for Austrian partners.
- Slovenski državni holding (SDH) – Slovenian Sovereign Holding (SSH) addressed a request to Luka Koper, d. d., to supplement the agenda of the General Shareholders' Meeting with proposal for an early recall of three members of the Supervisory Board and the proposal for the appointment of three new members.
- Slovenian Infrastructure Agency signed a contract for the construction of the side track and a contract for the verification of the estimated value as well as all potential rationalisations and optimisations pertaining the second railway track project.
- The parliamentary Public Finance Oversight Commission discussed the implementation of the management function of the Slovenian Sovereign Holding (SSH) in Luka Koper, d. d. case
- Workers' Council of Luka Koper, d. d., arranged the Workers Assembly and addressed to public authorities requests regarding building permits, enlargement of the concession area, adoption of the development plan, withdrawal of replacement of the members of the supervisory board from the General Shareholders' Meeting agenda and establishment of the responsibility for the destabilisation of the company.
- Demonstrations in support of Luka Koper d.d. took place in the main square in Koper.
- The investment in the arrangement of 9,000 m² of containers' storage area and the investment in the enlargement of the entry into the Port was completed.
- Luka Koper, as only port presented itself at the key logistics event in Austria, Logistics days 2016.
- Luka Koper, d. d., received the judgement of the Higher Court in Koper, by which the judgement of the District court in Koper rejecting the filed claim of the applicant S-5, requiring from Luka Koper, d. d., the payment of EUR 2,138,487.63 jointly with the statutory default interests and legal costs.

JULY

- A new provision of the SOLAS Regulation of the International Maritime Organization (IMO)

SOLAS Regulation related to the verified container weight prior to the loading onto the vessel, became legally effective on July 1, 2016. Luka Koper, d. d., got ready for operations in accordance with new provisions in due time and from 1st July 2016 onwards the additional containers weighing service has been performed.

- Shareholders attending the 27th General Shareholders' Meeting of Luka Koper, d. d., held on 1st July 2016:
 - adopted the proposed resolution on the allocation of distributable profit for 2015 in the amount of EUR 15,880,814.24 (the counter-proposal submitted by the Slovenian Sovereign Holding was adopted):
 - a part of distributable profit in the amount of EUR 5,820,000.00 shall be disbursed as dividends in gross value of EUR 1.13 per ordinary share,
 - the remaining distributable profit in the amount of EUR 60,814.24 shall remain undistributed.
 - were presented with the adopted Annual Report of Luka Koper, d. d., and Luka Koper Group for 2015 with auditor's Report and Supervisory Board Report on the examination of the Annual report of Luka Koper, d. d., and Luka Koper Group for 2015,
 - granted a discharge to the Management Board and Supervisory Board for 2015,
 - appointed the auditors KPMG Slovenija, podjetje za revidiranje, d. o. o., as Luka Koper, d. d., and Luka Koper Group external auditor for 2016,
 - adopted the amendments of the Articles of association of Luka Koper, d. d.,
 - were presented with the resolution of the Workers' council of Luka Koper, d. d., of dne 18th January 2016, from which results that Workers' Council elected Marko Grabljevec as employees representative in the Supervisory Board for the term of four years from 18th January 2016,
 - were presented with the written withdrawal of the Slovenian Sovereign Holding (SDH, d. d.) proposal for the extension of the agenda related to the dismissal of three members of the Supervisory Board of Luka Koper d.d., and the appointment of three new members, on its own behalf and on behalf of the shareholder Republic of Slovenia at General Shareholders' Meeting itself.
- An unannounced, sudden and unexpected revolte of Luka Koper workers fully stopped all working processes in the Port of Koper for three days from Friday July 1 till Sunday July, 3 2016, two days the working processes were performed during 8 hours work time with all available resources and continued in the night shift for all critical processes. The workers' requirements were not addressed to the employer, but to the government institutions. Yet from the first day of the work stoppage, the Management Board made all necessary efforts to resume the work processes and managed that the work in the Port restarted smoothly on July 5, 2016, at 10 p.m. and handled all backlogs in the shortest time possible.

- The parliamentary Public Finance Oversight Commission continued previously twice suspended session at which discussed about the responsibility for the developments in the Port of Koper.
- On July 12, 2016 Banka Koper, d. d., and Luka Koper, d. d., signed a contract on 10-years loan in the amount of EUR 28 million, for one year moratorium repayment to fund the investments. In compliance with the company's strategy the loan is destined for the completion of three new reservoirs for the needs of the Liquid Cargoes terminal and for the purchase of the additional equipment for the needs of the Container terminal. Banka Koper, d. d., approved an uncovered loan containing the financial commitments, which do not essentially differ from financial commitment of already stipulated loans.
- EIA (environmental impact assessment) was made for the extension of the Pier I, as defined in the National Spatial Plan, the application for the issue of the environmental permit was submitted on 5th October 5, 2015 and supplemented on 11th April 2016. From the EIA it results that the construction, operation and omission or removal of the intervention will not result in excessive environmental impact and is from the environmental aspect acceptable. In the supplemented safety report it was established, that owing to the introduced safety management system the highest level of safety is provided. The public display was held from June 21 until July 20 2016. In the procedure the request of the Municipality of Koper for the cooperation as the party to the proceeding, which will extend the procedure of the obtainment of the environmental permit. Currently, the company is not in position to estimate the time line for the obtainment of the environmental permit and consequently the building permit due to the long-term procedures and potential lodging of complaints.
- On 28 July 2016, a four-year mandate expired to Nebojša Topič, Member of the Supervisory Board;
- Austrian logistic magazine Verkehr published an analysis of the Austrian oversea transport through the European ports in 2015. For the sixth consecutive year Luka Koper, d. d., the Port of Koper was largest port in cargo throughput for Austria.
- On the invitation of the President of the Government, Dr. Miro Cerar, the representatives of Luka Koper employees meet at the Government headquarters in Ljubljana. They presented the reasons for the occurred situation in the previous days and pointed out to be concerned about the activities of the Government for a long time, and therefore they had been intensively drawing the attention on them for more than a year.

AUGUST

- two new RMGs (Rail Mounted Gantry) for the transshipment of containers onto and from wagons, arrived in the Port of Koper in parts. In the coming months, they will be assembled and put into operation in the beginning of 2017.
- The Supervisory Board of Luka Koper, d. d., jointly with the Management Board of Luka Koper, d. d., adopted a position with respect to a potential establishment of the Port's Authority and awarding of additional concessions in the Port of Koper.

SEPTEMBER

- Luka Koper was visited by economic delegation from Bavaria, Japan and the Egyptian delegation of shipping agents.
- Three new cranes E-RTG (Electrified – Rubber Tyre Gantry Crane) Luka Koper will use for containers shifting containers in the warehouse, arrived by sea to the Port of Koper.
- Luka Koper, d. d., representatives met the Israeli partners in Tel Aviv.
- The operator Liberty Global Logistic established a new RO-RO/car carrier service from Koper to Middle East.
- Luka Koper presented itself to the attendants of the economic forum in Velden in Austria.
- Shipping company MSC established a new regular container line between Koper and Turkish ports.
- The Chamber of Commerce and Industry of Slovenia (GZS) conferred a bronze award to Luka Koper d.d. for the innovation marine sediment brick.
- Works Council of Luka Koper, d. d., elected Rok Parovel as a new employees' representative in the Supervisory Board Rok Parovel.
- Chinese shipping company Orient Overseas Container Line (OOCL) introduced a new regular container service from Far East for the Adriatic.
- On 19 September 2016 Luka Koper, d. d., from Slovenian Railways claim for damage of the amount of EUR 1.774 million for the compensation of damage, allegedly suffered due to the beginning of July 2016. On 29 September Luka Koper, d. d., rejected the aforesaid claim as unfounded.

RELEVANT POST-BALANCE EVENTS

OCTOBER

- A 86-member delegation of honorary consuls of the Republic of Slovenia across the world paid visit to Luka Koper d. d.
- Luka Koper obtained the operatin permit for a new fender for a livestock carrier.
- Taiwan shipping company Evergreen Line joined Chinese shipping company in the existing weekly container service connecting Northern Adriatic with Israeli ports Hafa and Ashdod.
- Administration for Civil protection and Disaster relief of the Republic of Slovenia, Municipality of Koper and Luka Koper, d. d., implemented successfully the regional drill 'Cruise ship 2016' at the Cruise terminal, where they checked the management and the cooperation of forces for rescue, protection and relief in the event of major emergencies on cruise ships anchored in the Port of Koper.
- Luka Koper, d. d., transshipped a project cargo of exceptional dimensions, which

presented a big challenge. It was composed of 25 pieces, the heaviest weighed 56 tonnes, the heaviest weighed, the longest measured 36 metres. Moreover, Luka Koper has available needed infrastructure and skills required for the transshipment of most demanding cargoes.

- On 24 October 2016 was held a public discussion about the application for the environmental impact assessment (EIA) related to the extension of the Pier I, to which the Municipality of Koper made remarks. Luka Koper, d. d., replied to these remarks in the prescribed time limit. Due to time-consuming procedures, and potential lodgings of claims, the company is still not in position to evaluate the time frame for the obtainment of the EIA and consequently the building permit.

PERFORMANCE ANALYSIS OF LUKA KOPER GROUP

PERFORMANCE OF LUKA KOPER GROUP, JANUARY – SEPTEMBER 2016, SUMMARY

In January – September 2016 period, Luka Koper Group net revenue from sale amounted to EUR 149.5 million which is 2 percent resp. EUR 3.4 million ahead on planned net sales revenues and 11 percent resp. EUR 14.3 million ahead on the achieved sale revenue in the equivalent period last year.

Net revenue from **sales activity** of Luka Koper Group in January – September 2016 exceeded the plan by **6 percent** resp. EUR 8.3 million, while the revenue from the performance of public utility service regular maintenance of the port's infrastructure destined to public traffic fall behind the planned schedule by EUR 4.9 million resp. by 43 percent, which results in total exceeding of planned revenues of Luka Koper Group in January - September 2016 only by 2 percent.

In January - September 2016, the operating expense of Luka Koper Group amounted to EUR 113.5 million, which is a year-on increase of EUR 6.6 million resp. 6 percent. Within the framework of operating expenses, comparably to the equivalent period in 2015, all costs increased, except amortisation which was lower than previous year.

The operating profit (EBIT) of Luka Koper in January - September 2016 amounted to EUR 38.2 million, which is 3 percent resp. EUR 4.5 million ahead on planned operating profit (EBIT) and 20 percent resp. EUR 6.3 million ahead on the achieved operating profit (EBIT) in the comparable period 2015.

In January – September 2016, the EBITDA of Luka Koper Group achieved EUR 58.1 million, which is EUR 4.8 million resp. 9 percent ahead on the the planned EBITDA and EUR 5.6 million resp. 11 percent ahead on the achieved EBITDA in the comparable period last year.

Net profit of Luka Koper Group in January - September 2016 amounted to EUR 33.2 million and was above the planned net profit by EUR 5.4 million resp. by 20 percent and EUR 6.3 million resp. 23 percent above the achieved net profit in the comparable period last year.

In January – September 2016, Luka Koper Group allocated EUR 40.9 for the investments.

PERFORMANCE OF LUKA KOPER, D. D., JANUARY – SEPTEMBER 2016, SUMMARY

In January – September 2016, Luka Koper, d. d. net revenue from sale amounted to EUR 141.6 million and thereby exceeded the planned net revenue from sale for EUR 3.9 million resp. 3 percent, and the generated net revenue from sale was for EUR 14 million resp. 11 percent higher than in the comparable period last year.

Net revenue from sale of Luka Koper, d. d., in January - September 2016 represent 94.7 percent of net revenue from sale of Luka Koper Group.

Net revenue from sale of Luka Koper, d. d., from **sales activity** in January - September 2016 exceeded the planned by **7 percent** resp. EUR 8.7 million, whilst the revenue from the performance of the public utility service regular maintenance of the port's infrastructure destined to public traffic falls behind the planned schedule by 43 percent resp. EUR 4.9 million, which results in total exceeding of planned revenues of Luka Koper, d. d., in January - September 2016 by 3 percent.

In January – September 2016, Luka Koper, d. d., operating expenses amounted to EUR 107.7 million, which is 7 percent resp. EUR 7.4 million ahead on the equivalent period last year. Within the operating expenses, comparably to the equivalent period last year, the increase was recorded all types of costs, whilst the cost of material and amortisation decreased.

The operating profit (EBIT) of Luka Koper, d. d., in January - September 2016 amounted to EUR 34.7 million, which is 11 percent resp. EUR 3.6 million ahead on planned operating profit (EBIT) and 18 percent resp. EUR 5.3 million ahead on the achieved EBIT in the comparable period last year.

In January – September 2016, the EBITDA of Luka Koper, d. d., amounted to EUR 53.9 million and it was higher by 10 percent resp. by EUR 4.7 million than in January – September 2015. In comparison to the plan, the EBITDA was higher by EUR 3.9 million resp. by 8 percent.

Net operating profit of Luka Koper, d. d., in January - September 2016 amounted to EUR 30.2 million and exceeded the planned figures by EUR 4.2 million resp. by 16 percent, and the achieved net operating profit in the same period in 2015 by EUR 5.2 million resp. by 21 percent.

In January – September, Luka Koper, d. d., allocated for investments EUR 40.3 million, which is 99 per cent of the Luka Koper Group investments.

FORECAST OF THE NET REVENUE FROM SALE OF LUKA KOPER, D. D., IN THE LAST QUARTER OF 2016⁸

According to current forecasts, Luka Koper, d. d., estimates that net revenue from sale in the last quarter will expectedly be at planned level and meanwhile 1 percent ahead on the last quarter in 2015. Luka Koper, d. d., expects that the net revenue from sales 2016 will exceed the planned by 2.6 percent and net revenue from sales 2015 by 8 percent. Currently, Luka Koper, d. d., does not estimate other impacts to be recognised in net operating profit of Luka Koper, d. d., except changes in the throughput volume and related net revenue from sales.

A more detailed analysis of the performance, presented hereinafter, refers to the Luka Koper Group performance.

⁸ The forecast is based on current expectations and forecasts and is subject to risks and uncertainties, which may have an impact on the concrete results and may materially differ due to different factors, over which Luka Koper Group has no control. These factors include, but are not necessarily limited to the following: consumers demand and market conditions on the markets where operate final consignees of goods, transhipped through the Port of Koper, relevant losses or reduced businesses concerning key customers, political instability and unfavourable economic situation in countries of origin resp. destination of goods transhipped through the Port of Koper, competition pressure to lower prices., limited storage capacities due to lengthy obtainment of adequate permits from competent authorities, high occupancy of storage areas and therefore lower productivity and higher operations costs resulting from additional movements of cargo, insufficient entry capacity into the port, and therefore the traffic flow capacity in the port zone. In case one or more risks resp. uncertainties are materialised or the assumptions prove to be incorrect, actual results materially differ from those stated as expected, estimated or forecasted. Luka Koper allows any updating or auditing of these forecasts in case the future development may differ from the expectations.

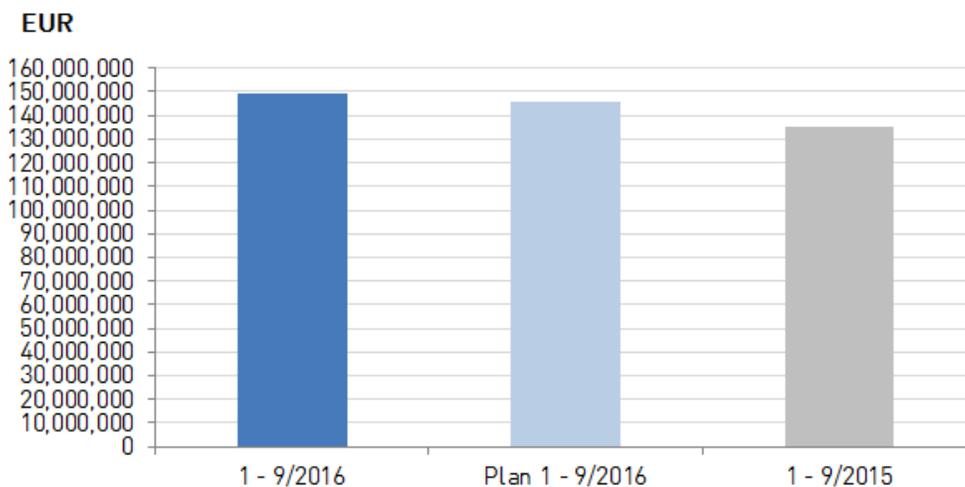
PERFORMANCE OF LUKA KOPER, JANUARY – SEPTEMBER 2016

NET REVENUE FROM SALE

In January – September 2016, the net revenue from sale of Luka Koper Group reached EUR 149.5 million, thus exceeding the planned net revenue from sale in the comparable period last year by EUR 3.4 million resp by 2 percent. The achieved net revenues from sale were exceeded by 14.3 million resp. by 11 percent. Net revenue from sale of Luka Koper Group increased in its primary activity of loading and unloading of goods and in provision of additional services.

Net revenue from sale of Luka Koper Group from **sales activity** in January - September 2016 was by EUR 8.3 million resp. by **6 percent** on the planned, while the revenue from the performance of public utility service regular maintenance of the port's infrastructure destined to public traffic falls behind the planned schedule by 43 percent resp. by EUR 4.9 million, which resulted in total exceeding of planned revenues of Luka Koper Group in January - September 2016 by only 2 percent.

Net revenue from sale of Luka Koper Group



OTHER REVENUES

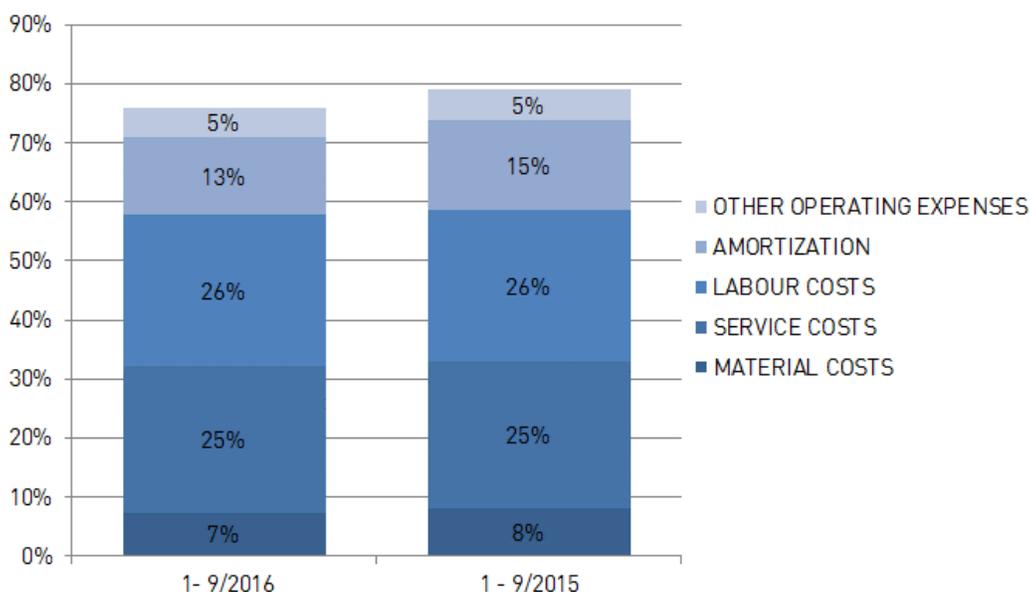
Other revenues of Luka Koper Group in January – September 2016 amounted to EUR 2.2 million, which is EUR 1.5 million resp. 40 percent decrease on the same period last year. In 2015, was recognised as the reversal of provision in the amount of EUR 1.5 million related to the court settlement. The major share of other revenues in January - September 2016 were subsidies, grants and similar revenues in the amount of EUR 1.4 million, related to the withdrawal of the assigned assets from the withheld contributions of Luka Koper INPO, d. o. o.

OPERATING EXPENSES

In January – September 2016, the Luka Koper Group operating expenses amounted to EUR 113.5 million, which is EUR 6.6 million resp. 6 percent ahead on the equivalent period last year. Within the operating expenses, the increase was recorded in all types of expenses, except amortisation.

The share of operating expenses within net revenue from sale in January - September 2016 amounted to 75.9 percent, which is 3.2 percentage point decrease in comparison with the equivalent period last year. Comparably to 2015, a share of costs of material and amortisation under net revenue from sale, share of costs of services, labour costs and other operating expense stayed at the same level.

Share of single operating expense in net revenue from sale of Luka Koper Group



Cost of material

In January – September, the cost of material of Luka Koper Group amounted to EUR 11 million, which is EUR 146 thousand resp. 1 percent increase of the cost of material in the comparable period in 2015. A major share of cost of material was the cost of energy. A major volume of maintenance works resulted in the increase of costs of auxiliary material. The cost for energy decreased due to the lower cost of electric power and lower fuel costs.

Cost of services

In January – September 2016, the cost of services of Luka Koper Group amounted to EUR 36.9 million, which is EUR 3.3 million resp. 10 percent ahead on cost generated in 2015. As consequence of increased maritime throughput and higher number of hours worked the costs of port's services increased by EUR 18.5 million, which is a year-on increase of EUR 2.6 million resp. 17 percent. A major increase resulted from increased volume of throughput and more demanding procedures in handling operations of new cars' trademarks at Car terminal, one of major consumers of these services. Higher costs are also attributed to a major occupancy of storage areas and consequently a larger number of movements, since Luka Koper, d. d., has had 30 open building sites with the Port zone.

An important share within the cost of services represented also the costs of other services which amounting to EUR 10.5 million, which is 1 percent resp. EUR 121 thousand ahead on costs generated in the comparable period in 2015. As a result of higher operating revenue, there were higher concession costs.

Cost of labour

In January – September 2016, the Luka Koper Group labour costs amounted to EUR 38.4 million, which is an increase of EUR 3.6 million resp. 10 percent increase in comparison to the comparable period last year. The year-on increase can be attributed to a major number of employees, increase of the basic salary, applicable as from 1st January 2016 onwards in Luka Koper, d. d., and Luka Koper INPO, d. o. o., in compliance with the collective agreement, and higher payments for job performance and pay for holiday. On the basis of the provision of the Corporate Collective Agreement, Luka Koper, d. d., and its subsidiary companies in June 2016 paid to the employees the pay for holiday 2016 in the amount up to 70 percent of the average salary in the Republic of Slovenia calculated two months ago, published on the Statistical Office of Slovenia website.

As at 30 September 2016, the total number of employees in Luka Koper Group was 1,059, which was 27 employees more resp 3 percent increase comparing with the situation on 30 September 2015.

Depreciation costs

In January – September 2016, the depreciation cost of Luka Koper Group in the amount of EUR 19.9, were EUR 645.6 thousand lower than the depreciation costs of the comparable period in 2015.

Other operating expenses

Other operating expenses of Luka Koper group in January – September 2016 amounted to EUR 7.2 million, and were 109.4 thousand resp. 2 percent higher than in the comparable period in 2015. The revaluation operating expenses increased from impairment of Luka Koper, d. d., investments under construction. Due to a new decision, the cost of the compensation for the use of the building land increased within charges. The administrative fees and court costs, which were higher in 2015 due to court settlements, decreased.

OPERATING PROFIT

In January - September 2016, Luka Koper Group generated the operating profit in the amount of EUR 38.2 million, which is EUR 6.3 million resp. 20 percent ahead on the comparable period in 2015. Higher operating profit (EBIT) primarily resulted from 11 percent higher net revenue from sale.

The EBITDA of Luka Koper Group in January – September 2016 amounted to EUR 58.1 million, which is 11 percent resp. EUR 5.6 million resp. 11 percent ahead on the achieved EBITDA in the comparable period in 2015.

In January – September of 2016, the EBITDA margin amounted to 38.9 percent, which is equivalent to the achieved EBITDA margin in the comparable period of the previous year. In 2015, the EBITDA and consequently the EBITDA margin were affected by an extraordinary income from reversal of provisions from judicial settlement in the amount of EUR 1.5 million. Excluding this revenue, the EBITDA margin in January - September 2015 would be lower and would amount to EUR 37.7 percent. Consequently, the EBITDA margin achieved in January - September 2016 would be higher with respect to the previous year by 3 percent resp. 1.2 percentage point. This type of revenues was not planned in 2016.

The EBITDA margin of Luka Koper Group in January – September 2016 increased by 7 percent resp. by 2.4 percentage point in comparison with the planned. In January - September 2016, Luka Koper, d. d., projected for the public utility service of regular maintenance of the port's infrastructure more extensive volume of maintenance and consequently higher revenue in the amount of EUR 5.3 million, due to the withdrawal of long-term deferred revenues in comparison to the plan of January - September 2016. Actually, a minor volume of regular maintenance of the port's infrastructure destined to the public transport due to the delayed adoption of the plan of Ministry of Infrastructure, Luka Koper, d. d., received on 5th May 2016. In the event of the elimination of the impact of EUR 5.3 million higher revenues in this respect, the planned EBITDA margin would amount to 38 percent. Consequently, the achieved EBITDA margin in January - September 2016 would be higher than planned, without the said impact of long-term referred revenues by 2 percent resp. by 0.9 percentage point.

FINANCE INCOME AND FINANCE EXPENSES

In January – September 2016, the finance income of Luka Koper Group amounted to EUR 1.4 million, which is 1 percent resp. 16 thousand ahead on the achieved finance income in the comparable period of the previous year. The finance income from shares in other companies increased.

Finance expense of Luka Koper Group in January – September 2016 amounted to EUR 1.9 million and recorded EUR 670.7 thousand resp. 26 percent decline from achieved finance expense in the comparable period 2015. Finance expense from financial liabilities fell by EUR 475.7 thousand as result of lower EURIBOR, as result of reduced interest rate margins on some loan contracts at the end of 2015 and the reduced indebtedness.

RESULTS OF ASSOCIATED COMPANIES

In January – September 2016, profit before tax of Luka Koper Group in the amount of EUR 1.5 million is increased by results of associated companies, which is EUR 584 thousand resp. 63 percent increase in comparison with the equivalent period last year. The results almost entirely refer to the improvement of the performance of Adria-Tow, d. o. o., Adria Transport, d. o. o., Autoservis, d. o. o., and Adriaфин, d. o. o.

PROFIT BEFORE TAX AND PROFIT FOR THE PERIOD

Profit before tax of Luka Koper Group in January - September 2016 amounted to EUR 39.2 million and exceeded the achieved profit in the comparable period 2015 by EUR 7.6 million resp. by 24 percent.

Net operating profit of the Luka Koper Group in January - September 2016 amounted to EUR 33.2 million EUR, which is EUR 6.3 million resp. 23 percent ahead on the achieved net operating profit in the comparable period in 2015.

Income tax and deferred taxes in January - September 2016 reduced the net operating profit of Luka Koper Group in the amount of EUR 6 million, net operating profit of the comparable period 2015 was reduced by EUR 4.7 million.

FINANCIAL SITUATION AND FINANCIAL MANAGEMENT

As at 30 September, the balance sheet total of Luka Koper Group amounted to EUR 479.4 million resp. 3 percent ahead on 31 December 2015.

As at 30 September 2016, non-current assets of Luka Koper Group amounted EUR 440.8 million, which is EUR 19.4 million resp. 5 percent increase in comparison to 31st December 2015. As at 30 September 2016, non current assets represented 91.9 percent of Luka Koper Group balance sheet total.

Due to higher investments, an increase was recorded in property, plant and equipment, and

respectively by EUR 20.1 million resp. by 6 percent, principally by advances. Intangible assets Intangible assets and long-term deferred costs and accrued revenue decreased by 10 percent resp. by EUR 466 thousand from depreciation. Shares and interests increased by 1 percent resp. by EUR 515.5 thousand from operating profit of associated companies. Given loans decreased by 92 percent resp. by EUR 366.4 thousand. The investments held to maturity decreased, since outstanding bonds of Nova Ljubljanska Banka and Slovenska odškodninska družba matured.

As at 30 September 2016, short-term assets of Luka Koper Group amounted to EUR 38.7 million, which is 15 percent resp. EUR 7 million decrease with respect to 31st December 2015.

The inventories of maintenance material as of 30 September 2016 amounted to EUR 787 thousand, which is 3 percent resp. EUR 26.8 thousand ahead on 31st December 2015. Operating and other receivables increased by 4 percent resp. EUR 1.4 million, from receivables to State and other higher receivables. Receivables from State were higher from tax refund, other receivables were higher from short-term deferred costs resp. revenue, which increased by EUR 1.6 million and namely a major increase was recorded in the accrued costs for the use of the building land and namely in the amount of EUR 1.1 million, accrued costs for annual holiday pay in the amount of EUR 287.5 thousand, deferred costs from insurance premiums increased for EUR 190.7 thousand, deferred costs from invoicing of excise duties increased by EUR 233 thousand, cash and cash equivalents decreased by 64 percent resp. by EUR 8.1 due to reduced deposits held at call.

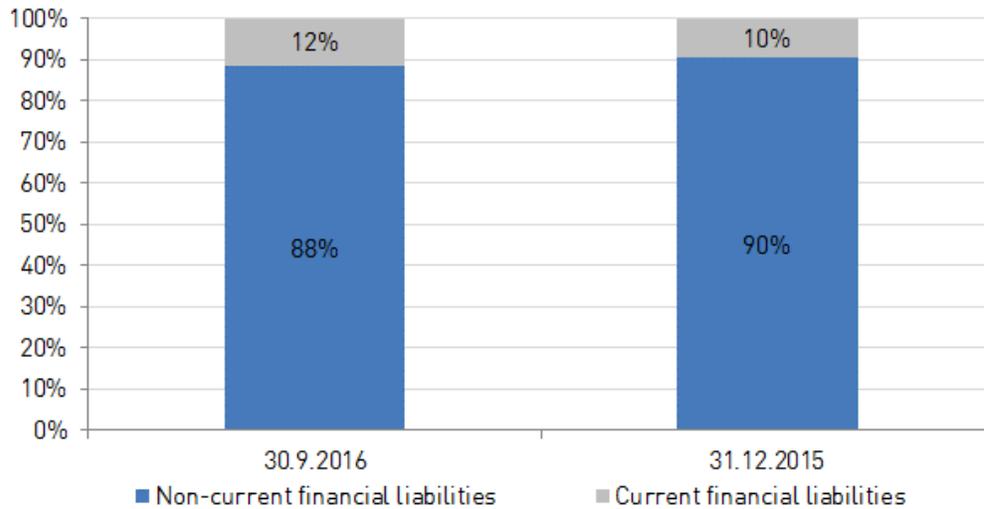
As 30th September 2016 the equity of Luka Koper Group amounted to EUR 324.1 million, which is an increase of 6 percent resp. EUR 17.8 million in comparison to the situation at 31 December 2015, the increase is attributable to the net operating profit of the business year. As of 30 September 2016, the equity represented 68 percent of balance sheet total.

As of 30 September 2016, non-current liabilities with long-term provisions and long-term accrued costs of Luka Koper Group amounted to EUR 113.8 million, which is 6 percent resp. EUR 7.4 million decrease with respect to 31 December 2015. Borrowings from banks decreased due to the repayment of borrowings as well as long-term deferred revenues. As of 30 September 2016, non-current liabilities with long-term provisions and long-term accrued costs represent 24 percent of liabilities.

As of 30th September 2016, the current liabilities of Luka Koper Group amounted to EUR 41.6 million and recorded an increase of EUR 2 million resp. 5 percent with respect to 31st December 2015. The major increase was registered in other financial liabilities, and namely in accrued costs for the 13th salary for 2016 and accrued commercial discounts for foreign markets due a higher outturn on the basis of concluded contracts.

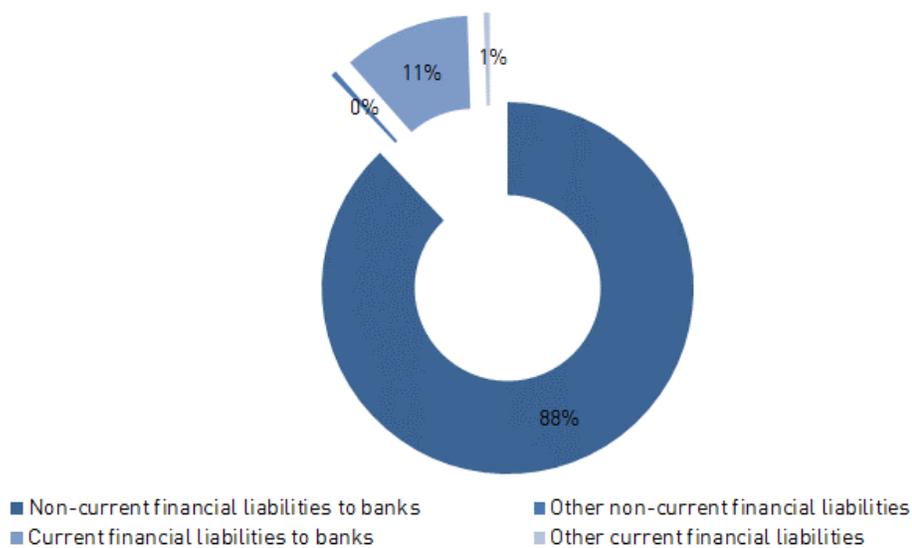
As of 30th September 2016, financial liabilities of Luka Koper Group amounted to EUR 107.2 million, which is a EUR 4.7 million resp. 4 percent decrease with respect to 31st December 2015. The liabilities towards the banks decreased due to the repayment of borrowings, according to the amortization schedules.

Structure of Luka Koper Group's financial liabilities by maturity



As at 30 September 2016, the non current financial liabilities to banks of Luka Koper Group amounted to 88 percent of total financial liabilities. Comparably to 31 December 2015, their share declined by 2 percentage points.

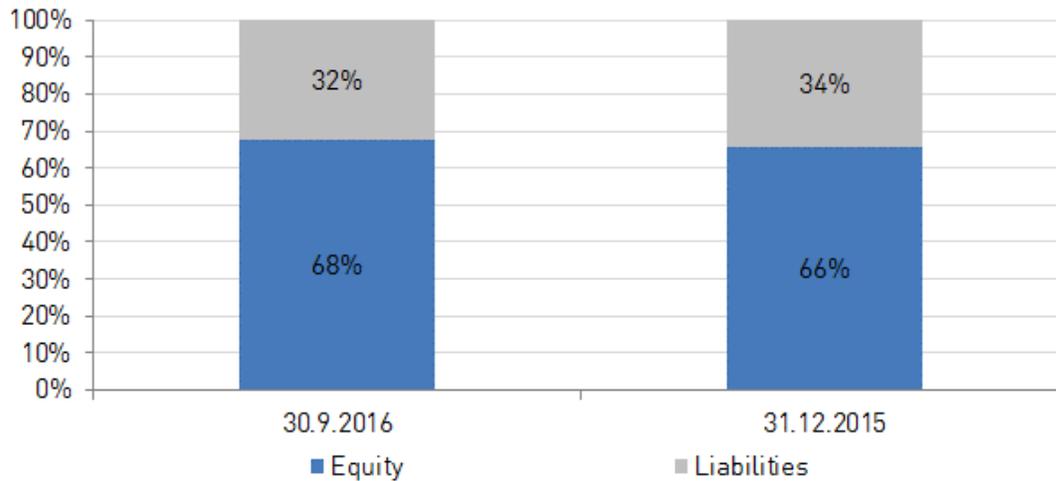
Luka Koper Group financial liabilities as of 30 September 2016



Among financial liabilities of Luka Koper Group prevail the liabilities related to a variable interest rate. The Group manages the interest rate risk by entering into an interest hedge for EUR 60.1 million of non-current borrowing, which represents almost 56.6 percent of all financial liabilities

from received loans of Luka Koper as of 30 September 2016. An eventual change of variable interest rates would consequently have an impact on 37.7 percent of all Group's loans (in 2015, there were 43,0 percent of such loans). The remnant 62.3 percent of loans were hedged against interest rate risk.

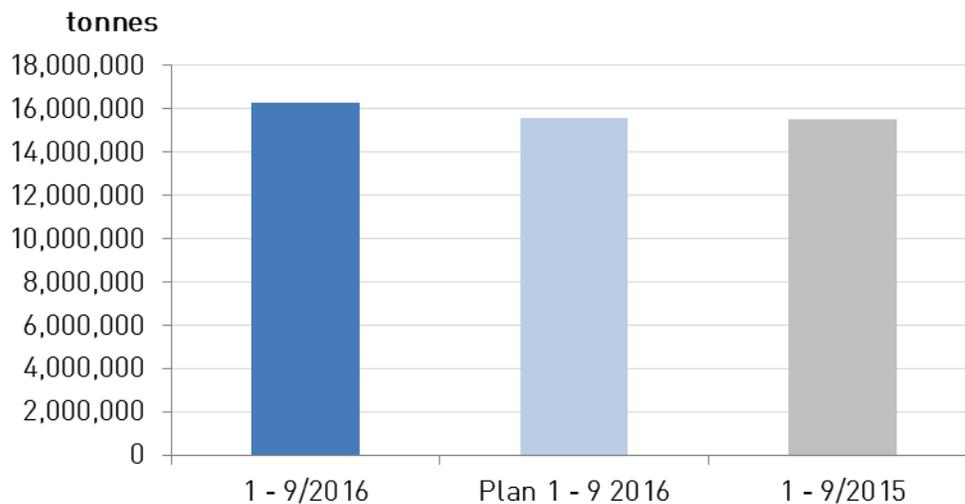
Structure of equity and liabilities of Luka Koper Group



MARKETING AND SALES

The maritime throughput of Luka Koper Group in January – September 2016 amounted to 16.3 million tonnes, which is 4 percent increase on planned quantities and 5 percent ahead on the throughput registered in the comparable period last year. In May 2016, a record monthly maritime throughput was achieved in Luka Koper, d. d., history in the amount of 2.15 million tonnes. The Group's throughput growth was achieved in all product groups. With respect to the previous year, Luka Koper Group in January – September 2016 generated 2 percent growth of loaded goods onto and 7-percent growth of unloaded goods from vessels.

January – September 2016 and 2015 cargo tonnage throughput and the plan for 2016

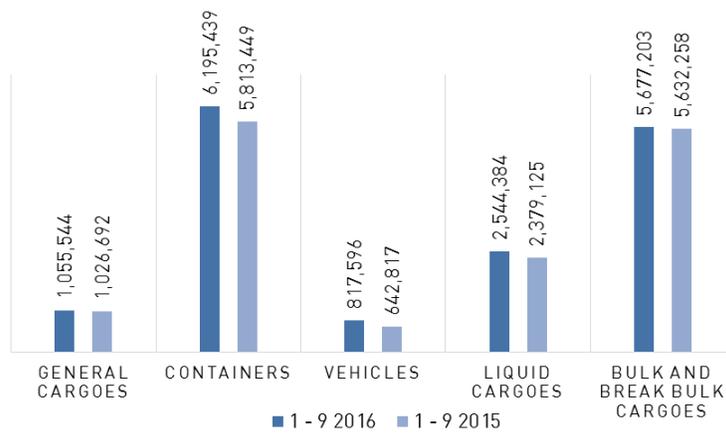


The increase in the maritime throughput generated the growth of the net revenue from sales. The increased maritime throughput resulted in the increase of net sales revenue, which exceeded by 6 percent resp. EUR 8.3 million the planned net sales revenue in January - September 2016.

Cargo structure by types

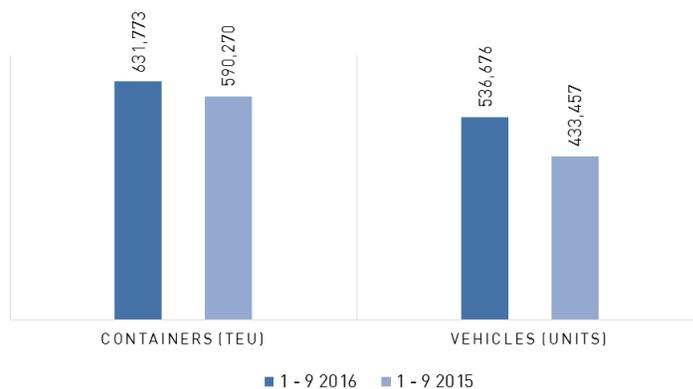
Cargo throughput in tonnes per cargo types, January - September 2016 and 2015

CARGO TYPES (tonnes)	1 - 9 2016	1 - 9 2015	Indeks 2016/2015
General cargoes	1,055,544	1,026,692	103
Containers	6,195,439	5,813,449	107
Vehicles	817,596	642,817	127
Liquid cargoes	2,544,384	2,379,125	107
Bulk and break bulk cargoes	5,677,203	5,632,258	101
TOTAL	16,290,166	15,494,341	105

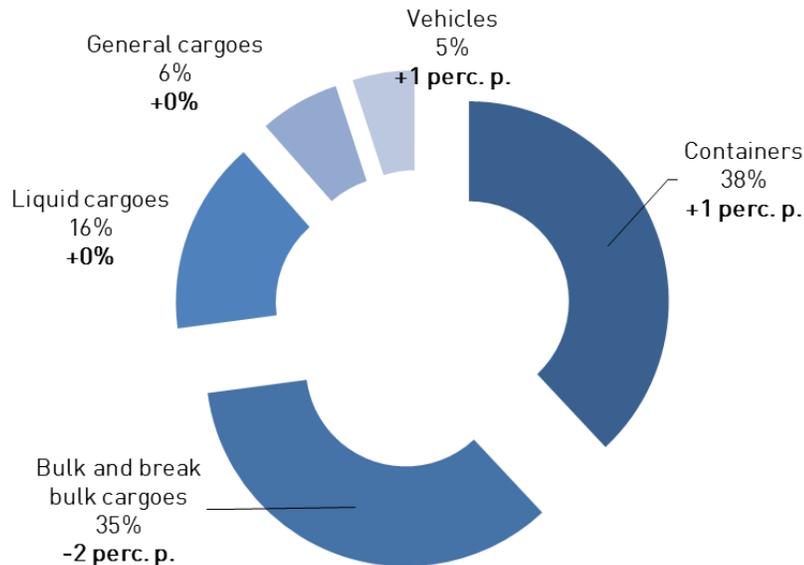


Container (in TEU) and vehicle (in units), January – September 2016 and 2015

CARGO TYPES	1 - 9 2016	1 - 9 2015	Index 2016/2015
Containers – in TEUs	631,773	590,270	107
Vehicles – in UNITS	536,676	433,457	124



Structure of cargo throughput by product type, January – September 2016 and percentage change in relation to January – September 2015



General cargoes

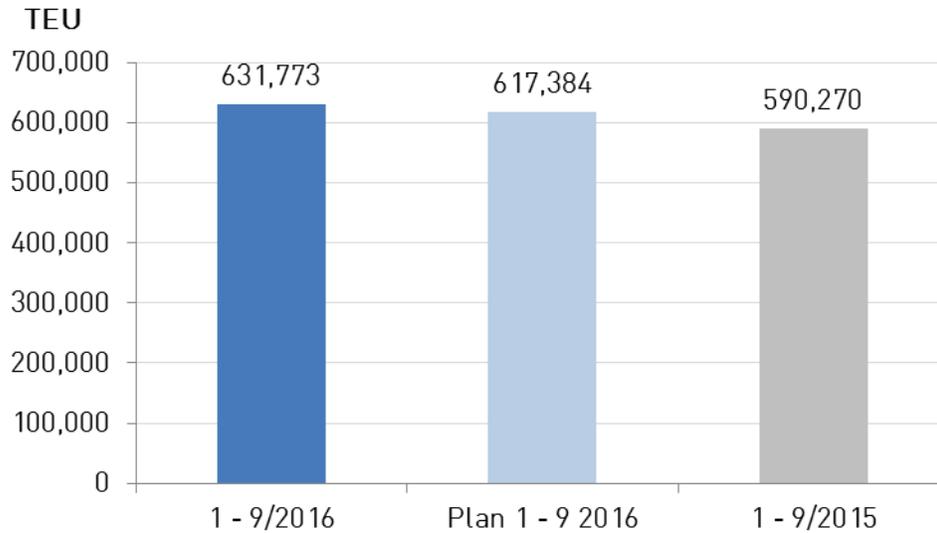
Within the general cargoes Luka Koper Group in January – September 2016 reached a growth of the maritime throughput in the amount of 3 percent with respect to January – September 2015. The growth was recorded in the throughput of steel and steel products and of bananas shipped by conventional ships. Due to unstable economic and political situation in Northern African countries the throughput of timber registered a decline in comparison with the previous year.

Containers

The maritime throughput of containers in January – September 2016 amounted to 631,773 TEUs. The achieved maritime throughput of containers recorded a 7 percent year-on increase. The throughput of full containers rose by 9 percent, a major growth was registered in import in the amount of 13 percent, and in export 4 percent growth was achieved.

The Port of Koper is the first port of call from the Far East for the alliance 2M and Ocean3, and last port of call for Ocean3 alliance, thus providing a big advantage to importers and exporters thanks to the shortest transit time in import and export of goods from Far East.

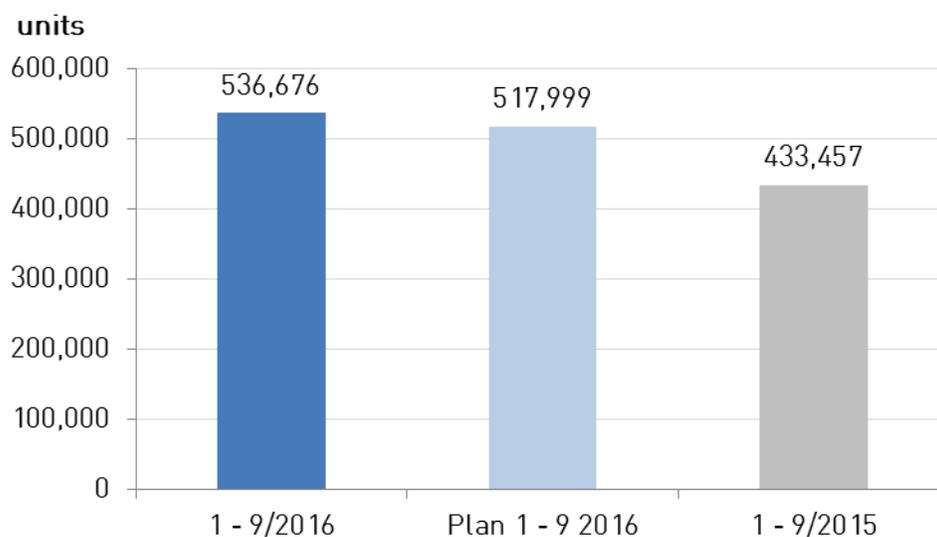
Container throughput, January – September 2016 and 2015 (in TEUs)



Vehicles

A total of 536,676 vehicles were handled in January – September 2016, which is 24 percent year-on increase. 167 thousand of vehicles were handled in import, 369 thousand in export.

Throughput of vehicles, January – September 2016 and 2015 (in units)



Liquid cargoes

In January – September 2016, the throughput of liquid cargoes recorded a year-on increase of 7 percent.

Dry bulk cargoes

In the product category dry bulk cargoes, the Luka Koper Group achieved one percent growth in comparison with the previous year. The throughput of coal and iron ore was at January – September 2015 level quantities. The throughput of soya and organic cereals still shows a growing trend, besides that the Luka Koper Group acquired a new minerals business.

RISK MANAGEMENT

In the third quarter of 2016, the subsidiary companies Luka Koper Pristan, d. o. o., TOC, d. o. o., and Adria Investicije, d. o. o., were included in the uniform system of risk management within Luka Koper, by which the set target of the system enlargement at the level of subsidiaries, has been reached.

Key risk mapping in the third quarter in comparison to the previous one, has not changed. Luka Koper Group still identifies the risks related to the timely implementation of strategic development projects by 2020, where a major dependence is connected primarily with a timely obtaining of adequate permits. Since the Municipality of Koper (MOK) joined as a party in the EIA procedure related to the extension of the Pier I, the procedure may be delayed for a longer period. On 24 October 2016 was held a public debate of the EIA application, and in that occasion the Municipality of Koper presented its remarks, to which the company replied within the designated timeframe. The timeframe for the obtainment of the environmental permit and consequently the building permit due to long-term procedures and potential lodging of complaints, the company is still not in position to evaluate.

In the beginning of July, Luka Koper, d. d., faced a backlog in the performance of handling operations in the port due to an unexpected, unpreventable and unavoidable spontaneous revolt of workers, who completely blocked all work processes in the port for three days due to a disagreement with the way of acting of some government representatives in relation to Luka Koper, d. d. On 19 September 2016, Luka Koper, d. d., received a claim for damages in the amount of EUR 1.774 million from Slovenian Railways for the compensation of damage, allegedly suffered due to the spontaneous work interruption in the Port in the beginning of July 2016. On 29 September 2016, Luka Koper, d. d., rejected the claim as unfounded.

LKPG SHARE

As at 30th September 2016, Luka Koper, d. d., had a total of 11,019 shareholders resp. a year-on decline of 6.1 percent. The ten major shareholders held 76.50 percent of all Luka Koper, d. d., stock. The Republic of Slovenia, with its 51-percent stake, is the company's major shareholder.

Ten largest shareholders in Luka Koper, d. d., as of 30 September 2016

Shareholder	Number of shares 30. 9. 2016	Percentage stake 30. 9. 2016 [%]
Republic of Slovenia	7,140,000	51.00
Slovenski državni holding, d. d.	1,557,857	11.13
Kapitalska družba, d.d.	696,579	4.98
Municipality of Koper	439,159	3.14
SOP Ljubljana	419,682	3.00
Zavarovalnica Triglav, d. d.	104,756	0.75
Aktsiaselts Trigon Funds	104,681	0.75
Parametric Emerging Markets Fund	94,050	0.67
Sei Global Investments Fund Plc	80,370	0.57
Unicredit Bank Austria AG - fiduciarni	73,393	0.52
Total	10,710,527	76.50
Total shares	14,000,000	100.00

Trading in LKPG share

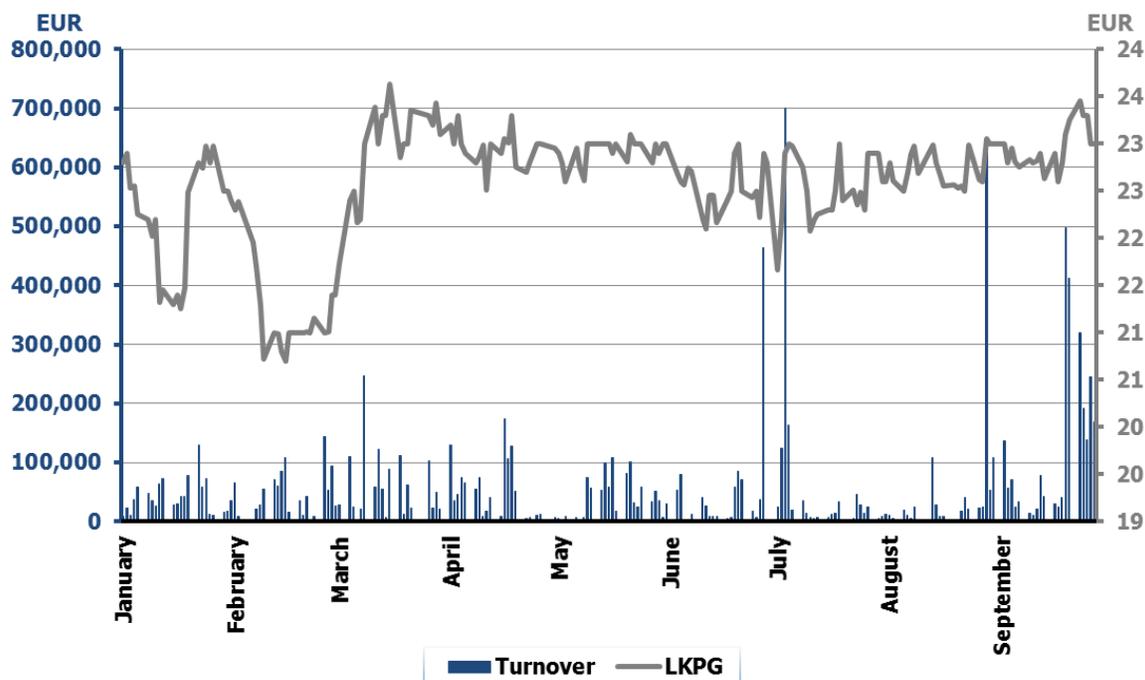
In the first nine months of 2016, the average daily share price of Luka Koper, d. d., stood at EUR 22.56, whilst its overall trading value fluctuated between EUR 20.70 and EUR 23.63. The highest daily price was EUR 23.70, the lowest EUR 20.60. As of 30 September 2016, the market capitalisation of Luke Koper, d. d., amounted to EUR 322,000,000.

Tere were 2,745 transactions and block trades with an aggregate value of EUR 11,089,891, whereby 489,128 shares changed ownership.

Relevant data o LPKG share

	1 – 9 2016	1 – 9 2015
Number of shares as of 30 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 September (in euros)	23.00	23.30
Book value of share as of 30 September (in euros)	21.24	19.84
Ratio between average weighted price and avce (P/B)	1.08	1.17
Average weighted market price (in euros) ⁹	22.67	24.75
Average book value of share (in eur) ¹⁰	20.97	20.03
Ratio between average weighted price and average book value of the share	1.08	1.24
Net earning per share (EPS) (in euros) ¹¹	2.88	2.39
Ratio between market price and earnings per share (P/E) ¹²	7.99	9.77
Marke capitalisation as of 30 September (in mio euros)	322.0	326.2
Turnover (all transactions) January – September (in mio euros)	11.1	20.3

Changes in the daily LKPG share price and daily turnover, January – September 2016



⁹ Weighted average market price is calculated as a ratio between total value of LPKG stock exchange transactions and the aggregate number of LPKG shares traded across the period.

¹⁰ Average book value of the LPKG is calculated on the basis of average monthly ratio between equity and number of ordinary shares.

¹¹ Indicator is calculated on the basis of annualised data..

¹² Indicator is calculated on the basis of annualised data.

Number of LKPG shares held by the Supervisory Board and Management Board members

As of 30 September 2016, the following members of the Luka Koper, d. d., Supervisory Board:

Rok Parovel, Member of the Supervisory Board	8
Marko Grabljevec, Member of the Supervisory Board	10

As of 30 September 2016, the following Member of the Luke Koper, d. d., Management Board held shares in the company:

Dragomir Matić, President of the Management Board	1,238
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Treasury stock, authorised capital, conditional capital increase

Ad at 30 September 2016, Luka Koper, d. d., did not hold any treasury stock. The company statute does not anticipate any category of authorised capital by way of which the Management Board may increase share capital, and further to this the company had no ground for any conditional increase in share capital in the January to September 2016 period.

INVESTMENTS IN PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS

In January – September 2016, Luka Koper Group allocated EUR 40.9 million for investments in property, investment property and in intangible assets, which is EUR 24.3 million increase in comparison with January – September 2015 and 27 percent less than planned.

Luka Koper, d. d., allocated EUR 40.3 million for investments which is 99 percent of Luka Koper Group investments.

In January – September 2016, the following mayor investments were implemented and namely:

- continuation of the construction of three new tanks for the needs of the Liquid cargoes terminal,
- due to the increased traffic at the Container terminal and in other to provide a smooth shipment and delivery of waggons in this area, continuation of the construction of a new railway track and new bridge over the channel.
- further filling of landfill site on the head of the Pier I was carried out due to the increased cars' handling operations and need of new parking areas.
- due to the statutory harmonisation of the port's lighting, dismantling of the existing and the erection of new light towers have started at the Container terminal,
- construction of RMG lanes for new cranes started.

At the end of 2015, Luka Koper d.d. ordered 11 new, more efficient cranes for containers handling, as part of the investment projecting besides new more efficient equipment also the extension of the Pier I and construction of additional capacities at the Container terminal, thus achieving the capacity 1.3 million TEUs until 2020. In January – September 2016, Luka Koper, d. d., allocated EUR 15.2 million for ordered cranes.

Furthermore, several minor investments were implemented. Monitoring and management of environmental impacts remain a significant part of regular port's activities. In order to preserve the environmental sustainability, a part of funds in the first half of 2016 was allocated to the ecology, in line with strategic objectives. With purpose to reduce the dusting, a new waterproof grab with major capacity was purchased.

DEVELOPMENT ACTIVITY

In January – September 2016 period, Luka Koper, d. d., further pursued its development and research activities related to the Port's development with regard to the trend in this business line and long-term plans. Since in 2015, new strategic documents on Port's development until with guidelines until 2030, which defined primarily priority spatial and infrastructure interventions, Luka Koper d. d. focused on the technological aspect and prospects of improvement of process efficiency. As was the case in the preceding period, there is still a considerable emphasis on the accelerated implementation of priority infrastructure projects and including this type of activities in co-funding applications. The sediment problems resp. the location of their disposal represent a big challenge, and therefore Luka Koper, d. d., started a specific project on this subject. After a lengthy coordination, on 30th June 2016 the Government of the Republic of Slovenia adopted the Port's Development Programme 2016 – 2020, which makes conditional the implementation of investments in the port's infrastructure in compliance with the strategic priorities of Luka Koper d. d. Many activities concerning the emphasizing the timely construction of the second track on Koper – Divača railway line, which determines further Port's development, logistic activities in Slovenia and trade with hinterland countries of the Central and Eastern Europe, were carried out.

As concerns the European projects, very intensive activities were carried out in January – September 2016, in particular as concerns the projects of TEN-T programme resp. CEF, whereby Luka Koper endeavours to cofinance concrete development and infrastructure needs of the Port in the light of the implementation of EU corridor policy.

- Luka Koper has been completing the reporting of 5 projects of TEN-T programme from the previous financial perspective, which had been completed on 31 December 2015: NAPA STUDIES, NAPADRAG, NAPAPROG, POSEIDON MED in B2MOS. An audit was made until 31 August 2016 for all the aforesaid projects.
- New projects of the second call of the programme CEF with the date of submission of new applications by 16 February were prepared in the beginning of the year. In June we received the information that 2 submitted projects were approved and namely:
 - CarEsmatic – partnership project jointly with the Port Authority of Barcelona, Autoterminal and shipping company Neptune Lines, facilitating 30 percent co-funding of the construction of the Ro-Ro berth in the Basin III and VI, group of tracks in the rear area of the basin III in the Port of Koper, potential co-funding in the amount of EUR 3.45 million.
 - ELEMED – partnership project with Greek and Cypriot partners, co-funding 50 percent of the study and potential electric power supply to vessels, potential co-funding in the amount of EUR 150 thousand.
- Until 31st March 2016 Luka Koper, d. d., prepared first reports for 3 new projects, which were approved at the first call CEF in the previous year: NAPA4CORE, GAINN4MOS and Fresh Fruit Corridors, and continued the activities according to the plans.

- The company has successfully implemented also the activities within the project RCMS (Rethinking container management system), programme Horizon 2020.
- Luka Koper, d. d., through a wider consortium of Slovenian partner has been newly involved also in the project RRI (exploitation of the biomass potential for the development of advanced and bio-based products), approved through the Ministry of Education, Science and Sport in August 2016. For Luka Koper, d. d., this means the examining of dredged sediments and their possible further use.

The cooperation in European territorial cooperation programmes, whereby the topics are slightly more regionally orientated and the topics of cooperation softer, with emphasis on partnership projects, the activities were relevant mainly:

- at applications to the first tender of a new programme ADRION, whereby in March 2016 the company joined 16 partnership projects.
- Until the term for application 24th June 2016 Luka Koper once again joined the partnership project TalkNet within the programme Central Europe.
- In September 2016, Luka Koper d. d. 2016 applied for the cooperation in the crossborder projects programmes Slovenia – Italy with two projects;
- the project Easyconnecting programme IPA Jadran, whereby Luka Koper cooperates as external contractor, was prolonged until September 2016.

The cooperation in European territorial cooperation programmes is also relevant, since they place Luka Koper in the European institutional setting – mainly as concerns the planning and development of national and Transeuropean transport infrastructure, logistic concepts, environmental protection, safety, sustainable energy supply, IT updating, cultural heritage and similar.

In the first half of 2016, Luka Koper, d. d., has still been endeavouring to obtain replies on the potential cofinancing of the Cruise terminal, since the project documentation is at an advanced stage and for Luka Koper, d. d., it is to obtain a final reply in order to take decision about the implementation of the project.

As concerns the international institutional activities, Luka Koper, d. d., attended the meeting of the executive committee of the European Sea Port Organisation ESPO held in Brussels, forums Baltic-Adriatic, Mediterranean corridor and forum Motorways of the sea – organised by the European mission with aim to monitor the implementation of corridor policy CEF. In February 2016 the representatives of Luka Koper attended the meeting with the commissioner for transport, Mrs. Violeta Bulc and Minister Peter Gašperšič with Slovenian stakeholders, in March we took active part at the Transport-Logistic conference, organised by SBRA in Brussels. In June we attended annual general meetings and key ESPO (Dublin) and FEPORT (Valencia) events.

From 20 till 22 June 2016, Luka Koper, d. d., took part in institutionally very important European event TEN-T days 2016 held in Rotterdam, where the company's Port's development projects were

presented to the European institutions.

Luka Koper, d. d., has followed the development of the adoption of the European ports' regulations through the association ESPO in FEPORT. In June 2016, NAPA association organised a sole this year's promotional event resp. the traditional presentation at the TL fair held in Shanghai.

From the point of of emphasizing the relevance of the second railway track Koper – Divača and Luka Koper, d. d., development plans, Luka Koper, d. d., participated at several events: at the Chamber of Industry and Commerce, National Assembly and National Council of the Republic of Slovenia, in the Economic and Social Council, in the Port's Community Propeller Club and hosted various political and economic delegations.

However, it should be emphasized that the support of the Slovenian State and the understanding of the port's activity is of paramount importance for further Port's development, the achievement of which is a big challenge for the development activity of Luka Koper, d. d.

SUSTAINABLE DEVELOPMENT

NATURAL ENVIRONMENT



Luka Koper has always taken care for the improvement of the quality of life in the whole area where the Ports is situated. Years ago, in the field of environmental protection, Luka Koper, d. d., set a target to become a "green port". The principles of sustainable development and responsible environment management are taken into consideration, and whereby the set strategic directions are followed. In August 2016, Luka Koper d.d., published the Environmental Report of Luka Koper, d. d., 2015, which is also available on the website <http://www.zivetispristaniscem.si/index.php?page=static&item=14>.

CARE FOR ENVIRONMENT

The endeavours to decrease emissions into the atmosphere that are generated during the Port's activity, involve various activities. The most important measures to decrease dusting were the introduction of the technology to apply paper mill sludge to the coal and iron dumping area. Paper mill sludge forms a layer that prevents dusting.

TOTAL VOLUME OF DUST AT THE PORT

Control measurements of the total volume of dust are carried out yet from 2002 on ten measurements points in the Port. There are no legal restrictions on the quantity of dust deposits in Slovenia, nevertheless, we have set a goal not to exceed the average annual level of 250 mg/m²day. In the first half of the year 2016, the average of the measured values from all measuring points amounted to 110 mg/m²dan.

Total average values were by 32 percent lower than the average values in 2015 and also under the set limit. Exceedings were not recorded. Since the damage occurred to the equipment, 4 measurements from 50, were not implemented.

QUANTITY OF HEALTH HAZARDOUS DUST PARTICLES (PM₁₀)

Statutory prescribed measurements of fine dust particles (PM₁₀), are carried out by an authorised organisation and are continuously monitored on three points with the Port. The measurements taken in the first half of the year were below the target value of 30 µg/m³ and statutory set up volume of 40 µg/m³. The results from two measurement devices are shown automatically every hour on the Port's web pages www.zivetispristaniscem.si.

Comparison of mean values of PM10 measurements January - September 2016 and 2015

	1 - 9 2016	1 - 9 2015	Index 2016/2015
Ankaran – Rožnik	19 µg/m ³	21 µg/m ³	90
Bertoki	20 µg/m ³	22 µg/m ³	91
Koper – Cruise terminal	18 µg/m ³	22 µg/m ³	82

In comparison to 2015, the values decreased na vseh treh lokacijah, and mostly towards Koper.

EMISSIONS OF DUST PARTICLES ON KEY SOURCES

Since the permitted values of dust particles emissions of key sources are stipulated by law, we perform measurements in the direct vicinity of the dust-generating sources (e.g. at loading/unloading of wagons, trucks and ships). The measurements required by law will be performed by an authorised official till the end of 2016.

WASTE MANAGEMENT

Various types of waste are generated in the Port of Koper. In order to protect the environment, Luka Koper ensures that waste separation extends to all terminal operations as well as users of the port zone, vessels included. The waste is separately collected, recycled and processed. Separately collected waste materials are delivered to external waste-processing contractors and agents, whereas organic waste is processed at the composting plant in the port. Luka Koper, d. d., also collaborates with external companies in relation to waste processing.

In the first nine months of 2016, we achieved 90 percent waste separation and we exceeded the set objective of 84 percent of sorted and separately collected waste. In April 2016 154 tonnes of unserviceable railway waggons were removed from the port's zone and delivered to an authorised external company.

NOISE

Noise levels are continuously monitored by devices at three peripheral points around the port, and the results are published online via the Living With The Port www.zivetispristaniscem.si.

Average nightly noise levels (in dB), recorded at locations around the Port, January - September 2016 and 2015

1 - 9 2016			1 - 9 2015			Threshold value
Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	
L _D =54	L _D =54	L _D =63	L _D = 54	L _D = 53	L _D =63	L _D = 73
L _V =52	L _V =52	L _V =62	L _V = 52	L _V = 51	L _V =62	L _V = 68
L _N =49	L _N =51	L _N =61	L _N = 49	L _N = 50	L _N =60	L _N = 63
L _{DVN} =57	L _{DVN} =58	L _{DVN} =68	L _{DVN} = 57	L _{DVN} = 57	L _{DVN} =67	L _{DVN} = 73

Legenda: L_D – daily noise level, L_V – evening noise level, L_N – night noise level, L_{DVN} – noise level day – evening – night

Level of noise in the first months of 2016 slightly changed within the entire Port's area in comparison to the same period last year. Main sources of noise in the Port of Koper are due to the goods handling operations, and therefore the main reason for the noise increase are the growth of the throughput and the increased use of the port's machinery. A significant source of noise in the Port is attributable to the vessels, which due to ensuring smooth operation, must keep engines running. The noise is also generated by construction works, carried out within the Port zone.

ENERGY

In the third quarter of 2016, the first phase of installation of network analysers and communication equipment in transformer stations for the control of the electricity consumption in the Port. The data will be transferred from measuring devices through the ethernet in SCADA monitor and control system. By means of this system, Luka Koper d.d. will be able to measure and save data about the electric power consumption of the whole port's zone at the minute level.

In the third quarter of 2016, the first phase of the investment i.e the replacement of the existing high-pressure sodium lighting by modern LED lighting will start.

At the end of 2016, the company will start the preliminary running of seven electric RTG cranes, which means that they will be operated by electric power instead of fuel. Consequently, the cost of energy will be lower, also emissions and noise will decrease.

CONSUMPTION OF ENERGY AND WATER

Slightly higher consumption of the electricity and motor fuel in the first nine months of 2016 in comparison with 2015 is primarily attributable to the increased throughput and limited storage areas. Among major electricity consumers are the shore cranes, cooling rooms at the Reefer Terminal, transport belts lighting and power supplying to refrigerated containers. RTG cranes are major consumers of motor fuels.

Specific consumption of water in the first nine months of 2016 in comparison with 2015 has decreased primarily due to the reduced water leakage in the water network and reduced absolute consumption of the drinking water. In order to minimise water loss, Luka Koper, d. d., constantly repairs water leaks.

Specific consumption of energy products and water per handled tonne of the total throughput¹³ January – September 2016 and 2015

	1 - 9 2016	1 - 9 2015	Index 2016/2015
Electricity consumption (kWh/t)	1.12	1.09	103
Motor fuel consumption (l/t)	0.25	0.24	104
Potable water consumption (l/t)	6.48	6.95	93

EFFECTS OF LIGHTING

In accordance with regulations for safe work, Luka Koper d.d. ensures proper lighting, which is required for continuous performance of work processes. Unfortunately, the lighting, which illuminates warehousing areas, working sites, transport routes and tracks at night is the source of environmental pollution.

Therefore, we have been adjusting and changing lights on the basis of the performed Study for Comprehensive Coordination of the Port's Outdoor Lighting, ensuring the light is not directed upwards. The statutory deadline for the 100 percent compliance is the end of the current year. In order to achieve 100-percent compliance it is requested to replace the lighting at the container, where the works already started. In other Port's areas, the lighting has already been harmonized.

MARINE PROTECTION

Pursuant to the provisions of the Concession Agreement for the performance of port activity, management, development and regular maintenance of port infrastructure in the Koper's cargo port area, in Luka Koper, d. d., we regularly take care to prevent and remove the consequences of sea pollution. To carry out such activities we need special equipment, boats and skilled staff. We therefore regularly train the staff, provide training and drills. In the first half of 2016, Luka Koper, d. d., in cooperation with the Faculty of Maritime Studies and Transport from Portorož in accordance with standards of International Maritime Organization (IMO) concluded a special training for actions taken in the event of sea pollution for five employees. The participants received a certificate which is valid for 36 months.

In exceptional events at sea Luka Koper, d. d., takes measures in compliance with the valid Protection and rescuing plan of Luka Koper, d. d., in case of industrial accidents. In the first nine

¹³ Total throughput comprises maritime throughput, stuffing/unstuffing of containers and land transhipment

months, 18 incidents of sea pollution were recorded within the Port's aquatorium. In all cases measures were taken in accordance to the activation scheme of forces and resources for minor accident, and the consequences of pollution were successfully dealt with within the concession area. We managed to trace the polluters and had them refund the cost of cleaning. In January - September 2016, Luka Koper, d. d., invoiced EUR 16 thousand revenue from pollution incidents.

Statistical data on intervention at sea, January – September 2016 and 2015

	1 - 9 2016	1 - 9 2015
Number of accidents at sea	18	16
Number of interventions in the Port's aquatorium	14	15
Number of incidents not requiring intervention	4	1
Number of pollution incidents outside the Port's aquatorium	0	0

The results of measurements from the modern measuring station for monitoring of the sea quality, which is installed at the entrance into the Port Basin III, are published on the website www.zivetispristaniscem.si.

HUMAN RESOURCES

Skilled and motivated staff is strategic wealth and the condition for the development plans implementation. Luka Koper pays particular attention to the employees' management, development, motivating and education.

Knowledge, entrepreneurship, partnership, respect and responsibility of each employee are values Luka Koper follows and implements in practice.

RECRUITMENT, TURNOVER RATE AND EMPLOYMENT STRUCTURE

In Luka Koper Group, during three consecutive years the three percent employees growth trend proceeded. In January - September 2016, there were 43 new employments, whereof 37 in Luka Koper, d. d., which is equivalent to the comparable period 2015. New recruitments were mostly in the primary process of unloading and warehousing. In the disability company Luka Koper INPO, d. o. o., there were 2 recruitments of employees with disability status.

Number of employees in Luka Koper group companies, as at 30 September 2016 and 30 September 2015¹⁴

	30.9.2016	30.9.2015	Index 2016/2015
Luka Koper, d. d.	874	845	103
Luka Koper INPO, d. o. o.	156	157	99
Luka Koper Pristan, d. o. o.	4	4	100
Adria Terminali, d. o. o.	21	23	91
TOC, d. o. o.	4	3	134
Luka Koper Group	1.059	1.032	103

The number of employees leaving the Luka Koper Group for termination of employment relationship was low, mainly for reasons of old-age pensions and to a lesser extent consensual termination of the employment.

In January – September 2016, the staff turnover in Luka Koper Group remained at low level and amounted to 1.9 percent, which is a slight decline in comparison with the same period.

¹⁴ The comparison includes only those enterprises with employees who were - as of 30 September 2016 consolidated within Luka Koper Group

Comparison between recruitment, termination and the turnover rate, January – September 2016 and 2015

	Number of new recruitments		Number of departures		TURNOVER RATE (in %) ¹⁵	
	1 – 9 2016	1 – 9 2015	1 – 9 2016	1 – 9 2015	1 – 9 2016	1 – 9 2015
Luka Koper, d. d.	37	35	15	14	1.7	1.6
Luka Koper Group	43	43	21	22	1.9	2.1

OCCUPATIONAL HEALTH AND SAFETY

Health and safety at work in accordance with the guidelines of the BS OHSAS 18001, Luka Koper, d. d., are approved by internal and external audits. Likewise, the modifications of the international standard ISO 45001 are followed through various external trainings in order to be prepared for the transition when the standard is approved.

The company is striving to implement preventive actions with trainings, additional education, awareness of employees and other persons in the Port. Each severe and repeated injury is examined and adequate actions are taken in order to prevent similar incidents.

Injuries at work, January – September 2016 and 2015

	1 – 9 2016	1 – 9 2015
Luka Koper, d. d.	12	10
Stevedore companies	34	23
Outsourcing companies	6	7
Outsourcing companies	5	4
TOTAL	57	44

Currently, the objective of maximum 18 occupational injuries per million hours worked at Luka Koper, d. d., has been achieved, since in the first nine months there were 16.7 injuries per million hours worked. In the first quarter of 2016, a serious injury at work concerned a stevedore company, due to which the objective of zero serious occupational injuries, will not be achieved.

In 2016 increased the number of injuries of stevedorers and namely at the Car terminal and namely there were six more injuries than comparable period last year, from this in June 2016 a collective injury occurred as result from the collision between the van and car with 4 injured stevedorers. Partially, the increased number of injuries is attributable to the growth of the throughput.

¹⁵ Method for calculating turnover rate = number of terminations/(initial number of employees + new recruitments) x 100.

Within the framework of promoting health in the workplace, the Comprehensive Health project in conjunction with the University of Primorska –IAM, was successfully completed. A nine-member commission was appointed for the promotion of health which will focus on four priority tasks: reduction of sick leave due to musculoskeletal diseases, respiratory diseases, more efficient dealing with addictions and improvement of interpersonal relationship.

In summer a workshop Safe driving for motor cycles and mopeds drivers was organised, since in that season there are more arrivals at work by these transport means.

EDUCATION AND DEVELOPMENT OF EMPLOYEES

In January – September, the Luka Koper Group provided on average 15 hours of training per employee, whereby Luka Koper, d. d., provided on average 14.2 hours of training per employee. 62 percent of trainings were in-house trainings of newly recruited employees for port's mechanisation, training for promoting health in the workplace, quality standards training, management by objectives, transport law, transport of dangerous goods, fire-extinguishing practical training and excel courses.

Luka Koper Group financed 20 employees studies with aim to obtain higher level of education resp. specific educational training, which is 2 percent of employees.

Luka Koper, d. d., offered 3 scholarships, whereof one scholarship was cofinanced through the Slovene human resources development and scholarship.

ENSURING PERSONAL AND PROFESSIONAL GROWTH OF EMPLOYEES

In January – September 2016, the internal mobility amounting to 22 percent was significantly lower in comparison to the equivalent period last year. In 2016, the internal mobility involved mainly various opportunities of carrier development and to lower extent the process changes, whilst the previous year a considerable part of internal mobility resulted from the internal reorganisation in Luka Koper, d. d.

In 2016, started the activities related to the renovated system of identification and development of human resources, endorsed by Luka Koper, d. d., Management Board and Supervisory Board.

WORKER CO-MANAGEMENT

In June 2016 was convened a constituent meeting of newly elected Workers' Council of Luka Koper, d. d. On 22nd June 2016, the chairman of the Workers' Council convened the Workers' assembly of Luka Koper, d. d., at which the employees were presented with the actual situation and further measures in order to ensure the stability of Luka Koper, d. d., and posts.

Whereas a four-year mandate of Nebojša Topič, expired on 28 July 2016 as the Member of the Supervisory Board, the Worker Council of Luka Koper, d. d., on 12 September 2016 elected Rok Parovel a new Employees' representative in the Supervisory Board of Luka Koper, d. d.

COMMITMENT TO THE COMMUNITY

Luka Koper has been constantly endeavouring for the harmony with the environment and for the improvement of the quality of life in which it operates. It wishes to be active and responsible stakeholder in the local environment and establish relationships, being based on mutual trust. Luka Koper objective is to be recognised, understood and accepted by the local community, trying to achieve this objective through open communication channels: corporate website www.luka-kp.si, sustainable development website Living with the Port www.zivetispristaniscem.si, facebook, linkedIn and Instagram, with publications in electronic and printed media, from January 2015 onwards also with internal gazette Luški glasnik, which is accessible to the broader and professional public also on the corporate website. By this means Luka Koper, d. d., wishes to approach the Port's activities and attractions, mainly at the local level, and widely, to present the projects on which depends its further development. The communication is taking place through communication electronic and printed channels, but also directly in meetings, various gatherings and in occasion of the Port Day. At this year Port's Day, held on 21st May, there were more than 3,000 visitors from the local and broader Slovenian environment.

Luka Koper traditionally supports the activities of organized groups and individuals who implement projects or activities with a positive impact on the development of the local environment in many areas. Sports, cultural, humanitarian, educational and environmental-protection activities. In January 2016, on the website Living with the Port www.zivetispristaniscem.si, Luka Koper, d. d., published its annual call for applications for sponsorships and donations. From total 193 received applications, 171 were approved. Furthermore, in January - September 2016, EUR 747.4 thousand were allocated for sponsorships and donations. The company allocated the largest share of funding to the sport. For many years, Luka Koper d.d. has been supporting the Olympic Committee of Slovenia and promising Slovenian athletes, who were particularly successful at this year's Olympic games held in Rio de Janeiro; besides Vasilij Žbogar the canoeist Špela Ponomarenko Janić, sailors Veronika Macarol and Tina Mrak and handball team.

FINANCIAL REPORT

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

Income Statement of Luka Koper, d. d.

(in EUR)	1-9 2016	1-9 2015
Revenue	141,617,187	127,584,999
Capitalised own products and services	5,243	0
Other income	750,665	2,114,739
Cost of material	-9,751,641	-10,182,062
Cost of services	-37,795,714	-32,861,030
Employee benefits expense	-33,651,629	-30,388,637
Amortisation and depreciation expense	-19,207,792	-19,744,956
Other operating expense	-7,247,413	-7,079,276
Operating profit	34,718,906	29,443,777
Finance income	3,010,061	2,443,007
Finance expenses	-1,986,696	-2,475,178
Loss from financing activities	1,023,365	-32,171
Profit before tax	35,742,271	29,411,606
Income tax expense	-5,305,120	-4,352,299
Deferred taxes	-217,928	-7,511
Net profit for the period	30,219,223	25,051,796
Net earnings per share	2.16	1.79

Statement of other comprehensive income of Luka Koper, d. d.

(in EUR)	1-9 2016	1-9 2015
Profit for the period	30,219,223	25,051,796
Change in revaluation surplus of available-for-sale financial assets	-427,222	-585,788
Deferred tax on revaluation of available-for-sale financial assets	72,628	99,584
Change in fair value of hedging instruments	492,364	332,401
Deferred tax on change in value of hedging instruments	-83,702	-1,508
Total comprehensive income that will not be reclassified subsequently to profit or loss	54,068	-155,311
Other comprehensive income	54,068	-155,311
Total comprehensive income for the period	30,273,291	24,896,485

Statement of financial position of Luka Koper, d. d.

(in EUR)	30 Sep 2016	31 Dec 2015
ASSETS		
Property, plant and equipment	344,814,174	324,333,652
Investment property	30,072,692	30,445,956
Intangible assets	3,897,401	4,326,997
Shares and interests in Group companies	4,533,063	4,533,063
Shares and interests in associates	6,737,709	6,737,709
Other non-current investments	31,224,732	31,677,981
Deposits and loans given	34,007	400,419
Non-current operating receivables	74,022	37,931
Deferred tax assets	9,665,414	9,934,256
Non-current assets	431,053,214	412,427,964
Inventories	786,978	813,734
Deposits and loans given	11,425	177,124
Trade and other receivables	32,132,182	29,875,827
Cash and cash equivalents	243,016	5,188,569
Current assets	33,173,601	36,055,254
TOTAL ASSETS	464,226,815	448,483,218
EQUITY AND LIABILITIES		
Share capital	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703
Revenue reserves	108,745,094	108,745,094
Reserves arising from valuation at fair value	10,291,969	10,237,902
Retained earning	30,280,037	15,880,814
Equity	297,300,768	282,847,478
Provisions	3,089,530	3,190,453
Deferred income	9,837,401	10,857,961
Loans and borrowings	110,277,732	110,354,822
Other non-current financial liabilities	524,386	639,954
Non-current operating liabilities	489,654	184,554
Deferred tax liabilities	2,392,518	2,432,357
Non-current liabilities	126,611,221	127,660,101
Loans and borrowings	11,862,312	10,054,104
Other current financial liabilities	550,860	848,073
Income tax liabilities	1,455,583	2,761,153
Trade and other payables	26,446,071	24,312,309
Current liabilities	40,314,826	37,975,639
TOTAL EQUITY AND LIABILITIES	464,226,815	448,483,218

Statement of cash flows of Luka Koper, d. d.

(in EUR)	1-9 2016	1-9 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	30,219,223	25,051,796
Adjustments for:		
Amortisation/Depreciation	19,207,792	19,744,956
Reversal and impairment losses on property, plant and equipment, and intangible assets	1,442,853	659,869
Gain on sale of property, plant and equipment, and investment property	-30,082	-42,847
Allowances for receivables	190,748	60,900
Collected written-off receivables and liabilities	-189,138	-208,757
Reversal of provisions	0	-1,501,667
Finance income	-3,010,061	-2,443,007
Finance expenses	1,986,696	2,475,178
Income tax expense and income (expenses) from deferred taxes	5,523,048	4,359,810
Profit before change in net current operating assets and taxes	55,341,079	48,156,231
Change in operating receivables	-2,210,761	-2,581,166
Change in inventories	26,756	-173,704
Change in operating liabilities	2,438,862	6,239,527
Change in provision	-100,923	70,823
Change in non-current deferred income	-1,020,560	-2,244,375
Cash generated in operating activities	54,474,453	49,467,336
Interest expenses	-1,986,696	-2,495,011
Tax expenses	-6,610,690	-1,778,672
Net cash from operating activities	45,877,067	45,193,653
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	128,296	240,304
Dividend received and share of profits - subsidiaries	661,172	575,188
Dividends received and share of profits - associates	917,101	475,000
Dividends received and share of profits – other companies	1,302,259	1,152,515
Proceeds from sale of property, plant and equipment, and intangible assets	20,341	573,712
Proceeds from investment property	9,742	0
Proceeds from sale, less investments and loans given	558,247	5,521,810
Proceeds from acquisition of property, plant and equipment, and intangible assets	-40,328,306	-16,263,750
Acquisition of investments, increase in loans given	0	-4,065,885
Net cash used in investing activities	-36,731,148	-11,791,106
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from non-current borrowings	7,500,000	0
Proceeds from current borrowings	70,000	0
Repayment of non-current borrowings	0	-2,692,667
Repayment of current borrowings	-5,841,472	-10,150,898
Dividends paid	-15,820,000	0
Net cash used in financing activities	-14,091,472	-12,843,565
Net increase in cash and cash equivalents	-4,945,553	20,558,982
Opening balance of cash and cash equivalents	5,188,569	3,984,291
Closing balance of cash and cash equivalents	243,016	24,543,273

Statement of changes in equity of Luka Koper, d. d., 2016

(in EUR)	Reserves arising on valuation at fair value								Total equity
	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Investments	Financial instruments	Actuarial gains/losses	
Balance at 31 Dec 2015	58,420,965	89,562,703	18,765,115	89,979,979	15,880,814	12,035,712	-861,126	-936,685	282,847,477
Balance at 1 Jan 2016	58,420,965	89,562,703	18,765,115	89,979,979	15,880,814	12,035,712	-861,126	-936,685	282,847,477
Changes of equity – transactions with owners									
Dividends paid	0	0	0	0	15,820,000	0	0	0	-15,820,000
	0	0	0	0	15,820,000	0	0	0	-15,820,000
Total comprehensive income for the period	0								
Profit for the period	0	0	0	0	30,219,223	0	0	0	30,219,223
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	-354,594	0	0	-354,594
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	408,662	0	408,662
	0	0	0	0	30,219,223	-354,594	408,662	0	30,273,291
Balance at 30 Sep 2016	58,420,965	89,562,703	18,765,115	89,979,979	30,280,037	11,681,118	-452,464	-936,685	297,300,768

Statement of changes in equity of Luka Koper, d. d., 2015

(in EUR)	Reserves arising on valuation at fair value								Total equity
	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Investments	Financial instruments	Actuarial gains/losses	
Balance at 31 Dec 2014	58,420,965	89,562,703	18,765,115	75,557,442	14,598,947	10,905,958	-1,208,193	-511,665	266,091,272
Balance at 1 Jan 2015	58,420,965	89,562,703	18,765,115	75,557,442	14,598,947	10,905,958	-1,208,193	-511,665	266,091,272
Changes of equity – transactions with owners									
Dividends paid	0	0	0	0	13,160,000	0	0	0	-13,160,000
	0	0	0	0	13,160,000	0	0	0	-13,160,000
Total comprehensive income for the period									
Profit for the period	0	0	0	0	25,051,796	0	0	0	25,051,796
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	-486,204	0	0	-486,204
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	330,893	0	330,893
	0	0	0	0	25,051,796	-486,204	330,893	0	24,896,485
Balance at 30 Sep 2015	58,420,965	89,562,703	18,765,115	75,557,442	26,490,743	10,419,754	-877,300	-511,665	277,827,757

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

Luka Koper, d. d., a port operator and logistic provider, with its registered office in Slovenia, is the controlling company of the Luka Koper Group. The company's Financial Statements are compiled for January – September 2016 resp. as at 30 September 2016.

Statement of compliance

The interim Report has been compiled in accordance with the International Accounting standards 34 - Interim Financial Reporting, The company's financial statements have been compiled in accordance with International Reporting Standards as adopted by the International Accounting Standards Board (IASB) and European Union and in compliance with Companies Act RS,

Basis for the compilation of financial statements

The financial statements have been compiled in euros (EUR), rounded to the nearest unit. Through these separated financial statements, the Luke Koper, d. d., wants to provide the broadest sphere of users information on the company's performance from January – September 2016, in comparison with data for the previous year, together with the company's financial position as of 30 September 2016 in comparison with 31 December 2015.

The non-audited financial statements of Luka Koper, d. d., for the reporting period are compiled with the same accounting policies and principles that were applicable in 2015.

Additional notes to the Statement of Financial Position

Revenue

(in EUR)	1-9 2016	1-9 2015
Revenue generated on sales with domestic customers	44,473,915	37,565,284
- services	43,392,250	36,448,834
- goods and material	7,587	1,089
- rentals	1,074,078	1,115,361
Revenue generated on sales with foreign customers	97,143,272	90,019,715
- services	97,095,571	89,952,984
- rentals	47,701	66,731
Total	141,617,187	127,584,999

Other income

(in EUR)	1-9 2016	1-9 2015
Other operating income	219,220	1,753,271
Reversal of provisions	0	1,501,667
Revaluation operating income	219,220	251,604
Income on sale of property, plant and equipment and investment property	30,082	42,847
Collected written-off receivables and written-off liabilities	189,138	208,757
Other income	531,445	361,468
Compensations and damages	278,884	316,193
Subsidies and other income not related to services	5,475	34,101
Other income	247,086	11,174
Total	750,665	2,114,739

Cost of material

(in EUR)	1-9 2016	1-9 2015
Cost of auxiliary material	1,656,388	1,578,048
Cost of spare parts	3,379,671	3,555,709
Cost of energy	4,351,751	4,669,138
Cost of office stationary	91,075	95,441
Other cost of material	272,756	283,726
Total	9,751,641	10,182,062

Cost of services

(in EUR)	1-9 2016	1-9 2015
Port services	18,524,777	15,793,074
Cost of transportation	202,968	208,165
Cost of maintenance	6,394,657	5,257,527
Rentals	589,283	526,585
Reimbursement of labour-related costs	248,916	258,389
Costs of payment processing, bank charges and insurance premiums	555,607	468,199
Cost of intellectual and personal services	518,771	526,837
Advertising, trade fairs and hospitality	836,365	888,495
Costs of services provided by individuals not performing business activities	217,279	185,844
Cost of other services		
Sewage and disposal services	631,041	504,869
Information support	2,244,576	2,155,812
Concession-related costs	4,733,159	4,332,198
Costs of other services	2,098,315	1,755,036
Total	37,795,714	32,861,030

In January - September 2016 total cost of services amounting to EUR 37,795,714, whilst 15 percent more than cost generated in 2015. The biggest share within cost of services represented from port services with EUR 18,524,777, whilst 17.3 percent more than year before. A major

increase resulted from increased volume of throughput and more worked hours. Higher costs are also attributed to a major occupancy of storage areas and consequently a larger number of movements, since Luka Koper, d. d., has had 30 open building sites with the Port zone.

An important share within the cost of services represented also the costs of other services amounting to EUR 9,707,091, which is 11 percent more than comparable period in 2015. As a result of higher operating revenue, there were higher concession costs.

Employee benefits expense

(in EUR)	1-9 2016	1-9 2015
Wages and salaries	22,515,344	20,302,107
Wage compensations	3,394,623	3,136,429
Costs of additional pension insurance	1,044,836	948,863
Employer's contributions on employee benefits	4,278,006	3,865,100
Annual holiday pay, reimbursements and other costs	2,418,820	2,136,138
Total	33,651,629	30,388,637

Amortisation and depreciation expense

(in EUR)	1-9 2016	1-9 2015
Depreciation of buildings	9,287,733	8,897,515
Depreciation of equipment and spare parts	8,959,073	9,931,832
Depreciation of small tools	15,881	14,187
Depreciation of investment property	468,814	467,044
Amortisation of intangible assets	476,291	434,378
Total	19,207,792	19,744,956

Other operating expenses

(in EUR)	1-9 2016	1-9 2015
Impairment costs, write-offs and losses on property, plant and equipment, and investment property	1,442,853	659,869
Expenses for allowances for receivables	190,748	60,883
Levies that are not contingent upon employee benefits expense and other types of cost	5,062,795	4,616,613
Donations	78,950	104,651
Environmental levies	83,546	51,545
Awards and scholarships to students inclusive tax	9,343	12,493
Awards and scholarships to students	4,460	6,060
Other costs and expenses	374,718	1,567,162
Total	7,247,413	7,079,276

The maximum amount among other expenses represent charges not depending on labour costs and other costs, These charges are mostly related to the use of the building land which in the reporting period amounted to EUR 4,906,739, which is 9.4 percent ahead on the comparable period in 2015. In comparison to the previous year, expenses recorded as impairments, write-offs and losses in the sale of property, plant and equipment and investment property increased from write-

off investments under construction in the amount of EUR 1,409,142.

Finance income and expenses

(in EUR)	1-9 2016	1-9 2015
Finance income from shares and interests		
Finance income from shares and interests in Group companies	661,172	575,188
Finance income from shares and interests in associates	917,101	475,000
Finance income from shares and interests in other companies	1,302,259	1,152,515
Finance income – interest		
Interest income – Group companies	721	2,728
Interest income – other	13,804	46,997
Finance income from operating receivables		
Finance income from operating receivables due from others	115,004	190,579
Total finance income	3,010,061	2,443,007
Finance expenses – interests		
Interest expenses – Group companies	-106,070	-118,548
Interest expenses – associated and jointly controlled companies	-4,228	-5,905
Interest expenses – banks	-1,829,020	-2,303,062
Finance expenses for financial liabilities		
Finance expenses for trade payables	-6	-344
Finance expenses for other operating liabilities	-47,372	-47,319
Total finance expenses	-1,986,696	-2,475,178
Net financial result	1,023,365	-32,171

Finance income from shares in companies within Luka Koper Group profit for 2015 of Luka Koper INPO, d. o. o., in the amount of EUR 661,172, finance income from shares and interests in associated companies refer to sharing of profits for 2015 of the companies Adria Transport, d. o. o., in the amount of EUR 500,000, Adria-Tow, d. o. o., in the amount of EUR 200,000 and Avtoservis, d. o. o. in the amount of EUR 217,101.

Profit

In January – September 2016, Luka Koper, d. d., generated the operating profit in the amount of EUR 34,718,906, in the comparable period last year 29,443,777. The financial result amounted to EUR 1,023,365, while in the comparable period last year it was negative and amounted to EUR -32,171. The profit before tax amounted to EUR 35,742,271 in the comparable period in 2015 to EUR 29,411,606. The company concluded the first nine months of 2016 with the net profit in the amount of EUR 30,219,223, while the net profit in the comparable period last year amounted to EUR 25,051,796. Income tax in the amount of EUR 5,305,120 and deferred tax in the amount of EUR 217,928 have also been taken into account.

(in EUR)	30 Sep 2016	31 Dec 2015
Net profit for the period	30,219,223	25,051,796
Total number of shares	14,000,000	14,000,000
Number of ordinary shares	14,000,000	14,000,000
Basic and diluted earnings per share	2.16	1.79

As at 30 September 2016, the net earning per share amounted to EUR 2.16, whilst as at 30 September 2015 to EUR 1.79.

Additional notes to the Statement of Financial Position

Property, plant and equipment

(in EUR)	30 Sep 2016	31 Dec 2015
Land	7,276,705	7,276,705
Buildings	226,560,929	221,904,041
Plant and machinery	53,473,530	57,306,790
Property, plant and equipment being acquired and advances given	57,503,010	37,846,116
Total	344,814,174	324,333,652

Property, plant and equipment are not pledged as collateral and in the reporting period there were no additional charges on the Luka Koper, d. d. assets.

In January – June 2016, company did not execute major disposals of property, plant and equipment, whilst in the third quarter of 2016 the company made write-off investments under construction in the amount of EUR 1.4 million. A major investment written-off was the investment in the arrangement of the area at Pier III in the amount of EUR 1,354,291.

In January - September 2016, the company invested in property, plant and equipment in the amount of EUR 40,262,755. Most relevant investments of Luka Koper d. d. were the following:

- continuation of construction of three new fuel tanks at the Liquid terminal,
- continuation of construction of tracks 21 a, b, c and the bridge over the channel,
- arrangement of transport and storage areas for the needs of the Container terminal,
- preparation of infrastructure for RMG above the railway track,
- terminal tractors.

Investment property

(in EUR)	30 Sep 2016	31 Dec 2015
Investment property – land	18,160,734	18,160,734
Investment property - building	11,911,958	12,285,222
Total	30,072,692	30,445,956

Intangible assets

(in EUR)	30 Sep 2016	31 Dec 2015
Non-current property rights (concessions, patents, licenses, trademarks and similar rights)	3,897,401	4,326,997
Total	3,897,401	4,326,997

Intangible assets refer to the industrial property rights and other rights, such as computer software, information systems and development-project plans, which as at 30 September 2016 amounted to EUR 3,897,401 as at 31 December 2015 to EUR 4,326,997.

Shares and interest in Group companies

As at 30 September 2016, shares and interests in Group companies amounted to EUR 4,533,063 and were at the same level as at 31 December 2015.

Shares and interests in associates

Shares and interests in associated companies as at 30 September 2016 amounted to EUR 6,737,709 and stayed at the same level as at 31 December 2015.

Other non-current investments

(in EUR)	30 Sep 2016	31 Dec 2015
Other investment measured at cost	1,028,827	1,054,854
Other investments measured at fair value through equity	30,195,905	30,623,127
Total	31,224,732	31,677,981

A decline in the value of investments measured at fair value through equity was due to the reduction in the value of shares on the stock exchange.

Deposits and loans given

(in EUR)	30 Sep 2016	31 Dec 2015
Financial assets held to maturity:		
Non-current loans given with purchase of bonds from others	0	360,884
Loans		
Non-current loans to others, including finance lease	34,007	39,535
Non-current housing loans to employees	19,098	21,608
Non-current loans to others	14,909	17,927
Total	34,007	400,419

In comparison to the balance as at 31 December 2015, non-current investments held to maturity decreased by EUR 360,884, from received bonds of the companies Slovenska odškodninska

družba and Nova Ljubljanska banka.

Non-current operating receivables

(in EUR)	30 Sep 2016	31 Dec 2015
Non-current collaterals given for leased premises	74,022	37,931
Total	74,022	37,931

Deferred tax

(in EUR)	Deferred tax assets		Deferred tax liabilities	
	30 Sep 2016	31 Dec 2015	30 Sep 2016	31 Dec 2015
Deferred tax assets and liabilities relating to:				
impairment of investments in subsidiaries	512,122	512,122	0	0
impairment of investments in associates	15,725	15,725	0	0
impairment of other investments and deductible temporary differences arising on securities	8,343,358	8,310,762	2,392,518	2,432,357
financial instruments	92,673	176,375	0	0
allowances for trade receivables	192,564	192,372	0	0
provisions for retirement benefits	269,160	273,623	0	0
provisions for jubilee premiums	40,935	44,186	0	0
long-term accrued costs and deferred income from public commercial services	198,877	409,091	0	0
Total	9,665,414	9,934,256	2,392,518	2,432,357

Inventories

As at 30 September 2016, inventories were recorded at EUR 786,978, whilst at the end of 2015 they amounted to EUR 813,734. The major part of these inventories is related to the overhead and auxiliary material in the amount of EUR 307,419 and the maintenance material and spare parts in the amount of EUR 421,385.

Deposits and loans given

(in EUR)	30 Sep 2016	31 Dec 2015
Current loans to Group companies	0	161,819
Current loans to others	11,425	15,305
Total	11,425	177,124

Trade and other receivables

(in EUR)	30 Sep 2016	31 Dec 2015
Current trade receivables:		
domestic customers	14,826,999	16,253,109
foreign customers	11,839,304	10,392,229
Current operating receivables due from Group companies	195,420	76,049
Current operating receivables due from associates	41,247	43,763
Current trade receivables	26,902,970	26,765,150
Current receivables due from dividends	200,000	200,000
Advances and collaterals given	92,654	81,542
Current receivables related to finance income	2,160	3,393
Receivables due from the state	2,566,510	1,299,823
Other current receivables	93,715	177,310
Total trade receivables	29,858,009	28,527,218
Short-term deferred costs and expenses	2,010,911	252,830
Accrued income	263,262	1,095,779
Other receivables	2,274,173	1,348,609
Total	32,132,182	29,875,827

As at 30 September 2016, the company pledged receivables in connection with collateralising a bank loan in the amount of EUR 4,700,000. On the reporting date, these receivables amounted to EUR 134,267.

Accrued costs mostly comprise costs for the use of the building land for the Municipality of Koper in the amount of EUR 1,111,774, deferred costs for annual holiday pay for 2016, the accrued income from reinvoicing of excise duties and deferred costs from insurance premiums.

Among accrued income, Luka Koper d. d. classifies accrued income for development projects.

Cash and cash equivalents

(in EUR)	30 Sep 2016	31 Dec 2015
Cash in hand	76	21
Bank balances	242,940	367,030
Current deposits	0	4,821,518
Total	243,016	5,188,569

Equity

(in EUR)	30 Sep 2016	31 Dec 2015
Share capital	58.420.965	58.420.965
Capital surplus (share premium)	89.562.703	89.562.703
Revenue reserves	108.745.094	108.745.094
<i>Legal reserves</i>	<i>18.765.115</i>	<i>18.765.115</i>
<i>Other revenue reserves</i>	<i>89.979.979</i>	<i>89.979.979</i>
Reserves arising from valuation at fair value	10.291.969	10.237.902
Retained earnings	60.814	1.458.277
Net profit for the period	30.219.223	14.422.537
Equity	297.300.768	282.847.478

Provisions

(in EUR)	30 Sep 2016	31 Dec 2015
Provisions for retirement benefits and similar obligations	2,614,306	2,715,229
Provisions for legal disputes	475,224	475,224
Total	3,089,530	3,190,453

Deferred income

(in EUR)	30 Sep 2016	31 Dec 2015
Long-term deferred income for regular maintenance	7,249,695	7,823,250
Long-term deferred income	2,587,706	3,034,711
Total	9,837,401	10,857,961

Loans and borrowings

(in EUR)	30 Sep 2016	31 Dec 2015
Non-current financial liabilities to Group companies	16,000,000	10,000,000
Non-current borrowings from domestic banks	62,187,021	66,544,844
Non-current borrowings from foreign banks	32,090,711	33,809,978
Total	110,277,732	110,354,822

Non-current financial liabilities from borrowings at 30 September 2016 amounted to EUR 110,277,732. The decrease of non-current borrowings from domestic and foreign banks is the net effect of transfer of a part of liabilities from non-current liabilities to current liabilities and new drawing of a non-current borrowing, whilst non-current financial liabilities to Luka Koper Group's companies increased by EUR 6,000,000 from drawing of a new borrowing.

Other non-current financial liabilities

(in EUR)	30 Sep 2016	31 Dec 2015
Other non-current financial liabilities	524,386	639,954
Total	524,386	639,954

Other non-current financial liabilities are related to the fair value of the interest swap of the parent company.

Non-current operating liabilities

(in EUR)	30 Sep 2016	31 Dec 2015
Non-current collaterals received for leased premises	489,654	184,554
Total	489,654	184,554

As at 30 September 2016, the non-current operating liabilities amounted to EUR 489,654, and represent non-current received advances and securities.

Loans and borrowings

(in EUR)	30 Sep 2016	31 Dec 2015
Current financial liabilities to Group companies	30,580	30,580
Current financial liabilities to associates	0	500,000
Current borrowings from domestic banks	9,536,650	8,375,983
Current borrowings from foreign banks	2,295,082	1,147,541
Total	11,862,312	10,054,104

As at 30 September 2016, current financial liabilities for borrowing received from domestic and foreign banks amounted to EUR 11,862,312, and were 18 percent ahead on 31 December 2015, and namely as net effect of transfer of a part of liabilities from non-current liabilities and repayment of liabilities according to the loan amortization schedule. Current financial liabilities to associated companies decreased due to the repayment of a loan.

Other current financial liabilities

(in EUR)	30 Sep 2016	31 Dec 2015
Other current financial liabilities	550,860	848,073
Total	550,860	848,073

Other financial liabilities in the amount of EUR 550,860 (as at 31 December 2015, they amounted to EUR 848,073) include interest payables and liabilities under the interest swap, which is entered into with the purpose to manage the interest rate risk.

Trade and other payables

(in EUR)	30 Sep 2016	31 Dec 2015
Current liabilities to:		
domestic suppliers	12,439,506	12,111,020
foreign suppliers	2,045,360	2,720,702
Current liabilities to Group companies	669,296	488,206
Current liabilities to associates	111,997	99,564
Current trade payables	15,266,159	15,419,492
Current liabilities from advances	15,821	42,340
Current liabilities to employees	3,114,696	3,028,348
Current liabilities to state and other institutions	1,230,077	909,664
Total operating liabilities	19,626,753	19,399,844
Accrued costs	6,819,318	4,912,465
Other operating liabilities	6,819,318	4,912,465
Total	26,446,071	24,312,309

In comparison to 31 December 2015 the current trade receivables towards the suppliers increased by 8.8 percent. A major increase is recorded in accrued costs for 13th salary and accrued commercial discounts on the basis of concluded contract.

Contingent assets and liabilities

(in EUR)	30 Sep 2016	31 Dec 2015
Securities given	30,586,702	15,984,283
Guarantees received	12,635,628	10,013,571
Contingent assets under legal disputes	32,638,934	32,638,935
Other contingent assets	106,071	67,153
Total contingent assets	75,967,335	58,703,942
Guarantees given	1,560,000	1,560,000
Securities given	7,919,124	7,152,284
Contingent liabilities under legal disputes	786,510	3,012,100
Approved borrowing	36,000,000	36,000,000
Total contingent liabilities	46,265,634	47,724,384
Interest rate hedging	60,140,522	62,142,864
Total	182,373,491	168,571,190

Securities received increased due to the advance payment guarantees for the purchase of the port's equipment, whilst the securities given increased from given letters of credit to the supplier of the port's equipment.

In the first nine months of 2016, the company concluded and closed contingent assets under legal disputes in the amount of EUR 2,247,540, which terminated to the benefit of Luka Koper, d. d., and opened a new contingent liability due to a new legal dispute in the amount of EUR 21,950. As at 30 September 2016, the exposure to the company's legal risk amounted to EUR 1.3 million (whereof EUR 0.8 million related to the contingent liabilities and EUR 0.5 million related to non-current provisions for lawsuits).

Related party transactions

In January to September period 2016 several legal actions were performed among the associated companies within Luka Koper Group, in which the parent company acted as buyer, supplier or in other role. The legal base for these transactions were various contracts, orders, offers and similar, for which market terms were applied, which are used for the transactions with unrelated parties.

Sale, purchase, finance income and expenses with subsidiary and associated companies

(in EUR)	1-9 2016	1-9 2015
Sale to subsidiaries	1,474,449	444,144
Sale to associates	503,595	294,492
Purchase from subsidiaries	3,718,874	1,871,886
Purchase from associates	895,545	509,724
Finance income from shares and interests in subsidiaries	661,172	575,188
Finance income from shares and interests in associates	917,101	150,000
Finance income from loans to subsidiaries	721	1,998
Finance expenses for liabilities to subsidiaries	66,205	78,627
Finance expenses for liabilities to associates	4,228	3,915

Receivables and liabilities to subsidiary and associated companies

(in EUR)	30 Sep 2016	31 Dec 2015
Trade and other receivables due from subsidiaries	195,420	76,049
Trade and other receivables due from associates	241,247	243,763
Operating liabilities to subsidiaries	669,296	488,206
Operating liabilities to associates	111,997	99,564
Loans to subsidiaries	0	161,819
Borrowings from subsidiaries	16,030,580	10,030,580
Borrowings from associates	0	500,000

Financial instruments and financial risk management

The most significant risks to which the Company is exposed to, include:

1. risk management of the change in fair value,
2. management of interest rate risk,
3. management of liquidity risk,
4. management of currency risk,
5. management of credit risk and
6. risk management relating to adequate capital structure.

1. Risk management relating to change in fair value

As of 30 September 2016, company had invested 6.5 percent of its assets in investments measured at fair value (at the end of 2015 6.8 percent). The fair value risk associated with these investments is demonstrated through changes in stock market that affect the value of these assets and consequently the potential gain on their disposal. This type of risk was identified by the company in association with investments in market securities of Slovenian companies. As at 30 September 2016, the value of current available-for-sale investments at fair value through equity, amounted to EUR 30,195,905. This value comprises shares of Slovenian companies and units of mutual fund assets.

Sensitivity analysis of investments at fair value:

Risk of change at fair value of securities as at 30 September 2016

Change of index (in %)	Impact on equity
-10%	-3,019,591
10%	3,019,591

Risk of change at fair value of securities as at 31 December 2015

Change of index (in %)	Impact on equity
-10%	-3,062,313
10%	3,062,313

Fair value hierarchy

(in EUR)	Valuation at fair value			
	Carrying amount at 30 Sep 2016	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
Assets measured at fair value				
Other interests and shares	30,195,905	30,195,905	0	0
Assets measured at cost				
Loans given	45,432	0	0	45,432
Other shares and interests	12,299,599	0	0	12,299,599
Operating receivables	29,858,009	0	0	29,858,009
Liabilities measured at fair value				
Interest rate hedging for borrowings	524,386	0	524,386	0
Liabilities measured at amortised cost				
Other financial liabilities	550,860	0	397,546	153,314
Borrowings	119,770,518	0	0	119,770,518
Operating liabilities	19,626,753	0	0	19,626,753

(in EUR)	Valuation at fair value			
	Carrying amount at 31 Dec 2015	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
Assets measured at fair value				
Other interests and shares	30,623,127	30,623,127	0	0
Assets measured at cost				
Loans given	577,543	0	0	577,543
Other shares and interests	12,325,626	0	0	12,325,626
Operating receivables	28,527,218	0	0	28,527,218
Liabilities measured at fair value				
Interest rate hedging for borrowings	639,954	0	639,954	0
Liabilities measured at amortised cost				
Other financial liabilities	848,073	0	397,546	450,527
Borrowings	120,558,509	0	0	120,558,509
Operating liabilities	19,399,844	0	0	19,399,844

2. Management of interest rate risk

In January - September 2016, the company's financial liabilities increased by 1.1 percent with respect to 31 December 2015, thus as at 30 September 2016 they amounted to EUR 123,215,290. The share of financial liabilities in the overall structure of liabilities slightly increased in comparison to the situation as at 31 December 2015, and as at 30 September 2016, amounted to 26.5 percent. The effect of possible changes in variable interest rates on the company's future operating results is shown in the table below.

In previous years the company hedged the interest rate risk for two major non-current borrowings in the total open amount of EUR 60,140,515 as at 30 September 2016, respectively the borrowing in the amount of EUR 25,714,285 with final maturity in year 2025 and the borrowing in the amount of EUR 34,426,230 with final maturity in year 2031. The eventual change of variable interest rates may consequently affect 37.7 percent of company's borrowings (in 2015 this share amounted to 39.7 percent), since the remaining 62.3 percent is hedged for eventual change of variable interest rate. The interest rate hedge for the borrowing, whose outstanding amount as at 30 September 2016 is recorded at to EUR 25,714,285 matures on 14 October 2016, other interest rate hedge matures on 20 April 2018.

Overview of exposure

(in EUR)	30 Sep 2016	Exposure 2016	31 Dec 2015	Exposure 2015
Borrowings received at variable interest rate (without interest rate hedge)	46,115,942	37,7%	47,885,073	39,7%
Borrowings received at variable interest rate (with interest rate hedge)	60,140,515	49,2%	62,142,856	51,5%
Borrowings received at nominal interest rate	16,030,580	13,1%	10,530,580	8,7%
Total	122,287,037	100,0%	120,558,509	100,0%

Sensitivity analysis of borrowings from banks in view of the variable interest rate fluctuations:

(in EUR)	Borrowings from banks under the variable interest rate 30 Sep 2016	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
3M EURIBOR	46,115,942	14,783	101,242	531,282
Total effect on interests expenses	46,115,942	14,783	101,242	531,282

(in EUR)	Borrowings from banks under the variable interest rate 31 Dec 2015	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
3M EURIBOR	47,885,073	19,252	82,203	201,916
Total effect on interests expenses	47,885,073	19,252	82,203	201,916

The sensitivity analysis of borrowings from banks in view of the variable interest rate fluctuations is based on the assumption of potential growth in interest rates of 15, 25 and 50 bp.

3. Management of liquidity risk

Liquidity risk is the risk that the company will fail to settle its liabilities at maturity. The company manages liquidity risk by regular planning of cash flows required to settle liabilities with diverse maturity. Additional measures for preventing delays in receivable collection include regular monitoring of payments and immediate response to any delay and charging penalty interest in accordance with the uniform policy of receivable management.

(in EUR)	Up to 3 months	3 to 12 months	1 to 2 years	3 to 5 years	More than 5 years	Total
30 Sep 2016						
Loans and borrowings *	4,282,632	7,579,680	15,185,399	35,859,935	59,379,391	122,287,037
Accrued interest maturing in the next calendar year	56,696	0	0	0	0	56,696
Expected interest on all borrowings	555,309	1,084,405	1,419,152	2,770,139	1,316,526	7,145,532
Other financial liabilities	257,100	293,760	0	524,386	0	1,075,246
Payables to suppliers	15,266,159	0	0	0	0	15,266,159
Other operating liabilities	4,360,594	0	0	0	0	4,360,594
Total	24,778,491	8,957,845	16,604,551	39,154,460	60,695,917	150,191,264
31 Dec 2015						
Loans and borrowings	579,710	9,474,394	11,761,732	41,213,399	57,529,274	120,558,509
Accrued interest maturing in the next calendar year	33,947	0	0	0	0	33,947
Expected interest on all borrowings	335,166	1,569,968	1,583,425	3,238,917	1,925,740	8,653,216
Other financial liabilities	450,527	397,546	0	639,954	0	1,488,027
Payables to suppliers	15,419,492	0	0	0	0	15,419,492
Other operating liabilities	3,980,352	0	0	0	0	3,980,352
Total	20,799,194	11,441,908	13,345,157	45,092,270	59,455,014	150,133,543

*The item includes also borrowings from associates

4. Management of currency risk

The risk of changes in foreign exchange rates arises from trade receivables denominated in US dollars (USD). In the first nine months of 2016, the average company outstanding trade receivables amounted to 97 thousand US dollars. As at 30 September 2016, the company recorded receivables denominated in US dollars in the amount of USD 80,379. As of 30 September 2016, total outstanding receivables denominated in US dollars 0.25 percent.

5. Management of credit risk

Assets exposed to credit risk:

(in EUR)	30 Sep 2016	31 Dec 2015
Non-current loans	34,007	400,419
Non-current operating liabilities	74,022	37,931
Current loans	11,425	177,124
Current trade receivables	26,902,970	26,765,150
Other current receivables	2,955,039	1,762,068
Cash and cash equivalents	243,016	5,188,569
Guarantees and collaterals granted	9,479,124	8,712,284
Total	39,699,603	43,043,545

The management estimates that the company's exposure to credit risk is low, and due to the risk management mechanisms put in place, there is a low likelihood of damages.

6. Risk management relating to adequate capital structure

(in EUR)	30 Sep 2016	31 Dec 2015
Total liabilities	166,926,047	165,635,740
Cash and cash equivalents and current deposits	-243,016	-5,188,569
Net debt	166,683,031	160,447,171
Equity	297,300,768	282,847,478
Net debt/equity	0.56	0.57

CONSOLIDATED FINANCIAL STATEMENTS OF GROUP LUKA KOPER

Consolidated income statement

(in EUR)	1-9 2016	1-9 2015
Revenue	149,522,617	135,196,253
Capitalised own products and services	7,339	7,847
Other income	2,168,082	3,626,815
Cost of material	-11,001,650	-10,855,609
Cost of services	-36,932,210	-33,589,714
Employee benefits expense	-38,419,305	-34,793,124
Amortisation and depreciation expense	-19,932,104	-20,577,750
Other operating expenses	-7,243,295	-7,133,858
Operating profit	38,169,474	31,880,860
Finance income	1,439,096	1,423,055
Finance expense	-1,882,062	-2,552,759
Loss from financing activities	-442,966	-1,129,704
Profit or loss of associates	1,509,638	925,635
Profit before tax	39,236,146	31,676,791
Income tax expense	-5,787,293	-4,696,543
Deferred taxes	-219,826	-8,778
Net profit for the period	33,229,027	26,971,470
Net profit attributable to owners of the company	33,226,256	26,957,827
Net profit attributable to non-controlling interests	2,771	13,643
Net earnings per share	2.37	1.93

Consolidated statement of other comprehensive income

(in EUR)	1-9 2016	1-9 2015
Profit for the period	33,229,027	26,971,470
Change in revaluation surplus of available-for-sale financial assets	-51,011	-947,222
Deferred tax on revaluation of available-for-sale financial assets	8,672	161,028
Change in fair value of hedging instruments	492,364	332,401
Deferred tax on change in value of hedging instruments	-83,702	-1,509
Total comprehensive income that will not be reclassified subsequently to profit or loss	366,323	-455,302
Other comprehensive income	366,323	-455,302
Total comprehensive income for the period	33,595,350	26,516,168
Total comprehensive income of owners of the company	33,592,579	26,502,525
Total comprehensive income of non-controlling interests	2,771	13,643

Consolidated statement of financial position

(in EUR)	30 Sep 2016	31 Dec 2015
ASSETS		
Property, plant and equipment	361,685,506	341,565,465
Investment property	18,615,662	18,749,424
Intangible assets	4,266,292	4,732,332
Shares and interests in associates	12,292,366	11,699,829
Other non-current investments	34,413,055	34,490,093
Loans given and deposits	34,007	400,419
Non-current operating receivables	74,022	37,931
Deferred tax assets	9,386,676	9,657,416
Non-current assets	440,767,586	421,332,909
Assets held for sale	13,882	14,047
Inventories	786,978	813,734
Deposits and loans given	108,715	311,887
Trade and other receivables	33,260,560	31,908,819
Cash and cash equivalents	4,498,801	12,610,049
Current assets	38,668,936	45,658,536
TOTAL ASSETS	479,436,522	466,991,445
EQUITY AND LIABILITIES		
Share capital	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703
Revenue reserves	108,745,094	108,745,096
Reserves arising from valuation at fair value	10,569,941	10,203,618
Retained earnings	56,593,958	39,187,701
Equity of owners of the parent	323,892,661	306,120,083
Non-controlling interests	173,157	170,386
Equity	324,065,818	306,290,469
Provisions	3,567,350	3,690,601
Deferred income	12,415,423	13,785,360
Loans and borrowings	94,277,732	100,354,822
Other non-current financial liabilities	524,386	639,954
Non-current operating liabilities	567,746	263,401
Deferred tax liabilities	2,465,895	2,441,778
Non-current liabilities	113,818,532	121,175,916
Loans and borrowings	11,831,732	10,023,524
Other current financial liabilities	550,860	848,234
Income tax liabilities	1,555,667	2,923,564
Trade and other payables	27,613,913	25,729,738
Current liabilities	41,552,172	39,525,060
TOTAL EQUITY AND LIABILITIES	479,436,522	466,991,445

Consolidated statement of cash flows

(in EUR)	1-9 2016	1-9 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	33,229,027	26,971,470
Adjustments for:		
Amortisation/Depreciation	19,932,104	20,577,750
Reversal and impairment losses on property, plant and equipment, and intangible assets	1,448,570	662,184
Gain on sale of property, plant and equipment, intangible assets and investment property	-30,822	-86,235
Allowances for receivables	181,739	77,484
Collected written-off receivables and liabilities	-189,204	-208,740
Reversal of provisions	0	-1,501,667
Finance income	-1,439,096	-1,423,055
Finance expense	1,882,062	2,552,759
Recognised results of subsidiaries under equity method	-1,509,638	-925,635
Income tax expense and income (expenses) from deferred taxes	6,007,119	4,705,321
Profit before change in net current operating assets and taxes	59,511,861	51,401,636
Change in operating receivables	-1,380,842	-3,748,830
Change in inventories	26,756	-173,704
Change in assets (disposal group) held for sale	165	0
Change in operating liabilities	2,143,580	8,201,152
Change in provisions	-123,251	-2,573,940
Change in non-current deferred income	-1,369,937	-18,392
Cash generated in operating activities	58,808,332	53,087,922
Interest expense	-1,882,062	-2,328,964
Tax expenses	-7,027,873	-2,017,298
Net cash from operating activities	49,898,397	48,741,660
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	136,837	252,108
Dividends received and share of profits – associates	917,101	1,121,407
Dividends received and share of profits – other companies	1,302,259	0
Proceeds from sale of property, plant and equipment, and intangible assets	31,842	657,299
Proceeds from sale, less investments and loans given	596,064	7,990,525
Acquisition of property, plant and equipment, and intangible assets	-40,901,931	-16,641,116
Acquisition of investments, increase in loans given	-345	-4,000,885
Net cash used in investing activities	-37,918,173	-10,620,662
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from non-current borrowings	1,500,000	0
Proceeds from current borrowings	70,000	0
Repayment of non-current borrowings	0	-2,666,667
Repayment of current borrowings	-5,841,472	-10,151,062
Dividends paid	-15,820,000	0
Net cash used in financing activities	-20,091,472	-12,817,729
Net increase in cash and cash equivalents	-8,111,248	25,303,269
Opening balance of cash and cash equivalents	12,610,049	5,940,791
Closing balance of cash and cash equivalents	4,498,801	31,244,060

Consolidated statements of changes in equity in 2016

(in EUR)	Reserves arising on valuation at fair value								Total equity of owners of the parent company	Non-controlling interests	Total equity
	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Investments	Financial instruments	Actuarial gains/losses			
Balance at 31 Dec 2015	58,420,965	89,562,703	18,765,117	89,979,979	39,187,701	12,081,707	-861,126	-1,016,963	306,120,083	170,386	306,290,469
Retroactive adjustments	0	0	-2	0	0	0	0	0	-2	0	-2
Balance as at 1 Jan 2016	58,420,965	89,562,703	18,765,115	89,979,979	39,187,701	12,081,707	-861,126	-1,016,963	306,120,081	170,386	306,290,467
Changes in equity – transactions with owners											
Dividends paid	0	0	0	0	15,820,000	0	0	0	-15,820,000	0	-15,820,000
	0	0	0	0	15,820,000	0	0	0	-15,820,000	0	-15,820,000
Total comprehensive income for the period											
Profit for the period	0	0	0	0	33,226,256	0	0	0	33,226,256	2,771	33,229,027
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	-42,339	0	0	-42,339	0	-42,339
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	408,662	0	408,662	0	408,662
	0	0	0	0	0	0	0	0	0	0	0
Balance as at 30 Sep 2016	58,420,965	89,562,703	18,765,115	89,979,979	56,593,958	12,039,368	-452,464	-1,016,963	323,892,661	173,157	324,065,818

Consolidated statements of changes in equity in 2015

(in EUR)	Rezerve, nastale zaradi vrednotenja po poštenih vrednostih								Total equity of owners of the parent company	Non-controlling interests	Total equity
	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Investments	Financial instruments	Actuarial gains/losses			
Balance at 31 Dec 2014	58,420,965	89,562,703	18,765,117	75,557,442	34,325,098	11,285,672	-1,208,193	-548,729	286,160,074	163,496	286,323,570
Balance as at 1 Jan 2015	58,420,965	89,562,703	18,765,117	75,557,442	34,325,098	11,285,672	-1,208,193	-548,729	286,160,075	163,496	286,323,571
Changes in equity – transactions with owners											
Dividends paid	0	0	0	0	13,160,000	0	0	0	-13,160,000	0	-13,160,000
	0	0	0	0	13,160,000	0	0	0	-13,160,000	0	-13,160,000
Total comprehensive income for the period	0										
Profit for the period	0	0	0	0	26,957,827	0	0	0	26,957,827	13,643	26,971,470
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	-786,194	0	0	-786,194	0	-786,194
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	330,892	0	330,892	0	330,892
	0	0	0	0	26,957,827	-786,194	330,892	0	26,502,525	13,643	26,516,168
Balance at 30 Sep 2015	58,420,965	89,562,703	18,765,117	75,557,442	48,122,925	10,499,478	-877,301	-548,729	299,502,600	177,139	299,679,739

NOTES OF THE FINANCIAL STATEMENTS OF THE LUKA KOPER GROUP

The interim statements of Luka Koper Group for January – September 2016, i.e. as at 30 September 2016 encompass the financial statements of the controlling company, Luka Koper, d. d., as the statements of its subsidiary enterprises, together with attributable profits and losses of associated companies.

Statement of compliance

The interim financial statements have been compiled in accordance with the International Accounting standards 34 - Interim Financial Reporting. The Group's financial statements have been compiled in accordance with International Reporting Standards as adopted by the International Accounting Standards Board (IASB) and European Union and in compliance with Companies Act RS.

Basis for the compilation of financial statements

The financial statements have been compiled in euros (EUR), rounded to the nearest unit. Through these consolidated financial statements, the Luka Koper Group wants to provide the broadest sphere of users useful information on the company's performance from January – September 2016, in comparison with data for the previous year, together with the Group's financial position as at 30 September 2016 in comparison with 31 December 2015.

The non-audited financial statements of the Luka Koper Group for the reporting period are compiled in accordance with the same accounting policies and principles that were applicable in 2015.

Additional notes to the consolidated income statement

Revenue

(in EUR)	1-9 2016	1-9 2015
Revenue generated on sales with domestic customers	49,868,048	41,742,219
- services	48,940,578	40,819,565
- goods and material	7,587	1,089
- rentals	919,883	921,565
Revenue generated on sales with foreign customers	99,654,569	93,454,034
- services	99,596,868	93,387,014
- rentals	57,701	67,020
Total	149,522,617	135,196,253

Other income

(in EUR)	1-9 2016	1-9 2015
Other operating income	1,630,279	3,253,414
Reversal of provisions	0	1,501,667
Subsidies, grants and similar income	1,410,253	1,456,772
Revaluation operating income	220,026	294,975
Income on sale of property, plant and equipment and investment property	30,822	86,235
Collected written-off receivables and written-off liabilities	189,204	208,740
Other income	537,803	373,401
Compensations and damages	285,131	327,994
Subsidies and other income non related to services	5,475	34,102
Other income	247,197	11,305
Total	2,168,082	3,626,815

Subsidies, grants and similar income in the amount of EUR 1,410,253 almost entirely refer to the company Luka Koper Inpo, d. o. o., and namely to the income from the withdrawal of the assigned assets from the withheld contributions.

Cost of material

(in EUR)	1-9 2016	1-9 2015
Cost of materiala	1,119	1,131
Cost of auxiliary materiala	2,788,433	2,240,391
Cost of spare parts	3,264,120	3,373,654
Cost of energy	4,537,114	4,824,698
Cost of office stationary	103,021	107,175
Other cost of material	307,843	308,560
Total	11,001,650	10,855,609

Cost of services

(in EUR)	1-9 2016	1-9 2015
Cost of services rendered in connection with the core activity	18,450,218	15,820,801
Cost of transportation	177,403	170,766
Cost of maintenance	4,623,191	4,121,446
Rentals	712,624	695,249
Reimbursement of labour-related costs	275,486	275,221
Costs of payment processing, bank charges and insurance premiums	615,740	525,511
Cost of intellectual and personal services	543,535	550,122
Advertising, trade fairs and hospitality	837,546	888,330
Costs of services provided by individuals not performing business activities	238,326	205,090
Cost of other services		
Sewage and disposal services	134,962	104,342
Information support	2,369,623	2,285,813
Concession-related costs	4,733,159	5,001,687

Costs of other services	3,220,397	2,945,336
Total	36,932,210	33,589,714

In January – September 2016, the cost of services of Luka Koper Group amounted to EUR 36,932,210 whilst is EUR 3,342,496 resp. 10 percent ahead on cost generated in 2015. As consequence of increased maritime throughput and higher number of hours worked the costs of port's services increased by EUR 18,450,218, whilst is a year-on increase of EUR 2,629,417 resp. 17 percent. Higher costs are also attributed to a major occupancy of storage areas and consequently a larger number of movements, since Luka Koper, d. d., has had 30 open building sites with the Port zone.

An important share within the cost of services represented also the costs of other services which amounting to EUR 10,458,141, which is 1 percent resp. EUR 120,963 ahead on costs generated in the comparable period in 2015.

Employee benefits expense

(in EUR)	1-9 2016	1-9 2015
Wages and salaries	25,558,023	23,068,176
Wage compensations	3,915,068	3,648,721
Costs of additional pension insurance	1,199,409	1,094,801
Employer's contributions on employee benefits	4,847,274	4,410,814
Annual holiday pay, reimbursements and other costs	2,899,531	2,570,612
Total	38,419,305	34,793,124

Amortisation and depreciation expense

(in EUR)	1-9 2016	1-9 2015
Depreciation of buildings	9,726,503	9,343,097
Depreciation of equipment and spare parts	9,530,110	10,599,188
Depreciation of small tools	18,007	19,796
Depreciation of investment property	144,250	143,762
Amortisation of intangible assets	513,234	471,907
Total	19,932,104	20,577,750

Other operating expenses

(in EUR)	1-9 2016	1-9 2015
Impairment costs, write-offs and losses on property, plant and equipment, and investment property	1,448,570	662,184
Expenses for allowances for receivables	181,739	77,484
Levies that are not contingent upon employee benefits expense and other types of cost	5,062,129	4,653,007
Donations	81,226	106,161
Environmental levies	72,898	41,712
Awards and scholarship to students inclusive of tax	10,639	14,554
Awards and scholarship to students	4,460	6,060
Other costs and expenses	381,634	1,572,696
Total	7,243,295	7,133,858

Among other operating expenses the most significant amount represent the charges not depending on labour costs and other costs, respectively the compensation for the use of the building land and which amounted to EUR 4,990,381 in the first nine months of the year. In comparison to the previous year, expenses recorded as impairments, write-offs and losses in the sale of property, plant and equipment and investment property increased due to write-off investments under construction in the parent company in the amount of EUR 1,409,142.

Finance income and expenses

(in EUR)	1-9 2016	1-9 2015
Finance income from shares and interests		
Finance income from shares and interests in other companies	1,302,259	1,161,407
Finance income - interest		
Finance income from loans given to others	15,922	60,192
Finance income from operating receivables		
Finance income from operating receivables due from others	120,915	201,456
Total finance income	1,439,096	1,423,055
Finance expenses – interest		
Interest expenses – associates and jointly controlled entities	-4,228	-5,905
Interest expenses – banks	-1,829,020	-2,303,062
Finance expenses for financial liabilities		
Finance expenses for trade payables	-6	-194,892
Finance expenses for other operating liabilities	-48,808	-48,900
Total finance expenses	-1,882,062	-2,552,759
Net financial result	-442,966	-1,129,704

Profit of the period

The Group's profit of the period for January – September 2016 amounted to EUR 38,169,474 , in the equivalent period last year to EUR 31,880,860.

The Group's net profit of the period January – September 2016 amounted to EUR 33,229,027 (in the equivalent period last year EUR 26,971,470), whereof EUR 33,226,256 pertained to the parent company (in the equivalent period last year EUR 26,957,827), and EUR 2,771 (in the equivalent period last year EUR 13,643) pertained to the non-controlling company. Non-controlling interest pertains to the company TOC, d. o. o..

(in EUR)	30 Sep 2016	30 Sep 2015
Net profit for the period	33,226,256	26,957,827
Total number of shares	14,000,000	14,000,000
Number of ordinary shares	14,000,000	14,000,000
Basic and diluted earnings per share	2.37	1.93

Net earnings per share were calculated by dividing the net operating profit with weighted average number of ordinary shares in issue during the year.

The diluted earning per share is equal to the basic earning per share, since the equity of Luka Koper Group after the conversion of preferential shares into ordinary shares is composed exclusively of ordinary shares.

Additional notes to the consolidated statement of financial position

Property, plant and equipment

(in EUR)	30 Sep 2016	31 Dec 2015
Land	10,445,956	10,445,956
Buildings	237,982,869	233,620,036
Plant and machinery	55,747,421	59,652,478
Property, plant and equipment being acquired and advances given	57,509,260	37,846,995
Total	361,685,506	341,565,465

Property, plant and equipment are not pledged as collateral. In the reporting period, no additional charges of Luka Koper Group assets were identified.

In January – June 2016, the Group did not execute major disposals of property, plant and equipment, whilst in July – September 2016 the parent company made write-offs in investments under construction the amount of EUR 1,4 million, on the basis of the resolution of the Management Board.

In January – September 2016, Luka Koper Group invested in property, plant and equipment in the amount of EUR 40,835,881. The Group's largest investments are the following:

- continuation of the construction of three new fuel tanks at the Liquid cargoes terminal,
- continuation of the construction of the track 21 a, b, c and the bridge over the channel,
- arrangement of transport and storage areas for the needs of the container terminal,
- preparation of the infrastructure for RMG above the railway track,
- terminal tractors.

Investment property

(in EUR)	30 Sep 2016	31 Dec 2015
Investment property - land	14,991,483	14,991,483
Investment property - buildings	3,624,179	3,757,941
Total	18,615,662	18,749,424

Intangible assets

(in EUR)	30 Sep 2016	31 Dec 2015
Development costs	244,269	273,522
Non-current property rights (concessions, patents, licences, trademarks and similar rights)	4,022,023	4,458,810

Total	4,266,292	4,732,332
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Non-current property rights refer to the industrial property and other rights such as software, information systems and development-project programmes, whilst the development cost refer to the development project of the subsidiary company.

Shares and interests in associates

(in EUR)	2016	2015
Balance at the beginning of the period	11,699,829	10,846,601
Increase		
Attributable profits	1,509,638	1,328,228
- Adria Transport, d. o. o.	533,317	523,481
- Adria-tow, d. o. o.	538,716	564,721
- Adriaфин, d. o. o.	105,007	-3,808
- Avtoservis, d. o. o.	332,598	243,834
Decrease		
Share of profits	-917,101	-475,000
- Adria Transport, d. o. o.	-500,000	-325,000
- Adria-tow, d. o. o.	-200,000	-150,000
- Avtoservis, d. o. o.	-217,101	0
Balance at the end of the period	12,292,366	11,699,829

Other non-current investments

(in EUR)	30 Sep 2016	31 Dec 2015
Other investments measured at cost	3,514,602	3,540,629
Other investments measured at fair value through equity	30,898,453	30,949,464
Total	34,413,055	34,490,093

A decline in the value of investments measured at fair value through equity was due to the reduction in the value of shares on the stock exchange.

Loans and given deposits

(in EUR)	30 Sep 2016	31 Dec 2015
Financial assets held to maturity:		
Non-current loans given with purchase of bonds from others	0	360,884
Loans		
Non-current loans given to others	34,007	39,535
Non-current house loans given to employees	19,098	21,608
Non-current loans given to others	14,909	17,927
Total	34,007	400,419

Long-term investment held to maturity given to others decreased by EUR 360,884, due to the repayment of received bonds of companies Slovenska odškodninska družba and Nova ljubljanska banka.

Non-current operating receivables

As at 30 September 2016, non-current operating receivables, which represent non-current given advances and securities, amounted to EUR 74,22, as at 31 december 2015 to EUR 37,931.

Deferred tax

(in EUR)	Deferred tax assets		Deferred tax liabilities	
	30, 9, 2016	31, 12, 2015	30, 9, 2016	31, 12, 2015
Deferred tax assets and liabilities relating to:				
impairment of investments in associates	15,725	15,725	0	0
impairment of other investments and deductible temporary differences arising on securities	8,510,787	8,478,190	2,465,895	2,441,778
financial instruments	92,673	176,375	0	0
allowances for trade receivables	217,905	217,712	0	0
provisions for retirement benefits	303,392	309,087	0	0
provisions for jubilee premiums	47,317	51,235	0	0
long-term accrued costs and deferred income from public commercial services	198,877	409,092	0	0
Total	9,386,676	9,657,416	2,465,895	2,441,778

Inventories

As at 30 September 2016, the inventories of the material account for EUR 786,978, as at 31 December 2015 they accounted for EUR 813,734. Major part of these inventories is related to the overhead and auxiliary material in the amount of EUR 307,419 and the maintenance material and spare parts in the amount of EUR 421,385.

Deposits and loans given

(in EUR)	30 Sep 2016	31 Dec 2015
Current loans to others	11,425	15,305
Non-current deposits to others	97,290	296,582
Total	108,715	311,887

Trade and other receivables

(in EUR)	30 Sep 2016	31 Dec 2015
Current trade receivables:		
domestic costumers	15,580,839	17,787,919
foreign costumers	12,062,560	10,484,805
Current operating receivables due from associates	41,247	43,763
Current trade receivables	27,684,646	28,316,487
Current receivables due from dividends	200,000	200,000
Advances and collaterals given	93,876	82,500
Current receivables related to finance income	16,765	17,240
Receivables due from the state	2,685,918	1,384,713
Other current receivables	117,699	207,386
Total trade receivables	30,798,904	30,208,326
Short-term deferred costs and expenses	2,195,007	603,868
Accrued income	266,649	1,096,625
Other receivables	2,461,656	1,700,493
Total	33,260,560	31,908,819

For the purpose of collateralising a bank loan, that as at 30 September 2016 amounted to EUR 4,700,000, the parent company signed a contract on assigning receivables. As of the reporting date, these receivables amounted to EUR 134,267.

Accrued costs substantially comprise accrued costs for the use of building land for the last quarter of 2016 in the amount of EUR 1,120,673, accrued costs for the annual holiday pay for 2016, accrued costs for insurance premiums and not yet invoiced excise duties. Among accrued income are registered as accrued income related to the development projects.

Cash and cash equivalents

(in EUR)	30 Sep 2016	31 Dec 2015
Cash in hand	13,537	7,606
Bank balances	1,505,264	573,190
Current deposits	2,980,000	12,029,253
Total	4,498,801	12,610,049

Equity

(in EUR)	30 Sep 2016	31 Sep 2015
Share capital	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703
Revenue reserves	108,745,094	108,745,096
<i>Legal reserves</i>	18,765,115	18,765,117
<i>Other revenue reserves</i>	89,979,979	89,979,979
Reserves arising from valuation at fair value	10,569,941	10,203,618
Retained earnings	23,367,702	21,202,404
Net profit for the period	33,226,256	17,985,297
Equity of owners of the parent	323,892,661	306,120,083
Non-controlling interests	173,157	170,386
Equity	324,065,818	306,290,469

Provisions

(in EUR)	30 Sep 2016	31 Dec 2015
Provisions for retirement benefits and similar obligations	3,092,126	3,215,377
Provisions for legal disputes	475,224	475,224
Total	3,567,350	3,690,601

Deferred income

(in EUR)	30 Sep 2016	31 Dec 2015
Long-term deferred income for regular maintenance	7,249,695	7,823,250
Non-refundable grants received	3,124,340	3,575,640
Other long-term deferred income	2,041,388	2,386,470
Total	12,415,423	13,785,360

Loans and borrowings

(in EUR)	30 Sep 2016	31 Dec 2015
Non-current borrowings from domestic banks	62,187,021	66,544,844
Non-current borrowings from foreign banks	32,090,711	33,809,978
Total	94,277,732	100,354,822

As at 30 September 2016, the Group's non-current liabilities were EUR 94,277,732, which is by 6,1 decrease in comparison to 31 December 2015. The decrease of non-current borrowings is primarily the net effect of the transfer of a part of liabilities to the current item.

Other non-current financial liabilities

(in EUR)	30 Sep 2016	31 Dec 2015
Other non-current financial liabilities	524,386	639,954
Total	524,386	639,954

Other non-current financial liabilities are related to the fair value of the interest swap of the parent company, and as at 30 september 2016 amounted to EUR 524,386, as at 31 December 2015 to EUR 639,954.

Non-current operating liabilities

(in EUR)	30 Sep 2016	31 Dec 2015
Non-current collaterals received for leased premises	567,746	263,401
Total	567,746	263,401

Non-current operating liabilities represent non-current advances and deposits, which as at 30 September 2016 amounted to EUR 567,746, as at 31 December 2015 they amounted to EUR 263,401.

Loans and borrowings

(in EUR)	30 Sep 2016	31 Dec 2015
Current financial liabilities to associates	0	500,000
Current borrowings from domestic banks	9,536,650	8,375,983
Current borrowings from foreign banks	2,295,082	1,147,541
Total	11,831,732	10,023,524

Current liabilities from borrowings as at 30 September 2016 were EUR 11,831,732 resp. by 18 percent higher than as at 31 December 2015, and namely as the net effect of the transfer of a part of non-current liabilities to current liabilities and the repayment of the principal amount.

Other current financial liabilities

(in EUR)	30 Sep 2016	31 Dec 2015
Other current financial liabilities	550,860	848,234
TOTAL	550,860	848,234

Other current financial liabilities for interests and liabilities for the payment of the interest swap, established in compliance with the management of interest rate risk strategy of the parent company.

Trade and other payables

(in EUR)	30 Sep 2016	31 Dec 2015
Current liabilities to:		
domestic suppliers	13,332,229	13,164,430
foreign suppliers	2,049,136	2,740,831
Current liabilities to associates	111,997	99,564
Current trade payables	15,493,362	16,004,825
Current liabilities from advances	60,053	78,381
Current liabilities to employees	3,452,409	3,422,925
Current liabilities to state and other institutions	1,290,234	948,764
Total operating liabilities	20,296,058	20,454,895
Accrued costs or expenses	7,316,813	5,176,915
Short-term deferred income	369	6,275
Other operating liabilities	673	91,653
Other operating liabilities	7,317,855	5,274,843
Total	27,613,913	25,729,738

Current operating liabilities increased by 7.3 percent in comparison to 31 December 2015. A major increase accounts for accrued costs resp. expenses, and due to a higher accrued costst for the 13th salary and accrued commercial discounts, concluded on the contract basis.

Contingent assets and liabilities

(in EUR)	30 Sep 2016	31 Dec 2015
Securities given	30,586,702	15,984,283
Guarantees received	12,635,628	10,281,042
Contingent assets under legal disputes	32,638,934	32,638,935
Other contingent assets	107,991	70,225
Total contingent assets	75,969,255	58,974,485
Guarantees given	1,907,190	2,106,270
Securities given	7,669,124	6,902,284
Contingent liabilities under legal disputes	786,510	3,012,100
Approved borrowing	36,000,000	36,000,000
Total contingent liabilities	46,362,824	48,020,654
Interest rate hedging	60,140,522	62,142,864
Total	182,472,601	169,138,003

Securities received increased due to the advance payments for the purchase of the port's

equipment, whilst the securities given increased due to given letters of credit to the supplier of the port's equipment.

In the first nine months of 2016, Luka Koper Group concluded and closed contingent liabilities from lawsuits of the parent company in the amount of EUR 2,247,540, created a new contingent liability due to a new lawsuit in the amount of EUR 21,950. As at 30 September 2016 the exposure to the legal risk of the Group was only EUR 1.3 million (whereof EUR 0.8 million is at contingent liabilities and EUR 0.5 million at current provisions for lawsuits).

Financial instruments and financial risk management

The most significant risks to which the Group is exposed to, include:

1. risk management of the change in fair value,
2. management of interest rate,
3. management of liquidity risk,
4. management of currency risk,
5. management of credit risk and
6. risk management relating to adequate capital structure.

1. Risk management relating to change in fair value

As at 30 September 2016, the Group has invested 6.4 percent of its assets (at the end of the previous year 6.6 percent) in investments measured at fair value, whereof the parent company 97.7 percent.

The fair value risk associated with these investments is demonstrated through changes in stock market prices that affect the value of these assets and, consequently the potential gain on their disposal. This type of risk was identified in association with investments in market securities of Slovenian companies. As at 30 September 2016, the value of non-current available-for-sale investments at fair value through equity amounted EUR 30,898,453. This value comprises shares of Slovenian companies and units of mutual fund assets.

The sensitivity analysis of finance investments measured at fair value:

Risk of change at fair value of securities as at 30 September 2016

Change of index (in %)	Impact on equity
-10%	-3,089,845
10%	3,089,845

Risk of change at fair value of securities as at 31 December 2015

Change of index (in %)	Impact on equity
-10%	-3,094,946
10%	3,094,946

Fair value hierarchy

(in EUR)	Carrying amount at 30 Sep 2016	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
Assets measured at fair value				
Other interests and shares	30,898,453	30,898,453	0	0
Assets measured at cost				
Loans given	142,722	0	0	142,722
Other shares and interests	3,514,602	0	0	3,514,602
Operating receivables	30,798,904	0	0	30,798,904
Liabilities measured at fair value				
Interest rate hedging for borrowing	524,386	0	524,386	0
Liabilities measured at amortised cost				
Other financial liabilities	550,860	0	397,456	153,314
Borrowings	106,339,938	0	0	106,339,938
Operating liabilities	20,296,058	0	0	20,296,058

Valuation at fair value				
(in EUR)	Carrying amount at 31 Dec 2015	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
Assets measured at fair value				
Other interests and shares	30,949,464	30,949,464	0	0
Assets measured at cost				
Loans given	712,306	0	0	712,306
Other shares and interests	3,540,629	0	0	3,540,629
Operating receivables	30,208,326	0	0	30,208,326
Liabilities measured at fair value				

Interest rate hedging for borrowings	639,954	0	639,954	0
Liabilities measured at amortised cost				
Other financial liabilities	848,234	0	397,456	450,778
Borrowings	110,527,929	0	0	110,527,929
Operating liabilities	20,454,895	0	0	20,454,895

2. Management of interest rate risk

Only the parent company encounters the interest rate risk, since its financial liabilities are with variable interest rates.

In January - September 2016, the Group managed to reduce financial liabilities by 4.2 percent with respect to the previous business year, and as at 30 September 2016 amounted to EUR 107,184,710. In previous years, the parent company entered into an interest rate hedge for two major borrowings in the total open amount of EUR 60,140,515 as at 30 September 2016. It is a case of the borrowing in the amount of EUR 25,714,285 with final maturity in 2025 and the borrowing in the amount of 34,426,230 with final maturity in 2031. An eventual change of variable interest rates may have a consequential impact on 43.4 percent of all Group's borrowings (in 2015, there were 43.3 percent of such borrowings). The remaining 56.6 percent is hedged against eventual change of variable interest rate.

Overview of exposure

(in EUR)	30 Sep 2016	Exposure 2016	31 Dec 2015	Exposure 2015
Borrowings received at variable interest rate (without interest rate hedge)	46,115,942	43.4%	47,885,073	43.3%
Borrowings received at variable interest rate (with interest rate hedge)	60,140,515	56.6%	62,142,856	56.2%
Borrowings received at nominal interest rate	0	0.0%	500,000	0.5%
Total	106,256,457	100.0%	110,527,929	100.0%

Sensitivity analysis of borrowings from banks in view of the variable interest rate fluctuations:

(in EUR)	Borrowings from banks under the variable interest rate as at 30 Sep 2016	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
3M EURIBOR	46,115,942	14,783	101,242	531,282
Total effect on interests expenses	46,115,942	14,783	101,242	531,282

(in EUR)	Borrowings from banks under the variable interest rate 31 Dec 2015	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
3M EURIBOR	47,885,073	19,252	82,203	201,916
Total effect on interests expenses	47,885,073	19,252	82,203	201,916

The analysis of financial liabilities sensitivity to changes in variable interest rates is based on the assumption of potential growth in interest rates of 15, 25 and 50 bp.

3. Management of liquidity risk

Liquidity risk is the risk that the Group will fail to settle its liabilities at maturity. Luka Koper Group manages liquidity risk by regular planning of cash flows required to settle liabilities with diverse maturity. Additional measures for preventing delays in receivable collection include regular monitoring of payments and immediate response to any delays and charging penalty interest in accordance with the Group's uniform policy of receivable management.

(in EUR)	Up to 3 months	3 to 12 months	1 to 2 years	od 3 do 5 let	More than 5 years	Total
30 Sep 2016						
Loans and borrowings*	4,282,632	7,579,680	15,185,399	35,859,935	59,379,391	122,287,037
Accrued interest maturing in the next calendar year	56,696	0	0	0	0	56,696
Expected interest on all borrowings	555,309	1,084,405	1,419,152	2,770,139	1,316,526	7,145,532
Other financial liabilities	257,100	293,760	0	524,386	0	1,075,246
Payables to suppliers	15,493,362	0	0	0	0	15,493,362
Other operating liabilities	4,802,696	0	0	0	0	4,802,696
Total	25,447,796	8,957,845	16,604,551	39,154,460	60,695,917	150,860,569
31 Dec 2015						
Loans and borrowings*	579,710	9,443,814	11,761,732	41,213,399	47,529,274	110,527,929
Accrued interest maturing in the next calendar year	34,108	0	0	0	0	34,108
Expected interest on all borrowings	307,821	1,487,331	1,473,926	2,910,417	1,816,240	7,995,735
Other financial liabilities	450,688	397,546	0	639,954	0	1,488,188
Payables to suppliers	16,004,825	0	0	0	0	16,004,825
Other operating liabilities	4,450,070	0	0	0	0	4,450,070
Total	21,827,222	11,328,691	13,235,658	44,763,770	49,345,514	140,500,855

* the item includes also borrowings from associates

4. Management of currency risk

The risk of changes in foreign exchange rates arises from trade receivables denominated in US dollars (USD). In the first nine months of 2016, the average monthly balance of Group's outstanding trading receivables amounted to USD 98 thousand. As at 30 September 2016, the Group disclosed receivables denominated in US dollars in the amount of USD 80,338. As at 30 September 2016, outstanding receivables denominated in US dollars amounted to 0.24 percent.

5. Management of credit risk

Assets exposed to credit risk:

(in EUR)	30 Sep 2016	31 Dec 2015
Non-current loans	34,007	400,419
Non-current operating liabilities	74,022	37,931
Current deposits	97,290	296,582
Current loans	11,425	15,305
Current trade receivables	27,684,646	28,316,487
Other current receivables	3,114,258	1,891,839
Cash and cash equivalents	4,498,801	12,610,049
Guarantees and collaterals granted	9,576,314	9,008,554
Total	45,090,763	52,577,166

The Group estimates that the exposure to credit risk is low, and due to the risk management mechanisms put in place, there is a low likelihood of damages.

6. Risk management related to adequate capital structure

(in EUR)	30 Sep 2016	31 Dec 2015
Total liabilities	155,370,704	160,700,976
Cash and cash equivalents and current deposits	-4,596,091	-12,906,631
Net debt	150,774,613	147,794,345
Equity	323,892,661	306,120,083
Net debt/equity	0.47	0.48

Note: financial report tables are available also in .xls format in attachment to this PDF document.

STATEMENT OF THE MANAGEMENT RESPONSIBILITY

The Management of Luka Koper, d. d., herein declares that the non-audited condensed financial statements of Luka Koper, d. d., and non-audited condensed consolidated statements of the Luka Koper Group of companies for the period ending 30 September 2016, have been compiled in order that they shall provide a true and fair disclosure of the financial condition as well as the business performance of Luka Koper, d. d., and Luka Koper Group. The condensed financial statements January – September 2016 have been compiled in accordance with the same accounting policies and principles applicable in Luka Koper, d. d., and Luka Koper Group 2015 annual reports.

These condensed interim statements for the period ending 30 September 2016, were compiled in accordance to the International accounting Standards 34 – Interim Financial Statement, and should be considered in relation to the annual financial statements for fiscal year ending 31 December 2015. Financial statements for 2015 are audited.

The Management Board shall be held responsible for the implementation of measures guaranteeing the preservation and growth of assets of Luka Koper, d. d. and Luka Koper Group assets and detection of fraud and other irregularities and their elimination.

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.

Members of the Management Board:



Dragomir Matić

President of the Management Board



Andraž Novak

Member of the Management Board



Irena Vinček

Member of the Management Board



Stojan Čepar

Member of the Management Board – Labour Director

Koper, 15 November 2016