

**2018**



**LUKA KOPER GROUP**

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

## Table of contents

<b>INTRODUCTION</b>		<b>1</b>
1	Performance highlights of Luka Koper Group, January - September 2018	1
2	Introductory note	8
3	Presentation of Luka Koper Group	9
4	Corporate Management and Governance	11
<b>BUSINESS REPORT</b>		<b>13</b>
5	Significant events, news and achievements January – September 2018	13
6	Relevant post-balance events	18
7	Performance analysis of Luka Koper Group in January – September 2018	19
8	Marketing: product groups and sales	36
9	Non-financial investments	42
10	Development activity	43
11	11 LKPG share	46
12	Risk management	50
<b>SUSTAINABLE DEVELOPMENT</b>		<b>51</b>
13	Natural environment	51
14	Human resources	58
15	Commitment to the community	62
<b>ACCOUNTING REPORT</b>		<b>64</b>
16	Separate Financial Statements of Luka Koper, d. d.	64
17	Notes to the Separate Financial Statements	70
18	Additional Notes to Separate Income Statements	73
19	Additional Notes to the Separate Statement of Financial Position	78
20	Consolidated Financial Statements of the Luka Koper Group	92
21	Notes to the Consolidated Financial Statements	98
22	Additional Notes to the Consolidated Income Statement	101
23	Additional Notes to the Consolidated Statement of Financial position	108
24	Statement of the Management responsibility	124



## INTRODUCTION

# 1 Performance highlights of Luka Koper Group, January - September 2018

---

In January - September 2018, the maritime throughput of Luka Koper Group stood at 18 million tonnes, which was at the level of the comparable period 2017. In March 2018, a record monthly maritime throughput of 2.3 million tonnes was achieved.

## 18 MILLION TONNES

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

---

In January - September 2018, the containers throughput amounted to 742 thousand TEUs and it was 8 percent ahead on the comparable period in 2017. In March 2018, a record monthly throughput of 92.3 thousand TEUs was achieved in Luka Koper, d.d. history.

## 742 THOUSAND TEUS

CONTAINERS 2018/2017 **+8 %**

---

In January - September 2018, the throughput amounted to 570 thousand cars and was by 9 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.

## 570 THOUSAND CARS

CARS 2018/2017 **+9 %**

---

In the first nine months of 2018, net revenue from sale amounted to EUR 168 million and exceeded by 6 percent the achieved net revenue in 2017.

## 168 MILLION EUR

NET REVENUE FROM SALE 2018/2017 **+6 %**

---

In January – September 2018, the operating profit (EBIT) of Luka Koper Group achieved EUR 57 million, which is 29 percent resp. EUR 12.8 million increase in comparison with the comparable period in 2017. Without taking into account the received compensation in the amount of EUR 9.3 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 47.4 million, which would be 8 percent resp. EUR 3.5 million ahead on 2017.

## 57 MILLION EUR

OPERATING PROFIT (EBIT) 2018/2017 **+29 %**

---

In the first nine months of 2018, the operating profit amounted to EUR 49 million, which is a year-on increase of 22 percent resp. EUR 8.7 million. Without taking into account a single event relating to the received compensation in the amount of EUR 9.3 million, the net operating revenue in January - September 2018 would amount to EUR 40.9 million, which would be 3 percent resp. EUR 997.7 thousand on the achieved operating profit in 2017.

## 49 MILLION EUR

NET OPERATING PROFIT 2018/2017 **+22 %**

---

In the first nine months of 2018, Luka Koper Group allocated EUR 9.5 million. Major implemented investments were the following:

- 5 new electric RTG cranes were ordered.
- Purchase of two new terminal trailers Terberg for the needs of the container terminal.
- Reconstruction of the existing diesel RTG cranes with aim to reduce the noise emissions.
- Finishing of the construction of the railway track 61 with aim to increase the safety of the railway transport and traffic decongestion.
- Arrangement of the premises for the needs of the car and RO-RO terminal.

- Purchase of 33 tonnes forklift for the needs of general cargoes.
- Purchase of two grabs for the gantry crane.
- Start of the renovation of the administrative building at the Terminal of bulk cargoes.
- Purchase of the replacement equipment for the fire protection system.

## 9.5 MILLION EUR

INVESTMENTS 2018/2017 **-71 %**

---

In the first nine months of 2018, 147 new employments were realised in Luka Koper Group, which was a year-on increase of 11 percent resp. 125 employments, and the reached number of employees was 1,217.

## 1,217

NUMBER OF EMPLOYEES 2018/2017 **+11 %**

---

Return On Equity (ROE)<sup>1</sup> in January – September 2018 amounted to 17.7 percent, which is 14 percent resp. 2.2 percentage point ahead on 2017 Without taking into account a single event relating to the received compensation in the amount of EUR 9.3 million, the Return On Equity (ROE) in January – September 2018 would amount to 15 percent, which would be 3 percent resp. 0.5 percentage point decline in comparison with 2017.

## 17.7 %

RETURN ON EQUITY (ROE) 2018/2017 **+14 %**

---

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

## 1.1 Financial indicators

### Key performance indicators of Luka Koper, d. d., and Luka Koper Group in January – September 2018, in comparison to January – September 2017

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Income statement	1 – 9 2018	1 – 9 2017	IND 2018/ 2017	1 – 9 2018	1 – 9 2017	IND 2018/ 2017
Net sales	165,515,474	155,084,027	107	168,246,822	158,623,866	106
Earnings before interest and taxes (EBIT)	55,821,097	42,909,344	130	56,761,050	43,972,267	129
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	77,201,056	63,084,123	122	78,785,849	64,829,774	122
Profit or loss from financing activities	2,128,628	1,850,459	115	667,310	348,365	192
Profit before tax	57,949,725	44,759,803	129	58,925,166	45,625,988	129
Net profit or loss	47,747,807	38,987,314	122	48,574,168	39,876,711	122
Added value <sup>2</sup>	116,345,823	99,102,139	117	122,968,497	105,588,035	116

Statement of financial position	30. 9. 2018	31. 12. 2017	IND 2018/ 2017	30. 9. 2018	31. 12. 2017	IND 2018/ 2017
Assets	553,469,646	518,952,909	107	571,751,731	536,478,688	107
Non-current assets	433,590,780	447,568,391	97	445,760,083	459,505,654	97
Current assets	119,878,866	71,384,518	168	125,991,648	76,973,034	164
Equity	351,260,895	320,652,651	110	382,220,612	350,437,387	109
Non-current liabilities with provisions and long-term accruals and	149,089,821	156,033,161	96	135,716,410	142,700,743	95
Short-term liabilities	53,118,930	42,267,097	126	53,814,709	43,340,558	124
Financial liabilities	121,903,752	133,114,842	92	105,903,752	117,114,842	90

Statement of cash flows	1 – 9 2018	1 – 9 2017	IND 2018/ 2017	1 – 9 2018	1 – 9 2017	IND 2018/ 2017
Expenditure on investments in property, plant and equipment, investment property and intangible assets	9,042,887	31,941,567	28	9,520,453	32,481,399	29

<sup>2</sup> 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 – 9 2018	1 – 9 2017	IND 2018/ 2017	1 – 9 2018	1 – 9 2017	IND 2018/ 2017
Ratios (in %)						
Return on sales (ROS) <sup>3</sup>	33.7%	27.7%	122	33.7%	27.7%	122
Return on equity (ROE) <sup>4</sup>	18.9%	16.5%	115	17.7%	15.5%	114
Return on assets (ROA) <sup>5</sup>	11.9%	10.6%	112	11.7%	10.5%	112
EBITDA margin <sup>6</sup>	46.6%	40.7%	115	46.8%	40.9%	115
EBITDA margin related to the market activity <sup>7</sup>	47.6%	41.8%	114	47.7%	42.0%	114
Financial liabilities/equity	34.7%	42.2%	82	27.7%	34.2%	81
Net financial debt/EBITDA <sup>8</sup>	0.4	1.4	31	0.2	1.2	20

	1 – 9 2018	1 – 9 2017	IND 2018/ 2017	1 – 9 2018	1 – 9 2017	IND 2018/ 2017
Maritime throughput (in tons)						
Maritime throughput	17,660,793	17,701,447	100	17,660,793	17,701,447	100

	1 – 9 2018	1 – 9 2017	IND 2018/ 2017	1 – 9 2018	1 – 9 2017	IND 2018/ 2017
Number of employees						
Number of employees	1,034	913	113	1,217	1,092	111

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

<sup>4</sup> Indicator calculated on the basis of annualised data

<sup>5</sup> Indicator calculated on the basis of annualised data

<sup>6</sup> EBITDA margin = Operating Earning Before Amortisation (EBITDA) / net revenue from the sale

<sup>7</sup> EBITDA margin from the sale = Operating Earning before amortisation (EBITDA) / net revenue from the sale from market activity

<sup>8</sup> 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 – September 2018 in comparison to the Plan January – September 2018

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Income statement	1 - 9 2018	PLAN 1 - 9 2018	IND 2018/ PLAN 2018	1 - 9 2018	PLAN 1 - 9 2018	IND 2018/ PLAN 2018
Net sales	165,515,474	164,794,988	100	168,246,822	168,655,264	100
Earnings before interest and taxes (EBIT)	55,821,097	53,246,787	105	56,761,050	53,848,098	105
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	77,201,056	74,517,325	104	78,785,849	75,737,360	104
Profit or loss from financing activities	2,128,628	2,020,111	105	667,310	1,148,860	58
Profit before tax	57,949,725	55,266,897	105	58,925,166	56,078,371	105
Net profit or loss	47,747,807	45,176,980	106	48,574,168	45,816,609	106
Added value <sup>9</sup>	116,345,823	113,949,166	102	122,968,497	120,076,383	102

Statement of financial position	30. 9. 2018	PLAN 30. 9. 2018	IND 2018/ PLAN 2018	30. 9. 2018	PLAN 30. 9. 2018	IND 2018/ PLAN 2018
Assets	553,469,646	554,903,165	100	571,751,731	572,880,102	100
Non-current assets	433,590,780	445,690,105	97	445,760,083	457,411,717	97
Current assets	119,878,866	109,213,059	110	125,991,648	115,468,385	109
Equity	351,260,895	349,331,689	101	382,220,612	379,983,648	101
Non-current liabilities with provisions and long-term accruals and	149,089,821	148,545,499	100	135,716,410	135,085,247	100
Short-term liabilities	53,118,930	57,025,976	93	53,814,709	57,811,208	93
Financial liabilities	121,903,752	122,086,562	100	105,903,752	106,086,668	100

<sup>9</sup> 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 - 9 2018	PLAN 1 - 9 2018	IND 2018/ PLAN 2018	1 - 9 2018	PLAN 1 - 9 2018	IND 2018/ PLAN 2018
Statement of cash flows						
Expenditure on investments in property, plant and equipment, investment property and intangible assets	9,042,887	10,210,770	89	9,520,453	10,452,195	91

Ratios (in %)	1 - 9 2018	PLAN 1 - 9 2018	IND 2018/ PLAN 2018	1 - 9 2018	PLAN 1 - 9 2018	IND 2018/ PLAN 2018
Return on sales (ROS) <sup>10</sup>	33.7%	32.3%	104	33.7%	31.9%	106
Return on equity (ROE) <sup>11</sup>	18.9%	18.0%	105	17.7%	16.7%	106
Return on assets (ROA) <sup>12</sup>	11.9%	11.2%	106	11.7%	11.0%	106
EBITDA margin <sup>13</sup>	46.6%	45.2%	103	46.8%	44.9%	104
EBITDA margin related to the market activity <sup>14</sup>	47.6%	46.3%	103	47.7%	46.0%	104
Financial liabilities/equity	34.7%	34.9%	99	27.7%	27.9%	99
Net financial debt/EBITDA <sup>15</sup>	0.4	0.6	77	0.2	0.4	66

Maritime throughput (in tons)	1 - 9 2018	PLAN 1 - 9 2018	IND 2018/ PLAN 2018	1 - 9 2018	PLAN 1 - 9 2018	IND 2018/ PLAN 2018
Maritime throughput	17,660,793	17,403,043	101	17,660,793	17,403,043	101

Number of employees	1 - 9 2018	PLAN 1 - 9 2018	IND 2018/ PLAN 2018	1 - 9 2018	PLAN 1 - 9 2018	IND 2018/ PLAN 2018
Number of employees	1,034	1,059	98	1,217	1,214	100

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

<sup>11</sup> Indicator calculated on the basis of annualised data

<sup>12</sup> Indicator calculated on the basis of annualised data

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

<sup>14</sup> EBITDA margin from the sale = Operating Earning before amortisation (EBITDA) / net revenue from the sale from market activity

<sup>15</sup> 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 – September 2018.

This Non-Audited Report of Luka Koper Group and Luka Koper, d. d., January – September 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](http://www.luka-kp.si), from 26<sup>th</sup> November 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 – September 2018 was addressed by the company's Supervisory Board at its regular session on 26<sup>th</sup> November 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.

### 3.1 Profile of the company Luka Koper, d. d., as of 26. November 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: <a href="mailto:portkoper@luka-kp.si">portkoper@luka-kp.si</a>
	Website: <a href="http://www.luka-kp.si">www.luka-kp.si</a>
	Sustainable development: <a href="http://www.zivetispristaniscem.si">http://www.zivetispristaniscem.si</a>
Company registration	District Court of Koper, application No. 066/10032200
Company registration number	5144353000
Tax number	SI 89190033
Issued share capital	EUR 58.420.964,78
Number of shares	14.000.000 of ordinary shares
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, M.Sc.
Luka Koper, d.d. core activity	Seaport and logistics system and service provider
Luka Koper Group activities	Various support and ancillary services in relation to core activity

## 3.2 Luka Koper Group structure

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

### Luka Koper Group as at 30 September 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 September 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,
- Mag. Irma Gubanec, M.Sc. 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 September 2018, the Supervisory Board comprised:

### Representatives of the shareholders

- Uroš Ilić, M.Sc. President of the Supervisory Board, commenced a four-year term on 1 July 2017 (28th General Shareholders' Meeting),
- Andraž Lipolt, M.Sc., Deputy President of the Supervisory Board, commenced a four-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., 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).

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 – September 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 Arethusia 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 20<sup>th</sup> anniversary of awarding the recognitions of the Republic of Slovenia for business excellence, Luka Koper, d.d. was awarded a jubilee recognition.
- Luka 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., (ISO 9001:2015, ISO 14001:2015, ISO 22000:2005, BS OHSAS 18001:2007).

- 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 Benshop, Nautic Service Dvical 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 m<sup>2</sup>.
- The Government of the Slovenia adopted Decree on limit values for environment indicators,

which came into force on July 7, 2018 (Official gazette 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.

## 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.
- The contract for the renting of 47.275 m<sup>2</sup> areas on the southern side of the Pier III, which will be used for the storage of cars was concluded between Luka Koper, d.d., and the Government of the Republic of Slovenia.

## AUGUST

- Luka Koper, d.d. presented itself in one of the biggest business events in the cruise tourism–trade fair and conference Seatrade Cruise Med 2018.
- New IT system ACAR was launched for the management of the operational work at Car terminal.
- The Supervisory Board of Luka Koper, d.d. endorsed the amendments to the Business plan for 2018.

## SEPTEMBER

- Luka Koper published extensive vacancy notices for 307 posts, and thus started the implementation of the providers of port's services strategy action.
- The biggest international sport event in the Slovenian history – triathlon Ironman - took place at the Slovenian coast and Luka Koper was a major sponsor of the event.
- Luka Koper, d.d. started the construction of the Sermin entrance to the port, which will operate primarily as entry point for the Pier II and thereby, the internal logistics will be improved and the access roads to the town's center will be relieved from the truck traffic.

## 6 Relevant post-balance events

---

### OCTOBER

- Luka Koper obtained the building permit for the extension of the operational quayside of the container terminal and the building permit for a new Ro-Ro berth in the Basin III.
- For the fourth consecutive year, Luka Koper, d.d. organised the business meeting – Port of Koper Day for Israeli business partners in Tel Aviv.
- Luka Koper, d.d. presented the southern transport route through Koper in occasion of the annual meeting of the most important Polish actors in logistics Duck meeting Poland, which was held in Gdynia.
- Luka Koper, organised a business meeting existing and potential new customers in Munich, since the Bavarian region is a huge potential, in particular in relation to the containers.
- New minister of Infrastructure, Alenka Bratušek and the delegation paid visit to Luka Koper, d.d.. In that occasion the Management Board presented the company, development plans and the mode of solving the issue related to the providers of port's services, whilst the Minister informed the Management of Luka Koper, d.d about the progress of activities on the project of a new railway connection Divača – Koper and the activities the Ministry implemented in relation to the purchase of land within the concession area of Luka Koper, d.d. .

### NOVEMBER

- Luka Koper received the Environmental award for 2018 in the category international environmental partnership. The company applied for the membership in the association Neptunes (Noise Exploration Program To Understand Noise Emitted by Seagoing Ships), v okviru it cooperates with 11 ports from around the world, with aim to jointly solve the issue related to the ships'noise and the exchange of experience and good practices in this field.
- Luka Koper, d.d. received from the Ministry of the Environment and Spatial Planning the official notice that the building permit for the extension of the operational quayside at the container terminal at Pier I became final on November 2, 2018. The building permit was issued for the construction of the operational quay of length 98.5 metres and of width 34.4 metres and for the construction of the rear areas at the southern side of the Pier I 24.830 m<sup>2</sup>.

## 7 Performance analysis of Luka Koper Group in January – September 2018

---

### 7.1 Summary of performance of LUKA KOPER GROUP in January – September 2018

#### Comparison of achieved results of Luka Koper in January –September 2018 and 2017

In January – September, 2018 Luka Koper Group revenue amounted to EUR 168.2 million, which is 6 percent resp. EUR 9.6 million ahead on the comparable period in 2017. In comparison to the previous year, the net revenue from sale 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 – September 2018, net revenue from sale of Luka Koper Group from the sales / market activity recorded 7 percent resp. EUR 10.7 million 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 24 percent resp. EUR 1 million, which resulted in the increase of total revenue of Luka Koper Group in January – September 2018, which grew by 6 percent resp. by EUR 9.6 million in comparison with the revenue generated in the equivalent period last year.

In the first nine months of 2018, capitalised own products amounted to EUR 854.9 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 January - September 2018 EUR 13.6 million, which is EUR 11.3 million ahead on the comparable period in 2017. In January - September within other revenue was recognised the received compensation in the amount of EUR 9.3 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. In January – September the revaluation operating revenue amounted to EUR 1.8 million, which is EUR 1.4 million ahead on the comparable period last year. Revenues from revaluation increased by EUR 522.8 thousand from sales of the building and associated land, while revenues from recovered written-off receivables and written-off liabilities increased by EUR 888 thousand for the recovery of higher amounts.

In January – September 2018, the operating expense of Luka Koper Group amounted to EUR 125.9 million, which is a year-on increase of 7 percent resp. EUR 8.6 million. Within the framework of operating expenses, in comparison with the equivalent period in 2017, increased all types of costs. The cost of material of Luka Koper Group in January – September 2018 amounted to EUR 12.7 million, which is 7% resp. EUR 859.4 thousand ahead on the equivalent period in 2017. The cost of services of Luka Koper Group in January – September 2018 amounted to EUR 40.7 million, which is 7 percent resp. EUR 2.8 million ahead in comparison with the same period in 2017. The labour costs of Luka Koper Group in January – September 2018 amounted to EUR 43.9 million, which is 9 percent resp. EUR 3.7 million increase in comparison with 2017. Amortisation costs of Luka Koper Group in January – September 2018 amounted to EUR 22 million, which is 6 percent resp. EUR 1.2 million ahead on the comparable period in 2017. Other operating expense amounted to EUR 6.6 million, which is 1 percent resp. EUR 46.9 thousand increase in comparison with the equivalent period in 2017.

The share of operating expense within net revenue from sale in January – September 2018 amounted to 74.9 percent, which is 0.9 percentage point ahead on 2017. In comparison with 2017, the share of cost of material and labour costs within net revenue from sale increased, the share of cost of services, amortisation and other operating expense stood at the same level.

The operating profit (EBIT) of Luka Koper Group in January – September 2018 amounted to EUR 56.8 million, which is 29 percent resp. EUR 12,8 million ahead on 2017. Without taking into account a single event related to the received compensation in the amount of EUR 9.3 million, the operating profit (EBIT) in January – September 2018 would amount to EUR 47.4 million, which would be 8 percent resp. EUR 3.5 million ahead on 2017.

In January – September 2018, earnings before interest, taxes, depreciation and amortisation (EBITDA) of Luka Koper Group amounted to EUR 78.8 million, which is 22 percent resp. EUR 14 million ahead on the comparable period in 2017. Without taking in consideration a single event related to the received compensation in the amount of EUR 9.3 million, the earnings before interest, taxes, depreciation and amortisation (EBITDA) in January – September 2018 would amount to EUR 69.5 million, which would be 7 percent resp. EUR 4.6 million ahead on 2017.

The EBITDA margin of Luka Koper Group in January - September 2018 amounted to 46.8 percent, which is 15 percent resp. 6 percentage point ahead on 2017. Without taking into account a single event related to the received compensation in the amount of EUR 9.3 million, the EBITDA margin in January – September 2018 would amount to EUR 41.3 percent, which would be 1 percent resp. 0.4 percentage point ahead on 2017.

The financial result in 2018 amounted to EUR 667.3 thousand, whilst in the comparable period in 2017 Luka Koper Group achieved the financial result in the amount of EUR 348.4 thousand. The results of the associated companies in January – September 2018 increased the profit before tax of Luka Koper Group for EUR 1.5 million, which is 15 percent resp. EUR 191.5 thousand ahead on 2017.

Net profit of Luka Koper Group in the first nine months of 2018 amounted to EUR 48.6 million, which is 22 percent resp. EUR 8.7 million ahead on 2017. Without taking into account the received compensation in the amount of EUR 9.3 million, the net profit in January – September 2018 would amount to EUR 40.9 million, which would be 3 percent resp. EUR 997.7 thousand ahead on the achieved net profit in 2017.

The Return On Equity (ROE) in January – September 2018 amounted to 17.7 percent, which is 14 percent resp. 2.2 percentage point ahead on 2017. Without taking into account the received compensation in the amount of EUR 9.3 million, the Return On Equity (ROE) in January – September 2018 would amount to 15 percent, which would be 3 percent resp. 0.5 percentage point decrease in comparison with 2017.

Financial liabilities of Luka Koper Group as at 30 September 2018 amounted to EUR 105.9 million, which is 10 percent resp. EUR 11.2 million decrease in comparison with the balance as at 31 December 2017. Due to the repayments of loans received from domestic banks, decreased.

Non-current financial liabilities towards banks of Luka Koper Group as at 30 September 2018 were 85.2 percent of total financial liabilities. In comparison to 31 December 2017, their share decreased by 0.8 percentage point.

In the first nine months of 2018, Luka Koper Group allocated EUR 9.5 million for investments.

### Realisation of plans

Net revenue from sale of Luka Koper Group in January – September 2018 amounted to EUR 168.2 million, which is at level of planned net revenue from sale.

Net revenue from sale of Luka Koper Group from the market activity in January – September 2018 stood at the level of planned revenue, 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 20 percent resp. EUR 809.5 thousand, which consequently resulted that the total revenue of Luka Koper Group in January – September 2018 stood at the level of planned revenue.



In January – September 2018, the operating profit (EBIT) of Luka Koper Group in January – September 2018 amounted to EUR 56.8 million, which is 5 percent resp. EUR 2.9 million ahead on the planned. . Without taking in account a single event related to the received compensation in the amount of EUR 9.3 million, the operating profit (EBIT) in January – September 2018 would amount to EUR 47.4 million, which would be 7 percent resp. EUR 2.9 million ahead on the planned.

In January – September 2018, earnings before interest, taxes, depreciation and amortisation EBITDA of Luka Koper Group amounted to EUR 78.8 million, and exceeded by 4 percent resp. EUR 3 million the planned EBITDA: Without taking into account a single event related to the received compensation in the amount of EUR 9.3 million, the EBITDA in January – September 2018 would amount to EUR 69.5 million, which would be 5 percent resp. 3 million ahead on the planned.

The EBITDA margin of Luka Koper Group in first nine months of 2018 amounted to 46.8 percent, which is 4 percent. resp. 1.9 percentage point ahead on the planned. Without taking into account the received compensation in the amount of EUR 9.3 million, the EBITDA margin in January – September 2018 would amount to 41.3 percent, which would be 5 percent resp. 1.9 percentage point ahead on the planned.

The EBITDA margin of Luka Koper Group from the market activity in the first half of January - September 2018 amounted to 47.7 percent, which is 4 percent resp. 1.7 percentage point ahead on the planned. Without taking into account the received compensation in the amount of EUR 9.3 million, the EBITDA margin from market activity in January – September 2018 amounted to 42.1 percent, which would be 4 percent resp. 1.8 percentage point ahead on the planned.

Net profit of Luka Koper Group in January - September 2018 amounted to EUR 48.6 million, which is 6 percent resp. EUR 2.8 million ahead on the planned. Without taking into account the received compensation in the amount of EUR 9.3 million, the net profit of Luka Koper Group in January – September 2018 would amount to EUR 40.9 million, which is 7 percent resp. EUR 2.7 million ahead on the planned.

The Return on Equity (ROE) in January – September 2018 amounted to 17.7 percent, which is 6 percent resp. 1 percentage point ahead on the planned. Without taking into account the received compensation in the amount of EUR 9.3 million, the Return On Equity (ROE) in January – September 2018 would amount to 15 percent, which would be 8 percent resp. 1.1 percentage point ahead on the planned.

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

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

In January – September 2018, the net revenue from sale of Luka Koper, d. d., amounted to EUR 165.5 million, which is 7 percent resp. EUR 10.4 million ahead on 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 8 percent resp. by EUR 11.5 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 24 percent resp. EUR 1 million, which resulted that the total revenue of Luka Koper, d. d., in January – September 2018 was 7 percent resp. EUR 10.4 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 nine months of 2018 amounted to EUR 12.4 million, which is EUR 11.6 million ahead on the comparable period in 2017. In January – September 2018, within other revenue, the received compensation in the amount of EUR 9.3 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. The income from the reversal of provisions amounted to EUR 643.4 thousand, related to the judgment by which the lawsuit was finally concluded, on the basis of which the company settled its liability, and meanwhile removed the surplus of the formed provision. In comparison with the previous year, the income from written-off receivables and liabilities due to the recovery of higher amounts of receivables increased by EUR 925.8 thousand.

In January – September 2018, the operating expense of Luka Koper, amounted to EUR 122.1 million, which is 8 percent resp. EUR 9.1 million ahead on 2017. Within the operating expenses comparably to the same period in 2017, all types of costs increased, except other expenses. In the first nine months of 2018, the cost of material of Luka Koper, d. d., amounted to EUR 12.2 million, which is 13 percent resp. EUR 1.4 million ahead on 2017. The cost of auxiliary material and spare parts and energy costs. The cost of services in January – September 2018 amounted to EUR 43.1 million and increased by 7 percent resp. EUR 3 million in comparison to the equivalent period in 2017. The cost of port services, maintenance costs and cost of intellectual services increased. The labour costs of Luka Koper, d. d., in the first nine months of 2018 amounted to EUR 39 million, which is 10 percent resp. EUR 3.6 million ahead on 2017. As at 30 September 2018, in Luka Koper, d. d., there

were 121 employees more than as at December 31, 2017. In January – September 2018, the cost of amortisation of Luka Koper, d. d., amounted to EUR 21.4 million, which is 6 percent resp. EUR 1.2 million ahead on 2017. Other operating expense of Luka Koper, d. d., amounted to EUR 6.4 million 2 percent resp. EUR 107.5 thousand decline in comparison with the first nine months in 2017. The revaluation operating expenses decreased.

The share of operating expenses within net revenue from sale in January – September 2018, amounted to 73.8 percent, which is 0.9 percentage point ahead on 2017. In comparison with 2017, the share of labour costs within net revenue from sale increased, the share of costs of material, costs of services and other operating expenses stood at the same level.

The share of operating expense (EBIT) of Luka Koper, d. d., in January – September 2018 amounted to EUR 55.8 million, which is 30 percent resp. EUR 12.9 million ahead on 2017. Without taking into account a single event related to the received compensation in the amount of EUR 9.3 million, the operating profit (EBIT) in January – September 2018 would amount to EUR 46.5 million, which is 8 percent resp. EUR 3.6 million ahead on 2017.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) of Luka Koper, d. d., in January – September 2018 amounted to EUR 77.2 million, which is 22 percent resp. EUR 14.1 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 9.3 million. Earnings before interest, taxes, depreciation and amortisation (EBITDA) in January – September 2018, would amount to EUR 67.9 million, which is 8 percent resp. EUR 4.8 million ahead on 2017.

The EBITDA margin of Luka Koper, d. d., in the first nine months of 2018 amounted to 46.6 percent, which is 15 percent resp. 6 percentage points ahead on 2017. Without taking into account a single event related to the received compensation in the amount of EUR 9.3 million, the EBITDA margin in January – September 2018 would amount to 41 percent, which would be 1 percent resp. 0.3 percentage point ahead on 2017.

The financial result in the first nine months of 2018 amounted to EUR 2.1 million, whilst in the comparable period in 2017 Luka Koper, d. d., achieved the financial result in the amount of EUR 1.9 million.

Net profit of Luka Koper, d. d., in January - September 2018 amounted to EUR 47.7 million, which is 22 percent resp. EUR 8.8 million ahead on 2017. Without taking into account a single event related to the received compensation in the amount of EUR 9.3 million, the net profit in January – September 2018 would amount to EUR 40 million, which would be 3 percent resp. EUR 1.1 ahead on 2017.

The Return on Equity (ROE) in January – September 2018 amounted to 19 percent, which is 15 percent resp. 2.5 percentage point ahead on 2017. Without taking into account a single event related to the received compensation in the amount of EUR 9.3 million, the Return On Equity (ROE) January – September 2018 amounted to 16 percent, which would be 3 percent resp. 0.4 percentage point decline in comparison with 2017.

Financial liabilities of Luka Koper, d. d., as at 30 September 2018 amounted to EUR 121.9 million, which is 8 percent resp. EUR 11.2 million decline in comparison as at 31 December 2017. The liabilities towards banks decreased by EUR 11 million

Non-current financial liabilities towards banks of Luka Koper, d. d., as at 30 September 2018 were 85.2 percent of total financial liabilities. In comparison to 31st December 2017, their share decreased by 0.8 percentage point.

In January - September 2018, Luka Koper, d.d. allocated EUR 9 million for investments.

### Realisation of plans

Net revenue from sale of Luka Koper, d. d., in January – September 2018 amounted to EUR 165.5 million, which is at the level of planned net revenue from sale.

Net revenue from sale of Luka Koper, d. d., from the market activity in January – September 2018 exceeded the planned net revenue from sale by 1 percent resp. EUR 1.5 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 20 percent resp. EUR 809.5 thousand, which resulted in decrease of the total revenue of Luka Koper, d. d., in January – September 2018 at the level of planned net revenue from sale.

The operating profit (EBIT) of Luka Koper, d. d., in January – September 2018 amounting to EUR 55.8 million, exceeded the planned operating profit by 5 percent resp. EUR 2.6 million. Without taking into account a single event related to the received compensation in the amount of EUR 9.3 million, the operating profit (EBIT) in January – September 2018 would amount to EUR 46.5 million, which would be 6 percent resp. EUR 2.6 million ahead on the planned.

In January – September 2018, the earnings before interest, taxes, depreciation and amortisation (EBITDA) of Luka Koper, d. d., amounted to EUR 77.2 million, which is 4 percent resp. EUR 2.7 million ahead on the planned. Without taking into account the received compensation in the amount of 9.3 million, earnings before interest, taxes, depreciation and amortisation (EBITDA) in January – September 2018, would amount to EUR 67.9 million, which is 4 percent resp. EUR 2.7 million ahead on the planned.

The EBITDA margin of Luka Koper, d. d., in the first nine months of 2018 amounted to 46.6 percentage exceeded the planned EBITDA the by 3 percent resp. 1.4 percentage point.

Without taking into account the received compensation in the amount of EUR 9.3 million, the EBITDA margin in January – September 2018, would amount to 41 percent, which would be 4 percent resp. 1.5 percentage point ahead on the planned.

The EBITDA margin of Luka Koper, d. d from the market activity in January – September 2018 amounted to 47.6 percent, which is 3 percent resp. 1.2 percentage point ahead on the planned. Without taking into account the received compensation in the amount of EUR 9.3 million, the EBITDA margin from the market activity in January – September 2018 would amount to 41.8 percent, which would be 3 percent resp. 1.3 percentage point ahead on the planned.

In January - September leta 2018, the net profit of Luka Koper, d. d., amounted to EUR 47.7 million, which is 6 percent resp. EUR 2.6 million ahead on the planned. Without taking into account the received compensation in the amount of EUR 9.3 million, the net profit of Luka Koper, d. d., in January – September, would amount to EUR 40.1 million, which would be 7 percent resp. EUR 2.5 million ahead on the planned.

The Return On Equity (ROE) in January – September 2018 amounted to 18.9 percent, which is 5 percent resp. 1 percentage point ahead on the planned Without taking into account the received compensation in the amount of EUR 9.3 million, the Return On Equity (ROE) in January – September 2018 would amount to 16.1 percent, which would be 6 percent resp. 1 percentage point ahead on the planned.

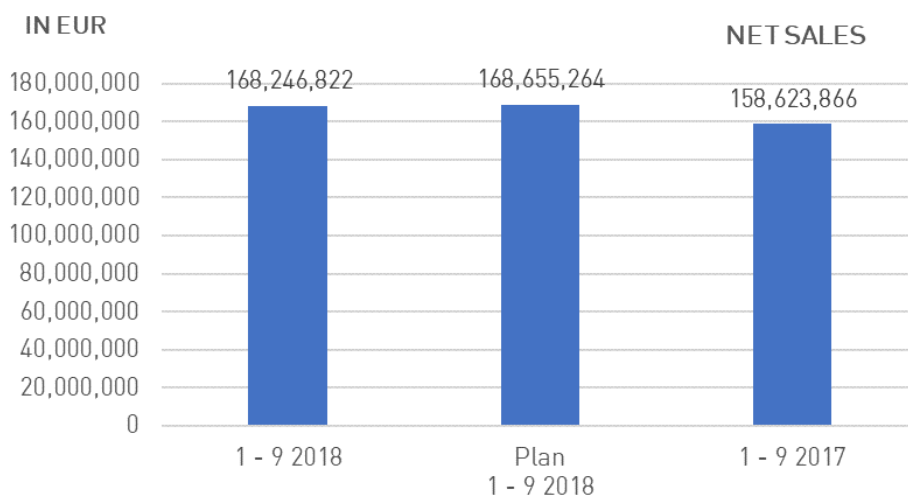
**More detailed analysis of performance set out below refers to the performance of Luka Koper Group.**

**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 – September 2018, the net revenue from sale of Luka Koper Group amounted to EUR 168.2 million, which is 6 percent resp. EUR 9.6 million ahead on 2017. In comparison to the same period last year, the net revenue from sale of Luka Koper Group increased from the 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

In the first nine months of 2018, capitalized own products and services amounted to EUR 854.9 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

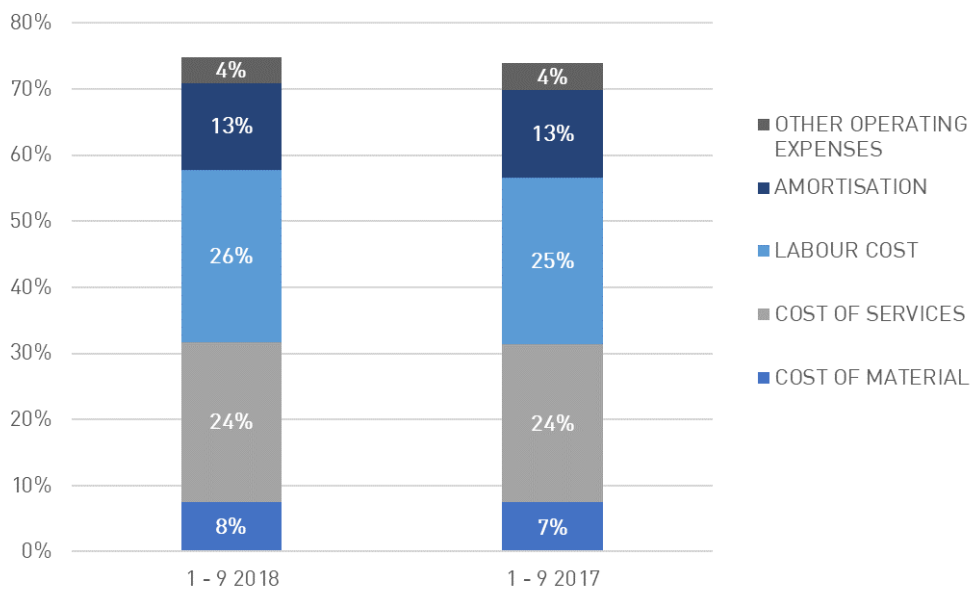
Other revenue of Luka Koper Group in January - September 2018 amounted to EUR 13.6 million, which is EUR 11.3 million ahead on the comparable period in 2017. In January - September 2018, within other revenue was recognised the received compensation in the amount of EUR 9.1 million for the damaged quayside crane, which collapsed in June 2017,

due to the vessels' collision occurred during the storm. Revaluation operating revenues in January – September 2018 amounted to EUR 1.8 million, which is EUR 1.4 million ahead on the comparable period in 2017. Revaluation operating revenue increased by EUR 522.8 thousand from the sale of the facility with the land, the revenue from the recovered written-off receivables and liabilities due to the recovery of higher amounts, increased by EUR 888 thousand.

## OPERATING EXPENSES

In January – September 2018, the operating expense of Luka Koper Group amounted to EUR 125.9 million, which is 7 percent resp. EUR 8.6 million ahead on 2017. Within the operating expense, in comparison with the same period in 2017, all types of costs increased. The share of operating expenses within net revenue from sale in January – September 2018, amounted to 74.9 percent, which is 0.9 percentage point ahead on 2017. In comparison with 2017, the costs of material and labour costs within the net revenue from sale increase, the share of costs of services, amortisation and other operating expenses stood at the same level.

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



### Costs of material

Costs of material of Luka Koper Group in January – September 2018, amounted to EUR 12.7 million, which is 7 percent resp. EUR 859.4 thousand ahead on the comparable period in 2017. The costs of the replacement material increased by 11 percent resp. EUR 407 thousand, by 9 percent resp. EUR 469.1 thousand increased energy costs. The costs of electricity are higher due to the higher consumption of the electric energy, primarily because of the cranes plugging, operating with electric energy, cost of motor fuel is higher due to the increase of motor fuel prices.

### Cost of services

In January – September 2018, the cost of services amounted to EUR 40.7 million, which is 7 percent resp. EUR 2.8 million ahead on the comparable period in 2017. The major increase was in the costs of port's services, which amounted to EUR 22.3 million, which is 11 percent resp. EUR 2.2 million. The increase of costs is attributable to the increased volume of the throughput and the increased volume of provided services. The cost of intellectual services and personal services increased by 93 percent resp. by EUR 515.2 thousand. The costs of The cost of legal services and the cost of consultancy services increased.

### Cost of labour

In January – September 2018, the Luka Koper Group labour costs amounted to EUR 43.9 million, which is 9 percent resp. EUR 3.7 million ahead on 2017. This year-on increase is attributable to a major number of employees, higher costs of overtimes and costs of post-employment benefits.

As at 30 September 2018, the Luka Koper Group companies had a total of 1,217 employees, which is a year-on increase of 11 percent resp. of 125 employees.

### Depreciation costs

In January – September 2018, the depreciation costs of Luka Koper Group amounted to EUR 22 million, which is 6 percent resp. EUR 1.2 million ahead on the comparable period in 2017.



## OPERATING PROFIT

In January – September 2018, the operating profit (EBIT) of Luka Koper Group amounted to EUR 56.8 million, which is 29 percent resp. EUR 12.8 million ahead on the equivalent period in 2017. The operating profit (EBIT) increased due to higher net revenue from sale and other higher revenue.

Earnings before interest, taxes, depreciation and amortization (EBITDA) of Luka Koper Group in January – September 2018 amounted to EUR 78.8 million, which is 22 percent resp. EUR 14 million ahead on the comparable period in 2017.

The EBITDA margin of Luka Koper Group in January - September 2018 amounted to 46.8 percent, which is 15 percent resp. 6 percentage point ahead on 2017.

## FINANCE INCOME AND FINANCE EXPENSES

In the first nine months of 2018, the finance income of Luka Koper Group amounted to EUR 1.5 million, which is 9 percent resp. EUR 128.6 thousand increase in comparison with 2017. The finance income from operating receivables increased.

In January – September 2018, the finance expense of Luka Koper Group amounted to EUR 873.1 thousand, which is 18 percent resp. EUR 190.3 thousand decrease in comparison with 2017. The finance expense from financial liabilities due to lower capitalisation of interests decreased.

In the first nine months of 2018, the financial result amounted to EUR 667.3 thousand, in the equivalent period in 2017, Luka Koper Group achieved the financial result in the amount of EUR 348.4 thousand.

## RESULTS OF ASSOCIATED COMPANIES

In January – September 2018, results of associated companies increased the profit before tax of Luka Koper Group by EUR 1.5 million, which is 15 percent resp. EUR 191.5 thousand increase in comparison with 2017.

## PROFIT BEFORE TAX AND PROFIT FOR THE PERIOD

Profit before tax of Luka Koper Group in January - September 2018 amounted to EUR 58.9 million, which is 29 percent resp. EUR 13.3 million ahead on 2017.

Net operating profit of Luka Koper Group in the first nine months of 2018 amounted to EUR 48.6 million, which is 22 percent resp. EUR 8.7 million ahead on 2017.

Income tax and deferred taxes in January – September 2018 reduced the net operating profit of Luka Koper Group by EUR 10.4 million, in 2017 it was reduced by EUR 5.7 million.

## FINANCIAL SITUATION AND FINANCIAL MANAGEMENT

As at 30 September 2018, the balance sheet of Luka Koper Group amounted to EUR 571.8 million, which is 7 percent resp. EUR 35.3 million ahead in comparison with the balance as at 31 December 2018.

As at 30 September 2018, non-current assets of Luka Koper Group amounted to EUR 445.8 million, which is 3 percent resp. EUR 13.7 million decline in comparison with the balance as at 31 December 2017. As at 30 September 2018, non-current assets represented 78 percent of Luka Koper 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 September 2018, current assets of Luka Koper Group amounted to EUR 126 million, which is 64 percent resp. EUR 49 million ahead on 31 December 2017.

The inventories of maintenance as of 30 September 2018 amounted to EUR 1.2 million, which is 15 percent resp. EUR 151.8 thousand ahead on 31 December 2017. Operating receivables increased from higher trade receivables which amounted to EUR 38.7 million and were 8 percent resp. EUR 2.9 million ahead on 31 December 2017. This increase results from higher realisation. Other receivables increased from higher short-term costs and expenses amounting to EUR 2 million and were by EUR 1.5 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 – September 2018, Luka Koper Group has not recognised the corporate income tax liability, which in 2017 amounted to EUR 4.5 million. As at 30 September 2018, cash and cash equivalents increased by EUR 81.1 million, the increase of EUR 48.8 million was due to the increase of cash on accounts.

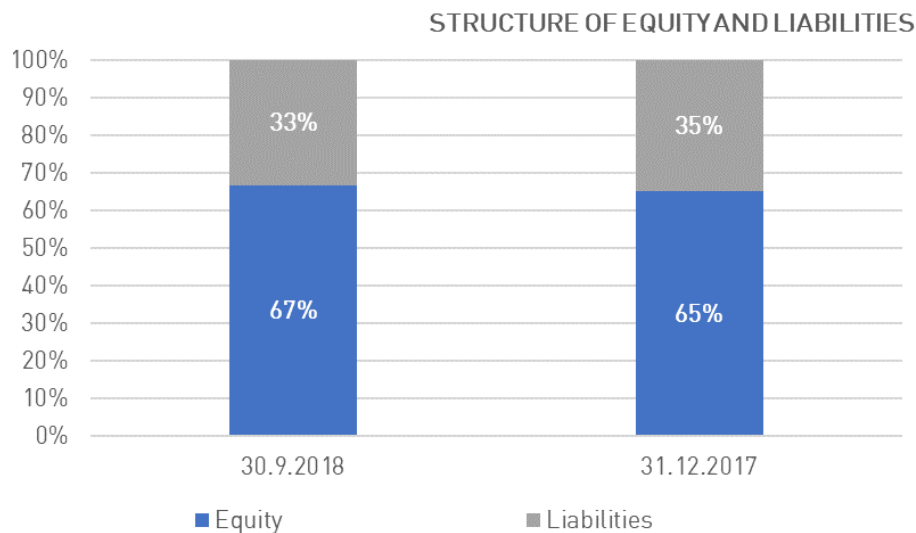
As at 30 September 2018, the equity of Luka Koper Group amounted to EUR 382.2 million, which is 9 percent resp. EUR 31.8 million ahead on the balance as at 31 December 2017. The equity of Luka Koper Group increased from the net operating profit of the business year. As at 30 September 2018, represented 67 percent of the balance sheet.

As at 30 September 2018, non-current liabilities with long-term provisions and long-term accrued costs of Luka Koper Group amounted to EUR 135.7 million, which is 5 percent resp. EUR 7 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 September 2018. Non-current liabilities with long-term provisions and long-term accrued costs accounted for 23.7 percent of liabilities.

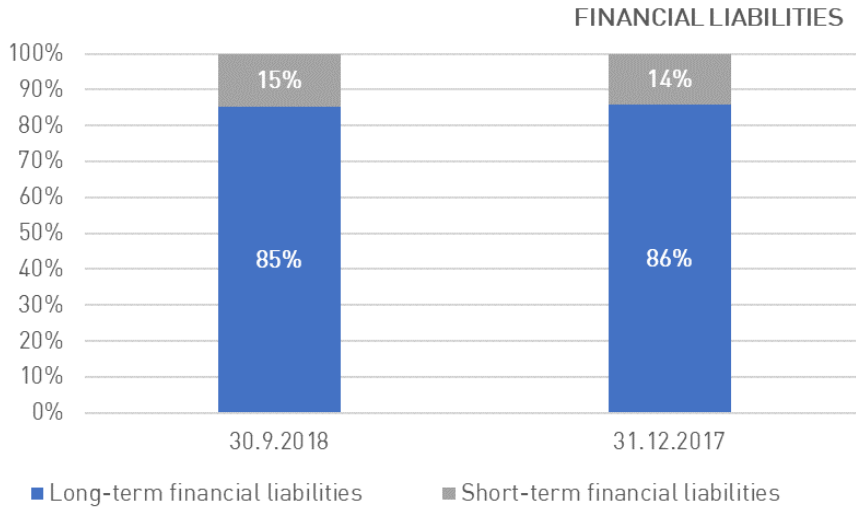
As at 30 September 2018, current liabilities of Luka Koper Group amounted to EUR 53.8 million, which is 24 percent resp. EUR 10.5 million ahead on 31 December 2017. The volume of loans from domestic banks decreased due to the repayment, as well as the trade payables to suppliers, corporate tax liabilities as well as other operating liabilities from accrued costs increased.

### Structure of Luka Koper Group's financial liability



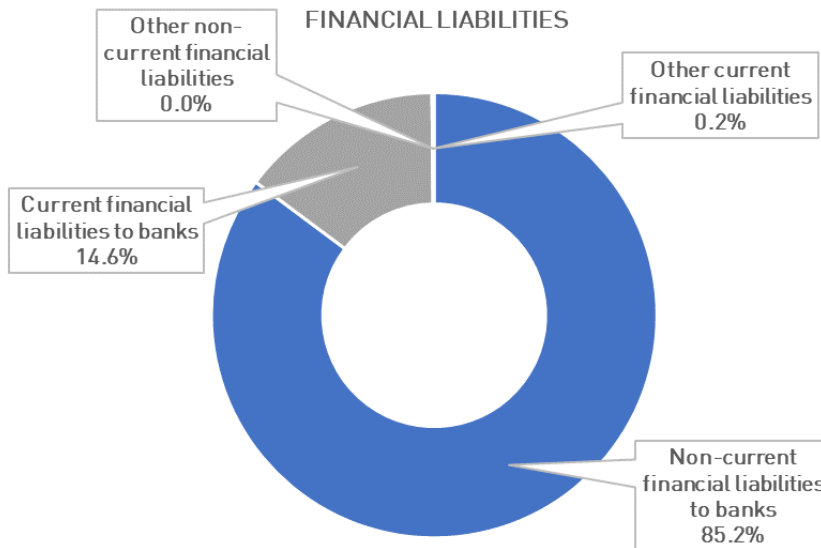
As at 30 September 2018, the financial liabilities of Luka Koper Group amounted to EUR 105.9 million, which is 10 percent resp. EUR 11.2 million decline with respect to 31 December 2017. The volume of loans from domestic banks decreased due to the repayment.

**Structure of Luka Koper Group liabilities by maturity**



As at 30 September 2018, non-current financial liabilities of Luka Koper Group towards banks represented 85.2 percent of total financial liabilities. In comparison to 31 December 2017, their share decreased by 0.8 percentage point.

**Luka Koper Group financial liabilities as at 30 September 2018**



Among the financial liabilities of Luka Koper Group, all liabilities are related 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 September 2017 amounted to 27.7 percent, which is 6.5 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 2018<sup>16</sup>

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 at the planned level and meanwhile 8 percent higher than the achieved net revenue from sale in 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 at the planned level of and by 6 percent higher than 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 will be at the planned level, exceeding by 149 percent the generated revenue in 2017.

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 9.3 million.

---

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

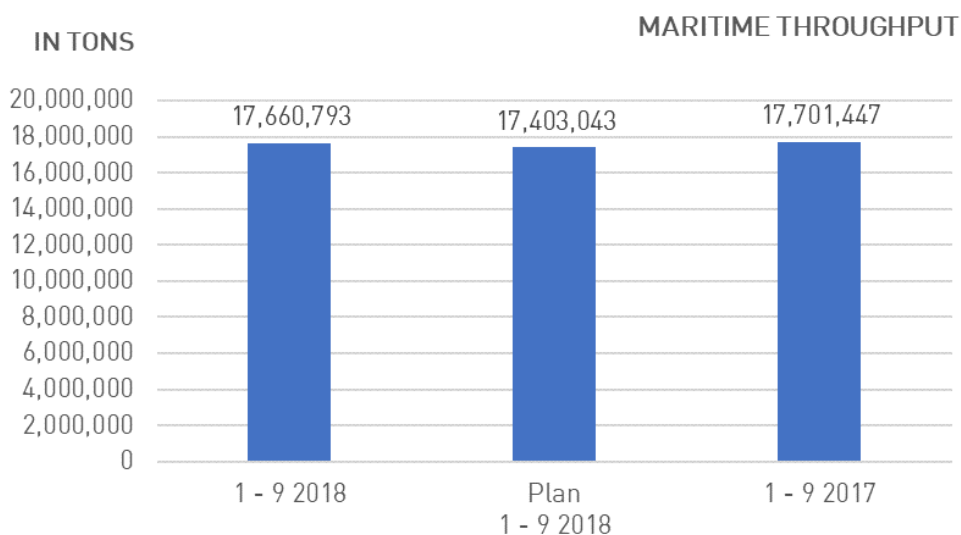
### 8.1 Maritime throughput

The maritime throughput of Luka Koper Group in January – September 2018 totalled 17.7 million tonnes, which is 1 percent increase, 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 – September 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 – September 2018 and 2017 cargo tonnage throughput and plan for 2018

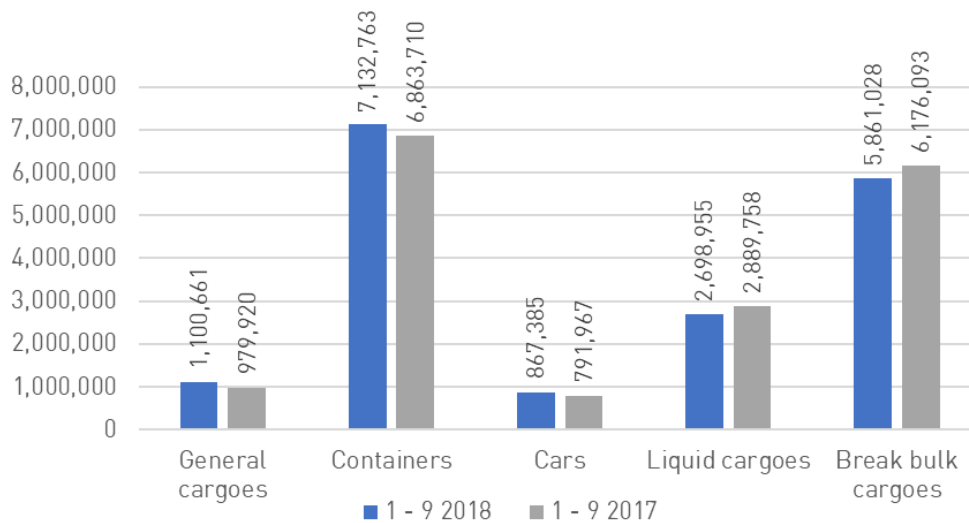


## 8.2 Cargo structure by cargo types

In the whole structure of the maritime throughput prevail containers, of which share increased by 2 percentage points in comparison with 2017. The share of general cargoes increased by one percentage point. The share of liquid cargoes and dry bulk and bulk cargoes decreased, the share of cars remained unchanged.

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

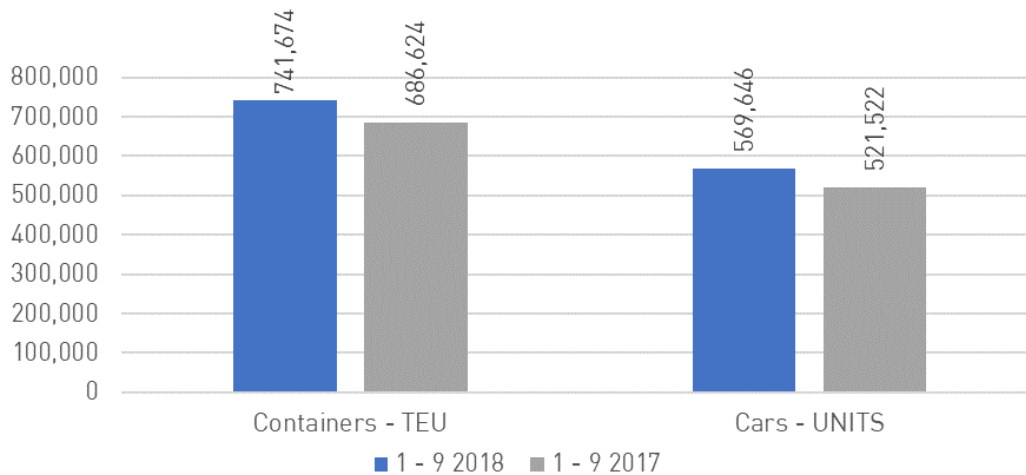
CARGO TYPES (in tonnes)	1 – 9 2018	1 – 9 2017	Index 2018/2017
General cargoes	1,100,661	979,920	112
Containers	7,132,763	6,863,710	104
Cars	867,385	791,967	110
Liquid cargoes	2,698,955	2,889,758	93
Dry bulk and bulk cargoes	5,861,028	6,176,093	95
<b>TOTAL</b>	<b>17,660,793</b>	<b>17,701,447</b>	<b>100</b>



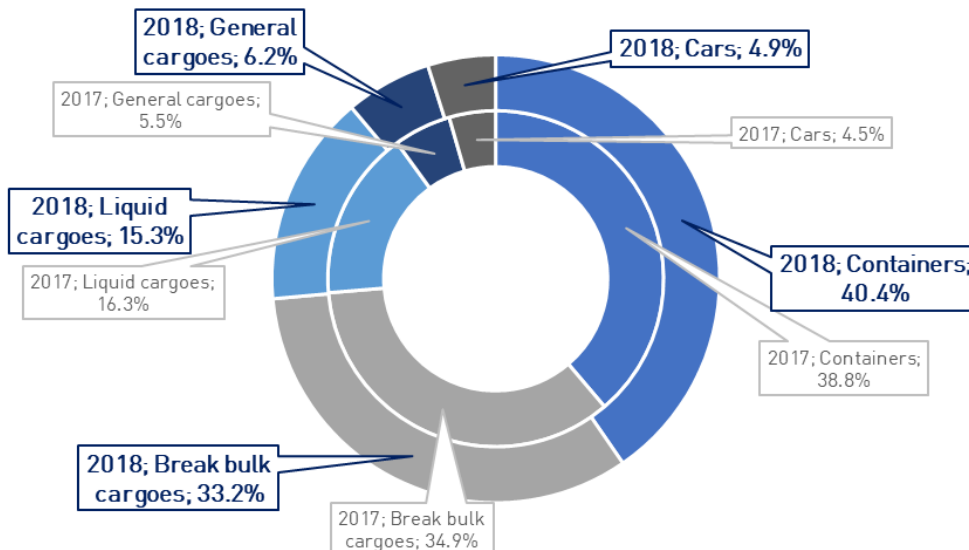


Containers (in TEUs) and vehicles (in units), in 2018 and 2017

CARGO TYPES	1 - 9 2018	1 - 9 2017	Index 2018/2017
Containers - in TEU	741,674	686,624	108
Vehicles - in UNITS	569,646	521,522	109



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



## GENERAL CARGOES

Within the general cargoes, Luka Koper Group concluded the January – September 2018 period with the maritime cargo throughput of 1.1 million tonnes, which is 12 percent year-on increase.

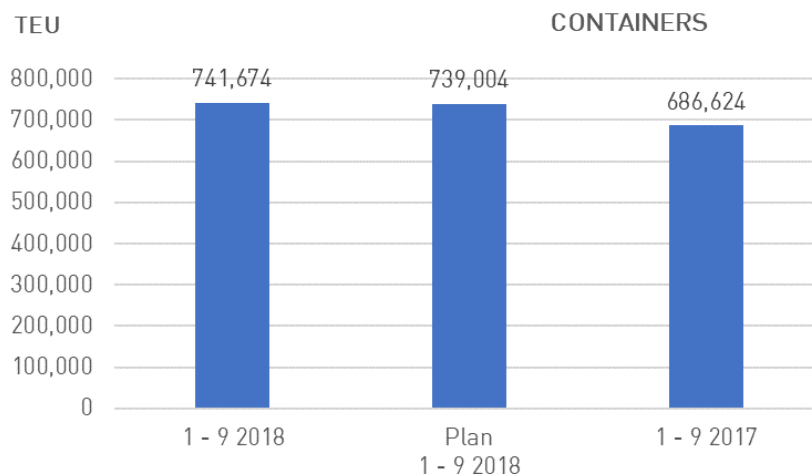
The increase of the throughput in the reporting period was recorded in the throughput of iron and steel products, in the throughput of timber due to the reopening of the African market.

## CONTAINERS

In January – September 2018, the Container terminal achieved the maritime throughput of 741,674 TEUs, and thereby exceeded the throughput generated in January – September 2017 by 8 percent. 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.

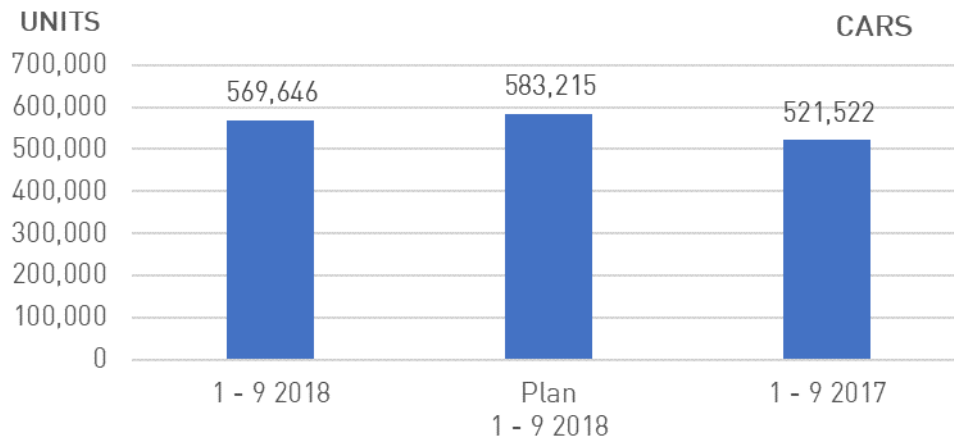
### Container throughput, January - September 2018 and 2017 and the plan for 2018 (in TEUs)



## CARS

In January - September 2018, 569,646 cars were handled, which is 9 percent ahead on the comparable period last year. The quantity of cars loaded on ships amounted to 336 thousand and the quantity of cars unloaded from ships amounted to 234 thousand. 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 - September 2018 and 2017 and the plan for 2018 (in units)



## LIQUID CARGOES

In January - September 2018, the throughput of liquid cargoes decreased by 7 percent in comparison with the equivalent period in 2017. The throughput of liquid cargoes registered 11 percent 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 5-percent decline in comparison with January - September 2017.

## DRY AND BREAK BULK CARGOES

In January - September 2018 the maritime throughput of dry bulk and bulk cargoes decreased by 5 percent in comparison with the equivalent period in 2017.

In January – September 2018, the maritime at the Dry and Break bulk cargoes terminal decreased by 7 percent in comparison with the same period in previous year.

The throughput in the product group of bulk cargoes in January – September 2018 achieved 4 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 – September 2018, Luka Koper Group allocated EUR 9.5 million for the investments in the property, plant and equipment, which is 71 percent decline on the same period in 2017. In the first nine months of 2018, Luka Koper, d. d., allocated EUR 9 million, which is 95 percent of investments of Luka Koper Group.

In January – September 2018, Luka Koper Group implemented the following major investments:

- Five new electric RTG electric cranes were ordered.
- Purchase of two new terminal trailers Terberg for the needs of the container terminal.
- Reconstruction of the existing diesel RTG cranes with the purpose to reduce the noise emissions.
- Finishing of the railway track 61 with aim to increase the safety of the railway transport and to decongest the traffic.
- Arrangement of premises for the needs of the Car terminal and RO-RO terminal.
- Purchase of 33 t forklift for the needs of the general cargoes.
- Purchase of two grabs for the gantry crane.
- 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 – September 2018, Luka Koper, d. d., implemented various activities related to the port's development.

the emphasis was on more rapid implementation of priority infrastructure projects, also in connection with the possibility of obtaining grants to this end (increase in container throughput, increase in car throughput, increase of container stuffing and unstuffing – an opportunity for added-value logistics), which include both market and infrastructural aspect as well as activities in the field of HR and operations. Therefore, in the first nine months of 2018, systematic monitoring of the implementation of four aforesaid strategic programmes continued.

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 challenges in the field of new technologies, in the disposal and processing of the dredged material, generated at the maintenance of 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 January – September 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 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 – ADRION, 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 as partner 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 SAFEPART - *A new management model for chemicals in the port of the future.*

- As partner, Luka Koper applied to two open calls of the programme Horizon 2020, related to the security as response to potential risks:
  1. Cyfensed – Interorganizational coordination of early detection of website attacks on the port's data system and the response;
  2. InfraStress – prevention, recognition and response to combined threats to security on the infrastructure.
- On the invitation of the Slovenian Environmental Agency, Luka Koper as associated a partner (without a planned budget) was involved also in the application of the project HEROES – *Harbour Early warning Observing System.*

Throughout the whole January – September 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, whereby at the end of September the request for the prolongation of the project duration until December 31, 2020 was forwarded to INEA (Innovation and Networks Executive Agency), in order that the construction of those investments which are included in the project, but of which implementation is delayed, would be co-funded.
  2. CarEsmatic – investments in the port's infrastructure, also for which a request for the prolongation of the project until March 30, 2010, was forwarded to the agency INEA.
  3. Fresh Food Corridors - improvements in the logistics of perishable goods, was completed in July 2018, therefore the drawing up of the final financial report will follow.

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.

Luka Koper received the information that the project STAR2MOS, which was drawn up blending call of the programme CEF and included the co-funding of the entrance at Sermin, was not approved for the co-funding.

- In the European territorial cooperation programmes the activities continued on the following projects:
  - 7 TalkNet (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 ADRION 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 ADRIPASS 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 researches of the good use of the sea sludge.



## 11 11 LKPG share

The share of Luka Koper identified as LKPG is listed in the first quotation of Ljubljana Stock Exchange. As at 30 September 2018, the share ended its trading with 3 – percent lower value than in the comparable period last year. On the last trading day in the first nine months of 2018, the price of LKPG share amounted to EUR 30.00 per share.

In the first nine months of 2018, the ownership structure of Luka Koper, d. d., slightly changed. As at 30 September 2018, 9,730 shareholders were registered in the register, 334 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 September 2018

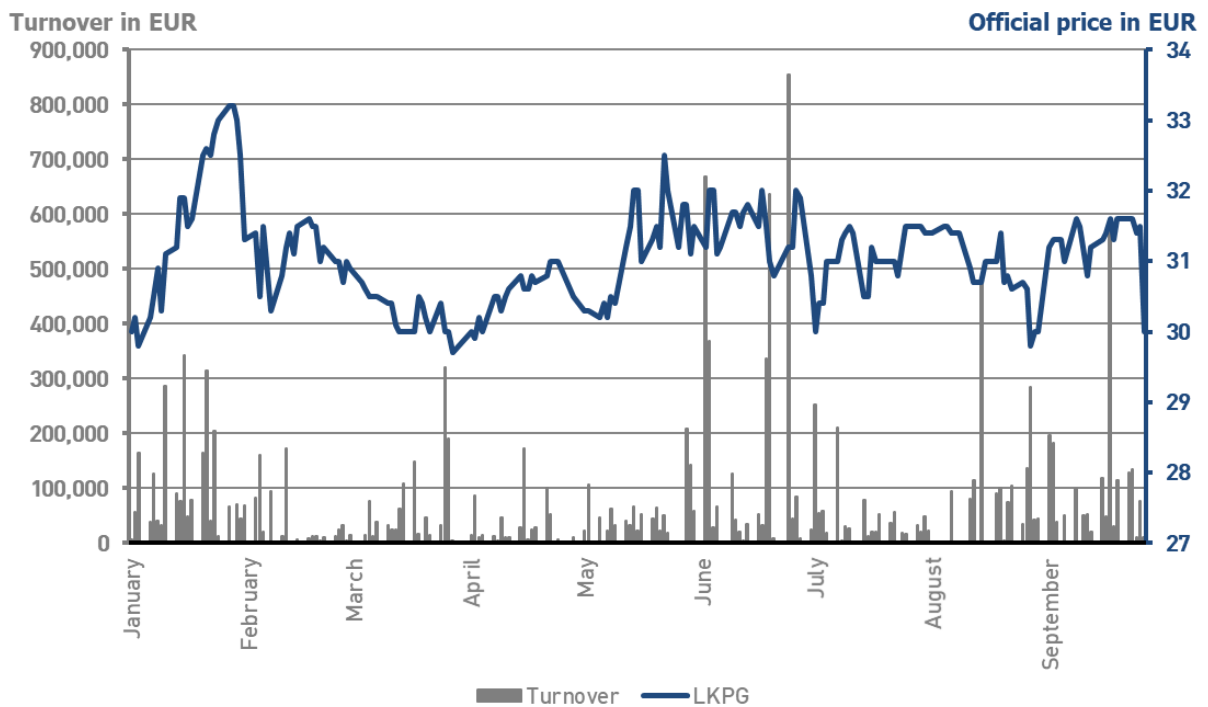
Shareholder	Number of shares 30. 9. 2018	Percentage stake 2018 (in %)	Number of shares 30. 9. 2017	Percentage stake 2017 (in %)
Republic of Slovenia	7,140,000	51.00	7,140,000	51.00%
Slovenski državni holding, d. d.	1,557,857	11.13	1,557,857	11.13%
Kapitalska družba, d. d.	696,579	4.98	696,579	4.98%
Municipality of Koper	439,159	3.14	439,159	3.14%
Citibank N.A. – fiduciarni račun	317,884	2.27	211,787	1.51%
Hrvatska poštanska banka, d. d. – fiduciary account	130,582	0.93	129,582	0.93%
Zavarovalnica Triglav, d. d.	113,568	0.81	113,568	0.81%
Clearstream Banking SA – fiduciary account	104,932	0.75	2,391	0.02%
Utilico Emerging Markets Limited	98,400	0.70	0	0.00%
NLB skladi – Slovenija mešani	80,500	0.58	41,100	0.29%
<b>Total</b>	<b>10,679,461</b>	<b>76.28</b>	<b>10,332,023</b>	<b>73.80%</b>

### 11.1 Trading in LKPG

In the first nine months, the average daily share price of Luka Koper, d.d. stood at EUR 31.06, 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 September 2018, the market capitalisation of Luke Koper, d.d. shares amounted to EUR 420,000,000.

There were 2.008 transactions and block trades with aggregate value of EUR 14,211,429, whereby 445,355 shares changed ownership. In this period, the SBITOP index achieved 3.23 percent decline.

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



### Relevant data on LKPG share

	1 – 9 2018	1 – 9 2017
Number of shares as at 30 September	14,000,000	14,000,000
Number of ordinary no par value shares	14,000,000	14,000,000
Closing as at 30 September (in EUR)	30.00	31.00
Book value of share as of 30 September (in EUR)	25.09	23.26
Ratio between average weighed price and avce (P/B)	1.20	1.33
Average market price (in EUR) <sup>17</sup>	31.91	29.61
Average book value of share (in EUR) <sup>18</sup>	24.21	22.77
Ratio between average weighed market price and average book value of share	1.32	1.30
Net earning per share(EPS) (in EUR)	4.55	3.71
Ratio between market price and earnings per share (P/E)	6.60	8.35
Market capitalisation as of 30 September (in mio EUR)	420.0	434.0
Turnover – all transactions (in mio EUR)	14.2	23.3

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

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

As at 30 September 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.

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

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

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

As at 30 September Luka Koper, d. d., held no treasury shares. The applicable Articles of association do not provide for categories of authorised capital up to which the Management Board could increase the share capital. The company had no basis for the conditional increase in the share capital.

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

In compliance with Ljubljana Stock Exchange 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 third quarter of 2018, the activities of Luka Koper, focused on the risks related to providers of port's services (IPS), continued. The company's management board adopted the action plan for the strategy related to the providers of the port's services and on September 20, 2018 published the call for the direct employment of 307 workers. The company prepared the terms for the public procurement for the selection of employment agencies, where additional mechanisms by which the control of the payments of salaries, taxes, contribution and the respect of other employment regulations will be carried out, and likewise other activities from the implementation plan will continue.

Positive results were achieved in the risk management related to the implementation of key projects, which are relevant for the achievement of the competitive advantages of the company in comparison with other ports. On October, 2018 the company obtained the building permit for the extension of the operative quayside of the container terminal for the Pier I. The building permit became final on November 2, 2018. In the beginning of July 2018, the Municipality of Koper and Luka Koper, d.d. signed a Letter of Intent, which envisages the implementation of specific mitigating measures for the reduction of environmental impacts of the port's activity. Two work teams were set up for the implementation of the activities defined in the aforesaid Letter. A project team in charge of the risk management related to the construction of the Pier I and the increase of noise is also active. The implementation works for the Sermin entrance to the port, which will decongest the main transport routes toward Koper, increase the decongestion of the traffic in the port and reduce the freight transport in the town's center, are continuing. The ToR for the construction of the RO-RO berth was made, the relating environmental permit and building permits which became final on October 18, 2018, were obtained. Thanks to the construction of the RO-Ro berths the traffic in the Basin I would decongest, the transport routes from the vessel up to the warehouse would be shortened, by which the operational costs and the constraints for the environment would be reduced. The Municipality of Ankaran invited the Government of the Republic of Slovenia to start 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.

## 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 the staff responsible for the maintenance of the established system have contributed to the keeping of the highest environmental standard.

#### 13.1 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/m<sup>2</sup>day 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  $\mu$  m) emissions below 30  $\mu$  g/m<sup>3</sup> in the entire Port's area (in direction towards Ankarana, 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.

## 13.2 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.

## 13.3 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.

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

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/m<sup>2</sup>day and the average of measurement values for the reported period is 111 mg/m<sup>2</sup>day. In January – September 2018 the company recorded two deviations, which is below the target. The law does not prescribe limit values resp. permitted deviations for such measurements.

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

Statutory prescribed measurements of fine dust particles (PM<sub>10</sub>), are carried out by an authorised organisation and are continuously measured on three points within the Port. The measurements taken in the first half of 2018 were below the target value 30 µg/m<sup>3</sup> 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](http://www.zivetispristaniscem.si).

#### Comparison of mean values of $\text{PM}_{10}$ , measurements, January – September 2018 in 2017

	1 – 9 2018	1 – 9 2017	INDEX 2018/2017
Ankaran - Rožnik	$15 \mu\text{g}/\text{m}^3$	$17 \mu\text{g}/\text{m}^3$	88
Bertoki	$21 \mu\text{g}/\text{m}^3$	$21 \mu\text{g}/\text{m}^3$	100
Koper – Cruise terminal	$12 \mu\text{g}/\text{m}^3$	$15 \mu\text{g}/\text{m}^3$	80

#### 13.3.3 Emissions of dust particles on key sources

Since the permitted values of dust particles emissions of key sources are stipulated by law, we perform measurements in the direct vicinity of dust-generating sources (e.g. at loading/unloading of wagons, trucks and ships). The threshold of permitted value of emissions is  $20 \text{mg}/\text{m}^3$ . The company has not yet performed the statutory measurements for 2018.

### 13.4 Waste management

Various 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 January - September 2018, we achieved 88 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.



## 13.5 Noise

Noise levels are continuously monitored by devices at three peripheral points around the port, and the results are published online via the Living with the Port [www.zivetispristaniscem.si](http://www.zivetispristaniscem.si).

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

1 - 9 2018			Threshold values 2018	1 - 9 2017			Threshold values 2017
Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)		Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	
L <sub>D</sub> =51	L <sub>D</sub> =52	L <sub>D</sub> =63	L <sub>D</sub> =70	L <sub>D</sub> =53	L <sub>D</sub> =54	L <sub>D</sub> =63	L <sub>D</sub> =73
L <sub>V</sub> =50	L <sub>V</sub> =51	L <sub>V</sub> =63	L <sub>V</sub> =65	L <sub>V</sub> =51	L <sub>V</sub> =52	L <sub>V</sub> =63	L <sub>V</sub> =68
L <sub>N</sub> =49	L <sub>N</sub> =51	L <sub>N</sub> =63	L <sub>N</sub> =60	L <sub>N</sub> =50	L <sub>N</sub> =51	L <sub>N</sub> =62	L <sub>N</sub> =63
L <sub>DVN</sub> =56	L <sub>DVN</sub> =57	L <sub>DVN</sub> =69	L <sub>DVN</sub> =70	L <sub>DVN</sub> =57	L <sub>DVN</sub> =58	L <sub>DVN</sub> =69	L <sub>DVN</sub> =73

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

In July this year, a new Decree on the threshold values of environmental noise came into force (Official Gazette no. 43/2018), which ranks the port in the group of line source and the airport. With respect to the new threshold values, the results are in accordance with the legislation.

Luka Koper, d. d., holds the environmental permit with respect to the noise emissions due to the operation of the Port of Koper of April 13, 2011 (Decision no. of the decision 35451-180/2009-4) and the change to the validity of the environmental permit with respect to the noise emissions due to the operation of the Port of Koper of May 15, 2013 (Decision no. 35452-4/2012-2). The threshold values in the existing permit still not take into consideration the values from the new legislation in relation to noise. Luka Koper, d. d., is in the process of obtaining a new environmental permit with respect to the noise emissions.

In case we compare the measured values with values from the existing environmental permit, the night, evening and day – evening – night values exceed the values determined for the first residential buildings towards Koper. The noise level towards Ankaran and Bertoki is within threshold values defined in the environmental permit.

## 13.6 Energy

### 13.6.2 Consumption of energy and water

In January - September 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 nine months of 2018 in comparison with 2017.

The reason in a higher specific water consumption in the first nine months of 2018 in comparison with 2017 lays in a slightly absolute water consumption.

#### Specific consumption of energy and water per handled tonne of the total throughput<sup>19</sup>, January – September 2018 and 2017

	1 – 9 2018	1 – 9 2017	INDEX 2018/2017
Electricity consumption (kWh/t)	0.67	0.63	106
Motor fuel consumption (l/t)	0.127	0.136	93
Potable water consumption (l/t)	3.58	3.17	113

#### Electricity consumption

The major consumer of the electric power in the port is the Container terminal, followed by the Dry bulk and bulk terminal, which jointly consume the half of all company's consumed electricity. 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 - September 2018, the major consumer of the motor fuel was the Container terminal, which consumed 63 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 nine months of 2018, several measurements of the quality of the potable water within the port's network were carried out. In buildings in the port's area, no microbiological contaminations were recorded.

### 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 nine months 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.

## 13.7 Effect 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.

## 13.8 Marine protection

Pursuant to the provisions of the Concession Agreement for the performance of port activity, management, development and regular maintenance of port's infrastructure in the Koper's cargo port area, Luka Koper, d.d. regularly takes care to prevent and remove the consequences of the sea pollution. To carry out such activities we need special equipment, boats and skilled staff. We therefore regularly train the staff, provide training and drills. In exceptional

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

In January - September leta 2018, 18 incidents were recorded in the port' 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 – September 2018 and 2017

	1 – 9 2018	1 – 9 2017	INDEX 2018/2017
Number of accidents at sea	18	16	113
Number of interventions in the Port's aquatorium	18	12	150
Number of incidents not requiring intervention	0	4	-
Number of pollution incidents outside the Port's aquatorium	0	0	-

The results of measurings 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

---

Luka Koper, d. d., posebno pozornost namenja management, development, motivation and training of employees. Skilled and motivated staff is strategic wealth and the condition for the development plans implementation

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

Cooperation, responsibility, respect, commitment and creativity are the values of all employees, Luka Koper Group realises in practice.

### 14.1 Recruitment, turnover rate and employment structure

As at 30 septembra 2018, Luka Koper Group had 1,217 employees, which is 125 employees more than as at 30 September 2017, and which 11 percent increase. The upward trend of the employees recruitment has been continuing for the for the year and is mainly due to the recruitment in Luka Koper, d. d.

In the first nine months of 2018, 147 employees were recruited in Luka Koper Group, whereof 132 in Luka Koper, d. d., which is far above than in the equivalent period in 2017. The majority of new employments involved jobs in the basis throughput processa 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. The company for the disabled people Luka Koper INPO, d. o. o., recruited 10 persons with disability status.

Luka Koper, d. d., adopted the Strategy of the providers of port's service, by which a three-pillar business model will be introduced. The model is based on the pillar of regular employments, where there is a constant need for work (pillar I), work through employment agencies (pillar II) and the performance of services resp. outsourced contractual partners (pillar III). In September 2018, 307 job vacancies were published at the Employment Service, and thus the company started the implementation of port's services providers strategy plan. In accordance with the action plan, the recruitment will proceed successively, first recruitments are expected to be implemented in January 1, 2019. The publication of two public procurements for the selection of the employment agencies and for the selection of contractual partners for outsourced performance of port's services is planned.

### Number of employees in Luka Koper Group

	30.09.2018	30.09.2017	Index 2018/2017
Luka Koper, d. d.	1,034	913	113
Luka Koper INPO, d. o. o.	152	150	101
Luka Koper Pristan, d. o. o.	4	4	100
Adria Terminali, d. o. o.	23	21	110
TOC, d. o. o.	4	4	100
<b>Luka Koper Group</b>	<b>1,217</b>	<b>1,092</b>	<b>111</b>

### Comparison between recruitment, termination and turnover rate

	Number of new recruitments		Number of departures		TURNOVER RATE (in %) <sup>19</sup>	
	1 – 9 2018	1 – 9 2017	1 – 9 2018	1 – 9 2017	1 – 9 2018	1 – 9 2017
Luka Koper, d. d.	132	46	24	18	2,3	1,9
<b>Luka Koper Group</b>	<b>147</b>	<b>53</b>	<b>38</b>	<b>24</b>	<b>3,0</b>	<b>2,1</b>

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 nine months of 2018 was higher than in the equivalent period last year, but nevertheless it remains at a low level 3.0.

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. Also the recruitment of the lowest educational level increased.

<sup>19</sup> Method for calculating turnover rate = number of departures/(initial number of employees + new recruitments) x100

## 14.2 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.

### Injuries at work

Parties involved	1 – 9 2018		1 – 9 2017	
	All injuries	Whereof major injuries	All injuries	Whereof major injuries
Luka Koper, d. d.	10	0	6	0
Providers of port's services	30	0	46	2
Outsourcing companies	10	0	15	0
Subsidiaries	4	0	9	0

Currently, the objective of maximum 17 occupational injuries per million hours worked at Luka Koper, d. d., has been achieved, since in the nine months of 2018, the indicator shows 12.3 injuries per million hours worked.

In January - September 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 nine months of 2018, 40.2 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.

## 14.3 Education, training and development of employees

In the first nine months of 2018, Luka Koper Group provided on average 9 hours of training per employee, Luka Koper, d. d., 11 hours. 82 percent of training was in-house training. 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 12 employees employees with aim to obtain a higher level of education resp. specific educational training. All contracts for the financing the part-time study are concluded in Luka Koper, d. d.

Luka Koper, d. d., allocated one scholarship for the academic year 2017/18. The recruitment of the company scholarship holder is planned in 2019.

In the first nine months of 2018, 104 employees were promoted horizontally resp. vertically, 167 employees achieved a higher level of qualification and flexibility at their post within Luka Koper Group. 271 employees resp. 22 percent of employees within Luka Koper Group were involved in one of career development forms. In Luka Koper, d. d., there were 102 promotions and 124 classifications in a higher level of qualification, which is 22 percent of employees.

The selection and recognitions awarding to the best employees in Luka Koper Group of the previous year took place.

For the first time, an additional payment/the severance pay upon the retirement from the post-employment benefit fund was realised.

On the basis of the provisions of the Collective agreement resp. rules on the remuneration, in August 2018, basic salaries were harmonised with inflation index in the six-month period, which is 1.9 percent increase in Luka Koper, d. d., Luka Koper INPO, d. o. o., and Adria Terminali, d. o. o.



## 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.

In January – September 2018, Luka Koper, d.d. allocated EUR 595.2 thousand for sponsorships and donations. The major part of these funds is related to multi-annual contracts, at the end of the first half of 2018, it started to repay the sponsorships and donations for socially useful projects from the call Living with the port published in April. 260 applications were received, whereof 214 projects were selected, mostly from the field of sports and culture. In summer time, when numerous cultural and social events took place in coastal towns, almost all events were sponsored by Luka Koper, d. d.

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](http://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](http://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 nine months of 2018, almost 10.000 visitors, whereof in majority school children, visited the port accompanied by port's guides. The biggest event was held in May, when the Company traditionally opened the port to the public by organising the Port's Day, which was attended by around 3,000 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 2018 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.

## ACCOUNTING REPORT

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

#### 16.1 Separate Income Statement

(in EUR)	1-9 2018	1-9 2017
Revenue	165,515,474	155,084,027
Other income	12,435,396	846,016
Cost of material	-12,225,792	-10,835,706
Cost of services	-43,057,986	-40,077,133
Employee benefits expense	-39,026,177	-35,385,696
Amortisation and depreciation expense	-21,379,959	-20,174,779
Other operating expenses	-6,439,859	-6,547,385
<b>Operating profit</b>	<b>55,821,097</b>	<b>42,909,344</b>
Finance income	3,103,768	3,039,645
Finance expenses	-975,140	-1,189,186
<b>Profit or loss from financing activity</b>	<b>2,128,628</b>	<b>1,850,459</b>
<b>Profit before tax</b>	<b>57,949,725</b>	<b>44,759,803</b>
Income tax expense	-10,133,392	-5,477,236
Deferred taxes	-68,526	-295,253
<b>Net profit for the period</b>	<b>47,747,807</b>	<b>38,987,314</b>
<b>Net earnings per share</b>	<b>3.41</b>	<b>2.78</b>

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)	1-9 2018	1-9 2017
<b>Profit for the period</b>	<b>47,747,807</b>	<b>38,987,314</b>
Item that will not be reclassified subsequently to profit or loss		
Change in revaluation surplus of available-for-sale financial assets	-42	2,039,526
Deferred tax on revaluation of available-for-sale financial assets	8	-387,510
Change in fair value of cash flow hedging instruments	99,343	238,358
Deferred tax on the change in fair value of cash flow hedging instruments	-18,875	-45,288
Item that are or may be reclassified subsequently to profit or loss	80,434	1,845,086
<b>Total comprehensive income for the period</b>	<b>47,828,241</b>	<b>40,832,400</b>

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

(in EUR)	30 Sep 2018	31 Dec 2017
<b>ASSETS</b>		
Property, plant and equipment	356,133,147	367,818,139
Investment property	24,759,206	26,467,395
Intangible assets	2,634,128	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	30,499,541	30,499,584
Deposits and loans given	16,084	22,592
Non-current operating receivables	39,991	41,772
Deferred tax assets	8,237,911	8,325,304
<b>Non-current assets</b>	<b>433,590,780</b>	<b>447,568,391</b>
Inventories	1,188,907	1,037,066
Deposits and loans given	9,017	8,413
Trade and other receivables	42,795,373	38,021,057
Income tax receivables	0	4,115,392
Cash and cash equivalents	75,885,569	28,202,590
<b>Current assets</b>	<b>119,878,866</b>	<b>71,384,518</b>
<b>TOTAL ASSETS</b>	<b>553,469,646</b>	<b>518,952,909</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703
Revenue reserves	145,607,356	145,607,356
Reserves arising from valuation at fair value	9,880,153	9,799,716
Retained earnings	47,789,718	17,261,911
<b>Equity</b>	<b>351,260,895</b>	<b>320,652,651</b>
Provisions	19,755,354	20,217,568
Deferred income	22,081,135	18,166,217
Non-current loans and borrowings	106,234,928	116,682,274
Non-current operating liabilities	1,018,404	967,102
<b>Non-current liabilities</b>	<b>149,089,821</b>	<b>156,033,161</b>
Current loans and borrowings	15,504,399	16,060,399
Other current financial liabilities	164,425	372,169
Income tax liabilities	7,769,612	0
Trade and other payables	29,680,494	25,834,529
<b>Current liabilities</b>	<b>53,118,930</b>	<b>42,267,097</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>553,469,646</b>	<b>518,952,909</b>

## 16.4 Separate Statement of Cash Flows

(in EUR)	1-9 2018	1-9 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>47,747,807</b>	<b>38,987,314</b>
<b>Adjustments for:</b>		
Amortisation/Depreciation	21,379,959	20,174,779
Reversal and impairment losses on property, plant and equipment, and intangible assets	5,800	557,744
Gain on sale of property, plant and equipment, and investment property	-787,761	-148,435
Allowances for receivables	112,790	74,576
Collected written-off receivables and liabilities	-1,040,378	-114,623
Reversal of provisions	-643,396	0
Finance income	-3,103,768	-3,039,645
Finance expenses	975,140	1,189,186
Income tax expense and income (expenses) from deferred taxes	10,201,918	5,772,489
<b>Profit before change in net current operating assets and taxes</b>	<b>74,848,111</b>	<b>63,453,385</b>
Change in operating receivables	-3,829,719	-6,847,692
Change in inventories	-151,841	-206,493
Change in assets (disposal group) held for sale	1,502,198	0
Change in operating liabilities	4,023,364	2,810,667
Change in provision	201,602	-91,755
Change in non-current deferred income	3,914,918	2,072,163
<b>Cash generated in operating activities</b>	<b>80,508,633</b>	<b>61,190,275</b>
Interest expenses	-1,182,884	-1,113,851
Tax expenses	1,751,612	-7,906,335
<b>Net cash from operating activities</b>	<b>81,077,361</b>	<b>52,170,089</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	215,299	121,606
Dividends received and share of profits – subsidiaries	241,634	652,780
Dividends received and share of profits – associates	1,280,634	993,808
Dividends received and share of profits – other companies	1,306,215	1,203,250
Proceeds from sale of property, plant and equipment, and intangible assets	824,577	148,434
Proceeds from sale, less investments and loans given	5,904	146,066
Acquisition of property, plant and equipment, and intangible assets	-9,042,887	-31,941,567
Acquisition of investments, increase in loans given	0	-80,000
<b>Net cash used in investing activities</b>	<b>-5,168,624</b>	<b>-28,755,623</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from non-current borrowings	0	18,700,000
Repayment of current borrowings	-11,003,346	-7,579,680
Dividends paid	-17,222,412	-19,610,853
<b>Net cash used in financing activities</b>	<b>-28,225,758</b>	<b>-8,490,533</b>
<b>Net increase in cash and cash equivalents</b>	<b>47,682,979</b>	<b>14,923,933</b>
Opening balance of cash and cash equivalents	28,202,590	983,305
<b>Closing balance of cash and cash equivalents</b>	<b>75,885,569</b>	<b>15,907,238</b>

## 16.5 Separate Statement of Changes in Equity

Year 2018

(in EUR)	Reserves arising on valuation at fair value								Total equity
	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Investments	Financial instruments	Actuarial gains/losses	
<b>Balance at 31 Dec 2017</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>126,842,241</b>	<b>17,261,911</b>	<b>10,893,272</b>	<b>-80,468</b>	<b>-1,013,085</b>	<b>320,652,654</b>
<b>Changes of equity – transactions with owners</b>									
Dividends paid	0	0	0	0	-17,220,000	0	0	0	-17,220,000
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-17,220,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-17,220,000</b>
<b>Total comprehensive income for the period</b>									
Profit for the period	0	0	0	0	47,747,807	0	0	0	47,747,807
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	-34	0	0	-34
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	80,468	0	80,468
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>47,747,807</b>	<b>-34</b>	<b>80,468</b>	<b>0</b>	<b>47,828,241</b>
<b>Balance at 30 Sep 2018</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>126,842,241</b>	<b>47,789,718</b>	<b>10,893,238</b>	<b>0</b>	<b>-1,013,085</b>	<b>351,260,895</b>

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	
<b>Balance at 31 Dec 2016</b>	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
<b>Changes of equity – transactions with owners</b>									
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
<b>Total comprehensive income for the period</b>									
Profit for the period	0	0	0	0	38,987,314	0	0	0	38,987,314
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	1,652,015	0	0	1,652,015
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	193,070	0	193,070
	0	0	0	0	38,987,314	1,652,015	193,070	0	40,832,399
<b>Balance at 30 Sep 2017</b>	58,420,965	89,562,703	18,765,115	110,270,537	39,708,917	9,985,106	-147,027	-907,968	325,658,348



## 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 – September 2018 resp. as at 30 Sep 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 – September 2018, in comparison with the comparable data for the previous year, together with the company's financial position as at 30 September 2018 in comparison with 31 December 2017.

Separate financial statements of Luka Koper, d. d., for the reporting period January – September 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 1<sup>st</sup> 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 IAS 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
<b>Other investments, measured at cost</b>	assets available for sale	Investments measured at fair value through the operating profit
<b>Other investments, measured at fair value</b>	assets available for sale	Investments measured at fair value through the comprehensive income
<b>Given loans</b>	loans and receivables	Assets valued at amortised cost
<b>Operating receivables</b>	loans and receivables	Assets valued at amortised cost
<b>Cash and cash equivalents</b>	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 15 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)	1-9 2018	1-9 2017
<b>Revenue from sales with domestic customers based on contract with customer</b>	<b>49,159,909</b>	<b>46,585,184</b>
- services	49,143,716	4,569,296
- goods and material	16,193	15,888
<b>Revenue from sales with foreign customers based on contract with customer</b>	<b>115,279,329</b>	<b>107,439,760</b>
- services	115,279,329	107,439,760
<b>Revenue from sales with domestic customers from rentals</b>	<b>1,073,535</b>	<b>1,056,382</b>
<b>Revenue from sales with foreign customers from rentals</b>	<b>2,701</b>	<b>2,701</b>
<b>Total</b>	<b>165,515,474</b>	<b>155,084,027</b>

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)	1-9 2018	1-9 2017
<b>Other operating income</b>	<b>2,471,535</b>	<b>263,056</b>
Reversal of provisions	643,396	0
<b>Revaluation operating income</b>	<b>1,828,139</b>	<b>263,056</b>
Income on sale of property, plant and equipment and investment property	787,761	148,435
Collected written-off receivables and written-off liabilities	1,040,378	114,621
<b>Other income</b>	<b>9,963,861</b>	<b>582,960</b>
Compensations and damages	9,986,560	348,394
Subsidies and other income not related to services	495,885	208,168
Other income	-518,584	26,398
<b>Total</b>	<b>12,435,396</b>	<b>846,016</b>

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 and from value adjustment of receivables. The company sold the facility with the pertaining land and thus generated EUR 736,455 of other revenue. In comparison with the previous year, the recovered written-off receivables and liabilities were higher by EUR 925,755, primarily due to the odprave popravka vrednosti terjatev.

Received compensations and damages in the first nine months of 2018 amounted to EUR 9,986,560. 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 9,326,875.

## Cost of material

(in EUR)	1-9 2018	1-9 2017
Cost of auxiliary material	1,921,713	1,431,043
Cost of spare parts	4,248,690	3,810,426
Cost of energy	5,643,994	5,201,944
Cost of office stationary	135,026	112,668
Other cost of material	276,369	279,625
<b>Total</b>	<b>12,225,792</b>	<b>10,835,706</b>

## Cost of services

(in EUR)	1-9 2018	1-9 2017
Port services	23,943,274	21,240,662
Cost of transportation	205,962	193,950
Cost of maintenance	5,392,435	5,092,254
Rentals	262,157	291,427
Reimbursement of labour-related costs	203,942	240,660
Costs of payment processing, bank charges and insurance premiums	605,800	550,272
Cost of intellectual and personal services	1,045,887	525,767
Advertising, trade fairs and hospitality	697,933	741,507
Costs of services provided by individuals not performing business activities	273,277	233,582
Sewage and disposal services	689,134	648,805
Information support	2,134,574	2,182,226
Concession-related costs	5,797,754	5,313,570
Costs of other services	1,805,857	2,822,451
<b>Total</b>	<b>43,057,986</b>	<b>40,077,133</b>

Within the costs of services, a major share represented cost of port services, and namely EUR 23,943,274. Providers of port's services perform port's services on goods (sorting, palletising, sampling, protection, marking, weighing, cleaning, transshipment and other), management of the port's machinery and similar.

## Employee benefits expense

(in EUR)	1-9 2018	1-9 2017
Wages and salaries	25,637,117	23,731,384
Wage compensations	3,993,417	3,526,670
Costs of additional pension insurance	1,141,665	1,084,070
Employer's contributions on employee benefits	4,898,132	4,462,422
Annual holiday pay, reimbursements and other costs	3,355,846	2,581,150
<b>Total</b>	<b>39,026,177</b>	<b>35,385,696</b>

In January – September 2018, labour costs amounted to EUR 39,026,177, which is EUR 3,640,481 increase on the previous year. Higher labour costs are primarily attributable to new recruitments, since from June 2017 until September 2018, the Company additionally employed 121 persons.

## Amortisation and depreciation expense

(in EUR)	1-9 2018	1-9 2017
Depreciation of buildings	9,734,005	9,526,321
Depreciation of equipment and spare parts	10,674,561	9,675,519
Depreciation of small tools	12,813	16,186
Depreciation of investment property	461,149	476,708
Amortisation of intangible assets	488,704	480,045
Depreciation of investments in foreign assets	8,727	0
<b>Total</b>	<b>21,379,959</b>	<b>20,174,779</b>

## Other operating expenses

(in EUR)	1-9 2018	1-9 2017
----------	----------	----------

Cost of provisions	185,252	0
Impairment costs, write-offs and losses on property, plant and equipment, and investment property	5,800	557,744
Expenses for allowances for receivables	112,790	74,576
Levies that are not contingent upon employee benefits expense and other types of cost	5,319,542	5,123,113
Donations	114,400	104,651
Environmental levies	132,938	88,150
Awards and scholarship to students inclusive of tax	6,156	11,623
Awards and scholarship to students	2,000	4,400
Other costs and expenses	560,981	583,128
<b>Total</b>	<b>6,439,859</b>	<b>6,547,385</b>

In the first nine months of 2018, the company formed the provisions for the lawsuits in the amount of EUR 185,252.

Charges not depending on labour costs are substantially related to the use of building land which in January - September 2018 amounted to EUR 5,206,504.

Other costs and expenses primarily represent damages in the amount of EUR 496,635.

## Finance income and expenses

(in EUR)	1-9 2018	1-9 2017
<b>Finance income from shares and interests</b>	<b>2,888,483</b>	<b>2,923,212</b>
Finance income from shares and interests in Group companies	301,634	652,780
Finance income from shares and interests in associates	1,280,634	993,808
Finance income from shares and interests in other companies	1,306,215	1,203,250
Financial income from other investments	0	73,374
<b>Finance income - interest</b>	<b>7,831</b>	<b>1,903</b>
Interest income - Group companies	0	847
Interest income - other	7,831	1,056
<b>Finance income from operating receivables</b>	<b>207,454</b>	<b>114,530</b>
Finance income from operating receivables due from others	207,454	114,530
<b>Total finance income</b>	<b>3,103,768</b>	<b>3,039,645</b>
<b>Finance expenses for investments</b>	<b>0</b>	<b>-73,374</b>
<b>Finance expenses - interest</b>	<b>-914,116</b>	<b>-1,062,799</b>
Interest expenses - Group companies	-104,027	-131,760

Interest expenses – banks	-810,089	-931,039
<b>Finance expenses for financial liabilities</b>	<b>-61,024</b>	<b>-53,013</b>
Finance expenses for trade payables	-25	-251
Finance expenses for other operating liabilities	-60,999	-52,762
<b>Total finance expenses</b>	<b>-975,140</b>	<b>-1,189,186</b>
<b>Net financial result</b>	<b>2,128,628</b>	<b>1,850,459</b>

Finance income from shares and interests in the amount of EUR 2,888,483 refers to profits of companies from 2017. In January – September 2018, finance expense for interests towards banks amounted to EUR 810,089, which were lower by EUR 120,950, in comparison with the equivalent period in the previous year, primarily due to the lower costs of interest swap.

## Profit

In January – September 2018, Luka Koper, d. d. generated the operating profit in the amount of EUR 55,821,097, in the equivalent period of the previous year EUR 42,909,344. The financial result was positive and amounted to EUR 2,128,628, likewise it was positive in the comparable period last year when it amounted to EUR 1,850,459. The profit before tax amounted to EUR 57,949,725, in the comparable period last year EUR 44,759,803. The corporate income tax in the amount of EUR 10,133,392 was taken into account. Thus, in the first nine months of 2018, the company concluded the net profit in the amount of EUR 47,747,807, whilst the net profit in the comparable period last year amounted to EUR 38,987,314.

(in EUR)	30 Sep 2018	30 Sep 2017
Net profit for the period	47,747,807	38,987,314
Total number of shares	14,000,000	14,000,000
<b>Basic and diluted earnings per share</b>	<b>3.41</b>	<b>2.78</b>



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

### Property, plant and equipment

(in EUR)	30 Sep 2018	31 Dec 2017
Land	15,117,508	15,117,508
Buildings	238,005,173	245,729,683
Plant and machinery	84,535,592	91,568,985
Property, plant and equipment being acquired and advances given	18,474,874	15,401,963
<b>Total</b>	<b>356,133,147</b>	<b>367,818,139</b>

In the reporting period, Luka Koper, d.d. invested in property, plant and equipment in the amount of EUR 9,028,704. The major investments were the following:

- Purchase of five electric RTG cranes,
- Finishing of the construction of the railway track no. 61,
- Purchase of 33 t forklifts,
- Purchase of two terminal trailers,
- Reconstruction of the existing RTG cranes with aim to reduce noise emissions,
- Arrangement of the premises for the needs of the Car and RO-RO terminal,
- Purchase of two grabs,
- Purchase of the replacing equipment for the fire-protection system and
- Start of the renovation of the administrative building at the terminal Dry Bulk amnd bulk cargoes.

### Investment property

(in EUR)	30 Sep 2018	31 Dec 2017
Investment property - land	14,546,862	14,747,020
Investment property - buildings	10,212,344	11,720,375
<b>Total</b>	<b>24,759,206</b>	<b>26,467,395</b>

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 September 2018, investment property amounted to EUR 24,759,206, which is EUR 1,708,189 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 Sep 2018	31 Dec 2017
Non-current property rights (concessions, patents, licences, trademarks and similar rights)	2,634,128	3,122,833
<b>Total</b>	<b>2,634,128</b>	<b>3,122,833</b>

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 September 2018, shares and interests in Group companies amounted to EUR 4,533,063. In the reporting period, the company carried out the recapitalisation of the associated company Logis-Nova, d. o. o. with conversion of receivables in the share, meanwhile the impairment of the investment in the same amount was carried out.

## Shares and interests in the associates

As at 30 September 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 Sep 2018	31 Dec 2017
Other investments measured at cost	928,827	928,827
Other investments measured at fair value through equity	29,570,714	29,570,757
<b>Total</b>	<b>30,499,541</b>	<b>30,499,584</b>

## Deferred tax

(in EUR)	Deferred tax assets		Deferred tax liabilities	
	30 Sep 2018	31 Dec 2017	30 Sep 2018	31 Dec 2017
<b>Deferred tax assets and liabilities relating to:</b>				
impairment of investments in subsidiaries	538,738	415,238	0	0
impairment of other investments and deductible temporary differences arising on securities	9,329,990	9,329,990	2,555,204	2,555,213
financial instruments	0	18,875	0	0
allowances for trade receivables	167,850	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
<b>Total</b>	<b>10,793,115</b>	<b>10,880,517</b>	<b>2,555,204</b>	<b>2,555,213</b>
Off-set with deffered tax liabilities relating to impairment of other investments and deductible temporary differences arising on securities	-2,555,204	-2,555,213	-2,555,204	-2,555,213
<b>Total</b>	<b>8,237,911</b>	<b>8,325,304</b>	<b>0</b>	<b>0</b>

## Inventories

As at 30 September 2018, inventories were recorded at EUR 1,188,907, 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 Sep 2018	31 Dec 2017
Current trade receivables:		
domestic costumers	18,334,248	16,581,025

foreign costumers	19,259,384	18,273,278
Current operating receivables due from Group companies	619,218	363,927
Current operating receivables due from associates	87,032	55,902
<b>Current trade receivables</b>	<b>38,299,882</b>	<b>35,274,132</b>
Advances and collaterals given	68,711	94,103
Receivables due from the state	1,814,701	1,596,594
Other current receivables	150,346	72,904
<b>Total trade receivables</b>	<b>40,393,654</b>	<b>37,037,733</b>
Short-term deferred costs and expenses	1,960,746	540,338
Accrued income	440,973	442,986
<b>Other receivables</b>	<b>2,401,719</b>	<b>983,324</b>
<b>Total</b>	<b>42,795,373</b>	<b>38,021,057</b>

Current trade receivables from contracts with customers as at 30 September 2018 amounted to EUR 38,299,882 and were ahead on by EUR 3,025,750 in comparison with the situation as at 31 December 2017. This increase is due to a higher realisation.

As at 30 September 2018, the company pledged receivables in connection with collateralising bank loan in the amount of EUR 2,300,000. As at 30 September 2018, these receivables amounted to EUR 139,453.

Among other receivables, the company accounts for short-term deferred costs and expenses in the amount of EUR 1,960,746, related primarily to the deferred costs from the compensation for the use of the building site in the amount of EUR 1,144,499, costs from the paid annual holiday pay in the amount of EUR 267,675, insurance costs in the amount of EUR 269,829, 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 440,973.

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 Sep 2018	Allowances 2018	31 Dec 2017	Allowances 2017
Outstanding and undue trade receivables	35,236,534	-98,321	30,628,915	0
Past due receivables				
Up to 30 days overdue	2,541,735	0	4,775,829	-519,624
31 to 60 days overdue	416,430	-5,432	197,593	0
61 to 90 days overdue	137,796	-4,025	79,277	0
91 to 120 days overdue	45,271	-7,146	-5,660	0
121 to 180 days overdue	-9,335	-38	38,917	0
181 to 365 days overdue	3,636	-1,319	495,317	-416,432
more than 366 days	642,775	-598,680	2,005,785	-2,005,785

<b>Total</b>	<b>39,014,842</b>	<b>-714,960</b>	<b>38,215,973</b>	<b>-2,941,841</b>
--------------	-------------------	-----------------	-------------------	-------------------

## Cash and cash equivalents

(in EUR)	30 Sep 2018	31 Dec 2017
Cash in hand	286	51
Bank balances	75,885,283	28,202,539
<b>Total</b>	<b>75,885,569</b>	<b>28,202,590</b>

## Equity

(in EUR)	30 Sep 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	9,880,153	9,799,716
Retained earnings	41,911	690,207
Net profit for the period	47,747,807	16,571,704
<b>Equity</b>	<b>351,260,895</b>	<b>320,652,651</b>

## Provisions

(in EUR)	30 Sep 2018	31 Dec 2017
Provisions for retirement benefits and similar obligations	3,639,393	3,184,782
Provisions for legal disputes	16,115,961	17,032,786
<b>Total</b>	<b>19,755,354</b>	<b>20,217,568</b>

In comparison to the balance as at 31 December 2017, the provisions for retirement benefits and similar increased by EUR 454,611, and namely from the formation of the post-employment benefits (as on-off payments at retirement), whilst the provisions for legal disputes decreased by EUR 916,825. The impact on the decrease, on the basis of which the company settled the imposed liability, reversed the provisions difference and recognised it among other revenue.

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 Sep 2018	31 Dec 2017
Long-term deferred income for regular maintenance	17,727,856	13,693,827
Long-term deferred income	4,353,279	4,472,390
<b>Total</b>	<b>22,081,135</b>	<b>18,166,217</b>

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 income intended 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 reported period increased the long-term deferred income for the regular maintenance in the amount of EUR 4,034,029, which is attributable to a low investment in the regular maintenance of the port's infrastructure, as result of delayed issue of the approval to to the regular maintenance plan by the Ministry of Infrastructure and the delayed realisation due to the public procurement procedures.

Long-term deferred income are related to the received European funds which are disbursed in accordance with the lifetime of assets.

## Non-current loans and borrowings

(in EUR)	30 Sep 2018	31 Dec 2017
----------	-------------	-------------

Non-current financial liabilities to Group companies	16,000,000	16,000,000
Non-current borrowings from domestic banks	62,693,944	71,419,979
Non-current borrowings from foreign banks	27,540,984	29,262,295
<b>Total</b>	<b>106,234,928</b>	<b>116,682,274</b>

As at 30 September 2018, non-current financial liabilities from borrowings amounted to EUR 106,234,928, which is EUR 10,424,346 decline 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 September 2018, non-current operating liabilities amounted to EUR 1,018,104 and in comparison to 31 December 2017 were higher for EUR 51,302. To a major extent they are related to the received advances and reinvoiced excise duties.

## Current borrowings

(in EUR)	30 Sep 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
<b>Total</b>	<b>15,504,399</b>	<b>16,060,399</b>

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

## Trade and other payables

(in EUR)	30 Sep 2018	31 Dec 2017
Current liabilities to:		
domestic suppliers	8,979,137	16,066,533

foreign suppliers	377,827	402,988
Current liabilities to Group companies	879,036	841,474
Current liabilities to associates	81,421	83,775
<b>Current trade payables</b>	<b>10,317,421</b>	<b>17,394,770</b>
Current liabilities from advances	935,694	1,018,067
Current liabilities to employees	3,698,356	3,587,424
Current liabilities to state and other institutions	263,337	1,560
<b>Total operating liabilities</b>	<b>15,214,808</b>	<b>22,001,821</b>
Accrued costs	14,465,686	3,832,708
<b>Other operating liabilities</b>	<b>14,465,686</b>	<b>3,832,708</b>
<b>Total</b>	<b>29,680,494</b>	<b>25,834,529</b>

As at 30 September 2018, the whole structure of operating and other liabilities amounted to EUR 29,680,494, which is EUR 3,845,965 increase in comparison with 31 December 2017.

The accrued costs comprise the accrued costs for the concession fee, costs for the collective job performance and 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 Sep 2018	31 Dec 2017
Guarantees given	1,610,000	1,610,000
Securities given	3,525,768	4,200,467
Contingent liabilities under legal disputes	3,081,127	1,933,240
<b>Total contingent liabilities</b>	<b>8,216,895</b>	<b>7,743,707</b>

Contingent liabilities from lawsuits in comparison with the situation as at 31 December 2017 increased by EUR 1,147,887. On the basis of the lawyers' reports the company defined that 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 – September 2018 were the following:



(in EUR)	Payments in 1 - 9 2018	Costs/expenses in 1 - 9 2018
Concessions and water reimbursement	5,985,456	5,797,754
Dividends	8,782,200	0
Corporate income tax (taxes and advance payments)	2,363,779	10,133,392
Other taxes and contributions	4,342,347	4,898,132
<b>Total</b>	<b>21,473,782</b>	<b>20,829,278</b>

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

Dividends were paid out to other two companies where the State is the major shareholder, and namely SDH, d. d. in the amount of EUR 1,916,164 and Kapitalska družba, d. d. in the amount of EUR 856,792.

#### 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 – September 2018, Luka Koper, d. d., conducted transactions in the amount of EUR 15,791,259 with companies where the Government of Slovenia has direct dominant influence, which included sales to these companies in the amount of EUR 8,272,932 and purchases in the amount of EUR 7,518,327. Most of sales referred to services in connection with the port activity, purchases represent cost of railway transport, purchase of energy and insurance costs. As at 30 September 2018, Luka Koper, d. d., recorded receivables and liabilities in the amount of EUR 1,387,311 and EUR 20,337,769 respectively. The largest part of liabilities includes the loan given by SID - Slovenska izvozna in razvojna banka, d. d., which was raised under market terms.

In January – September 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)	1-9 2018	1-9 2017
Sale to subsidiaries	1,190,868	722,304
Sale to associates	475,197	530,811

Purchase from subsidiaries	4,636,045	4,730,434
Purchase from associates	862,066	961,496
Finance income from shares and interests in subsidiaries	301,634	652,780
Finance income from shares and interests in associates	1,280,634	993,808
Finance income from loans to subsidiaries	0	847
Finance expenses for liabilities to subsidiaries	104,026	131,760
<b>Total</b>	<b>8,850,470</b>	<b>8,724,240</b>

### Receivables and liabilities to subsidiary and associated companies

(in EUR)	30 Sep 2018	31 Dec 2017
Trade and other receivables due from subsidiaries	679,424	363,927
Trade and other receivables due from associates	87,032	55,902
Operating liabilities to subsidiaries	851,322	841,474
Operating liabilities to associates	35,528	83,775
Borrowings from subsidiaries	16,000,000	16,000,000

### Transaction with persons

In January - September 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

Financial risks comprise:

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 September 2018, Luka Koper, d.d. had invested 5.3 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 September 2018, the value of non-current available-for-sale investments measured at fair value equity, amounted to EUR 29,570,714. 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 September 2018**

Change of index in %	Impact on equity
-10%	-2,957,071
10%	2,957,071

**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 fair value of the index and accordingly such growth would result in an increase in the fair value of the market securities portfolio by EUR 2,957,071. 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**

Valuation at fair value
-------------------------

(in EUR)	Carrying amount at 30 Sep 2018	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
<b>Assets measured at fair value</b>				
Other interests and shares	29,570,714	29,570,714	0	0

Valuation at fair value				
(in EUR)	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)
<b>Assets measured at fair value</b>				
Other interests and shares	29,570,757	29,570,757	0	0
<b>Liabilities measured at fair value</b>				
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 to its liability structure, the company faces also interest rate risk as an unexpected growth in variable interest rates can have adverse effect on the planned results. In January – September 2018, the company reduced the share of financial liabilities within its total assets from loans by 8.3 percent with respect to the balance at the end of the previous year, and as at the reporting date, these liabilities were recorded at EUR 121,739,327.

The share of financial liabilities in overall structure of liabilities from loans from initial 25.6 percent at the end of 2017 to 22.0 percent in the first nine months 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 it matured in the current year.

## Overview of exposure

(in EUR)	30 Sep 2018	Exposure 1-9 2018	31 Dec 2017	Exposure 1-9 2017
Borrowings received at variable interest rate (without interest rate hedge)	105,739,327	86.9%	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	13.1%	16,000,000	12.1%
<b>Total</b>	<b>121,739,327</b>	<b>100.0%</b>	<b>132,742,673</b>	<b>100.0%</b>

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

(in EUR)	Borrowings from banks under the variable interest rate as at 30 Sep 2018	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
3M EURIBOR	70,739,327	44,754	74,590	223,624
6M EURIBOR	35,000,000	0	0	81,200
<b>Total effect on interests expenses</b>	<b>105,739,327</b>	<b>44,754</b>	<b>74,590</b>	<b>304,824</b>

(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
<b>Total effect on interests expenses</b>	<b>85,185,296</b>	<b>0</b>	<b>0</b>	<b>167,375</b>

The sensitivity analysis of borrowings from banks in view of the variable interest rates 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 bp, the interest expense would increase by EUR 44,754, whilst the change of 25 bp, the interest expense would increase by EUR 74,590. In the event of variable interest rates of 50 bp, the interest expenses would increase by EUR 304,824.

### 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
<b>30 Sep 2018</b>						
Loans and borrowings*	5,057,052	10,447,347	18,703,312	48,831,674	38,699,941	121,739,326
Expected interest on all borrowings	292,082	607,386	756,045	1,352,597	542,378	3,550,488

Other financial liabilities	164,425	0	0	0	0	164,425
Payables to suppliers	10,317,421	0	0	0	0	10,317,421
Other operating liabilities	4,897,387	0	0	0	0	4,897,387
<b>Total</b>	<b>20,728,368</b>	<b>11,054,733</b>	<b>19,459,357</b>	<b>50,184,271</b>	<b>39,242,320</b>	<b>140,669,048</b>
<b>31 Dec 2017</b>						
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
<b>Total</b>	<b>25,602,458</b>	<b>14,216,549</b>	<b>17,145,722</b>	<b>57,383,317</b>	<b>46,346,636</b>	<b>160,694,682</b>

\*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 nine months 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 September 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 Sep 2018	31 Dec 2017
Non-current loans	16,084	22,592
Non-current operating liabilities	39,991	41,772
Current loans	9,017	8,413
Current trade receivables	38,299,882	35,274,132
Other current receivables	2,401,719	983,324
Cash and cash equivalents	75,885,569	28,202,589
Guarantees and collaterals granted	5,135,768	5,810,467
<b>Total</b>	<b>121,831,311</b>	<b>70,343,289</b>

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

#### 6. Risk management relating to adequate capital structure

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 Sep 2018		31 Dec 2017	
	in EUR	Share (%)	in EUR	Share (%)
Equity	351,260,895	63.5%	320,652,651	61.8%
Non-current liabilities	149,089,821	26.9%	156,033,161	30.1%
Current liabilities	53,118,930	9.6%	42,267,097	8.1%
<b>Total accumulated profit</b>	<b>553,469,646</b>	<b>100%</b>	<b>518,952,909</b>	<b>100%</b>

## 20 Consolidated Financial Statements of the Luka Koper Group

### 20.1 Consolidated Income Statement

(in EUR)	1-9 2018	1-9 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
<b>Operating profit</b>	<b>42,517,066</b>	<b>31,868,195</b>
Finance income	156,309	174,092
Finance expenses	-659,066	-664,649

<b>Loss from financing activities</b>	<b>-502,757</b>	<b>-490,557</b>
Profit or loss of associates	710,837	863,475
<b>Profit before tax</b>	<b>42,725,146</b>	<b>32,241,113</b>
Income tax expense	-7,917,928	-4,734,067
Deferred taxes	-1,863	-130,649
<b>Net profit for the period</b>	<b>34,805,355</b>	<b>27,376,397</b>
<b>Net profit attributable to owners of the company</b>	<b>34,797,440</b>	<b>27,357,768</b>
<b>Net profit attributable to non-controlling interests</b>	<b>7,915</b>	<b>18,629</b>
<b>Net earnings per share</b>	<b>2.49</b>	<b>1.95</b>

## 20.2 Consolidated Statement of Other Comprehensive Income

(in EUR)	1-9 2018	1-9 2017
<b>Profit for the period</b>	<b>34,805,355</b>	<b>27,376,397</b>
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
<b>Other comprehensive income</b>	<b>901,125</b>	<b>2,065,866</b>
<b>Total comprehensive income for the period</b>	<b>35,706,480</b>	<b>29,442,263</b>
<b>Total comprehensive income of owners of the company</b>	<b>35,698,565</b>	<b>29,423,634</b>
<b>Total comprehensive income of non-controlling interests</b>	<b>7,915</b>	<b>18,629</b>



## 20.3 Consolidated Statement of Financial Position

(in EUR)	30 Sep 2018	31 Dec 2017
<b>ASSETS</b>		
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
<b>Non-current assets</b>	<b>447,895,033</b>	<b>459,505,654</b>
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
<b>Current assets</b>	<b>129,212,776</b>	<b>76,973,034</b>
<b>TOTAL ASSETS</b>	<b>577,107,809</b>	<b>536,478,688</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703
Revenue reserves	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
<b>Equity of owners of the parent</b>	<b>368,723,620</b>	<b>350,245,051</b>
<b>Non-controlling interests</b>	<b>200,251</b>	<b>192,336</b>
<b>Equity</b>	<b>368,923,871</b>	<b>350,437,387</b>
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
<b>Non-current liabilities</b>	<b>137,431,790</b>	<b>142,700,743</b>
Liabilities (disposal group) held for sale		
Loans and borrowings	15,504,399	16,060,399
Other current financial liabilities	17,385,721	372,169
Income tax liabilities	6,300,088	0
Trade and other payables	31,561,940	26,907,990
<b>Current liabilities</b>	<b>70,752,148</b>	<b>43,340,558</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>577,107,809</b>	<b>536,478,688</b>

## 20.4 Consolidated Statement of Cash Flows

(in EUR)	1-9 2018	1-9 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>34,805,355</b>	<b>27,376,397</b>
<b>Adjustments for:</b>		
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
<b>Profit before change in net current operating assets and taxes</b>	<b>55,792,886</b>	<b>45,412,042</b>
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
<b>Cash generated in operating activities</b>	<b>60,540,863</b>	<b>43,260,055</b>
Interest expenses	-843,613	-561,660
Tax expenses	2,910,885	-6,108,728
<b>Net cash from operating activities</b>	<b>62,608,135</b>	<b>36,589,667</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	130,959	77,703
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	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
<b>Net cash used in investing activities</b>	<b>-2,785,034</b>	<b>-28,523,140</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of current borrowings	-8,514,647	-5,335,532
Dividends paid	-2,412	0
<b>Net cash used in financing activities</b>	<b>-8,517,059</b>	<b>-5,335,532</b>
<b>Net increase in cash and cash equivalents</b>	<b>51,306,041</b>	<b>2,730,995</b>
Opening balance of cash and cash equivalents	32,374,215	5,826,536
<b>Closing balance of cash and cash equivalents</b>	<b>83,680,256</b>	<b>8,557,531</b>



## 20.5 Consolidated Statement of Changes in Equity

Year 2018

(in EUR)	Reserves arising on valuation at fair value								Total equity of owners of the parent company	Non-controlling interests	Total equity
	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Investments	Financial instruments	Actuarial gains/losses			
<b>Balance at 31 Dec 2017</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>126,842,241</b>	<b>46,155,978</b>	<b>11,671,809</b>	<b>-80,472</b>	<b>-1,093,285</b>	<b>350,245,054</b>	<b>192,336</b>	<b>350,437,390</b>
<b>Changes of equity – transactions with owners</b>											
Other changes in equity	0	0	0	0	-17,220,000	0	0	0	-17,220,000	0	-17,220,000
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-17,220,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-17,220,000</b>	<b>0</b>	<b>-17,220,000</b>
<b>Total comprehensive income for the period</b>											
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
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34,797,440</b>	<b>820,657</b>	<b>80,472</b>	<b>0</b>	<b>35,698,569</b>	<b>7,915</b>	<b>35,706,484</b>
<b>Balance at 30 Sep 2018</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>126,842,241</b>	<b>63,733,418</b>	<b>12,492,466</b>	<b>0</b>	<b>-1,093,285</b>	<b>368,723,623</b>	<b>200,251</b>	<b>368,923,874</b>

## 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			
<b>Balance at 31 Dec 2016</b>	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	0	0	0
<b>Balance as at 1 Jan 2017</b>	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
<b>Changes of equity – transactions with owners</b>											
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
<b>Total comprehensive income for the period</b>	0										
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
<b>Balance at 30 Sep 2017</b>	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 – September 2018, i.e. as at 30 September 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 September 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 September 2018, in comparison with data for the previous year, together with the Group's financial position as at 30 September 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 1<sup>st</sup> 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 IAS 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
<b>Other investments, measured at cost</b>	assets available for sale	Investments measured at fair value through the operating profit
<b>Other investments, measured at fair value</b>	assets available for sale	Investments measured at fair value through the comprehensive income
<b>Given loans</b>	loans and receivables	Assets valued at amortised cost
<b>Operating receivables</b>	loans and receivables	Assets valued at amortised cost
<b>Cash and cash equivalents</b>	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 IAS 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 15 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)	1-9 2018	1-9 2017
<b>Revenue from sales with domestic customers based on contract with customer</b>	<b>51,249,355</b>	<b>49,589,536</b>
- services	51,233,162	49,573,648
- goods and material	16,193	15,888
<b>Revenue from sales with foreign customers based on contract with customer</b>	<b>116,056,511</b>	<b>108,056,143</b>
- services	116,056,511	108,056,143
<b>Revenue from sales with domestic customers from rentals</b>	<b>938,255</b>	<b>925,486</b>
<b>Revenue from sales with foreign customers from rentals</b>	<b>2,701</b>	<b>52,701</b>
<b>Total</b>	<b>168,246,822</b>	<b>158,623,866</b>

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)	1-9 2018	1-9 2017
Capitalised own products and own services	854,886	369,758
<b>Total</b>	<b>854,886</b>	<b>369,758</b>

## Other income

(in EUR)	1-9 2018	1-9 2017
<b>Other operating income</b>	<b>3,594,258</b>	<b>1,664,728</b>
Reversal of provisions	643,396	50,571
Subsidies, grants and similar income	1,143,661	1,217,801
<b>Revaluation operating income</b>	<b>1,807,201</b>	<b>396,356</b>
Income on sale of property, plant and equipment and investment property	764,223	241,435
Collected written-off receivables and written-off liabilities	1,042,978	154,921
<b>Other income</b>	<b>9,992,115</b>	<b>593,041</b>
Compensations and damages	10,014,274	353,444
Subsidies and other income not related to services	495,885	208,168
Other income	-518,044	31,429
<b>Total</b>	<b>13,586,373</b>	<b>2,257,769</b>

The reversal of provisions in the amount of EUR 643,396 refers to the judgement by which the lawsuit became final and on 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 of another was generated. Collected written-off receivables and written-off liabilities were in comparison with the same period of previous year higher by EUR 888,057, mainly because of reversal of written-off receivables.

Received compensations and damages in the first nine months of 2018 amounted to EUR 10,014,274. 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 9,326,875 was recognised among other revenue.

## Cost of material

(in EUR)	1-9 2018	1-9 2017
Cost of material	984	1,070
Cost of auxiliary material	2,271,510	2,294,255
Cost of spare parts	4,089,697	3,682,661
Cost of energy	5,850,608	5,381,495
Cost of office stationary	142,928	127,471
Other cost of material	301,842	311,185
<b>Total</b>	<b>12,657,569</b>	<b>11,798,137</b>

## Cost of services

(in EUR)	1-9 2018	1-9 2017
Cost of services rendered in connection with the core activity	22,252,242	20,091,639
Cost of transportation	145,824	151,756
Cost of maintenance	4,400,454	4,071,004
Rentals	369,002	380,454
Reimbursement of labour-related costs	218,046	252,799
Costs of payment processing, bank charges and insurance premiums	683,104	590,754
Cost of intellectual and personal services	1,066,819	551,615
Advertising, trade fairs and hospitality	698,098	740,953
Costs of services provided by individuals not performing business activities	285,868	251,117
Sewage and disposal services	381,890	153,589
Information support	2,274,856	2,315,043
Concession-related costs	5,797,754	5,803,428
Costs of other services	2,167,549	2,560,072
<b>Total</b>	<b>40,741,506</b>	<b>37,914,223</b>

Within the costs of services, the major share represent the costs of port's services, and namely EUR 22,252,242. The providers of port's services perform for the company port's services on goods

sorting, palletising, sampling, marking, weighing, cleaning, transhipment and other), management of the port's mechanisation and similar).

## Employee benefits expense

(in EUR)	1-9 2018	1-9 2017
Wages and salaries	28,732,631	26,752,888
Wage compensations	4,532,168	4,052,122
Costs of additional pension insurance	1,299,857	1,241,523
Employer's contributions on employee benefits	5,477,882	5,034,503
Annual holiday pay, reimbursements and other costs	3,827,416	3,041,943
<b>Total</b>	<b>43,869,954</b>	<b>40,122,979</b>

Labour costs in first nine months of 2018 amounted to EUR 43,869,954, which is EUR 3,746,975 ahead on the comparable period last year. Higher labour costs are primarily attributable to new recruitments, since from September 2017 until September 2018 additionally employed 125 persons.

## Depreciation and amortisation expense

(in EUR)	1-9 2018	1-9 2017
Depreciation of buildings	10,152,046	9,969,031
Depreciation of equipment and spare parts	11,157,107	10,201,590
Depreciation of small tools	14,074	18,350
Depreciation of investment property	158,798	149,796
Amortisation of intangible assets	530,366	518,740
Depreciation of investment for foreign assets	12,408	0
<b>Total</b>	<b>22,024,799</b>	<b>20,857,507</b>

## Other operating expenses

(in EUR)	1-9 2018	1-9 2017
Reversal of provisions	185,252	0
Impairment costs, write-offs and losses on property, plant and equipment, and investment property	6,740	558,383
Expenses for allowances for receivables	305,954	76,899
Levies that are not contingent upon employee benefits expense and other types of cost	5,360,907	5,157,520
Donations	81,226	106,161
Environmental levies	118,196	75,602
Awards and scholarship to students inclusive of tax	7,757	14,328
Awards and scholarship to students	2,000	4,400
Other costs and expenses	565,171	592,987
<b>Total</b>	<b>6,633,203</b>	<b>6,586,280</b>

In the first nine months of 2018 the Group made provisions for lawsuits in the amount of EUR 185,252.

Charges, not depending on labour costs and other types of costs are substantially related to the use of the building site which in January – September 2018 amounted to EUR 5,753,676.

Other costs and expenses mainly represent the damages in the amount of EUR 498,593.

## Finance income and expenses

(in EUR)	1-9 2018	1-9 2017
<b>Finance income from shares and interests</b>	<b>1,319,259</b>	<b>1,289,807</b>
Finance income from shares and interests in other companies	0	73,374
Financial income from other investments	1,319,259	1,216,433
<b>Finance income - interest</b>	<b>8,025</b>	<b>1,399</b>
Interest income - other	8,025	1,399
<b>Finance income from operating receivables</b>	<b>213,163</b>	<b>120,602</b>
Finance income from operating receivables due from others	213,163	120,602
<b>Total finance income</b>	<b>1,540,447</b>	<b>1,411,808</b>
<b>Finance expense from finance investments</b>	<b>0</b>	<b>-73,374</b>
<b>Finance expenses - interest</b>	<b>-810,089</b>	<b>-931,039</b>
Interest expenses - banks	-810,089	-931,039
<b>Finance expenses for financial liabilities</b>	<b>-63,048</b>	<b>-59,030</b>
Finance expenses for trade payables	-48	-254

Finance expenses for other operating liabilities	-63,000	-58,776
<b>Total finance expenses</b>	<b>-873,137</b>	<b>-1,063,443</b>
<b>Net financial result</b>	<b>667,310</b>	<b>348,365</b>

In January – September 2018, finance expense for interests towards banks amounted to EUR 810,089 and in comparison with the previous year were lower by EUR 120,950, primarily due to lower interest rate swap.

### Profit of the period

In January – September 2018, the Group generated the operating profit in the amount of EUR 56,761,050, in the comparable period last year EUR 43,972,267. The financial result was positive and amounted to EUR 667,310, as well it was positive in the equivalent period last year, when it amounted to EUR 348,365. The profit before tax amounted to EUR 58,925,166, in the comparable period last year to EUR 45,625,988. The net profit before tax of Luka Koper Group in the first nine months of 2018 amounted to EUR 48,574,168 (in the comparable period last year to EUR 39,876,711), whereof EUR 48,559,959 (in the comparable period last year EUR 39,852,846) pertained to the parent company, to the non-controlling company EUR 14,209 (in the comparable period last year EUR 23,865). Non-controlling interest pertains to the co-owner of the company TOC, d. o. o.

(in EUR)	30 Sep 2018	31 Dec 2017
Net profit for the period	48,559,959	39,852,846
Total number of shares	14,000,000	14,000,000
<b>Basic and diluted earnings per share</b>	<b>3.47</b>	<b>2.85</b>





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

### Property, plant and equipment

(in EUR)	30 Sep 2018	31 Dec 2017
Land	18,086,600	18,286,759
Buildings	247,241,301	256,665,415
Plant and machinery	87,058,996	94,289,996
Property, plant and equipment being acquired and advances given	18,679,507	15,576,990
<b>Total</b>	<b>371,066,404</b>	<b>384,819,160</b>

In the reporting period, Luka Koper Group realised investments in property, plant and equipment in the amount of EUR 9,506,031. The major investments of Luka Koper Group were the following:

- Purchase of five electric RTG cranes,
- Finishing of the construction of the railway track no.61,
- Purchase of 33 t forklift,
- Purchase of two terminal trailers,
- Reconstruction of the existing diesel RTG cranes with aim to reduce the noise emissions,
- Arrangement of the premises for the needs of the Car and RO-RO terminal,
- Purchase of two grabs,
- Purchase of the replacing equipment for the fire-protection system and
- Start of the renovation of the administrative building at the terminal for the Dry bulk and bulk cargoes.

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 Sep 2018	31 Dec 2017
Investment property - land	11,577,769	11,577,769
Investment property - buildings	3,820,116	3,752,072
<b>Total</b>	<b>15,397,885</b>	<b>15,329,841</b>

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 Sep 2018	31 Dec 2017
Development costs	166,147	195,373
Non-current property rights (concessions, patents, licences, trademarks and similar rights)	2,770,766	3,271,669
<b>Total</b>	<b>2,936,913</b>	<b>3,467,042</b>

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 166,147 (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 of associates

(in EUR)	2018	2017
<b>Balance at the beginning of the period</b>	<b>13,376,467</b>	<b>12,680,341</b>
<b>Increase</b>		
<b>Attributable profits</b>	<b>1,496,806</b>	<b>1,689,934</b>
- Adria Transport, d. o. o.	373,301	432,911
- Adria-tow, d. o. o.	349,123	466,845
- Adriaфин, d. o. o.	47,227	309,565
- Avtoservis, d. o. o.	727,155	480,613
<b>Decrease</b>		
<b>Share of profits</b>	<b>-1,280,634</b>	<b>-993,808</b>
- Adria Transport, d. o. o.	-150,000	-320,000
- Adria-tow, d. o. o.	-400,000	-250,000
- Adriaфин, d. o. o.	-250,000	0
- Avtoservis, d. o. o.	-480,634	-423,808
<b>Balance at the end of the period</b>	<b>13,592,639</b>	<b>13,376,467</b>

## Other non-current investments

(in EUR)	30 Sep 2018	31 Dec 2017
Other investments measured at cost	3,414,602	3,414,602
Other investments measured at fair value through equity	31,233,185	30,802,833
<b>Total</b>	<b>34,647,787</b>	<b>34,217,435</b>

## Deferred tax

(in EUR)	Deferred tax assets		Deferred tax liabilities	
	30 Sep 2018	31 Dec 2017	30 Sep 2018	31 Dec 2017

<b>Deferred tax assets and liabilities relating to:</b>				
impairment of investments in associates	538,738	415,238	0	0
impairment of other investments and deductible temporary differences arising on securities	9,352,435	9,351,157	2,819,598	2,737,833
financial instruments	0	18,875	0	0
allowances for trade receivables	188,061	381,366	0	0
provisions for retirement benefits	288,527	290,204	0	0
provisions for jubilee premiums	57,399	58,355	0	0
long-term accrued costs and deferred income from public commercial services	453,983	453,983	0	0
<b>Total</b>	<b>10,879,143</b>	<b>10,969,178</b>	<b>2,819,598</b>	<b>2,737,833</b>
Off-set with deferred tax liabilities relating to impairment of other investments and deductible temporary differences arising on securities	-2,819,598	-2,737,833	-2,819,598	-2,737,833
<b>Total</b>	<b>8,059,545</b>	<b>8,231,345</b>	<b>0</b>	<b>0</b>

## Inventories

As at 30 September 2018, the value of inventories of material amounted to EUR 1,188,907, at the end of 2017 their value was EUR 1,037,066. The major share of inventories is related to the maintenance material and spare parts, as well as overhead and auxiliary material.

## Trade and other receivables

(in EUR)	30 Sep 2018	31 Dec 2017
Current trade receivables:		
domestic costumers	19,214,888	17,300,996
foreign costumers	19,485,094	18,439,648
Current operating receivables due from associates	87,032	55,902
<b>Current trade receivables from contracts with customers</b>	<b>38,787,013</b>	<b>35,796,546</b>
Advances and collaterals given	73,963	94,490
Current receivables related to finance income	11,107	14,844

Receivables due from the state	2,065,456	1,955,276
Other current receivables	169,652	102,589
<b>Total trade receivables</b>	<b>41,107,191</b>	<b>37,963,745</b>
Short-term deferred costs and expenses	2,030,403	545,755
Accrued income	445,731	443,123
<b>Other receivables</b>	<b>2,476,134</b>	<b>988,878</b>
<b>Total</b>	<b>43,583,325</b>	<b>38,952,623</b>

As at 30 September 2018, current trade receivables from contracts with customers amounted to EUR 38,787,013 and in comparison with the situation as at 31 December 2017, increased by EUR 2,990,467. This increase is due to a higher realisation.

As at 30 September 2018, the Group pledged receivables in connection with collateralising a bank loan in the amount of EUR 2,300,000. As at 30 September 2018, these receivables amounted to EUR 139,453.

Among other receivables, Luka Koper Group accounts for short-term deferred costs and expenses in the amount of EUR 2,030,403, related primarily to deferred costs from the compensation for the use of the building land, costs from the paid annual holiday, insurance costs, loan costs and various future expenses. Accrued income refers to accrued income arising on the basis of the European development projects, co-financed by European institutions in the amount of EUR 445,731.

In compliance with IFRS 9 – Financial instruments and on the basis of the accounting policy, the company 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 Sep 2018	Allowances 2018	31 Dec 2017	Allowances 2017
Outstanding and undue trade receivables	35,297,558	-98,321	30,882,773	0
Past due receivables:				
up to 30 days	2,752,456	0	4,963,985	-519,624
31 to 60 days overdue	468,544	-7,978	245,383	0
61 to 90 days overdue	152,107	-6,493	99,785	0
91 to 120 days overdue	46,089	-7,383	14,232	-152
121 to 180 days overdue	59,726	-25,119	2,541,474	-678
181 to 365 days overdue	201,153	-151,067	496,413	-416,836
more than 366 days overdue	776,359	-719,649	2,124,270	-2,117,652
<b>Total</b>	<b>39,753,991</b>	<b>-1,016,009</b>	<b>41,368,315</b>	<b>-3,054,942</b>

## Cash and cash equivalents

(in EUR)	30 Sep 2018	31 Dec 2017
Cash in hand	15,866	11,657
Bank balances	79,143,493	30,382,558
Current deposits	1,980,000	1,980,000
<b>Total</b>	<b>81,139,359</b>	<b>32,374,215</b>

## Equity

(in EUR)	30 Sep 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	10,927,106	10,498,049
Retained earnings	28,935,978	27,766,161
Net profit for the period	48,559,959	18,389,817
<b>Equity of owners of the parent</b>	<b>382,014,067</b>	<b>350,245,051</b>
<b>Non-controlling interests</b>	<b>206,545</b>	<b>192,336</b>
<b>Equity</b>	<b>382,220,612</b>	<b>350,437,387</b>

## Provisions

(in EUR)	30 Sep 2018	31 Dec 2017
Long-term deferred income for regular maintenance	17,727,856	13,693,827
Non-refundable grants received	4,869,138	4,916,166
Other long-term deferred income	1,531,133	1,661,405
<b>Total</b>	<b>24,128,127</b>	<b>20,271,398</b>

Provisions for retirement benefits and similar obligations in comparison with the situation as at 31 December 2017 increased by EUR 472.198, and namely formation of provisions for post-employment benefits (one-off payments at the retirement), whilst the provision for lawsuits decreased in the amount of EUR 916.825. The decrease of provisions for lawsuits resulted from the completed judgement, on the basis of which then Group settled the liability, eliminated the difference and and recognised among other revenue.

In compliance with Article 92 of MRS 37 -Provisions, Contingent liabilities and Contingent Assets, the Group 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 Sep 2018	31 Dec 2017
Long-term deferred income for regular maintenance	17,727,856	13,693,827
Non-refundable grants received	4,869,138	4,916,166
Other long-term deferred income	1,531,133	1,661,405
<b>Total</b>	<b>24,128,127</b>	<b>20,271,398</b>

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 comparison to the balance as at 31 December 2017 they increased by EUR 4,034,029, which is attributable to low investments in the regular maintenance of the port's infrastructure, as result delayed issued approval to the regular maintenance plan by the Ministry of Infrastructure and 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 Sep 2018	31 Dec 2017
Non-current borrowings from domestic banks	62,693,944	71,419,979
Non-current borrowings from foreign banks	27,540,984	29,262,295
<b>Total</b>	<b>90,234,928</b>	<b>100,682,274</b>

Non-current financial liabilities from borrowings as at 30 September 2018 amounted to EUR 90,234,928, which is EUR 10,447,346 decline in comparison with the balance as at 31 December 2017. This decrease resulted from the transfer of liabilities to the current liabilities.

## Non-current operating liabilities

As at 30 September 2018, non-current financial liabilities amounted to EUR 1,096,154 and in comparison with 31 December 2017 were higher for EUR 50,911. To a major extent they are related to the received advances for reinvoiced excise duties.

## Current borrowings

(in EUR)	30 Sep 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
<b>Total</b>	<b>15,504,399</b>	<b>16,060,399</b>

Current borrowings from banks as at 30 September 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 to current current liabilities and the repayment of principal amounts.



## Trade and other payables

(in EUR)	30 Sep 2018	31 Dec 2017
Current liabilities to:		
domestic suppliers	9,511,171	16,973,624
foreign suppliers	395,355	413,868
Current liabilities to associates	81,421	83,776
<b>Current trade payables</b>	<b>9,987,947</b>	<b>17,471,268</b>
Current liabilities from advances	1,022,796	1,092,723
Current liabilities to employees	4,027,863	3,985,606
Current liabilities to state and other institutions	279,614	67,626
<b>Total operating liabilities</b>	<b>15,318,220</b>	<b>22,617,223</b>
Accrued costs or expenses	14,200,259	3,518,232
Other operating liabilities	101,201	772,535
<b>Other operating liabilities</b>	<b>14,974,585</b>	<b>4,290,767</b>
<b>Total</b>	<b>30,292,805</b>	<b>26,907,990</b>

As at 30 September 2018 total trade operating and other liabilities amounted to EUR 30,292,805, and were higher by EUR 3,384,815 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 accrued costs resp. expenses comprise accrued costs for concession fee, collective job performance and 13th salary, interest for loans, costs for remunerations and bonuses paid under individual contracts, costs of unused holidays and accrued costs for invoices to be received.

Current liabilities from advances to a major extent refer to the EU grants for the covering the costs which will occur in relation to co-funded projects.

## Contingent liabilities

(in EUR)	30 Sep 2018	31 Dec 2017
Guarantees given	1,733,058	1,742,058
Securities given	3,525,768	4,200,467
Contingent liabilities under legal disputes	3,081,127	1,933,240

<b>Total contingent liabilities</b>	<b>8,339,953</b>	<b>7,875,765</b>
-------------------------------------	------------------	------------------

In comparison with the balance as at 31 December 2017, contingent liabilities from lawsuits increased by EUR 464,188. On the basis of the lawyers' reports the Group determined there were no risks for which it would be necessary to account the contingent liabilities among the provisions for lawsuits.

## Related party transactions

### Transactions with the Government of the Republic of Slovenia

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

(in EUR)	Payments in 1 - 9 2018	Costs/expenses in 1 - 9 2018
Concessions and water reimbursement	5,985,456	5,797,754
Dividends	8,782,200	0
Corporate income tax (taxes and advance payments)	2,456,118	10,279,839
Other taxes and contributions	5,357,893	5,477,882
<b>Total</b>	<b>22,581,667</b>	<b>21,555,475</b>

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

Dividends were paid to other two companies in which the State is the major shareholder, and namely SDH, d. d. in the amount of EUR 1,916,164 and Kapitalska družba, d. d. in the amount of EUR 856,792.

### 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 nine months of 2018, Luka Koper Group conducted transactions in the amount of EUR 15,804,547 with companies where the Government of Slovenia has direct dominant influence, and which included sales to these companies in the amount of EUR 8,286,294 and purchases in the amount of EUR 7,518,253. Most of sales referred to services in connection with the port activity, major purchases represent the cost of railway transport, purchase of energy and insurance costs. As at 30 September 2018, Luka Koper Group recorded receivables in the amount of EUR 1,388,952 and liabilities in the amount of EUR 20,350,075. The largest part of liabilities includes the loan given by SID - Slovenska izvozna in razvojna banka, d. d., which was raised under market terms.

### Transaction with persons

In January – September 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 September 2018 has invested imela 5.5 of its assets (in 2017, 5.7 percent) in investments measured at fair value, whereof 95 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. As at 30 September 2018, the value of non-current available-for-sale investments measured at fair value through equity, amounted to EUR 31,233,185. 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 September 2018

Change of index in %	Impact on equity
-10%	-3,123,319
10%	3,123,319

#### 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 3,123,319. 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 Sep 2018	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
<b>Assets measured at fair value</b>				
Other interests and shares	31,233,185	31,233,185	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)
<b>Assets measured at fair value</b>				
Other interests and shares	30,802,833	30,802,833	0	0
		0	0	0
<b>Liabilities measured at fair value</b>				
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 9.4 percentage point with respect to the previous business year, as at 30 September 2018, these liabilities were recorded at EUR 105,739,327.

The share of financial liabilities in overall structure of liabilities decreased from 21.8 percent at the end of 2017 to 18.5 percent at 30 September 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 Sep 2018	Exposure 2018	31 Dec 2017	Exposure 2017
Borrowings received at variable interest rate (without interest rate hedge)	105,739,327	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%
<b>Total</b>	<b>105,739,327</b>	<b>100.0%</b>	<b>116,742,673</b>	<b>100.0%</b>

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

(in EUR)	Borrowings from banks under the variable interest rate as at 30 Sep 2018	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
3M EURIBOR	70,739,327	44,754	74,590	223,624
6M EURIBOR	35,000,000	0	0	81,200
<b>Total effect on interests expenses</b>	<b>105,739,327</b>	<b>44,754</b>	<b>74,590</b>	<b>304,824</b>

(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
<b>Total effect on interests expenses</b>	<b>85,185,296</b>	<b>0</b>	<b>0</b>	<b>167,375</b>

The sensitivity analysis of borrowings from banks in view of the variable interest rate fluctuations is based on the assumption of potential growth in interest rates of 15, 25 and 50 bp. Given the assumption of unchanged borrowing and the growth of variable interest rates by 15 bp, the Group's interest expense increase by EUR 44,754, whilst at change of interest rates by 25 bp, the interest expense would increase by EUR 74,590. If the variable interest rates are to grow by 50 base points, the interest expense would increase by EUR 304,824.

### 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
<b>30 Sep 2018</b>						
Loans and borrowings*	5,057,052	10,447,347	18,703,312	32,831,674	38,699,941	105,739,326
Expected interest on all borrowings	258,350	506,878	621,747	1,184,682	542,378	3,114,036
Other financial liabilities	164,425	0	0	0	0	164,425
Payables to suppliers	9,987,947	0	0	0	0	9,987,947
Other operating liabilities	5,330,273	0	0	0	0	5,330,273
<b>Total</b>	<b>20,798,047</b>	<b>10,954,225</b>	<b>19,325,059</b>	<b>34,016,357</b>	<b>39,242,320</b>	<b>124,336,008</b>
<b>31 Dec 2017</b>						
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

<b>Total</b>	<b>26,174,239</b>	<b>14,093,489</b>	<b>16,969,742</b>	<b>41,040,631</b>	<b>46,346,635</b>	<b>144,624,736</b>
--------------	-------------------	-------------------	-------------------	-------------------	-------------------	--------------------

\*The item includes also borrowings from associates

#### 4. Management of currency risk

The risk of changes in foreign exchange rates arises from trade receivables denominated in US dollars (USD). In the first nine months 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 September 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:

<b>(in EUR)</b>	<b>30 Sep 2018</b>	<b>31 Dec 2017</b>
Non-current loans	16,084	22,592
Non-current operating liabilities	42,826	41,772
Current deposits	71,040	71,128
Current loans	9,017	8,413
Current trade receivables	38,787,013	35,796,546
Other current receivables	2,320,178	2,167,199
Cash and cash equivalents	81,139,359	32,374,215
Guarantees and collaterals granted	5,258,826	5,942,525
<b>Total</b>	<b>127,644,343</b>	<b>76,424,390</b>

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 Sep 2018		31 Dec 2017	
	in EUR	in %	in EUR	in %
Equity	382,220,612	66.9%	350,437,387	65.3%
Non-current liabilities	135,716,410	23.7%	142,700,743	26.6%
Current liabilities	53,814,709	9.4%	43,340,558	8.1%
<b>Total accumulated profit</b>	<b>571,751,731</b>	<b>100.0%</b>	<b>536,478,688</b>	<b>100.0%</b>

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



## 24 Statement of the Management responsibility

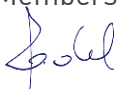
The Management Board of Luka Koper, d. d., herein declares that the non-audited condensed financial statements of Luka Koper, d. d., and non-audited condensed consolidated statements of Luka Koper Group for the period ending 30 September 2018, have been compiled in order that they shall provide true and fair disclosure of Luka Koper, d. d., and Luka Koper Group. The condensed financial statements January – September 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 September 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.

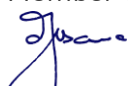
Members of the Management Board:



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, 16 November 2018