

LUKA RIJEKA D.D.

**UNAUDITED UNCONSOLIDATED
FINANCIAL REPORT
FOR 01.01.-31.03.2016.**

MANAGEMENT REPORT

Luka Rijeka d.d.

Riva 1, HR-51 000 RIJEKA
OIB: 92590920313

Rijeka, april 2016.

CONTENTS

**MANAGEMENT REPORT ON THE BUSINESS RESULTS OF COMPANY
LUKA RIJEKA D.D. FOR PERIOD 01.01.-31.03.2016.**

**UNAUDITED UNCONSOLIDATED FINANCIAL REPORT FOR PERIOD 01.01.-
31.03.2016.**

MANAGEMENT STATEMENT OF LIABILITY

MANAGEMENT REPORT ON THE BUSINESS RESULTS OF COMPANY LUKA RIJEKA D.D. FOR PERIOD 01.01.-31.03.2016.

KEY FINANCIAL INDICATORS

in mil kunas	Realization 01.01.-31.03.2015.	Realization 01.01.-31.03.2016.	Index
Operating revenue	45,344	33,498	74
Revenue from services in domestic and foreign market	41,831	30,249	72
Operating expences	43,732	38,827	89
EBIT	1,612	-5,329	
EBITDA	4,167	-2,685	
Total income	45,899	34,559	75
Total expences	44,787	39,474	88
Profit before taxation	1,112	-4,915	
Assets/ liabilites	503,072	736,766	146
Long-term assets	447,018	469,376	105
Capital and reserves	316,835	609,961	193

Indicators	Realization 31.03.2015.	Realization 31.03.2016.	Realization 2016/2015
<i>Liquidity rations</i>			
Working capital	-34.928.281	214.450.048	
Current liquidity	0,61	5,31	8,73x
<i>Debt indicators</i>			
Short-term liabilites/capital	0,28	0,08	-70,98%
Long-term liabilities/capital	0,25	0,11	-56,97%
Borrowinga/capital	0,25	0,06	-74,02%
Total liabilities/assets	0,34	0,16	-53,17%
<i>Profitability rations</i>			
EBITDA margin	9,19%	-8,01%	
EBIT margin	3,56%	-15,91%	
NETmargin	2,45%	-14,67%	
<i>Productivity indicators</i>			
Number of employees	680	664	-2,35%
Revenue per employee (in thousands)	67	52	-22,39%

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 three months of 2016. was 824.775 tons of cargo, which presents 24% less in regarding to the same period of the previous year, when it was transported 1.082.228 tons of cargo.

Cargo traffic	Realization 01.01.-31.03.2015.	Realization 01.01.-31.03.2016.	Index
Luka Rijeka d.d. (LR)	687.949	432.206	63
General cargo (tons)	291.433	210.450	72
Bulk cargo (tons)	396.516	221.756	56
AGCT-container terminal			
AGCT-tons	394.279	392.569	100
AGCT-TEU	42.287	43.423	103
LR + AGCT (tons)	1.082.228	824.775	76

Total cargo traffic of Luka Rijeka d.d. in period of first three months of 2016. was 432.206 tons of cargo and presents 37% less in regarding to the same period of the previous year.

LUKA RIJEKA d.d.
Rijeka, Riva 1

MANAGEMENT BOARD:

Vedran Devčić, President

Linda Sciucca, Member

Nenad Janjić, Member

APPENDIX 1

Reporting period:

01.01.2016.

to

31.03.2016.

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 address: www.lukarijeka.hr

Code and name of town: 373 Rijeka

Code and county name: 8 PRIMORSKO-GORANSKA

Number of employees: 665
(at the end of the year)

Consolidated statement: NO

NKD/NWC code: 5224

Subsidiaries subject to consolidation (according to IFRS):

Headquarters:

Registration number:

Subsidiaries subject to consolidation (according to IFRS):	Headquarters:	Registration number:

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 responsible persons for preparation of financial statements

LUKA RIJEKA d.d.
Rijeka, Riva 1

 (signed by authorised person for representation)

BALANCE SHEET
as of 31.03.2016.

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	470.289.258	469.375.972	
I. INTANGIBLE ASSETS (004 to 009)	003	840.967	723.158	
1. Assets development	004	0	0	
2. Concessions, patents, licences fees, trade and service marks, software and other rights	005	840.967	723.158	
3. Goodwill	006	0	0	
4. Prepayments for purchase of intangible assets	007	0	0	
5. Intangible assets in preparation	008	0	0	
6. Other intangible assets	009	0	0	
II. TANGIBLE ASSETS (011 to 019)	010	431.382.509	430.772.032	
1. Land	011	229.075.870	229.075.870	
2. Buildings	012	109.732.216	109.014.394	
3. Plant and equipment	013	1.808.887	1.714.064	
4. Tools, facility inventory and transport assets	014	57.557.446	55.958.673	
5. Biological assets	015	0	0	
6. Prepayments for tangible assets	016	3.895	0	
7. Tangible assets in progress	017	25.862.591	27.700.417	
8. Other tangible assets	018	325.736	325.736	
9. Investments in buildings	019	7.015.868	6.982.876	
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	020	12.018.267	12.018.267	
1. Investments (shares) with related parties	021	11.769.079	11.769.079	
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, deposits 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	7.244.268	7.059.268	
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	0	0	
V. DEFERRED TAX ASSETS	033	18.803.247	18.803.247	
C) SHORT TERM ASSETS (035+043+050+058)	034	274.602.358	264.223.965	
I. INVENTORIES (036 to 042)	035	1.062.990	1.042.527	
1. Raw-material and supplies	036	1.062.990	1.042.527	
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 sales	041	0	0	
7. Biological assets	042	0	0	
II. RECEIVABLES (044 to 049)	043	28.834.553	24.382.786	
1. Receivables from related parties	044	356.151	226.104	
2. Accounts receivable	045	26.311.279	22.696.228	
3. Receivables from participating parties	046	0	0	
4. Receivables from employees and members of related parties	047	2.984	4.400	
5. Receivables from government and other institutions	048	1.100.669	942.820	
6. Other receivables	049	1.063.470	513.214	
III. SHORT TERM FINANCIAL ASSETS (051 to 057)	050	242.121.431	238.582.906	
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, deposits, etc.	056	242.121.431	238.582.906	
7. Other financial assets	057	0	0	
IV. CASH AT BANK AND IN CASHIER	058	2.583.394	215.786	
D) PREPAID EXPENSES AND ACCRUED REVENUE	059	2.384.061	3.166.357	
E) TOTAL ASSETS (001+002+034+059)	060	747.275.677	736.766.294	
F) OFF-BALANCE RECORDS	061	804.016	804.016	

LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	614.875.109	609.960.904
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	0	1.265.202
1. Retained earnings	073	0	1.265.202
2. Accumulated loss	074	0	0
VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077)	075	1.265.202	-4.914.685
1. Profit for the current year	076	1.265.202	
2. Loss for the current year	077		4.914.685
VII. MINORITY INTERESTS	078	0	0
B) PROVISIONS (080 to 082)	079	11.362.693	11.192.193
1. Provisions for pensions,severance pay,and similar liabilities	080	3.999.055	3.828.555
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	65.832.305	65.831.826
1. Liabilities to related parties	084	0	0
2. Liabilities for loans,deposits etc.	085	9.086.548	9.086.548
3. Liabilities to banks and other financial institutions	086	33.040.847	33.040.847
4. Liabilities for received prepayments	087	0	0
5. Accounts payable	088	14.769.295	14.769.295
6. Liabilities arising from debt securities	089	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	090	0	0
8. Other long-term liabilities	091	0	0
9. Deferred tax liability	092	8.935.615	8.935.136
D) SHORT-TERM LIABILITIES (094 to 105)	093	54.810.933	49.773.917
1. Liabilities to related parties	094	283.432	639.780
2. Liabilities for loans,deposits etc.	095	10.592.206	10.592.206
3. Liabilities to banks and other financial institutions	096	7.745.927	5.863.018
4. Liabilities for received prepayments	097	0	0
5. Accounts payable	098	24.921.268	20.181.410
6. Liabilities arising from debt securities	099	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100	0	0
8. Liabilities to employees	101	3.691.451	3.742.929
9. Liabilities for taxes,contributions and similar fees	102	3.773.826	4.756.035
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	3.798.539
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	394.637	7.454
F) TOTAL - CAPITAL AND LIABILITIES (062+079+083+093+106)	107	747.275.677	736.766.294
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		
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 31.03.2016.

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	45.344.071	45.344.071	33.498.002	33.498.002
1. Sales revenue	112	41.906.158	41.906.158	30.332.292	30.332.292
2. Other operating revenues	113	3.437.913	3.437.913	3.165.710	3.165.710
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	43.732.079	43.732.079	38.827.429	38.827.429
1. Changes in value of work in progress and finished products	115	0	0	0	0
2. Material costs (117 to 119)	116	16.418.721	16.418.721	13.534.631	13.534.631
a) Raw material and material costs	117	5.433.920	5.433.920	4.487.334	4.487.334
b) Costs of goods sold	118	0	0	0	0
c) Other external costs	119	10.984.801	10.984.801	9.047.297	9.047.297
3. Staff costs (121 to 123)	120	17.895.698	17.895.698	16.836.261	16.836.261
a) Net salaries and wages	121	11.135.921	11.135.921	10.465.249	10.465.249
b) Cost for taxes and contributions from salaries	122	4.132.906	4.132.906	3.899.992	3.899.992
c) Contributions on gross salaries	123	2.626.871	2.626.871	2.471.020	2.471.020
4. Depreciation	124	2.555.314	2.555.314	2.644.629	2.644.629
5. Other costs	125	5.726.444	5.726.444	5.396.768	5.396.768
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 operating costs	130	1.135.902	1.135.902	415.140	415.140
III. FINANCIAL INCOME (132 to 136)	131	555.252	555.252	1.061.213	1.061.213
1. Interest income,foreign exchange gains,dividends and similar income from related parties	132	0	0	0	0
2. Interest expenses,foreign exchange losses,dividends and similar expenses from non related parties	133	102.708	102.708	1.061.213	1.061.213
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	452.544	0	0
IV. FINANCIAL EXPENSES (138 to 141)	137	1.055.397	1.055.397	646.471	646.471
1. Interest expenses,foreign exchange losses,dividends and similar expenses from related parties	138	0	0	0	0
2. Interest expenses,foreign exchange losses,dividends and similar expenses from non related parties	139	1.055.397	1.055.397	646.471	646.471
3. Unrealized losses (expenses) on financial assets	140	0	0	0	0
4. Other financial expenses	141	0	0	0	0
V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED	142	0	0	0	0
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	45.899.323	45.899.323	34.559.215	34.559.215
X. TOTAL EXPENSES (114+137+143 + 145)	147	44.787.476	44.787.476	39.473.900	39.473.900
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	1.111.847	1.111.847	-4.914.685	-4.914.685
1. Profit before taxation (146-147)	149	1.111.847	1.111.847	0	0
2. Loss before taxation (147-146)	150	0	0	4.914.685	4.914.685
XII. PROFIT TAX	151	0	0	0	0
XIII. PROFIT OR LOSS FOR THE THE PERIOD (148-151)	152	1.111.847	1.111.847	-4.914.685	-4.914.685
1. Profit for the period (149-151)	153	1.111.847	1.111.847	0	0
2. Loss for the period (151-148)	154	0	0	4.914.685	4.914.685

APPENDIX to P&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	1.111.847	1.111.847	-4.914.685	-4.914.685
II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (159 to 165)	158	-422.105	-422.105	0	0
1. Exchange differences on translation of foreign 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	-422.105	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	-63.316	0	0
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE	167	-358.789	-358.789	0	0
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	753.058	753.058	-4.914.685	-4.914.685

APPENDIX to Statement of other comprehensive 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				
2. Attributed to minority interest	170				

STATEMENT OF CASH FLOWS - Indirect method
from 01.01.2016.until 31.03.2016.

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	1.111.847	4.914.685	
2. Depreciation	002	2.555.314	2.644.629	
3. Increase in short term liabilities	003	0	0	
4. Decrease in short term receivables	004	2.310.641	4.451.787	
5. Decrease in inventories	005	0	20.463	
6. Other increase in cash flow	006	6.966.797	4.567.926	
I. Total increase in cash flow operating activities (001 to 006)	007	12.944.599	6.770.122	
1. Decrease in short term liabilities	008	7.256.956	4.183.510	
2. Increase in short term receivables	009	0	0	
3. Increase in inventories	010	262.022	0	
4. Other decrease in cash flow	011	0	2.808.613	
II. Total decrease in cash flow from operating activities (008 to 011)	012	7.518.978	6.992.123	
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	5.425.621	0	
A2) NET DECREASE IN CASH FLOW FROM OPERATING ACTIVITIES	014	0	222.001	
CASH FLOW FROM INVESTING ACTIVITIES				
1. Cash inflows from sales of long - term tangible and intangible assets	015	0	0	
2. Cash inflows from sales of equity and debt instruments	016	0	0	
3. Interests receipts	017	1.635	1.040.801	
4. Dividend receipts	018	0	0	
5. Other cash inflows from investing activities	019	583.799	576.176	
III. Total cash inflows from investing activities (015 to 019)	020	585.434	1.616.977	
1. Cash outflow for purchase of long - term tangible and intangible assets	021	10.630.733	1.915.035	
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	10.630.733	1.915.035	
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	10.045.299	298.058	
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	6.353.506	0	
3. Other proceeds from financial activities	029	2.063.312	0	
V. Total cash inflows from financial activities (027 to 029)	030	8.416.818	0	
1. Cash outflow for repayment of credit principal and bonds	031	3.829.160	1.780.574	
2. Cash outflow for dividends paid	032	0	0	
3. Cash outflow for financial lease	033	199.910	66.985	
4. Cash outflow for purchase of treasury shares	034	0	0	
5. Other cash outflow for financial activities	035	0	0	
VI. Total cash outflow for financial activities (031 to 035)	036	4.029.070	1.847.559	
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-036)	037	4.387.748	0	
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-030)	038	0	1.847.559	
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	231.930	2.367.618	
Cash and cash equivalents at the beginning of the period	041	698.418	2.583.384	
Increase of cash and cash equivalents	042	0	0	
Decrease of cash and cash equivalents	043	231.930	2.367.618	
Cash and cash equivalents at the end of the period	044	466.488	215.766	

STATEMENT OF CHANGES IN EQUITY
for the period **1.1.2016** to **31.3.2016**

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed capital	001	598.047.500	539.219.000
2. Capital reserves	002	4.967.857	38.623.828
3. Reserves from profit	003	0	0
4. Retained earnings or accumulated loss	004	-323.043.785	1.265.202
5. Profit or loss for the current year	005	1.111.847	-4.914.685
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 reserves (AOP 001 to 009)	010	316.835.475	609.950.904
11. Currency gains and losses arising from net investment in foreign 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	0	0
17 b. Attributed to minority interest	019	0	0

Items which decrease capital are given with the negative prefix.

April 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 financial statements: President of the Management Board Vedran Devčić, with Members of the Management Board Linda Sciucca and Nenad Janjić hereby issue a

STATEMENT

Which, conscientiously and according to their best knowledge, confirms their liability for realistic and objective display of unaudited unconsolidated financial statement for first quarter of year 2016 (01/01 -31/03/2016) of the Luka Rijeka d.d 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 Company, 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 Company.

Management Board:

Vedran Devčić, President

Linda Sciucca, Member

Nenad Janjić, Member

LUKA RIJEKA d.d.
Rijeka, Riva 1