LUKA RIJEKA D.D.

UNAUDITED CONSOLIDATED FINANCIAL REPORT FOR 01.01.-30.06.2016.

MANAGEMENT REPORT

Luka Rijeka d.d.
Riva 1, HR-51 000 RIJEKA
OIB: 92590920313

Rijeka, July 2016.

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MANAGEMENT STATEMENT OF LIABILITY

MANAGEMENT REPORT ON THE BUSINESS RESULTS OF GROUP LUKA RIJEKA D.D. FOR PERIOD 01.01.-30.06.2016.

KEY FINANCIAL INDICATORS

in mil HRK	Realization 01.01.-30.06.2015.	Realization 01.01.-30.06.2016.	Index
Operating revenue	91,351	74,158	81
Revenue from services in domestic and foreign market	85,042	67,992	80
Operating expences	87,528	80,608	92
EBIT	3,822	-6,450	
EBITDA	9,110	-0,822	
Total income	91,926	80,712	88
Total expences	89,735	82,916	92
Profit before taxation	2,191	-2,204	
Assets/ liabilites	572,878	813,190	142
Long-term assets	524,244	551,258	105
Capital and reserves	391,846	687,411	175

Indicators	Realization 30.06.2015.	Realization 30.06.2016.	Realization 2016/2015
Liquidity rations			
Working capital	-34.148.425	214.439.926	
Current liquidity	0,55	5,91	10,7x
Debt indicators			
Short-term liabilites/capital	0,20	0,06	-67,51%
Long-term liabilities/capital	0,22	0,10	-53,22%
Borrowinga/capital	0,20	0,05	-72,77%
Total liabilities/assets	0,29	0,14	-50,45%
Profitability rations			
EBITDA margin	9,97%	-1,11%	
EBIT margin	4,18%	-8,70%	
NETmargin	2,40%	-2,97%	
Productivity indicators			
Number of employees	673	643	-4,46%
Revenue per employee (in thousands)	137	126	-8,03%

NATURAL INDICATORS

Total cargo traffic of all dry cargo in port of Rijeka, consisting of Luka Rijeka d.d. and associate company Adriatic Gate Container Terminal, in period of first six months of 2016. was 1.805.129 tons of cargo, which presents 17% less in regarding to the same period of the previous year, when it was transported 2.174.761 tons of cargo.

Cargo traffic	Realization 01.01.-30.06.2015.	Realization 01.01.-30.06.2016.	index
Luka Rijeka d.d. (LR)	**1.423.861**	**999.870**	**70**
Generaln cargo (tons)	600.020	485.197	81
Bulk cargo (tons)	823.841	514.673	62
AGCT-container terminal			
AGCT-tons	750.900	805.259	107
AGCT-TEU	80.689	89.303	111
LR + AGCT (tons)	**2.174.761**	**1.805.129**	**83**

Total cargo traffic of Luka Rijeka d.d. in period of first six months of 2016. was 999.870 tons of cargo and presents 30% less in regarding to the same period of the previous year.

MANAGEMENT BOARD:

Vedran Devčić, President

Linda Sciucca, Member

LUKA RIJEKA d.d.
Rijeka, Riva 1

APPENDIX 1

Reporting period: 01.01.2016. to 30.06.2016.

QUARTERLY FINANCIAL REPORT OF ENTREPRENEUR

Registration number (MB): 03330494

Identification number of subject (MBS): 040141664

Personal identification number (OIB): 92590920313

Issuer company: PORT OF RIJEKA j.s.c.

Postal code and place: 51000 RIJEKA

Street and number: Riva 1

E-mail address: uprava@lukarijeka.hr

Internet adresa: www.lukarijeka.hr

Code and name of town: 373 RIJEKA

Code and county name: 8 PRIMORSKO-GORANSKA

Number of employees: (at the end of the year) 643

Consolidated statement: YES

NKD/NWC code: 5224

Subsidiaries subject to conslidation (acording to IFRS):	Headquarters:	Registration number:
LUKA PRIJEVOZ d.o.o.	ŠKRLJEVO	01230000
STANOVI d.o.o.	RIJEKA	01230077

Book keeping service:

Contact person: Janja Reljac
authorised person for representation

Phone number: 051/496-533

Fascimile: 051/496-008

E-mail address: fin@lukarijeka.hr

Surname and name: Devčić Vedran
(authorised person for representation)

Disclosure documents:

1.Financial statements (balance sheet,profit and loss account,cash flow statement...)

2.Interim management Report

3.Statement of responsilble persons for preparation of financial statements

M.P.

LUKA RIJEKA d.d.
Rijeka, Riva 1

(signed by authorised person for representation)

BALANCE SHEET
as of 30.06.2016.

Port of Rijeka j.s.c.		In Kunas	
Position	AOP	Previous year (net)	Current year (net)
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID IN CAPITAL	001	0	0
B) LONG-TERM ASSETS (003+010+020+029+033)	002	549.617.447	551.257.626
I. INTANGIBLE ASSETS (004 to 009)	003	840.967	906.024
1. Assets development	004	0	0
2.Concessions,patents,licences fees,trade and service marks,software and other rights	005	840.967	899.544
3. Goodwill	006	0	0
4. Prepayments for purchase of intangible assets	007	0	0
5. Intangible assets in preparation	008	0	6.480
6. Other intangible assets	009	0	0
II. TANGIBLE ASSETS (011 to 019)	010	432.914.397	431.586.536
1. Land	011	229.075.870	229.075.870
2. Buildings	012	109.732.216	108.296.571
3. Plant end equipment	013	1.845.144	1.737.312
4. Tools,facility inventory and transport assets	014	58.933.077	56.176.588
5. Biological assets	015	0	0
6. Prepayments for tangible assets	016	123.895	0
7. Tangible assets in progress	017	25.862.591	29.024.571
8. Other tangible assets	018	325.736	325.736
9. Investments in buildings	019	7.015.868	6.949.888
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	020	89.777.280	92.865.263
1. Investments (shares) with related parties	021	89.528.092	92.616.075
2. Loans given to related parties	022	0	0
3. Participating interest (shares)	023	40.000	40.000
4. Loans to entrepreneurs in whom the entity holds participating interests	024	0	0
5. Investments in securities	025	209.188	209.188
6. Loans,depositis and similar assets	026	0	0
7. Other long-term financial assets	027	0	0
8. Investments accounted by equity method	028	0	0
IV. RECEIVABLES (030 to 032)	029	7.281.556	7.096.556
1. Receivables from related parties	030	0	0
2. Receivables from based on trade loans	031	7.244.268	7.059.268
3. Other receivables	032	37.288	37.288
V. DEFERRED TAX ASSETS	033	18.803.247	18.803.247
C) SHORT TERM ASSETS (035+043+050+058)	034	277.485.318	258.080.814
I. INVENTORIES (036 to 042)	035	1.062.990	968.597
1. Raw-material and supplies	036	1.062.990	968.597
2. Work in progress	037	0	0
3. Finished goods	038	0	0
4. Merchandise	039	0	0
5. Prepayments for inventories	040	0	0
6. Long-term assets held for salas	041	0	0
7. Biological assets	042	0	0
II. RECEIVABLES (044 to 049)	043	29.573.760	29.275.435
1. Receivables from related parties	044	354.819	221.437
2. Accounts receivable	045	26.927.779	27.112.243
3. Receivables from participating parties	046	0	0
4. Receivables from employees and members of related parties	047	4.014	7.570
5. Receivables from government and other institutions	048	1.223.678	1.500.799
6. Other receivables	049	1.063.470	433.386
III. SHORT TERM FINANCIAL ASSETS (051 to 057)	050	242.304.431	225.625.444
1. Shares (stocks) in related parties	051	0	0
2. Loans given to related parties	052	0	0
3. Participating interest (shares)	053	0	0
4. Loans to entrepreneurs in whom the entity holds participating interests	054	0	0
5. Investments in securities	055	0	0
6. Loans,depositis,etc	056	242.304.431	225.625.444
7. Other financial assets	057	0	0
IV. CASH AT BANK AND IN CASHIER	058	4.544.137	2.211.338
D) PREPAID EXPENSES AND ACCRUED REVENUE	059	2.394.287	3.851.528
E) TOTAL ASSETS (001+002+034+059)	060	829.497.052	813.189.968
F) OFF-BALANCE RECORDS	061	804.016	804.016

LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	689.614.230	687.410.684
I. SUBSCRIBED CAPITAL	063	539.219.000	539.219.000
II. CAPITAL RESERVES	064	38.623.828	38.623.828
III. RESERVES FROM PROFIT(066+067-068+069+070)	065	0	0
1. Reserves prescribed by law	066	0	0
2. Reserves for treasury shares	067	0	0
3. Treasury stocks and shares (deduction)	068	0	0
4. Statutory reserves	069	0	0
5. Other reserves	070	0	0
IV. REVALUATION RESERVES	071	35.767.079	35.767.559
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	73.285.357	76.004.323
1. Retained earnings	073	73.285.357	76.004.323
2. Accumulated loss	074	0	0
VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077)	075	2.718.966	-2.204.026
1. Profit for the current year	076	2.718.966	0
2. Loss for the current year	077	0	2.204.026
VII. MINORITY INTERESTS	078	0	0
B) PROVISIONS (080 to 082)	079	11.362.693	10.786.693
1. Provisions for pensions,severance pay,and similar liabilities	080	3.999.055	3.423.055
2. Reserves for tax liabilities	081	0	0
3. Other reserves	082	7.363.638	7.363.638
C) LONG - TERM LIABILITIES (084 to 092)	083	72.073.478	71.351.293
1. Liabilities to related parties	084	0	0
2. Liabilities for loans,deposits etc.	085	9.086.548	8.826.264
3. Liabilities to banks and other financial institutions	086	33.664.822	32.990.580
4. Liabilities for received prepayments	087	0	0
5. Acconuts payable	088	14.769.295	14.982.115
6. Liabilities arising from debt securities	089	0	0
7. Liabilities to entrepreneurs in whom the enitity holds participating interests	090	0	0
8. Other long-term liabilities	091	0	0
9. Deferred tax liability	092	14.552.813	14.552.334
D) SHORT-TERM LIABILITIES (094 to 105)	093	56.052.014	43.640.888
1. Liabilities to related parties	094	860	0
2. Liabilities for loans,deposits etc.	095	11.252.505	7.970.126
3. Liabilities to banks and other financial institutions	096	8.032.972	4.114.891
4. Liabilities for received prepayments	097	0	900
5. Acconuts payable	098	25.269.269	19.764.024
6. Liabilities arising from debt securities	099	0	0
7. Liabilities to entrepreneurs in whom the enitity holds participating interests	100	0	0
8. Liabilities to employees	101	3.791.958	3.562.309
9. Liabilities for taxes,contributions and similar fees	102	3.901.627	4.173.417
10. Liabilities to share - holders	103	0	0
11. Liabilities for long - term assets held for sale	104	0	0
12. Other short - term liabilities	105	3.802.823	4.055.221
E) DEFFERED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	394.637	410
F) TOTAL - CAPITAL AND LIABILITIES (062+079+083+093+106)	107	829.497.052	813.189.968
G) OFF - BALANCE RECORDS	108	804.016	804.016
APPENDIX to balance sheet(to be filled in by entrepreneur that prepares consolidated annual financial report)			
A) CAPITAL AND RESERVES			
1. Attributed to equity holders of parent company	109	689.614.230	687.410.684
2. Attributed to minority interest	110		

APPENDIX to balance sheet(to be filled in by entrepreneur that prepares consolidated annual financial report)

PROFIT AND LOSS ACCOUNT
from 01.01.2016. until 30.06.2016.

Port of Rijeka j.s.c. In Kunas

Position	AOP	Previous period cumulative	Previous period quarter	Current period cumulative	Current period quarter
1	2	3	4	5	6
I. OPERATING REVENUE (112+113)	111	91.350.579	45.262.417	74.157.538	40.303.050
1. Sales revenue	112	85.041.606	42.425.989	67.991.685	37.407.631
2. Other operating revenues	113	6.308.973	2.836.428	6.165.853	2.895.419
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	87.528.261	43.726.140	80.608.411	41.940.712
1. Changes in value of work in progress and finished products	115	0	0	0	0
2. Material costs (117 to 119)	116	31.552.836	15.779.410	28.107.224	15.470.981
a) Raw material and material costs	117	10.871.218	5.281.192	9.494.772	4.867.062
b) Costs of goods sold	118	0	0	0	0
c) Other external costs	119	20.681.618	10.498.218	18.612.452	10.603.919
3. Satff costs (121 to 123)	120	37.068.741	18.647.768	34.743.851	17.389.912
a) Net salaries and wages	121	22.384.233	10.931.467	21.531.592	10.765.280
b) Cost for taxes and contributions from salaries	122	9.216.150	4.951.681	8.086.127	4.058.840
c) Contributions on gross salaries	123	5.468.358	2.764.620	5.126.132	2.565.792
4. Depreciation	124	5.287.740	2.605.176	5.628.925	2.829.646
5. Other costs	125	11.782.748	6.008.303	11.210.581	5.734.833
6. Impairment (127+128)	126	0	0	0	0
a) Impairment of long - term assets (financial assets excluded)	127	0	0	0	0
b) Impairment of short - term assets (financial assets excluded)	128	0	0	0	0
7. Provisions	129	0	0	0	0
8. Other operting costs	130	1.836.196	685.483	917.830	515.340
III. FINANCIAL INCOME (132 to 136)	131	575.409	19.801	3.466.307	2.404.118
1. Interest income,foreing exchange gains,dividends and similar income from related parties	132	0	0	0	0
2. Interest expenses,foreing exchange losses,dividends and similar expenses from non related parties	133	122.865	19.801	3.330.227	2.268.038
3. Share in income from affiliated entrepreneurs and participating	134	0	0	0	0
4. Unrealized losses (expenses) on financial assets	135	0	0	0	0
5. Other financial income	136	452.544	0	136.080	136.080
IV. FINANCIAL EXPENSES (138 to 141)	137	2.206.693	1.142.285	2.307.443	1.660.972
1. Interest expenses,foreing exchange losses,dividends and similar expenses from related parties	138	0	0	0	0
2. Interest expenses,foreing exchange losses,dividends and similar expenses from non related parties	139	2.206.693	1.142.285	1.651.864	1.005.393
3. Unrealized losses (expenses) on financial assets	140	0	0	0	0
4. Other financial expenses	141	0	0	655.579	655.579
V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED	142	0	0	3.087.983	3.087.983
VI. LOSS FROM INVESTMENT - SHARE IN LOSS OF ASSOCIATED	143	0	0	0	0
VII. EXTRAORDINARY- OTHER INCOME	144	0	0	0	0
VIII.EXTRAORDINARY - OTHER EXPENSES	145	0	0	0	0
IX. TOTAL INCOME (111+131+142 + 144)	146	91.925.988	45.282.218	80.711.828	45.795.151
X. TOTAL EXPENSES (114+137+143 + 145)	147	89.734.954	44.868.425	82.915.854	43.601.684
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	2.191.034	413.793	-2.204.026	2.193.467
1. Profit before taxation (146-147)	149	2.191.034	413.793	0	2.193.467
2. Loss before taxation (147-146)	150	0	0	2.204.026	0
XII. PROFIT TAX	151	0	0	0	0
XIII. PROFIT OR LOSS FOR THE THE PERIOD (148-151)	152	2.191.034	413.793	-2.204.026	2.193.467
1. Profit for the period (149-151)	153	2.191.034	413.793	0	2.193.467
2. Loss for the period (151-148)	154	0	0	2.204.026	0

APPENDIX toP&I account (to be filled in by entrepreneur that prepares consolidated financial report)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributed to equity holders of parent company	155				
2. Attributed to minority interest	156				
STATEMENT OF OTHER COMPREHENSIVE INCOME (IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	2.191.034	413.793	-2.204.026	2.193.467
II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (159 to 165)	158	-422.105	0	0	0
1. Exchange differences on translation of foreing operations	159	0	0	0	0
2. Movements in revaluation reserves of long - term tangible and intangible assets	160	0	0	0	0
3. Profit or loss from reevaluation of financial assets available for sale	161	-422.105	0	0	0
4. Gains or losses on efficient cash flow hedging	162	0	0	0	0
5. Gains or losses on efficient hedge of a net investment in foreign	163	0	0	0	0
6. Share in other comprehensive income/loss of associated companies	164	0	0	0	0
7. Actuarial gains /losses on defined benefit plans	165	0	0	0	0
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166	-63.316		0	0
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE	167	-358.789	0	0	0
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	1.832.245	413.793	-2.204.026	2.193.467
APPENDIX to Statement of other comprenhensive income (to be filled in by entrepreneur that prepares consolidated financial report)					
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributed to equity holders of parent company	169	1.832.245	413.793	-2.204.026	2.193.467
2. Attributed to minority interest	170				

STATEMENT OF CASH FLOWS - Indirect method
from 01.01.2016.until 30.06.2016.

Port of Rijeka j.s.c.		In Kunas	
Position	AOP	Previous year	Current year
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	001	2.191.034	-2.204.026
2. Depreciation	002	5.287.740	5.628.925
3. Increase in short term liabilities	003	0	0
4. Decrease in short term receivables	004	5.816.927	483.325
5. Decrease in inventories	005	0	94.393
6. Other increase in cash flow	006	15.213.275	0
I. Total increase in cash flow operating activities (001 to 006)	007	28.508.976	4.002.617
1. Decrease in short term liabilities	008	14.174.647	5.211.566
2. Increase in short term receivables	009	0	0
3. Increase in inventories	010	69.997	0
4. Other decrease in cash flow	011	0	8.986.585
II. Total decrease in cash flow from operating activities (008 to 011)	012	14.244.644	14.198.151
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	14.264.332	0
A2) NET DECREASE IN CASH FLOW FROM OPERATING ACTIVITIES	014	0	10.195.534
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash inflows from sales of long - term tangible and intangible assets	015	22.480	0
2. Cash inflows from sales of equity and debt instruments	016	0	0
3. Interests receipts	017	31.444	1.960.257
4. Dividend receipts	018	0	0
5. Other cash inflows from investing activities	019	1.383.910	1.511.299
III. Total cash inflows from investing activities (015 to 019)	020	1.437.834	3.471.556
1. Cash outflow for purchase of long - term tangible and intangible assets	021	15.776.260	4.366.121
2. Cash outflow for acquisition of equity and debt financial instruments	022	0	0
3. Other cash outflow for investing activities	023	0	0
IV. Total cash outflow for investing activities (021 to 023)	024	15.776.260	4.366.121
B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-024)	025	0	0
B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES(024-020)	026	14.338.426	894.565
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Cash inflow from issuing property and debt financial instruments	027	0	0
2. Proceeds from the credit principal,promissory notes,borrowings and other loans	028	15.552.601	0
3. Other proceeds from financial activities	029	2.063.312	16.678.987
V. Total cash inflows from financial activities (027 to 029)	030	17.615.913	16.678.987
1. Cash outflow for repayment of credit principal and bonds	031	17.673.701	6.562.149
2. Cash outflow for dividends paid	032	0	0
3. Cash outflow for financial lease	033	546.220	208.839
4. Cash ouflow for purhase of treasury shares	034	0	0
5. Other cash outflow for financial activities	035	0	1.150.699
VI. Total cash outflow for financial activities (031 to 035)	036	18.219.921	7.921.687
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-036)	037	0	8.757.300
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-030)	038	604.008	0
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	0	0
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	678.102	2.332.799
Cash and cash equivalents at the beginning of the period	041	2.621.584	4.544.137
Increase of cash and cash equivalents	042	0	0
Decrease of cash and cash equivalents	043	678.102	2.332.799
Cash and cash equivalents at the end of the period	044	1.943.482	2.211.338

STATEMENT OF CHANGES IN EQUITY

for the period 1.1.2016 to 30.6.2016

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed capital	001	239.219.000	539.219.000
2. Capital reserves	002	40.752.572	38.623.828
3. Reserves from profit	003	0	0
4. Retained earnings or accumulated loss	004	73.931.357	76.004.323
5. Profit or loss for the current year	005	2.191.034	-2.204.026
6. Revaluation of long - term tangible assets	006	35.752.056	35.740.542
7. Revaluation of intangible assets	007	0	0
8. Revaluation of financial assets available for sale	008	0	27.017
9. Other revaluation	009	0	0
10. Total capital and resrves (AOP 001 to 009)	010	391.846.019	687.410.684
11. Currency gains and losses arising from net investment in foreing operations	011	0	0
12. Current and deferred taxes (part)	012	0	0
13. Cash flow hedging	013	0	0
14. Changes in accounting policy	014	0	0
15. Correction of significant errors in prior period	015	0	0
16. Other changes of capital	016	0	0
17. Total increase or decrease in capital (AOP 011 to 016)	017	0	0
17 a. Attributed to equity holders of parent company	018	391.846.019	687.410.684
17 b. Attributed to minority interest	019	0	0

Items which decrease capital are given with the negative prefix.

July 2016, Rijeka

Pursuant to Article 410, Paragraph 2, and Article 407, Paragraph 2, Point 3 of the Act on the Capital Market, individuals accountable for making consolidated financial statements: President of the Management Board Vedran Devčić and Member of the Management Board Linda Sciucca hereby issue a

STATEMENT

Which, conscientiously and according to their best knowledge, confirms their liability for realistic and objective display of unaudited consolidated financial statement for the first half of year 2016 (01/01 -30/06/2016) of the Group Luka Rijeka d.d Rijeka in accordance with the Act of Accounting (Official Gazette of the Republic of Croatia 109/2007), International Accounting Standards (IAS) of financial reporting recognized by the European Commission and published in the Official Journal of the European Commission and the accounting policies of the Group, including appropriate publishing of all information in accordance with the Act and above Standards.

With applying above-mentioned Standards, financial statements provide an overall and authentic review of assets and liabilities, as well as business results of the Group.

Management Board:
Vedran Devčić, President
Linda Sciucca, Member

LUKA RIJEKA d.d.
Rijeka, Riva 1