

PORT OF RIJEKA JSC

**UNAUDITED AND UNCONSOLIDATED
FINANCIAL STATEMENT
JANUARY 1-DECEMBER 31, 2016**

MANAGEMENT REPORT

Port of Rijeka JSC

Riva 1, HR-51 000 RIJEKA

Personal identification number: 92590920313

Rijeka, February 2017



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PERIOD JANUARY 1-DECEMBER 31, 2016**

STATEMENT OF MANAGEMENT RESPONSIBILITY

MANAGEMENT REPORT ON BUSINESS RESULTS OF THE PORT OF RIJEKA JSC FOR THE PERIOD JANUARY 1-DECEMBER 31, 2016

GENERAL INFORMATION

The Port of Rijeka JSC is the largest concessionaire for transshipment of dry cargo in the area of the port of Rijeka and is a market-oriented company that provides port services as its core activity. The company is the concessionaire until 2042.

The shares of the Company are officially listed and traded in the Zagreb Stock Exchange.

As of December 31, 2016 the Management consists of: Vedran Devčić (president), Linda Sciucca (member) and Nenad Janjić (member).

KEY EVENTS

THE ŠKRLJEVO PROJECT – EXTENSION AND MODERNIZATION OF THE HINTERLAND PORT TERMINAL

The investment project of modernization and extension of the hinterland terminal Škrljevo in the area of approximately 400,000 m² which is owned by the Company, was initiated with the goal of increasing the port's capacities for warehousing general and bulk cargo and increasing capacities for container throughput, including the supporting activities and value-added services in the handling of goods and containers. Through the Škrljevo Project the hinterland terminal will have the ability to provide comprehensive operative support to the existing Brajdica container terminal and the future container terminal at the Zagreb Pier, but it will primarily increase the capacities of the Company for transshipment of general and bulk cargo.

The Contract for construction of the port hinterland warehouse Škrljevo in the free zone of the Port of Rijeka – Škrljevo was signed in July 2016 with joint bidders GP KRK JSC, VIAUKT JSC Zagreb and G.P.P. MIKIĆ Ltd. Omišalj as contractors. The contract has the value of 218.86 million Kuna, whereas the deadline for completion of construction works is 14.5 months from the date the contract was signed. The contract encompasses the reconstruction and modernization of existing warehouses and canopies, construction of new warehouses and canopies and reconstruction and modernization of existing and construction of new infrastructural capacities (traffic and manipulative surfaces, industrial tracks, energy infrastructure, substation, water supply line and sewage, etc. The contract for construction supervision services for the port hinterland warehouse Škrljevo was concluded with the company INVESTINŽENJERING Ltd. from Zagreb. The Škrljevo Project is financed by own funds, which were secured through a successful capital increase in 2015.

In addition to own capacities, this investment will also increase the capacities and competitiveness of the Rijeka traffic route as a whole. Therefore, this project has a wide economic significance for the Republic of Croatia.

THROUGHPUT INDICATORS

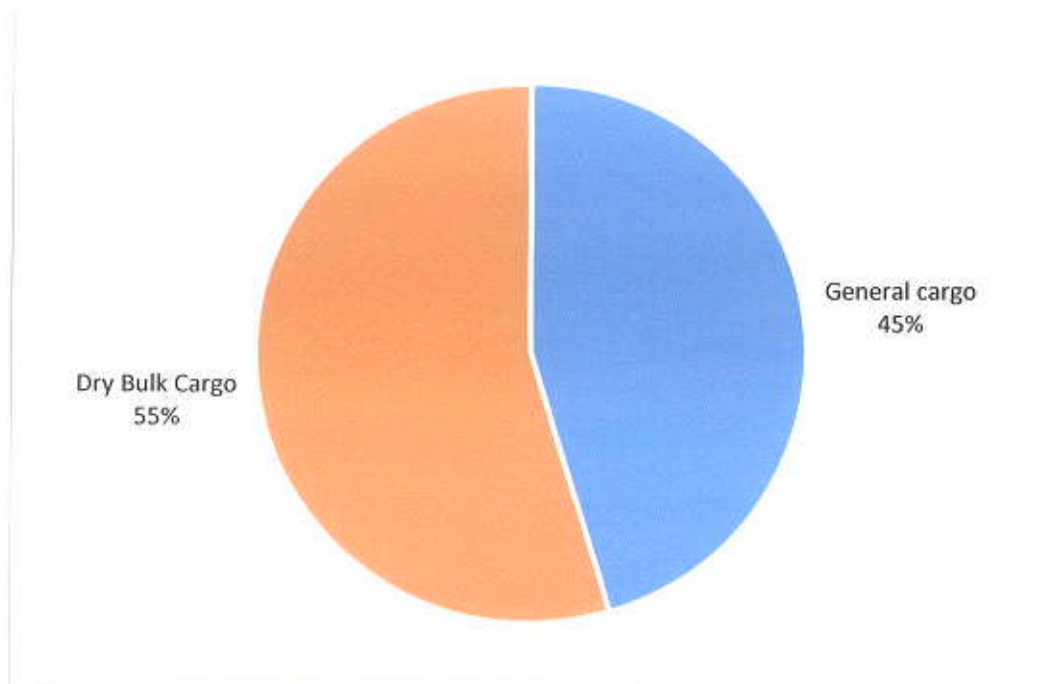
The total throughput of all dry cargoes in the port of Rijeka, which includes the Port of Rijeka JSC and the associate company Adriatic Gate JSC - AGCT Adriatic Gate Container Terminal, amounted to 3,833,988 tons of cargo in 2016. This is 11% less in quantity compared to the results of 2015, when 4,304,884 tons of cargo were transhipped.

CARGO TRAFFIC	Realization 2015	Realization 2016	Index 2016/2015
Port of Rijeka JSC	2.857.551	2.183.980	76
General cargo (tons)	1.058.349	989.384	93
Dry Bulk Cargo (tons)	1.799.202	1.194.596	66
AGCT JSC			
Containers (tons)	1.447.333	1.650.008	114
Containers (TEU)	161.883	177.401	110
TOTAL (tons)	4.304.884	3.833.988	89

The throughput of the Port of Rijeka JSC amounted to 2,183,980 tons of cargo, which is a 24% decrease.

The associate company Adriatic Gate JSC handled 177,401 containers expressed in TEU units, which is an increase of 10. Taking this into account, 2016 is a record year in the container throughput in the port of Rijeka.

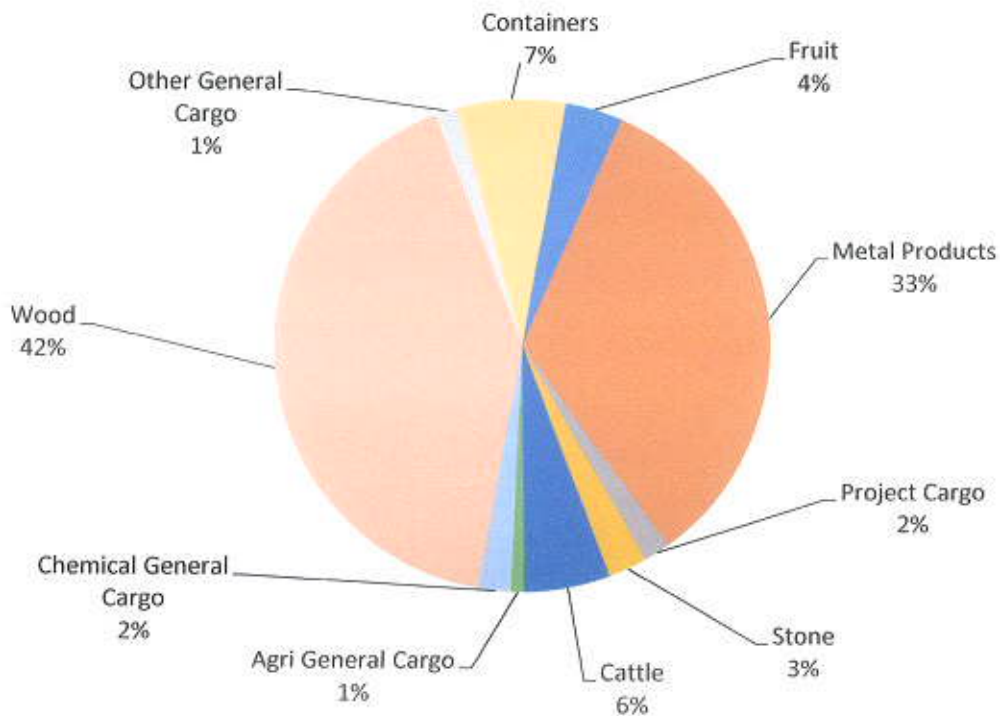
Diagram: Structure of throughput of the Port of Rijeka JSC



General cargo

The total throughput of general cargo amounted to 989,384 tons, which is a 7% decrease.

Diagram: Structure of general cargo



The structure of general cargo handled in the reporting period points to two dominant types of cargo. Those are wood, with a share of 42% and metal products, with a share of 33%. The trends regarding these types of cargo are reflected in the total general cargo throughput which was achieved.

Concerning general cargo, we would particularly like to comment the significant increase in the throughput of highly profitable cargoes: cattle of 56% (export from Croatia and transit from Hungary) and non-standard voluminous and large cargo, the so-called Project cargo, of 31%. The increase in the throughput of cattle is the best result in history of the cattle terminal in Bršica, which began operating in 1982.

The terminals of the Port of Rijeka JSC (except AGCT JSC) handled shore-to-shore 36,947 TEU units.

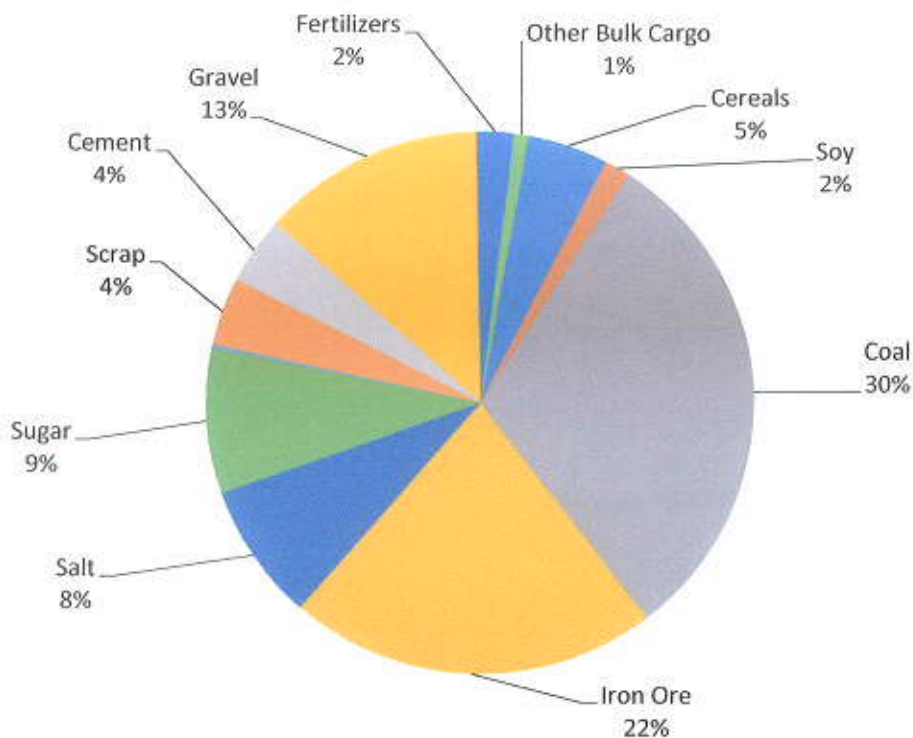
Bulk cargo

The total bulk cargo throughput amounted to 1,194,596 tons, which is a 34% decrease.

The largest share in the structure of bulk cargo of 52% pertains to the throughput of coal and iron ore transhipped through the Bakar Terminal. The transhipment of iron ore was decreased due to the absence of iron ore imports from overseas destinations of our key client, whereas the coal transhipment was doubled.

The other bulk cargo recorded an increase in turnover compared to the to the year 2015, especially for oilseeds, sugar, scrap, cement and gravel, while the turnover of cereals decreased.

Diagram: Structure of bulk cargo



FINANCIAL INDICATORS

Structure of revenue

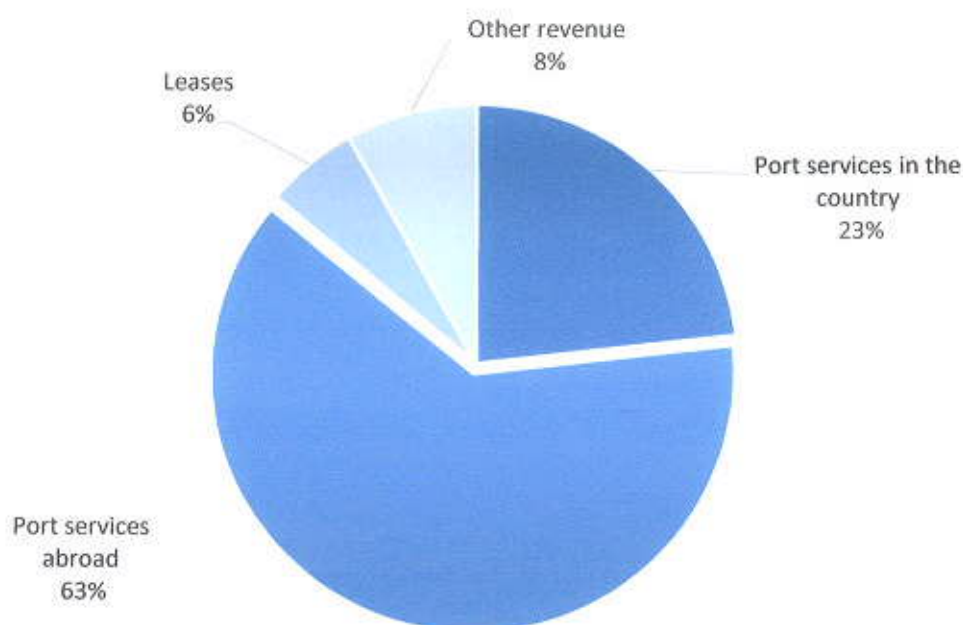
Total revenue in 2016 amounts to 178.918 million Kuna and are at the level of 2015.

Operating revenue amounts to 167.349 million Kuna and is 6% lower.

Throughput, which decreased by 24%, generates key operating revenue from core activities-revenue from sale of services in the country and abroad. In the amount of 143.785 million Kuna they are 13% lower, which is a consequence of the structure of cargo characterized by a larger share of more profitable general cargoes.

The operating revenue from services is dominated by revenue from the sale of services abroad with a 73% share, confirming the dependence of the company on the global macroeconomic developments.

Diagram: Structure of operating revenue



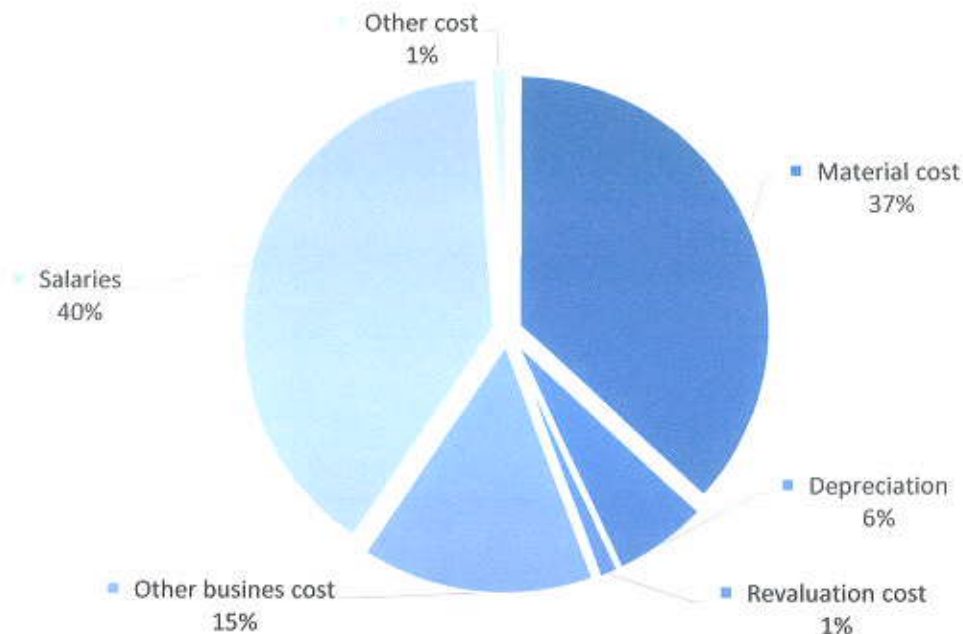
Structure of expenses

The total expenses in 2016 amount to 177.832 million Kuna and are 7% lower than in 2015. The operating expenses amount to 170.079 million Kuna and are 6% lower.

Due to the labour-intensive activity performed by the Company, the largest share of 40% in the structure of operating expenses pertains to the expenses related to staff, which were lowered by 7% due to a 3% decrease in the number of employees. By concluding agreements on termination of employment contracts with payment of severance packages, the company terminated 35

employment contracts, which generated a one-off expense of 2.553 million Kuna. This has increased the operating expenses and lowered the operating profits.

Diagram: Structure of operating expenses



Financial results

The EBIT for the financial year of 2016 amounts to -2.730 million Kuna, the EBITDA amounts to 9.970 million Kuna. Excluding the one-off expense related to agreed severance packages for 35 employees whose employment contracts were terminated, the EBIT amounts to -177 thousand Kuna, whereas the EBITDA is increased to 12.523 million Kuna. The total revenue was sufficient to cover the total expenses resulting in profit before taxation in the amount of 1.086 million Kuna.

Balance sheet

The value of the balance sheet on the day of December 31, 2016 amounted to 737.198 million Kuna and is at the level of December 31, 2015. Key changes in the structure of the balance sheet are related to capital investments which has been allocated a total of 46.538 million Kuna, out of which 69% refers to the investment into the project Škrljevo, whereas the remainder was invested into the new port mechanization and investments into the property under concession. Key changes are:

- The share of financial assets decreased within the short-term assets position due to the investment into the Škrljevo Project and other capital investments.

- The position of long-term tangible assets increased due to the increase in the advances on tangible assets and the increase of assets in preparation (the Škrljevo Project).
- The short-term receivables were increased in the position of receivables from government and other institutions (Tax Office).
- The share of long-term liabilities was decreased by payment of the current part of long-term loans.

Key performance indicators

Indicators	2015	2016	Index 2016/2015
Liquidity ratios			
Working capital in Kuna	219.791.425	169.594.110	77
Current liquidity	5,01	3,90	78
Debt indicators			
Short-term liabilities/capital	0,09	0,09	100
Long-term liabilities/capital	0,11	0,08	73
Borrowing/capital	0,07	0,05	71
Total liabilities/assets	0,16	0,15	94
Profitability ratios			
EBIT in Kuna	-2.403.006	-2.730.338	114
EBITDA in Kuna	8.384.415	9.970.146	119
EBITDA margin	4,72%	5,96%	126
EBIT margin	-1,35%	-1,63%	121
Productivity indicators			
Number of employees	651	629	97
Revenue per employee (in 000 Kuna)	279	284	102

BUSINESS EXPECTATIONS

CONTINUED CAPITAL INVESTMENTS

Operatively and financially the largest and the most demanding capital investment of the Port of Rijeka JSC is the aforementioned Škrljevo Project. The construction commenced in August 2016 and its completion is expected in the last quarter of 2017.

Further investments are also planned, for example, the construction of the new soy warehouse at the Rijeka Terminal, the water treatment facility at the Bršica Terminal and the continued investments into the new modern port mechanization. All these investments have the goal to improve the efficiency and the competitiveness of business operations.

The Port of Rijeka JSC and the Port of Rijeka Authority have successfully jointly submitted applications to the European Commission for financing two projects for reconstruction and super-

construction of rail infrastructure in the port pools of Rijeka and Bakar from the Connecting Europe Facility – Transport (CEF). The value of both projects is estimated at a total of 39.933 million euros and they envisage the complete replacement of the existing rail infrastructure with a new one. The projects were submitted to the third call within the Connecting Europe Facility CEF for financing key transport projects on TEN-T corridor. The CEF call was opened until October 13, 2016, with February 7, 2017 being the final deadline for application. The goal of the projects is the modernization of port rail infrastructure in the Port of Rijeka and the expected part of financing to come out of the CEF Instrument is 85%.

NATIONAL PORT DEVELOPMENT PLAN

The Port of Rijeka JSC had an active role in the making of the National plan for development of ports of particular (international) economic significance for the Republic of Croatia and it was an active participant in the public discussion of the plan. It also gave its proposals and comments to this document of national importance.

The National plan for development of ports of particular (international) economic significance for the Republic of Croatia recognizes the Port of Rijeka as: *“The most important Croatian cargo port with a significant position in the service of the Croatian economy. The port mostly handles containers, general cargo, cattle, iron ore and coal, other dry bulk cargo and crude oil. ... Rijeka must retain the role of the most important cargo entry port in Croatia and aspire to becoming a cargo transit port for Central and Eastern Europe. It must utilize its potential and advantages of its position in the Mediterranean and Baltic-Adriatic TEN-T corridor”.*

In the National plan for development of ports were also recognized and included all relevant projects of the Port of Rijeka JSC.

COMPANY MANAGEMENT

Vedran Devčić, president

Linda Sciucca, member

Nenad Janjić, member

LUKA RIJEKA d.d.
Rijeka, Riva 1

APPENDIX 1

Reporting period:

01.01.2016.

to

31.12.2016.

QUARTERLY FINANCIAL REPORT OF ENTREPRENEUR

Registration number (MB): 03330494

Identification number of subject (MBS): 040141664

Personal identification number (OIB): 92590920313

Issuer company: Port of Rijeka j.s.c.

Postal code and place: 51000 RIJEKA

Street and number: Riva 1

E-mail address: uprava@lukarijeka.hr

Internet adresa: www.lukarijeka.hr

Code and name of town: 373 Rijeka

Code and county name: 8 PRIMORSKO-GORANSKA

Number of employees: 630
(at the end of the year)

Consolidated statement: NO

NKD/NWC code: 5224

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

Book keeping service:

Contact person: Reljac Janja

authorised person for representation

Phone number: 051/496-533

Fascimile: 051/496-008

E-mail address: fin@lukarijeka.hr

Surname and name: Devčić Vedran

(authorised person for representation)

Disclosure documents:

1. Financial statements (balance sheet, profit and loss account, cash flow statement...)
2. Interim management Report
3. Statement of responsible persons for preparation of financial statements

M.P.

LUKA RIJEKA d.d.
Rijeka, Riva 1



(signed by authorised person for representation)

BALANCE SHEET
as of 31.12.2016.

Port of Rijeka j.s.c.		In Kunas		
Position	AOP	Previous year (net)	Current year (net)	
1	2	3	4	
ASSETS				
A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID IN CAPITAL	001	0	0	
B) LONG-TERM ASSETS (003+010+020+029+033)	002	470.289.258	508.509.942	
I. INTANGIBLE ASSETS (004 to 009)	003	840.967	743.068	
1. Assets development	004	0	0	
2. Concessions, patents, licences fees, trade and service marks, software and other rights	005	840.967	743.068	
3. Goodwill	006	0	0	
4. Prepayments for purchase of intangible assets	007	0	0	
5. Intangible assets in preparation	008	0	0	
6. Other intangible assets	009	0	0	
II. TANGIBLE ASSETS (011 to 019)	010	431.382.509	471.956.377	
1. Land	011	229.075.870	229.075.870	
2. Buildings	012	109.732.216	108.742.540	
3. Plant and equipment	013	1.808.887	1.710.894	
4. Tools, facility inventory and transport assets	014	57.557.446	52.286.980	
5. Biological assets	015	0	0	
6. Prepayments for tangible assets	016	3.895	20.702.110	
7. Tangible assets in progress	017	25.862.591	52.529.875	
8. Other tangible assets	018	325.736	325.736	
9. Investments in buildings	019	7.015.868	6.582.372	
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	020	12.018.267	12.025.892	
1. Investments (shares) with related parties	021	11.769.079	11.767.170	
2. Loans given to related parties	022	0	0	
3. Participating interest (shares)	023	40.000	40.000	
4. Loans to entrepreneurs in whom the entity holds participating interests	024	0	0	
5. Investments in securities	025	209.188	218.722	
6. Loans, deposits and similar assets	026	0	0	
7. Other long-term financial assets	027	0	0	
8. Investments accounted by equity method	028	0	0	
IV. RECEIVABLES (030 to 032)	029	7.244.268	5.640.419	
1. Receivables from related parties	030	0	0	
2. Receivables from based on trade loans	031	7.244.268	5.640.419	
3. Other receivables	032	0	0	
V. DEFERRED TAX ASSETS	033	18.803.247	18.144.186	
C) SHORT TERM ASSETS (035+043+050+058)	034	274.602.358	228.007.798	
I. INVENTORIES (036 to 042)	035	1.062.990	901.345	
1. Raw-material and supplies	036	1.062.990	826.345	
2. Work in progress	037	0	0	
3. Finished goods	038	0	0	
4. Merchandise	039	0	0	
5. Prepayments for inventories	040	0	75.000	
6. Long-term assets held for sales	041	0	0	
7. Biological assets	042	0	0	
II. RECEIVABLES (044 to 049)	043	28.834.553	41.497.769	
1. Receivables from related parties	044	356.151	325.199	
2. Accounts receivable	045	26.311.279	24.688.373	
3. Receivables from participating parties	046	0	0	
4. Receivables from employees and members of related parties	047	2.984	2.891	
5. Receivables from government and other institutions	048	1.100.669	16.026.122	
6. Other receivables	049	1.063.470	455.184	
III. SHORT TERM FINANCIAL ASSETS (051 to 057)	050	242.121.431	182.209.855	
1. Shares (stocks) in related parties	051	0	0	
2. Loans given to related parties	052	0	0	
3. Participating interest (shares)	053	0	0	
4. Loans to entrepreneurs in whom the entity holds participating interests	054	0	0	
5. Investments in securities	055	0	0	
6. Loans, deposits, etc.	056	242.121.431	182.209.855	
7. Other financial assets	057	0	0	
IV. CASH AT BANK AND IN CASHIER	058	2.583.384	3.398.829	
D) PREPAID EXPENSES AND ACCRUED REVENUE	059	2.384.061	680.665	
E) TOTAL ASSETS (001+002+034+059)	060	747.275.677	737.198.405	
F) OFF-BALANCE RECORDS	061	804.016	804.016	

LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	614,875,109	616,205,414
I. SUBSCRIBED CAPITAL	063	539,219,000	539,219,000
II. CAPITAL RESERVES	064	38,623,828	38,623,828
III. RESERVES FROM PROFIT(066+067-068+069+070)	065	0	0
1. Reserves prescribed by law	066	0	0
2. Reserves for treasury shares	067	0	0
3. Treasury stocks and shares (deduction)	068	0	0
4. Statutory reserves	069	0	0
5. Other reserves	070	0	0
IV. REVALUATION RESERVES	071	35,767,079	36,669,177
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	0	1,265,202
1. Retained earnings	073	0	1,265,202
2. Accumulated loss	074	0	0
VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077)	075	1,265,202	428,207
1. Profit for the current year	076	1,265,202	428,207
2. Loss for the current year	077	0	0
VII. MINORITY INTERESTS	078	0	0
B) PROVISIONS (080 to 082)	079	11,362,693	10,565,286
1. Provisions for pensions, severance pay, and similar liabilities	080	3,999,055	3,201,648
2. Reserves for tax liabilities	081	0	0
3. Other reserves	082	7,363,638	7,363,638
C) LONG - TERM LIABILITIES (084 to 092)	083	65,832,305	49,266,034
1. Liabilities to related parties	084	0	0
2. Liabilities for loans, deposits etc.	085	9,086,548	3,104,021
3. Liabilities to banks and other financial institutions	086	33,040,847	26,047,030
4. Liabilities for received prepayments	087	0	0
5. Accounts payable	088	14,769,295	12,073,361
6. Liabilities arising from debt securities	089	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	090	0	0
8. Other long-term liabilities	091	0	0
9. Deferred tax liability	092	8,935,615	8,041,622
D) SHORT-TERM LIABILITIES (094 to 105)	093	54,810,933	58,413,688
1. Liabilities to related parties	094	263,432	632,951
2. Liabilities for loans, deposits etc.	095	10,592,206	10,738,248
3. Liabilities to banks and other financial institutions	096	7,745,927	6,857,917
4. Liabilities for received prepayments	097	0	0
5. Accounts payable	098	24,921,268	26,124,912
6. Liabilities arising from debt securities	099	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100	0	0
8. Liabilities to employees	101	3,691,451	3,586,459
9. Liabilities for taxes, contributions and similar fees	102	3,773,826	4,754,918
10. Liabilities to share - holders	103	0	0
11. Liabilities for long - term assets held for sale	104	0	0
12. Other short - term liabilities	105	3,802,823	5,718,283
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	394,637	2,747,983
F) TOTAL - CAPITAL AND LIABILITIES (062+079+083+093+106)	107	747,275,677	737,196,405
G) OFF - BALANCE RECORDS	108	804,016	804,016
APPENDIX to balance sheet(to be filled in by entrepreneur that prepares consolidated annual financial report)			
A) CAPITAL AND RESERVES			
1. Attributed to equity holders of parent company	109	0	0
2. Attributed to minority interest	110	0	0

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

PROFIT AND LOSS ACCOUNT
from 01.01.2016. until 31.12.2016.

Port of Rijeka j.s.c.		In Kunas			
Position	AOP	Previous period cumulative	Previous period quarter	Current period cumulative	Current period quarter
1	2	3	4	5	6
I. OPERATING REVENUE (112+113)	111	177.670.213	43.205.603	167.349.031	53.747.295
1. Sales revenue	112	164.880.200	39.570.324	144.044.294	39.308.212
2. Other operating revenues	113	12.790.013	3.635.279	23.304.737	14.439.083
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	180.073.219	48.108.014	170.079.369	47.997.992
1. Changes in value of work in progress and finished products	115	0	0	0	0
2. Material costs (117 to 119)	116	69.503.162	19.797.057	62.681.224	17.379.389
a) Raw material and material costs	117	21.183.808	5.732.788	18.672.029	5.057.649
b) Costs of goods sold	118	0	0	0	0
c) Other external costs	119	48.319.354	14.064.269	44.009.195	12.321.740
3. Staff costs (121 to 123)	120	72.436.583	17.818.142	67.159.875	16.494.496
a) Net salaries and wages	121	44.855.046	11.097.498	41.703.223	10.331.896
b) Cost for taxes and contributions from salaries	122	18.949.015	4.105.289	15.601.503	3.743.690
c) Contributions on gross salaries	123	10.632.522	2.615.355	9.855.149	2.418.910
4. Depreciation	124	10.415.429	3.516.567	10.530.394	3.525.674
5. Other costs	125	24.149.566	5.478.497	25.514.300	7.695.090
6. Impairment (127+128)	126	371.992	346.526	2.170.090	2.170.090
a) Impairment of long - term assets (financial assets excluded)	127	0	0	0	0
b) Impairment of short - term assets (financial assets excluded)	128	371.992	346.526	2.170.090	2.170.090
7. Provisions	129	0	0	0	0
8. Other operating costs	130	3.196.487	1.151.225	2.023.486	733.253
III. FINANCIAL INCOME (132 to 136)	131	3.785.908	2.378.411	11.568.847	6.633.980
1. Interest income, foreign exchange gains, dividends and similar income from related parties	132	0	0	0	0
2. Interest expenses, foreign exchange losses, dividends and similar expenses from non related parties	133	3.333.364	2.378.411	11.568.847	6.781.735
3. Share in income from affiliated entrepreneurs and participating	134	0	0	0	0
4. Unrealized losses (expenses) on financial assets	135	0	0	0	0
5. Other financial income	136	452.544	0	0	-147.755
IV. FINANCIAL EXPENSES (138 to 141)	137	11.584.640	8.728.853	7.752.671	3.820.490
1. Interest expenses, foreign exchange losses, dividends and similar expenses from related parties	138	0	0	0	0
2. Interest expenses, foreign exchange losses, dividends and similar expenses from non related parties	139	10.225.979	7.370.192	6.509.647	3.509.823
3. Unrealized losses (expenses) on financial assets	140	0	0	0	0
4. Other financial expenses	141	1.358.661	1.358.661	1.243.024	310.667
V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED	142	0	0	0	0
VI. LOSS FROM INVESTMENT - SHARE IN LOSS OF ASSOCIATED	143	0	0	0	0
VII. EXTRAORDINARY- OTHER INCOME	144	0	0	0	0
VIII. EXTRAORDINARY - OTHER EXPENSES	145	0	0	0	0
IX. TOTAL INCOME (111+131+142 + 144)	146	181.456.121	45.584.014	178.917.878	60.381.275
X. TOTAL EXPENSES (114+137+143 + 145)	147	191.657.859	56.836.867	177.832.040	51.818.482
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	-10.201.738	-11.252.853	1.085.838	8.562.793
1. Profit before taxation (146-147)	149	0	0	1.085.838	8.562.793
2. Loss before taxation (147-146)	150	10.201.738	11.252.853	0	0
XII. PROFIT TAX	151	-11.466.940	-11.466.940	657.631	657.631
XIII. PROFIT OR LOSS FOR THE THE PERIOD (148-151)	152	1.265.202	214.087	428.207	7.905.162
1. Profit for the period (149-151)	153	1.265.202	214.087	428.207	7.905.162
2. Loss for the period (151-148)	154	0	0	0	0

APPENDIX to P&I account (to be filled in by entrepreneur that prepares consolidated financial report)

XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributed to equity holders of parent company	155	0	0	0	0
2. Attributed to minority interest	156	0	0	0	0

STATEMENT OF OTHER COMPREHENSIVE INCOME (IFRS)

I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	1.265.202	214.087	428.207	7.905.162
II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (159 to 165)	158	-404.713	17.392	9.534	9.534
1. Exchange differences on translation of foreign operations	159	0	0	0	0
2. Movements in revaluation reserves of long - term tangible and intangible assets	160	0	0	0	0
3. Profit or loss from reevaluation of financial assets available for sale	161	-404.713	17.392	9.534	9.534
4. Gains or losses on efficient cash flow hedging	162	0	0	0	0
5. Gains or losses on efficient hedge of a net investment in foreign countries	163	0	0	0	0
6. Share in other comprehensive income/loss of associated	164	0	0	0	0
7. Actuarial gains /losses on defined benefit plans	165	0	0	0	0
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166	-80.707	2.609	1.430	1.430
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE	167	-344.006	14.783	8.104	8.104
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	921.196	228.870	436.311	7.913.266

APPENDIX to Statement of other comprehensive income (to be filled in by entrepreneur that prepares consolidated financial report)

VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributed to equity holders of parent company	169	0	0	0	0
2. Attributed to minority interest	170	0	0	0	0

STATEMENT OF CASH FLOWS - Indirect method
from 01.01.2016.until 31.12.2016.

Port of Rijeka j.s.c.		In		
Position	AOP	Previous year	Current year	
1	2	3	4	
CASH FLOW FROM OPERATING ACTIVITIES				
1. Profit before tax	001	1.285.202	1.085.838	
2. Depreciation	002	10.415.429	10.530.394	
3. Increase in short term liabilities	003	0	4.344.723	
4. Decrease in short term receivables	004	8.458.752	0	
5. Decrease in inventories	005	20.887	161.645	
6. Other increase in cash flow	006	0	0	
I. Total increase in cash flow operating activities (001 to 006)	007	20.160.270	16.122.600	
1. Decrease in short term liabilities	008	12.183.016	0	
2. Increase in short term receivables	009	0	11.059.367	
3. Increase in inventories	010	0	0	
4. Other decrease in cash flow	011	7.364.221	11.963.971	
II. Total decrease in cash flow from operating activities (008 to 011)	012	19.547.237	23.023.338	
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	613.033	0	
A2) NET DECREASE IN CASH FLOW FROM OPERATING ACTIVITIES	014	0	6.900.738	
CASH FLOW FROM INVESTING ACTIVITIES				
1. Cash inflows from sales of long - term tangible and intangible assets	015	52.980	774.701	
2. Cash inflows from sales of equity and debt instruments	016	0	0	
3. Interests receipts	017	1.763.589	3.829.437	
4. Dividend receipts	018	0	8.396	
5. Other cash inflows from investing activities	019	3.067.530	3.290.630	
III. Total cash inflows from investing activities (015 to 019)	020	4.884.099	7.903.164	
1. Cash outflow for purchase of long - term tangible and intangible assets	021	26.048.084	46.448.595	
2. Cash outflow for acquisition of equity and debt financial instruments	022	0	0	
3. Other cash outflow for investing activities	023	15.971.265	0	
IV. Total cash outflow for investing activities (021 to 023)	024	42.019.349	46.448.595	
B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-024)	025	0	0	
B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES(024-020)	026	37.135.250	38.545.431	
CASH FLOW FROM FINANCIAL ACTIVITIES				
1. Cash inflow from issuing property and debt financial instruments	027	300.000.000	0	
2. Proceeds from the credit principal, promissory notes, borrowings and other loans	028	15.552.601	0	
3. Other proceeds from financial activities	029	32.176.425	61.071.032	
V. Total cash inflows from financial activities (027 to 029)	030	347.729.026	61.071.032	
1. Cash outflow for repayment of credit principal and bonds	031	55.785.117	13.208.691	
2. Cash outflow for dividends paid	032	0	0	
3. Cash outflow for financial lease	033	836.726	66.985	
4. Cash outflow for purchase of treasury shares	034	0	0	
5. Other cash outflow for financial activities	035	252.700.000	1.533.742	
VI. Total cash outflow for financial activities (031 to 035)	036	309.321.843	14.809.418	
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-036)	037	38.407.183	46.261.614	
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-030)	038	0	0	
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	1.884.966	815.445	
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	0	0	
Cash and cash equivalents at the beginning of the period	041	698.418	2.583.384	
Increase of cash and cash equivalents	042	1.884.966	815.445	
Decrease of cash and cash equivalents	043	0	0	
Cash and cash equivalents at the end of the period	044	2.583.384	3.398.829	

STATEMENT OF CHANGES IN EQUITY
for the period 1.1.2016 to 31.12.2016

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed capital	001	539.219.000	539.219.000
2. Capital reserves	002	38.623.828	38.623.828
3. Reserves from profit	003	0	0
4. Retained earnings or accumulated loss	004	0	1.265.202
5. Profit or loss for the current year	005	1.265.202	428.207
6. Revaluation of long - term tangible assets	006	35.740.063	36.634.057
7. Revaluation of intangible assets	007	0	0
8. Revaluation of financial assets available for sale	008	27.016	35.120
9. Other revaluation	009	0	0
10. Total capital and reserves (AOP 001 to 009)	010	614.875.109	616.205.414
11. Currency gains and losses arising from net investment in foreign operations	011	0	0
12. Current and deferred taxes (part)	012	0	0
13. Cash flow hedging	013	0	0
14. Changes in accounting policy	014	0	0
15. Correction of significant errors in prior period	015	0	0
16. Other changes of capital	016	0	0
17. Total increase or decrease in capital (AOP 011 to 016)	017	0	0
17 a. Attributed to equity holders of parent company	018	0	0
17 b. Attributed to minority interest	019	0	0

Items which decrease capital are given with the negative prefix.

February 2017, Rijeka

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

STATEMENT

Which, conscientiously and according to their best knowledge, confirms their liability for realistic and objective display of unaudited unconsolidated annual financial statement for the period January 1-December 31, 2016 of the Luka Rijeka d.d in accordance with the Act of Accounting (Official Gazette of the Republic of Croatia 109/2007), International Accounting Standards (IAS) of financial reporting recognized by the European Commission and published in the Official Journal of the European Commission and the accounting policies of the Company, including appropriate publishing of all information in accordance with the Act and above Standards.

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

Management Board

Vedran Devčić, president

Linda Sciucca, member

Nenad Janjić, member

LUKA RIJEKA d.d.
Rijeka, Riva 1

