

2019

LUKA KOPER GROUP

**NON-AUDITED REPORT OF LUKA
KOPER GROUP AND LUKA KOPER,
D. D., JANUARY – MARCH 2019**

Kazalo

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INTRODUCTION

1 Performance highlights of Luka Koper Group, January - March 2019

6 MILLION TONS

MARITIME THROUGHPUT 2019/2018 **-3 %**

246 THOUSAND TEUS

CONTAINERS 2019/2018 **+3 %**

169 THOUSAND CARS

CARS 2019/2018 **-17 %**

In the first quarter of 2019, the maritime throughput of Luka Koper Group stood at 6 million tons, which was a decrease by 3 percent compared to the first quarter of 2018. The lower maritime throughput of Luka Koper Group was achieved at the Bulk cargoes terminal, since in the first quarter of 2018 the supply of goods was more intensive due to the balast furnace overhauling which was held from mid July to the end of September 2018. The throughput of cars was also lower, which reflects the existing market situation of reduced car sale in our European key markets.

The growth of the throughput with respect to the previous year Luka Koper Group achieved in the product groups of containers and liquid cargoes.

Throughput in tonnes per cargo groups in 2018 and 2019

CARGO GROUPS (in tonnes)	1-3 2018	1-3 2019	Index 2019/2018
General cargoes	373,803	368,964	99
Containers	2,316,769	2,428,182	105
Cars	306,812	258,138	84
Liquid cars	767,323	847,866	110
Dry bulk and bulk cargoes	2,312,398	2,016,228	87
TOTAL	6,077,105	5,919,379	97

Throughput of containers (number of containers in TEU) and cars (in units) in 2018 and 2019

CARGO GROUPS	1-3 2018	1-3 2019	Index 2019/2018
Containers – number	139,534	143,996	103
Containers – TEU	238,914	245,983	103
Cars – units	204,516	169,496	83

61 MILLION EUR

NET REVENUE FROM SALE 2019/2018 **+8 %**

In January – March 2019, net revenue from sale amounted to EUR 61 million and exceeded by 8 percent resp. by EUR 4.4 million the achieved net revenue from sale in 2018.

17 MILLION EUR

EARNINGS BEFORE INTEREST AND TAXES (EBIT) 2019/2018 **-1%**

In the first quarter of 2019, earnings before interest and taxes (EBIT) of Luka Koper Group amounted to EUR 17 million, which is 1 percent resp. EUR 235 thousand decline in comparison with 2018.

24 MILLION EUR

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION

(EBITDA) 2019/2018 **-1%**

Earnings before interest, taxes, depreciation and amortisation (EBITDA) of Luka Koper in January – March leta 2019 amounted to EUR 24 million, which is a decrease of 1 percent resp. EUR 316 thousand compared to 2018.

40.3 %

EBITDA MARGIN 2019/2018 **-8 %**

EBITDA margin of Luka Koper Group in the first quarter 2019 amounted to 40,3 percent, and was 8 percent resp. 4 percentage point below the EBITDA margin in 2018.

14 MILLION EUR

NET PROFIT OR LOSS 2019/2018 **+1 %**

Net profit or loss of Luka Koper Group in January – March 2019 amounted EUR 14 million, which is a year-on increase of 1 percent resp. EUR 80 thousand.

12 MILLION EUR

INVESTMENTS 2019/2018 **+461 %**

In the first quarter of 2019, Luka Koper Group allocated EUR 12 million for investments in property, plant and equipment, investment property and intangible assets, which is EUR 9.7 million ahead on the first quarter in 2018, the investments were primarily destined to the transhipment equipment and a new entry.

1,558

NUMBER OF EMPLOYEES 2019/2018 **+41 %**

In Luka Koper Group 325 new employments were realised in the first quarter of 2019. The number of employees in the first quarter 2019 with respect to the first quarter 2018, increased by 41 percent resp. for 452 employees reaching the number of 1.558 employees, since the Group started to implement the action plan for the implementation of the port service provision strategy.

14.4 %

RETURN ON EQUITY (ROE) 2019/2018 **-10 %**

In the first quarter of 2019, the return on equity (ROE)¹ amounted to 14.4 percent, which is 10 percent resp. 1.7 percentage point decline compared to 2018.

0.03

NET FINANCIAL DEBT 2019/2018 **-95 %**

Net financial debt/EBITDA indicator² in January – March 2019 amounted to 0,03, in 2018 to 0,7. Low value of the net financial debt/EBITDA indicator shows a high level of financial stability of Luka Koper d.d. and Luka Koper Group and readiness to enter in a more intensive investment cycle, planned for the years to come.

¹ The indicator is calculated on the basis of annualised data.

² The indicator is calculated on the basis of the annualised data.

1.1 Financial indicators

Key performance indicators of Luka Koper, d. d., and Luka Koper in January – March 2019, in comparison with January – March 2018

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
	1 – 3 2018	1 – 3 2019	IND 2019/ 2018	1 – 3 2018	1 – 3 2019	IND 2019/ 2018
Income statement						
Net sales	55,190,441	59,628,749	108	56,265,931	60,650,655	108
Earnings before interest and taxes (EBIT)	16,940,677	16,672,762	98	17,382,256	17,147,053	99
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	24,081,845	23,779,397	99	24,743,465	24,427,222	99
Profit or loss from financing activities	-394,713	-45,790	12	-358,094	-9,336	3
Profit before tax	16,545,964	16,626,972	100	17,458,760	17,554,677	101
Net profit or loss	13,460,356	13,534,051	101	14,307,031	14,387,259	101
Added value ³	36,678,218	39,960,963	109	38,981,701	42,054,234	108

	31. 12. 2018	31. 3. 2019	IND 2019/ 2018	31. 12. 2018	31. 3. 2019	IND 2019/ 2018
Statement of financial position						
Assets	553,542,206	581,797,134	105	572,242,060	600,957,344	105
Non-current assets	433,899,168	439,129,314	101	445,660,208	451,223,004	101
Current assets	119,643,038	142,667,820	119	126,581,852	149,734,340	118
Equity	362,644,965	376,066,134	104	393,878,805	408,033,484	104
Non-current liabilities with provisions and long-term accruals	137,848,415	150,193,364	109	124,316,097	136,620,792	110
Short-term liabilities	53,048,826	55,537,636	105	54,047,158	56,303,068	104
Financial liabilities	107,273,741	116,919,383	109	91,262,420	100,921,843	111

	1 – 3 2018	1 – 3 2019	IND 2019/ 2018	1 – 3 2018	1 – 3 2019	IND 2019/ 2018
Investments						
Investments in property, plant and equipment, investment property and intangible assets	1,947,003	11,762,355	604	2,111,775	11,843,563	561

³ Added value = net revenue from sale + 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 – 3 2018	1 – 3 2019	IND 2019/ 2018	1 – 3 2018	1 – 3 2019	IND 2019/ 2018
Ratio (in %)						
Return on sales (ROS) ⁴	30.7%	28.0%	91	30.9%	28.3%	92
Return on equity (ROE) ⁵	16.4%	14.7%	89	16.0%	14.4%	90
Return on assets (ROA) ⁶	10.3%	9.5%	93	10.5%	9.8%	93
EBITDA margin ⁷	43.6%	39.9%	91	44.0%	40.3%	92
EBITDA margin related to the market activity ⁸	44.4%	41.0%	92	44.8%	41.4%	93
Financial liabilities/equity	38.6%	31.1%	81	31.0%	24.7%	80
Net financial debt/EBITDA ⁹	0.9	0.3	30	0.7	0.03	5
Maritime throughput (in tons)						
Maritime throughput	6,077,105	5,919,379	97	6,077,105	5,919,379	97
Number of employees						
Number of employees	928	1,404	151	1,106	1,558	141

⁴ Return on sales (ROS) = earnings before interest and taxes(EBIT) /net revenue from sale

⁵ Indicator calculated on the basis of annualised data

⁶ Indicator calculated on the basis of annualised data

⁷ EBITDA margin = operating earnings before amortisation (EBITDA) / net revenue from sale

⁸ EBITDA margin from the market activity = operating earnings before amortisation (EBITDA) / net revenue from the sale from market activity

⁹ Net financial indebtedness/EBITDA = (financial liabilities – cash and cash equivalents) / EBITDA
Indicator is calculated on the basis of annualised data

Key performance indicators of Luka Koper, d. d., and Luka Koper Group in January – March 2019, in comparison to January – March 2019

	Luka Koper, d. d.			Luka Koper Group		
	PLAN 1 – 3 2019	1 – 3 2019	IND 2019/ PLAN 2019	PLAN 1 – 3 2019	1 – 3 2019	IND 2019/ PLAN 2019
Iz izkaza poslovnega izida						
Net revenue from sale	60,219,784	59,628,749	99	61,222,826	60,650,655	99
Earnings before interest and taxes (EBIT)	13,646,743	16,672,762	122	13,839,585	17,147,053	124
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	20,690,909	23,779,397	115	21,071,142	24,427,222	116
Profit or loss from financing activities	-224,825	-45,790	20	-192,825	-9,336	5
Profit before tax	13,421,918	16,626,972	124	13,958,701	17,554,677	126
Net profit or loss	11,233,647	13,534,051	120	11,731,015	14,387,259	123
Added value ¹⁰	37,955,857	39,960,963	105	39,778,277	42,054,234	106

Statement of financial position	PLAN 31. 03. 2019	31. 03. 2019	IND 2019/ PLAN 2019	PLAN 31. 03. 2019	31. 03. 2019	IND 2019/ PLAN 2019
	Assets	567,512,359	581,797,134	103	585,164,372	600,957,344
Non-current assets	439,912,143	439,129,314	100	452,657,805	451,223,004	100
Current assets	127,600,216	142,667,820	112	132,506,567	149,734,340	113
Equity	370,698,650	376,066,134	101	401,876,960	408,033,484	102
Non-current liabilities with provisions and long-term accruals	148,955,314	150,193,364	101	135,343,644	136,620,792	101
Short-term liabilities	47,858,394	55,537,636	116	47,943,768	56,303,068	117
Financial liabilities	116,265,967	116,919,383	101	100,205,967	100,921,843	101

¹⁰ Added value = net revenue from sale + capitalised own products and services + other revenue – costs of goods, material, services – other operating expenses without operating expenses from revaluation.

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Investments	PLAN 1 – 3 2019	1 – 3 2019	IND 2019/ PLAN 2019	PLAN 1 – 3 2019	1 – 3 2019	IND 2019/ PLAN 2019
Investments in property, plant and equipment, investment property and intangible assets	12,093,684	11,762,355	97	12,573,621	11,843,563	94

Ratios (in %)	PLAN 1 – 3 2019	1 – 3 2019	IND 2019/ PLAN 2019	PLAN 1 – 3 2019	1 – 3 2019	IND 2019/ PLAN 2019
Return on sales (ROS) ¹¹	22.7%	28.0%	123	22.6%	28.3%	125
Return on equity (ROE) ¹²	12.3%	14.7%	120	11.8%	14.4%	122
Return on assets (ROA) ¹³	8.0%	9.5%	119	8.1%	9.8%	121
EBITDA margin ¹⁴	34.4%	39.9%	116	34.4%	40.3%	117
EBITDA margin related to the market activity ¹⁵	36.9%	41.0%	111	36.9%	41.4%	112
Financial liabilities/equity	31.4%	31.1%	99	24.9%	24.7%	99
Net financial debt EBITDA ¹⁶	0.5	0.3	51	0.3	0.03	12

Maritime throughput (in tons)	PLAN 1 – 3 2019	1 – 3 2019	IND 2019/ PLAN 2019	PLAN 1 – 3 2019	1 – 3 2019	IND 2019/ PLAN 2019
Maritime throughput	6,211,399	5,919,379	95	6,211,399	5,919,379	95

Number of employees	PLAN 1 – 3 2019	1 – 3 2019	IND 2019/ PLAN 2019	PLAN 1 – 3 2019	1 – 3 2019	IND 2019/ PLAN 2019
Number of employees	1,495	1,404	94	1,660	1,558	94

¹¹ Return on sales (ROS) = operating profit (EBIT) / net revenue from the sale

¹² Indicator calculated on the basis of annualised data

¹³ Indicator calculated on the basis of annualised data

¹⁴ EBITDA margin = earnings before interest, tax, depreciation and amortisation (EBITDA) / net revenue from the sale

¹⁵ EBITDA margin from the sale = earnings before tax, depreciation and amortisation (EBITDA) / net revenue from the sale from the market activity

¹⁶ 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 – March 2019.

This Non-Audited Report of Luka Koper Group and Luka Koper, d. d., v obdobju January – March 2019 can be examined at Luka Koper, d. d., Vojkovo nabrežje 38, 6501 Koper and shall be accessible via the company's website www.luka-kp.si, from 24th May 2019 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 – March 2019 was addressed by the company's Supervisory Board at its regular session on 24th May 2019.

3 Presentation of Luka Koper Group

3.1 Profile of the company Luka Koper, d. d., as of May 24, 2019

Company name	LUKA KOPER, pristaniški in logistični sistem, delniška družba
Short company name	Luka Koper, d. d.
Registered office	Koper
Busioness address	Koper, Vojkovo nabrežje 38, 6000 Koper/Capodistria
Company's legal form	Public limited company
	Phone: 05 66 56 100
	Fax: 05 63 95 020
	Email: portkoper@luka-kp.si
	Website: www.luka-kp.si
	Sustainable development: http://www.zivetispristaniscem.si
Company registration	District Court of Koper, applicatiion 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 no-par value 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 Ilič, M.Sc.
Luka Koper, d.d. core activity	Seaport and logistic system and service provider
Luka Koper Group activities	Various support and ancillary services in realtion to core activity

3.2 Luka Koper Group structure

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

Luka Koper Group as at 31 March 2019

- 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 Board and Governance

Luka Koper, d. d. Management Board

As at 31 March 2019, Luka Koper, d. d., Management Board comprised the following Members:

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

A presentation of Luka Koper 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 Worker's Council. They are elected for a four-year term.

As at 31 March 2019, 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, Deputy President Supervisory Board, commenced a four-year term on 1 July 2017 (28th General Shareholders' Meeting),
- Rado Antolovič, Ph.D., Member of the Supervisory Board, commenced a four-year term on 1 July 2017 (28th General Shareholders' Meeting),
- Milan Jelenc, M.Sc., Member of the Supervisory Board, commenced a four-year term on 1 July 2017 (28th General Shareholders' Meeting),

- Barbara Nose, Member of the Supervisory Board, commenced a four-year term on 1 July 2017 (28th General Shareholders' Meeting),
- Sabina Mozetič, Member of the Supervisory Board, representative of the Municipality of Koper, commenced a four-year term on 21 August 2015 (26th General Shareholders' Meeting).

Representatives of Employees

- Mladen Jovičić, Member of the Supervisory Board, commenced a four-year term 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 Audit Committee

Mateja Treven, M.Sc., appointed on 22 February 2019.

BUSINESS REPORT

5 Significant events, news and achievements in January - March 2019

JANUARY

- The Government of the Republic of Slovenia unanimously adopted the investment programme for the second railway track Divača–Koper project, and thus gave the go-ahead to the start of preparation works.
- Luka Koper published the first public tender for the selection of external contractors for industrial cleaning services.
- In January 2018, Luka Koper, d. d., began the procedure of refinancing part of its long-term loans payable, and completed it in January 2019. Long-term loan contracts were signed with two banks, i.e Intesa Sanpaolo, d. d., and SID, d. d., for the period of 10 years and for the total amount of EUR 43.7 million, each bank providing a half. By refinancing part of its loans, the Company has prolonged the maturity of its sources of funds, while also replacing part of its variable-rate sources of funds with fixed interest rate sources and reducing financing costs.
- Upon the completion of the tax inspection performed by the Financial Administration of the Republic of Slovenia with regard to the corporation tax return for 2017, Luka Koper, d. d., received a notice of reassessment and has settled the obligation. The Company appealed against the notice.
- On 15 January 2019, Luka Koper received a request from the Ministry of Infrastructure to issue permissions to register a title of the land .

FEBRUARY

- On the basis of the Act regulating the construction, operation and management of the second track of the Divača – Koper railway on line, the Government of Slovenia issued the specifying the types of freight to be included in individual freight categories for the purposes of transshipment fee calculation.
- In the category of large companies, Luka Koper ranked in the group of seven finalists of the research project Golden Thread (Zlata nit) 2018, which selects and awards the best and most distinguished employers.

MARCH

- Luka Koper started to pay the transshipment fee, intended to the second railway track Divača-Koper project.
- In the event of the Port's Day held in Cairo, the representatives of Luka Koper met the Egyptian business partners.
- Under the patronage of the Ministry of Infrastructure, Slovenian Maritime Administration, Faculty of Maritime Studies and Luka Koper a round-table on the protection of the marine environment was held in occasion of the Slovenian Maritime Day.
- The cruise ship Viking Star launched this year's cruising season.
- The Ports of Koper, Venice and Trieste signed the joint protocol for permanent cross-border cooperation on port security in the Northern Adriatic.
- At the conference Transport and Logistics of the South-Eastern Europe and Danube region, Luka Koper was awarded Brand Leader Award 2019.

6 Relevant post-balance events

APRIL

- Luka Koper attended the largest world 's cruise fair Seatrade Cruise Global 2019 in Miami.
- Luka Koper became a honorary member of the Polish Baltic-Adriatic regions.

MAY

- On May 10, 2019 the second official gate to the Port of Koper was opened. The new Sermin entrance will facilitate the access in the port, reduce truck traffic in the town and contribute to better and safer port's services.
- The contract for the construction of the RO-RO berth in the Basin III was signed.
- The public procurement award procedure for the construction of test piles for the Pier I was concluded.
- The tender for the selection of a contractor for the construction of a garage house was published on the public procurement portal.
- A contract was signed for the construction of the so-called the sixth group of tracks in the hinterland of the third pool. New railway access will shorten transport routes to loading points, increase productivity and safety, and enable the arrival of longer train compositions.
- On May 22, 2019, the company received a decision on the completion of the 2017 inspection procedure regarding the excess of noise in the direction of Koper.

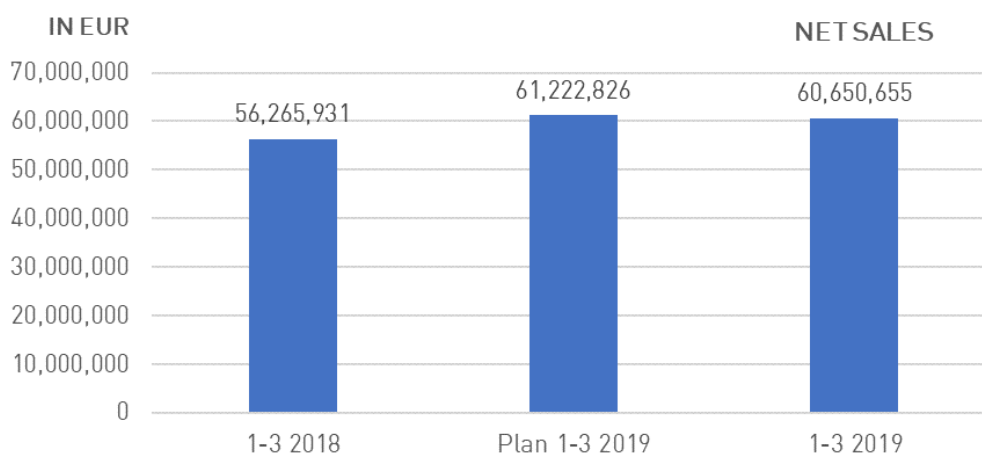
7 Performance analysis of Luka Koper Group in January – March 2019

7.1 Performance of LUKA KOPER GROUP in January – March 2019

NET REVENUE FROM SALE

In January – March 2019, net revenue from sale amounted to EUR 60.7 million, which is 8 percent resp. EUR 4.4 million ahead on January – March leta 2018.

Net revenue from sale of Luka Koper Group



Net revenue from sale of Luka Koper Group from the market activity in January – March 2019 exceeded the result from the previous year by 7 percent resp. by EUR 3.7 million, revenue from the performance of the public utility service of regular maintenance of the port's infrastructure intended to public transport, exceeded the result of the previous year by 70 percent resp. by EUR 697.8 thousand, resulting in the increase of total revenue of Luka Koper Group, and which in the first quarter of 2019 grew by 8 percent resp. by EUR 4.4 million in comparison to the revenue achieved in the previous year.

Net revenues from the market activity fell by 3 percent compared to the previous year due to a fall in ship's throughput, exceeding net revenues from the previous year's market activity by 7 percent or by EUR 3.7 million. Higher revenues were achieved from storage, price rises and a more favorable structure of throughput.

CAPITALIZED OWN PRODUCTS AND SERVICES

In January – March 2019 , capitalized own products and services amounted to EUR 23.6 thousand, which was a decrease of 94 percent resp. EUR 374.4 thousand compared to 2018. As from the October 1, 2019, the maintenance of the port's infrastructure department was transferred from the company Luka Koper INPO, d. o. o., to Luka Koper, d. d., and this resulted in the decrease of capitalized own products and services .

OTHER REVENUE

Other revenue of Luka Koper Group in the first quarter of 2019 amounted to EUR 1.2 million, which was a decrease by 47 percent resp. EUR 1 million in comparison with 2018. The largest share of other revenue were received compensations and penalties as well as subsidies, grants and similar revenue. In the first quarter of 2018, within other revenue was recognised the reversal of provisions from the lawsuit, on the basis of which the liability was settled and the lawsuit became final, revaluation operating income was also recognised in the sale of the facility with the pertaining land.

OPERATING EXPENSES

In January – March 2019, the operating expenses of Luka Koper Group amounted to EUR 44.7 million, which is 8 percent resp. EUR 3.2 million ahead on 2018. Within the operating expenses, in comparison with 2018, all types of costs increased, except the cost of services and amortisation.

The cost of material of Luka Koper Group in the first quarter of 2019 amounted to EUR 4.5 million, which is 4 percent resp. EUR 152.3 thousand ahead on 2018. The costs of replacement parts and water costs, costs of electricity and motor fuel went up.

The cost of services of Luka Koper Group in the first quarter of 2019 amounted to EUR 13.3 million, which is 2 percent resp. EUR 324.4 thousand decrease in comparison with. In 2019, the cost of services decreased by EUR 1.2 million, since Luka Koper Group undertook the action plan for the implementation of the port service provision strategy. The maintenance costs increased in the amount of EUR 515.9. The concession costs also went up. As from

March 1, 2019, Luka Koper, d. d., started to pay the transshipment fee, which this month amounted to EUR 546.2 thousand.

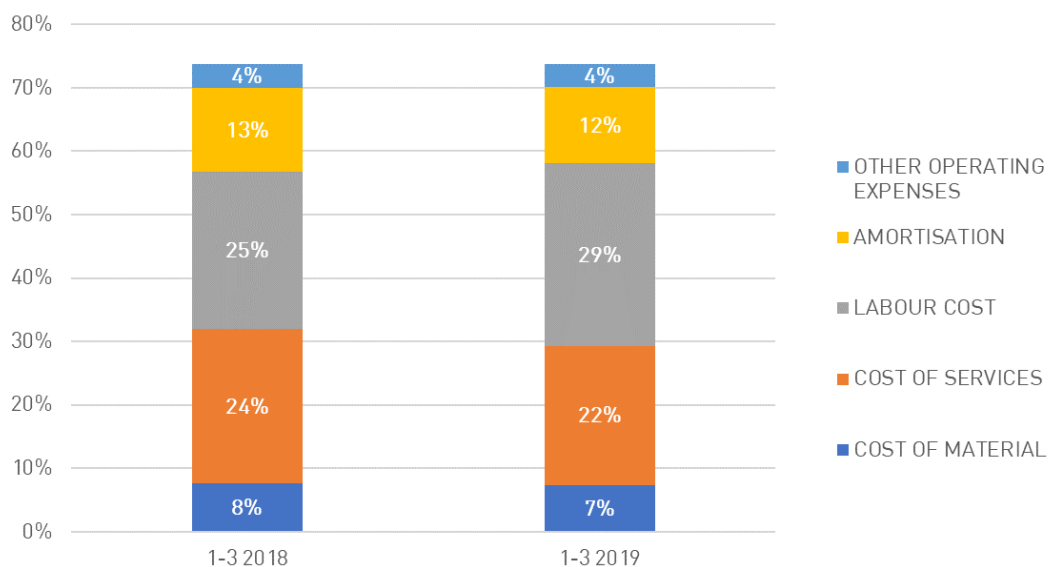
In January – March 2019, labour costs of Luka Koper Group – March 2019 amounted to EUR 17.5 million, which is 25 percent resp. EUR 3.4 million ahead on 2018, due to a higher number of employees. As at 31 March 2019, the companies within the Luka Koper Group employed a total of 1,558 persons, which was an increase of 41 percent or 452 persons when compared to 31 March 2018.

In the first quarter of 2019, costs of amortisation of Luka Koper Group amounted to EUR 7.3 million, and declined by 10 percent resp. EUR 81 thousand in comparison to 2018.

Other operating expenses in January – March 2019 amounted to EUR 2.2 million, which is 1 percent resp. EUR 14.7 thousand ahead on 2018. The cost of compensations for damaged vehicles increased.

The share of operating expenses in net revenue from sale in the first quarter leta 2019 accounted for 73.7 percent, which is at the last year level. In comparison with 2018, the share of labour costs within net revenue from sale, shares of costs of material, services and amortisation decreased, share of other operating expense stood at the same level.

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



EARNINGS BEFORE INTEREST AND TAXES (EBIT)

In the first quarter of 2019, the operating profit (EBIT) of Luka Koper group amounted to EUR 17.1 million, which was 1 percent resp. EUR 235.2 thousand decline in comparison with 2018.

Earnings Before Interests and Taxes (EBITDA) of Luka Koper group amounted to EUR 24.4 million, an decreased by by 1 percent resp. EUR 316.2 thousand from the previous year.

In the first quarter of 2019, the EBITDA margin of Luka Koper Group amounted to 40.3 percent, which was 8 percent resp. 3.7 percentage points decrease compared to 2018.

PROFIT BEFORE TAX AND PROFIT FOR THE PERIOD

Profit or loss from financing activities in January – March 2019 amounted to -EUR 9.3 thousand, whereas in the comparable period in 2018, Luka Koper Group achieved the financial result of -EUR 358.1 thousand. The results of associated companies in 2019 increased by EUR 161 thousand. Results of associated companies in 2019 increased the profit before tax of Luka Koper Group by EUR 417 thousand, which was a decrease by 4 percent resp. EUR 17.6 thousand compared to 2018.

NET PROFIT OR LOSS

Net profit or loss of Luka Koper Group in January – March 2019 amounted to EUR 14.4 million, which is 1 percent resp. EUR 80.2 thousand ahead on 2018.

FINANCIAL SITUATION AND FINANCIAL MANAGEMENT

As at 31 March 2019, the balance sheet of Luka Koper Group amounted to EUR 601 million, which is EUR 28.7 million resp. 5 percent ahead in comparison with the balance as at 31 December 2018.

As at 31 March 2019, non-current assets accounted for 75 percent of the balance sheet of Luka Koper Group. Compared to the year end of 2018, this was an increase of 1 percent resp. of EUR 5.6 million. The property, plant and equipment in acquisition increased by EUR 8.7, whereas the value of property, plant and equipment from depreciation decreased by EUR 8.7 million. The value of investment property also increased.

As at 31 March 2019, current assets of the Luka Koper Group were higher by 18 percent resp. by EUR 23.2 million than the previous year-end.

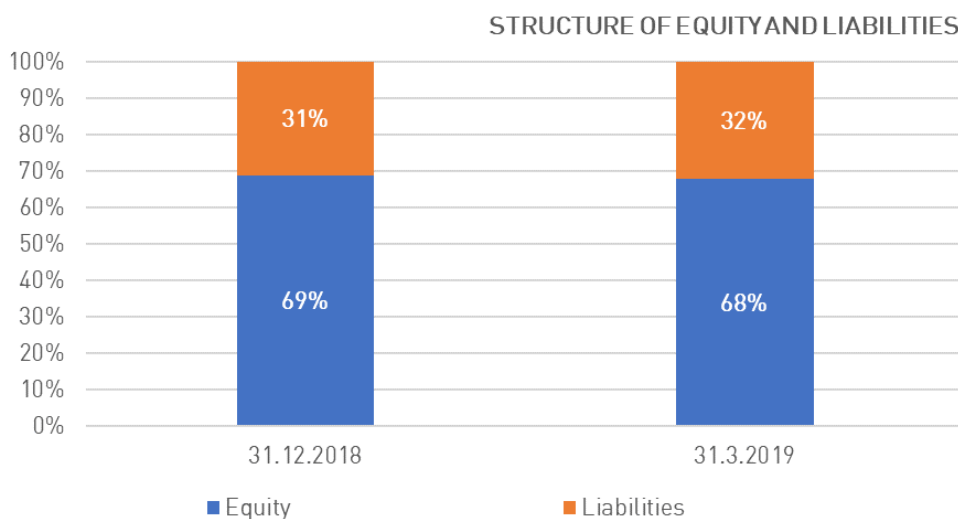
Trade and other receivables stood at EUR 50.4 million, which was an increase of 11 percent resp. EUR 4.8 million from 2018. An increase was recorded in trade receivables, receivables resulting from advances and securities given decreased. Other receivables from the increase of short-term deferred costs, related to the decision of the Financial Administration of the Republic of Slovenia with regard to the corporation tax return for 2017, increased. The company appealed against the decision. Cash and cash equivalents increased by EUR 18.3 million due to a higher amount of cash on the accounts.

The equity of Luka Koper Group as at 31 March 2019 amounted to EUR 408 million and increased by 4 percent resp. by EUR 14.2 million in comparison to the balance sheet as at 31 December 2018. It increased due to the net profit or loss brought forward. The equity as of 31 March 2019 accounted for 67.9 percent of the balance sheet total.

As at 31 March 2019, non-current liabilities including long-term provisions and long-term accrued costs and deferred revenue of the Luka Koper Group were 10 percent resp. EUR 12,3 million ahead on 31 December 2018. Non-current loans from refinancing of existing bank sources, with new, cheaper loans with 10 years maturity increased. In January 2019, Luka Koper, d. d., signed two long-term loan contracts with Intesa Sanpolo, d. d. and SID, d. d. in total amount of EUR 43.7 million, which consequently prolongs the maturity of its sources of funds. Both loans have lower fixed interest rate.

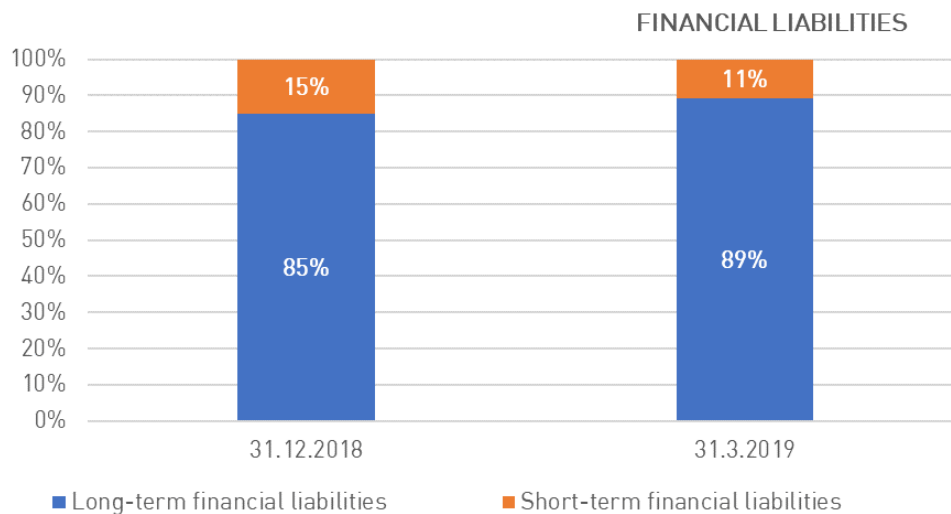
As at 31 March 2019, current liabilities of the Luka Koper Group were higher by 4 percent resp. by EUR 2.3 million than as at 31 December 2018. Trade and other payables increased and liabilities from income tax.

Structure of Luka Koper Group liability



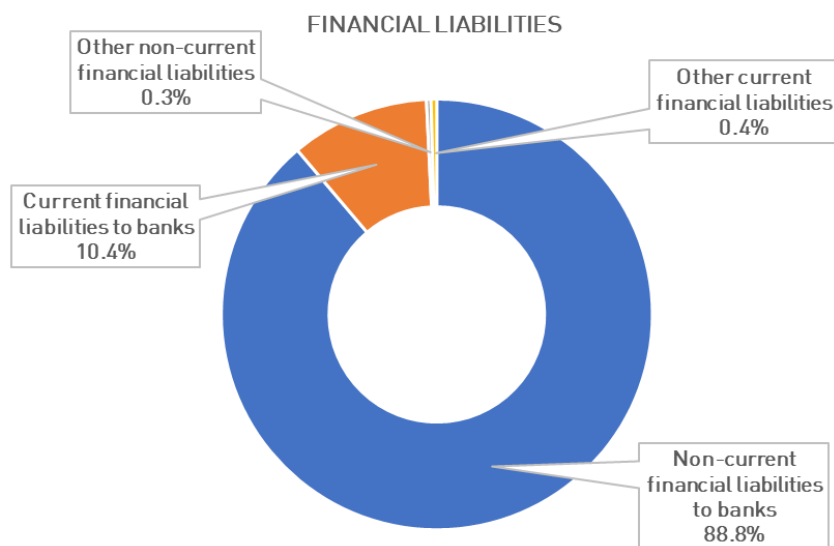
As at 31 March 2019, financial liabilities of the Luka Koper Group amounted to EUR 101 million, which is 11 percent resp. EUR 9.7 million ahead on 31 December 2018. The volume of loans from domestic banks increased.

Structure of Luka Koper Group liabilities by maturity



Non-current financial liabilities to banks Luka Koper Group as of 31 March 2019 accounted for 88.8 percent of total financial liabilities. In comparison to the balance as at 31 December 2018, their share increased by 4 percentage points.

Luka Koper Group financial liabilities as at 31 March 2019



As at 31 March 2019, financial liabilities of the Luka Koper Group were related to the variable interest rate, with exception of two new bank loans, which were concluded in January 2019 at more favourable, fixed interest rate. Share of loans with variable interest rate as at 31 March 2019 amounted to 56.35 percent, share of loans with fixed interest rate amounted to 43.65 percent. In this way, the Group reduced total financial liabilities and reduced the exposure to the interest rate risk considerably.

The share of financial liabilities in equity as at 31 March 2019 amounted to 24.7 percent, which is 6.2 percentage point decline in comparison with the balance as at 31 December 2018.

Implementation of plans of the Luka Koper Group

In the first quarter of 2019, the Luka Koper Group generated net revenue from sales in the amount of EUR 60.7 million, which is 1 percent resp. EUR 572.2 thousand below the planned net revenue from sales.

In January – March 2019, net revenue from sales of the Luka Koper Group from the market activity exceeded the planned net revenue from sales by 3 percent resp. by EUR 1.9 million, revenue from the performance of the public utility service for the regular maintenance of the port's infrastructure, destined for public transport, lagged behind the plan by 60 percent resp. by EUR 2.5 million. Deviation from the plan was due to the delayed approval of the

investment maintenance plan by the competent Ministry, which was approved on 29 April 2019, whilst the plan of the regular maintenance of the port's infrastructure was approved on 6 February 2019.

In the first quarter of 2019, earnings before interest and taxes amounted (EBIT) of the Luka Koper Group amounted to EUR 17,1 million, which is 24 percent resp. EUR 3,3 million ahead on the planned. Earning before interest, taxes, depreciation and amortisation (EBITDA) of Luka Koper Group in the first quarter of 2019 amounted to EUR 24.4 million, which is 16 percent resp. EUR 3.4 million ahead on the planned.

EBITDA margin of Luka Koper Group in January – March 2019 amounted to 40.3 percent, which is 17 percent resp. 5.9 percentage point ahead on the planned.

The EBITDA margin of Luka Koper Group from the market activity in January – March 2019 amounted to 41.4 percent, which is 12 percent resp. 4.5 percentage point ahead on the planned.

In the first quarter of 2019, the net profit of Luka Koper Group amounted to EUR 14.4 million, which is 23 percent resp. EUR 2.7 million ahead on the planned.

Return on Equity (ROE) in January – March 2019 amounted to 14.4 percent, which is 22 percent resp. 2.6 percentage point ahead on the planned.

7.2 Summary of the performance of LUKA KOPER, D. D., January – March 2019

Comparison of the results achieved by Luka Koper, d. d., in January - March 2019 and 2018

In January – March 2019, the net revenue from sale of Luka Koper, d. d., amounted to EUR 59.6 million, which is 8 percent resp. EUR 4.4 million ahead on the comparable period last year. The net revenue from sale of Luka Koper, d. d., from the market activity in the first quarter of 2019 exceeded the result of the previous year by 7 percent resp. by EUR 3.7 million, from the performance of the public utility service of regular maintenance of the port's infrastructure, intended for the public transport, exceeded the results of the previous year by 70 percent resp. by EUR 697.8 thousand; as a result, the total revenue of Luka Koper, d. d., in the first quarter of 2019 was by 8 percent resp. by EUR 4.4 million higher than in the previous year.

Earnings before interest and taxes (EBIT) of Luka Koper, d. d., in the first quarter of 2019 amounted EUR 16,7 million, which was a decrease by 2 percent resp. by EUR 267.9 thousand when compared to the equivalent period in 2018.

Net profit or loss of Luka Koper, d. d., in January – March 2019 amounted to EUR 13.5 million, which is 1 percent resp. EUR 74 thousand ahead on 2018.

Realisation of Luka Koper, d. d. plans

Net revenue from sale of Luka Koper, d. d., in the first quarter of 2019 amounted to EUR 59.6 million, which is 1 percent resp. EUR 591 thousand below the planned net revenue from sale. Net revenue from sale of Luka Koper, d. d., from the market activity in January – March 2019 exceeded the planned by 3 percent resp. by EUR 1.9 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 60 percent resp. by EUR 25 million.

The operating profit (EBIT) of Luka Koper, d. d., in January – March 2019 amounted to EUR 16.7 million, which is 22 percent resp. EUR 3 million ahead on the planned. Higher operating profit. Higher operating profit (EBIT) resulted from lower operating expenses, lower cost of material, services and labour costs than budgeted.

Net profit or loss of Luka Koper, d. d., in the first quarter of 2019 amounted EUR 13.5 million, which is 20 percent resp. EUR 2.3 million ahead on the planned.

7.3 Forecast of net revenue from sale of Luka Koper Group in 2019¹⁷

Based on current forecasts, Luka Koper Group estimates that net revenue from sale in 2019 is expected to amount to EUR 239.2 million and will be by 1 percent lower than the planned level and meanwhile 6 percent higher than the achieved net revenue from sale in 2018. Net revenue from sale of Luka Koper Group from the market activity until the end of 2019 is expected to amount to EUR 228.9 million and will be at the planned level and by 3 percent higher than the achieved net revenue from sale in 2018, whilst the revenue from the performance of the public utility service of regular maintenance of the port infrastructure destined for public transport, and from the performance of the public commercial service of waste collection, are expected to amount to EUR 10.3 million and will be 19 percent lower than planned level and will exceed the achieved revenue in 2018 by 139.

Currently, Luka Koper Group does not estimate other impacts.

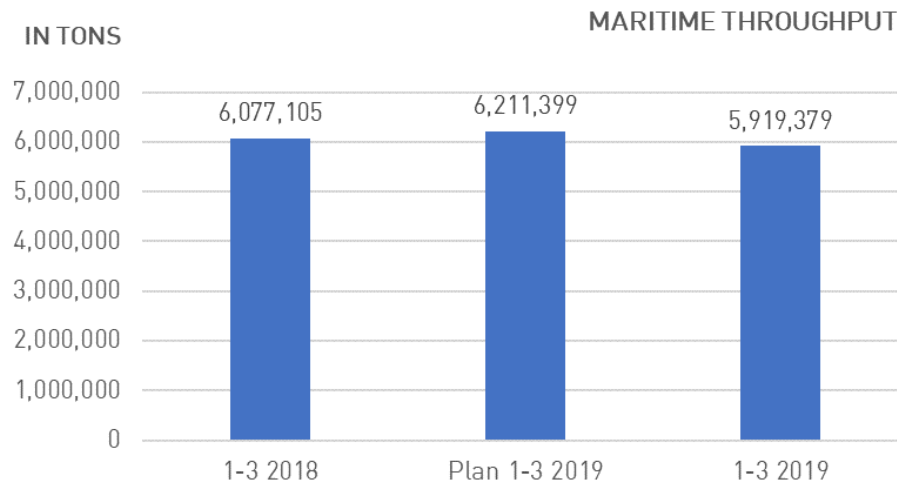
¹⁷ The forecast is based on the current expectations and is subject to risks and uncertainties, which may have an impact on actual results and may materially differ due to various factors, over some of these Luka Koper Group has no control. These factors include, but they are not necessarily limited to the following: customers' demand and market conditions in markets where operate final consignees of goods, transshipped through the Port of Koper, relevant losses or a decline of key customers' business, political instability and unfavourable economic conditions in countries of provenance and countries of destination of goods handled in the the Port of Koper, competition pressure to reduce the prices, limited storage capacities due to delayed obtainment of adequate consents from the competent authorities, high occupancy of stacking areas and therefore lower productivity and higher operating cost due to additional shifts of goods, insufficient entry capacity into the port and thereby the decongestion of the the port, which is affecting the higher operating costs. In case, when one or more risks resp. uncertainties materialize or that the aforesaid assumptions show as incorrect, the actual results may materiall differ from those indicated in the notice as expected, estimated or projected. Luka Koper allows any up-dating or auditing of these forecasts as far as the future developments would differ from the expected.

8 Marketing: product groupes and markets

8.1 Maritime throughput

The maritime throughput of the Luka Koper Group in January – March 2019 totalled 5.9 million tonnes and lagged behind the planned quantities by 5 percent, compared to the throughput in the comparable period last year it decreased by 3 percent. In January – March 2019, the Luka Koper Group in comparison with the preceding year achieved 8-percent decline of loaded goods and kept the volume of unloade goods onto/from the ship.

January – March 2018 and 2019 cargo tonnage throughput and plan for 2019

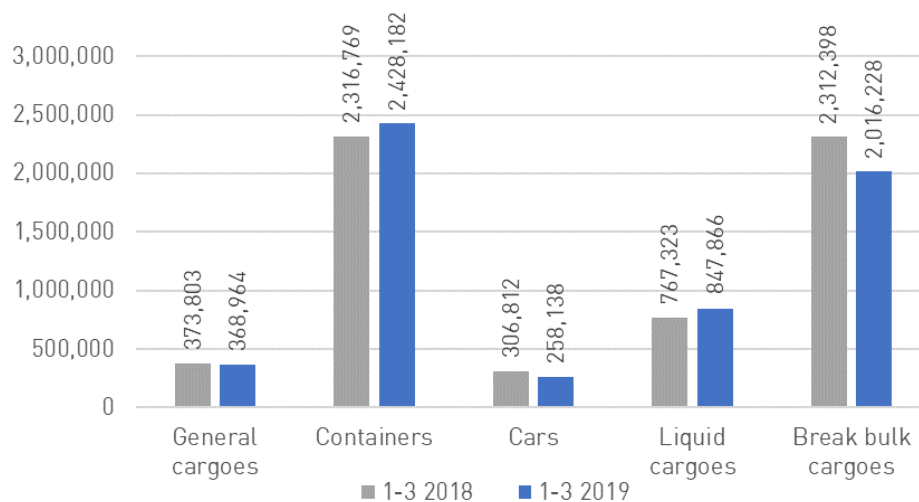


8.2 Cargo structure by cargo types

In the whole structure of the maritime throughput prevailed containers, of which share increased by 3 percentage points in comparison with 2018. The share of liquid cargoes also increased and namely by 2 percentage points. The share of cars and dry bulk and bulk cargoes decreased, the share of general cargoes remained unchanged.

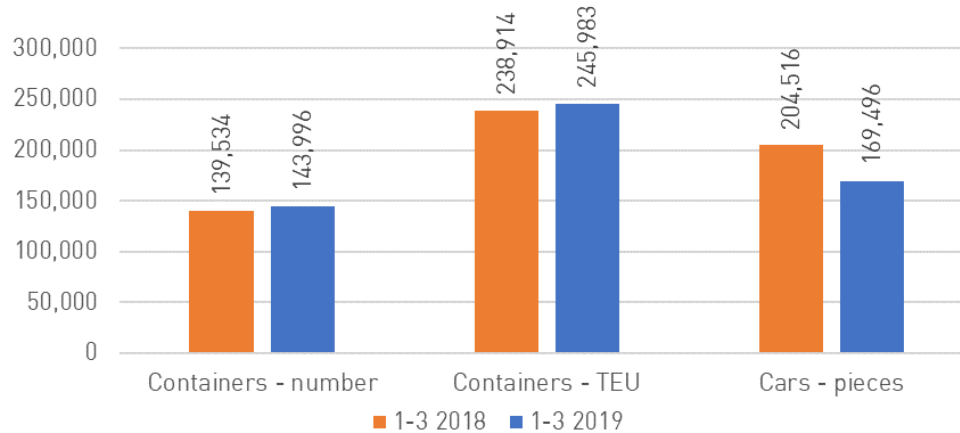
Maritime throughput in tonnes per cargo types, in 2018 and 2019

CARGO TYPES (in tonnes)	1-3 2018	1-3 2019	Index 2019/2018
General cargoes	373,803	368,964	99
Containers	2,316,769	2,428,182	105
Cars	306,812	258,138	84
Liquid cargoes	767,323	847,866	110
Dry bulk and bulk cargoes	2,312,398	2,016,228	87
TOTAL	6,077,105	5,919,379	97

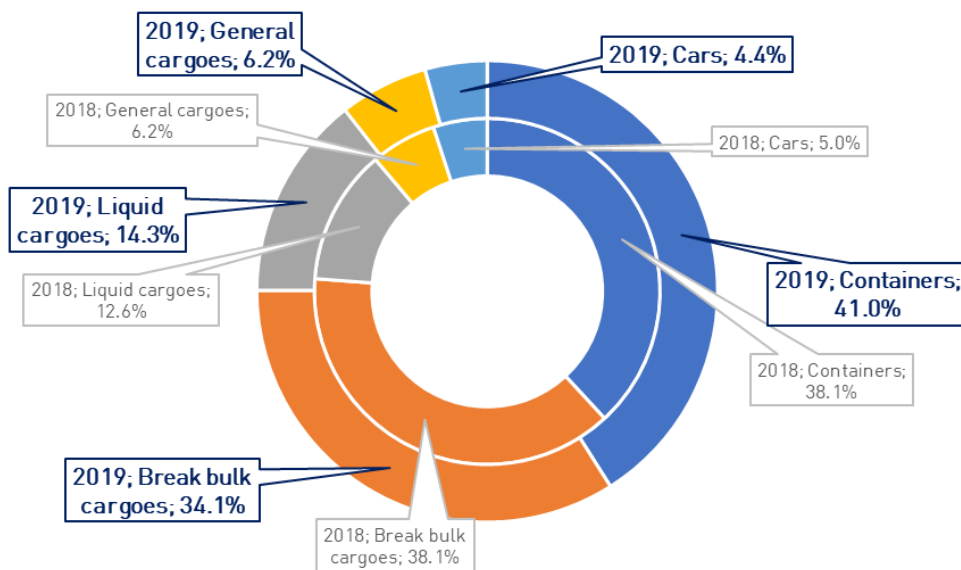


Containers throughput (in TEUs) and vehicles (in units) in 2018 and 2019

CARGO TYPES	1-3 2018	1-3 2019	Index 2019/2018
Containers – number	139,534	143,996	103
Containers – TEU	238,914	245,983	103
Vehicles – units	204,516	169,496	83



Structure of maritime cargo throughput by product type, January - March 2019 and percentage change in relation to January - March 2018



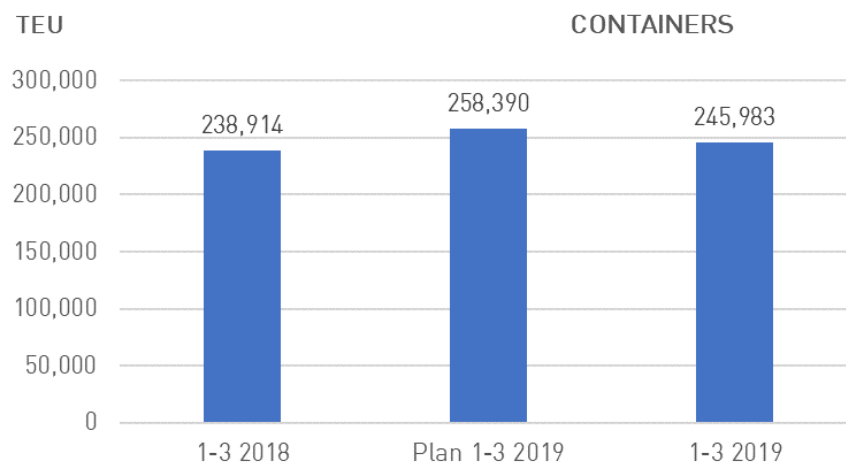
GENERAL CARGOES

Within the general cargoes, Luka Koper Group in January - March 2019 achieved 1 percent lower throughput in comparison to the comparable period last year. The maritime throughput within the product group grew by 3 percent due to a higher import of bagged salt. In timber throughput was recorded 7 percent lower export of timber due to a reduced need of the North African market.

CONTAINERS

In the first quarter of 2019, the Container terminal recorded an increased throughput of containers in comparison with the equivalent period in 2018. The Container terminal recorded a throughput of 245.983 TEUs, which is 3 percent ahead on the the comparable period in 2018. The share of full containers in the total throughput in comparison with 2018 has not changed significantly. The customers acknowledge the Port of Koper as safe and reliable port for their supply chains and delivery of goods to final customers.

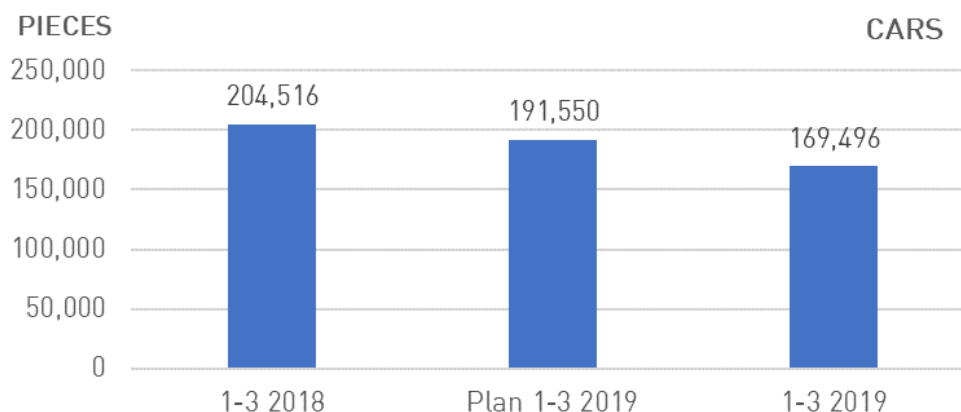
Maritime throughput of containers in January - March 2018 and 2019 and plan for 2019 (in TEU)



CARS

In January - March 2019, 169.496 cars were handled, which is 17 percent decline in comparison with the comparable period in 2018. The lower throughput this year reflects current market situation of reduced sale of vehicles in our key markets in Europe. 86.5 cars were loaded onto ships, and 82.9 thousand cars were unloaded.

Throughput of vehicles in January - March 2018 and 2019 and the plan for 2019 (in units)



LIQUID CARGOES

In January - March 2019, the throughput of liquid cargoes in comparison with the equivalent period in 2018, increased by 10 percent. The throughput in the liquid cargo decreased by 6 percent in comparison with the preceding year due to a lower turnover of fuel destined to the hinterland and domestic market.

Within the throughput of petroleum products, Luka Koper Group recorded 15-percent increase in comparison with January - March 2018.

DRY AND DRY BULK CARGOES

In January- March 2019, the throughput of dry bulk and bulk cargoes decreased by 13 percent in comparison with January - March 2018.

In January - March 2019, the maritime throughput at the Dry and Break bulk cargoes terminal decreased by 15 percent in comparison with last year, due to a more intensive supply last year because of the blast furnace overhaul, which took place from mid-July until the end of September 2018.

The throughput in the product group of bulk cargoes in January - March 2019 was 5 percent lower than the preceding year. Luka Koper Group recorded the decrease in the throughput of grain, ferro-alloy, alumina and iron products.

9 Non-financial investments

In the first quarter of 2019, Luka Koper Group allocated EUR 11.8 million for the investments in the property, plant and equipment, which is EUR 9,7 million ahead on the first quarter 2018. In the first quarter 2019, Luka Koper, d. d., allocated EUR 11.76 million, which is 99 percent of investments of Luka Koper Group.

Largest implemented investments were the following:

- ◆ Advance payment for the rubber tyred gantry cranes (RTG),
- ◆ Advance payment for five E-RTG cranes for the needs of the container terminal,
- ◆ Completion of the construction of the road access the new gate at Sermin,
- ◆ Start of the installation of the fire-fighting pumping station with two vertical pumps.

10 Development activity

In January - March 2019, Luka Koper, d. d., implemented several activities in the field of research and development aiming to support the port's development and started the preparations of the Strategic business plan for the period up to 2025.

The emphasis was on faster 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 new developments in marketing.

In the involvement of Luka Koper, d. d., in the co-funded initiatives, in January – March 2019 three applications of new projects in different programmes were implemented:

- Within the open public tender of the programme INTERREG, the company, as partner, joined the applications in the following projects :
 - ◆ CLEAN BERTH – Programme Interreg Italy-Slovenia, (water quality monitoring and detection of hazardous substances).

- ◆ BioMedCoast – Programme Interreg Mediterranean (provision of biodiversity and natural ecosystem in the ports area and its surroundings).
- ◆ DLT4PLT - Programme Interreg Mediterranean (implementation of blockchain technology in logistics).

Throughout the whole January – March 2019 period, activities related to the implementation of approved projects and optimum disbursement of the funds were carried out:

- With regard to European projects, the following activities of Luka Koper, d. d., as leading partner in two projects from the programme CEF, should be emphasized:
 1. NAPA4CORE – investments in the port's infrastructure; the project has been prolonged until 31 December 2020, allowing the co-funding of the construction of investments which are included in the project, and the performance of which is delayed,
 2. CarEsmatic – investments in the port's infrastructure, the project was prolonged until 30 March 2020,

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

3. GAINN4MOS (CEF) – study on the potential of LNG in compliance with the Directive on the deployment of alternative fuels infrastructure,
 4. ELEMED (CEF) – study on technical possibilities of on-shore power supply systems for ships during mooring in the Directive on the deployment of alternative fuels infrastructure,
 5. SAURON (Obzorje 2020) – researches and development in the field of technologies for the improvement of the port's security.
- In the the European territorial cooperation programmes, the activities continued on the following projects:
 6. TalkNet (programme Central Europe) – – studies on fostering the connectivity between the ports, inland terminals and transport operators and efficient management of terminals as well as transport connections,
 7. SECNET (programme Interreg VA Italija – Slovenija) – improvements in the port's security,
 8. SUPAIR – solutions for the reduction of negative environmental impacts of the maritime transport and port's activities,
 9. ISTEN - solutions for the improvements of the intermodal connections with the hinterland,
 10. AD RIPASS - solutions related to data about traffic flows, congestions and bottlenecks on the transport corridors.

The projects of the European territorial cooperation programmes are relevant as they place the Port of Koper in the European institutional environment, especially 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:
 11. Competence center Logins – support of education and competence development in logistics,

Within Smart digitalisation specialisation, Luka Koper, d. d., continued the implementation of the project

12. 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.

In the last quarter of the previous year and in the first quarter of 2019, the company received approvals for 4 new projects, which will start to be implemented in the second quarter of 2019:

- ◆ Reif – Programme Interreg Central Europe (electronic control of railway freight transport)
- ◆ IntraGreenNodes – Programme Interreg Central Europe (infrastructure for the energy self-sufficiency of buildings)
- ◆ ComodalCE – Programme Interreg Central Europe (digital recognition of the rail container transport)
- ◆ Infrastress – Programme Horizon2020 (prevention, recognition and response to combined threats of the security on the infrastructure of specific importance).

11 LKPG share

The share of Luka Koper identified as LKPG is listed in the first quotation of Ljubljana Stock Exchange. As at 31 March 2019, the share ended its trading with 8 percent lower value than in the comparable period last year. On the last trading day in the first quarter of 2019, the price of LKPG share amounted to EUR 26.80 per share.

In the first quarter of 2019, the ownership structure of Luka Koper, d. d., slightly changed. As at 31 March 2019, 9.560 shareholders were registered in the register, which was 347 than in 2018. The Republic of Slovenia is the company's major shareholder.

Ten largest shareholders i n Luka Koper, d.d. as at 31 March 2019

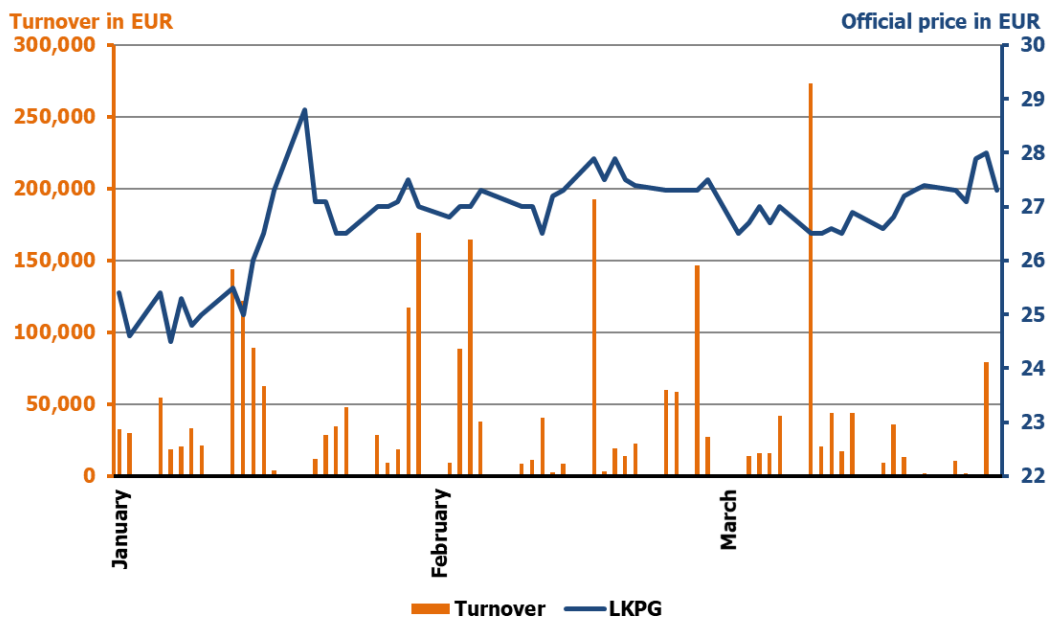
Shareholder	Number of shares 31.03.2018	Percentage stake 2018 (in %)	Number of shares 31.03.2019	Percentage stake 2019 (in %)
Republic of Slovenia	7,140,000	51.00	7,140,000	51.00
Slovenski državni holding, d. d.	1,557,857	11.13	1,557,857	11.13
Kapitalska družba, d. d.	696,579	4.98	696,579	4.98
Municipality of Koper	439,159	3.14	439,159	3.14
Citibank N.A. – fiduciary account	220,310	1.57	388,923	2.78
Hrvatska poštanska banka, d. d. – fiduciary account	129,582	0.93	130,582	0.93
Raiffeisen Bank International AG (RBI)	12,711	0.09	115,287	0.82
Zavarovalnica Triglav, d. d.	113,568	0.81	113,568	0.81
Utilico Emerging Markets Trust Plc	0	0.00	99,230	0.71
NLB skladi – Slovenija mešani	48,700	0.35	87,700	0.63
Total	10,358,466	74.00	10,768,885	76.92

11.1 Trading in LKPG

In the first quarter of 2019, the average daily share price of Luka Koper, d. d., stood at EUR 26.80, whilst its overall value fluctuated between EUR 24.50 and EUR 28.80. The highest daily price was EUR 28.80, the lowest EUR 24.00. As at 31 March 2019, the market capitalisation of Luka Koper, d.d. shares amounted to EUR 382,200,000.

There were 480 transactions and block trades with aggregate value of EUR 2,658,263, whereby 99,577 shares changed ownership. In this period, the SBITOP index achieved 7.95 percent growth.

Changes in the daily LKPG share price and daily turnover in 2019



Relevant data on LKPG share

	1 – 3 2018	1 – 3 2019
Number of shares as at 31 March	14,000,000	14,000,000
Number of ordinary no par value shares	14,000,000	14,000,000
Closing as at 31 March (in EUR)	29.70	27.30
Book value of share as of 31 March (in EUR)	23.86	26.86
Ratio between average weighed price in avce (P/B)	1.24	1.02
Average market price (in EUR) ¹⁸	31.07	26.70
Average book value of share (in EUR) ¹⁹	23.51	26.55
Ratio between average weighed market price and average book value of share	1.32	1.01
Net earning per share (EPS) (in EUR)	3.85	3.87
Ratio between market price and earnings per share (P/E)	7.72	7.06
Market capitalisation as of 31 March (in mio EUR)	415.8	382.2
Turnover – all transactions (in mio EUR)	4.3	2.7

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

	Shareholder	Ownership as at 31 March 2019
Supervisory Board	Uroš Ilič, President of the Supervisory Board	55
	Marko Grabljevec, Member of the Supervisory Board	10
	Rok Parovel, Member of the Supervisory Board	8

As at 31 March 2019, other Members of the Supervisory Board and Members of the Management Board of Luka Koper, d. d., did not own the company' shares.

¹⁸ Weighted average market price is calculated as a ratio between total value of LKPG stock exchange transaction and the aggregate number of LKPG shares traded across the period.

¹⁹ 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 31 March 2019, 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 2019, the activities related to risk management continued, since besides the regular monitoring of the risk exposure, we implemented several risk mitigation measures.

A project team, which will commence the implementation of activities focused on the increase of traffic fluidity on the existing railway infrastructure, was set up in order to minimise the strategic risks related to the capacity and rail traffic fluidity. On January 24, 2019, the Government unanimously adopted the investment programme for the second track Divača-Koper railway line project, in which the completion of the construction of the second railway track is expected in 2025. In March 2019, started the construction of the access roads to the track layout of the second railway track, as from March 1, Luka Koper started to pay the transshipment fee, which will be intended for the financing of the project and will in 2019 burdened the operating profit in the amount of EUR 5.7 million.

The activities related to the risk management connected to the implementation of key investment projects, have been continuing. In 2019, the implementation works for the Sermin entrance to the Port of Koper, which will relieve the main traffic routes toward the port, increase the traffic flow in the Port and reduce the freight traffic in the town centre, were completed. New gate will be officially opened on May 10. The activities related to the implementation of other projects continue. In this respect, two projects are of key importance, and namely the extension of the Pier I, for which the contract for supply and driving of test piles was awarded, and the construction of the RO-RO berth, also for which the contract was awarded.

In the first quarter, the activities of the establishment of a new business model of the implementation of port's services, which will reduce the related risks, continued. Until 14 May 2019, 291 persons were directly employed within the tier I, within the tier II, the public tender for the selection of recruitment agencies for the provision of workers for the performance of the port's activity is in progress. In relation to the tier III comprising the cooperation with external contracting companies, two public tenders for the selection of external contractors for industrial cleaning were implemented. The contract was awarded for the tier I, whereas for the second set, the competitive dialogue will continue. Simultaneously, preparatory works for publication of the public tender for the performance cars transport service and additional services at the PC Car Terminal and Ro-Ro ter PC General cargoes, are in course.

With aim to reduce the risk of exceeding statutory set up noise threshold values toward the centre of Koper, which may be produced during the piles driving within the extension of the Pier I or excessive noise produced during the performance of the activity, a noise abatement plan was drawn up, which is also being carried out. In 2018, the amended Decree on limit values for environmental noise indicators (official Gazette of the Republic of Slovenia, No. 43/18) came into force, and on the basis of which, on February 28, 2019 the company

received a decision on the amendment of the environmental permit related to the noise emissions in the environment, and due to which the risk remains at an acceptable level.

Among the financial risks we recognise risk relating to change in fair value, interest rate risk, liquidity risk, currency and credit risk and risk relating to adequate capital structure. In January 2018, Luka Koper, d. d., started and in January 2019 completed the refinancing of long-term loans. By refinancing part of its loans, the Company has prolonged the maturity of its sources of funds, while also replacing part of its variable-rate sources of funds with fixed interest rate sources, whereby an adequate ratio between cost efficiency and interest risk management was established.

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, objective and regular assessment of performance of such systems, provision of information about environmental performance, open dialogue with public and interested parties, and active involvement of employees. All employees in Luka Koper, d. d., and meanwhile the responsible staff for the maintenance of the established system take credit for the maintenance of the highest environmental standard. In connection with the development issues, the company takes into consideration principles of sustainable development and responsible environmental management.

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 2019:

- To successfully carry out the audit in compliance with EMAS requirements;
- First certification for the standard SIST ISO 50001,
- To reduce emissions of dust at all ten port's locations to 250 mg/m²day and max 5 deviations from 120/th measurements in the course of the year,
 - To keep the value of PM10 particles (the size up to 10 μm) emissions below 30 μg/m³ in the entire Port's area (in direction towards Ankaran, Koper and Bertoki Bertoki),
- To keep the percentage of separately collected waste above 89 percent,
- To decrease night-time noise to 48 dBA in the direction of Koper,
- To keep the daily-time noise level to 58 dB in front of closest buildings outside the Port's area and the night-time to 53 dB,
- To modernise the drainage at the Dry Bulk Terminal and the modernisation of the treatment plant at the Livestock Terminal and to replace some oil interceptors,

- To keep specific consumption of energy at the last year level, despite the increased throughput and enlarged storage areas and namely for motor fuel 0,245l/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). At the end of 2017, the certificate could not be renewed due to the received inspection decision on the excess noise in the direction of Koper. The inspection was completed in May 2019. Recertification is expected in summer 2019.

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 (PM₁₀)

Control measurements of the total volume of dust carried by Luka Koper, d. d., yet from 2002 on ten measurement points in the Port. We have set the annual goal not to exceed 200 mg/m²day and the average of measurement values for the reported period is 123 mg/m²day. In January – March 2019, the company did not record any deviation. The law does not prescribe limit values resp. permitted deviations for such measurements.

	1 – 3 2018	1 – 3 2019	INDEX 2019/2018
Average value of dust deposits (mg/m ² day)	122	123	101

13.3.2 Quantity of health hazardous dust particles (PM₁₀)

Statutory prescribed measurements of fine dust particles (PM₁₀), are carried out by an authorised organisation and are continuously measured on three points within the Port. The measurements taken in the first half of 2018 were below the target value 30 $\mu\text{g}/\text{m}^3$ and statutory set up volume of 40 $\mu\text{g}/\text{m}^3$. The results from two measurement devices are shown automatically every hour on the Port's web page online Living with the Port www.zivetispristaniscem.si.

Comparison of mean value of PM₁₀, January – March 2018 and 2019

	1 – 3 2018	1 – 3 2019	INDEX 2019/2018
Ankaran - Rožnik	19 $\mu\text{g}/\text{m}^3$	15 $\mu\text{g}/\text{m}^3$	79
Bertoki	20 $\mu\text{g}/\text{m}^3$	16 $\mu\text{g}/\text{m}^3$	80
Koper – Cruise terminal	16 $\mu\text{g}/\text{m}^3$	17 $\mu\text{g}/\text{m}^3$	106

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 mg/m^3 . The company has not yet performed the statutory measurements for 2019.

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 the first quarter of 2019, the share of sorted separately collected waste was 91 percent and thereby the set objective of 89 percent of sorted separately collected waste was exceeded.

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.

Average noise levels (in dB) , recorded at locations around the Port, January – March 2018 and 2019

1 - 3 2018			1 - 3 2019*			Threshold values 2019- according to new Decree on noise
Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	Eastern periphery (Bertoki)	Northern periphery(A nkaran)	Southern periphery (Koper)	
L _D =54	L _D =54	L _D =63	L _D =40	L _D =46	L _D =53	L _D =65
L _V =52	L _V =51	L _V =63	L _V =38	L _V =44	L _V =52	L _V =60
L _N =49	L _N =51	L _N =62	L _N =35	L _N =41	L _N =50	L _N =55
L _{DVN} =57	L _{DVN} =58	L _{DVN} =69	L _{DVN} =43	L _{DVN} =49	L _{DVN} =57	L _{DVN} =65

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

*Data in table for 2019 show the noise without ships and in the front of the first buildings outside the Port's zone, data for 2018 show the noise in the Port, considering the noise of ships.

In 2018, a new Decree on the threshold values of environmental noise came into force, on the basis of which Luka Koper, d.d. in 2019 obtained a new environmental permit setting the noise level. The results for the first quarter 2019 are in compliance with the requirements of the environmental permit and a newly adopted Decree. Despite the new decree, at Luka Koper level targets are set and determined in accordance with the previous.

13.6 Energy

First three micro solar power plants on roofs of the existing transformer stations were installed in the Port of Koper, and this is the first step toward a partial energy self-sufficiency of the port.

Within the European project GAIN4MOS, a study on safety aspects ships' supply with the liquified natural gas (LNG) in the Port of Koper, started to be made.

13.6.1 Electricity and water consumption

In 2019, the use of electrified RTG cranes increased. The advantage of the use of the electric power. The advantage of using the electric energy for driving cranes is in significantly higher efficiency of machinery, low noise level and practically zero local emissions of exhaust gases. This is also the main reason for the increase of a specific use of the use of electric energy in the first quarter of 2019 in comparison with 2018. The reason for a higher specific use of water consumption in the first three months of 2019 in comparison to the year 2018, is in slightly higher absolute water consumption.

Specific consumption of energy and water per handled tonne of the total throughput²⁰ January – March 2018 and 2019

	1 – 3 2018	1 – 3 2019	INDEX 2019/2018
Electricity consumption (kWh/t)	0,68	0,72	106
Motor fuel consumption (l/t)	0,127	0,121	95
Potable water consumption (l/t)	3,31	3,88	117

Electricity consumption

The major consumers of the electric power in the port are the Container terminal and Bulk cargoes terminal. Among major consumers in the port are primarily quay cranes, food stuff, cold storage rooms at the Reefer terminal, conveyor belts for the transshipment of the dry bulk cargo, lighting and power supply to the reefer containers. In the first quarter of 2019, the company did not achieve the target value of specific electric energy consumption.

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 47 percent of motor

²⁰ Total throughput = maritime throughput + stuffing/unstuffing of containers + kopenski throughput

fuel, followed by rubber tyred gantry cranes RTG, reach stackers, railway track vehicles, forklifts and tractors. In January - March 2019, the major consumer of the motor fuel was the the Container terminal, which consumed 59 percent of the motor fuel. In the first quarter of 2019, the company achieved the target value of specific consumption 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. In the first quarter of 2019, the company did not achieve target value of specific water consumption.

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 quarter of 2019, measurements of the quality of the potable water within the port's network were carried out. At the Cruise terminal, and the results were in compliance with the law.

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 quarter of 2019, the authorised operator has not yet carried out the sampling of waste waters.

13.7 Effect of the lighting

The lighting in the port area is in line with regulations and in a way that a light is not directed upwards. The lighting plan is published on the company's website <https://www.luka-kp.si/slo/zakonodaja-in-okolje-200>.

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 - March 2019, 15 incidents were recorded in the port's aquatorium. In all cases of pollution at sea, measures were taken in accordance to the activation scheme of forces and resources for minor accident, and the consequences of pollution were successfully dealt with within the concession area.

Statistical data on intervention at sea, January – March 2018 and 2019

	1 – 3 2018	1 – 3 2019	INDEX 2019/2018
Number of accidents at sea	8	15	188
Number of interventions in the Port's aquatorium	8	13	163
Number of incidents not requiring intervention	0	2	-
Number of pollution incidents outside the Pprt's aquatorium	0	0	-

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

14 Human resources

Employees, with their knowledge, abilities, energy and focus on achieving business goals of society, are a key foundation for the success of society.

The guideline of approaches to human resources management is the Human Resources Management Strategy 2016-2020, which supports the Business Strategy of the Luka Koper Group and Luka Koper dd, d. d., for the period 2016-2020, which among the development priorities highlights the increase in productivity, efficiency and competitiveness of services.

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

13.3 Recruitment, turnover rate and employment structure

As at 31 March 2019, the Luka Koper Group had 1.558 employees, which is 452 more than as at 31 March 2018, and which is 41-percent increase. Intensive growth of number of employees results from the changes of the business model resp. introduction of the three-tier model related to the implementation of the port service provision strategy in the company Luka Koper, d. d.

In the first quarter of 2019, 325 employees were recruited in Luka Koper Group, which is 310 employments more than in the comparable period of the previous year. 76 percent of new employments result from the process of implementation of the port service provision strategy. The largest share of new employments involved jobs in the basis throughput processes in Luka Koper, d. d. . The tier I comprises the regular employment for areas where the labour demand is constant.

At the end of 2018, Luka Koper, d. d., published a public tender for the selection of recruitment agencies (tier II of the business model). Since submitted and evaluated tenders did not meet tender conditions, they were eliminated. The request of one tenderer to audit the tender procedure was forwarded for decision to the National Review Commission, and it was rejected. New public tender is in progress.

At the beginning of January 2019, first of three public tenders for services comprised in the tier III of the business model, was published.

Number of employees in Luka Koper Group

	31.03.2018	31.03.2019	Index 2019/2018
Luka Koper, d. d.	928	1.404	151
Luka Koper INPO, d. o. o.	149	122	82
Luka Koper Pristan, d. o. o.	4	4	100
Adria Terminali, d. o. o.	21	24	114
TOC, d. o. o.	4	4	100
Luka Koper Group	1.106	1.558	141

Comparison between recruitment, termination and turnover rate

	Number of new recruitments		Number of departures		TURNOVER RATE (in %) ²¹	
	1 – 3 2018	1 – 3 2019	1 – 3 2018	1 – 3 2019	1 – 3 2018	1 – 3 2019
Luka Koper, d. d.	9	324	7	9	0,7	0,6
Luka Koper Group	15	325	17	9	1,5	0,6

The number of departures from Luka Koper Group was significantly lower than in the same period last year. Among the reasons of the termination of the employment relationship prevail the retirements on the ground of age, to the minor extent consensual terminations of employment, in one case the employee's death.

Consequently, the staff turnover in Luka Koper Group in the first quarter of 2019, was low resp. significantly lower than in 2018.

14.1 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.

²¹ Method for calculating turnover rate = [number of departures / (initial number of employees + new recruitments)] x 100

Injuries at work

Parties involved	1 – 3 2018		1 –3 2019	
	All injuries	Whereof major injuries	All injuries	Whereof major injuries
Luka Koper, d. d.	1	0	6	0
Providers of port's services	12	0	9	0
Outsourcing companies	1	0	3	0
Subsidiaries	1	0	1	0

Currently, the objective of maximum 16 occupational injuries per million hours worked at Luka Koper, d.d. has been achieved. In the first quarter of 2019, the indicator shows 13.2 injuries per million hours worked.

In the first quarter of 2019, 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 for now has been achieved. No major material damage was recorded in the reporting period.

14.2 Education, training and development of employees

In the first quarter of 2019, Luka Koper Group provided on average higher number of hours of training than in the equivalent period last year and namely 5.9 hours of training per employee in Luka Koper Group resp. 6.4 hours in Luka Koper, d. d. The higher number of training is attributable to the intensive recruitment of workers involved in jobs in the basis throughput process and their training resp. operation of different types of machinery. 95 percent of training was in-house training, mainly operation of machinery, IMSBC (international legislation on safe transport of solid bulk cargo), quality standards, public procurement legislation, safe work at height.

39 percent of employees in Luka Koper Group resp. 40 percent of employees in Luka Koper d. d. were involved in the training.

Through the training agreement Luka Koper Group co-funds almost one percent of employees with aim to obtain a higher level of education resp. specific educational training. Luka Koper, d. d., allocated one scholarship for the academic year 2018/19.

In the first quarter of 2019, in Luka Koper Group recorded greater internal mobility of employees than in the comparable period last year. There were several forms of career development, whereby also the organisational changes had an impact on a higher share of horizontal resp. vertical promotions.

15 Commitment to the community

Corporate social responsibility is an integral part of the corporate governance of Luka Koper. Due to the embeddement of the Port in the urban space and the impact of its activities on the environment, Luka Koper endeavours to minimize the negative impacts of its activity and contribute to the boosting of the quality of life and the local environment. It is actively involved in local and wider community life as sponsor and donator of sport, cultural, humanitarian, environmental and educational organisations. In the first quarter of 2019, EUR 223.8 thousand were allocated. A substantial part of sponsorships and donations is related to a long-term partnership relations with beneficiaries, such as promising athletes, clubs, organisations and associations. In the beginning of January 2019, Luka Koper, d.d., published the call of the fund Living with the port, on which 357 applicants from the local and wider social environment will apply for funding of socially beneficial projects, events and operation of organisations. In compliance with publicly available criteria, the beneficiaries of sponsorships and donations will be known in May.

Luka Koper is conscious that good relationship with stakeholders in its environment depend on up-to-date, transparent and correct communication. Information on performance, developments and events are provided to the public directly or through diverse communication channels, such as: websites www.zivetispristaniscem.si and www.luka-kp.si, monthly Port's gazette, press releases, press conferences, interviews, articles, publications on the Ljubljana Stock Exchange website and through the social websites Facebook, Instagram, LinkedIn and Youtube.

Although the Port is the customs zone and the entrance is limited, yearly almost 20.000 of organised groupes of visitors, guided by Members of the Club of retired employees of Luka Koper, visit the port. Most of them are school groups. Port tour is possible also with Koper Card, thanks to which Tourist organisation provides towns' sightseeing and Port tour in the evbnt of the Port's Day, when Luka Koper opens its doors to individual visitors. This year the event will be held on May 18.

ACCOUNTING REPORT

16 Financial Statements of Luka Koper, d. d., and Group Luka Koper

16.1 Income Statement

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-3 2019	1-3 2018	1-3 2019	1-3 2018
Revenue	59,628,749	55,190,441	60,650,655	56,265,931
Capitalised own products and services	19,743	0	23,628	398,044
Other income	734,005	1,806,746	1,189,492	2,230,007
Cost of material	-4,417,454	-4,105,386	-4,465,460	-4,313,123
Cost of services	-13,995,695	-14,259,220	-13,310,875	-13,635,245
Employee benefits expense	-16,037,372	-12,447,958	-17,473,004	-14,029,610
Amortisation and depreciation expense	-7,106,635	-7,141,168	-7,280,169	-7,361,209
Other operating expenses	-2,152,579	-2,102,778	-2,187,214	-2,172,539
Operating profit	16,672,762	16,940,677	17,147,053	17,382,256
Finance income	213,134	58,658	203,213	60,140
Finance expenses	-258,924	-453,371	-212,549	-418,234
Profit or loss from financing activity	-45,790	-394,713	-9,336	-358,094
Profit or loss of associates	0	0	416,960	434,598
Profit before tax	16,626,972	16,545,964	17,554,677	17,458,760
Income tax expense	-3,102,106	-3,085,608	-3,176,603	-3,151,198
Deferred taxes	9,185	0	9,185	-531
Net profit for the period	13,534,051	13,460,356	14,387,259	14,307,031
Net profit attributable to owners of the company	0	0	14,384,401	14,304,755
Net profit attributable to non-controlling interests	0	0	2,858	2,276
Net earnings per share	0.97	0.96	1.03	1.02

*As from 1 January 2019, the Company/Group started to apply a new Standard IFRS 16 and applied the adapted retrospective approach, therefore the comparable data are not corrected. The effects are disclosed under amendments of accounting policies.

Notes to the financial statements are their integral part and shall be read in their conjunction.

16.2 Statement of Other Comprehensive Income

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-3 2019	1-3 2018	1-3 2019	1-3 2018
Profit for the period	13,534,051	13,460,356	14,387,259	14,307,031
Change in revaluation surplus of available-for-sale financial assets	-138,836	-236,285	-286,611	-236,903
Deferred tax on revaluation of available-for-sale financial assets	25,954	44,894	54,031	45,011
Change in fair value of hedging instruments	0	80,657	0	80,657
Deferred tax on change in value of hedging instruments	0	-15,325	0	-15,325
Item that are or may be reclassified subsequently to profit or loss	-112,882	-126,059	-232,580	-126,560
Total comprehensive income for the period	13,421,169	13,334,297	14,154,679	14,180,471

16.3 Statement of Financial Position

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
ASSETS				
Property, plant and equipment	360,628,680	355,839,069	374,846,325	370,565,314
Investment property	25,254,633	24,616,101	16,066,826	14,870,578
Intangible assets	2,513,391	2,605,462	2,788,295	2,894,095
Delnice in deleži v družbah v Skupini	4,533,063	4,533,063	0	0
Shares and interests in associates	6,737,709	6,737,709	14,171,776	13,754,815
Other non-current investments	31,298,649	31,437,485	35,237,547	35,524,158
Loans given and deposits	11,648	13,876	17,150	19,378
Non-current operating receivables	41,107	41,108	70,817	70,818
Deferred tax assets	8,110,434	8,075,295	8,024,268	7,961,052
Non-current assets	439,129,314	433,899,168	451,223,004	445,660,208
Inventories	1,343,597	1,322,412	1,343,597	1,322,412
Deposits and loans given	9,175	8,716	80,305	79,802
Trade and other receivables	49,832,148	44,935,604	50,432,042	45,596,345
Cash and cash equivalents	91,482,900	73,376,306	97,878,396	79,583,293
Current assets	142,667,820	119,643,038	149,734,340	126,581,852
TOTAL ASSETS	581,797,134	553,542,206	600,957,344	572,242,060
EQUITY AND LIABILITIES				
Share capital	58,420,965	58,420,965	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703	89,562,703	89,562,703
Revenue reserves	174,901,853	174,901,853	174,901,853	174,901,853
Reserves arising from valuation at fair value	10,394,120	10,507,002	11,275,313	11,507,892
Retained earnings	42,786,493	29,252,442	73,658,975	59,274,576
Equity of owners of the parent	0	0	407,819,809	393,667,989
Non-controlling interests	0	0	213,675	210,816
Equity	376,066,134	362,644,965	408,033,484	393,878,805
Provisions	18,999,823	19,460,792	19,430,881	19,936,175
Deferred income	24,229,167	23,651,341	26,121,167	25,567,895
Loans and borrowings	105,621,753	93,431,499	89,621,753	77,431,499
Other non-current financial liabilities	312,786	0	343,068	0
Non-current operating liabilities	1,029,835	1,304,783	1,103,923	1,380,528
Non-current liabilities	150,193,364	137,848,415	136,620,792	124,316,097
Loans and borrowings	10,524,795	13,685,558	10,524,795	13,685,558
Other current financial liabilities	460,049	156,684	432,227	145,363
Income tax liabilities	11,568,561	9,254,382	11,615,070	9,244,938
Trade and other payables	32,984,231	29,952,202	33,730,976	30,971,299
Current liabilities	55,537,636	53,048,826	56,303,068	54,047,158
TOTAL EQUITY AND LIABILITIES	581,797,134	553,542,206	600,957,344	572,242,060

*As from 1 January 2019, the Company/Group started to apply a new Standard IFRS 16 and applied the adapted retrospective approach, therefore the comparable data are not corrected. The effects are disclosed under amendments of accounting policies.

16.4 Statement of Cash Flows

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-3 2019	1-3 2018	1-3 2019	1-3 2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the period	13,534,051	13,460,356	14,387,259	14,307,031
Adjustments for:				
Amortisation/Depreciation	7,106,635	7,141,169	7,280,169	7,361,209
Reversal and impairment losses on property, plant and equipment, and intangible assets	65	3,591	65	3,591
Gain on sale of property, plant and equipment, intangible assets and investment property	0	-785,678	-7,114	-800,631
Allowances for receivables	144,129	144,824	153,943	205,035
Collected written-off receivables and liabilities	-33,161	-140,287	-35,545	-140,287
Reversal of provisions	-35,419	-643,396	-35,419	-643,396
Finance income	-213,134	-58,658	-203,213	-60,140
Finance expenses	258,924	453,372	212,549	418,234
Recognised results of subsidiaries under equity method	0	0	-416,960	-434,598
Income tax expense and income (expenses) from deferred taxes	3,092,921	3,085,608	3,167,418	3,151,729
Profit before change in net current operating assets and taxes	23,855,011	22,660,901	24,503,152	23,367,777
Change in operating receivables	-5,057,084	-5,445,200	-5,001,217	-5,178,807
Change in inventories	-21,185	-70,060	-21,185	-70,060
Change in assets (disposal group) held for sale	0	1,502,198	0	1,502,197
Change in operating liabilities	12,430,175	1,549,599	12,083,904	1,052,183
Change in provision	-425,550	370,063	-469,875	152,146
Change in non-current deferred income	577,826	1,479,556	553,272	1,433,595
Cash generated in operating activities	31,359,193	22,047,057	31,648,051	22,259,031
Interest expenses	-245,426	-497,972	-199,051	-418,234
Tax expenses	-12,290,244	-2,255,661	-12,310,732	-2,350,435
Net cash from operating activities	18,823,523	19,293,424	19,138,268	19,490,362
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	51,822	58,658	41,890	60,140
Dividends received and share of profits – other companies	133,025	0	133,025	0
Proceeds from sale of property, plant and equipment, and intangible assets	0	785,680	7,049	804,222
Proceeds from sale, less investments and loans given	2,150	2,076	2,150	2,076
Acquisition of property, plant and equipment, and intangible assets	-9,854,297	-1,947,001	-9,980,025	-2,111,775
Acquisition of investments, increase in loans given	0	0	0	-63
Net cash used in investing activities	-9,667,300	-1,100,587	-9,795,911	-1,245,400
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from non-current borrowings	43,716,356	0	43,716,356	0
Repayment of non-current borrowings	-27,714,285	0	-27,714,285	0
Repayment of current borrowings	-6,972,580	-4,126,147	-6,972,580	-4,151,929
Payment of the leased asset	-78,835	0	-76,460	0
Dividends paid	-285	0	-285	0
Net cash used in financing activities	8,950,371	-4,126,147	8,952,746	-4,151,929
Net increase in cash and cash equivalents	18,106,594	14,066,690	18,295,103	14,093,033
Opening balance of cash and cash equivalents	73,376,306	28,202,590	79,583,293	32,374,215
Closing balance of cash and cash equivalents	91,482,900	42,269,280	97,878,396	46,467,248

16.5 Statement of Changes in Equity of Luka Koper, d.d.

(in EUR)	Reserves arising on valuation at fair value								Total equity
	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Investments	Financial instruments	Actuarial gains/losses	
Balance at 31 Dec 2017 - restated	58,420,965	89,562,703	18,765,115	126,842,241	17,206,841	10,893,275	-80,471	-1,013,085	320,597,584
Druge spremembe lastniškega kapitala	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
Total comprehensive income for the period									
Profit for the period	0	0	0	0	13,460,356	0	0	0	13,460,356
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	-191,391	0	0	-191,391
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	65,332	0	65,332
	0	0	0	0	13,460,356	-191,391	65,332	0	13,334,297
Balance at 31 March 2018	58,420,965	89,562,703	18,765,115	126,842,241	30,667,197	10,701,884	-15,139	-1,013,085	333,931,881
Balance at 31 December 2018	58,420,965	89,562,703	18,765,115	156,136,738	29,252,443	11,653,397	0	-1,146,395	362,644,966
Total comprehensive income for the period									
Profit for the period	0	0	0	0	13,534,051	0	0	0	13,534,051
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	-112,882	0	0	-112,882
	0	0	0	0	13,534,051	-112,882	0	0	13,421,169
Balance at 31 March 2019	58,420,965	89,562,703	18,765,115	156,136,738	42,786,494	11,540,515	0	-1,146,395	376,066,135

16.6 Consolidated Statement of Changes in Equity of Group Luka Koper

(in EUR)	Reserves arising on valuation at fair value								Total equity of owners of the parent company	Non-controlling interests	Total equity
	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Investments	Financial instruments	Actuarial gains/losses			
Balance at 31 Dec 2017 - restated	58,420,965	89,562,703	18,765,115	126,842,241	46,100,910	11,671,809	-80,472	-1,093,285	350,189,986	192,336	350,382,319
Total comprehensive income for the period											
Profit for the period	0	0	0	0	14,304,755	0	0	0	14,304,755	2,276	14,307,031
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	-191,892	0	0	-191,892	0	-191,892
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	65,332	0	65,332	0	65,332
	0	0	0	0	14,304,755	-191,892	65,332	0	14,178,195	2,276	14,180,471
Balance at 31 March 2018	58,420,965	89,562,703	18,765,115	126,842,241	60,405,665	11,479,917	-15,140	-1,093,285	364,368,181	194,612	364,562,793
Balance at 31 December 2018	58,420,965	89,562,703	18,765,115	156,136,738	59,274,576	12,730,680	0	-1,222,788	393,667,989	210,816	393,878,805
Total comprehensive income for the period											
Profit for the period	0	0	0	0	14,384,401	0	0	0	14,384,401	2,858	14,387,259
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	-232,580	0	0	-232,580	0	-232,580
	0	0	0	0	14,384,401	-232,580	0	0	14,151,821	2,858	14,154,679
Balance at 31 March 2019	58,420,965	89,562,703	18,765,115	156,136,738	73,658,979	12,498,100	0	-1,222,788	407,819,812	213,674	408,033,486

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 (hereinafter: Group). Non-audited separate financial statements of Luka Koper, d. d. and non-audited consolidated financial statements of Luka Koper Group, for January – March 2019 resp. as at 31 March 2019 are presented hereinafter. Consolidated financial statements refer to the financial statements of the controlling company and the 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 31 December 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 are not considered significant for a fair presentation on the Group's financial position. They operate in a limited scope and without employees. If operations of the companies should change considerably, they would be included in the Group's consolidated statements.

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 – March 2019, in comparison with the comparable

data for the previous year, together with the company's financial position as at 31 March 2019 in comparison with 31 December 2018.

Financial statements of Luka Koper, d. d. and consolidated financial statements of Luka Koper Group for the reporting period January – March 2019 are not audited, whilst they were audited for the comparable period as at 31 December 2018.

Use of estimates and judgements

Preparation of financial statements in conformity with International Financial Reporting Standards (IFRSs) requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates are formed based on past experience and expectations in the accounting period.

Estimates, judgements and assumptions are reviewed on a regular basis. Actual results may differ from these situations, hence estimates and underlying assumptions are reviewed on a regular basis. Changes in accounting estimates are recognised in the period for which the estimates are modified, or in the coming periods that are impacted by respective changes.

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 2018, except for the following changes:

IFRS 16 – Leases

On 1 January Luka Koper, d.d. and the Luka Koper Group started to apply the standard IFRS 16 – Leases which replaces the standard IFRS 17.

The scope of application of IFRS 16 comprises leases of all assets with a few exceptions. Pursuant to the standard, lessees should recognise all leases through profit and loss under a single lessee accounting model without making a distinction between an operating or finance lease, in the same manner that finance leases are recognised pursuant to IAS 17. IFRS 16 supersedes IAS 17 – Leases and related interpretations. The standard allows two exemptions in recognising assets, i.e. when the underlying asset is of low value (such as personal computers) and short-term leases (leases with a term of 12 or less than 12 months). As at the date of the beginning of lease, the lessee is required to recognise the obligation to make lease payments (i.e. a lease liability) and the asset representing the right to use the underlying leased asset for the duration of the lease (i.e. a right-of-use asset).

Under IFRS 16, the contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lessees shall recognise separately interest expense with respect to the lease liability and depreciation costs from the right-of-use asset. The right-of-use asset is depreciated, and interest is added to the liabilities. This results in a concentrated pattern of expense for most leases, even if the lessee pays a fixed annual rent. If certain events should occur (such as changes in the lease period, changes in the value of future lease payments due to variations in the

index or rate, based on which lease payment is determined), lessees shall have to remeasure the lease liability). In general, lessees recognise the remeasurement value of lease liability as an adjustment to the right-of-use asset.

The introduction of the new standard will not substantially change the lease accounting from the lessor's perspective, the distinction between the operating lease and the finance lease remains in force.

For the lessor, accounting requirements are not considerably different from those in force under IAS 17.

The IFRS 16 Standard is applicable to annual period beginning on or after 1 January 2019. The lessee may decide to apply the standard retroactively in full or in part. Transitional provisions of the Standard allow for certain facilitating measures. Earlier application is permitted, but only if the company has already applied IFRS 15.

The Company/the Group has examined and analysed all lease contracts. The standard allows for exemptions in the recognition of leases, i.e. for leases with a lease term of 12 months or less, and for leases where the underlying asset has a low value. The Company/the Group has decided to apply exemptions and thus accounts for lease payments as an expense also in 2019. There are two possible transitions to the new standard; the Company/the Group has opted for transition without affecting its statement of financial position (modified retrospective method) and implemented the standard as at 1 January 2019.

Based on analysis results, the Company estimated the values of the right-of-use and lease liability. Values of the right-of-use and lease liability have been estimated by discounting the future cash flows for the period of lease. Cash flows are discounted based on a pondered interest rate realised by the Company when raising non-current loans. Depreciation resulting from the right-of-use is calculated based on the remaining lease term.

The impact of IFRS 16 on consolidated financial statements of Luka Koper, d. d./Luka Koper Group in January – March 2019:

Statement of financial position:

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	31 Mar 2019	1 Jan 2019	31 Mar 2019	1 Jan 2019
ASSETS	603,374	680,417	617,094	691,776
Right-of-use	603,374	680,417	617,094	691,776
LIABILITIES	602,938	680,417	616,719	691,776
Lease liabilities	602,938	680,417	616,719	691,776

Income Statement:

(in EUR)	Luka Koper, d. d.	Group Luka Koper
	1-3 2019	1-3 2019
Depreciation of right-of-use	-77,043	-74,683
Rentals	78,835	76,460
Operating profit	1,792	1,777
Finance lease expenditure	-1,356	-1,402
Profit/loss before tax	436	375

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	IFRS 16	IAS 17	IFRS 16	IAS 17
	Depreciation of right-of-use	-77,043	0	-74,683
Rentals	-24,916	-103,751	-44,427	-120,887
Operating profit	-101,959	-103,751	-119,110	-120,887
Finance lease expenditure	-1,356	0	-1,402	0
Profit/loss before tax	-103,315	-103,751	-120,512	-120,887

Lease costs related to exemptions:

(in EUR)	Luka Koper, d. d.	Group Luka Koper
	1-3 2019	1-3 2019
Short term rental	13,128	31,830
Low asset value	11,516	12,326
Variable rental	272	271
Total rental cost	24,916	44,427

18 Additional Notes to the Income Statement

Revenue

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-3 2019	1-3 2018	1-3 2019	1-3 2018
Revenue from sales with domestic customers based on contract with customer	19,806,188	16,308,603	20,671,130	17,191,300
- services	19,799,274	16,308,603	20,664,216	17,191,300
- goods and material	6,914	0	6,914	0
Revenue from sales with foreign customers based on contract with customer	39,407,970	38,512,890	39,616,010	38,762,788
- services	39,407,970	38,512,890	39,616,010	38,762,788
Revenue from sales with domestic customers from rentals	413,343	368,048	362,267	310,943
Revenue from sales with foreign customers from rentals	1,248	900	1,248	900
Total	59,628,749	55,190,441	60,650,655	56,265,931

Other revenue

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-3 2019	1-3 2018	1-3 2019	1-3 2018
Other operating income	68,580	1,569,361	523,443	1,968,521
Reversal of provisions	35,419	643,396	35,419	643,396
Subsidies, grants and similar income	0	0	445,365	384,207
Revaluation operating income	33,161	925,965	42,659	940,918
Income on sale of property, plant and equipment and investment property	0	785,678	7,114	800,631
Collected written-off receivables and written-off liabilities	33,161	140,287	35,545	140,287
Other income	665,425	237,385	666,049	261,486
Compensations and damages	571,224	142,406	571,829	166,109
Subsidies and other income not related to services	92,845	94,975	92,845	94,976
Other income	1,356	4	1,375	401
Total	734,005	1,806,746	1,189,492	2,230,007

Received compensations and damages of Luka Koper, d. d. in the first quarter of 2019 amounted to EUR 571,224, and were mostly related to the received compensations for damage in the amount of EUR 346,849 and received compensation for collapsed quay crane.

Subsidies, grants and similar revenue mostly account for retained contributions on salaries of employees in the subsidiary Luka Koper INPO, d. o. o..

Cost of material

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-3 2019	1-3 2018	1-3 2019	1-3 2018
Cost of material	0	0	259	281
Cost of auxiliary material	695,179	600,640	724,699	739,479
Cost of spare parts	1,495,285	1,354,514	1,451,363	1,326,180
Cost of energy	2,057,154	2,010,879	2,108,153	2,093,856
Cost of office stationary	59,322	50,352	62,653	53,271
Other cost of material	110,514	89,001	118,333	100,056
Total	4,417,454	4,105,386	4,465,460	4,313,123

Cost of services

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-3 2019	1-3 2018	1-3 2019	1-3 2018
Port services	6,991,691	7,874,193	6,496,475	7,468,447
Cost of transportation	53,305	65,691	60,703	45,754
Cost of maintenance	1,988,272	1,861,079	1,965,324	1,449,420
Rentals	24,915	87,695	44,429	126,912
Reimbursement of labour-related costs	86,640	61,226	90,660	65,247
Costs of payment processing, bank charges and insurance premiums	249,254	201,690	268,236	234,626
Cost of intellectual and personal services	365,439	227,941	372,711	236,296
Advertising, trade fairs and hospitality	227,789	150,971	229,714	152,001
Costs of services provided by individuals not performing business activities	80,122	88,550	82,616	91,578
Sewage and disposal services	235,350	214,998	134,564	149,137
Information support	644,394	704,928	679,187	749,752
Concession-related costs	2,036,849	1,932,656	2,036,849	1,932,656
Costs of other services	1,011,675	787,602	849,407	933,419
Total	13,995,695	14,259,220	13,310,875	13,635,245

Within the cost of services, a major share represented cost of port services of the controlling company. The decrease is primarily attributable to the commencement of the implementation of the port service provision strategy.

As result of higher operating expenses, the concession costs increased.

As of March 2019, the controlling company started to pay the transshipment fee, pursuant to the Act regulating the construction, operation and management of Divača-Koper railway line.

Employee benefits expense

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-3 2019	1-3 2018	1-3 2019	1-3 2018
Wages and salaries	10,733,333	8,251,504	11,686,425	9,294,568
Wage compensations	1,418,088	1,200,988	1,542,601	1,343,268
Costs of additional pension insurance	415,996	371,820	460,814	423,176
Employer's contributions on employee benefits	2,009,152	1,550,802	2,181,566	1,739,694
Annual holiday pay, reimbursements and other costs	1,460,803	1,072,844	1,601,598	1,228,904
Total	16,037,372	12,447,958	17,473,004	14,029,610

In the first quarter of 2019, labour costs increased in comparison with the preceding year, primarily because of new recruitments, since from March 2018 until March 2019, the Company additionally employed 476 persons, whilst the Group employed 452 persons.

Amortisation and depreciation expense

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-3 2019	1-3 2018	1-3 2019	1-3 2018
Depreciation of buildings	3,215,292	3,253,263	3,336,960	3,397,321
Depreciation of equipment and spare parts	3,485,782	3,563,715	3,607,996	3,730,661
Depreciation of small tools	3,514	5,065	3,697	5,625
Depreciation of investment property	151,996	157,990	68,640	52,736
Amortisation of intangible assets	170,131	161,135	183,860	174,866
Depreciation of investment into foreign-owned assets	2,877	0	4,333	0
Depreciation of right-of-use	77,043	0	74,683	0
Total	7,106,635	7,141,168	7,280,169	7,361,209

Other expenses

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-3 2019	1-3 2018	1-3 2019	1-3 2018
Provisions	0	39,419	0	39,419
Impairment costs, write-offs and losses on property, plant and equipment, and investment property	65	3,591	65	3,591
Expenses for allowances for receivables	144,129	144,824	153,943	205,035
Levies that are not contingent upon employee benefits expense and other types of cost	1,699,049	1,619,394	1,713,924	1,628,713
Donations	64,000	135,450	65,600	138,000
Environmental levies	26,877	35,624	24,142	32,135
Awards and scholarship to students inclusive of tax	5,417	2,653	5,417	3,415
Awards and scholarship to students	600	2,000	600	2,000
Other costs and expenses	212,442	119,823	223,523	120,231
Total	2,152,579	2,102,778	2,187,214	2,172,539

Among levies that are not contingent upon labour costs and other types of costs the Company/Group mostly account for the uses of the construction land.

Finance income and finance expenses

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-3 2019	1-3 2018	1-3 2019	1-3 2018
Finance income from shares and interests	161,323	0	161,323	0
Finance income from shares and interests in other companies	161,323	0	161,323	0
Finance income - interest	224	298	273	370
Interest income - other	224	298	273	370
Finance income from operating receivables	51,587	58,360	41,617	59,770
Finance income from operating receivables due from others	51,587	58,360	27,557	47,782
Exchange differences	0	0	14,060	11,988
Total finance income	213,134	58,658	203,213	60,140
Finance expenses – interest	-245,529	-419,376	-212,302	-382,584

Interest expenses – Group companies	-33,273	-36,792	0	0
Interest expenses – banks	-210,900	-382,584	-210,900	-382,584
Financial expenses arising from lease liabilities to others	-1,215	0	-1,402	0
Financial expenses arising from lease liabilities to Group companies	-141	0	0	0
Finance expenses for financial liabilities	-13,395	-33,995	-247	-35,650
Finance expenses for trade payables	-44	-23	-44	-31
Finance expenses for other operating liabilities	-13,351	-33,972	-203	-8,751
Exchange differences	0	0	0	-26,868
Total finance expenses	-258,924	-453,371	-212,549	-418,234
Net financial result	-45,790	-394,713	-9,336	-358,094

Finance income from shares refers to profits of companies from 2018.

In the first quarter of 2019, finance expenses for interests to banks amounted to EUR 210,900, and compared to the equivalent period last year, this was a decrease of EUR 171,684. The decrease in finance expenses is attributable to the lower extent of debt and completed refinancing of expensive loans with cheaper ones in Luka Koper, d.d. .

Profit

Luka Koper, d. d.

In January – March 2019, the company generated the operating profit in the amount of EUR 16,672,762, in the comparable period in the previous year EUR 16,940,677. The financial result was negative and amounted EUR 45,790, likewise it was negative in the comparable period in the previous year when it amounted to EUR 394,713. The profit before tax amounted to EUR 16,626,972, in the comparable period last year to EUR 16,545,964. the corporate income tax in the amount of EUR 3,102,106 was taken into account. In the first quarter of 2019, generated the net profit in the amount of EUR 13,534,051, whilst the net profit in the comparable period of the previous year amounted to EUR 13,460,356.

Luka Koper Group

In January –March 2019, the Luka Koper Group generated the operating profit in the amount of EUR 17,147,053, in the equivalent period last year EUR 17,382,256. The financial result was negative and amounted EUR 9,336, likewise it was negative in the comparable period last year when it amounted to EUR 358,094. The profit before tax amounted to EUR 17,554,677, in the comparable period last year to EUR 17,458,760. The net profit and loss of the Luka Koper Group in the first quarter of 2019 amounted to EUR 14,387,259 (in the comparable period in the previous year, it amounted to EUR 14,307,031), whereof EUR 14,384,401 is attributable to the owner of the controlling company (the comparable period in 2018, EUR 14,304,755) and EUR 2,858 to owners of non-controlling interests (in the comparable period in the previous year, EUR 2,276). The non-controlling interest belongs to the co-owner of the subsidiary TOC, d. o. o.

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	31. 3. 2019	31. 3. 2018	31. 3. 2019	31. 3. 2018
Net profit for the period	13,534,051	13,460,356	14,384,401	14,304,755
Total number of shares	14,000,000	14,000,000	14,000,000	14,000,000
Basic and diluted earnings per share	0.97	0.96	1.03	1.02

19 Additional Notes to the Statement of Financial Position

Property, plant and equipment

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Land	15,165,920	15,117,508	18,416,145	18,407,884
Buildings	232,916,847	235,321,649	241,641,855	244,601,048
Plant and machinery	80,263,746	82,744,918	82,480,588	84,648,570
Property, plant and equipment being acquired and advances given	31,678,793	22,654,994	31,690,643	22,907,812
Right-of-use	603,374	0	617,094	0
Total	360,628,680	355,839,069	374,846,325	370,565,314

In the reporting period, total investments of Luka Koper, d.d. amounted to EUR 11,762,355, whilst the Group invested in the amount of EUR 11,959,914 .

Largest implemented investments were the following:

- ◆ Advance payment for the rubber tyred gantry cranes (RTG),
- ◆ Advance payment for five E-RTG cranes for the needs of the container terminal,
- ◆ Completion of the construction of the road access the new gate at Sermin,
- ◆ Start of the installation of the fire-fighting pumping station with two vertical pumps.

Investment prtoperty

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Investment property - land	14,506,710	14,546,862	11,256,486	11,256,486
Investment property - buildings	10,747,922	10,069,239	4,810,340	3,614,092
Total	25,254,632	24,616,101	16,066,826	14,870,578

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.

Intangible assets

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Non-current property rights (concessions, patents, licences, trademarks and similar rights)	2,513,391	2,605,462	2,788,295	2,894,095
Total	2,513,391	2,605,462	2,788,295	2,894,095

Right-of-use assets

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	31 Mar 2019	31 Dec 2018*	31 Mar 2019	31 Dec 2018*
Land	533,643	0	518,039	0
Buildings	63,706	0	70,233	0
Plant and machinery	6,025	0	28,822	0
Skupaj	603,374	0	617,094	0

*As from 1 January 2019, the Company/Group started to apply a new Standard IFRS 16 and applied the adapted retrospective approach, therefore the comparable data are not corrected. The effects are disclosed under amendments of accounting policies.

Shares and interests in Group companies

As at 31 March 2019, shares and interests in Group companies amounted to EUR 4,533,063 (there are no changes since the previous year).

Shares in subsidiaries, are eliminated in the consolidation procedure in Group's financial statements.

Shares and interests in the associates

Luka Koper, d. d.

As at 31 March 2019, shares and interests amounted to EUR 6,737,709. In comparison with the situation as at 31 December 2018, their value stood at the same level.

Group Luka Koper

(in EUR)	2019	2018
Balance at 1 Jan	13,754,815	13,376,467
Increase		
Attributable profits	416,961	434,598
- Adria Transport, d. o. o.	150,074	139,057
- Adria-tow, d. o. o.	180,463	133,147
- Adriaфин, d. o. o.	-8,454	-9,535
- Avtoservis, d. o. o.	94,879	171,929
Balance at 31 Mar	14,171,776	13,811,065

Other non-current investments

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Other investments measured at fair value through profit or loss	928,827	928,827	3,414,602	3,414,602
Other investments measured at fair value through comprehensive income	30,369,822	30,508,658	31,822,945	32,109,556
Total	31,298,649	31,437,485	35,237,547	35,524,158

Deferred tax

(in EUR)	Luka Koper, d. d.				Group Luka Koper			
	Deffered tax assets		Deffered tax liabilities		Deffered tax assets		Deffered tax liabilities	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Deferred tax assets and liabilities relating to:								
impairment of investments in subsidiaries	538,738	538,738	0	0	538,738	538,738	0	0
impairment of other investments and deductible temporary differences arising on securities	9,270,524	9,270,524	2,707,035	2,732,988	9,291,691	9,291,691	2,877,916	2,985,684
allowances for trade receivables	214,828	205,643	0	0	270,879	284,026	0	0
provisions for retirement benefits	285,021	285,021	0	0	291,859	319,374	0	0
provisions for jubilee premiums	54,374	54,374	0	0	55,034	58,924	0	0
long-term accrued costs and deferred income from public commercial services	453,983	453,983	0	0	453,983	453,983	0	0
Total	10,817,468	10,808,283	2,707,035	2,732,988	10,902,184	10,946,736	2,877,916	2,985,684
Off-set with deffered tax liabilities relating to impairment of other investments and deductible temporary differences arising on securities	-2,707,035	-2,732,988	-2,707,035	-2,732,988	-2,877,916	-2,985,684	-2,877,916	-2,985,684
Total	8,110,433	8,075,295	0	0	8,024,268	7,961,052	0	0

Trade and other receivables

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Current trade receivables:				
domestic costumers	20,308,211	17,894,351	20,981,940	18,602,598
foreign costumers	22,362,161	19,996,725	22,612,255	20,214,049
Current operating receivables due from Group companies	553,649	394,926	0	0
Current operating receivables due from associates	104,264	193,348	104,264	193,348
Current trade receivables	43,328,286	38,479,350	43,698,459	39,009,995
Advances and collaterals given	71,828	3,090,406	75,640	3,090,899
Short-term receivables related to financial revenues	11	0	14	1
Receivables due from the state	2,245,634	2,590,916	2,396,316	2,701,347
Other current receivables	135,612	107,015	160,043	124,861
Total trade receivables	45,781,371	44,267,687	46,330,472	44,927,103
Short-term deferred costs and expenses	3,676,360	251,036	3,695,943	251,669
Accrued income	374,417	206,020	405,627	417,573
Right-of-use	0	210,861	0	0
Other receivables	4,050,777	457,056	4,101,570	669,242
Total	49,832,148	44,724,743	50,432,042	45,596,345

The controlling company received from the Financial administration of the Republic of Slovenia a decision with regard to the Corporation tax return for 2017 in the amount of EUR 3,058,642 and has settled the obligation. The latter was recorded among accrued costs and expenses, since the Company appealed against this decision.

Movements of trade receivables družbe Luka Koper, d. d.:

(in EUR)	31 Mar 2019	Allowances 2019	31 Dec 2018	Allowances 2018
Outstanding and undue trade receivables	37,140,113	-79,227	32,876,470	-68,560
Past due receivables:				
up to 30 days	5,908,142	-59,081	5,216,604	-52,710
31 to 60 days overdue	301,155	-30,116	329,195	-33,688
61 to 90 days overdue	118,301	-23,660	115,422	-24,916
91 to 180 days overdue	73,562	-24,510	157,425	-55,747
more than 180 days overdue	751,507	-747,900	635,473	-615,619
Total	44,292,780	-964,494	39,330,589	-851,240

Note: The amount comprises trade receivables, subsidiaries and associated companies.

Movements of trade receivables Group Luka Koper:

(in EUR)	31 Mar 2019	Allowances 2019	31 Dec 2018	Allowances 2018
Outstanding and undue trade receivables	37,260,897	-81,029	33,075,479	-69,940
Past due receivables:				
up to 30 days	6,104,825	-61,048	5,486,120	-54,306
31 to 60 days overdue	341,080	-34,108	394,334	-40,316
61 to 90 days overdue	115,522	-23,104	121,865	-26,400
91 to 180 days overdue	107,401	-34,927	162,490	-57,860
more than 180 days overdue	1,150,835	-1,147,885	1,033,409	-1,014,881
Total	45,080,560	-1,382,101	40,273,698	-1,263,703

Cash and cash equivalents

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Cash in hand	284	253	16,643	10,834
Bank balances	41,482,616	23,376,053	45,881,753	27,592,459
Current deposits	50,000,000	50,000,000	51,980,000	51,980,000
Total	91,482,900	73,376,306	97,878,396	79,583,293

Equity

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Share capital	58,420,965	58,420,965	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703	89,562,703	89,562,703
Revenue reserves	174,901,853	174,901,853	174,901,853	174,901,853
<i>Legal reserves</i>	<i>18,765,115</i>	<i>18,765,115</i>	<i>18,765,115</i>	<i>18,765,115</i>
<i>Other revenue reserves</i>	<i>156,136,738</i>	<i>156,136,738</i>	<i>156,136,738</i>	<i>156,136,738</i>
Reserves arising from valuation at fair value	10,394,120	10,507,002	11,275,313	11,507,892
Retained earnings	29,252,442	-42,055	59,274,574	28,827,350
Net profit for the period	13,534,051	29,294,497	14,384,401	30,447,226
Equity of owners of the parent	376,066,134	362,644,965	407,819,809	393,667,989
Non-controlling interests	0	0	213,675	210,816
Equity	376,066,134	362,644,965	408,033,484	393,878,805

Provisions

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Provisions for retirement benefits and similar obligations	3,783,281	4,204,831	4,214,339	4,680,214
Provisions for legal disputes	15,216,542	15,255,961	15,216,542	15,255,961
Total	18,999,823	19,460,792	19,430,881	19,936,175

Movements in provisions Luka Koper, d. d.:

(in EUR)	Termination benefits	Jubilee premiums	Defined contribution retirement benefit plan	Total post-employment benefits	Claims and damages	Total
Balance at 31 Dec 2017	2,643,075	541,707	0	3,184,782	17,032,786	20,217,568
Movement:						
Formation	442,736	69,057	659,670	1,171,463	279,418	1,450,881
Transfer from current borrowings	0	0	216,280	216,280	0	216,280
Transfer	57,755	18,912	-90,183	-13,516	0	-13,516
Use	-126,406	-42,326	-153,505	-322,237	-312,847	-635,084
Reversal	-16,943	-14,998	0	-31,941	-1,743,396	-1,775,337
Balance at 31 Dec 2018	3,000,217	572,352	632,262	4,204,831	15,255,961	19,460,792
Movement:						
Formation	0	0	210,705	210,705	0	210,705
Transfer	0	0	-207,452	-207,452	0	-207,452
Use	0	0	-424,803	-424,803	-4,000	-428,803
Reversal	0	0	0	0	-35,419	-35,419
Balance at 31 Mar 2019	3,000,217	572,352	210,712	3,783,281	15,216,542	18,999,823

Movements in provisions Group Luka Koper:

(in EUR)	Termination benefits	Jubilee premiums	Defined contribution retirement benefit plan	Total post-employment benefits	Claims and damages	Total
Balance at 31 Dec 2017	3,054,775	614,266	0	3,669,041	17,032,786	20,701,827
Movement:						
Formation	492,488	77,666	725,545	1,295,699	279,418	1,575,117
Transfer from current borrowings	0	0	216,280	216,280	0	216,280
Transfer	0	0	-90,183	-90,183	0	-90,183
Use	-168,497	-56,680	-153,505	-378,682	-312,847	-691,529
Reversal	-16,943	-14,998	0	-31,942	-1,743,396	-1,775,338
Balance at 31 Dec 2018	3,361,822	620,254	698,137	4,680,213	15,255,961	19,936,174
Movement:						
Formation	0	0	232,255	232,255	0	232,255
Use	0	0	-698,130	-698,130	-4,000	-702,130
Reversal	0	0	0	0	-35,419	-35,419
Balance at 31 Mar 2019	3,361,822	620,254	232,262	4,214,338	15,216,542	19,430,880

Defined contribution retirement benefit plan relates to post-employment benefit obligations (one-off payments on retirement).

Pursuant to Article 92 of IAS 37 – Provisions, Contingent liabilities and Contingent Assets, Company /Group does not disclose the information on the legal obligations, since their disclosure would create a judgement on the Company's position in a dispute with other parties.

Deferred income

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Long-term deferred income for regular maintenance	19,830,596	19,208,191	19,830,596	19,208,191
Non-refundable grants received	4,398,571	4,443,150	4,836,384	4,868,526
Other non-current deferred income	0	0	1,454,187	1,491,178
Total	24,229,167	23,651,341	26,121,167	25,567,895

Pursuant to the Concession Agreement, Luka Koper, d.d. records deferred income on regular maintenance as non-current deferred income since it has the right and obligation to collect port dues, which serve as income intended to cover the costs of performing public utility service of regular

maintenance of the port infrastructure intended for public transport. With respect to any annual surplus of revenue over costs, the Company forms non-current deferred income for covering the costs of public utility service relating to regular maintenance of the port infrastructure in the coming years. In the event that costs exceeded the revenue, the Company would be utilising non-current deferred income.

The grant funds received refer to received EU fund, which are drawn in accordance with the assets' useful life. The grants received comprise 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., sheltered workshop, and namely contributions to insurance schemes for retirement pension, disability, sickness, and maternity. The assets were 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.

Group's other non-current deferred income comprises non-current deferred income earmarked to cover the costs of depreciation of fixed assets.

Non-current borrowings

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Non-current financial liabilities to Group companies	16,000,000	16,000,000	0	0
Non-current borrowings from domestic banks	63,228,310	50,464,286	63,228,310	50,464,286
Non-current borrowings from foreign banks	26,393,443	26,967,213	26,393,443	26,967,213
Total	105,621,753	93,431,499	89,621,753	77,431,499

Non-current financial liabilities to Group companies remained at the same level as 31 December 2018, whilst in Luka Koper Group they were eliminated in the consolidation process.

In 2018, the controlling company Luka Koper, d. d., began the procedure of refinancing part of its long-term loans payable, and completed it in January 2019. Long-term loans were signed with two banks, i.e. Intesa Sanpaolo, d. d., and SID, d. d., for the period of 10 years and for a total amount of EUR 43,716,356, each bank providing a half. By refinancing part of its loans, the Company/Group has prolonged the maturity of its sources of funds, while also replacing part of its variable-rate sources of funds with fixed interest rate sources, and reducing financing costs.

Current borrowings

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Current borrowings from domestic banks	8,229,713	11,390,476	8,229,713	11,390,476
Current borrowings from foreign banks	2,295,082	2,295,082	2,295,082	2,295,082
Total	10,524,795	13,685,558	10,524,795	13,685,558

Trade and other payables

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Current liabilities to:				
domestic suppliers	16,752,673	16,727,441	17,108,877	17,063,746
foreign suppliers	340,568	474,164	343,788	491,391
Current liabilities to Group companies	549,414	513,790	0	0
Current liabilities to associates	62,657	84,498	62,657	84,498
Current trade payables	17,705,312	17,799,893	17,515,322	17,639,635
Current liabilities from advances	1,163,514	1,623,279	1,306,667	1,780,057
Current liabilities to employees	4,788,627	6,016,943	5,088,825	6,362,944
Current liabilities to state and other institutions	11,615,836	3,861	11,659,143	12,814
Total operating liabilities	35,273,289	25,443,976	35,569,957	25,795,450
Accrued costs	9,213,259	4,508,226	9,665,280	5,175,849
Other operating liabilities	9,213,259	4,508,226	9,665,280	5,175,849
Total	44,486,548	29,952,202	45,235,237	30,971,299

The item current liabilities to the state and current liabilities to other institutions mostly relate to the liability of Luka Koper, d.d. i.e. corporation income tax for 2018.

The accrued costs comprise the accrued costs for the concession fee, costs of the annual holiday pay, costs for the collective job performance, interests for loans, costs of performance bonuses for employees under individual contracts, costs of unused holidays and accrued costs for invoices to be received.

Contingent liabilities

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Guarantees given	2,610,000	1,610,000	2,940,709	2,154,763
Securities given	3,215,574	3,360,506	3,215,574	3,360,506
Contingent liabilities under legal disputes	5,991,268	5,974,481	5,991,268	5,977,395
Commitments for the purchase of assets	35,904,251	32,160,873	36,088,651	32,160,873
Total contingent liabilities	47,721,092	43,105,859	48,236,201	43,653,537

Financial liabilities for the purchase of assets refer to concluded contracts for the purchase/construction of assets in the coming period.

Related parties transactions

Transactions with the Government of the Republic of Slovenia

Transactions between Luka Koper, d. d./ Luka Koper Group and the Government of the Republic of Slovenia in January – March 2019 were the following:

(in EUR)	Luka Koper, d. d.				Group Luka Koper			
	Payments in period 1-3 2019	Costs/ expenses in period 1-3 2019	Payments in period 1-3 2018	Costs/ expenses in period 1-3 2018	Payments in period 1-3 2019	Costs/ expenses in period 1-3 2019	Payments in period 1-3 2018	Costs/ expenses in period 1-3 2018
Concessions and water fee	1,789,154	2,036,849	1,599,284	1,932,656	1,789,154	2,036,849	1,599,284	1,932,656
Transshipment tax	0	546,198	0	0	0	546,198	0	0
Corporate income tax (taxes and advance payments)	787,926	3,102,106	1,731,231	3,151,198	808,918	3,176,603	1,731,231	3,151,198
Other taxes and contributions	2,016,040	2,009,152	1,675,355	1,739,694	2,206,167	2,181,566	1,675,355	1,739,694
Total	4,593,120	7,694,305	5,005,870	6,823,548	4,804,239	7,941,216	5,005,870	6,823,548

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

Transactions with companies in which the Republic of Slovenia has direct controlling influence

The share-holder related companies are those in which the Republic of Slovenia and SDH together directly hold at least 20 percent stake. The list of these companies is published on the Slovenian Sovereign Holding website (<https://www.sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb>).

Luka Koper, d. d.

In the first quarter of 2019, Luka Koper, d. d., conducted transactions in the amount of EUR 3,088,340 referring to the sales to companies where the Government has direct dominant influence, and transactions in the amount of EUR 4,680,499 referring to the purchase. Most of sales referred to services in connection with the port activity, major purchases represent also cost of railway transport, purchase of energy and insurance costs. As at 31 March 2019, Luka Koper Group, recorded receivables in the amount of EUR 2,005,486 and liabilities in the amount of EUR 22,648,853. The largest part of liabilities includes the loan given by SID – Slovenska izvozna in razvojna banka, d. d., which was raised under market terms.

Luka Koper Group

In the first quarter of 2019, Luka Koper Group conducted transactions in the amount of EUR 3,091,727 referring to the sales to companies where the State has direct dominant influence, and transactions in the amount of EUR 4,707,049 referring to the purchase. Most of sales referred to services in connection with the port activity, major purchases represent also cost of railway transport, purchase of energy and insurance costs. As at 31 March 2019, Luka Koper, d. d., recorded receivables in the amount of EUR 2,040,540 and liabilities in the amount of EUR 22,656,022. The largest part of liabilities includes the loan given by SID – Slovenska izvozna in razvojna banke, d. d., which was raised under market terms

Transactions with natural persons

In January- March 2019 period, no other transactions between the Company/Group and Members of the management Board resp. Members of the Supervisory Board were recorded.

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 /Group's management of financial risks has been organised within the finance and accounting department, since the accounting for subsidiaries is carried out within Luka Koper d.d. .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 /Group has consequently tightened the control over individual financial categories.

1. Risk management relating to change in fair value

Luka Koper, d. d.

As at 31 March 2019, Luka Koper, d. d. had invested 5.4 percent of its assets (at the end of the previous year 5.7 percent) in investments measured at fair value through the comprehensive income. The fair value risk associated with these investments is demonstrated through changes in stock market that affect the value of these assets and, consequently the potential gain on their disposal, whereas with investments in shares of other companies there is a risk for the sales value not to equal the value of the market transaction. This type of risk has been recognised with regard to investments in market securities of Slovenian companies and to investments in shares and interests.

As at 31 March 2019, the value of non-current investments at fair value amounted to EUR 31,298,649.

Sensitivity analysis of finance investments at fair value :

Risk of change at fair value of securities as at 31 March 2019

Change of index in %	Impact on equity
-10%	-3,129,865
10%	3,129,865

Risk of change at fair value of securities as at 31 December 2018

Change of index in %	Impact on equity
-10%	-3,143,749
10%	3,143,749

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 3,129,865. A 10 percent decrease in the comparable class would have the opposite effect, reducing the fair value of these investments by the same amount.

If this was the case, the amount of the difference in fair value would be recognised as either an increase or decrease in other comprehensive income within equity for investments into securities, and within profit or loss for investments into other companies.

Fair value hierarchy

Luka Koper, d. d.				
Valuation at fair value				
(in EUR)	Carrying amount at 31 Mar 2019	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
Assets measured at fair value				
Other interests and shares	31,298,649	30,369,822	0	928,827

Valuation at fair value				
(in EUR)	Carrying amount at 31 Mar 2018	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
Assets measured at fair value				
Other interests and shares	31,437,485	30,508,658	0	928,827

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.

Luka Koper Group

As at 31 March 2019, had invested 5.9 percent of its assets (as at 31 December 2018, 6.2 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 that affect the value of these assets and, consequently the potential gain on their disposal, whereas with investments in shares of other companies there is a risk for the sales value not to equal the value of the market transaction. This type of risk has been recognised with regard to investments in market securities of Slovenian companies and to investments in shares and interests.

As at 31 March 2019, the value of non-current investments at fair value amounted to EUR 35.237.547.

Sensitivity analysis of finance investments at fair value:

Risk of change at fair value of securities as at 31 March 2019

Change of index in %	Impact on equity
-10%	-3,523,755
10%	3,523,755

Risk of change at fair value of securities as at 31 December 2018

Change of index in %	Impact on equity
-10%	-3,552,416
10%	3,552,416

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 3,523,755. A 10 percent decrease in the comparable class would have the opposite effect, reducing the fair value of these investments by the same amount.

If this was the case, the amount of the difference in fair value would be recognised as either an increase or decrease in other comprehensive income within equity for investments into securities, and within profit or loss for investments into other companies.

Fair value hierarchy

Group Luka Koper				
Valuation at fair value				
(in EUR)	Carrying amount at 31 Mar 2019	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
Assets measured at fair value				
Other interests and shares	35,237,547	31,822,945	0	3,414,602
Valuation at fair value				

(in EUR)	Carrying amount at 31 Mar 2018	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
Assets measured at fair value				
Other interests and shares	35,524,158	32,109,556	0	3,414,602

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 liabilities, the Company/Group also faces interest rate risk as an unexpected growth in variable interest rates can have an adverse effect on the planned results.

Luka Koper, d. d.

In the overall structure of liabilities, the share of financial liabilities (without other liabilities) increased from 19.4 percent in 2018 to 20.1 percent as at 31 March 2019. The effect of variable interest rate changes on future profit or loss after taxes is shown in the table below.

Possible interest rate fluctuations would consequently have an impact on 48.6 percent (as at 31 December 2018, this share amounted to 85.1 percent) of the Company's total borrowings. The remaining 51.4 percent of borrowings were concluded with a fixed interest rate.

Overview of exposure

(in EUR)	31 Mar 2019	Exposure 31 Mar 2019	31 Dec 2018	Exposure 31 Dec 2018
Borrowings received at variable interest rate (without interest rate hedge)	56,430,191	48.6%	91,117,057	85.1%
Borrowings received at nominal interest rate	59,716,356	51.4%	16,000,000	14.9%
Total	116,146,547	100.0%	107,117,057	100.0%

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

(in EUR)	Borrowings from banks under the variable interest rate	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
Balance at 31 Mar 2019				
3M EURIBOR	56,430,191	43,033	71,721	194,765
Total effect on interests expenses	56,430,191	43,033	71,721	194,765
Balance at 31 Dec 2018				
3M EURIBOR	58,545,629	43,893	73,156	202,243
6M EURIBOR	32,571,428	0	4,234	85,663
Total effect on interests expenses	91,117,057	43,893	77,390	287,906

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 reso. 25 bp, the interest expense in view of unchanged borrowing would grow by EUR 114.754. In the event of variable interest rates of 50 bp, the interest expense would increase by EUR 194.765.

Luka Koper Group

In the overall structure of liabilities, the share of financial liabilities (without other liabilities) increased from previous 15.9 percent in 2018 to 16.7 percent as at 31 March 2019. The effect of variable interest rate changes on future profit or loss after taxes is shown in the table below .

Possible interest rate fluctuations would consequently have an impact on 56.3 percent (as at 31 December 2018, this share amounted to 100 percent) of the Group's total borrowings. The remaining 51.4 percent of borrowings were concluded with a fixed interest rate.

Overview of exposure

(in EUR)	31 Mar 2019	Exposure 31 Mar 2019	31 Dec 2018	Exposure 31 Dec 2018
Borrowings received at variable interest rate (without interest rate hedge)	56,430,191	56.3%	91,117,057	100.0%
Borrowings received at nominal interest rate	43,716,356	43.7%	0	0.0%
Total	100,146,547	100.0%	91,117,057	100.0%

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

(in EUR)	Borrowings from banks under the variable interest rate	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
Balance at 31 Mar 2019				
3M EURIBOR	56,430,191	43,033	71,721	194,765
Total effect on interests expenses	56,430,191	43,033	71,721	194,765
Balance at 31 Dec 2018				
3M EURIBOR	58,545,629	43,893	73,156	202,243
6M EURIBOR	32,571,428	0	4,234	85,663
Total effect on interests expenses	91,117,057	43,893	77,390	287,906

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 resp. 25 bp, the Group's interest expense in view of unchanged borrowing would increase by EUR 114,754. . In the event of variable interest rates of 50 bp, the interest expenses would increase by EUR 194,765.

3. Management of liquidity risk

The liquidity risk is the risk that the company/Group will fail to settle its liabilities at maturity. The company/Group 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)	Luka Koper, d. d.					Total
	Up to 3 months	3 to 12 months	1 to 2 years	3 to 5 years	Over 5 years	
31 Mar 2019						
Loans and borrowings*	2,048,770	18,997,199	26,521,175	31,563,524	37,015,880	116,146,547
Accrued interest maturing in the next calendar year	203,417	585,248	711,392	1,396,759	815,184	3,711,999
Other financial liabilities	248,492	211,591	223,187	89,566	0	772,835
Payables to suppliers	17,705,312	0	0	0	0	17,705,312
Other operating liabilities	17,567,977	0	0	0	0	17,567,977
Total	37,773,968	19,794,037	27,455,753	33,049,848	37,831,064	155,904,670
31 Dec 2018						
Loans and borrowings*	2,115,437	11,570,121	10,652,225	47,956,674	34,822,600	107,117,057

Accrued interest maturing in the next calendar year	151,375	624,217	674,557	1,236,980	469,072	3,156,201
Other financial liabilities	156,684	0	0	0	0	156,684
Payables to suppliers	17,799,893	0	0	0	0	17,799,893
Other operating liabilities	7,644,083	0	0	0	0	7,644,083
Total	27,867,472	12,194,338	11,326,782	49,193,654	35,291,671	135,873,918

* The item includes also the borrowings from subsidiaries and associates

(in EUR)	Group Luka Koper					Total
	Up to 3 months	3 to 12 months	1 to 2 years	3 to 5 years	Over 5 years	
31 Mar 2019						
Loans and borrowings*	2,048,770	18,997,199	10,521,175	31,563,524	37,015,880	100,146,547
Accrued interest maturing in the next calendar year	169,914	484,337	577,325	1,295,791	815,184	3,342,552
Other financial liabilities	234,768	197,459	239,736	103,332	0	775,295
Payables to suppliers	17,515,322	0	0	0	0	17,515,322
Other operating liabilities	18,054,635	0	0	0	0	18,054,635
Total	38,023,410	19,678,996	11,338,235	32,962,647	37,831,064	139,834,352
31 Dec 2018						
Loans and borrowings*	2,115,437	11,570,121	10,652,225	47,956,674	34,822,600	107,117,057
Accrued interest maturing in the next calendar year	151,375	624,217	674,557	1,236,980	469,072	3,156,201
Other financial liabilities	145,363	0	0	0	0	145,363
Payables to suppliers	17,639,635	0	0	0	0	17,639,635
Other operating liabilities	8,155,815	0	0	0	0	8,155,815
Total	28,207,625	12,194,338	11,326,782	49,193,654	35,291,671	136,214,071

4. Management of currency risk

The risk of changes in foreign exchange rates arises from trade receivables denominated in US dollars (USD). In recent years, the Company/Group has succeeded in achieving significantly lower accrued income in US dollars to the extent that US dollars denominated receivables are negligible, based on which the Company/Group has opted not to hedge this item.

5. Management of credit risk

Management of the risk of default on the side of the counterparty or the credit risk has gained in importance in recent years. Customer defaults are being passed on to economic entities, much like a chain reaction, which significantly reduces the assessed probability of timely inflows and increases additional costs of financing the operation. Accordingly, the

Company/ the Group has accelerated collection-related activities in the past years and more consistently monitored trade receivables past due. In case of customers, regarding whom the Company/Group detects late payments and inconsistency in observing adopted business agreements, and advance payment system is set up for all ordered services with the aim of avoiding the late payments. This area is positively impacted by the specific structure of the Company's/Group's customers, who are predominantly major companies, freight forwarders and forwarding agents that have been the Company's/Group's business partners for a number of years.

Certain Company's/Group's receivables have been secured with collaterals, which are returned to the customers once all obligations have been settled or cooperation has been terminated. Investments include loans, which are secured with blank bills of exchange and other movable and immovable property.

Assets exposed to credit risk:

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Non-current loans	11,648	13,876	17,150	19,378
Non-current operating liabilities	41,107	41,108	70,817	70,818
Kratkoročni depoziti	0	0	71,130	71,086
Current loans	9,175	8,716	9,175	8,716
Current trade receivables	43,328,286	38,479,350	43,698,459	39,009,995
Other current receivables	2,453,085	5,788,337	2,632,013	5,917,108
Cash and cash equivalents	91,482,900	73,376,306	97,878,396	79,583,293
Guarantees and collaterals granted	5,825,574	4,970,506	6,156,283	5,515,269
Total	143,151,774	122,678,198	150,533,423	130,195,663

6. Risk management relating to adequate capital structure

Having identified the optimal capital structure, the Company/Group has set a non-current strategic goal of maintaining the debtors's share within the liabilities side below 40 percent.

(in EUR)	Luka Koper, d. d.			
	31 Mar 2019		31 Dec 2018	
	in EUR	share [%]	in EUR	share [%]
Equity	376,066,134	64.6%	362,644,965	65.5%
Non-current liabilities	150,193,364	25.8%	137,848,415	24.9%
Current liabilities	55,537,636	9.5%	53,048,826	9.6%
Total accumulated profit	581,797,134	100%	553,542,206	100%

(in EUR)	Group Luka Koper			
	31 Mar 2019		31 Dec 2018	
	in EUR	share (%)	in EUR	share (%)
Equity	408,033,484	67.9%	393,878,805	68.8%
Non-current liabilities	136,620,792	22.7%	124,316,097	21.7%
Current liabilities	56,303,068	9.4%	54,047,158	9.4%
Total accumulated profit	600,957,344	103%	572,242,060	103%

20 Statement of the Management responsibility

The Management Board of Luka Koper, d. d., herein declares that the non-audited condensed financial statements of Luka Koper, d. d., and non-audited condensed consolidated statements of Luka Koper Group for the period ending 31 March 2019, 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 – March 2019 have been compiled in accordance with the same accounting policies and principles applicable in Luka Koper, d. d., and Luka Koper Group 2018 annual reports.

These condensed interim statements for the period ending 31 March 2019, 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 2018. Financial statements for 2018 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



Irma Gubanec, M.Sc.
Member of the Management Board



Metod Podkrižnik
Member of the Management Board



Vojko Rotar
Member of the Management Board –
Labour Director

Koper, May 14, 2019