LUKA PLOČE d.d.

ANNUAL REPORT

FOR THE COMPANY AND THE GROUP LUKA PLOČE

FOR THE YEAR ENDED 31.12.2020

TABLE OF CONTENTS

	Page
Management Report	3-18
Statement of adherence to the Code of Corporate Governance	19-23
Statement of Management's responsibilities	24
Independent Auditor's Report to the shareholders of Luka Ploče d.d.	25-29
Statement of comprehensive income	30
Statement of financial position	31
Statement of changes in equity	32-33
Statement of cash flow	34
Notes to the financial statements	35-85

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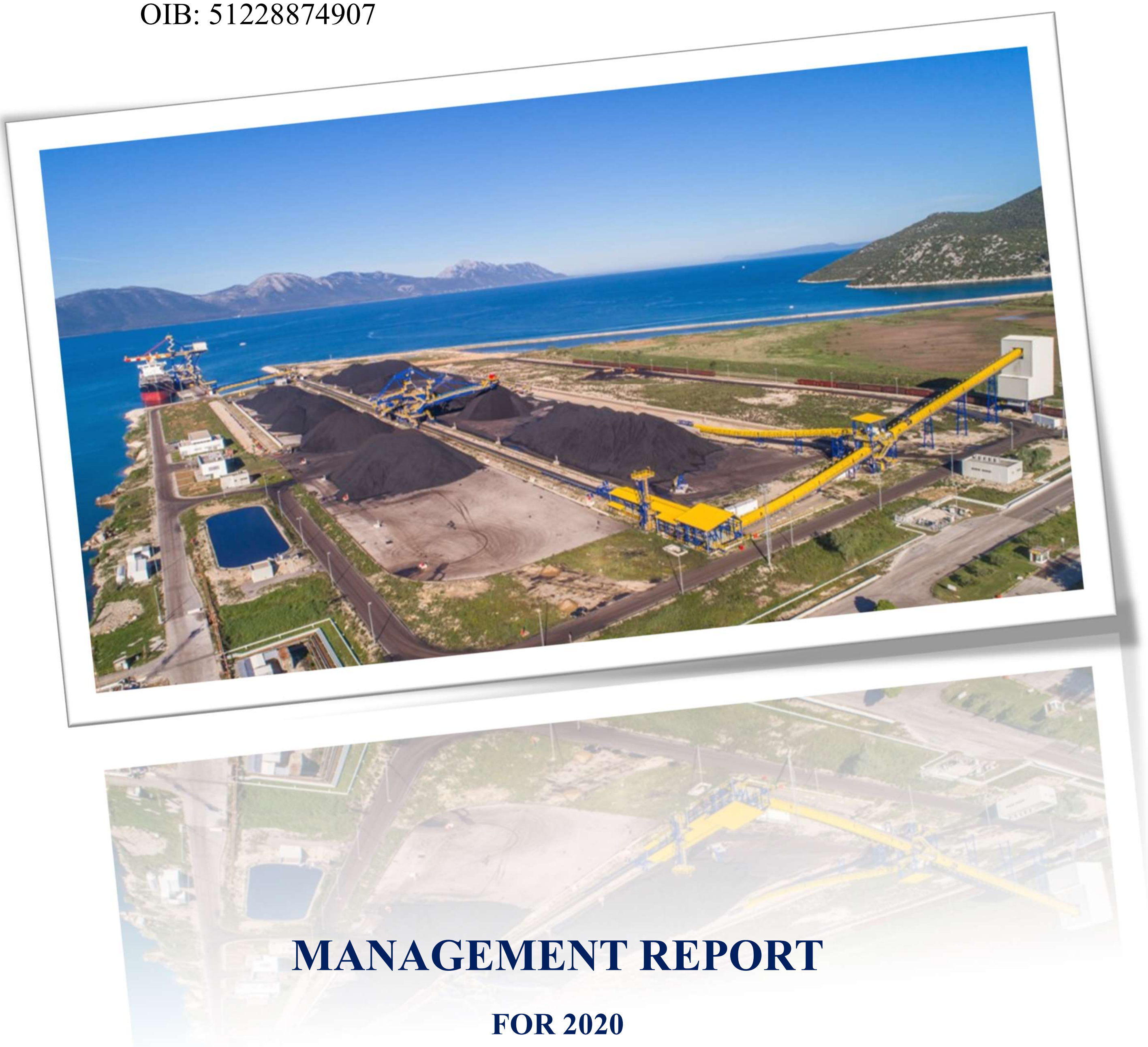


MANAGEMENT REPORT

FOR 2020

Ploče, May 2021

KEY INDICATORS

FOR THE COMPANY LUKA PLOČE D.D.

EBITDA 8.40 million kuna	**HGK RATING** AAA
EBIT -5.26 million kuna	**INVESTMENTS (including IFRS 16)** 44 million kuna
NET LOSS -9.82 million kuna	**NUMBER OF EMPLOYEES** 432
THROUGHPUT 2,668 thousand tons	**OPERATING EXPENSES** 205,310 thousand kuna
INCOME FROM SALES 109,648 thousand kuna	**DECREASE IN OPERATING COSTS (EX TRADING)** - 4,19 %
INCOME FROM TRADING 102,860 thousand kuna for 110,573 tons	**CASH AND CASH EQUIVALENTS** 72 million kuna

- COVID-19 has had a significant impact on the business for the year ended 31 December 2020, which is evidenced by a sharp decline in throughput (25%) and liquidity. Despite the decline, the Company continues to hold satisfactory levels of liquid assets sufficient to meet all obligations as the fall due.

- The collective redundancy will be effected during the first and second quarters of 2021. The provision for severence pay amounted to 3,5 million kuna at 31.12.2020. In addition to the aforementioned, during 2020, expenses for severance pay amounted to 7 million kuna and were realised during the year.

FINANCIAL PERFORMANCE INDICATORS

	REALISED 2020 'm kuna	REALISED 2019 'm kuna	INDEX
EBITDA	8.40	16.96	(0.50)
EBITDA margin	3.93%	10.95%	(0.64)
EBIT	-5.26	5.47	(1.96)
EBIT margin	-2.46%	3.53%	(1.70)
Net profit/(loss)	-9.82	0.52	(19.81)

- Normalised EBITDA as Management Board view it amounted to 22.5 million kuna (margin 10.5%). It was adjusted for one-time severance payments (HRK 10.5 million kuna), impairment and write-off of property, plant and equipment and inventories (HRK 1 million kuna) and increase in provision for court cases (HRK 1.5 million kuna). The effect of impairment loss on trade receivables under IFRS 9 (HRK 1.1 million kuna) is additionally excluded from normalized EBITDA. Normalised EBIT amounts to 8.8 million kuna, resulting in a normalised profit of 4.3 million kuna.

- The throughput for the 2020 financial year amounted to 2,668 thousand tons; a decrease of 25.04% in comparison to the prior year (2019: 3,559 thousand tons).

- Income from port services amounted to 109,648 thousand kuna, evidencing a decrease of 12.52% in comparison to the prior year (2019: 125,334 thousand kuna). Income from trading amounted to 102,860 thousand kuna, a 253.78% increase as compared to the prior year (2019: 29,074 thousand kuna).

- Operating expenses amounted to 205,310 thousand kuna (2019: 137,921 thousand kuna) of which 99,503 thousand kuna relates to the cost of goods sold (2019: 27,540 thousand kuna). Operating expenses evidence a 4.19 % decrease in comparison to the prior year when normalised for the cost of goods sold.

The key financial indicators of the Company in relation to the prior year are presented below.

Key performance indicators			
	REALISED 2020	REALISED 2019	INDEX
Liquidity ratios			
Working capital	***147,237***	*192,791*	*(0.24)*
Current liquidity ratio	***6.11***	*7.18*	*(0.15)*
Working capital turn over	***1.45***	*0.80*	*0.81*
Working capital days	***251.47***	*455.73*	*(0.45)*
Days in period	***365***	*365*	-
Debt ratios			
Current liabilities/equity	***0.07***	*0.08*	*(0.05)*
Non-current liabilities/equity	***0.34***	*0.35*	*(0.04)*
Borrowings/equity	***0.26***	*0.37*	*(0.29)*
Liabilities/equity	***0.41***	*0.43*	*(0.04)*
Liabilities/assets	***0.29***	*0.30*	*(0.03)*

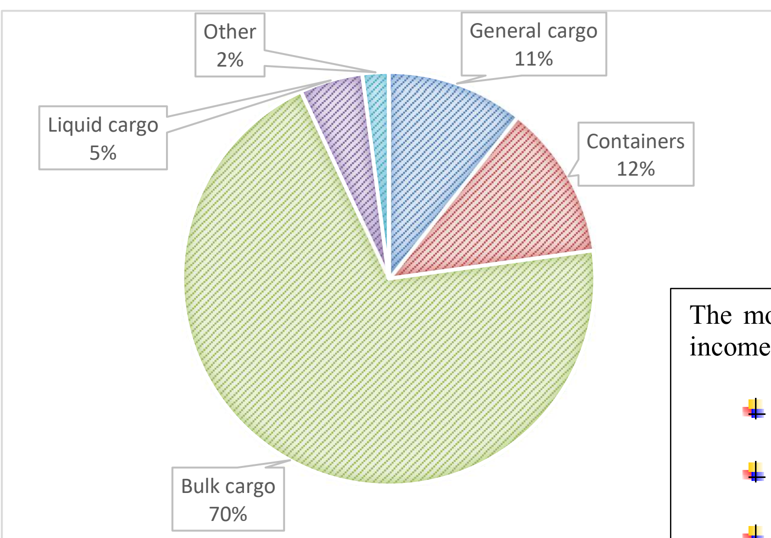
FINANCIAL PERFORMANCE INDICATORS (continued)

Key performance indicators	REALISED 2020	REALISED 2019	INDEX
Performance ratios			
EBITDA margin	***3.93%***	*10.95%*	*(0.64)*
EBIT margin	***-2.46%***	*3.53%*	*(1.70)*
Net margin	***-4.59%***	*0.34%*	*(14.64)*
Productivity indicators			
Number of employees	***432***	*483*	*(0.11)*
Income per employee	***494,694***	*320,783*	*0.54*

Operating income

- Income from port services amounted to 109,648 thousand kuna, evidencing a decrease of 12.52% in comparison to the prior year (2019: 125,334 thousand kuna). Income from trading amounted to 102,860 thousand kuna, a 253.78% increase as compared to the prior year (2019: 29,074 thousand kuna).

Income from sales by type of cargo for 2020

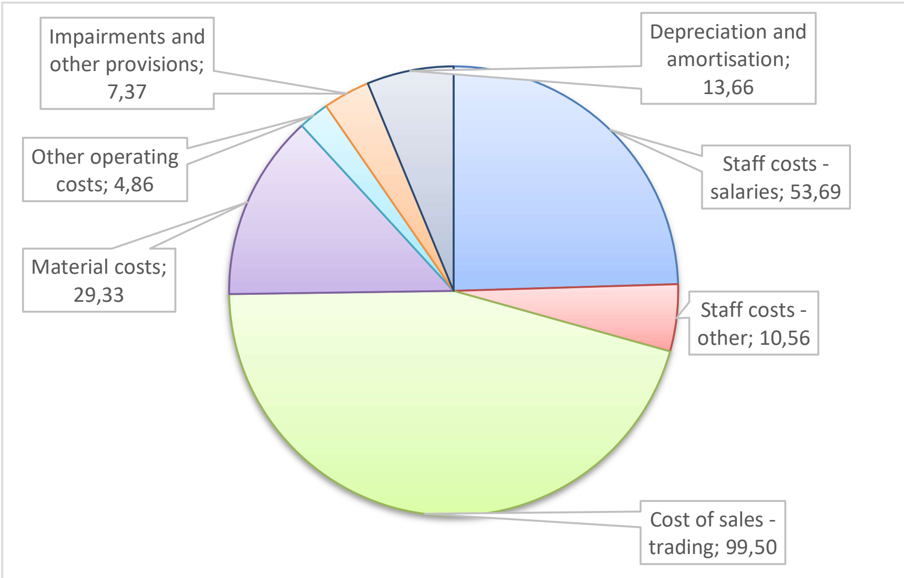


The most significant services contributing to income from sales are set out below:

- 78% **manipulation**: 85 million kuna
- 18% **warehousing**: 20 million kuna
- 4% **other**: 4.3 million kuna

FINANCIAL PERFORMANCE INDICATORS (continued)

Operating expenses (including depreciation and amortisation) ('m kuna)



- The primary contributors to growth in expenses relate to cost of sales for the trading book (261.30% increase year on year) and the cost of severance pay packages realised in FY20 (7.3 million kuna).

Collective redundancy program

The Management Board of Luka Ploče d.d. passed a resolution in Q4 2020 to enter into a collective redundancy program. This decision was based on in depth analysis and consultations with social partners.

Given significant reductions in business volumes impacted by economic and geolocational conditions (closure of BIH partner) and the heightened negative effects brought on by the COVID-19 pandemic, the Company noted a need to reduce operating costs and effect organisational structure changes in order to align these with the needs of the business. As a result, management has needed to rationalise costs and reduce its work force in order to create conditions for sustainable financial liquidity for its future operations. Effecting the collective redundancy significantly reduces operating costs through reduced staff costs, the impact of which will be evidenced in the 2021 financial year. Salary expenses in 2020 reduced by 4% year on year.

The collective redundancy will be effected during the first and second quarters of 2021. Management resolved to use a stimulative method of calculating severance pay for these employees. The provision for severence pay amounts to 3.5 million kuna at 31.12.2020. In addition to the aforementioned, during 2020, expenses for severance pay amounted to 7.3 million kuna and have been realised during the year.

Human resources

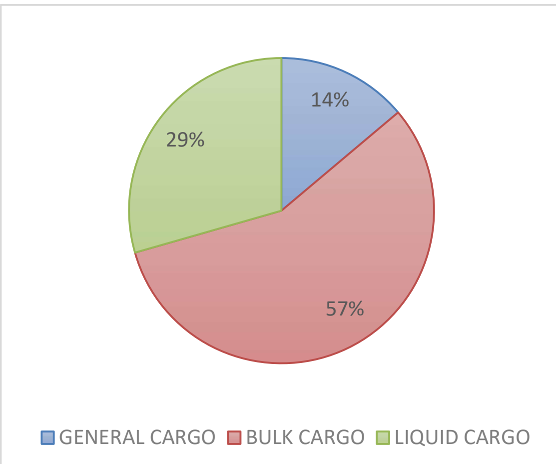
The Company has a head count of 432 employees at 31.12.2020. When compared to the prior year, this amounts to a decrease in head count of 51 employees year on year (10.56% decrease).

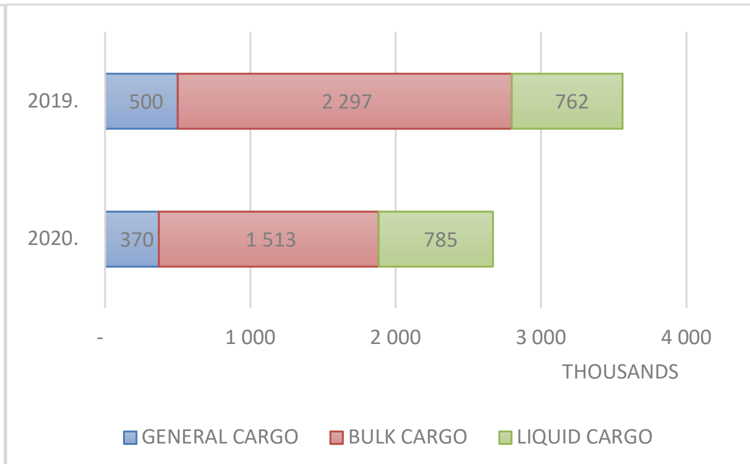
BUSINESS PERFORMANCE INDICATORS

- The throughput for the 2020 financial year amounted to 2,668 thousand tons; a decrease of 25.04% in comparison to the prior year (2019: 3,559 thousand tons).

- The most significant contributor to overall throughput is bulk cargo, which comprise 57% of the cargo throughput in the Company. General cargo contributes 14%, while liquid cargo contributes 29%.

Throughput per cargo type (in % and in tons)





Throughput per cargo type (in tons)

	2020	2019	Index
General cargo	369,739	499,808	(26%)
Bulk cargo	1,513,452	2,297,480	(34%)
Liquid cargo	784,790	762,040	3%
Total	**2,667,981**	**3,559,328**	**(25%)**

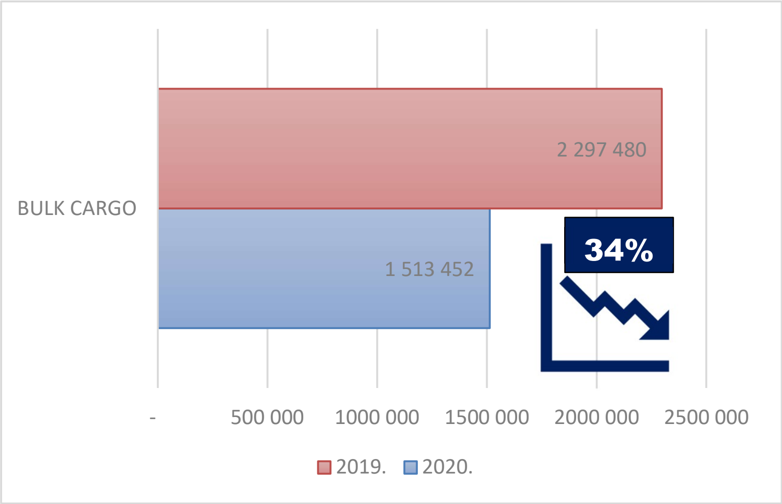
BUSINESS PERFORMANCE INDICATORS (continued)

Bulk cargo

- Bulk cargo throughput is the predominant contributor to the overall throughput of cargo at the Company. A decline of 34% in the annual throughput year on year was evidenced in FY20.

- Transhipment of metallurgical and energetic coal continues to be the primary contributor to the overall structure of bulk cargo throughput.

- The decline in bulk cargo throughput in FY20 can be attributed the decrease in throughput of alumina (due to the closure of Aluminij d.o.o.), bauxite and iron ore. In addition, the transhipment of coal was discontinued for one counterparty in FY20 as compared to FY19.



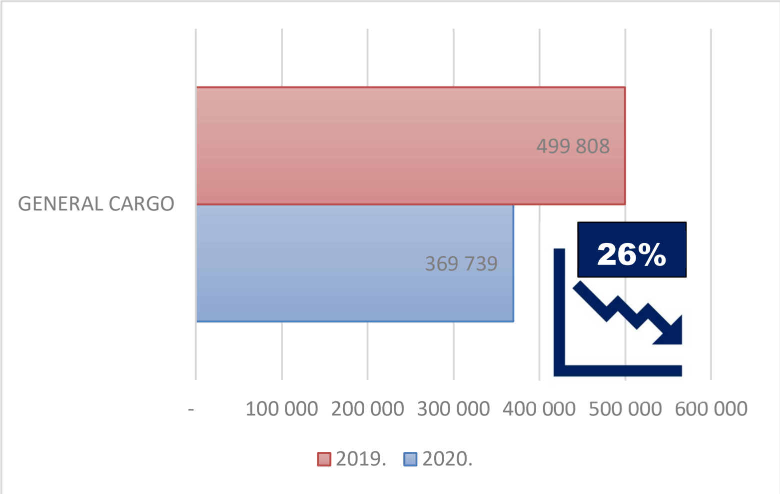
- Although the impact of COVID-19 resulted in a significant decline to throughput in FY20, bulk cargo throughput evidenced a year on year increase in throughput relating to petroleum coke, scrap iron, coke and cement.

General cargo

- The transhipment of general cargo evidenced a decline of 26% in the annual throughput year on year.

- Transhipment of containers is the primary contributor to the overall structure of general cargo throughput. In FY20 transhipment of containers amounted to 25,717 TEU (FY19: 28,726 TEU) which represents a 10% decline year on year.

- Similarly to the prior year, the decline in general cargo throughput in FY20 can be attributed to the closure of Aluminij d.o.o. in 2019 (a key client of the Company) which consequently contributed to the cessation of transhipment of aluminum products.

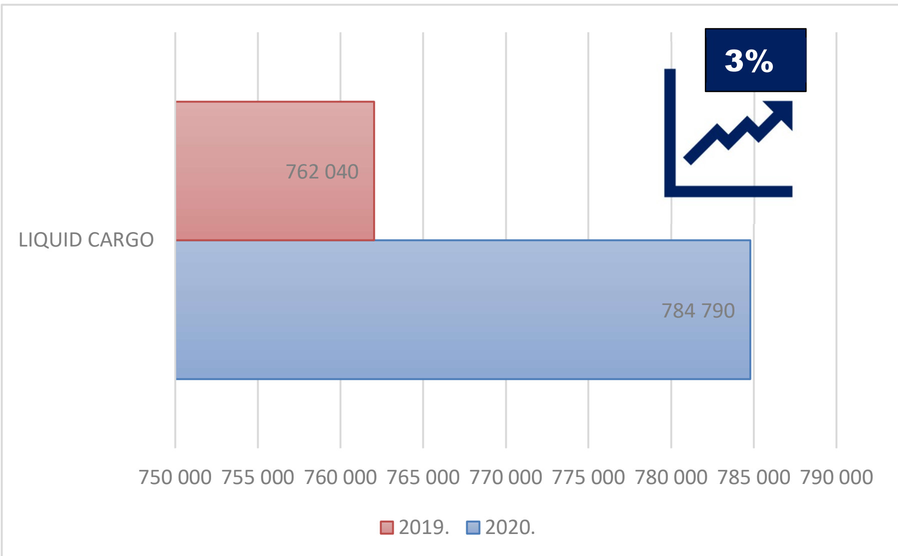


- Although the impact of COVID-19 resulted in a significant decline in throughput in FY20, general cargo throughput evidenced a year on year increase relating to beech timber, soda and the one-off transhipment of wind turbines.

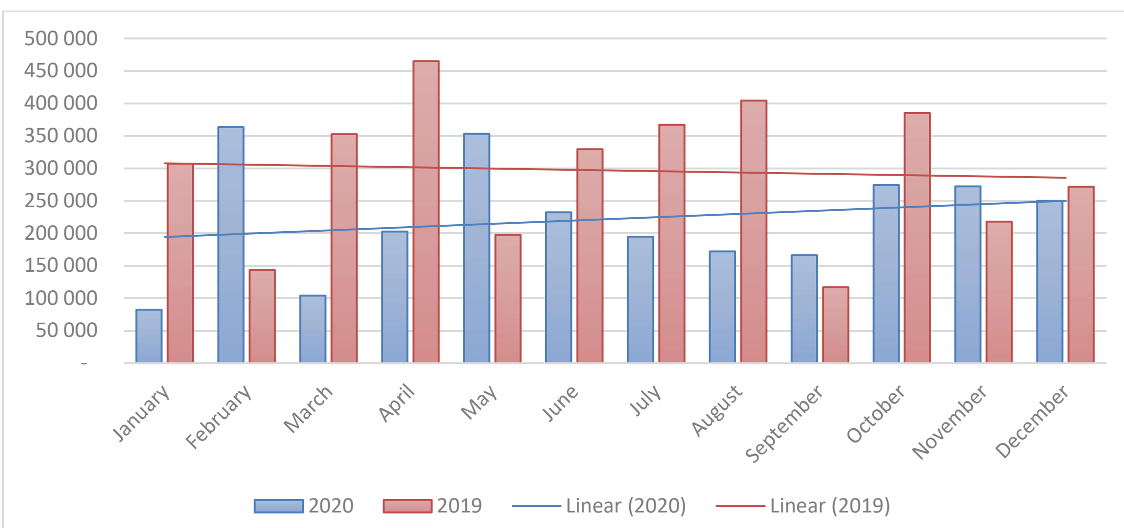
Liquid cargo

- The transhipment of liquid cargo throughput increased by 3% year on year.

- The accident which occurred in 2018 resulted in significant damage to the coastline and in turn this resulted in a significant decline in throughput of liquid cargo in the prior years. The increase in throughput in 2020 can be attributed to a normalising effect on liquid cargo throughput after the repair of the damaged coastline.



Throughput per month (in tons)



KEY INDICATORS

FOR THE GROUP

EBITDA
9.67 million kuna

EBIT
-4.68 million kuna

NET LOSS
-9.39 million kuna

INCOME FROM SERVICES
122,729 thousand kuna

DECREASE IN OPERATING COSTS (EX TRADING)
2.40 %

OPERATING EXPENSES
218,284 thousand kuna

INVESTMENTS (including IFRS 16)
44 million kuna

CASH AND CASH EQUIVALENTS
80.6 million kuna

INCOME FROM TRADING
102,860 million kuna

NUMBER OF EMPLOYEES
501

KEY PERFORMANCE INDICATORS OF THE GROUP

	REALISED 2020 'm kuna	REALISED 2019 'm kuna	INDEX
EBITDA	9.67	20.17	(0.52)
EBITDA margin	4.24%	11.88%	(0.64)
EBIT	- 4.67	8.12	(1.58)
EBIT margin	- 2.05%	4.78%	(1.43)
Net profit/(loss)	- 9.39	2.69	(4.49)

- Normalised EBITDA as Management Board view it amounted to 23.8 million kuna (margin 10.4%). It was adjusted for one-time severance payments (HRK 10.5 million kuna), impairment and write-off of property, plant and equipment and inventories (HRK million kuna) and increase in provision for court cases (HRK 1.5 million kuna). The effect of impairment loss on trade receivables under IFRS 9 (HRK 1.1 million kuna) is additionally excluded from normalized EBITDA. Normalised EBIT amounts to 9.4 million kuna, resulting in a normalised profit of 4.7 million kuna.
- Income from sale of port services amounted to 122,729 thousand kuna, evidencing a decrease of 12.09% in comparison to the prior year (2019: 139,613 thousand kuna). Income from trading amounted to 102,860 thousand kuna, a 253.79% increase as compared to the prior year (2019: 29,074 thousand kuna).
- Operating expenses amounted to 218,284 thousand kuna (2019: 149,610 thousand kuna) of which 99,614 thousand kuna relates to the cost of goods sold (2019: 28,016 thousand kuna). Operating expenses evidence a 2.4% decrease in comparison to the prior year when normalised for the cost of goods sold.

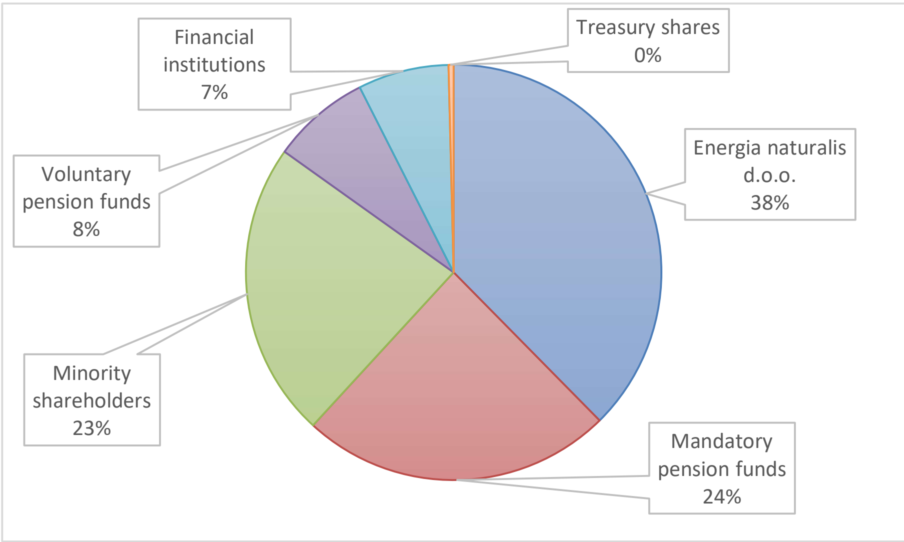
The key financial indicators of the Group in relation to the prior year are presented below.

Key performance indicators	*REALISED 2020*	*REALISED 2019*	*INDEX*
Liquidity ratios			
Working capital	***153,252***	*199,904*	*(0.23)*
Current liquidity ratio	***5.92***	*7.13*	*(0.18)*
Working capital turn over	***1.49***	*0.85*	*0.84*
Working capital days	***245.38***	*429.75*	*(0.46)*
Days in period	***365***	*365*	*-*
Debt ratios			
Current liabilities/equity	***0.08***	*0.08*	*(0.02)*
Non-current liabilities/equity	***0.34***	*0.35*	*(0.04)*
Borrowings/equity	***0.27***	*0.37*	*(0.28)*
Liabilities/equity	***0.41***	*0.43*	*(0.04)*
Liabilities/assets	***0.29***	*0.30*	*(0.03)*
Performance ratios			
EBITDA margin	***4.24%***	*11.88%*	*(0.64)*
EBIT margin	***-2.05%***	*4.78%*	*(1.43)*
Net margin	***-4.12%***	*1.59%*	*(3.59)*
Productivity indicators			
Number of employees	***501***	*556*	*(0.10)*
Income per employee	***455,004***	*305,365*	*0.49*

OWNERSHIP STRUCTURE

The overview of the primary shareholders on 31.12.2020 is set out below:

Shareholders	2020 Number of shares	2020 Ownership (%)	2019 Number of shares	2019 Ownership (%)
Energia naturalis d.o.o.	159,137	37.62	152,935	36.16
Mandatory pension funds	97,444	23.04	102,562	24.25
Minority shareholders	102,361	24.20	102,361	24.20
Voluntary pension funds	32,416	7.66	32,416	7.66
Financial institutions	29,890	7.07	30,974	7.32
Treasury shares (#)	1,719	0.41	1,719	0.41
Total	**422,967**	**100.00**	**422,967**	**100.00**



(#) The Company acquired 1,719 treasury shares during 2011, 2012 and 2013 in accordance with Article 233, Paragraph 2. of the Companies Act. These treasury shares amount to 0.4064% of the Company's share capital. The shares were acquired by means of authorization by the General Assembly, under the conditions stipulated by it and for the purpose of rewarding employees. The Company has not repurchased its own shares since February 2013, however the share repurchasing program remains open. The Company does not have an employee share scheme in place.

RELATED PARTIES IN THE GROUP STRUCTURE

The Group comprises: Luka Ploče d.d. (the parent company); Pomorski servis Luka Ploče d.o.o., Luka šped d.o.o; and Pločanska plovidba d.o.o.

The Group's primary business activities which are monitored and reported relate to:

- Transhipment of cargo (loading, unloading, transfers, processing and weighing services for general, bulk and liquid cargo)
- Freight forwarding and maritime services (mooring, unloading of cargo and passenger ships)
- Ancillary activities (catering and similar activities).

Transactions with related parties are undertaken applying standard commercial terms and market prices.

Related parties	Primary business activities	% ownership	
Pomorski servis Luka Ploče d.o.o.	Maritime services	100%	Consolidated
Luka šped d.o.o	Freight forwarding services	100%	Consolidated
Pločanska plovidba d.o.o.	Shipping and ancillary services	100%	Consolidated
Vizir d.o.o.	Fire department services	49%	Equity accounted
Lučka sigurnost d.o.o.	Private security services	49%	Equity accounted

Refer to notes 18 and 19 for further details regarding subsidiaries and associates.

EVENTS AFTER BALANCE SHEET DATE

No significant events post balance sheet date were noted that would impact on the balances reported at 31.12.2020.

RISK MANAGEMENT

The Company has documented and implemented relevant policies and procedures to manage individual risks. While the Company acknowledges that these risks are a normal occurrence in business dynamics, focus is placed on proactively reacting to these risks appropriately and timely. This approach enhances the quality of decision making in order to preserve and advance the business.

The Company categorises the risks as set out below as the most significant:

MARKET RISK

The maritime trade market is cyclical and is impacted extensively by macroeconomic factors and fluctuations in the global economy as well as by the underlying variables associated with modes of transport (land and sea). As a member of the global maritime trade network, market risk significantly impacts the Company and the Group.

Market destination

BiH is a key market in relation to the Company's operations and as such, political instability and negative country-specific macroeconomic factors can notably and negatively impact (or vice versa) the business operations of the Company and Group (as was noted in the prior year with the closure of Aluminij d.o.o. – a strategic client of the Company).

Market competition

Competition risk is pronounced in the Adriatic region (Kopar, Port of Rijeka, Bar, Italian port cluster). The prices of the Company's services are generally aligned to those of other ports across the Adriatic, although it is important to note that the impact of port tariffs alone is not sufficient to keep this route competitive. Competitiveness also depends on other factors such as electricity rates, port taxes and rail freight rates. Escalations in these rates can adversely affect the traffic route through the Company. The Management Board focuses on minimizing these risks through actively monitoring tariffs and proactively adjusting these to suit the circumstance.

CREDIT RISK

The assets of the Group and the Company that may give rise to credit risk relate primarily to cash and cash equivalents, trade receivables, employee receivables and other receivables. The Management Board focuses on minimizing credit risk through proactive monitoring of the customer collections process and cash inflows. An additional credit risk mitigating factor is the cargo, which acts as a form of insurance whereby cargo is not transshipped where cash collection limits are breached (long dated receivables). Credit risk relating to employee receivables is managed by means of securing timely payment as obligations fall due through salaries.

CURRENCY RISK

The Company is exposed to foreign exchange risk denominated in EUR and USD. Income from services rendered are primarily contracted and collected in EUR. Additionally the Company's bank loan from HBOR is linked by a currency clause in EUR. Foreign exchange risk exists given that most of the Company's operating costs are charged and paid in HRK. Additionally, the Company's functional currency is HRK and changes in the EUR and USD exchange rates affect realized and unrealized exchange rate gains/losses.

The EUR to HRK exchange rate risk is rated moderate given the Croatian National Bank continues to tightly peg the kuna to the euro. The Company focuses on minimizing currency risk through actively monitoring exchange rates as well as the structure and timing of expected kuna payments, in order to minimise realized exchange rate differences.

INTEREST RATE RISK

The Company is exposed to a minimal extent to interest rate risk given that it is indebted to HBOR bank based on a fixed interest rate repayment plan. The Company is of the view that variable interest rates will not change (decrease) in the medium term to negatively affect the existing fixed repayment of contracted interest. As such, the Management Board has not entered into any special hedging mechanisms relating to its interest rate risk profile.

LIQUIDITY RISK AND CASH FLOW RISK

Prudent liquidity risk management can be defined as maintaining sufficient and appropriate levels of cash, securing available lines of financing and being able to settle all obligations as they fall due. The Group and the Company's objective is to maintain financing flexibility by securing available credit lines. In addition, the Finance sector regularly and proactively monitors the level of available sources of cash funding and the trade receivables collection process, with specific focus on the structure of past due accounts, in order to actively manage expected cash inflows and outflows.

The Company manages its liquidity and cash flow risk through active monitoring and matching the maturities of assets and liabilities, with particular focus placed on aligning current asset and current liability payment profiles. In addition, detailed planning and monitoring of expected cash inflows and outflows is undertaken in order to ensure adequate levels of liquid assets are available to meet liabilities as they fall due according to their maturities.

COVID-19 has had a significant impact on the business in FY20, which is evidenced by a decline in throughput and liquidity. Despite the decline, the Company and the Group continue to hold satisfactory levels of liquid assets sufficient to meet all obligations as the fall due.

TECHNOLOGICAL RISK

Technological risk is associated with the obsolescence of existing port technology and mechanisation. The lack of timely and appropriate investments in the existing platform and work dynamics leads to the risk of higher operating costs and decreased efficiencies, which in turn impacts on the overall profitability and competitive advantage of the Company. This risk is managed through detailed planning and robust implementation relating to capital investments in existing infrastructure, suprastructure and new equipment as well as in digitalising existing manual processes. The effect of the same can be seen in the successful realisation of the FY20 investment plan. The Company continuously monitors and adapts its documented policies and procedures and formalized workflow.

RISK MANAGEMENT (continued)

HUMAN RESOURCES RISK

The provision of port services is highly correlated to head count and the need for human resources. This is evidenced in the high head count at the Company. These services are labour intensive in the operating sector and are coupled with the need for a specialised skill set relating to mechanical and service support functions. The Human Resources department is responsible for managing the education needs of employees as well as managing adherence to legal regulations governing medical examinations without which employees are not permitted to work in the field. The Safety at work function monitors the attestation of machinery and equipment as well as the general safety of employees in the workplace. Employees are encouraged to join the internal labour union and a responsible person has been appointed by the Company to cater for the timely management of employee relations.

BUSINESS DEVELOPMENT

Impact of COVID-19 on the business

The Group continues to experience the effects of COVID-19, which is evidenced by the lower levels of liquidity. Despite the decline, the Group continues to hold satisfactory levels of liquid assets sufficient to meet all obligations as they fall due.

Collective redundancy program

The collective redundancy program which the parent company Luka Ploče d.d. emarked on in Q4 of 2020, will be finalised during the second quarter of 2021. Upon finalisation of the program the expected number of employees at the Company and the Group is 383 and 453, respectively.

Investments in existing infrastructure and suprestructure

The Group intends to continue investing in the infrastructure and suprestructure of the business in 2021 with the objective of enhancing its service quality through efficiency savings as well as through continued digitisation of existing processes.

Business expectations

Based on publicly available macroeconomic data, as well as insight into operations for the first quarter and a half of 2021, the Group expects an increase in throughput in FY21 as compared to FY20.

STATEMENT OF ADHERENCE TO THE CODE OF CORPORATE GOVERNANCE

General information

The Company and the Group focuses on continual development and operating in accordance with the defined corporate governance standards.

This applies in particular to the manner in which the Company's bodies operate, interact with shareholders and employees, ensure business transparency, and interact with third parties. On 16.06.2008 the Company adopted its own Code of Corporate Governance with the objective of further enhancing and establishing high standards of corporate governance. The Management Board adheres to the provisions of its own Code and the Code of the Zagreb Stock Exchange d.d. from the date of listing of shares on the Official Market. The Company applies the corporate governance measures prescribed by law and provides detailed information on the same in the annual questionnaire, which is published in accordance with the regulations, on the Zagreb Stock Exchange webpage and Luka Ploče d.d webpage, respectively.

This Code has the power of recommendations that binds the Company bodies and employees whereby decision making requires adherence to the same. The objective of the Code is to establish high standards of corporate governance and business transparency of Luka Ploče d.d. ("the Company") and its subsidiaries.

The Code defines corporate governance procedures which ensure the effective and responsible management and monitoring of business operations, the protection of shareholders, employees, appointed responsible parties of the Company as well as all other stakeholders. The founding principles of this Code comprise: business transparency, clearly defined procedures for the Supervisory Board function, Management Board function and other bodies and structures that make key decisions, aim to avoid conflicts of interest, provide efficient internal controls and an effective system of accountability.

Any interpretation of the directives stipulated by this Code should be guided primarily by adherence to the principles and the realisation of these objectives.

The Company is listed on Zagreb Stock Exchange, and has adhered to the Zagreb Stock Exchange Governance Code. The Company respects and implements the prescribed corporate governance measures (as reported in detail in the prescribed annual questionnaire which is published on the Zagreb Stock Exchange).

The primary shareholders according to the Central Depository and Clearing Company data are reported in the ownership structure in the Management Report as well as in Note 26 to the financial statements. Additionally this is recorded in the Book of Shares which is held at the Company. The Company is also required to publish, on its website and the stock exchange, any acquisition or disposal of shares and other securities held in the Company by the Management Board, the Supervisory Board, employees of the Company and any persons having access to price sensitive / inside information of the Company and those related to them.

The Articles of Associate regulate the jurisdiction, procedures for convening and quorum requirements and the manner of decision making of the General Assembly. When convening the General Assembly, the Management Board is required to set a date for reporting on the position of the share register which regulates the exercise of voting rights at the General Assembly. This date should be before the General Assembly and is limited to 6 days prior to the general meeting.

General information (continued)

The right to vote should include all shareholders of the Company in such a manner that the number of votes equates to the number of shares held by the members, regardless of class of shares. In the instance that the Company issues shares with no voting rights or with restricted voting rights, it is required to publicly and timeously announce all relevant information about the type of rights resulting from such shares in order to enable investors to make appropriate decisions when purchasing these securities. The Company is required to act in a consistent manner and under the same terms to all shareholders, regardless of the number of shares held by the same, their country of origin or their other assets. This particularly applies to the responsibility for equal treatment for individual and institutional investors.

Election and appointment of the Supervisory Board is regulated by the Statute of the joint stock company Luka Ploče d.d.. There are no restrictions based on gender, age, education, profession etc. The Companies Act defines any amendments to the Articles of Association.

The basic medium for the publication of information is the National Gazette and the Company's website: www.luka-ploce.hr.

Corporate governance structure

In accordance with the Companies Act and the Company's Articles of Association, the bodies of the Company comprise the General Assembly, the Supervisory Board and the Management Board. The aforementioned also regulate the duties and responsibilities of the bodies.

General Assembly

The General Assembly makes decisions that have a significant impact on the assets, financial position, operating results, ownership structure and management of the Company. Decisions are made exclusively at the General Assembly and are stipulated by the majority of votes. The Management Board is required to publish the decisions of the General Meeting and any challenges to these, on a timely basis. The regular Annual General Assembly Meeting was held on 7 August 2020.

Supervisory Board

The responsibilities and tasks of the Supervisory Board are regulated by the Statute of the joint stock company Luka Ploče d.d. The Supervisory Board members are required to perform their duties with orderly and conscientious diligence and to maintain the business secrets of Company. The Supervisory Board is obliged to assess the success of its function in the preceding period. Such an assessment includes assessing the function of the committees established by it and to appraise the realisation of its planned objectives for the Company. The Supervisory Board comprised five members at 31.12.2020.

Corporate governance structure (continued)

Supervisory Board (continued)

The chairman of the Supervisory Board is responsible for determining the timing of regular meetings scheduled during the year and special meetings if and when the need arises. The frequency of Supervisory Board meeting is determined in accordance with the needs of the Company.

Members of the Supervisory Board as at the date of this annual report and during the reporting period are set out below:

- Pavao Vujnovac - chairman
- Jeni Krstičević - deputy chairman
- Ivan Ostojić - member
- Damir Spudić - member from 8 August 2020
- Tonka Lovrinov - member to 26 March 2020
- Ana Marinović - member from 26 March 2020

During the reporting period the Supervisory Board comprised 4 members up to 8 August 2020. Thereafter the Supervisory Board comprised 5 members.

During the reporting period the Supervisory Board held 11 meetings with the attendance of all members at each.

Audit committee

Pursuant to its Articles of Association, the Supervisory Board of the Company has established an Audit Committee. The Audit Committee is the body that supports the Management Board and the Supervisory Board in the effective execution of corporate governance obligations, financial reporting and control of the Company.

The Audit Committee appointed in accordance with the law, comprised 3 members, all of whom are also members of the Supervisory Board.

Members of the Audit committee as at the date of this annual report and during the reporting period are set out below:

- Jeni Krstičević - chairman
- Pavao Vujnovac - member to 28 December 2020
- Damir Spudić – member from 28 December 2020
- Ivan Ostojić – member

During the 2020 financial year, the Audit committee held 2 meetings with the attendance of all members at each.

Corporate governance structure (continued)

Audit committee (continued)

With the assistance of the Audit Committee, the Supervisory Board monitored the adequacy of the internal control system, which is achieved through three mutually independent control functions (internal audit, risk control, compliance monitoring), in order to establish such a system of internal controls that will allow detection and monitoring of all risks to which the Company is exposed in its operations.

Management Board

The Management Board runs Company's business in accordance with the Articles of Association and legal regulations. The Company is represented by the Management Board - the President or a member of the Management Board, individually and independently. The Management Board monitored that business strategy, accounting and documentation were in accordance with the law. They compiled accounting documents, reliably assessed the assets and liabilities, prepared financial and other reports in accordance with applicable accounting regulations and standards.

Members of the Management Board as at the date of this annual report and during the reporting period are set out below:

- Hrvoje Livaja - CEO
- Daniela Marelić – CFO from 1 July 2020

Key elements of internal controls and risk management relating to financial reporting for the Company and the Group

The Company is obliged to prepare its financial statements in accordance with International Financial Reporting Standards and to publish these within the prescribed time frames as defined by Croatian legislation. Financial reports prepared by the Management Board and audited by an independent external auditor, are required to be published on the Company's website.

The President of the Management Board is responsible for designing an internal control system that organises and monitors the flow of accurate, specific and complete information about the Company, such as compliance with financial, business and regulatory obligations that could present a significant risk to the Company. The internal auditor is required to analyse and monitor the effectiveness of the system at least annually.

The Company is required to have an independent external auditor as an important mechanism of corporate governance. Their primary function is to ensure that the financial statements adequately reflect a true and fair view of the Company and the Group as a whole.

An independent external auditor should not have an ownership or financial interest in the Company and should not provide other services to the Company, whether direct or indirect.

STATEMENT OF ADHERENCE TO THE CODE OF CORPORATE GOVERNANCE (continued)

Key elements of internal controls and risk management relating to financial reporting for the Company and the Group (continued)

The independent auditor is required to communicate with the Audit Committee, inter alia, regarding the audit report, audit findings, control deficiencies, actual or suspected fraud, non-compliance with laws or regulations, significant difficulties, disagreement with Management Board, independence breaches and other topics relevant to the audit process.

The Company is required to report on its compliance with the recommendations as set out in the Code of Corporate Governance, in the prescribed manner (annual questionnaire), in its annual report and on its webpage. The Code of Corporate Governance and its recommendations are founded on the principle of "comply or explain", i.e. if the Company departs from or does not enforce any of the recommendations, the annual survey requires an explanation to be provided for such deviations. This annual survey comprises an integral part of the Code of Corporate Governance.

In Ploče, 25 May 2021

Statement of Management's responsibility

Pursuant to the Croatian Accounting Law, the Management Board is responsible for ensuring that non-consolidated and consolidated financial statements are prepared for each financial year in accordance with the International Financial Reporting Standards ("IFRS'') approved by the European Union ("EU") which give a true and fair view of the state of affairs and results of Luka Ploče d.d. and of the companies being consolidated ("Group") for that period.

The Management Board has a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the financial statements.

In preparing unconsolidated and consolidated financial statements, the responsibilities of the Management Board include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgements and estimates are reasonable and prudent;
- applicable accounting standards are followed,
- the unconsolidated and consolidated financial statements are prepared on the going concern basis unless it inappropriate to presume that the Company and Group will continue in business.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and of the Group, and must also ensure that their financial statements comply with the Croatian Accounting Law. The Management Board is also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management Board is also responsible for the contents and preparation of the management report in accordance with the legal and regulatory requirement as well as for other information published with the management report (commonly referred to as: "other information"). Management report with other information was approved for issuing by the Management Board and signed below accordingly.

Management report and unconsolidated and consolidated financial statements have been approved by the Management Board on 25 May 2021 for their submittal for approval to the Supervisory Board, and are signed below:

Hrvoje Livaja
President of the Management board

Daniela Marelić
Member of the Management board

Luka Ploče d.d.
Trg kralja Tomislava 21
20340 Ploče
Ploče, 25 May 2021

KPMG

Independent Auditors' Report to the shareholders of Luka Ploče d.d.

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Luka Ploče d.d. ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the separate and consolidated statements of financial position of the Company and the Group respectively as at 31 December 2020, and their respective separate and consolidated statements of comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising significant accounting policies and other explanatory information (further referred to as "the financial statements").

In our opinion, the accompanying financial statements give a true and fair view of the unconsolidated financial position of the Company and the consolidated financial position of the Group as at 31 December 2020 and of their respective unconsolidated and consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Croatia and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of port assets (separate and consolidated financial statements)

The carrying amount of property, plant and equipment of the Company and the Group as at 31 December 2020 amounted to HRK 370,871 thousand and HRK 379,099 thousand, respectively (31 December 2019: HRK 347,199 thousand and HRK 354,673 thousand, respectively).

Refer to accounting policy 3.9 and financial disclosures in notes 6b) and 16. In separate and consolidated financial statements.

Key audit matter	How our audit addressed the matter
As at 31 December 2020, the carrying amount of property, plant and equipment represented approximately 66% of the Group's and the Company's respective total assets. These assets, carried at cost less accumulated depreciation and any accumulated impairment losses, consist primarily of port suprastructure and equipment ("port assets").	Our audit procedures in this area included, among others: • Evaluating against the requirements of the relevant financial reporting standards the Company's and the Group's accounting policy for identification of impairment, and measurement and recognition of any impairment losses in respect of property, plant and equipment. As part of the above, we identified the relevant methods, assumptions and sources of data, and assessed whether such methods, assumptions, data and their application are appropriate in the context of the said requirements;

This version of the annual report is a translation from the original, which was prepared in Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the annual report takes precedence over this translation.

Independent Auditors' Report to the shareholders of Luka Ploče d.d. *(continued)*

Report on the Audit of the Financial Statements *(continued)*

Key Audit Matters (continued)

Key audit matter *(continued)*	How our audit addressed the matter *(continued)*
As described in Note 6b) of the financial statements, in the current year, the Company and the Group identified impairment indicators in respect of the port assets, including, primarily: — challenging business environment and financial difficulties experienced by some of key customers; — underutilisation of port assets; and — the carrying amount of the Group's net assets exceeding its market capitalisation. As required by relevant financial reporting standards, individual items of property, plant and equipment or cash generating units (CGUs) for which impairment indicators exist are required to be tested by the Company and the Group for potential impairment. Any such impairment would be recognised in the amount by which the carrying amount of the asset (or a related CGU) exceeds its recoverable amount. The estimation of the recoverable amount of port assets, which is generally considered to be their value in use (based on discounted cash flow models), relies on significant judgments and assumptions about the future, including: port tariffs, cargo throughput, operating costs, capital expenditures, working capital, residual value, inflation, concession period and the most appropriate discount rate. These projections are exposed to significant variability due to changing market conditions. In the wake of the above factors, we considered determination of the recoverable amount of port assets to be associated with a significant risk of material misstatement in the financial statements. Therefore, the area required our increased attention in the audit and as such was determined to be a key audit matter.	• Evaluating design and implementation of selected key internal controls relating to the identification of impairment indicators and the process of impairment testing; • Evaluating the quality of the Company's and the Group's forecasting by comparing historical projections with actual outcomes; • Assessing the appropriateness of asset grouping into CGUs, based on our understanding of the Company's and the Group's operations and business units; • Inspecting minutes of the Management Board's and Supervisory Board's meetings for any indications of financial difficulties / changes in operational plans, with potential adverse effects on the recoverable amounts of port assets; • Critically assessing the Company's and the Group's assumptions and estimates used to determine the recoverable amounts of port assets, assisted by our own valuation specialists. This included: - Assessing the Company's and the Group's discounted cash flow model against the relevant financial reporting standards, market practice and for internal consistency. As part of the procedure, we also tested the integrity of the model, including its mathematical accuracy; - Assessing reasonableness of the key assumptions applied in the impairment test (such as port tariffs, cargo throughput, operating costs, capital expenditures, working capital, residual values, concession period and discount rate), by reference to publicly available market reports, as well as the Company's and the Group's internal documents, such as approved budgets, concession contracts and sales reports. • Assessing susceptibility of the impairment model and the resulting impairment conclusion to management bias, by challenging the Company's and the Group's analysis of the model's sensitivity to changes in key underlying assumptions; • Assessing the appropriateness and completeness of impairment-related disclosures in the financial statements against the relevant requirements of the financial reporting framework.

Independent Auditors' Report to the shareholders of Luka Ploče d.d. *(continued)*

Report on the Audit of the Financial Statements *(continued)*

Other Information

Management is responsible for the other information. The other information comprises the Management Report and Corporate Governance Statement included in the Annual Report of the Company and the Group, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management Report and Corporate Governance Statement, we also performed procedures required by the Accounting Act in Croatia ("Accounting Act"). Those procedures include considering whether:

- the Management Report has been prepared in accordance with the requirements of Articles 21 and 24 of the Accounting Act,
- the Corporate Governance Statement includes the information specified in Article 22 of the Accounting Act.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and procedures above, in our opinion:

- the information given in the Management Report and Corporate Governance Statement for the financial year for which the financial statements are prepared, is consistent, in all material respects, with the financial statements;
- the Management Report has been prepared, in all material respects, in accordance with the requirements of Articles 21 and 24 of the Accounting Act, respectively;
- the Corporate Governance Statement includes the information specified in Article 22 of the Accounting Act.

In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are also required to report if we have identified material misstatements in the Management Report and Corporate Governance Statement. We have nothing to report in this respect.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with EU IFRS, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group or to cease operations, or has no realistic alternative but to do so.

KPMG

Independent Auditors' Report to the shareholders of Luka Ploče d.d. *(continued)*

Report on the Audit of the Financial Statements *(continued)*

Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditors' Report to the owner of Luka Ploče d.d. *(continued)*

Report on the Audit of the Financial Statements *(continued)*

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We were appointed by those charged with governance on 7 August 2020 to audit the financial statements of the Company and the Group for the year ended 31 December 2020. Our total uninterrupted period of engagement is 7 years, covering the periods ending 31 December 2014 to 31 December 2020.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company dated 25 May 2021;
- for the period to which our statutory audit relates, we have not provided any non-audit services (NASs), hence we have not provided any prohibited non-audit services referred to in Article 44 of the Audit Act. We also remained independent of the audited entity in conducting the audit;

The engagement partner on the audit resulting in this independent auditors' report is Domagoj Hrkać.

KPMG Croatia d.o.o. za reviziju
Croatian Certified Auditors
Eurotower, 17th floor
Ivana Lučića 2a
10000 Zagreb
Croatia

25 May 2021

Domagoj Hrkać
Director, Croatian Certified Auditor

LUKA PLOČE d.d., Ploče

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

		Luka Ploče Group		Luka Ploče d.d.	
(in thousands of HRK)	**Note**	**2020**	**2019**	**2020**	**2019**
Revenue	7, 8	225,589	168,687	212,508	154,408
Other income	8	2,368	1,096	1,200	530
Materials and energy costs	9	(113,956)	(45,921)	(111,069)	(43,198)
Services	9	(17,584)	(17,869)	(17,764)	(17,294)
Personnel expenses	10	(77,704)	(73,679)	(68,259)	(65,931)
Depreciation and amortisation	15,16,17	(14,351)	(12,054)	(13,656)	(11,498)
Other operating expenses	11	(7,427)	(6,395)	(6,646)	(5,839)
Impairment loss on receivables – net	22	(1,109)	(3,382)	(1,060)	(3,337)
Impairment of property, plant and equipment – net		(799)	(2,615)	(799)	(2,615)
Other (losses) / gains – net	12	295	251	287	241
Operating profit / (loss)		**(4,678)**	**8,119**	**(5,258)**	**5,467**
Finance income / (expenses) – net	13	(6,651)	(4,148)	(6,550)	(4,099)
Share of profit of equity-accounted investees	19	66	67	-	-
Profit / (loss) before tax		**(11,263)**	**4,038**	**(11,808)**	**1,368**
Income tax	14	1,868	(1,343)	1,991	(845)
Net profit / (loss)		**(9,395)**	**2,695**	**(9,817)**	**523**
Other comprehensive income		-	-	-	-
Total comprehensive income		**(9,395)**	**2,695**	**(9,817)**	**523**
Earnings / (loss) per share (in HRK) basic and diluted	**27**	**(22.30)**	**6.40**	**(23.30)**	**1.24**

Notes and accounting policies that follow form an integral part of these financial statements.

LUKA PLOČE d.d., Ploče

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

(in thousands of HRK)	Note	Luka Ploče Group 31 December 2020	Luka Ploče Group 31 December 2019	Luka Ploče d.d. 31 December 2020	Luka Ploče d.d. 31 December 2019
ASSETS					
Non-current assets					
Intangible assets	15	565	756	562	753
Property, plant and equipment	16	379,099	354,673	370,871	347,199
Advances for tangible assets		1,587	148	1,587	147
Investment property	17	4,386	4,482	4,386	4,482
Investments in subsidiaries	18	-	-	7,502	7,502
Investments in equity-accounted investees	19	725	687	80	80
Long-term loans given	20	1,183	1,421	1,183	1,421
Deferred tax assets	14	2,732	741	2,732	741
Long-term deposits	23	788	788	-	-
Total non-current assets		**391,065**	**363,696**	**388,903**	**362,325**
Current assets					
Inventories	21	6,463	34,828	6,324	34,671
Trade and other receivables	22	92,437	42,288	91,272	40,830
Short-term deposits	23	3,392	3,349	3,392	3,349
Short-term loans given to subsidiaries	20	-	-	1,596	-
Financial assets at fair value through profit or loss	24	237	313	237	313
Income tax receivable		1,184	-	1,034	-
Cash and cash equivalents	25	80,671	151,483	72,192	144,843
Total current assets		**184,384**	**232,261**	**176,047**	**224,006**
Total assets		**575,449**	**595,957**	**564,950**	**586,331**
SHAREHOLDERS' EQUITY					
Share capital	26	169,187	169,187	169,187	169,187
Share premium	26	88,107	88,107	88,107	88,107
Legal reserves	26	8,459	8,459	8,459	8,459
Other reserves	26	48,159	48,159	48,159	48,159
Retained earnings		93,659	103,054	86,393	96,210
Total shareholders’ equity		**407,571**	**416,966**	**400,305**	**410,122**
LIABILITIES					
Non-current liabilities					
Borrowings	28	132,075	142,487	131,436	141,482
Provisions	29	4,671	3,906	4,399	3,512
Total non-current liabilities		**136,746**	**146,393**	**135,835**	**144,994**
Current liabilities					
Borrowings	28	12,074	10,873	11.471	10,129
Trade and other payables	30	18,037	19,722	16.391	19,455
Income tax liability		73	1,446	-	1,074
Provisions	29	948	557	948	557
Total current liabilities		**31,132**	**32,598**	**28,810**	**31,215**
Total liabilities		**167,878**	**178,991**	**164,645**	**176,209**
Total shareholders’ equity and liabilities		**575,449**	**595,957**	**564,950**	**586,331**

Notes and accounting policies that follow form an integral part of these financial statements.

LUKA PLOČE d.d., Ploče

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

Luka Ploče Group

(in thousands of HRK)	Share capital	Share premium	Legal reserves	Other reserves	Treasury shares	Retained earnings	Total
Balance at 1 January 2019	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**100,359**	**414,271**
Net profit for the year	-	-	-	-	-	2,695	2,695
Other comprehensive income	-	-	-	-	-	-	-
Balance at 31 December 2019	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**103,054**	**416,966**
Balance at 1 January 2020	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**103,054**	**416,966**
Net loss for the year	-	-	-	-	-	(9,395)	(9,395)
Other comprehensive income	-	-	-	-	-	-	-
Balance at 31 December 2020	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**93,659**	**407,571**

Notes and accounting policies that follow form an integral part of these financial statements.

LUKA PLOČE d.d., Ploče

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

Luka Ploče d.d.

(in thousands of HRK)	Share capital	Share premium	Legal reserves	Other reserves	Treasury shares	Retained earnings	Total
Balance at 1 January 2019	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**95,687**	**409,599**
Net profit for the year	-	-	-	-	-	523	523
Other comprehensive income	-	-	-	-	-	-	-
Balance at 31 December 2019	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**96,210**	**410,122**
Balance at 1 January 2020	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**96,210**	**410,122**
Net loss for the year	-	-	-	-	-	(9,817)	(9,817)
Other comprehensive income	-	-	-	-	-	-	-
Balance at 31 December 2020	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**86,393**	**400,305**

Notes and accounting policies that follow form an integral part of these financial statements.

LUKA PLOČE d.d., Ploče

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

(in thousands of HRK)	Note	Luka Ploče Group 2020	Luka Ploče Group 2019	Luka Ploče d.d. 2020	Luka Ploče d.d. 2019
Profit / (loss) before tax		**(11,263)**	**4,038**	**(11,808)**	**1,368**
Depreciation and amortisation	15,16,17	14,351	12,054	13,656	11,498
Impairment losses on receivables	22	1,109	3,390	1,089	3,337
Gains/(losses) on changes in fair value	12	76	(19)	76	(19)
Gain on sale of property, plant and equipment and intangible assets	12	(1)	(5)	(1)	(5)
Share of net profit of equity-accounted investees	19	(66)	(67)	-	-
Finance expenses – net	13	6,651	4,148	6,550	4,099
Net change in provisions	29	1,156	586	1,278	510
Impairment of property, plant and equipment and inventories		799	2,615	799	2,615
Interest income	8	(32)	(21)	(65)	(19)
Total items that do not affect cash		**24,043**	**22,681**	**23,382**	**22,016**
Changes in working capital:					
Increase of trade and other receivables		(52,195)	(10,336)	(52,467)	(9,562)
(Increase) / decrease of inventories		27,911	(30,513)	27,893	(30,585)
Decrease / (increase) of trade and other payables		(3,836)	3,846	(5,171)	2.680
		(28,120)	**(37,003)**	**(29,745)**	**(37,467)**
Interest paid		(2,599)	(4,003)	(2,547)	(3,931)
Interest collected		33	21	65	19
Income tax paid		(1,885)	(1,427)	(1,312)	(1,193)
Net cash used in operations		**(19,791)**	**(15,693)**	**(21,965)**	**(19,188)**
Cash flows from investing activities					
Purchase of property, plant and equipment and intangible assets		(39,976)	(32,503)	(38,527)	(30,331)
Outflows for loans given		-	-	(1,596)	-
Proceeds from loans given		379	395	379	395
Proceeds from disposal of property, plant and equipment		1	6	1	6
Proceeds from return of cash from investments in associates		29	-	-	-
Net investments in deposits and guarantees		-	(2,907)	-	(3,214)
Net cash used in investing activities		**(39,567)**	**(35,009)**	**(39,743)**	**(33,144)**
Cash flows from financing activities					
Proceeds from borrowings	28	-	773	-	-
Repayment of borrowings	28	(4,523)	(8,344)	(4,294)	(7,902)
Repayment of leases	28	(6,931)	(2,504)	(6,649)	(2,199)
Net cash used in financing activities		**(11,454)**	**(10,075)**	**(10,943)**	**(10,101)**
Net decrease in cash and cash equivalents		**(70,812)**	**(60,777)**	**(72,651)**	**(62,433)**
Cash and cash equivalents at beginning of year		151,483	212,819	144,843	207,797
Foreign exchange (losses) / gains on cash and cash equivalents		-	(559)	-	(521)
Cash and cash equivalents at end of year	25	**80,671**	**151,483**	**72,192**	**144,843**

The notes and accounting policies that follow are an integral part of these financial statements.

NOTE 1 – GENERAL INFORMATION

LUKA PLOČE d.d. (the "Company") is a joint stock company registered under the laws and regulations of the Republic of Croatia. The Company is domiciled in Ploče, Croatia. The Company is headquartered in Trg Kralja Tomislava 21, Ploče.

The principle activities of the Company are port services (manipulation of goods), warehousing and wholesale and retail services in domestic and foreign trade. Other activities of the Group include construction, maintenance, freight, commerce and other services.

As at 31 December 2020, LUKA PLOČE Group (the "Group") consists of the parent company LUKA PLOČE d.d., its three subsidiaries (2019: three subsidiaries) based in Ploče, Croatia (Note 18) and equity-accounted investees (Note 19).

As at 31 December 2020, the Company's shares were listed on the official listing of the Zagreb Stock Exchange.

Management and the Supervisory Board of the Company

During the reporting period the members of the Management Board were as follows:

Name	Surname	Function	From/to
Hrvoje	Livaja	President of the Management Board	
Daniela	Marcelić	Member of the Management Board	From 1 July 2020

During the reporting period the members of the Supervisory Board were as follows:

Name	Surname	Function	From/to
Pavao	Vujnovac	President of the Supervisory Board	
Jeni	Krstičević	Deputy president of the Supervisory Board	
Ivan	Ostojić	Member	
Damir	Spudić	Member	From 8 August 2020
Ana	Marinović	Member	From 26 March 2020
Tonka	Lovrinov	Member	To 26 March 2020

NOTE 2 – BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated and separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("EU IFRS").

The separate financial statements are presented for the Company while the consolidated financial statements relate to the Company and its subsidiaries and equity-accounted investees (referred to as "the Group"). The separate and consolidated financial statements are further referred to as the "financial statements". The financial statements were approved by the Management Board on 25 May 2021.

2.2 Basis of presentation

The financial statements have been prepared on historical cost basis, except where otherwise stated.

2.3 Functional and presentation currency

Items included in the financial statements of Group's entities are stated using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in HRK, which represents the Company's functional and the Group's presentation currency.

2.4. New accounting standards and interpretations of published standards that have not yet been adopted

Certain standards, amendments and interpretations of existing standards that may be applied but are not mandatory for the period ended 31 December 2020, have been published. These standards have not been adopted in the preparation of these financial statements. These standards are not expected to have a material impact on the Group's financial statements.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these separated and consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and companies over which the Company has control (subsidiaries) as of and for the years ended 31 December 2020. The Company and its subsidiaries together are referred to as the Group.

(i) Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of consideration transferred, the amount of any non-controlling interest in the acquiree and acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of bargain purchase, the difference is recognised directly in the statement of comprehensive income.

(ii) Business combinations and transactions with entities under joint control

Business combination of entities under joint control is accounted for using the book value. Under this method, the assets and liabilities of the predecessor of a jointly controlled entity are transferred at carrying amounts to the successor entity. The related goodwill relating to the initial acquisitions of the predecessor company is also disclosed in these financial statements. The difference between the carrying amount of net assets and the consideration paid is recognized in these financial statements as an adjustment to equity.

(iii) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. In its unconsolidated financial statements, the Company accounts for its investments in subsidiaries at cost.

(iv) Associates (equity-accounted investees)

Associates are all entities over which the Group or the Company have significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The Group accounts for investments in associates using the equity method of accounting whilst the Company accounts for them at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(v) Transactions eliminated on consolidation

Balances and transactions between Group and any unrealized gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates where the Group shares control with other owners are eliminated to the extent of the Group's interest in these entities. Unrealised gains arising from transactions with associates are eliminated against the. Unrealised losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Board of the Company.

3.3 Transactions and balances in foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses relating to borrowings, cash and cash equivalents and short-term deposits are recorded in the income statement within “Finance income or costs”. All other foreign exchange losses and gains are recorded in the income statement within “Other (losses)/gains-net”.

Non-monetary assets and items that are measured in terms of historical cost in foreign currencies are not re-translated.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at functional currency at foreign exchange rates ruling at the date of determination of fair values.

3.4 Intangible assets

Software, licences and project documentation are amortized over their estimated useful lives. Estimated useful lives are reviewed annually and impairment review are undertaken if there is any indication of impairment.

Subsequent expenditure on capitalised intangible assets is capitalised only if it is probable that it increases the future economic benefits embodied in the specific asset to which it relates and those benefits will flow to the Company. All other expenditure is recognised in the profit or loss as an expense as incurred.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date on which they are available for use. The estimated useful lives of intangible assets is 2.5 to 5 years.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, plant and equipment

i) Owned Assets

Property, plant and equipment are included in the balance sheet at historical cost less accumulated depreciation and accumulated impairment, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditure is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group or the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land and assets under construction are not depreciated. Depreciation of other tangible assets is calculated using the straight-line method to allocate their cost over their estimated useful lives.

	2020/2019
Buildings	8-67
Equipment	2-67
Leasehold improvements	15-67

Leasehold improvements relate to capital expenditures in leased assets, located on maritime land.

The residual value of an asset is the estimated amount that the Group or the Company would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Group or the Company expect to use the asset until the end of its life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in 'other gains/(losses) – net' in the income statement.

(ii) Assets which are subject to the concession arrangement

The Company has a signed long-term concession agreements for the provision of port services, which represent most of the revenues generated by the Company. Current concession arrangement involves transfer of the operating rights over the port of Ploče for a limited period of time, under the control of local port authorities, using the specified asset (port infrastructure) or assets constructed by the Company during the term of the concession arrangements, or received by the Company for a fee or free of charge.

This arrangement defines a "public service obligations" of the Company in exchange for a fee. The fee is based on the operating conditions, continuity of services, regulation of prices and obligations related to the maintenance / replacement of the port infrastructure. The agreement sets forth the terms and conditions governing the transfer of port infrastructure to the local port authority or concessionaire successor upon expiry.

Expenditures for maintenance

Maintenance of assets that are part of the concession arrangement is recognized as an expense when incurred in profit or loss and is disclosed in operating costs as a cost of used materials and services.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, plant and equipment (continued)

(ii) Assets which are subject to the concession arrangement (continued)

Capital expenditure in the area under concession

Capital investments in the port infrastructure, made in accordance with the terms of the concession agreement, are recognized as assets within the appropriate class of property, plant and equipment and are stated at cost less accumulated depreciation and any accumulated impairment losses. Acquisition cost includes expenditure that is directly attributable to the acquisition of assets.

In the case of property which is, under the concession arrangement, upon its expiry transferred to the local port authority (the Provider of the concession), amortization of such assets is calculated using the straight-line method to allocate the cost, less the residual value of the asset, over the shorter of the estimated useful life and remaining concession arrangements.

In the case of property that is not transferred to the Provider of the concession, depreciation is calculated in accordance with the depreciation policy of the class of property, plant and equipment in which the said asset is classified as explained in Note 3.5 (i).

The assets transferred to the Company by the Service Concession

As part of the concession arrangements, the local port authority (the Provider of the concession) has transferred the management rights over a number of items of property that make up the port infrastructure on the Company which has the right to use these assets in the provision of services defined in the concession agreement. Such assets are not recognized by the Company but instead are accounted for as off-balance sheet items.

3.6 Investment property

Investment property, principally comprising residential apartments, is held for long-term rental yields or appreciation and is not occupied by the Group or the Company. Investment property is treated as a long-term investment unless it is intended to be sold in the next year and a buyer has been identified in which case it is classified within current assets.

Investment property is carried at historical cost less accumulated depreciation and impairment losses, if any. The depreciation of apartments is calculated using the straight-line method to allocate cost over their estimated useful life of 66 years.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with it will flow to the Group or the Company and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred. If an investment property becomes owner-occupied, it is reclassified to property, plant and equipment, and its carrying amount at the date of reclassification becomes its deemed cost to be subsequently depreciated.

3.7 Accounting treatment of leases – the Group or the Company is the lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16, based on which it assesses whether:

- the contract involves the use of identified assets - which may be determined explicitly or implicitly, and which should be physically separated or represent a predominant part of the capacity of the physically separated assets. If the supplier has a significant right of exchange, then the asset is not identified;

- The Group has the right to essentially all economic rights from the use of the property during the period of use; and

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Accounting treatment of leases – the Group or the Company is the lessee (continued)

- The Group has the right to manage the use of the respective property. The Group has this right when it exercises management rights that are most relevant to changes in decisions as to how and for what purpose the assets are used. In the rare cases where a decision on how and for what purpose the assets in question are used is predetermined, the Group has the right to manage the use of the assets if:
    - the Group has the right to manage the assets; or
    - the Group has designed the asset in a manner that determines in advance how and for what purpose it will be used.

By analyzing the Concession Agreement, the Group concluded that the concession area and related infrastructure assets represent a single integrated asset and that the Group realizes essentially all economic benefits from the use of these assets during the concession period.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments (including fixed expenditures for infrastructure);
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Liabilities related to expenditures for own assets (equipment) and maintenance, as well as payments of variable concession fee, do not constitute components related to lease in accordance with IFRS 16 and will therefore continue to be recognized in accordance with other relevant standards, primarily in accordance with IAS 16 *Property, Plant and Equipment.*

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Accounting treatment of leases – the Group or the Company is the lessee (continued)

When a lease liability is remeasured as follows, the corresponding adjustments are made to the net carrying amount of the asset used, or recognized in profit or loss if the net carrying amount of the asset is reduced to zero.

The Group presents property, plant and equipment as part of property, plant and equipment and borrowings under borrowings in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a linear basis over the lease term. The number of such leases and their amount is not material.

3.8 Accounting treatment of leases – the Group or the Company is the lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other revenue’.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Impairment of non-financial assets

The carrying value of non-financial assets of the Company and the Group, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet ready for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Cash-generating unit is the smallest group of assets that can be identified and generate cash flows that are independent from other assets and groups of assets.

Impairment losses are recognized in profit or loss. Impairment losses relating to cash generating units, are first allocated to reduce goodwill allocated to the units and then to reduce the carrying amount of other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment loss on goodwill is not reversed. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that suggest that the loss no longer exists or has decreased. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only if the carrying amount of an asset does not exceed the carrying amount that would have been determined, net of depreciation, and impairment losses on assets not recognized.

3.10 Inventories

Inventories of raw materials, trade goods and spare parts are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Inventories of trade goods are stated at net realizable value. Net realizable value represents the estimate of sales price in the ordinary course of business less any variable sales costs. Inventories are measured using the weighted average method.

3.11 Trade receivables and loans given

Trade receivables and loan given are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, if significant, if not at nominal value less provision for impairment.

The amount of the provision is recognised in the income statement within “Impairment of receivables - net”. Subsequent recoveries of the provision for impairment of trade receivables are recorded in the income statement within ‘impairment of receivables - net’.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial assets

(i) Recognition and Initial Measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

At initial recognition, financial assets are classified as measured at:

- amortized cost;
- or FVTPL (fair value through profit or loss).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group’s continuing recognition of the assets.

Business model for receivables is for them to be held until collection. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial assets (continued)

(ii) Classification and subsequent measurement (continued)

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing the basic criterion of whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that the basic criterion would not be met.

The structure of financial assets of the Group is simple as it primarily relates to trade receivables with no significant financing component and short-term bank deposits at fixed interest rates and cash and cash equivalents. This facilitates and minimizes the complexity of the assessment of whether or not the financial assets meets the basic criterion of representing ‘solely payments of principal and interest’. In addition, the Group does not have any separate business models for financial asset management, and because of its simplicity, it manages its through regular business operations.

Subsequent measurement and gains and losses

The table below provides an overview of key features of the accounting policy that the Group applies with respect to subsequent measurement of financial assets and recognition of gains and losses per each type of financial asset:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(iii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

When the Group enters into transactions whereby it transfers financial assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial liabilities

(i) Recognition and initial measurement

Debt securities issued are initially recognised when they are originated. All other financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as at FVTPL on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.15 Impairment of non-derivative financial assets

Recognition of loss allowances

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on financial assets (primarily receivables) has increased significantly if early warning indicators are activated in line with the Group's policy or the contractual terms of the instrument.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 360 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Impairment of non-derivative financial assets (continued)

Credit impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or considerable delays in payment of due receivables;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off of financial assets

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group generally expects no significant recovery from the amount written off.

3.16 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held with banks and other short-term highly liquid instruments with original maturities of three months or less.

3.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognised as an expense.

Fees paid in relation to arrangement of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be realised.

Borrowings are classified as current liabilities, unless the Group or the Company have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company purchases its equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Taxation

(i) Income Taxes

The Company and all Group entities are liable for income tax under the laws and regulations of the Republic of Croatia. The tax base represents the difference between income and expenses, as determined by the applicable law. Income tax is calculated at a rate of 18%. The managements of all Group entities periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and consider establishing provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax assets and liabilities

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, the deferred tax is not recognised if it arises from initial recognition of an asset or liability in a transaction that is not a business combination and that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised.

Deferred tax is accounted for temporary differences arising on investment in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(iii) Tax Exposure

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and the possibility of additional taxes and interest rates being incurred. This consideration relies on estimates and assumptions and may include a series of judgments about future events. New data that may become available may cause the Group to change its judgment of the adequacy of existing tax liabilities; such changes in tax liabilities will affect the tax expense in the period in which such a decision was made.

(iv) Value Added Tax (VAT)

The Tax Authorities require the settlement of VAT on a net basis. VAT related to sales and purchases is recognised and disclosed in the balance sheet on a net basis. Where a provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Employee benefits

(a) Pension obligations and post-employment benefits

In the normal course of business through salary deductions, the Group or the Company make payments to mandatory pension funds on behalf of its employees as required by law. All contributions made to the mandatory pension funds are recorded as salary expense when incurred. The Group and the Company do not have any other pension scheme and consequently, have no other obligations in respect of employee pensions. In addition, the Group and the Company are not obliged to provide any other post-employment benefits.

(b) Long-term employee benefits

The Group and the Company recognise a liability for long-term employee benefits (jubilee awards) evenly over the period the benefit is earned based on actual years of service. The long-term employee benefit liability includes assumptions of the likely number of staff to whom the benefit will be payable, estimated benefit cost and the discount rate.

(c) Short-term employee benefits

The Group and the Company recognise a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation. In addition, the Group and the Company recognise a liability for accumulated compensated absences based on unused vacation days at the balance sheet date.

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Company or the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group or the Company recognise termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

3.21 Provisions

Provisions for legal claims are recognised when: the Group or the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.22 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.23 Earnings per share

Earnings per share is determined by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of participating shares outstanding during the reporting year, less treasury shares.

3.24 Dividend distribution

Dividend distribution to the Company’s shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company’s shareholders.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.25 Revenue recognition

Revenue is measured on the basis of the fee specified in the contract with the customer, which is based on the prescribed tariff for port services. The Group recognizes revenue when it transfers control over a good or service to a customer. The transfer of control of a good or service may take place continuously (revenue recognition over time) or on a specific date (recognition in time). Before revenue is recognised, the Group identifies both the contract and the various performance obligations contained in the contract. The number of performance obligations depends on the type of contract and activities. Specific criteria for revenue recognition for the Group's and the Company's activities is described below.

(a) Revenue from port services

The Company and Group's primary activity is providing port services: loading, unloading, transloading of goods and storage services, transportation, refinement and weighing of freight. Most of the Group's customer arrangements involve several separate services which have a stand-alone and reliably measurable value to the customer (based on the tariff) whereby each separate service has its own separate performance obligation. Prices of provided services are determined based on tariffs.

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed on the basis of the actual service provided as a proportion of the total services to be provided (for instance, number of tonnes off or on loaded compared to total shipment size; or number of storage days elapsed compared to the total number of storage days contracted). The transfer of control of services usually takes place over time.

Contract assets are recognized for consideration for work completed, but not invoiced at the reporting date. Contract assets are transferred to receivables when rights become unconditional. This usually happens when the Group issues an invoice to the customer.

(b) Revenue from sale of goods

Revenue from sale of goods is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer which is usually when the Group delivers goods to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of loss have been transferred to the customer and the customer has accepted the products in accordance with the contract terms. Control over goods is usually transferred at a point in time.

The amount of sales to be recognised is based on the price specified in the contracts, net of estimated volume discounts and returns at the time of sale. Past experience is used to estimate the discounts and returns.

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. The Group and the Company recognize interest income within other income.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

NOTE 4 – FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The accounting policies for financial instruments have been applied to the following items:

	Luka Ploče Group		Luka Ploče d.d.	
(in thousands of HRK)	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Financial assets				
Loans given	1,547	1,926	3,143	1,926
Financial assets at fair value through profit or loss	237	313	237	313
Trade receivables	89,723	37,823	89,015	36,864
Deposits	4,180	4,137	3,392	3,349
Cash and cash equivalents	80,671	151,483	72,192	144,843
Total	**176,358**	**195,682**	**167,979**	**187,295**
Financial liabilities				
Borrowings	144,149	153,360	142,907	151,611
Trade payables	8,388	9,551	7,782	10,105
Total	**152,537**	**162,911**	**150,689**	**161,716**

The fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities that are traded on active liquid markets, under standard conditions, is determined with reference to quoted market;
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models, based on discounted cash flow analysis using prices from observable current market transactions and prices offered for similar instruments.

Financial instruments held for collection in the normal operations are carried at cost and net amount less portion repaid. Fair value is determined as the amount at which the instrument could be exchanged between willing parties in an arm's length basis, except in the case of a forced sale or liquidation. The fair value of a financial instrument is the quoted market price, or one that is obtained using the discounted cash flow.

On 31 December 2020, the carrying amounts of cash, short-term deposits, receivables, short-term liabilities, accrued expenses, borrowings and other financial instruments approximate their fair values due to the short term nature of these assets and liabilities and because most of current assets and current liabilities carries a variable interest rate.

Management believes that the fair value of long-term receivables of the Group arising from the sale of apartments to employees is not materially different from their carrying value due to the current low level of market interest rates for such claims. Management regularly monitors the relevant market interest rates on similar assets in order to assess the validity of this assumption.

At the reporting dates, the carrying value of bank loans and other loans approximates their fair value because most of these loans carries or variable interest rate or a fixed interest rate which approximates current market interest rates and the majority of long-term loan carries a variable interest rate.

NOTE 4 – FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

The Group's and the Company's activities expose them to a variety of financial risks: market risk (currency risk, price risk, cash flow interest rate risk), credit risk and liquidity risk. The Group and the Company do not have a written risk management programme, but overall risk management in respect of these risks is carried out by the Company's finance department.

(a) Market risk

(i) Currency risk

The Group and the Company are exposed to currency risk arising from foreign sales and purchases, as well as from borrowings issued in various currencies: Euros (EUR) and US dollars (USD). The majority of foreign sales revenue and long-term debt is denominated in EUR and USD. Therefore, movements in exchange rates between the USD, EUR and Croatian kuna (HRK) may have an impact on the results of future operations and future cash flow.

The following table presents an overview of the Group's and the Company's assets and liabilities denominated in foreign currencies as at 31 December 2020 and the maximum effect on profit after tax, with all other variables held constant:

Luka Ploče Group

Currency	**Assets**	**Liabilities**	**Net assets/(liabilities**	**Change in currency**	**Effect on profit before tax**
	(in thousands of HRK)		*(in thousands of HRK)*	**%**	*(in thousands of HRK)*
EUR	110,784	(143,935)	(33,151)	1.00%	(332)
USD	37,774	(47)	37,727	3.00%	1,132

Luka Ploče d.d.

Currency	**Assets**	**Liabilities**	**Net assets/(liabilities**	**Change in currency**	**Effect on profit before tax**
	(in thousands of HRK)		*(in thousands of HRK)*	**%**	**%**
EUR	104,108	(141,790)	(37,682)	1.00%	(377)
USD	36,831	-	36,831	3.00%	1,105

The following table presents an overview of the Group's and the Company's assets and liabilities denominated in foreign currencies as at 31 December 2019 and the maximum effect on profit after tax, with all other variables held constant:

Luka Ploče Group

Currency	**Assets**	**Liabilities**	**Net assets/(liabilities)**	**Change in currency**	**Effect on profit before tax**
	(in thousands of HRK)		*(in thousands of HRK)*	**%**	*(in thousands of HRK)*
EUR	166,922	(148,981)	17,941	1.00%	179
USD	16,938	(66)	16,872	3.00%	506

NOTE 4 – FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Luka Ploče d.d.

Currency	Assets	Liabilities	Net assets/(liabilities)	Change in currency	Effect on profit before tax
	(in thousands of HRK)		*(in thousands of HRK)*	%	*(in thousands of HRK)*
EUR	162,254	(147,496)	14,758	1.00%	148
USD	15,990	-	15,990	3.00%	480

The effect on profit after tax is mainly results from foreign exchange gains/losses on translation of EUR-denominated borrowings, as well as EUR and USD-denominated trade payables, trade receivables and cash and cash equivalents. The Group and the Company do not use derivative instruments to actively hedge currency risk exposure.

(ii) Interest rate risk

The interest rate risk of the Group and the Company arises from long-term loans. Loans granted at variable rates expose the Group to cash flow interest rate risk. Loans granted at fixed rates expose the Group to fair value interest rate risk.

Exposure to interest rate risk through borrowings at variable interest rates is as follows:

	Luka Ploče Grupa		Luka Ploče d.d.	
	2020	**2019**	**2020**	**2019**
	(in thousands of HRK)		*(in thousands of HRK)*	
Borrowings at variable interest rates	1,054	1,296	-	-

As at December 31, 2020, most loans carry fixed interest rates, as a result of the Group and the Company are not significantly exposed to the interest rate risk.

The Group and the Company do not use derivative instruments for active hedging against exposure to interest rate risk and fair value of interest rate risk.

The Group and the Company continuously monitor the interest rate changes. Different situations are being simulated by considering refinancing, restoring the current state as well as alternative financing. Based on these situations, the Group and the Company calculate the impact of interest rate changes on the income statement.

NOTE 4 – FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) Credit risk

The Group's and the Company's assets that may potentially lead to credit risk, primarily include cash and cash equivalents, deposits, trade receivables, receivables from employees and other receivables. The collection of the Group's and the Company's trade receivables is additionally secured by goods, while receivables from employees are secured by salary deductions.

The largest part of the Group's and the Company's operations relates to cooperation with known customers, while only a smaller part of operations relates to new customers. As at 31 December 2020, receivables from three customers accounted for 30%, 28% and 19% (2019: receivables from two customers accounted for 32% and 15%) of the total receivables from the Group's customers, i.e. 31%, 28 % and 19% (2019: 33% and 15%) of the total receivables from the Company's customers.

The Group and the Company manage credit risk through the analysis of key customers, the implementation of appropriate protection measures in contracts and through continuous communication with customers.

The Company mainly deposits its cash and deposits with financial institutions in Croatia which do not have defined credit rating.

(c) Liquidity risk

A prudent liquidity risk management implies maintaining a sufficient amount of cash, ensuring the availability of financial resources by an adequate amount of agreed credit lines and the ability to settle all liabilities. The Group and the Company's objective is to maintain the financing flexibility by ensuring available credit lines. The Finance Department regularly – on monthly basis monitors the level of available cash fund.

The following tables detail the Group's and the Company's remaining contractual maturities for its financial liabilities. These amounts represent undiscounted cash flows from both principal and interest.

Financial liabilities do not include employee liabilities, liabilities for contributions, taxes and advances received.

(in thousands of HRK)	**Principal**	**Contractual cash flows**	**Up to 1 year**	**1 - 5 years**	**Over 5 years**
Luka Ploče Group					
31 December 2020					
Leases	37,322	52,456	3,250	8,752	40,454
Bank borrowings	105,815	130,518	15,317	40,560	74,641
State borrowings	1,012	238	774	-	-
Trade payables	8,388	8,398	8,398	-	-
Total	**152,537**	**191,610**	**27,739**	**49,312**	**115,095**
31 December 2019					
Finance leases	43,414	59,843	3,514	14,469	41,860
Bank borrowings	108,782	132,139	11,521	41,799	78,819
State borrowings	1,164	1,164	235	929	-
Trade payables	9,551	9,551	9,551	-	-
Total	**162,911**	**202,697**	**24,821**	**57,197**	**120,679**

NOTE 4 – FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Principal	Contractual cash flows	Up to 1 year	1 - 5 years	Over 5 years
Luka Ploče d.d.					
31 December 2020					
Leases	37,149	52,279	3,090	8,735	40,454
Bank borrowings	104,746	129,417	14,835	39,941	74,641
State borrowings	1,012	238	774	-	-
Trade payables	7,782	7,782	7,782	-	-
Total	**150,689**	**189,716**	**26,481**	**48,676**	**115,095**
31 December 2019					
Finance leases	42,960	59,336	3,230	14,246	41,860
Bank borrowings	107,487	130,794	11,015	40,960	78,819
State borrowings	1,164	1,164	235	929	-
Trade payables	10,105	10,105	10,105	-	-
Total	**161,716**	**201,399**	**24,585**	**56,135**	**120,679**

Trade and other payables as well as short-term borrowings are due within 12 months after the balance sheet date, while the maturity of long-term borrowings is disclosed in Note 28. The Company's and the Group's financial assets in the amount of HRK 176,358 thousand and HRK 167,979 thousand, respectively, mainly relate to deposits, cash and receivables which are short-term in nature. This indicates that the Company and the Group have sufficient liquidity in the short term.

4.2 Operational risk management

The Group is primarily exposed to the risk of sales concentration. For more details on exposure to this risk and way it is managed please see note 7.

4.3 Capital risk management

The Group and the Company monitor capital in accordance with and regulations of the countries in which they operate. Croatian laws and regulations require minimum paid in capital of HRK 200,000 for joint stock companies and HRK 20,000 for limited liability companies. There are no specific objectives required by the owners in managing capital. The Group is not subject to externally imposed capital requirements. In addition, there are no internally monitored capital objectives.

NOTE 5 – DETERMINING FAIR VALUE

The company applies a series of accounting policies and disclosures that require fair value measurement for financial and non-financial assets and liabilities. The Company has an established control framework with respect to fair value measurement which assumes the overall responsibility of the Management Board in relation to the monitoring of all significant fair value measurements, consultation with external experts and the responsibility to report, with respect the above, to those charged with corporate governance.

Fair values are measured using information collected from third parties in which case the Board and the finance department assess whether the evidence collected from third parties support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy where such valuations should be classified.

All significant issues related to fair value estimates are reported to the Supervisory and the Audit Committee. Fair values are categorized into different levels in the fair value hierarchy based on the input variables used in the valuation techniques as follows:

- *Level 1* - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2* - inputs other than quoted prices included in level 1, that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- *Level 3* - input variables for assets or liabilities that are not based on observable market data (unobservable inputs)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more significant inputs are not based on observable market data, the fair value estimate is included in level 3.

The following table presents the Group's and the Company's assets at fair value as at 31 December 2020 and 2019:

(in thousands of HRK)	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December 2020				
Listed companies	237	-	-	237
Unlisted companies	-	-	-	-
Total	237	-	-	237
31 December 2019				
Listed companies	313	-	-	313
Unlisted companies	-	-	-	-
Total	313	-	-	313

NOTE 6 – KEY ACCOUNTING ESTIMATES

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group and the Company make estimates and assumptions related to the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Concession Arrangements

The European Union has adopted the interpretation of IFRIC 12 Service Concession Arrangements, which is effective for financial years beginning on or after 1 April 2009. A significant part of the Company's registered activities is carried out in the area under concession of the maritime domain. According to the Law on maritime domain and sea ports, maritime domain is managed by the Port Authority Ploče, which is the grantor of the concession. The concession agreement for the old port was originally signed on 13 August 2005 for a period of 12 years, and was renewed in 2008, which extended the concession period for an additional 20 years, until 2037. Agreement on the extension of the concession was concluded on 24 May 2010. The concession agreement for the container terminal was signed on 18 January 2010 for a period of 32 years to 2042 with the possibility of extension for another 13 years until 2055. The bulk cargo terminal concession agreement was signed on 18 January 2010 for a period of 45 years until 2055. Concession Agreement refers to the port activities in a specific area (part of the port area of Ploče and port Metković), with the risk and responsibility of the operator (or the Company) and considering; technical regulations applicable to the activity, reconstruction, current and capital maintenance, construction, modernization, reconstruction and development of port services stipulated in the Law on maritime domain and seaports; the terms and conditions related to the license for the provision of port services and other requirements prescribed by the Port Authority Ploče. According to the concession agreement, the operator will have the right to use the property that represents the port infrastructure ("relevant property") owned by the Port of Ploče, which is found in the above-mentioned area for the provision of port services. The ownership rights of the relevant assets remain on the concession provider and those assets have not been recorded in the Company's books.

The concession agreement establishes obligations for reconstruction, investment and maintenance of areas under concession. According to the concession agreement, Operator has the obligation to cover all costs associated with the activity determined by the concession (energy, water, gas, postal and telephone services, garbage and similar related costs), as well as the cost of utilities, water charges, water preserves, insurance costs and various other charges arising from the use of the area under concession.

In addition to covering the costs associated with concession, concession operator, is obligated to pay to the Provider the annual concession fee consisting of a fixed fee per square meter of area under concession and a variable fee per ton for each type of cargo transhipped through the Port and variable compensation for the services of tying and untying and acceptance and diverting of ships.

Furthermore, in accordance with the concession agreement, operator shall make capital expenditures related to the maintenance / replacement of property within the port infrastructure in the area under concession (including buildings, plant and equipment) in accordance with the predefined schedule (for details see Note 32 - Commitments and contingencies). The operator is obliged to return to the Provider "relevant property" (including investment in the relevant assets as stipulated in the concession contract) after the expiry of the concession and tear down, at no cost, at the request of the Provider, any property in the concession area, if the Provider requires (currently, Operator does not expect future costs arising from the demolition).

At the reporting date, the Company is, in major part, owned by shareholders from the private sector. IFRIC 12 deals with public-to-private service concession agreements and considering the ownership structure, current concession arrangements represent a form of public-to-private service concession arrangements, and should be as such subject to the provisions of IFRIC 12 if the arrangement contains the characteristics defined in this interpretation.

NOTE 6 – CRITICAL ACCOUNTING ESTIMATES (continued)

(a) Concession Arrangements (continued)

Characteristics of concession arrangements that are defined and fall under IFRIC 12 are as follows:

- Obligation taken by the operator are in substance a public service
- The party that grants the contract (the Concession grantor) is a public sector entity, including governmental body or private sector entity to which the responsibility for the service has been devolved
- The operator is responsible for at least some of the management of the infrastructure and related services and does not merely act as an agent on behalf of the grantor
- The contract sets the initial prices to be levied by the operator and regulates price revisions over the period of the service arrangement.
- The operator is obliged to hand over the infrastructure to the grantor in a specified condition at the end of the period of the arrangement, for little or no incremental consideration irrespective of which party initially financed it.

One of the main factors that management considers in terms of the applicability of IFRIC 12 is a mechanism which regulates and revises price for the duration of the service agreement. The concession provider, under the current agreement has the right to regulate the maximum level of price that the Company may charge for providing services that are subject to the agreement by prescribing maximum fees and harmonizing or approving an application for a modification of fees or price lists proposed by the Company. However, due to the specifics of port location and prices of the supporting transport infrastructure, in order to maintain competitiveness and a satisfactory level of transactions, fees that are charged by the Company to its customers are continuously significantly below the maximum prescribed fees of the Port Authority Ploče. In this regard, taking into account all relevant provisions of IFRIC 12, the Board applied the judgment and has assessed that, the mechanism of regulating and revising prices that is currently in practice has no essential characteristics of price regulation. The Company's management regularly monitors deviations between service fees charged to customers and maximum tariffs in order to determine if this projection is still applicable.

If the Management, during its monitoring of relevant elements of the current mechanism of price regulation, identifies substantial change in circumstances, which would make the above described mechanism relevant in representing the essential mechanism of price regulation, and if the Management assesses that such circumstances have a long-term character, the Management would again review and analyze accounting treatment that is currently used and the possible applicability of IFRIC 12 in the context of the above substantial changes in the mechanism of price regulation.

In case that the Company changes its accounting policy in accordance with IFRIC 12, the Board expects that the changes would be implemented retrospectively, unless it would not be practical, and expects that the impact on the financial statements would be generally as follows: reclassification from property, plant and equipment to intangible assets in the amount relating to leasehold improvements owned by the Provider, the recognition of intangible and / or financial assets related to the "relevant property", which currently isn't included into the Company's balance sheet and the recognition of revenue from construction and construction costs in the statement of comprehensive income related to investments in infrastructure owned by the Concession grantor.

In case of the accounting policy change, the Company will make the valuation and accounting model that will enable it to assess the amount and type of assets related to the application of IFRIC 12 (intangible assets, financial assets or combination of both) that need to be recognized in the statement of financial position and the expected structure and dynamics of the items associated with the application of IFRIC 12 which affect the future statements of comprehensive income of the Company. Currently, Management has not quantified the possible impact of the potential application of IFRIC 12 since the change in the accounting policy, in this regard, is not considered to be likely.

NOTE 6 – CRITICAL ACCOUNTING ESTIMATES (continued)

(b) Recoverability of property, plant and equipment

As at 31 December 2020, property, plant and equipment of the Group and the Company amounted to HRK 379,099 thousand and HRK 370,871 thousand, respectively.

Management conducts a test of impairment of property, plant and equipment for impairment when indications of impairment exist. Taking into account the challenging business environment and financial difficulties of some of the Company's key customers, potential underutilization of the port assets and the fact that the carrying amount of the Group's net assets does not exceed its market capitalization, the Management Board has arrived at conclusion that impairment indicators were identified at 31 December 2020 and relevant tests were performed accordingly.

Management estimates that the total assets located in the concession areas represent one cash-generating unit (CGU). The recoverable amount of this unified CGU is estimated using a present value technique based on a discounted cash flow model that requires a significant judgment in assessing the reasonableness of grouping assets into CGUs, the reasonableness of cash flow projections such as planned cargo throughput and tariffs, operating costs, capital expenditures and working capital as well as the determination of the appropriate discount rate.

The calculation of recoverable amount is based on business plans for the period of the concession agreements, including the use of the option to extend the concession for the container terminal until 2055, and are developed taking into account future strategy and market trends of current and future primary interest to the Group (Bosnia and Herzegovina, Croatia, Italy). Plans include assumptions of growth in cargo volume as follows:

- growth of bulk cargo volume in the old port and at the bulk cargo terminal at an average annual rate of 1% and 3.8%, respectively;
- growth of general cargo volume in the old port and at the container terminal at a rate at an average annual rate of 1.6% and 3.7%, respectively;
- growth of liquid cargo volume at an average annual rate of 2.3%;
- price growth at an average annual rate of 1%.

These estimated cash flows are discounted to their present value using a pre-tax discount rate of 9.60% (2019: 9.26%) which reflects the risk specific to the assets.

Management estimates that the carrying amount of property, plant and equipment as at 31 December 2020 is recoverable.

The sensitivity analysis indicates that an increase of weighted average cost of capital by 0.5% would not result in an impairment of property, plant and equipment (with other variables remaining the same). On the other hand, the decrease of cargo volume during concession period by 5% (with other variables remaining the same) would result in an impairment of property, plant and equipment in the amount of HRK 15,627 thousand.

NOTE 7 – OPERATING SEGMENTS

Management separately monitors and discloses operating revenues, profit from operations, capital expenditures, total assets and total liabilities as follows:

1. Port services segment consist of cargo manipulation (loading, unloading, transportation, refinement, weighing of freight) and represents the parent company.
2. Marine services segment provides freight forwarding and various ship handling services to users of port services.
3. Trading segment deals with sale of materials and goods from the free zone of Port Ploče.
4. Other business segments relate to the Group's secondary business activities (maintenance, restaurants and similar and investments in financial assets (deposits)).

The segment results for the year ended 31 December 2020 are as follows:

(in thousands of HRK)	**Port services**	**Marine services**	**Trading segment**	**Other segments**	**Total Group**
Revenue	104,643	11,475	102,860	6,611	225,589
Operating profit before depreciation and amortisation	5,152	943	3,212	366	9,673
Depreciation and amortization and write-off of fixed assets	(13,656)	(264)	-	(431)	(14,351)
Operating profit / (loss)	**(8,504)**	**679**	**3,212**	**(65)**	**(4,678)**
Capital expenditures	38,503	205	-	1,275	39,983

The segment results for the year ended 31 December 2019 are as follows:

(in thousands of HRK)	**Port services**	**Marine services**	**Trading segment**	**Other segments**	**Total Group**
Revenue	120,323	12,513	29,074	6,777	168,867
Operating profit before depreciation and amortisation	15,429	1,640	1,534	1,570	20,173
Depreciation and amortization and write-off of fixed assets	(11,498)	(246)	-	(310)	(12,054)
Operating profit	**3,931**	**1,394**	**1,534**	**1,260**	**8,119**
Capital expenditures	45,344	827	-	1,335	47,506

NOTE 7 – OPERATING SEGMENTS (continued)

The Group and the Company operate in three main geographical areas. Revenue between geographical segments is allocated based on the customers country of origin.

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
Croatia	67,314	42,682	59,916	40,750
Bosnia and Herzegovina	54,317	79,342	50,522	71,202
European Union countries	94,916	35,127	93,831	31,010
Other	9,042	11,536	8,239	11,446
Total	**225,589**	**168,687**	**212,508**	**154,408**

Concentration risk sales

The Group generates 29.8% (2019: 25.3%) of revenue from sales to domestic customers while 70.2% (2019: 74.7%) of revenue is derived from sales to foreign customers (in terms of the geographical location of customers) which mainly relates to sale to customers from Bosnia and Herzegovina, which generate 24.1% of revenue (2019: 47.0%). The Group determines the selling price to customers in accordance with the macroeconomic conditions prevailing in each market where customers are located taking into account the maximum approved tariffs for services covered by the concession contract.

Group revenue is substantially exposed to volatility due to the relatively high concentration of revenue to small number of customers. Top five customers of the Group generated approximately 76.7% of revenue (2019: 69.4%), out of which the strongest impact have the two largest customers that generated 50.4% of revenue in 2020 (2019: 38.0%). With the two largest customers, the Group primarily trades in goods. As a result of its exposure to a small number of customers, the Company manages this risk through active and frequent communication with key customers, acquisition of new customers and through monitoring of relevant competitors and market conditions both at local and international level.

NOTE 8 – REVENUE

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
Revenue				
Sale of services	122,729	139,613	109,648	125,334
Revenue from sale of goods	102,860	29,074	102,860	29,074
	225,589	**168,687**	**212,508**	**154,408**
Other income				
Interest income	32	21	65	19
Other income	2,336	1,705	1,135	511
	2,368	**1,096**	**1,200**	**530**
	227,957	**169,783**	**213,708**	**154,938**

Interest income include income from interest on bank deposits.

NOTE 8 – REVENUE (continued)

Revenue segmentation by type of cargo is as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
Bulk cargo	77,887	85,386	77,887	85,386
General cargo	25,203	31,038	25,203	31,038
Liquid cargo	5,487	5,277	5,487	5,277
Other port services	14,152	17,912	1,071	3,633
	122,729	**139,613**	**109,648**	**125,334**
Revenue from sale of goods	102,860	29,074	102,860	29,074
	225,589	**168,687**	**212,508**	**154,408**

Bulk, general, and liquid cargo relate to port services in relation to transhipment of those types of cargo for which the Group charges fees based on tons of transhipped cargo while other port services relate to storage, warehouse handling and other services related to transhipment of other cargo types. Revenue from sale of goods relate the sale of petroleum coke, coal and cement.

Revenue segmentation by type of service is as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
Port manipulation	85,139	105,816	85,139	105,816
Rent and warehousing	20,188	15,077	20,188	15,077
Other services	17,402	18,720	4,321	4,441
	122,729	**139,613**	**109,648**	**125,334**
Revenue from sale of goods	102,860	29,074	102,860	29,074
	225,589	**168,687**	**212,508**	**154,408**

NOTE 9 – MATERIALS, ENERGY COSTS AND SERVICES

Costs of materials and energy are as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
Cost of goods sold	99,614	28,016	99,503	27,540
Fuel costs	2,806	5,015	2,632	4,793
Consumption of raw materials and supplies	5,863	6,562	3,885	4,988
Electricity	4,484	4,764	4,484	4,764
Small inventory, spare parts and office supplies	857	1,129	233	679
Other material costs	332	435	332	434
	113,956	**45,921**	**111,069**	**43,198**

NOTE 9 – MATERIALS, ENERGY COSTS AND SERVICES (continued)

Service costs are as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
Utilities	7,639	7,701	7,488	7,549
Repairs and maintenance	1,983	2,131	2,772	2,381
Security costs	2,846	2,596	2,846	2,596
Intellectual services	1,214	1,210	1,181	1,112
Advertising and entertainment expenses	435	705	480	735
Transport and telecommunication services	840	1,329	593	1,029
Other services	2,627	2,197	2,404	1,892
	17,584	**17,869**	**17,764**	**17,294**

NOTE 10 – PERSONNEL EXPENSES

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
Salaries and taxes	43,129	44,297	37,051	38,823
Contributions from and on salaries /i/	18,627	19,107	16,637	17,263
Termination benefits and jubilee awards/ii/	10,022	6,274	10,152	6,197
Other employee benefits /iii/	5,926	4,001	4,419	3,648
	77,704	**73,679**	**68,259**	**65,931**

/i/ Defined pension contributions paid by the Group and the Company to mandatory pension funds for 2020 amounted to HRK 10,592 thousand and HRK 9,064 thousand (2019: HRK 10,426 thousand and HRK 9,572 thousand). Contributions are calculated as a percentage of the employees' gross salaries.

/ii/ Termination benefits and jubilee awards include the effects of provision release related to IAS 19 in the amount of HRK 717 thousand.

/iii/ Other employee benefits include commuting expenses, gifts, occasional rewards and other benefits.

At 31 December 2020 the Group had 501 employees (2019: 556), and the Company 432 employees (2019: 483).

NOTE 11 – OTHER OPERATING EXPENSES

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
Insurance premiums	1,560	1,773	1,431	1,658
Damages, penalties and demurrage	800	473	719	473
Contributions and membership fees	763	753	740	732
Bank charges	482	403	393	292
Daily allowances and travel expenses	232	519	193	481
Supervisory Board fees	392	340	392	340
Other staff costs	153	146	58	95
Donations	289	423	289	423
Write-off of safety clothing and footwear	237	336	237	336
Provisions for court cases	1,500	474	1,500	474
Other operating expenses	1,019	755	694	535
	7,427	**6,395**	**6,646**	**5,839**

NOTE 12 – OTHER (LOSSESS)/ GAINS – NET

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
Gain/(loss) from change in fair value of financial assets through profit or loss (Note 24)	(76)	19	(76)	19
Gain on disposal and write-off of property, plant and equipment /i/	1	5	1	5
Net foreign exchange differences	370	227	362	217
	295	**251**	**287**	**241**

/i/ The disposal of property, plant and equipment consists of the following:

(in thousands of HRK)	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
Net carrying amount	-	(1)	-	(1)
Proceeds on sale of tangible assets	1	6	1	6
Gain on disposal of property, plant and equipment	**1**	**5**	**1**	**5**

NOTE 13 – FINANCE INCOME / (EXPENSES) - NET

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
Foreign exchange gains / (losses) – net	(2,225)	(147)	(2,177)	(169)
Interest expense	(4,426)	(4,001)	(4,373)	(3,930)
Finance expenses – net	**(6,651)**	**(4,148)**	**(6,550)**	**(4,099)**

NOTE 14 – INCOME TAX

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
Current income tax	123	1,571	-	1,073
Deferred tax income	(1,991)	(228)	(1,991)	(228)
	(1,868)	**1,343**	**(1,991)**	**845**

A reconciliation of tax expense of the Group and the Company per statement of comprehensive income and taxation at the statutory rate is detailed in the table below:

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
Profit before tax	**(11,263)**	**4,038**	**(11.808)**	**1,368**
Income tax 18% (2019: 18%)	(2,027)	727	(2,125)	246
Non-taxable income	(109)	(14)	-	(1)
Non-deductible expenses	153	630	112	600
The effect of temporary differences for which no deferred tax asset is recognised	81	-	82	-
Current-year losses for which no deferred tax asset is recognised	103	-	-	-
The effect of recognition of previously unrecognized deductible temporary differences	(60)	-	(60)	-
Effect of different tax rates	(9)	-	-	-
Income tax expense / (benefit)	**(1,868)**	**1,343**	**(1,991)**	**845**

In accordance with Croatian regulations, the tax authorities may at any time inspect any of the Group company's books and records within 3 years subsequent to the year in which the tax liability is reported, and may impose additional tax assessments and penalties. The Group's Management is not aware of any circumstances, which may give rise to a potential material liability in this respect.

Changes in the deferred tax assets of the Group and the Company during the year were as follows:

(in thousands of HRK)	Long-term employee benefits	Tax losses	Expected credit losses	Right-of-use assets and lease liabilities	In total
1 January 2020	**501**	-	-	**240**	**741**
Recognised in profit or loss	(129)	1.754	123	243	1,991
31 December 2020	**372**	**1.754**	**123**	**483**	**2,732**

The Company's tax losses in the amount of HRK 9,743 thousand for which the Company and the Group recognized deferred tax assets expire in 2025. The Group has not recognized deferred tax assets for tax losses in the amount of HRK 1,014 thousand. These tax losses expire in 2025.

NOTE 15 – INTANGIBLE ASSETS

Luka Ploče Group *(in thousands of HRK)*	**Intangible assets**
At 1 January 2019	
Cost	2,589
Accumulated amortisation	(1,912)
Net carrying amount	**677**
For the year ended 31 December 2019	
Opening net carrying amount	677
Transfer from assets under construction	359
Amortisation	(280)
Net carrying amount at the end of the year	**756**
At 31 December 2019	
Cost	2,891
Accumulated amortisation	(2,135)
Net carrying amount	**756**
For the year ended 31 December 2020	
Opening net carrying amount	756
Additions	26
Amortisation	(217)
Net carrying amount at the end of the year	**565**
At 31 December 2020	
Cost	2,916
Accumulated amortisation	(2,351)
Net carrying amount	**565**

Intangible assets relate to software and network station.

NOTE 15 – INTANGIBLE ASSETS (continued)

Luka Ploče d.d. *(in thousands of HRK)*	**Intangible assets**
At 1 January 2019	
Cost	2,551
Accumulated amortisation	(1,877)
Net carrying amount	**674**
For the year ended 31 December 2019	
Opening net carrying amount	674
Transfer from assets under construction	326
Amortisation	(247)
Net carrying amount at the end of the year	**753**
At 31 December 2019	
Cost	2,877
Accumulated amortisation	(2,124)
Net carrying amount	**753**
For the year ended 31 December 2020	
Opening net carrying amount	753
Additions	25
Amortisation	(216)
Net carrying amount at the end of the year	**562**
At 31 December 2020	
Cost	2,902
Accumulated amortisation	(2,340)
Net carrying amount	**562**

Intangible assets relate to software and network station.

NOTE 16 – PROPERTY, PLANT AND EQUIPMENT

Luka Ploče Group	Land and buildings	Equipment	Assets under construction	Leasehold improvements	Total
(in thousands of HRK)					
At 1 January 2019					
Cost	37,941	160,335	207,266	16,272	421,814
Accumulated depreciation	(3,579)	(97,282)	-	(9,699)	(110,560)
Net carrying amount	**34,362**	**63,053**	**207,266**	**6,573**	**311,254**
For the year ended 31 December 2019					
Opening net carrying amount	**34,362**	**63,053**	**207,266**	**6,573**	**311,254**
Additions	16,362	397	30,388	-	47,147
Transfer from prepayments	-	-	10,679	-	10,679
Transfer from assets under construction	-	245,246	(245,246)	-	-
Disposals and write-offs	-	(113)	-	-	(113)
Impairment	-	(296)	(2,319)	-	(2,615)
Depreciation	(1,827)	(9,243)	-	(609)	(11,679)
Net carrying amount at the end of the year	**48,897**	**299,044**	**768**	**5,964**	**354,673**
At 31 December 2019					
Cost	54,303	405,569	768	16,272	476,912
Accumulated depreciation	(5,406)	(106,525)	-	(10,308)	(122,239)
Net carrying amount	**48,897**	**299,044**	**768**	**5,964**	**354,673**
For the year ended 31 December 2020					
Opening net carrying amount	**48.897**	**299,044**	**768**	**5,964**	**354,673**
Additions	-	31	38,487	-	38,518
Transfer from assets under construction	-	35,358	(35,358)	-	-
Lease modification	322	-	-	-	322
Disposals and write-offs	-	(330)	-	(46)	(376)
Depreciation	(1,849)	(11,610)	-	(579)	(14,038)
Net carrying amount at the end of the year	**47,370**	**322,493**	**3,897**	**5,339**	**379,099**
At 31 December 2020					
Cost	54,625	434,275	3,897	13,802	506,599
Accumulated depreciation	(7,255)	(111,782)	-	(8,463)	(127,500)
Net carrying amount	**47,370**	**322,493**	**3,897**	**5,339**	**379,099**

NOTE 16 – PROPERTY, PLANT AND EQUIPMENT (continued)

Luka Ploče d.d.	Land and buildings	Equipment	Assets under construction	Leasehold improvements	Total
(in thousands of HRK)					
At 31 December 2019					
Cost	37,537	145,206	207,266	15,584	405,593
Accumulated depreciation	(3,371)	(87,422)	-	(9,363)	(100,156)
Net carrying amount	**34,166**	**57,784**	**207,266**	**6,221**	**305,437**
For the year ended 31 December 2019					
Opening net carrying amount	**34,166**	**57,784**	**207,266**	**6,221**	**305,437**
Additions	16,362	-	28,645	-	45,007
Transfer from prepayments	-	-	10,639	-	10,639
Transfer from assets under construction	-	244,093	(244,093)	-	-
Impairment	-	(113)	-	-	(113)
Disposals and write-offs	-	(296)	(2,319)	-	(2,615)
Depreciation	(1,823)	(8,758)	-	(575)	(11,156)
Closing net carrying amount	**48,705**	**292,710**	**138**	**5,646**	**347,199**
At 31 December 2019					
Cost	53,899	388,890	138	15,584	458,511
Accumulated depreciation	(5,194)	(96,180)	-	(9,938)	(111,312)
Net carrying amount	**48,705**	**292,710**	**138**	**5,646**	**347,199**
For the year ended 31 December 2020					
Opening net carrying amount	**48,705**	**292,710**	**138**	**5,646**	**347,199**
Additions	-	-	37,038	-	37,038
Transfer from assets under construction	-	34,115	(34,115)	-	-
Lease modification	322	-	-	-	322
Disposals and write-offs	-	(301)	-	(44)	(345)
Depreciation	(1,844)	(10,953)	-	(546)	(13,343)
Closing net carrying amount	**47,183**	**315,571**	**3,061**	**5,056**	**370,871**
At 31 December 2020					
Cost	54,221	422,704	3,061	15,540	495,526
Accumulated depreciation	(7,038)	(107,133)	-	(10,484)	(124,655)
Net carrying amount	**47,183**	**315,571**	**3,061**	**5,056**	**370,871**

NOTE 16 – PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment of the Group and the Company in the net carrying amount of HRK 215,474 thousand (2019: HRK 219,492 thousand) were pledged as a loan collateral.

As at 31 December 2020 the Group's equipment in the net carrying amount of HRK 1,002 thousand were pledged as security for the lease payments (31 December 2019: HRK 1,095 thousand).

As at 31 December 2020, right-of-use assets in the amount of HRK 42,416 thousand and HRK 43,419 thousand are included in the property, plant and equipment of the Company and the Group, respectively.

Right-of-use assets

Equipment leases and concession agreements are recognized as right-of-use assets with the related liabilities from the date on which the leased assets become available for use by the Group.

	Luka Ploče Group			Luka Ploče d.d.		
Net carrying amount	**Equipment**	**Area under concession**	**Total**	**Equipment**	**Area under concession**	**Total**
	(in thousands of HRK)			*(in thousands of HRK)*		
As at 1 January 2019	**11,267**	**23,688**	**34,955**	**10,190**	**23,688**	**33,878**
Additions	181	16,334	16,515	-	16,334	16,334
Transfer to property, plant and equipment	(3,643)	-	(3,643)	(3,580)	-	(3,580)
Depreciation charge for the year	(768)	(1,650)	(2,418)	(669)	(1,650)	(2,319)
As at 31 December 2019	**7,037**	**38,372**	**45,409**	**5,941**	**38,372**	**44,313**
As at 1 January 2020	**7,037**	**38,372**	**45,409**	**5,941**	**38,372**	**44,313**
Additions	-	322	322	-	322	322
Depreciation charge for the year	(646)	(1,666)	(2,312)	(553)	(1,666)	(2,219)
Na dan 31 December 2020	**6,391**	**37,028**	**43.419**	**5,388**	**37,028**	**42,416**

NOTE 17 – INVESTMENT PROPERTY

	Luka Ploče Group		Luka Ploče d,d,	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
Cost	6,404	6,404	6,404	6,404
Accumulated depreciation	(2,018)	(1,922)	(2,018)	(1,922)
Net carrying amount	**4.386**	**4,482**	**4.386**	**4,482**

Investment property relate to apartments that are leased to former and current employees at minimal rates. Based on current market prices and location, Management determined that the fair value of investments approximates the net carrying value.

Rental income recognised by the Group and the Company in 2020 was HRK 101 thousand (2019: HRK 101 thousand) included in other income, and a depreciation charge of HRK 96 thousand (2019: HRK 96 thousand).

Future minimum lease payments are as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
Up to 1 year	101	101	101	101
From 1 to 5 years	404	404	404	404
Over 5 years	808	808	808	808
Total	**1,313**	**1,313**	**1,313**	**1,313**

NOTE 18 – INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at 31 December 2020 and 31 December 2019 are as follows:

Subsidiaries	Amount of share *(in thousands of HRK)*		Ownership %		Principal activity
	2020	2019	2020	2019	
Luka Šped d.o.o.	3,175	3,175	100%	100%	Freight forwarding services
Pomorski servis - Luka Ploče d.o.o.	1,807	1,807	100%	100%	Sea transport services
Pločanska plovidba d.o.o.	2,520	2,520	100%	100%	Shipping services
Total	**7,502**	**7,502**			

NOTE 19 – INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES

	Luka Ploče Group		Luka Ploče d.d.	
(in thousands of HRK)	**2020**	**2019**	**2020**	**2019**
Lučka sigurnost d.o.o. (associate)	534	471	55	55
Vizir d.o.o. (associate)	191	188	25	25
Portus Šped d.o.o	-	28	-	-
Total	**725**	**687**	**80**	**80**

The Group and the Company have shares in associates, out of which the Company has 49% investments in two associates in the amount of HRK 80 thousand, whereas the remaining 51% is owned by the Port of Authority. Port of Authority controls these associates by appointing the only member of the Management Board responsible for making operational decisions and by appointing the majority in the supervisory boards. Their principal activity is the protection and security of business premises. Transactions with associates are disclosed in Note 31. In 2020 Group has recognised share of profit of equity-accounted investees in the amount of HRK 66 thousand (2019: HRK 67 thousand)

Luka Šped d.o.o. together with Luka d.d., Split participates with 49% equity stake in Portus Šped d.o.o., Split. The Company is registered as a limited liability company for international forwarding. During 2020, the money from the investment in the mentioned associate was returned to the Group.

Basic financial information of associates at the reporting date are as follows:

	Lučka sigurnost d.o.o.		Vizir d.o.o.	
(in thousands of HRK)	**2020**	**2019**	**2020**	**2019**
Assets	1,566	1,398	624	614
Liabilities	(374)	(335)	(201)	(198)
Net assets	**1,192**	**1,063**	**423**	**416**
Revenue	3,908	3,485	2,557	2,287
Profit for the year	**126**	**62**	**6**	**77**

NOTE 20 – LONG-TERM LOANS GIVEN

Loans to employees and members of the Supervisory Board

	Luka Ploče Group		Luka Ploče d,d,	
(in thousands of HRK)	**2020**	**2019**	**2020**	**2019**
Long-term loans given				
- To employees	1,547	1,766	1,547	1,766
- To members of the Supervisory Board	-	160	-	160
	1,547	1,926	1,547	1,926
Current portion (Note 22)	(364)	(505)	(364)	(505)
	1,183	**1,421**	**1,183**	**1,421**

In previous years, the Company sold apartments to its employees on credit in accordance with legal regulations of the Republic of Croatia. The loans are repayable over a period of 20 – 35 years with an interest rate of 1% p.a. The loans are repaid regularly in monthly instalments. The loans are not discounted. The loans are secured by mortgages on the apartments. The Company is obliged to pay 65% of the received proceeds to the state budget. Loans given are denominated in HRK.

NOTE 20 – LONG-TERM LOANS GIVEN (continued)

Loans to employees and members of the Supervisory Board (continued)

The maturity of loans given to employees and members of the Supervisory Board is as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
Up to 1 year	364	505	364	505
Between 1 and 5 years	1,183	1,421	1,183	1,421
Total	**1,547**	**1,926**	**1,547**	**1,926**

Loans to subsidiaries

Short-term loans granted to subsidiaries as at 31 December 2020 amount to HRK 1,596 thousand (31 December 2019: -). These loans are denominated in HRK, are contracted at a fixed interest rate of 3.42% and are not secured.

NOTE 21 – INVENTORIES

	Luka Ploče Group		Luka Ploče d,d,	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
Raw materials	3,028	3,584	2,930	3,471
Spare parts	499	424	499	424
Advances for inventories	7	11	3	7
Trade goods	2,929	30,809	2,892	30,769
	6,463	**34,828**	**6,324**	**34,671**

NOTE 22 – TRADE AND OTHER RECEIVABLES

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
Receivables from domestic customers	19,789	2,484	20,188	2,850
Receivables from foreign customers	74,746	39,064	73,589	37,686
Impairment allowance	(4,812)	(3,725)	(4,762)	(3,672)
Trade receivables	**89,723**	**37,823**	**89,015**	**36,864**
Current portion of long-term loans given (Note 20)	364	505	364	505
Receivables from the state	1,150	2,235	745	2,047
Advances	30	105	8	11
Guarantees	250	4	250	4
Contract assets	-	226	-	226
Other receivables	920	1,390	890	1,173
	92,437	**42,288**	**91,272**	**40,830**

As at 31 December 2020, receivables from three customers accounted for 30%, 28% and 19% (2019: receivables from two customers accounted for 32% and 15%) of total Group’s receivables and 31%, 28% and 19% (2019: 33% and 15%) of total Company's receivables.

NOTE 22 – TRADE AND OTHER RECEIVABLES (continued)

As at 31 December 2020, the Group's trade receivables past due but not impaired amounted to HRK 47,039 thousand (2019: HRK 20,200 thousand), while the Company's trade receivables past due but not impaired amounted to HRK 45,563 thousand (2019: HRK 19,958 thousand). The ageing of trade receivables is based on the days outstanding after the maturity date as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2020	**2019**	**2020**	**2019**
	(in thousands of HRK)		*(in thousands of HRK)*	
Up to 30 days	25,305	8,569	24,968	8,100
Up to 60 days	1,362	1,268	1,226	1,295
Up to 90 days	90	2,455	62	2,424
Over 90 days	20,282	7,908	20,307	8,139
	47,039	**20,200**	**46,563**	**19,958**

The fair value of trade receivables approximates their carrying amount.

Balances and movement in provision for impairment losses is as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2020	**2019**	**2020**	**2019**
	(in thousands of HRK)		*(in thousands of HRK)*	
At 1 January	3,725	849	3,673	809
Impairment	1,139	3,390	1,089	3,337
Collection of receivables previously written-off	(20)	-	-	-
Write-off	(32)	(514)	-	(473)
At 31 December	**4,812**	**3,725**	**4,762**	**3,673**

Impairment losses on receivables recognised in profit and loss of the Group for 2020 include HRK 30 thousand of collected receivables previously written-off (2019: HRK 8 thousand of directly written-off receivables).

Expected credit losses model

For the calculation of expected credit losses, the Group and the Company use an allowance matrix. Loss rates are calculated based on the probability that the receivable will become due more than 365 days and will not be collected subsequently. The probabilities of default (PD) and loss given default (LGD) are based on historical data for the last three years. Exposure to default (EAD) is adjusted for estimated value of collateral.

As at 31 December 2020, the Group's and Company's probabilities of defaults were as follows: overdue receivables: 0.53% (2019: 0.35%), 1-30 days: 2.44% (2019: 1.82%), 31-90 days: 5.62% (2019: 3.18%), 91 to 180 days: 17.43% (2019. : 10.03%), 181 to 365 days: 32.46% (2019: 34.89%) and over 365 days: 75.87% (2019: 90.22%). The loss given default as at 31 December 2020 was 24.13% (2019: 9.78%).

NOTE 22 – TRADE AND OTHER RECEIVABLES (continued)

Financial assets (trade receivables and guarantees) are denominated in the following currencies:

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
EUR	65,727	29,452	64,371	28,702
USD	5,081	5,952	5,081	6,017
HRK	19,165	2,423	19,813	2,149
	89,973	**37,827**	**89,265**	**36,868**

NOTE 23 – DEPOSITS

	Luka Ploče Group		Luka Ploče d,d,	
(in thousands of HRK)	2020	2019	2020	2019
Bank deposits	4,180	4,137	3,392	3,349
Total deposits	**4,180**	**4,137**	**3,392**	**3,349**
Short-term	3,392	3,349	3,392	3,349
Long-term	788	788	-	-
	4,180	**4,137**	**3,392**	**3,349**

Deposits are denominated in the following currencies:

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
EUR	3,392	3,349	3,392	3,349
HRK	788	788	-	-
	4,180	**4,137**	**3,392**	**3,349**

Interest rates amount up to 0.001% (2019: 0.001%).

NOTE 24 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
At beginning of year	313	294	313	294
Far value gains / (losses) (Note 12)	(76)	19	(76)	19
At end of year	**237**	**313**	**237**	**313**

As at 31 December 2020, the amount of HRK 237 thousand (2019: HRK 313 thousand) relates to investments in listed companies where the Group's holding does not exceed 20% of ownership. The estimate of fair value is described in Note 5. Financial assets at fair value through profit or loss are denominated in HRK.

NOTE 25 – CASH AND CASH EQUIVALENTS

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
Giro account	6,313	2,703	4,097	993
Foreign currency account	43,902	148,780	37,639	143,850
Foreign letter of credit	30,456	-	30,456	-
	80,671	**151,483**	**72,192**	**144,843**

Foreign currency letter of credit as at 31 December 2020 is restricted i.e. it is not available for the Company's or Group's immediate use.

Cash and cash equivalents are denominated in the following currencies:

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
EUR	41,665	134,525	36,345	130,607
USD	32,693	14,255	31,750	13,243
HRK	6,313	2,703	4,097	993
	80,671	**151,483**	**72,192**	**144,843**

NOTE 26 – CAPITAL AND RESERVES

Share capital

The ownership structure as at 31 December 2020 and 2019 was as follows:

	2020		2019	
Shareholders	**Number of shares**	**Ownership (%)**	**Number of shares**	**Ownership (%)**
Energija naturalis d.o.o.	159,137	37.62	152,935	36.16
Minority shareholders	97,444	23.04	102,562	24.25
Mandatory pension funds	102,361	24.20	102,361	24.20
Voluntary pension funds	32,416	7.66	32,416	7.66
Financial institutions	29,890	7.07	30,974	7.32
Treasury shares	1,719	0.41	1,719	0.41
Total	**422,967**	**100.00**	**422,967**	**100.00**

As at 31 December 2020 Shareholders' equity amounted to HRK 169.187 thousand (2019: HRK 169.187 thousand) and consists of 422.967 ordinary shares (31 December 2019: 422.967 shares) with a nominal value of HRK 400 (31 December 2019: HRK 400).

Share premium

The Company realised a premium of HRK 90,159 thousand on newly issued shares in 2011, which was decreased by the costs of issuing new shares of HRK 2,052 thousand, and as at 31 December 2020, share premium amounted to HRK 88,107 thousand (2019: HRK 88,107 thousand).

Other reserves

At 31 December 2020, the Company had other reserves in the amount of HRK 48,159 thousand (2019: HRK 48,159 thousand), and the Group of HRK 48,159 thousand (2019: HRK 49,159 thousand). Reserves for treasury shares amount to HRK 7,838 thousand (2019: 7,838 thousand) of which HRK 1,066 thousand was used to acquire treasury shares at 31 December 2020. Other reserves are distributable.

Legal reserves

Legal reserves in the amount of HRK 8,459 thousand (2019: HRK 8,459 thousand) were formed in line with Croatian law and must be built up to a minimum of 5% of the profit for the year until the total legal reserve reaches 5% of the Company’s share capital. Legal reserves are not distributable.

Treasury shares

In 2011, the Company purchased 380 treasury shares at a price between HRK 680 and HRK 770 per share. In 2012, the Company purchased 626 treasury shares at a price between HRK 550 and HRK 611 per share. In 2013, the Company purchased 713 treasury shares at a price between HRK 569 and HRK 597 per share.

NOTE 27 – EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the Company's net profit with the outstanding weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares. The basic earnings per share is equal to diluted earnings per share, since the Company did not issue any financial instruments that may dilute number of shares.

	Luka Ploče Group		Luka Ploče d.d.	
	2020	**2019**	**2020**	**2019**
Net profit /(loss) attributable to shareholders from continuing operations *(in thousands of HRK)*	(9,395)	2,695	(9,817)	523
Weighted average number of ordinary shares	421,248	421,248	421,248	421,428
Basic/diluted earnings / (loss) per share from continuing operations *(in HRK)*	**(22.30)**	**6.40**	**(23.30)**	**1.24**

NOTE 28 – BORROWINGS

	Luka Ploče Group		Luka Ploče d,d,	
	2020	**2019**	**2020**	**2019**
	(in thousands of HRK)		*(in thousands of HRK)*	
Leases	37,322	43,414	37,149	42,960
Bank borrowings	105,815	108,782	104,746	107,487
State borrowings (Note 20)	1,012	1,164	1,012	1,164
	144,149	**153,360**	**142,907**	**151,611**
Current portion	(12,074)	(10,873)	(11,471)	(10,129)
Total long-term borrowings	**132,075**	**142,487**	**131,436**	**141,482**

	Luka Ploče Group		Luka Ploče d,d,	
	2020	**2019**	**2020**	**2019**
	(in thousands of HRK)		*(in thousands of HRK)*	
Current portion	12,074	10,873	11,471	10,129
Total short-term borrowings	**12,074**	**10,873**	**11,471**	**10,129**

NOTE 28 – BORROWINGS (continued)

Currency structure of borrowings is as follows:

	Luka Ploče Group		Luka Ploče d,d,	
	2020	**2019**	**2020**	**2019**
	(in thousands of HRK)		*(in thousands of HRK)*	
EUR	140,901	148,809	139,752	147,375
HRK	3,248	4,551	3,155	4,236
	144,149	**153,360**	**142,907**	**151,611**

Currency risk is explained in Note 4.

Reconciliation of movements in borrowings to cash flows arising from financing activities of the Group is as follows:

Luka Ploče Group	**2020**	**2019**
	(in thousands of HRK)	
At 1 January	**153,360**	**122,996**
Changes in financing cash flows		
Loans received	-	773
Repayment of loans	(4,523)	(8,344)
Repayment of leases	(6,931)	(2,504)
Total changes in financing cash flows	**(11,454)**	**(10,075)**
Other changes		
Effects of first-time adoption of IFRS 16 and new leases	-	40,022
Exchange rate effect	1,918	417
Other	325	-
Total other changes	**2,243**	**40,439**
At 31 December	**144,149**	**153,360**

NOTE 28 – BORROWINGS (continued)

Reconciliation of movements in borrowings to cash flows arising from financing activities of the Company is as follows:

Luka Ploče d.d.	**2020**	**2019**
	(in thousands of HRK)	
At 1 January	**151,611**	**121,222**
Changes in financing cash flows		
Repayment of loans	(4,294)	(7,902)
Repayment of leases	(6,649)	(2,199)
Total changes in financing cash flows	**(10,943)**	**(10,101)**
Other changes		
Effects of first-time adoption of IFRS 16 and new leases	-	40,022
Exchange rate effect	1.914	468
Other	325	-
Total other changes	**2,239**	**40,490**
At 31 December	**142,907**	**151,611**

Bank and state borrowings

The contractual maturity bank and state borrowings at the reporting date is as follows:

	Luka Ploče Group		**Luka Ploče d.d.**	
	2020	**2019**	**2020**	**2019**
	(in thousands of HRK)		*(in thousands of HRK)*	
Up to 1 year (current portion)	9,865	8,538	9,393	8,060
Between 1 and 5 years	31,358	32,309	30,763	31,492
Over 5 years	65,604	69,099	65,602	69,099
	106,827	**109,946**	**105,758**	**108,651**

As at 31 December 2020 bank borrowings in the amount of HRK 104,744 thousand (31 December 2019: HRK 107,487 thousand) relate to a loan from HBOR that is denominated in EUR, bears fixed interest rate of 3% and is secured by the Company's equipment.

The remaining portion of the Group's bank borrowings is denominated in EUR, contracted at variable interest rate between 2.5% and 2.8%, linked to EURIBOR and secured by the Group's movable assets.

In relation to long-term loans given to its employees for apartments, the Company has created a liability to repay 65% of all proceeds from the employees to the State budget (Note 20). These loans are denominated in HRK.

NOTE 28 – BORROWINGS (continued)

Leases

The contractual maturity of leases at the reporting date is as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
Up to 1 year (current portion)	2,209	2,335	2,079	2,069
Between 1 and 5 years	5,013	10,330	4,973	10,142
Over 5 years	30,100	30,749	30,097	30,749
	37,322	**43,414**	**37,149**	**42,960**

Equipment leases

Leases of equipment from the Port Authority in the amount of HRK 2,140 thousand are denominated in HRK. This lease was agreed in 2008, repaid in equal monthly instalments and secured by promissory notes. The remaining portion of lease liabilities of the Group is denominated in HRK and contracted with a fixed interest rate of 5.20%. These leases are secured by leased assets whereby its net carrying amount as at 31 December 2020 is disclosed in Note 16 as well as promissory notes, bills of exchange, insurance policies and short-term deposits.

Leases arising from concession agreements

The Company and the Group have concluded that liabilities related to the payment of fixed concession fees and infrastructure-related expenses are lease components, while the remaining liabilities that relate to expenditures for own assets (equipment) and maintenance, as well as payments of variable concession fees do not constitute lease components in accordance with IFRS 16 and will therefore continue to be recognized in accordance with other relevant standards, primarily in accordance with IAS 16 Property, Plant and Equipment.

The Company's and the Group's leases arising from concession agreements in the amount of HRK 35,008 thousand are denominated in EUR. As at 31 December 2020 and as at 31 December 2019, the average incremental borrowing rate applied was 3%.

Amounts recognized in profit or loss

	Luka Ploče Group		Luka Ploče d.d.	
	2020	2019	2020	2019
	(in thousands of HRK)		*(in thousands of HRK)*	
Interest on lease liabilities	1,140	1,133	1,124	1,103
Variable lease payments related to concession agreements not included in the calculation of lease liabilities	4,016	3,428	3,993	3,395
Depreciation	2,312	2,418	2,219	2,319
Total	**7,468**	**6,979**	**7,336**	**6,817**

NOTE 29 – PROVISIONS

Group	**Legal cases**	**Employee benefits**	**Total**
(in thousands of HRK)			
At 1 January 2020	**1,004**	**3,459**	**4,463**
Increase	1,500	508	2,008
Decrease	(14)	(838)	(852)
At 31 December 2020	**2,490**	**3,129**	**5,619**
Maturity analysis			
Non-current	2,490	2,181	4,671
Current	-	948	948
	2,490	**3,129**	**5,619**

Company	**Legal disputes**	**Employee benefits**	**Total**
(in thousands of HRK)			
At 1 January 2020	**1,004**	**3,065**	**4,069**
Increase	1,500	508	2,008
Decrease	(14)	(716)	(730)
At 31 December 2020	**2,490**	**2,857**	**5,347**
Maturity analysis			
Non-current	2,490	1,909	4,399
Current	-	948	948
	2,490	**2,857**	**5,347**

Provision relate to legal disputes, long and short-term employee benefits as defined by the collective agreement. Non-current provisions relate to legal disputes, jubilee awards and retirement benefits, while current provisions relate to the current portion of termination benefits, jubilee awards and unused holiday days as at 31 December 2020.

NOTE 30 – TRADE AND OTHER PAYABLES

	Luka Ploče Group		Luka Ploče d.d.	
	2020	**2019**	**2020**	**2019**
	(in thousands of HRK)		*(in thousands of HRK)*	
Domestic trade payables	6,195	9,476	5,918	10,080
Foreign trade payables	367	75	38	25
Total trade payables	**6,562**	**9,551**	**5,956**	**10,105**
Net salaries payable	7,003	6,010	6,665	5,633
Taxes/contributions from and on salaries	1,893	3,736	1,688	3,500
Payables to the state	739	279	241	202
Accrued interest	1,826	-	1,826	-
Other	14	146	15	15
	18,037	**19,722**	**16,391**	**19,455**

Trade payables (including accrued interest) comprising financial liabilities are denominated in the following currencies:

	Luka Ploče Group		Luka Ploče d.d.	
	2020	**2019**	**2020**	**2019**
	(in thousands of HRK)		*(in thousands of HRK)*	
EUR	3,034	172	2,038	121
USD	31	66	-	-
HRK	5,323	9,313	5,744	9,984
	8,388	**9,551**	**7,782**	**10,105**

NOTE 31 – RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party, is under common control or exercises significant influence over the other party in making financial or operational decisions.

Related parties which were not included in consolidation are the Port Authority as a state institution (entity with influence on the Group's operations in accordance with the Concession agreement) and the associates Vizir d.o.o. Ploče, Lučka Sigurnost d.o.o., Ploče (see Note 19) and companies owned by the members of the Management Board and the Supervisory Board.

Items resulting from transactions and balances with the above mentioned related parties as at 31 December 2020 and 2019 are as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2020	**2019**	**2020**	**2019**
	(thousands of HRK)		*(thousands of HRK)*	
Receivables				
Port Authority	3	31	3	31
Companies related to or owned by a member of the Supervisory Board	45,333	-	45,333	-
Associates	-	84	-	84
Total	**45,336**	**115**	**45,336**	**115**
Liabilities				
Port Authority	1,308	1,342	1,214	1,294
Companies related to or owned by a member of the Supervisory Board	2	-	2	-
Associates	274	244	274	244
Total	**1,584**	**1,586**	**1,490**	**1,538**
Revenues				
Port Authority	53	170	35	156
Companies related to or owned by a member of the Supervisory Board	109,546	29,074	109,546	29,074
Associates	34	12	34	12
Total	**109,633**	**29,256**	**109,615**	**29,242**
Expenses				
Port Authority	5,226	5,119	5,082	5,171
Companies related to or owned by a member of the Supervisory Board	149	-	149	-
Associates	2,846	2,596	2,846	2,596
Total	**8,221**	**6,020**	**8,077**	**5,992**

The nature of services with the Port Authority is utilities, with associates security of business premises and with entities under common control insurance, electricity and transport. Costs to the Port Authority include variable concession fees in the amount of HRK 3,993 thousand (2019: HRK 3,395 thousand). lease liabilities related to the Port Authority as at 31 December 2020 amounted to HRK 37,148 thousand (31 December 2019: HRK 42,955 thousand).

Transactions with subsidiaries

During 2020, the Company purchased goods and services from subsidiaries in the amount of HRK 886 thousand (2019: HRK 827 thousand) and on 31 December 2020 the amount owed to subsidiaries was HRK 338 thousand (2019: HRK 1,103 thousand). During 2020, the Company sold goods and services to its subsidiaries in the amount of HRK 3,749 thousand (2019: HRK 4,302 thousand) and on 31 December 2020 claimed HRK 1,134 thousand from subsidiaries (2019: HRK 1,174 thousand).

NOTE 31 – RELATED PARTY TRANSACTIONS (continued)

Transactions with members of the Supervisory Board

As at 31 December 2019, the Company's loans given to members of the Supervisory Board amounted to HRK 160 thousand and carried an interest rate of 4% (see Note 20). During 2020 the Company collected above mentioned loans.

Key management personnel compensation

Key management personnel consists of 2 members of the Management Board of the Company (2019: 2) and 4 directors of the Group companies (2019: 4). Key management compensation of the Group in 2020 amounted to HRK 3,541 thousand (2019: HRK 2,218 thousand), while for the Company it amounted to HRK 2,166 thousand (2019: HRK 1,422 thousand).

Pension contributions for key management that the Group and the Company paid to mandatory pension funds for 2020 amounted to HRK 427 thousand (2019: HRK 427 thousand),. As at 31 December 2019 provision for retirement benefits for key management amount to HRK 1,831 thousand and were paid out during 2020.

NOTE 32 – CONTINGENCIES AND COMMITMENTS

Legal disputes

The Group and the Company are the defendant and the plaintiff in several court proceedings arising from regular business. In the financial statements for the year ended 31 December 2020, provisions were made for litigation for which the Group and the Company estimate an outflow of HRK 2,490 thousand.

Commitments

By signing concession agreements, the Company committed to invest in concession area and transhipment equipment.

Scheduled investments in transhipment equipment for the bulk cargo terminal was planned in two phases. Sub-phase A of the first phase was completed during 2019, while sub-phase B of the first phase in the amount of EUR 13 million depends on the level of cargo throughput, i.e. when it reaches 3 million tons. Second phase of investment in the amount of EUR 7 million is planned when cargo throughput reaches eighty percent (80%) of maximum annual capacity of 6.2 million metric tons. Source of financing for the first phase is a loan from HBOR and own resources.

Capital investments in the amount of EUR 8 million in the container terminal are planned after meeting certain throughput-related conditions, i.e. when cargo throughput reaches at least 90 TEU.

Commitments under the concession agreement for the old port are as follows:

	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years	**Total**
Capital investments (old port)	226	3,014	5,321	53,798	**62,359**
	226	**3,014**	**5,321**	**53,798**	**62,359**

Capital investments in the old port exclude capital expenditure for infrastructure already recognized under IFRS 16.

In accordance with the signed agreements, dynamic investment plans are re-evaluated every year and may change. Luka Ploče d.d. has a general obligation under the Concession Agreement which is the subject to continuous negotiations with the Port of Ploče Authority in respect to type and final amount of investments during the concession period.

In addition to commitments for capital expenditures per the concession agreement, the Group and the Company have an obligation to pay variable fee which primarily depends on the cargo throughput. Fixed part of concession fee, including fixed expenditures related to infrastructure, is recognized under IFRS 16.

ISSUER'S GENERAL DATA

Reporting period:	01/01/2020	to	31/12/2020
Year:	2020		

Annual financial statements

egistration number (MB):	03036138	Issuer's home Member State code:	HR
Entity's registration number (MBS):	090006523		
Personal identification number (OIB):	51228874907	LEI:	74780000P0WHNTXNI633
Institution code:	2574		
Name of the issuer:	Luka Ploče d.d.		
Postcode and town:	20340		Ploče
treet and house number:	Trg kralja Tomislava 21		
E-mail address:	financije@luka-ploce.hr		
Web address:	www.luka-ploce.hr		
Number of employees (end of the reporting	501		
Consolidated report:	KD	(KN-not consolidated/KD-consolidated)	
Audited:	RD	(RN-not audited/RD-audited)	

Names of subsidiaries (according to IFRS)	Registered office:	MB:
POMORSKI SERVIS LUKA PLOČE d.o.o.	LUČKA BOSANSKA OBALA b.b. PLOČE	18875024938
PLOČANSKA PLOVIDBA d.o.o.	VLADIMIRA NAZORA 47 PLOČE	39778257122
LUKA ŠPED d.o.o.	LUČKA CESTA b.b.	28527523504

Bookkeeping firm: (Yes/No) (name of the bookkeeping firm)

Contact person: **DANIELA MARELIĆ**
(only name and surname of the contact person)

Telephone: **020 603 223**

E-mail address: d.marelic@luka-ploce.hr

Audit firm: KPMG Croatia d.o.o.
(name of the audit firm)

Certified auditor: Domagoj Hrkač
(name and surname)

BALANCE SHEET

balance as at 31.12.2020.

in HRK

Submitter: Group Luka Ploče

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	363.696.902	391.065.236
I INTANGIBLE ASSETS (ADP 004 to 009)	003	606.599	414.985
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	0	0
3 Goodwill	006	0	0
4 Advance payments for purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	0	0
6 Other intangible assets	009	606.599	414.985
II TANGIBLE ASSETS (ADP 011 to 019)	010	359.452.796	385.223.253
1 Land	011	40.515.559	39.167.581
2 Buildings	012	8.393.022	8.212.925
3 Plant and equipment	013	284.780.505	304.020.244
4 Tools, working inventory and transportation assets	014	20.366.781	23.953.528
5 Biological assets	015	0	0
6 Advance payments for purchase of tangible assets	016	146.990	1.586.907
7 Tangible assets in preparation	017	767.523	3.895.711
8 Other tangible assets	018	0	0
9 Investment property	019	4.482.416	4.386.357
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	1.475.758	1.512.000
1 Investments in holdings (shares) of undertakings within the group	021	0	0
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interest	024	688.258	724.500
5 Investment in other securities of companies linked by virtue of participating interest	025	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interest	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	787.500	787.500
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	1.420.711	1.183.448
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	1.420.711	1.183.448
V. Deferred tax assets	036	741.038	2.731.550
C) CURRENT ASSETS (ADP 038+046+053+063)	037	232.260.801	183.492.871
I INVENTORIES (ADP 039 to 045)	038	34.828.167	6.462.762
1 Raw materials	039	4.008.641	3.526.786
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	30.808.925	2.928.798
5 Advance payments for inventories	043	10.601	7.178
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	41.778.371	92.115.402
1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interest	048	30.709	0
3 Customer receivables	049	37.706.968	89.884.895
4 Receivables from employees and members of the undertaking	050	2.993	10.865
5 Receivables from government and other institutions	051	2.352.931	2.187.028
6 Other receivables	052	1.684.770	32.614
III SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)	053	4.171.276	4.243.696
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interest	057	0	0
5 Investment in other securities of companies linked by virtue of participating interest	058	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interest	059	0	0
7 Investments in securities	060	312.780	237.392
8 Loans, deposits, etc. given	061	3.858.496	4.006.304
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	151.482.987	80.671.011
D) PREPAID EXPENSES AND ACCRUED INCOME	064	0	890.713
E) TOTAL ASSETS (ADP 001+002+037+064)	065	595.957.703	575.448.820
OFF-BALANCE SHEET ITEMS	066	0	0

LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to	067	416.967.700	407.571.535
I. INITIAL (SUBSCRIBED) CAPITAL	068	169.186.800	169.186.800
II CAPITAL RESERVES	069	88.107.087	88.107.087
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	39.187.369	39.187.370
1 Legal reserves	071	8.459.340	8.459.340
2 Reserves for treasury shares	072	8.904.560	8.904.560
3 Treasury shares and holdings (deductible item)	073	-1.066.317	-1.066.316
4 Statutory reserves	074	0	0
5 Other reserves	075	22.889.786	22.889.786
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES (ADP 078 to 080)	077	0	0
1 Fair value of financial assets available for sale	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	117.789.519	120.486.444
1 Retained profit	082	117.789.519	120.486.444
2 Loss brought forward	083	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	2.696.925	-9.396.166
1 Profit for the business year	085	2.696.925	0
2 Loss for the business year	086	0	9.396.166
VIII MINORITY (NON-CONTROLLING) INTEREST	087	0	0
B) PROVISIONS (ADP 089 to 094)	088	3.906.372	4.671.169
1 Provisions for pensions, termination benefits and similar obligations	089	2.902.441	2.155.847
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	1.003.931	2.490.431
4 Provisions for renewal of natural resources	092	0	0
5 Provisions for warranty obligations	093	0	0
6 Other provisions	094	0	24.891
C) LONG-TERM LIABILITIES (ADP 096 to 106)	095	142.486.414	132.074.139
1 Liabilities towards undertakings within the group	096	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	097	0	0
3 Liabilities towards companies linked by virtue of participating interest	098	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	099	0	0
5 Liabilities for loans, deposits etc.	100	0	0
6 Liabilities towards banks and other financial institutions	101	102.724.874	96.228.812
7 Liabilities for advance payments	102	0	0
8 Liabilities towards suppliers	103	0	0
9 Liabilities for securities	104	0	0
10 Other long-term liabilities	105	39.761.540	35.845.327
11 Deferred tax liability	106	0	0
D) SHORT-TERM LIABILITIES (ADP 108 to 121)	107	32.597.217	28.673.728
1 Liabilities towards undertakings within the group	108	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	109	0	0
3 Liabilities towards companies linked by virtue of participating interest	110	1.585.463	175.695
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	111	0	0
5 Liabilities for loans, deposits etc.	112	0	0
6 Liabilities towards banks and other financial institutions	113	10.872.752	9.757.071
7 Liabilities for advance payments	114	149.778	271.211
8 Liabilities towards suppliers	115	7.849.553	4.347.460
9 Liabilities for securities	116	0	0
10 Liabilities towards employees	117	6.162.338	7.083.776
11 Taxes, contributions and similar liabilities	118	5.420.650	2.455.308
12 Liabilities arising from the share in the result	119	0	0
13 Liabilities arising from fixed assets held for sale	120	0	0
14 Other short-term liabilities	121	556.683	4.583.207
E) ACCRUALS AND DEFERRED INCOME	122	0	2.458.249
F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)	123	595.957.703	575.448.820
G) OFF-BALANCE SHEET ITEMS	124	0	0

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2020. to 31.12.2020.

in HRK

Submitter: Group Luka Ploče

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
I OPERATING INCOME (ADP 126 to 130)	125	170.033.696	228.842.371
1 Income from sales with undertakings within the group	126	0	0
2 Income from sales (outside group)	127	168.687.002	226.683.674
3 Income from the use of own products, goods and services	128	0	722.946
4 Other operating income with undertakings within the group	129	0	0
5 Other operating income (outside the group)	130	1.346.694	1.435.751
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	161.913.719	233.840.974
1 Changes in inventories of work in progress and finished goods	132	0	0
2 Material costs (ADP 134 to 136)	133	63.787.219	132.587.405
a) Costs of raw material	134	17.934.791	15.079.712
b) Costs of goods sold	135	27.985.186	99.613.999
c) Other external costs	136	17.867.242	17.893.694
3 Staff costs (ADP 138 to 140)	137	63.404.303	61.756.680
a) Net salaries and wages	138	40.183.502	39.336.434
b) Tax and contributions from salaries expenses	139	14.539.784	14.016.181
c) Contributions on salaries	140	8.681.017	8.404.065
4 Depreciation	141	12.053.715	14.350.769
5 Other expenses	142	16.670.692	17.641.518
6 Value adjustments (ADP 144+145)	143	5.997.790	1.938.099
a) fixed assets other than financial assets	144	2.615.336	799.274
b) current assets other than financial assets	145	3.382.454	1.138.825
7 Provisions (ADP 147 to 152)	146	0	5.563.003
a) Provisions for pensions, termination benefits and similar obligations	147	0	4.038.112
b) Provisions for tax liabilities	148	0	0
c) Provisions for ongoing legal cases	149	0	1.500.000
d) Provisions for renewal of natural resources	150	0	0
e) Provisions for warranty obligations	151	0	0
f) Other provisions	152	0	24.891
8 Other operating expenses	153	0	3.500
III FINANCIAL INCOME (ADP 155 to 164)	154	0	2.512.151
1 Income from investments in holdings (shares) of undertakings within the group	155	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	156	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	157	0	0
4 Other interest income from operations with undertakings within the group	158	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	0	0
6 Income from other long-term financial investments and loans	160	0	0
7 Other interest income	161	0	31.351
8 Exchange rate differences and other financial income	162	0	2.426.849
9 Unrealised gains (income) from financial assets	163	0	53.951
10 Other financial income	164	0	0
IV FINANCIAL EXPENDITURE (ADP 166 to 172)	165	4.147.359	8.841.825
1 Interest expenses and similar expenses with undertakings within the group	166	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	0	0
3 Interest expenses and similar expenses	168	4.002.455	4.430.900
4 Exchange rate differences and other expenses	169	144.904	4.233.566
5 Unrealised losses (expenses) from financial assets	170	0	177.359
6 Value adjustments of financial assets (net)	171	0	0
7 Other financial expenses	172	0	0
V SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	173	67.275	65.046
VI SHARE IN PROFIT FROM JOINT VENTURES	174	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	175	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	176	0	0
IX TOTAL INCOME (ADP 125+154+173 + 174)	177	170.100.971	231.419.568
X TOTAL EXPENDITURE (ADP 131+165+175 + 176)	178	166.061.078	242.682.799
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	4.039.893	-11.263.231
1 Pre-tax profit (ADP 177-178)	180	4.039.893	0
2 Pre-tax loss (ADP 178-177)	181	0	-11.263.231
XII INCOME TAX	182	1.342.968	-1.867.065
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	2.696.925	-9.396.166
1 Profit for the period (ADP 179-182)	184	2.696.925	0
2 Loss for the period (ADP 182-179)	185	0	-9.396.166

DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)			
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188)	**186**	0	0
1 Pre-tax profit from discontinued operations	**187**	0	0
2 Pre-tax loss on discontinued operations	**188**	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	**189**	0	0
1 Discontinued operations profit for the period (ADP 186-189)	**190**		
2 Discontinued operations loss for the period (ADP 189-186)	**191**		
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)			
XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)	**192**		
1 Pre-tax profit (ADP 192)	**193**	0	0
2 Pre-tax loss (ADP 192)	**194**	0	0
XVII INCOME TAX (ADP 182+189)	**195**		
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	**196**		
1 Profit for the period (ADP 192-195)	**197**		
2 Loss for the period (ADP 195-192)	**198**		
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)			
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)	**199**	2.696.925	-9.396.166
1 Attributable to owners of the parent	**200**	2.696.925	-9.396.166
2 Attributable to minority (non-controlling) interest	**201**	0	0
STATEMENT OF OTHER COMPRHENSIVE INCOME (to be filled in by undertakings subject to IFRS)			
I PROFIT OR LOSS FOR THE PERIOD	**202**	0	0
II OTHER COMPREHENSIVE PROFIT/LOSS BEFORE TAX (ADP 204 to 211)	**203**	0	0
1 Exchange rate differences from translation of foreign operations	**204**	0	0
2 Changes in revaluation reserves of fixed tangible and intangible assets	**205**	0	0
3 Profit or loss arising from re-evaluation of financial assets available for sale	**206**	0	0
4 Profit or loss arising from effective cash flow hedging	**207**	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	**208**	0	0
6 Share in other comprehensive income/loss of companies linked by virtue of participating interest	**209**	0	0
7 Actuarial gains/losses on defined remuneration plans	**210**	0	0
8 Other changes in equity unrelated to owners	**211**	0	0
III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**212**	0	0
IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)	**213**	0	0
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	**214**	0	0
APPENDIX to the Statement on comprehensive income (to be filled in by entrepreneurs who draw up consolidated statements)			
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)	**215**	2.696.925	-9.396.166
1 Attributable to owners of the parent	**216**	2.696.925	-9.396.166
2 Attributable to minority (non-controlling) interest	**217**	0	0

STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2020. to 31.12.2020.

in HRK

Submitter: Group Luka Ploče

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	4.039.893	-11.263.231
2 Adjustments (ADP 003 to 010):	002	23.040.988	24.043.708
a) Depreciation	003	12.053.715	14.350.769
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	2.615.636	798.074
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	3.706.982	1.184.701
d) Interest and dividend income	006	-28.817	-32.109
e) Interest expenses	007	2.912.760	4.426.618
f) Provisions	008	1.847.987	1.156.093
g) Exchange rate differences (unrealised)	009	0	2.224.608
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-67.275	-65.046
I Cash flow increase or decrease before changes in the working capital (ADP 001+002)	011	27.080.881	12.780.477
3 Changes in the working capital (ADP 013 to 016)	012	-37.339.630	-28.220.725
a) Increase or decrease in short-term liabilities	013	3.844.826	-3.990.423
b) Increase or decrease in short-term receivables	014	-10.671.235	-52.147.218
c) Increase or decrease in inventories	015	-30.513.221	27.916.916
d) Other increase or decrease in the working capital	016	0	0
II Cash from operations (ADP 011+012)	017	-10.258.749	-15.440.248
4 Interest paid	018	-2.912.760	-2.598.993
5 Income tax paid	019	-1.427.005	-1.884.582
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	-14.598.514	-19.923.823
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	1.000	1.200
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	20.797	33.117
4 Dividends received	024	8.020	0
5 Cash receipts from repayment of loans and deposits	025	0	0
6 Other cash receipts from investment activities	026	139.483	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	169.300	34.317
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-32.499.865	-39.848.815
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	0	0
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	-3.077.426	0
IV Total cash payments from investment activities (ADP 028 to 032)	033	-35.577.291	-39.848.815
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-35.407.991	-39.814.498
Cash flow from financing activities			
1 Cash receipts from the increase of initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	1.168.400	378.482
4 Other cash receipts from financing activities	038	0	29.400
V Total cash receipts from financing activities (ADP 035 to 038)	039	1.168.400	407.882
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-11.938.925	-4.523.881
2 Dividends paid	041	0	0
3 Cash payments for finance lease	042	0	0
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043	0	0
5 Other cash payments from financing activities	044	0	-6.957.656
VI Total cash payments from financing activities (ADP 040 to 044)	045	-11.938.925	-11.481.537
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-10.770.525	-11.073.655
1 Unrealised exchange rate differences in cash and cash equivalents	047	-559.201	0
D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)	048	-61.336.231	-70.811.976
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	049	212.819.218	151.482.987
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD(ADP 048+049)	050	151.482.987	80.671.011

STATEMENT OF CHANGES IN EQUITY

for the period from 01/01/2020 to 31/12/2020

in HRK

Item	ADP code	Attributable to owners of the parent														Minority (non-controlling) interest	Total capital and reserves
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets available for sale	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 to 6 - 7 + 8 to 15)	17	18 (16+17)
Previous period																	
1 Balance on the first day of the previous business year	01	169.186.800	88.107.087	8.459.340	8.904.560	1.066.317	0	22.889.786	0	0	0	0	114.605.741	3.183.854	414.270.851	0	414.270.851
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	169.186.800	88.107.087	8.459.340	8.904.560	1.066.317	0	22.889.786	0	0	0	0	114.605.741	3.183.854	414.270.851	0	414.270.851
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	2.696.925	2.696.925	0	2.696.925
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Profit or loss arising from re-evaluation of financial assets available for sale	08	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Gains or losses on efficient cash flow hedging	09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on defined benefit plans	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Increase of initial (subscribed) capital by reinvesting profit	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 Payment of share in profit/dividend	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Other distribution to owners	20	0	0	0	0	0	0	0	0	0	0	0	3.183.778	-3.183.854	-76	0	-76
21 Transfer to reserves by annual schedule	21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Balance on the last day of the previous business year reporting period (ADP 04 to 22)	23	169.186.800	88.107.087	8.459.340	8.904.560	1.066.317	0	22.889.786	0	0	0	0	117.789.519	2.696.925	416.967.700	0	416.967.700
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																	
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	0	0	0	0	0	0	0	0	0	0	2.696.925	2.696.925	0	2.696.925
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	0	0	0	0	0	0	0	0	0	0	3.183.778	-3.183.854	-76	0	-76
Current period																	
1 Balance on the first day of the current business year	27	169.186.800	88.107.087	8.459.340	8.904.560	1.066.317	0	22.889.786	0	0	0	0	117.789.519	2.696.925	416.967.700	0	416.967.700
2 Changes in accounting policies	28	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	29	0	0	0	0	-1	0	0	0	0	0	0	0	0	1	0	1
4 Balance on the first day of the current business year (restated) (ADP 27 to 29)	30	169.186.800	88.107.087	8.459.340	8.904.560	1.066.316	0	22.889.786	0	0	0	0	117.789.519	2.696.925	416.967.701	0	416.967.701
5 Profit/loss of the period	31	0	0	0	0	0	0	0	0	0	0	0	0	-9.396.166	-9.396.166	0	-9.396.166
6 Exchange rate differences from translation of foreign operations	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Profit or loss arising from re-evaluation of financial assets available for sale	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Gains or losses on efficient cash flow hedging	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on defined remuneration plans	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Increase of initial (subscribed) capital by reinvesting profit	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 Payment of share in profit/dividend	45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Other distribution to owners	46	0	0	0	0	0	0	0	0	0	0	0	2.696.925	-2.696.925	0	0	0
21 Transfer to reserves by annual schedule	47	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Balance on the last day of the current business year reporting period (ADP 30 to 48)	49	169.186.800	88.107.087	8.459.340	8.904.560	1.066.316	0	22.889.786	0	0	0	0	120.486.444	-9.396.166	407.571.535	0	407.571.535
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																	
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 32 to 40)	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31+50)	51	0	0	0	0	0	0	0	0	0	0	0	0	-9.396.166	-9.396.166	0	-9.396.166
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)	52	0	0	0	0	0	0	0	0	0	0	0	2.696.925	-2.696.925	0	0	0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - GFI

Name of issuer: LUKA PLOČE d.d.
Personal identification number (OIB): 51228874907
Reporting period: 01.01.2020.-31.12.2020.
Notes to the financial statements are to be drawn up in accordance with the International Financial Reporting Standards (hereinafter: IFRS) in such a way that they:

a) present information about the basis for the preparation of the financial statements and the specific accounting policies used in accordance with the International Accounting Standard 1 (IAS 1),

b) disclose any information required by IFRSs that is not presented elsewhere in the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity,

c) provide additional information that is not presented elsewhere in the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity, but is relevant for understanding any of them.

(d) in the notes to the financial statements, in addition to the information stated above, information in respect of the following matters shall be disclosed:

1. issuer's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the issuer is undergoing liquidation, bankruptcy proceedings, shortened termination proceedings or extraordinary administration

2. adopted accounting policies

3. the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning pensions of the issuer within the group or company linked by virtue of participating interest shall be disclosed separately

4. the amount of advances and credits granted to the members of the administrative, managerial and supervisory bodies, with indications of the interest rates, main conditions and any amounts repaid, written-off or revoked, as well as commitments entered into on their behalf by way of guarantees of any kind, with an indication of the total for each category

5. the amount and nature of individual items of income or expenditure which are of exceptional size or incidence

6. amounts owed by the issuer and falling due after more than five years, as well as the total debts of the issuer covered by valuable security furnished by the issuer, specifying the type and form of security

7. average number of employees during the financial year

8. where, in accordance with the regulations, the issuer capitalised on the cost of salaries in part or in full, information on the amount of the total cost of employees during the year broken down into the amount directly debiting the costs of the period and the amount capitalised on the value of the assets during the period, showing separately the total amount of net salaries and the amount of taxes, contributions from salaries and contributions on salaries

9. the amount of the emoluments granted in respect of the financial year to the members of the administrative, managerial and supervisory bodies by reason of their responsibilities, and any commitments arising or entered into in respect of retirement pensions for former members of those bodies, with an indication of the total for each category

10. the average number of persons employed during the financial year, broken down by categories and, if they are not disclosed separately in the profit and loss account, the staff costs relating to the financial year, broken down between net salaries and wages, tax costs and contributions from salaries, contributions on salaries and other salary costs, excluding cost allowances

11. where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year

12. the name and registered office of each of the companies in which the issuer, either itself or through a person acting in their own name but on the issuer's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the company concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the company concerned does not publish its balance sheet and is not controlled by another company

13. the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital

14. where there is more than one class of shares, the number and the nominal value or, in the absence of a nominal value, the accounting value for each class

15. the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer

16. the name, registered office and legal form of each of the companies of which the issuer is a member having unlimited liability

17. the name and registered office of the company which draws up the consolidated financial statements of the largest group of companies of which the issuer forms part as a controlled group member

18. the name and registered office of the company which draws up the consolidated financial statements of the smallest group of companies of which the issuer forms part as a controlled group member and which is also included in the group of companies referred to in point 17.

19. the place where copies of the consolidated financial statements referred to in points 17 and 18 may be obtained, provided that they are available

20. the proposed appropriation of profit or treatment of loss, or where applicable, the appropriation of the profit or treatment of the loss

21. the nature and business purpose of the company's arrangements that are not included in the balance sheet and the financial impact on the company of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the company

22. the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet

23. the net income broken down by categories of activity and into geographical markets, in so far as those categories and markets differ substantially from one another, taking account of the manner in which the sale of products and the provision of services are organised.

24 the total fees for the financial year charged by each statutory auditor or audit firm for the statutory audit of the annual financial statements, i.e. annual consolidated financial statements, the total fees charged for other assurance services, the total fees charged for tax advisory services and the total fees charged for other non-audit services, total research and development expenditure as the basis for granting state aid.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union (EU).
A summary of significant accounting policies is presented in Note 3 to the audited financial statements.
The Group also prepared consolidated financial statements as at 31 December 2020 and for the year then ended, in accordance with IFRS as approved by the EU for the Company and its subsidiaries (Group) approved by the Management Board.
The stand alone and consolidated financial statements including the detailed notes to the financial statements are published on the Company's website, on the Zagreb Stock Exchange website and in the Official Register of Prescribed Information (HANFA).
Information that is required to be presented in accordance with IFRS and which is not presented in the financial position statement, statement of comprehensive income, statement of cash flows and statement of changes in equity, is disclosed in Notes 7 to 32 to the audited financial statements.
The name, registered office (address) of the issuer, legal form of the issuer, country of establishment, identification number of the entity and personal identification number are published on the „General Data“ tab within this document and in Note 1 to the audited financial statements.
The adopted accounting policies are explained in Note 3 to the audited financial statements.
The Group does not have financial liabilities relating to issued guarantees or contingencies that are not included in the balance sheet. The Group has no pension liabilities.
The Group has no advance payments or loans issued to members of the administrative, management and supervisory bodies nor obligations agreed in their favour through any guarantees.
Debts maturing after more than five years are explained in Note 28 to the audited financial statements.
Lease liabilities arising from the application of IFRS 16 are disclosed in AOP 105 and AOP 121 and are explained in Note 32 to the audited financial statements.
In 2020, the Group employed an average of 512 employees. The Group does not monitor employees by category. There was no salaries capitalization in 2020. In 2020, members of the Management Board and 4 Directors in the Group received a total gross amount of 3.541 thousand kuna on the basis of salary and annual bonus. Members of the Supervisory Board of the Group are entitled to remuneration and during 2020 a gross amount of 392 thousand kuna was paid.
Provisions for deferred tax, deferred tax balances at the end of the financial year and movements in these balances during the financial year are presented in Note 14 to the financial statements.
The Company has business relations with associates: Lučka sigurnost d.o.o. Trg kralja Tomislava 21, 20340 Ploče and Vizir d.o.o. Trg kralja Tomislava 21, 20340 Ploče. The Company has an ownership interest of 49% in each respectively.
Investments in associates accounted for using the equity method are explained in Note 19 to the audited financial statements.
There were no share subscriptions or equities transacted during the year relating to authorized capital. There are no multiple categories of shares. The Group has no certificates of participation, convertible debentures, guarantees, options or similar securities or rights.
The Company has no ownership stake in any companies with unlimited liability.
The consolidated financial statements of the Company (the Issuer) represent the largest group of companies. The Issuer is not a controlled member of any other group of companies.
The audited stand alone and consolidated financial statements for 2020 have been approved by the Supervisory Board and the Supervisory Board has approved covering the loss through retained earnings.
Transactions with other related parties are disclosed in Note 31 to the audited financial statements.
No significant events post balance sheet date were noted that would impact on the balances reported at 31.12.2020.
The Group's revenue is presented in Notes 7 and 8 to the audited financial statements.
Audit fees for the Group amounted to 281 thousand kuna.
Lease liabilities arising from the application of IFRS 16 are disclosed in AOP 105 and AOP 121 and are explained in Note 28 and Note 32 to the audited financial statements. The right-of-use assets are disclosed in AOP 011 and explained in Note 16 to the audited financial statements.
In order to reconcile the amounts presented in the standard form GFI-POD and the audited financial statements of the Group, we note the following:
Balance Sheet positions:
1. AOP 004-009; 011-018; 019 reconciles to the audited financial statements Note 15 - INTANGIBLE ASSETS, Note 16 - PROPERTY, PLANT AND EQUIPMENT and Note 17 - INVESTMENT PROPERTY.
2. AOP 024; 028 reconciles to the audited financial statements Note 19 - INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES and Note 23 - DEPOSITS.
3. AOP 032-035 reconciles to the audited financial statements Note 20 - LONG-TERM LOANS GIVEN.
4. AOP 036 reconciles to the audited financial statements Note 14 - INCOME TAX.
5. AOP 039-045 reconciles to the audited financial statements Note 21 – INVENTORIES.
6. AOP 048-052 reconciles to the audited financial statements Note 22 - TRADE AND OTHER RECEIVABLES.
7. AOP 056 ; 060; 061; 063 reconciles to the audited financial statements Note 24 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, Note 23 - DEPOSITS and Note 25 - CASH AND CASH EQUIVALENTS.
8. AOP 068-076 reconciles to the audited financial statements Note 26 - CAPITAL AND RESERVES.
9. AOP 082 reconciles to the audited financial statements Note 14 - INCOME TAX.
10. AOP od 089-094 reconciles to the audited financial statements Note 29 – PROVISIONS.
11. AOP 101, AOP 105, AOP 113 i AOP 121 reconciles to the audited financial statements Note 28 - BORROWINGS.
12. AOP 110; 115; 117; 118; 122 reconciles to the audited financial statements Note 30 - TRADE AND OTHER PAYABLES
The differences that are noted in the positions of the Balance Sheet in the XLS format when compared to those in the audited financial stataments are a result of mapping variances and rounding (i.e. presentation in '000 kuna).
Income statement positions:
1. AOP 126 i 130 reconciles to the audited financial statements Note 8 – REVENUE.
2. AOP 134 -136 reconciles to the audited financial statements Note 9 - MATERIALS, ENERGY COSTS AND SERVICES.
3. AOP 138-140 reconciles to the audited financial statements Note 10 - PERSONNEL EXPENSES.
4. AOP 141 reconciles to the audited financial statements Note 15 - INTANGIBLE ASSETS, Note 16 - PROPERTY, PLANT AND EQUIPMENT and Note 17 - INVESTMENT PROPERTY.
5. AOP 142 reconciles to the audited financial statements Note 11 - OTHER OPERATING EXPENSES.
6. AOP 144 - 145 reconciles to the audited financial statements Note 16 - PROPERTY, PLANT AND EQUIPMENT and Note 22 - TRADE AND OTHER RECEIVABLES.
7. AOP 147-153 reconciles to the audited financial statements Note 10 – PERSONNEL EXPENSES and Note 11 - OTHER OPERATING EXPENSES.
8. AOP 154-176 reconciles to the audited financial statements Note 12 – OTHER (LOSSES)/ GAINS – NET and Note 13 - FINANCE INCOME / (EXPENSES) – NET. The Group presents the effect of exchange rate differences and interest rates in the standard form. The exact amount of exchange rate differences and interest is disclosed in the note.
9. AOP 182 reconciles to the audited financial statements Note 14 - INCOME TAX.
The differences that are noted in the positions of the Balance Sheet in the XLS format when compared to those in the audited financial stataments are a result of mapping variances and rounding (i.e. presentation in '000 kuna).

Cash flow positions:
Refer to Notes 8, 12,13, 15-17, 22, 25, 28 and 29 to the audited financial statements of the Group.
The differences that are noted in the positions of the Balance Sheet in the XLS format when compared to those in the audited financial statements are a result of mapping variances and rounding (i.e. presentation in '000 kuna).