

2018



LUKA KOPER GROUP

**NON-AUDITED REPORT OF
LUKA KOPER GROUP AND
LUKA KOPER, D. D.,
JANUARY – JUNE 2018**

Kazalo

2018

LUKA KOPER GROUP

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INTRODUCTION

		1
1	Performance highlights of Luka Koper Group, January - June 2018	1
2	Introductory note	8
3	Presentation of Luka Koper Group	9
4	Corporate Management and Governance	11

BUSINESS REPORT

		13
5	Significant events, news and achievements January – June 2018	13
6	Relevant post-balance events	16
7	Performance analysis of Luka Koper Group in January – June 2018	17
8	Marketing: product groups and sales	33
9	Non-financial investments	39
10	Development activity	40
11	LKPG share	43
12	Risk management	47

SUSTAINABLE DEVELOPMENT

		48
13	Natural environment	48
14	Human resources	55
15	Commitment to the community	59

ACCOUNTING REPORT

		61
16	Separate Financial Statements of Luka Koper, d. d.	61
17	Notes to the Separate Financial Statements	67
18	Additional Notes to Separate Income Statements	70
19	Additional Notes to the Separate Statement of Financial Position	75
20	Consolidated Financial Statements of the Luka Koper Group	90
21	Notes to the Consolidated Financial Statements	96
22	Additional Notes to the Consolidated Income Statement	99
23	Additional Notes to the Consolidated Statement of Financial position	104
25	Statement of the Management responsibility	118

INTRODUCTION

1 Performance highlights of Luka Koper Group, January - June 2018

In the first half of 2018, the maritime throughput of Luka Koper Group stood at 12 million tonnes, which was at the level of the first half of 2017. In March 2018, a record monthly maritime throughput of 2.3 million tonnes was achieved.

12 MILLION TONNES

MARITIME THROUGHPUT 2018/2017 **+0 %**

In January – June 2018, the containers throughput amounted to 488 thousand TEUs and it was 6 percent ahead on the comparable period last year. In March 2018, a record monthly throughput of 92.3 thousand TEUs was achieved in Luka Koper, d. d., history.

488 THOUSAND TEUS

CONTAINERS 2018/2017 **+6 %**

In January - June 2018, the throughput of cars amounted to 409 thousand cars and was by 17 percent ahead on the comparable period in 2017. In March 2018, the highest monthly throughput in the amount of 81.6 thousand cars was achieved in the port's history.

409 THOUSAND CARS

AVTOMOBILI 2018/2017 **+17 %**

In the first half of 2018, net revenue from sale amounted to EUR 113 million and exceeded by 5 percent the achieved net revenue in 2017.

113 MILLION EUR

NET REVENUE FROM SALE 2018/2017 **+5 %**

In January – June 2018, the operating profit (EBIT) achieved EUR 43 million, which is 33 percent increase in comparison with the comparable period in 2017. Without taking into account the received compensation in the amount of EUR 9.1 million relating to the last year, when due to the collision during the storm, the quayside crane collapsed and was damaged, the operating profit (EBIT) in January – June 2018 would amount to EUR 33 million, which would be 5 percent ahead on 2017.

43 MILLION EUR

OPERATING PROFIT (EBIT) 2018/2017 **+33 %**

In the first half of 2018, the operating profit amounted to EUR 35 million, which is a year-on increase of 27 percent. Without taking into account a single event relating to the received compensation in the amount of EUR 9.1 million, the net operating revenue in January – June 2018, would amount to EUR 27 million, which would be at the last year's level.

35 MILLION EUR

NET OPERATING PROFIT 2018/2017 **+27 %**

In the first half of 2018, Luka Koper Group allocated 4.3 million for investments. Major implemented investents were the following:

- Recontruction of the existing diesel RTG cranes with aim to reduce the noise emissions
- Construction of the railwaytrack 61 with aim to increase the safety of the railway transport and traffic decongestion.
- Purchase of two terminal trailers for the traction of heavy cargoes from RO-RO vessels.
- Purchase of the 33 t forklift for the needs of the General cargoes.
- Start of the renovation of the administrative building at the Terminal of bulk cargoes.
- Purchase of the replacement equipment for the fire protection system.

4.3 MILLION EUR

INVESTMENTS 2018/2017 **-85 %**

In the first half of 2018, 103 new employments were realised in Luka Koper Group, which was a year-on increase of 9 percent resp. 95 employments, and the reached number of employees was 1.185 employees.

1,185

NUMBER OF EMPLOYEES 2018/2017 **+9 %**

Return On Equity (ROE)¹ in January – June 2018 amounted to 19.4 percent, which is 19 percent resp. 3.1 percentage point ahead on 2017. Without taking into account a sing event relating to the received compensation in the amount of EUR 9.1 million, the return on equity (ROE) in January – June 2018 would amount to 15.4 percent, which would be 5 percent resp. 0.9 percentage point decline in comparison with 2017.

19.4 %

RETURN ON EQUITY (ROE) 2018/2017 **+19 %**

¹ 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 in January – June 2018, in comparison to January – June 2017

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Income statement	1 – 6 2018	1 – 6 2017	IND 2018/ 2017	1 – 6 2018	1 – 6 2017	IND 2018/ 2017
Net sales	111,255,542	105,542,678	105	113,322,196	108,014,323	105
Earnings before interest and taxes (EBIT)	41,714,956	30,952,334	135	42,517,066	31,868,195	133
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	55,999,684	43,721,889	128	57,232,522	45,093,961	127
Profit or loss from financing activities	743,400	1,055,784	70	-502,757	-490,557	102
Profit before tax	42,458,356	32,008,118	133	42,725,146	32,241,113	133
Net profit or loss	34,663,418	27,119,155	128	34,805,355	27,376,397	127
Added value ²	81,654,776	68,066,715	120	86,234,723	72,598,636	119

Statement of financial position	30. 6. 2018	31. 12. 2017	IND 2018/ 2017	30. 6. 2018	31. 12. 2017	IND 2018/ 2017
Assets	559,678,125	518,952,909	108	577,107,809	536,478,688	108
Non-current assets	436,412,099	447,568,391	98	447,895,033	459,505,654	97
Current assets	123,266,026	71,384,518	173	129,212,776	76,973,034	168
Equity	338,818,150	320,652,651	106	368,923,871	350,437,387	105
Non-current liabilities with provisions and long-term accruals and	150,773,353	156,033,161	97	137,431,790	142,700,743	96
Short-term liabilities	70,086,622	42,267,097	166	70,752,148	43,340,558	163
Financial liabilities	141,820,195	133,114,842	107	125,820,195	117,114,842	107

Investments	1 – 6 2018	1 – 6 2017	IND 2018/ 2017	1 – 6 2018	1 – 6 2017	IND 2018/ 2017
Expenditure on investments in property, plant and equipment, investment property and intangible	4,018,378	29,213,351	14	4,296,955	29,390,930	15

² Added value = operating revenue + capitalised own products and services + other revenue – costs of goods, material, services – other operating expenses without operating expenses from revaluation.

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
	1 – 6 2018	1 – 6 2017	IND 2018/ 2017	1 – 6 2018	1 – 6 2017	IND 2018/ 2017
Return on sales (ROS) ³	37.5%	29.3%	128	37.5%	29.5%	127
Return on equity (ROE) ⁴	21.0%	17.6%	120	19.4%	16.2%	119
Return on assets (ROA) ⁵	12.9%	11.1%	116	12.5%	10.8%	116
EBITDA margin ⁶	50.3%	41.4%	122	50.5%	41.7%	121
EBITDA margin related to market activity ⁷	51.2%	42.5%	120	51.4%	42.9%	120
Financial liabilities/equity	41.9%	44.8%	93	34.1%	36.4%	94
Net financial debt/EBITDA ⁸	0.6	1.6	36	0.4	1.3	29

	1 – 6 2018	1 – 6 2017	IND 2018/ 2017	1 – 6 2018	1 – 6 2017	IND 2018/ 2017
Maritime throughput (in tons)						
Maritime throughput	11,981,170	11,942,054	100	11,981,170	11,942,054	100

	1 – 6 2018	1 – 6 2017	IND 2018/ 2017	1 – 6 2018	1 – 6 2017	IND 2018/ 2017
Number of employees						
Number of employees	1,002	909	110	1,185	1,090	109

³ Return on sales (ROS) = operating profit (EBIT) / net revenue from the sale

⁴ Indicator calculated on the basis of annualised data

⁵ Indicator calculated on the basis of annualised data

⁶ EBITDA margin = Operating Earning Before Aamortisation (EBITDA) / net revenue from the sale

⁷ EBITDA margin from the sale = Operating Earning before amortisation izid iz poslovanja pred amortizacijo (EBITDA) / net revenue from the sale from market activity

⁸ Net financial indebtedness /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 in January – June 2018 in comparison to Plan January – June 2018

(In EUR)	Luka Koper, d. d.			Luka Koper Group		
Income statement	1 - 6 2018	PLAN 1 - 6 2018	IND 2018/ PLAN 2018	1 - 6 2018	PLAN 1 - 6 2018	IND 2018/ PLAN 2018
Net sales	111,255,542	112,294,182	99	113,322,196	114,162,387	99
Earnings before interest and taxes (EBIT)	41,714,956	30,108,448	139	42,517,066	30,588,964	139
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	55,999,684	44,294,891	126	57,232,522	45,168,805	127
Profit or loss from financing activities	743,400	495,637	150	-502,757	-641,988	78
Profit before tax	42,458,356	30,604,085	139	42,725,146	30,674,904	139
Net profit or loss	34,663,418	25,860,991	134	34,805,355	25,856,145	135
Added value ⁹	81,654,776	70,480,803	116	86,234,723	74,386,005	116

Statement of financial position	30. 6. 2018	PLAN 30. 6. 2018	IND 2018/ PLAN 2018	30. 6. 2018	PLAN 30. 6. 2018	IND 2018/ PLAN 2018
Assets	559,678,125	526,946,250	106	577,107,809	543,781,735	106
Non-current assets	436,412,099	446,109,675	98	447,895,033	455,951,865	98
Current assets	123,266,026	80,836,575	152	129,212,776	87,829,870	147
Equity	338,818,150	358,859,183	94	368,923,871	388,170,342	95
Non-current liabilities with provisions and long-term accruals and	150,773,353	132,688,973	114	137,431,790	119,253,013	115
Short-term liabilities	70,086,622	35,398,095	198	70,752,148	36,358,379	195
Financial liabilities	141,820,195	125,958,643	113	125,820,195	109,958,749	114

⁹ Added value = operating revenue + capitalised own products and services + other revenue – costs of goods, material, services – other operating expenses without operating expenses from revaluation.

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Investments	1 - 6 2018	PLAN 1 - 6 2018	IND 2018/ PLAN 2018	1 - 6 2018	PLAN 1 - 6 2018	IND 2018/ PLAN 2018
Expenditure on investments in property, plant and equipment, investment property and intangible assets	4,018,378	13,645,681	29	4,296,955	13,887,106	31

Ratios (in %)	1 - 6 2018	PLAN 1 - 6 2018	IND 2018/ PLAN 2018	1 - 6 2018	PLAN 1 - 6 2018	IND 2018/ PLAN 2018
Return on sales (ROS) ¹⁰	37.5%	26.8%	140	37.5%	26.8%	140
Return on equity (ROE) ¹¹	21.0%	15.2%	138	19.4%	14.0%	138
Return on assets (ROA) ¹²	12.9%	9.9%	130	12.5%	9.6%	131
EBITDA margin ¹³	50.3%	39.4%	128	50.5%	39.6%	128
EBITDA margin related to market activity ¹⁴	51.2%	41.2%	125	51.4%	41.3%	125
Financial liabilities/equity	41.9%	35.1%	119	34.1%	28.3%	120
Net financial debt/EBITDA ¹⁵	0.6	1.1	53	0.4	0.8	45

Maritime throughput (in tons)	1 - 6 2018	PLAN 1 - 6 2018	IND 2018/ PLAN 2018	1 - 6 2018	PLAN 1 - 6 2018	IND 2018/ PLAN 2018
Maritime throughput	11,981,170	11,861,150	101	11,981,170	11,861,150	101

Number of employees	1 - 6 2018	NAČRT 1 - 6 2018	IND 2018/ NAČRT 2018	1 - 6 2018	NAČRT 1 - 6 2018	IND 2018/ NAČRT 2018
Number of employees	1,002	1,083	93	1,185	1,241	95

¹⁰ Return on sales (ROS) = operating profit (EBIT) / net revenue from the sale

¹¹ Indicator calculated on the basis of annualised data

¹² Indicator calculated on the basis of annualised data

¹³ EBITDA margin = Operating Earning Before Amortisation (EBITDA) / net revenue from the sale

¹⁴ EBITDA margin from the sale = Operating Earning before amortisation izid iz poslovanja pred amortizacijo (EBITDA) / net revenue from the sale from market activity

¹⁵ Net financial indebtedness / EBITDA = (financial liabilities – cash and cash equivalents) / EBITDA

The indicator is calculated on the basis of annualised data .

2 Introductory note

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 – June 2018.

This Non-Audited Report of Luka Koper Group and Luka Koper, d. d., January – June 2018 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, from August 31, 2018 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 Group and Luka Koper, d. d., in January – June 2018 was addressed by the company's Supervisory Board at its regular session on August 31, 2018.

3 Presentation of Luka Koper Group

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

Profile of the company Luka Koper, d. d., as of 31 August 2018

Company name	LUKA KOPER, pristaniški in logistični sistem, delniška družba
Short company name	Luka Koper, d. d.
Registered office	Koper
Business address	Koper, Vojkovo nabrežje 38, 6000 Koper-Capodistria
Company's legal form	Joint stocking company
	Phone 05 66 56 100
	Fax: 05 63 95 020
	Email: portkoper@luka-kp.si
	Website: www.luka-kp.si
	Sustainable development: http://www.zivetispristaniscem.si
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 evra
Number of shares	14.000.000 navadnih kosovnih delnic
Share listing	Ljubljana Stock Exchange
Share-ticket symbol	LKPG
President of the Management Board	Dimitrij Zadel
Member of the Management Board	Metod Podkrižnik
Member of the Management Board	Irma Gubanec, M.Sc.
Member of the Management Board – Labour Director	Vojko Rotar
President of the Supervisory Board	Uroš Ilić
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

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 Groups as of 30 June 2018

- 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

As at 30 June 2018, Luka Koper, d. d., Management Board comprised the following members:

- Dimitrij Zadel, President of the Management Board, appointed on 29 December 2017,
- Metod Podkrižnik, Member of the Management Board, commenced a five-year term on 29. December 2017,
- Irma Gubanec, M.Sc., Member of the Management Board, commenced a five-year term on 29 December 2017,
- Vojko Rotar, Member of the Management Board, Labour Director, commenced a five-year term on 16 February 2018.

A presentation of Luka Koper, d.d. Members of the Management Board is available on the company's website <https://luka-kp.si/slo/vodstvo-druzbe-193>.

Luka Koper, d. d. Supervisory Board

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

As of 30 June 2018, the Supervisory Board comprised:

Erepresentatives of the shareholders:

- Uroš Ilić, M.Sc. President of the Supervisory Board, commenced a for-year term on 1 July 2017 (28th General Shareholders' Meeting),
- Andraž Lipolt, M.Sc., Deputy President of the Supervisory Board, commenced a for-year term on 1 July 2017 (28th General Shareholders' Meeting),
- Rado Antolovič, Member of the Supervisory Board, commenced a four-year term on 1 July 2017 (28th General Shareholders' Meeting),
- Milan Jelenc, M.Sc., Member of the Supervisory Board, commenced a four-year mandate on 1 July 2017 (28th General Shareholders' Meeting),
- Barbara Nose, Member of the Supervisory Board, commenced a four-year term on 1 July 2017 (28th General Shareholders' Meeting),
- Sabina Mozetič, Member of the Supervisory Board, representative of the Municipality of

Koper, commenced a four-year term on 21 August 2015 (26th General Shareholders' Meeting).

Representatives of Employees

- Mladen Jovičić, Member of the Supervisory Board, commenced a four-year mandate on 8 April 2017,
- Marko Grabljevec, Member of the Supervisory Board, commenced a four-year mandate on 18 January 2016,
- Rok Parovel, Member of the Supervisory Board, commenced a four-year mandate on 12 September 2016.

External Member of the Supervisory Board Audit Committee

Mateja Kupšek, appointed for the term from 30 August 2017 until revocation.

BUSINESS REPORT

5 Significant events, news and achievements January – June 2018

JANUARY

- The Government of the Republic of Slovenia adopted a decree amending the management and administration of the Port of Koper and so enabled the expansion of the concession area for the construction of a new entrance into the Port at Sermin.
- Luka Koper organised a conference within the framework of the European project ELEMED, of which goal is the establishment of the infrastructure for alternative fuels.

FEBRUARY

- The cruise ship Arethusa inaugurated the cruise season 2018.
- The Supervisory Board gave the approval to the Business Plan of Luka Koper, d.d. and Luka Koper Group.
- The Supervisory Board consensually terminated the management agreement with Stojan Čepar and at his post appointed Vojko Rotar.
- The Management Board of Luka Koper and the Trade union of crane operators signed a social agreement which shall ensure a long-term social stability.

MARCH

- Luka Koper sold the Prisoje facility to the University of Primorska, which used to be a rooming house, and afterwards a vacation facility.
- At its regular session held on March 26, 2018, the Supervisory Board of Luka Koper, d.d. discussed the progress of the company's restructuring and was briefed about the proposal for a port services providers strategy, prepared by the Management Board. Further on, the strategy will be verified by adopting external professional expertises, particularly as regards its legality, economy, autonomy and business performance. Meanwhile, the Management Board will the action plan on the strategy implementation and start the key preparation activities.
- Luka Koper, d. d., reached a conditional court settlement with the PanSlovenian Shareholders' Association (VZMD), based on which the Association renounced its claim on rendering null and void the resolutions adopted by the General Shareholders' Meeting

relating to the appointment of the members of the Supervisory Board Milan Jelenc, Andraž Lipolt and Barbara Nose.

- Adria Kombi established a new direct railway service, which will connect three times per week the container terminal of Luka Koper with the container terminal Riem in München.
- Luka Koper presented itself at the biggest cruise trade fair Seatrade Cruise Global 2018.
- At 20th anniversary of awarding the recognitions of the Republic of Slovenia for business excellence, Luka Koper, d.d. was awarded a jubilee recognition.
- Luka Koper organised a traditional Port of Koper Day of Slovenian Logistics in Kairo and Alexandria for business partners from Egypt.
- The railway operator Integrail introduced a new regular container connection between the container terminal of Luka Koper and Mahart Container center in Budapest.
- In March, Luka Koper achieved the highest monthly maritime throughput so far and the highest monthly throughput at the container and car terminal.

APRIL

- The Japanese shipping company Ocean Network Express – ONE established a new container service from Koper with the most important port's centers in Egypt and Greece..
- Within the framework of the European project SUPAIR, Luka Koper organised the meeting with the representatives of local communities and the inhabitants on the noise emitted by the ships.
- Luka Koper published a call for the allocation of sponsorships and donations from the Living with the Port fund.
- The French shipping company CMA CGM established a new regular container service between Koper, Pireum, Limassol, Alexandria, Beirut and Mersin.
- The Taiwan shipping company Yang Ming established a new regular container service between Koper and the ports of Pireum and Damietta.
- Luka Koper joined the business delegation in Tokyo, which prepared a presentation "Slovenia – Logistics Platform for Central and Southeastern Europe" for Japanese businessmen.
- The railway operator Adria Transport, d. o. o., which is 50% owned by Luka Koper, purchased a new state-of-art electric locomotive Siemens 193 type Vectron and therefore, increased its fleet on six locomotive.
- According to the information of a specialized magazine Automotive Logistics, in 2017, the Port of Koper was a ninth largest port in Europe and in the third in the Mediterranean area in the quantity of handled cars.
- Slovenian Institute of Quality (SIQ) carried out the external audit in Luka Koper, d. d., and its

subsidiaries Luka Koper INPO, d. o. o., Adria Terminali, d. o. o., and Luka Koper Pristan, d. o. o. .

- The PanSlovenian Shareholders' Association withdrew from the conditional court settlement in the court proceeding conducted before the District Court in Koper, where it claims on rendering nul and void the resolutions, relating to the appointment of the members of the Supervisory Board Milan Jelenc, Andraž Lipolt and Barbara Nose.

MAY

- At the traditional Port's Day, Open Ports Day, the visitors could visit the port and get acquainted with Port's processes.
- Luka Koper presented itself at the specialised fair trade for general and special cargoes 'Breakbulk Europe'.
- Luka Koper awarded the best suppliers in 2017. The companies: Konecranes Finland, Terberg Benschop, Nautic Service Dvigal and Šmitran received the recognitions.
- Jointly with 18 logistics companies from Slovenia , Luka Koper, d.d. presented the transport route through the Port of Koper in Wroclaw (Poland).
- Luka Koper was awarded the excellence in communication – Prizma for the comprehensive communication programme at the 60th anniversary of the company .

JUNE

- Luka Koper signed the Cooperation Agreement with the Chinese port Ningbo Zhoushan Port Group.
- MAERSK line established the regular railway/container connection between Koper and the terminal in Melnik (Czech Republic).
- Luka Koper presented itself in Linz at the Austrian Logistics Day, the largest specialised event of this type in Austria.
- 20 ports from ten countries of the European and African Mediterranean area, among which also Luka Koper, founded the MEDports association, which will pursue the objective of a major recognition and efficiency of Mediterranean ports in the global maritime transport.
- According to the information of the Austrian magazine Verkehr specialised in logistics, in 2017 the largest part of the maritime transport of Austrian companies was carried out through the Port of Koper.
- The Government of the Republic of Slovenia amended the Decree on the management and administration of the Port of Koper and so enabled the expansion of the concession area Koper and so enabled the expansion of the concession area on land and sea for 704.436 m².
- The Government of the Republic of Slovenia adopted the Regulation on Limit Values of Noise

Indicators in the Environment, which entered into force on 7 July 2018 (Official Gazette of the Republic of Slovenia No. 43/18).

- The Slovenian Environmental Agency issued the environmental permit for the comprehensive arrangement of the Pier I in the relaunched procedure.
- At the 30th Shareholders General Meeting of Luka Koper, d. d., held on June 29, 2018 the shareholders:
 - Adopted the decision on the proposal for the appropriation of the accumulated profit for the year 2017 in the amount of EUR 17.261.910,95 (counter proposal, proposed by the PanSlovenian Shareholders' association and the Slovenian Sovereign Holding (SDH) was adopted:
 - A portion of accumulated profit in the amount of EUR 17.220.000,00 is to be used for dividend payout in the gross value of EUR 1,23 per ordinary share,
 - The residual amount of accumulated profit in the amount of EUR 41.910,95 to remain unappropriated.
 - granted discharge to the Management Board and Supervisory Board Members for 2017, except to Mladen Jovičić.
 - were informed about the approved Annual Report of Luka Koper, d. d., and Luka Koper Group for 2017 with auditor's opinion and the Supervisory Board Report on the examination of the Annual Report of Luka Koper, d. d., and Luka Koper Group for 2017,
 - were informed about the Report on court proceedings against former Members of the Management Board and Members of the Supervisory Board.

6 Relevant post-balance events

JULY

- The shipping company and the logistics provider Tarros established a new regular container service, which connects Koper with Eastern Mediterranean.
- Luka Koper signed a Letter of Intent for the conclusion of the agreement on the implementation of the mitigating measures for the reduction of the environmental impacts of the port's activity and further port's development with the Municipality of Koper.
- On July 21, 2018 entered into force the Act regulating the construction, operation and management of the second of the Divača-Koper railway line, which will be an additional financial burden for the company, but on long term it will enable the sustainable development of Luka Koper and the throughput increase through the Port of Koper.

7 Performance analysis of Luka Koper Group in January – June 2018

Summary of performance of LUKA KOPER GROUP in January – June 2018

Comparison of achieved results of Luka Koper group in January – June 2018 and 2017

In January – June 2018, Luka Koper Group net revenue amounted to EUR 113.3 million, which is 5 percent resp. EUR 5.3 million ahead on the first half in 2017. In comparison to the previous year, the net revenue from of Luka Koper Group increased from the performance of primary activity of loading and unloading of goods, stuffing and unstuffing of containers, storage and provision of additional services and from the revenues from rentals.

In January – June, the net revenue from sale of Luka Koper Group from the sales / market activity recorded a 6 percent resp. EUR 6.1 million year-on increase, the net revenue from the performance of the public utility service of regular maintenance of the port infrastructure intended for public transport, lagged behind with respect to the previous year by 29 percent resp. EUR 795.7 thousand, which resulted in the increase of total revenue of Luka Koper Group in January – June 2018, which grew by 5 percent resp. by EUR 5.3 million in comparison with the revenue generated in the equivalent period last year.

In the first half of 2018, capitalised own products amounted to EUR 631.9 thousand. Among the capitalised own products and services, the Group accounted the maintenance works on the infrastructure, which were to a greater extent performed by the associated company Luka Koper INPO, d. o. o.

Other revenue of Luka Koper Group in the first half of 2018 amounted to EUR 12.3 million, which is EUR 10.9 ahead on the comparable period in 2017. In June 2018, within other revenue was recognised the received compensation in the amount of EUR 9.1 million. relating to the last year's accident when due to the ship's collision during the storm, the quayside crane collapsed and was damaged. Revaluation operating revenue amounted to EUR 1.1 million, the largest share refers to the sale of the facility with the pertaining land.

In January – June 2018, the operating expense of Luka Koper Group amounted to EUR 83.8 million, which is a year-on increase of 8 percent resp. EUR 5.9 million. Within the framework of operating expenses, in comparison with the equivalent period in 2017, increased all types of costs, except other operating expense. The cost of material of Luka Koper Group achieved

EUR 8.3 million, which is 2 percent resp. EUR 197.7 thousand ahead on 2017. The costs of services in January – June 2018 amounted to EUR 27.8 million, which is 10 percent resp. EUR 2.6 million ahead on 2017. The labour costs of Luka Koper Group in January – June 2018 amounted to EUR 28.7 million, which is 7 percent resp. EUR 1.8 million increase in comparison with 2017. Amortization costs amounted to EUR 14.7 million, which is 11 percent, or EUR 1.5 million more than in 2017. Other operating expense amounted to EUR 4.3 million, which is 6 percent resp. EUR 253.3 thousand decrease in comparison to the equivalent period in 2017.

The share of operating expense within net revenue from sale in the first half of 2018 amounted to 73.9 percent, which is 1.8 percentage point ahead on 2017. In comparison with 2017, the share of cost of services and amortisation within the net revenue from sale, the share of labour costs and other operating expense stood at the same level.

The operating profit (EBIT) of Luka Koper Group in January – June 2018 amounted to EUR 42.5 million, which is 33 percent resp. EUR 10.6 million increase in comparison with 2017. Without taking into account a single event related to the received compensation in the amount of EUR 9.1 million, the operating profit (EBIT) in January – June 2018 would amount to EUR 33.4 million, which would be 5 percent resp. EUR 1.5 million ahead on 2017.

In January – June 2018, earnings before interest, taxes, depreciation and amortisation (EBITDA) of Luka Koper Group amounted to EUR 57.2 million, which is 27 percent resp. EUR 12.1 million ahead on the comparable period in 2017. Without taking into account a single event related to the received compensation in the amount of EUR 9.1 million, the earnings before interest, taxes, depreciation and amortisation (EBITDA) in January – June 2018 would amount to EUR 48.1 million, which would be 7 percent resp. EUR 3 million ahead on 2017.

The EBITDA margin of Luka Koper Group in the first half of 2018 amounted to 50.5 percent, which is 21 percent resp. 8.8 percentage point ahead on the first half of 2017. Without taking into account a single event related to the received compensation in the amount of EUR 9.1 million, the EBITDA margin in January – June 2018 amounted to 42.5 percent, which would be 2 percent resp. 0.7 percentage point ahead on 2017.

The financial result in 2018 amounted to EUR -502.8 thousand, whilst in the comparable period in 2017, Luka Koper Group achieved the financial result in the amount of EUR -490.6 thousand. The results of the associated companies in January – June 2018 increased the profit before tax of Luka Koper Group for EUR 710.8 thousand, which is 18 percent resp. EUR 152.6 thousand decline in comparison with the equivalent period in 2017.

Net profit of Luka Koper Group in the first half of 2018 amounted to EUR 34.8 million, which is 27 percent resp. EUR 7.4 million ahead on 2017. Without taking into account the received compensation in the amount of EUR 9.1 million, the net profit in January – June 2018 would amount to EUR 27.4 million, which would be at the level achieved in 2017.

The Return On Equity (ROE) in January – June 2018 amounted to 19.4 percent, which is 19 percent resp. 3.1 percentage point ahead on 2017. Without taking into account the received compensation in the amount of EUR 9.1 million, the Return On Equity (ROE) in January – June 2018 amounted to 15.4 percent, which would be 5 percent resp. 0.9 percentage point decrease in comparison with 2017.

Financial liabilities of Luka Koper Group as at 30 June 2018 amounted to EUR 125.8 million, which is 7 percent resp. EUR 8.7 million ahead on 31 December 2017. The liabilities relating to the appropriation of the profit increased from the dividends pay-out.

Non-current financial liabilities towards banks of Luka Koper Group as at 30 June 2018 were 73.9 percent of total financial liabilities. In comparison to 31 December 2017, their share decreased by 12.1 percentage point. This decrease is attributable to the increase of the share of other current financial liabilities from recognised liabilities for dividends.

In the first half of 2018, Luka Koper Group allocated EUR 4.3 million for investments.

Realisation of plans

Net revenue from sale of Luka Koper Group in January – June 2018 amounted to EUR 113.3 million, which is 1 percent resp. EUR 840.2 thousand decline in comparison to the planned net revenue from sale.

Net revenue from sale of Luka Koper Group from the market activity in January – June 2018 exceeded the planned net revenue from sale by 2 percent resp. EUR 1.8 million, whilst the revenue from the performance of the public utility service of regular maintenance of the port's infrastructure intended to public traffic lagged behind the plan by 57 percent resp. by EUR 2.7 million, which consequently resulted in the decrease of the total revenue of Luka Koper Group in January – June 2018 by one percent in comparison to the planned revenue.

In January – June 2018, the operating profit (EBIT) of Luka Koper Group amounted to EUR 42.5 million, which is 39 percent resp. EUR 11.9 million ahead on the planned. Without taking in account a single event related to the the received compensation in the amount of EUR 9.1 million, the operating profit (EBIT) in January – June 2018 would amount to EUR 33.4 million, which would be 9 percent resp. EUR 2.8 ahead on the planned.

In January – June 2018, earnings before interest, taxes, depreciation and amortisation EBITDA of Luka Koper Group amounted to EUR 57.2 million, and exceeded by 27 percent resp. EUR 12.1 million the planned EBITDA. Without taking into account a single event related to the received compensation in the amount of EUR 9.1 million, the EBITDA in January – June 2018 would amount to EUR 48,1 million, which would be 7 percent resp. EUR 3 million ahead on the planned.

The EBITDA margin of Luka Koper Group in the first half of 2018 amounted to 50.5 percent, which is 28 percent resp. 10.9 percentage point ahead on the planned. Without taking into account a single event related to the received compensation in the amount of EUR 9.1 million, the EBITDA margin in January – June 2018 would amount to 42.5 percent, which would be 7 percent resp. 2.9 percentage point ahead on the planned.

The EBITDA margin of Luka Koper from the market activity in the first half of 2018 amounted to 51.4 percent, which is 25 percent resp. 10.2 percentage point ahead on the planned. Without taking into account the received compensation in the amount of 9.1 million, the EBITDA margin from the market activity in January – June 2018 would amount to 43.2 percent, which would be 5 percent resp. 2 percentage point ahead on the planned.

Net profit of Luka Koper Group in the first half of 2018 amounted to EUR 34.8 million, which is 35 percent resp. EUR 8.9 million ahead on the planned. Without taking into account a single event related to the received compensation in the amount of EUR 9.1 million, the net profit of Luka Koper Group in January – June 2018 would amount to EUR 27.4 million, which is 6 percent resp. EUR 1.5 million ahead on the planned.

The Return On Equity (ROE) in January – June 2018 amounted to 19.4 percent, which is 38 percent resp. 5.4 percentage point ahead on the planned. Without taking into account a single event related to the received compensation in the amount of received compensation in the amount of EUR 9.1 million, the Return On Equity (ROE) in January – June 2018 would amount to 15.4 percent, which would be 10 percent resp. 1.4 percentage point ahead on the planned.

7.2 Summary of the performance of LUKA KOPER, D. D., January – June 2018

Comparison of achieved results of Luka Koper, d. d., January – June 2018 and 2017

In January – June 2018, the net revenue from sale of Luka Koper, d. d., amounted to EUR 111.3 million, which is 5 percent resp. EUR 5.7 million ahead on the first half of 2017. Net revenue from sale of Luka Koper, d.d. in comparison to the previous year, increased from the core activity of loading and unloading, stuffing and unstuffing of containers, warehousing and additional services and the revenue from rentals.

Net revenue from sale of Luka Koper, d. d., from the market activity in January – June 2018 exceeded the last year's net revenue from sale by 6 percent resp. by EUR 6.5 million, from the performance of the public utility service of regular maintenance of the port's infrastructure, intended for the public transport, lagged behind last year's by 29 percent resp. EUR 795.7 thousand, which had an impact on the total revenue of Luka Koper, d. d., in January – June 2018 which was 5 percent resp. EUR 5.7 million higher than the achieved net revenue from sale in the comparable period last year.

Other revenue of Luka Koper, d. d., in the first half of 2018 amounted to EUR 11.5 million, which is 11 million ahead on the comparable period in 2017. In June 2018, within other revenue, the compensation in the amount of EUR 9.1 million related to the last year accident was received, and namely for the damaged quayside crane which collapsed due to the ship's collision caused by a strong wind in June 2017.

In January – June 2018, the operating expenses of Luka Koper, d. d., amounted to EUR 81.1 million, which is 8 percent resp. EUR 6 million ahead on 2017. Within the operating expenses comparably to the same period last year all types of costs increased, except other expenses. In the first half of 2018, the cost of material of Luka Koper, d. d., amounted to EUR 8 million, which is 9 percent resp. EUR 681.5 thousand ahead on 2017. The cost of services in January – June 2018 amounted to EUR 29.2 million, and increased by 9 percent resp. by EUR 2.4 million in comparison to the equivalent period in 2017. The labour costs of Luka Koper, d. d., in the first half of 2018 amounted to EUR 25.5 million, which is 7 percent resp. EUR 1.8 million ahead on 2017. Depreciation costs of Luka Koper, d. d., amounted to EUR 14.3 million in the first half of 2018, which is 12% or 1.5 million more than in 2017. Other operating expense of Luka Koper, d. d., amounted to EUR 4.1 million, which is 8 percent resp. EUR 349.3 thousand decline in comparison with the first half of 2017.

The share of operating expense within net revenue from sale in the first half of 2018 amounted to 72.9 percent, which is 1.7 percentage point ahead on 2017. In comparison with

2017 the share of cost of services, labour costs and amortisation within the net revenue from sale stood at the same level.

The operating profit (EBIT) of Luka Koper, d. d., in January – June 2018 amounted to EUR 41.7 million, which is 35 percent resp. EUR 10.8 million increase in comparison with 2017. Without taking into account a single event related to the received compensation in the amount of EUR 9.1 million, the operating profit (EBIT) in January – June 2018 would amount to EUR 32.6 million, which would be 5 percent resp. EUR 1.7 million ahead on 2017.

In January – June 2018, the EBITDA of Luka Koper, d. d., amounted to EUR 56 million, which is 28 percent resp. EUR 12.3 million ahead on the comparable period in 2017. Without taking into account a single event related to the received compensation in the amount of EUR 9.1 million, earnings before interest, taxes, depreciation and amortisation (EBITDA) in January – June 2018 would amount to EUR 46.9 million, which would be 7 percent resp. EUR 3.2 million ahead on 2017.

The EBITDA margin of Luka Koper, d. d., in the first half of 2018 amounted to 50.3 percent, which is 22 percent resp. 8.9 percentage point ahead on 2017. Without taking into account a single event related to the received compensation in the amount of EUR 9.1 million the EBITDA margin in January – June 2018 would amount to 42.2 percent, which would be 2 percent resp. 0.7 percentage point ahead on 2017.

The financial result in the first half of 2018 amounted to EUR 743.4 thousand, whilst in the comparable period in 2017 Luka Koper, d. d., achieved the financial result in the amount of EUR 1.1 million.

Net profit of Luka Koper, d. d., in the first half of 2018 amounted to EUR 34.7 million, which is 28 percent resp. EUR 7.5 million ahead on 2017. Without taking into account a single event related to the received compensation in the amount of EUR 9.1 million, the net profit in January – June 2018 would amount to EUR 27.2 million, which would be at the level achieved in 2017.

The Return on Equity (ROE) in January – March 2018 amounted to 21 percent, which is 20 percent resp. 3.5 percentage point ahead on 2017. Without taking into account a single event related to the received compensation in the amount of EUR 9.1 million, the Return On Equity (ROE) in January – June 2018 would amount to 16.7 percent, which would be 5 percent resp. 0.9 percentage point decline in comparison with 2017.

Financial liabilities of Luka Koper, d. d., as at 30 June 2018 amounted to EUR 141.8 million, which is 7 percent resp. EUR 8.7 million ahead on 31 December 2017. The liabilities towards banks decreased by EUR 8.3 million. The liabilities relating to the appropriation of the

profit increased by EUR 17.2 million from the dividends pay-out, which will be effected on 31 August 2018.

Non-current financial liabilities towards banks of Luka Koper, d. d., as at 30 June 2018 were 65.5 percent of total financial liabilities. In comparison to 31st December 2017, their share decreased by 10.1 percentage point

In the first half of 2018, Luka Koper, d. d., allocated EUR 4 million for investments.

Realisation of plans

Net revenue from sale of Luka Koper, d. d., in January – June 2018 amounted to EUR 111.3 million, which is 1 percent resp. EUR 1 million below the planned net revenue from sale.

Net revenue from sale of Luka Koper, d. d., from the market activity in January – June 2018 exceeded the planned net revenue from sale by 2 percent resp. EUR 1.6 million, whilst the revenue from the performance of the public utility service of regular maintenance of the port's infrastructure destined to public traffic lagged behind the plan by 57 percent resp. by EUR 2.7 million, which resulted in decrease of the total revenue of Luka Koper, d. d., in January – June 2018, which dropped by 1 percent resp. it was EUR 1 million below the planned net revenue from sale.

The operating profit (EBIT) of Luka Koper, d. d., in January – June 2018 amounting to EUR 41.7 million, exceeded the planned operating profit by 39 percent resp. EUR 11.6 million. Without taking into account a single event related to the received compensation in the amount of EUR 9.1 million, the operating profit (EBIT) in January – June 2018 would amount to EUR 32.6 million, which would be 8 percent resp. EUR 2.5 million ahead on the planned.

In January – June 2018, the earnings before interest, taxes, depreciation and amortisation (EBITDA) of Luka Koper, d. d., amounted to EUR 56 million, which is 26 percent resp. EUR 11.7 million ahead on planned. Without taking into account the received compensation in the amount of 9.1 million, earnings before interest, taxes, depreciation and amortisation (EBITDA) in January – June 2018, would amount to EUR 46.9 million, which would be 6 percent resp. EUR 2.6 ahead on the planned.

In the first half of 2018, the EBITDA margin of Luka Koper, d. d., amounted to 50.3 percent, and exceeded the planned EBITDA by 28 percent resp. by 10.9 percentage point.

Without taking into account the received compensation in the amount of 9.1 million, the EBITDA margin in January – June 2018 would amount to 42.2 percent, which would be 7 percent resp. 2.7 percent ahead on the planned.

The EBITDA margin of Luka Koper, d. d., from the market activity in the first half of 2018 amounted to 51.2 percent, which is 25 percent resp. 10.1 percentage point ahead on the planned. Without taking into account the received compensation in the amount of EUR 9.1 million, the EBITDA margin from the sales in January – June 2018 would amount to 42.9 percent, which is 4 percent resp. 1.8 percentage point ahead on the planned.

In the first half of 2018, the net profit of Luka Koper, d. d., amounted to EUR 34.7 million, which is 34 percent resp. EUR 8.8 ahead on the planned. Without taking into account the received compensation in the amount of 9.1 million, the net profit of Luka Koper, d. d., in January – June 2018 would amount to EUR 27.2 million, which would be 5 percent resp. EUR 1.4 million ahead on the planned.

The Return On Equity (ROE) in January – June 2018 amounted to 21 percent, which is 38 percent resp. 5.8 percentage point ahead on the planned. Without taking into account the received compensation in the amount of 9.1 million, the Return On Equity (ROE) in January – June 2018, would amount to 16.7 percent, which would be 10 percent resp. 1.5 percentage point ahead on the planned.

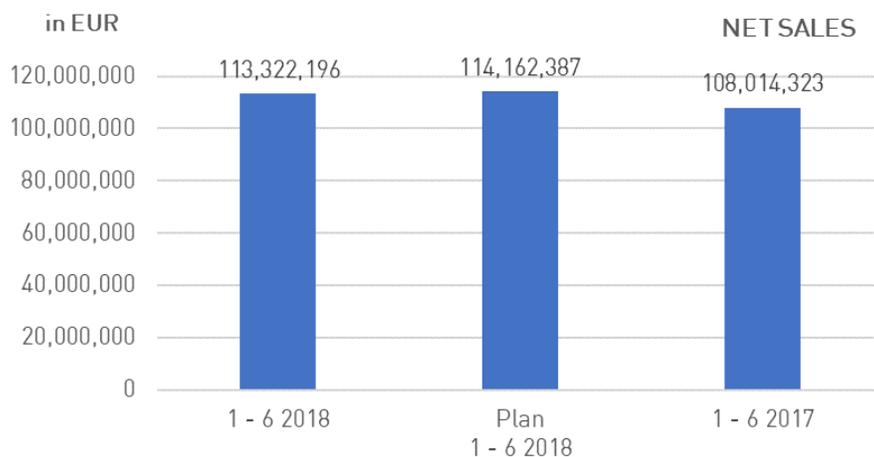
More detailed analysis of performance set out below refers to the performance of Luka Koper Group.

The items in which with respect to the previous year the index is higher by 5 percent and meanwhile the absolute deviation exceeds by 1 percent the achieved operating profit (EBIT), are explained.

NET REVENUE FROM SALE

In January – June 2018, the net revenue from the sale of Luka Koper Group amounted to EUR 113.3 million, which is 5 percent resp. EUR 5.3 million ahead on 2017. The net revenue from sale of Luka Koper Group increased from the core activity of loading and unloading of goods, storage, additional services and from rentals.

Net revenue from sale of Luka Koper Group



CAPITALIZED OWN PRODUCTS AND SERVICES

Capitalized own products and services in the first half of 2018 amounted to EUR 631.9 thousand. Among the capitalized own products and services, Luka Koper Group accounted maintenance works on the infrastructure, which were to the major extent performed by the subsidiary company Luka Koper INPO, d. o. o.

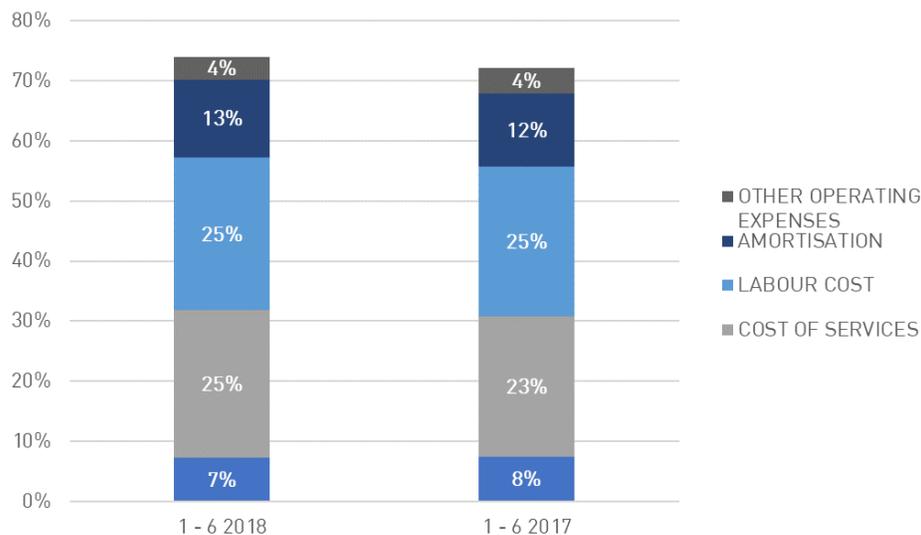
OTHER REVENUE

Other revenue of Luka Koper Group in the first half of 2018 amounted to EUR 12.3 million, which is EUR 10.9 million ahead on the comparable period in 2017. In June 2018, within other revenue was recognised the received compensation in the amount of EUR 9.1 million for the damaged quayside crane, which collapsed in June 2017, due to the vessels' collision occurred during the storm. Revaluation operating revenues amounted to EUR 1.1 million, the largest portion of this item is related to the sale of the Pristan facility.

OPERATING EXPENSES

In January – June 2018, the operating expenses of Luka Koper Group amounted to EUR 83.8 million, which is 8 percent resp. EUR 5.9 million ahead on 2017. Within the operating expenses, in comparison with the same period in 2017, all types of costs increase, except other operating expenses. The share of operating expenses within net revenue from sale, amounted to 73.9 percent, which is 1.8 percentage point ahead on 2017. In comparison with 2017, the share of costs of services and amortisation within net revenue from sale, increased, the share of cost of material decreased, the share of the labour costs and other operating expenses stood at the same level.

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



Cost of services

In January – June 2018, the cost of services of Luka Koper Group amounted to EUR 27.8 million, which is 10 percent resp. EUR 2.6 million ahead on the comparable period in 2017. The major increase was in the costs of port's services, which amounted to EUR 15.4 million, which is 13 percent resp. EUR 1.7 million ahead on the comparable period in 2017. The increase of costs is attributable to the increased volume of the throughput and the increased volume of provided services.

Cost of labour

In January – June 2018, the Luka Koper Group labour costst amounted to EUR 28.7 million, which is 7 percent resp. EUR 1.8 million increase in comparison with 2017. This year-on increase is attributable to a major number of employees and higher costs of overtimes and costs of post-employment benefits.

As at 30 June 2018, the Luka Koper Group companies had a total of 1,185 employees, which is a year-on increase of employees, which is a year-on increase of 9 percent resp. of 95 employees.

Depreciation costs

In January – June 2018, the depreciation costs of Luka Koper Group amounted to EUR 14.7 million, which is 11 percent resp. EUR 1.5 million ahead on the comparable period in 2017.

OPERATING PROFIT

IN January – June 2018, the operating profit (EBIT) of Luka Koper Group amounted to EUR 42.5 million, which is 33 percent resp. EUR 10.6 million ahead on the equivalent period in 2017. The operating profit (EBIT) increased due to higher net revenue from sale and other higher revenue.

The EBITDA of Luka Koper Group in January – June 2018 amounted to EUR 57.2 million, which is 27 percent resp. EUR 12.1 million ahead on the comparable period in 2017.

The EBITDA margin of Luka Koper Group in the first half of 2018 amounted to 50.5 percent, which is 21 percent resp. 8.8 percentage point ahead on 2017.

FINANCE INCOME AND FINANCE EXPENSES

In the first half of 2018, the finance income of Luka Koper 2018 amounted to EUR 156.3 thousand, which is a decrease by 10 percent resp. EUR 17.8 thousand compared to 2017. The finance income from shares decreased, the finance income from operating receivables increased.

In the first half 2018, the finance expense of Luka Koper amounted to EUR 659.1 thousand, which is 1 percent resp. EUR 5.6 thousand decrease in comparison with 2017. The finance

expense from the impairment of finance investments decreased, the finance expense for financial liabilities and operating liabilities increased.

In the first half of 2018, the financial result amounted to EUR -502.8 thousand, whilst in the comparable period in 2017, the Luka Koper Group achieved the financial result in the amount of EUR -490.6 thousand.

RESULTS OF ASSOCIATED COMPANIES

In January – June 2018, results of associated companies increased the profit before tax of Luka Koper Group by EUR 710.8 thousand, which is 18 percent resp. EUR 152.6 thousand decline in comparison with 2017.

PROFIT BEFORE TAX AND PROFIT FOR THE PERIOD

Profit before tax of Luka Koper Group in the first half of 2018 amounted to EUR 42.7 million, which is 33 percent resp. EUR 10.5 million ahead on 2017.

Net operating profit of Luka Koper Group in the first half of 2018 amounted to EUR 34.8 million, which is 27 percent resp. EUR 7.4 million in comparison with 2017.

Income tax and deferred taxes in January – June 2018 reduced the net operating profit of Luka Koper Group by 7.9 million, whilst in the comparable period in 2017 it was reduced by EUR 4.9 million.

FINANCIAL SITUATION AND FINANCIAL MANAGEMENT

As at 30 June 2018, the balance sheet of Luka Koper Group amounted to EUR 577.1 million, which is 8 percent resp. EUR 40.6 million ahead in 31 December 2017.

As at 30 June 2018, non-current assets of Luka Koper Group amounted to EUR 447.9 million, which is 3 percent resp. EUR 11.6 million decline in comparison with 31 December 2017. As at 30 June 2018, non-current assets represented 77.6 percent of Luka Koper Group balance. Due to the sale of the Prisoje facility, the property, plant and equipment decreased from the amortisation. Property, plant and equipment from the sale of the Prisoje facility and from the amortisation.

As at 30 June 2018, current assets of Luka Koper Group amounted to EUR 129.2 million, which is 68 percent resp. EUR 52.2 million ahead on 31 December 2017.

The inventories of maintenance as of 30 June 2018 amounted to EUR 1.2 million, which is 16 percent resp. EUR 168.8 thousand ahead on 31 December 2017. Operating receivables

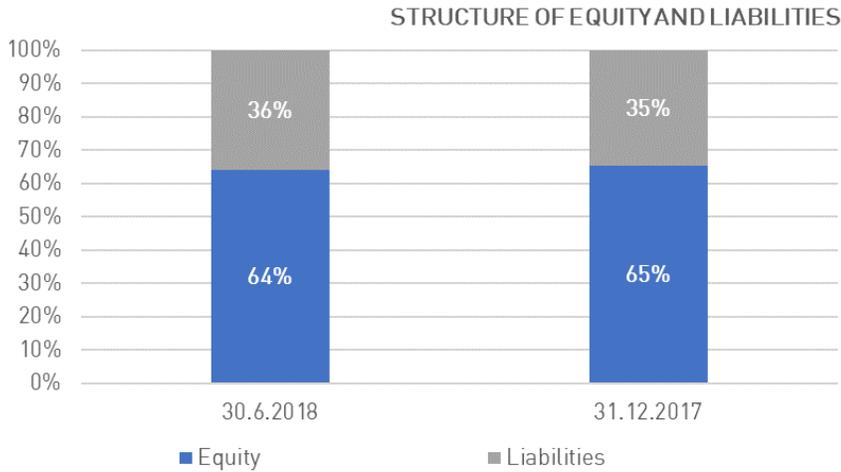
increased from higher trade receivables which amounted to EUR 37.2 million and were 4 percent resp. EUR 1.4 million ahead on 31 December 2017. Other receivables increased from higher short-term costs and expenses amounting to EUR 4 million and were by EUR 3.5 million higher than at 31 December 2017. The major increase accounted for deferred costs for the compensation for the use of the building land for the Municipality of Koper. In January – June 2018, the Luka Koper Group 2018 has not recognised the corporate income tax liability, which in 2017 amounted to EUR 4.5 million. Cash and cash equivalents increased by EUR 51.3 million due to the increase of cash on accounts.

As at 30 June 2018, the equity of Luka Koper Group amounted to EUR 368.9 million, which is 5 percent resp. EUR 18.5 million ahead on the balance as at 31 December 2017. This increase is attributable to the net operating profit of the business year. As at 30 June 2018, the equity represented 64 percent of the balance sheet.

As at 30 June 2018, non-current liabilities with long-term provisions and long-term accrued costs of Luka Koper Group amounted to EUR 137.4 million, which is 4 percent resp. EUR 5.3 million decrease with respect to 31 December 2017. Deferred revenue for the regular maintenance increased, whilst the non-current loans from the transfer of a share of liabilities to current liabilities and repayments. As at 30 June 2018, non-current liabilities with long-term provisions and long-term accrued costs accounted for 23.8 percent of liabilities.

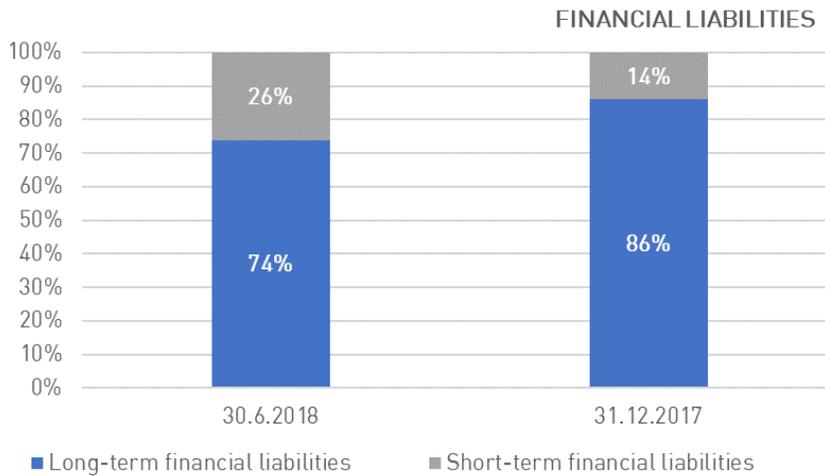
As at 30 June 2018, current liabilities of Luka Koper Group amounted to EUR 70.8 million, which is 63 percent resp. EUR 27.4 million ahead on 31 December 2017. The volume of loans from domestic banks decreased due to the repayment, as well as the trade payables to suppliers, whilst other operating liabilities from accrued costs increased as well as the liabilities in the amount of EUR 17.2 million relating to the appropriation of the profit from the dividends pay-out, which will be effected on 31st August 2018.

Structure of Luka Koper Group's financial liability



As at 30 June 2018, the financial liabilities of Luka Koper amounted to EUR 125.8 million, which is 7 percent resp. EUR 8.7 million ahead on 31 December 2017. The liabilities relating to the appropriation of the profit from the dividends pay-out increased.

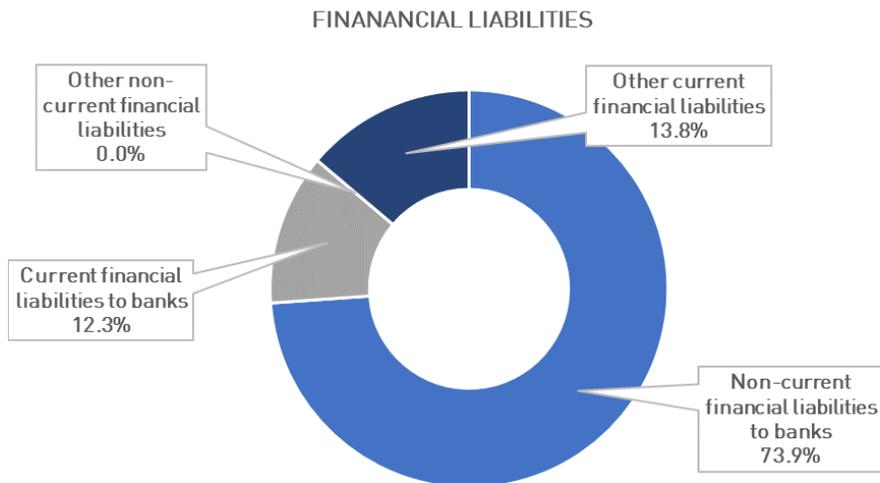
Structure of Luka KopGroup liabilities by maturity



As at 30 June 2018, non-current financial liabilities of Luka Koper Group towards banks represented 73.9 percent of total financial liabilities. In comparison to 31 December 2017,

their share decreased by 12.1 percentage point. This decrease is attributable to the increase of the share of other financial liabilities from the recognised liabilities for dividends.

Luka Koper Group financial liabilities as at 30 June 2018



Among the financial liabilities of Luka Koper Group, all liabilities are related to to a variable interest rate. In the past period, the Group entered into an instrument as interest rate hedging, which matured in April. An eventual change of variable interest rates would consequently have an impact on all Group's loans, which is 27 percent increase in comparison to 31 December 2017.

The share of financial liabilities in equity as at 30 June 2017 amounted to 34.1 percent, which is 2.3 percentage point decline in comparison with the balance as at 31 December 2017.

7.3 Forecast of net revenue from sale of Luka Koper Group in 2018¹⁶

Based on current forecasts, Luka Koper Group estimates that net revenue from sale in 2018 is likely to amount to EUR 228.9 million and will be by one percent under the planned level, primarily due to a lower volume of the performance of the public utility service of regular maintenance of the port infrastructure intended for public transport, than planned, and meanwhile 8 percent higher in comparison with 2017. Net revenue from sale of Luka Koper Group from the market activity until the end of 2018 is expected to amount to EUR 220.1 million and will be one percent higher than planned and 6 percent ahead on the achieved net revenue from sale in 2017, whilst the revenue from performance of the public utility service of regular maintenance of the port infrastructure intended for public transport and from the performance of the public commercial service of waste collection, are expected to amount to EUR 8.8 million and lagged behind the plan by 33 percent, and by 149 percent exceeded the achieved revenue in 2017. The revenue from the performance of the service of general economic interest relating to the regular maintenance of the port infrastructure, intended for the public transport will be lower than planned due to an expected lower volume than planned, since in May 2018, the company received the last approval for the regular maintenance of the port infrastructure plan from the Ministry for Infrastructure.

Currently, Luka Koper Group does not estimate other impacts on the net operating profit, except the changes in the throughput volume and therefore net revenue from sale as well as the received compensation in the amount of EUR 9.1 million.

¹⁶ 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, transhipped 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: product groups and sales

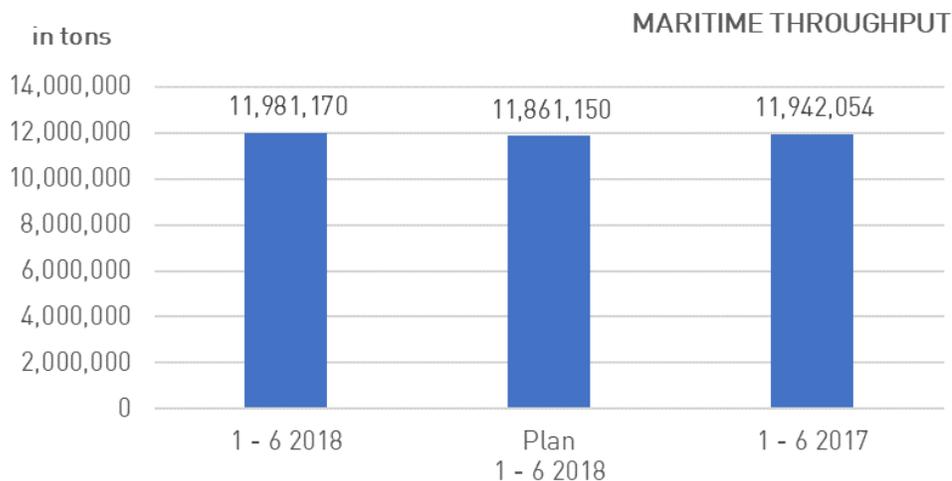
Maritime throughput

The maritime throughput of Luka Koper Group in January – June 2018 totalled 11.98 million tons of goods, which is 1 percent increase on planned quantities, in comparison with the throughput in the comparable period last year, it stood at the same level. In March 2018, a record monthly maritime throughput totalling 2.3 million tonnes, 92.323 TEUs and 81.561 vehicles, was achieved.

With respect to the previous year, Luka Koper Group's throughput was achieved in product groups of general cargoes, containers and cars .

In January – June 2018, Luka Koper Group generated one percent growth of unloaded and two percent decrease of loaded goods onto / from vessels in comparison with the previous year.

January – June 2018 and 2017 cargo tonnage throughput and plan for 2018

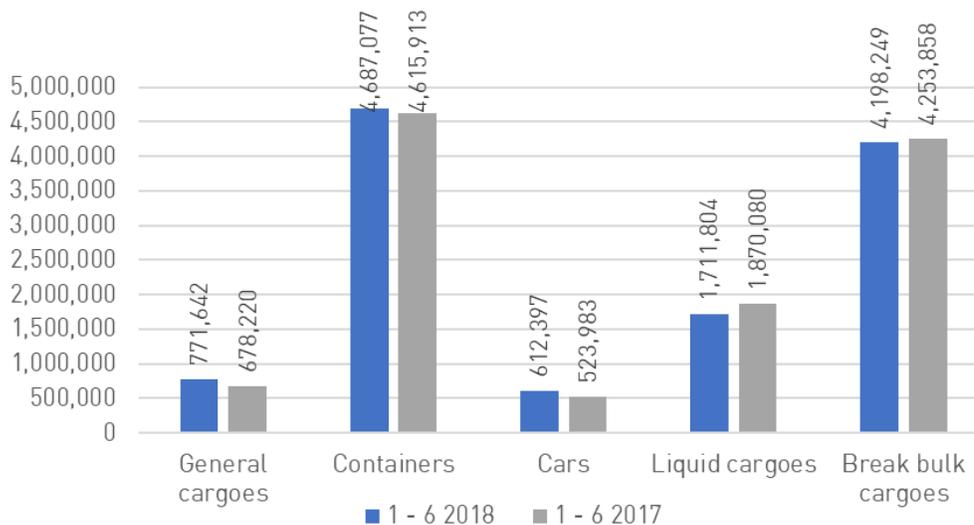


Cargo structure by cargo types

In the whole structure of the maritime throughput prevail containers, of which share remained unchanged when compared to 2017. The share of cars increased by one percentage point. The share of liquid cargoes and dry bulk and bulk cargoes decreased, the share of other cargo types stood at the same level.

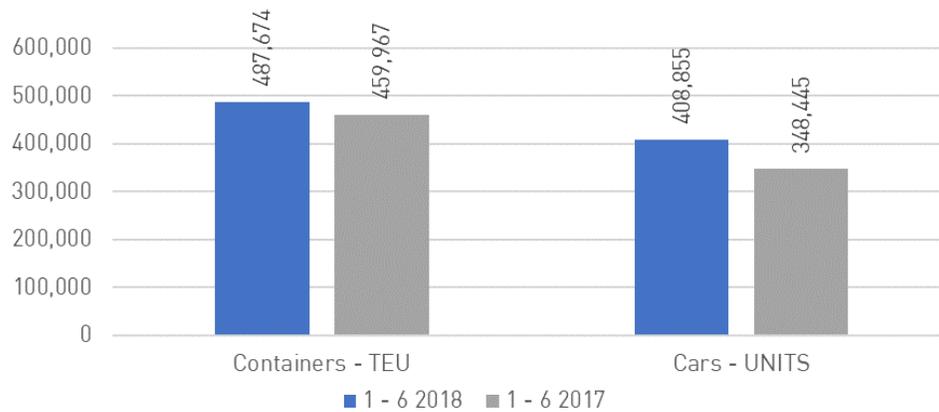
Maritime throughput in tonnes per cargo types, in 2018 and 2017

CARGO TYPES (in tonnes)	1 – 6 2018	1 – 6 2017	Index 2018/2017
General cargoes	771.642	678.220	114
Containers	4.687.077	4.615.913	102
Vehicles	612.397	523.983	117
Liquid cargoes	1.711.804	1.870.080	92
Dry bulk and bulk cargoes	4.198.249	4.253.858	99
TOTAL	11.981.170	11.942.054	100

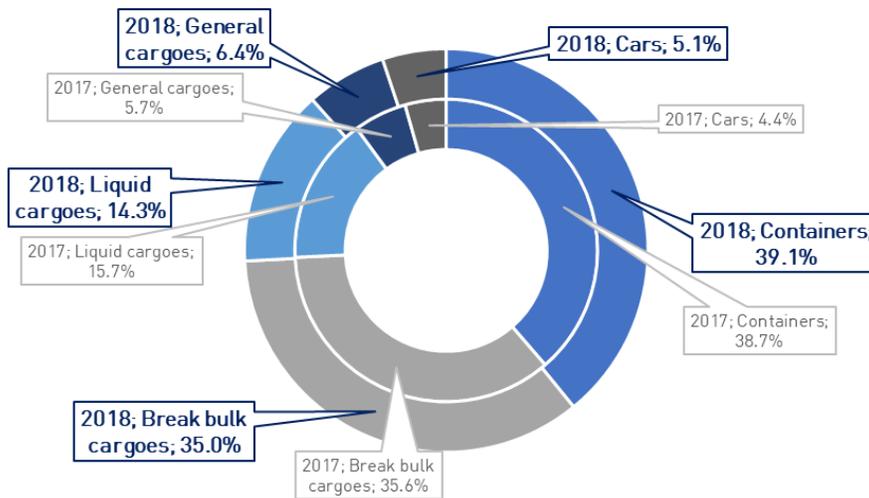


Containers (in TEUs) and vehicles (in units), in 2018 and 2017

CARGO TYPES	1 – 6 2018	1 – 6 2017	Index 2018/2017
Containers – in TEU	487.674	459.967	106
Vehicles – in UNITS	408.855	348.445	117



Structure of maritime cargo throughput by product type, January - June 2018 and percentage change in relation to January - June 2017



GENERAL CARGOES

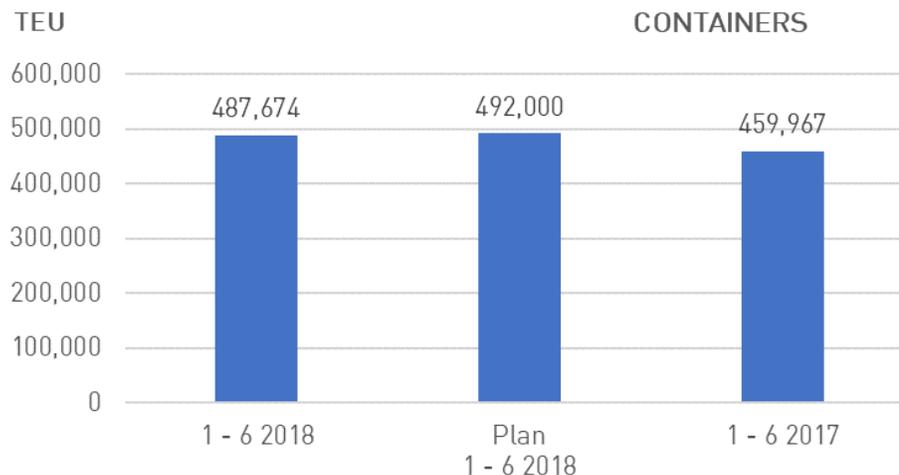
Within the general cargoes, Luka Koper Group concluded the January – June 2018 period with the maritime cargo throughput of 771.642 tonnes, which is 14 percent year-on increase. The increase of the throughput in the reporting period was recorded in the throughput of iron and steel products, in the throughput of timber due to the reopening of the African market.

CONTAINERS

In January – June 2018, the Container terminal achieved the maritime throughput of 487.674 TEUs, and thereby exceeded by 6 percent the throughput generated in January – June 2017. In March 2018, a record monthly maritime throughput of 92.323 TEUs was achieved.

The trend of containers growth continues as well in 2018. The Port of Koper has been gaining the increasing importance for logistics providers and final consignees of goods, since it provides reliable and efficient transport route. A wide array of intermodal connections and direct shipping services up to key markets provide an excellent service, which is of utmost importance in today's global trade.

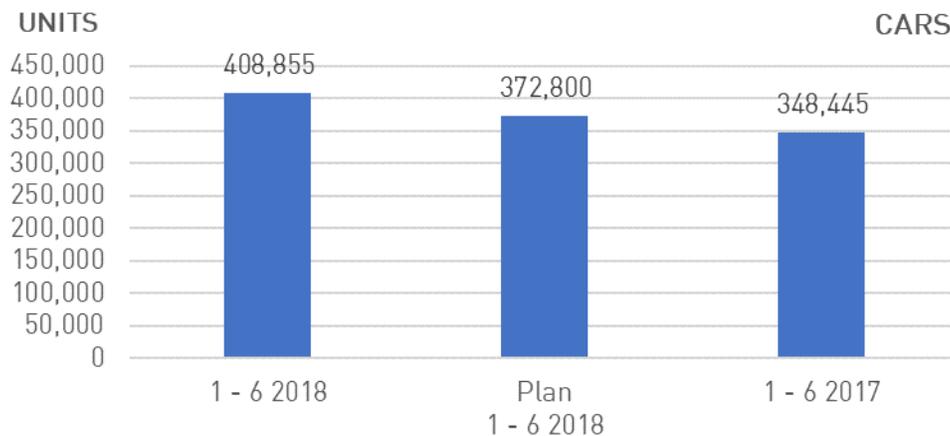
Container throughput, January - June 2018 and 2017 and the plan for 2018 (in TEUs)



CARS

In January - June 2018, 408,855 cars were handled, which is 17 percent ahead on the comparable period last year. The quantity of cars loaded on ships amounted to 245 thousand, and a quantity of cars unloaded from ships amounted to 164 thousand cars. In March 2018, a record monthly throughput of 81,561 cars was achieved. The increase of the throughput is also attributable to the acquisition of a new business for the Far East and the redirection of land logistic routes in / from Spain to the maritime transport.

Throughput of vehicles in January - June 2018 and 2017 and the plan for 2018 (in units)



LIQUID CARGOES

In January - June 2018, the throughput of liquid cargoes decreased by 8 percent in comparison with the equivalent period in 2017. The throughput of liquid cargoes registered 10 percent decrease due to the minor turnover of the fuel destined to the hinterland and the domestic market. Within the throughput of petroleum products, Luka Koper recorded 8 percent decline in comparison with January - June 2017.

DRY AND BREAK BULK CARGOES

In January - June 2018, the maritime throughput of dry bulk and bulk cargoes decreased by one percent.

In January – June 2018, the maritime throughput at the Dry and Breakk bulk cargoes terminal decreased by 4 percent in comparison with the previous year.

The throughput in the product group of bulk cargoes in January – June 2018 achieved 11 percent increase in comparison with the equivalent period last year. The throughput of soya has still been increasing in the product group of dry bulk cargoes.

9 Non-financial investments

In January – June 2018, Luka Koper Group allocated EUR 4.3. million for the investments in the property, plant and equipment, investment property and intangible assets, which is 85 percent decline on the same period in 2017. In the first half of 2018, Luka Koper, d. d., allocated EUR 4 million for investments, which represents 94 percent of Luka Koper Group investments.

In the first half of 2018, Luka Koper Group implemented the following major investments:

- Reconstruction of the existing diesel RTG cranes with aim to reduce the noise emissions.
- Construction of the railway track 61 with aim to increase the safety of the railway traffic and to decongest the traffic.
- Purchase of two terminal trailers for the of heavy loads and terminal trailers for the traction of heavy loads from RO-RO vessels.
- Purchase of 33 t forklift for the needs of the general cargoes.
- Start of the renovation of the administrative building for the Bulk cargoes terminal.
- Purchase of the replacement equipment for the fire protection system.

10 Development activity

In the field of research and development, in January – June 2018, Luka Koper, d. d., implemented various activities related to the port's development.

With respect to the set up strategic objectives, in 2016 the Company formed four strategic programmes:

- Increase in container throughput,
- Increase in car throughput,
- Increased port flow capacity and
- increased of containers stuffing and unstuffing – an opportunity for added-value logistics.

In the first half of 2018, therefore a systematic monitoring of the implementation of the above mentioned four strategic programmes continued, including both market and infrastructure aspect as well as operational activities and human resources.

Accordingly, the emphasis was on more rapid implementation of priority infrastructure projects, also in connection with the possibility of obtaining grants to this end.

There are also challenges related to new technologies, disposal or processing dredged material, generated at the maintenance of the adequate depths along the operational quayside, environmental (noise management), energy, IT and security issues, as well as novelties in marketing.

In the involvement of Luka Koper, d. d., in the co-funded initiatives, in the first half of 2018, the following applications of new projects in various programmes were implemented:

- In April, the application on the blending call of the programme IPE - (CEF - Connecting Europe Facility), was submitted and by which Luka Koper, d. d., proposes the co-funding of the the construction of the new Sermin entrance to the Port of Koper, which will be primarily, as a part of the sea motorway, intended for the transport of cars.
- At second open public call of the programme INTERREG – ADRIAN, the company joined as partner four projects, which are mainly focused on environmental protection issues and port's security issues:
 1. NAVIS – *Linking cultural ports from Ionian to the Adriatic Sea,*
 2. CLAS – *CLean Adrion Seas,*
 3. AIRRISK - *An Innovative Risk Management approach for monitoring, assessing and forecasting the efficiency, sustainability and resilience of the environmentally-friendly Ports' Infrastructures,*
 4. Eco-Tourist.NET.

- Luka Koper cooperated in the application on the open call of the programme LIFE (first level), of which objective is the improvement of the environmental and safety parameters in the port, and namely with the project LIFE SAFEPORT - *A new management model for chemicals in the port of the future.*
- On the invitation of the Slovenian Environmental Agency, Luka Koper as associated partner (without a planned budget) was involved also in the application of the project HEROES - *Harbour Early warning Observing System.*

Throughout the whole January – June 2018 period, activities related to the implementation of approved projects and optimum disbursement of the funds were carried out:

- The activities of Luka Koper, d. d., as leading partner in three projects of the programme CEF within the EU cooperation, should be emphasized:
 1. NAPA4CORE – investments in the port's infrastructure,
 2. CarEsmatic – investments in the port's infrastructure,
 3. Fresh Food Corridors – improvements in the logistics of perishable goods.

As partner, Luka Koper, d.d. implemented the activities on the following projects:

4. GAINN4MOS (CEF) – study on the potential of LNG in compliance with the Directive on the deployment of alternative fuels infrastructure,
 5. ELEMED (CEF) – study on technical possibilities on-shore power supply systems for ships during moorings in compliance with the Directive on the deployment of alternative fuels infrastructure,
 6. SAURON (Obzorje 2020) – researches and development in the field of technologies for the improvement of the port's security.
- Na programih evropskega teritorialnega sodelovanja so se nadaljevale aktivnosti na projektih:
 7. TalkNet (Central Europe programme) – studies on fostering the connectivity between the ports, inland terminals and transport operators and efficient management of terminals as well as transport connections,
 8. SECNET (programme Interreg VA Italy – Slovenia) – improvements in the port's security,

The activities on three projects from the first call for proposals of the programme ADRIAN started:

9. SUPAIR – solutions for the reduction of negative environmental impacts of the maritime transport and port's activities,
10. ISTEN – solutions for the improvements of the intermodal connections with the hinterland,
11. ADRIANPASS – ITC solutions related to data about traffic flows, congestions and bottlenecks on the transport corridors.

The projects of the European territorial cooperation are relevant since they place the Port of Koper in the European institutional environment, mostly from the aspect of planning of Trans-European transport corridors, environmental protection, as well as cultural heritage, port's security, sustainable energy supply, digitalization and similar.

- On projects, co-funded from structural funds, the activities continued on the following projects:
 12. Competence center Logins – support education and competence development in logistics ,
Within Smart digitalisation specialisation the implementation of the project continued
 13. NMP (Exploitation of the biomass potential for the development of the advanced materials and bio-based products) – pilot study in resarches of the good use of the sea sludge.

11 LKPG share

The share of Luka Koper identified as LKPG is listed in the first quotation of Ljubljana Stock Exchange. As at 30 June 2018, the share ended its trading with 5 percent higher value than in the comparable period last year. On the last trading day in the first half of 2018, the price of LKPG share amounted to EUR 31.90 per share.

In the first half of 2018, the ownership structure of Luka Koper, d. d., slightly changed. As at 30 June 2018, 9.825 shareholders were registered in the register, which is 342 less than last year. The Republic of Slovenia is the company's major shareholder.

Ten largest shareholders in Luka Koper, d. d., as at 30 June 2018

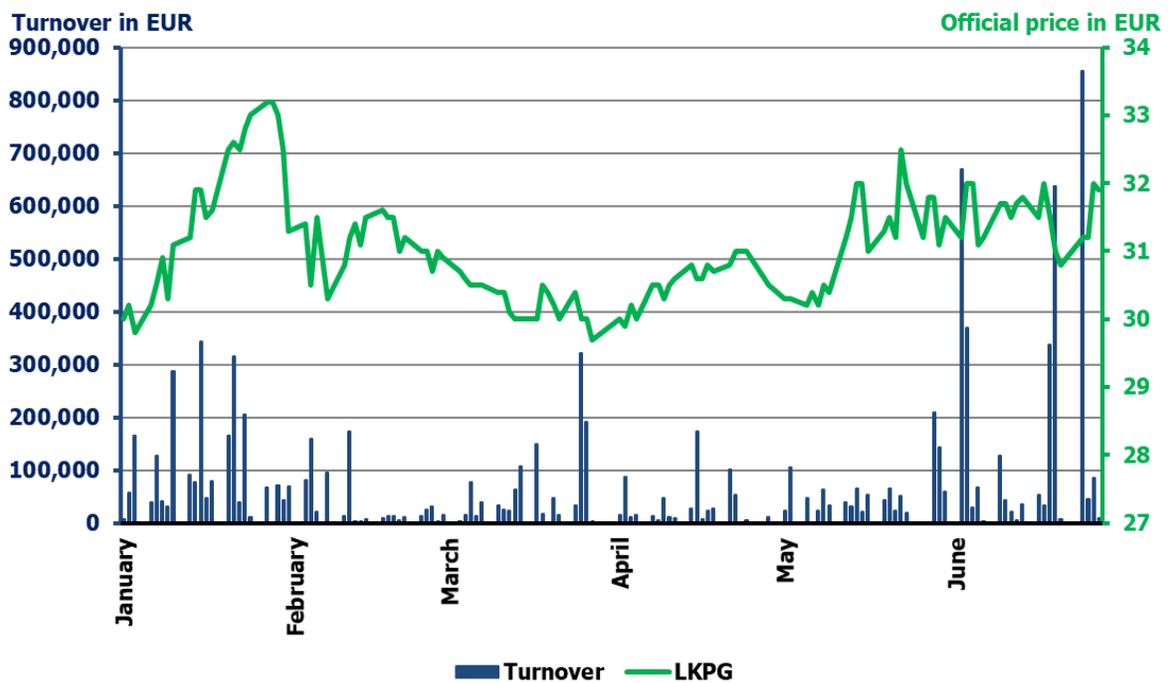
Shareholder	Number of shares 30. 6. 2018	Percentage stake 30.6.2018 (in %)	Number of shares 30. 6. 2017	Percentage stake 30.6.2017 (in %)
Republic of Slovenia	7.140.000	51,00	7.140.000	51,00
Slovenski državni holding, d. d.	1.557.857	11,13	1.557.857	11,13
Kapitalska družba, d. d.	696.579	4,98	696.579	4,98
Municipality of Koper	439.159	3,14	439.159	3,14
Citibank N.A. – fiduciary account	305.884	2,18	141	0,00
Hrvatska poštanska banka, d. d. – fiduciary account	137.645	0,98	129.582	0,93
Clearstream Banking SA – fiduciary account	128.734	0,92	65.500	0,47
Zavarovalnica Triglav, d. d.	113.568	0,81	113.568	0,81
Utilico Emerging Markets Limited	98.400	0,70	59.880	0,43
Zagrebačka banka d.d. – fiduciary ni račun	80.387	0,57	65.500	0,47
Total	10.659.231	76,14	10.432.103	74,52

Trading in LKPG

In the first half of 2018, the average daily share price of Luka Koper, d.d. stood at EUR 31.07, whilst its overall value fluctuated between EUR 29.70 and EUR 33.20. The highest daily price was EUR 35.00, the lowest EUR 29.70. As at 30 June 2018, the market capitalisation of Luka Koper, d.d. share amounted to EUR 446.600.000.

There were 1.387 transactions and block trades with aggregate value of EUR 9.462.345, whereby 293,601 shares changed ownership. In this period, the SBITOP index achieved 9.96 percentage growth.

Changes in the daily LKPG share price and daily turnover in 2018



Relevant data on LKPG share

	1 – 6 2018	1 – 6 2017
Number of shares as at 30 June	14.000.000	14.000.000
Number of ordinary no par value shares	14.000.000	14.000.000
Closing price as at 30 June (in EUR)	31,90	30,50
Book value of share as of 30 June (in EUR)	24,20	22,40
Ratio between average weighed price and avce (P/B)	1,32	1,36
Average weighed market price (in EUR) ¹⁷	32,23	29,15
Average book value of share (in EUR) ¹⁸	23,90	22,66
Ratio between average weighed market price and average book value of share	1,35	1,29
Net earning per share (EPS) (in EUR)	4,95	3,87
Ratio between market price and earnings per share (P/E)	6,44	7,87
Market capitalisation as of 30 June (in mio EUR)	446,6	427,0
Turnover – all transactions (in mio EUR)	9,5	18,0

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

	Shareholder	Ownership as at 30 June 2018
Supervisory Board	Uroš Ilić, President of the Supervisory Board	55
	Marko Grabljevec, Member of the Supervisory Board	10
	Rok Parovel, Member of the Supervisory Board	8

As at 30 June 2018, other Members of the Supervisory Board and Members of the Management Board of Luka Koper, d.d. did not own the company's shares.

¹⁷ 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.

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

Treasury shares, authorised capital, conditional capital increase

As at 30 June 2018, 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.

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

In compliance with Ljubljana Stock Exchange recommendations, Luka Koper, d.d., adopted the Rules on trading with issuer's shares. These Rules represent 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

In the second half of 2018 the activities of Luka Koper Group were focused on the reducing risks related to providers of port's services. At its regular session held on May 25, 2018 the Company' Supervisory Board 2018 discussed the strategy of the providers of port's services and the Implementation Action plan and gave its approval. Afterwards, the work groups implemented more detailed analysis of working processes and the coordinationa of the needs and drawn up the basis for the coordination of the action plan with social partners and started the coordinations. In the upcoming period, the Company will publish vacancy notices and will conduct invitations to tender for the selection of staffing and temp agencies and the selection of the external partners and continued other activities from the implementation plan. Likewise, the Company achieved an important step forward in the risk management related to the key project i.e. the extension of the Pier I. On November 10, 2017 the Municipality of Koper brought an action before the Administrative Court of the Republic of Slovenia against the environmental permit for the comprehensive arrangement of the Pier , and afterwards the Administrative Court of the Republic of Slovenia by the judgement of May 12, 2018 upheld the appeal of the Municipality of Koper and abrogated the issued environmental permit and remitted the case to the authority for a new procedure. On 14 June 2018, in a new procedure, the Agency issued the environmental permit for the comprehensive arrangement of the Pier I, which became final on July 5, 2018. Earlier, on July 2, 2018 ,Luka Koper, d. d. signed a Letter of Intent with the Municipality of Koper fort he conclusion of the Agreement on the implementation of mitigating measures for the reduction of the environmental impacts of the performance of port's activity and further development. With objective of a constructive cooperation also with the Municipality of Ankaran, on July 5, 2018, the Company proposed again the formation of a permanent joint working body with aim to inform about the development projects and joint seeking of solutions and opportunities. On July 26, 2018, the Municipality of Ankaran responded with the invitation to the Government of the Republic of Slovenia fort he initiation of the procedure and the adoption of the modifications and amendments of the Decree on the National Spatial Plan for the comprehensive spatial arrangement of the international port in Koper, till then it announced the objection to some projects of the extension of the Port of Koper in the Municipality of Koper area. As of July 7, 2018 entered into force the Decree on limit values for environment noise indicators (Official Gazette of the Republic of Slovenia No. 43/18), which raised the thresholds values, notwithstanding, the Company will further implement the established measures from the Action plan to reduce noise. On July 21, 2018, the Act Regulating the Construction, Operation and Management of the Second Track of the Divača-Koper Railway Line entered into force , which will be an additional financial burden for the Company. The calculation of the throughput tax shall apply on the first day of the third month upon the month in which the notice of the Ministry of Infrastructure on the starting date of implementation of preparatory works willbe published in the Official Gazette.

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 embedded. 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 environmental performance, open dialogue with public and interested parties, and meanwhile all responsible staff for the maintenance of the established system have contributed to the keeping the highest environmental standard.

Care for the environment

Being aware that the port's impacts on the environment occur, Luka Koper, d.d. committed itself in its business policy to the sound environmental management wishing to preserve 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 2018:

- To successfully carry out the sustainability report in compliance with GRI standards,
- To successfully carry out the audit in compliance with EMAS requirements,
- To reduce emissions of dust at all ten port's locations to 250 mg/m²day and max 5 deviations from 120/th measurements in the course of the year,
- To keep the value of PM10 particles (the size up to 10 μ m) emissions below 30 μ g/m³ in the entire Port's area (in direction towards Ankaran, Koper and Bertoki Bertoki),
- To keep the percentage of separately collected waste above 89 percent,
- To decrease night-time noise to 48 dBA in the direction of Koper,
- To keep the daily-time noise level to 58 dB in front of closest buildings outside the Port's area and the night-time to 53 dB,
- To modernise the drainage at the Dry Bulk Terminal and the modernisation of the treatment plant at the Livestock Terminal and to replace some oil interceptors,

- To keep specific consumption of energy at the last year level, despite the increased throughput and enlarged storage areas and namely for motor fuel 0,25l/t, for electric energy 1,17 kWh/t, potable water 6,4 l/t,
- Without taking actions (inspection and internal in environmental interventions,
- Without pollution outside the Port's aquatorium,
- To ensure an efficient and adequate system of the supply with water for fire extinguishing in the port's area and the provision of an adequate provision of fire-fighting for specific buildings.

EMAS certificate

As early as in 2010, Luka Koper, d. d., was awarded the most important environmental certificate EMAS (SI 00004). By complying with norms for the obtainment of the most significant environmental certificate EMAS, the company's strategic guidelines are achieved. At the end of 2018, the Company will perform the certification audit in accordance with the EMAS regulations.

Atmosphere

Striving for a constant reduction in emissions that are produced by the performance of port activities involves many activities. The most important measures for the reduction in dusting are the introduced technology of applying paper mill sludge to the coal and iron ore disposal area. Paper mill sludge builds a solid layer that prevents drifting of dust.

Quantity of health hazardous dust particles (PM₁₀)

Control measurements of the total volume of dust carried by Luka Koper, d. d., yet from 2002 on ten measurement points in the Port. We have set the goal not to exceed 250 mg/m²day and the average of measurement values for the reported period is 115 mg/m²day. In the first half of 2018, the company recorded two deviations, which is below the target. The law does not prescribe limit values resp. permitted deviations for such measurements.

Quantity of health hazardous dust particles (PM₁₀)

Statutory prescribed measurements of fine dust particles (PM₁₀), are carried out by an authorised organisation and are continuously measured on three points within the Port. The measurements taken in the first half of 2018 were below the target value 30 µg/m³ and

statutory set up volume of $40 \mu\text{g}/\text{m}^3$. 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.

Comparison of mean values of PM_{10} , measurements, January – June 2018 and 2017

	1 – 6 2018	1 – 6 2017	INDEX 2018/2017
Ankaran - Rožnik	$17 \mu\text{g}/\text{m}^3$	$18 \mu\text{g}/\text{m}^3$	94
Bertoki	$21 \mu\text{g}/\text{m}^3$	$22 \mu\text{g}/\text{m}^3$	95
Koper – Cruise terminal	$14 \mu\text{g}/\text{m}^3$	$18 \mu\text{g}/\text{m}^3$	78

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 of permitted value of emissions is $20 \text{mg}/\text{m}^3$. The company has not yet performed the statutory measurements for 2018.

Waste management

Vrious types of waste are generated in the Port of Koper. In terms of the commitment for the environment, Luka Koper, d.d. 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 half of 2018, we achieved 86 percent of waste separation and the set objective of 89 percent of sorted separately collected waste was not achieved. The objective was not achieved, since in May the cruise ship delivered a considerable quantity of mixed municipal waste, and the share of separately collected waste decreased accordingly.

Noise

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

Average noise levels (in dB) , recorded at locations around the Port, January – June 2018 and 2017

1 - 6 2018			1 - 6 2017			Threshold values
Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	
L _D =53	L _D =53	L _D =64	L _D =54	L _D =55	L _D =64	L _D =73
L _V =51	L _V =51	L _V =63	L _V =52	L _V =52	L _V =64	L _V =68
L _N =49	L _N =50	L _N =62	L _N =50	L _N =51	L _N =63	L _N =63
L _{DVN} =56	L _{DVN} =57	L _{DVN} =69	L _{DVN} =58	L _{DVN} =58	L _{DVN} =67	L _{DVN} =73

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

Level of noise in the first half of 2018, remained similar to the levels in the comparable period last year, towards Ankaran and Bertoki, the values slightly decreased (1-2 dB), towards Koper the values increased by 1-2 dB in the evening and at night.

The results of measurements in the front of the first residential buildings towards Koper show the exceeding of threshold values in the evening, night and daily noise levels. The daily values are within the legislative framework. In the front of the first buildings towards Ankaran and Bertoki, the results were in compliance with the legislation.

Main source of the noise in the Port of Koper nevertheless remain the activities relating to the goods handling operations and 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. Unfortunately, the company has no impact on them.

Energy

Consumption of energy and water

In the first half of 2018, due to the electrification of RTGs and the use of RMG cranes, a specific consumption of the motor fuel was slightly lower. The advantage of electric

powering of cranes is essentially a major exploitation of the equipment, lower noise and practically zero local emissions of exhaust gases. This is the main reason for the increase of the specific use of the electric power in the first half of 2018 in comparison with 2017.

The reason in a lower specific water consumption in the first half of 2018 in comparison with 2017 lays in a slightly absolute water consumption and increased throughput.

Specific consumption of energy and water per handled tonne of the total throughput¹⁹, January – June 2018 and 2017

	1 – 6 2018	1 – 6 2017	INDEX 2018/2017
Electricity consumption (kWh/t)	0,686	0,649	106
Motor fuel consumption (l/t)	0,124	0,136	91
Potable water consumption (l/t)	3,490	3,550	99

Electricity consumption

The major consumer of the electric power in the port is the Container terminal, followed by the Dry bulk and bulk terminal. Among major consumers in the port are primarily quay cranes, food stuff, cold storage rooms at the Reefer terminal, conveyor belts for the transshipment of the dry bulk cargo, lighting and power supply to the reefer containers.

Motor fuel consumption

A lot of ground mechanisation, powered by diesel is used in the port's working processes. The major consumers are terminal tractors, which on average consume 43 percent of motor fuel, followed by rubber tyred gantry cranes RTGs, reach stackers, railway track vehicles, forklifts and tractors. In January – June 2018, the major consumer of the motor fuel was the Container terminal, which consumed 61 percent of the motor fuel.

Water

The company pays a great attention to the water as a vital good and for this reason numerous safety and treatment actions are implemented. Since the water is used mainly for sanitary purposes and for 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 large number of trucks, as well as transport equipment, additional leakages on the water distribution network occur. In the first half of 2018,

¹⁹ Total throughput = maritime throughput + stuffing/unstuffing of containers + land transshipment

several measurements of the quality of the potable water within the port's network were carried out. One microbiological contamination was recorded, as result of the repair of a broken water pipe.

Waste waters

In the port mainly urban waste waters are generated and to a lower extent industrial waste waters. Generated industrial waste waters are prior to the discharge adequately treated in own waste water treatment plants, urban waste waters are mainly treated in the Koper central waste treatment plant. In the first half of 2018, the measurements of the industrial waste waters generated at the cleaning of containers and the measurements of the urban waste water from small treatment plant were performed. The results were in compliance with the law.

Effects of the lighting

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

The lighting in the port'area is in line with regulations and in a way that a light is not directed upwards. A new lighting plan, which is published on the company's website, was prepared.

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 half of 2018, 13 incidents were recorded in the Port's aquatorium. In all cases of pollution at sea, 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 – June 2018 and 2017

	1 – 6 2018	1 – 6 2017	INDEX 2018/2017
Number of accidents at sea	13	8	163
Number of interventions in the Port's aquatorium	13	5	260
Number of incidents not requiring intervention	0	3	-
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 <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 a 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.

Recruitment, turnover rate and employment structure

As at 30 June 30, 2018, Luka Koper Group had 1.185 employees, which is 95 employees more than as at 30 June 2017, which is 9-percent. The upward trend of the employees recruitment has been continuing for the fourth year and is mainly due to the recruitment in Luka Koper, d. d.

In the first half of 2018, 103 employees were recruited in Luka Koper Group, which is far above than in the equivalent period in 2017. In Luka Koper, d. d., started the mandate of a new member of the management board - labour director. The majority of new employments involved jobs in the basis throughput process in the companies Luka Koper, d.d. . this employment is carried out to a major extent from the providers of the port's services (IPS) in compliance with the annual HR plan. Likewise, the Strategy of Port's services providers was prepared and which will have an impact on the recruitment procedures in Luka Koper, d.d. Among the new recruitments in the company for the disabled people Luka Koper INPO, d. o. o., there were 7 persons with disability status.

Number of employees in Luka Koper Group

	30.06.2018	30.06.2017	Index 2018/2017
Luka Koper, d. d.	1.002	909	110
Luka Koper INPO, d. o. o.	153	151	101
Luka Koper Pristan, d. o. o.	4	4	100
Adria Terminali, d. o. o.	22	22	100
TOC, d. o. o.	4	4	100
Luka Koper Group	1.185	1.090	109

Comparison between recruitment, termination and turnover rate

	Number of new recruitments		Number of departures		TURNOVER RATE (IN %) ²⁰	
	1 – 6 2018	1 – 6 2017	1 – 6 2018	1 – 6 2017	1 – 6 2018	1 – 6 2017
Luka Koper, d. d.	92	32	16	9	1,6	1,0
Luka Koper Group	103	35	29	13	2,4	1,2

Also the number of departures from Luka Koper Group was significantly higher than last year. Among the reasons of the termination of the employment relationship prevail the retirements on the ground of age, the number of consensual termination of employments has been growing.

Consequently, the staff turnover in Luka Koper Group in the first half of 2018 was higher than in the equivalent period last year, but nevertheless it remains at a low level.

In comparison with the previous year, in the education structure of Luka Koper Group increased the number of employees - secondary school graduates and vocational school graduates - who operate the mechanisation in Luka Koper, d.d.

Occupational health and safety

Health and safety at work in accordance with the guidelines of the BS OHSAS 18001 of Luka Koper, d. d., are approved by internal and external audits. Likewise, the modification of the internal 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.

²⁰ Method for calculating turnover rate = number of departures/(initial number of employees + new recruitments) x100

Injuries at work

Parties involved	1 – 6 2018		1 – 6 2017	
	All injuries	Whereof major injuries	All injuries	Whereof major injuries
Luka Koper, d. d.	6	0	3	0
Providers of port's service	23	0	36	1
Outsourcing companies	4	0	11	0
Subsidiaries	3	0	8	0

Currently, the objective of maximum 17 occupational injuries per million hours worked at Luka Koper, d.d., has been achieved, since in the first half of 2018 the indicator shows 13,2 injuries per million hours worked.

In the first half of 2018, there was no serious injury at work and no collective injury at work in the port's area, so the objective of zero serious occupational injuries was achieved. In the first half of 2018, 39.1 collisions per million of performed hours were recorded, therefore the target of 25 collisions per million of performed hours, was not achieved. No major material damage was recorded in the reporting period.

Education, training and development of employees

In the first half of 2018, Luka Koper Group provided on average 7,7 hours of training per employee, Luka Koper, d. d., 8,8 hours. 84 percent of training were in-house trainings. 79 percent of employees in Luka Koper Group were involved in trainings.

Within the Competency center Logins, Luka Koper, d. d., and Adria Terminali, d. o. o., received funds from the 50 percentage cofinancing of employees training.

Through the training agreement Luka Koper Group co-funds 1 percent of employees with aim to obtain a higher level of education resp. specific educational training. An internal call for new co-financing of employees' studies was published. Luka Koper, d. d., allocated one scholarship for the academic year 2017/18.

In the first half of 2018, Luka Koper, d. d., started the annual staff appraisals with IT support and 80 percent of employees were involved in these appraisals. Annual staff appraisals are being conducted also in the company Luka Koper INPO, d. o. o.

In the first half of 2018, 50 employees were promoted horizontally resp. vertically, 120 employees achieved a higher level of qualification and flexibility at their post within Luka Koper Group. Totally 170 employees resp. 14 percent of employees within Luka Koper Group

were involved in one of career development forms. In Luka Koper, d. d., there were 48 promotions and 83 classifications in a higher level of qualification and flexibility, which is 13 percent of employees.

The selection and recognitions awarding to the best employees of the previous year took place, and for the first time, an additional payment/the severance pay upon the retirement from the post-employment benefit fund.

15 Commitment to the community

The extent of the Port of Koper and the volume and impact its activities, require from Luka Koper, that besides the economic impact, to be also responsible for people-friendly and developed environment, where the port is embedded. For many years, the company has been allocating substantial funds in projects and activities in the local and wider environment. In the company's Business strategy until 2030 is written that also in the future the company will be careful stakeholder of a sustainable development.

Luka Koper communicates with its stakeholders transparently and proactively, therefore all activities in the field of corporate social responsibility and sustainable policy, are published on the Sustainable development website www.zivetispristaniscem.si. For 2017 Luka Koper for the first time drew up also the sustainable development Report in compliance with international standards of the sustainable reporting. The general public is promptly informed also through other channels, which are adapted to the relevant public, and namely on the corporate website www.luka-kp.si, monthly Port's gazette (the redesigned version is distributed also to business partners, representatives of local communities and government bodies, which are directly connected with the Port's community, and the media), through press releases, press conferences, interviews, articles, publications on the Ljubljana Stock Exchange website and through the social websites (Facebook, Instagram, LinkedIn and Youtube). Port's visits are organised throughout the year. In the first half of 2018, almost 7.000 visitors, whereof in majority school children, visited the port accompanied by port's guides. In May this year, the Company traditionally opened the port to the public by organising the Port's Day, which was attended by around 5.000 visitors.

Luka Koper strives to conduct a constructive dialogue with stakeholders from the local environment and with their cooperation seeks solutions also in case of negative environmental impacts of the port's activity. Recently, principally the noise, produced by some vessels, was a burning issue. Therefore, the company organised an expert meeting within the European project SUPAIR with the representatives of the local communities, government bodies, professionals and presented also foreign practices.

An important step forward to the fulfilment of the commitments is also the Letter of Intent signed in July with the Municipality of Koper, for the conclusion of the Agreement on the implementation of the mitigating measures for the reduction of the environmental impacts of the port's activity and further port's development.

Luka Koper actively supports the associations, which enriches the social life of the local community and wider environment, therefore in the first half of 2018 it allocated EUR 332 thousand resp. one quarter for sponsorships and donations in comparison with the

equivalent period last year. In April, the Company published also the call for sponsorships and donations from the Living with the Port fund. 260 applications were received, whereof 214 projects were selected, mostly from the field of sports and culture.

ACCOUNTING REPORT

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

16.1 Separate Income Statement

(in EUR)	1-6 2018	1-6 2017
Revenue	111,255,542	105,542,678
Other income	11,525,773	505,666
Cost of material	-7,985,655	-7,304,110
Cost of services	-29,158,460	-26,792,430
Employee benefits expense	-25,500,855	-23,743,915
Amortisation and depreciation expense	-14,284,728	-12,769,555
Other operating expenses	-4,136,661	-4,486,000
Operating profit	41,714,956	30,952,334
Finance income	1,470,887	1,804,361
Finance expenses	-727,487	-748,577
Profit or loss from financing activity	743,400	1,055,784
Profit before tax	42,458,356	32,008,118
Income tax expense	-7,794,938	-4,605,408
Deferred taxes	0	-283,555
Net profit for the period	34,663,418	27,119,155
Net earnings per share	2.48	1.94

Notes to the financial statements are a constituent part thereof and must be read in conjunction therewith.

16.2 Separate Statement of Other Comprehensive Income

(in EUR)	1-6 2018	1-6 2017
Profit for the period	34,663,418	27,119,155
Change in revaluation surplus of available-for-sale financial assets	792,110	1,942,236
Deferred tax on revaluation of available-for-sale financial assets	-150,501	-369,025
Change in fair value of cash flow hedging instruments	99,343	158,117
Deferred tax on the change in fair value of cash flow hedging instruments	-18,875	-30,042
Item that are or may be reclassified subsequently to profit or loss	722,077	1,701,286
Total comprehensive income for the period	35,385,495	28,820,441

16.3 Separate Statement of the Statement of Financial Position

(in EUR)	30 Jun 2018	31 Dec 2017
ASSETS		
Property, plant and equipment	357,926,323	367,818,139
Investment property	24,911,109	26,467,395
Intangible assets	2,798,796	3,122,833
Shares and interests in Group companies	4,533,063	4,533,063
Shares and interests in associates	6,737,709	6,737,709
Other non-current investments	31,291,694	30,499,584
Deposits and loans given	17,485	22,592
Non-current operating receivables	39,991	41,772
Deferred tax assets	8,155,929	8,325,304
Non-current assets	436,412,099	447,568,391
Inventories	1,205,832	1,037,066
Deposits and loans given	9,350	8,413
Trade and other receivables	43,816,321	38,021,057
Income tax receivables	0	4,115,392
Cash and cash equivalents	78,234,523	28,202,590
Current assets	123,266,026	71,384,518
TOTAL ASSETS	559,678,125	518,952,909
EQUITY AND LIABILITIES		
Share capital	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703
Revenue reserves	145,607,356	145,607,356
Reserves arising from valuation at fair value	10,521,797	9,799,716
Retained earnings	34,705,329	17,261,911
Equity	338,818,150	320,652,651
Provisions	19,866,987	20,217,568
Deferred income	20,986,068	18,166,217
Non-current loans and borrowings	108,930,075	116,682,274
Non-current operating liabilities	990,223	967,102
Non-current liabilities	150,773,353	156,033,161
Current loans and borrowings	15,504,399	16,060,399
Other current financial liabilities	17,385,721	372,169
Income tax liabilities	6,219,085	0
Trade and other payables	30,977,417	25,834,529
Current liabilities	70,086,622	42,267,097
TOTAL EQUITY AND LIABILITIES	559,678,125	518,952,909

16.4 Separate Statement of Cash Flows

(in EUR)	1-6 2018	1-6 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	34,663,418	27,119,155
Adjustments for:		
Amortisation/Depreciation	14,284,728	12,769,555
Reversal and impairment losses on property, plant and equipment, and intangible assets	43,281	522,914
Gain on sale of property, plant and equipment, and investment property	-785,678	-91,836
Allowances for receivables	150,646	77,997
Collected written-off receivables and liabilities	-274,980	-98,490
Reversal of provisions	-643,396	0
Finance income	-1,470,887	-1,804,361
Finance expenses	727,487	748,577
Income tax expense and income (expenses) from deferred taxes	7,794,938	4,888,963
Profit before change in net current operating assets and taxes	54,449,867	44,132,474
Change in operating receivables	-4,944,684	-12,342,497
Change in inventories	-168,766	-137,514
Change of assets (disposal group) for sale	1,502,198	0
Change in operating liabilities	5,292,106	9,276,676
Change in provision	313,235	-48,712
Change in non-current deferred income	2,819,851	1,880,358
Cash generated in operating activities	59,263,807	42,760,785
Interest expenses	-933,935	-701,938
Tax expenses	2,539,539	-5,924,399
Net cash from operating activities	60,869,411	36,134,448
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	126,313	79,758
Dividends received and share of profits – subsidiaries	0	639,597
Dividends received and share of profits – associates	550,000	570,000
Dividends received and share of profits – other companies	25,350	9,832
Proceeds from sale of property, plant and equipment, and intangible assets	785,678	91,836
Proceeds from sale, less investments and loans given	4,170	8,051
Acquisition of property, plant and equipment, and intangible assets	-4,018,378	-29,213,351
Acquisition of investments, increase in loans given	0	-80,000
Net cash used in investing activities	-2,526,867	-27,894,277
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of current borrowings	-8,308,199	-5,335,532
Dividends paid	-2,412	0
Net cash used in financing activities	-8,310,611	-5,335,532
Net increase in cash and cash equivalents	50,031,933	2,904,639
Opening balance of cash and cash equivalents	28,202,590	983,305
Closing balance of cash and cash equivalents	78,234,523	3,887,944

16.5 Separate Statement of Changes in Equity

Year 2018

(in EUR)	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Reserves arising on valuation at fair value			Total equity
						Investments	Financial instruments	Actuarial gains/losses	
Balance at 31 Dec 2017	58,420,965	89,562,703	18,765,115	126,842,241	17,261,911	10,893,272	-80,468	-1,013,085	320,652,651
Changes of equity – transactions with owners									
Dividends paid	0	0	0	0	-17,220,000	0	0	0	-17,220,000
	0	0	0	0	-17,220,000	0	0	0	-17,220,000
Total comprehensive income for the period									
Profit for the period	0	0	0	0	34,663,418	0	0	0	34,663,418
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	641,609	0	0	641,609
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	80,468	0	80,468
	0	0	0	0	34,663,418	641,609	80,468	0	35,385,495
Balance at 30 Jun 2018	58,420,965	89,562,703	18,765,115	126,842,241	34,705,329	11,534,881	0	-1,013,085	338,818,150

Year 2017

(in EUR)	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Reserves arising on valuation at fair value			Total equity
						Investments	Financial instruments	Actuarial gains/losses	
Balance at 31 Dec 2016	58,420,965	89,562,703	18,765,115	110,270,537	20,321,603	8,333,091	-340,097	-907,968	304,425,949
Changes of equity – transactions with owners									
Dividends paid	0	0	0	0	-19,600,000	0	0	0	-19,600,000
	0	0	0	0	-19,600,000	0	0	0	-19,600,000
Total comprehensive income for the period									
Profit for the period	0	0	0	0	27,119,155	0	0	0	27,119,155
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	1,573,210	0	0	1,573,210
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	128,075	0	128,075
	0	0	0	0	27,119,155	1,573,210	128,075	0	28,820,441
Balance at 30 Jun 2017	58,420,965	89,562,703	18,765,115	110,270,537	27,840,758	9,906,301	-212,022	-907,968	313,646,389

17 Notes to the Separate Financial Statements

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 – June 2018 resp. as at 30 June 2018.

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 are compiled in euros (EUR), rounded to the nearest unit. Through these consolidated financial statements the company wants to provide the broadest sphere of users useful information on the company's performance from January – June 2018, in comparison with the comparable data for the previous year, together with the company's financial position as at 30 June 2018 in comparison with 31 December 2017.

Separate financial statements of Luka Koper, d. d., for the reporting period January – June 2018 are not audited, whilst the financial statements for the comparable period as at 31 December 2017, are audited.

Changes in accounting policies

The non-audited financial statements of the Luka Koper, d.d. for the reporting period are compiled in accordance with the same accounting policies and principles that were applicable in 2017, except for the following changes:

As from 1st January 2018, Luka Koper, d. d. started to apply two new standards and namely IFRS 9 – Financial instruments and IFRS 15 – Revenues from contracts with customers.

IFRS 9 – Financial instruments

The standard determines the requirements and rules for the recognition and the measurement of the financial instruments and replaces the standard IFRS 39 – Financial instruments: Recognition and Measurement.

IFRS 9 introduces new requirements relating to the classification and measurement of financial assets and liabilities, recognition of their impairment and the hedge accounting.

Classification of financial instruments according to IFRS 9:

Item	IAS 39	IFRS 9
Other investments, measured at cost	assets available for sale	Investments measured at fair value through the operating profit
Other investments, measured at fair value	assets available for sale	Investments measured at fair value through the comprehensive income
Given loans	loans and receivables	Assets valued at amortised cost
Operating receivables	loans and receivables	Assets valued at amortised cost
Cash and cash equivalents	loans and receivables	Assets valued at amortised cost

On the basis of a new standard, the Company formed an impairment model for operating liabilities, which is not only based on realised credit losses, as applicable in case of IAS 39, but on expected credit losses. On each reporting date the Company measures the value adjustments of the financial instrument for the loss as the amount, equal to expected credit losses over the whole duration.

The Company defined a new model of impairments to this end, which besides the value adjustments is based also on the value adjustments from receivables not yet due. On the basis of the internal credit rating and on the basis of the buyer's country risk the Company defined risk classifications.

IFRS 15 – Revenue from contracts with customers

The goal of the renewed standard is to give a robust framework for the recognition of revenues from contracts with customers, with clear principles and in-depth disclosures which should lead to the improved comparability of the revenue among the companies, line of business and capital markets. The basic principle of the framework is that the recognition of the revenue reflects the transfer of products and services to the customer in the amount which reflects the compensation for which the company expects it is justifiable, in exchange for these products and services. In order to achieve this goal, IFRS prescribes the application of five steps and namely:

- step 1 – identification of the contract,
- step 2 – identification of performance obligations,
- step 3 – determination of the price,
- step 4 – allocation of the transaction price,
- step 5 – recognition of the revenue

From the analyses of contracts with customers it results that the company fulfils the criteria of a new standard for the recognition of the revenue and that the obligations in contracts are adequately defined, which enables their classification and measurement as well the determination of the term of their fulfilment. Contracts with customers comprise sale of goods and services, which are accounted separately in financial statements.

The adoption of new standards IFRS 9 – Financial instruments and IFRS 15 – Revenue from contracts with customers for Luka Koper, d. d. did not have any essential impact on the company's separate financial statements and meanwhile on the retained profit.

18 Additional Notes to Separate Income Statements

Revenue

(in EUR)	1-6 2018	1-6 2017
Revenue from sales with domestic customers based on contract with customer	33,303,951	32,475,463
- services	33,298,938	32,460,363
- goods and material	5,013	15,100
Revenue from sales with foreign customers based on contract with customer	77,244,741	72,367,003
- services	77,244,741	72,367,003
Revenue from sales with domestic customers from rentals	705,049	698,411
Revenue from sales with foreign customers from rentals	1,801	1,801
Total	111,255,542	105,542,678

On the basis of an analysis the company estimated that a new standard has no significant impact on the recognition of the net revenue from sale, therefore it only adjusted the structure of their accounting.

Other income

(in EUR)	1-6 2018	1-6 2017
Other operating income	1,704,054	190,324
Reversal of provisions	643,396	0
Subsidies, grants and similar income	0	0
Revaluation operating income	1,060,658	190,324
Income on sale of property, plant and equipment and investment property	785,678	91,836
Collected written-off receivables and written-off liabilities	274,980	98,488
Other income	9,821,719	315,342
Compensations and damages	9,528,622	185,357
Subsidies and other income not related to services	293,090	108,802
Other income	7	21,183
Total	11,525,773	505,666

Reversal of provisions in the amount of EUR 643,396 is related to the judgement which became final and on the basis of which the Company settled its liability, and meanwhile reversed the provision surplus.

Revaluation operating income are composed from revenue from sale of property, plant and equipment, investment property and from drawing of value adjustments from receivables. The company sold the building with the pertaining land and therefrom created EUR 736,455 of other revenue.

In the first half of 2018, the received compensations and penalties amounted to EUR 9,528,622. On the basis of the out-of-court settlement, the Company received the compensation for the last year's accident, when the quayside crane collapsed and was damaged and recognised this compensation among other revenue in the amount of EUR 9,102,500.

Cost of material

(in EUR)	1-6 2018	1-6 2017
Cost of auxiliary material	1,235,765	943,292
Cost of spare parts	2,583,235	2,474,419
Cost of energy	3,875,948	3,602,896
Cost of office stationary	95,357	77,012
Other cost of material	195,350	206,491
Total	7,985,655	7,304,110

Cost of services

(in EUR)	1-6 2018	1-6 2017
Port services	16,353,338	14,401,272
Cost of transportation	133,870	131,482
Cost of maintenance	3,500,402	3,259,241
Rentals	176,837	202,033
Reimbursement of labour-related costs	140,736	170,247
Costs of payment processing, bank charges and insurance premiums	406,373	354,545
Cost of intellectual and personal services	668,021	334,697
Advertising, trade fairs and hospitality	386,414	433,510
Costs of services provided by individuals not performing business activities	187,994	135,669
Sewage and disposal services	469,806	416,316
Information support	1,444,203	1,413,999
Concession-related costs	3,864,268	3,610,085
Costs of other services	1,426,198	1,929,334
Total	29,158,460	26,792,430

Within the costs of services, a major share represented cost of port services, and namely EUR 16,353,338. Providers of port's services perform port's services on goods (sorting, palletising, sampling, protection, marking, weighing, cleaning, management of the port's machinery and similar).

Employee benefits expense

(in EUR)	1-6 2018	1-6 2017
Wages and salaries	16,927,463	16,260,285
Wage compensations	2,408,987	2,028,046
Costs of additional pension insurance	755,089	714,864
Employer's contributions on employee benefits	3,184,879	2,993,561
Annual holiday pay, reimbursements and other costs	2,224,437	1,747,159
Total	25,500,855	23,743,915

In January – June 2018, labour costs amounted to EUR 25,500,855, which is EUR 1,756,940 increase on the previous year. Higher labour costs are primarily attributable to new recruitments, since from June 2017 until June 2018, the company additionally employed 93 persons.

Amortisation and depreciation expense

(in EUR)	1-6 2018	1-6 2017
Depreciation of buildings	6,494,657	6,308,467
Depreciation of equipment and spare parts	7,141,954	5,815,856
Depreciation of small tools	9,049	10,784
Depreciation of investment property	309,245	316,156
Amortisation of intangible assets	324,037	318,292
Depreciation of investments in foreign assets	5,786	0
Total	14,284,728	12,769,555

Other operating expenses

(in EUR)	1-6 2018	1-6 2017
Cost of provisions	39,419	0
Impairment costs, write-offs and losses on property, plant and equipment, and investment property	3,591	522,914
Expenses for allowances for receivables	150,646	77,997
Levies that are not contingent upon employee benefits expense and other types of cost	3,414,647	3,407,176
Donations	91,000	104,651
Environmental levies	81,814	40,988
Awards and scholarship to students inclusive of tax	5,294	8,751
Awards and scholarship to students	2,000	4,400
Other costs and expenses	348,250	319,123
Total	4,136,661	4,486,000

Charges not depending on labour costs and other costs are substantially related to the use of building land which in January – June amounted to EUR 3,330,577.

Other costs and expenses primarily represent damages in the amount EUR 301,256.

Finance income and expenses

(in EUR)	1-6 2018	1-6 2017
Finance income from shares and interests	1,344,574	1,729,794
Finance income from shares and interests in Group companies	288,590	652,780
Finance income from shares and interests in associates	1,030,634	993,808
Finance income from shares and interests in other companies	25,350	9,832
Financial income from other investments	0	73,374
Finance income - interest	579	1,270
Interest income - Group companies	0	549
Interest income - other	579	721
Finance income from operating receivables	125,734	73,297
Finance income from operating receivables due from others	125,734	73,297
Total finance income	1,470,887	1,804,361
Finance expenses for investments	0	-73,374
Finance expenses – interest	-671,325	-639,456
Interest expenses – Group companies	-70,294	-87,540
Interest expenses – banks	-601,031	-551,916
Finance expenses for financial liabilities	-56,162	-35,747
Finance expenses for trade payables	-24	-227
Finance expenses for other operating liabilities	-56,138	-35,520
Total finance expenses	-727,487	-748,577
Net financial result	743,400	1,055,784

Finance income from shares and interests in the amount of EUR 1,344,574 refers to profits of companies from 2017. In January – June 2018, finance expenses for interests towards banks amounted to EUR 601,031, which is a year-on increase of EUR 49,115, primarily due to lower capitalization of interests costs.

Profit

In January – June 2018, Luka Koper d. d. generated the operating profit in the amount of EUR 41,714,956, in the comparable period last year EUR 30,952,334. The financial result was positive and amounted to EUR 743,400 likewise it was positive in the comparable period last year when it amounted to EUR 1,055,784. The profit before tax amounted to EUR 42,458,356, in the comparable period last year it amounted to EUR 32,008,118. The

corporate income tax in the amount of EUR 7,794,938 was taken into account, thus, the company concluded the first half of the year with the net profit in the amount of EUR 34,663,418, whilst the net profit in the comparable period last year amounted to EUR 27,119,155.

(in EUR)	30 Jun 2018	30 Jun 2017
Net profit for the period	34,663,418	27,119,155
Total number of shares	14,000,000	14,000,000
Basic and diluted earnings per share	2.48	1.94

19 Additional Notes to the Separate Statement of Financial Position

Property, plant and equipment

(in EUR)	30 Jun 2018	31 Dec 2017
Land	15,117,508	15,117,508
Buildings	240,107,781	245,729,683
Plant and machinery	86,792,661	91,568,985
Property, plant and equipment being acquired and advances given	15,908,373	15,401,963
Total	357,926,323	367,818,139

In the reporting period, Luka Koper, d. d. invested in property, plant and equipment in the amount of EUR 4,004,195. The major investments were the following:

- Construction of the railway track 61,
- purchase of the forklift,
- purchase of two terminal trailers for the traction of heavy cargo from RO-RO vessels,
- reconstruction of the engine housing and of exhaust pipes on the existing RTG cranes.

Investment property

(in EUR)	30 Jun 2018	31 Dec 2017
Investment property - land	14,546,862	14,747,020
Investment property - buildings	10,364,247	11,720,375
Total	24,911,109	26,467,395

Among investment property are land and buildings, under a lease and property, which increase the value of non-current investment. Investment property is valued using the cost model.

As at 30 June 2018, investment property amounted to EUR 24,911,109, which is EUR 1,556,284 decline in comparison with the previous year. This decrease is attributable to the sale of the building and the pertaining land in Prisoje.

Intangible assets

(in EUR)	30 Jun 2018	31 Dec 2017
Non-current property rights (concessions, patents, licences, trademarks and similar rights)	2,798,796	3,122,833
Total	2,798,796	3,122,833

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

Shares and interests in Group companies

As at 30 June 2018, shares and interests in Group companies amounted to EUR 4,533,063. In the reporting period, there were no changes in shares and interests in Group companies.

Shares and interests in the associates

As at 30 June 2018, shares and interests amounted to EUR 6,737,709. In comparison with the situation as at 31 December 2017, their value stood at the same level.

Other non-current investments

(in EUR)	30 Jun 2018	31 Dec 2017
Other investments measured at cost	928,827	928,827
Other investments measured at fair value through equity	30,362,867	29,570,757
Total	31,291,694	30,499,584

Deferred tax

(in EUR)	Deferred tax assets		Deferred tax liabilities	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
Deferred tax assets and liabilities relating to:				
impairment of investments in subsidiaries	415,238	415,238	0	0
impairment of investments in associates	0	0	0	0
impairment of other investments and deductible temporary differences arising on securities	9,329,990	9,329,990	2,705,713	2,555,213
financial instruments	0	18,875	0	0
allowances for trade receivables	359,877	359,877	0	0
provisions for retirement benefits	251,092	251,092	0	0
provisions for jubilee premiums	51,462	51,462	0	0
long-term accrued costs and deferred income from public commercial services	453,983	453,983	0	0
Total	10,861,642	10,880,517	2,705,713	2,555,213
Off-set with deferred tax liabilities relating to impairment of other investments and deductible temporary differences arising on securities	-2,705,713	-2,555,213	-2,705,713	-2,555,213
Total	8,155,929	8,325,304	0	0

Inventories

As at 30 June 2018, inventories were recorded at EUR 1,205,832, whilst at the end of 2017 they amounted to EUR 1,037,066. The major part of these inventories is related to the maintenance material and spare parts, as well as the overhead and auxiliary material.

Trade and other receivables

(in EUR)	30 Jun 2018	31 Dec 2017
Current trade receivables:		
domestic costumers	16,581,308	16,581,025
foreign costumers	19,464,515	18,273,278
Current operating receivables due from Group companies	758,906	363,927
Current operating receivables due from associates	62,765	55,902
Current trade receivables	36,867,494	35,274,132
Advances and collaterals given	57,004	94,103
Receivables due from the state	1,725,139	1,596,594
Other current receivables	134,419	72,904
Total trade receivables	39,553,280	37,037,733
Short-term deferred costs and expenses	3,912,441	540,338
Accrued income	350,600	442,986
Other receivables	4,263,041	983,324
Total	43,816,321	38,021,057

Current trade receivables from contracts with customers as at 30 June 2018 amounted to EUR 36,867,494 and were ahead on by EUR 1,593,362 in comparison with the situation as at 31 December 2017. This increase is due to a higher realisation.

As at 30 June 2018, the company pledged receivables in connection with collateralising a bank loan in the amount of EUR 2,300,000. On the reporting date, these receivables amounted to EUR 137,679.

Among other receivables, the company accounts for short-term deferred costs and expenses in the amount of EUR 3,912,441, related primarily to the deferred costs from the compensation for the use of the building site in the amount of EUR 2,264,538, costs from the paid annual holiday pay in the amount of EUR 535,350, insurance costs in the amount of EUR 458,703, loan costs and various future expenses. The accrued income account for the accrued income which refers to the income arising on expenses for European development projects, co-financed by European institutions in the amount of EUR 350,599.

In compliance with IFRS 9 – Financial instruments and on the basis of the accounting policy, the company formed for the first time the value adjustments of receivables from outstanding receivables according to key risk criteria. It results that the company held less than a percent of such receivables within the outstanding receivables, which would be risky due to the non-payments.

(in EUR)	30 June 2018	Allowances 2018	31 Dec 2017	Allowances 2017
Outstanding and undue trade receivables	32.967.178	-125.671	30.628.915	0
Past due receivables				
Up to 30 days overdue	4.054.273	0	4.775.829	-519.624
31 to 60 days overdue	-73.208	7.320	197.593	0
61 to 90 days overdue	19.387	-3.877	79.277	0
91 to 120 days overdue	7.832	-2.350	-5.660	0
121 to 180 days overdue	3.594	-1.438	38.917	0
181 to 365 days overdue	566.458	-424.843	495.317	-416.432
more than 366 days	2.140.193	-2.267.356	2.005.785	-2.005.785
Total	39.685.709	-2.818.214	38.215.973	-2.941.841

Cash and cash equivalents

(in EUR)	30 Jun 2018	31 Dec 2017
Cash in hand	49	51
Bank balances	78,234,474	28,202,539
Total	78,234,523	28,202,590

Equity

(in EUR)	30 Jun 2018	31 Dec 2017
Share capital	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703
Revenue reserves	145,607,356	145,607,356
<i>Legal reserves</i>	<i>18,765,115</i>	<i>18,765,115</i>
<i>Other revenue reserves</i>	<i>126,842,241</i>	<i>126,842,241</i>
Reserves arising from valuation at fair value	10,521,797	9,799,716
Retained earnings	41,911	690,207
Net profit for the period	34,663,418	16,571,704
Equity	338,818,150	320,652,651

Provisions

(in EUR)	30 Jun 2018	31 Dec 2017
Provisions for retirement benefits and similar obligations	3,496,859	3,184,782
Provisions for legal disputes	16,370,128	17,032,786
Total	19,866,987	20,217,568

In comparison to the balance as at 31 December 2017, the provisions for retirement benefits and similar increased by EUR 312,077, and namely from the formation of the post-employment benefits, as one-off payments at retirement, whilst the provisions for legal disputes decreased in the amount of EUR 662,658. The impact on the decrease of the provisions for the legal disputes was the concluded judgement, on the basis of which the company settled the imposed liability, eliminated the difference and recognised among other revenues.

In compliance with Article 92 of MRS 37 – Provisions, Contingent liabilities and Contingent Assets, the company does not disclose the information about legal obligations, since their disclosure would create the judgement on the situation of the company in dispute with other customers.

Deferred income

(in EUR)	30 Jun 2018	31 Dec 2017
Non-current deferred income for regular maintenance	16,597,458	13,693,827
Non-current deferred income	4,388,610	4,472,390
Total	20,986,068	18,166,217

Non-current deferred income comprise income on regular maintenance, since in compliance with the Concession Agreement, Luka Koper d. d. has the right and obligation to collect port dues, which is an incomemintended to cover the cost of performing public commercial services. With respect to any annual surplus of revenue over costs, the company forms non-current deferred income for covering costs for public commercial services relating to regular maintenance of the port infrastructure in the coming years. If the expenses exceeded the amount of revenue, the company would draw the long-term deferred income. In the event that costs exceeded the revenue, the company would be utilising non-current deferred income. In comparison to the balance as at 31 December 2017 they increased by EUR 2,903,631, which is due to low investments in the regular maintenance of the port's infrastructure, as result of a delayed issue of the approval of the plan of the regular maintenance by Ministry of infrastructure ter delayed realisation due to the public procurement procedures.

Deferred income is related on received European funds and are drawn in accordance with the lifetime of the assets.

Non-current loans and borrowings

(in EUR)	30 Jun 2018	31 Dec 2017
Non-current financial liabilities to Group companies	16,000,000	16,000,000
Non-current borrowings from domestic banks	64,815,321	71,419,979
Non-current borrowings from foreign banks	28,114,754	29,262,295
Total	108,930,075	116,682,274

Non-current financial liabilities from borrowings as at 30 June 2018 amounted to EUR 108,930,075, which is EUR 7,752,199 less than in comparison with the balance as at 31 December 2017. This decrease resulted from the transfer of a share of liabilities to the current liabilities.

Non-current operating liabilities

As at 30 June 2018, non-current operating liabilities amounted to EUR 990,223 and in comparison to 31 December 2017 were higher for EUR 23,121. To a major extent they are related to the received advances and invoiced excise duties.

Current borrowings

(in EUR)	1-6 2018	31 Dec 2017
Current borrowings from domestic banks	13,209,317	13,765,317
Current borrowings from foreign banks	2,295,082	2,295,082
Total	15,504,399	16,060,399

Non-current financial liabilities from borrowings as at 30 June 2018, were slightly lower in comparison with the situation as at 31 December 2017, which is the net effect of the transfer of a share of liabilities from non-current to current liabilities and the repayment of principals.

Other current financial liabilities

(in EUR)	30 Jun 2018	31 Dec 2017
Other current financial liabilities	17,385,721	372,169
Total	17,385,721	372,169

As at 30 June 2018, other current financial liabilities amounted to EUR 17,385,721, whilst as at 31 December 2017, they amounted to EUR 372,169 and represented the liabilities for the distribution of profit in the amount of EUR 17,309,726 and the liabilities for interests in the amount of EUR 75,995.

Trade and other payables

(in EUR)	30 Jun 2018	31 Dec 2017
Current liabilities to:		
domestic suppliers	15,467,282	16,066,533
foreign suppliers	430,474	402,988
Current liabilities to Group companies	828,645	841,474
Current liabilities to associates	380,998	83,775
Current trade payables	17,107,399	17,394,770
Current liabilities from advances	950,499	1,018,067
Current liabilities to employees	3,612,458	3,587,424
Current liabilities to state and other institutions	274,168	1,560
Total operating liabilities	21,944,524	22,001,821
Accrued costs	9,032,893	3,832,708
Other operating liabilities	9,032,893	3,832,708
Total	30,977,417	25,834,529

As at 30 June 2018, the whole structure of operating and other liabilities amounted to EUR 30,977,417, which is EUR 5,142,888 increase in comparison with 31 December 2018.

A major increase was in the accrued costs in the amount of EUR 5,200,185 relating to the accrued concession fee, costs for the collective job performance on the 13th salary, interests for loans, costs of performance bonuses for employees under individual contracts, costs of unused holidays and accrued costs for invoices to be received.

Current liabilities from advances to a major extent relate to the funds received from EU for covering expenses which will incur in the future on the co-financed projects.

Contingent liabilities

(in EUR)	30 Jun 2018	31 Dec 2017
Guarantees given	1,610,000	1,610,000
Securities given	3,670,689	4,200,467
Contingent liabilities under legal disputes	3,441,626	1,933,240
Total contingent liabilities	8,722,315	7,743,707

Contingent liabilities from lawsuits in comparison with the situation as at 31 December 2017 increased by EUR 1,508,386. On the basis of two lawyers' reports the company defined there were no risks for which the contingent liabilities should have been comprised among the provisions for lawsuits.

Related party transactions

Transactions with the Government of the Republic of Slovenia

Transactions between Luka Koper, d. d., and the Government of the Republic of Slovenia in January – June 2018 were the following:

(in EUR)	Payments in 1 - 6 2018	Costs/expenses in 1-6 2018
Concessions and water reimbursement	3,198,568	3,864,268
Corporate income tax (taxes and advance payments)	43,281	7,794,938
Other taxes and contributions	3,013,631	3,184,879
Total	6,255,480	14,844,085

The company did not have other transactions with the Government of the Republic of Slovenia.

Transactions with companies where Government of the Republic of Slovenia has, directly or indirectly, controlling influence

Companies with capital assets of the State are companies where the Government of the Republic of Slovenia and the Slovenian Sovereign Holding jointly hold at least 20 percent controlling interest. The list of these companies is published on the Slovenian Sovereign Holding website (<https://www.sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb>).

In January - June 2018, Luka Koper, d. d., transactions conducted between Luka Koper, d. d. and the companies where the Government of the Republic of Slovenia has a direct influence amounted to EUR 12,344,103, and include sales to these companies in the amount of EUR 5,783,886 and purchases in the amount of EUR 6,560,218. Most of sales referred to services in connection with the port activity, the purchases refer to the costs of railway transport, purchase of energy and insurance costs. As at 30 June 2018 je Luka Koper, d. d., recorded receivables to these companies in the amount of EUR 1,806,573 and liabilities in the amount of EUR 20,148,519. The largest part of liabilities includes the loan by SID - Slovenska izvozna in razvojna banke, d. d., which was raised under market terms.

Transactions with subsidiaries and associates

In January – June 2018, several legal transactions 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, orders, 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)	1-6 2018	1-6 2017
Sale to subsidiaries	3,020,702	407,187
Sale to associates	276,143	337,944
Purchase from subsidiaries	2,886,367	3,018,018
Purchase from associates	509,911	631,140
Finance income from shares and interests in subsidiaries	288,590	652,780
Finance income from shares and interests in associates	1,030,634	993,808
Finance income from loans to subsidiaries	0	549
Finance expenses for liabilities to subsidiaries	70,294	87,540
Total	8,082,641	6,128,966

Receivables and liabilities to subsidiary and associated companies

(in EUR)	30 Jun 2018	31 Dec 2017
Trade and other receivables due from subsidiaries	758,906	363,927
Trade and other receivables due from associates	543,399	55,902
Operating liabilities to subsidiaries	828,645	841,474
Operating liabilities to associates	380,998	83,775
Borrowings from subsidiaries	16,000,000	16,000,000

Transaction with persons

In January - June 2018, Luka Koper, d. d. did not have relevant transactions with the Members of the Management Board and the Members of the Supervisory Board.

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.

The company's management of financial risks has been organised within the company's finance and accounting department. The specifics of the existing economic environment make forecasting future financial categories even more demanding and introduce into the plans a higher degree of unpredictability and, consequently, higher level of risk. The company has consequently tightened the control over individual financial categories. The company has recorded also other, primarily non-financial risks, which are described in detail under the chapter Risk management.

1. Risk management relating to change in fair value

As at 30 June 2018, the company has invested 5.4 percent of its assets (at the end of the previous year 5.7 percent) in investments measured at fair value through the comprehensive income. The fair value risk associated with these investments is demonstrated through changes in stock market prices that affect the value of these assets and, consequently the potential gain on their disposal. This type of risk was identified in association with investments in market securities of Slovenian companies. As at 30 June 2018, the value of non-current available-for-sale investments measured at fair value equity, amounted to EUR 30,362,867. This value was composed of the value of shares of Slovenian companies and units of mutual fund assets.

Sensitivity analysis of finance investments at fair value:

Risk of change at fair value of securities as at 30 June 2018

Change of index in %	Impact on equity
-10%	-3,036,287
10%	3,036,287

Risk of change at fair value of securities as at 31 December 2017

Change of index in %	Impact on equity
-10%	-2,957,076
10%	2,957,076

The sensitivity analysis of investments at fair value was based on the assumption of a 10 percent increase in the value of the index and accordingly such growth would result in an increase in the fair value of the market securities portfolio by EUR 3,036,287. A 10 percent decrease in the comparable class would have the opposite effect, reducing the fair value of these investments by the same amount.

In this case, the amount of the difference in fair value would be recognised as either an increase or decrease in other comprehensive income within equity.

Fair value hierarchy

(in EUR)	Valuation at fair value			
	Carrying amount at 30 Jun 2018	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
Assets measured at fair value				
Other interests and shares	30,362,867	30,362,867	0	0

(in EUR)	Valuation at fair value			
	Carrying amount at 31 Dec 2017	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
Assets measured at fair value				
Other interests and shares	29,570,757	29,570,757	0	0
Liabilities measured at fair value				
Interest rate hedging for borrowings	99,346	0	99,346	0

Shares and interests measured at fair value were valued at publicly applicable exchange rates at the Ljubljana Stock Exchange and the list of quotations of mutual funds.

2. Management of interest rate risk

With respect of its liability structure, the company faces also interest rate risk as an unexpected growth in variable interest rates can have an adverse effect on the planned results. In January – June 2018, the company succeeded in reducing the share of financial liabilities within its total assets from loans by 6.3 percent with respect to the balance at the end of the previous year, and as at the reporting date, these liabilities were recorded at EUR124,434,474 evrov.

The share of financial liabilities in overall structure of liabilities from loans in overall structure of liabilities decreased from initial 25.6 percent at the end of 2017 to 22.2 percent in the first half of 2018. The effect of the eventual change of variable interests on the future net profit after tax is shown in the table below.

The Company has established the interest rate hedge for the largest borrowing which matures in 2031. The instrument was stipulated in 2013 and which matured in the current year.

Overview of exposure

(in EUR)	30 Jun 2018	Exposure 2018	31 Dec 2017	Exposure 2017
Borrowings received at variable interest rate (without interest rate hedge)	108,434,474	87.1%	85,185,296	64.2%
Borrowings received at variable interest rate (with interest rate hedge)	0	0.0%	31,557,377	23.8%
Borrowings received at nominal interest rate	16,000,000	12.9%	16,000,000	12.1%
Total	124,434,474	100.0%	132,742,673	100.0%

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

(in EUR)	Borrowings from banks under the variable interest rate as at 30 Jun 2018	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
3M EURIBOR	73,434,474	0	0	131,448
6M EURIBOR	35,000,000	0	0	80,500
Total effect on interests expenses	108,434,474	0	0	211,948

(in EUR)	Borrowings from banks under the variable interest rate as at 31 Dec 2018	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
3M EURIBOR	47,756,725	0	0	81,664
6M EURIBOR	37,428,571	0	0	85,711
Total effect on interests expenses	85,185,296	0	0	167,375

The sensitivity analysis of borrowings from banks in view of the variable interest rate was based on the assumption of potential growth in interest rates of 15, 25 and 50 bp. Given the assumption that the variable interest rates of 15 resp. 25 bp, the company's interest expenses in view of unchanged borrowing not grow. If the variable interest rates are to grow by 50 base points, the interest expenses would increase by EUR 211,948.

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 from delays in receivable collection include regular monitoring of payments and immediate

response to any delay and charging penalty interest in accordance with the uniform policy of receivable management.

(in EUR)	Up to 3 months	3 to 12 months	1 to 2 years	3 to 5 years	More than 5 years	Total
30 Jun 2018						
Loans and borrowings*	2,695,147	12,809,251	20,824,689	47,956,674	40,148,712	124,434,474
Expected interest on all borrowings	190,492	920,451	949,882	1,726,111	652,147	4,439,084
Other financial liabilities	17,385,721	0	0	0	0	17,385,721
Payables to suppliers	17,107,399	0	0	0	0	17,107,399
Other operating liabilities	4,837,125	0	0	0	0	4,837,125
Total	42,215,885	13,729,703	21,774,571	49,682,785	40,800,859	168,203,803
31 Dec 2017						
Loans and borrowings*	2,974,147	13,086,251	16,004,399	55,203,051	45,474,824	132,742,673
Expected interest on all borrowings	254,320	1,130,298	1,141,323	2,180,266	871,811	5,578,019
Other financial liabilities	372,169	0	0	0	0	372,169
Payables to suppliers	17,394,770	0	0	0	0	17,394,770
Other operating liabilities	4,607,051	0	0	0	0	4,607,051
Total	25,602,458	14,216,549	17,145,722	57,383,317	46,346,636	160,694,682

*The item includes also the borrowings from subsidiaries and associates

4. Management of currency risk

The risk of changes in foreign exchange rates arises from trade receivables denominated in US dollars (USD). In the first half of 2018, the outstanding trade receivables do not even represent 0.1 percent of all receivables and therefore according to the company's estimates the share of trade receivables denominated in US dollars as at 30 June 2018, the 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)	30 Jun 2018	31 Dec 2017
Non-current loans	17,485	22,592
Non-current operating liabilities	39,991	41,772
Current loans	9,350	8,413
Current trade receivables	36,867,494	35,274,132
Other current receivables	4,263,040	983,324
Cash and cash equivalents	78,234,523	28,202,589
Guarantees and collaterals granted	5,280,689	5,810,467
Total	124,712,572	70,343,289

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

The identification of an optimal capital structure and consequently, the approximation of the existing capital structure are of key importance for the company's performance.

(in EUR)	30 Jun 2018		31 Dec 2017	
	in EUR	Share (%)	in EUR	Share (%)
Equity	338,818,150	60.5%	320,652,651	61.8%
Non-current liabilities	150,773,353	26.9%	156,033,161	30.1%
Current liabilities	70,086,622	12.5%	42,267,097	8.1%
Total accumulated profit	559,678,125	100%	518,952,909	100%

20 Consolidated Financial Statements of the Luka Koper Group

20.1 Consolidated Income Statement

(in EUR)	1-6 2018	1-6 2017
Revenue	113,322,196	108,014,323
Capitalised own products and services	631,912	264,138
Other income	12,342,476	1,479,918
Cost of material	-8,310,520	-8,112,865
Cost of services	-27,766,128	-25,138,561
Employee benefits expense	-28,719,837	-26,892,159
Amortisation and depreciation expense	-14,715,456	-13,225,766
Other operating expenses	-4,267,577	-4,520,833
Operating profit	42,517,066	31,868,195
Finance income	156,309	174,092
Finance expenses	-659,066	-664,649
Loss from financing activities	-502,757	-490,557
Profit or loss of associates	710,837	863,475
Profit before tax	42,725,146	32,241,113
Income tax expense	-7,917,928	-4,734,067
Deferred taxes	-1,863	-130,649
Net profit for the period	34,805,355	27,376,397
Net profit attributable to owners of the company	34,797,440	27,357,768
Net profit attributable to non-controlling interests	7,915	18,629
Net earnings per share	2.49	1.95

20.2 Consolidated Statement of Other Comprehensive Income

(in EUR)	1-6 2018	1-6 2017
Profit for the period	34,805,355	27,376,397
Change in revaluation surplus of available-for-sale financial assets	1,013,157	2,392,335
Deferred tax on revaluation of available-for-sale financial assets	-192,500	-454,544
Change in fair value of hedging instruments	99,343	158,117
Deferred tax on change in value of hedging instruments	-18,875	-30,042
Items that will be reclassified subsequently to profit or loss	901,125	2,065,866
Other comprehensive income	901,125	2,065,866
Total comprehensive income for the period	35,706,480	29,442,263
Total comprehensive income of owners of the company	35,698,565	29,423,634
Total comprehensive income of non-controlling interests	7,915	18,629

20.3 Consolidated Statement of Financial Position

(in EUR)	30 Jun 2018	31 Dec 2017
ASSETS		
Property, plant and equipment	372,964,934	384,819,160
Investment property	15,451,624	15,329,841
Intangible assets	3,115,628	3,467,042
Shares and interests in associates	13,056,670	13,376,467
Other non-current investments	35,230,592	34,217,435
Loans given and deposits	17,485	22,592
Non-current operating receivables	39,991	41,772
Deferred tax assets	8,018,109	8,231,345
Non-current assets	447,895,033	459,505,654
Assets held for sale	0	864
Inventories	1,205,832	1,037,066
Deposits and loans given	80,345	79,541
Trade and other receivables	44,246,343	38,952,623
Deferred tax assets	0	4,528,725
Cash and cash equivalents	83,680,256	32,374,215
Current assets	129,212,776	76,973,034
TOTAL ASSETS	577,107,809	536,478,688
EQUITY AND LIABILITIES		
Share capital	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703
Revenue reserves	145,607,356	145,607,356
Reserves arising from valuation at fair value	11,399,178	10,498,049
Retained earnings	63,733,418	46,155,978
Equity of owners of the parent	368,723,620	350,245,051
Non-controlling interests	200,251	192,336
Equity	368,923,871	350,437,387
Deferred income	23,052,496	20,271,398
Provisions	20,381,246	20,701,828
Loans and borrowings	92,930,075	100,682,274
Non-current operating liabilities	1,067,973	1,045,243
Non-current liabilities	137,431,790	142,700,743
Loans and borrowings	15,504,399	16,060,399
Other current financial liabilities	17,385,721	372,169
Trade and other payables	31,561,940	26,907,990
Current liabilities	70,752,148	43,340,558
TOTAL EQUITY AND LIABILITIES	577,107,809	536,478,688

20.4 Consolidated Statement of Cash Flows

(in EUR)	1-6 2018	1-6 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	34,805,355	27,376,397
Adjustments for:		
Amortisation/Depreciation	14,715,456	13,225,766
Reversal and impairment losses on property, plant and equipment, and intangible assets	4,455	523,045
Gain on sale of property, plant and equipment, intangible assets and investment property	-801,024	-184,836
Allowances for receivables	277,909	89,471
Collected written-off receivables and liabilities	-277,580	-109,599
Reversal of provisions	-643,396	0
Finance income	-156,309	-174,092
Finance expenses	659,066	664,649
Recognised results of subsidiaries under equity method	-710,837	-863,475
Income tax expense and income (expenses) from deferred taxes	7,919,791	4,864,716
Profit before change in net current operating assets and taxes	55,792,886	45,412,042
Change in operating receivables	-4,708,045	-11,687,117
Change in inventories	-168,766	-137,514
Change in assets (disposal group) held for sale	1,502,197	0
Change in operating liabilities	4,929,860	8,139,035
Change in provision	414,654	-131,942
Change in non-current deferred income	2,778,077	1,665,551
Cash generated in operating activities	60,540,863	43,260,055
Interest expenses	-843,613	-561,660
Tax expenses	2,910,885	-6,108,728
Net cash from operating activities	62,608,135	36,589,667
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	130,959	77,703
Proceeds from sale of property, plant and equipment, and intangible assets	805,479	184,835
Proceeds from sale, less investments and loans given	253	25,566
Acquisition of property, plant and equipment, and intangible assets	-4,296,955	-29,390,930
Acquisition of investments, increase in loans given	-120	-146
Net cash used in investing activities	-2,785,034	-28,523,140
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of current borrowings	-8,514,647	-5,335,532
Net cash used in financing activities	-8,517,059	-5,335,532
Net increase in cash and cash equivalents	51,306,041	2,730,995
Opening balance of cash and cash equivalents	32,374,215	5,826,536
Closing balance of cash and cash equivalents	83,680,256	8,557,531

20.5 Consolidated Statement of Changes in Equity

Year 2018

(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			
Balance at 31 Dec 2017	58,420,965	89,562,703	18,765,115	126,842,241	46,155,978	11,671,809	-80,472	-1,093,285	350,245,054	192,336	350,437,387
Changes of equity – transactions with owners											
Other changes in equity	0	0	0	0	-17,220,000	0	0	0	-17,220,000	0	-17,220,000
	0	0	0	0	-17,220,000	0	0	0	-17,220,000	0	-17,220,000
Total comprehensive income for the period											
Profit for the period	0	0	0	0	34,797,440	0	0	0	34,797,440	7,915	34,805,355
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	820,657	0	0	820,657	0	820,657
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	80,472	0	80,472	0	80,472
	0	0	0	0	34,797,440	820,657	80,472	0	35,698,569	7,915	35,706,484
Balance at 30 June 2018	58,420,965	89,562,703	18,765,115	126,842,241	63,733,418	12,492,466	0	-1,093,285	368,723,623	200,251	368,923,871

Year 2017

(in EUR)	Reserves arising on valuation at fair value								Total equity of owners of the parent company	Non-controlling interests	Total equity
	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Investments	Financial instruments	Actuarial gains/losses			
Balance at 31 Dec 2016	58,420,965	89,562,703	18,765,115	110,270,537	47,414,033	8,702,160	-340,097	-987,563	331,807,853	171,068	331,978,921
Calculated retroactively	0	0	0	0	249,274	0	0	0	249,274	0	249,274
Balance as at 1 Jan 2017	58,420,965	89,562,703	18,765,115	110,270,537	47,663,307	8,702,160	-340,097	-987,563	332,057,127	171,068	332,228,195
Changes of equity – transactions with owners											
Other changes in equity	0	0	0	0	-19,600,000	0	0	0	0	0	-19,600,000
	0	0	0	0	-19,600,000	0	0	0	-19,600,000	0	-19,600,000
Total comprehensive income for the period											
Profit for the period	0	0	0	0	27,357,768	0	0	0	27,357,768	18,629	27,376,397
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	1,937,791	0	0	1,937,791	0	1,937,791
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	128,075	0	128,075	0	128,075
	0	0	0	0	27,357,768	1,937,791	128,075	0	29,423,634	18,629	29,442,263
Balance at 30 June 2017	58,420,965	89,562,703	18,765,115	110,270,537	55,421,075	10,639,951	-212,022	-987,563	341,880,761	189,697	342,070,458

21 Notes to the Consolidated Financial Statements

The interim statements of Luka Koper Group for January – June 2018, i.e. as at 30 June 2018, 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.

Subsidiaries included in the consolidated financial statements:

- Luka Koper INPO, d. o. o., 100%
- Adria Terminali, d. o. o., 100%
- Luka Koper Pristan, d. o. o., 100%
- TOC, d. o. o., 68.13%

Associates included in the consolidated financial statements:

- Adria Transport, d. o. o., 50%
- Adria-Tow, d. o. o., 50%
- Adriaфин, d. o. o., 50%
- Avtoservis, d. o. o., 49%

Companies excluded from the consolidated financial statements as at 30 June 2018:

- Logis Nova, d. o. o., 100%
- Adria Investicije, d. o. o., 100%

The companies Adria Investicije, d. o. o. and Logis Nova, d. o. o. were not included in the consolidated financial statements as they operate in a limited scope and are not considered significant for a fair presentation of the Group's financial position.

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 users useful information on the company's performance from January to June 2018, in comparison with data for the previous year, together with the Group's financial position as at 30 June 2018 in comparison with 31 December 2017.

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 2017 except the following changes:

As from 1st January 2018, Luka Koper Group started to apply two new standards, and namely IFRS 9 – Financial instruments and IFRS 15 – Revenue from contracts with customers.

IFRS 9 – Financial instruments

The standard determines the requirements and rules for the recognition and the measurement of the financial instruments and replaces the standard IFRS 39 – Financial instruments: Recognition and Measurement.

IFRS 9 introduces new requirements relating to the classification and measurement of financial assets and liabilities, recognition of their impairment and the hedge accounting

Overview of the classification of financial instruments according to IFRS 9:

Item	IAS 39	IFRS 9
Other investments, measured at cost	assets available for sale	Investments measured at fair value through the operating profit
Other investments, measured at fair value	assets available for sale	Investments measured at fair value through the comprehensive income
Given loans	loans and receivables	Assets valued at amortised cost
Operating receivables	loans and receivables	Assets valued at amortised cost
Cash and cash equivalents	loans and receivables	Assets valued at amortised cost

On the basis of a new standard the Group formed a new calculation model for the impairments calculation, which is not based only on the realised credit losses, this applies in the case of IFRS 39. On each reporting date the Group measures the value adjustments of the financial instrument for the loss as the amount, equal to expected credit losses over the whole duration.

The Group defined a new model of impairments to this end, which besides the value adjustments is based also on the value adjustments from receivables not yet due. On the basis of the internal credit rating and on the basis of the buyer's country risk the Group defined risk classifications.

IFRS 15 – Revenue from contracts with customers

The goal of the renewed standard is to give a robust framework for the recognition of revenues from contracts with customers, with clear principles and in-depth disclosures which should lead to the improved comparability of the revenue among the companies, line

of business and capital markets. The basic principle of the framework is that the recognition of the revenue reflects the transfer of products and services to the customer in the amount which reflects the compensation for which the company expects it is justifiable, in exchange for these products and services. In order to achieve this goal, IFRS prescribes the application of five steps and namely:

- step 1 – identification of the contract,
- step 2 – identification of performance obligations,
- step 3 – determination of the price,
- step 4 – allocation of the transaction price,
- step 5 – recognition of the revenue

The Group has made the effect of the impact of IFRS 15 for all Group's companies and actually perceived the impacts in the parent company.

According to a new standard, the Group did not have relevant differences in the recognition of the revenue from the sale of goods and services. From the analysis of the contracts with customers it results that the Group fulfils the criteria of a new standard for the recognition of the revenue and that the obligations in the contracts are adequately defined, which enables their classification and measurement as well as the determination of the term for their fulfilment. Contracts with customers comprise sale of goods and services, which are accounted separately in financial statements.

The adoption of new standards IFRS 9 – Financial instruments and IFRS 15 – revenues from contracts with customers for Luka Koper Group did not have any essential impact on the Group's financial statements and meanwhile on the retained profit.

22 Additional Notes to the Consolidated Income Statement

Revenue

(in EUR)	1-6 2018	1-6 2017
Revenue from sales with domestic customers based on contract with customer	34,937,361	34,614,994
- services	34,932,348	34,599,894
- goods and material	5,013	15,100
Revenue from sales with foreign customers based on contract with customer	77,772,458	72,734,184
- services	77,772,458	72,734,184
Revenue from sales with domestic customers from rentals	610,576	613,344
Revenue from sales with foreign customers from rentals	1,801	51,801
Total	113,322,196	108,014,323

On the basis of the analysis the Group estimated that new standards do not have an essential impact on the recognition of net revenue from sale, therefore only the structure of their accounting was adjusted.

Capitalised own products and own services

(in EUR)	1-6 2018	1-6 2017
Capitalised own products and own services	631,912	264,138
Total	631,912	264,138

Other income

(in EUR)	1-6 2018	1-6 2017
Other operating income	2,492,638	1,164,519
Reversal of provisions	643,396	50,571
Subsidies, grants and similar income	770,638	819,513
Revaluation operating income	1,078,604	294,435
Income on sale of property, plant and equipment and investment property	801,024	184,836
Collected written-off receivables and written-off liabilities	277,580	109,599
Other income	9,849,838	315,399
Compensations and damages	9,556,336	185,386
Subsidies and other income not related to services	293,090	108,802
Other income	412	21,211
Total	12,342,476	1,479,918

The reversal of provisions in the amount of EUR 643,396 refers to the judgement by which the lawsuit became final and the basis of which the Group settled its liability and meanwhile reversed the provisions surplus.

Revaluation operating income comprises the revenue from the sale of property, plant and equipment, investment property and from the drawing of the value adjustments from receivables. The Group sold the building with the pertaining land, and thus another revenue in the amount of EUR 736,455 was generated.

Received compensations and damages in the first half of 2018 amounted to EUR 9,556,336 . On the basis of the out-of-court settlement the Group received the compensation for the last year's accident, when the quayside crane collapsed and was damaged and this compensation in the amount of EUR 9,102,500 was recognised among other revenue.

Cost of material

(in EUR)	1-6 2018	1-6 2017
Cost of material	743	704
Cost of auxiliary material	1,445,753	1,660,006
Cost of spare parts	2,526,825	2,416,208
Cost of energy	4,022,409	3,722,625
Cost of office stationary	101,139	86,433
Other cost of material	213,651	226,889
Total	8,310,520	8,112,865

Cost of services

(in EUR)	1-6 2018	1-6 2017
Cost of services rendered in connection with the core activity	15,379,449	13,651,482
Cost of transportation	96,744	100,606
Cost of maintenance	2,925,842	2,510,326
Rentals	250,413	266,488
Reimbursement of labour-related costs	151,581	178,736
Costs of payment processing, bank charges and insurance premiums	472,788	384,028
Cost of intellectual and personal services	684,608	355,104
Advertising, trade fairs and hospitality	387,674	433,044
Costs of services provided by individuals not performing business activities	194,924	148,279
Sewage and disposal services	275,344	171,643
Information support	1,541,851	1,504,414
Concession-related costs	3,864,268	3,735,936
Costs of other services	1,540,642	1,698,475
Total	27,766,128	25,138,561

Within the costs of services, the major share represent the costs of port's services, and namely EUR 15,379,449. The providers of port's services perform for the company port's services on goods sorting, palletising, sampling, marking, weighing, cleaning, transshipment and other), management of the port's mechanisation and similar).

Employee benefits expense

(in EUR)	1-6 2018	1-6 2017
Wages and salaries	19,020,763	18,292,313
Wage compensations	2,727,732	2,348,071
Costs of additional pension insurance	860,096	819,874
Employer's contributions on employee benefits	3,569,275	3,373,240
Annual holiday pay, reimbursements and other costs	2,541,971	2,058,661
Total	28,719,837	26,892,159

Labour costs in the first half of 2018 amounted to EUR 28,719,837, which is EUR 1,827,678 ahead on the comparable period last year. Higher labour costst are primarily attributable to new recruitments, since from June 2017 until June 2018 the Group additionally employed 95 persons.

Depreciation and amortisation expense

(in EUR)	1-6 2018	1-6 2017
Depreciation of buildings	6,776,151	6,602,506
Depreciation of equipment and spare parts	7,466,850	6,168,812
Depreciation of small tools	9,957	12,253
Depreciation of investment property	105,059	99,242
Amortisation of intangible assets	351,653	342,953
Depreciation of investment for foreign assets	5,786	0
Total	14,715,456	13,225,766

Other operating expenses

(in EUR)	1-6 2018	1-6 2017
Reversal of provisions	39,419	0
Impairment costs, write-offs and losses on property, plant and equipment, and investment property	4,455	523,045
Expenses for allowances for receivables	277,909	89,471
Levies that are not contingent upon employee benefits expense and other types of cost	3,431,105	3,430,931
Donations	81,226	106,161
Environmental levies	73,740	34,718
Awards and scholarship to students inclusive of tax	6,424	11,456
Awards and scholarship to students	2,000	4,400
Other costs and expenses	351,299	320,651
Total	4,267,577	4,520,833

Charges, not depending on labour costs and other types of costs are substantially related to the use of the building site which in January – June 2018 amounted to EUR 3,333,397.

Other costs and expenses mainly represent the damages in the amount of EUR 303,159.

Finance income and expenses

(in EUR)	1-6 2018	1-6 2017
Finance income from shares and interests	25,350	96,389
Finance income from shares and interests in other companies	0	73,374
Financial income from other investments	25,350	23,015
Finance income - interest	719	985
Interest income - other	719	985
Finance income from operating receivables	130,240	76,718
Finance income from operating receivables due from others	130,240	76,718
Total finance income	156,309	174,092
Finance expense from finance investments	0	-73,374
Finance expenses - interest	-601,031	-551,916
Interest expenses - banks	-601,031	-551,916
Finance expenses for financial liabilities	-58,035	-39,359
Finance expenses for trade payables	-47	-230
Finance expenses for other operating liabilities	-57,988	-39,129
Total finance expenses	-659,066	-664,649
Net financial result	-502,757	-490,557

Finance expense for interests towards banks in January – June 2018 amounted to EUR 601,031 and in comparison with the previous year were higher by EUR 49,115, primarily due to lower costs of capitalization of interests.

Profit of the period

In January – June 2018, the Group generated the operating profit in the amount of EUR 42,517,066, in the comparable period last year EUR 31,868,195. The financial result was negative and amounted to EUR -502,757, as well it was negative in the equivalent period last year, when it amounted to EUR -490,557. The profit before tax amounted to EUR 42,725,146, in the comparable period last year to EUR 32,241,113. The net profit of Luka Koper Group in the first half of 2018 amounted to EUR 34,805,355 (in the comparable period last year to EUR 27,376,397), whereof EUR 34,797,440 (in the comparable period last year EUR 27,357,768) pertained to the parent company, to the non-controlling company EUR 7,915 (in the comparable period of the previous year EUR 18,629). Non-controlling interest pertains to the co-owner of the company TOC, d. o. o.

(in EUR)	30 Jun 2018	31 Dec 2017
Net profit for the period	34,797,440	27,357,768
Total number of shares	14,000,000	14,000,000
Basic and diluted earnings per share	2.49	1.95

23 Additional Notes to the Consolidated Statement of Financial position

Property, plant and equipment

(in EUR)	30 Jun 2018	31 Dec 2017
Land	18,086,600	18,286,759
Buildings	249,430,469	256,665,415
Plant and machinery	89,359,871	94,289,996
Property, plant and equipment being acquired and advances given	16,087,994	15,576,990
Total	372,964,934	384,819,160

In the reporting period, Luka Koper Group realised investments in property, plant and equipment in the amount of EUR 4,282,533. The major investments of Luka Koper Group were the following:

- Construction of the railway track 61,
- purchase of the forklift,
- purchase of two terminal tractors and terminal trailers for the traction of the heavy cargo from RO-RO vessels,
- reconstruction of the existing diesel RTG cranes with aim to reduce the noise emissions.

In March 2018, the Group sold the building in Prisoje with the pertaining land, and thereby the value of property, plant and equipment decreased by EUR 1,476,328.

Investment property

(in EUR)	30 Jun 2018	31 Dec 2017
Investment property - land	11,577,769	11,577,769
Investment property - buildings	3,873,855	3,752,072
Total	15,451,624	15,329,841

Among investment property are land and buildings, under lease and property which increase the value of non-current investments. Investment property is valued using the cost model.

Intangible assets

(in EUR)	30 Jun 2018	31 Dec 2017
Development costs	175,996	195,373
Non-current property rights (concessions, patents, licences, trademarks and similar rights)	2,939,632	3,271,669
Total	3,115,628	3,467,042

Intangible assets of Luka Koper Group account for rights, industrial property and other rights and development costs. The industrial property rights and other rights comprise software, informations systems and development-project programmes.

The development costs in the amount of EUR 175,996 (at the end of the previous year they amounted to EUR 195,373) were generated in the company TOC, d. o. o., and namely for the project CAPSorb (development of efficient ecological absorbents for the management of all types of spillages of hydrophilic and hydrophobic of hazardous and non-hazardous liquids on solid ground and water surfaces).

Shares and interests in associates

Table showing changes in shares and interests in associates

(in EUR)	2018	2017
Balance at the beginning of the period	13,376,467	12,680,341
Increase		
Attributable profits	710,837	1,689,934
- Adria Transport, d. o. o.	292,691	432,911
- Adria-tow, d. o. o.	270,995	466,845
- Adriaфин, d. o. o.	-24,778	309,565
- Avtoservis, d. o. o.	171,929	480,613
Decrease		
Share of profits	-1,030,634	-993,808
- Adria Transport, d. o. o.	-150,000	-320,000
- Adria-tow, d. o. o.	-400,000	-250,000
- Avtoservis, d. o. o.	-480,634	-423,808
Balance at the end of the period	13,056,670	13,376,467

Other non-current investments

(in EUR)	30 Jun 2018	31 Dec 2017
Other investments measured at cost	3,414,602	3,414,602
Other investments measured at fair value	31,815,990	30,802,833
Total	35,230,592	34,217,435

Deffered tax

(in EUR)	Deferred tax assets		Deferred tax liabilities	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
Deferred tax assets and liabilities relating to:				
impairment of investments in associates	415,238	415,238	0	0
impairment of other investments and deductible temporary differences arising on securities	9,351,157	9,351,157	2,930,331	2,737,833
financial instruments	0	18,875	0	0
allowances for trade receivables	381,366	381,366	0	0
provisions for retirement benefits	288,843	290,204	0	0
provisions for jubilee premiums	57,853	58,355	0	0
long-term accrued costs and deferred income from public commercial services	453,983	453,983	0	0
Total	10,948,440	10,969,178	2,930,331	2,737,833
Off-set with deffered tax liabilities relating to impairment of other investments and deductible temporary differences arising on securities	-2,930,331	-2,737,833	-2,930,331	-2,737,833
Total	8,018,109	8,231,345	0	0

Inventories

As at 30 June 2018, the value of inventories of material amounted to EUR 1,205,832, at the end of 2017 their value was EUR 1,037,066. The major share of inventories is related to the maintenance material and sparte parts, as well as overhead and auxilliary material.

Trade and other receivables

(in EUR)	30 Jun 2018	31 Dec 2017
Current trade receivables:		
domestic costumers	17,487,437	17,300,996
foreign costumers	19,665,511	18,439,648
Current operating receivables due from associates	543,399	55,902
Current trade receivables from contracts with customers	37,696,347	35,796,546
Advances and collaterals given	62,256	94,490
Current receivables related to finance income	11,023	14,844
Receivables due from the state	1,905,084	1,955,276
Other current receivables	171,527	102,589
Total trade receivables	39,846,237	37,963,745
Short-term deferred costs and expenses	4,049,508	545,755
Accrued income	350,598	443,123
Other receivables	4,400,106	988,878
Total	44,246,343	38,952,623

As at 30 June 2018, current trade receivables from contracts with customers amounted to EUR 37,696,347 and in comparison with the situation as at 31 December 2017, increased by EUR 1,899,801. This increase is due to a higher realisation.

As at 30 June 2018, the Group pledged receivables in connection with collateralising a bank loan in the amount of EUR 2,300,000. As at 30 June 2018, these receivables amounted to EUR 137,679.

Among other receivables Luka Koper Group accounts for short-term deferred costs and expenses in the amount of EUR 4,049,508, related primarily to deferred costs from the compensation for the use of the building land in the amount of EUR 2,291,333, costs from the paid annual holiday in the amount of EUR 639,500, insurance costs in the amount of EUR 460,590, loan costs and various future expenses. Accrued income refers to accrued income arising on expenses for European development projects, co-financed by European institutions in the amount of EUR 350,599.

In compliance with the IFRS 9 – Financial instruments and on the basis of the accounting policy, the Group has formed for the first time the value adjustments of receivables according to key risk criteria. It results that the Group held less than a percent of such receivables within the outstanding receivables, which would be risky due to the non-payments.

Maturity of trade receivables and receivables relating to finance income:

(in EUR)	30 Jun 2018	Allowances 30 Jun 2018	31 Dec 2017	Allowances 31 Dec 2017
Outstanding and undue trade receivables	33,434,280	-125,671	30,882,773	0
Past due receivables:				
up to 30 days	4,258,302	0	4,963,985	-519,624
31 to 60 days overdue	-23,670	3,095	245,383	0
61 to 90 days overdue	60,078	-11,849	99,785	0
91 to 120 days overdue	53,888	-13,814	14,232	-152
121 to 180 days overdue	58,532	-24,198	2,541,474	-678
181 to 365 days overdue	665,073	-500,611	496,413	-416,836
more than 366 days overdue	2,254,250	-2,380,316	2,124,270	-2,117,652
Total	40,760,732	-3,053,363	41,368,315	-3,054,942

Cash and cash equivalents

(in EUR)	30 Jun 2018	31 Dec 2017
Cash in hand	18,340	11,657
Bank balances	81,681,916	30,382,558
Current deposits	1,980,000	1,980,000
Total	83,680,256	32,374,215

Equity

(in EUR)	30 Jun 2018	31 Dec 2017
Share capital	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703
Revenue reserves	145,607,356	145,607,356
<i>Legal reserves</i>	<i>18,765,115</i>	<i>18,765,115</i>
<i>Other revenue reserves</i>	<i>126,842,241</i>	<i>126,842,241</i>
Reserves arising from valuation at fair value	11,399,178	10,498,049
Retained earnings	28,935,978	27,766,161
Net profit for the period	34,797,440	18,389,817
Equity of owners of the parent	368,723,620	350,245,051
Non-controlling interests	200,251	192,336
Equity	368,923,871	350,437,387

Provisions

(in EUR)	30 Jun 2018	31 Dec 2017
Provisions for retirement benefits and similar obligations	4,011,118	3,669,042
Provisions for legal disputes	16,370,128	17,032,786
Total	20,381,246	20,701,828

Provisions for retirement benefits and similar obligations in comparison with the situation as at 31 December 2017 increased by EUR 342,076, and namely formation of provisions for post-employment benefits (one-off payments at the retirement), whilst the provisions for lawsuits decreased in the amount of EUR 662,658. The decrease of provisions for lawsuits resulted from the completed judgement, on the basis of which the Group settled the liability, eliminated the difference and recognised among other revenue.

Deferred income

(in EUR)	30 Jun 2018	31 Dec 2017
Long-term deferred income for regular maintenance	16,597,458	13,693,827
Non-refundable grants received	4,885,473	4,916,166
Other long-term deferred income	1,569,565	1,661,405
Total	23,052,496	20,271,398

Non-current deferred income comprise income on regular maintenance, since in compliance with the Concession Agreement, Luka Koper Group has the right and obligation to collect port dues, which is an incomemintended to cover the cost of performing public commercial services. With respect to any annual surplus of revenue over costs, the company forms non-current deferred income for covering costs for public commercial services relating to regular maintenance of the port infrastructure in the coming years. If the expenses exceeded the amount of revenue, the company would draw the long-term deferred income. In the event that costs exceeded the revenue, the controlling company would be utilising non-current deferred income. In comparison to the balance as at 31 December 2017 they increased by EUR 2,903,631, which is due to low investments in the regular maintenance of the port's infrastructure, as result of a delayed issue of the approval of the plan of the regular maintenance by Ministry of infrastructure ter delayed realisation due to the public procurement procedures.

Non-current deferred income primarily comprises non-refundable grants and advance payments received with respect to non-refundable funds for investments into EU development projects, which are recorded by the controlling company and are utilised in accordance with their useful life. Under non-refundable funds received, the Group also

records retained contributions on salaries of employees of the Luka Koper INPO, d. o. o, and namely contributions to insurance schemes for retirement pension, disability, sickness and maternity. The assets are used in compliance with the Vocational Rehabilitation and Employment of Disabled Persons Act for covering 75 percent of salaries for disabled persons and labour costs for the staff who assist the disabled persons.

Other long-term deferred income of the Group represent long-term deferred income, destined to covering the amortisation costs of assets.

Non-current loans and borrowings

(in EUR)	30 Jun 2018	31 Dec 2017
Non-current borrowings from domestic banks	64,815,321	71,419,979
Non-current borrowings from foreign banks	28,114,754	29,262,295
Total	92,930,075	100,682,274

Non-current financial liabilities from borrowings as at 30 June 2018 amounted to EUR 92,930,075, which is EUR 7,752,199 less than in comparison with the balance as at 31 December 2017. This decrease resulted from the transfer of a share of liabilities to the current liabilities.

Non-current operating liabilities

As at 30 June 2018, non-current financial liabilities amounted to EUR 1,067,973 and in comparison to 31 December 2017 were higher for EUR 22,730. To a major extent, they relate to the received advances and re invoiced excise duties.

Current borrowings

(in EUR)	30 Jun 2018	31 Dec 2017
Current borrowings from domestic banks	13,209,317	13,765,317
Current borrowings from foreign banks	2,295,082	2,295,082
Total	15,504,399	16,060,399

Current borrowings from banks as at 30 June 2018, were slightly lower in comparison with the end of the previous year, which is the net effect of the transfer of a share of liabilities from non-current liabilities among current liabilities and the repayment of principal amounts.

Other current financial liabilities

(in EUR)	30 Jun 2018	31 Dec 2017
Other non-current financial liabilities	17,385,721	372,169
Total	17,385,721	372,169

As at 30 June 2018, other current financial liabilities amounted to EUR 17,385,721, whilst as at 31 December 2017, they amounted to EUR 372,169, comprising liabilities related to the distribution of profit in the amount of EUR 17,309,726 and liabilities for interests in the amount of EUR 75,995.

Trade and other payables

(in EUR)	30 Jun 2018	31 Dec 2017
Current liabilities to:		
domestic suppliers	15,998,372	16,973,624
foreign suppliers	455,727	413,868
Current liabilities to associates	380,998	83,776
Current trade payables	16,835,097	17,471,268
Current liabilities from advances	1,038,253	1,092,723
Current liabilities to employees	3,957,313	3,985,606
Current liabilities to state and other institutions	288,779	67,626
Total operating liabilities	22,119,442	22,617,223
Accrued costs or expenses	8,376,905	3,518,232
Other operating liabilities	166,997	772,535
Other operating liabilities	9,442,498	4,290,767
Total	31,561,940	26,907,990

As at 30 June 2018, total trade operating and other liabilities of Luka Koper Group amounted to EUR 31,561,940 and were higher by EUR 4,653,950 in comparison with the balance as at 31 December 2017.

Current liabilities from advances to a major extent relate to the funds received from EU for covering expenses which will incur in the future on the co-financed projects.

The largest increase is recorded with accrued costs resp. expenses in the amount of EUR 4,858,673 and relate to accrued costs for concession fee, for the collective job performance and 13th salary, costs for remunerations and bonuses paid under individual contracts, costs of unused holidays and accrued costs for invoices to be received.

Contingent liabilities

(in EUR)	30 Jun 2018	31 Dec 2017
Guarantees given	1,733,058	1,742,058
Securities given	3,670,689	4,200,467
Contingent liabilities under legal disputes	3,441,626	1,933,240
Total contingent liabilities	8,845,373	7,875,765

In comparison with the balance as at 31 December 2017, contingent liabilities from lawsuits increased by EUR 1,508,386. On the basis of layers' reports the Group determined there were no risks for which it would be necessary to account the contingent liabilities among the provisions for lawsuits.

Transactions with the Government of the Republic of Slovenia

Transactions between Luka Koper Group and the Government of the Republic of Slovenia in January – June 2018 were the following:

(in EUR)	Payments in 1-6 2018	Costs/expenses in 1-6 2018
Concessions and water reimbursement	3,198,568	3,864,268
Corporate income tax (taxes and advance payments)	1,647,200	7,917,928
Other taxes and contributions	3,380,174	3,569,275
Total	8,225,942	15,351,471

The Group did not have other transactions with the Government of Republic of Slovenia.

Transactions with companies where Government of the Republic of Slovenia has, directly or indirectly, controlling influence

Companies with capital assets of the State are companies where the Government of the Republic of Slovenia and the Slovenian Sovereign Holding jointly hold at least 20 percent controlling interest. The list of these companies is published on the Slovenian Sovereign Holding website (<https://www.sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb>).

In the first half of 2018, the Luka Koper Group conducted transactions in the amount of EUR 12,434,327 with companies where the Government of Slovenia has directly dominant influence, which included sales to these companies in the amount of EUR 5,789,346 and purchases in the amount of EUR 6,644,982. Most of sales referred to services in connection with the port activity, major purchases represent cost of railway transport, purchase of energy and insurance costs. As at 30 June 2018, Luka Koper Group recorded receivables and liabilities to these companies in the amount of EUR 1,819,646 and in the amount of EUR 20,177,289 respectively. The largest part of liabilities includes the loan given by ID - Slovenska izvozna in razvojna banka, d. d., which was raised under market terms.

Transaction with persons

In January – June 2018, the Group did not have other transactions with the Members of the Management Board and the Members of the Supervisory Board.

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.

The Group's management of financial risks has been organised within the company's finance and accounting department. The specifics of the existing economic environment make forecasting future financial categories even more demanding and introduce into the plans a higher degree of unpredictability and, consequently, higher level of risk. The Group has consequently tightened the control over individual financial categories.

1. Risk management relating to change in fair value

As at 30 June 2018 the Group has invested 5.5 percent of its assets (in 2017, 5.7 percent) in investments measured at fair value, whereof 95 percent pertained to the parent company.

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 30 June 2018, the value of non-current available-for-sale investments measured at fair value through equity, amounted to EUR 31,815,990. This value comprised shares of Slovenian companies and units of mutual fund assets.

The sensitivity analysis of finance investments measured at fair value:

Risk of change at fair value of securities as at 30 June 2018

Change of index in %	Impact on equity
-10%	-3,181,599
10%	3,181,599

Risk of change at fair value of securities as at 31 December 2017

Change of index in %	Impact on equity
-10%	-3,080,283
10%	3,080,283

The sensitivity analysis of finance investments measured at fair value was based on the assumption of 10-percent increase in the value of the index and accordingly such growth would result in an increase in the fair value of the market securities portfolio by EUR 3.181.599. A 10 percent decrease in the comparable class would have the opposite effect, reducing the fair value of these investments by the same amount.

In this case, the amount of the difference in fair value would be recognised as either an increase or decrease in other comprehensive income within equity.

Fair value hierarchy

(in EUR)	Valuation at fair value			
	Carrying amount at 30 Jun 2018	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
Assets measured at fair value				
Other interests and shares	31,815,990	31,815,990	0	0

(in EUR)	Valuation at fair value			
	Carrying amount at 30 Jun 2017	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
Assets measured at fair value				
Other interests and shares	30,802,833	30,802,833	0	0
		0	0	0
Liabilities measured at fair value				
Interest rate hedging for borrowings	99,346	0	99,346	0

Shares and interests measured at fair value were valued at publicly applicable exchange rates at the Ljubljana Stock Exchange and the list of quotations of mutual funds.

2. Management of interest rate risk

With respect of its liability structure, the Group faces also interest rate risk as an unexpected growth in variable interest rates can have an adverse effect on the planned results. In the first half of 2018, the Group succeeded in reducing the share of financial liabilities within its assets by 7.1 percentage point with respect to the balance as at the end of the previous business year, as at the reporting date, these liabilities were recorded at EUR 108,434,474.

The share of financial liabilities in overall structure of liabilities decreased from 21.8 percent at the end of 2017 to 18.8 percent at 30 June 2018. The effect of eventual change of variable interest on the future net profit is shown in the table below.

In 2013, the controlling company entered into an interest rate hedge for the largest borrowing which has matured in current year.

Overview of exposure

(in EUR)	30 Jun 2018	Exposure 2018	31 Dec 2017	Exposure 2017
Borrowings received at variable interest rate (without interest rate hedge)	108,434,474	100.0%	85,185,296	73.0%
Borrowings received at variable interest rate (with interest rate hedge)	0	0.0%	31,557,377	27.0%
Total	108,434,474	100.0%	116,742,673	100.0%

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

(in EUR)	Borrowings from banks under the variable interest rate as at 30 Jun 2018	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
3M EURIBOR	73,434,474	0	0	131,448
6M EURIBOR	35,000,000	0	0	80,500
Total effect on interests expenses	108,434,474	0	0	211,948

(in EUR)	Borrowings from banks under the variable interest rate as at 31 Dec 2017	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
3M EURIBOR	47,756,725	0	0	81,664
6M EURIBOR	37,428,571	0	0	85,711
Total effect on interests expenses	85,185,296	0	0	167,375

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. Given the assumption that variable interest rates of 15 or 25 bp, the Group's interest expenses would in view of unchanged borrowing not grow. If the variable interest rates are to grow by 50 base points, the interest expenses would increase by EUR 211,948.

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 the last three years, due to the surplus of liquidity assets, the Group effected the prior repayment of bank loans.

(in EUR)	Up to 3 months	3 to 12 months	1 to 2 years	3 to 5 years	More than 5 years	Total
30 Jun 2018						
Loans and borrowings*	2,695,147	15,504,399	19,578,312	31,956,674	38,699,941	108,434,474
Expected interest on all borrowings	156,760	819,944	815,526	1,524,522	652,147	3,968,899
Other financial liabilities	17,385,721	0	0	0	0	17,385,721
Payables to suppliers	16,835,097	0	0	0	0	16,835,097
Other operating liabilities	5,284,345	0	0	0	0	5,284,345
Total	42,357,070	16,324,343	20,393,838	33,481,196	39,352,089	151,908,536
31 Dec 2017						
Loans and borrowings*	2,974,147	13,086,251	16,004,399	39,203,051	45,474,824	116,742,672
Expected interest on all borrowings	210,700	1,007,238	965,343	1,837,580	871,811	4,892,672
Other financial liabilities	372,169	0	0	0	0	372,169
Payables to suppliers	17,471,268	0	0	0	0	17,471,268
Other operating liabilities	5,145,955	0	0	0	0	5,145,955
Total	26,174,239	14,093,489	16,969,742	41,040,631	46,346,635	144,624,736

*The item includes also borrowings from associates

4. Management of currency risk

The risk of changes in foreign exchange rates arises from trade receivables denominated in US dollars (USD). In the first half of 2018, the outstanding trade receivables do not even represent 0,1 percent of all receivables and therefore according to the Group's estimates, the share of trade receivables denominated in US dollars as 30 June 2018, the risk is negligible and therefore the Group did not decide to hedge this item.

5. Management of credit risk

Assets exposed to credit risk:

(in EUR)	30 Jun 2018	31 Dec 2017
Non-current loans	17,485	22,592
Non-current operating liabilities	39,991	41,772
Current deposits	70,995	71,128
Current loans	9,350	8,413
Current trade receivables	37,696,347	35,796,546
Other current receivables	2,149,890	2,167,199
Cash and cash equivalents	83,680,256	32,374,215
Guarantees and collaterals granted	5,403,747	5,942,525
Total	129,068,061	76,424,390

The Group 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

The identification of an optimal capital structure and consequently the approximation of the existing capital structure are of key importance for the Group's performance.

(in EUR)	30 Jun 2018		31 Dec 2017	
	in EUR	in %	in EUR	in %
Equity	368,923,871	63.9%	350,437,387	65.3%
Non-current liabilities	137,431,790	23.8%	142,700,743	26.6%
Current liabilities	70,752,148	12.3%	43,340,558	8.1%
Total accumulated profit	577,107,809	100.0%	536,478,688	100.0%

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

25 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 30 June 2018, have been compiled in order that they shall provide true and fair disclosure of Luka Koper, d. d., and Luka Koper Group. The condensed financial statements January – June 2018 have been compiled in accordance with the same accounting policies and principles applicable in Luka Koper, d. d., and Luka Koper Group 2017 annual reports.

These condensed interim statements for the period ending 30 June 2018, were compiled in accordance to the International accounting Standards 34 – Interim Financial Statement, and should be considered in relation to the annual financial statement for fiscal year ending 31 December 2017. Financial statements for 2017 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:



Dimitrij Zadel

President of the management Board



Metod Podkrižnik

Member of the Management Board



Irma Gubanec, M.Sc.

Member of the Management Board



Vojko Rotar

Member of the Management Board – Labour Director

Koper, 23 August 2018