

# 2017

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## **LUKA KOPER GROUP**

**NON-AUDITED REPORT OF  
LUKA KOPER GROUP AND  
LUKA KOPER, D. D.,  
JANUARY – MARCH 2017**

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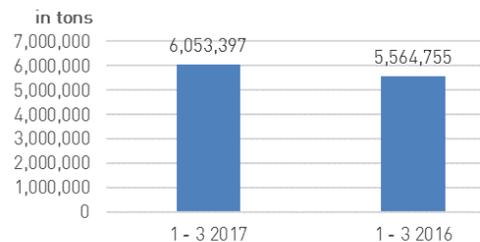
## INTRODUCTION

# 1 Performance highlights of Luka Koper Group, January - March 2017

In January – March 2017, the maritime throughput of Luka Koper Group stood at 6.1 million tonnes and it was by 9 percent ahead on the comparable period in 2016. In February 2017, a record monthly maritime throughput in the amount of 2.2 million tonnes.

## 6.1 MILLION TONS

MARITIME THROUGHPUT 2017/2016 **+9 %**



In January – March 2017, the containers throughput amounted to 227.6 thousand TEUs and it was by 9 percent ahead on the comparable period in 2016. In January 2017, a record monthly throughput of 78.5 thousand TEUs was achieved in Luka Koper, d.d. history.

The throughput of cars in January – March 2017 amounted to 158,6 thousand cars and the quantities stood at the first quarter of the pervious year.

## 227.6 THOUSAND TEU

CONTAINERS 2017/2016 **+9 %**

## 158.6 THOUSAND CARS

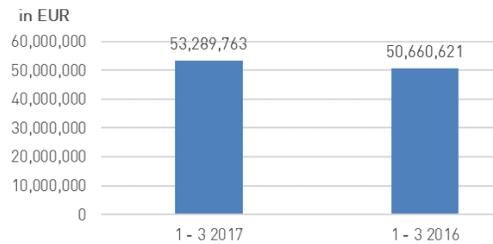
CARS 2017/2016 **+0 %**

In January – March 2017, net revenue from sale amounted to EUR 53.3 million and was 5 percent ahead on 2016.

## EUR 53.3 MILLION

NET SALES

2017/2016 **+5 %**



In January – March 2017, the operating profit achieved EUR 16.1 million and exceeded by 13 percent the achieved operating profit in the comparable period last year.

## EUR 16.1 MILLION

EARNINGS BEFORE INTEREST AND TAXES (EBIT)

2017/2016 **+13 %**

In January – March 2017, net operating profit amounted to EUR 13.9 million, which is a year-on increase of 16 percent.

## EUR 13.9 MILLION

NET PROFIT OR LOSS

2017/2016 **+16 %**

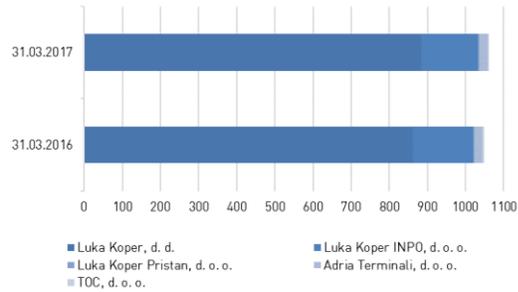
In January – March 2017, Luka Koper Group allocated EUR 15.6 million for investments. Major implemented investments were the following:

- RMG cranes and crane rail for RMG cranes at the Container terminal,
- continuation of the construction of the stacking blocks at the Container terminal with purpose to improve the transpo and providing wider transport lanes.
- continuation of the construction of the multipurpose warehouse.

The number of employees in January – March 2017 in comparison with the equivalent period last year increased by 1 percent resp. by 14 employees, and reached the number of 1,062 employees.

# 1,062

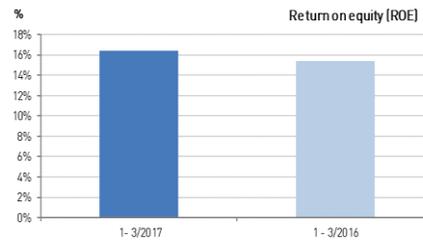
**NUMBER OF EMPLOYEES** 2017/2016 **+ 1 %**



Return On Equity (ROE)<sup>1</sup> in January – Marec 2017 amounted to 16.4 percent, which is 6 percent resp. 1 percentage point ahead on January – March 2016.

# 16.4 %

**RETURN ON EQUITY (ROE)** 2017/2016 **+6 %**



<sup>1</sup> The indicator is calculated on the basis of annualised data

## 1.1 Financial indicators

### Key performance indicators of Luka Koper, d. d., and Luka Koper Group, January – March 2017 in comparison to January – March 2016

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Income statement	1 - 3 2017	1 - 3 2016	IND 2017/ 2016	1 - 3 2017	1 - 3 2016	IND 2017/ 2016
Net sales	52,163,248	48,139,373	108	53,289,763	50,660,621	105
Earnings before interest and taxes (EBIT)	15,772,250	13,189,716	120	16,147,705	14,317,257	113
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	22,042,934	19,677,832	112	22,652,828	21,054,274	108
Profit or loss from financing activities	-213,318	-661,006	32	-169,113	-628,677	27
Profit before tax	15,558,932	12,528,710	124	16,427,716	14,217,523	116
Net profit or loss	12,959,299	10,483,011	124	13,916,249	12,009,644	116
Added value <sup>2</sup>	33,878,787	30,817,297	110	36,058,261	33,758,646	107
Statement of financial position	31.3.2017	31.12.2016	IND 2017/ 2016	31.3.2017	31.12.2016	IND 2017/ 2016
Assets	500,011,354	472,932,135	106	517,239,835	489,991,097	106
Non-current assets	443,822,824	440,055,662	101	455,434,750	450,729,768	101
Current assets	56,188,530	32,876,473	171	61,805,085	39,261,329	157
Equity	317,813,667	304,425,949	104	346,830,714	331,978,921	104
Non-current liabilities with provisions and long-term accruals and	130,122,651	131,614,419	99	117,052,960	118,638,958	99
Short-term liabilities	52,075,036	36,891,767	141	53,356,161	39,373,218	136
Financial liabilities	125,243,295	126,332,908	99	109,243,390	110,332,958	99
Statement of cash flows	1 - 3 2017	1 - 3 2016	IND 2017/ 2016	1 - 3 2017	1 - 3 2016	IND 2017/ 2016
Expenditure on investments in property, plant and equipment, investment property and intangible assets	15,564,968	20,909,024	74	15,627,598	21,143,709	74

<sup>2</sup> Added value = net sales + capitalised own products and own services + other revenue – costs of goods, material, services – other operating expenses excluding revaluation operating expenses.

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Ratios (in %)	1 - 3 2017	1 - 3 2016	IND 2017/ 2016	1 - 3 2017	1 - 3 2016	IND 2017/ 2016
Return on sales (ROS) <sup>3</sup>	30.2%	27.4%	110	30.3%	28.3%	107
Return on equity (ROE) <sup>4</sup>	16.7%	14.6%	114	16.4%	15.4%	106
Return on assets (ROA) <sup>5</sup>	10.7%	9.2%	116	11.1%	10.2%	109
EBITDA margin <sup>6</sup>	42.3%	40.9%	103	42.5%	41.6%	102
Financial liabilities/equity	39.4%	42.7%	92	31.5%	35.1%	90
Net financial debt /EBITDA <sup>7</sup>	1.3	1.5	84	1.0	1.2	85

Maritime throughput (in tons)	1 - 3 2017	1 - 3 2016	IND 2017/ 2016	1 - 3 2017	1 - 3 2016	IND 2017/ 2016
Maritime throughput	6,053,397	5,564,755	109	6,053,397	5,564,755	109

Number of employees	1 - 3 2017	1 - 3 2016	IND 2017/ 2016	1 - 3 2017	1 - 3 2016	IND 2017/ 2016
Number of employees	882	861	102	1,062	1,048	101

<sup>3</sup> Return on sales (ROS) = earnings before interest and taxes (EBIT) / net sales

<sup>4</sup> The indicator is calculated on the basis of annualised data

<sup>5</sup> The indicator is calculated on the basis of annualised data

<sup>6</sup> EBITDA margin = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales

<sup>7</sup> Net financial debt /EBITDA = (financial liabilities – cash and cash equivalents)/EBITDA

The indicator is calculated on the basis of annualised data

### Key performance indicators of Luka Koper, d. d., and Luka Koper Group, January – March 2017 in comparison with the plan for January- March 2017

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Income statement	1 - 3 2017	Plan 1 - 3 2017	IND 2017/ Plan	1 - 3 2017	Plan 1 - 3 2017	IND 2017/ Plan
Net sales	52,163,248	49,790,033	105	53,289,763	51,484,097	104
Earnings before interest and taxes (EBIT)	15,772,250	12,031,805	131	16,147,705	12,277,458	132
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	22,042,934	18,617,045	118	22,652,828	19,091,316	119
Net profit or loss	12,959,299	9,816,948	132	13,916,249	10,421,663	134
Added values <sup>8</sup>	33,878,787	30,651,615	111	36,058,261	32,699,100	110
Statement of financial position	31.3.2017	Plan 31.3.2017	IND 2017/ Plan	31.3.2017	Plan 31.3.2017	IND 2017/ Plan
Assets	500,011,354	487,512,589	103	517,239,835	499,497,771	104
Equity	317,813,667	315,222,319	101	346,830,714	342,602,011	101
Financial liabilities	125,243,295	133,985,703	93	109,243,390	113,955,506	96
Statement of cash flows	1 - 3 2017	Plan 1 - 3 2017	IND 2017/ Plan	1 - 3 2017	Plan 1 - 3 2017	IND 2017/ Plan
Expenditure on investments in property, plant and equipment, investment property and intangible assets	15,564,968	11,510,912	135	15,627,598	11,712,867	133

<sup>8</sup> Added value = net sales + capitalised own products and own services + other revenue – costs of goods, material, services – other operating expenses excluding revaluation operating expenses.

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Ratios (in %)	1 - 3 2017	Plan 1 - 3 2017	IND 2017/ Plan	1 - 3 2017	Plan 1 - 3 2017	IND 2017/ Plan
Return on sales (ROS) <sup>9</sup>	30.2%	24.2%	125	30.3%	23.8%	127
Return on equity (ROE) <sup>10</sup>	16.7%	12.7%	131	16.4%	12.4%	133
Return on assets (ROA) <sup>11</sup>	10.7%	8.2%	130	11.1%	8.4%	131
EBITDA margin <sup>12</sup>	42.3%	37.4%	113	42.5%	37.1%	115
Financial liabilities/equity	39.4%	42.5%	93	31.5%	33.3%	95
Net financial debt /EBITDA <sup>13</sup>	1.3	1.7	76	1.0	1.4	75
Maritime throughput (in tons)	1 - 3 2017	Plan 1 - 3 2017	IND 2017/ Plan	1 - 3 2017	Plan 1 - 3 2017	IND 2017/ Plan
Maritime throughput	6,053,397	5,605,174	108	6,053,397	5,605,174	108
Number of employees	1 - 3 2017	Plan 1 - 3 2017	IND 2017/ Plan	1 - 3 2017	Plan 1 - 3 2017	IND 2017/ Plan
Number of employees	882	920	96	1,062	1,101	96

<sup>9</sup> Return on sales (ROS) = earnings before interest and taxes (EBIT) / net sales

<sup>10</sup> The indicator is calculated on the basis of annualised data

<sup>11</sup> The indicator is calculated on the basis of annualised data

<sup>12</sup> EBITDA margin = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales

<sup>13</sup> Net financial debt /EBITDA = (financial liabilities – cash and cash equivalents)/EBITDA

The indicator is calculated on the basis of annualised data

## 2 Introductory note

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Compliant with the Market and Financial Instrument Act, 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 Group and Luka Koper, d. d., for January – March 2017.

This Non-audited report on the performance of Luka Koper and Luka Koper, d. d., for January – March 2017 can be examined at Luka Koper, d. d., Vojkovo nabrežje 38, 6501 Koper and shall be accessible via the company's website [www.luka-kp.si](http://www.luka-kp.si), from 12 May 2017 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 Luka Koper Group for January – March 2017 was addressed by the company's Supervisory Board at its regular session on 12 May 2017.

## 3 Presentation of Luka Koper Group

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

### 3.1 Profile of the company Luka Koper, d. d., as of 12 May 2017

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: <a href="mailto:portkoper@luka-kp.si">portkoper@luka-kp.si</a>
	Website: <a href="http://www.luka-kp.si">www.luka-kp.si</a>
Company registration	District Court of Koper, application No. 066/10032200
Company registration number	5144353000
Tax number	SI 89190033
Issued share capital	58.420.964,78 EUR
Number of shares	14.000.000 ordinary non-par-value share
Share listing	Ljubljana Stock exchange
Share ticker symbol	LKPG
President of the dsednik uprave	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

## 3.2 Luka Koper Group Structure

Companies consolidated within the Luka Koper Group provide various services which accomplish the comprehensive operation of the Port of Koper.

### Luka Koper Group as of 31 March 2017

- 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 %

## 4 Corporate Management and Governance

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

As at 31 March 2017, Luka Koper, d. d., Management Board was comprised of the following members:

- Dragomir Matić, President of the Management Board, appointed on 23<sup>rd</sup> May 2014 for a five – year term, taking up the position as of 10<sup>th</sup> June 2014,
- Andraž Novak, Member of the Management Board, commenced a five-year term on 10<sup>th</sup> June 2014,
- Irena Vinček, Member of the Management Board, commenced a five-year term on 21<sup>st</sup> August 2015,
- Stojan Čepar, Labour Director, commenced a five-year term on 30<sup>th</sup> 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](http://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 31 March 2017, so nadzorni svet sestavljali:

### Representatives of the shareholders

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

**Representatives of Employees**

- Mladen Jovičić, Member of the Supervisory Board, commenced a four-year term on 8<sup>th</sup> April 2017,
- Marko Grabljevec, Member of the Supervisory Board, commenced a four-year term on 18<sup>th</sup> January 2016,
- Rok Parovel, Member of the Supervisory Board, commenced a four-year term on 12<sup>th</sup> September 2016 (the notification will be given at the following Shareholders' Meeting).

**External Member of the Supervisory Board Audit Committee**

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

## BUSINESS REPORT

### 5 Significant events, news and achievements January - March 2017

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#### JANUARY

- A monthly record maritime throughput of 78.527 TEUs was achieved in the port's history .
- Luka Koper published the updated document Corporate Governance policy.
- Luka Koper published the call for proposals of allocation of sponsorships and donations within Living with the Port fund.
- Strong wind hampered the work in the port for three days.
- The bankruptcy proceeding of the the associated company Golf Istra, d. o. o. was completed.

#### FEBRUARY

- A record monthly maritime throughput of 2.2 million tonnes was achieved in the port's history.
- Business partners were shown on-site a new crane rail and the operation of RMG cranes for transhipment of containers from/onto the railway waggons.
- Adria-Tow, d. o. o., received a new tug-boat Mercur manufactured in Spain.

#### MARCH

- Luka Koper, d. d., took over a half a year rotating presidency of NAPA (North Adriatic Port Association).
- In conjunction with the Koper Regional Museum the company inaugurated the exhibition dedicated to 60<sup>th</sup> anniversary of Luka Koper d.d. .
- Luka Koper jointly with a large number of Slovenian participants attended the biggest world cruise summit Seatrade Cruise Global 2017, where Slovenia was presented as an attractive tourist destination.
- Luka Koper, d. d., Works Council at its regular session held on 13<sup>th</sup> March 2017 reelected by consensus Mladen Jovičić as the employees' representative in the Supervisory Board of Luka Koper, d. d., whos started the four-year mandate on 8<sup>th</sup> April 2017.
- 'Luka Koper – an Attractive Alternative for Southern Germany was the title of the business form organised by Luka Koper d.d. for targeted public in Munich.
- The cruise vessel Viking Sea inaugurated this year's cruise season.

- The Management Board of Luka Koper d.d. adopted the resolution on the start of the procedure for the award of the public procurement the selection of the contractor for the completion of the new Sermin entrance.
- Through the website of the Ljubljana Stock Exchange Luka Koper .d.d. responded to the proposal of the Act on the construction, management and governance of the second track of the Divača – Koper railway line
- The Supervisory Board of Luka Koper, d. d., approved the the investment for a new garage for Car and Ro-Ro terminal and took a stance about the proposal of the Act on the construction, management and governance of the second track of the Divača – Koper railway line
- At the Port's Day held in Egypt Luka Koper presented its activities and signed a partnership agreement Egyptian ports Alexandria and Damietta.

## 6 Relevant post-balance events

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### APRIL

- Two new container cranes, post-panamax dimensions, of the manufacturer Liebherr were delivered at the Container terminal
- Luka Koper attended the specialized food food fair WorldFood held in Warsaw.
- On 20<sup>th</sup> April 2017 the National assembly adopted the Act on the construction, management and governance of the second track of the Divača – Koper railway line.
- At the extraordinary session held on 26<sup>th</sup> April 2017 the National Assembly voted the suspensive veto on the Act on the construction, management and governance of the second track of the Divača – Koper railway line

## 7 Performance analysis

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### 7.1 Summary of performance of LUKA KOPER GROUP in January – March 2017

#### Comparison of achieved results of Luka Koper Group in January - March 2017 with January – March 2016

In the first quarter of 2017, Luka Koper Group net revenue from sale amounted to EUR 53.3 million, which is 5 resp. EUR 2.6 million ahead on the first quarter of the previous year. In comparison to the previous year, the net revenue from sale of Luka Koper Group increased from the performance of the primary activity of loading and unloading of goods, stuffing and stripping of containers, storage and provision of additional services. The revenues from rentals decreased.

Other revenue of Luka Koper Group in January – Marec 2017 amounted to EUR 761 thousand, which is a year-on increase of 12 percent resp. EUR 84 thousand. A major share of other revenue were subsidies, grants and similar revenue in the amount of EUR 409 thousand, related to the withdrawal of the assigned assets from the withheld contributions of Luka Koper INPO, d. o. o.

In the first quarter of 2017, the operating expense of Luka Koper Group mounted to EUR 38.1 million, which is a year-on increase of 1 percent resp. EUR 555 thousand. Within the framework of operating expenses, comparably to the equivalent period in 2016, increased the costs of material, labour costs and other operating costs. Costs of services and depreciation costs decreased. In the first quarter of 2017, costs of material of Luka Koper Group amounted to EUR 4.2 million, which is 6 percent resp. EUR 242 thousand increase on the comparable period last year. A major share of costs of material in the first quarter of 2017 represented the costs of energy. Cost of services of Luka Koper Group in the first quarter of 2017 amounted to EUR 12 million, and are by 2 percent resp. EUR 219 thousand lower than in the first quarter of the last year. Within the cost of services, a major share represented the costs of port's services. This increase resulted from the increased volume of the throughput and provided services. Labour costs of Luka Koper in the first quarter of 2017 amounted to EUR 13.3 million, which is 5 percent resp. EUR 655 thousand ahead on the first quarter of 2016. This increase was primarily due to a growing staff number, increased by 1 percent, and the increase of the basic salary. Other operating expense of Luka Koper Group in the first quarter of 2017 amounted to EUR 2 million, which is 6 percent resp. EUR 109 thousand ahead on the first quarter of 2016.

The share of operating expense within net revenue from sale in the first quarter of 2017 amounted to 71.4 percent, which is 2.6 percentage point decrease comparing with the first

quarter of 2016. In comparison to the previous year, the share of cost of services and amortisation within the net revenue from sale decreased, whilst the share of costs of material, labour costs and other operating expense stood at the same level.

The operating profit (EBIT) of Luka Koper in January – March 2017 amounted to EUR 16.1 million, which is 13 percent resp. EUR 1.8 million ahead on the first quarter of 2016.

In January – March 2017 the EBITDA of Luka Koper Group January – March 2017 amounted to EUR 22.7 million, which is 8 percent resp. EUR 1.6 million ahead on the comparable period of the previous year.

EBITDA margin of Luka Koper Group je v obdobju January – March 2017 amounted to 42.5 percent, which is 2 percent resp. za 1 percentage point ahead on the first quarter 2016.

The financial result in January – March 2017 amounted to – EUR 169 thousand, whilst in the comparable period last year Luka Koper Group achieved the financial result in the amount of – EUR 629 thousand. Lower financial expense results from the recognised capitalisation of loan costs, lower effective interest rates and the maturity of the interest swap.

The results of associated companies in January – March 2017 generated the increase of the operating profit before tax of Luka Koper Group in the amount of EUR 449 thousand, which is 15 percent resp. EUR 80 thousand decline than the comparable period last year.

Net profit of Luka Koper Group in January – March 2017 amounted to EUR 13.9 million, which is 16 percent resp. za EUR 1.9 million increase on 2016.

The Return On Equity (ROE)<sup>14</sup> in January – March 2017 amounting to 16.4 percent, is by 6 percent resp. by 1 percentage point ahead on January – March 2016.

Financial liabilities of Luka Koper Group as at 31<sup>st</sup> March 2017 amounted to EUR 109.2 million, and decreased by 1 percent resp. EUR 1.1 million in comparison to the situation as at 31 December 2016. Due to the repayment of loans in compliance with the amortisation schedules, the liabilities towards banks decreased.

Non-current financial liabilities towards banks of Luka Koper Group as at 31 March 2017 were 87 percent of total financial liabilities. In comparison to 31<sup>st</sup> December, their share decrease by 1.7 percentage point.

In January – March 2017, Luka Koper Group allocated EUR 15.6 million for investments.

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<sup>14</sup> Kthe indicator is calculated on the basis of annualised data.

## Realisation of plans

Net revenue from sale of Luka Koper Group in January – March 2017 amounted to EUR 53.3 million, and exceeded the planned revenue from sale by 4 percent resp. by EUR 1.8 million.

In January – March 2017, net revenue from sale of the Group exceeded the planned 5 percent resp. za EUR 2.5 million, whilst the revenue from the performance of the public utility service regular maintenance of the port's infrastructure destined to public traffic lagged behind the plan by 43 percent resp. by EUR 727 thousand, which consequently resulted in a total exceeding of planned revenue of the Group in January – March 2017 by 4 percent.

The operating profit (EBIT) of Luka Koper Group in January – March 2017 amounting to EUR 16.1 million, exceeded the planned operating profit by 32 percent resp. EUR 3.9 million.

In January – March 2017, the EBITDA of Luka Koper Group in January – March 2017 amounted to EUR 22.7 million, which is 19 percent resp. EUR 3.6 million ahead on the planned EBITDA.

In the first quarter of 2017, the EBITDA margin of Luka Koper Group in the amount of 42.5 percent, exceeded the planned by 15 percent resp. by 5.4 percentage point.

In January – March 2017, Luka Koper, d. d., planned the formation of the long-term deferred revenue in the amount of EUR 218 thousand for the performance of the public utility service of the regular maintenance of the port's infrastructure, but actually they were formed in the amount of EUR 1.2 million. Since Ministry of Infrastructure delayed the approval of plans, the actually implemented volume of regular maintenance of the port's infrastructure, destined to the public traffic, was lower than planned. In the event of elimination of the impact of EUR 952 thousand higher revenue from this activity, the planned EBITDA margin would amount to 37.8 percent and the achieved EBITDA margin of Luka Koper Group in January – March 2017 would exceed by 4.7 percentage point the planned (without the impact of the long-term deferred revenue).

Net profit of Luka Koper in January – March 2017 amounted to EUR 13.9 million, which is 34 percent resp. EUR 3.5 million ahead on the planned.

## 7.2 Summary of the performance of LUKA KOPER, D. D., January – March 2017

### Comparison of achieved results of Luka Koper, d. d., January - March 2017 with January – March 2016

In the first quarter of 2017, the net revenue from sale of Luka Koper, d. d., amounted to EUR 52.2 million, which is 8 percent resp. za EUR 4 million ahead on the first quarter 2016. Net revenue from sale of Luka Koper, d. d., in comparison to the last year, from the core activity of loading and unloading, stuffing and stripping of containers, warehousing and additional services. The revenue from rentals decreased.

Other revenue of Luka Koper, d. d., in January – March 2017 amounted to EUR 332 thousand, which is 75 percent resp. EUR 143 thousand ahead on the first quarter 2016. The major share of other revenue represented the received damage compensations in the amount of EUR 105 thousand.

In the first quarter of 2017, the operating expenses of Luka Koper, d. d., amounted to EUR 36.7 million, which is 5 percent resp. za EUR 1.6 million ahead on the same period last year. Within the operating expenses comparably to the same period last year increased all types of costs except amortisation. In the first quarter of 2017, the costs of material of Luka Koper, d. d., amounted to EUR 3.7 million, which is 9 percent resp. EUR 313 thousand ahead on the comparable period last year. The major share of costs of material in the first quarter of 2017 were the costs of energy. The costs of services of Luka Koper, d. d., in the first quarter of 2017 amounted to EUR 13 million, which is 6 percent resp. EUR 725 thousand ahead on the first quarter 2016. Among the costs of services the major share were the costs of port's services. The increase of costs of port's services is attributable to the increased volume of the throughput and major volume of provided services. In the first quarter of 2017, the labour costs of Luka Koper, d. d., amounted to EUR 11.8 million, which is 6 percent resp. EUR 664 thousand increase in comparison with the first quarter of 2016. This increase is attributable to the a larger number of employees, which increased by 2 percent, and the increase of the basic salary. Other operating expenses of Luka Koper, d. d., in the first quarter of 2017 amounted to EUR 2 million, which is 5 percent resp. za EUR 99 thousand ahead on the first quarter of 2016. The costs for the compensation of the use of the building land, costs of damages and revaluated operating expenses.

The share of operating expense within the net revenue from sale in the first quarter of 2017 amounted to 70.4 percent, which is 2.6 percentage point decrease compared to the first quarter of 2016. In comparison to 2016, the share of costs of services and amortisation within net revenue from sale decreased, whilst the costs of material, labour costs and other operating expense stood at the same level.

The operating profit (EBIT) of Luka Koper, d. d., in January – March 2017 amounted to EUR 15.8 million, which is 20 percent resp. EUR 2.6 million ahead on the first quarter of 2016.

In January – March 2017, the EBITDA of Luka Koper, d. d., amounted to EUR 22 million, which is 12 percent resp. EUR 2.4 million ahead on the comparable period last year.

In January – March 2017, the EBITDA margin of Luka Koper, d. d., amounted to 42.3 percent, which is 3 percent resp. 1.4 percentage point increase in comparison to the first quarter 2016.

The financial result January – March 2017 amounted to –EUR 213 thousand, whilst Luka Koper, d. d., in comparable period last year achieved the financial result in the amount of –EUR 661 thousand. Lower financial expense results from the recognised capitalisation of loan costs, lower effective interest rates and and the maturity of the interest rate swap.

Net operating profit of Luka Koper, d. d., in January – March 2017 amounted to EUR 13 million, which is 24 percent resp. EUR 2.5 million ahead on 2016.

In January – March 2017, the Return On Equity (ROE)<sup>15</sup> amounted to 16.7 percent, which is 14 percent resp. 2 percentage points ahead on January – March 2016.

As at 31<sup>st</sup> March 2017, financial liabilities of Luka Koper, d. d., amounted to EUR 125.2 million, which is 1 percent resp. EUR 1.1 million decline than compared with 31<sup>st</sup> December 2016. Due to the repayment of loans in compliance with the amortisation schedules the liabilities toward banks decreased.

As at 31<sup>st</sup> March 2017, non-current financial liabilities towards banks of Luka Koper, d. d., amounted to 76 percent of total financial liabilities. In comparison to 31<sup>st</sup> December 2016, their share decreased by 1.6 percentage point.

In January – March 2017, Luka Koper, d. d., allocated EUR 15.6 million for investments, primarily in the equipment at the Container terminal and in the construction of the multipurpose warehouse.

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<sup>15</sup>The indicator is calculated on the basis of the annualised data

### Realisation of plans

Net revenue from sale of Luka Koper, d. d., in January – March 2017 amounting to EUR 52.2 million, exceeded by 5 percent resp. EUR 2.4 million the planned revenue from sale.

Net revenue from sale of Luka Koper, d. d., from the sales activity in January – March 2017 exceeded the planned by 6 percent resp. EUR 3.1 million, whilst the revenue from the performance of the public utility service of the regular maintenance of the port's infrastructure, destined to the public traffic, fell behind the plan by 43 percent resp. EUR 727 thousand, which resulted in a total exceeding of planned revenue of Luka Koper, d. d., in January – March 2017 by 5 percent.

The operating profit (EBIT) of Luka Koper, d. d., in January – March 2017 amounted to EUR 15.8 million, which is 31 percent resp. EUR 3.7 million ahead on planned.

In January – March 2017, the EBITDA of Luka Koper, d. d., amounted to EUR 22 million, which is 18 percent resp. EUR 3.4 million ahead on the planned.

In the first quarter of 2017, the EBITDA margin of Luka Koper, d. d., amounted to 42.3 percent, and exceeded by 13 percent resp. za 4.9 percentage point the planned.

In January – March 2017, Luka Koper, d. d., performance of the public utility service of the regular maintenance of the port's infrastructure, planned the formation of long-term deferred revenue in the amount of EUR 218 thousand, but actually they were formed in the amount of EUR 1.2 million. In the event of the elimination of the impact of EUR 952 thousand higher revenue from this activity, the planned EBITDA margin would amount to 38.1 percent and consequently the achieved EBITDA margin of Luka Koper, d. d., in January – March 2017 would be higher by 4.1 percentage point than planned (without the aforesaid impact of long-term deferred revenue).

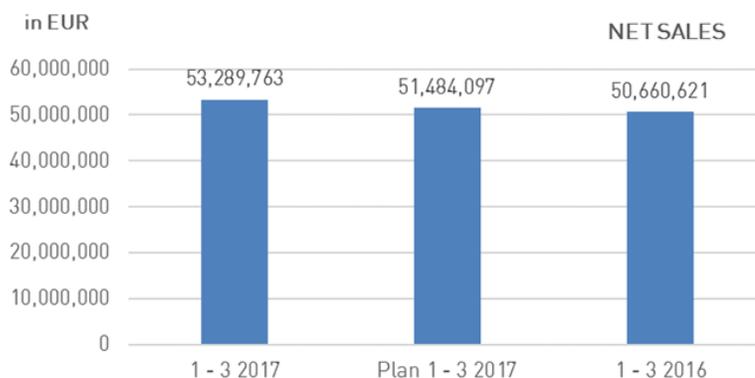
Net operating profit of Luka Koper, d. d., in January – March 2017 amounted to EUR 13 million, which is 32 percent resp. EUR 3.1 ahead on planned.

**More detailed analysis of performance set out below refers to the performance of Luka Koper Group.**

## NET REVENUE FROM SALE

In the first quarter of 2017, the net revenue from sale of Luka Koper Group amounted to EUR 53.3 million, which is 5 percent resp. EUR 2.6 million increase on the first quarter of 2016. In comparison with the previous year, the net revenue from sale of Luka Koper Group increased from the core activity of loading and unloading of goods, stuffing and stripping of containers, storage and additional services. The revenue from rentals decreased.

### Net revenue from sale of Luka Koper Group



## OTHER REVENUE

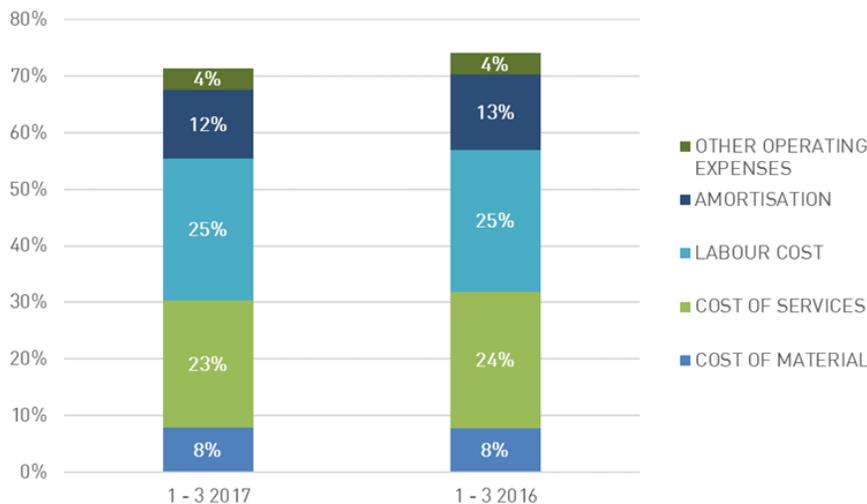
Other revenue of Luka Koper Group in January – March 2017 amounted to EUR 761 thousand, which is 12 percent resp. EUR 84 thousand increase on the first quarter of the previous year. The major share of other revenue were subsidies, grants and similar revenue in the amount of EUR 409 thousand, related to the withdrawal of the assigned assets from the withheld contributions of Luka Koper INPO, d. o. o. .

## OPERATING EXPENSES

In the first quarter of 2017, the operating expense of Luka Koper Group amounted to EUR 38.1 million, which is 1 percent resp. EUR 555 thousand ahead on the equivalent period last year. Within the operating operating expenses, comparably to the same period last year increased the costs of material, labour costst and other operating expenses. Costs of services and costs of amortisation decreased. In the first quarter of 2017, the share of operating expenses within the net revenue from sale amounted to 71.4 percent, which is 2.6 percentage point decrease in comparison with the first quarter of 2016. In comparison with the previous year the share of costs of services and amortisation within the net revenue

from sale decreased, whilst the share of costs of material, labour costs and other operating costs stood at the same level.

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



### Cost of material

In the first quarter of 2017, the cost of material Luka Koper Group amounted to EUR 4.2 million, which is 6 percent resp. EUR 242 thousand ahead on the comparable period last year. The major share of costs of material in the first quarter of 2017 represented the energy costs, which in comparison with the first quarter of 2016 increased by 24 percent resp. EUR 384 thousand. The costs of auxiliary material.

### Cost of services

In the first quarter of 2017, the cost of services of Luka Koper Group amounted to EUR 12 million, which is 2 percent resp. EUR 219 thousand decline compared to the first quarter of the previous year. Within the framework of the costs of services, the major share represented the costs of port' services, which amounted to EUR 6.7 million, which is a year-on increase of 8 percent resp. EUR 511 thousand. The increase of cost of port's services resulted from the increased volume of the throughput and provided services, primarily the increased throughput and more demanding procedures in handling 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 numerous construction works at the Container terminal.

An important share within the cost of services represented also the costs of other services amounting to EUR 3.3 million, which is 7 percent resp. EUR 238 thousand decrease comparing the comparable period in 2016.

### Cost of labour

In the first quarter of 2017, the Luka Koper Group labour costs amounted to EUR 13.3 million, which is 5 percent resp. EUR 655 thousand increase in comparison to the comparable period last year. This year-on increase can be primarily attributed to a major number of employees, increased by 1 percent, and the increase of the basic salary, which in compliance with the valid collective agreement, applicable as from 1<sup>st</sup> January 2017 onwards in Luka Koper, d. d., and in Luka Koper INPO, d. o. o.

31 March 2017 Luka Koper Group had 1,062 employees, which is a year-on increase of 1 percent resp. of 14 employees.

### Depreciation costs

In January – March 2017, the depreciation costs of Luka Koper Group amounted to EUR 6.5 million, which is 3 percent resp. EUR 232 thousand lower than the depreciation costs of the comparable period in 2016.

### Other operating expenses

Other operating expense of Luka Koper Group in the first quarter of 2017 amounted to EUR 2 million, and were 6 percent resp. EUR 109 thousand higher than in the comparable period in 2016. The costs of the compensation for the use of the building land and costs of damages increased. The revaluation operating expenses increased, primarily from the value adjustment of receivables.

### OPERATING PROFIT

In January – March 2017, the operating profit (EBIT) of Luka Koper Group amounted to EUR 16.1 million, which is 13 percent resp. EUR 1.8 million ahead on the equivalent period 2016. Higher operating profit EBIT primarily resulted from 5 percent higher net revenue from sale.

The EBITDA of Luka Koper Group in January – March 2017 amounted to EUR 22.7 million, which is 8 percent resp. za EUR 1.6 million increase on the comparable period last year.

In January – March 2017, the EBITDA margin of Luka Koper Group amounted to 42.5 percent, which is 2 percent resp. za 1 percentage point ahead on the first quarter 2016.

## FINANCE INCOME AND FINANCE EXPENSES

In January – March 2017, the finance income of Luka Koper Group amounted to EUR 43 thousand, which is 8 percent resp. EUR 3 thousand ahead on the achieved finance income in the comparable period 2016. The finance income from operating receivables increased. Finance expense of Luka Koper Group in January – March 2017 amounted to EUR 212 thousand and recorded 68 percent resp. za EUR 457 thousand decline from achieved finance income in comparable period last year. Lower finance expense resulted from recognised capitalisation of borrowing costs, lower effective interest rates and the maturity of interest swap.

In January – March 2017, the financial result amounted to – EUR 169 thousand, whilst in the comparable period 2016 Luka Koper Group achieved a negative financial result in the amount of EUR 629 thousand.

## RESULTS OF ASSOCIATED COMAPNIES

In January – March 2017, profit before tax of Luka Koper Group in the amount of EUR 449 thousand is increased by results of associated companies, which is 15 percent resp. EUR 80 thousand decrease in comparison with the equivalenttt period last year. The results almost entirely refer to the performance of Adria-Tow, d. o. o., Adria Transport, d. o. o., Avtoservis, 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 – March 2017 amounted to EUR 16.4 million, and exceeded the achieved profit in the comparable period 2016 by 16 percent resp. EUR 2.2 million.

Net operating profit of Luka Koper Group in January – March 2017 amounted to EUR 13.9 million, which is 16 percent resp. EUR 1.9 million ahead on the achieved net operating profit in the comparable period in 2016.

Income tax and deferred taxes in January – March 2017 reduced the net operating profit of Luka Koper Group by EUR 2.5 million, whilst in the comparable period 2016 it waseduced by EUR 2.2 million.

## FINANCIAL SITUATION AND FINANCIAL MANAGEMENT

As at 31 March 2017, the balance sheet total of Luka Koper Group amounted to EUR 517.2 million, which is 6 percent resp. EUR 27.2 ahead on 31 December 2016.

As at 31 March 2017, non-current assets of Luka Koper Group amounted to EUR 455.4 million, which is 1 percent resp. za EUR 4.7 million increase in comparison to 31 December 2016. As at 31 March 2017, non-current assets represented 88 percent of Luka Koper Group balance.

Due to higher investments, an increase by 1 percent resp. za EUR 3.5 million was recorded in property, plant and equipment. Assets in acquisition increased by 24 percent resp. by EUR 9 million, advances by 21 percent resp. za EUR 5.6 million. Shares and interests increased by 4 percent resp. by EUR 449 thousand from operating profit of associated companies, by 3 percent resp. EUR 770 thousand from the market value of the non-current finance investments in other stocks and shares, measured at fair value.

As at 31 March 2017, short-term assets of Luka Koper Group as of 31 March 2017 amounted to EUR 61.8 million, which is 57 percent resp. EUR 22.5 million increase with respect to 31 December 2016.

The inventories of maintenance material as of 31 March 2017 amounted to EUR 937 thousand, which is 16 percent resp. EUR 128 thousand ahead on 31 December 2016. Operating receivables from higher trade receivables increased by 27 percent resp. EUR 7.8 million. Other receivables increased by EUR 4.9 million from short-term deferred expenses and namely a major increase was recorded in the accrued costs for the use of the building land in the amount of EUR 3.4 million, accrued costs for holiday pay in the amount of EUR 895 thousand and the deferred costs from insurance premiums in the amount of EUR 517 thousand. Cash and cas equivalentents increased by EUR 10.4 million.

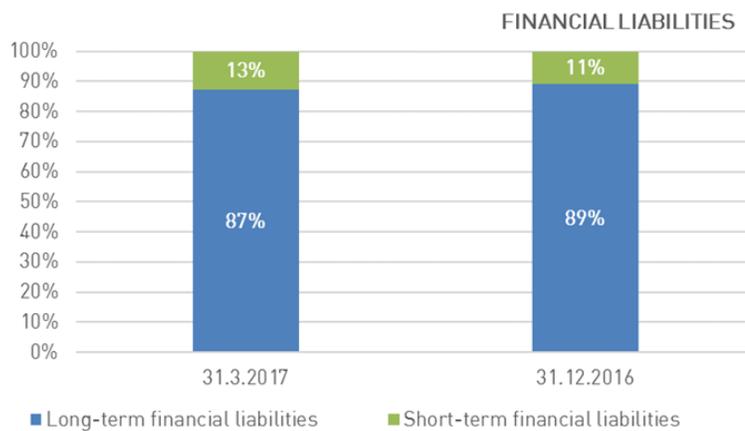
As at 31 March 2017, the equity of Luka Koper Group amounted to EUR 347 million, which is an increase of 4 percent resp. EUR 14.9 million with respect to 31 December 2016; the increase is due to the revaluation surplus and due to the transfer of the net operating profit, and decrease due to the net operating profit of the business year. As at 31 March 2017, the equity represented 67 percent.

As at 31 March 2017, non-current liabilities with long-term provisions and long-term accrued costs of Luka Koper Group amounted to EUR 117.1 million, which is 1 percent resp. EUR 1.6 million decrease with respect to 31 December 2016. The liabilities towards the banks decreased due to the repayments of borrowings, long-term dferred revenue increased. As at 31 March 2017, non-current finacial liabilities Non-current liabilities with long-term provisions and long-term accrued costs represented 22.6 percent of liabilities.

As at 31 March 2017, current liabilities of Luka Koper Group amounted to EUR 53.4 million, which is 36 percent resp. EUR 14 million ahead on 31 December 2016. The loans from banks and trade payables increased, the liabilities from income tax decreased.

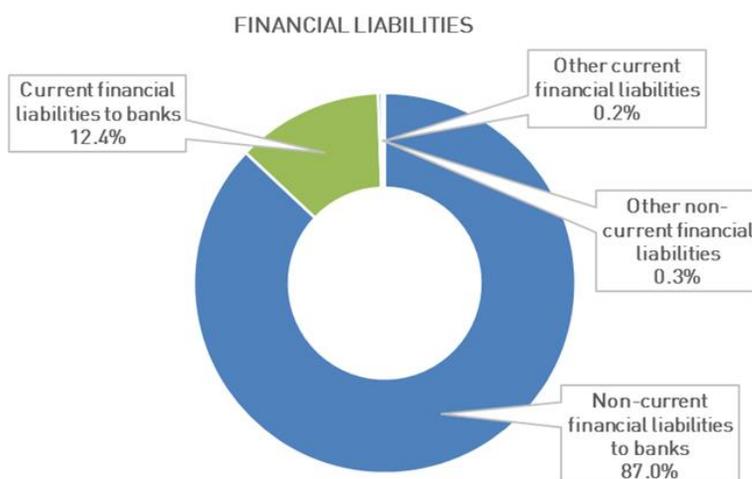
AS at 31 March 2017, financial liabilities of Luka Koper Group amounted to EUR 109.2 million, which is 1 percent resp. EUR 1.1 million decrease with respect to 31 December 2016. The liabilities towards the banks decreased due to the repayment of borrowings, according to the amortization schedules.

### Structure of Luka Koper Group's financial liabilities by maturity



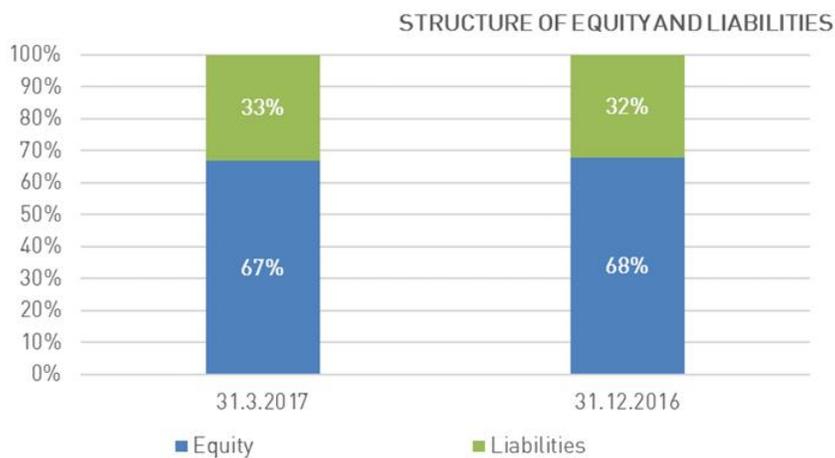
As at 31 March 2017, the non-current liabilities to banks of Luka Koper Group amounted to 87 percent of total financial liabilities. In comparison to 31 December 2017, their share declined by 1.7 percentage point.

### Luka Koper Group financial liabilities as of 31 March 2017



Among the financial liabilities of Luka Koper Group prevail the liabilities related to a variable interest rate. The Group manages the interest rate by entering into an interest hedge for EUR 33.3 million of non-current borrowing, which represents almost 31-percent share of all financial liabilities from received loans of Luka Koper Group as of 31 March 2017, meaning that 31 percent of all Group's loans hedged against the eventual increase of interest rates. An eventual change of variable interest would consequently have an impact on 69 percent of all Group's loans, which is the same share as at 31 December 2016.

### Structure of equity and liabilities of Luka Koper Group



The share of financial liabilities in equity as at 31 March 2017 amounted to 31.5 percent, which is 3.6 percentage point decline than 31 March 2016.

### 7.3 Forecast of net revenue from sale of Luka Koper, d. d. in 2017<sup>16</sup>

Based on current projections, Luka Koper, d. d., estimates, that net revenue from sale in 2017 would expectedly amount to EUR 206 million and will be by 2 percent below the planned level, primarily due to the minor volume of performance of the public utility service of the regular maintenance of the port's infrastructure in comparison with the planned, and meanwhile by 8 percent ahead on the achieved in 2016. It is expected that net revenue from sale of Luka Koper, d. d., from sales activity until the end of 2017 will exceed the planned net revenue from sale by 2 percent and by 9 percent the net revenue from sale achieved in 2016. Other impacts on the net operating profit of Luka Koper, d. d., except changes in the volume of the throughput, and thereby the company currently does not estimate the net revenue from sale.

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<sup>16</sup> The forecast is based on the current expectations and is subject to risks and uncertainties, which may have an impact on actual results and may materially differ due to various factors, over some of these Luka Koper Group has no control. These factors include, but they are not necessarily limited to the following: customers' demand and market conditions in markets where operate final consignees of goods, transshipped through the Port of Koper, relevant losses or a decline of key customers' business, political instability and unfavourable economic conditions in countries of provenance and countries of destination of goods handled in the the Port of Koper, competition pressure to reduce the prices, limited storage capacities due to delayed obtainment of adequate consents from the competent authorities, high occupancy of stacking areas and therefore lower productivity and higher operating cost due to additional shifts of goods, insufficient entry capacity into the port and thereby the decongestion of the the port, which is affecting the higher operating costs. In case, when one or more risks resp. uncertainties materialize or that the aforesaid assumptions show as incorrect, the actual results may materiall differ from those indicated in the notice as expected, estimated or projected. Luka Koper allows any up-dating or auditing of these forecasts as far as the future developments would differ from the expected.

## 8 Marketing and sales

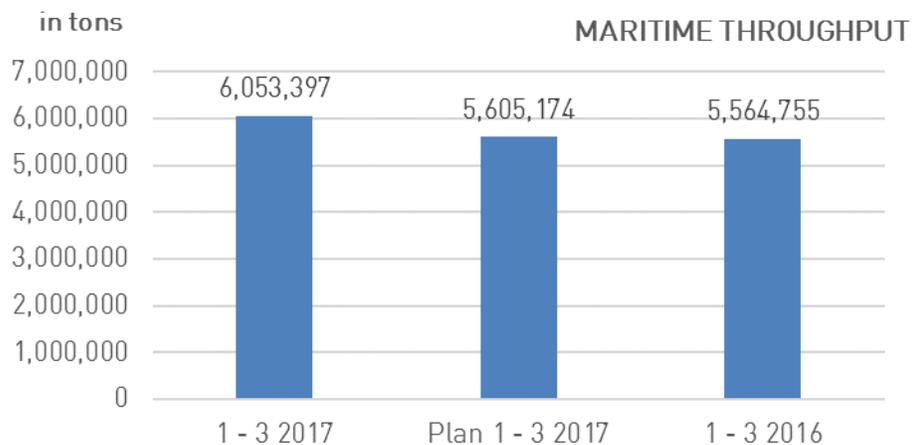
### 8.1 Maritime throughput

The maritime throughput of Luka Koper Group in January – March 2017 totalled 6.1 million tonnes of goods, which is 8 percent increase on planned quantities and 9 percent ahead on the throughput registered in the comparable period last year. In February 2017, a record monthly maritime throughput was achieved in Luka Koper, d.d. history in the amount of in the amount of 2.2 million tonnes, in January 2017 a record monthly maritime throughput of 78,527 TEUs.

With respect to the previous year, the Group's throughput growth was achieved in product groups containers, liquid cargoes and dry bulk cargoes.

In January – March 2017, Luka Koper d.d. generated 5 percent growth of loaded goods onto and 10 growth of unloaded goods from vessels.

#### January – March 2017 and 2016 cargo tonnage throughput and the plan for

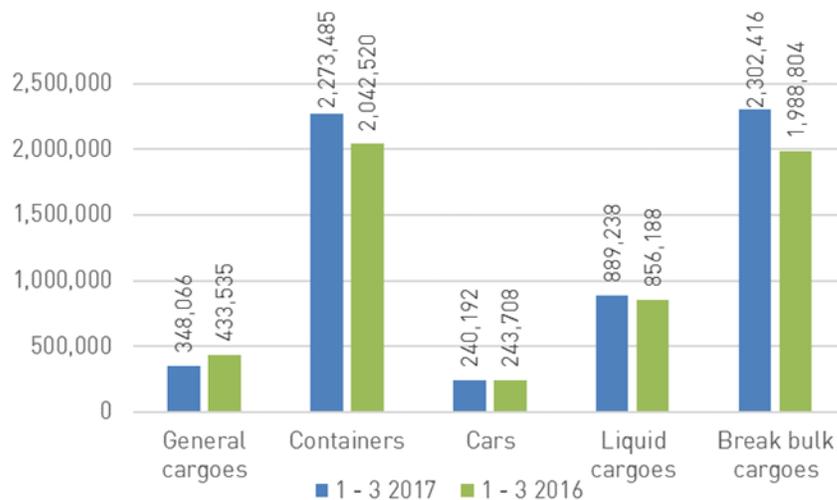


## 8.2 Cargo structure by types

In the whole structure of the maritime throughput prevail dry bulk and bulk cargoes, of which share in increased by 2 percentage point when compared to 2016. The share of containers increased, the share of general and liquid cargoes decreased. The share of vehicles stood at the same level as in 2016.

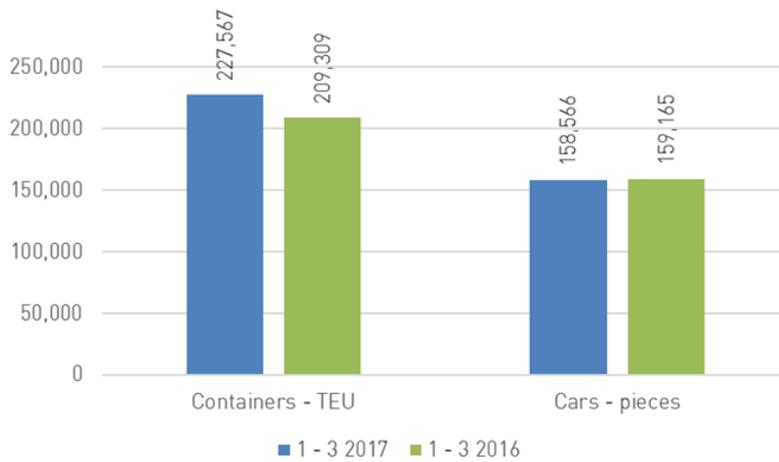
### Maritime throughput in tonnes per cargo types, January - March 2017 in 2016

CARGO TYPES (in tonnes)	1 - 3 2017	1 - 3 2016	Index 2017/2016
General cargoes	348,066	433,535	80
Containers	2,273,485	2,042,520	111
Vehicles	240,192	243,708	99
Liquid cargoes	889,238	856,188	104
Dry bulk and bulk cargoes	2,302,416	1,988,804	116
<b>Total</b>	<b>6,053,397</b>	<b>5,564,755</b>	<b>109</b>

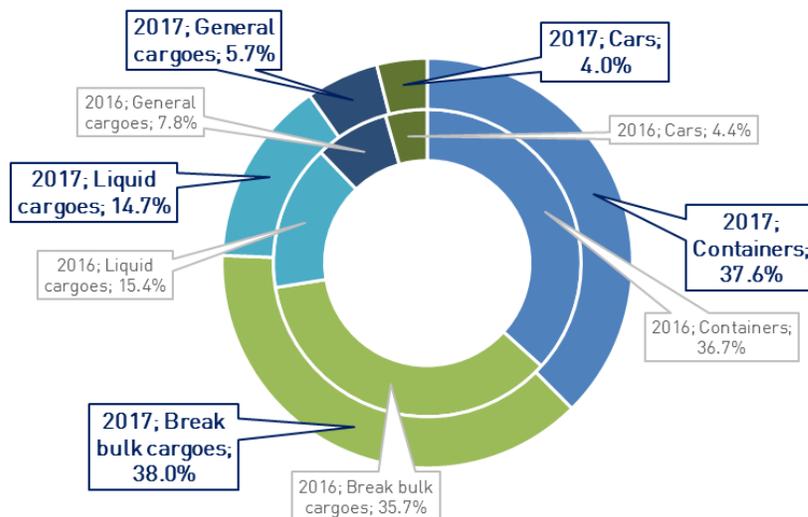


**Containers (in TEU) and vehicles (in units), January - March 2017 and 2016**

CARGO TYPES	1 - 3 2017	1 - 3 2016	Index 2017/2016
Containers - in TEUs	227,567	209,309	109
Vehicles - in UNITS	158,566	159,165	100



**Structure of cargo throughput by product type, January - March 2017 and percentage change in relation to January - March 2016**



## GENERAL CARGOES

Within the general cargoes, Luka Koper Group concluded the January – March 2017 period with 20 percent lower maritime throughput than in January – March 2016. Within the product group of general cargoes minor throughput is attributable to the postponed arrival of the vessel in the Port of Koper in April.

Due to unstable political and economic situation in Northern African countries and in Middle East, the throughput of timber was lower with respect to January – March 2016.

## CONTAINERS

In January – March 2017, the Container terminal achieved the maritime throughput of 227,567 TEUs, and thereby exceeded by 9 percent the throughput generated in January – March 2016 by 9 percent. In January 2017, a record monthly maritime throughput of 78,527 TEUs was achieved.

Luka Koper keeps the position of the first port of call, in which the vessels transport goods from the Far East. The investments in terminal infrastructure and equipment continue. At the container terminal, the work started two RMG cranes, which enable faster operative work on trains. In April 2017, Luka Koper was supplied new, more efficient and faster quay cranes which will enable work on bigger container vessels also up to 20,000 TEUs. In core hinterland markets, also those most distant such as Poland and German region Bavaria start to know the geostrategic position of Luka Koper and advantages of shorter transit time for the transport of goods up to the Mediterranean area and more distant markets.

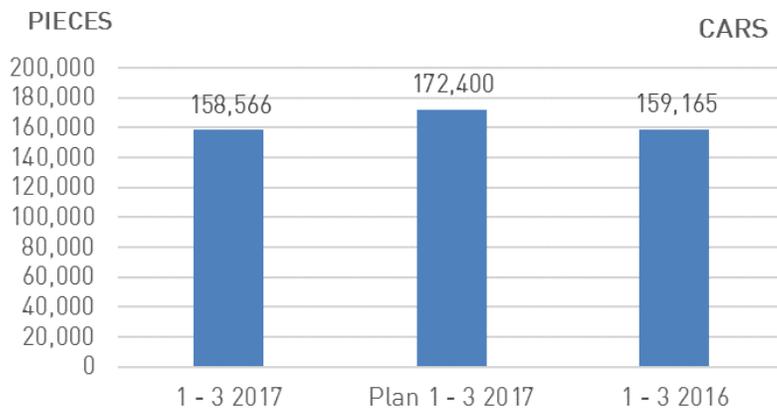
### Container throughput, January - March 2017 and 2016 and the plan for 2017 (in TEUs)



## VEHICLES

In January – March 2017 158,566 vehicles were handled, which was at the last year level in January – March 2016. In the reporting period, the volume of maritime throughput for Turkey decreased, but Luka Koper Group took advantages of new opportunities by increasing its share in other markets. 93,093 thousand vehicles were handled in export, 65,743 thousand in import.

### Throughput of vehicles, January - March 2017 and 2016 and the plan for 2017 (in units)



## LIQUID CARGOES

In January - March 2017, the throughput of liquid cargoes recorded a year-on increase of 4 percent. The throughput of liquid cargoes registered 16 percent growth comparing to the same period last year. The significant throughput growth was primarily due to the construction of the reservoir capacities, which started the operation in the last quarter of the previous business year. In the throughput of petroleum products Luka Koper Group reached 1 percent growth in comparison with January – March 2016.

## BULK CARGOES

In January – March 2017, the product category dry bulk cargoes, Luka Koper Group achieved 16 percent growth in the product category dry bulk cargoes in comparison with the equivalent period.

In the throughput of the bulk cargoes Luka Koper Group achieved 20 percent increase in comparison with the equivalent period in 2016. The postponement of the vessel's arrival from the last quarter of 2016 in the first quarter of 2017, and increased consumption of

energy in winter time, contributed to the growth of the throughput of bulk cargoes in the first quarter of 2017.

The throughput in the product group of bulk cargoes in January – March 2017 decreased by 2 percent in comparison with the previous year. The decrease of the throughput continued in the commodities groups of salt and cereals of salt and cereals.

## 9 Non-financial investments

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In January – March 2017, Luka Koper allocated EUR 15.6 million for the investments in the property, plant and equipment, investment property and intangible assets, which is 26 percent decline on the same period in 2016. Most of investments were implemented in Luka Koper, d. d.

In January – March 2017, Luka Koper Group implemented the following major investments:

- RMG cranes and crane rail for RMG cranes at the Container terminal.
- continuation of the construction of stacking blocks at the Container terminal with the purpose to improve the transport and to provide wider transport lanes.
- Continuation of the construction of the multi-purpose warehouse.
- several minor investments were implemented.

From the point of view of targeted energy monitoring, a measuring and communication equipment was installed in transformer stations, of which purpose is to increase the reliability of the electric energetic system of the port and an efficient monitoring of the consumption of electric energy.

## 10 Development activity

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In January – March 2017, 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 long-term plans. At the end of 2016, the company set up four strategic programmes which follow the companies strategic plans from 2015: increase of the containers throughput, vehicles throughput, increased decongestion of the port and the development of the activity related to stuffing and stripping of containers, where are the opportunities for the logistics with added value. Strategic programmes comprise a series of activities, including both sales and infrastructure as well as process and human resources segment in order to provide adequate capacities at all levels. Due to full occupancy of the existing port's capacities, an important emphasis is still put on the faster implementation of the priority infrastructure projects and the opportunities for the obtainment of grants for their financing. The challenges arise also in new technologies, disposal and processing of sediments in order to increase and maintain the port's depths, environmental, energy and safety topics, IT information issues and in any case also the novelties in the market area.

Many activities were carried out in relation to the timely construction of the second track of Koper – Divača railway line, providing opportunities for further development of the port, logistic activities of Slovenia and international exchange of hinterland countries of Central and Eastern Europe. In this period, the Government made a new law for this project and in February 2017 applied for the project for co-financing under the programme CEF.

As concerns the European projects, very intensive activities were carried out in the first quarter of 2017, in particular as concerns the projects of the programme CEF, whereby Luka Koper, d. d., endeavours to cofinance concrete development challenges and infrastructure needs of the Port in the light of the implementation of EU corridor policy.

- The activities of NAPA4CORE, GAINN4MOS, Fresh Food Corridors, CarEsmatic and ELEMED (the coordinator in the projects NAPA4CORE, Fresh Food Corridors and CarEsmatic is Luka Koper, d. d.) have been continued.
- In February 2017 the company tendered with two new project applications, but with awareness that the competition was big and that consequently, the outcome of the application is limited, and namely:
  - Quays4Koper – independent application of Luka Koper for cohesion envelope for the elaboration of the project documentation for the extension of the quay of the Pier I eastwards and berthing places at the southern side of the Pier II, potential co-financing EUR 2 million.
  - ConnectingMOS – project with various partners related to the IT support and connecting according to the concept of sea motorways, potential co-financing of about EUR 250 thousand.

The project RCMS (Rethinking Container Management System) under the programme Obzorje 2020 was completed in January 2017, also the new project SAURON, which pertains to the information security, was applied for with partners, was approved in August 2016. The implementation of the project will start in May 2017. In the first quarter of 2017, the company was active in submission of several partnership projects the two-phases call for proposals Obzorja 2020, under the priority Ports of the future. These projects are targeted research projects with emphasis on innovative solutions and concepts. In accordance to the last information, two applications have been advanced in the second phase.

As concerns the projects in the territorial cooperation, where topics are slightly more regionally oriented and the cooperation is softer, with emphasis on the partnership projects, the several company's projects are under assessment, both as concerns the programme ADRION and the programme Slovenia-Italy. The project TalkNet under the programme Central Europe, which will start the activities in the second quarter of 2017 was assessed positively. In March 2017, two partnership applications were submitted for the programme Mediterranean. The projects of the European territorial cooperation are relevant, since they position Luka Koper within the European institutional setting - mainly from the point of view of planning and development of national and trans-european transport infrastructure, logistic concepts, environmental protection, security, maritime protection, sustainable energy supply, informacijskih posodobitev, cultural heritage and similar.

Within the European Structural Funds, the company received the approval of the partnership project of the Competency center Logistika, and which will contribute to the support of the education and development of competences. Within the framework of intelligent specialization projects, the company continued the implementation of the project RRI (Exploitation of the bio-mass potential for the development of advanced materials and bio-based products), through the which Luka Koper studies the dredged sediments and the opportunity of their further use.

Also in the first quarter of 2017 Luka Koper was still striving to have responses concerning the opportunity of the actual financing co-financing of the Cruise terminal, since the project documentation is at an advanced stage and it is important Luka Koper to obtain a final response and it is important to obtain the final response about the implementation of the project.

After many years, in January 2017 was adopted the Port's regulation, which will not affect the model of port's management and governance. As concerns the international institutional activities, in February 2017, Luka Koper, d.d., attended the meeting of the executive committee of the European Sea Ports Organisation (ESPO) in Brussels and other relevant meetings positioning the Port of Koper in the institutional development of the European Union. In March 2017 the company hosted representatives of the European

Commission for sea motorways and took over the presidency of North Adriatic Ports Association (NAPA).

However, it should be emphasized that the Port of Koper is well known to the European institutional stakeholders, but the support of the State and the understanding of the port's activity is of the utmost importance for further port's development.

## 11 LKPG share

As at 31 March 2017, the shares of Luka Koper, identified as LKPG is listed in the first quotation of Ljubljana stock exchange. As at 31 March 2017, the share ended its trading with 16 percent higher value than in the comparable period last year. On the last trading day in the first quarter of 2017, the price of LKPG share the first quarter of 2017 amounted EUR 29.00 per share.

In the first quarter of 2017, the ownership structure of Luka Koper, d. d., slightly changed. As at 31 March 2017, 10,232 shareholders were registered in the register of shareholders, which is 1,136 shareholders less than last year. 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 31 March 2017

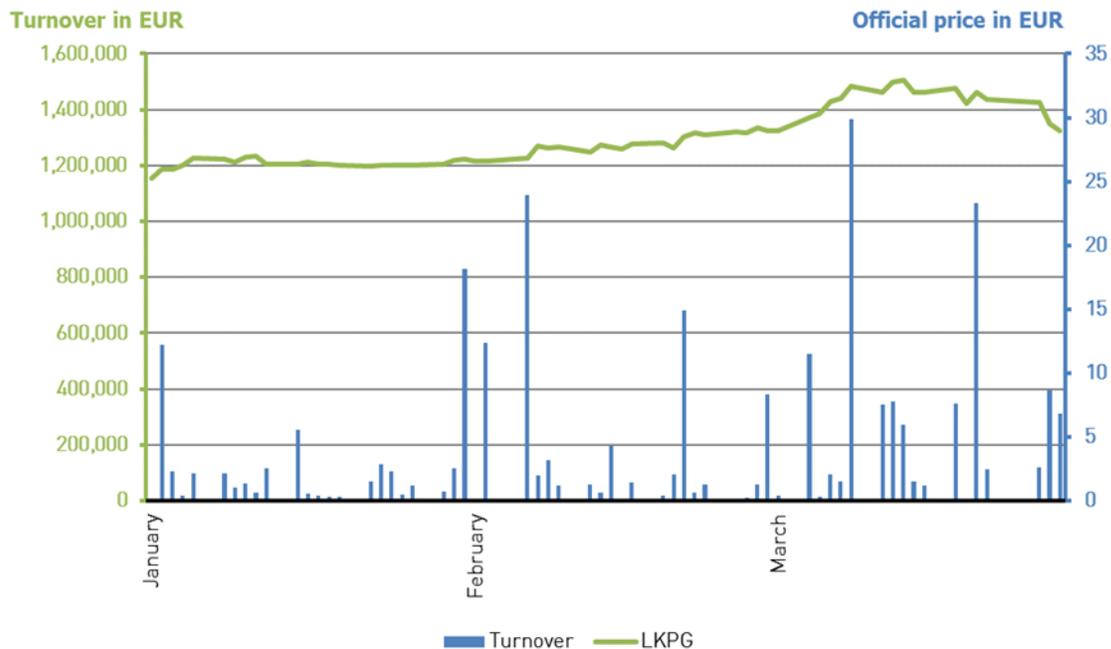
Shareholder	Number of shares 31.3.2017	Percentage stake 31.3.2017 (in %)
Republic of Slovenia	7,140,000	51.00
Slovenski državni holding, d. d.	1,557,857	11.13
Kapitalska družba, d. d.	696,579	4.98
Mestna občina Koper	439,159	3.14
Aktsiaselts Trigon Asset Management	146,071	1.04
Hrvatska poštanska banka, d. d.	129,582	0.93
SOP Ljubljana	127,919	0.91
Zavarovalnica Triglav, d. d.	104,756	0.75
Sei Global Investments Fund plc	102,392	0.73
Citibank N.A. – fiduciary account	95,827	0.68
<b>Total</b>	<b>10,540,142</b>	<b>75.29</b>

## 11.1 Trading in LKPG share

In the first quarter of 2017, the average daily share price of Luka Koper, d.d. stood at EUR 28.34, whilst its overall value fluctuated between EUR 25.23 and EUR 23.63. The highest daily price was EUR 33.00, the lowest EUR 24.51. As at 31 March 2017, the market capitalisation of Luka Koper, d.d. amounted to EUR 406,000,000.

Also in the first quarter of 2017, the shareholders witnessed a stable growth of LKPG share. While the shareholders holding Slovenian shares had to be satisfied with on average 9.4 percent increase of share prices, the shareholders of Luka Koper enjoyed 16 percent increase of the company's share value. There were 1,229 transactions and block trades with aggregate value of EUR 12,010,243, whereby 416,083 shares changed ownership.

### Changes in the daily LKPG share price and daily turnover, January – March 2017



### Relevant data on LKPG share

	1 – 3 2017	1 – 3 2016
Number of share as of 31 March	14,000,000	14,000,000
Number of ordinary no-par value shares	14,000,000	14,000,000
Closing price as of 31 March (in EUR)	29.00	23.44
Book value of share as of 31 March (in EUR)	22.70	20.86
Ratio between average weighed price and avce (P/B)	1.28	1.12
Average weighed market price (in EUR) <sup>17</sup>	28.87	22.08
Average book value of share (in EUR) <sup>18</sup>	22.37	20.61
Ratio between average weighted price and average book value of the share	1.29	1.07
Net earning per share (EPS) (in EUR) <sup>19</sup>	3.70	3.00
Ratio between market price and earnings per share (P/E) <sup>20</sup>	7.83	7.82
Market capitalisation as of 31 March (in mio EUR)	406.0	328.1
Turnover - all transactions (in mio EUR)	12.0	3.0

## 11.2 Number of LKPG shares held by the Supervisory Board and Management Board Members

	Shareholder	Ownership as at 31 March 2017
Supervisory Board	Marko Grabljevec, Member of the Supervisory Board	10
	Rok Parovel, Member of the Supervisory Board	8
Management Board	Dragomir Matić, President of the Management Board	1,238

<sup>17</sup> Weighted average market price is calculated as a ratio between total value of LKPG stock exchange transactions and the aggregate number of LKPG shares traded across the period.

<sup>18</sup> Average book value of the LKPG is calculated on the basis of average monthly ratio between equity and number of ordinary shares.

<sup>19</sup> Indicator is calculated on the basis of annualised data

<sup>20</sup> Indicator is calculated on the basis of annualised data

### **11.3 Treasury shares, authorised capital, conditional capital increase**

As at 31 March 2017, Luka Koper, d. d., held no treasury shares. The applicable Articles of Association do not provide for categories of authorised capital up to which the Management Board could increase the share capital. The company had no basis for the conditional increase in the share capital.

### **11.4 Rules on restrictions and disclosure on trading with company's shares and shares of related parties**

In compliance with Ljubljana Stock Exchange Luka Koper, d. d., recommendations Luka Koper, d.d., adopted the Rules on trading with issuer's shares. These Rules represents an additional assurance on equal information to all interested public on relevant business events in the company and are important in strengthening the trust of investors and the corporate reputation. The purpose of the Rules is to enable the persons to trade in shares of Luka Koper and to prevent any possible trading based on insider information. At the same time, the Rules enable mandatory reporting in accordance with the law on the sale and purchase of company's shares to the Securities Market Agency.

## **12 Risk management**

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In the first quarter of 2017, Luka Koper Group pursued the implementation of the established risk management plan. In the first quarter of 2017, the key risk mapping in comparison with the previous one was modified in the part concerning strategic risks and namely due to additional financial burdens for Luka Koper, d. d., laid down by Act on the construction, management and governance of the second track of Divača – Koper railway line adopted by the government on 20 April 2017. The introduction of the additional tax on throughput will result in the reduction of the return of equity of Luka Koper, d.d. and Luka Koper, Group, in relation to the valid strategy. At its extraordinary session held on 26 April 2017, the National Council voted a suspensive veto on the aforesaid Act and thereby the Act was remitted for a new decision to a the National Assembly. The company will take all necessary measure to protect its interests.

## SUSTAINABLE DEVELOPMENT

### 13 Natural environment

Luka Koper has always taken care for the improvement of the quality of life in the whole area where the port is situated. Besides the statutory compliance and the compliance with authorisations, a continuous improvement of environmental management system, objective and regular assessment of performance of such systems, provision of information about the environmental performance, open dialogue with public and interested parties and active involvement of employees are required. All employees in Luka Koper, d.d. and meanwhile all responsible staff for the maintenance of the established system have contributed to the keeping the highest environmental standard.

#### 13.1 Care for the environment

Being aware that port's impacts on the environment occur, Luka Koper committed itself in its business policy to the sound environmental management, wishing to preserve it also for future generations. Monitoring and management of environmental impacts has so become the part of regular working activities whereby Luka Koper, d.d. cooperates with competent authorities.

The most important goals in the area of natural environment in 2017:

- to successfully carry out the audit in compliance with EMAS, requirements
- to keep emissions of dust at all ten port's locations below 250 mg/m<sup>2</sup>day,
- to retain the value of PM10 particles (the size up to 10 µm) emissions below 30 µg/m<sup>3</sup> in the entire Port's area (in direction towards Ankaran, Koper and Bertoki),
- to keep the percentage of separately collected waste above 84 percent,
- to decrease night-time noise level to 48 dBA in the direction of Koper,
- to keep the daily-time noise level to 58 dBA in front of closest building outside the Port's area despite the increased throughput and the enlargement of the port,
- without taking actions in environmental interventions,
- without pollution outside the Port's aquatorium,
- harmonisation of the outdoor lighting with purpose to reduce the light pollution,
- to keep specific consumption of energy at the level from 2015, and namely for motor fuel 0.25l/t, for electric energy 1.17 kWh/t and potable water 6.4, l/t, despite the increase of the throughput and storage capacities,

- modernisation of the waste waters treatment system at the Livestock terminal and modernisation of raining waters treatment system at the European Energy terminal.

## 13.2 EMAS certificate

As early as in 2010 Luka Koper, d. d., was awarded the most important environmental certificate EMAS (SI 00004), which is renewed annually. By complying with norms for the obtainment of the most significant environmental certificate, the company's strategic guidelines are achieved. The Environmental Report for 2016 which will be published on the website after the completion of the external assessment, is drawn up.

## 13.3 Atmosphere

Endeavours for a continuous reduction of emissions, generated at the port's activities, involve several activities. Among relevant actions for the dust reduction is the introduced technology of coating the dumping area for coal and iron ore by paper mill sludge. The paper mill sludge forms the crust preventing to swap away the dust.

### 13.3.1 Total volume of dust at the Port

Control measurements of the total volume of dust are carried out by Luka Koper yet from 2002 on ten measurement 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/m<sup>2</sup>day. In the first quarter of 2017, the average of measurements values from all measuring points amounted to 90 mg/m<sup>2</sup>day.

### 13.3.2 Quantity of health hazardous dust particles (PM<sub>10</sub>)

Statutory prescribed measurements of fine dust particles (PM<sub>10</sub>), are carried out by an authorised organisation and are continuously measured on three points within the Port. The measurements taken in the first quarter of 2017 were below the target value of 30 µg/m<sup>3</sup> and statutory set up volume of 40 µg/m<sup>3</sup>. The results from two measurement devices are shown automatically every hour on the Port's web page online Living With The Port [www.zivetispristaniscem.si](http://www.zivetispristaniscem.si).

### Comparison of mean values of PM<sub>10</sub> measurements, January – March 2017 and 2016

	1 – 3 2017	1 – 3 2016	INDEX 2017/2016
Ankaran - Rožnik	22 µg/m <sup>3</sup>	21 µg/m <sup>3</sup>	105
Bertoki	24 µg/m <sup>3</sup>	25 µg/m <sup>3</sup>	96
Koper – Cruise terminal	25 µg/m <sup>3</sup>	30 µg/m <sup>3</sup>	83

#### 13.3.3 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 dust-generating sources (e.g. at loading/unloading of wagons, trucks and ships). The threshold permitted value of emissions is 20 mg/m<sup>3</sup>. The company has not yet performed the statutory measurements for 2017.

## 13.4 Waste management

Various types of waste are generated in the Port of Koper. In terms of Luka Koper, d.d. commitment for the the environment, Luka Koper regularly provides for waste separation, recycling and waste processing. The waste separation is carried out at all terminals, by the users of the economic zone and on ships. 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 2017, we achieved 93 percent of waste separation and we exceeded the set objective of 84 percent of sorted and separately collected waste. In the next quarter, the company plans a major removal of unserviceable waggons from the port's zone and the removal of the unserviceable qa obalnega dvigala.

## 13.5 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](http://www.zivetispristaniscem.si).

### Average nightly noise levels (in dB), recorded at locations around the Port, January – March 2017 and 2016

1 - 3 2017			1 - 3 2016			Threshold values
Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	
L <sub>D</sub> =53	L <sub>D</sub> =54	L <sub>D</sub> =63	L <sub>D</sub> =55	L <sub>D</sub> =53	L <sub>D</sub> =64	L <sub>D</sub> =73
L <sub>V</sub> =52	L <sub>V</sub> =52	L <sub>V</sub> =62	L <sub>V</sub> =54	L <sub>V</sub> =52	L <sub>V</sub> =63	L <sub>V</sub> =68
L <sub>N</sub> =50	L <sub>N</sub> =49	L <sub>N</sub> =60	L <sub>N</sub> =50	L <sub>N</sub> =50	L <sub>N</sub> =60	L <sub>N</sub> =63
L <sub>DVN</sub> =57	L <sub>DVN</sub> =57	L <sub>DVN</sub> =67	L <sub>DVN</sub> =58	L <sub>DVN</sub> =57	L <sub>DVN</sub> =67	L <sub>DVN</sub> =73

Legend: L<sub>D</sub> – daily noise level, L<sub>V</sub> – evening noise level, L<sub>N</sub> – night noise level, L<sub>DVN</sub> – noise level day – evening – night

Level of noise in the first quarter of 2017 slightly decreased within the entire port's zone in comparison to the same period last year.

Main sources of noise in the Port of Koper nevertheless remain due to the goods handling operations and due to numerous construction sites. A significant source of noise in the port is attributable to the vessels, which due to ensuring smooth operation, must keep engines running.

## 13.6 Energy

In the first quarter of 2017, the company started the second phase of the installation of the network analyzers and communication equipment in the transformer stations for energy consumption monitoring in the port. After the completion of the second phase, the monitoring of major consumers of the energy in the port will be established (lifts, transport belts, food stuff cold storage rooms, warehouses, lighting and similar).

Within the EU project ELEMED je Luka Koper started to study the technical options of connecting vessels to the power network, while moored in the port.

### 13.6.1 Consumption of energy and water

Due to a closer monitoring of the energy consumption in the port in 2015 Luka Koper, d.d. started the monitoring of a specific energy consumption of the total throughput, which is the sum total of the maritime throughput, stuffing/stripping of containers and land transshipment.

Slightly higher specific consumption of potable water in the first quarter of 2017, in comparison with 2016, is mainly attributable to the increased consumption of water at some terminals.

### Specific consumption of energy and water per handled tonne of the total throughput <sup>21</sup>, January – March 2017 and 2016

	1 – 3 2017	1 – 3 2016	INDEX 2017/2016
Electricity consumption (kWh/t)	0.636	0.659	97
Motor fuel consumption (l/t)	0.140	0.141	99
Potable water consumption (l/t)	3.97	3.28	121

#### Electricity consumption

In the port's activity, the mechanisation and equipment with large rated power are used and this leads to a major consumption of the electric power. Among major consumers in the port are primarily quay cranes, food stuff cold storage rooms at the the Reefer terminal lighting and power supply to the reefer containers. In the first quarter of 2017, the largest consumer of the electric power was the Container terminal.

#### Motor fuel consumption

A lot of ground mechanisation, powered by diesel fuel is used in the port's working processes. The major consumers are rubber tired gantry cranes RtGs, terminal tractors, reach stackers, railway track vehicles, forklifts and tractors. In the first quarter of 2017, the major consumer of the motor fuel was the Container terminal.

#### Water

The company pays a great attention to the water as a vital good and for this reasons numerous safety and treatment actions are implemented. Since the water is used mainly for sanitary purposes and for the supply of vessels, the concern for an adequate purity of water is important.

#### Potable water

The consumption of the potable water does not depend directly on the throughput. Due to a growing occupancy of the port and a large number of trucks additional leakage on the water distribution network. The company pays the utmost attention to the water as a vital good and for this purpose safety and treatment actions are undertaken. Since the water is mainly used for the sanitary purposes and for the supply of vessels, the care for an adequate purity of water is of key importance for the port.

<sup>21</sup>Total throughput = maritime throughput + stuffing/stripping of containers + land transshipment

### **Waste water**

In the port mainly urban waste waters are generated and to a lower extent industrial waste water. Generated industrial waste waters and prior to the discharge they are adequately treated in own waste water treatment plants, urban waste waters mainly in the Koper central waste treatment plant. In the first quarter of 2017, the measurements of the industrial waste waters generated within the port have not been yet performed.

## **13.7 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. In recent years, the outdoor lighting has been intensively harmonised and just few percents are needed for the complete harmonisation, which will be realised at the completed arrangement of the Container terminal. The arrangement of the Container terminal has been implementing already from spring 2016, its completion is expected in May 2017.

## **13.8 Marine protection**

Pursuant to the provisions of the Concession Agreement for the performance of port activity, management, development and regular maintenance of port's infrastructure in the Koper's cargo port area, Luka Koper, d.d. regularly takes care to prevent and remove the consequences of the 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 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 quarter of 2017, 5 incidents were recorded in 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.

### Statistical data on intervention at sea, January – March 2017 in 2016

	1 – 3 2017	1 – 3 2016	INDEX 2017/2016
Number of accidents art sea	5	5	100
Number of interventions in the Port's aquatorium	5	5	100
Number of incidents not requiring intervention	0	0	-
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](http://www.zivetispristaniscem.si).

## 14 Human resources

Thanks to their knowledge, energy and eagerness for work Luka Koper Group employees demonstrate their collective commitment and contribution to create the company's future in partnership. The activity of Luka Koper requires flexible approach to the work organisation, therefore the employees have to conform to the need of the business environment and the community.

Skilled and motivated staff is strategic wealth and the condition for the development plans implementation. Cooperation, responsibility, respect, commitment and creativity of every individual are the values the Group implements in the practice.

### 14.1 Recruitment, turnover rate and employment structure

As at 31 March 2017, Luka Koper Group had 1.062 employees, which is 14 employees more than as at 31 March 2016 resp. 1 percent increase. The upward trend of the employees recruitment continues, but is somewhat lower than in previous years.

In the first quarter of 2017, 4 employees were recruited in Luka Koper Group, whereof 3 in Luka Koper, d. d., which is significantly less than in the equivalent period last year. In Luka Koper, d. d., more detailed criteria for the recruitment process conducted by the recruitment commission are being drafted.

#### Number of employees in Luka Koper Group companies and in Luka Koper Group

	31.03.2017	31.03.2016	Index 2017/2016
Luka Koper, d. d.	882	861	102
Luka Koper INPO, d. o. o.	150	158	95
Luka Koper Pristan, d. o. o.	4	4	100
Adria Terminali, d. o. o.	22	21	105
TOC, d. o. o.	4	4	100
<b>Luka Koper Group</b>	<b>1,062</b>	<b>1,048</b>	<b>101</b>

### Comparison between recruitment, termination and the turnover rate, January – March 2017

	Number of new recruitments		Number of departures		TURNOVER RATE (in %) <sup>22</sup>	
	1 – 3 2017	1 – 3 2016	1 – 3 2017	1 – 3 2016	1 – 3 2017	1 – 3 2016
Luka Koper, d. d.	3	13	7	4	0,8	0,5
Luka Koper Group	4	17	10	6	0,9	0,6

The number of employees' departures from Luka Koper Group was a little bit higher than last year, but still low. Among the reasons of the termination of the employment relationship retirements on grounds of age, to a lesser extent consensual terminations of employment and dismissals for economic reasons.

In the first quarter of 2017, the staff turnover in Luka Koper Group was a little bit higher than in the equivalent period last year, notably because of the decrease of employment, but it nevertheless remains at a low level.

In comparison with the previous year, the education structure of Luka Koper Group improved. This was significantly affected by a large number of completed part-time studies due to the statutory set deadlines for the completion of pre-Bologna reform programmes.

## 14.2 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, raising of the awareness of employees' and other persons present in the port. Each severe and recurrent injury is examined and adequate actions are taken in order to prevent any recurrence of similar incidents.

<sup>22</sup> Method for calculating turnover rate = number of departures/(initial number of employees + new recruitments) x100

### Injuries at work

Parties involved	1 – 3 2017		1 – 3 2016	
	All injuries	whereof major injuries	All injuries	whereof major injuries
Luka Koper, d. d.	1	0	4	0
Stevedore companies	12	0	12	0
Outsourcing companies	6	0	3	1
Subsidiaries	6	0	1	0

Currently, the objective of maximum 18 occupational injuries per million hours worked at Luka Koper, d.d., has been achieved, since in the first quarter of 2017 since the indicator shows 13 injuries per million hours worked.

In the first quarter of 2017, there was no serious injury at work, so that that currently the objective of zero serious occupational injuries for 2017, has been achieved.

In the first quarter of 2017, 10 preventive rounds were performed, which is in compliance with the goal for 2017, this is 40 extraordinary controls of occupational safety in the port's zone, 10 in each quarter.

Within the framework of the promoting health in the workplace, Luka Koper d.d. has been conducting two projects focused on the following posts:

- The first stage of the project Analysis of three typical posts from occupational health perspective. Occupational health professionals have monitored the warehouse officers at the Car terminal, dispatchers at dispatching center at the Container terminal and the employees in the finance and accounting department. This analysis will be the basis for a series of proposals for the improvement of working conditions.
- Within the framework of the project Active breaks a group of employees recorded 11 short video breaks which will be shortly accessible on the intranet.

### 14.3 Education, training and development of employees

In the first quarter of 2017, Luka Koper Group provided on average 2.7 hours of training per employee, whereby Luka Koper, d. d., provided on average 4.4 hours, which is a little bit less than last year. 78 percent of training were in-house trainings, particularly management skills and communication for manager at all company's levels, foreign languages communication skills, trainings for management of port machinery, training for promoting health in the workplace, information security and emergencies. 44 percent of employees were involved in trainings.

Luka Koper, d. d., and Adria Terminali, d. o. o., successfully submitted an application to the Slovene human resources development and scholarship fund within the framework of Competency centers (Competency center Logins composed of 17 partnership companies).

Luka Koper Group financed 15 employees' studies, which is 1.4 percent of employees, with to to obtain higher level of education resp. specific educational training.

Luka Koper, d. d., allocated two scholarships for the academic year 2016/17.

## 15 Commitment to the community

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Due to its core business, Luka Koper is heavily involved in the local environment, and therefore uses its best endeavours to act for the benefit of people and takes care to boost the quality of life and living in the local environment. With external stakeholders it cooperates in various areas, from education, sport, culture and other activities.

In the first quarter of 2017, Luka Koper allocated EUR 141 thousand for sponsorships and donations. Most of the fundings are related to long-term contracts, other available funds were allocated through the call for proposals Living with the Port. 268 applications for the January call for proposals which were evaluated on the basis of published criteria. 211 projects covering sport, culture, education, ecology, humanitarian activities etc., were selected.

Luka Koper strives for good relationship with all stakeholders in its environment. For this purpose, the company promptly and transparently communicates directly are via Port's gazette, via company's website, social networks, via Ljubljana Stock Exchange website and other media. As promoter, the company contributed to the establishment of the work group with the Municipality of Koper, which will contribute to better mutual information and resolution of eventual conflicts. The work group is composed of environmental protection experts and investments experts, if necessary the group will be also joined by experts from other fields. The company has been agreeing a similar approach also with the Municipality of Ankaran.

In 2017, Luka Koper is celebrating its 60<sup>th</sup> anniversary. A number of events are prepared all year round and for different publics. The jubilee celebration was inaugurated by an exposition in occasion of the Slovenian Maritime Day, which was nominated 'From Sv. Andrej to Sv. Katarina'. The exposition shows a rich port's history, its founders and successful development.

## ACCOUNTING REPORT

### 16 Separate Financial Statements of Luka Koper, d. d.

#### 16.1 Separate Income Statement

(in EUR)	1-3 2017	1-3 2016
Revenue	52,163,248	48,139,373
Capitalised own products and services	0	0
Other income	332,391	189,799
Cost of material	-3,676,734	-3,364,059
Cost of services	-13,005,161	-12,279,937
Employee benefits expense	-11,757,115	-11,092,733
Amortisation and depreciation expense	-6,270,684	-6,488,116
Other operating expenses	-2,013,695	-1,914,611
<b>Operating profit</b>	<b>15,772,250</b>	<b>13,189,716</b>
Finance income	41,190	35,958
Finance expenses	-254,508	-696,964
<b>Profit or loss from financing activity</b>	<b>-213,318</b>	<b>-661,006</b>
<b>Profit before tax</b>	<b>15,558,932</b>	<b>12,528,710</b>
Income tax expense	-2,326,964	-2,044,012
Deferred taxes	-272,669	-1,687
<b>Net profit for the period</b>	<b>12,959,299</b>	<b>10,483,011</b>
<b>Net earnings per share</b>	<b>0.93</b>	<b>0.75</b>

## 16.2 Separate Statement of Other Comprehensive Income

(in EUR)	1-3 2017	1-3 2016
<b>Profit for the period</b>	<b>12,959,299</b>	<b>10,483,011</b>
Item that will not be reclassified subsequently to profit or loss	0	0
Change in revaluation surplus of available-for-sale financial assets	452,069	-1,609,751
Deferred tax on revaluation of available-for-sale financial assets	-85,893	286,850
Change in fair value of cash flow hedging instruments	76,845	74,655
Deferred tax on the change in fair value of cash flow hedging instruments	-14,601	-12,692
Item that are or may be reclassified subsequently to profit or loss	428,420	-1,260,938
<b>Total comprehensive income for the period</b>	<b>13,387,719</b>	<b>9,222,073</b>

### 16.3 Separate Statement of the Statement of Financial Position

(in EUR)	31 Mar 2017	31 Dec 2016
<b>ASSETS</b>		
Property, plant and equipment	362,355,478	358,594,707
Investment property	30,006,344	29,918,504
Intangible assets	3,603,219	3,761,498
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	27,790,932	27,338,863
Deposits and loans given	28,929	31,005
Non-current operating receivables	41,772	41,772
Deferred tax assets	8,725,378	9,098,541
<b>Non-current assets</b>	<b>443,822,824</b>	<b>440,055,662</b>
Inventories	937,350	809,467
Deposits and loans given	128,194	68,123
Trade and other receivables	43,366,183	31,015,578
Cash and cash equivalents	11,756,803	983,305
<b>Current assets</b>	<b>56,188,530</b>	<b>32,876,473</b>
<b>TOTAL ASSETS</b>	<b>500,011,354</b>	<b>472,932,135</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703
Revenue reserves	129,035,652	129,035,652
Reserves arising from valuation at fair value	7,513,445	7,085,026
Retained earnings	33,280,902	20,321,603
<b>Equity</b>	<b>317,813,667</b>	<b>304,425,949</b>
Provisions	4,237,250	4,265,164
Deferred income	13,584,637	12,334,719
Non-current loans and borrowings	111,068,526	113,900,739
Other non-current financial liabilities	343,028	419,873
Non-current operating liabilities	889,210	693,924
<b>Non-current liabilities</b>	<b>130,122,651</b>	<b>131,614,419</b>
Current loans and borrowings	13,582,399	11,761,732
Other current financial liabilities	249,342	250,564
Income tax liabilities	345,029	1,960,528
Trade and other payables	37,898,266	22,918,943
<b>Current liabilities</b>	<b>52,075,036</b>	<b>36,891,767</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>500,011,354</b>	<b>472,932,135</b>

## 16.4 Separate Statement of Cash Flows

(in EUR)	1-3 2017	1-3 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>12,959,299</b>	<b>10,483,011</b>
<b>Adjustments for:</b>		
Amortisation/Depreciation	6,270,684	6,488,116
Reversal and impairment losses on property, plant and equipment, and intangible assets	16,061	3,728
Gain on sale of property, plant and equipment, and investment property	-91,492	-82
Allowances for receivables	62,677	43,004
Collected written-off receivables and liabilities	-87,733	-62,419
Reversal of provisions	0	0
Finance income	-41,190	-35,957
Finance expenses	254,508	696,964
Income tax expense and income (expenses) from deferred taxes	2,599,633	2,045,699
<b>Profit before change in net current operating assets and taxes</b>	<b>21,942,447</b>	<b>19,662,064</b>
Change in operating receivables	-12,325,504	-1,364,623
Change in inventories	-127,883	-115,663
Change in operating liabilities	18,261,620	1,588,983
Change in provision	-7,494	-30,011
Change in non-current deferred income	1,249,918	-366,938
<b>Cash generated in operating activities</b>	<b>28,993,104</b>	<b>19,373,812</b>
Interest expenses	-294,733	-696,964
Tax expenses	-1,283,179	-1,283,179
<b>Net cash from operating activities</b>	<b>27,415,192</b>	<b>17,393,669</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	41,235	35,668
Proceeds from sale of property, plant and equipment, and intangible assets	91,493	82
Proceeds from investment property	4,026	2,396
Proceeds from sale, less investments and loans given	-15,564,968	-20,909,024
Acquisition of investments, increase in loans given	-60,000	-1,787
<b>Net cash used in investing activities</b>	<b>-15,488,214</b>	<b>-20,872,665</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from non-current borrowings	0	3,400,000
Repayment of current borrowings	-1,153,480	-579,710
<b>Net cash used in financing activities</b>	<b>-1,153,480</b>	<b>2,820,290</b>
<b>Net increase in cash and cash equivalents</b>	<b>10,773,498</b>	<b>-658,706</b>
Opening balance of cash and cash equivalents	983,305	5,188,569
<b>Closing balance of cash and cash equivalents</b>	<b>11,756,803</b>	<b>4,529,863</b>

## 16.5 Separate Statement of Changes in Equity

Year 2017

(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	
<b>Balance at 31 Dec 2016</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>110,270,537</b>	<b>20,321,603</b>	<b>8,333,091</b>	<b>-340,097</b>	<b>-907,968</b>	<b>304,425,949</b>
<b>Total comprehensive income for the period</b>									
Profit for the period	0	0	0	0	12,959,299	0	0	0	12,959,299
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	366,175	0	0	366,175
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	62,244	0	62,244
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,959,299</b>	<b>366,175</b>	<b>62,244</b>	<b>0</b>	<b>13,387,718</b>
<b>Balance at 31 Mar 2017</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>110,270,537</b>	<b>33,280,902</b>	<b>8,699,266</b>	<b>-277,853</b>	<b>-907,968</b>	<b>317,813,668</b>

## Year 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	
<b>Balance at 31 Dec 2015</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>89,979,979</b>	<b>15,880,814</b>	<b>12,035,713</b>	<b>-861,126</b>	<b>-936,685</b>	<b>282,847,478</b>
<b>Total comprehensive income for the period</b>									
Profit for the period	0	0	0	0	10,483,011	0	0	0	10,483,011
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	-1,322,901	0	0	-1,322,901
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	61,963	0	61,963
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,483,011</b>	<b>-1,322,901</b>	<b>61,963</b>	<b>0</b>	<b>9,222,073</b>
<b>Balance at 31 Mar 2016</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>89,979,979</b>	<b>26,363,825</b>	<b>10,712,812</b>	<b>-799,163</b>	<b>-936,685</b>	<b>292,069,551</b>

## **17 Notes to the Separate Financial Statements**

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Luka Koper, d. d., a port operator and logistic provider, (hereinafter: Company) with registered office at Vojkovo nabrežje 38, Koper, in Slovenia, is the controlling company of the Luka Koper Group.

The company's Financial Statements are compiled for January – March 2017 resp. as at 31 March 2017.

### **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 (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, Luka Koper, d. d. wants to provide the broadest sphere of users information on the company's performance from January – March 2017, in comparison with data for the previous year, together with the company's financial position as of 31 March 2017 in comparison with 31 December 2016.

The non-audited financial statement of Luka Koper, d. d., for the reporting period are compiled with the same accounting policies and principles that were applicable in 2016.

## 18 Additional Notes to the Statement of Financial Position

### Revenue

(in EUR)	1-3 2017	1-3 2016
<b>Revenue generated on sales with domestic customers</b>	<b>16,176,726</b>	<b>15,771,409</b>
- services	15,820,916	15,406,537
- goods and material	427	865
- rentals	355,383	364,007
<b>Revenue generated on sales with foreign customers</b>	<b>35,986,522</b>	<b>32,367,964</b>
- services	35,985,622	32,352,064
- rentals	900	15,900
<b>Total</b>	<b>52,163,248</b>	<b>48,139,373</b>

### Other income

(in EUR)	1-3 2017	1-3 2016
<b>Other operating income</b>	<b>179,225</b>	<b>62,500</b>
<b>Revaluation operating income</b>	<b>179,225</b>	<b>62,500</b>
Income on sale of property, plant and equipment and investment property	91,492	82
Collected written-off receivables and written-off liabilities	87,733	62,418
<b>Other income</b>	<b>153,166</b>	<b>127,299</b>
Compensations and damages	105,144	92,788
Subsidies and other income not related to services	48,018	-31,867
Other income	4	66,378
<b>Total</b>	<b>332,391</b>	<b>189,799</b>

### Cost of material

(in EUR)	1-3 2017	1-3 2016
Cost of auxiliary material	441,425	590,250
Cost of spare parts	1,148,944	1,101,442
Cost of energy	1,934,770	1,546,772
Cost of office stationary	39,229	37,083
Other cost of material	112,366	88,512
<b>Total</b>	<b>3,676,734</b>	<b>3,364,059</b>

**Cost of services**

(in EUR)	1-3 2017	1-3 2016
Port services	6,994,625	6,221,712
Cost of transportation	63,618	52,764
Cost of maintenance	1,430,110	1,779,676
Rentals	102,246	224,469
Reimbursement of labour-related costs	78,809	121,928
Costs of payment processing, bank charges and insurance premiums	174,141	190,909
Cost of intellectual and personal services	183,693	154,667
Advertising, trade fairs and hospitality	239,348	270,670
Costs of services provided by individuals not performing business activities	73,221	60,857
Cost of other services		
Sewage and disposal services	212,824	218,042
Information support	723,309	730,226
Concession-related costs	1,797,843	1,623,326
Costs of other services	931,374	630,691
<b>Total</b>	<b>13,005,161</b>	<b>12,279,937</b>

Higher concession costs are attributable to higher revenue in comparison with the equivalent period last year.

**Employee benefits expense**

(in EUR)	1-3 2017	1-3 2016
Wages and salaries	8,054,015	7,594,927
Wage compensations	997,236	966,476
Costs of additional pension insurance	346,045	344,142
Employer's contributions on employee benefits	1,479,566	1,416,245
Annual holiday pay, reimbursements and other costs	880,253	770,943
<b>Total</b>	<b>11,757,115</b>	<b>11,092,733</b>

**Amortisation and depreciation expense**

(in EUR)	1-3 2017	1-3 2016
Depreciation of buildings	3,145,474	3,063,038
Depreciation of equipment and spare parts	2,804,055	3,107,972
Depreciation of small tools	5,285	5,254
Depreciation of investment property	157,591	155,881
Amortisation of intangible assets	158,279	155,971
<b>Total</b>	<b>6,270,684</b>	<b>6,488,116</b>

**Other operating expenses**

(in EUR)	1-3 2017	1-3 2016
Impairment costs, write-offs and losses on property, plant and equipment, and investment property	16,061	3,728
Expenses for allowances for receivables	62,677	43,004
Levies that are not contingent upon employee benefits expense and other types of cost	1,674,921	1,622,235
Donations	78,950	104,651
Environmental levies	22,579	17,229
Awards and scholarship to students inclusive of tax	5,096	2,853
Awards and scholarship to students	2,400	4,460
Other costs and expenses	151,011	116,451
<b>Total</b>	<b>2,013,695</b>	<b>1,914,611</b>

Charges not depending on labour costs and other costs in the amount of EUR 1,702,371 are substantially related to the use of building land in the amount of EUR 1,655,641.

**Finance income and expenses**

(in EUR)	1-3 2017	1-3 2016
<b>Finance income - interest</b>	<b>601</b>	<b>6,031</b>
Interest income - Group companies	232	485
Interest income - other	369	5,546
<b>Finance income from operating receivables</b>	<b>40,589</b>	<b>29,927</b>
Finance income from operating receivables due from others	40,589	29,927
<b>Total finance income</b>	<b>41,190</b>	<b>35,958</b>
<b>Finance expenses - interest</b>	<b>-238,416</b>	<b>-673,462</b>
Interest expenses - Group companies	-43,620	-29,441
Interest expenses - associates and jointly controlled entities	0	-1,963
Interest expenses - banks	-194,796	-642,058
<b>Finance expenses for financial liabilities</b>	<b>-16,092</b>	<b>-23,502</b>
Finance expenses for trade payables	-54	0
Finance expenses for other operating liabilities	-16,038	-23,502
<b>Total finance expenses</b>	<b>-254,508</b>	<b>-696,964</b>
<b>Net financial result</b>	<b>-213,318</b>	<b>-661,006</b>

### Profit

In January – March 2017, Luka Koper d. d. generated the operating profit in the amount of EUR 15,772,250, in the comparable period last year EUR 13,189,716. The financial result was negative and amounted to EUR -213,318, likewise it was negative in the comparable period last year and amounted to EUR -661,006. The profit before tax amounted to EUR 15,558,932, in the comparable period in 2016 to EUR 12,528,710. The company concluded the first quarter of 2017 with the net profit in the amount of EUR 12,959,299, whilst the net profit in the comparable period last year amounted to EUR 10,483,011. Income tax in the amount of EUR 2,326,964 and deferred tax in the amount of EUR 272,669 have also been taken into account.

(in EUR)	31 Mar 2017	31. 3. 2016
Net profit for the period	12,959,299	10,483,011
Total number of shares	14,000,000	14,000,000
Number of ordinary shares	14,000,000	14,000,000
<b>Basic and diluted earnings per share</b>	<b>0.93</b>	<b>0.75</b>

As at 31 March 2017, the net earning per share amounted to EUR 0.93, whilst as at 31 March 2016 it amounted to EUR 0.75.

## 19 Additional Notes to the Separate Statement of Financial Position

### Property, plant and equipment

(in EUR)	31 Mar 2017	31 Dec 2016
Land	15,117,508	15,086,203
Buildings	224,558,054	226,377,008
Plant and machinery	54,495,559	52,370,362
Property, plant and equipment being acquired and advances given	68,184,357	64,761,135
<b>Total</b>	<b>362,355,478</b>	<b>358,594,708</b>

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 – March 2017, Luka Koper d. d. made investments in property, plant and equipment in the amount of EUR 15,564,968. Major investments were the following:

- RMG cranes,
- further preparation of the infrastructure for the RMG over the railway track,
- continuation of the construction of the multipurpose warehouse,
- continuation of arrangement of stacking areas.

In January – March 2017, the company did not execute major disposals of property, plant and equipment.

### Investment property

(in EUR)	31 Mar 2017	31 Dec 2016
Investment property - land	18,160,734	18,160,734
Investment property - buildings	11,845,610	11,757,770
<b>Total</b>	<b>30,006,344</b>	<b>29,918,504</b>

Among investment property are land and buildings, under a lease accounted for as an operating lease, and property, the company owns for the purposes of the increase of their value.

Investment property is valued using the cost model.

### Intangible assets

(in EUR)	31 Mar 2017	31 Dec 2016
Non-current property rights (concessions, patents, licences, trademarks and similar rights)	3,603,219	3,761,498
<b>Total</b>	<b>3,603,219</b>	<b>3,761,498</b>

Intangible assets of Luka Koper, d. d., account for rights, industrial property and other rights, comprising software, information systems and development-project programmes.

As at 31 March 2017, the intangible assets were not pledged.

### Shares and interests in Group companies

As at 31 March 2017, shares and interests in Group companies amounted to EUR 4,533,063 and were at the same level as at 31 December 2016.

### Shares and interests in the associates

Shares and interests in associated companies as at 31 March 2017 amounted to EUR 6,737,709. V and stayed at the same level as at 31 December 2016.

On 6 January 2017 the bankruptcy procedure of the company Golf Istra – in bankruptcy, d. o. o., 20-percent owned by the company, was terminated. Already in the past the company established the value adjustment for the total value of the investment.

### Other non-current investments

(in EUR)	31 Mar 2017	31 Dec 2016
Other investments measured at cost	928,827	928,827
Other investments measured at fair value through equity	26,862,105	26,410,036
<b>Total</b>	<b>27,790,932</b>	<b>27,338,863</b>

**Deferred tax**

(in EUR)	Deferred tax assets		Deferred tax liabilities	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
<b>Deferred tax assets and liabilities relating to:</b>				
impairment of investments in subsidiaries	415,238	572,368	0	0
impairment of investments in associates	0	17,575	0	0
impairment of other investments and deductible temporary differences arising on securities	9,334,431	9,334,430	2,040,569	1,954,676
financial instruments	65,174	79,776	0	0
allowances for trade receivables	225,729	225,729	0	0
provisions for retirement benefits	222,338	318,854	0	0
provisions for jubilee premiums	49,054	50,502	0	0
long-term accrued costs and deferred income from public commercial services	453,983	453,983	0	0
<b>Total</b>	<b>10,765,947</b>	<b>11,053,217</b>	<b>2,040,569</b>	<b>1,954,676</b>
Off-set with deferred tax liabilities relating to impairment of other investments and deductible temporary differences arising on securities	-2,040,569	-1,954,676	-2,040,569	-1,954,676
<b>Total</b>	<b>8,725,378</b>	<b>9,098,541</b>	<b>0</b>	<b>0</b>

**Inventories**

As at 31 March 2017, inventories were recorded at EUR 937,350, whilst at the end of 2016, they amounted to EUR 809,467. The major part of these inventories is related to the maintenance and spare part in the amount of EUR 567,095 and the overhead and auxiliary material in the amount of EUR 306,898.

### Trade and other receivables

(in EUR)	31 Mar 2017	31 Dec 2016
Current trade receivables:		
domestic costumers	18,372,644	16,874,157
foreign costumers	16,742,634	10,610,265
Current operating receivables due from Group companies	512,337	50,291
Current operating receivables due from associates	79,516	44,443
<b>Current trade receivables</b>	<b>35,707,131</b>	<b>27,579,156</b>
Current receivables due from dividends	50,000	50,000
Advances and collaterals given	33,247	4,083
Current receivables related to finance income	2,290	2,245
Receivables due from the state	1,879,304	2,506,533
Other current receivables	55,464	125,106
<b>Total trade receivables</b>	<b>37,727,436</b>	<b>30,267,123</b>
Short-term deferred costs and expenses	5,436,853	371,498
Accrued income	201,894	376,957
<b>Other receivables</b>	<b>5,638,747</b>	<b>748,455</b>
<b>Total</b>	<b>43,366,183</b>	<b>31,015,578</b>

With most trade receivables, the Company has an option to enforce a legal lien over the stored goods in its possession.

As at 31 March 2017, the Group pledged receivables in connection with collateralising a bank loan in the amount of EUR 4,100,000. On the reporting date, these receivables amounted to EUR 135,169.

Current trade receivables increased by EUR 8,127,976 in comparison with the balance as at 31 December 2017. The increase of current trade receivable resulted from the higher realisation and higher invoiced excise duties.

Among other receivables the company classifies short-term deferred costs and expenses in the amount of EUR 5,436,853 related to insurances, annual holiday pay, loan costs and future compensations for the use of the building site, which are primarily contributed to the increase of this item.

### Cash and cash equivalents

(in EUR)	31 Mar 2017	31 Dec 2016
Cash in hand	81	46
Bank balances	11,756,721	983,259
<b>Total</b>	<b>11,756,802</b>	<b>983,305</b>

**Equity**

(in EUR)	31 Mar 2017	31 Dec 2016
Share capital	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703
Revenue reserves	129,035,652	129,035,652
<i>Legal reserves</i>	18,765,115	18,765,115
<i>Other revenue reserves</i>	110,270,537	110,270,537
Reserves arising from valuation at fair value	7,513,445	7,085,026
Retained earnings	20,321,603	31,045
Net profit for the period	12,959,299	20,290,558
<b>Equity</b>	<b>317,813,667</b>	<b>304,425,949</b>

**Provisions**

(in EUR)	31 Mar 2017	31 Dec 2016
Provisions for retirement benefits and similar obligations	2,856,759	2,884,673
Provisions for legal disputes	1,380,491	1,380,491
<b>Total</b>	<b>4,237,250</b>	<b>4,265,164</b>

**Deferred income**

(in EUR)	31 Mar 2017	31 Dec 2016
Long-term deferred income for regular maintenance	9,156,368	7,987,214
Long-term deferred income	4,428,269	4,347,505
<b>Total</b>	<b>13,584,637</b>	<b>12,334,719</b>

**Non-current loans and borrowings**

(in EUR)	31 Mar 2017	31 Dec 2016
Non-current financial liabilities to Group companies	16,000,000	16,000,000
Non-current borrowings from domestic banks	64,084,919	66,383,116
Non-current borrowings from foreign banks	30,983,607	31,517,622
<b>Total</b>	<b>111,068,526</b>	<b>113,900,738</b>

Non-current financial liabilities from borrowings at 31 March 2017 were EUR 2,832,213 lower than as at 31 December 2016, and namely due to the transfer of a share of liabilities

to non-current liabilities in the amount of EUR 2,974,147 and due to the reclassification of loan costs in the amount of EUR 141,935 among other receivables.

#### Other non-current financial liabilities

(in EUR)	31 Mar 2017	31 Dec 2016
Other non-current financial liabilities	343,028	419,873
<b>Total</b>	<b>343,028</b>	<b>419,873</b>

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

#### Non-current operating liabilities

(in EUR)	31 Mar 2017	31 Dec 2016
Non-current collaterals received for leased premises	889,210	693,924
<b>Total</b>	<b>889,210</b>	<b>693,924</b>

#### Current loans and borrowings

(in EUR)	31 Mar 2017	31 Dec 2016
Current borrowings from domestic banks	11,287,317	9,466,650
Current borrowings from foreign banks	2,295,082	2,295,082
<b>Total</b>	<b>13,582,399</b>	<b>11,761,732</b>

As at 31 March 2017, the current financial liabilities for borrowings were by EUR 1,820,667 ahead on 31 December 2016, and namely as the net effect of the transfer of a share of liabilities from non-current liabilities to current liabilities and repayment of loan principal.

#### Other current financial liabilities

(in EUR)	31 Mar 2017	31 Dec 2016
Other current financial liabilities	249,342	250,564
<b>Skupaj</b>	<b>249,342</b>	<b>250,564</b>

### Trade and other payables

(in EUR)	31 Mar 2017	31 Dec 2016
Current liabilities to:		
domestic suppliers	21,635,981	12,787,935
foreign suppliers	1,054,644	342,852
Current liabilities to Group companies	709,192	570,253
Current liabilities to associates	28,406	145,110
<b>Current trade payables</b>	<b>23,428,223</b>	<b>13,846,150</b>
Current liabilities from advances	32,667	19,235
Current liabilities to employees	3,406,606	3,190,575
Current liabilities to state and other institutions	5,464,407	915,307
<b>Total operating liabilities</b>	<b>32,331,903</b>	<b>17,971,267</b>
Accrued costs	5,566,363	4,947,677
<b>Other operating liabilities</b>	<b>5,566,363</b>	<b>4,947,677</b>
<b>Total</b>	<b>37,898,266</b>	<b>22,918,944</b>

In comparison to 31 December 2016, trade and other receivables increased by EUR 14,979,323. The increase of current liabilities to suppliers reflects higher liabilities for investments in the infrastructure, liabilities for reinvoiced excise duties and liabilities for the use of the building land.

Current liabilities to the State and other institutions increased primarily due to accrued income tax for 2016 and difference of settled advances for January – March 2017.

The accrued costs comprise primarily the accrued costs for unused annual holiday, accrued commercial discounts, concession costs, costs of 13<sup>th</sup> month salary, and collective job performance and interest charges.

### Contingent liabilities

(in EUR)	31 Mar 2017	31 Dec 2016
Guarantees given	1,560,000	1,560,000
Securities given	6,246,677	7,235,468
Contingent liabilities under legal disputes	93,809	93,809
Approved borrowing	54,700,000	54,700,000
<b>Total contingent liabilities</b>	<b>62,600,486</b>	<b>63,589,277</b>

### Related party transactions

In January – March 2017 several legal actions were performed among the associated companies within Luka Koper Group, in which the parent company acted as the buyer, supplier, lessor or in other role. The legal base for these transactions were various contracts, order, offers and similar, for which market terms used for the transactions with unrelated parties, were applied.

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

(in EUR)	1-3 2017	1-3 2016
Sale to subsidiaries	198,203	185,581
Sale to associates	191,705	197,026
Purchase from subsidiaries	1,396,499	1,030,604
Purchase from associates	153,103	273,448
Finance income from loans to subsidiaries	232	484
Finance expenses for liabilities to subsidiaries	43,620	29,441

**Receivables and liabilities to subsidiary and associated companies**

(in EUR)	31 Mar 2017	31 Dec 2016
Trade and other receivables due from subsidiaries	512,336	50,291
Trade and other receivables due from associates	129,516	94,443
Operating liabilities to subsidiaries	709,192	570,253
Operating liabilities to associates	28,406	145,110
Loans to subsidiaries	120,000	60,000
Borrowings from subsidiaries	16,000,000	16,000,000

**Financial instruments and financial risk management**

The most significant risks to which the company is exposed, 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 31 March 2017, the Company has invested 5,4 percent of its assets (at the end of the previous year 6,1 percent) in investments measured at fair value, whereof the parent company 96,3 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 and units of mutual fund assets. As at 31 March

2017, the value of non-current available-for-sale investments measured at fair value through equity, amounted to EUR 27,906,999.

Sensitivity analysis of finance investments at fair value:

#### Risk of change at fair value of securities as at 31 March 2017

Change of index (in %)	Impact in equity
-10%	-2.686.211
10%	2.686.211

#### Risk of change at fair value of securities as at 31 December 2016

Change of index (in %)	Impact in equity
-10%	-2.641.004
10%	2.641.004

#### Fair value hierarchy

(in EUR)	Valuation at fair value			
	Carrying amount at 31 Mar 2017	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
<b>Assets measured at fair value</b>				
Other interests and shares	26,862,105	26,862,105	0	0
<b>Liabilities measured at fair value</b>				
Interest rate hedging for borrowings	343,028	0	343,028	0

(in EUR)	Valuation at fair value			
	Carrying amount at 31 Dec 2016	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
<b>Assets measured at fair value</b>				
Other interests and shares	26,410,036	26,410,036	0	0
<b>Liabilities measured at fair value</b>				
Interest rate hedging for borrowings	419,873	0	419,873	0

## 2. Management of interest rate risk

In January - March 2017, the Company's financial liabilities decreased by 0,9 percent with respect to 31 December 2016, thus at 31 March 2017 they amounted to EUR 125,243,296.

The share of financial liabilities in overall structure of liabilities decreased by 1,7 percentage point in comparison to 31 March 2017 and amounts to 25,0 percent (as at 31 March 2016 it amounted to 26,7 percent).

The effect of the eventual change of variable interest on the future net profit after tax is shown in the table below. The interest rate hedge for the non-current borrowing, whose outstanding amount as at 31 March 2017 is recorded at EUR 33,278,689 matures in 2031. The eventual change of variable interest rates may consequently effect 60,5 percent of total Company's borrowings (in the comparable period in 2016 this share amounted to 38,3 percent), since the remnant 39,5 percent are hedged against eventual changes of interest rates.

### Overview of exposure

(in EUR)	31 Mar 2017	Exposure 2017	31 Dec 2016	Exposure 2016
Borrowings received at variable interest rate (without interest rate hedge)	75,372,236	60.5%	75,951,946	60.4%
Borrowings received at variable interest rate (with interest rate hedge)	33,278,689	26.7%	33,852,459	26.9%
Borrowings received at nominal interest rate	16,000,000	12.8%	16,000,000	12.7%
<b>Total</b>	<b>124,650,925</b>	<b>100.0%</b>	<b>125,804,405</b>	<b>100.0%</b>

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

(in EUR)	Borrowings from banks under the variable interest rate as at 31 Mar 2017	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
3M EURIBOR	33,086,522	20,435	34,058	117,942
6M EURIBOR	42,285,714	0	49,897	179,371
<b>Total effect on interests expenses</b>	<b>75,372,236</b>	<b>20,435</b>	<b>83,955</b>	<b>297,313</b>

(in EUR)	Borrowings from banks under the variable interest rate as at 31 Dec 2016	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
3M EURIBOR	33,666,232	21,304	35,507	106,243
6M EURIBOR	42,285,714	0	12,263	157,757
<b>Total effect on interests expenses</b>	<b>75,951,946</b>	<b>21,304</b>	<b>47,770</b>	<b>264,000</b>

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

The 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 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
<b>31 Mar 2017</b>						
Loans and borrowings*	4,182,052	9,400,347	15,781,399	55,483,849	39,803,279	124,650,925
Expected interest on all borrowings	458,556	1,050,600	1,339,401	2,476,840	1,052,185	6,377,583
Other financial liabilities	249,342	0	343,028	0	0	592,370
Payables to suppliers	23,428,223	0	0	0	0	23,428,223
Other operating liabilities	8,903,680	0	0	0	0	8,903,680
<b>Total</b>	<b>37,221,853</b>	<b>10,450,946</b>	<b>17,463,828</b>	<b>57,960,689</b>	<b>40,855,464</b>	<b>163,952,780</b>
<b>31 Dec 2016</b>						
Loans and borrowings*	1,153,481	10,608,251	16,060,399	57,605,225	40,377,049	125,804,405
Expected interest on all borrowings	302,951	1,251,870	1,400,845	2,640,300	1,118,250	6,714,216
Other financial liabilities	250,564	0	419,873	0	0	670,437
Payables to suppliers	13,846,150	0	0	0	0	13,846,150
Other operating liabilities	4,125,116	0	0	0	0	4,125,116
<b>Total</b>	<b>19,678,262</b>	<b>11,860,121</b>	<b>17,881,117</b>	<b>60,245,525</b>	<b>41,495,299</b>	<b>151,160,324</b>

\*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 recent years, the company managed to reduce the volume of

outstanding trade receivables in US dollars to such extent, that their share is not event 1 percent of all receivables and therefore this risk is negligible from the point of view of eventual negative effects for the company.

#### 5. Management of credit risk

##### Assets exposed to credit risk:

(in EUR)	31 Mar 2017	31 Dec 2016
Non-current loans	28,929	31,005
Non-current operating liabilities	41,772	41,772
Current loans	128,194	68,123
Current trade receivables	35,707,131	27,579,156
Other current receivables	2,020,305	2,687,967
Cash and cash equivalents	11,756,803	983,305
Guarantees and collaterals granted	7,806,677	8,795,468
<b>Total</b>	<b>57,489,811</b>	<b>40,186,796</b>

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

(v evrih)	31 Mar 2017		31 Dec 2016	
	in EUR	Share (%)	in EUR	Share (%)
Equity	317,813,667	63.6%	304,425,949	64.4%
Non-current liabilities	130,122,651	26.0%	131,614,419	27.8%
Current liabilities	52,075,036	10.4%	36,891,767	7.8%
<b>Total accumulated profit</b>	<b>500,011,354</b>	<b>100%</b>	<b>472,932,135</b>	<b>100%</b>

## 20 Consolidated Financial Statements of the Luka Koper Group

### 20.1 Consolidated Income Statement

(in EUR)	1-3 2017	1-3 2016
Revenue	53,289,763	50,660,621
Capitalised own products and services	150,966	477,912
Other income	761,193	677,646
Cost of material	-4,194,436	-3,952,175
Cost of services	-11,999,841	-12,218,619
Employee benefits expense	-13,320,323	-12,665,144
Amortisation and depreciation expense	-6,505,123	-6,737,017
Other operating expenses	-2,034,494	-1,925,967
<b>Operating profit</b>	<b>16,147,705</b>	<b>14,317,257</b>
Finance income	42,643	39,637
Finance expenses	-211,756	-668,314
<b>Loss from financing activities</b>	<b>-169,113</b>	<b>-628,677</b>
Profit or loss of associates	449,124	528,943
<b>Profit before tax</b>	<b>16,427,716</b>	<b>14,217,523</b>
Income tax expense	-2,392,306	-2,205,783
Deferred taxes	-119,161	-2,096
<b>Net profit for the period</b>	<b>13,916,249</b>	<b>12,009,644</b>
<b>Net profit attributable to owners of the company</b>	<b>13,912,563</b>	<b>12,003,910</b>
<b>Net profit attributable to non-controlling interests</b>	<b>3,686</b>	<b>5,734</b>
<b>Net earnings per share</b>	<b>0.99</b>	<b>0.86</b>

## 20.2 Consolidated Statement of Other Comprehensive Income

(in EUR)	1-3 2017	1-3 2016
<b>Profit for the period</b>	<b>13,916,249</b>	<b>13,916,249</b>
Change in revaluation surplus of available-for-sale financial assets	770,401	-1,622,065
Deferred tax on revaluation of available-for-sale financial assets	-146,376	288,944
Change in fair value of hedging instruments	76,845	74,655
Deferred tax on change in value of hedging instruments	-14,601	-12,692
Items that will be reclassified subsequently to profit or loss	686,269	-1,271,158
<b>Other comprehensive income</b>	<b>686,269</b>	<b>-1,271,158</b>
<b>Total comprehensive income for the period</b>	<b>14,602,518</b>	<b>12,645,091</b>
<b>Total comprehensive income of owners of the company</b>	<b>14,598,832</b>	<b>12,639,357</b>
<b>Total comprehensive income of non-controlling interests</b>	<b>3,686</b>	<b>5,734</b>

## 20.3 Consolidated Statement of Financial Position

(in EUR)	31 Mar 2017	31 Dec 2016
<b>ASSETS</b>		
Property, plant and equipment	379,511,157	376,011,980
Investment property	18,765,162	18,575,530
Intangible assets	3,955,754	4,126,170
Shares and interests in associates	13,129,465	12,680,341
Other non-current investments	31,321,601	30,551,199
Loans given and deposits	28,929	31,005
Non-current operating receivables	41,772	41,772
Deferred tax assets	8,680,910	8,711,771
<b>Non-current assets</b>	<b>455,434,750</b>	<b>450,729,768</b>
Assets held for sale	1,372	1,372
Inventories	937,350	809,467
Deposits and loans given	88,427	105,489
Trade and other receivables	44,554,211	32,518,465
Cash and cash equivalents	16,223,725	5,826,536
<b>Current assets</b>	<b>61,805,085</b>	<b>39,261,329</b>
<b>TOTAL ASSETS</b>	<b>517,239,835</b>	<b>489,991,097</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703
Revenue reserves	129,035,652	129,035,652
Reserves arising from valuation at fair value	8,060,769	7,374,500
Retained earnings	61,575,871	47,414,033
<b>Equity of owners of the parent</b>	<b>346,655,960</b>	<b>331,807,853</b>
<b>Non-controlling interests</b>	<b>174,754</b>	<b>171,068</b>
<b>Equity</b>	<b>346,830,714</b>	<b>331,978,921</b>
Provisions	15,957,969	14,764,838
Deferred income	4,715,379	4,781,422
Loans and borrowings	95,068,526	97,900,739
Other non-current financial liabilities	343,028	419,873
Non-current operating liabilities	968,058	772,086
<b>Non-current liabilities</b>	<b>117,052,960</b>	<b>118,638,958</b>
Loans and borrowings	13,582,399	11,761,732
Other current financial liabilities	249,437	250,614
Income tax liabilities	219,730	1,896,207
Trade and other payables	39,304,595	25,464,665
<b>Current liabilities</b>	<b>53,356,161</b>	<b>39,373,218</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>517,239,835</b>	<b>489,991,097</b>

## 20.4 Consolidated Statement of Cash Flows

(in EUR)	1-3 2017	1-3 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>13,916,249</b>	<b>12,009,644</b>
<b>Adjustments for:</b>		
Amortisation/Depreciation	6,505,123	6,737,017
Reversal and impairment losses on property, plant and equipment, and intangible assets	16,192	4,679
Gain on sale of property, plant and equipment, intangible assets and investment property	-103,492	-809
Allowances for receivables	68,918	34,549
Collected written-off receivables and liabilities	-95,643	-62,438
Finance income	-42,643	-39,637
Finance expenses	211,756	668,314
Recognised results of subsidiaries under equity method	-449,124	-528,943
Income tax expense and income (expenses) from deferred taxes	2,511,467	2,207,879
<b>Profit before change in net current operating assets and taxes</b>	<b>22,538,803</b>	<b>21,030,255</b>
Change in operating receivables	-12,145,129	-1,040,382
Change in inventories	-127,883	-115,663
Change in assets (disposal group) held for sale	0	165
Change in operating liabilities	17,164,497	1,150,181
Change in provision	-45,838	-34,821
Change in non-current deferred income	1,193,131	-497,423
<b>Cash generated in operating activities</b>	<b>28,577,581</b>	<b>20,492,312</b>
Interest expenses	-182,156	-668,314
Tax expenses	-1,410,497	-1,410,497
<b>Net cash from operating activities</b>	<b>26,984,928</b>	<b>18,413,501</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	42,643	39,637
Proceeds from sale of property, plant and equipment, and intangible assets	103,492	1,082
Proceeds from sale, less investments and loans given	47,278	136,118
Acquisition of property, plant and equipment, and intangible assets	-15,627,598	-21,143,709
Acquisition of investments, increase in loans given	-74	-47
<b>Net cash used in investing activities</b>	<b>-15,434,259</b>	<b>-20,966,919</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of current borrowings	-1,153,480	-579,710
<b>Net cash used in financing activities</b>	<b>-1,153,480</b>	<b>-579,710</b>
<b>Net increase in cash and cash equivalents</b>	<b>10,397,189</b>	<b>-3,133,128</b>
Opening balance of cash and cash equivalents	5,826,536	12,610,049
<b>Closing balance of cash and cash equivalents</b>	<b>16,223,725</b>	<b>9,476,921</b>

## 20.5 Consolidated Statement of Changes in Equity

Year 2017

(in EUR)	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Reserves arising on valuation at fair value			Total equity of owners of the parent company	Non-controlling interests	Total equity
						Investments	Financial instruments	Actuarial gains/losses			
<b>Balance at 31 Dec 2016</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>110,270,537</b>	<b>47,414,033</b>	<b>8,702,160</b>	<b>-340,097</b>	<b>-987,563</b>	<b>331,807,853</b>	<b>171,068</b>	<b>331,978,921</b>
Other changes in equity – correction of previous errors	0	0	0	0	249,274	0	0	0	0	0	0
<b>Stanje na dan 1 Jan 2017</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>110,270,537</b>	<b>47,663,307</b>	<b>8,702,160</b>	<b>-340,097</b>	<b>-987,563</b>	<b>332,057,127</b>	<b>171,068</b>	<b>332,228,195</b>
<b>Total comprehensive income for the period</b>											
Profit for the period	0	0	0	0	13,912,563	0	0	0	13,912,563	3,686	13,916,249
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	624,025	0	0	624,025	0	624,025
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	62,244	0	62,244	0	62,244
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,912,563</b>	<b>624,025</b>	<b>62,244</b>	<b>0</b>	<b>14,598,832</b>	<b>3,686</b>	<b>14,602,518</b>
<b>Balance at 31 Mar 2017</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>110,270,537</b>	<b>61,575,871</b>	<b>9,326,185</b>	<b>-277,853</b>	<b>-987,563</b>	<b>346,655,960</b>	<b>174,754</b>	<b>346,830,714</b>

## Year 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			
<b>Balance at 31 Dec 2015</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,117</b>	<b>89,979,979</b>	<b>39,187,702</b>	<b>12,081,707</b>	<b>-861,126</b>	<b>-1,016,963</b>	<b>306,120,084</b>	<b>170,386</b>	<b>306,290,470</b>
<b>Total comprehensive income for the period</b>	0										
Profit for the period	0	0	0	0	12,003,910	0	0	0	12,003,910	5,734	12,009,644
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	-1,333,121	0	0	-1,333,121	0	-1,333,121
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	61,963	0	61,963	0	61,963
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,003,910</b>	<b>-1,333,121</b>	<b>61,963</b>	<b>0</b>	<b>10,732,752</b>	<b>5,734</b>	<b>10,738,486</b>
<b>Balance at 31 Mar 2016</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,117</b>	<b>89,979,979</b>	<b>51,191,612</b>	<b>10,748,586</b>	<b>-799,163</b>	<b>-1,016,963</b>	<b>316,852,836</b>	<b>176,120</b>	<b>317,028,956</b>

## 21 Notes to the Consolidated Financial Statements

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The interim statements of Luka Koper Group for January – March 2017, i.e. as at 31 March 2017, 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 Report has 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 (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, Luka Koper Group wants to provide the broadest sphere of of users useful information on the Group`s performance from January to March 2017, in comparison with data for the previous year, together with the Group's financial position as at 31 March 2017 in comparison with 31 December 2016.

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 2016.

## 22 Additional Notes to the Consolidated Income Statement

### Revenue

(in EUR)	1-3 2017	1-3 2016
<b>Revenue generated on sales with domestic customers</b>	<b>17,092,178</b>	<b>17,149,643</b>
- services	16,781,479	16,839,131
- goods and material	427	865
- rentals	310,272	309,647
<b>Revenue generated on sales with foreign customers</b>	<b>36,197,585</b>	<b>33,510,978</b>
- services	36,166,685	33,495,078
- rentals	30,900	15,900
<b>Total</b>	<b>53,289,763</b>	<b>50,660,621</b>

### Capitalised own products and own services

(in EUR)	1-3 2017	1-3 2016
Capitalised own products and own services	150.966	477.912
<b>Total</b>	<b>150.966</b>	<b>477.912</b>

Among the capitalised own products and services, the Group shows the maintenance works on its own infrastructure, performed by the subsidiary company Luka Koper INPO, d. o. o. In order to ensure the comparability of data, the comparable data of 2016 are adjusted accordingly.

### Other income

(in EUR)	1-3 2017	1-3 2016
<b>Other operating income</b>	<b>607,977</b>	<b>548,452</b>
Subsidies, grants and similar income	408,842	485,205
<b>Revaluation operating income</b>	<b>199,135</b>	<b>63,247</b>
Income on sale of property, plant and equipment and investment property	103,492	809
Collected written-off receivables and written-off liabilities	95,643	62,438
<b>Other income</b>	<b>153,216</b>	<b>129,194</b>
Compensations and damages	105,173	94,682
Subsidies and other income not related to services	48,018	0
Other income	25	34,512
<b>Total</b>	<b>761,193</b>	<b>677,646</b>

**Cost of material**

(in EUR)	1-3 2017	1-3 2016
Cost of material	257	458
Cost of auxiliary material	903,264	1,141,564
Cost of spare parts	1,127,881	1,057,451
Cost of energy	1,996,088	1,612,288
Cost of office stationary	44,786	40,791
Other cost of material	122,160	99,623
<b>Total</b>	<b>4,194,436</b>	<b>3,952,175</b>

**Cost of services**

(in EUR)	1-3 2017	1-3 2016
Cost of services rendered in connection with the core activity	6,669,204	6,158,009
Cost of transportation	47,908	52,359
Cost of maintenance	1,090,255	1,395,743
Rentals	134,243	262,822
Reimbursement of labour-related costs	82,893	136,951
Costs of payment processing, bank charges and insurance premiums	191,294	206,463
Cost of intellectual and personal services	192,165	158,975
Advertising, trade fairs and hospitality	238,828	269,328
Costs of services provided by individuals not performing business activities	78,939	65,667
Cost of other services		
Sewage and disposal services	104,732	43,411
Information support	771,780	771,824
Concession-related costs	1,797,843	1,623,326
Costs of other services	599,757	1,073,741
<b>Total</b>	<b>11,999,841</b>	<b>12,218,619</b>

Higher concession costs are attributable to higher revenue in comparison with the equivalent period last year.

**Employee benefits expense**

(in EUR)	1-3 2017	1-3 2016
Wages and salaries	9,070,638	8,630,792
Wage compensations	1,147,969	1,114,057
Costs of additional pension insurance	397,190	394,816
Employer's contributions on employee benefits	1,667,784	1,601,408
Annual holiday pay, reimbursements and other costs	1,036,742	924,071
<b>Total</b>	<b>13,320,323</b>	<b>12,665,144</b>

**Amorisation and depreciation expense**

(in EUR)	1-3 2017	1-3 2016
Depreciation of buildings	3,292,344	3,147,498
Depreciation of equipment and spare parts	2,987,128	3,305,992
Depreciation of small tools	5,986	6,027
Depreciation of investment property	49,248	109,173
Amortisation of intangible assets	170,417	168,327
<b>Total</b>	<b>6,505,123</b>	<b>6,737,017</b>

**Other operating expenses**

(in EUR)	1-3 2017	1-3 2016
Impairment costs, write-offs and losses on property, plant and equipment, and investment property	16,192	4,679
Expenses for allowances for receivables	68,918	34,549
Levies that are not contingent upon employee benefits expense and other types of cost	1,686,445	1,635,914
Donations	81,226	106,161
Environmental levies	20,018	14,588
Awards and scholarship to students inclusive of tax	7,379	3,433
Awards and scholarship to students	2,400	4,460
Other costs and expenses	151,916	122,183
<b>Total</b>	<b>2,034,494</b>	<b>1,925,967</b>

Charges not depending on labour costs and other costs in the amount of EUR 1,715,171 are substantially related to the use of the building site in the amount of EUR 1,683,685.

**Finance income and expenses**

(in EUR)	1-3 2017	1-3 2016
<b>Finance income - interest</b>	<b>531</b>	<b>6,741</b>
Interest income - other	531	6,741
<b>Finance income from operating receivables</b>	<b>42,112</b>	<b>32,896</b>
Finance income from operating receivables due from others	42,112	32,896
<b>Total finance income</b>	<b>42,643</b>	<b>39,637</b>
<b>Finance expenses - interest</b>	<b>-194,796</b>	<b>-644,021</b>
Interest expenses - banks	-194,796	-642,058
<b>Finance expenses for financial liabilities</b>	<b>-16,960</b>	<b>-24,293</b>
Finance expenses for trade payables	-57	-168
Finance expenses for other operating liabilities	-16,903	-24,125
<b>Total finance expenses</b>	<b>-211,756</b>	<b>-668,314</b>
<b>Net financial result</b>	<b>-169,113</b>	<b>-628,677</b>

### Profit of the period

In January – March 2017, the Group generated the operating profit in the amount of EUR 16,147,705, In the comparable period last year EUR 14,317,257.

The Group concluded the first quarter of 2017 with the net profit in the amount of EUR 13,916,249 (in the comparable period last year EUR 12,009,644 ), whereof EUR 13,912,563 (in the comparable period last year EUR 12,003,910 ) pertained to the parent company, and EUR 3,686 (in the comparable period in 2016, EUR 5,734 ) to the non-controlling company. Non-controlling interest pertains to the company TOC, d. o. o.

(in EUR)	31 Mar 2017	31 Mar 2016
Net profit for the period	13,912,563	12,003,910
Total number of shares	14,000,000	14,000,000
Number of ordinary shares	14,000,000	14,000,000
<b>Basic and diluted earnings per share</b>	<b>0.99</b>	<b>0.86</b>

Net earnings per share as at 31 March 2017 amounted to EUR 0.99 evra, whilst as at 31 March 2016 it amounted to EUR 0.86.

## 23 Additional Notes to the Consolidated Statement of Financial position

### Property, plant and equipment

(in EUR)	31 Mar 2017	31 Dec 2016
Land	18,286,759	18,255,454
Buildings	235,687,083	237,646,358
Plant and machinery	57,331,832	55,330,933
Property, plant and equipment being acquired and advances given	68,205,483	64,779,235
<b>Total</b>	<b>379,511,157</b>	<b>376,011,980</b>

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

In January – March 2017, the Group made investments in property, plant and equipment in the amount of EUR 15,627,598. Major investments were the following:

- RMG cranes,
- further preparation of the infrastructure for the RMG over the railway track,
- continuation of the construction of the multipurpose warehouse,
- continuation of the arrangement of stacking areas.

In January – March 2017, the Group did not execute major disposals of property, plant and equipment.

### Investment property

(in EUR)	31 Mar 2017	31 Dec 2016
Investment property - land	14,991,483	14,991,483
Investment property - buildings	3,773,679	3,584,047
<b>Total</b>	<b>18,765,162</b>	<b>18,575,530</b>

Among investment property are land and buildings, under a lease accounted for as an operating lease, and property, the Group owns for the increase of their value.

Investment property is valued using the cost model.

**Intangible assets**

(in EUR)	31 Mar 2017	31 Dec 2016
Development costs	224,813	234,447
Non-current property rights (concessions, patents, licences, trademarks and similar rights)	3,730,941	3,891,723
<b>Total</b>	<b>3,955,754</b>	<b>4,126,170</b>

Intangible assets of Group, account for rights, industrial property and other rights, comprising software, information systems and development-project programmes.

As at 31 March 2017 the intangible assets were not pledged.

**Shares and interests in associates**

(in EUR)	2017
<b>Balance at the beginning of the period</b>	<b>12,680,341</b>
Increase	
Attributable profits	449,124
- Adria Transport, d. o. o.	127,118
- Adria-tow, d. o. o.	165,141
- Adriaфин, d. o. o.	4,937
- Avtoservis, d. o. o.	151,928
<b>Balance at the end of the period</b>	<b>13,129,465</b>

**Other non-current investments**

(in EUR)	31 Mar 2017	31 Dec 2016
Other investments measured at cost	3,414,602	3,414,602
Other investments measured at fair value through equity	27,906,999	27,136,597
<b>Total</b>	<b>31,321,601</b>	<b>30,551,199</b>

**Deferred tax**

(in EUR)	Deferred tax assets		Deferred tax liabilities	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
<b>Deferred tax assets and liabilities relating to:</b>				
impairment of investments in associates	0	17,575	0	0
impairment of other investments and deductible temporary differences arising on securities	9,770,836	9,500,387	2,187,624	2,031,826
financial instruments	65,174	79,776	0	0
allowances for trade receivables	253,315	265,062	0	0
provisions for retirement benefits	271,817	368,654	0	0
provisions for jubilee premiums	53,409	58,159	0	0
long-term accrued costs and deferred income from public commercial services	453,983	453,984	0	0
<b>Total</b>	<b>10,868,534</b>	<b>10,743,597</b>	<b>2,187,624</b>	<b>2,031,826</b>
Off-set with deferred tax liabilities relating to impairment of other investments and deductible temporary differences arising on securities	-2,187,624	-2,031,826	-2,187,624	-2,031,826
<b>Total</b>	<b>8,680,910</b>	<b>8,711,771</b>	<b>0</b>	<b>0</b>

**Inventories**

As at 31 March 2017, inventories were recorded at EUR 937,350, whilst at the end of 2016, their value was EUR 809,467. The major part of these inventories is related to the maintenance and spare parts in the amount of EUR 567,095 and the overhead and auxiliary material in the amount of EUR 306,898.

**Trade and other receivables**

(in EUR)	31 Mar 2017	31 Dec 2016
Current trade receivables:		
domestic costumers	19,320,747	17,691,462
foreign costumers	16,973,790	10,837,721
Current operating receivables due from associates	79,516	44,443
<b>Current trade receivables</b>	<b>36,374,053</b>	<b>28,573,626</b>
Current receivables due from dividends	50,000	50,000
Advances and collaterals given	33,783	4,405
Current receivables related to finance income	17,156	17,114
Receivables due from the state	2,061,754	2,689,836
Other current receivables	78,509	145,938
<b>Total trade receivables</b>	<b>38,615,255</b>	<b>31,480,919</b>
Short-term deferred costs and expenses	5,737,633	660,544
Accrued income	201,323	377,002
<b>Other receivables</b>	<b>5,938,956</b>	<b>1,037,546</b>
<b>Total</b>	<b>44,554,211</b>	<b>32,518,465</b>

With most trade receivables, the Group has an option to enforce a legal lien over the stored goods on its possession.

As at 31 March 2017, the Group pledged receivables in connection with collateralising a bank loan in the amount of EUR 4,100,000. On the reporting date, these receivables amounted to EUR 135,169.

Current trade receivables increased by EUR 7,800,427, in comparison with the balance as at 31 December 2016. The increase of current trade receivable resulted from higher realisation and higher invoiced excise duties.

Among other receivables the Group classifies short-term deferred costs and expenses in the amount of EUR 5,737,633 related to future compensation for the use of the building land, insurances, annual holiday pay and loan costs.

**Cash and cash equivalents**

(in EUR)	31 Mar 2017	31 Dec 2016
Cash in hand	15,573	10,477
Bank balances	13,228,152	2,836,059
Current deposits	2,980,000	2,980,000
<b>Total</b>	<b>16,223,725</b>	<b>5,826,536</b>

**Equity**

(in EUR)	31 Mar 2017	31 Dec 2016
Share capital	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703
Revenue reserves	129,035,652	129,035,652
<i>Legal reserves</i>	<i>18,765,115</i>	<i>18,765,115</i>
<i>Other revenue reserves</i>	<i>110,270,537</i>	<i>110,270,537</i>
Reserves arising from valuation at fair value	8,060,769	7,374,500
Retained earnings	47,663,308	23,329,292
Net profit for the period	13,912,563	24,084,741
<b>Equity of owners of the parent</b>	<b>346,655,960</b>	<b>331,807,853</b>
<b>Non-controlling interests</b>	<b>174,754</b>	<b>171,068</b>
<b>Equity</b>	<b>346,830,714</b>	<b>331,978,921</b>

**Provisions**

(in EUR)	31 Mar 2017	31 Dec 2016
Provisions for retirement benefits and similar obligations	3,334,888	3,400,931
Provisions for legal disputes	1,380,491	1,380,491
<b>Total</b>	<b>4,715,379</b>	<b>4,781,422</b>

**Deferred income**

(in EUR)	31 Mar 2017	31 Dec 2016
Long-term deferred income for regular maintenance	9,156,368	7,987,214
Non-refundable grants received	4,917,618	4,829,468
Other long-term deferred income	1,883,983	1,948,156
<b>Total</b>	<b>15,957,969</b>	<b>14,764,838</b>

**Non-current loans and borrowings**

(in EUR)	31 Mar 2017	31 Dec 2016
Non-current borrowings from domestic banks	64,084,919	66,383,117
Non-current borrowings from foreign banks	30,983,607	31,517,622
<b>Total</b>	<b>95,068,526</b>	<b>97,900,739</b>

Non-current financial liabilities from borrowings at 31 March 2017 were EUR lower than as at 31 December 2016, and namely due to the transfer of a share of liabilities to non-current liabilities in the amount of EUR 2,974,147 and due to the reclassification of loan costs in the amount of EUR 141,935 among other receivables.

#### Other non-current financial liabilities

(in EUR)	31 Mar 2017	31 Dec 2016
Other non-current financial liabilities	343,028	419,873
<b>Total</b>	<b>343,028</b>	<b>419,873</b>

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

#### Non-current operating liabilities

(in EUR)	31 Mar 2017	31 Dec 2016
Non-current collaterals received for leased premises	968,058	772,086
<b>Total</b>	<b>968,058</b>	<b>772,086</b>

#### Current loans and borrowings

(in EUR)	31 Mar 2017	31 Dec 2016
Current financial liabilities to associates	0	0
Current borrowings from domestic banks	11,287,317	9,466,650
Current borrowings from foreign banks	2,295,082	2,295,082
<b>Total</b>	<b>13,582,399</b>	<b>11,761,732</b>

As at 31 March 2017, the current financial liabilities for borrowings were by EUR 1,820,667 ahead on 31 December 2016, and namely as the net effect of the transfer of a share of liabilities from non-current liabilities to current liabilities and repayment of loan principal.

#### Other current financial liabilities

(in EUR)	31 Mar 2017	31 Dec 2016
Other non-current financial liabilities	249,437	250,614
<b>Skupaj</b>	<b>249,437</b>	<b>250,614</b>

**Trade and other payables**

(in EUR)	31 Mar 2017	31 Dec 2016
Current liabilities to:		
domestic suppliers	22,325,001	14,411,457
foreign suppliers	1,067,294	349,162
Current liabilities to associates	28,406	145,110
<b>Current trade payables</b>	<b>23,420,701</b>	<b>14,905,729</b>
Current liabilities from advances	98,733	68,413
Current liabilities to employees	3,779,778	3,623,899
Current liabilities to state and other institutions	5,528,684	965,084
<b>Total operating liabilities</b>	<b>32,827,896</b>	<b>19,563,125</b>
Accrued costs or expenses	6,412,243	5,794,981
Short-term deferred income	0	0
Other operating liabilities	64,456	106,559
<b>Other operating liabilities</b>	<b>6,476,699</b>	<b>5,901,540</b>
<b>Total</b>	<b>39,304,595</b>	<b>25,464,665</b>

In comparison to 31 December 2016, trade and other receivables increased by EUR 13,839,930.

The increase of trade receivables towards suppliers is attributable to higher liabilities from investments in the infrastructure, liabilities for invoiced excise duties and liabilities for the compensation for the use of the building land.

Current liabilities to the State and other institutions increased primarily due to accrued income tax for 2016 and the differences of paid advances for January – March 2017.

The accrued costs comprise primarily of accrued costs for unused annual holidays, accrued commercial discounts, concession costs, costs of 13<sup>th</sup> month salary and collective job performance.

**Contingent liabilities**

(in EUR)	31 Mar 2017	31 Dec 2016
Guarantees given	1,703,102	1,720,309
Securities given	6,246,677	7,235,468
Contingent liabilities under legal disputes	93,809	93,809
Approved borrowing	54,702,602	54,702,317
<b>Total contingent liabilities</b>	<b>62,746,190</b>	<b>63,751,903</b>

### Financial instruments and financial risk management

The most significant risks to which the Group is exposed, 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 31 March 2017, the Group has invested 5,4 percent of its assets (at the end of the previous year 6,1 percent) in investments measured at fair value, whereof the parent company 96,3 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 and units of mutual fund assets. As at 31 March 2017, the value of non-current available-for-sale investments measured at fair value through equity, amounted to EUR 27,906,999.

The sensitivity analysis of finance investments measured at fair value:

#### Risk of change at fair value of securities as at 31 March 2017

Change of index in %	Impact on equity
-10%	-2.790.699
10%	2.790.699

#### Risk of change at fair value of securities as at 31 December 2016

Change of index in %	Impact on equity
-10%	-2.713.659
10%	2.713.659

## Fair value hierarchy

Valuation at fair value				
(in EUR)	Carrying amount at 31 Mar 2017	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
<b>Assets measured at fair value</b>				
Other interests and shares	27,906,999	27,906,999	0	0
<b>Liabilities measured at fair value</b>				
Interest rate hedging for borrowings	343,028	0	343,028	0

Valuation at fair value				
(in EUR)	Carrying amount at 31 Dec 2016	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
<b>Assets measured at fair value</b>				
Other interests and shares	27,136,597	27,136,597	0	0
		0	0	0
<b>Liabilities measured at fair value</b>				
Interest rate hedging for borrowings	419,873	0	419,873	0

## 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 – March 2017, the Group managed to reduce financial liabilities by 1,0 percent with respect to the previous business year, and as at 31 March 2017 they amounted to EUR 109,243,390 evrov.

The parent company of the Group has established the interest rate hedge for the non-current borrowing whose outstanding amount as at 31 March 2017 is recorded at EUR 33,278,689 matures in 2031.

The eventual change of variable interest rates may consequently effect 69,4 percent of total Group's borrowings and it did not change in comparison to the situation as at 31 December 2016. The remnant 30,6 percent are hedged against eventual changes of interest rate.

## Overview of exposure

(in EUR)	31 Mar 2017	Exposure 2017	31 Dec 2016	Exposure 2016
Borrowings received at variable interest rate (without interest rate hedge)	75,372,236	69.4%	75,951,946	69.2%
Borrowings received at variable interest rate (with interest rate hedge)	33,278,689	30.6%	33,852,459	30.8%
<b>Total</b>	<b>108,650,925</b>	<b>100.0%</b>	<b>109,804,405</b>	<b>100.0%</b>

## 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 31 Mar 2017	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
3M EURIBOR	33,086,522	20,435	34,058	117,942
6M EURIBOR	42,285,714	0	49,897	179,371
<b>Total effect on interests expenses</b>	<b>75,372,236</b>	<b>20,435</b>	<b>83,955</b>	<b>297,313</b>

(in EUR)	Borrowings from banks under the variable interest rate as at 31 Dec 2016	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
3M EURIBOR	33,666,232	21,304	35,507	106,243
6M EURIBOR	42,285,714	0	12,263	157,757
<b>Total effect on interests expenses</b>	<b>75,951,946</b>	<b>21,304</b>	<b>47,770</b>	<b>264,000</b>

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 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	3 to 5 years	More than 5 years	Total
<b>31 Mar 2017</b>						
Loans and borrowings*	4,182,052	9,400,347	15,781,399	39,483,849	39,803,279	108,650,925
Expected interest on all borrowings	414,636	918,540	1,163,421	1,992,520	1,052,185	5,541,303
Other financial liabilities	249,437	0	343,028	0	0	592,465
Payables to suppliers	14,789,025	0	0	0	0	14,789,025
Other operating liabilities	9,407,195	0	0	0	0	9,407,195
<b>Total</b>	<b>29,042,345</b>	<b>10,318,886</b>	<b>17,287,848</b>	<b>41,476,369</b>	<b>40,855,464</b>	<b>138,980,913</b>
<b>31 Dec 2016</b>						
Loans and borrowings*	1,153,481	10,608,251	16,060,399	41,605,225	40,377,049	109,804,405
Expected interest on all borrowings	259,331	1,119,510	1,224,865	2,112,360	1,118,250	5,834,316
Other financial liabilities	250,614	0	419,873	0	0	670,487
Payables to suppliers	14,905,729	0	0	0	0	14,905,729
Other operating liabilities	4,657,396	0	0	0	0	4,657,396
<b>Total</b>	<b>21,226,551</b>	<b>11,727,761</b>	<b>17,705,137</b>	<b>43,717,585</b>	<b>41,495,299</b>	<b>135,872,333</b>

#### 4. Management of currency risk

The risk of changes in foreign exchange rates arises from trade receivables denominated in US dollars (USD). In recent years, the Group managed to reduce the volume of outstanding trade receivables in US dollars to such extent, that their share is not even 1 percent of all receivables and therefore this risk is negligible from the point of view of eventual negative effects for the Group.

#### 5. Management of credit risk

Assets exposed to credit risk:

(in EUR)	31 Mar 2017	31 Dec 2016
Non-current loans	28,929	31,005
Non-current operating liabilities	41,772	41,772
Current deposits	80,233	97,366
Current loans	8,194	8,123
Current trade receivables	36,374,053	28,573,626
Other current receivables	2,241,202	2,907,293
Cash and cash equivalents	16,223,725	5,826,536
Guarantees and collaterals granted	7,949,779	8,955,777
<b>Total</b>	<b>62,947,887</b>	<b>46,441,498</b>

The management estimates that the Group'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*

(v evrih)	31 Mar 2017		31 Dec 2016	
	v evrih	delež (%)	v evrih	delež (%)
Equity	346,830,714	67.1%	331,978,920	67.8%
Non-current liabilities	117,052,960	22.6%	118,638,958	24.2%
Current liabilities	53,356,161	10.3%	39,373,219	8.0%
<b>Total accumulated profit</b>	<b>517,239,835</b>	<b>100.0%</b>	<b>489,991,097</b>	<b>100.0%</b>

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

## 24 Statement of the Management responsibility

The Management Board 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 Luka Koper Group for the period ending 31 March 2017, have been compiled in order that they shall provide a true and fair disclosure of Luka Koper, d. d., and Luka Koper Group. The condensed financial statements January – March 2017 have been compiled in accordance with the same accounting policies and principles applicable in Luka Koper, d. d., and Luka Koper 2016 annual reports.

These condensed interim statements for the period ending 31 March 2017, 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 2016. Financial statements for 2016 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 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, 4 May 2017