

2014



LUKA KOPER GROUP

**NON-AUDITED INTERIM REPORT OF LUKA KOPER GROUP
AND LUKA KOPER D.D., JANUARY – JUNE 2014**

Koper, August 2014

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BUSINESS REPORT

PERFORMANCE HIGHLIGHTS OF THE LUKA KOPER GROUP

COMPARISON OF ACTUAL AND PLANNED RESULTS OF THE LUKA KOPER GROUP, JANUARY – JUNE 2014 AND 2013

(in euro)	1- 6/2014	Plan 1- 6/2014	Index Actual/ Plan
From Income Statement			
Operating revenues	79.989.939	75.109.036	106
Operating profit (EBIT)	18.328.950	13.658.751	134
EBITDA	31.946.005	27.298.999	117
Net profit	14.475.900	10.013.462	145
From Cash Flow Statement			
Investments in real-estate, plant and equipment, and intangible assets	16.898.133	22.087.308	77
Cargo throughput (in tonnes)			
Cargo throughput	9.264.626	9.071.679	102

YEAR-ON COMPARISON OF LUKA KOPER GROUP RESULTS, JANUARY – JUNE 2014 AND 2013

(in euro)	1- 6/2014	1 - 6/2013	Index 2014/2013
From Income Statement			
Operating revenues	79.989.939	73.237.892	109
Operating profit (EBIT)	18.328.950	10.830.594	169
EBITDA	31.946.005	24.785.305	129
Financing gain (loss)	-1.609.006	-2.577.343	62
Pre-tax profit	16.719.944	8.253.251	203
Net profit	14.475.900	7.793.205	186
From Cash Flow Statement			
Investments in real-estate, plant and equipment, and intangible assets	16.898.133	6.562.057	258
Cargo throughput (in tonnes)			
Cargo throughput	9.264.626	8.900.963	104

(in euro)	30.06.2014	31.12.2013	Index 2014/2013
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From Statement of Financial Position			
Assets	459.146.011	443.558.563	104
Non-current assets	409.395.298	403.052.914	102
Current assets, and deferred costs & accrued revenues	49.750.713	40.505.649	123
Equity	276.931.591	259.204.139	107
Non-current liabilities with provisions and long-term accruals	140.741.696	152.987.169	92
Non-current liabilities with provisions and long-term accruals	41.472.726	31.367.255	132
Financial liabilities	142.523.408	153.750.652	93

(as percentage)	1 - 6/2014	1 - 6/2013	Index 2014/2013
Indicators			
Return on sales (ROS)	22,91%	14,79%	155
Net return on equity (ROE) ¹	10,80%	6,14%	176
Net return on assets (ROA) ¹	6,41%	3,36%	191
EBITDA margin	39,94%	33,84%	118
Financial liabilities / equity	51,47%	65,82%	78

***YEAR-ON COMPARISON OF LUKA KOPER D.D. RESULTS,
JANUARY – JUNE 2014 AND 2013***

(in euro)	1 - 6/2014	1 - 6/2013	Index 2014/2013
From Income Statement			
Net profit	13.613.176	7.289.472	187

¹The indicators are calculated on the basis of annualised data.

INTRODUCTORY NOTE

Compliant with the *Market and Financial Instruments Act RS, Ljubljana Stock Exchange Rules* as well as *Guidelines on Disclosure for Listed Companies, Luka Koper d.d., Vojkovo Nabrežje 38, Koper, Slovenia*, discloses this Non-Audited Report on the performance of *Luka Koper d.d.* and the *Luka Koper Group* for January – June 2014.

This Non-Audited Report on the performance of *Luka Koper d.d.* and the *Luka Koper Group* for January – June 2014 can be examined at *Luka Koper d.d.*'s registered headquarters at Vojkovo Nabrežje 38, 6501 Koper, Slovenia, and shall also be accessible via the company's website www.luka-kp.si from 25th August 2014 onwards.

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

This Non-Audited Report on the performance of *Luka Koper d.d.* and the *Luka Koper Group* for January – June 2014 was addressed by the company's Supervisory Board at its regular session of 22nd August 2014.

PRESENTATION OF LUKA KOPER GROUP

Luka Koper d.d., a port operator and logistics provider with its registered office in Koper, Slovenia, is the parent company of the *Luka Koper Group* of enterprises.

Luka Koper d.d.'s ID as of 22nd August 2014

<i>Company title</i>	<i>Luka Koper, a public limited liability port and logistics system operator</i>
<i>Short title</i>	<i>Luka Koper, d.d.</i>
<i>Registered office</i>	<i>Vojkovo nabrežje 38, Koper</i> <i>Telefon: 05 66 56 100</i> <i>Faks: 05 63 95 020</i> <i>Email: portkoper@luka-kp.si</i> <i>Website: www.luka-kp.si</i>
<i>Company registration</i>	<i>Application No. 066/10032200, registered at the Koper District Court, Slovenia</i>
<i>Registration number</i>	<i>5144353</i>
<i>Tax number</i>	<i>SI 89190033</i>
<i>Share capital</i>	<i>€ 58,420,964.78</i>
<i>Number of shares</i>	<i>14,000,000 ordinary no-par-value shares</i>
<i>Shares listing</i>	<i>Ljubljana Stock exchange, prime market</i>
<i>Share ticker symbol</i>	<i>LKPG</i>
<i>Management Board President</i>	<i>Dragomir Matić</i>
<i>Management Board Member</i>	<i>Andraž Novak</i>
<i>Management Board Member</i>	<i>Jože Jaklin</i>
<i>Management Board Member - Workers Director</i>	<i>Matjaž Stare</i>
<i>Supervisory Board President</i>	<i>Alenka Žnidaršič Kranjc</i>
<i>Luka Koper d.d. core activity</i>	<i>Seaport and logistics system operator and service provider</i>
<i>Luka Koper Group activities</i>	<i>Various support and ancillary services in relation to core activity</i>

Companies consolidated within the *Luka Koper Group* provide various services which accomplish the comprehensive operation of the Port of Koper. In addition to the parent company, *Luka Koper d.d.*, the *Luka Koper Group* was comprised of the following subsidiary enterprises as well as jointly–controlled and associated companies as of 30th June 2014:

- Luka Koper INPO, d. o. o., 100 %
- Adria Terminali, d. o. o., 100 %
- TOC, d. o. o., 68,13 %
- Luka Koper Pristan, d. o. o., 100 %
- Logis Nova, d. o. o., 100 %
- Adria Investicije, d. o. o., 100 %
- Adria – Tow, d. o. o., 50 %
- Adria Transport, d. o. o., 50 %
- Adriafin, d. o. o., 50 %
- Avtoservis, d. o. o., 49%
- S.C.RAILPORT ARAD, S. R. L., 33,33 %
- Golf Istra, d. o. o., 20 %
- Adriasole, d. o. o., 98 %

CORPORATE MANAGEMENT AND GOVERNANCE

Luka Koper d.d. Management Board

As of 30th June 2014, the *Luka Koper d.d.* Management Board was comprised of the following members:

- Dragomir Matić, Management Board President, appointed on 23th May 2014 for a five-year term, took office on 10th June 2014,
- Andraž Novak, Management Board Member, commenced a five-year term on 10th June 2014;
- Jože Jaklin, Management Board Member, commenced a five-year term on 1st February 2014;
- Matjaž Stare, Workers Director, commenced a five-year term on 18th October 2010.

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

Changes in Luka Koper d.d. Management Board in the second quarter

At its regular session of 11th April 2014, the *Luka Koper d.d.* Supervisory Board discharged Management Board President Gašpar Gašpar Mišič and on that same day appointed Andraž Novak as the new President of the Management Board. At its session on 23rd May 2014, the *Luka Koper d.d.* Supervisory Board appointed Dragomir Matić as the company's new Management Board President. His five-year term of office commenced on 10th June 2014 and as of that day erstwhile Management Board President Andraž Novak retook the position of the Member of the Management Board.

Supervisory Board of Luka Koper d.d.

The Supervisory Board of *Luka Koper d.d.* is comprised of nine members, of whom six are elected by the General Assembly of Shareholders, and three by the Workers' Council; members are elected for a four-year term. As of 30th June 2014, the Supervisory Board was comprised of the following members:

Appointed by the Shareholders

- Dr. Alenka Žnidaršič Kranjc, Supervisory Board President, a representative of shareholders, commenced a four-year term on 7th October 2013 (23rd General Assembly of Shareholders);
- Dr. Elen Twrdy, Deputy President of Supervisory Board, a representative of shareholders, commenced a four-year term on 7th October 2013 (23rd General Assembly of Shareholders);
- Rado Antolovič, Supervisory Board Member, a representative of shareholders, commenced a four-year term on 7th October 2013 (23rd General Assembly of Shareholders);

- Andrej Šercer, M.Sc., Supervisory Board Member, a representative of shareholders, commenced a four-year term on 7th October 2013 (23rd General Assembly of Shareholders);
- Žiga Škerjanec, Supervisory Board Member, a representative of shareholders, commenced a four-year term on 7th October 2013 (23rd General Assembly of Shareholders);
- Sabina Mozetič, Supervisory Board Member, a representative of Koper Municipality, commenced a four-year term on 12th July 2011 (19th General Assembly of Shareholders).

Appointed by the employees

- Mladen Jovičič, Supervisory Board Member, Employee Representative; commenced a four-year term on 18th March 2013;
 - Stojan Čepar, Supervisory Board Member, Employee Representative; commenced a four-year term on 18th March 2013;
 - Nebojša Topič, M.Sc. Supervisory Board Member, Employee Representative; commenced a four-year term on 28th July 2012.
-
- **External member of the Supervisory Board Audit Committee**
 - Blanka Vezjak, M.Sc, external member of Supervisory Board Audit Committee, was appointed at the Supervisory Board meeting of 11th September 2009, and re-appointed on 12th August 2013.

SIGNIFICANT EVENTS JANUARY –JUNE 2014

JANUARY

- *Luka Koper d.d.*'s Supervisory Board appointed Andraž Novak as the Management Board member for a five-year term commencing on 13th January 2014.
- On 21st January 2014, *Slovenska Odškodninska Družba* submitted a request to *Luka Koper d.d.*'s Management Board for a General Assembly of shareholders.
- In January 2014, the Slovenian Maritime Administration installed two new buoys at the entrance to the channel of Basin I, hence the requirement in relation to the Administration's decision to allow the arrival of ships with a draft of up to 11.8 m (thus far 11.4 m) under special conditions was met. This 40-cm increase does not considerably impact cargo volumes at the Container Terminal; the eventual increase to 14 m, however, which is anticipated in April 2014, shall have an impact on the increase of the throughput.
- In conjunction with the University of Primorska, Koper Municipality and the Association of technology institute advocates, *Luka Koper* signed a letter of intent in relation to the foundation of a Slovenian Institute of Technologies.
Luka Koper presented its activities and operations at the European Oil Storage Conference

FEBRUARY

- On 6th February 2014, *Luka Koper* made public the conditions and crisis measures adopted by the port as a consequence of the natural disaster that had befallen a large part of Slovenia. Due to damage caused by freezing rain and icing in the Notranjska region, the railway line linking Koper with its continental hinterland was closed for six days.
- On 17th February 2014, the company's Management Board published the call for 24th General Assembly of *Luka Koper d.d.* shareholders to be held on 19th March 2014.
- February witnessed the commencement of the construction of 6,840 m² of storage areas behind berth 7C at the Container Terminal. This extension of Pier I, which will provide for the storage of an additional 672 TEUs, forms part of the Pier I investment project the completion of which is anticipated by 2018.
- As part of the Pier I project, the first stage of dredging the seabed in Basin I - to a depth of -13 m - got underway, as did the preparation of landfill areas for the deposit of dredged materials.
- As part of its *Living with the Port Fund* activities, *Luka Koper* published a call for applications for sponsorship and grants.
- After a break of five years, the *Luka Koper d.d.* share was once again included in the *Ljubljana Stock Exchange's* SBI TOP index.

MARCH

- At the *Luka Koper d.d.* General Assembly held on 19th March 2014, shareholders adopted an amendment of the Company Statute. Koper Municipality anticipated a

challenging action against this resolution. The company's Management Board President Gašpar Gašpar Mišič also presented shareholders the current situation with regard to actions for damages against the former Management Board as well as members of the Supervisory Board.

- The first stage of seabed dredging in Basin I - to a depth of 13 m - was completed.
- *Luka Koper* signed a letter of intent in relation to various forms of mutual collaboration with the Slovenian Maritime Administration.
- The Slovenian Maritime Administration issued a decision that allows the Port of Koper Container Terminal to service vessels with drafts of up to 12.5 m (up from 11.8 m).
- *Luka Koper* presented its operations and activities at Miami's ***Seatrade 2014, the world's largest cruise shipping fair.***

APRIL

- At its regular session of 11th April 2014, the *Luka Koper d.d.* Supervisory Board discharged Management Board President Gašpar Gašpar Mišič and appointed Andraž Novak to this position. The Supervisory Board endorsed the Annual report 2013 and also endorsed the Management Board's proposal regarding the allocation of distributable profit for 2013.
- *Costa Classica* inaugurated the cruise season at Koper's Passenger Terminal.
- The company was granted ISCC EU certification confirming that *Luka Koper d.d.* handles and stores rape seed oil, soya oil, palm biodiesel, bioethanol and waste edible oil in accordance with the EC directive on the promotion of the use of energy from renewable sources.
- *Luka Koper d.d.* takes on the presidency of the North Adriatic Ports Association (NAPA) until the end of 2014.
- We obtained the usage for landfill sites 7A and 799/29.
- Commencement of the second stage of Basin I dredging to -14 m.
- The Slovenian Maritime Administration started the dredging of the access channel in Basin I to a depth of - 15 metres.
- The *Slovenian Institute of Quality and Metrology* performed an external audit in relation to environment management and health and safety at work.
- *Luka Koper, d. d.*, received the Brand Leader Award for the best port operator and logistic provider in the field of cargo transshipment and storage services in the South Eastern Europe.

MAY

- The contract between *Luka Koper d.d.* and the company selected through a public tendering procedure to undertake seabed dredging at the Container Terminal quayside in order to facilitate the servicing of vessels with 14 m draughts, expired on 13th May 2014. Upon measurement it was established that during the contractual period, within which the Italian company was obliged to complete dredging works, said contractor failed to complete even one tenth of the anticipated work. Consequent to the unjustified severe delay in dredging operations, as well as the problems the contractor had had during the preparation stage, the Management

Board believes that it would be an excessive risk to allow the selected contractor to continue. Consequent to this decision, the company's Management Board has adopted all necessary measures to ensure that the dredging project will be completed by the end of August.

- At Open Port Days the public was given the opportunity to visit the port
- In conjunction with the University of Primorska we organized a conference on Kinesiology in ergonomics.
- Within the framework of the European project B2MOS and in cooperation with the Slovenian e-invoice national Forum we organized a seminar on e-invoicing in logistics and transport.
- *Luka Koper d.d.*'s Supervisory Board appointed Dragomir Matić as a Management Board President for five-year term commencing on 10th June 2014, the same day the previous President of the Management Board Andraž Novak assumed office as the Management Board Member, the position which he had held prior to his appointment as President on 11th April this year.

JUNE

- On 10th June 2014 Dragomir Matić took over the presidency from Andraž Novak who retook the position of the Management Board Member.
- Based on the provision of first paragraph of *Luka Koper, d.d.* Statute, the Management Board published on 5th June the call for the 25th General Assembly of *Luka Koper, d. d.*, Shareholders to be held on 8th July 2014.
- On 19th June 2014 *Luka Koper, d. d.*, and the Netherlands-based company Van Oord concluded the contract on dredging the access channel and northern section of Basin I within the Port of Koper harbour. The contract in the amount of 2.48 million euros anticipates the seabed dredging along the Container terminal to 14 metres which will require the removal of 230.000 m³ of sea sediments (silt). The Dutch company which was the only to apply for public call will commence the works on 15th July and complete them in the second half of August. They will work 24 hours a day using a technique which is faster of the classic hopper dredger. The dredging activities are underway through the European project NAPADRAG (TEN-T programme) and are co-funded by European Union in the amount of ten per cent
- Austrian Transport magazine "Verkehr" published an analysis of Austria's overseas trade. Also in 2013 *Luka Koper, d. d.*, held the first position, which means that the Port of Koper remained the first port for import and export of Austrian cargo also last year. *Luka Koper, d. d.*, has held this leading position since 2010.

SIGNIFICANT POST-BALANCE-SHEET EVENTS

JULY

- Shareholders attending the 25th General Shareholders Assembly of *Luka Koper, d. d.*, held on 8th July 2014:

- Were presented with the 2013 Annual Report for the Luka Koper Group and Luka Koper d. d.;
 - Adopted the proposed resolution on the allocation of the distributable profit for in the amount of €3.721.761 euros as follows:
 - a portion of distributable profit in the amount of € 2.240.000; to be disbursed as dividends in the gross value of € 0,16 per share,
 - the remaining distributable profit in the amount of € 1.481.761 to remain undistributed;
 - endorsed the work of the Management and Supervisory Board during 2013 ;
 - appointed the auditors KPMG Slovenija, podjetje za revidiranje, d. o. o., Slovenia, as the company's external auditor for fiscal year 2014
 - Adopted the resolution on the amount of remuneration and attendance fees for members of the Supervisory Board as well as
 - Supervisory Board Commissions for the following twelve months;
 - Adopted the amendment to the *Luka Koper, d. d.* Statute
- Luka Koper d.d. completed the project on the extension of storage areas at the Container terminal on the head of Pier I, thus acquiring 6.840 m² of new areas.
 - The Supervisory Board of *Luka Koper, d. d.*, on its regular session on 4th July 2014 acquainted with the resignation of Mr Jože Jaklin, Member of the Management Board. The Supervisory Board will start the recruitment activities within the notice period in order to select a new Member of the Management Board, responsible for Finance and Accounting.

PERFORMANCE ANALYSIS OF LUKA KOPER GROUP

In the first half of 2014, the *Luka Koper Group* handled a total of 9.3million tonnes of cargo, which is two per cent ahead of plans and four per cent above the first half year 2013 level. The throughput of all cargo types has risen, except dry-bulk and bulk cargo.

First half year operating revenues amounted to 80 million euros, which is 4.9 million euros (six per cent) ahead of the plan and 6.8 million euros (nine per cent) more than in the first half year of 2013.

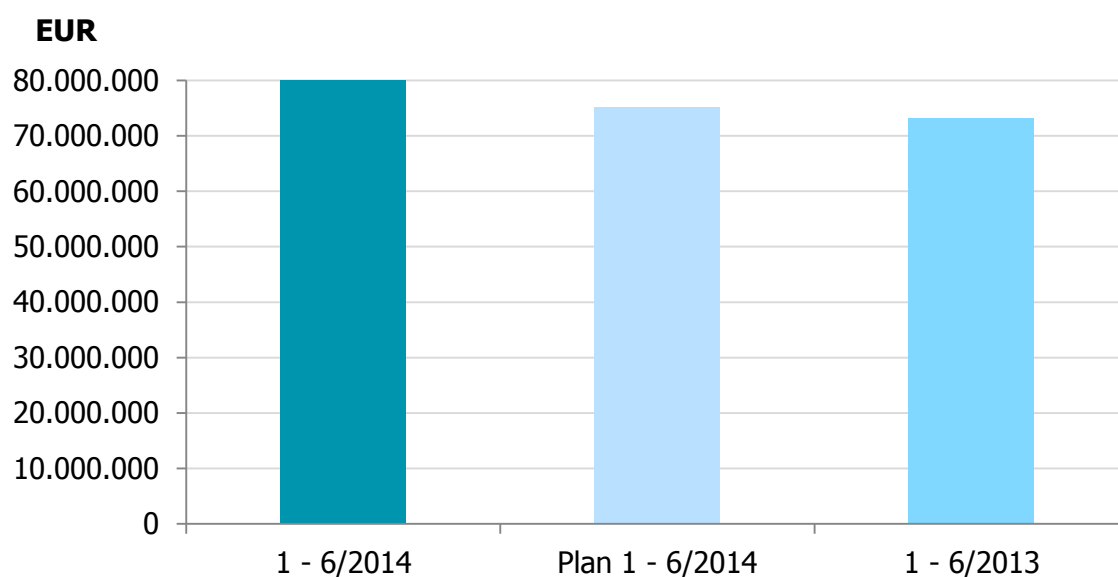
Operating profit in the first half of 2014 amounted to 18,3 million euros, which is , which is a 4,7 million euros (thirty-four per cent)increase on the same level last year. This can be attributed to a rise in operating revenues whilst operating expenses remain at last year's level. As a result, operating profit is 7,5 million euros (sixty-nine per cent) ahead of plans.

Net profit for the first half of 2014 amounted to 14,5 million euros, which is 4,5 million euros (forty-five per cent) ahead of the plan and 6,7 million euros (eighty-six per cent) ahead of the equivalent period last year.

OPERATING REVENUES

In the first half of 2014 , the *Luka Koper Group* generated 80 million euros in operating revenues, which is 4.9 million euros (six per cent) ahead of the plan and 6.8 million (nine per cent) ahead of the equivalent period last year.

Figure 1: Luka Koper Group operating revenues



Operating revenues from all cargo types increased in relation to the first half of 2013, with the largest growth recorded in container freight. The only revenues that decreased were other operating revenues.

Table 1: Operating revenues by cargo type, January – June 2014 and 2013

(in euro)	1 – 6/2014	1 – 6/2013	Index 2014/2013
General cargoes	18.320.186	17.194.561	107
Container freight	24.062.808	18.614.073	129
Cars	7.901.552	7.750.377	102
Liquid cargoes	3.641.053	3.531.679	103
Break bulk cargoes	16.419.794	16.072.550	102
Other	9.644.546	10.074.652	96
TOTAL	79.989.939	73.237.892	109

In the first half of 2014, general cargoes generated 1.1 million euros (three per cent) more operating revenues than in the equivalent period in 2013. This rise is due to throughput increase in ferrous manufactures and livestock, as well as increased exports of timber. The rise can be attributed also to the growth in revenues from storage fees.

In the first half of 2014, operating revenues from container freight were 5.4 million euros (twenty-five per cent) ahead of the same period last year, the volume of handled TEUs increased by thirteen per cent. This rise can be attributed to the increase in throughput of full containers and the growth in revenues from storage fees.

In the first half of 2014, the operating revenues from vehicular cargoes rose by 51,000 euros (two per cent), while the throughput of cars increased by five per cent. Within the framework of operating revenues the revenues from the throughput rose, but due to more rapid turnover of cargo *Luka Koper Group* registered decrease of revenues from storage.

The operating revenues from liquid cargo recorded a 109,000 euros (three per cent) increase in the first half of 2014. This upturn is the result of the increased throughput of oil derivatives. In addition, due to the conclusion of fixed-price contracts with customers, liquid cargo revenues are to a larger extent independent of actual throughput.

In the first half of 2014, operating revenues generated from break bulk cargoes rose by 347,000 euros (two per cent) on the same period last year. This is for the most part attributable of the increased throughput of iron ore and cereals. The increased throughput of the iron ore is in particular attributable to the early arrival of scheduled vessels.

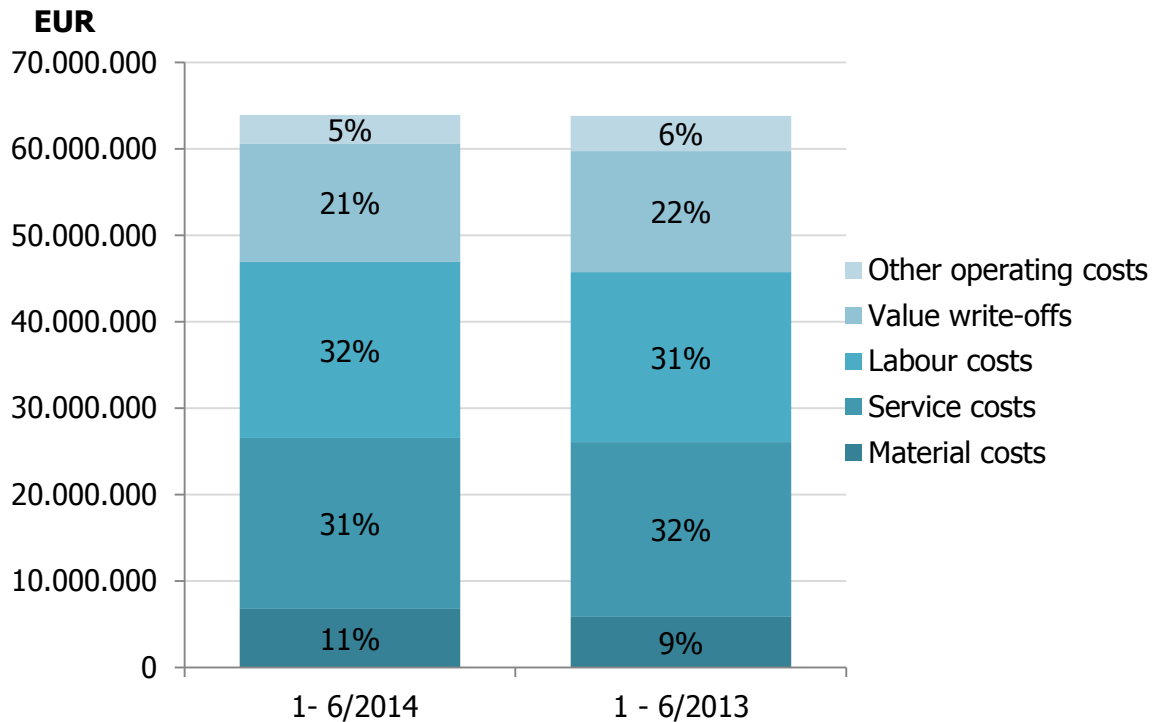
Other January to June operating revenues, in the amount of 9.6 million euros, were 430.000 euros (four per cent) down on the same period last year. This decrease is attributable to the deferred revenues of the public utility, since 1,7 million euros of this total amount were deferred the revenues for the provision of public utility services in the maintenance of port infrastructure, where in the first half of 2013, the deferred amount was 0,5 million euros.

OPERATING EXPENSES

Luka Koper Group's operating expenses amounted to 63,9 million euros in the first half of 2014, which is the same as in the first half of 2013. An increase was recorded in material and labour costs within the operating expenses category, whereas service costs, value write-offs and other operating expenses.

Operating expenses are equivalent to 79.5 per cent of operating revenues, which is a year-on decrease 7,2 percentage points. Compared to 2013, there was a decrease in all cost categories with the largest downturn (three percentage points) recorded in relation to service costs. Material costs remained at the same level.

Figure 2: Structure of Luka Koper Group operating expenses as a percentage of operating revenues



MATERIAL COSTS

In the first half of 2014, material costs amounted to 6,8 million euros, which 0,9 million euros (sixteen per cent) ahead on the same period in 2013. Auxiliary materials and spare part costs increased and this rise can be attributed to a change in the accounting of maintenance costs. Accordingly, in relation to the growth in maintenance material costs, there was a decline in costs of maintenance services. In other material costs categories the costs decreased on the first half of previous year, energy costs remained at the last year level.

SERVICE COSTS

In the first half of 2014 the service costs amounted to 19,8 million euros, which is 0,4 million euros (two per cent) less than in the first half of 2013. The aforementioned change in the accounting of maintenance material costs resulted in fall of maintenance service costs.

Due to the increased throughput the service costs in the provision of port services rose by 0,5 million euros (five per cent). Also the costs of other services increased by 0,6 million euros (thirteen per cent), a feature which can be attributed to higher Concession costs as a consequence of higher operating revenues.

LABOUR COSTS

Labour costs amounting to 20.4 million euros were 0.7 million euros (four per cent) ahead of the same period last year. This year-on increase can, in particular, be attributed to the rise in basic salaries on the basis of an existing agreement, further to which increments were performed February 2013 (+0,8 per cent) and in August 2013 for (+1,9 per cent), remunerations for overtime and performance and larger number of employees.

As of June 30th 2014, the total number of employees in *Luka Koper Group* companies was 1.006, which was 24 more than on the same period last year, while employee structure in individual work places also altered.

VALUE WRITE-OFFS

Value write-offs in the first half of 2014 totalled 13,7 million euros, which is 0,3 million euros (two per cent) down on the same period last year. The major portion of value write-offs is due to amortisation.

OTHER OPERATING EXPENSES

Other operating expenses in the amount of 3,3 million euros were 0,8 million euros (nineteen per cent) lower than the same period last year. The costs of provisions from indemnities decreased.

OPERATING PROFIT

In the first half of 2014, Luka Koper Group generated 18,3 million euros in financial revenues which is 7,5 million euros (sixty-nine per cent) ahead of the same period last year. Luka Koper Group recorded a rise in the operating revenues, whereas operating expenses remained at last year's level.

EBITDA, amounting to 31.9 million euros, was 7.2 million euros (twenty-nine per cent) ahead of the same period last year, which is 4,6 million (seventeen per cent) ahead of the planned volume.

FINANCIAL REVENUES AND FINANCIAL EXPENSES

In the first half of 2014 *Luka Koper Group* generated 0.5 million euros in financial revenues which is twenty-four thousand euros (five per cent) ahead of the same period last year. This rise is due to the increase of operating revenues from profit participation in associated companies.

The Group's financial expenses amounted to 2.1 million euros which is 0.9 million euros (31 per cent) down on the January to June figure. Financial expenses from financial liabilities

decreased by 185,3 thousand euros as a consequence of a lower EURIBOR interest reference rate together with reduced indebtedness. Financial expenses from operating liabilities dropped by 0,7 million euros, since in April 2013 Luka Koper, d. d., performed the sale of 615.730 shares of the company Intereuropa, d. d., to its associated company Luka Koper INPO, d. o. o., which affected the financial expenses in the amount of 0,7 million euros.

PRE-TAX PROFIT AND NET PROFIT

The *Luka Koper Group* pre-tax profit for January-June amounted to 16.7 million euros, which is a year-on increase of 8.5 million euros (103 per cent).

Net profit generated by Luka Koper Group for January to June 2014 period amounted to 14,5 million euros which is 6.7 million euros (eighty-six per cent) ahead of the same period last year.

Pre-tax profit and deferred tax liabilities in the first half of this year reduced the net profit in the amount of 2,2 million euros, the net profit of the first half of 2013 was reduced in the amount of 0,4 million euros. In the first half of 2013 the sale of shares of the company Intereuropa, d. d., to its Luka Koper INPO, d. o. o., subsidiary reduced Luka Koper total corporation and deferred tax liabilities the amount of 1,1 million euros.

ASSETS AND LIABILITIES

As of June 30th 2014, *Luka Koper Group's* balance-sheet total amounted to 459,1 million euros, which is 15,6 million euros (four per cent) ahead on 31st December 2013.

Non-current assets account for eighty-nine per cent of the balance sheet total, and are 6,3 million euros ahead on 31st December 2013. The real estate investments arose by 2.7 million euros due to the rental of the building. The non-current financial investments arose in the amount of 4,5 million euros, due to the increase of the market value in other shares and stakes, and is carried out at fair value. The deferred tax assets decreased.

Short-term assets rose by 6.6 million euros across the first six months and amount to 45.3 million euros. Operating receivables also arose by 2.0 million euros, cash and cash equivalent recorded a 5,1 million euros increase.

As of June 30th 2014, equity of the *Luka Koper Group* amounted to 276.9 million euros, and accounts for sixty per cent of balance sheet total.

Non-current liabilities and long-term provisions, together with long-term deferred revenues in the amount of 140.7 million euros, represent thirty-one per cent of total equity and liabilities, and are 12,2 million euros down on 31st December 2013. The non-current liabilities decreased due to the early repayment of the loan in February 2014.

Short-term assets as of 30th June 2014 amount to 37,6 million euros and are 8,4 million euros with respect to 31st December 2013 higher 8,4 million euros. The largest growth was recorded in operating liabilities to suppliers due to the increased volume of business, loans attributable to the transfer of non-current to current loans and other liabilities for corporate income tax.

As of 30th June 2014, short term operating liabilities of *Luka Koper Group* amounted to 142.5 million euros, which is 11,2 million euros less than on 31st December 2014.

Due to the repayment of the loan, the non-current bank loans decreased. Further financial strengthening of the company has resulted in a reduction of financial liabilities in relation to equity; as of 30th June 2014 amounts to 51,5 per cent, which is 7,9 percentage point less than on 31st December 2013.

FINANCIAL MANAGEMENT

In the first half of 2014, the *Luka Koper Group* managed to reduce its total indebtedness by seven per cent, i.e. from 153,7 million euros to 142,5 million euros.

Maturity of liabilities

As of June 30th, 2014 the *LK Group's* non-current financial liabilities to banks accounted for eighty-six per cent of total financial liabilities. The efforts invested by the *Group* over recent years to restructure its existing debt are reflected in a high proportion – eighty-eight per cent of total – of liabilities with longer maturities.

Figure 3: Structure of Luka Koper Group's financial liabilities by maturity

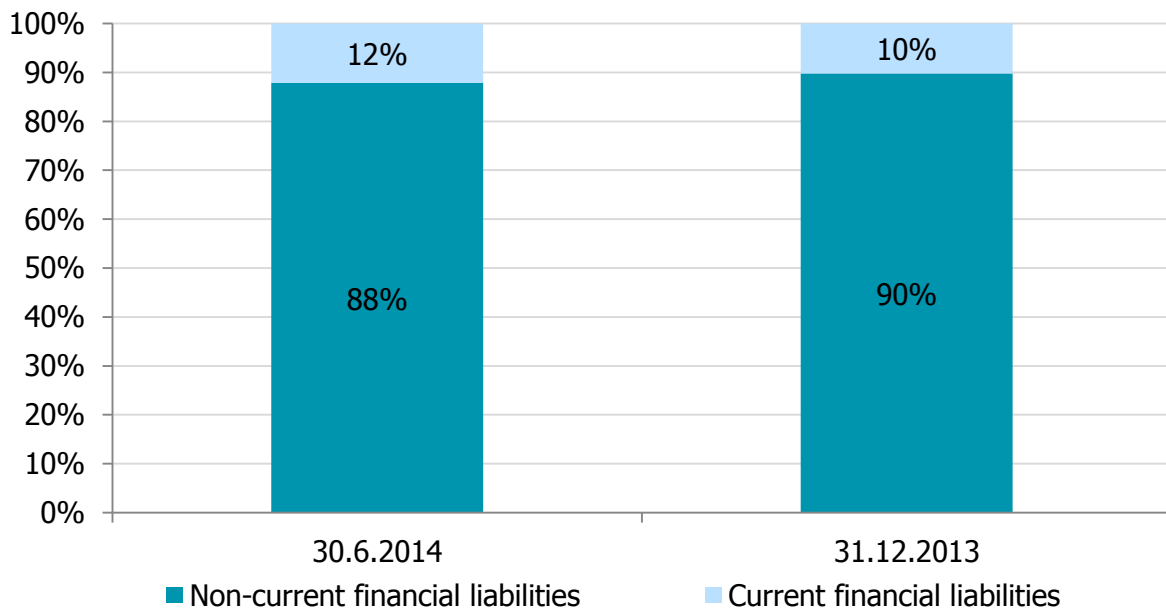
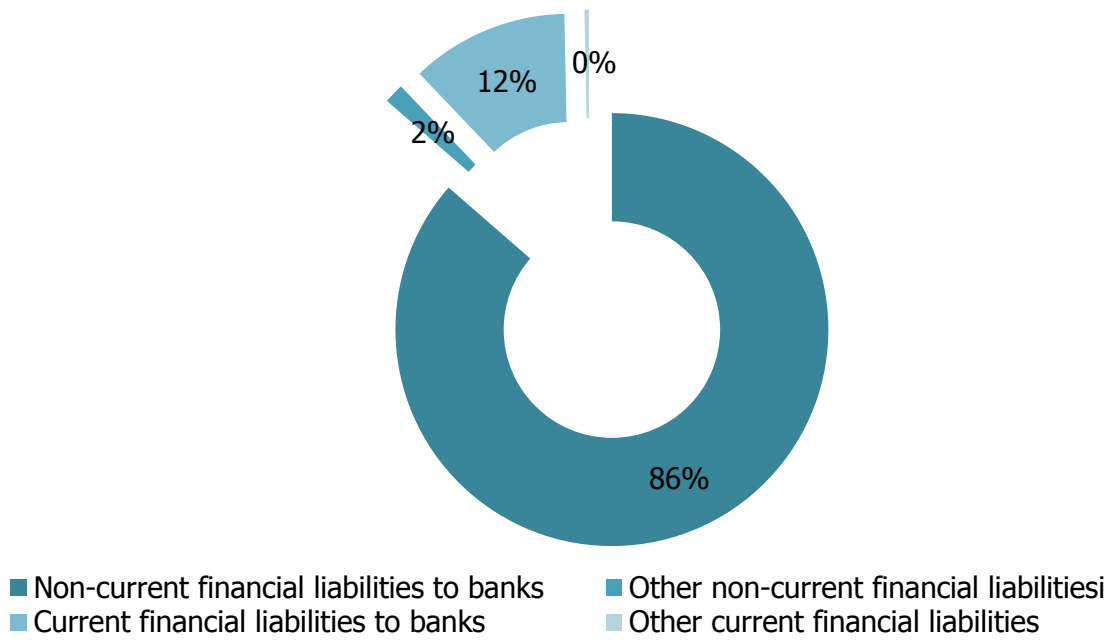


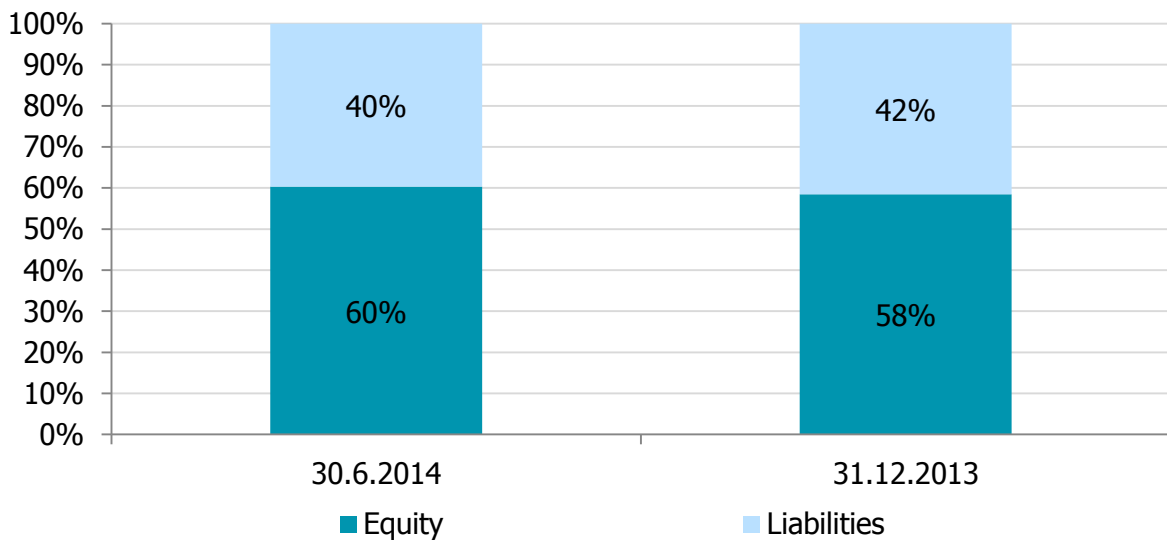
Figure 4: Luka Koper Group's financial liabilities as of 30th June 2014



Structure of equity and liabilities

Liabilities with non-fixed interest rates account for the major portion of the *Luka Koper Group's* financial liabilities. As of 30th June 2014, the *Group* had 65 million euros of long-term loans - i.e. nearly forty-six per cent of its total financial liabilities - hedged with a fixed interest rate.

Figure 5: Luka Koper Group's equity and liabilities

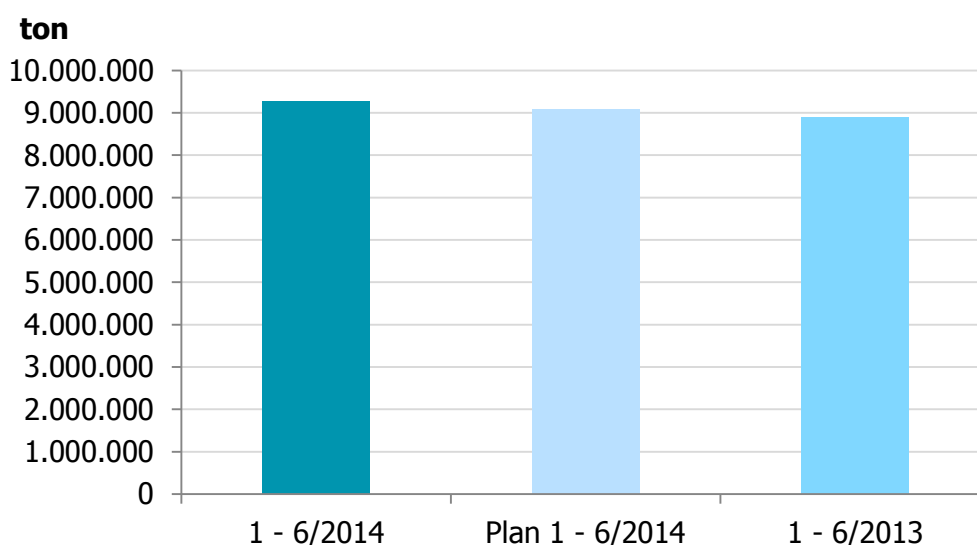


MARKETING AND SALES

In the first half of 2014 the *Luka Koper Group* handled 9.3 million tonnes, which is two per cent ahead of the plan and a year-on increase of four per cent. Upturn was recorded across all cargo types, except dry-bulk and bulk cargoes.

In the first half of 2014, Luka Koper Group registered four per cent year-on growth of cargo import and export, recording the largest growth in container freight on the route Asia-Europe-Asia.

Figure 6: Cargo throughput January to June 2014 and 2013, as well as plan for the year 2014



Cargo structure by type

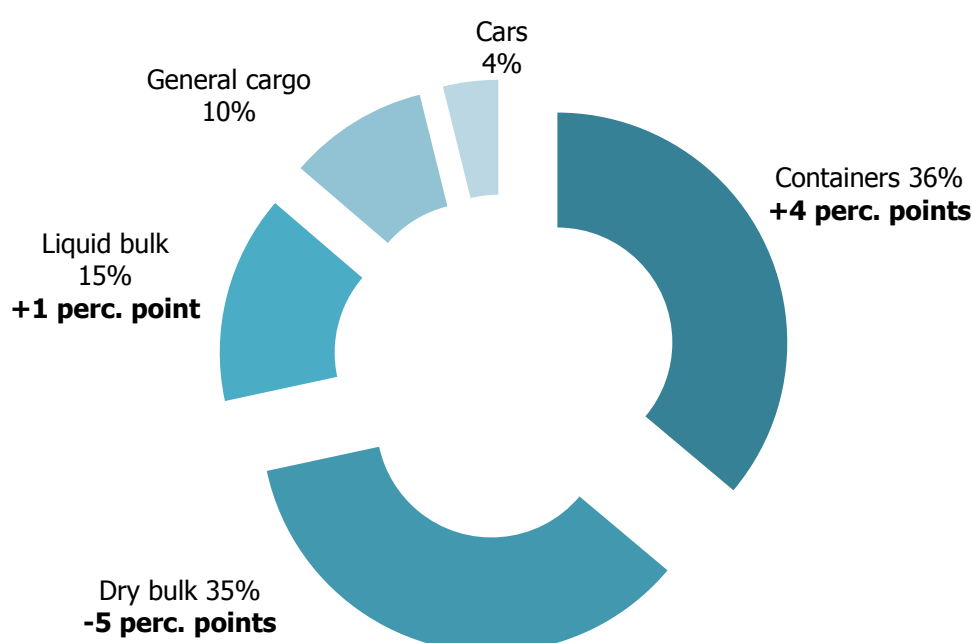
Table 2: Cargo throughput by cargo type, tonnage measure, January – June 2014 and 2013

CARGO TYPE (in tonnes)	1 - 6 2014	1 - 6 2013	Index 2014/2013
General cargos	912.244	860.040	106
Container freight	3.346.120	2.875.781	116
Cars	359.138	329.806	109
Liquid cargos	1.357.860	1.251.326	109
Dry bulk cargos	3.289.263	3.584.010	92
TOTAL	9.264.625	8.900.963	104

Table 3: Container freight (in TEUs) and cars (in units) throughput, January –June2014 and 2013

CARGO TYPE	1 - 6 2014	1 - 6 2013	Index 2014/2013
Container freight – in TEUs	333.203	295.530	113
Cars – in units	246.439	233.769	105

Figure 7: Structure of cargo throughput by type January –June2014 and percentage change in relation to January –June 2013



General cargoes

In the first half of 2014, the *Luka Koper Group* handled six per cent more general cargo than in the same period last year. An upturn was recorded in volumes of ferrous pertaining to the Italian market and in livestock transshipment.

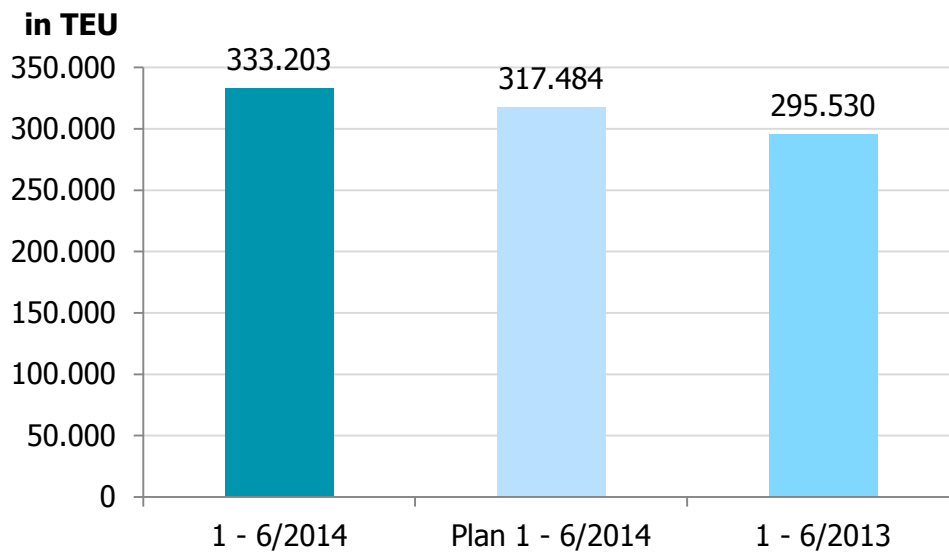
The volume of handled timber, where the mayor portion is represented by the export of sawn timber of conifers to the countries of North Africa registered one per cent increase of the throughput with respect to the first half of 2013.

Due to the world market situation the fruit transshipment with conventional reefer vessels has been reducing.

Container freight

333.203 TEUs were handled in the first half of 2014, which is a year-on increase of thirteen ten per cent in container freight. The throughput of full containers rose by fourteen per cent whilst the throughput of empty ones, by six per cent. The Group registered a ten per cent increase in throughput of full containers in import and a nineteen per cent increase in export. In the first half of the year the export from hinterland countries via Koper has increased substantially, making Koper an important export point for Central European markets .

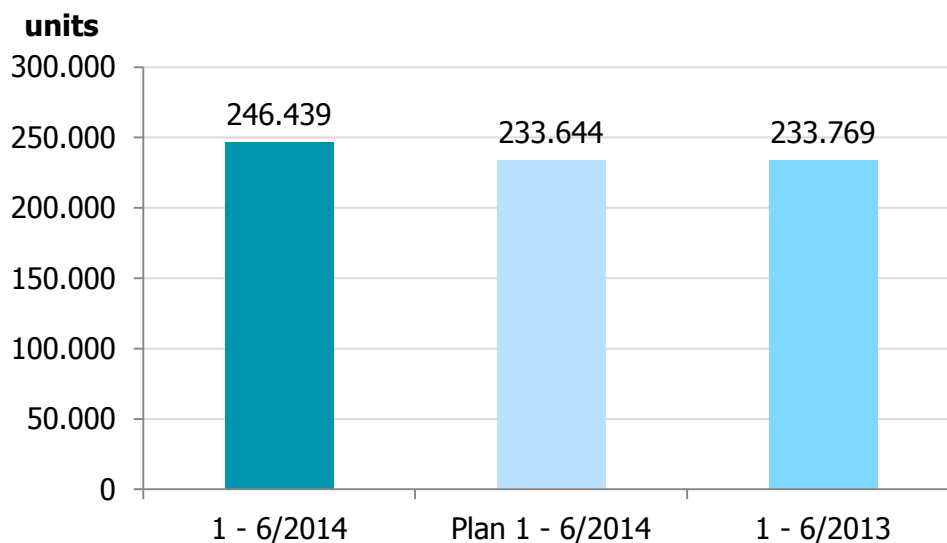
Figure 8: Containers freight throughput, January to June 2014 and 2013 (in TEUs)



Cars

246,000 cars were handled in the first half of 2014, which is which is a five per cent year-on increase. 105,000 cars were imported into the European continent, while 141,000 were transported overseas via the Port of Koper.

Figure 9: Throughput of cars January to June 2014 and 2013 (in units)



Liquid cargos

The throughput of liquid cargos in the first half of 2014 recorded a nine per cent year-on increase; this rise was due in particular to oil derivatives.

Dry bulk cargos

The volume of dry bulk cargoes handled by Luka Koper was eight per cent down on the same period last year.

In the first half of 2014, the coal terminal registered upturn of handled volumes of iron ore and downturn of handled coal. The largest volume of handled iron ore resulted from the anticipated arrival of scheduled vessels. A minor throughput of coal is attributable to the temporary closure of an Italian power plant, but it will be achieved till the end of 2014.

In the first half of 2014 the Group registered minor throughput of raw materials destined to the construction industry, while the throughput of cereals increased and exceeds the volume handled last year's.

Marketing activities

During the first half of 2014, and in addition to its traditional marketing activities in its hinterland markets, *Luka Koper Group* invested a lot of effort in its overseas markets.

Luka Koper organised and attended several conferences in European markets. Jointly with the Embassy of the Republic of Slovenia *Luka Koper d.d.* organised a Port Day in Budapest in occasion of celebrating the 10th anniversary of Slovenia joining the European Union. Budapest. The company presented its plans and activities at Danube Region conference in Salzburg, at Slovenian-Czech Economic Forum in Ljubljana and joined a commercial delegation on a visit to Poland. In overseas markets, *Luka Koper* visited existing and potential customers in South Korea and Iran. *Luka Koper d.d.* joined the Slovenian-Indian and Slovenian-Japanese Business Council. *Luka Koper d.d.* presented its activities and plans

at the conference held in India and met the Japanese foreign trade representatives in Vienna and Budapest.

In conjunction with the Association of Northern Adriatic Ports (NAPA) Luka Koper d.d. presented its activities at trade fairs and conferences in Morocco, Qatar and Shanghai.

RISK MANAGEMENT

The risk management established by the Luka Koper Group is a process, based on the principle of continuous improvement. Persons in charge for single key risks, as identified in the risk register, are accountable to manage this risks by undertaking appropriate measures or activities. In the second quarter of 2014 no key risks which could have jeopardized the achievement of goals have been registered.

LKPG SHARE

As of June 2014 *Luka Koper d.d.*, had 12.085 shareholders, which is a year-on decline of 3,7per cent. The ten largest shareholders held 76.46 per cent of all *Luka Koper d.d.*, stock. The Republic of Slovenia, with its fifty-one per cent stake, is the company's largest shareholder.

Table 4: Ten largest shareholders in Luka Koper d.d., as of 30th June 2014

Shareholder	No. of shares	Per centage stake
1. Republika Slovenija	7.140.000	51,00%
2. Slovenska odškodninska družba, d.d.	1.557.857	11,13%
3. Kapitalska družba, d.d.	696.579	4,98%
4. Koper Municipality	466.942	3,34%
5. Unicredit Bank Austria AG - fiduciarni	234.740	1,68%
6. KD Galileo, fleksibilna struktura naložb	158.230	1,13%
7. Perspektiva FT, d.o.o.	125.895	0,90%
8. Parametric Emerging Markets Fund	118.550	0,85%
9. Zavarovalnica Triglav, d.d.	104.756	0,75%
10. KD Rastko, delniški sklad	100.965	0,72%
Ten largest shareholders - total	10.704.514	76,46%
Total shares	14.000.000	100,00%

Trading in LKPG shares

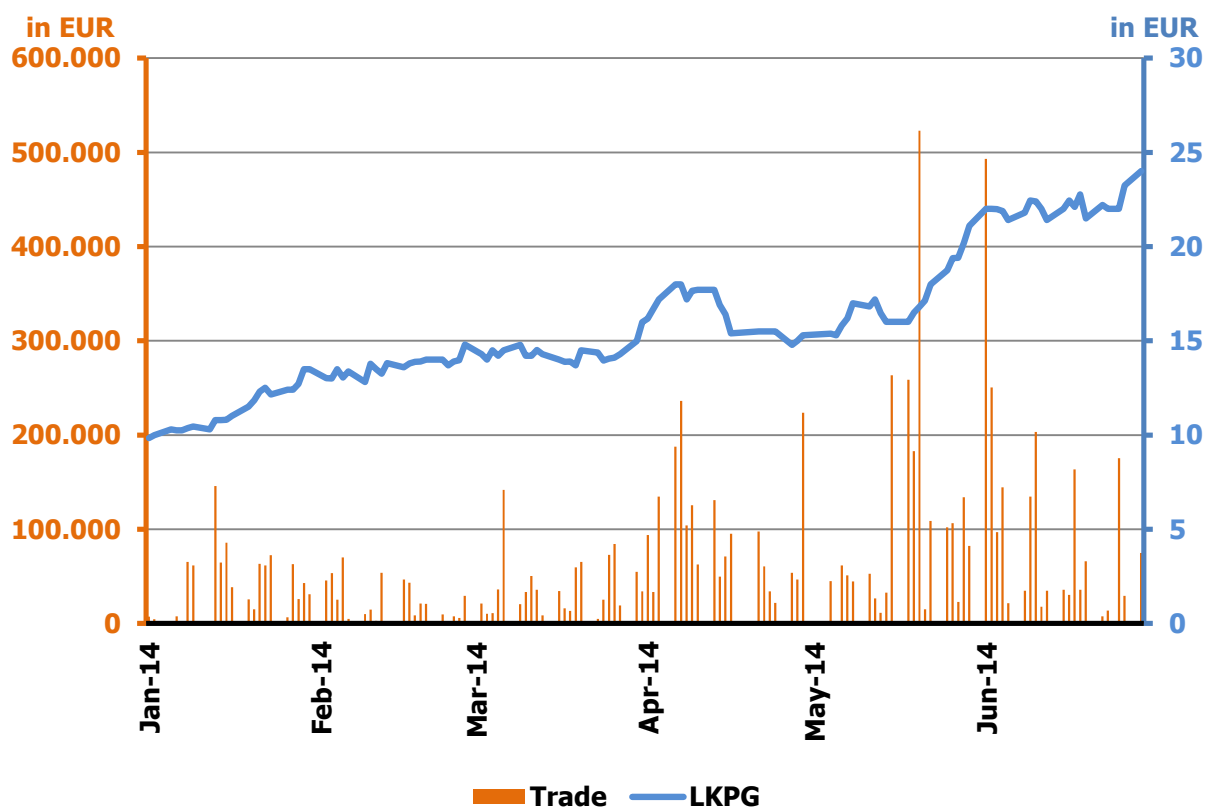
In the first half of 2014, the average of *Luka Koper, d. d.*, amounted to € 15.76, whilst its overall trading value fluctuated between € 9.85 and € 24.00. The highest daily trading price was € 24.99 and the lowest € 9.37. As of 30th June 2014, the market capitalisation of *Luka Koper d.d.* shares amounted to € 209,860,000.

There were 2.319 transactions and block trades in LKPG shares over the period, and a total 503,197 shares with an aggregate value of € 8.278.079 changed ownership.

Table 5: Relevant data on the LKPG share January to June 2014 and 2013

	2014	2013
Number of shares as of 30 th June	14.000.000	14.000.000
Number of ordinary no-par-value shares	14.000.000	14.000.000
Closing price as of 30 th June (in euro)	24,00	9,00
Book value of share as of 30 th June	18,49	17,41
Price-to-Book (P/B) ratio	1,30	0,52
Average weighted market price (in euro) ²	16,45	8,49
Average book value of share (in euro) ³	17,93	17,13
Ratio between average weighted market price and average book value of the share	0,92	0,50
Net earnings per share (EPS) (in euro) ⁴	1,94	1,04
Ratio between market price and earnings per share (P/E) ⁴	12,34	8,64
Market capitalisation as of 30 th June (in million euro)	336,0	126,0
Turnover (all transactions) January to March (in million euro)	8,3	3,7

Figure 10: LKPG closing price and the value of daily trades, January to June 2014



² 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.

³ Average book value of the LKPG share is calculated on the basis of average monthly ratios between equity and number of ordinary shares.

⁴ Indicators are calculated on the basis of annualised data.

Number of LKPG shares held by Supervisory and Management Board members

As of 30th June 2014, the following members of the *Luka Koper d.d.* Supervisory Board held shares in the company:

Nebojša Topič, M.Sc., Supervisory Board member	9
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As of 30th June 2014, the Management Board President, Dragomir Matič, held 1.238 shares in the company.

Dividend policy

The *Luka Koper d.d.* dividend policy combines the shareholders' strive for dividend yield with the requirement that net profit is reinvested into the business.

Considering the operating result in 2013 and dividend policy, the proposal of the General Meeting about the allocation of distributable profit, which on 31st December 2013 amounted to 3.721.761 euros, is the following:

- 1,400,000 euros will be disbursed as dividends to shareholders in the gross value of 0.1 euro per share;
- the remaining portion of distributable profit in the amount of 2,321,761 euros shall remain undistributed.

At the 25th session of the General Meeting of Luka Koper d.d. shareholders, d. d., on July 8, 2014, the counter-proposal as to the allocation of distributable profit of the shareholder Republic of Slovenia and SDH, d. d., was endorsed, and namely:

- the portion of distributable profit in the amount of € 2,240,000 will be distributed as dividends in the gross value of € 0,16 per share.
- the remaining portion of distributable profit in the amount of 1,481,761 euros will remain undistributed.

Over the coming years, and taking into consideration plans for investment into port infrastructure and plant, the company anticipates the distribution of up to one-third of net profit as dividends.

Treasury stock, authorised capital, conditional increase in share capital

As of 30th June 2014 *Luka Koper d.d.* didn't hold any treasury stock. The company Statute doesn't provide for any category of authorised capital through which the Management Board may increase share capital. Further to this the company had no grounds for any conditional increase in share capital in the January to June 2014 period.

NON-FINANCIAL INVESTMENTS

In the first half of 2014 the *Luka Koper Group* invested 16.9 million euros into capital assets, which is a 158 per cent increase on the same period last year. 16 million euros were invested by *Luka Koper d.d.*, which accounts for ninety-five per cent of the *Group's* total investments.

The most significant infrastructure investments in the first half of 2014 were as follows:

- due to the extension of the storage areas at Container Terminal and direct connection of the shore 7.C with the hinterland Luka Koper d.d. started the construction of the hinterland storage area at berth 7.C at Pier I,
- due to the increased throughput at Container Terminal at Pier I started the dredging works of the navigation channel and northern part of Basin I to a depth -15 metres
- for the needs to of the disposal of dredged material from the northern side of Basin I two landfill sites were constructed in the Ankaran bonifika area and namely landfill site 7 A and landfill site 799/29 k.o. Ankaran,
- the upgrading of the analog and video surveillance system with IP technology,
- acquisition of new handling equipment for dry bulk cargos.
- in order to prevent the railway accidents the reconstruction of critical part of railway tracks was started
- due to a increased number of customers' requirements to store the cars on asphalted areas, Luka Koper d.d. started the asphaltting of the storage area for the storage of vehicles on the surface of 24.000 m²,
- storage areas at Container Terminal were reconstructed and a new lift for transport of the personnel to the container crane was acquired,
- the coal depot was consolidated and asphalted;
- due to the change in heating system i.e. the shift from fuel oil to biomass, the fuel boiler in in the boiler room of central changing rooms has been replaced
- in order to ensure a smooth implementation of handling of wagons and shuntings of railway wagons in the Porft of Koper area, the deteriorated vehicle was replaced with a new Vosloh railway vehicle.

RESEARCH & DEVELOPMENT

In the first half of 2014, the *Luka Koper Group* further pursued its European co-operation projects, which mainly pertain to the planning and development of national and pan-European transport infrastructure, logistics concepts, environmental protection, safety, maritime protection, hazardous cargoes and IT upgrades.

In the first half of 2014, Luka Koper d.d. pursued the project related to the European territorial cooperation, mainly related to the planning and development of the national and Trans European transport infrastructure, logistic concepts, environmental protection, dangerous cargoes and IT updates. *Luka Koper* began 2014 with 16 European projects of which three were completed i.e. SETA, EMPIRIC and GREENCRANES were completed.

In the field of territorial collaboration, the company was actively engaged in the following projects: *EMPIRIC*, *LOGICAL*, *INWAPO*, *GIFT*, *Greenberth*, *INTE-RANSIT*, *iFreightMED*. In the context of the *Italy-Slovenia Cross-border Co-operation Programme*, part of the *ADRIA-A* project which focuses on the promotion of regional transport links and services, *Luka Koper* further pursued the development of passengers. Within the *SafePort* collaborative research project, intensive efforts were also invested into the management of environmental and industrial risks in Northern Adriatic ports.

In the context of the *TEN-T* programme, activities were further implemented in relation to the following projects:

- *NAPADRAG*, focusing on improving nautical access, as well as anticipating the co-funding of dredging work to deepen Basin I;
- *NAPAPROG* pursuing the development of terminals and multimodal facilities, as well as focusing on the elaboration of project documentation for the extension of the southern portion Pier I; and
- *B2MoS* providing improvements to information systems and communication with business and institutional partners.

At last TEN-T call for proposals in March this year 2014, from the former financial perspective 2007 – 2013, we received a positive assessment for the NAPA STUDIES project, related mainly to the elaboration of the project documentation for the future implementation of priority port's investments till 2020. The activities have been accelerated and are underway.

Luka Koper further initiated training programmes within the *Competence Centre for the Development of Logistics Personnel* to provide employees with new knowledge and skills. Resources were also invested into the renovation of the port's biomass energy plant, a project which will be co-funded by the state.

Likewise, the preparations to the new financial perspectives 2014 – 2020 were well underway. Jointly with competent Ministries and bodies we have harmonised the investments in the port's infrastructure, which *Luka Koper d.d.* endeavours to include in the

co-funding for the period 2014 – 2020. The harmonization of the Partnership Agreement between Slovenia and the European Union, preparation of Operational Agreements for the new financial perspective and the formulation of Working programmes of priority TEN-T corridors (Baltic-Adriatic and Mediterranean) are underway. Luka Koper actively pursued its collaboration with local institutions in the realisation of port's development plans and their inclusion in the Regional Development Programme 2014 – 2020.

Luka Koper has also been very active in the *Association of North Adriatic Ports (NAPA)*, taking on the presidency of NAPA until the end of 2014. In the context of the Association, in joint promotional activities have taken place in Morocco, Qatar and Shanghai in the second quarter of 2014

Luka Koper pursued its activities within the *European Sea Ports Organisation (ESPO)* where most attention was paid to the financing of European development co-operation, and specifically the EU's new financial perspective 2014-2020 as well as priorities as regards the port sector further adoption of the Port's regulation in occasion of the new composition of the European Parliament. The engagement of the European terminal operators FEPOR has been intensified and Luka Koper also took an active part in the undergoing activities.

SUSTAINABLE DEVELOPMENT

NATURAL ENVIRONMENT

With the aim of becoming a "green port", *Luka Koper* pays much regard to the environmental aspects of its operations and continuously monitors their various impacts. Information in relation to all pertinent environmental metrics and issues are promptly published online at www.luka-kp.si and via the company's *Living With the Port* website www.zivetispristaniscem.si, as well as the in-house *Luški Glasnik* gazette and the media.

Air quality

In order to reduce dusting at the coal and iron ore depot, *Luka Koper* has intensively implemented a new procedure for the application of protective paper sludge on bulks in storage. Within the framework of the investment and maintenance work approximately 10.000 m² of coal depot has been asphalted. This will additionally reduce the dusting, and allow the cleaning of surfaces, the transport of vehicles will not be carried out on unpaved surfaces. The asphaltting of the whole depot is planned and will be carried out by phases. Another line of conveyor belts was installed at the depo, thus enabling the reduction of machinery transport across the depot and consequently minor dusting.

Monthly measurements of dust deposits are made at ten locations within the port zone. The measured values across these locations in the period January – June 2014 are within the company objective (250 mg/m²dan), as the average value recorded across these locations amounted to 149 mg/m²dan. The recorded values are thirteen per cent higher than in the same period last year, but attributable to major construction works, such as the extension of Pier I and asphaltting of coal depot.

Legally prescribed ongoing measurements of airborne concentrations of PM10 particulates implemented by an authorised independent institution are taken at three locations within the port zone. In the January – June period, the readings were below the legally prescribed 40 µg/m³ threshold value. The readings of two devices that facilitate automatic real-time measurements are published hourly on the Living With The Port www.zivetispristaniscem.si website. The recorded values are somewhat higher than in the same period last year but this is most likely attributable to the expected fluctuations during the year and to the impact of the construction works within the port's area.

Average PM₁₀ airborne particulate measurements, January to June 2014 and 2013

	1 – 6 2014	1 – 6 2013	Index 2014/2013
Ankaran – Rožnik	21µg/m ³	20µg/m ³	105
Bertoki	25µg/m ³	22µg/m ³	114
Koper–Cruise Terminal	21µg/m ³	20µg/m ³	105

Waste management

In order to protect the environment, *Luka Koper* ensures that waste separation is extended across all terminal operations as well as to all users of the port zone, vessels included. Separately-collected waste is delivered to external waste-processing contractors and agents, whereas organic waste is processed at the composting plant within the port zone. *Luka Koper* also collaborates with external companies in relation to recycling and waste processing.

In the first half of 2014 *Luka Koper* collected some tons less waste than in the equivalent half year of the previous year. Nevertheless, the company exceeded its set objective of eighty-four per cent, sorted and separately collected the waste.

The project related to the reconstruction of on port's boiler room was completed, and which will use the unpolluted port's wood waste – chips as the replacement of the fuel oil. The produced heat will be utilized in a building outside the port's area, which is destined to health and catering services.

Separately-collected waste, January to June 2014 and 2013

	1 – 6 2014	1 – 6 2013	Index 2014/2013
Separately-collected waste	91%	91%	100

Noise emissions

Noise levels are continuously monitored by devices at three peripheral points within the port zone, real-time results are published online via the *Living With the Port* www.zivetispristaniscem.si website.

Average noise levels in dB(A) for the January to June 2014 and 2013 periods

1 – 6 2014			1 – 6 2013			statutory limit
Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	
L _N =50	L _N =52	L _N =59	L _N = 51	L _N = 53	L _N = 60	L _N = 63

The noise level values recorded at all three locations in the port zone were slightly down on those recorded in the same period in 2013.

In January started construction works on extending the storage area at the head of Pier I, including also pile driving which was only undertaken during daylight hours. The works have been completed and the average daily level of noise emissions has not been exceeded.

Consumption of energy and water

Consumption of energy and water per tonne of cargo handled, January to June 2014 and 2013

	1 – 6 2014	1 – 6 2013	Index 2014/2013
Electricity consumption (kWh/tonne)	1,17	1,24	94
Fuel consumption (litres/tonne)	0,2564	0,2443	105
Potable water consumption (litres/tonne)	6,24	6,98	89

Energy consumption

In the first half of 2014 *Luka Koper* further monitored of the consumption of energy and water in relation to established targets.

In the second half of 2014 *Luka Koper d.d.* will upgrade the existing energy review information system by introducing new tools for further monitoring of energy and water in relation to the established target.

In the first quarter of 2014, *Luka Koper* exceeded its annualised energy consumption target by 0.78 per cent (65.190 kWh). This was mainly due to the winter-effect and increased illumination in relation to General Cargo and Livestock operations. A reduction in illumination was registered during the spring months, and consequent energy consumption values are closer to the annual target level.

As a result of increases in fuel consumption at the Timber, General Cargo and Container terminals, annualised targets for 2014 were exceeded by 5,9 per cent (120.233 litres). This rise is attributable to the rise in cargo volumes at the aforementioned terminals and the consequent need for additional handling operations.

In the first half of 2014, water consumption was 3.21 per cent (1.401 m³) below the annualised target amount. The consumption of potable water is not directly related to cargo throughput and is in part related to pipe-work distribution losses, hence this particular indicator is more difficult to manage.

The energy review at the Fruit Terminal will be completed in July 2014 as part of the *ERDF Green Berth* project and will serve to prepare measures aimed at, among other objectives, reducing the consumption of energy.

Wastewater

Typical sewerage waters account for a major portion of wastewater produced within the port zone; industrial wastewaters account for a smaller proportion of total, and are appropriately processed in in-house treatment plants prior to their discharge. Sewerage waters are for the most part treated at Koper's municipal treatment plant.

In the first half of 2014 an authorised agency implemented measurements in relation to industrial wastewaters within the port at the Liquid Cargoes Terminal, where the results are within the legally prescribed values.

The control measurements of wastewaters on the areas where the scrap is stored, were implemented. The measurements resulted within the legally prescribed limits.

Light pollution

The port zone requires sufficient lighting to ensure operational safety, and this is provided in accordance with current statutory regulation. Unfortunately, the night-time illumination of operational areas, rail yards and roadways, causes light pollution.

For this reason, and based on a comprehensive study of port illumination, lighting is being rehabilitated in a series of stages to avoid upward glare. The legally prescribed deadline for the 100 per cent rehabilitation is the end of December 2016. Thus far, some eighty-five per cent of all outdoor lighting within the port zone has been appropriately regulated, while the objective for 2014 is to increase this figure to ninety per cent.

Maritime protection

Pursuant to the provisions of the Concession Agreement for the provision of port services, as well as the management, development and maintenance of the Port of Koper, the prevention of pollution and clean-up operations in the event of incidents and accidents form part of *Luka Koper's* everyday operations. Fifteen incidents were recorded within the harbour area during the first six months of 2014. There were three incidences of oil spillage, eight cases of coal dust pollution, two involving fluvial materials and tree branches, and two of soot pollution. In all cases, the company took appropriate measures in compliance with the Force and means activation scheme in case of a minor incident and pollution consequences. Those who were identified as responsible for the accidents were traced and made liable for the costs of clean-up operations. 8 incidents were recorded within the harbour area during the first half of 2014.

Pollution mitigation operations, January to June 2014 and 2013

	1 – 6 2014	1 – 6 2013	Index 2014/2013
No. of incidents	15	8	188

A sea quality monitoring facility installed in a buoy at the entrance to Basin III of the Port of Koper provides real-time metrics available online via the <http://www.zivetispristaniscem.si/website>.

Construction works

Major construction works in the first quarter of 2014 include the arrangement of the area at the head of Pier I, asphaltting of the part of surfaces at the coal depot, resurfacement of the asphalted surface at the Container Terminal, the completion of construction of two disposal sites for dredged materials and the commencement of seabed deepening in Basin I.

Development projects

In the first half of 2014, the extension of the Pier I was completed, which under current legislation, require environmental impact assessments.

Sea sediments

As part of the EU's *Safeport* project, a study into the impact port operations on the quality of sea sediments was implemented in the first half of 2014. Twelve silt samples were taken from Basins I, II and III at the Port of Koper, and one sample from the open sea in the adjacent bay. Sediment samples were taken from the seabed as well as from one metre below the seabed. The results showed that the port's activity had no impact on the quality of sea sediments, since no differences were remarked in the quality of sea sediments with respect to the reference point and with respect to the sediment concentration in depth.

Brick made from dredged silts was test produced in the context of a study. The physical and chemical properties of this prospective construction material are still subject to research.

HUMAN RESOURCES

The trend towards a reduction in the total workforce of *Luka Koper Group* companies, registered in the last two years, stopped. With respect to the situation as of June 30th, 2013, the number of employees increased by one per cent, in particular because of an intensive recruitment in Luka Koper, d. d., in the first half of 2014.

Table 6: Number of employees in Luka Koper Group companies

Company	30.6.2014	30.6.2013	31.12.2013	Index 30.6.2014/ 30.6.2013	Index 30.6.2014/ 31.12.2013
Luka Koper, d. d.	812	786	784	103	104
Luka Koper INPO, d. o. o.	166	179	168	93	99
Luka Koper Pristan, d. o. o.	4	4	4	100	100
Adria Terminali, d. o. o.	21	24	24	88	88
TOC, d. o. o.	3	2	2	150	150
TOTAL*	1.006	995	982	101	102

* The comparison includes only those enterprises with employees which were - as of 30th June 2014 - consolidated within the *Luka Koper Group* of companies.

In the first half of 2014, 37 recruitments were carried out, thereof 36 in *Luka Koper, d. d.* - The intensive internal reorganisation of services - which commenced at the end of 2013 - aiming to optimise work processes within *Luka Koper d.d.*, was carried out in the first quarter of 2014. The recruitments were implemented to senior professional and management positions. Across the second quarter the intensive personnel recruitment for the most part pertained operations staff for the core processes of cargo handling and warehousing. The purpose of new recruitments is to satisfy the needs of assuring additional human resources in relation to the planned throughput and the perseveration of the knowledge among employees, also at less valued posts resp. less demanding posts.

The number of departures due to the interruption of the employment relationship remained at the same level as previous year. Majority of departures are from the associated company Luka Koper INPO, d.o.o., mainly attributable to age-related retirements.

Employee churn rate remains low, at the comparable level a year previously.

Table 7: Recruitment, departures and churn rate in in the first half of 2014 and 2013

	No. of new employees		No. of departures		Churn rate (as %) *	
	1 – 6 2014	1 – 6 2013	1 – 6 2014	1 – 6 2013	1 – 6 2014	1 – 6 2013
Luka Koper, d. d.	36	8	8	7	1	0,9
Luka Koper Group	38	10	14	14	1,4	1,4

* Churn rate = number of departures / (initial number of employees + new recruitments) x 100

Employee sick leave

Sick leave among Luka Koper d.d. employees remains at the same level as previous year. Sick leave at the *Group* level amounted to 5.3 per cent of total working hours, whilst this figure was 5 per cent at *Luka Koper d.d.*

Occupational health and safety

Thirty-four work-related injuries were recorded between January and June, 2014, whilst thirty-two (two less), were recorded in the same period last year.

A number of measures have been implemented with the aim of reducing work-related injuries. One of the most important tasks is the acquisition of a permit to provide expert services in the field of occupational health and safety at work.

The Comprehensive Occupational Health and Safety Project within the *Luka Koper Group* aims to promote a healthy attitude towards work, quality working conditions as well as the physical and mental welfare of personnel. This project was upgraded through the final conference »Measurements of the lower back loading of *LK* employees«, undertaken by the *Scientific and Research Centre of the University of Primorska*.

Further, the project comprehends the counselling in the purchase of machinery and equipment from the aspect of ergonomic requirements. A lecture entitled Cardio-vascular risks and diseases was given in Luka Koper, underway is also the placement of the table for the eyesight test. The external contractors are regularly informed about specific threats and risks from the safety and health at work. The harmonization of measures and actions to remove the incongruities as well as prevention from hazardous occurrences are carried out. The measurements of braking effect by oscillometer have been introduced at periodical inspections of machinery. The collection of video and photographic material is underway as supplement to the technological procedures in assessment of risks at posts.

Personnel education and development

The educational structure of *Luka Koper* employees is constantly improving, notwithstanding the recruitments to the less qualified posts. The abovementioned results from the

recruitment of highly professional human resources, successful conclusion of the part-time studies and a large number of age-related retirements at the lowest educational levels.

The trainings are intensive as in previous years and the average number of education and training hours provided per *LK Group* employee amounted to 11,4, whilst this figures tood at 12,4 hours for *Luka Koper d.d.* personnel. In relation to the newly-created *Logistics Personnel Competence Development Centre, Luka Koper d.d.* and *Adria Terminali d.o.o.* have the possibility to draw EU project funds for education and training programmes aimed at typical employee profiles. Eighty per centof all educational programmes are organised internally, while *Luka Koper d.d.* finances the part-time studies of thirteen of its employees on the basis of contract.

Employees enjoy a variety of forms of career development as a consequence of intensified internal mobility within *Luka Koper d.d.*, aimed to optimize the work processes. Internal mobility of *LK Group* personnel increased from year-on fourteen per cent to twenty-three per cent this year. The base of human resources potentials was examined and reintroduced in *Luka Koper d.d.*

COMMITMENT TO THE COMMUNITY

Although mindful of its role as one of the most important local and regional protagonists of economic development, *Luka Koper* is also fully aware that the port is merely a guest in the environment in which it operates. Already a number of years *Luka Koper d.d.* takes care for the improvement of the life quality, cooperates with educational and research institutions-, supporting sport humanitarian and environmental activities. The interested public is informed at the corporate website www.luka-kp.si, website www.zivetispristaniscem.si, at facebook profile, with publication of videos on Youtube, *Luka Koper d.d.* also has an open communication with media.

In the first half of 2014 *Luka Koper d.d.* disbursed 0.56 million euros in charitable and such funding. Major proportion represents the obligations arising from multi-annual contracts, and fifty thousand euros were disbursed from the Living with the Port fund. *LUKA Koper* published a call for applications for funding and sponsorship via its website www.zivetispristaniscem.si website. In compliance to the criteria, there were 100 successful applicants among 244 received applications.

As a socially committed enterprise, *Luka Koper* became actively involved in putting right the severe damage caused by the tempest which affected large part of Slovenia in February. The railway line linking both the port and city of Koper with the rest of Slovenia and the continental hinterland was severed as a consequence of ice storms. It was due to the tremendous efforts of all stakeholders that rail services were able to recommence after just six days. In mid-February, as a gesture of thanks and solidarity with all those whose efforts contributed to a relatively rapid normalisation of port operations, *Luka Koper* organised a voluntary campaign involving construction companies to clear 40 km of impassable roads in Slovenia's Notranjska region. In the context of the *Stopimo Skupaj* event organised by *TV Slovenija*, *Luka Koper* donated 10,000 euros to the Slovenian Fire Service. In March, in collaboration with the Portorož-based *ŠKID Jaz Sem Najboljši* association, the company organised a charity run under the title "All for One and One for All with the aim of collecting voluntary contributions to help in the alleviation of the storm damage. Likewise the "Living with the Port" art colony, which was held in early March, also had a charitable note, whilst the auction of artworks produced at the event raised 7,440 euros. This, together with the money collected at the charity run, will be paid to the Red Cross which is to invite children from Planina, who were among the first affected by the storms and flooding, to the Debeli Rtič seaside resort.

Luka Koper has established constructive cooperation with the local community. The most important connecting point is certainly the Cruise Terminal project already having a positive impact on the tourism in Koper and in the broader Slovenian context. Wishing to contribute to the revitalization of the town of Koper and to take active part in the events, *Luka Koper d.d.* affiliated the Institute for a sustainable development of the town of Koper »Koper

Otok«, aimed to unify and link the shop keepers, restaurateurs and other entrepreneurs in the town. On 15th May 2014 we joined the Project Koper Card, introduced by the Tourist Organization Koper. By purchasing the tourist card the visitors of Koper may visit numerous monuments, on Saturdays also the Port of Koper and can benefit several discounts and reductions when visiting some shops and restaurants. At Open Port Day, which was organised for the eighth consecutive time last May, general public had the opportunity to visit the Port. During two-day event, almost 3.200 visitors visited the Port.

The local community's support for the future development of the port is also vindicated by an opinion poll conducted among Koper district residents last December. According to the survey, a good seventy-four per cent of respondents support port development as anticipated in the National Spatial Plan. The local population, however, still considers the port to be a major source of pollution but approves *Luka Koper's* commitment to environmental protection.

FINANCIAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS OF LUKA KOPER GROUP

Table 8: Income Statement of Luka Koper Group

(in euro)	1-6 2014	1-6 2013
Operating revenues	79.989.939	73.237.892
Other revenues	2.276.586	1.420.632
Material costs	6.771.695	5.842.104
Service costs	19.775.992	20.222.378
Labour costs	20.404.880	19.684.564
Value write-offs	13.694.081	14.017.025
Other operating expenses	3.290.927	4.061.859
Operating profit	18.328.950	10.830.594
Financial revenues from profit participation	328.367	270.085
Financial revenues from loans granted	61.206	63.825
Financial revenues from operating receivables	88.765	120.321
Financial expenses from financial investments	69.627	762.604
Financial expenses from financial liabilities	2.004.769	2.190.060
Financial expenses from operating liabilities	12.948	78.910
Financial gain (loss)	-1.609.006	-2.577.343
Pre-tax profit	16.719.944	8.253.251
Corporation tax	2.113.242	229.980
Deferred taxes	130.802	198.359
Net profit from ordinary activities	14.475.900	7.824.912
Net profit from discontinued operations	-	-31.707
Net profit for the period	14.475.900	7.793.205
Net profit – majority shareholders	14.466.099	7.795.979
Net profit – minority shareholders	9.801	-2.774
Net earnings per share: basic and diluted	1,03	0,56

Table 9: Comprehensive Income Statement of Luka Koper Group

(in euro)	1-6 2014	1-6 2013
Net profit for the period	14.475.900	7.793.205
Changes in surplus from revaluation of financial assets available for sale	4.725.148	332.530
Deferred tax on revaluation of financial assets available for sale	-803.275	-62.609
Change in fair value of hedging instruments	-807.613	1.013.745
Deferred tax on change in value of hedging instruments	137.294	-172.337
Other components of comprehensive income	-	-
Total comprehensive income to be recognised in the Income Statement	3.251.554	1.111.329
Other comprehensive income	3.251.554	1.111.329
Total comprehensive income for the period	17.727.454	8.904.534
Total comprehensive income for the period – controlling shareholder	17.717.653	8.907.308
Total comprehensive income for the period – non-controlling shareholders	9.801	-2.774

Table 10: Statement of Financial Position of Luka Koper Group

(in euro)	30.6.2014	31.12.2013
ASSETS		
Real-estate, plant and equipment	329.747.500	329.446.468
Real-estate investments	17.043.772	14.381.228
Intangible assets and long-term deferred costs and accrued revenues	5.329.372	5.591.405
Non-current financial investments	49.205.831	44.697.605
Loans granted	1.477.486	1.548.089
Non-current operating receivables	6.088	6.088
Deferred tax assets	6.585.249	7.382.031
Non-current assets	409.395.298	403.052.914
Assets (disposal group) held for sale	9.492.500	9.575.707
Inventories	213.541	-
Financial investments and loans granted	10.499	735.800
Operating receivables	27.326.281	25.295.670
Cash and cash equivalents	8.275.876	3.153.730
Current assets	45.318.697	38.760.907
Deferred costs and accrued revenues	4.432.016	1.744.742
TOTAL ASSETS	459.146.011	443.558.563
EQUITY AND LIABILITIES		
Share capital	58.420.965	58.420.965
Capital reserves	89.562.703	89.562.703
Revenue reserves	81.098.349	81.098.351
Revaluation surplus	12.476.590	9.225.036
Retained net profit	20.759.850	15.325.515
Net profit for the financial year	14.466.099	5.434.335
Equity – controlling shareholder	276.784.556	259.066.905
Equity – non-controlling shareholders	147.034	137.234
Provisions and long-term accruals	15.402.161	14.819.654
Loans	123.626.783	136.972.581
Other financial liabilities	1.616.083	1.099.393
Non-current operating liabilities	96.669	95.541
Non-current liabilities	125.339.535	138.167.515
Liabilities (disposal group) held for sale	73.488	80.377
Loans	16.887.208	15.211.280
Other financial liabilities	393.334	467.398
Corporation tax liabilities	-	368.300
Other current liabilities	20.275.711	13.117.243
Current liabilities	37.629.741	29.244.598
Accrued costs and deferred revenues	3.842.984	2.122.657
TOTAL EQUITY AND LIABILITIES	459.146.011	443.558.563

Table 11: Cash Flow Statement of Luka Koper Group

(in euro)	1-6 2014	1-6 2013
Cash flows from operating activities		
Net profit for the period	14.475.900	7.793.205
Adjustments for:		
Amortisation	13.617.055	13.954.711
Value write-offs and losses from the sale of real-estate, plant, equipment and real-estate investments	76.412	-
Profit from the sale of real-estate, plant, equipment, intangible assets and real-estate investments	-34.435	15.436
Allowance for receivables	614	61.992
Financial revenues	-478.338	-454.231
Financial expenses	2.087.344	3.031.574
Corporation tax and revenues (expenses) from deferred taxes	2.244.044	428.339
Operating profit before changes in net current assets and taxes	31.988.596	24.831.026
Change in net current assets and provisions		
Change in operating receivables	-1.749.859	-2.436.441
Change in current assets (disposal group) held for sale	-213.541	-
Change in deferred costs and accrued revenues	-2.687.274	-3.066.454
Change in operating liabilities	7.072.663	1.339.465
Change in provisions	582.507	1.255.831
Change in accrued costs and deferred revenues	1.720.328	1.973.931
Corporation tax	-2.113.242	-711.073
Cash inflows (outflows) from operating activities	34.600.178	23.246.285
Cash flows from investments		
Interest received	149.971	184.146
Dividends received	22.314	-
Proceeds from sale of real estate, plant and equipment, and intangible assets	59.976	307
Proceeds from sale of real-estate investments	-	-
Proceeds from sale and reduction of financial investments and loans granted	708.204	3.770.260
Acquisition of real estate, plant and equipment, and intangible assets	-16.898.133	-6.562.057
Acquisition of real-estate investments	-	-
Acquisition of financial investments and increase of loans granted	-6.163	-659.558
Cash inflows (outflows) from investments	-15.963.831	-3.266.902
Cash flows from financing activities		
Interest paid	-2.017.717	-2.268.970
Proceeds from received non-current loans	20.338	24.504
Proceeds from received current loans	80.000	-
Expenses in the repayment of non-current loans	-11.549.870	-7.190.930
Expenses in the repayment of current loans	-46.952	-6.449.900
Change in equity	-	31.834
Dividend paid	-	-
Cash inflows (outflows) from financing activities	-13.514.201	-15.853.462
Opening balance of cash and cash equivalents	3.153.730	1.608.345
Financial gain (loss) for the period	5.122.146	4.125.921
Closing balance of cash and cash equivalents	8.275.876	5.734.266

Table 12: Statement of Changes in Equity of Luka Koper Group, 2014

(in euro)	Share capital	Capital reserves	Legal reserves	Other revenue reserves	Retained net profit	Net profit for the year	Revaluation surplus	Equity of controlling shareholders	Equity of non-controlling shareholders	Total equity
Closing balance as of 31stDecember 2013	58.420.965	89.562.703	18.765.115	62.333.234	15.325.515	5.434.335	9.225.036	259.066.903	137.234	259.204.137
Opening balance as of 1st January 2014	58.420.965	89.562.703	18.765.115	62.333.234	15.325.515	5.434.335	9.225.036	259.066.903	137.234	259.204.137
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Net profit for the reporting period	-	-	-	-	-	14.466.099	-	14.466.099	9.801	14.475.900
Change in surplus from financial investments revaluation reduced by tax	-	-	-	-	-	-	3.921.873	3.921.873	-	3.921.873
Change in fair value of hedging instruments reduced by tax	-	-	-	-	-	-	-670.319	-670.319	-	-670.319
	-	-	-	-	-	14.466.099	3.251.554	17.717.653	9.801	17.727.454
Changes in equity										
Allocation of the remaining portion of net profit to other components of equity	-	-	-	-	5.434.335	-5.434.335	-	-	-	-
	-	-	-	-	5.434.335	-5.434.335	-	-	-	-
Closing balance as of 30th June 2014	58.420.965	89.562.703	18.765.115	62.333.234	20.759.850	14.466.099	12.476.590	276.784.556	147.035	276.931.591

Table 13: Statement of Changes in Equity of Luka Koper Group, 2013

(in euro)	Share capital	Capital reserves	Legal reserves	Other revenue reserves	Retained net profit	Net profit for the year	Revaluation surplus	Equity of controlling shareholders	Equity of non-controlling shareholders	Total equity
Closing balance as of 31st December 2012	58.420.965	89.562.703	18.877.761	60.027.111	10.845.942	6.715.086	4.750.560	249.200.128	128.192	249.328.320
Opening balance as of 1st January 2013	58.420.965	89.562.703	18.877.761	60.027.111	10.845.942	6.715.086	4.750.560	249.200.128	128.192	249.328.320
Changes in ownership equity- Transactions with owners										
Other changes of the ownership equity	-	-	-	-	31.843	-	-	31.843	-	31.843
	-	-	-	-	31.843	-	-	31.843	-	31.843
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	7.795.979	-	7.795.979	-2.774	7.793.205
Change in surplus from financial investments revaluation reduced by tax	-	-	-	-	-	-	269.921	269.921	-	269.921
Change in fair value of hedging instruments reduced by tax	-	-	-	-	-	-	841.408	841.408	-	841.408
	-	-	-	-	-	7.795.979	1.111.329	8.907.308	-2.744	8.904.534
Changes in equity										
Allocation of the remaining portion of net profit to other components of equity	-	-	-	-	6.715.086	-6.715.086	-	-	-	-
Other changes in equity	-	-	-112.646	-	112.646	-	-	-	-	-
	-	-	-112.646	-	6.827.732	-6.715.086	-	-	-	-
Closing balance as of 30th June 2014	58.420.965	89.562.703	18.765.115	60.027.111	17.705.517	7.795.979	5.861.889	258.139.279	125.418	258.264.697

NOTES TO THE FINANCIAL STATEMENTS OF LUKA KOPER GROUP

The interim statements of *Luka Koper Group* for the January to June 2014 period, i.e. as at 30th June 2014, encompass the financial statements of the parent company, *Luka Koper d.d.*, as well as the statements of its subsidiary enterprises, together with the attributable profits and losses of associated and jointly controlled companies.

Statement of compliance

These financial statements have been compiled in accordance with the Companies Act RS as well as International Reporting Standards (IRS) as adopted by the International Accounting Standards Board (IASB).

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, the *Luka Koper Group* wants to provide the broadest sphere of user's useful information on its finances, performance and changes in financial standing from January to June 2014, in comparison with data for the previous year, together with the *Group's* financial position as of 30th June in comparison with 31st December 2013.

The non-audited financial statements of the *Luka Koper Group* as of 30th June 2014 are compiled in accordance with the same accounting policies and principles that were applicable in 2013.

Assets (disposal group) held for sale

In April 2013, *Luka Koper d.d.* reclassified its holding in *Luka Koper Pristan d.o.o.* as an asset held for sale, a measure which affects the *Luka Koper Group's* Consolidated Financial Statements. In the Statement of Financial Position as at 30th June 2014, the net assets of *Luka Koper Pristan d.o.o.* are disclosed under assets held for sale, whilst the company's liabilities are disclosed under liabilities held for disposal. *Luka Koper Pristan's* net profit is fully disclosed in the Consolidated Income Statement and not under a separate item of net profit of discontinued operations due to the fact that this company's operations do not fall within the *LK Group's* core activities.

Reclassification of assets and liabilities of Luka Koper Pristan d.o.o to assets held for sale as of 30th June in 2014

(in euro)	30 th June 2014
ASSETS	
Real-estate, plant and equipment	1.408.901
Deferred tax liabilities	28.378
Non-current assets	1.437.279
Assets (disposal group) held for sale	2.089
Operating receivables	60.523
Cash and cash equivalents	19.042
Current assets	81.654
Deferred costs and accrued revenues	8.618
TOTAL ASSETS	1.527.551
LIABILITIES	
Provisions and long-term accruals	3.937
Non-current operating liabilities	2.140
Non-current liabilities	2.140
Other current liabilities	52.380
Current liabilities	52.380
Accrued costs and deferred revenues	15.031
TOTAL LIABILITIES	73.488

As of 30th June 2014, *Luka Koper Group* assets held for sale in relation to *Luka Koper Pristan d.o.o.* amounted to 1.527.551 euros, whilst its liabilities held for disposal amounted to 73.488 euros.

Additional notes to the Income Statement**Operating revenues**

(in euro)	Jan - June 2014	Jan - June 2013
Net sales revenues on domestic market from:	25.815.211	25.284.174
- services	25.254.088	24.631.318
- goods and materials	13.525	45.166
- rentals	547.598	607.690
Net sales revenues on foreign markets from:	54.174.728	47.953.718
- services	54.094.681	47.852.715
- rentals	80.047	101.003
Total operating revenues	79.989.939	73.237.892

Other revenues

(in euro)	Jan - June 2014	Jan - June 2013
Reversal	750.219	-
Subventions, grants and similar revenues	1.079.326	1.325.260
Revaluation operating revenues	34.435	15.436
Other revenues	412.606	79.936
Total other revenues	2.276.586	1.420.632

Material costs

(in euro)	Jan - June 2014	Jan - June 2013
Material costs	662	-
Costs of auxiliary materials	1.218.420	2.025.084
Costs of spare parts	1.739.226	-
Energy costs	3.562.720	3.546.641
Costs of office supplies	74.741	80.408
Other material costs	175.926	189.971
Total material costs	6.771.695	5.842.104

Service costs

(in euro)	Jan - June 2014	Jan - June 2013
Costs in the provision of services	10.229.993	9.758.720
Transportation costs	136.797	66.446
Maintenance costs	1.990.472	3.628.415
Rents	334.590	378.910
Reimbursement of costs associated with labour	180.901	195.912
Cost of payments processing and insurance premiums	250.160	249.591
Cost of intellectual and personal services	534.047	522.606
Cost of trade fairs, advertising and hospitality	583.093	539.824
Costs of other natural persons who are not performing the activity	176.938	119.733
Cost of other services	5.359.001	4.762.221
Total service costs	19.775.992	20.222.378

The accounting of maintenance costs within *Luka Koper d.d.* was altered due to an upgrade of the SAP information system. Henceforth the costs of maintenance services only disclose the costs of external service providers, whilst the materials used to this end are disclosed under material costs, or, more precisely, under costs of spare parts.

Labour costs

(in euro)	Jan - June 2014	Jan - June 2013
Cost of salaries	15.462.498	14.818.876
Social insurance costs	3.217.811	3.214.377
Other labour costs	1.724.571	1.651.311
Total labour costs	20.404.880	19.684.564

Value write-offs

(in euro)	Jan - June 2014	Jan - June 2013
Amortisation of real-estate, plant and equipment	13.293.301	13.608.807
Amortisation of real-estate investments	17.037	81.867
Amortisation of intangible non-current assets	306.717	264.037
Revaluation operating expenses from real-estate, plant and equipment	76.412	322
Revaluation operating expenses from current assets	614	61.992
Total value write-offs	13.694.081	14.017.025

Other operating expenses

(in euro)	Jan - June 2014	Jan - June 2013
Provisions	307.523	1.080.467
Other costs and expenses	2.983.404	2.981.392
Charges unrelated to labour and other costs	2.801.028	2.710.865
Environmental protection charges	31.802	30.777
Awards to apprentices and interns	6.084	4.579
Scholarships awarded to students	-	2.100
Other costs and expenses	144.490	233.071
Total other operating expenses	3.290.927	4.061.859

Financial revenues

(in euro)	Jan - June 2014	Jan - June 2013
Financial revenues from profit participation	328.367	270.085
Financial revenues from loans granted	61.206	63.825
Financial revenues from operating receivables and foreign exchange gains	88.765	120.321
Total financial revenues	478.338	454.231

Financial revenues from profit participation for the January-June 2014 period encompass profits from associated companies in the amount of 306.053 euros.

Financial expenses

(in euro)	Jan - June 2014	Jan - June 2013
Financial expenses from financial investments	69.627	762.604
Financial expenses from financial liabilities	2.004.769	2.190.060
Financial expenses from operating liabilities and foreign exchange losses	12.948	78.910
Total financial expenses	2.087.344	3.031.574

Operating profit for the period

(in euro)	Jan - June 2014	Jan - June 2013
Pre-tax profit	16.719.944	8.253.251
Corporation tax	2.113.242	229.980
Deferred taxes	130.802	198.359
Net profit from ordinary activities	14.475.900	7.824.912
Net profit from discontinued operations	-	-31.707
Net profit for the period	14.475.900	7.793.205
Net earnings per share	1,03	0,56

Additional Notes to the Statement of Financial Position**Real-estate, plant and equipment, real-estate investments and intangible fixed assets**

(in euro)	30.6.2014	31.12.2013
Real-estate, plant and equipment	329.747.500	329.446.468
Land and buildings	236.639.594	239.723.124
Land	9.650.245	9.612.708
Buildings	226.989.349	230.110.416
Production plant and machinery	63.125.280	65.766.265
Other plant and machinery	3.088.361	2.684.283
Real-estate, plant and equipment under acquisition	26.894.265	21.272.796
Real-estate investments	17.043.772	14.381.228
Intangible fixed assets, and long-term deferred costs and accrued revenues	5.329.372	5.591.405

Non-current financial investments and non-current loans granted

(in euro)	30.6.2014	31.12.2013
Non-current financial investments	49.205.831	44.697.605
Stocks and holdings in associated companies	11.509.708	11.435.706
Other stocks and holdings	37.696.123	33.261.899
Non-current loans granted	1.477.486	1.548.089
Loans granted to others	1.477.486	1.548.089

Assets held for sale

(in euro)	30.6.2014	31.12.2013
Real-estate, plant and equipment held for sale	4.616.548	6.262.853
Other non-current assets held for sale	4.875.952	3.312.854
Total assets held for sale	9.492.500	9.575.707

Inventories

(in euro)	30.6.2014	31.12.2013
Material inventories	213.541	-
Total current loans granted	213.541	-

In 2014, *Luka Koper d.d.* included inventories of materials and spare parts item in its accounts. Inventories are accounted in the SAP system according to average weighted prices.

Current loans granted

(in euro)	30.6.2014	31.12.2013
Loans granted to others	1.499	112.164
Deposits in banks and other financial institutions	9.000	623.636
Total current loans granted	10.499	735.800

Current operating receivables, and deferred costs and accrued revenues

(in euro)	30.6.2014	31.12.2013
Current operating receivables	27.326.281	25.295.670
Operating receivables from associated companies	226.813	229.471
Trade receivables	24.895.998	21.933.398
Operating receivables form others	2.203.470	3.132.801
Deferred costs and accrued revenues	4.432.016	1.744.742

Equity

(in euro)	30.6.2014	31.12.2013
Share capital	58.420.965	58.420.965
Capital reserves	89.562.703	89.562.703
Revenue reserves	81.098.349	81.098.351
Legal reserves	18.765.115	18.765.117
Other revenue reserves	62.333.234	62.333.234
Revaluation surplus	12.476.590	9.225.036
Retained net profit	20.759.850	15.325.515
Net profit for the financial year	14.466.099	5.434.335
Total equity of controlling shareholders	276.784.556	259.066.905
Equity of non-controlling shareholders	147.034	137.234

Provisions

(in euro)	30.6.2014	31.12.2013
Provisions for pensions and similar	966.075	1.014.296
Provisions for lawsuits	2.238.891	3.077.543
Other provisions	329.072	231.621
Long-term accruals	11.868.123	10.496.194
Total provisions	15.402.161	14.819.654

Non-current liabilities

(in euro)	30.6.2014	31.12.2013
Loans	123.626.783	136.972.581
Other financial liabilities	1.616.083	1.099.393
Non-current operating liabilities	96.669	95.541
Total	125.339.535	138.167.515

Current liabilities and accrued costs and deferred revenues

(in euro)	30.6.2014	31.12.2013
Current liabilities	37.629.741	29.244.598
Liabilities (disposal group) held for sale	73.488	80.377
Loans	16.887.208	15.211.280
Other financial liabilities	393.334	467.398
Current operating liabilities	20.275.711	13.485.543
Accrued costs and deferred revenues	3.842.985	2.122.657

Liabilities held for disposal include the liabilities of *Luka Koper Pristan d.o.o.*, a Luka Koper subsidiary held for sale.

Off-balance-sheet assets and liabilities

(in euro)	30.6.2014	31.12.2013
Granted sureties	6.309.256	6.309.256
Granted warranties and sureties	8.968.473	8.968.473
Contingent claims from lawsuits	37.306.116	37.306.115
Other contingent liabilities	123.299	128.776
Total contingent assets	52.707.143	52.712.620
Letters of credit	608.000	608.000
Granted warranties and sureties	1.687.526	1.687.526
Issued sureties	18.097.291	18.097.291
Contingent liabilities from lawsuits	19.918.825	8.330.213
Total contingent liabilities	40.311.642	28.723.030
Hedge accounting for interest rate swap GE	65.000.000	65.000.000
Total	158.018.786	146.435.650

NON-CONSOLIDATED FINANCIAL STATEMENTS OF LUKA KOPER D.D.

Table 14: Income Statement of Luka Koper d.d.

(in euro)	1-6 2014	1-6 2013
Operating revenues	76.041.744	69.850.540
Other revenues	1.250.687	240.547
Material costs	6.268.809	5.422.248
Service costs	20.095.719	20.811.605
Labour costs	17.674.827	16.920.433
Value write-offs	13.011.500	13.285.731
Other operating expenses	3.324.636	4.072.505
Operating profit	16.916.940	9.578.565
Financial revenues from profit participation	748.962	858.830
Financial revenues from loans granted	52.655	51.102
Financial revenues from operating receivables	85.602	116.706
Financial expenses from financial investments	62.577	744.995
Financial expenses from financial liabilities	2.098.218	2.293.814
Financial expenses from operating liabilities	12.396	78.737
Financial (gain) loss	-1.285.972	-2.090.908
Pre-tax profit	15.630.968	7.487.657
Corporation tax	1.888.589	-
Deferred taxes	129.203	198.185
Net profit for the period	13.613.176	7.289.472
Net earnings per share: basic and diluted	0,97	0,52

Table 15: Comprehensive Income Statement of Luka Koper d.d.

(in euro)	1-6 2014	1-6 2013
Net profit for the period	13.613.176	7.289.472
Change in surplus from revaluation of financial assets held for sale	4.725.148	332.530
Deferred tax on revaluation of financial assets held for sale	-803.275	-62.609
Change in fair value of hedging instruments	-807.613	1.013.745
Deferred tax on change in fair value of hedging instruments	137.294	-172.337
Total other comprehensive income to be recognised in the income statement	3.251.554	1.111.329
Other comprehensive income	3.251.554	1.111.329
Other comprehensive income	16.864.730	8.400.801

Table 16: Statement of Financial Position of Luka Koper d.d.

(in euro)	30.6.2014	31.12.2013
ASSETS		
Real-estate, plant and equipment	315.290.491	315.025.705
Real-estate investments	26.224.994	23.638.779
Intangible assets and deferred costs and accrued revenues	4.848.630	5.085.761
Non-current financial investments	46.976.121	42.541.896
Loans granted	1.313.960	1.384.563
Non-current operating receivables	6.088	6.088
Deferred tax assets	6.933.557	7.728.741
Non-current assets	401.593.840	395.411.533
Assets (disposal group) held for sale	8.178.862	8.233.179
Inventories	213.541	-
Financial investments and loans granted	316.318	534.983
Operating receivables	25.765.471	24.093.394
Cash and cash equivalents	6.952.658	895.323
Current assets	41.426.849	33.756.879
Deferred costs and accrued revenues	4.327.660	1.741.728
TOTAL ASSETS	447.348.351	430.910.140
EQUITY AND LIABILITIES		
Share capital	58.420.965	58.420.965
Capital reserves	89.562.703	89.562.703
Revenue reserves	81.098.349	81.098.349
Revaluation surplus	12.468.492	9.216.938
Retained net profit	3.721.761	1.415.638
Net profit for the financial year	13.613.176	2.306.123
Equity	258.885.446	242.020.716
Provisions and long-term accruals	11.300.574	10.354.268
Loans	133.825.863	147.223.161
Other financial liabilities	1.505.176	988.486
Non-current operating liabilities	49.717	60.090
Non-current liabilities	135.380.756	148.271.737
Loans	18.887.208	15.211.280
Other financial liabilities	392.888	466.845
Other current liabilities	19.044.823	12.751.481
Current liabilities	38.324.920	28.429.606
Accrued costs and deferred revenues	3.456.655	1.833.813
TOTAL EQUITY AND LIABILITIES	447.348.351	430.910.140

Table 17: Cash Flow Statement of Luka Koper d.d.

(in euro)	1-6 2014	1-6 2013
Cash flow from operating activities		
Net profit for the period	13.613.176	7.289.472
Adjustments for:		
Amortisation	12.935.088	13.229.660
Value write-offs and losses from the sale of real-estate, plant, equipment and real-estate investments	76.412	-
Profit from the sale of real-estate, plant, equipment, intangible assets and real-estate investments	-	8.936
Bad receivables allowance	-30.335	56.056
Financial revenues	-887.219	-1.026.638
Financial expenses	2.173.191	3.117.546
Corporation tax and revenues (expenses) from deferred taxes	2.017.791	198.185
Operating profit before change in current assets and taxes	29.898.105	22.873.217
Change in non-current assets and provisions		
Change in operating receivables	-1.467.558	-2.574.582
Change in inventories	-213.541	-
Change in deferred costs and accrued revenues	-2.585.933	-2.924.999
Change in operating liabilities	6.282.970	1.068.560
Change in provisions	946.306	1.746.950
Change in accrued costs and deferred revenues	1.622.842	1.895.750
Corporation tax	-1.888.588	-
Cash inflows (outflows) from operating activities	32.594.602	22.084.896
Cash flows from investments		
Interest received	138.257	167.808
Dividend received	748.962	8558.830
Proceeds from sale of real-estate, plant and equipment and intangible assets	55.876	-
Proceeds from sale of real-estate investments	-	-
Proceeds from sale and reduction of financial investments and loans granted	237.531	3.816.760
Acquisition of real-estate, plant and equipment and intangible assets	-16.011.557	-6.515.812
Acquisition of real-estate investments	-	-
Acquisition of financial investments and increase of loans granted	-42.000	-44.292
Cash inflows (outflows) from investments	-14.872.931	-1.716.706
Cash flows from financing activities		
Interest paid	-2.110.614	-2.372.551
Proceeds from non-current loans received	20.338	24.504
Proceeds from current loans received	2.280.000	-
Expenses from repayment of non-current loans	-11.601.369	-7.192.254
Expenses from repayment of current loans	-252.691	-6.449.900
Change in equity	-	31.834
Dividends paid	-	-
Cash inflows (outflows) from financing activities	-11.664.337	-15.958.367
Opening balance of cash and cash equivalents	895.323	629.077
Cash flow for the period	6.057.335	4.409.823
Closing balance of cash and cash equivalents	6.952.658	5.038.900

Table 18: Statement of Changes in Equity of Luka Koper d.d., 2014

(in euro)	Share capital	Capital reserves	Legal reserves	Other revenue reserves	Retained net profit	Net profit for the year	Revaluation surplus	Total equity
Closing balance as of 31st December 2013	58.420.965	89.562.703	18.765.115	62.333.234	1.415.638	2.306.123	9.216.938	242.020.716
Opening balance as of 1st January 2014	58.420.965	89.562.703	18.765.115	62.333.234	1.415.638	2.306.123	9.216.938	242.020.716
Total comprehensive income for the period	-	-	-	-	-	-	-	-
Net profit for the reporting period	-	-	-	-	-	13.613.176	-	13.613.176
Change in revaluation surplus of intangible assets	-	-	-	-	-	-	-	-
Change in revaluation surplus of tangible fixed assets	-	-	-	-	-	-	-	-
Change in revaluation surplus of financial investments reduced by tax	-	-	-	-	-	-	3.921.873	3.921.873
Change of fair value of hedging instruments reduced by tax	-	-	-	-	-	-	-670.319	-670.319
Unrealised actuarial gains (losses) reduced by tax	-	-	-	-	-	-	-	-
	-	-	-	-	-	13.613.176	3.251.554	16.864.730
Changes in equity								
Allocation of the remaining portion of net profit for the reporting period to other components of equity	-	-	-	-	2.306.123	-2.306.123	-	-
	-	-	-	-	2.306.123	-2.306.123	-	-
Closing balance as of 30th June 2014	58.420.965	89.562.703	18.765.115	62.333.234	3.721.761	13.613.176	12.468.492	258.885.446

Table 19: Statement of Changes in Equity of Luka Koper d.d., 2013

(in euro)	Share capital	Capital reserves	Legal reserves	Other revenue reserves	Retained net profit	Net Profit for the year	Revaluation surplus	Total equity
Closing balance as of 31stDecember 2012	58.420.965	89.562.703	18.765.115	60.027.111	-	3.763.795	4.750.560	235.290.249
Opening balance as of 1stJanuary 2013	58.420.965	89.562.703	18.765.115	60.027.111	-	3.763.795	4.750.560	235.290.249
Change of equity –transactions with shareholders								
Other changes of equity					31.843			31.843
	-	-	-	-	31.843	-	-	31.843
Total comprehensive income for the period								
Net profit for the reporting period	-	-	-	-	-	7.289.472	-	7.289.472
Change in revaluation surplus of financial investments reduced by tax	-	-	-	-	-	-	269.921	269.921
Change of fair value of hedging instruments reduced by tax	-	-	-	-	-	-	841.408	841.408
	-	-	-	-	-	7.289.472	1.111.329	8.400.801
Change in equity								
Allocation of the remaining portion of net profit for the reporting period to other components of equity	-	-	-	-	3.763.795	-3.763.795	-	-
	-	-	-	-	3.763.795	-3.763.795	-	-
Closing balance as of 30th June 2013	58.420.965	89.562.703	18.765.115	60.027.111	3.763.638	7.289.472	5.861.889	243.722.893

NOTES TO THE FINANCIAL STATEMENTS OF LUKA KOPER D. D.

The Koper-based Slovenian seaport and logistics system operator *Luka Koper d.d.* is the parent company of the *Luka Koper Group* of enterprises. These interim financial statements are compiled for January to June 2014, and thus reflect the company's position as at 30th June 2014.

Statement of compliance

The financial statements have been compiled in accordance with the Companies Act RS, as well as International Reporting Standards (IRS) as adopted by the International Accounting Standards Board (IASB).

Basis for the compilation of financial statements

The financial statements have been compiled in euros (EUR), rounded to the nearest unit. Through them, *Luka Koper d.d.* wishes to provide the broadest sphere of users information in relation to its performance in the January to June 2014, in comparison with a year previously, together with the company's financial standing as of 30th June 2014, in comparison with 31st December 2013.

The non-audited financial statements of *Luka Koper d.d.* for January to June are compiled in accordance with the same accounting policies and principles that were applicable in 2013.

Additional Notes to the Income Statement

Operating revenues

(in euro)	Jan –June 2014	Jan-June 2013
Net sales revenues on the domestic market from:	23.788.087	23.651.914
- services	23.037.503	22.815.543
- goods and materials	13.525	45.166
- rentals	737.059	791.205
Net sales revenues on foreign markets from:	52.253.657	46.198.626
- services	52.173.610	46.100.923
- rentals	80.047	97.703
Total operating revenues	76.041.744	69.850.540

Other revenues

(in euro)	Jan –June 2014	Jan-June 2013
Reversal of provisions	750.219	-
Subventions, grants and similar revenues	58.620	-
Revaluation operating revenues	30.335	8.936
Other revenues	411.513	231.611
Total other revenues	1.250.687	240.547

In the first half of 2014, the company shows other revenues in the amount of 1.250.687 euros, whereof 750.219 euros from reversal of provision on the basis of the judgement of the High Labour and Social Court which rejected the claim in the labour dispute.

Material costs

(in euro)	Jan –June 2014	Jan-June 2013
Cost of auxiliary materials	950.736	1.806.430
Cost of spare parts and maintenance materials	1.739.226	-
Energy costs	3.348.229	3.363.290
Cost of office supplies	66.839	72.995
Other material costs	163.779	179.533
Total material costs	6.268.809	5.422.248

Service costs

(in euro)	Jan –June 2014	Jan-June 2013
Costs in the provision of services	10.196.957	9.783.423
Transportation costs	122.987	58.134
Maintenance costs	2.540.113	4.304.953
Rentals	312.695	382.457
Reimbursement of costs associated with labour	161.789	187.012
Costs of payments processing and insurance premiums	214.323	206.715
Costs of intellectual and personal services	521.454	515.110
Costs of trade fairs, advertising and hospitality	586.641	544.784
Cost of services rendered by natural persons	157.445	115.717
Other service costs	5.281.315	4.713.300
Total service costs	20.095.719	20.811.605

Due to the upgrade of the SAP information system, the accounting of the maintenance costs of *Luka Koper d.d.* was altered. Maintenance services costs only disclose the costs of external services providers whilst the materials used to this end are disclosed under material costs, and more precisely, under costs of spare parts.

Labour costs

(in euro)	Jan –June 2014	Jan-June 2013
Costs of salaries	13.458.130	12.790.166
Social insurance costs	2.795.508	2.788.084
Other labour costs	1.421.188	1.342.183
Total labour costs	17.674.827	16.920.433

Value write-offs

(in euro)	Jan –June 2014	Jan-June 2013
Amortisation of real-estate, plant and equipment	12.473.891	12.753.892
Amortisation of real-estate investments	179.383	238.428
Amortisation of intangible non-current assets	281.815	237.340
Revaluation operating expenses from real-estate, plant and equipment	76.412	15
Revaluation operating expenses from current assets	-	56.056
Total value write-offs	13.011.500	13.285.731

Other operating expenses

(in euro)	Jan –June 2014	Jan-June 2013
Provisions	307.523	1.080.467
Other costs and expenses	3.017.113	2.992.038
Charges unrelated to labour costs and other costs	2.779.812	2.722.297
Environmental protection costs	40.854	35.403
Awards to apprentices and interns	5.177	3.154
Scholarships to students	-	2.100
Other costs and expenses	191.270	229.084
Total other operating expenses	3.324.636	4.072.505

In the first half of 2014, the company formed 307.523 euros in provisions to cover losses from litigations and claims for damages, on the basis of the labour dispute because of unlawful dismissal.

Financial revenues

(in euro)	Jan –June 2014	Jan-June 2013
Financial revenues from profit participation	748.962	858.830
Financial revenues from loans granted	52.655	51.102
Financial revenues from operating receivables and foreign exchange gains	85.602	116.706
Total financial revenues	887.219	1.026.638

Financial expenses

(in euro)	Jan –June 2014	Jan-June 2013
Financial expenses from financial investments	62.577	744.995
Financial expenses from financial liabilities	2.098.218	2.293.814
Financial expenses from operating liabilities and foreign exchange losses	12.396	78.737
Total financial expenses	2.173.191	3.117.546

Operating profit for the period

(in euro)	Jan –June 2014	Jan-June 2013
Pre-tax profit	15.630.968	7.487.657
Corporation tax	1.888.589	-
Deferred taxes	129.203	198.185
Net profit for the period	13.613.176	7.289.472
Net earnings per share	0,97	0,52

Additional Notes to the Statement of Financial Position**Real-estate, plant and equipment, real-estate investments and intangible fixed assets**

(in euro)	30.6.2014	31.12.2013
Real-estate, plant and equipment	315.290.491	315.025.705
Land and buildings	225.402.764	228.360.762
Land	7.276.980	7.280.453
Buildings	218.125.784	221.080.309
Production plant and machinery	60.084.787	63.032.036
Other plant and equipment	2.912.771	2.525.244
Real-estate, plant and equipment under acquisition	26.890.169	21.107.663
Real-estate investments	26.224.994	23.638.779
Intangible assets, and deferred costs and accrued revenues	4.848.630	5.085.761

Non-current financial investments and non-current loans granted

(in euro)	30.6.2014	31.12.2013
Non-current financial investments	46.976.121	42.541.896
Stocks and holdings in Group companies	1.562.288	1.562.288
Stocks and holdings in associated enterprises	7.717.710	7.717.709
Other stocks and holdings	37.696.123	33.261.899
Non-current loans granted	1.313.960	1.384.563
Loans granted to others	1.313.960	1.384.563

The increase of non-current financial investments results from the increase of the market value of the non-current financial investments in other stocks and holdings, which are carried at fair value.

Assets held for sale

(in euro)	30.6.2014	31.12.2013
Real-estate, plant and equipment held for sale	4.616.382	4.706.246
Other non-current assets held for sale	3.562.480	3.526.933
Total assets held for sale	8.178.862	8.233.179

Inventories

(in euro)	30.6.2014	31.12.2013
Material inventories	213.541	-
Total inventories	213.541	-

In 2014, *Luka Koper d.d.* included an inventories of materials and spare parts item in its accounts. Inventories are accounted in the SAP system according to average weighted prices.

Current loans granted

(in euro)	30.6.2014	31.12.2013
Loans granted to Group companies	314.819	422.819
Loans granted to others	1.499	112.164
Total current loans granted	316.318	534.983

Current operating receivables, and deferred costs and accrued revenues

(in euro)	30.6.2014	31.12.2013
Current operating receivables	25.765.471	24.093.394
Operating receivables from Group companies	238.885	51.496
Operating receivables from associated companies	226.813	229.471
Trade receivables	23.778.599	21.221.502
Operating receivables from others	1.521.174	2.590.925
Deferred costs and accrued revenues	4.327.661	1.741.728

The 2.585.933-euro increase in deferred costs and accrued revenues refers to current deferred costs and deferred holiday pay.

Equity

(in euro)	30.6.2014	31.12.2013
Share capital	58.420.965	58.420.965
Capital reserves	89.562.703	89.562.703
Revenue reserves	81.098.349	81.098.349
Legal reserves	18.765.115	18.765.115
Other revenues reserves	62.333.234	62.333.234
Revaluation surplus	12.468.492	9.216.938
Retained net profit	3.721.761	1.415.638
Net profit for the year	13.613.176	2.306.123
Total equity	258.885.446	242.020.716

Provisions

(in euro)	30.6.2014	31.12.2013
Provisions for pensions and similar liabilities	805.719	829.003
Provisions for lawsuits	2.238.891	3.077.543
Long-term accruals	8.255.964	6.447.722
Total provisions	11.300.574	10.354.268

In the first half of 2014, non-current deferred expenses and accrued revenues arose by 1.808.243 euros, whereof the mayor portion of surplus in revenues over expenditure of the public utility service providing for development and maintenance of ports infrastructure, amounting to 1.718.809 euros.

Non-current liabilities

(in euro)	30.6.2014	31.12.2013
Loans	133.825.863	147.223.161
Other financial liabilities	1.505.176	988.486
Non-current operating liabilities	49.717	60.090
Total non-current liabilities	135.380.756	148.271.737

The decrease of non-current and current assets in the first half of 2014 is attributable to the repayment of loans in amount of 11.8 million euros.

Current liabilities, and accrued costs and deferred revenues

(in euro)	30.6.2014	31.12.2013
Current liabilities	38.324.920	28.429.606
Loans	18.887.208	15.211.280
Other financial liabilities	392.888	466.845
Current operating liabilities	19.044.823	12.751.481
Operating liabilities to Group companies and associated enterprises	481.339	629.152
Operating liabilities to suppliers and for advances	13.565.016	9.418.396
Other operating liabilities	4.998.469	2.703.933
Accrued costs and deferred revenues	3.456.655	1.833.813

The largest increases under current liabilities and accrued costs and deferred revenues, were recorded in operating liabilities to suppliers on the basis of advances in the amount of 4.149.809 euros and accrued costs and deferred revenues in the amount of 1.622.843 euros. The rise in liabilities to suppliers is mainly the result of liabilities to building contractors and suppliers of fixed assets, the liabilities from the use of land and water for 2014. Accrued costs and deferred revenues rose mainly as a consequence of 13th salary accrual (0.9 million euros) due to employees and commercial discounts due to foreign customers (0.5 million euros).

Off-balance-sheet assets and liabilities

(in euro)	30.6.2014	31.12.2013
Granted sureties	6.309.256	6.309.256
Granted warranties and sureties	8.816.473	8.816.473
Other contingent liabilities	37.306.116	37.306.115
Other contingent claims	120.396	126.676
Total contingent assets	52.552.241	52.558.521
Granted warranties and sureties	1.515.000	1.515.000
Issued sureties	18.097.291	18.097.291
Contingent liabilities from lawsuits	19.918.825	8.330.213
Total contingent liabilities	39.531.116	27.942.504
Hedge accounting for interest rate swap GE	65.000.000	65.000.000
Total	157.083.357	145.501.024

Compared to 31st December 2013 off-balance-sheet assets increased for newly incurred contingent liabilities from lawsuits in the amount of 11.588.613 euros.

Related-party transactions

In the first half of 2014 numerous transactions were made 2014 between the associated companies of the Luka Koper Group. In these dealings the parent company – Luka Koper d.d. – was in a role of buyer, supplier, lessor or other roles. All these transactions were based on legal contracts, order forms and invoices, to which the same market terms and conditions were applied as with non-related parties.

Income Statements items (in euro)	Luka Koper, d.d.		Luka Koper Group	
	January - June 2014	January - June 2013	January - June 2014	January - June 2013
Net sales revenues				
Subsidiaries	865.994	783.657	-	-
Associated and jointly-controlled companies	230.556	212.055	230.556	302.025
Material costs				
Subsidiaries	42.918	8.665	-	-
Associated and jointly-controlled companies	22.672	-	22.672	-
Service costs				
Subsidiaries	1.494.230	114.777	-	-
Jointly controlled companies	224.612	83.034	224.612	83.034
Labour costs				
Subsidiaries	526	787	-	-
Associated and jointly-controlled companies	-	-	-	-
Other operating expenses				
Subsidiaries	58.793	4.951	-	-
Associated and jointly-controlled companies	-	22.889	-	22.889
Financial revenues from profit				
Subsidiaries	501.648	625.780	-	-
Associated and jointly-controlled companies	225.000	221.952	306.053	258.987
Financial revenues from loans granted				
Subsidiaries	2.993	4.229	-	-
Associated and jointly-controlled companies	-	-	-	-
Financial expenses from financial investment impairments and write-offs				
Subsidiaries	48.827	-	-	-
Associated and jointly-controlled companies	-	-	7.050	17.609
Financial expenses from financial liabilities				
Subsidiaries	93.449	103.754	-	-
Associated and jointly-controlled companies	4.299	4.752	4.299	4.752

Statement of Financial Position Items (in euro)	Luka Koper, d.d.		Group Luka Koper	
	30 th June 2014	31 st Dec.2014	30 th June 2014	31 st Dec.2014
Non-current financial investment loans				
Subsidiaries	1.562.288	1.562.288	-	-
Associated and jointly-controlled companies	7.717.709	7.717.709	11.509.707	11.435.706
Assets (disposal group) held for sale				

Subsidiaries	485.000	2.707.390	-	-
Associated and jointly-controlled companies	-	-	-	-
Current loans				
Subsidiaries	314.819	422.819	-	-
Associated and jointly-controlled companies	-	-	-	-
Current operating receivables				
Subsidiaries	238.885	51.496	-	-
Associated and jointly-controlled companies	226.813	229.471	226.813	229.471
Non-current financial liabilities				
Subsidiaries	10.199.080	10.250.580	-	-
Associated and jointly-controlled companies	500.000	500.000	500.000	500.000
Current financial liabilities				
Subsidiaries	2.000.000	-	-	-
Associated and jointly-controlled companies	80.000	-	80.000	500.000
Current operating liabilities				
Subsidiaries	429.448	561.088	-	-
Associated and jointly-controlled companies	51.891	68.064	51.891	68.064

MANAGEMENT BOARD STATEMENT OF RESPONSIBILITY

The Management Board of *Luka Koper d.d.* herein declares that the condensed financial statements of *Luka Koper d.d.* and the condensed consolidated financial statements of the *Luka Koper Group* of companies for the period ending 30th June 2014 have been compiled in order that they shall provide a true and fair disclosure of the financial condition as well as the business performance and cash flows of *Luka Koper d.d.* and the *Luka Koper Group*. The condensed financial statements for January to March 2014 have been compiled in accordance with the same accounting policies and principles applicable in the compilation of *Luka Koper d.d.* and *Luka Koper Group* 2013 annual reports.

These condensed interim statements for the period ending 30th June 2014 have been compiled in accordance with International Financing Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB) and the European Union as well as according to the Companies Act, and should be considered in relation to the annual financial statements for the fiscal year ending 31st December 2012. Financial statements for 2013 are audited.

The Management Board shall be held responsible for the implementation of measures guaranteeing the preservation of *Luka Koper d.d.* and *Luka Koper Group* assets as well as the prevention and detection of fraud and other irregularities together with their elimination-

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

Dragomir Matić
Management Board President



Andraž Novak
Management Board Member



Jože Jaklin
Management Board Member



Matjaž Stare
Management Board Member– Workers Director



Koper, 22nd August 2014