

2019

LUKA KOPER GROUP

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

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INTRODUCTION

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

In the second quarter of 2019, the activities related to setting up new business model of the provision of port services.

1,662

NUMBER OF EMPLOYEES 2019/2018 **+40 %**

The number of employees in the first half of 2019 with respect to the first half of 2018 increased by 40 percent resp. by 477 employees, reaching the number of 1,662 employees, since the Group started to implement the action plan for the implementation of the port service provision strategy. In Luka Koper Group 432 new recruitments were realised in the first half of 2019, whereof 277 recruitments within the framework of the action plan for implementing the port services provision strategy. Other recruitments relate to supporting departments, port security and terminals where throughput growth is recorded.

120 MILLION EUR

NET REVENUE FROM SALE 2019/2018 **+6 %**

In January – June 2019 the net revenue from sale amounted to EUR 120 million and exceeded by 6 percent resp. EUR 6.6 million the achieved net revenue from sale in 2018. Net revenue from sale from marketing activity exceeded the result from the previous year by 4 percent resp. EUR 4.8 million, revenue from the performance of the revenue from the performance of the performance of public utility service of regular maintenance of port infrastructure, intended for the public transport, exceeded the result of the previous year by 89 percent resp. by EUR 1.8 million.

Higher revenue was generated primarily from the warehousing and price increase and more favourable cargo structure.

12 MILLION TONS

MARITIME THROUGHPUT 2019/2018 **-1 %**

498 THOUSAND TEUS

CONTAINERS 2019/2018 **+2 %**

342 THOUSAND CARS

CARS 2019/2018 **-16 %**

In the first half of 2019, the maritime throughput stood at 12 million tons, which was a decrease of one percent compared to the first half of 2018. Compared to the previous year, Luka Koper Group achieved the cargo throughput growth in all cargo types of containers and liquid cargoes. The lower maritime throughput of Luka Koper Group was achieved at the Bulk cargoes terminal, due to the reduced need of our customer, importing thermal coal through the port of Koper. The throughput of cars was also lower, which reflects the existing market situation. The throughput of cars was also lower, which reflects the existing market situation of reduced car sale in our European key markets and also in China. Lower throughput of general cargoes results from a lower throughput of steel bars, lower timber throughput is attributable to lower needs of North African market.

Throughput in tonnes per cargo groupes in 2018 and 2019

CARGO GROUPS (in tons)	1-6 2018	1-6 2019	Indeks 2019/2018
General cargoes	771,642	704,251	91
Containers	4,687,218	4,933,766	105
Cars	612,397	528,757	86
Liquid cargoes	1,711,804	1,914,681	112
Dry and bulk cargoes	4,198,249	3,837,260	91
TOTAL	11,981,310	11,918,715	99

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

CARGO GROUPES	1-6 2018	1-6 2019	Indeks 2019/2018
Containers - number	286,528	290,987	102
Containers - TEU	487,684	497,877	102

Cars – units	408,855	341,990	84
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30 MILLION EUR

EARNINGS BEFORE INTEREST AND TAXES (EBIT) 2019/2018 -30 %

Earnings before interest, taxes, depreciation and amortisation (EBIT) of Luka Koper Group in the first half of 2019 amounted to EUR 30 million, which is a decrease of 30 percent resp. EUR 12.9 million compared to 2018. Lower operating profit (EBIT) in 2019, in comparison to 2018, is attributable to higher labour costs in the amount of EUR 8.4 million in 2018 and the received compensation in the amount of EUR 9.1 million. Higher labour costs are attributable to a higher number of employees, notably from the execution of the action plan for implementing the port service provision strategy. Not including the received compensation for the crane amounting to EUR 9.1 million, earnings before interest and taxes (EBIT) in January – June 2019 would be lower by 11 percent resp. by EUR 3.8 million in comparison to the achieved EBIT in 2018.

44 MILLION EUR

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA) 2019/2018 -23 %

Earnings before interest, taxes, depreciation and amortisation (EBITDA) of Luka Koper Group in January – June 2019 amounted EUR 44 million, which is 23 percent resp. EUR 13 million decline in comparison with 2018. Not-including the received compensation for the crane in the amount of EUR 9.1 million in 2018, Earnings before interest, tax, depreciation and amortisation (EBITDA) in January – June 2019 would be lower by 8 percent resp. EUR 3.9 million in comparison to the achieved in 2018.

36.9 %

EBITDA MARGIN 2019/2018 -27 %

EBITDA margin of Luka Koper Group in the first half of 2019 amounted to EUR 36.9 percent and was 27 percent resp. 13.6 percentage point below the EBITDA margin in 2018. Not including the received compensation for the crane in 2018 in the amount of EUR 9.1 million, EBITDA margin in January – June 2019 would be lower by 3 percent resp. by 5.6 percentage point in comparison to the achieved EBITDA in 2018.

25 MILLION EUR

NET PROFIT OR LOSS 2019/2018 **-28 %**

Net profit or loss of Luka Koper Group in January – June 2019 amounted to EUR 25 million, which is 28 percent resp. EUR 9.6 million manj kot v letu 2018. Without the compensation for the collapsed received in 2018 in the amount of EUR 9.1 million, net profit or loss in January – June 2019 would be by 8 percent resp. EUR 2.2 million lower than the level achieved in 2018.

16 MILLION EUR

INVESTMENTS 2019/2018 **+271 %**

In the first half of 2019, Luka Koper allocated EUR 16 million for investments in property, plant and equipment, investment property and intangible assets, which is EUR 11.6 million ahead on the first half of 2018, investments were mainly allocated to the transshipment machinery and a new entrance to the port.

12.7 %

RETURN ON EQUITY (ROE) 2019/2018 **-35 %**

In the first half of 2019, the return on equity (ROE)¹ amounted to 12.7 percent, which is 35 percent resp. 6.7 percentage point decline compared to 2018.

0.2

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION / EBITDA 2019/2018 **-45 %**

Net financial debt /EBITDA² in January – June 2019 amounted to 0.2, in 2018 to 0.4. 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 based on annualized data.

² The indicator is calculated based on annualized data.

1.1 Financial indicators

Key performance indicators of Luka Koper, d. d., and Luka Koper Group in January – June 2019, in comparison to January – June 2018

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Income statement	1 – 6 2018	1 – 6 2019	IND 2019/ 2018	1 – 6 2018	1 – 6 2019	IND 2019/ 2018
Net revenue from sale	111,255,542	117,857,106	106	113,322,196	119,903,832	106
Earnings before interest and taxes (EBIT) ³	41,714,955	28,603,752	69	42,517,066	29,587,548	70
Earnings before interest, taxes, depreciation and amortisation (EBITDA) ⁴	55,999,682	42,910,759	77	57,232,522	44,256,969	77
Profit or loss from financing activities	743,401	1,147,006	154	-502,757	-112,554	22
Profit before tax	42,458,356	29,750,758	70	42,725,146	30,287,615	71
Net profit or loss	34,663,418	24,821,409	72	34,805,355	25,197,558	72
Added value ⁵	81,654,775	77,458,961	95	86,234,723	81,730,686	95

Statement of financial position	31. 12. 2018	30. 6. 2019	IND 2019/ 2018	31. 12. 2018	30. 6. 2019	IND 2019/ 2018
Assets	553,542,206	584,324,378	106	572,242,060	602,901,983	105
Non-current assets	433,899,168	437,729,447	101	445,660,208	448,990,292	101
Current assets	119,643,038	146,594,931	123	126,581,852	153,911,691	122
Equity	362,644,965	370,325,021	102	393,878,805	401,905,085	102
Non-current liabilities with provisions and long-term accruals	137,848,415	148,131,237	107	124,316,097	134,481,891	108
Short-term liabilities	53,048,826	65,868,120	124	54,047,158	66,515,007	123
Financial liabilities	107,273,741	133,410,497	124	91,262,420	117,426,924	129

³ Earnings before interest and taxes (EBIT) = operating revenue – operating expenses

⁴ Earnings before tax, depreciation and amortisation (EBITDA) = operating profit (EBIT) + amortisation

⁵ 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 – 6 2018	1 – 6 2019	IND 2019/ 2018	1 – 6 2018	1 – 6 2019	IND 2019/ 2018
Investments						
Investments in property, plant and equipment, investment property and intangible assets	4,018,378	15,562,252	387	4,296,955	15,940,797	371

Ratio (in %)	1 – 6 2018	1 – 6 2019	IND 2019/ 2018	1 – 6 2018	1 – 6 2019	IND 2019/ 2018
Return on sales (ROS) ⁶	37.5%	24.3%	65	37.5%	24.7%	66
Return on equity (ROE) ⁷	21.0%	13.5%	64	19.4%	12.7%	65
Return on assets (ROA) ⁸	12.9%	8.7%	68	12.5%	8.6%	69
EBITDA margin ⁹	50.3%	36.4%	72	50.5%	36.9%	73
EBITDA margin related to the market activity ¹⁰	51.2%	37.6%	73	51.4%	38.1%	74
Financial liabilities/equity	41.9%	36.0%	86	34.1%	29.2%	86
Net financial debt /EBITDA ¹¹	0.6	0.5	83	0.4	0.2	55

Maritime throughput (in tons)	1 – 6 2018	1 – 6 2019	IND 2019/ 2018	1 – 6 2018	1 – 6 2019	IND 2019/ 2018
Maritime throughput	11,981,310	11,918,715	99	11,981,310	11,918,715	99

Number of employees	1 – 6 2018	1 – 6 2019	IND 2019/ 2018	1 – 6 2018	1 – 6 2019	IND 2019/ 2018
Number of employees	1,002	1,508	150	1,185	1,662	140

⁶ Return on sales (ROS) = earnings before interest and taxes(EBIT) /net revenue from sale

⁷ Return on equity (ROE) = net profit or loss / average equity
Indicator is calculated based on annualised data

⁸ Return on assets (ROA) = net profit or loss / average assests
Indicator is calculated on the basis of annualised data

⁹ EBITDA margin = operating earnings before amortisation (EBITDA) / net revenue from sale

¹⁰ EBITDA margin from the market activity = operating earnings before amortisation (EBITDA) / net revenue from the sale from market activity

¹¹ 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 – June 2019, in comparison to January – June 2019

Income statement	Luka Koper, d. d.			Luka Koper Group		
	NAČRT 1 – 6 2019	1 – 6 2019	IND 2019/ NAČRT 2019	PLAN 1 – 6 2019	1 – 6 2019	IND 2019/ PLAN 2019
Net revenue from sale	121,132,843	117,857,106	97	123,317,123	119,903,832	97
Earnings before interest and taxes (EBIT)	25,243,462	28,603,752	113	25,872,330	29,587,548	114
Earnings before interest, taxes, depreciation and amortisation (EBITDA) ¹²	39,299,740	42,910,759	109	40,311,656	44,256,969	110
Profit or loss from financing activities	968,906	1,147,006	118	-382,659	-112,554	29
Profit before tax	26,212,368	29,750,758	113	26,113,552	30,287,615	116
Net profit or loss	21,938,440	24,821,409	113	21,752,717	25,197,558	116
Added value ¹³	75,293,531	77,458,961	103	79,219,686	81,730,686	103

Statement of financial position	PLAN 30. 06. 2019	30. 06. 2019	IND 2019/ PLAN2019	PLAN30. 06. 2019	30. 06. 2019	IND 2019/ PLAN 2019
Assets	574,848,670	584,324,378	102	593,767,591	602,901,983	102
Non-current assets	447,265,189	437,729,447	98	458,867,043	448,990,292	98
Current assets	127,583,481	146,594,931	115	134,900,548	153,911,691	114
Equity	381,403,444	370,325,021	97	413,619,959	401,905,085	97
Non-current liabilities with provisions and long-term accruals	144,769,573	148,131,237	102	131,059,224	134,481,891	103
Short-term liabilities	48,675,653	65,868,120	135	49,088,408	66,515,007	136
Financial liabilities	114,217,197	133,410,497	117	98,157,197	117,426,924	120

¹² Earnings before interest, taxes, depreciation and amortisation (EBITDA) = operating profit (EBIT) + amortisation

¹³ 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		
	PLAN 1 – 6 2019	1 – 6 2019	IND 2019/ PLAN 2019	PLAN 1 – 6 2019	1 – 6 2019	IND 2019/ PLAN2019
Investments						
Investments in property, plant and equipment, investment property and intangible assets	26,458,840	15,562,252	59	26,938,778	15,940,797	59

Ratios (in %)	PLAN 1 – 6 2019	1 – 6 2019	IND 2019/ PLAN 2019	PLAN 1 – 6 2019	1 – 6 2019	IND 2019/ PLAN 2019
	Return on sales (ROS) ¹⁴	20.8%	24.3%	116	21.0%	24.7%
Return on equity (ROE) ¹⁵	11.8%	13.5%	115	10.8%	12.7%	118
Return on assets (ROA) ¹⁶	7.8%	8.7%	112	7.5%	8.6%	115
EBITDA margin ¹⁷	32.4%	36.4%	112	32.7%	36.9%	113
EBITDA margin related to the market activity ¹⁸	34.8%	37.6%	108	35.0%	38.1%	109
Financial liabilities/equity	29.9%	36.0%	120	23.7%	29.2%	123
Net financial debt /EBITDA ¹⁹	0.5	0.5	99	0.2	0.2	113

Maritime throughput (in tons) (in tons)	PLAN 1 – 6 2019	1 – 6 2019	IND 2019/ PLAN 2019	PLAN 1 – 6 2019	1 – 6 2019	IND 2019/ PLAN 2019
	Maritime throughput	12,222,992	11,918,715	98	12,222,992	11,918,715

Number of employees	NAČRT 1 – 6 2019	1 – 6 2019	IND 2019/ NAČRT 2019	NAČRT 1 – 6 2019	1 – 6 2019	IND 2019/ NAČRT 2019
	Number of employees	1,513	1,508	100	1,680	1,662

¹⁴ Return on sales (ROS) = operating profit (EBIT) / net revenue from the sale

¹⁵ Return on equity (ROE) = net profit or loss / average equity
Indicator calculated on the basis of annualised data

¹⁶ Return on assets (ROA) = net profit or loss / average assets
Indicator calculated on the basis of annualised data

¹⁷ EBITDA margin = earnings before interest, tax, depreciation and amortisation (EBITDA) / net revenue from the sale

¹⁸ EBITDA margin from the sale = earnings before tax, depreciation and amortisation (EBITDA) / net revenue from the sale from the market activity

¹⁹ Net financial indebtedness/EBITDA = (financial liabilities – cash and cash equivalents) / EBITDA
The indicator is calculated on the basis of annualised data

2 Introductory note

Compliant with the Market and Financial Instrument Act, Ljubljana Stock Exchange Rules as well as Guidelines and Disclosure for Listed Companies, Luka Koper, d. d., Vojkovo nabrežje 38, 6501 Koper discloses this Non-Audited Report on the performance of Luka Koper Group and Luka Koper, d. d., for January – June 2019.

This Non-Audited Report of Luka Koper Group and Luka Koper, d. d., v obdobju January – June 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 30th August 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 – June 2019 was addressed by the company's e obravnaval nadzorni svet družbe na Supervisory Board at its regular session on 30th August 2019.

3 Presentation of Luka Koper Group

3.1 Profile of the company Luka Koper, d. d., as of August 30, 2019

Company name	LUKA KOPER, pristaniški in logistični sistem, delniška družba
Short company name	Luka Koper, d. d.
Registered office	Koper
Business address	Koper, Vojkovo nabrežje 38, 6000 Koper/Capodistria
Company's legal form	Public limited company/Delniška družba d. d.
	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's registration	District Court of Koper, application No. 066/10032200
Company registration number	5144353000
Tax number	SI 89190033
Issued share capital	EUR 58.420.964,78
Number of shares	14.000.000 of ordinary 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 Ilić, 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 relation 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 30 June 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 and Supervisory Board

Luka Koper, d. d. Management Board

As at 30 June 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 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 none members, six of whom are elected by General Shareholders' Meeting and there by the Worker's Council. They are elected for a four-year term. Six members are elected by the General Shareholders' Meeting, three by the Company's Workers' council from employees. The term of office of Supervisory Board Members is four years.

As at 30 June 2019, the Supervisory Board comprised:

Representaitevs of the shareholders

- Uroš Ilić, M.Sc., President of the Supervisory Board, commenced a four-year term on 1 July 2017 (28th general Shareholders' Meeting),
- Andraž Lipolt, M.Sc., Deputy President of the Supervisory Board, commenced a four-year term on 1 July 2017 (28th General Shareholders' Meeting),
- Rado Antolovič, 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 Management 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 commencement of the four-year term of office: August 21, 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.

Changes in the Supervisory Board

The term of office of the Member of Supervisory Board, Sabina Mozetič expired on August 21, 2019. As of August 22, 2019 Tamara Kozlovič, M.Sc. was appointed a new Member of the Supervisory Board.

As at 22 August 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, M.Sc., Deputy President of the 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 Management 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),

- Tamara Kozlovič, M.Sc., Member of the Supervisory Board, commencement of the four-year term on August 22, 2019 (32th 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 – June 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 a 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.

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.
- With the aim of promoting Slovenian sector of transport and logistics, the representatives of Luka Koper, d. d., joined the delegation of the Chamber of Commerce and Industry of Slovenia visiting India.
- Luka Koper, d. d., granted recognitions to the best suppliers in 2018, notably to the companies GES, Varmig and Metalna – SRM.
- Luka Koper, d. d., presented its development plans to the heads of municipal offices and to the counsellors of the Municipality of Koper.

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 piles for the Pier I was concluded.
- Tender for the selection of the contractor for the construction of the garage was published on the public procurement website.

- The contract for the construction of the sixth group of tracks in the rear areas of the Basin III was concluded. The new rail access will shorten transport routes up to loading points, increase the productivity and safety, facilitating the arrival of larger wagon compositions.
- On May 22, 2019 the Company received the resolution on the completion of the inspection procedure from 2017 in relation to the exceeding of noise limit values toward Koper.
 - The largest container ship so far, 15,200 TEU Maersk Hamburg, moored in the Port of Koper.
 - Luka Koper, d. d., presented itself to Polish business partners at the Port's day held in Warsaw.
 - A new regular container railway connection between the container terminal of Luka Koper, d. d., and the Austrian terminals Enns and Salzburg was put into service.
 - More than 4,000 visitors could visit the port and its activities at the traditional Port's day.
 - For the third time Luka Koper, d. d., was selected in the international tender as the one of the German corporation Daimler, as the most suitable for the transport of cars from Europe to the Far East.
 - Luka Koper, d. d., presented its services at the fair specialised for project cargoes Breakbulk Europe.
 - Luka Koper, organised the annual meeting with business partners from Serbia which was held in Belgrade.
 - Luka Koper, d. d., presented the advantages of the transport route through the port of Koper to the representatives of Japanese companies operating in Europe, in Vienna.
 - Luka Koper, d. d., introduced online trucks' booking system (VBS – Vehicle booking system).
 - At the Forum on the respect of human rights, Luka Koper, d. d., signed a commitment for the Corporate responsibility to respect human right.
 - French shipping company CMA CGM launched a new regular weekly container service connecting Koper with Algerian port Skikda.

JUNE

- On 28 June 2019, the shareholders of Luka Koper, d. d., gathered for the 31th General Shareholders' Meeting. At the meeting, the shareholders:
 - Took a decision on the proposal for the appropriation of the accumulated profit for

the year 2018 in the amount of EUR 29,252,442.43:

- A portion in the amount of EUR 18,620,000.00 is to be used for dividend pay-out in the gross value of EUR 1.33 per ordinary share,
- The residual amount of accumulated profit in the amount of EUR 10,632,442.43 is to remain unappropriated.
- Granted discharge for the business year 2018 to the Management Board and Members of the Supervisory Board, except for Mladen Jovičić.
- Adopted changes and the amendments to the Company's Statute.
- Luka Koper, d. d., jointly with 19 logistic companies and under the auspices of the public agency Spirit presented the Slovenian transport route in the largest logistic fair Transport Logistic held in Munich.
- Within the framework of the meeting of the presidents of States, integrated in the Three seas initiative, in which Luka Koper, d. d., took part also in the business forum, and participated in the panel transport.
- At the EXPO fair, held in Ningbo, China Luka Koper, d. d., jointly with some Slovenian companies presented the advantages of the Southern transport route in Europe through the Port of Koper. Jointly with the State delegation Luka Koper, d. d., paid also visit to the largest tudi Chinese shipping company Cosco.
- Due to a railway accident near Hrastovlje, the port of Koper remained without the railway connection with the hinterland for four days.
- Luka Koper, d. d., presented itself at the Austrian Logistics Day held in Linz.
- In the publication Port's knots, distributed to 15.300 households in the Municipality of Koper and Municipality of Ankaran, Luka Koper, d. d., presented its activities in the field of sustainable development and planned investments.
- As reported by Verkehr, the Austrian trade magazine specialised logistics, the port of Koper handled most the Austrian overseas cargo also in 2018.
- Luka Koper, d. d., convened the 32th General Shareholders' Meeting to be held on August 22, 2019, when the owners will vote on a new representative in the Supervisory board.

6 Relevant post-balance events

JULY

The driving in of test piles for the extension of the Pier I, which will ensure further development and increase the international competitiveness of the port, started.

AUGUST

- The contractor for the construction of the garage žne hiše at the Car terminal, which will increase the warehousing facilities for vehicles, was selected.
- The term of office of the Member of Supervisory Board, Sabina Mozetič expired on August 21, 2019. As of August 22, 2019 Tamara Kozlovič, M.Sc. was appointed a new Member of the Supervisory Board.

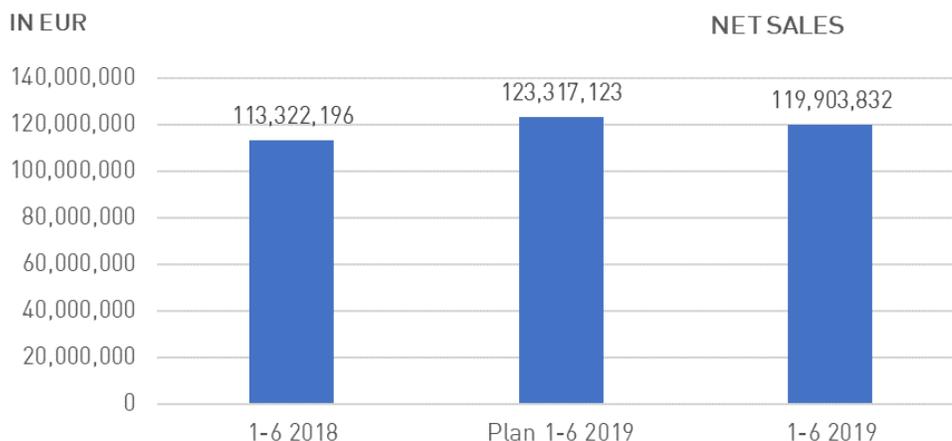
7 Performance analysis of Luka Koper Group in January – June 2019

7.1 Performance of LUKA KOPER GROUP in January -June 2019

NET REVENUE FROM SALE

In January – June 2019, net revenue from sale amounted to EUR 119.9 million, which is 6 percent resp. EUR 6.6 million ahead on January – June 2018.

Net revenue from sale of Luka Koper Group



Net revenue from sale of Luka Koper Group from the market activity in January – June 2019 exceeded the result from the previous year by 4 percent resp. by EUR 4.8 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 89 percent resp. by EUR 1.8 million, thus resulting in the increase of total revenue of Luka Koper Group in the first half of 2019 by percent resp. EUR 6.6 million higher than revenue generated achieved in the first half of 2018.

The maritime cargo throughput fell by 1 percent, compared to the previous year, the net revenue from the marketing activity exceeded the net revenue from the marketing activity of the previous year by 4 percent resp. by EUR 4.8 million. Higher revenue was achieved

mainly from the warehousing, increase in prices and more favourable cargo throughput structure.

CAPITALIZED OWN PRODUCTS AND SERVICES

In January – June 2019, capitalized own products and services amounted to EUR 66.7 thousand, which was a decrease of 89 percent resp. EUR 565.2 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 half of 2019 amounted to EUR 2.1 million, which was a decrease by 83 percent resp. EUR 10.2 million in comparison with 2018. Reported among other revenue in June 2018 was the compensation in the amount of EUR 9.1 million received for the damaged quay crane which in June was hit by a ship due to strong winds and consequently collapsed.

In the first half of 2019, the largest share of other revenue were received compensations and penalties in the amount of EUR 974.8 thousand, whereof the revenue from the accrued compensation for the collapsed quay crane amounted to EUR 448.8 thousand.

OPERATING EXPENSES

In January – June 2019, the operating expenses of Luka Koper Group amounted to EUR 92.5 million, which is 10 percent resp. EUR 9.7 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 half of 2019 amounted to EUR 8.8 million, which is 6 percent resp. EUR 502.8 thousand ahead on 2018. The costs of replacement parts went up.

The cost of services of Luka Koper Group in the first half of 2019 amounted to EUR 27.4 million, which is 1 percent resp. EUR 386.9 thousand decrease in comparison with 2018. In 2019, the cost of services rendered in connection with the core activity decreased by 23 percent resp. by EUR 3.6 million, since Luka Koper Group undertook the action plan for the implementation of the port service provision strategy. The maintenance cost increased in the amount of 45 percent resp. EUR 1.3 million. As from March 1, 2019, Luka Koper, d. d., started to pay the transshipment fee, which amounted to EUR 2.1 million March – June 2019.

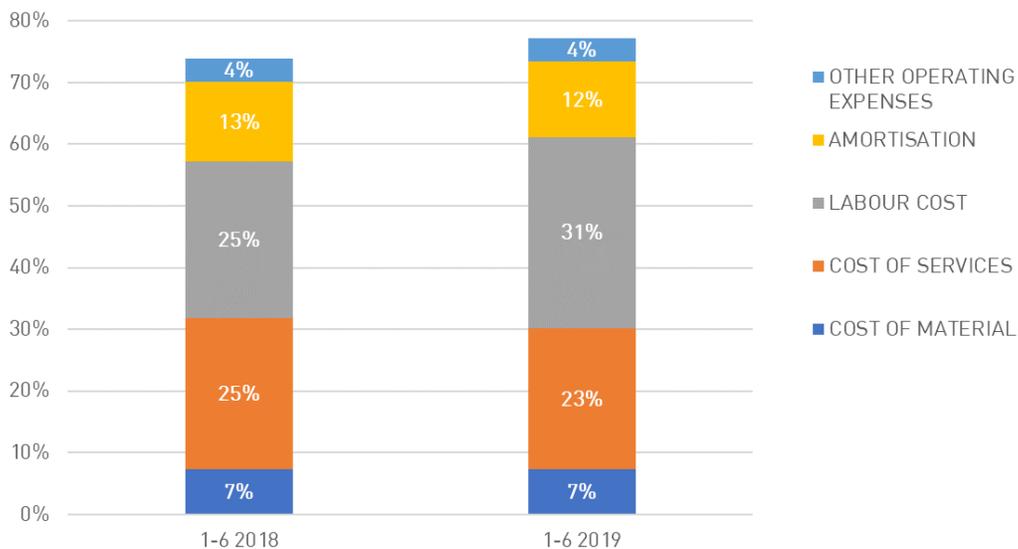
In January – June 2019, labour costs of Luka Koper Group amounted to EUR 37.2 million, which is 29 percent resp. EUR 8.4 million ahead on 2018, due to a higher number of employees. As at 30 June 2019, the companies within the Luka Koper Group employed a total of 1,662 persons, which was an increase of 40 percent or 477 persons when compared to 30 June 2018, in the first half 2019 432 new recruitments were realised, whereof 277 employments within the framework of the implementation of port services provision strategy.

In the first half of 2019, costs of amortisation of Luka Koper Group amounted to EUR 14.7 million, which is at the last year level.

Other operating expenses in January – June 2019 amounted to EUR 4.5 million, which is 5 percent resp. EUR 221 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 half of 2019 accounted for 77.1 percent, which is 3.2 percentage point ahead on the comparable period in 2018. In comparison with 2018, the share of labour costs within net revenue from sale, shares of costs of material and 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 half of 2019, the operating profit (EBIT) of Luka Koper Group amounted to EUR 29.6 million, which was 30 percent resp. EUR 12.9 million decline in comparison to 2018. Lower earnings before interest and taxes (EBIT) in 2019, in comparison to 2018, are attributable to higher labour costs in 2018 amounting to EUR 8.4 million and higher costs of maritime tax amounting to EUR 2.1 million and the received compensation for the crane in 2018 in the amount of EUR 9.1 million. Not including the compensation received in 2018 for the crane in the amount of EUR 9.1 million, the operating profit (EBIT) in January – June 2019 would be by 11 percent resp. EUR 3.8 million lower than the received EBIT in 2018.

Earnings Before Interests and Taxes (EBITDA) of Luka Koper Group amounted to EUR 44.3 million, and decreased by 23 percent resp. EUR 13 million in comparison with 2018.

In the first half of 2019, the EBITDA margin of Luka Koper Group amounted to 36.9 percent, which is 27 percent resp. 13.6 percentage points decrease compared to 2018.

PROFIT BEFORE TAX AND PROFIT FOR THE PERIOD

Profit or loss from financing activities in January – June 2019 amounted – EUR 112.6 thousand, whereas in the comparable period in 2018, Luka Koper Group achieved the financial result of – EUR 502.8 thousand. The results of associated companies in 2019 increased by EUR 174.7 thousand, financial liabilities for bank loans decreased in the amount of EUR 234.6 thousand, due to executed refinancing of more costly loans with less costly ones. Results of associated companies in 2019 increased the profit before tax of Luka Koper Group by EUR 812.6 thousand, which was 14 percent resp. EUR 101.8 thousand ahead on 2018.

NET PROFIT OR LOSS

Net profit or loss of Luka Koper Group in January – June 2019 amounted to EUR 25.2 million, which is 28 percent resp. EUR 9.6 million decline compared to 2018. Not including the one-off event of receiving compensation in 2018 compensation for the crane amounting to EUR 9.1 million, the net profit or loss in January – June 2019 would be lower by 8 percent resp. by EUR 2.2 million than the achieved net profit in 2018.

FINANCIAL SITUATION AND FINANCIAL MANAGEMENT

As at 30 June 2019, the balance sheet of Luka Koper Group amounted to EUR 602.9 million, which is 5 percent resp. EUR 30.7 ahead in comparison with the balance as at 31 December 2018.

As at 31 June 2019, non-current assets accounted for 74 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 3.3 million. The value of land and buildings increased.

As at 31 June 2019, current assets of the Luka Koper Group were higher by 22 percent resp. by EUR 27.3 million compared to the balance as at 31 December 2018.

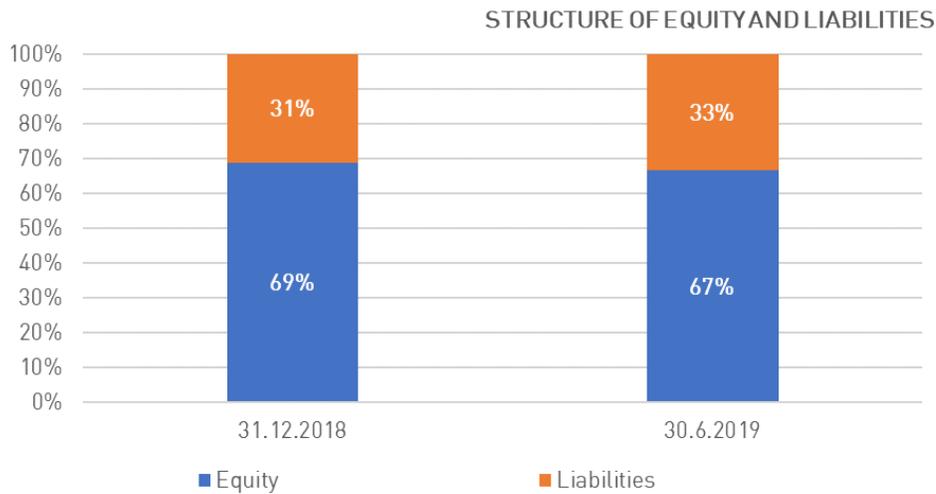
Cash and cash equivalents increased by EUR 20 million due to a higher amount of cash on the accounts, thus enabling the Company to ensure intense development cycle in the coming years. Trade and other receivables stood at EUR 53 million, which is 16 percent resp. EUR 7.4 million ahead on 2018. An increase was recorded in trade receivables, receivables resulting from advances and securities given decreased. Other receivables from the increase of short-term deferred costs, increased by EUR 7.1 million, of what EUR 3.1 million related to the decision of the Financial Administration of the Republic of Slovenia with regard to the corporation tax return for 2017. The company appealed against the decision.

As at 30 March 2019, the equity of Luka Koper Group amounted to EUR 401.9 million and increased by 2 percent resp. by EUR 8 million and increased due to the net profit brought forward. As at 30 June 2019, the equity accounted for 66.7 percent of the balance sheet total.

As at 31 June 2019, non-current liabilities including long-term provisions and long-term accrued costs and deferred revenue of the Luka Koper Group were 8 percent resp. EUR 10.2 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.

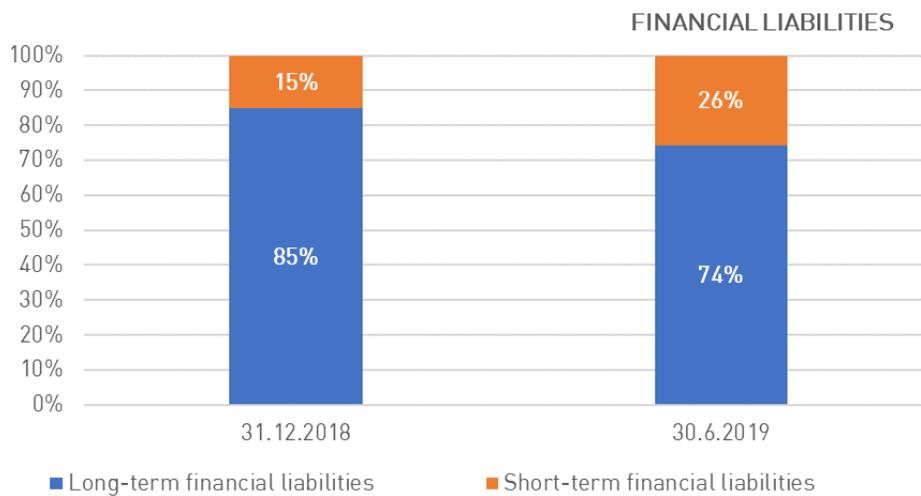
As at 31 June 2019, current liabilities of the Luka Koper Group were higher by 23 percent resp. by EUR 12.5 million than as at 31 December 2018. The liabilities relating to the appropriation of the profit increased by EUR 18.6 million from the dividends pay-out, which will be effected on August 30, 2019. Accrued costs resp. expenses increased by EUR 5.7 million.

Structure of Luka Koper Group liability



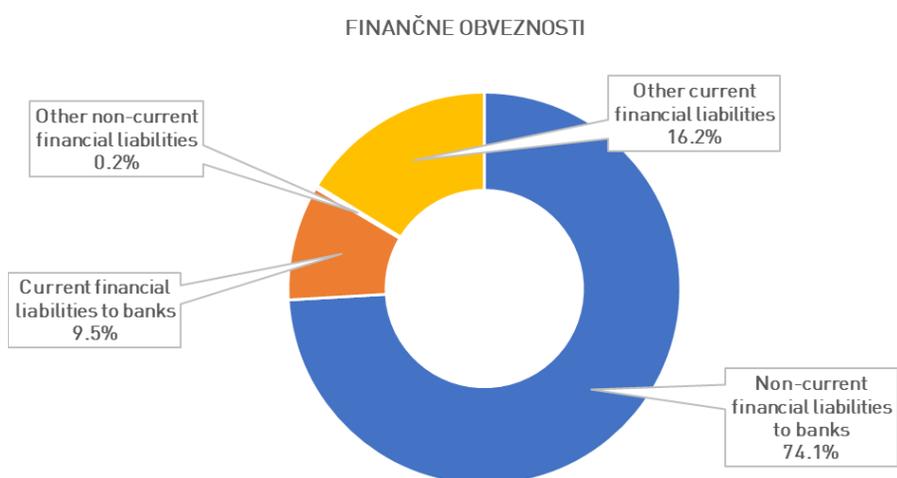
As at 31 June 2019, financial liabilities of the Luka Koper Group amounted to EUR 117.4 million, which is 29 percent resp. EUR 26.2 million ahead on 31 December 2018. The liabilities relating to the appropriation of the profit from the dividends pay-out increased.

Structure of Luka Koper Group liabilities by maturity



Non-current financial liabilities to banks Luka Koper Group as of 30 June 2019 accounted for 74.1 percent of total financial liabilities. In comparison to the balance as at 31 December 2018 their share decreased by 10.8 percentage points. This decrease is attributable to the increase of the share of other financial liabilities from the recognised liabilities for dividends.

Financial liabilities of Luka Koper Group as of 30 June 2019



As at 31 June 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 55.44 percent, share of loans with fixed interest rate amounted to 44.56 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 June 2019 amounted to 29.2 percent, which is 4.9 percentage point decline in comparison with the balance as at 31 December 2018.

Implementation of plans of the Luka Koper Group

In the first half of 2019, the Luka Koper Group generated net revenue from sale in the amount of 119.9 EUR, which is 3 percent resp. EUR 3.4 million below the planned net revenue from sales.

In January – June 2019, net revenue from sales of the Luka Koper Group from the market activity exceeded the planned net revenue from sales by 1 percent resp. by EUR 928.6 thousand, 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 54 percent resp. by EUR 4.3 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 29.6 million, which is 14 percent resp. EUR 3.7 million ahead on the planned. Earning before interest, taxes, depreciation and amortisation (EBITDA) of Luka Koper Group in the first half of 2019 amounted to EUR 44.3 million, which is 10 percent resp. EUR 3.9 million ahead on the planned.

EBITDA margin of Luka Koper Group in January – June 2019 amounted to 36.9 percent, which is 13 percent resp. 4.2 percentage point ahead on the planned.

EBITDA margin of Luka Koper Group from the market activity in January – June 2019 amounted to 38.1 percent, which is 9 percent resp. 3.1 percentage point ahead on the planned.

In the first half of 2019, the net profit of Luka Koper Group amounted to EUR 25.2 million, which is 16 percent resp. EUR 3.4 million ahead on the planned.

Return on Equity (ROE) in January – June 2019 amounted to 12.7 percent, which is 18 percent resp. 1.9 percentage point ahead on the planned.

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

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

In January – June 2019, the net revenue from sale of Luka Koper, d. d., amounted to EUR 117.9 million, which is 6 percent resp. EUR 6.6 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 half of 2019 exceeded the result of the previous year by 4 percent resp. by EUR 4.8 million, the revenue 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 89 percent resp. by EUR 1.8 million, as a result, the total revenue of Luka Koper, d. d., in the first half of 2019 was by 6 percent resp. by EUR 6.6 million higher than in the previous year.

Earnings before interest and taxes (EBIT) of Luka Koper, d. d., in the first half of 2019 amounted to EUR 28.6 million, which was a decrease by 31 percent resp. by EUR 13.1 million when compared to the equivalent period in 2018. Lower earning vbefore interest and taxes (EBIT) in 2019, in comparison with 2018, is attributable to higher labour costs amounting to EUR 8.8 million higher labour costs and higher costs of maritime tax amounting to EUR 2,1 million and the received compensation for the crane in 2018 in the amount of EUR 9.1 million. Not including the one-off event of receiving compensation in 2018 compensation for the crane amounting to EUR 9.1 million, the operating profit (EBIT) in January – June 2019 would decrease by 12 percent resp. by EUR 4 million when compared to the equivalent period in 2018.

Net profit or loss of Luka Koper, d. d., in January – June 2019 amounted to EUR 24.8 million, which is 28 percent resp. EUR 9.8 million manj kot v letu 2018. Not including the one-off event of receiving compensation in 2018 compensation for the crane amounting to EUR 9.1 million, the net profit or loss for January – June 2019 would decrease by 9 percent resp. by EUR 2.4 million in comparison with the profit generated in 2018.

Realisation of Luka Koper, d. d. plans

Net revenue from sale of Luka Luka Koper, d. d., in the first half of 2019 amounted to EUR 117.9 million, which is 3 percent resp. EUR 3.3 million below the planned net revenue from sale. Net revenue from sale of Luka Koper, d. d., from the market activity in January – June 2019 exceeded the planned by 1 percent resp. by EUR 1.1 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 54 percent resp. by EUR 4.3 million.

The operating profit (EBIT) of Luka Koper, d. d., in January – June 2019 amounted to EUR 28.6 million, which is 13 percent resp. EUR 3.4 million ahead on the planned. Higher operating profit (EBIT) resulted from lower operating expenses, lower cost of material, services and labour than budgeted.

Net profit or loss of Luka Koper, d. d., in the first half of 2019 amounted to EUR 24.8 million, which is 13 percent resp. EUR 2.9 million ahead on the planned.

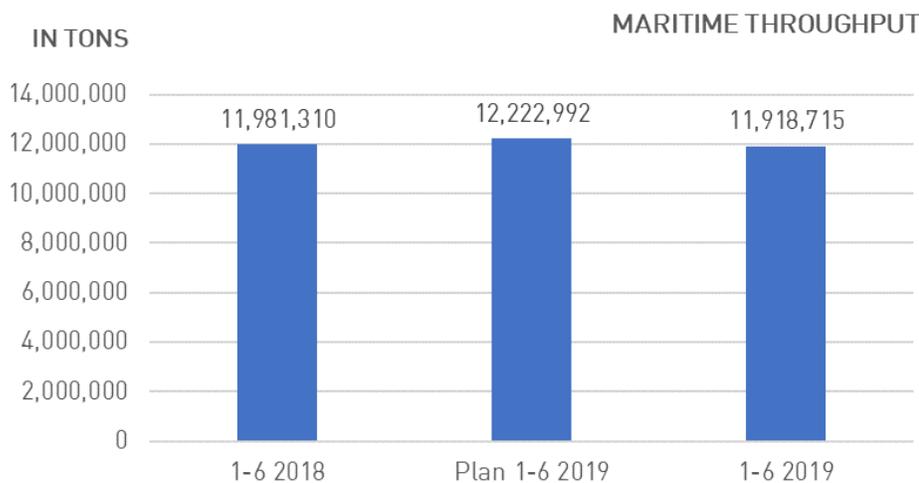
Based on current forecasts , the company estimates that the business performance for 2019 will be within the adpoted business plan for 2019.

8 Marketing: product groups and markets

8.1 Maritime throughput

The maritime throughput of the Luka Koper Group in January – June 2019 totalled 11.9 million tons and lags behind the planned quantities by 2 percent, compared to the throughput in the comparable period last year it decreased by 1 percent. In January – June 2019, Luka Koper Group in comparison with the preceding year achieved 5 percent decline of loaded goods and increased the volume of unloaded goods onto/from the ship by 2 percent.

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

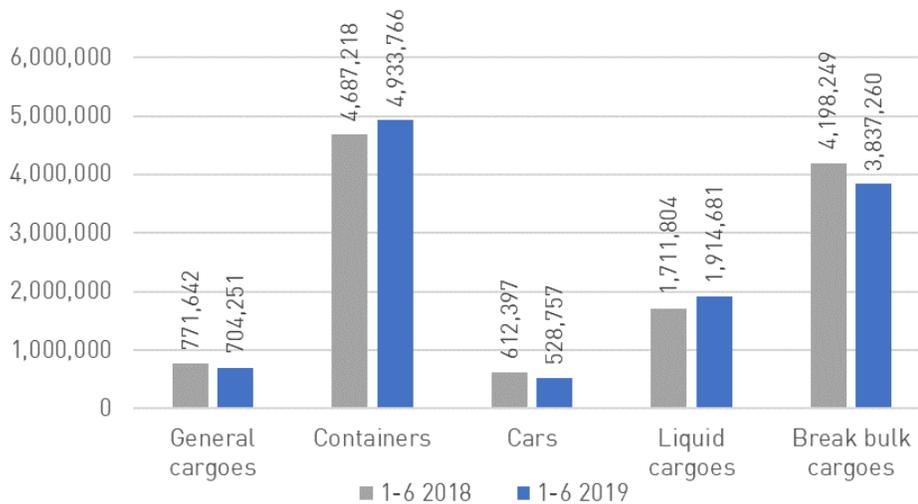


8.2 Cargo structure by cargo types

In the whole structure of the maritime throughput prevailed containers, of which share increased by 2 percentage points in comparison with 2018. The share of liquid cargoes also increased namely by 2 percentage points. The share of cars and dry bulk and bulk decreased by 3 percentage points, the share of general cargoes by 0.5 percentage points and the share of cars by 0.5 percentage points.

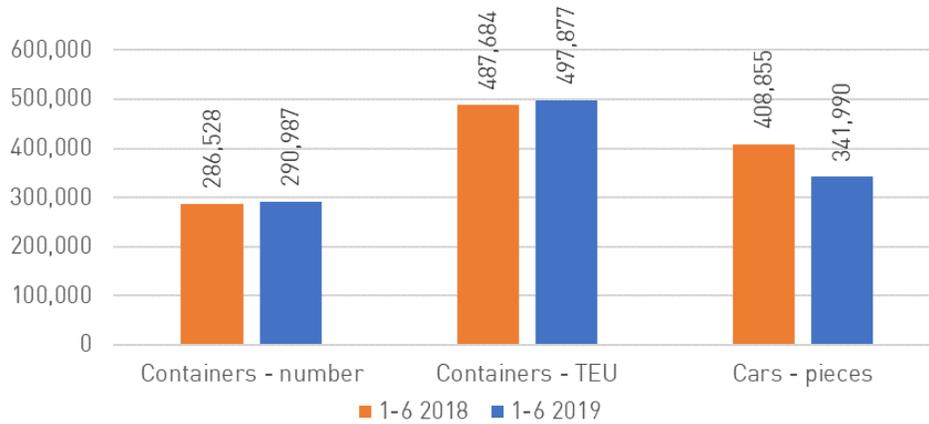
Maritime throughput in tonnes per cargo types, in 2018 and 2019

CARGO GROUPS (in tons)	1-6 2018	1-6 2019	Indeks 2019/2018
General cargoes	771,642	704,251	91
Containers	4,687,218	4,933,766	105
Cars	612,397	528,757	86
Liquid cargoes	1,711,804	1,914,681	112
Dry and bulk cargoes	4,198,249	3,837,260	91
TOTAL	11,981,310	11,918,715	99

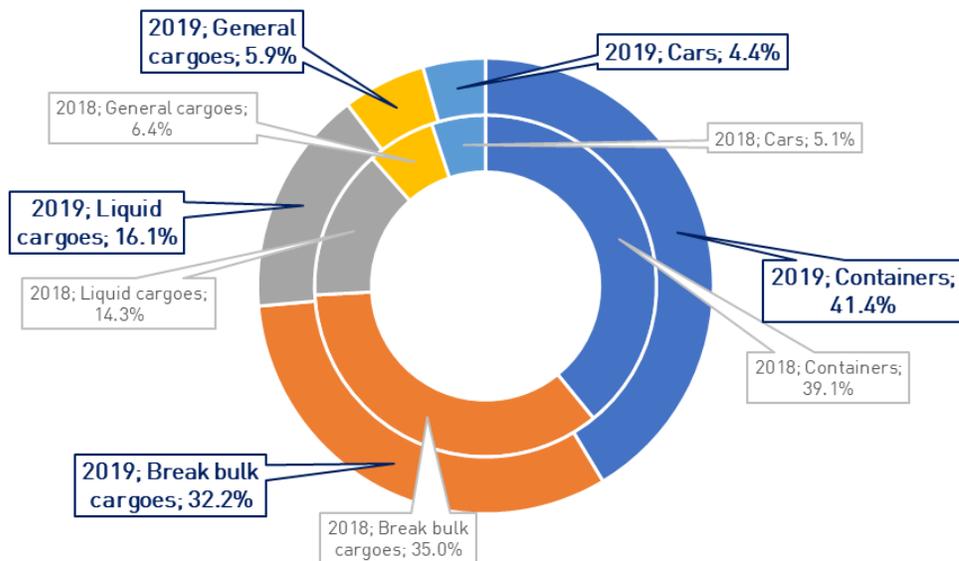


Containers throughput (in TEUs) and vehicles (in units) in 2018 and 2019

CARGO TYPES	1-6 2018	1-6 2019	Indeks 2019/2018
Containers – numbers	286,528	290,987	102
Containers – TEU	487,684	497,877	102
Vehicles – units	408,855	341,990	84



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



GENERAL CARGOES

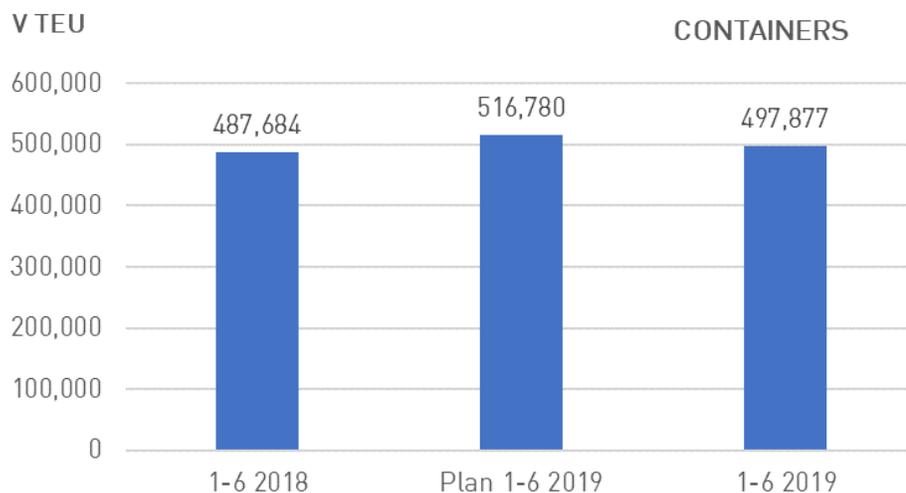
Within the general cargoes, Luka Koper Group in January - June 2019 achieved 9 percent lower throughput in comparison to the comparable period last year. The maritime throughput within the general cargoes decreased by 6 percent due to a lower throughput of

iron products. In timber throughput was recorded 13 percent lower export of timber due to a reduced need of the North African market.

CONTAINERS

In the first half 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 497,877 TEUs, which is 2 percent ahead on the comparable period in 2018. The share of full containers in the total throughput in comparison with 2018 has not changed significantly.

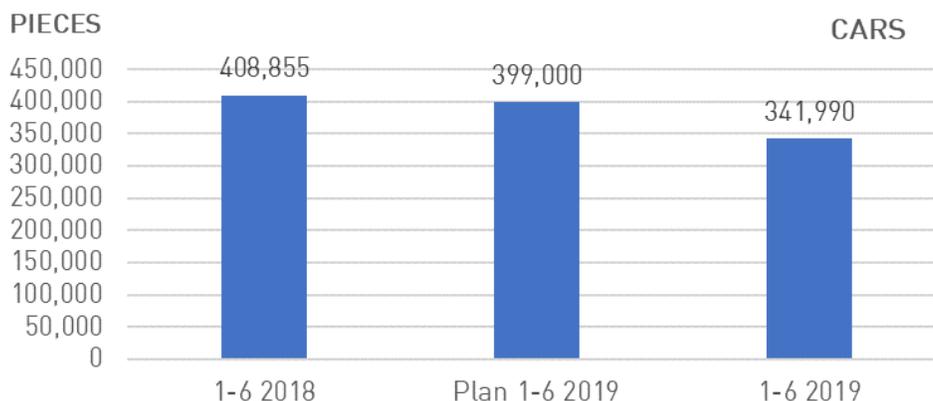
Maritime throughput of containers in January - June 2018 and 2019 and plan for 2019 (in TEU)



CARS

In January - June 2019, 341,990 cars were handled, which is a 16 percent decline in comparison with the comparable period in 2018. The lower throughput this year reflects the current market situation of reduced sales of vehicles in our key markets in Europe. 180.3 thousand cars were loaded onto ships, and 161.7 thousand cars were unloaded.

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



LIQUID CARGOES

In January - June 2019, the throughput of liquid cargoes in comparison with the equivalent period in 2018, increased by 12 percent. The throughput of liquid cargoes increased by 30 percent due to a higher turnover of the fuel, destined to the hinterland and domestic market. Within the throughput of petroleum products, Luka Koper Group recorded 7-percent increase in comparison with January - June 2018.

DRY AND BULK CARGOES

In January - June 2019, the throughput of dry bulk and bulk cargoes decreased by 9 percent in comparison with January - June 2018.

In Januar - June 2019, the maritime throughput at the Dry and Break bulk cargoes terminal decreased by 9 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 due to the one-off event, notably the plant breakdown of the customer importing thermal coal through the Port of Koper.

The throughput in the product group of bulk cargoes in January - June 2019 was 9 percent lower than the preceding year. Luka Koper Group recorded the decrease in the throughput of soya and grain.

9 Non-financial investments

In the first half of 2019, Luka Koper Group allocated EUR 15.9 million for the investments in the property, plant and equipment, property investments and intangible assets amounting to EUR 15.9 million, which is EUR 11.6 million ahead on the first half of 2018. In the first half of 2019, Luka Koper, d. d., allocated EUR 15.6 million, which is 98 percent of investments of Luka Koper.

Largest implemented investments were the following:

- ◆ Advance payment for dry bulk cargoes crane,
- ◆ 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,
- ◆ Purchase of the equipment for the installation of the fire-fighting pumping station with two vertical pumps.

10 Development activity

In January - June 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.

- Within the open public tender of the programme INTERREG, the company, as partner, in January – June 2019 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 three 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,
 - ◆ 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:
 - ◆ GAINN4MOS (CEF) - study on the potential of LNG in compliance with the Directive on the deployment of alternative fuels infrastructure,

- ◆ 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,
 - ◆ 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:
- ◆ TalkNet (program Srednja Evropa) – studies on fostering the connectivity between the ports, inland terminals and transport operators and efficient management of terminals as well as transport connections
 - ◆ SECNET ((programme Interreg VA Italija – Slovenija) – improvements in the port's security,
 - ◆ SUPAIR – solutions for the reduction of negative environmental impacts of the maritime transport and port's activities,
 - ◆ ISTEN - solutions for the improvements of the intermodal connections with the hinterland,
2. ADRIPASS - 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:
- 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
 - ◆ 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 first half of 2019, the Company received the approval of 5 new projects, which already started:

- ◆ Reif – Programme Interreg Central Europe (electronic control over cargo conveyed by rail)

- ◆ IntraGreenNodes – Program Interreg Central Europe (infrastructure for the energy-self-sufficiency facilities)
- ◆ ComodalCE – Programme Interreg Central Europe (digital recognition of container traffic by rail)
- ◆ Infrastress – Programme Horizon2020 (prevention, recognition and responses to combined security threats on the infrastructure of specific relevance)
- ◆ 'Development of a sustainable growth model Port' – programme of the agency ARRS (nautical characteristics of waterways, impact of seabed interventions from the biodiversity aspect, pollution of flows and sediment re-suspension).

11 LKPG share

The share of Luka Koper identified as LKPG is listed in the first quotation of Ljubljana Stock Exchange. As at 30 June 2019, the share ended its trading with 9.7 percent lower value than in the comparable period last year. On the last trading day in the first half of 2019, the price of the LKPG share amounted to EUR 28.8 per share.

In the first half of 2019, the ownership structure slightly changed. As at 30 June 2019, 9,487 shareholders were registered in the register, which was 338 less than in 2018. The Republic of Slovenia is the company's major shareholder.

Ten largest shareholders in Luka Koper, d. d., as at 30 June 2019

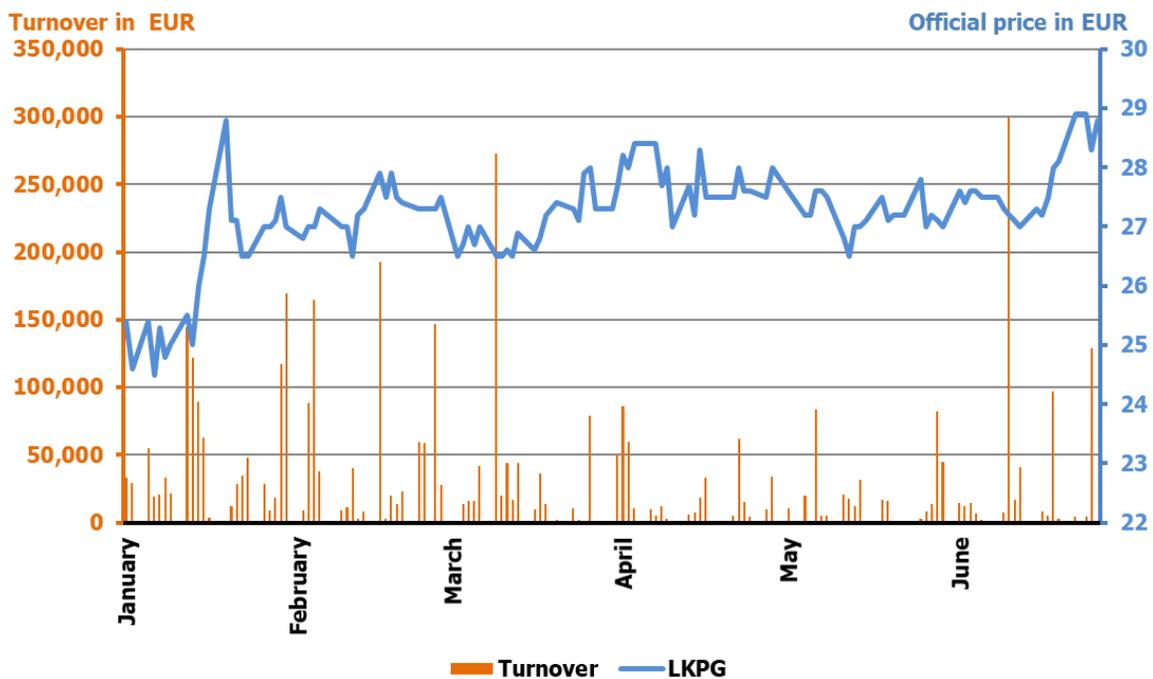
Shareholder	Number of shares 30.06.2018	Percentage stake 2018 (in %)	Number of shares 30.06.2019	Percentage stake 2019 (in %)
Republic of Slovenia	7,140,000	51.00	7,140,000	51.00
Slovenski državni holding, d. d.	1,557,857	11.13	1,557,857	11.13
Kapitalska družba, d. d.	696,579	4.98	696,579	4.98
Municipality of Koper	439,159	3.14	439,159	3.14
Citibank N.A. – fiduciary account	305,884	2.18	388,923	2.78
Hrvatska poštanska banka, d. d. – fiduciary account	137,645	0.98	138,582	0.93
Zavarovalnica Triglav, d. d.	113,568	0.81	113,568	0.81
Raiffeisen Bank International AG (RBI)	12,711	0.09	113,374	0.81
Utilico Emerging Markets Trust Plc	98,400	0.70	99,230	0.71
NLB skladi – Slovenija mešani	70,000	0.50	92,500	0.66
Total	10,571,803	75.51	10,779,772	77.00

11.1 Trading in LKPG

In the first half of 2019, the average daily price of Luka Koper, d. d., stood at EUR 27.18, whilst its overall value fluctuated between EUR 24.50 and EUR 28.90. The highest daily price was EUR 28.90, the lowest EUR 24.00. As at 30 June 2019, the market capitalisation of Luka Koper, d. d., shares amounted to EUR 403,200,000.

There were 731 transactions and block trades with aggregate value of EUR 4,154,852, whereby 153,860 shares changed ownership. In this period, the SBITOP index achieved 9.7 percent growth.

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



Relevant data on LKPG share

	1 – 6 2018	1 – 6 2019
Number of shares as at 30.6.	14.000.000	14.000.000
Number of ordinary no par value shares	14.000.000	14.000.000
Closing price as at 30 June (in EUR)	31.90	28.80
Book value of share as of 30 June (in EUR) ²⁰	24.20	26.45
Ratio between average weighed price in avce (P/B) ²¹	1.32	1.09
Average market price (in EUR) ²²	32.23	27.00
Average book value of share (in EUR) ²³	23.90	26.79
Ratio between average weighed market price and average book value of share	1.35	1.01
Net earning per share (EPS) (in EUR) ²⁴	4.95	3.55
Ratio between market price and earnings per share (P/E) ²⁵	6.44	8.12
Market capitalisation as of 30 June (in mio EUR) ²⁶	446.60	403.20
Skupni promet z delnico (in mio EUR)	9.46	4.15

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

	Shareholder	Ownership as at 30 June 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

²⁰ Book value of share = equity / number of shares

²¹ Ratio between market price and book value of share (P/B) = closing share price / book value of share

²² 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.

²³ Average book value of share is calculated on of the LKPG is calculated on the basis of average monthly ratio between equity and number of ordinary shares.

²⁴ Earnings per share (EPS) = net profit or loss / number of shares
Indicator is calculated on the basis of annualised data

²⁵ Ratio between market price and earnings per share (P/E) = closing share price / earnings per share (EPS)
Indicator is calculated on the basis of annualised data

²⁶ Market capitalisation = closing share price * number of shares

As at 30 June 2019 other Members of the Supervisory Board and Members of the Management Board of Luka Koper, d. d., did not own the company' shares.

11.3 Treasury shares, authorised capital, conditional capital increase

As at 30 June 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.

In the second quarter of 2019, the risk related to longer traffic interruptions on the railway line up to the port of Koper, materialised since on June 25, 2019 six wagons transporting cherosenenderailed on Divača–Koper railway line. The railway line was closed almost four days, from Tuesday June 25 until Saturday June 29, 2019, until 12.30 p.m. The accident showed how vulnerable is the port's logistics, which depends only on on track of railway line. Due to the rapid action and managing the consequences, the Company does not expect a long-term impact on the Company's performance. During the railway line closure the cargo was partially redirected on the road transport. The capacity of the railway line is limited due to the technical equipment, and such incidents have a significant impact on the fluidity and congestion, and this was a new warning about the urgency of the construction of the second track railway line. In June 2019, a project team was formed which will start the activities aimed to increase the fluidity in order to reduce strategic risks related to the capacity and rail fluidity. On January 24, the Government of the Republic of Slovenia, unanimously adopted the investment programme related to the second track of the Divača–Koper railway line, which estimates the completion of the second track railway line in 2025. In March 2019, started the construction of access roads to route of the second railway track, in May the Board of Directors of EIB granted the loan for the construction of the second track of the railway line. From March 1, 2019, Luka Koper, d. d., started to pay the transshipment fee, designed for the co-funding of the project and which will 2019 expectedly burden the profit or loss from the operations in the amount of EUR 5.3 million.

The activities related to the risk management in relation to the implementation of key investment project, continue. On May 10, 2019, the Sermin entrance as entry point in the Port of Koper, which will disburden main transport routes toward the port and increase traffic fluidity in the port. In July started the driving in of test piles for the extension of the Pier I, the public tender was published for the extension of the pier was published, to which the candidates for execution of works can apply until August 26. The implementation of such significant infrastructure project is a strategic investment which will ensure further development, increase international competitiveness of the port and significantly contribute to keep the leading position among container terminals in the Northern Adriatic. The total investment is expected to be completed in 2021. The activities related to the implementation of other infrastructure projects continue. In July, public tender was awarded for the construction of the garage with capacity of 6.000 vehicles, in April public tender for the construction of the RO-RO berth, which will be adapted to car carriers. These investments will increase the warehousing capacity and berths and improve the internal logistics in the cars handling.

In the second quarter of 2019, the activities of the establishment of a new business model of the implementation of port's services, which will reduce the related risks, continued. Within the tier I, 296 persons were directly employed in Luka Koper, d. d., until 30 June 2019. In June, four recruitment agencies, through which 346 workers will work in the port, were selected. On June 7, 2019, the public tender for the performance of the cars transport and additional services at the Car and Ro-Ro Terminal for the needs of the Tier III.

With aim to reduce the risk related to exceeding statutory prescribed noise threshold values towards the town of Koper, which may occur during driving in piles within the extension of the Pier I or excessive noise produced during the performance of the activity, a plan aiming to reduce the noise was drawn up and is already in In 2018, the modified Decree on limit values for environmental noise indicators environment (Official Gazette of the RS, No. 43/18), entered into force, on the basis of which, on February 28, 2019, the Company received the Decision on the modification of the environmental permit with respect to the noise emissions in the environment, due to which the risk remains at the acceptable level.

Luka Koper Group ensures the smooth performance of all business processes for a smooth performance of the cargo handling and additional services. Risks of which realisation is reflected in injuries to persons and/or environmental impacts or effects on property, are managed by preventive measures on the basis workplace risk assessments, training and examinations, with consistent use of protective equipment, with defined technological procedures and working instructions, which are constantly updated, constant measurements of working conditions, regular medical examinations and with an adequate property and liability insurance. Endeavours for a constant improvement are reflected in results – in 2019, no serious injury was recorded, we also record the incidence of injuries per million of hours worked.

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. A significant increase of interest rates is not expected in 2019, according to the latest projections EURIBOR should remain negative until the end of 2021.

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 200 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 company received the inspection decision due to the exceeding noise limit values toward Koper, and the certificate could not be renewed i.

At the end of May 2019, Luka Koper, d. d., succeeded to complete the open environmental decision and currently is being preparing for a new assessment in relation to the compliance with EMAS regulation, for the re-acquisition of the EMAS certificate.

In the firsts half of 2019, in compliance with ISO 50001 standard, Luka Koper carried out the pre-audit concerning the energy management system.

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. In the first half of 2019, 660 tons of paper mill sludge were disposed.

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 exceede 200 mg/m²day and the average of measurement values for the reported period is 103 mg/m²day. In January – June 2019 the company did not recored any deviation. The law does not prescribe limit values resp. permitted deviations for such measurements.

	1 – 6 2018	1 – 6 2019	INDEX 2019/2018
Average value of dust deposits (mg/m ² day)	111	112	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 µg/m³ and statutory set up volume of 40 µg/m³. The results from two measurement devices are shown automatically every hour on the Port's web page online Living with the Port www.zivetispristaniscem.si.

Comparison of mean values of PM₁₀ , January – June 2018 and 2019

	1 – 6 2018	1 – 6 2019	INDEX 2019/2018
Ankaran - Rožnik	17 µg/m ³	17 µg/m ³	100
Bertoki	21 µg/m ³	26 µg/m ³	124
Koper – Cruise terminal	14 µg/m ³	17 µg/m ³	121

13.3.1 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/m³. 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 half of 2019, the share of sorted separately collected waste was 92 percent and thereby the set objective of 89 percent of sorted separately collected waste was exceeded. In the aforesaid period, the Company provided for the removal of worn-out bicycles, which served as transport means in in the port and the removal of the worn-out and written-off port's machinery, which was deposited for longer time within the Port zone.

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), January – June 2018 and 2019

1 - 6 2018			1 - 6 2019*			Threshold values 2019- according to novi uredbi o hrupu
Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	
L _D =53	L _D =53	L _D =64	L _D =40	L _D =46	L _D =54	L _D =65
L _V =51	L _V =51	L _V =63	L _V =38	L _V =44	L _V =53	L _V =60
L _N =49	L _N =50	L _N =62	L _N =35	L _N =42	L _N =52	L _N =55
L _{DVN} =56	L _{DVN} =57	L _{DVN} =69	L _{DVN} =43	L _{DVN} =49	L _{DVN} =59	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. The Company has set and determined objectives, of which threshold values are lower than statutory prescribed threshold values.

The Company implements measures to lower noise level, which were adopted for 2019.

13.6 Energy

The current electricity power in Luka Koper, d. d., is approximately 10 MW, which is still acceptable connecting power to the electricity distribution network. In October 2014, the European Parliament and Council adopted the Directive 2014/94/EU which under Article 4 requires that EU countries ensure that the supply with electrical power from land to inland waterways ships and to seagoing vessels should be estimated in national politics frameworks for all ports. At the end of July 2017, the Government of the Republic of Slovenia adopted a Decree on the deployment of the infrastructure for alternative fuels in the transport, which obliges the operator of the Port of Koper, to ensure the supply of the electric power for ships in the Port of Koper from the quayside no later than 31 December 2025.

Due to the aforesaid EU Directive and future development of Luka Koper, the consumption of electric power resp. power demand of Luka Koper will increase in the future. Therefore, Luka Koper jointly with transmission system operator in the Republic of Slovenia, ELES, d. o. o. , started to draw up an agreement on the construction, co-funding and joint ventures in 110 kV electricity infrastructure up to the port.

13.6.1 Electricity and water consumption

In 2019, the use of electrified RTG cranes increased. 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 half of 2019 in comparison with 2018. The reason for a higher specific use of water consumption in the first six months of 2019 in comparison to the year 2018, is in slightly higher absolute water consumption.

Specific consumption of energy and water per handled tone of the total throughput²⁷, January – July 2018 and 2019

	1 – 6 2018	1 – 6 2019	INDEX 2019/2018
Electricity consumption (kWh/t)	1.26	1.32	105
Motor fuel consumption(l/t)	0.228	0.221	97
Potable water consumption (l/t)	6.39	6.62	104

²⁷ Total throughput = maritime throughput + stuffing/unstuffing of containers

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 half 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 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 60 percent of the 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 half of 2019, the company achieved the 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 order to reduce water losses, repairs of leakages are constantly carried out, as well as repairs of hydrant network and water distribution network. In the first half of 2019, measurements of the quality of the potable water at the Cruise terminal were carried out, 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 carried out the sampling of waste waters at the washing facility DEPO, but the results are still not available.

13.7 Effect of 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 – June 201, 13 incidents were recorded in the port's aquatorium. In all cases of pollution at sea, measures were taken in accordance to the activation scheme of forces and resources for minor accident, and the consequences of pollution were successfully dealt with within the concession area.

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

	1 – 6 2018	1 – 6 2019	INDEX 2019/2018
Number of accidents at sea	13	28	215
Number of interventions in the Port's aquatorium	13	25	192
Number of incidents not requiring intervention	0	3	-
Number of pollution incidents outside the Port's aquatorium	0	1	-

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/>.

Within the project of the co-funded project SUPAIR, underwater camera, current meter and underwater sound meter were installed.

14 Human resources

Thanks to their knowledge, skills, energy and focus on the achievement of Company's business objectives, the employees are an essential foundation for the Company's success.

The guidance of approaches to the HR management is the Human resources management strategy 2016–2020, which supports the Business strategy of Luka Koper Group and Luka Koper, d. d., for 2016–2020, which among development priorities emphasizes the increase of 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.

14.1 Recruitment, turnover rate and employment structure

As at 30 June 2019, the Luka Koper Group had 1,662 employees, which is 477 more than as at 30 June 2018, and which is 40-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 half of 2019, 432 employees were recruited in Luka Koper Group, which is 329 employments more than in the comparable period last year. The largest part of new employments result from the process of implementation of the port service provision strategy and primarily involves jobs in the basis throughput processes in Luka Koper, d. d. The tier I comprises the regular employment.

At the end of 2018, Luka Koper, d. d., published a public tender for the selection of recruitment agencies to provide 346 workers (tier II of the business model) for performing port services. In June 2019, 4 recruitment agencies were selected via public procurement procedures.

Number of employees in Luka Koper Group

	30.06.2018	30.06.2019	Index 2019/2018
Luka Koper, d. d.	1,002	1,508	150
Luka Koper INPO, d. o. o.	153	122	80
Luka Koper Pristan, d. o. o.	4	4	100
Adria Terminali, d. o. o.	22	24	109
TOC, d. o. o.	4	4	100
Luka Koper Group	1,185	1,662	140

Comparison between recruitment, termination and turnover rate

	Number of new recruitments		Number of departures		TURNOVER RATE (in %) ²⁸	
	1 – 6 2018	1 – 6 2019	1 – 6 2018	1 – 6 2019	1 – 6 2018	1 – 6 2019
Luka Koper, d. d.	92	431	16	11	1,6	0,7
Luka Koper Group	103	432	29	11	2,4	0,7

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 half of 2019, was low resp. significantly lower than in 2018 due to a significant level of recruitment.

14.2 Occupational health and safety

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

The company is striving to implement preventive actions with trainings, additional education, raising of the awareness of employees' and other persons present in the port.

²⁸ Method for calculating turnover rate = [number of departures / (initial number of employees + new recruitments)] x 100

Each severe and recurrent injury is examined and adequate actions are taken in order to prevent any recurrence of similar incidents.

Injuries at work

Parties involved	1 – 6 2018		1 –6 2019	
	All injuries	Whereof major injuries	All injuries	Whereof major injuries
Luka Koper, d. d.	6	0	9	0
Providers of port services	23	0	14	0
Outsourcing companies	4	0	9	0
Subsidiaries	3	0	3	0

Currently, the objective of maximum 16 occupational injuries per million hours worked at Luka Koper, d. d., has been achieved. In the first half of 2019, the indicator shows 10,0 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.

In the first half of 2019, 31.6 collision per million hours worked occurred. Therefore, the target of 25 collisions in the internal transport per million hours worked for 2019 has not been achieved.

14.3 Education, training and development of employees

In the first half of 2019, Luka Koper Group provided on average higher number of hours of training than in the equivalent period last year and namely 13,3 hours of training per employee in Luka koper Group and 13.9 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. 85 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, Slovene language course, corruption risks, custody of fixed assets.

56 percent of employees in Luka Koper Group resp. 58 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 half of 2019, the 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 half of 2019, EUR 655.9 thousand. 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, 251 applicants received sponsorships and donations in the total amount of EUR 129.2 thousand.

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.

The publication Port's knots, representing Luka Koper, d. d., activities, successes and challenges in the field of the sustainable development is destined to the inhabitants living in the close vicinity of the port and who are particularly affected by port's activities impacts. 15.300 households in the Municipality of Koper and the Municipality of Ankaran received the publication. The new management of the Municipality of Koper and municipal counsellors were informed about Luka Koper, d. d., development plans. Both work groups, set up on the basis of the Letter of Intent concluded between between Luka Koper, d. d., and Municipality of Koper in July 2018 reactivated: one group tackles mitigating measures aiming to reduce the noise in the Port, the other topics related to the warehouse 3, which is on the basis of the Letter of Intent, intended for a long term for social activities.

Although the Port is the customs zone and the entrance is limited, yearly almost 20,000 of organised groups of visitors, guided by Members of the Club of retired employees of Luka Koper, visit the port. Most of them are school groups. Within the framework of the traditional Port's day held on May 18, 2019, more than 4,000 visitors visited the port.

ACCOUNTING REPORT

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

16.1 Income Statement

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-6 2019	1-6 2018*	1-6 2019	1-6 2018*
Revenue	117,857,106	111,255,542	119,903,832	113,322,196
Capitalised own products and services	61,927	0	66,712	631,912
Other income	1,285,829	11,525,772	2,128,583	12,342,476
Cost of material	-8,714,701	-7,985,655	-8,813,284	-8,310,520
Cost of services	-28,866,038	-29,158,460	-27,379,248	-27,766,128
Employee benefits expense	-34,253,973	-25,500,856	-37,161,034	-28,719,837
Amortisation and depreciation expense	-14,307,007	-14,284,727	-14,669,421	-14,715,456
Other operating expenses	-4,459,391	-4,136,661	-4,488,592	-4,267,577
Operating profit	28,603,752	41,714,955	29,587,548	42,517,066
Finance income	1,647,310	1,470,887	283,609	156,309
Finance expenses	-500,304	-727,486	-396,163	-659,066
Profit or loss from financing activity	1,147,006	743,401	-112,554	-502,757
Profit or loss of associates	0	0	812,621	710,837
Profit before tax	29,750,758	42,458,356	30,287,615	42,725,146
Income tax expense	-4,983,030	-7,794,938	-5,143,738	-7,917,928
Deferred taxes	53,681	0	53,681	-1,863
Net profit for the period	24,821,409	34,663,418	25,197,558	34,805,355
Net profit attributable to owners of the company	0	0	25,193,048	34,797,440
Net profit attributable to non-controlling interests	0	0	4,510	7,915
Net earnings per share	1.77	2.48	1.80	2.49

*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.		Luka Koper Group	
	1-6 2019	1-6 2018	1-6 2019	1-6 2018
Profit for the period	24,821,409	34,663,418	25,197,558	34,805,355
Actuarial gains or losses from post-employment benefits	-366,816	0	-366,816	0
Deferred tax on actuarial gains or losses	32,935	0	32,935	0
Item not reclassified subsequently to profit or loss	-333,881	0	-333,881	0
Change in revaluation surplus of available-for-sale financial assets	2,238,213	792,110	2,201,269	1,013,157
Deferred tax on revaluation of available-for-sale financial assets	-425,685	-150,501	-418,666	-192,500
Change in fair value of hedging instruments	0	99,343	0	99,343
Deferred tax on change in value of hedging instruments	0	-18,875	0	-18,875
Item that are or may be reclassified subsequently to profit or loss	1,812,527	722,077	1,782,603	901,125
Total comprehensive income for the period	26,300,056	35,385,495	26,646,280	35,706,480

16.3 Statement of Financial Position

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2019	31 Dec 2018*	30 Jun 2019	31 Dec 2018*
ASSETS				
Property, plant and equipment	358,044,249	355,839,069	372,456,754	370,565,314
Investment property	24,545,548	24,616,101	15,188,652	14,870,578
Intangible assets	2,406,433	2,605,462	2,667,457	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	13,237,266	13,754,815
Other non-current investments	33,675,697	31,437,485	37,725,426	35,524,158
Loans given and deposits	9,400	13,876	14,902	19,378
Non-current operating receivables	41,123	41,108	70,833	70,818
Deferred tax assets	7,736,225	8,075,295	7,629,002	7,961,052
Non-current assets	437,729,447	433,899,168	448,990,292	445,660,208
Inventories	1,240,717	1,322,412	1,240,717	1,322,412
Deposits and loans given	9,256	8,716	80,247	79,802
Trade and other receivables	52,379,429	44,724,743	53,030,680	45,385,484
Assets from contracts with customer	0	210,861	0	210,861
Terjatve za davek od dohodka	76,739	0	0	0
Cash and cash equivalents	92,888,790	73,376,306	99,560,047	79,583,293
Current assets	146,594,931	119,643,038	153,911,691	126,581,852
TOTAL ASSETS	584,324,378	553,542,206	602,901,983	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	12,005,780	10,507,002	12,976,746	11,507,892
Retained earnings	35,433,720	29,252,442	65,827,491	59,274,576
Equity of owners of the parent	0	0	401,689,758	393,667,989
Non-controlling interests	0	0	215,327	210,816
Equity	370,325,021	362,644,965	401,905,085	393,878,805
Provisions	19,383,890	19,460,792	19,836,518	19,936,175
Deferred income	24,569,125	23,651,341	26,377,647	25,567,895
Loans and borrowings	102,991,459	93,431,499	86,991,459	77,431,499
Other non-current financial liabilities	256,928	0	283,146	0
Non-current operating liabilities	929,835	1,304,783	993,121	1,380,528
Non-current liabilities	148,131,237	137,848,415	134,481,891	124,316,097
Loans and borrowings	11,106,318	13,685,558	11,106,318	13,685,558
Other current financial liabilities	19,055,792	156,684	19,046,001	145,363
Income tax liabilities	0	9,254,382	53,535	9,244,938
Trade and other payables	35,706,010	29,952,202	36,309,153	30,971,299
Current liabilities	65,868,120	53,048,826	66,515,007	54,047,158
TOTAL EQUITY AND LIABILITIES	584,324,378	553,542,206	602,901,983	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.		Luka Koper Group	
	1-6 2019	1-6 2018	1-6 2019	1-6 2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the period	24,821,409	34,663,418	25,197,558	34,805,355
Adjustments for:				
Amortisation/Depreciation	14,307,007	14,284,728	14,669,421	14,715,456
Reversal and impairment losses on property, plant and equipment, and intangible assets	65	3,591	65	4,455
Gain on sale of property, plant and equipment, intangible assets and investment property	0	-785,678	-7,114	-801,024
Allowances for receivables	294,164	150,646	312,618	277,909
Collected written-off receivables and liabilities	-61,953	-274,980	-63,276	-277,580
Reversal of provisions	-66,565	-643,396	-66,565	-643,396
Finance income	-1,647,310	-1,470,887	-283,609	-156,309
Finance expenses	500,304	727,487	396,163	659,066
Recognised results of subsidiaries under equity method	0	0	-812,621	-710,837
Income tax expense and income (expenses) from deferred taxes	4,929,349	7,794,938	5,090,057	7,919,791
Profit before change in net current operating assets and taxes	43,076,470	54,449,867	44,432,697	55,792,886
Change in operating receivables	-7,720,470	-4,944,684	-7,631,709	-4,708,045
Change in inventories	81,695	-168,766	81,695	-168,766
Change in assets (disposal group) held for sale	0	1,502,198	0	1,502,197
Change in operating liabilities	1,793,345	5,292,106	1,360,947	4,929,860
Change in provision	8,648	313,235	-14,107	414,654
Change in non-current deferred income	917,784	2,819,851	809,752	2,778,077
Cash generated in operating activities	38,157,472	59,263,807	39,039,275	60,540,863
Interest expenses	-489,297	-489,297	-489,297	-489,297
Tax expenses	-14,314,151	2,539,539	-14,335,141	2,910,885
Net cash from operating activities	23,354,024	60,869,411	24,319,207	62,608,135
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	117,100	126,313	83,561	130,959
Prejete dividende in deleži v dobičku odvisnih družb	14,281	0	0	0
Prejete dividende in deleži v dobičku pridruženih družb	1,230,171	550,000	1,230,171	550,000
Dividends received and share of profits – other companies	185,767	25,350	100,048	25,350
Proceeds from sale of property, plant and equipment, and intangible assets	0	785,678	7,049	805,479
Proceeds from sale, less investments and loans given	8,333	4,170	8,472	253
Acquisition of property, plant and equipment, and intangible assets	-12,219,956	-4,018,378	-12,590,750	-4,296,955
Acquisition of investments, increase in loans given	0	0	0	-120
Net cash used in investing activities	-10,664,304	-2,526,867	-11,161,449	-2,785,034
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	-9,021,351	-8,308,199	-9,021,351	-8,514,647
Payment of the leased asset	-157,671	0	-161,439	0
Dividends paid	-285	-2,412	-285	-2,412
Net cash used in financing activities	6,822,764	-8,310,611	6,818,996	-8,517,059
Net increase in cash and cash equivalents	19,512,484	50,031,933	19,976,754	51,306,041
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	92,888,790	78,234,523	99,560,047	83,680,256

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
Changes of equity – transactions with owners									
Dividends	0	0	0	0	-17,220,000	0	0	0	-17,220,000
	0	0	0	0	-17,220,000	0	0	0	-17,220,000
Total comprehensive income for the period									
Profit for the period	0	0	0	0	34,663,418	0	0	0	34,663,418
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	641,609	0	0	641,609
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	80,468	0	80,468
	0	0	0	0	34,663,418	641,609	80,468	0	35,385,495
Balance at 30 June 2018	58,420,965	89,562,703	18,765,115	126,842,241	34,650,259	11,534,884	0	-1,013,085	338,763,082
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
Changes of equity – transactions with owners									
Other changes in equity	0	0	0	0	-18,620,000	0	0	0	-18,620,000
	0	0	0	0	-18,620,000	0	0	0	-18,620,000
Total comprehensive income for the period									
Profit for the period	0	0	0	0	24,821,409	0	0	0	24,821,409
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	1,812,527	0	0	1,812,527
Actuarial gains/losses, less tax	0	0	0	0	0	0	0	-333,881	-333,881
	0	0	0	0	24,821,409	1,812,527	0	-333,881	26,300,056
Changes within equity									
Other changes in equity	0	0	0	0	-20,131	0	0	20,131	0
	0	0	0	0	-20,131	0	0	20,131	0
Balance at 30 June 2019	58,420,965	89,562,703	18,765,115	156,136,738	35,433,720	13,465,924	0	-1,460,144	370,325,021

16.6 Consolidated Statement of Changes in Equity of Luka Koper Group

(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	-80,468	-1,093,285	350,189,990	192,336	350,382,323	
Equity changes - transactions with owners												
Dividends	0	0	0	0	-17,220,000	0	0	0	-17,220,000	0	-17,220,000	
	0	0	0	0	-17,220,000	0	0	0	-17,220,000	0	-17,220,000	
Total comprehensive income for the period												
Profit for the period	0	0	0	0	34,797,440	0	0	0	34,797,440	7,915	34,805,355	
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	820,657	0	0	820,657	0	820,657	
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	80,468	0	80,468	0	80,468	
	0	0	0	0	34,797,440	820,657	80,468	0	35,698,565	7,915	35,706,480	
Balance at 30 June 2018	58,420,965	89,562,703	18,765,115	126,842,241	63,678,350	12,492,466	0	-1,093,285	368,668,555	200,251	368,868,806	
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	210,817	393,878,806	
Equity changes - transactions with owners												
Other changes in equity	0	0	0	0	-18,620,000	0	0	0	-18,620,000	0	-18,620,000	
	0	0	0	0	-18,620,000	0	0	0	-18,620,000	0	-18,620,000	
Total comprehensive income for the period												
Profit for the period	0	0	0	0	25,193,048	0	0	0	25,193,048	4,510	25,197,558	
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	1,782,603	0	0	1,782,603	0	1,782,603	
Actuarial gains/losses, less tax	0	0	0	0	0	0	0	-333,881	-333,881	0	-333,881	
	0	0	0	0	25,193,048	1,782,603	0	-333,881	26,641,770	4,510	26,646,280	
Changes within equity												
Other changes in equity	0	0	0	0	-20,131	0	0	20,131	0	0	0	
	0	0	0	0	-20,131	0	0	20,131	0	0	0	
Balance at 30 June 2019	58,420,965	89,562,703	18,765,115	156,136,738	65,827,495	14,513,283	0	-1,536,538	401,689,761	215,327	401,905,088	

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 – June 2019 resp. as at 30 June 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 30 June 2019:

- 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 – June 2019, in comparison with the comparable

data for the previous year, together with the company's financial position as at 30 June 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 – June 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 (IFRS) 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:

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 a finance lease, in the same manner that finance lease 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 underlying asset is of low value (such as personal computer) and for short-term leases (leases with a term of less than 12 months). As the date of 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. right-of-use asset).

Under IFRS, 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 for the lessor and from the lessor's perspective, the distinction between the operating lease and finance lease remains in force.

Luka Koper, d. d./Luka Koper 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 is of low value. The Company has elected to apply exemptions and thus accounts for lease payments as an expense in January – June 2019. There are two possible transitions to the new standard; the Company has opted for transition without affecting its statement of financial position (modified retrospective method) and implemented the standard as of 1 January 2019. Based on analysis results, the Company/Luka Koper Group has 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/Luka Koper Group 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 in January – June 2019:

Statement of financial position:

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2019	1 Jan 2019	30 Jun 2019	1 Jan 2019
ASSETS	525,475	680,417	552,959	691,776
Right-of-use	525,475	680,417	552,959	691,776
LIABILITIES	525,314	680,417	552,833	691,776
Lease liabilities	525,314	680,417	552,833	691,776

Income Statement:

(in EUR)	Luka Koper, d. d.	Luka Koper Group
	1-6 2019	1-6 2019
Depreciation of right-of-use	-154,943	-158,602
Rentals	157,671	161,439
Operating profit	2,728	2,837
Finance lease expenditure	-2,567	-2,711
Profit/loss before tax	161	126

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	IFRS 16	IAS 17	IFRS 16	IAS 17
Depreciation of right-of-use	-154,943	0	-158,602	0
Rentals	-58,577	-216,249	-91,844	-253,283
Operating profit	-213,520	-216,249	-250,446	-253,283
Finance lease expenditure	-2,567	0	-2,711	0
Profit/loss before tax	-216,087	-216,249	-253,157	-253,283

Lease costs related to exemptions:

(in EUR)	Luka Koper, d. d.	Luka Koper Group
	1-6 2019	1-6 2019
Short term rental	31,982	63,388
Low asset value	25,657	27,518
Variable rental	938	938
Total rental cost	58,577	91,844

Provisions for retirement benefits and jubilee premiums

In accordance with statutory requirements and the collective agreement, Luka Koper d. d./Luka Koper Group is liable to pay jubilee premiums and termination benefits on retirement. These payments are measured using the method of accounting that requires that an actuarial liability is assessed on the basis of expected salary growth from the valuation date until the employee's anticipated retirement. This means that benefits are accrued in proportion to the work performed. The assessed liability is recognised as the present value of expected future expenditure. Anticipated salary growth and employee turnover are also considered as part of measurement.

Actuarial gains or losses for termination benefits in the current year are recognised in other comprehensive income under equity based on an actuarial calculation, whereas current and previous

employee benefits and interest expenditure are recognised in profit or loss. Current employee benefit costs and interest expenditure as well as actuarial gains and losses, Luka Koper, d.d./Luka Koper Group recognises in profit or loss for jubilee premiums.

The calculation of provisions for retirement benefits and jubilee premiums is based on the actuarial calculation as at 30 June 2019 (using data as at 30 June 2019), which took into account the following assumptions:

- Currently applicable amount of termination benefits and jubilee premiums.
- Mortality rate that is based on mortality tables from 2007 applicable to Slovenia and presented separately for men and women, decreased by 10 percent (active population). As at 30 June 2019, this means an overall 0.3-percent death rate for employees in the next financial year (considering the number of employees).
- Staff fluctuation, declining on a straight-line basis from 2.0 percent at 15 years to 0.5 percent at 55 years, thereupon remaining constant at 0.0 percent. In total, this indicates an annual fluctuation of one percent for the next year as at 30 June 2019.
- Foreseen retirement of individual employees has been taken into account based on data on employee gender, date of birth and length of service as at 30 June 2019 pursuant to Article 27 and 3rd indent of Article 28 (1) of Pension and Disability Insurance Act.
- For the period from 2019 till 2021 calculations, we used average salary increase rates for the Republic of Slovenia as outlined in Spring Forecast of Economic Trends 2019 (Institute of Macroeconomic Analysis and Development). Average salaries in Slovenia are expected to increase as of 2022 by an annual two percent due to inflation and by one percent due to real growth. It is assumed that the amounts as set the Decree on the Levels of Reimbursed Work-related Expenses and of Certain Income not to be included in Tax Base. (Official Gazette of the Republic of Slovenia No. 140/06 and 76/08) will not increase by 2020, whereby an increase of these amounts is expected subsequently in line with inflation.
- Increase in basic gross salaries and variable components is taken into account in the amount of annual inflation, increased by 0.2 percent from 2022 onwards; basic gross salary growth due to promotions is taken into account at 0.5 percent yearly, the bonus for total years of service is taken into account at 0.5 percent of the basic salary for each full year of service. In case of four individual contracts, the bonus for total years in service does not apply. Accordingly, the nominal monthly salary growth rate -in view of inflation and actual growth - would be 2.0 percent next year, 2.3 percent in 2021 and 2.2. percent from 2022 onwards.
- The discount rate for the calculation as at 30 June 2019 at 0.7 percent on the basis of the yield of Slovenian government bond as at 28 June 2019, and by interpolation with respect to the average weighted duration of the Company's commitments.

18 Additional Notes to the Income Statement

Revenue

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-6 2019	1-6 2018	1-6 2019	1-6 2018
Revenue from sales with domestic customers based on contract with customer	39,262,422	33,303,951	40,945,168	34,937,361
- services	39,255,508	33,298,938	40,938,254	34,932,348
- goods and material	6,914	5,013	6,914	5,013
Revenue from sales with foreign customers based on contract with customer	77,780,699	77,244,741	78,238,480	77,772,458
- services	77,780,699	77,244,741	78,238,480	77,772,458
Revenue from sales with domestic customers from rentals	811,770	705,049	717,969	610,576
Revenue from sales with foreign customers from rentals	2,215	1,801	2,215	1,801
Total	117,857,106	111,255,542	119,903,832	113,322,196

Other revenue

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-6 2019	1-6 2018	1-6 2019	1-6 2018
Other operating income	128,518	1,704,054	962,942	2,492,638
Reversal of provisions	66,565	643,396	66,565	643,396
Subsidies, grants and similar income	0	0	825,987	770,638
Revaluation operating income	61,953	1,060,658	70,390	1,078,604
Income on sale of property, plant and equipment and investment property	0	785,678	7,114	801,024
Collected written-off receivables and written-off liabilities	61,953	274,980	63,276	277,580
Other income	1,157,311	9,821,718	1,165,641	9,849,838
Compensations and damages	974,765	9,528,622	975,370	9,556,336
Subsidies and other income not related to services	181,180	293,089	181,180	293,090
Other income	1,366	7	9,091	412
Total	1,285,829	11,525,772	2,128,583	12,342,476

Received compensations and damages of Luka Koper, d. d. in the first quarter of 2019 amounted to EUR 974,765, and were mostly related to the received compensations for damage in the amount of EUR 526,015 and accrued received compensation for collapsed quay crane.

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

Cost of material

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-6 2019	1-6 2018	1-6 2019	1-6 2018
Cost of material	0	0	870	743
Cost of auxiliary material	1,388,724	1,235,765	1,445,539	1,445,753
Cost of spare parts	3,125,809	2,583,235	3,041,620	2,526,825
Cost of energy	3,873,937	3,875,948	3,978,257	4,022,409
Cost of office stationary	116,940	95,357	122,969	101,139
Other cost of material	209,291	195,350	224,029	213,651
Total	8,714,701	7,985,655	8,813,284	8,310,520

Cost of services

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-6 2019	1-6 2018	1-6 2019	1-6 2018
Port services	12,971,084	16,353,338	11,815,450	15,379,449
Cost of transportation	106,340	133,870	118,339	96,744
Cost of maintenance	4,364,516	3,500,402	4,252,378	2,925,842
Rentals	58,577	176,837	91,844	250,413
Reimbursement of labour-related costs	200,669	140,736	216,224	151,581
Costs of payment processing, bank charges and insurance premiums	550,483	406,373	583,153	472,788
Cost of intellectual and personal services	718,100	668,021	735,436	684,608
Advertising, trade fairs and hospitality	733,737	386,414	737,228	387,674
Costs of services provided by individuals not performing business activities	170,016	187,994	177,776	194,924
Sewage and disposal services	511,180	469,806	271,072	275,344
Information support	1,362,213	1,444,203	1,432,959	1,541,851
Concession-related costs	4,013,536	3,864,268	4,013,536	3,864,268
Transshipment fee	2,130,856	0	2,130,856	0
Costs of other services	974,731	1,426,198	802,997	1,540,642
Total	28,866,038	29,158,460	27,379,248	27,766,128

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.		Luka Koper Group	
	1-6 2019	1-6 2018	1-6 2019	1-6 2018
Wages and salaries	22,829,972	16,927,463	24,737,115	19,020,763
Wage compensations	2,899,624	2,408,987	3,165,797	2,727,732
Costs of additional pension insurance	896,039	755,090	988,871	860,096
Employer's contributions on employee benefits	4,273,630	3,184,879	4,622,739	3,569,275
Annual holiday pay, reimbursements and other costs	3,354,708	2,224,437	3,646,512	2,541,971
Total	34,253,973	25,500,856	37,161,034	28,719,837

In the first half of 2019, labour costs increased in comparison with the preceding year, primarily because of new recruitments, since from the end of June 2018 until the end of June 2019, the Company additionally employed 506 persons, whilst the Group employed 477 persons.

Amortisation and depreciation expense

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-6 2019	1-6 2018	1-6 2019	1-6 2018
Depreciation of buildings	6,479,218	6,494,657	6,719,888	6,776,151
Depreciation of equipment and spare parts	7,032,562	7,141,954	7,283,787	7,466,850
Depreciation of small tools	7,731	9,049	8,105	9,957
Depreciation of investment property	284,982	309,245	120,928	105,059
Amortisation of intangible assets	341,785	324,036	369,396	351,653
Depreciation of investment into foreign-owned assets	5,786	5,786	8,715	5,786
Depreciation of right-of-use	154,943	0	158,602	0
Total	14,307,007	14,284,727	14,669,421	14,715,456

Other expenses

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-6 2019	1-6 2018	1-6 2019	1-6 2018
Provisions	27,481	39,419	27,481	39,419
Impairment costs, write-offs and losses on property, plant and equipment, and investment property	65	3,591	65	4,455
Expenses for allowances for receivables	294,164	150,646	312,618	277,909
Levies that are not contingent upon employee benefits expense and other types of cost	3,369,907	3,370,197	3,373,108	3,374,331
Donations	147,300	135,450	149,500	138,000
Environmental levies	48,857	81,814	42,461	73,740
Awards and scholarship to students inclusive of tax	9,302	5,294	9,302	6,424
Awards and scholarship to students	1,200	2,000	1,200	2,000
Other costs and expenses	561,115	348,250	572,857	351,299
Total	4,459,391	4,136,661	4,488,592	4,267,577

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.		Luka Koper Group	
	1-6 2019	1-6 2018	1-6 2019	1-6 2018
Finance income from shares and interests	1,530,219	1,344,574	200,048	25,350
Finance income from shares and interests in Group companies	14,281	288,590	0	0
Finance income from shares and interests in associated companies	1,330,171	1,030,634	0	0
Finance income from shares and interests in other companies	185,767	25,350	200,048	25,350
Finance income - interest	429	579	524	719
Interest income - other	429	579	524	719
Finance income from operating receivables	116,662	125,734	83,037	130,240
Finance income from operating receivables due from others	116,662	125,734	83,037	130,240
Total finance income	1,647,310	1,470,887	283,609	156,309
Finance expenses – interest	-435,796	-671,325	-369,165	-601,031
Interest expenses – Group companies	-66,775	-70,294	0	0
Interest expenses – banks	-366,454	-601,031	-366,454	-601,031
Financial expenses arising from lease liabilities to others	-2,380	0	-2,711	0
Financial expenses arising from lease liabilities to Group companies	-187	0	0	0
Finance expenses for financial liabilities	-64,508	-56,161	-26,998	-58,035
Finance expenses for trade payables	-72	-24	-72	-47
Finance expenses for other operating liabilities	-64,436	-56,137	-26,926	-57,988
Total finance expenses	-500,304	-727,486	-396,163	-659,066
Net financial result	1,147,006	743,401	-112,554	-502,757

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

In the reported period, finance expenses for interests to banks amounted to EUR 366,454 , and compared to the equivalent period last year, this was a decrease of EUR 234,577. The decrease in finance expenses is attributable to the completed refinancing of expensive loans with cheaper ones in Luka Koper, d. d. .

Profit

Luka Koper, d. d.

In January – June 2019, the company generated the operating profit in the amount of EUR 28,603,752, in the comparable period in the previous year EUR 41,714,955. The financial result was positive and amounted to EUR 1,147,006, likewise it was positive in the same period last year when it amounted to EUR 743,401. The profit before tax amounted to EUR 29,750,758, in the comparable period last year to EUR 42,458,356. The corporate income tax in the amount of EUR 4,983,030 and deferred taxes. In the first half of 2019, the Luka Koper, d. d. generated the net profit in the amount of EUR 24,821,409, whilst the net profit in the comparable period of the previous year amounted to EUR 34,663,418.

Luka Koper Group

In January – June 2019, the Luka Koper Group generated the operating profit in the amount of EUR 29,587,548, in the equivalent period last year EUR 42,517,066. The financial result was negative and amounted EUR -112,554, likewise it was negative in the comparable period last year when it amounted to EUR -502,757. The attributed result of associated companies amounted to EUR 812,621, in the comparable period last year to EUR 710,837. The profit before tax amounted to EUR 30,287,615, in the comparable period last year to EUR 42,725,146. In the first half of 2019, Luka Koper Group generated the net profit in the amount of EUR 25,197,558 (in the comparable period in the previous year it amounted to EUR 34,805,355), whereof EUR 25,193,048 is attributable to the owner of the controlling company (the comparable period in the previous year EUR 34,797,440), to owners of non-controlling interests EUR 4,510 (in the comparable period in the previous year, EUR 7,915). The non-controlling interest belongs to the co-owner of the subsidiary TOC, d. o. o.

(in EUR)	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
Net profit for the period	24,821,409	34,663,418	25,197,558	34,805,355
Total number of shares	14,000,000	14,000,000	14,000,000	14,000,000
Basic and diluted earnings per share	1.77	2.48	1.80	2.49

19 Additional Notes to the Statement of Financial Position

Property, plant and equipment

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Land	15,165,920	15,117,508	18,416,144	18,407,884
Buildings	240,023,473	235,321,649	248,877,795	244,601,048
Plant and machinery	82,144,102	82,744,918	84,301,527	84,648,570
Property, plant and equipment being acquired and advances given	20,185,279	22,654,994	20,308,329	22,907,812
Right-of-use	525,475	0	552,959	0
Total	358,044,249	355,839,069	372,456,754	370,565,314

In January – June 2019, Luka Koper d. d. invested in property, plant and equipment in the amount of EUR 15,537,508, whilst Luka Koper Group in the amount of EUR 15,916,054.

Largest implemented investments were the following:

- ◆ Advance payment for dry bulk cargoes crane,
- ◆ 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.

Right-of-use assets

(v evrih)	Luka Koper, d. d.		Luka Koper Group	
	30. 6. 2019	31.12. 2018*	30. 6. 2019	31.12. 2018*
Land	476.029	0	476.029	0
Buildings	47.004	0	62.798	0
Plant and machinery	2.442	0	14.132	0
Total	525.475	0	552.959	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.

Investment property

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Investment property - land	14,506,711	14,546,862	11,256,486	11,256,486
Investment property - buildings	10,038,837	10,069,239	3,932,166	3,614,092
Total	24,545,548	24,616,101	15,188,652	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	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Non-current property rights (concessions, patents, licences, trademarks and similar rights)	2,406,433	2,605,462	2,667,457	2,894,095
Total	2,406,433	2,605,462	2,667,457	2,894,095

Shares and interests in Group companies

As at 30 June 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 30 June 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.

Luka Koper Group

(in EUR)	2019	2018
Balance at 1 Jan	13,754,815	13,376,467
Pripisani dobički	812,622	710,837
- Adria Transport, d. o. o.	157,574	292,691
- Adria-tow, d. o. o.	383,062	270,995
- Adriaфин, d. o. o.	86,315	-24,778
- Avtoservis, d. o. o.	185,672	171,929
Izplačilo dobička	-1,330,171	-1,030,634
- Adria Transport, d. o. o.	-200,000	-150,000
- Adria-tow, d. o. o.	-350,000	-400,000
- Adriaфин, d. o. o.	-100,000	0
- Avtoservis, d. o. o.	-680,171	-480,634
Balance at 30 Jun	13,237,266	13,056,670

Other non-current investments

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2019	31 Dec 2018	30 Jun 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	32,746,870	30,508,658	34,310,824	32,109,556
Total	33,675,697	31,437,485	37,725,426	35,524,158

Deferred tax

(in EUR)	Luka Koper, d. d.				Luka Koper Group			
	Deffered tax assets		Deffered tax liabilities		Deffered tax assets		Deffered tax liabilities	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018	30 Jun 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	9,270,525	9,270,524	3,158,674	2,732,988	9,292,856	9,291,691	3,404,350	2,985,684
allowances for trade receivables	237,865	205,643	0	0	315,080	284,026	0	0
provisions for retirement benefits	333,929	285,021	0	0	368,282	319,374	0	0
provisions for jubilee premiums	59,859	54,374	0	0	64,410	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	10,894,898	10,808,283	3,158,674	2,732,988	11,033,349	10,946,736	3,404,350	2,985,684
Off-set with deffered tax liabilities relating to impairment of other investments and deductible temporary differences arising on securities	-3,158,674	-2,732,988	-3,158,674	-2,732,988	-3,404,350	-2,985,684	-3,404,350	-2,985,684
Total	7,736,225	8,075,295	0	0	7,628,999	7,961,052	0	0

Trade and other receivables

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Current trade receivables:				
domestic costumers	22,292,312	17,894,351	23,104,467	18,602,598
foreign costumers	20,022,491	19,996,725	20,267,339	20,214,049
Current operating receivables due from Group companies	717,440	394,926	0	0
Current operating receivables due from associates	63,381	193,348	63,381	193,348
Current trade receivables	43,095,624	38,479,350	43,435,187	39,009,995
Current receivables for dividends	100,000	0	100,000	0
Advances and collaterals given	77,242	3,090,406	77,694	3,090,899
Short-term receivables related to financial revenues	9	0	11	1
Receivables due from the state	1,391,541	2,590,916	1,541,406	2,701,347
Other current receivables	48,428	107,015	66,724	124,861
Total trade receivables	44,712,844	44,267,687	45,221,022	44,927,103
Short-term deferred costs and expenses	7,259,939	251,036	7,402,899	251,669
Accrued income	406,646	206,020	406,759	206,712
Right-of-use	0	210,861	0	210,861
Other receivables	7,666,585	457,056	7,809,658	669,242
Total	52,379,429	44,935,604	53,030,680	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. Short-term deferred costs and expenses comprise also accrued costs of the fee for the use of the construction land, costs of paid annual holiday pay, insurance costs and other operating costs.

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

(in EUR)	30 Jun 2019	Allowances 30 Jun 2019	31 Dec 2018	Allowances 31 Dec 2018
Outstanding and undue trade receivables	37,140,113	-79,227	32,876,470	-68,560
Past due receivables:				
up to 30 days	4,832,726	-48,327	5,216,604	-52,710
31 to 60 days overdue	1,085,333	-131,298	329,195	-33,688
61 to 90 days overdue	258,918	-51,784	115,422	-24,916
91 to 180 days overdue	266,110	-87,569	157,425	-55,747
more than 180 days overdue	692,627	-692,567	635,473	-615,619
Total	44,179,076	-1,083,452	39,330,589	-851,240

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

Movements of trade receivables of Luka Koper Group:

(in EUR)	30 Jun 2019	Allowances 30 Jun 2019	31 Dec 2018	Allowances 31 Dec 2018
Outstanding and undue trade receivables	37,118,966	-75,083	33,075,479	-69,940
Past due receivables:				
up to 30 days	5,062,341	-50,700	5,486,120	-54,306
31 to 60 days overdue	1,109,060	-133,872	394,334	40,316
61 to 90 days overdue	267,423	-53,715	121,865	-26,400
91 to 180 days overdue	266,532	-89,243	162,490	-57,860
more than 180 days overdue	1,123,910	-1,110,431	1,033,409	-1,014,881
Total	44,948,231	-1,513,044	40,273,698	-1,263,703

Note: The amount comprises trade receivables and associated companies.

Cash and cash equivalents

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Cash in hand	278	253	21,220	10,834
Bank balances	42,888,512	23,376,053	47,558,827	27,592,459
Current deposits	50,000,000	50,000,000	51,980,000	51,980,000
Total	92,888,790	73,376,306	99,560,047	79,583,293

Equity

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2019	31 Dec 2018	30 Jun 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	12,005,780	10,507,002	12,976,746	11,507,892
Retained earnings	10,612,311	-42,055	40,634,443	28,827,350
Net profit for the period	24,821,409	29,294,497	25,193,048	30,447,226
Equity of owners of the parent	370,325,021	362,644,965	401,689,758	393,667,989
Non-controlling interests	0	0	215,327	210,816
Equity	370,325,021	362,644,965	401,905,085	393,878,805

Provisions

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Provisions for retirement benefits and similar obligations	4,598,239	4,204,831	5,050,867	4,680,214
Provisions for legal disputes	14,785,651	15,255,961	14,785,651	15,255,961
Total	19,383,890	19,460,792	19,836,518	19,936,175

Provisions for retirement benefits and similar obligations in the controlling company as of 30 June 2019 amounted to EUR 4,598,239, which is EUR 393,408 increase in comparison with the same period last year. The increase is based on the actuarial calculation, executed by the a certified actuary, due to the implementation of the port services provision strategy.

Based on the actuarial calculation, the controlling company recognised unrealised actuarial loss for termination benefits of the current and previous year in the amount of EUR 346,684, less tax in other comprehensive income. Current service costs, both for termination premiums and jubilee premiums, in the amount of EUR 257,212 and interest costs in the amount of EUR 26,069 were recognised in income statement. In January - June 2019, the repayments for jubilee premiums and termination benefits amounted to EUR 77,523.

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	565,604	84,491	453,090	1,103,185	0	1,103,185
Transfer	0	0	-207,452	-207,452	0	-207,452
Use	-50,775	-26,747	-424,803	-502,325	-404,891	-907,216
Reversal	0	0	0	0	-65,419	-65,419
Balance at 30 Jun 2019	3,515,046	630,096	453,097	4,598,239	14,785,651	19,383,890

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	565,604	84,491	496,211	1,146,306	0	1,146,306
Use	-50,775	-26,747	-698,130	-775,652	-404,891	-1,180,543
Reversal	0	0	0	0	-65,419	-65,419
Balance at 30 Jun 2019	3,876,651	677,998	496,218	5,050,867	14,785,651	19,836,518

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.		Luka Koper Group	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Long-term deferred income for regular maintenance	20,223,716	19,208,191	20,223,716	19,208,191
Non-refundable grants received	4,345,409	4,443,150	4,736,822	4,868,526
Other non-current deferred income	0	0	1,417,109	1,491,178
Total	24,569,125	23,651,341	26,377,647	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.		Luka Koper Group	
	30 Jun 2019	31 Dec 2018	30 Jun 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	61,171,787	50,464,286	61,171,787	50,464,286
Non-current borrowings from foreign banks	25,819,672	26,967,213	25,819,672	26,967,213
Total	102,991,459	93,431,499	86,991,459	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.		Luka Koper Group	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Current borrowings from domestic banks	8,811,236	11,390,476	8,811,236	11,390,476
Current borrowings from foreign banks	2,295,082	2,295,082	2,295,082	2,295,082
Total	11,106,318	13,685,558	11,106,318	13,685,558

Other current financial liabilities

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Other current financial liabilities	19,055,792	156,684	19,046,001	145,363
Total	19,055,792	156,684	19,046,001	145,363

Other current financial liabilities se nanašajo predvsem na obveznost za razdelitev poslovnega izida of the controlling company, and namely in the amount of EUR 18,702,543.

Trade and other payables

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Current liabilities to:				
domestic suppliers	17,707,167	16,727,441	17,986,280	17,063,746
foreign suppliers	1,372,623	474,164	1,395,671	491,391
Current liabilities to Group companies	627,252	513,790	0	0
Current liabilities to associates	102,565	84,498	102,565	84,498
Current trade payables	19,809,607	17,799,893	19,484,516	17,639,635
Current liabilities from advances	945,398	1,623,279	1,089,460	1,780,057
Current liabilities to employees	4,877,227	6,016,943	5,165,742	6,362,944
Current liabilities to state and other institutions	0	3,861	28,252	12,814
Total operating liabilities	25,632,232	25,443,976	25,767,970	25,795,450
Accrued costs	10,073,778	4,508,226	10,541,183	5,175,849
Other operating liabilities	10,073,778	4,508,226	10,541,183	5,175,849
Total	35,706,010	29,952,202	36,309,153	30,971,299

The accrued costs comprise the accrued costs for the concession fee, costs of commercial discounts, costs for the collective job performance, costs of 13th salary, interests for loans, costs of performance bonuses for employees under individual contracts, costs of unused holidays and accrued costs for invoices to be received.

Contingent liabilities

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Guarantees given	2,610,000	1,610,000	2,940,709	2,154,763
Securities given	3,070,561	3,360,506	3,070,561	3,360,506
Contingent liabilities under legal disputes	2,932,626	5,974,481	2,932,626	5,977,395
Commitments for the purchase of assets	40,820,358	32,160,873	41,004,758	32,160,873
Total contingent liabilities	49,433,545	43,105,859	49,948,654	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 – June 2019 were the following:

(in EUR)	Luka Koper, d. d.				Luka Koper Group			
	Payments in period 1-6 2019	Costs/ expenses in period 1-6 2019	Payments in period 1-6 2018	Costs/ expenses in period 1-6 2018	Payments in period 1-6 2019	Costs/ expenses in period 1-6 2019	Payments in period 1-6 2018	Costs/ expenses in period 1-6 2018
Concessions and water fee	3,578,307	4,013,536	3,198,568	3,864,268	3,578,307	4,013,536	3,198,568	3,864,268
Transshipment tax	0	2,130,856	0	0	0	2,130,856	0	0
Corporate income tax (taxes and advance payments)	14,314,151	4,983,030	1,575,853	7,794,938	14,335,141	5,143,738	1,647,200	7,917,928
Other taxes and contributions	4,071,417	4,273,630	3,013,631	3,184,879	4,428,833	4,622,739	3,380,174	3,569,275
Total	21,963,876	15,401,052	7,788,052	14,844,085	22,342,281	15,910,869	8,225,942	15,351,471

Compared to the previous year, the highest increase was in corporate income tax, during payments. The increase is mainly referred to controlling company, namely of the difference in payment corporate income tax for 2018 in the amount of EUR 8,991,740 and from paid advances of corporate income tax, which amounted to EUR 1,011,954 (comparable year they amounted to EUR 262,642).

The company/Group 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 half of 2019, Luka Koper, d. d., conducted transactions in the amount of EUR 6,637,347 referring to the sales to companies where the State has direct dominant influence, and transactions in the amount of EUR 6,413,438 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 30 June 2019, Luka Koper, d. d., recorded receivables in the amount of EUR 2,043,982 and liabilities in the amount of EUR 22,618,986. The largest part of liabilities includes the loan given by SID – Slovenska izvozna in razvojna banke, d. d., which was raised under market terms.

Luka Koper Group

In the first half of 2019, Luka Koper Group conducted transactions in the amount of EUR 6,655,033 referring to the sales to companies where the State has direct dominant influence, and transactions in the amount of EUR 6,670,714 referring to the purchases. 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 30 June 2019, Luka Koper Group recorded receivables in the amount of EUR 2,160,468 and liabilities in the amount of EUR 22,734,959. 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 - June 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 30 June 2019, Luka Koper, d. d. had invested 5.8 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 30 June 2019, the value of non-current investments at fair value amounted to EUR 33,675,697.

Sensitivity analysis of finance investments at fair value :

Risk of change at fair value of securities as at 30 June 2019

Change of index in %	Impact on equity
-10%	-3,367,570
10%	3,367,570

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 3,367,570. 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

(in EUR)	Valuation at fair value			
	Carrying amount at 30 Jun 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	33,675,697	32,746,870	0	928,827

(in EUR)	Valuation at fair value			
	Carrying amount at 31 Dec 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 30 June 2019, Luka Koper Group, had invested 6.3 percent of its assets (as at 31 December 2019, 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 30 June 2019, the value of non-current investments at fair value amounted to EUR 37,725,426.

Sensitivity analysis of finance investments at fair value:

Risk of change at fair value of securities as at 30 June 2019

Change of index in %	Impact on equity
-10%	-3,772,543
10%	3,772,543

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 3,772,543. 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

(in EUR)		Luka Koper Group			
		Valuation at fair value			
(in EUR)	Carrying amount at 30 Jun 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	37,725,426	34,310,824	0	3,414,602	
		Valuation at fair value			
(in EUR)	Carrying amount at 31 Dec 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 19.5 percent as at 30 June 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 47.7 percent (as at 31 December 2018, this share amounted to 85.1 percent) of the Company's total borrowings. The remaining 52.3 percent of borrowings were concluded with a fixed interest rate.

Overview of exposure

(in EUR)	30 Jun 2019	Exposure 30 Jun 2019	31 Dec 2018	Exposure 31 Dec 2018
Borrowings received at variable interest rate (without interest rate hedge)	54,381,421	47.7%	91,117,057	85.1%
Borrowings received at nominal interest rate	59,716,356	52.3%	16,000,000	14.9%
Total	114,097,777	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 30 Jun 2019				
3M EURIBOR	54,381,421	42,172	70,287	181,812
Total effect on interests expenses	54,381,421	42,172	70,287	181,812
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

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 16.3 percent as at 30 June 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 55.4 percent (as at 31 December 2018, this share amounted to 100 percent) of the Group's total borrowings). The remaining 44.6 percent of borrowings were concluded with a fixed interest rate.

Overview of exposure

(in EUR)	30 Jun 2019	Exposure 30 Jun 2019	31 Dec 2018	Exposure 31 Dec 2018
Borrowings received at variable interest rate (without interest rate hedge)	54,381,421	55.4%	91,117,057	100.0%
Borrowings received at nominal interest rate	43,716,356	44.6%	0	0.0%
Total	98,097,777	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 30 Jun 2019				
3M EURIBOR	54,381,421	42,172	70,287	181,812
Total effect on interests expenses	54,381,421	42,172	70,287	181,812
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

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	From 3 to 12 months	From 1 to 2 years	From 3 to 5 years	Over 5 years	
30 Jun 2019						
Loans and borrowings*	2,115,437	8,990,881	10,521,175	47,563,524	44,906,761	114,097,777
Accrued interest maturing in the next calendar year	199,388	559,339	679,906	1,276,921	704,084	3,419,639
Other financial liabilities	18,864,609	191,182	219,441	37,487	0	19,312,720
Payables to suppliers	19,809,607	0	0	0	0	19,809,607
Other operating liabilities	5,792,488	0	0	0	0	5,792,488
Total	46,781,530	9,741,402	11,420,522	48,877,932	45,610,845	162,462,231
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)	Luka Koper Group					Total
	Up to 3 months	From 3 to 12 months	From 1 to 2 years	From 3 to 5 years	Over 5 years	
30 Jun 2019						
Loans and borrowings	2,115,437	8,990,881	10,521,175	31,563,524	44,906,761	98,097,777
Accrued interest maturing in the next calendar year	165,656	458,716	545,782	1,209,456	704,084	3,083,694
Other financial liabilities	18,849,028	196,972	235,956	47,190	0	19,329,146
Payables to suppliers	19,484,516	0	0	0	0	19,484,516
Other operating liabilities	6,283,454	0	0	0	0	6,283,454
Total	46,898,091	9,646,568	11,302,912	32,820,170	45,610,845	146,278,587
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	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Non-current loans	9,400	13,876	14,902	19,378
Non-current operating liabilities	41,123	41,108	70,833	70,818
Current deposits	0	0	70,991	71,086
Current loans	9,256	8,716	9,256	8,716
Current trade receivables	43,195,624	38,479,350	43,435,187	39,009,995
Other current receivables	1,487,083	5,788,337	1,785,835	5,917,108
Cash and cash equivalents	92,888,790	73,376,306	99,560,047	79,583,293
Guarantees and collaterals granted	5,680,561	4,970,506	6,011,270	5,515,269
Total	143,311,837	122,678,198	150,958,321	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' share within the liabilities side below 40 percent.

(in EUR)	Luka Koper, d. d.			
	30 Jun 2019		31 Dec 2018	
	v evrih	delež (%)	v evrih	delež (%)
Equity	370,325,021	63.4%	362,644,965	65.5%
Non-current liabilities	148,131,237	25.4%	137,848,415	24.9%
Current liabilities	65,868,120	11.3%	53,048,826	9.6%
Total accumulated profit	584,324,378	100%	553,542,206	100%

(in EUR)	Luka Koper Group			
	30 Jun 2019		31 Dec 2018	
	v evrih	delež (%)	v evrih	delež (%)
Equity	401,905,085	66.7%	393,878,805	68.8%
Non-current liabilities	134,481,891	22.3%	124,316,097	21.7%
Current liabilities	66,515,007	11.0%	54,047,158	9.4%
Total accumulated profit	602,901,983	100%	572,242,060	100%

Note: tables related to the financial statement are available also in .xls format in the attachment of this PDF document.

20 Statement of the Management responsibility

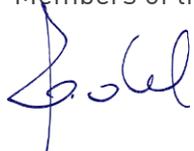
The Management Board of Luka Koper, d. d., herein declares that the non-audited condensed financial statements of Luka Koper, d. d., and non-audited condensed consolidated statements of Luka Koper Group for the period ending 30 June 2019, have been compiled in order that they shall provide true and fair disclosure of Luka Koper, d. d., and Luka Koper Group. The condensed financial statements January – June 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, except for the changes made in report.

These condensed interim statements for the period ending 30 June 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:



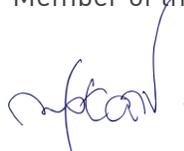
Dimitrij Zadel
President of the Management Board



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, 20 August 2019