

2017

LUKA KOPER GROUP

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

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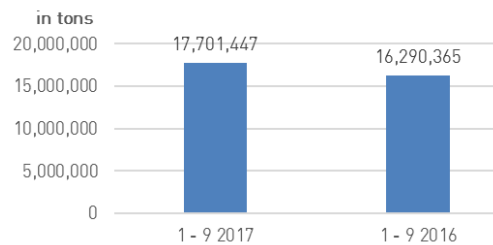
INTRODUCTION

1 Performance highlights of Luka Koper Group, January - September 2017

In January – September 2017, the maritime throughput of Luka Koper Group stood at 18 million tonnes and was by 9 percent ahead on the comparable period in 2016. In May 2017, a record monthly maritime throughput of 2.3 million tonnes.

**18 MILLION
TONNES**

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



In January – September 2017, the container throughput amounted to 687 thousand TEUs and exceeded the quantity of the comparable period in 2016 by 9 percent. In July 2017, a record monthly throughput of 81 thousand TEUs was achieved in the Port's history.

The car throughput in January 2017 amounted to 522 thousand units, which was an increase of 3 percent compared to the same period last year.

**687 THOUSAND
TEUS**

CONTAINERS 2017/2016 **+9 %**

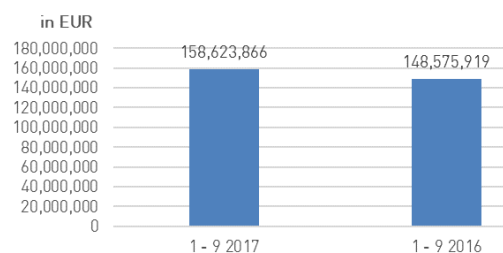
**522 THOUSAND
VEHICLES**

CARS 2017/2016 **-3 %**

In January – September 2017, net revenue from sale amounted to EUR 159 million and exceeded the result of the comparable period previous year by 7 percent.

159 MILLION EUR

NET REVENUE FROM SALE 2017/2016 **+7 %**



Earnings before interest and taxes (EBIT) in January – September 2017 reached EUR 44 million and exceeded the result of the previous year by 15 percent.

44 MILLION EUR

EARNINGS BEFORE INTEREST AND TAXES (EBIT)

2017/2016 **+15 %**

In January – September 2017, net operating profit amounted to EUR 40 million, which is a year-on increase of 20 percent.

40 MILLION EUR

NET OPERATING PROFIT 2017/2016 **+20 %**

In January – September 2017, Luka Koper Group allocated EUR 32.5 million for investments. Major investments were the following:

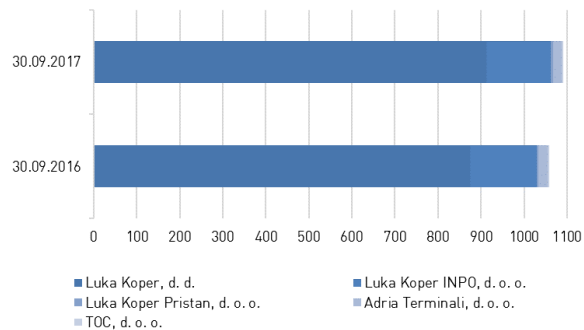
- RMG cranes and crane rail for RMG cranes at the Container terminal,
- further construction of stacking blocks at the Container terminal with aim to improve the transport and provide wider transport lanes, the treatment plant for the needs of containers cleaning and containers repair was constructed,

- new terminal tractors and empty containers reach stackers were acquired,
- new forklifts were acquired for the needs of the General cargoes terminal, for the needs of dry and break bulk cargoes,
- further setting of stacking areas for the needs of the Container terminal,
- further construction of the multipurpose warehouse,
- several minor investments were implemented.

The number of employees in January – September 2017 in comparison with the equivalent period last year increased by 3 percent and reached the number of 1,092 employees.

1,092

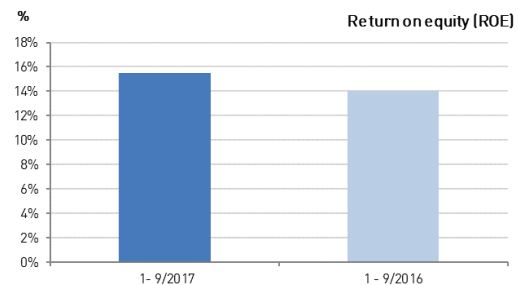
NUMBER OF EMPLOYEES 2017/2016 **+ 3%**



Return on equity (ROE)¹ in January – September 2017 amounted to 15.5 percent, which is 10 percent resp. 1.4 percentage point ahead on January – September leta 2016.

15.5 %

RETURN ON EQUITY (ROE) 2017/2016 **+10 %**



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

1.1 Financial indicators

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

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Income statement	1 - 9 2017	1 - 9 2016	IND 2017/ 2016	1 - 9 2017	1 - 9 2016	IND 2017/ 2016
Net sales	155,084,027	141,617,187	110	158,623,866	148,575,919	107
Earnings before interest and taxes (EBIT)	42,909,344	34,718,908	124	43,972,267	38,169,474	115
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	63,084,123	53,926,700	117	64,829,774	58,101,578	112
Profit or loss from financing activities	1,850,459	1,023,364	181	348,365	-442,966	-
Profit before tax	44,759,803	35,742,272	125	45,625,988	39,236,146	116
Net profit or loss	38,987,314	30,219,223	129	39,876,711	33,229,027	120
Added value ²	99,102,139	89,211,930	111	105,588,035	98,151,192	108
Statement of financial position	30.9.2017	31.12.2016	IND 2017/ 2016	30.9.2017	31.12.2016	IND 2017/ 2016
Assets	508,000,520	472,932,135	107	525,866,679	489,991,097	107
Non-current assets	452,569,899	440,055,662	103	464,172,011	450,729,768	103
Current assets	55,430,621	32,876,473	169	61,694,668	39,261,329	157
Equity	325,658,349	304,425,949	107	354,714,074	331,978,921	107
Non-current liabilities with provisions and long-term accruals and	141,469,437	131,614,419	107	128,182,479	118,638,958	108
Short-term liabilities	40,872,734	36,891,767	111	42,970,126	39,373,218	109
Financial liabilities	137,358,766	126,332,908	109	121,358,852	110,332,958	110
Statement of cash flows	1 - 9 2017	1 - 9 2016	IND 2017/ 2016	1 - 9 2017	1 - 9 2016	IND 2017/ 2016
Expenditure on investments in property, plant and equipment, investment property and intangible assets	31,941,567	40,328,306	79	32,481,399	40,901,931	79

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

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
	1 - 9 2017	1 - 9 2016	IND 2017/ 2016	1 - 9 2017	1 - 9 2016	IND 2017/ 2016
Ratios (in %)						
Return on sales (ROS) ³	27.7%	24.5%	113	27.7%	25.7%	108
Return on equity (ROE) ⁴	16.5%	13.9%	119	15.5%	14.1%	110
Return on assets (ROA) ⁵	10.6%	8.9%	120	10.5%	9.4%	112
EBITDA margin ⁶	40.7%	38.1%	107	40.9%	39.1%	105
EBITDA margin related to the market activity ⁷	41.8%	39.9%	105	42.0%	40.9%	103
Financial liabilities/equity	42.2%	41.4%	102	34.2%	33.1%	103
Net financial debt /EBITDA ⁸	1.4	1.7	84	1.2	1.3	87
Maritime throughput (in tons)						
Maritime throughput	17,701,447	16,290,365	109	17,701,447	16,290,365	109
Number of employees						
Number of employees	913	874	104	1,092	1,059	103

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

⁴ The indicator is calculated on the basis of annualised data

⁵ The indicator is calculated on the basis of annualised data

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

⁷ EBITDA margin related to the market activity = earnings before interest, taxes, depreciation and amortisation (EBITDA) / Net revenue from sale related to the market activity

⁸ Net financial debt /EBITDA = (financial liabilities – cash and cash equivalents)/EBITDA

The indicator is calculated on the basis of annualised data

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

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Income statement	1 - 9 2017	Plan 1 - 9 2017	IND 2017/ Plan	1 - 9 2017	Plan 1 - 9 2017	IND 2017/ Plan
Net sales	155,084,027	154,320,721	100	158,623,866	158,978,196	100
Earnings before interest and taxes (EBIT)	42,909,344	38,264,023	112	43,972,267	39,295,529	112
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	63,084,123	58,367,280	108	64,829,774	60,064,274	108
Net profit or loss	38,987,314	33,880,492	115	39,876,711	34,243,497	116
Added value ⁹	99,102,139	94,804,234	105	105,588,035	101,249,208	104
Statement of financial position	30.9.2017	Plan 30.9.2017	IND 2017/ Plan	30.9.2017	Plan 30.9.2017	IND 2017/ Plan
Assets	508,000,520	505,350,519	101	525,866,679	516,590,341	102
Equity	325,658,349	326,134,918	100	354,714,074	353,573,791	100
Financial liabilities	137,358,766	141,559,504	97	121,358,852	121,528,687	100
Statement of cash flows	1 - 9 2017	Plan 1 - 9 2017	IND 2017/ Plan	1 - 9 2017	Plan 1 - 9 2017	IND 2017/ Plan
Expenditure on investments in property, plant and equipment, investment property and intangible assets	31,941,567	40,179,481	79	32,481,399	40,381,436	80

⁹ Added value = net sales + capitalised own products and own services + other revenue – costs of goods, material, services – other operating expenses excluding revaluation operating expenses.

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Ratios (in %)	1 - 9 2017	Plan 1 - 9 2017	IND 2017/ Plan	1 - 9 2017	Plan 1 - 9 2017	IND 2017/ Plan
Return on sales (ROS) ¹⁰	27.7%	24.8%	112	27.7%	24.7%	112
Return on equity (ROE) ¹¹	16.5%	14.3%	115	15.5%	13.3%	116
Return on assets (ROA) ¹²	10.6%	9.2%	115	10.5%	9.1%	115
EBITDA margin ¹³	40.7%	37.8%	108	40.9%	37.8%	108
EBITDA margin related to the market activity ¹⁴	41.8%	40.7%	103	42.0%	40.5%	104
Financial liabilities/equity	42.2%	43.4%	97	34.2%	34.4%	100
Net financial debt /EBITDA ¹⁵	1.4	1.7	84	1.2	1.4	82
Maritime throughput (in tons)	1 - 9 2017	Plan 1 - 9 2017	IND 2017/ Plan	1 - 9 2017	Plan 1 - 9 2017	IND 2017/ Plan
Maritime throughput	17,701,447	16,945,167	104	17,701,447	16,945,167	104
Number of employees	1 - 9 2017	Plan 1 - 9 2017	IND 2017/ Plan	1 - 9 2017	Plan 1 - 9 2017	IND 2017/ Plan
Number of employees	913	931	98	1,092	1,110	98

¹⁰ Return on sales (ROS) = earnings before interest and taxes (EBIT) / net sales

¹¹ The indicator is calculated on the basis of annualised data

¹² The indicator is calculated on the basis of annualised data

¹³ EBITDA margin = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales

¹⁴ EBITDA margin related to the market activity = earnings before interest, taxes, depreciation and amortisation (EBITDA) / Net revenue from sale related to the market activity

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

The indicator is calculated on the basis of annualised data

2 Introductory note

Compliant with the Market and Financial Instrument Act, Ljubljana Stock Exchange Rules as well as Guidelines and Disclosure for Listed Companies, Luka Koper, d. d., Vojkovo nabrežje 38, 6501 Koper discloses this Non-audited Report on the performance of Luka Koper Group and Luka Koper, d. d., for January – September 2017.

This Non-audited report on the performance of Luka Koper Group and Luka Koper, d. d., for January – September 2017 can be examined at Luka Koper, d. d., Vojkovo nabrežje 38, 6501 Koper and shall be accessible via the company's website www.luka-kp.si, from od 24 November 2017 onwards.

The company promptly publishes any pertinent changes to information contained in the prospectus for stock exchange listing on SEOnet, the electronic information system.

This Non-audited Report on the performance of Luka Koper Group and Luka Koper, d.d. for January – September 2017 was addressed by the company's Supervisory Board at its regular session on 24 November 2017.

3 Presentation of Luka Koper Group

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

3.1 Profile of Luka Koper, d. d., as of 24 November 2017

Company name	Luka Koper, pristaniški in logistični sistem, delniška družba
Shortened company name	Luka Koper, d. d.
Registered office	Vojkovo nabrežje 38, Koper
	Phone: 05 66 56 100
	Fax: 05 63 95 020
	Email: portkoper@luka-kp.si
	Website: www.luka-kp.si
Registration Profile	Application N°066/10032200 registered at Koper District Court
Company registration number	5144353000
Tax number	SI 89190033
Share capital	EUR 58,420,964,78
Number of shares	14,000,000 ordinary no-par value share
Share listing	Ljubljana Stock Exchange, first listing
Share ticket symbol	LKPG
President of the Management Board	Dragomir Matić
MMember of the Management Board	Andraž Novak
Member of the Management Board	Irena Vincek
Member of the Management Board – Labour Director	Stojan Čepar
President of the Supervisory Board	Rado Antolovič
Luka Koper, d.d. core activity	Seaport and logistics system and service provider
Luka Koper Group activities	Various and ancillary services

3.2 Organisation of Luka Koper Group

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

Luka Koper Group as at 30 September 2017

Luka Koper, d. d.

Subsidiaries

- Luka Koper INPO, d. o. o., 100 %
- Adria Terminali, d. o. o., 100 %
- Luka Koper Pristan, d. o. o., 100 %
- Logis Nova, d. o. o., 100 %
- Adria Investicije, d. o. o., 100 %
- TOC, d. o. o., 68,13 %

Associated companies

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

4 Corporate management and governance

Luka Koper, d. d., Management Board

As at 30 September 2017, Luka Koper, d. d., the Management Board was comprised of the following members:

- Dragomir Matić, president of the Management Board, appointed on 23 May 2014 for a five-year term, taking up the position as of 10 June 2014,
- Andraž Novak, Member of the Management Board, commenced a five-year term on 10 June 2014,
- Irena Vinček, Member of the Management Board, commenced a five-year term on 21 August 2015,
- Stojan Čepar, Member of the Management Board – Labour Director, commenced a five-year term on 30 November 2015.

A presentation of Luka Koper, d.d. Members of the Management Board is available on the company's website www.luka-kp.si.

Luka Koper, d. d. Supervisory Board

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

As at 30 September, the Supervisory Board was composed of:

Representatives of the shareholders

- Rado Antolovič, Chairman of the Supervisory Board, commenced a four-year term on 1 July 2017 (28th General Shareholders' Meeting),
- Uroš Ilić, M.Sc., Deputy Chairman of the Supervisory Board, started a four-year term on 1 July 2017 (28th General Shareholders' Meeting)
- Andraž Lipolt, M.Sc., Member of the Supervisory Board, started a four-year term on 1 July 2017 (28th General Shareholders' Meeting)
- Milan Jelenc, M.Sc., Member of the Supervisory Board, commenced a four-year term on 1 July 2017 (28th General Shareholders' Meeting),
- Barbara Nose, Member of the Supervisory Board, started a four-year mandate on 1 July 2017 (28th General Shareholders' Meeting),
- Sabina Mozetič, Member of the Supervisory Board, representative of the Municipality of Koper, started a four-year term on 21 August 2015 (26th General Shareholders'

Meeting).

Representatives of Employees

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

External Member of the Supervisory Board Audit Committee

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

At its second constituent meeting, held on 30 August 2017, the Supervisory Board of Luka Koper, d. d., recalled Polona Pergar Guzaj, M.Sc. from the position of the member of the Audit Committee of the Supervisory Board and with effect from 30 August 2017 appointed Mateja Kupšek as external member of the the Audit Committee of the Supervisory Board.

BUSINESS REPORT

5 Significant events, news and achievements, January - September 2017

JANUARY

- A monthly record maritime throughput of 78,527 TEUs was achieved in the Port's history.
- Luka Koper published the updated document Corporate Governance policy.
- Luka Koper published the call for proposals of allocation of sponsorships and donations within Living with the Port fund.
- Strong wind bora hampered the work in the port for three days.
- The bankruptcy proceeding of the associated company Golf Istra, d. o. o. was completed.

FEBRUARY

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

MARCH

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

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

APRIL

- The Container terminal Luke Koper acquired two new super post-panamax container cranes of the manufacturer Liebherr.
- Luka Koper attended the specialized food fair WorldFood held in Warsaw.
- On 20th April 2017 the National assembly adopted the Act on the construction, management and governance of the second track of the Divača – Koper railway line.
- At the extraordinary session held on 26th April 2017 the National Assembly voted the suspensive veto on the Act on the construction, management and governance of the second track of the Divača – Koper railway line.
- Luka Koper presented itself at the conference«Transport and logistics in the South-Eastern Europe» held in Belgrade and received the Brand Leader Award for exceptional achievements in its line of business and high-quality services.
- At the Ministry of Infrastructure, Luka Koper presented the alternative solution of the new entrance, which was initially planned in conjunction with the roundabout of Bertoki access road at the Ministry of Infrastructure.

MAY

- A new record maritime throughput of 2.3 million tonnes was achieved in the Port's history.
- A new record monthly maritime throughput of 79,918 TEUS was achieved in the Port's history.
- On 23 May passed 60. years from the foundation of the company Port of Koper, predecessor of today's company Luka Koper, d. d. .
- SIQ Slovenian Institute of Quality and Metrology granted the quality management certificate ISO 9001:2015 to Luka Koper.
- Jointly with 14 Slovenian logistic companies Luka Koper was presented in the largest

European specialised fair «Transport & Logistic» which was held in Munich.

- Slovenian Environment Agency issued the environmental permit for the comprehensive set-up of the Pier I, against which the Municipality of Koper appealed.
- For the first time Luka Koper organised the Port's Day in Warsaw, where the transport route via Koper was presented to Polish business partners.
- At the conference «Multimodal 2017 – Bridge between Europe and Asia» held in Hamburg Luka Koper was presented as entry gate and transport hub between Asia and Europe.
- Luka Koper granted recognitions to the best suppliers in 2016.
- On the Port's Day, the visitors visited the port and learnt about port's processes.

JUNE

- A strong wind caused an accident at the Dry Bulk terminal, by pushing a car carrier vessel towards the quayside crane which after being hit, collapsed. Despite the accident, the work at the terminal proceeded smoothly.
- Luka Koper took part at the «Day of Austrian logistics» held in Graz.
- In the 28th General Shareholders Meeting of Luka Koper, d. d., held on 30 July 2017 the shareholders:
 - adopted a decision on the proposal of the allocation of distributable profit for 2016 in the amount of EUR 20,321,602.99 (the counter proposal of Društvo Mali delničarji Slovenije (Small Shareholders' Association of Slovenia) was adopted:
 - a portion of the distributable profit in the amount of EUR 19,600,000.00 shall be disbursed as dividends in gross value of EU 1.40 per ordinary share,
 - the residual distributable profit in the amount of EUR 721,602.99 shall remain undistributed,
 - were informed about the adopted Annual report of Luka Koper, d. d., and Luka Koper Group for the year 2016 including the auditor's opinion and the Supervisory Board report on the verification of the Annual report of Luka Koper, d. d., and Luka Koper Group for 2016,
 - did not grant discharge to the Management Board and two members of the Supervisory Board and namely to Alenka Žnidaršič Kranjc, Ph.D and Mladen Jovičić for the year 2016,
 - appointed the audit firm KPMG Slovenija, podjetje za revidiranje, d. o. o., for the audit of financial statements of Luka Koper, d. d., and Luka Koper Group for business years 2017, 2018 and 2019,
 - were informed about the decision of the Workers' Council of Luka Koper, d. d., of 12 September 2016, on the appointment of Rok Parovel as employees' representative

in the Supervisory Board for the four-year term office from 12 September 2016,

- recalled members of the Supervisory Board Alenka Žnidaršič Kranjc, PhD, Elen Twrdy, PhD, Rado Antolovič, Andrej Šercer, MSc, and Žiga Škerjanc and appointed new members of the Supervisory Board and namely Rado Antolovič, Andraž Lipolt, MSc, Uroš Ilić MSc, Milan Jelenc and Barbara Nose,
- appointed the audit company PriceWaterhouseCoopers, podjetje za revizijo in druge finančno računovodske storitve, d. o. o. as a special auditor to examine the performance of single businesses of Luka Koper, d. d.,
- Luka Koper presented development plans to municipal councillors, heads of municipal administration and representatives of local communities.
- 400 sales and operational staff of our foreign and domestic partners attended the Luka Koper Open Day, organised as part of the celebration of the 60th company's anniversary.

JULY

- On 29 July 2017, a fatal work accident occurred at the Dry bulk terminal. According to the findings, the worker employed by one of the port's service providers, in the hold by the crane's grab. The competent authorities have promptly started the investigation of the accident. The investigation has not been concluded.
- A record monthly maritime throughput of 80,840 TEU in the Port's history was achieved.
- At the constituent meeting of the Supervisory Board of Luka Koper, d. d., held on 14 July 2017, Rado Antolovič was appointed Chairman, Uroš Ilić, Deputy Chairman of the Supervisory Board. The Supervisory Board appointed the following commissions: audit committee, HR committee, committee for organisation and processes and investment committee.

AUGUST

- Slovenian Railways SŽ – Tovorni promet, d. o. o., filed a EUR 1,758,281.00 compensation claim against the presumed damage because of the spontaneous work stoppage in July 2016.
- Luka Koper responded to the invitation of the Slovenian Sovereign Holding (SSH) resp. on the the parliamentary initiative of Matej T. Vatovec, Ph.d. where referring to the Port of Koper and the external providers of port services.
- The company responded to the initiative of the Pan Slovenian Investors' and Shareholders (VZMD) initiative to the statements of the President of the Management Board of the Slovenian Sovereign Holding (SSH) at the 28th General Shareholders Meeting of Luka Koper, d. d.
- From the Regional court in Koper Luka Koper, d. d., received the lawsuit of the Pan Slovenian Investors' and Shareholders (VZMD) on the nullity and subordinate contestability

of of the resolution of the 28th General Shareholders' Meeting of 30 June 2017, related to the appointment of the members of the Supervisory Board Andraž Lipolt, M.Sc., Milan Jelenc, M.Sc. and Barbara Nose.

SEPTEMBER

- On 27 September 2017, the opening of a new multipurpose warehouse took place at the Pier II.

6 Relevant post-balance events

OCTOBER

- Luka Koper has proved successful also in the second international tender launched by the German automotive giant Daimler, which yet in 2015 selected the Port of Koper as one of central export ports for cars produced in their plants.
- A new weekly railway connection started between Luka Koper Container terminal and the terminal Mahart in Budapest as well as the Ro-Ro service with Japanese ports.
- On 5 October 2017, Luka Koper celebrated the Company's 60th anniversary jointly with the Port's Community and domestic and foreign customers.
- The company Luka Koper, d. d., received from the Higher Court in Koper a decision rejecting the appeal of the Pan Slovenian Investors' and Shareholders (VZMD) against the decision of the District Court in Koper, rejecting the proposal of the Pan Slovenian Investors' and Shareholders (VZMD) to issue an interim order.

NOVEMBER

- On 13 November 2017, pursuant to the provision of paragraph 2, Article 10 of the Company's Articles of Association, the Supervisory Board convened the 29th General Shareholders' Meeting of Luka Koper, d. d., shareholders which will be held on Thursday 14 December 2017 at 09.00 a.m. in the Congress Center Portus, Hotel Slovenija, Portorož.
- On 24 November 2017, The Supervisory board of Luka Koper, d. d., cancelled the call for the 29th General meeting of shareholders called for 14th December 2017, which was published on the Ljubljana stock exchange system SEOnet and on the company's website www.luka-kp.si on 13th November 2017, and on the website of the Agency of the Republic of Slovenia for Public Legal Records and Related Services on 14th November 2017.
- On 24 November 2017, pursuant to the provision of paragraph 2, Article 10 of the Articles of Association of Luka Koper, d. d., the Supervisory Board hereby convenes 29th General Meeting of Shareholders of Luka Koper, d. d., to be held on Thursday, 28 December 2017 at 10 o'clock CET (10 am) at the Portus Congress Centre in the Hotel Slovenia, Portorož.

7 Performance analysis

7.1 Summary of performance of LUKA KOPER GROUP, January – September 2017

Comparison of the results achieved by the Luka Koper Group January - September 2017 with January – September 2016

In the first nine months of 2017, net revenue from sale of the Luka Koper Group amounted to EUR 158.6 million, and thereby exceeded by 7 percent resp. by EUR 10 million the figures achieved in the first nine months of the previous year.

In January – September 2017, the net revenue from sale of Luka Koper Group from market activities in January – September 2017 exceeded by 9 percent resp. by EUR 12.3 million the net revenue from sale recorded in January – September 2016, whilst the revenue from the performance of the public utility of the regular maintenance of the port's infrastructure declined by 35 percent resp. by EUR 2.3 million in comparison with the last year, which resulted in a total exceeding of Luka Koper achieved revenue last year by 7 percent.

NET REVENUE FROM SALE (in EUR)	1 – 9 2017	1 – 9 2016	Index 2017/2016
Net revenue from sale related to the market activity	154,408,992	142,108,875	109
Net revenue from the sale from the performance of the public utility service	4,214,874	6,467,043	65
TOTAL	158,623,866	148,575,919	107

In comparison with the previous, the net revenue from sale of Luka Koper Group increased from the performance of the core activity of loading and unloading of goods, stuffing and unstuffing of containers, storage and provision of additional services. The revenues from rentals decreased.

Other revenue of Luka Koper Group in January – September 2017 amounted to EUR 2.3 million, which is 4 percent resp. EUR 89.7 thousand increase over the first nine months of the previous year. The biggest share thereof refers to other revenue were subsidies, grants and similar revenue in the amount of EUR 1.2 million, that refers on utilising assigned assets arising from retained contributions from the subsidiary company Luka Koper INPO, d. o. o.

Operating expenses of the Luka Koper Group in January - September 2017 amounted to EUR 117.3 million which is a year-on increase of 3 percent resp. EUR 3.8 million. Within the operating expenses, comparably to the equivalent period last year, the increase was

recorded in cost of material, cost of services, cost of labour and costs of amortisation. Other operating expenses decreased. The cost of material of Luka Koper Group in the first nine months of 2017 amounted to EUR 11.8 million, which is by 7 percent resp. by EUR 796.5 thousand ahead on the comparable period last year. Within the cost of material, a major increase in the first nine months of 2017, was recorded in the cost of energy, which represented a major share of cost of material. Cost of services of Luka Koper Group in January - September 2017 amounted to EUR 37.9 million, which is by 3 percent resp. by EUR 982 thousand ahead on January - September of the previous year. Within the cost of services, a major share represented the cost of port's services, which were higher by 9 percent in comparison with the first nine months of the previous year. The increase of cost of port's services reflected a 9 percent increase. The increase of cost of port's services is attributable to the increased volume of throughput and increased volume of provided services. The cost of labour of Luka Koper Group in January - September 2017 amounted to EUR 40.1 million, which is 4 percent resp. by EUR 1.7 million ahead on the comparable period in 2016. This increase results primarily from a higher number of employees, which was higher by 3 percent resp. for 33 employees, and partially increase of the basic salary in compliance with the collective agreement. The cost of amortisation of Luka Koper Group in January - September 2017 amounted to EUR 20.9 million, which is 5 percent resp. EUR 925.4 thousand increase over the comparable period last year. Other operating expense of Luka Koper Group in the first nine months of 2017 amounted to EUR 6.6 million, which is 9 percent resp. EUR 657 decrease compared with the first nine months of 2016.

The share of operating expense within the net revenue from sale in the first nine months of 2017 accounted for 73.9 percent, which is 2.5 percentage point decrease comparing with the first nine months of 2016. In comparison with the previous year, the share of cost of services, cost of labour and other operating expense within the net revenue from sale decreased, whilst the share of cost of material stood at the same level.

Earnings before interest and taxes (EBIT) of the Luka Koper in January - September 2017 amounted to EUR 44 million, which was an increase of 15 percent resp. EUR 5.8 million over the first nine months of the comparable period 2016.

The EBITDA of Luka Koper Group in January - September 2017 amounted to EUR 64.8 million, which was 12 percent resp. EUR 6.7 million ahead on the equivalent period last year.

The EBITDA margin of Luka Koper Group in January - September 2017 accounted for 40.9 percent, which is 5 percent resp. 1.8 percentage point increase on the comparable period 2016.

The financial result in January - September 2017 stood at EUR 348.4 thousand, whilst the Luka Koper Group in the comparable period of the previous year achieved the financial result in the amount of - EUR 443 thousand. Lower financial expenses result from lower effective interest rates and the maturity of the interest swap.

Results of associated companies in January – September 2017 increased the profit before tax of the Luka Koper Group in the amount of EUR 1.3 million, which is 14 percent resp. EUR 204.3 thousand decrease in comparison with the comparable period last year.

Net operating profit of Luka Koper Group in January – September 2017 amounted to EUR 39.9 million, which is 20 percent resp. EUR 6.6 million ahead on 2016.

The return on equity (ROE)¹⁶ in January – September 2017 accounted for 15.5 percent, which is 10 percent resp. 1.4 percentage point increase on January – September 2016.

As of 30 September 2017, the financial liabilities of Luka Koper Group amounted to EUR 121.4 million, which is 10 percent resp. EUR 11 million ahead on 31 December 2016. The liabilities towards banks increased due to the net effect of an additional disbursement of a bank loan.

Non-current financial liabilities of Luka Koper Group towards banks as at 30 September 2017 accounted for 87 percent of total financial liabilities. In comparison to 31 December 2016, their share decreased by 1.6 percentage point.

In January – September 2017, Luka Koper Group allocated EUR 32.5 million for investments.

Implementation of plans

Net revenue from sale of Luka Koper Group from market activities in January – September 2017 exceeded the planned by 4 percent resp. EUR 6.2 million, whilst the revenue from the performance of the public utility service of regular maintenance of the port's infrastructure destined to public traffic was lower than planned by 61 percent resp. by EUR 6.5 million, which resulted in total achievement of planned revenue of the Luka Koper Group in January – September 2017. The revenue from the performance of the public utility service of the regular maintenance of the port's infrastructure destined to public traffic is lower than planned due to a reduced implemented volume of maintenance than planned, since the plan of a regular maintenance of the port's infrastructure has still not been approved yet by the Ministry of Infrastructure.

Net revenue from sale of Luka Koper Group in January – September 2017 amounted to EUR 158.6 million, which is at the planned level of net revenue from sale.

¹⁶ The indicator is calculated on the basis of the annualised data

NET REVENUE FROM SALE (in EUR)	1 – 9 2017	Plan 1 – 9 2017	Index 2017/Načrt
Net revenue from sale related to the market activity	154,408,992	148,240,620	104
Net revenue from the sale from the performance of the public utility service	4,214,874	10,737,576	39
TOTAL	158,623,866	158,978,196	100

The operating profit (EBIT) of Luka Koper Group in January – September 2017 amounted to EUR 44 million, which is 12 percent resp. EUR 4.7 million ahead on the planned.

In January – September 2017, the EBTDA of Luka Koper Group amounted to EUR 64.8 million, which is 8 percent resp. EUR 4.8 million increase on the planned EBITDA.

In January – September 2017, the EBITDA margin of Luka Koper Group, accounted for 40.9 percent, was by 8 percent resp. by 3 percentage point ahead on the planned.

In January – September 2017, Luka Koper, d.d. planned for the performance of the public utility of the regular maintenance of the port's infrastructure the drawing of long-term deferred revenue in the amount of EUR 4.4 million, but they were actually formed in the amount of EUR 2.7 million. In the event of exclusion of the impact of higher revenue by EUR 7.1 million under this item, the planned EBITDA margin would amount to 40 percent, and consequently the achieved EBITDA margin of Luka Koper Group in January – September 2017 would have been higher by 2 percent than the planned (excluding the aforesaid impact of long-term deferred revenue).

Net operating profit of Luka Koper Group in January – September 2017 amounted to EUR 40 million, which is 16 percent resp. EUR 5.6 million ahead on the planned.

7.2 Summary of the performance of LUKA KOPER, D. D., in January – September 2017

Comparison of results achieved by Luka Koper, d. d., in January - September 2017 with January – September 2016

In the first nine months of 2017, net revenue from sale of Luka Koper, d. d., amounted to EUR 155.1 million, which is 10 percent resp. za EUR 13.5 million increase on the comparable period in the previous year.

Net revenue from sale of Luka Koper, d. d., from market activities in January – September 2017 exceeded the achieved net revenue from sale generated in January –September 2016 by 12 resp. by EUR 15.7 million, whilst the revenue from the performance of the public utility of the regular maintenance of the port's infrastructure destined for the public traffic, was lower than last year by 35 percent resp. EUR 2.3 million, which resulted in a total exceeding of achieved revenue of Luka Koper, d. d., last year, by 10 percent.

NET REVENUE FROM SALE (in EUR)	1 – 9 2017	1 – 9 2016	Index 2017/2016
Net revenue from sale from the market activity	150,869,153	135,150,144	112
Net revenue from the performance of the public utility service	4,214,874	6,467,043	65
TOTAL	155,084,027	141,617,187	110

In comparison with the previous year, net revenue from sale of Luka Koper, d. d the net revenue from sale of Luka Koper Group increased from the performance of the primary activity of loading and unloading of goods, stuffing and unstuffing of containers, storage and provision of additional services. The revenues from rentals decreased.

Other revenue of Luka Koper, d. d., in January – September 2017 amounted to EUR 846 thousand, which is 13 percent resp. EUR 95.4 thousand ahead on January - September 2016. A major share of other revenue in January – September leta 2017 were the received compensations in the amount of EUR 348.4 thousand.

Operating expenses of Luka Koper, d. d., in January - September 2017 amounted to EUR 113 million, which is 5 percent resp. EUR 5.4 million in the first nine months of the previous year. Within the operating expenses, comparably to the equivalent period last year, the increase was recorded in all types of costst except other operating costs. The cost of material of Luka Koper, d. d., in the first nine mionths of 2017 amounted to EUR 10.8 million, which is 11 percent resp. EU 1.1 million ahead on the comparable period last yeear. The major share of the cost of material in the first nine months was recorded in the cost of energy. The cost of services of Luka Koper, d. d., in first nine months of 2017 amounted to EUR 40.1 million, which is 6 percent resp. EUR 2.3 million ahead on the first nine months of the previous year.

Within the costs of services a major share represented the cost of port's services, which were higher by 15 percent in comparison with the equivalent period last year. Services, which were higher by 10 percent in comparison with the first half of the previous year. The increase of cost of port's services is attributable to the increased volume of throughput and increased volume of provided services. The cost of labour of Luka Koper, d. d., in January - September 2017 amounted to EUR 35.4 million, which is 5 percent resp. EUR 1.7 million ahead on the comparable period in 2016. The year-on increase was due to a higher number of employees, increased by 4 percent resp. for 39 employees, and partial increase of the basic salary in compliance with the collective agreement. The cost of amortisation and depreciation in January - September 2017 amounted to EUR 20.2 million, which is 5 percent resp. EUR 967 thousand ahead on the comparable period last year. The cost of amortisation in January- September 2017 amounted to EUR 20.2 million, which is 5 percent resp. EUR 967 thousand increase over the same period last year. Other operating expense of Luka Koper, d. d., in January - September 2017 amounted to EUR 6.5 million, which is 10 percent resp. EUR 700 thousand decrease in comparison with the first nine months in 2016. The costs for the compensation of the use of the building land and compensation costs revaluation operating expenses decreased. In September 2016, revaluation operating expenses were higher due to the impairment of current investments in the amount of EUR 1.4 million.

The share of operating expenses within net revenue from sale in the first nine months of 2017 accounted for 72.9 percent, which is 3.1 percentage point decrease in comparison with the first nine months of 2016. In comparison with the previous year the share of costs of services, labour costs, amortisation and other business expense within the revenue from sale, whilst the share of costs of material stood at the same level.

The operating profit (EBIT) of Luka Koper, d. d., in January - September 2017 amounted to EUR 42.9 million, which is 24 percent resp. EUR 8.2 million ahead on the first half of 2016.

In January - September 2017, the EBITDA of Luka Koper, d. d., amounted to EUR 63.1 million which is 17 percent resp. EUR 9.2 million increase over the comparable period last year.

The EBITDA margin of Luka Koper, d. d., in January - September 2017 accounted for 40.7 percent, which is 7 percent resp. 2.6 percentage point ahead on the first nine months in 2016.

In January - September 2017, the financial result of Luka Koper, d.d. amounted to EUR 1.9 million, whilst in the comparable period 2016, the company achieved the financial result in the amount of EUR 1 million. Finance income from shares and interests in other entities increased in associated companies, and the finance expense decreased as result of lower effective interest rates and the maturity of the instrument of the interest swap.

In January – September 2017, net profit of Luka Koper, d. d., amounted to EUR 39 million, which is 29 percent resp. EUR 8.8 million ahead on 2016.

The return on equity (ROE)¹⁷ in January – September 2017 amounted to EUR 16.5 percent, which is 19 percent resp. 2.6 percentage point increase over January – September 2016.

Financial liabilities of Luka Koper, d. d., as at 30 September 2017 amounted to EUR 137.4 million, which is 9 percent resp. EUR 11 million ahead on 31 December 2016. The liabilities towards banks increased due to the net effect of an additional disbursement of a bank loan.

Non-current financial liabilities towards banks of Luka Koper, d. d., as at 30 September 2017 amounted to 77 percent of total financial liabilities. In comparison to the balance as at 31 December 2016, their share remained unchanged.

In January – September 2017, Luka Koper, d. d., allocated for investments EUR 31.9 million, mainly in the equipment at the Container terminal and in the construction of a new multipurpose warehouse.

Implementation of plans

Net revenue from sale of Luka Koper, d. d., from the market activity in January – September 2017 exceeded the planned by 5 percent resp. EUR 7.3 million, whilst the revenue from the performance of the public utility service of regular maintenance of the port's infrastructure destined to public traffic was lower than planned by 61 percent resp. by EUR 6.5 million, which resulted in total exceeding of planned revenue of Luka Koper, d. d., in January – September 2017. The revenue from the performance of the public utility service of regular maintenance of the port's infrastructure destined to public traffic are lower than planned due to a reduced volume of maintenance than planned, since the plan of a regular maintenance of the port's infrastructure has still not been approved yet by the Ministry of Infrastructure.

Net revenue from sale of Luka Koper, d. d., in January – September 2017 amounted to EUR 155.1 million, which is at planned level of net revenue from sale.

¹⁷ The indicator is calculated on the basis of the annualised data.

NET REVENUE FROM SALE (in EUR)	1 – 9 2017	Plan 1 – 9 2017	Index 2017/Plan
Net revenue from sale from the market activity	150,869,153	143,583,145	105
Net revenue from sale from the performance of the public utility service	4,214,874	10,737,576	39
TOTAL	155,084,027	154,320,721	100

The operating profit (EBIT) of Luka Koper, d. d., in January – September 2017 amounted to EUR 42.9 million, which is 12 percent resp. EUR 4.6 million ahead on the planned.

In January – September 2017, the EBITDA margin of Luka Koper, d. d., in the amount of EUR 63.1 million, was by 8 percent resp. EUR 4.7 million ahead on planned.

In the first nine months of 2017, the EBITDA margin of Luka Koper, d. d., in the amount of 40.7 percent, was by 8 percent resp. 2.9 percentage point higher than planned.

In January – September 2017, Luka Koper, d. d., planned the drawing of long-term deferred revenue in the amount of EUR 4.4 million for the performance of the public utility service of the regular maintenance of the port's infrastructure, but actually they were formed in the amount of EUR 2.7 million. If the exclusion of the impact of the revenue higher by EUR 7.1 million was considered, the planned EBITDA margin would have amounted to 40.3 percent and as a result, the achieved EBITDA margin of Luka Koper, d. d., in January – September 2017 would have been by 1 percent higher than planned (excluding the aforesaid impact of long-term deferred revenue).

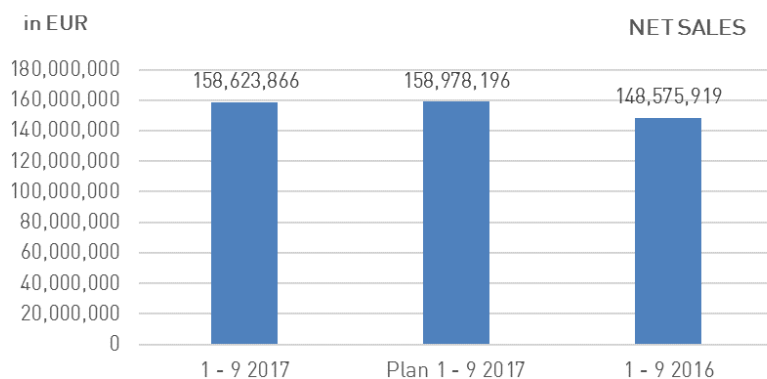
Net operating profit of Luka Koper, d. d., in January – September 2017 amounted to EUR 39 million, which is 15 percent resp. EUR 5.1 million ahead on planned.

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

NET REVENUE FROM SALE

In the first nine months of 2017, the net revenue from sale of Luka Koper amounted to EUR 158.6 million, which is 7 percent resp. EUR 10 million increase on the first nine months of the previous year. In comparison with the previous year, the net revenue from sale of Luka Koper Group increased from the core activity of loading and unloading of goods, stuffing and unstuffing of containers, storage and additional services. The revenue from rentals decreased.

Net revenue from sale of Luka Koper Group



OTHER REVENUE

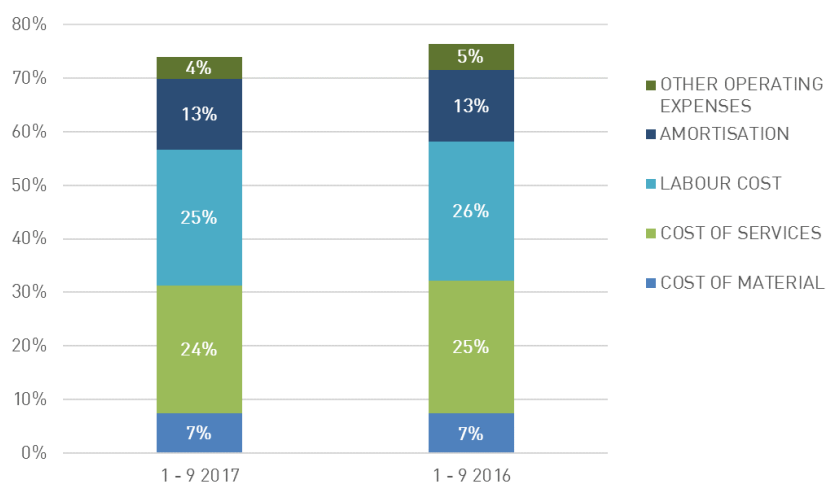
Other revenue of Luka Koper Group in January – September 2017 amounted to EUR 2.3 million, which is 4 percent resp. EUR 89.7 thousand increase on the first nine months of the previous year. The major share of other revenue were subsidies, grants and similar revenue in the amount of EUR 1.2 million, that referred to drawing of assets assigned from the retained contributions of Koper INPO, d. o. o.

OPERATING EXPENSES

In January - September 2017, the operating expenses of Luka Koper Group amounted to EUR 117.3 million, which is 3 percent resp. EUR 3. million ahead on the equivalent period last year. Within the operating expenses, comparably to the same period last year increased the costs of material, costs of services, labour costs and costs of amortisation. Other operating expenses decreased. In the first nine months of 2017, the share of operating expenses accounted for 73.9 percent, which is 2.5 percentage decrease in comparison with

the first nine months of 2016. In comparison with the previous year, the share of costs of services, costs of labour, costs of amortisation and other operating expenses within the net revenue from sale decreased, whilst the share of costs of material stood at the same level.

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



Cost of material

In the first nine months of 2017, the cost of material of Luka Koper Group amounted to EUR 11.8 million, which is 7 percent resp. EUR 796.5 thousand ahead on the comparable period last year. The major share of costs of material in the first nine months of 2017 represented the energy costs, which in comparison with the first nine months of 2016 increased by 19 percent resp. by EUR 844.4 thousand. A major share of costs of energy represented the consumption of motor fuel. The cost of spare parts increased, the costs of auxiliary parts decreased.

Cost of services

In January – September 2017, the cost of services of Luka Koper Group amounted to EUR 37.9 million, which is 3 percent resp. EUR 982 thousand ahead on January - September 2016. Within the framework of the costs of services, the major share represented the costs of port's services, which amounted to EUR 20.1 million, which is a year-on increase of 9 percent resp. EUR 1.6 million. The increase of cost of port's services resulted from the increased volume of the throughput and provided services, primarily the increased throughput and more demanding procedures in handling new cars' trademarks at the Car

terminal, which is one of major consumers of these services. Higher costs are also attributed to a major occupancy of storage areas and numerous construction works at the Container terminal.

A relevant share within the cost of services represented also the costs of other services amounting to EUR 10.8 million, which is 4 percent resp. EUR 374 thousand ahead on the comparable period last year, primarily from the concession costs.

Labour costs

In January – September 2017, the labour costs of the Luka Koper Group amounted to EUR 40.1 million, which is 4 percent resp. EUR 1.7 million ahead on the comparable period in 2016. This increase was primarily due to a higher number of employees, which was higher by 3 percent resp. for 33 employees, and a partial increase of a basic salary in compliance with the collective agreement. The Luka Koper Group companies so imele na dan 30 September 2017 skupaj 1,092 employees.

Depreciation / amortisation costs

In January – September 2017, the depreciation/ amortisation costs of Luka Koper Group amounted to EUR 20.9 million, which is 5 percent resp. EUR 925.4 thousand ahead in comparison with the equivalent period last year.

Other operating expenses

Other operating expenses of Luka Koper Group in the first nine months of 2017 amounted to EUR 6.6 million, and fell by 9 percent resp. by EUR 657 thousand when compared with the first nine months of 2016. In comparison with the comparable period last year merljivim obdobjem preteklega leta so se costs of compensation for the use of building land and costs of damages increased, revaluation operating income declined. In September 2016, revaluation operating expenses were higher from the impairment of current investments of the company Luka Koper, d. d., in the amount of EUR 1.4 million. In July 2017, costs of write-off of the damaged shore crane amounted to EUR 506.9 thousand.

OPERATING PROFIT

In January – September 2017, the operating profit (EBIT) of Luka Koper Group amounted to EUR 44 million, which is 15 percent resp. EUR 5.8 million ahead on the comparable period last year. The higher EBIT primarily resulted from 7 percent higher net revenue from sale.

In January – September 2017, the EBITDA of Luka Koper Group amounted to EUR 64.8 million, which is 12 percent resp. by EUR 6.7 million increase on the comparable period last year.

In January – September 2017, the EBITDA margin of Luka Koper Group in January – September 2017 accounted for 40.9 percent, which is 5 percent resp. 1.8 percentage point ahead on the first nine months of 2016.

FINANCE INCOME AND FINANCE EXPENSES

In January – September 2017, the finance income of Luka Koper Group amounted to EUR 1.4 million, which is a decrease of 2 percent resp. EUR 27.3 thousand when compared to the equivalent period in 2016. The finance income from shares and finance income from given loans decreased.

Finance expense of Luka Koper in January – September 2017 amounted to EUR 1.1 million, and fell by 43 percent resp. EUR 818.6 thousand in comparison with the first nine months of the comparable period last year. The finance expense for financial liabilities decreased as result of reduced effective rates, maturity of interest swap instrument instrument and due to the recognised capitalisation of interest resp. addition of costs of borrowing property, plan and equipment in the amount of EUR 0.4 million.

In January – September 2017, the financial result from financing activities amounted to EUR 348.4 thousand, whilst the Luka Koper Group had a negative financial result in the amount of – EUR 443 thousand.

RESULTS OF ASSOCIATED COMPANIES

In January – September 2017, the results of associated companies increased the profit before tax of Luka Koper Group in the amount of EUR 1.3 million, which is 14 percent resp. EUR 204.3 thousand decrease in comparison with the equivalent period last year. The results almost entirely refer to the performance of the companies Adria-Tow, d. o. o., Adria Transport, d. o. o., Avtoservis, d. o. o., and Adriaфин, d. o. o.

PROFIT BEFORE TAX AND PROFIT FOR THE PERIOD

Profit before tax of Luka Koper in January – September 2017 amounted to EUR 45.6 million, and exceeded the achieved profit in the comparable period in 2016 by 16 percent resp. by EUR 6.4 million.

Net operating profit of the Luka Koper Group in January – September 2017 amounted to EUR 39.9 million, and was 20 percent resp. EUR 6.6 million ahead on the achieved net operating profit in 2016.

In January – September 2017, income tax and deferred taxes reduced the net operating profit of Luka Koper Group by EUR 5.7 million, whilst in the comparable period in 2016 it was reduced by EUR 6 million.

FINANCIAL SITUATION AND FINANCIAL MANAGEMENT

As at 30 September 2017, the balance sheet total of Luka Koper Group amounted to EUR 525.9 million, which is 7 percent resp. EUR 35.9 million ahead on 31 December 2016.

As at 30 September 2017, non-current assets of Luka Koper Group amounted to EUR 464.2 million, which is 3 percent resp. 13.4 million increase in comparison to 31 December 2016. As at 30 September 2017, non-current assets accounted for 88 percent of the balance sheet total of Luka Koper Group.

Due to higher investments, an increase of 3 percent resp. of EUR 11.4 million was recorded in property, plant and equipment. In this framework assets, equipment and plant in acquisition decreased by 54 percent resp. by EUR 35.2 million, whereof from advances by 99 percent resp. by EUR 26.4 million. Shares and interests increased by 6 percent resp. by EUR 2.8 million from the market value of non-current investments in other shares and interests, recorded at fair value.

As at 30 September 2017, current assets of Luka Koper Group amounted to EUR 61.7 million, which is 57 percent resp. EUR 22.4 million ahead on 31 December 2016.

The inventories of maintenance material as at 30 September 2017 amounted to EUR 1 million, which is 26 percent resp. EUR 206.5 thousand increase when compared to 31 December 2016. The operating receivables increased by 19 percent resp. EUR 5.4 million from higher trade receivables. This increase is due to a higher realisation and higher invoiced excise duties. Other receivables increased by EUR 1.5 million due to short-term deferred costs related to the future compensations for the use of the building site, insurances, annual holiday pay and loan costs. Cash and cash equivalents increased by EUR 15.3 million.

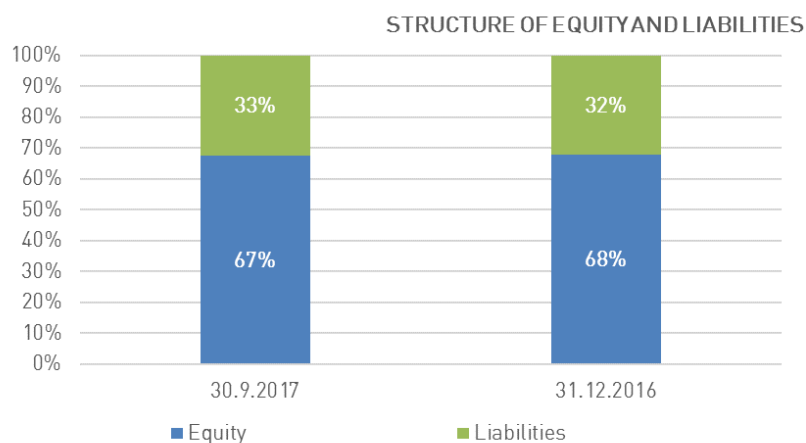
As at 30 September 2017, the equity of Luka Koper Group amounted to EUR 354.7 million, which is an increase of 7 percent resp. EUR 22.7 million when compared to the balance as at 31 December 2016, and this increase was due to the revaluation surplus, transferred net profit and net profit of the business year. As at 30 September 2017, the equity accounted for 67 percent of the balance sheet total.

As at 30 September 2017, non-current liabilities with long-term accrued costs and deferred revenue of Luka Koper Group amounted to EUR 128.2 million, which is 8 percent resp. EUR 9.5 million ahead on 31 December 2016. The borrowings from banks increased as result of

a net effect a an additional disbursement of a bank loan. Also non-current deferred income from minor investments in the regular maintenance of the port's infrastructure were higher, due to the delays in approving the maintenance plans. As at 30 September 2017, non-current liabilities with long-term provisions and long-term costs accounted for 24.4 percent of liabilities.

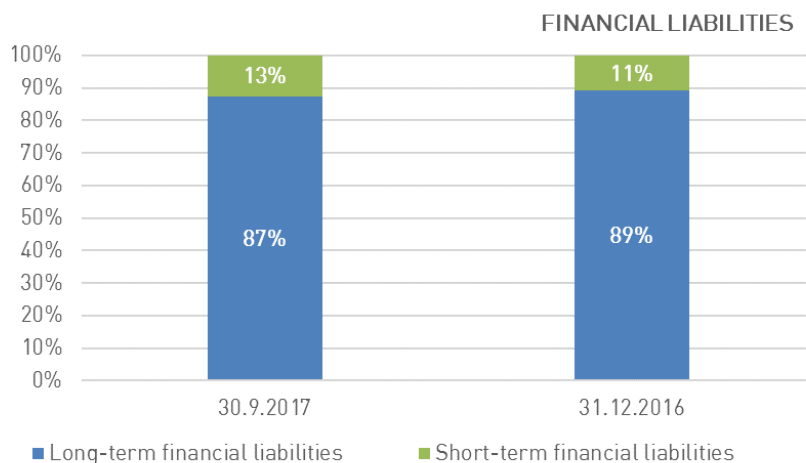
As at 30 September 2017, current liabilities of Luka Koper Group amounted to EUR 43 million, which is an increase of 9 percent resp. EUR 3.6 million when compared to the balance as at 31 December 2016. The loans from banks increased due to the net effect of the transfer of a portion of liabilities from non-current liabilities to current liabilities and repayment of principals and repayment of principals. The increase of accrued costs related to costs for unused vacation days, accrued commercial discounts, concession costs, costs of 13th salary, collective job performance and interest costs. The current trade liabilities decreased due to lower investments in the infrastructure.

Structure of Luka Koper Group's liabilities by maturity



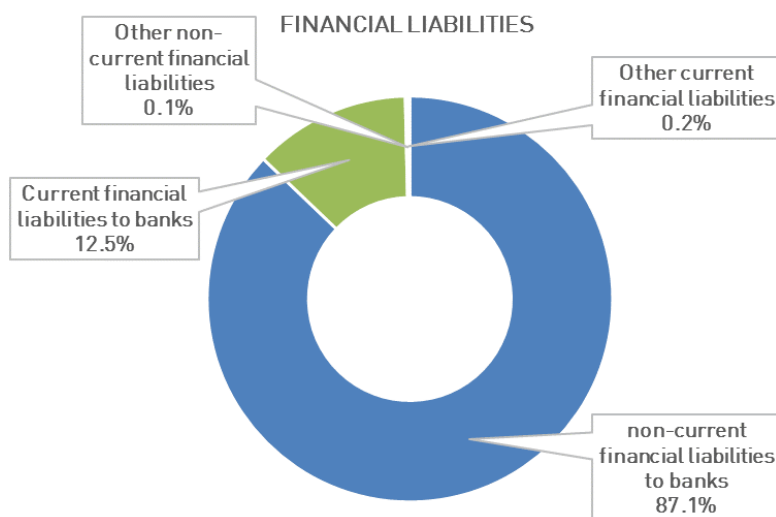
As at 30 September 2017, financial liabilities of Luka Koper Group amounted to EUR 121.4 million, which is 10 percent resp. EUR 11 million increase in comparison with 31 December 2016.

Structure of Luka Koper Group financial liabilities



The increase of current financial liabilities results from the net effect of the transfer of a share of liabilities from non-current to current liabilities and the repayment of principals.

Luka Koper Group financial liabilities as at 30 September 2017



As at 30 September 2017 the non-current financial liabilities to banks of Luka Koper Group accounted for 87 percent of total financial liabilities. Their share reduced by 1.6 percentage point when compared to 31 December 2017. This reduction results from the increase of the share of current financial liabilities to banks from the net effect of the transfer of a part of liabilities from non-current to current liabilities.

Among the financial liabilities of Luka Koper Group prevail the liabilities related to a variable interest rate. The Group manages the interest by entering into an interest hedge for EUR 32.1 million of non-current long-term loan, which accounts for 27 percent share of total financial liabilities related to received loans of Luka Koper Group as of 30 September 2017, meaning that 27 percent of total Group's loans were hedged against the eventual increase of interest rates. An eventual change of variable interest would consequently have an impact on 73 percent of all Group's loans, which is by 4 percentage points ahead on 31 December 2016.

7.3 Forecast of net revenue from sale of Luka Koper Group in 2017¹⁸

Expectedly till the end of 2017, the net revenue from sale from market activity of Luka Koper Group will exceed the planned revenue from sale by 3 percent and by 8 percent and the achieved revenue in 2016, whilst the revenue from the performance of public utility of regular maintenance destined to public traffic, are expected to be lower than planned by 72 percent resp. EUR 10.6 million and by 47 percent by generated revenue in 2016. The revenue from the performance of the public utility service of the regular maintenance of the port's infrastructure destined for the public traffic, will be lower than planned due to the expected lower volume of maintenance than planned, since the plan of the regular maintenance of the port's infrastructure has still not been approved by the Ministry of Infrastructure.

Based on current projections, Luka Koper Group estimates that the net revenue from sale in 2017 will expectedly amount to EUR 210,8 million and will be 2 percent below the planned level, primarily due to the lower volume of the performance of the public utility service of the regular maintenance of the port's infrastructure destined to the public traffic, and at the same time higher by 6 percent than the achieved in 2016. Currently, the company does not estimate other impacts on the net operating profit of the Luka Koper Group, except changes in the volume of throughput and thereby the net revenue from sale.

¹⁸ The forecast is based on the current expectations and is subject to risks and uncertainties, which may have an impact on actual results and may materially differ due to various factors, over some of these Luka Koper Group has no control. These factors include, but they are not necessarily limited to the following: customers' demand and market conditions in markets where operate final consignees of goods, transshipped through the Port of Koper, relevant losses or a decline of key customers' business, political instability and unfavourable economic conditions in countries of provenance and countries of destination of goods handled in the the Port of Koper, competition pressure to reduce the prices, limited storage capacities due to delayed obtainment of adequate consents from the competent authorities, high occupancy of stacking areas and therefore lower productivity and higher operating cost due to additional shifts of goods, insufficient entry capacity into the port and thereby the decongestion of the the port, which is affecting the higher operating costs. In case, when one or more risks resp. uncertainties materialize or that the aforesaid assumptions show as incorrect, the actual results may materiall differ from those indicated in the notice as expected, estimated or projected. Luka Koper allows any up-dating or auditing of these forecasts as far as the future developments would differ from the expected.

8 Marketing: cargo groups and markets

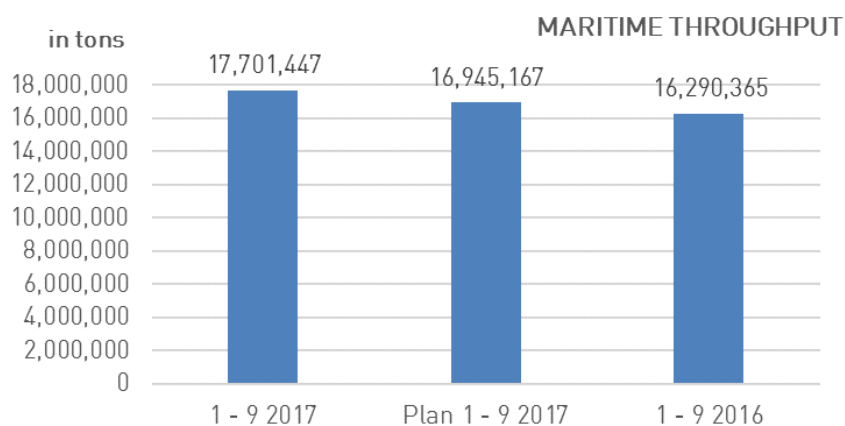
8.1 Maritime throughput

The maritime throughput of Luka Koper Group in January – September 2017 totalled 17.7 million tonnes, and exceeded by 4 percent the planned quantities and the maritime throughput January – September 2016 by 9 percent. In May 2017, a record monthly maritime throughput in the company's history was achieved in the amount of 2.3 million tonnes, in July 2017 a record monthly throughput of 80,840 TEUs of containers was achieved.

The growth of the throughput with respect to the previous year Luka Koper Group recorded in the product groups of containers, liquid cargoes and dry and break bulk cargoes.

When compared to the previous year, in January – September 2017, Luka Koper Group achieved a 3-percent growth of loaded onto and 11 percent growth of unloaded goods from vessels.

January – September 2017 cargo tonnage throughput and the plan for 2017

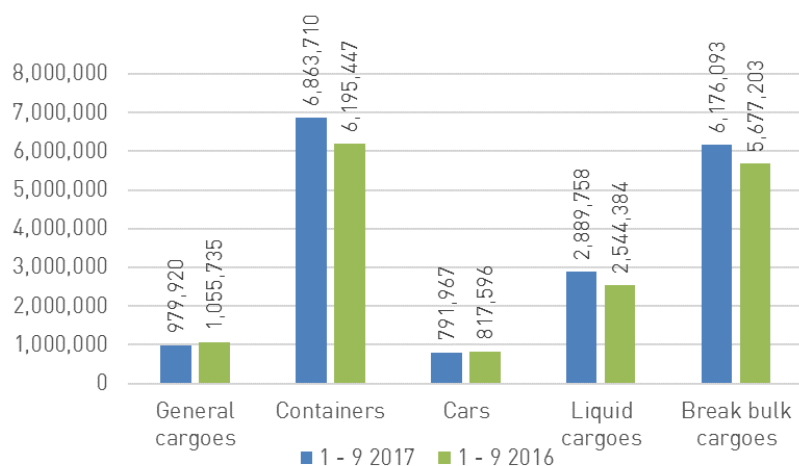


8.2 Throughput structure by cargo group

Containers prevail in the total maritime throughput and their share increased by 0.8 percentage points when compared to the year 2016, and dry and break and bulk cargoes, of which share remained unchanged with respect to 2016. The share of liquid cargoes increased by 0.7 percentage point, the share of cars decreased by 0.5 percentage point and share of general cargoes by 1 percentage point.

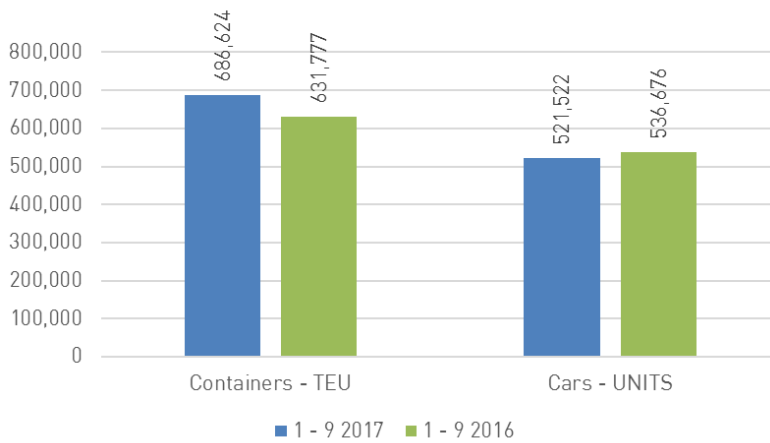
Maritime throughput in tonnes per cargo types, January - September 2017 and 2016

CARGO TYPES (in tonnes)	1 - 9 2017	1 - 9 2016	Index 2017/2016
General cargoes	979,920	1,055,735	93
Containers	6,863,710	6,195,447	111
Cars	791,967	817,596	97
Liquid cargoes	2,889,758	2,544,384	114
Dry and break bulk cargoes	6,176,093	5,677,203	109
TOTAL	17,701,447	16,290,365	109

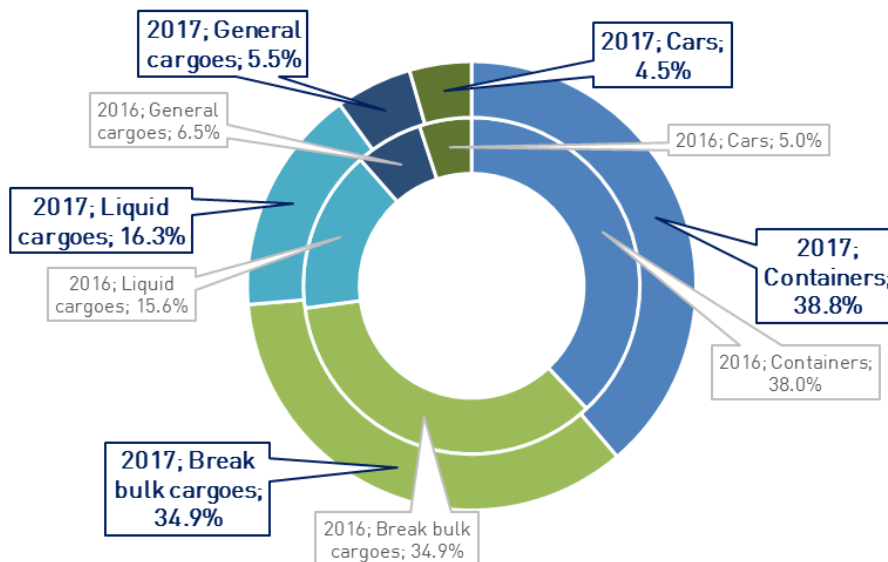


Throughput of containers (in TEU) and cars (in units , January - September 2017 and 2016

CARGO TYPES	1 - 9 2017	1 - 9 2016	Index 2017/2016
Containers - TEUs	686,624	631,777	109
Cars - UNITS	521,522	536,676	97



Structure of maritime throughput by cargo type, January - September 2017 and percentage change in relation to January -September 2016



GENERAL CARGOES

Luka Koper Group ended January - September 2017 with a decrease of 7 percent in the maritime throughput of general cargoes when compared to January - September 2016. Within the general cargoes the growth was achieved in the throughput of iron and iron products.

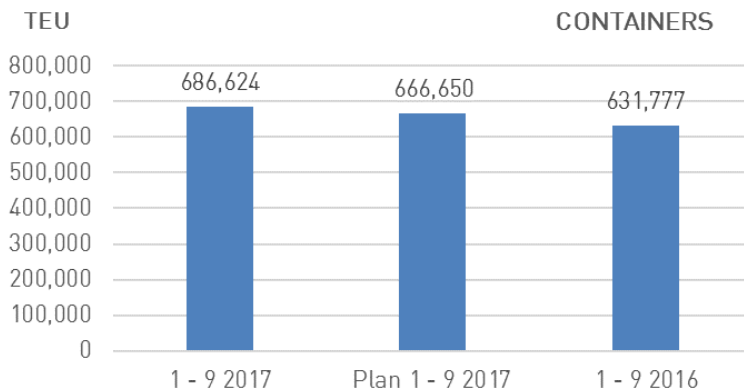
In January - September 2016, the maritime throughput was lower due to unstable political and economic situation in North Africa and Middle East.

CONTAINERS

The container terminal ended January - September 2017 with the maritime throughput of 686,624 TEUs, and thereby exceeded by 9 percent the throughput generated in January - September 2016. In July 2017, the highest monthly maritime throughput of 80,840 TEUs was achieved.

The containers throughtput growth in the first nine months of this year proves the fact that the Northern Adriatic, with the Port of Koper in the first place, has been increasingly becoming an important entry and exit point for goods for Central European goods. More and more European companies benefit from the advantages of the Port of Koper, such as shorter transit time, speed of business and wide range of providers of railway services, thus optimising the supply chain in order to reduce the costs. Likewise, all container shipping companies expand the range of connections to the Port of Koper from/to Asia, and the offer of services from/to Mediterranean countries, which have the highest business potential in the near future.

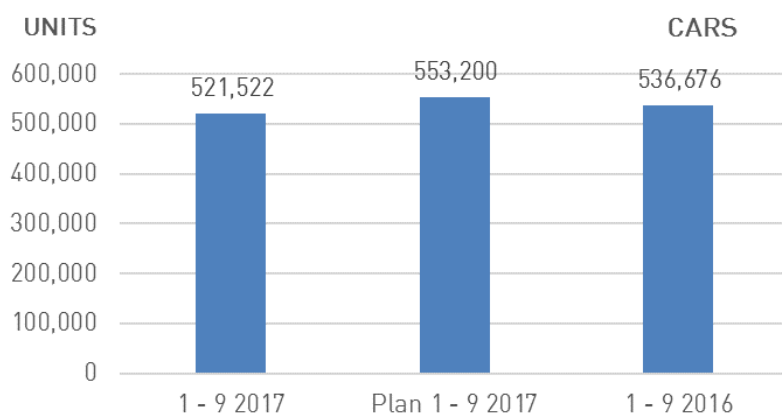
Container throughput, January - September 2017 and 2016 and the plan for 2017 (in TEUs)



CARS

In January – September 2017 521,522 cars were handled, which is 3 percent decrease when compared to January – September 2016. In the reporting period, the volume of maritime throughput for Turkey decreased, but Luka Koper Group took advantages of new opportunities by increasing its share in other markets. 307, 249 thousand cars were handled in export, 214,273 in import.

Throughput of cars, January - September 2017 and 2016 and the plan for 2017 (in units)



LIQUID CARGOES

In January – September 2017, the throughput of liquid cargoes recorded a year-on increase of 14 percent. The throughput in the liquid cargo group grew by 44 percent in comparison with the previous year. A significant growth of the throughput was primarily due to the new construction of reservoir capacities, which started the operation in the last quarter of the previous business year. In the throughput of petroleum products, Luka Koper Group achieved 7-percent growth when compared with January – September 2016.

DRY AND BREAK BULK CARGOES

In January – September 2017, the maritime throughput of dry and break bulk cargoes grew by 9 percent in comparison with the equivalent period 2016.

Luka Koper Group achieved an increase of 12 percent when compared to the equivalent period 2016, due to the postponement of the vessel's arrival from the last quarter of 2016 in

the new business year, and the increased consumption of energy in the hinterland, mainly in winter time.

The throughput of the dry bulk cargoes decreased by 2 percent in comparison with January – September 2016. The throughput of the cargo groups of scrap and cereals further declined due to high railway transport tariffs and lower prices in the scrap and cereals market.

9 Investments in non-financial assets

In January – September 2017, Luka Koper Group allocated EUR 32.5 million to the investment in property, plant and equipment, investment property and intangible assets, which is 21 decrease in comparison with the equivalent period last year. Most of investments were implemented in Luka Koper, d. d.

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

- RMG cranes and crane rail for RMG cranes at the Container terminal,
- further construction of stacking blocks at the Container terminal with the purpose to improve the transport and to provide wider transport lanes, treatment plant for the needs of containers cleaning and the repair of containers,
- new terminal tractors and empty container stackers were purchased for the needs of the Container terminal,
- for the needs of the general cargoes new forklifts were acquired, and a new loader for the needs of dry and break bulk cargoes,
- further set-up of the stacking area for the needs of the Container terminal,
- further construction of the multi-purpose warehouse,
- several minor investments were implemented.

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

10 Development activity

In January – September 2017, Luka Koper, d. d., continued development and research activities related to the Port's development, considering the trends of the line of business and long-term plans. A relevant activity outlined at the end of 2016, which has been systematically implemented from 2017, are four strategic programmes following the company's strategic plan from 2015. Strategic programmes comprise a comprehensive range of activities, which include market and infrastructural aspect as well as process and human resources segment in order to provide adequate capacities at all levels. With respect to set strategic goals, the company set up strategic programmes:

- increase of containers throughput,
- increase of cars throughput,
- increase of port's decongestion,
- increase of containers stuffing and unstuffing, whereby opportunities for the added value logistics exist.

Due to full occupancy of the existing port's capacities, an important emphasis is still put on the faster implementation of the priority infrastructure projects and the opportunities for the obtainment of grants for their financing. The challenges also arise in new technologies, disposal and processing of sediments in order to increase and maintain the port's depths, environmental, energy and safety topics, IT issues and in any case also the novelties in the market area. In the third quarter of 2017, with a view of a better harmonisation of development issues, the company set up the development team, in which various field of expertise take part.

Certain activities, continuing from previous years, were held also in connection to the emphasis of the relevance of a timely construction of the second railway track on the Koper – Divača railway line, since further growth opportunities of throughput and thereby the port's development, logistic activities of the State and the international trade of hinterland countries of Central and Eastern Europe depend on its realisation. In February, the competent authorities successfully applied for the cofinancing under the programme CEF and in March the bill on a rail upgrade, which primarily defines the financing of this project was published, and thereupon a referendum was held at the end of September, which confirmed the validity of the new act which shall introduce a new taxation of the port throughput.

As concerns the European projects, very intensive activities were carried out in the January – September 2017, in particularly as concerns the projects within the programme CEF, whereby Luka Koper, d.d. endeavoured for an optimal use of EU grants for projects with concrete development challenges and infrastructural needs of the port, also in the light of the implementation of EU corridor policy:

- there were further activities related to the projects NAPA4CORE, GAINN4MOS, Fresh Food Corridors, CarEsmatic and ELEMED (Luka Koper, d.d., is coordinator in projects NAPA4CORE, Fresh Food Corridors and CarEsmatic).
- In February 2017, the company tendered with two new project applications (Quays4Koper, ConnectingMoS), but despite the very good quality rate of the application, the cofinancing priorities of the Republic of Slovenia and the European Union were in that occasion different and the port's projects were not selected for cofinancing. Most likely, the company will apply once again on the next occasion.

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

As concerns the projects in the territorial cooperation, where topics are slightly more regionally oriented and the cooperation is softer, with emphasis on the partnership projects, in June 2017 the project TalkNet (programme Central Europe) started up, in September 2017 intensive preparations for the project SecNET (programme Slovenia – Italy), which started in October 2017, began. In the third quarter of 2017, the preparations for three new projects in the programme ADRION (ADRIPASS, ISTEN, SUPAIR), which are expected to start in January 2018. In March 2017, two partnership applications were submitted for the programme Mediterranean and in June the company received the information that one application was successful for the application in the second phase, therefore in the third quarter the application for the submission in October 2017 has been harmonised.

The projects of the European territorial cooperation are relevant, since they position Luka Koper within the European institutional setting - mainly from the point of view of planning and development of national and trans-european transport infrastructure, logistic concepts, environmental protection, security, maritime protection, sustainable energy supply, IT modernisation, cultural heritage and similar.

Within the European Structural Funds, in the beginning of 2017, the company received the approval of the partnership Competency center Logistika, which supports the education and the development of competences. Within the framework of intelligent specialization projects, the company continued the implementation of the project RRI (Exploitation of the

bio-mass potential for the development of advanced materials and bio-based products), through the which Luka Koper Exploiment of the bio-mass potential for the development of advanced materials and bio-based products.

Also in the last period of time, Luka Koper was still striving to obtain the solution concerning the opportunity of co-financing of the Cruise terminal, since the project documentation is at an advanced stage and it is important Luka Koper to obtain a final response and it is important to obtain the final response about the implementation of the project. Although the company was seeking solutions by agreement with key stakeholders: Ministry of Economic Development and Technology, Ministry of Infrastructure and Municipality of Koper, there is still no positive response which would comply with legal and strategic limits of the company and the Port.

After many years, in January 2017 was adopted the Port's regulation, which will not affect the model of port's managagement and governance. As concerns the international institutional activities, in February 2017, Luka Koper, d.d., attended the meeting of the executive committee of the European Sea Ports Organisation (ESPO), in June the General Shareholders' Meeting of the European port operators and private terminals FEPOR and Corridors' forums organised by the European Union. In March, Luka Koper hosted the representatives of the European Commission for sea motorways and took over the presidency of North Adriatic Ports Association (NAPA). In June, the company accepted the invitation of the port's workers to attend the convention, held in Trieste where the attention was paid to a further successful development of the port's activity in the Northern Adriatic, in particular as concerns the job opportunities In September the representatives of the company attended the main annual event CEF, organised by the European Commission in Tallinn and in that occasion the CEF projects in which the company is involved, were presented.

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

11 LKPG share

The Luka Koper share, identified as LKPG is listed in the first quotation of Ljubljana Stock Exchange. As at 30 September 2017, the share ended its trading with 35 percent higher value than in the comparable period last year. On the last trading day of in September, the price of LKPG share amounted to EUR 31.00 per share.

In the third quarter of 2017, the ownership structure of Luka Koper, d. d., did not change significantly. As at 30 September 2017, 10,064 shareholders were registered, which was 955 less than as at 30 September 2016.

Ten major shareholders as at 30 September 2017

Shareholders	Number of shares	Ownership share (in %)
Republic of Slovenia	7,140,000	51.00
Slovenian Sovereign Holding	1,557,857	11.13
Kapitalska družba, d. d.	696,579	4.98
Municipality of Koper	439,159	3.14
Citibank N.A. – fiduciarni račun	211,787	1.51
Aktsiaselts Trigon Asset Management	161,384	1.15
Hrvatska poštanska banka, d. d.	129,582	0.93
Zavarovalnica Triglav, d. d.	113,568	0.81
Sei Global Investments Fund plc	102,392	0.73
Parametric Emerging Markets Fund	78,796	0.56
Total	10,631,104	75.94

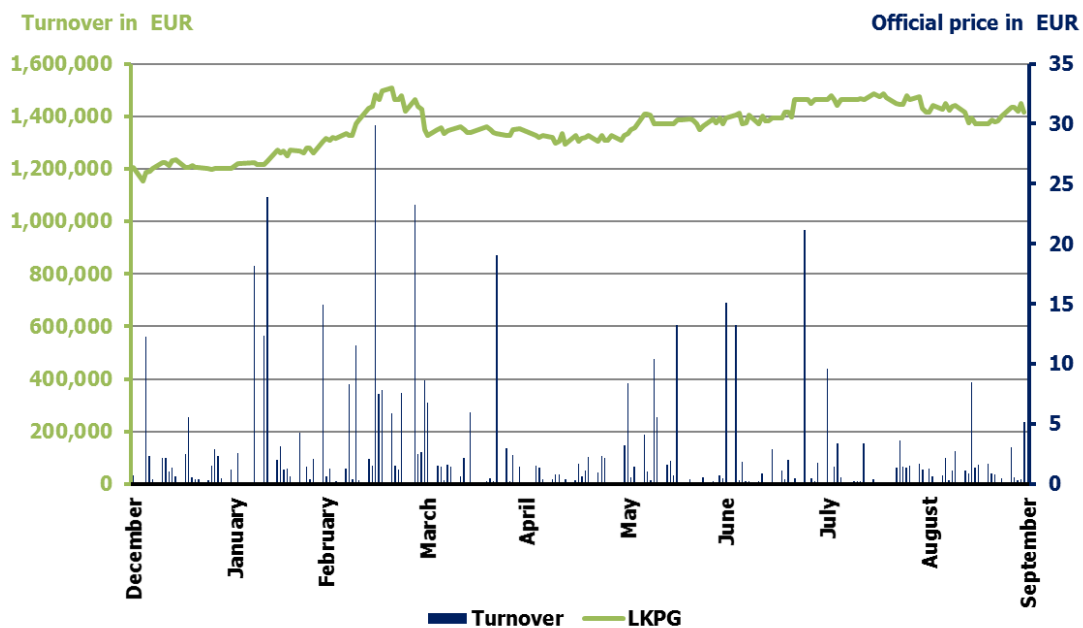
11.1 Trading in LKPG share

In the first nine months of 2017, the average daily price of Luka Koper, d.d., amounted to EUR 29.72, whilst its overall value fluctuated between EUR 25.23 and EUR 32.97. The highest market price, amounted to EUR 33.00, the lowest EUR 24.51. As at 30 September 2017, the market capitalisation of Luka Koper amounted to EUR 434,000,000.

Also in the first nine months of 2017, the shareholders witnessed a stable growth of LKPG. Share. Whilst the shareholders holding Slovenian shares had to content themselves with on

average 12.5 percent increase of share prices, the shareholders of Luka Koper, d. d. experienced 22.9 percent increase of the company's share value. There were 2,512 transactions and block trades with aggregate value of EUR 23,251,303, whereby 785,239 shares changed ownership.

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



Key data on LKPG share

	1 – 9 2017	1 – 9 2016
Number of shares as of 30 September	14,000,000	14,000,000
Number of ordinary no-par value shares	14,000,000	14,000,000
Closing price as of 30 September (in EUR)	31.00	23.00
Book value of share as of 30 September (in EUR)	23.26	21.24
Ratio between average weighed price and avce (P/B)	1.33	1.08
Average weighed market price (in EUR) ¹⁹	29.61	22.67
Average book value of share (in EUR) ²⁰	22.77	20.97
Ratio between average weighted price and average book value of the shares	1.30	1.08
Net earning per share (EPS) (in EUR) ²¹	3.71	2.88
Ratio between market price and earnings per share (P/E) ²²	8.35	7.99
Market capitalisation as of 30 September (in mio EUR)	434.0	322.0
Turnover – all transactions (in mio EUR)	23.3	11.1

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

	Shareholder	Ownership as at 30 September 2017
Supervisory Board	Marko Grabljevec, Member of the Supervisory Board	10
	Rok Parovel, Member of the Supervisory Board	8

	Shareholder	
Management Board	Dragomir Matić, President of the Management Board	1,238

¹⁹ Weighted average market price is calculated as a ratio between total value of LKPG stock exchange transactions and the aggregate number of LKPG shares traded across the period

²⁰ Average book value of the LKPG is calculated on the basis of average monthly ratio between equity and number of ordinary shares.

²¹ Indicator is calculated on the basis of annualised data

²² Indicator is calculated on the basis of annualised data

11.3 Treasury shares, authorised capital, conditional capital increase

As at 30 September 2017 Luka Koper, d. d., held no own shares. The company's applicable Articles of Association do not provide for categories of authorised capital up to which the Management Board could increase the share capital. The company had no basis for the conditional increase in the share capital.

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

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

12 Risk management

In the third quarter of 2017 Luka Koper Group realised a risk of and additional financial burden, defined by Act on the construction and management of the second railway track of the Divača to Koper railway line, since the referendum on the law governing the second rail track held on 24 September 2017 failed. The company will take all necessary actions to protect its interests.

The Group has been further implementing the set risk management plan and has been reducing the recognised risk rates *opnje prepoznanih tveganj*. As concerns the operative risks, the Group has recognised new risks for which actions have already been taken and they have been actively implemented. On the basis of three accidents at work, occurred in the Port in June and in July, one of them fatal accident, additional actions were taken, which are still in the course of the implementation and of which purpose is to minimise the likelihood of recurrence of such events. The strategy refreshment process of the Luka Koper Group till 2020, where all strategic concepts, directions and goals with respect to the perceived changes in the environment, will be examined, is still ongoing.

SUSTAINABLE DEVELOPMENT

13 Natural environment

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

13.1 Care for the environment

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

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

- to successfully carry out the audit in compliance with EMAS requirements
- to keep emissions of dust at all ten port's locations below 250 mg/m²day,
- to retain 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 Ankarana, Koper and Bertoki),
- to keep the percentage of separately collected waste above 84 percent,
- to decrease night-time noise level to 48 dBA in the direction of Koper,
- to keep the daily-time noise level to 58 dBA in front of closest building outside the Port's area despite the increased throughput and the enlargement of the port,
- without taking actions in environmental interventions,
- without pollution outside the Port's aquatorium,
- harmonisation of the outdoor lighting with purpose to reduce the light pollution,

- to keep specific consumption of energy at the level from 2015, and namely for motor fuel 0.25l/t, for electric energy 1.17 kWh/t and potable water 6.4l/t, despite the increase of the throughput and storage capacities,
- modernisation of the waste waters treatment system at the Livestock terminal and modernisation of raining waters treatment system at the European Energy terminal.

13.2 EMAS certificate

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

13.3 Atmosphere

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

13.3.1 Total volume of dust at the Port

Control measurements of the total volume of dust are carried in Luka Koper yet from 2002 on ten measurement points in the Port. There are no legal restrictions on the quantity of dust deposits in Slovenia, nevertheless, we have set a goal not to exceed the average annual level of 250 mg/m²day. In the first nine months of 2017, the average of measurement values from all measuring points amounted to 94 mg/m²day.

13.3.2 Quantity of health hazardous dust particles (PM₁₀)

Statutory prescribed measurement of dust particles (PM₁₀), carried out by an authorised organisation are continuously measured on three points within the Port. The measurements taken in the first nine months of 2017 were below the target value of 30 µg/m³ and below the statutory set up volume of 40 µg/m³. The results from two measurement devices are shown automatically every hour online on the Port's web page Living with the Port www.zivetispristaniscem.si.

Comparison of mean values of PM₁₀ measurements , January – September 2017 and 2016

	1 – 9 2017	1 – 9 2016	INDEX 2017/2016
Ankaran - Rožnik	17 µg/m ³	19 µg/m ³	89
Bertoki	21 µg/m ³	20 µg/m ³	105
Koper – Cruise terminal	15 µg/m ³	18 µg/m ³	83

13.3.3 Emissions of dust particles on key sources

Since the permitted values of dust particles emissions of key sources are stipulated by law, we perform measurements in the direct vicinity of dust-generating sources (e.g. at loading/unloading of wagons, trucks and ships). The threshold of permitted value of emissions is 20 mg/m³. The company has not yet performed the statutory measurements for 2017.

13.4 Waste management

Various types of waste are generated in the Port of Koper. In terms of Luka Koper, d.d. commitment for the the environment, Luka Koper regularly provides for waste separation, recycling and waste processing. The waste separations is carried out at all terminals, by the users of the economic zone and on ships. Separately collected waste materials are delivered to external waste-processing contractors and agents, whereas organic waste is processed at the composting plant in the port. Luka Koper d.d. also collaborates with external companies in relation to waste processing.

In January - September 2017, we achieved 93 percent of waste separation and we exceeded the set objective of 84 percent of sorted and separately collected waste. In April, container quay crane was cut into pieces and 495 tonnes of iron were transported from the Port, in June additional 132 tonnes of scrap railway sleepers were transported from the Port. In August and September, also 512 tonnes of scrap of the demolished crane at the European Energy terminal were transported from the Port.

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.

Comparison of mean values of PM10 measurements (in dB), January – September 2017 and 2016

1 - 9 2017			1 - 9 2016			Threshold values
Eastern periphery (Bertoki)	Norther periphery (Ankaran)	Southern periphery (Koper)	Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	
L _D =53	L _D =54	L _D =63	L _D =54	L _D =54	L _D =63	L _D =73
L _V =51	L _V =52	L _V =63	L _V =52	L _V =52	L _V =62	L _V =68
L _N =50	L _N =51	L _N =62	L _N =49	L _N =51	L _N =61	L _N =63
L _{DVN} =57	L _{DVN} =58	L _{DVN} =69	L _{DVN} =57	L _{DVN} =58	L _{DVN} =68	L _{DVN} =73

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

Level of noise in the first nine months of 2017, with respect to the equivalent period last year towards Ankaran and Bertoki remained unchanged.

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

13.6 Energy

Luka Koper started the procedures for the erection of electric vehicles charging points for the needs of customers who will start to tranship the electric vehicles through the Port of Koper in 2018.

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

13.6.1 Consumption of energy and water

The specific consumption of the motor fuel in the first nine months of 2017, in comparison with the first nine months of 2016, stood at the same level. The higher specific consumption of electricity in the first nine months of 2017, in comparison with 2016, is primarily the result of the increased throughput at the Container terminal and at Reefer terminal. The reason

for a lower specific consumption of water in the first nine months of 2017, in comparison with 2016, is slightly lower absolute water consumption and increased throughput.

Specific consumption of energy and water per handled tonne of the total throughput²³, January – September 2017 in 2016

	1 – 9 2017	1 – 9 2016	INDEX 2017/2016
Electricity consumption (kWh/t)	0.630	0.615	102
Motor fuel consumption (l/t)	0.136	0.137	99
Potable water consumption (l/t)	3.170	3.590	88

Electricity consumption

In the port's activity, the mechanisation and equipment with large rated power are used and this results in a major consumption of the electric power. Among major consumers in the port are primarily quay cranes, food stuff cold storage rooms at the Reefer terminal lighting and power supply to the reefer containers. In the first nine months, the largest consumer of the electric power was the Container terminal, which consumed 27 percent of total consumed electric power.

Motor fuel consumption

A lot of ground mechanisation, powered by diesel fuel is used in the port's working processes. The major consumers are rubber tired gantry cranes RtGs, terminal tractors, reach stackers, railway track vehicles, forklifts and tractors. In January - September 2017, the major consumer of the motor fuel was the Container terminal, which consumed 67 percent of motor fuel.

Water

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

Potable water

The consumption of the potable water does not depend directly on the throughput. Due to a growing occupancy of the port and a large number of trucks additional leakages on the water distribution network occur. In the first nine months of 2017, numerous measurements of the quality of potable water were implemented within the Port's zone. Microbiologic

²³ Total throughput = maritime throughput + stuffing/unstuffing of containers + land transshipment

contamination in the water distribution network was detected only in one case and it was also eliminated.

Waste water

In the port mainly urban waste waters are generated and to a lower extent industrial waste water. Generated industrial waste waters and prior to the discharge they are adequately treated in own waste water treatment plants, urban waste waters mainly in the Koper central waste treatment plant. In January - September 2017, the measurements of industrial waste waters from the Terminal of liquid cargoes and the containers cleaning process, in both cases the results were in compliance with the legislation.

13.7 Effects of lighting

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

In the Port's zone, the whole port's lighting is harmonised in accordance with the provision of the law, in a way that the light flux is not lit up. A new lighting plan, which will be published on the Company's website, is under preparation.

13.8 Marine protection

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

In January - September 2017, 16 incidents were recorded in the Port's aquatorium. In all cases, measurements 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 on sea, January – September 2017 and 2016

	1 – 9 2017	1 – 9 2016	INDEX 2017/2016
Number of accidents at sea	16	18	89
Number of interventions in the Port's aquatorium	12	14	86
Number of incidents not requiring intervention	4	4	100
Number of pollution incidents outside the Port's aquatorium	0	0	-

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

14 Human resources

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

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

14.1 Recruitment, turnover rate and employment structure

As at 30 September 2017, Luka Koper Group had 1,092 employees, which is 33 employees as at 30 September 2016 resp. 3-percent increase. The recruitment continues its upward trend and mainly results from the recruitment in Luka Koper, d. d.

In the first nine months of 2017, 53 employees were recruited in Luka Koper Group, whereof 46 in Luka Koper, d. d., which is a year-on increase. New recruitments were mainly related to the needs of the core activity of transshipment and warehousing in Luka koper, d. d.

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

	30.09.2017	30.09.2016	Index 2017/2016
Luka Koper, d. d.	913	874	104
Luka Koper INPO, d. o. o.	150	156	96
Luka Koper Pristan, d. o. o.	4	4	100
Adria Terminali, d. o. o.	21	21	100
TOC, d. o. o.	4	4	100
Luka Koper Group	1,092	1,059	103

Comparison between recruitment, termination and the turnover rate

	Number of new recruitments		Number of departures		TURNOVER RATE (in %) ²⁴	
	1 – 9 2017	1 – 9 2016	1 – 9 2017	1 – 9 2016	1 – 9 2017	1 – 9 2016
Luka Koper, d. d.	46	37	18	15	1.9	1.7
Luka Koper Group	53	43	24	21	2.1	1.9

The number of employees' departures from Luka Koper Group was a little bit higher than last year, but still low. Among the reasons of the termination of the employment relationship retirements on grounds of age.

In the first nine months of 2017, the staff turnover in Luka Koper Group was a little bit higher than in the equivalent period last year, but still low at the rate of 2.1.

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

14.2 Occupational health and safety

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

The company is striving to implement preventive actions with trainings, additional education, raising of the awareness of employees' and other persons present in the port. Each severe and recurrent injury is examined and adequate actions are taken in order to prevent any recurrence of similar incidents.

²⁴ Method for calculating turnover rate = number of departures/(initial number of employees + new recruitments) x100

Injuries at work

Parties involved	1 – 9 2017		1 – 9 2016	
	Total injuries	Whereof major injuries	Total injuries	whereof major injuries
Luka Koper, d. d.	6	0	9	0
Port services providers	46	2	36	0
External contractors	15	0	6	1
Subsidiaries	9	0	6	0

Currently, the objective of maximum 18 occupational injuries per million hours worked at Luka Koper, d.d., since in the first half of 2017, the indicator shows 21.2 injuries per million hours worked.

In the first nine months of 2017, two major injuries occurred at work and respectively by one of performers of port services. Therefore, the goal set for 2017, i.e. 0 major injuries will not be achieved. In January – September 2017, 28 preventive rounds and 40 extraordinary controls of occupational safety in the port's zone.

14.3 Education, training and development of employees

In the first nine months of 2017, Luka Koper Group provided on average 11.3 hours of training per employee, whereby Luka Koper, d. d., 13.5 hours, which is a little decrease in comparison with the previous year. 76 percent of training were in-house trainings, particularly management skills and communication for all company's levels, foreign languages, trainings for management of port machinery, training for promoting health in the workplace, information security and emergencies, transport of dangerous goods and preventive maintenance. 76 percent of employees of Luka Koper Group resp. 82 percent of employees of Luka Koper, d. d. were involved in trainings.

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

Luka Koper Group currently finances 14 employees through the education and training contracts with aim to obtain higher level of education resp. professional education.

For an efficient planning of further development it is important to monitor the efficiency of existing systems of HR management. In Luka Koper, d. d., and Luka Koper INPO, d. o. o., the measuring of the organisational climate and satisfaction was implemented. In Luka Koper, d. d., the employees committment was assessed as well as the assessment of the managerial staff by using 360-degree method.

15 Commitment to the community

The Port's activity impacts in many ways on the local environment, therefore Luka Koper, d. d., as concessionaire, uses its best endeavours for the benefit of population, taking care for the improvement of the quality of life in the local environment. With external stakeholders it cooperates in various areas, from education, sport, culture and other activities.

In the first nine months of 2017, Luka Koper, d. d., allocated EUR 478.6 thousand for sponsorships and donations, which is a decrease in comparison with the equivalent period in 2016, since in February 2017 terminated the contract with the Football Club FC Koper, zaradi, according to the company, the violation of the contractual provisions. Moreover, the contract would be automatically terminated in June 2017 due to the club's relegation from the premier league. The sponsorship contract with FC Koper represented more than a half of funds for sponsorships and donations the company planned for 2017 and a part of this funds were reallocated to other projects.

Luka Koper strives for good relationship with all stakeholders in its environment. For this purpose, the company promptly and transparently communicates directly or via Port's gazette, via company's website, social networks, via Ljubljana Stock Exchange website and other media. In May 2017, Luka Koper, d.d. organised the traditional Port's day and the visit of the port and port's processes and invited the interested public. As promoter, the company contributed to the establishment of the work group with the Municipality of Koper, which will contribute to better mutual information and resolution of eventual conflicts. The work group is composed of environmental protection experts and investments experts, if necessary the group will be also joined by experts from other fields. The company has been agreeing a similar approach also with the Municipality of Ankaran. Tolerant and constructive dialogue with the local community was also the purpose of the meeting held in June 2017, in occasion of which Luka Koper presented development plans to municipal councillors, heads of municipality offices and to representatives of local communities.

In 2017, Luka Koper is celebrating its 60th anniversary. A number of events are prepared all year round and for different publics. The jubilee celebration was inaugurated by an exposition in occasion of the Slovenian Maritime Day, which was nominated 'From Sv. Andrej to Sv. Katarina'. The exposition shows a rich port's history, its founders and successful development and it was also held in Ljubljana, at the National Assembly. Also a photo exhibition «In the harbour», of the photographer Nataša Segulin, who captured details of the Port of Koper, was organised in the capital. In the framework of the sponsorship cooperation, the company supported also the project of the Philatelic association Koper, which issued the jubilee postcard, postage stamp and stamp in occasion of the 60th anniversary of Luka Koper, d.d.

In May, a traditional Port's Day was organised, this year marked with a jubilee year, and invited the interested public to visit the Port and to know the Port's processes.

ACCOUNTING REPORT

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

16.1 Separate Income Statement

(in EUR)	1-9 2017	1-9 2016
Revenue	155,084,027	141,617,187
Capitalised own products and services	0	5,243
Other income	846,016	750,665
Cost of material	-10,835,706	-9,751,640
Cost of services	-40,077,133	-37,795,714
Employee benefits expense	-35,385,696	-33,651,629
Amortisation and depreciation expense	-20,174,779	-19,207,792
Other operating expenses	-6,547,385	-7,247,412
Operating profit	42,909,344	34,718,908
Finance income	3,039,645	3,010,061
Finance expenses	-1,189,186	-1,986,697
Profit or loss from financing activity	1,850,459	1,023,364
Profit before tax	44,759,803	35,742,272
Income tax expense	-5,477,236	-5,305,120
Deferred taxes	-295,253	-217,929
Net profit for the period	38,987,314	30,219,223
Net earnings per share	2.78	2.16

16.2 Separate Statement of Other Comprehensive Income

(in EUR)	1-9 2017	1-9 2016
Profit for the period	38,987,314	30,219,223
Change in revaluation surplus of available-for-sale financial assets	2,039,526	-427,222
Deferred tax on revaluation of available-for-sale financial assets	-387,510	72,628
Change in fair value of cash flow hedging instruments	238,358	492,364
Deferred tax on the change in fair value of cash flow hedging instruments	-45,288	-83,702
Item that are or may be reclassified subsequently to profit or loss	1,845,086	54,068
Total comprehensive income for the period	40,832,400	30,273,291

16.3 Separate Statement of the Statement of Financial Position

(in EUR)	30 Sep 2017	31 Dec 2016
ASSETS		
Property, plant and equipment	370,269,169	358,594,707
Investment property	29,925,644	29,918,504
Intangible assets	3,288,941	3,761,498
Shares and interests in Group companies	4,533,063	4,533,063
Shares and interests in associates	6,737,709	6,737,709
Other non-current investments	29,378,389	27,338,863
Deposits and loans given	24,723	31,005
Non-current operating receivables	41,772	41,772
Deferred tax assets	8,370,489	9,098,541
Non-current assets	452,569,899	440,055,662
Inventories	1,015,960	809,467
Deposits and loans given	8,339	68,123
Trade and other receivables	38,030,513	31,015,578
Income tax receivables	468,571	0
Cash and cash equivalents	15,907,238	983,305
Current assets	55,430,621	32,876,473
TOTAL ASSETS	508,000,520	472,932,135
EQUITY AND LIABILITIES		
Share capital	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703
Revenue reserves	129,035,652	129,035,652
Reserves arising from valuation at fair value	8,930,112	7,085,026
Retained earnings	39,708,917	20,321,603
Equity	325,658,349	304,425,949
Provisions	4,152,989	4,265,164
Deferred income	14,406,882	12,334,719
Non-current loans and borrowings	121,739,327	113,900,739
Other non-current financial liabilities	181,515	419,873
Non-current operating liabilities	988,724	693,924
Non-current liabilities	141,469,437	131,614,419
Current loans and borrowings	15,185,399	11,761,732
Other current financial liabilities	252,525	250,564
Income tax liabilities	0	1,960,528
Trade and other payables	25,434,810	22,918,943
Current liabilities	40,872,734	36,891,767
TOTAL EQUITY AND LIABILITIES	508,000,520	472,932,135

16.4 Separate Statement of Cash Flows

(in EUR)	1-9 2017	1-9 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	38,987,314	30,219,223
Adjustments for:		
Amortisation/Depreciation	20,174,779	19,207,792
Reversal and impairment losses on property, plant and equipment, and intangible assets	557,744	1,442,853
Gain on sale of property, plant and equipment, and investment property	-148,435	-30,082
Allowances for receivables	74,576	190,748
Collected written-off receivables and liabilities	-114,623	-189,138
Finance income	-3,039,645	-3,010,061
Finance expenses	1,189,186	1,986,696
Income tax expense and income (expenses) from deferred taxes	5,772,489	5,523,048
Profit before change in net current operating assets and taxes	63,453,385	55,341,079
Change in operating receivables	-6,847,692	-2,210,761
Change in inventories	-206,493	26,756
Change in operating liabilities	2,810,667	2,438,862
Change in provision	-91,755	-100,923
Change in non-current deferred income	2,072,163	-1,020,560
Cash generated in operating activities	61,190,275	54,474,453
Interest expenses	-1,113,851	-1,986,696
Tax expenses	-7,906,335	-6,610,690
Net cash from operating activities	52,170,089	45,877,067
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	121,606	128,296
Dividends received and share of profits – subsidiaries	652,780	661,172
Dividends received and share of profits – associates	993,808	917,101
Dividends received and share of profits – other companies	1,203,250	1,302,259
Proceeds from sale of property, plant and equipment, and intangible assets	148,434	20,341
Proceeds from sale of investment property	0	9,742
Proceeds from sale, less investments and loans given	146,066	558,247
Acquisition of property, plant and equipment, and intangible assets	-31,941,567	-40,328,306
Acquisition of investments, increase in loans given	-80,000	0
Net cash used in investing activities	-28,755,623	-36,731,148
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from non-current borrowings	18,700,000	7,500,000
Proceeds from current borrowings	0	70,000
Repayment of current borrowings	-7,579,680	-5,841,472
Dividends paid	-19,610,853	-15,820,000
Net cash used in financing activities	-8,490,533	-14,091,472
Net increase in cash and cash equivalents	14,923,933	-4,945,553
Opening balance of cash and cash equivalents	983,305	5,188,569
Closing balance of cash and cash equivalents	15,907,238	243,016

16.5 Separate Statement of Changes in Equity

Year 2017

(in EUR)	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Reserves arising on valuation at fair value			Total equity
						Investments	Financial instruments	Actuarial gains/losses	
Balance at 31 Dec 2016	58,420,965	89,562,703	18,765,115	110,270,537	20,321,603	8,333,091	-340,097	-907,968	304,425,949
Changes of equity – transactions with owners									
Dividends paid	0	0	0	0	-19,600,000	0	0	0	-19,600,000
	0	0	0	0	-19,600,000	0	0	0	-19,600,000
Total comprehensive income for the period									
Profit for the period	0	0	0	0	38,987,314	0	0	0	38,987,314
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	1,652,015	0	0	1,652,015
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	193,070	0	193,070
	0	0	0	0	38,987,314	1,652,015	193,070	0	40,832,399
Balance at 30 Sep 2017	58,420,965	89,562,703	18,765,115	110,270,537	39,708,917	9,985,106	-147,027	-907,968	325,658,349

Year 2016

(in EUR)	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Reserves arising on valuation at fair value			Total equity
						Investments	Financial instruments	Actuarial gains/losses	
Balance at 31 Dec 2015	58,420,965	89,562,703	18,765,115	89,979,979	15,880,814	12,035,713	-861,126	-936,685	282,847,478
Changes of equity – transactions with owners									
Dividends paid	0	0	0	0	-15,820,000	0	0	0	-15,820,000
	0	0	0	0	-15,820,000	0	0	0	-15,820,000
Total comprehensive income for the period	0								
Profit for the period	0	0	0	0	30,219,223	0	0	0	30,219,223
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	-354,594	0	0	-354,594
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	408,662	0	408,662
	0	0	0	0	30,219,223	-354,594	408,662	0	30,273,291
Balance at 30 Sep 2016	58,420,965	89,562,703	18,765,115	89,979,979	30,280,037	11,681,119	-452,464	-936,685	297,300,769

17 Notes to the Separate Financial Statements

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

The company's Financial Statements are compiled for January – September 2017 resp. as at 30 September 2017.

Statement of compliance

The interim Report has been compiled in accordance with the International Accounting standards 34 – Interim Financial Reporting. The company's financial statements have been compiled in accordance with International Reporting Standards as adopted by the International Accounting Standards (IASB) and European Union and in compliance with Companies Act RS.

Basis for the compilation of financial statements

The financial statements have been compiled in euros (EUR), rounded to the nearest unit. Through these separated financial statements, Luka Koper, d. d. wants to provide the broadest sphere of users information on the company's performance from January – September 2017, in comparison with data for the previous year, together with the company's financial position as of 30 September 2017 in comparison with 31 December 2016.

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

18 Additional Notes to Separate Income Statements

Revenue

(in EUR)	1-9 2017	1-9 2016
Revenue generated on sales with domestic customers	47,641,566	44,473,915
- services	46,569,296	43,392,250
- goods and material	15,888	7,587
- rentals	1,056,382	1,074,078
Revenue generated on sales with foreign customers	107,442,461	97,143,272
- services	107,439,760	97,095,571
- rentals	2,701	47,701
Total	155,084,027	141,617,187

Other income

(in EUR)	1-9 2017	1-9 2016
Other operating income	263,058	219,220
Revaluation operating income	263,058	219,220
Income on sale of property, plant and equipment and investment property	148,435	30,082
Collected written-off receivables and written-off liabilities	114,623	189,138
Other income	582,958	531,445
Compensations and damages	348,394	278,884
Subsidies and other income not related to services	208,168	-19,986
Other income	26,396	272,547
Total	846,016	750,665

Cost of material

(in EUR)	1-9 2017	1-9 2016
Cost of auxiliary material	1,431,043	1,656,388
Cost of spare parts	3,810,426	3,379,671
Cost of energy	5,201,944	4,351,751
Cost of office stationary	112,668	91,074
Other cost of material	279,625	272,756
Total	10,835,706	9,751,640

Cost of services

(in EUR)	1-9 2017	1-9 2016
Port services	21,240,662	18,524,777
Cost of transportation	193,950	202,968
Cost of maintenance	5,092,254	6,394,657
Rentals	291,427	589,283
Reimbursement of labour-related costs	240,660	248,916
Costs of payment processing, bank charges and insurance premiums	550,272	555,607
Cost of intellectual and personal services	525,767	518,771
Advertising, trade fairs and hospitality	741,507	836,365
Costs of services provided by individuals not performing business activities	233,582	217,279
Sewage and disposal services	648,805	631,041
Information support	2,182,226	2,244,576
Concession-related costs	5,313,570	4,733,159
Costs of other services	2,822,451	2,098,315
Total	40,077,133	37,795,714

Higher cost of port's services and concession costs are attributable to the increased throughput and higher revenue in comparison with the equivalent period last year.

Employee benefits expense

(in EUR)	1-9 2017	1-9 2016
Wages and salaries	23,731,384	22,515,344
Wage compensations	3,526,670	3,394,623
Costs of additional pension insurance	1,084,070	1,044,836
Employer's contributions on employee benefits	4,462,422	4,278,006
Annual holiday pay, reimbursements and other costs	2,581,150	2,418,820
Total	35,385,696	33,651,629

Amortisation and depreciation expense

(in EUR)	1-9 2017	1-9 2016
Depreciation of buildings	9,526,321	9,287,733
Depreciation of equipment and spare parts	9,675,519	8,959,073
Depreciation of small tools	16,186	15,881
Depreciation of investment property	476,708	468,814
Amortisation of intangible assets	480,045	476,291
Total	20,174,779	19,207,792

Other operating expenses

(in EUR)	1-9 2017	1-9 2016
Impairment costs, write-offs and losses on property, plant and equipment, and investment property	557,744	1,442,853
Expenses for allowances for receivables	74,576	190,748
Levies that are not contingent upon employee benefits expense and other types of cost	5,148,814	5,037,094
Donations	78,950	104,651
Environmental levies	88,150	83,545
Awards and scholarship to students inclusive of tax	11,623	9,343
Other costs and expenses	583,128	374,718
Total	6,547,385	7,247,412

Charges not depending on labour costs and other costs in the amount of EUR 5,148,531, are substantially related to the use of building land in the amount of EUR 4,972,146.

Finance income and expenses

(in EUR)	1-9 2017	1-9 2016
Finance income from shares and interests	2,923,212	2,880,532
Finance income from shares and interests in Group companies	652,780	661,172
Finance income from shares and interests in associates	993,808	917,101
Finance income from shares and interests in other companies	1,203,250	1,302,259
Financial income from other investments	73,374	0
Finance income - interest	1,903	14,525
Interest income - Group companies	847	721
Interest income - other	1,056	13,804
Finance income from operating receivables	114,530	115,004
Finance income from operating receivables due from others	114,530	115,004
Total finance income	3,039,645	3,010,061
Finance expense from investments	-73,374	0
Finance expenses - interest	-1,062,799	-1,939,319
Interest expenses - Group companies	-131,760	-106,070
Interest expenses - associates and jointly controlled entities	0	-4,228
Interest expenses - banks	-931,039	-1,829,021
Finance expenses for financial liabilities	-53,013	-47,378
Finance expenses for trade payables	-251	-6
Finance expenses for other operating liabilities	-52,762	-47,372
Total finance expenses	-1,189,186	-1,986,697
Net financial result	1,850,459	1,023,364

Profit

In January – September 2017, Luka Koper d. d. generated the profit in the amount of EUR 42,909,344, in the comparable period last year EUR 34,718,908. The financial result was positive, and amounted to EUR 1,850,459, likewise it was positive in the comparable period last year, when it amounted to EUR 1,023,364. The profit before tax amounted to EUR 44,759,803, in the equivalent period last year it amounted to EUR 35,742,272. The company concluded the first nine months with net profit in the amount of EUR 38,987,314, whilst the net profit in the comparable period last year amounted to EUR 30,219,223. Income tax in the amount of EUR 5,477,236 and deferred tax in the amount of EUR 295,253 have also been taken into account.

(in EUR)	30 Sep 2017	30 Sep 2016
Net profit for the period	38,987,314	30,219,223
Total number of shares	14,000,000	14,000,000
Number of ordinary shares	14,000,000	14,000,000
Basic and diluted earnings per share	2.78	2.16

As at 30 September 2017, the net earning per share amounted to EUR 2,78, whilst as at 30 September 2016 it amounted to EUR 2,16.

19 Additional Notes to the Separate Statement of Financial Position

Property, plant and equipment

(in EUR)	30 Sep 2017	31 Dec 2016
Land	15,117,508	15,086,203
Buildings	232,473,298	226,377,007
Plant and machinery	93,194,456	52,370,362
Property, plant and equipment being acquired and advances given	29,483,907	64,761,135
Total	370,269,169	358,594,707

In the reporting period, the company invested in property, plant and equipment in the amount of EUR 31,941,567. Major investments were the following:

- super post-panamax cranes,
- E-RTG cranes,
- further construction of the multipurpose warehouse,
- RMG cranes and
- further set-up of stacking areas.

Investment property

(in EUR)	30 Sep 2017	31 Dec 2016
Investment property - land	18,160,734	18,160,734
Investment property - buildings	11,764,910	11,757,770
Total	29,925,644	29,918,504

Intangible assets

(in EUR)	30 Sep 2017	31 Dec 2016
Non-current property rights (concessions, patents, licences, trademarks and similar rights)	3,288,941	3,761,498
Total	3,288,941	3,761,498

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

Shares and interests in Group companies

As at 30 September 2017, shares and interests in Group companies amounted to EUR 4,533,063 and in comparison with the balance as at 31 December 2016, their value has not changed.

Shares and interests in the associates

As at 30 September 2017, shares and interests in associated companies amounted to EUR 6,737,709. In comparison with the balance as at 31 December 2016 their value remained unchanged.

On 6 January 2017 the bankruptcy proceeding of the company Golf Istra – under bankruptcy, d. o. o., which is the 20-percent company's ownership, terminated. Yet in the past the company formed the allowances for receivables for the total amount of the investment.

Other non-current investments

(in EUR)	30 Sep 2017	31 Dec 2016
Other investments measured at cost	928,827	928,827
Other investments measured at fair value through equity	28,449,562	26,410,036
Total	29,378,389	27,338,863

Deferred tax

(in EUR)	Deferred tax assets		Deferred tax liabilities	
	30 Sep 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016
Deferred tax assets and liabilities relating to:				
impairment of investments in subsidiaries	415,238	572,368	0	0
impairment of investments in associates	0	17,575	0	0
impairment of other investments and deductible temporary differences arising on securities	9,327,458	9,334,430	2,342,186	1,954,676
financial instruments	34,487	79,776	0	0
allowances for trade receivables	218,121	225,729	0	0
provisions for retirement benefits	217,747	318,854	0	0
provisions for jubilee premiums	45,641	50,502	0	0
long-term accrued costs and deferred income from public commercial services	453,983	453,983	0	0
Total	10,712,675	11,053,217	2,342,186	1,954,676
Off-set with deferred tax liabilities relating to impairment of other investments and deductible temporary differences arising on securities	-2,342,186	-1,954,676	-2,342,186	-1,954,676
Total	8,370,489	9,098,541	0	0

Inventories

As at 30 September 2017, inventories were recorded at EUR 1,015,960 whilst at the end of 2016, their value amounted to EUR 809,467. A major part of these inventories is related to the maintenance and spare parts in the amount of EUR 549,917 and the overhead and auxiliary material in the amount of EUR 418,528.

Trade and other receivables

(in EUR)	30 Sep 2017	31 Dec 2016
Current trade receivables:		
domestic costumers	13,554,003	16,874,156
foreign costumers	19,488,823	10,610,265
Current operating receivables due from Group companies	559,418	50,291
Current operating receivables due from associates	73,711	44,443
Current trade receivables	33,675,955	27,579,155
Current receivables due from dividends	0	50,000
Advances and collaterals given	47,847	4,083
Current receivables related to finance income	7,418	2,245
Receivables due from the state	1,856,963	2,506,533
Other current receivables	71,515	125,106
Total trade receivables	35,659,698	30,267,122
Short-term deferred costs and expenses	2,186,464	371,498
Accrued income	184,351	376,958
Other receivables	2,370,815	748,456
Total	38,030,513	31,015,578

As at 30 September 2017, the Company pledged receivables in connection with collateralising bank loan in the amount of EUR 3,500,000. On the reporting date, these receivables amounted to EUR 135,314.

Current trade receivables increased in comparison with the balance as at 31 December 2016. The increase of current trade receivables resulted from the higher realisation and higher invoiced excise duties.

Among other receivables the company classifies short-term deferred costs and expenses in the amount of EUR 2,370,815. Short-term deferred costs refer to insurances, annual holiday pay, loan costs and future compensations for the use of the building site, which primarily contributed to the increase of this item.

Cash and cash equivalents

(in EUR)	30 Sep 2017	31 Dec 2016
Cash in hand	91	46
Bank balances	15,907,147	983,259
Total	15,907,238	983,305

Equity

(in EUR)	30 Sep 2017	31 Dec 2016
Share capital	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703
Revenue reserves	129,035,652	129,035,652
<i>Legal reserves</i>	<i>18,765,115</i>	<i>18,765,115</i>
<i>Other revenue reserves</i>	<i>110,270,537</i>	<i>110,270,537</i>
Reserves arising from valuation at fair value	8,930,112	7,085,026
Retained earnings	721,603	31,045
Net profit for the period	38,987,314	20,290,558
Equity	325,658,349	304,425,949

Provisions

(in EUR)	30 Sep 2017	31 Dec 2016
Provisions for retirement benefits and similar obligations	2,772,498	2,884,673
Provisions for legal disputes	1,380,491	1,380,491
Total	4,152,989	4,265,164

Deferred income

(in EUR)	30 Sep 2017	31 Dec 2016
Long-term deferred income for regular maintenance	10,713,028	7,987,214
Long-term deferred income	3,693,854	4,347,505
Total	14,406,882	12,334,719

Non-current financial liabilities from deferred income for regular maintenance in the amount of EUR 10,713,028, increased in comparison with the balance as at 31 December 2017. This increase is attributable to a low investment in the regular maintenance of the port's infrastructure, due to a delayed approval of the maintenance plans.

Non-current loans and borrowings

(in EUR)	30 Sep 2017	31 Dec 2016
Non-current financial liabilities to Group companies	16,000,000	16,000,000
Non-current borrowings from domestic banks	75,903,261	66,383,117
Non-current borrowings from foreign banks	29,836,066	31,517,622
Total	121,739,327	113,900,739

Non-current financial liabilities from borrowings at 30 September 2017 were higher in comparison to the balance as at 31 December 2016, as result of the net effect of and additiopnal disbursement of a bank loan and the transfer of a share of liabilities to current liabilities.

Other non-current financial liabilities

(in EUR)	30 Sep 2017	31 Dec 2016
Other non-current financial liabilities	181,515	419,873
Total	181,515	419,873

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

Non-current operating liabilities

(in EUR)	30 Sep 2017	31 Dec 2016
Non-current collaterals received for leased premises	988,724	693,924
Total	988,724	693,924

Current borrowings

(in EUR)	30 Sep 2017	31 Dec 2016
Current borrowings from domestic banks	12,890,317	9,466,650
Current borrowings from foreign banks	2,295,082	2,295,082
Total	15,185,399	11,761,732

As at 30 September 2017, the current financial liabilities for borrowings were higher in comparison with the balance as at 31 December 2016, and namely as the net effect of the transfer of a share of liabilities from non-current to current liabilities and reayment of loan principal.

Trade and other payables

(in EUR)	30 Sep 2017	31 Dec 2016
Current liabilities to:		
domestic suppliers	11,009,977	12,787,935
foreign suppliers	306,239	342,852
Current liabilities to Group companies	704,044	570,253
Current liabilities to associates	155,786	145,110
Current trade payables	12,176,046	13,846,150
Current liabilities from advances	984,943	19,234
Current liabilities to employees	3,355,565	3,190,575
Current liabilities to state and other institutions	844,297	915,307
Total operating liabilities	17,360,851	17,971,266
Accrued costs	8,073,959	4,947,677
Other operating liabilities	8,073,959	4,947,677
Total	25,434,810	22,918,943

Trade and other payables in comparison to 31 December 2016, increased.

Current liabilities to suppliers decreased, which is mainly due to lower liabilities for investments in the infrastructure in the last third quarter.

The increase of the amount of the current liabilities on the basis of advances is from EU funds.

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

Contingent liabilities

(in EUR)	30 Sep 2017	31 Dec 2016
Guarantees given	1,610,000	1,560,000
Securities given	4,568,918	7,235,468
Contingent liabilities under legal disputes	2,004,590	93,809
Approved borrowing	36,000,000	54,700,000
Total contingent liabilities	44,183,508	63,589,277

Contingent liabilities under legal disputes in comparison with the balance at 31 December 2016 increased for EUR 1,910,781 due to two received lawsuits, for which the company estimated there was no condition to recognize in the provisions.

Related party transactions

Transactions with subsidiaries and associates

In January - September 2017, several legal actions were performed among the associated companies within Luka Koper Group, in which the parent company acted as buyer, supplier, lessor or in other role. The legal base for these transactions were various contracts, order, offers and

similar, for which market terms used for the transactions with unrelated parties, were applied.

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

(in EUR)	1-9 2017	1-9 2016
Sale to subsidiaries	722,304	609,132
Sale to associates	530,811	503,595
Purchase from subsidiaries	4,730,434	3,718,874
Purchase from associates	961,496	898,117
Finance income from shares and interests in subsidiaries	652,780	661,172
Finance income from shares and interests in associates	993,808	917,101
Finance income from loans to subsidiaries	847	721
Finance expenses for liabilities to subsidiaries	131,760	106,070
Finance expenses for liabilities to associates	0	4,228

Receivables and liabilities to subsidiary and associated companies

(in EUR)	30 Sep 2017	31 Dec 2016
Trade and other receivables due from subsidiaries	559,588	50,547
Trade and other receivables due from associates	72,345	94,442
Operating liabilities to subsidiaries	748,242	586,816
Operating liabilities to associates	155,786	145,109
Loans to subsidiaries	0	60,000
Borrowings from subsidiaries	16,000,000	16,000,000

Transactions with the Government of the Republic of Slovenia

Transactions between Luka Koper, d. d., and the Government of the Republic of Slovenia in January – September 2017 were the following:

(in EUR)	Payments in 1 - 9 2017	Costs/expenses in 1-9 2017
Concessions and water reimbursement	5,390,873	5,803,428
Dividends	9,996,000	0
Corporate income tax (taxes and advance payments)	8,279,309	5,602,299
Other taxes and contributions	4,811,028	5,034,503
Total	28,477,210	16,440,230

There were no other transactions with the Government of the Republic of Slovenia.

Dividends were paid out to another two companies majority State owned companies, and namely to the Slovenian Sovereign Holding in the amount of EUR 2,181,000 and Kapitalska družba, d. d. in the amount of EUR 975,211.

The company effected transactions also with companies, in which the Government of the Republic of Slovenia (directly or indirectly) has the controlling interest more than 20 percent.

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

In the first nine months of 2017, transactions conducted between Luka Koper, d. d., and companies where the Government of Slovenia has a direct or indirect influence amounted to EUR 14,748,129 and include sales to these companies in the amount of EUR 8,829,776 and purchases in the amount of EUR 5,918,353. Most of sales referred to services in connection with the port's activity, followed by the compensations. Within the purchase the costs were related to railway transport, energy and insurance costs. As at 30 September 2017, Luka Koper, d. d., recorded receivables to these companies in the amount of EUR 1,679,763 and liabilities at EUR 25,620,096. The major share of liabilities represents the loan received under market conditions from SID - Slovenska izvozna in razvojna banka, d. d..

Transaction with persons

In the period from January to September 2017, the company did not have significant transactions with the members of the Management Board and the members of the Supervisory Board.

Financial instruments and financial risk management

The most significant risks to which the company is exposed, include:

1. risk management of the change in fair value,
2. management of interest rate risk,
3. management of liquidity risk ,
4. management of currency risk,
5. management of credit risk and
6. risk management relating to adequate capital structure.

1. Risk management relating to change in fair value

As at 30 September 2017, the Company has invested 5,6 percent of its assets (the same as at the end of the previous business year) in investments measured at the fair value. The fair value risk associated with these investments is demonstrated through changes in stock market prices that affect the value of these assets and consequently the potential gain on their disposal. This type of risk was identified in association with investments in market securities of Slovenian companies and units of mutual fund assets. As at 30 September 2017, the value of non-current available-for-sale investments measured at fair value through equity amounted to EUR 28,449,562.

Sensitivity analysis of finance investments at fair value:**Risk of change at fair value of securities as at 30 September 2017**

Change of index in %	Impact on equity
-10%	-2.952.893
10%	2.952.893

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

Change of index in %	Impact on equity
-10%	-2.641.004
10%	2.641.004

Fair value hierarchy

(in EUR)	Valuation at fair value			
	Carrying amount at 30 Sep 2017	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
Assets measured at fair value				
Other interests and shares	28,449,562	28,449,562	0	0
Liabilities measured at fair value				
Interest rate hedging for borrowings	181,515	0	181,515	0

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

2. Management of interest rate risk

In January - September 2017, the Company's financial liabilities increased by 8,7 percent in comparison at 31 December 2016 and amounted to EUR 137,358,766.

The share of financial liabilities within the total segment of liabilities in the reporting period accounted for 0,3 percentage point and as at 30 September 2017 amounted to 27,0 percent (as at 31 December 2016 it amounted to 26,7 percent).

The effect of the eventual change of variable interest on the future net profit after tax is shown in the table below. The interest rate hedge for a larger non current borrowing, whose outstanding amount as at 30 September 2017 is recorded at EUR 32,131,148 matures in 2031. The eventual change of variable interest rates may consequently effect 64,8 percent of total Company's borrowings (as at 31 December 2016, this share amounted to 60,4 percent), since the remnant 35,2 percent are hedged against eventual changes of interest rates resp. bear a fixed interest rate.

Overview of exposure

(in EUR)	30 Sep 2017	Exposure 2017	31 Dec 2016	Exposure 2016
Borrowings received at variable interest rate (without interest rate hedge)	88,793,578	64.8%	75,951,946	60.4%
Borrowings received at variable interest rate (with interest rate hedge)	32,131,148	23.5%	33,852,459	26.9%
Borrowings received at nominal interest rate	16,000,000	11.7%	16,000,000	12.7%
Total	136,924,725	100.0%	125,804,405	100.0%

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

(in EUR)	Borrowings from banks under the variable interest rate as at 30 Sep 2017	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
3M EURIBOR	48,936,435	0	0	124,687
6M EURIBOR	39,857,143	0	0	136,886
Total effect on interests expenses	88,793,578	0	0	261,573

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

The sensitivity analysis of borrowings from banks in view of the variable interest rate fluctuations is based on the assumption of potential growth in interest rates of 15, 25 and 50 bp.

3. Management of liquidity risk

The liquidity risk is the risk that the company will fail to settle its liabilities at maturity. The company manages the liquidity risk by regular planning of cash flows with diverse maturity. Additional measures for preventing delays in receivable collection include regular monitoring of payments and immediate response to any delay and charging penalty interest in accordance with the uniform policy of receivable management.

(in EUR)	Up to 3 months	3 to 12 months	1 to 2 years	3 to 5 years	More than 5 years	Total
30 Sep 2017						
Loans and borrowings*	4,182,052	11,003,347	15,504,399	56,882,762	49,352,166	136,924,725
Accrued interest maturing in the next calendar year	60,222	0	0	0	0	60,222
Expected interest on all borrowings	501,045	954,285	1,214,830	2,382,989	1,026,262	6,079,411
Other financial liabilities	252,525	0	181,515	0	0	434,039
Payables to suppliers	12,176,046	0	0	0	0	12,176,046
Other operating liabilities	5,184,805	0	0	0	0	5,184,805
Total	22,356,695	11,957,632	16,900,744	59,265,750	50,378,428	160,859,249
31 Dec 2016						
Loans and borrowings*	1,153,481	10,608,251	16,060,399	57,605,225	40,377,049	125,804,405
Accrued interest maturing in the next calendar year	59,034	0	0	0	0	59,034
Expected interest on all borrowings	302,951	1,251,870	1,400,845	2,640,300	1,118,250	6,714,216
Other financial liabilities	250,564	0	419,873	0	0	670,437
Payables to suppliers	13,846,150	0	0	0	0	13,846,150
Other operating liabilities	4,125,116	0	0	0	0	4,125,116
Total	19,737,296	11,860,121	17,881,117	60,245,525	41,495,299	151,219,358

*The item comprises also loans from subsidiaries and associated companies

4. Management of currency risk

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

5. Management of credit risk

Assets exposed to credit risk:

(in EUR)	30 Sep 2017	31 Dec 2016
Non-current loans	24,723	31,005
Non-current operating liabilities	41,772	41,772
Current loans	8,339	68,123
Current trade receivables	33,675,955	27,579,155
Other current receivables	2,370,815	2,687,967
Cash and cash equivalents	15,907,238	983,305
Guarantees and collaterals granted	6,178,918	8,795,468
Total	58,207,760	40,186,795

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

6. Risk management relating to adequate capital structure

(in EUR)	30 Sep 2017		31 Dec 2016	
	in EUR	Share (%)	in EUR	Share (%)
Equity	325,658,349	64.1%	304,425,949	64.4%
Non-current liabilities	141,469,437	27.8%	131,614,419	27.8%
Current liabilities	40,872,734	8.0%	36,891,767	7.8%
Total accumulated profit	508,000,520	100%	472,932,135	100%

20 Consolidated Financial Statements of the Luka Koper Group

20.1 Consolidated Income Statement

(in EUR)	1-9 2017	1-9 2016
Revenue	158,623,866	148,575,919
Capitalised own products and services	369,758	954,037
Other income	2,257,769	2,168,082
Cost of material	-11,798,137	-11,001,650
Cost of services	-37,914,223	-36,932,210
Employee benefits expense	-40,122,979	-38,419,305
Amortisation and depreciation expense	-20,857,507	-19,932,104
Other operating expenses	-6,586,280	-7,243,295
Operating profit	43,972,267	38,169,474
Finance income	1,411,808	1,439,096
Finance expenses	-1,063,443	-1,882,062
Loss from financing activities	348,365	-442,966
Profit or loss of associates	1,305,356	1,509,638
Profit before tax	45,625,988	39,236,146
Income tax expense	-5,602,299	-5,787,293
Deferred taxes	-146,978	-219,826
Net profit for the period	39,876,711	33,229,027
Net profit attributable to owners of the company	39,852,846	33,226,256
Net profit attributable to non-controlling interests	23,865	2,771
Net earnings per share	2.85	2.37

20.2 Consolidated Statement of Other Comprehensive Income

(in EUR)	1-9 2017	1-9 2016
Profit for the period	39,876,711	33,229,027
Change in revaluation surplus of available-for-sale financial assets	2,489,009	-51,011
Deferred tax on revaluation of available-for-sale financial assets	-472,912	8,672
Change in fair value of hedging instruments	238,358	492,364
Deferred tax on change in value of hedging instruments	-45,288	-83,702
Items that will be reclassified subsequently to profit or loss	2,209,167	366,323
Total comprehensive income for the period	42,085,878	33,595,350
Total comprehensive income of owners of the company	42,062,013	33,592,579
Total comprehensive income of non-controlling interests	23,865	2,771

20.3 Consolidated Statement of Financial Position

(in EUR)	30 Sep 2017	31 Dec 2016
ASSETS		
Property, plant and equipment	387,452,949	376,011,980
Investment property	18,677,417	18,575,530
Intangible assets	3,647,183	4,126,170
Shares and interests in associates	12,991,889	12,680,341
Other non-current investments	33,040,208	30,551,199
Loans given and deposits	24,723	31,005
Non-current operating receivables	41,772	41,772
Deferred tax assets	8,295,870	8,711,771
Non-current assets	464,172,011	450,729,768
Assets held for sale	864	1,372
Inventories	1,015,960	809,467
Deposits and loans given	79,403	105,489
Trade and other receivables	38,742,968	32,518,465
Deferred tax assets	716,482	0
Cash and cash equivalents	21,138,991	5,826,536
Current assets	61,694,668	39,261,329
TOTAL ASSETS	525,866,679	489,991,097
EQUITY AND LIABILITIES		
Share capital	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703
Revenue reserves	129,035,652	129,035,652
Reserves arising from valuation at fair value	9,583,667	7,374,500
Retained earnings	67,916,154	47,414,033
Equity of owners of the parent	354,519,141	331,807,853
Non-controlling interests	194,933	171,068
Equity	354,714,074	331,978,921
Deferred income	16,617,625	14,764,838
Provision	4,576,037	4,781,422
Loans and borrowings	105,739,327	97,900,739
Other non-current financial liabilities	181,515	419,873
Non-current operating liabilities	1,067,975	772,086
Non-current liabilities	128,182,479	118,638,958
Loans and borrowings	15,185,399	11,761,732
Other current financial liabilities	252,611	250,614
Income tax liabilities	0	1,896,207
Trade and other payables	27,532,116	25,464,665
Current liabilities	42,970,126	39,373,218
TOTAL EQUITY AND LIABILITIES	525,866,679	489,991,097

20.4 Consolidated Statement of Cash Flows

(in EUR)	1-9 2017	1-9 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	39,876,711	33,229,027
Adjustments for:		
Amortisation/Depreciation	20,857,507	19,932,104
Reversal and impairment losses on property, plant and equipment, and intangible assets	558,383	1,448,570
Gain on sale of property, plant and equipment, intangible assets and investment property	-241,435	-30,822
Allowances for receivables	76,899	181,739
Collected written-off receivables and liabilities	-154,921	-189,204
Finance income	-1,411,808	-1,439,096
Finance expenses	1,063,443	1,882,062
Recognised results of subsidiaries under equity method	-1,305,356	-1,509,638
Income tax expense and income (expenses) from deferred taxes	5,749,277	6,007,119
Profit before change in net current operating assets and taxes	65,068,700	59,511,861
Change in operating receivables	-5,973,605	-1,380,842
Change in inventories	-206,493	26,756
Change in assets (disposal group) held for sale	0	165
Change in operating liabilities	2,363,340	2,143,580
Change in provision	-185,180	-123,251
Change in non-current deferred income	1,802,147	-1,369,937
Cash generated in operating activities	62,868,909	58,808,332
Interest expenses	-977,219	-1,882,062
Tax expenses	-8,214,988	-7,027,873
Net cash from operating activities	53,676,702	49,898,397
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	122,001	136,837
Dividends received and share of profits – associates	993,808	917,101
Dividends received and share of profits – other companies	1,216,433	1,302,259
Proceeds from sale of property, plant and equipment, and intangible assets	243,075	31,842
Proceeds from sale, less investments and loans given	32,578	596,064
Acquisition of property, plant and equipment, and intangible assets	-32,481,399	-40,901,931
Acquisition of investments, increase in loans given	-210	-345
Net cash used in investing activities	-29,873,714	-37,918,173
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from non-current borrowings	18,700,000	1,500,000
Proceeds from current borrowings	0	70,000
Repayment of current borrowings	-7,579,680	-5,841,472
Dividends paid	-19,610,853	-15,820,000
Net cash used in financing activities	-8,490,533	-20,091,472
Net increase in cash and cash equivalents	15,312,455	-8,111,248
Opening balance of cash and cash equivalents	5,826,536	12,610,049
Closing balance of cash and cash equivalents	21,138,991	4,498,801

20.5 Consolidated Statement of Changes in Equity

Year 2017

(in EUR)	Reserves arising on valuation at fair value								Total equity of owners of the parent company	Non-controlling interests	Total equity
	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Investments	Financial instruments	Actuarial gains/losses			
Balance at 31 Dec 2016	58,420,965	89,562,703	18,765,115	110,270,537	47,414,033	8,702,160	-340,097	-987,563	331,807,853	171,068	331,978,921
Other changes in equity – correction of previous errors	0	0	0	0	249,274	0	0	0	249,274	0	249,274
Balance at 1 Jan 2017	58,420,965	89,562,703	18,765,115	110,270,537	47,663,307	8,702,160	-340,097	-987,563	332,057,127	171,068	332,228,195
Changes of equity – transactions with owners											
Dividends paid	0	0	0	0	-19,600,000	0	0	0	-19,600,000	0	-19,600,000
	0	0	0	0	-19,600,000	0	0	0	-19,600,000	0	-19,600,000
Total comprehensive income for the period											
Profit for the period	0	0	0	0	39,852,846	0	0	0	39,852,846	23,865	39,876,711
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	2,016,097	0	0	2,016,097	0	2,016,097
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	193,070	0	193,070	0	193,070
	0	0	0	0	39,852,846	2,016,097	193,070	0	42,062,013	23,865	42,085,878
Balance at 30 Sep 2017	58,420,965	89,562,703	18,765,115	110,270,537	67,916,154	10,718,257	-147,027	-987,563	354,519,141	194,933	354,714,074

Year 2016

(in EUR)	Reserves arising on valuation at fair value								Total equity of owners of the parent company	Non-controlling interests	Total equity
	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Investments	Financial instruments	Actuarial gains/losses			
Balance at 31 Dec 2015	58,420,965	89,562,703	18,765,115	89,979,979	39,187,702	12,081,707	-861,126	-1,016,963	306,120,082	170,386	306,290,468
Changes of equity – transactions with owners											
Dividends paid	0	0	0	0	-15,820,000	0	0	0	-15,820,000	0	-15,820,000
	0	0	0	0	-15,820,000	0	0	0	-15,820,000	0	-15,820,000
Total comprehensive income for the period											
Profit for the period	0	0	0	0	33,226,256	0	0	0	33,226,256	2,771	33,229,027
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	-42,339	0	0	-42,339	0	-42,339
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	408,662	0	408,662	0	408,662
	0	0	0	0	33,226,256	-42,339	408,662	0	33,592,579	2,771	33,595,350
Balance at 30 Sep 2016	58,420,965	89,562,703	18,765,115	89,979,979	56,593,958	12,039,368	-452,464	-1,016,963	323,892,661	173,157	324,065,818

21 Notes to the Consolidated Financial Statements

The interim statements of Luka Koper Group for January – September 2017, i.e. as at 30 September 2017, encompass the financial statements of the controlling company Luka Koper, d. d., as the statements of its subsidiary enterprises, together with attributable profits and losses of associated companies.

Statement of compliance

The interim Report has been compiled in accordance with the International Accounting standards 34 – Interim Financial Reporting. The Group's financial statements have been compiled in accordance with International Reporting Standards as adopted by the International Accounting Standards (IASB) and European Union and in compliance with Companies Act RS.

Basis for the compilation of financial statements

The financial statements have been compiled in euros (EUR), rounded to the nearest unit. Through these consolidated financial statements, Luka Koper Group wants to provide the broadest sphere of users useful information on the company's performance from January to September 2017, in comparison with data for the previous year, together with the Group's financial position as at 30 September 2017 in comparison with 31 December 2016.

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

22 Additional Notes to the Consolidated Income Statement

Revenue

(in EUR)	1-9 2017	1-9 2016
Revenue generated on sales with domestic customers	50,515,022	48,921,350
- services	49,573,648	47,993,880
- goods and material	15,888	7,587
- rentals	925,486	919,883
Revenue generated on sales with foreign customers	108,108,844	99,654,569
- services	108,056,143	99,596,868
- rentals	52,701	57,701
Total	158,623,866	148,575,919

Capitalised own products and own services

(in EUR)	1-9 2017	1-9 2016
Capitalised own products and own services	369,758	954,037
Total	369,758	954,037

Among the capitalised own products and services, the Group shows the maintenance works on its own infrastructure, performed by the subsidiary company Luka Koper INPO, d. o. o.

In order to ensure the comparability of data, the comparable data of 2016 are adjusted accordingly.

Other income

(in EUR)	1-9 2017	1-9 2016
Other operating income	1,664,728	1,630,279
Reversal of provisions	50,571	0
Subsidies, grants and similar income	1,217,801	1,410,253
Revaluation operating income	396,356	220,026
Income on sale of property, plant and equipment and investment property	241,435	30,822
Collected written-off receivables and written-off liabilities	154,921	189,204
Other income	593,041	537,803
Compensations and damages	353,444	285,131
Subsidies and other income not related to services	208,168	5,475
Other income	31,429	247,197
Total	2,257,769	2,168,082

Cost of material

(in EUR)	1-9 2017	1-9 2016
Cost of material	1,070	1,119
Cost of auxiliary material	2,294,255	2,788,433
Cost of spare parts	3,682,661	3,264,120
Cost of energy	5,381,495	4,537,114
Cost of office stationary	127,471	103,021
Other cost of material	311,185	307,843
Total	11,798,137	11,001,650

Cost of services

(in EUR)	1-9 2017	1-9 2016
Cost of services rendered in connection with the core activity	20,091,639	18,450,218
Cost of transportation	151,756	177,403
Cost of maintenance	4,071,004	4,623,191
Rentals	380,454	712,624
Reimbursement of labour-related costs	252,799	275,486
Costs of payment processing, bank charges and insurance premiums	590,754	615,740
Cost of intellectual and personal services	551,615	543,535
Advertising, trade fairs and hospitality	740,953	837,546
Costs of services provided by individuals not performing business activities	251,117	238,326
Sewage and disposal services	153,589	134,962
Information support	2,315,043	2,369,623
Concession-related costs	5,803,428	4,733,159
Costs of other services	2,560,072	3,220,397
Total	37,914,223	36,932,210

Higher cost of port's services and concession costs are attributable to the increased throughput and higher revenue in comparison with the equivalent period last year.

Employee benefits expense

(in EUR)	1-9 2017	1-9 2016
Wages and salaries	26,752,888	25,558,023
Wage compensations	4,052,122	3,915,068
Costs of additional pension insurance	1,241,523	1,199,409
Employer's contributions on employee benefits	5,034,503	4,847,274
Annual holiday pay, reimbursements and other costs	3,041,943	2,899,531
Total	40,122,979	38,419,305

Amorisation and depreciation expense

(in EUR)	1-9 2017	1-9 2016
Depreciation of buildings	9,969,031	9,726,503
Depreciation of equipment and spare parts	10,201,590	9,530,110
Depreciation of small tools	18,350	18,007
Depreciation of investment property	149,796	144,250
Amortisation of intangible assets	518,740	513,234
Total	20,857,507	19,932,104

Other operating expenses

(in EUR)	1-9 2017	1-9 2016
Impairment costs, write-offs and losses on property, plant and equipment, and investment property	558,383	1,448,570
Expenses for allowances for receivables	76,899	181,739
Levies that are not contingent upon employee benefits expense and other types of cost	5,182,455	5,037,194
Donations	81,226	106,161
Environmental levies	75,602	72,898
Awards and scholarship to students inclusive of tax	14,328	10,639
Awards and scholarship to students	4,400	4,460
Other costs and expenses	592,987	381,634
Total	6,586,280	7,243,295

Charges not depending on labour costs and other costs in the amount of EUR 5,211,181, are substantially related to the use of the building land in the amount of EUR 5,135,979.

Finance income and expenses

(in EUR)	1-9 2017	1-9 2016
Finance income from shares and interests	1,289,807	1,302,259
Finance income from shares and interests in other companies	1,216,433	1,302,259
Financial income from other investments	73,374	0
Finance income - interest	1,399	15,922
Interest income - other	1,399	15,922
Finance income from operating receivables	120,602	120,915
Finance income from operating receivables due from others	120,602	120,915
Total finance income	1,411,808	1,439,096
Finance expenses from finance investments	-73,374	0
Finance expenses - interest	-931,039	-1,833,248
Interest expenses - associates and jointly controlled entities	0	-4,228
Interest expenses - banks	-931,039	-1,829,020
Finance expenses for financial liabilities	-59,030	-48,814
Finance expenses for trade payables	-254	-6
Finance expenses for other operating liabilities	-58,776	-48,808
Total finance expenses	-1,063,443	-1,882,062
Net financial result	348,365	-442,966

Profit of the period

In January – September 2017, Luka Koper Group generated the profit in the amount of EUR 43,972,267, in the comparable period last year EUR 38,169,474.

In January – September 2017, the net profit of the Luka Koper Group amounted to EUR 39,876,711 (in the equivalent period last year it amounted to EUR 33,229,027), whereof EUR 39,852,846 (in the equivalent period last year EUR 33,226,256), pertained to the parent company and EUR 23,865 pertained to the non controlling company (in the comparable period last year EUR 2,771). Non-controlling interest pertains to the company TOC, d. o. o.

(in EUR)	30 Sep 2017	30 Sep 2016
Net profit for the period	39,852,846	33,226,256
Total number of shares	14,000,000	14,000,000
Number of ordinary shares	14,000,000	14,000,000
Basic and diluted earnings per share	2.85	2.37

Net earnings per share as at 30 September 2017 amounted to EUR 2,85, whilst as at 30 September 2016 it amounted to EUR 2,37.

23 Additional Notes to the Consolidated Statement of Financial position

Property, plant and equipment

(in EUR)	30 Sep 2017	31 Dec 2016
Land	18,286,759	18,255,454
Buildings	243,536,079	237,646,358
Plant and machinery	96,011,680	55,330,933
Property, plant and equipment being acquired and advances given	29,618,431	64,779,235
Total	387,452,949	376,011,980

In the reporting period, the Group invested in property, plant and equipment in the amount of EUR 32,449,134. Major investments were the following:

- super post-panamax cranes,
- E-RTG cranes,
- RMG cranes and crane lane for RMG cranes,
- further construction of the multipurpose warehouse and
- further set-up of stacking areas.

Investment property

(in EUR)	30 Sep 2017	31 Dec 2016
Investment property - land	14,991,483	14,991,483
Investment property - buildings	3,685,934	3,584,047
Total	18,677,417	18,575,530

Intangible assets

(in EUR)	30 Sep 2017	31 Dec 2016
Development costs	205,222	234,447
Non-current property rights (concessions, patents, licences, trademarks and similar rights)	3,441,961	3,891,723
Total	3,647,183	4,126,170

Shares and interests in associates

(in EUR)	2017
Balance at the beginning of the period	12,680,341
Increase	
Attributable profits	1,305,356
- Adria Transport, d. o. o.	350,677
- Adria-tow, d. o. o.	371,142
- Adriaфин, d. o. o.	126,806
- Avtoservis, d. o. o.	456,732
Decrease	
Share of profits	-993,808
- Adria Transport, d. o. o.	-320,000
- Adria-tow, d. o. o.	-250,000
- Avtoservis, d. o. o.	-423,808
Balance at the end of the period	12,991,889

Other non-current investments

(in EUR)	30 Sep 2017	31 Dec 2016
Other investments measured at cost	3,414,602	3,414,602
Other investments measured at fair value through equity	29,625,606	27,136,597
Total	33,040,208	30,551,199

Deffered tax

(in EUR)	Deferred tax assets		Deferred tax liabilities	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
Deferred tax assets and liabilities relating to:				
impairment of investments in associates	0	17,575	0	0
impairment of other investments and deductible temporary differences arising on securities	9,763,862	9,500,387	2,514,159	2,031,826
financial instruments	34,487	79,776	0	0
allowances for trade receivables	245,708	265,062	0	0
provisions for retirement benefits	262,775	368,654	0	0
provisions for jubilee premiums	49,214	58,159	0	0
long-term accrued costs and deferred income from public commercial services	453,983	453,984	0	0
Total	10,810,029	10,743,597	2,514,159	2,031,826
Off-set with deferred tax liabilities relating to impairment of other investments and deductible temporary differences arising on securities	-2,514,159	-2,031,826	-2,514,159	-2,031,826
Total	8,295,870	8,711,771	0	0

Inventories

As at 30 September 2017, inventories were recorded at EUR 1,015,960, whilst at the end of 2016 their value amounted to EUR 809,467. The major share of these inventories related to the maintenance material and spare parts in the amount of EUR 549,917, and the overhead auxiliary material in the amount of EUR 418,528.

Trade and other receivables

(in EUR)	30 Sep 2017	31 Dec 2016
Current trade receivables:		
domestic costumers	14,254,356	17,691,462
foreign costumers	19,714,938	10,837,721
Current operating receivables due from associates	23,711	44,443
Current trade receivables	33,993,005	28,573,626
Current receivables due from dividends	50,000	50,000
Advances and collaterals given	48,170	4,405
Current receivables related to finance income	21,963	17,114
Receivables due from the state	2,041,825	2,689,836
Other current receivables	98,062	145,938
Total trade receivables	36,253,025	31,480,919
Short-term deferred costs and expenses	2,253,133	660,544
Accrued income	236,810	377,002
Other receivables	2,489,943	1,037,546
Total	38,742,968	32,518,465

As at 30 September 2017, the Group pledged receivables in connection with collateralising a bank loan in the amount of EUR 3,500,000. On the reporting date, these receivables amounted to EUR 135,314.

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

Among other receivables the Group classifies short-term deferred costs and expenses in the amount of EUR 2,253,133. The short-term deferred costs and expenses refer to the use of the building land, insurances, annual holiday pay and loan costs.

Cash and cash equivalents

(in EUR)	30 Sep 2017	31 Dec 2016
Cash in hand	17,365	10,477
Bank balances	18,141,626	2,836,059
Current deposits	2,980,000	2,980,000
Total	21,138,991	5,826,536

Equity

(in EUR)	30 Sep 2017	31 Dec 2016
Share capital	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703
Revenue reserves	129,035,652	129,035,652
<i>Legal reserves</i>	<i>18,765,115</i>	<i>18,765,115</i>
<i>Other revenue reserves</i>	<i>110,270,537</i>	<i>110,270,537</i>
Reserves arising from valuation at fair value	9,583,667	7,374,500
Retained earnings	28,063,308	23,329,292
Net profit for the period	39,852,846	24,084,741
Equity of owners of the parent	354,519,141	331,807,853
Non-controlling interests	194,933	171,068
Equity	354,714,074	331,978,921

Provisions

(in EUR)	30 Sep 2017	31 Dec 2016
Provisions for retirement benefits and similar obligations	3,195,546	3,400,931
Provisions for legal disputes	1,380,491	1,380,491
Total	4,576,037	4,781,422

Deferred income

(in EUR)	30 Sep 2017	31 Dec 2016
Long-term deferred income for regular maintenance	10,713,028	7,987,214
Non-refundable grants received	4,187,712	4,829,468
Other long-term deferred income	1,716,885	1,948,156
Total	16,617,625	14,764,838

Non-current deferred income for regular maintenance in the amount of EUR 10,713,028, increased in comparison with the balance at 31 December 2016. This increase is attributable to a lower investment in the regular maintenance of the port's infrastructure, due to a delayed approval of maintenance plans.

Non-current loans and borrowings

(in EUR)	30 Sep 2017	31 Dec 2016
Non-current borrowings from domestic banks	75,903,261	66,383,117
Non-current borrowings from foreign banks	29,836,066	31,517,622
Total	105,739,327	97,900,739

Non-current financial liabilities from borrowings as at 30 September 2017 were higher as at 31 December 2016. This increase results from the net effect of an additional disbursement of a bank loan and the transfer of a share of liabilities to current liabilities.

Other non-current financial liabilities

(in EUR)	30 Sep 2017	31 Dec 2016
Other non-current financial liabilities	181,515	419,873
Total	181,515	419,873

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

Non-current operating liabilities

Non-current operating liabilities at 30 September 2017 amounted to EUR 1,067,975, which is EUR 295,889 increase on 31 December 2016. The balance sheet item refers entirely to received securities for leased business premises, elimination of defects in the warranty period, as well as the security for the operation of the excise warehouse at the Liquid cargoes terminal.

Current borrowings

(in EUR)	30 Sep 2017	31 Dec 2016
Current borrowings from domestic banks	12,890,317	9,466,650
Current borrowings from foreign banks	2,295,082	2,295,082
Total	15,185,399	11,761,732

Current financial liabilities from borrowings as at 30 September 2017 were higher in comparison to the balance as at 31 December 2016, and namely as the net effect of the transfer of a share of liabilities from non-current liabilities to current liabilities and repayment of principals.

Other current financial liabilities

(in EUR)	30 Sep 2017	31 Dec 2016
Other non-current financial liabilities	252,611	250,614
Total	252,611	250,614

Other current financial liabilities are related to the liabilities for payout of dividends, liabilities for interests and liabilities for interests swap in compliance with the strategy of management of interest rate risk of the parent company.

Trade and other payables

(in EUR)	30 Sep 2017	31 Dec 2016
Current liabilities to:		
domestic suppliers	11,768,639	14,411,457
foreign suppliers	326,927	349,162
Current liabilities to associates	155,786	145,110
Current trade payables	12,251,352	14,905,729
Current liabilities from advances	1,074,829	68,413
Current liabilities to employees	3,708,075	3,623,899
Current liabilities to state and other institutions	891,895	965,084
Total operating liabilities	17,926,151	19,563,125
Accrued costs or expenses	9,416,433	5,794,981
Other operating liabilities	189,532	106,559
Other operating liabilities	9,605,965	5,901,540
Total	27,532,116	25,464,665

In comparison to the balance as at 31 December 2016, trade and other liabilities increased, whilst the current liabilities towards suppliers decreased. This decrease is mainly attributable to the lower investments in the last three quarters.

The accrued costs comprise primarily of accrued costs for unused annual holidays, accrued commercial discounts, concession costs, costs of 13th month salary, collective job performance and interest charges.

Contingent liabilities

(in EUR)	30 Sep 2017	31 Dec 2016
Guarantees given	1,877,036	1,720,309
Securities given	4,318,918	7,235,468
Contingent liabilities under legal disputes	2,004,590	93,809
Approved borrowing	36,001,080	54,702,317
Total contingent liabilities	44,201,625	63,751,903

Contingent liabilities under legal disputes in comparison with 31 December 2016 increased by EUR 1,910,781 due to two received lawsuits, for which the Group estimated there was no condition to recognize in the provisions.

Related party transactions

Transactions with the Government of the Republic of Slovenia

Transactions between Luka Koper Group and the Government of the Republic of Slovenia in January – September 2017 were the following:

(in EUR)	Payments in 1-9 2017	Costs/expenses in 1-9 2017
Concessions and water reimbursement	5,390,873	5,803,428
Dividends	9,996,000	0
Corporate income tax (taxes and advance payments)	8,279,309	5,602,299
Other taxes and contributions	4,811,028	5,034,503
Total	28,477,210	16,440,230

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

Dividends were paid out also to two companies, where the Government of the Republic of Slovenia holds a controlling interest, and namely Slovenian Sovereign Holding, d. d. in the amount of EUR 2,181,000 and Kapitalska družba, d. d. in the amount of EUR 975,211.

The Group recorded transactions also with companies, where the Government of the Republic of Slovenia has (direct or indirect) controlling interest of more than 20 percent.

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

In the first nine months of the business year 2017, transactions conducted between Luka Koper Group and companies where the Government of the Republic of Slovenia has a direct or indirect influence amounted to EUR 14,816,377 and include sales to these companies in the amount of EUR 8,834,003 and purchase in the amount of EUR 5,982,374. Most of sales referred to services in connection with the port activity, followed by compensations. Within the purchase costs are recorded by costs of railway transport, energy supply, insurance costs and costs of payment transactions. As at 30 September 2017, the Group recorded receivables to these companies in the amount of EUR 1,679,903 and liabilities at EUR 25,627,767. The major part of liabilities represented the loan received under market conditions from SID - Slovenska izvozna in razvojna banka, d. d.

Transaction with persons

In the period from January to September 2017, the Group did not have significant transactions with the members of the Management Board and the members of the Supervisory Board.

Financial instruments and financial risk management

The most significant risks to which the company is exposed, include:

1. risk management of the change in fair value,
2. management of interest rate,
3. management of liquidity risk ,
4. management of currency risk,
5. management of credit risk and
6. risk management relating to adequate capital structure.

1. Risk management relating to change in fair value

As at 30 September 2017, the Group had invested 5,6 percent of its assets (at the end of the previous year 5,5 percent) in investments measured at fair value, whereof the parent company 96,0 percent.

The fair value risk associated with these investments is demonstrated through changes in stock market prices that affect the value of these assets and, consequently the potential gain on their disposal. This type of risk was identified in association with investments in market securities of Slovenian companies and units of mutual fund assets. As at 30 September 2017, the value of non-current available-for-sale investments measured at fair value through equity, amounted to EUR 29,625,606.

The sensitivity analysis of finance investments measured at fair value:

Risk of change at fair value of securities as at 30 September 2017

Change of index in %	Impact on equity
-10%	-2,962,561
10%	2,962,561

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

Change of index in %	Impact on equity
-10%	-2,713,660
10%	2,713,660

Fair value hierarchy

(in EUR)	Valuation at fair value			
	Carrying amount at 30 Sep 2017	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
Assets measured at fair value				
Other interests and shares	29,625,606	29,625,606	0	0
Liabilities measured at fair value				
Interest rate hedging for borrowings	181,515	0	181,515	0

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

2. Management of interest rate risk

Only the parent company encounters the interest rate risk, since its financial liabilities are with variable interest rates.

In January - September 2017, the financial liabilities of the Group increased by 10 percent with respect to the previous year, and as 30 September 2017 they amounted to EUR 121,358,852.

The parent company of the Group has established the interest rate hedge for a major non-current borrowing, of which outstanding principal as at 30 September 2017 was recorded at EUR 32,131,148 and matures in 2031.

The eventual change of variable interest rates may consequently effect 73,4 percent of total Group's borrowings (as at 31 December 2016, 69,2 percent). The remnant 26,6 percent are hedged against eventual changes of variable interest rates.

Overview of exposure

(in EUR)	30 Sep 2017	Exposure 2017	31 Dec 2016	Exposure 2016
Borrowings received at variable interest rate (without interest rate hedge)	88,793,578	73.4%	75,951,946	69.2%
Borrowings received at variable interest rate (with interest rate hedge)	32,131,148	26.6%	33,852,459	30.8%
Total	120,924,725	100.0%	109,804,405	100.0%

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

(in EUR)	Borrowings from banks under the variable interest rate as at 30 Sep 2017	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
3M EURIBOR	48,936,435	0	0	124,687
6M EURIBOR	39,857,143	0	0	137,343
Total effect on interests expenses	88,793,578	0	0	262,030

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

The sensitivity analysis of borrowings from banks in view of the variable interest rate fluctuations is based on the assumption of potential growth in interest rates of 15, 25 and 50 bp.

3. Management of liquidity risk

Liquidity risk is the risk that the Group will fail to settle its liabilities at maturity. Luka Koper Group manages liquidity risk by regular planning of cash flows required to settle liabilities with diverse maturity. Additional measures for preventing delays in receivable collection include regular monitoring of payments and immediate response to any delays and charging penalty interest in accordance with the Group's uniform policy of receivable management.

(in EUR)	Up to 3 months	3 to 12 months	1 to 2 years	3 to 5 years	More than 5 years	Total
30 Sep 2017						
Loans and borrowings*	4,182,052	11,003,347	15,504,399	40,882,762	49,352,166	120,924,726
Expected interest on all borrowings	456,825	822,525	1,038,850	1,954,106	1,026,262	5,298,568
Other financial liabilities	252,611	0	181,515	0	0	434,126
Payables to suppliers	12,251,352	0	0	0	0	12,251,352
Other operating liabilities	5,674,799	0	0	0	0	5,674,799
Total	22,817,639	11,825,872	16,724,764	42,836,867	50,378,428	144,583,571
31 Dec 2016						
Loans and borrowings*	1,153,481	10,608,251	16,060,399	41,605,225	40,377,049	109,804,405
Expected interest on all borrowings	259,331	1,119,510	1,224,865	2,112,360	1,118,250	5,834,316
Other financial liabilities	250,614	0	419,873	0	0	670,487
Payables to suppliers	14,905,729	0	0	0	0	14,905,729
Other operating liabilities	4,657,396	0	0	0	0	4,657,396
Total	21,226,551	11,727,761	17,705,137	43,717,585	41,495,299	135,872,333

4. Management of currency risk

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

5. Management of credit risk

Assets exposed to credit risk:

(in EUR)	30 Sep 2017	31 Dec 2016
Non-current loans	24,723	31,005
Non-current operating liabilities	41,772	41,772
Current deposits	71,064	97,366
Current loans	8,339	8,123
Current trade receivables	33,993,005	28,573,626
Other current receivables	2,260,020	2,907,293
Cash and cash equivalents	21,138,991	5,826,536
Guarantees and collaterals granted	6,195,955	8,955,777
Total	63,733,869	46,441,498

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

6. Risk management relating to adequate capital structure

(v evrih)	30 Sep 2017		31 Dec 2016	
	v evrih	delež (%)	v evrih	delež (%)
Equity	354,714,074	67.5%	331,978,920	67.8%
Non-current liabilities	128,182,479	24.4%	118,638,958	24.2%
Current liabilities	42,970,126	8.2%	39,373,219	8.0%
Total accumulated profit	525,866,679	100.0%	489,991,097	100.0%

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

24 Statement of the Management responsibility

The Management Board of Luka Koper, d. d., herein declares that the non-audited condensed financial statements of Luka Koper, d. d., and non-audited condensed consolidated statements of Luka Koper Group for the period ending 30 September 2017, have been compiled in order that they shall provide a true and fair disclosure of Luka Koper, d. d., and Luka Koper Group. The condensed financial statements January – September 2017 have been compiled in accordance with the same accounting policies and principles applicable in Luka Koper, d. d., and Luka Koper Group 2016 annual reports.

These condensed interim statements for the period ending 30 September 2017, were compiled in accordance to the International accounting Standards 34 – Interim Financial Statement, and should be considered in relation to the annual financial statements for fiscal year ending 31 December 2016. Financial statements for 2016 are audited.

The management Board shall be held responsible for the implementation of measures guaranteeing the preservation and growth of assets of Luka Koper d.d. and Luka Koper Group assets and detection of fraud and other irregularities and their elimination.

The Management Board declares that the associated companies of Luka Koper Group made mutual transactions on the basis of concluded agreements in which market prices for products and services were applied, namely, no business was conducted under unusual terms and conditions.

Members of the Management Board:



Dragomir Matić, President of the Management Board



Andraž Novak, Member of the Management Board



Irena Vinček, Member of the Management Board



Stojan Čepar, Member of the Management Board – Labour Director

Koper, 14 November 2017