

THE PORT OF RIJEKA GROUP

UNAUDITED CONSOLIDATED

BUSINESS REPORT

FOR 01.01.-30.09.2018.

The Port of Rijeka j. s. c.

Riva 1, HR-51 000 RIJEKA

Personal identification number: 92590920313

Rijeka, October 2018



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GENERAL INFORMATION

The Port of Rijeka Group consists of:

THE PORT OF RIJEKA j. s. c. Rijeka, the parent company, the largest concessionaire for the transshipment of dry cargo in the area of the port of Rijeka, which provides the services related to maritime traffic, stevedoring, warehousing of goods and forwarding agents activities.

LUKA - PRIJEVOZ ltd. Škrljevo, 100% owned by the parent company, the main business activity of which is providing transport services.

STANOVI ltd. Rijeka, 100% owned by the parent company, the main business activity of which is the management of dwellings owned by the parent company and the activities related to the management of buildings.

The Port of Rijeka j. s. c. owns a 49% share in the company Adriatic Gate j. s. c. Profit/loss of this company is attributed to the Port of Rijeka j. s. c. by applying the ownership share method. The General Assembly of Jadranska vrata d.d. adopted the decision that the profit for the business year 2017 amounting to 23.656.302,87 kn is paid to the shareholders according to their share (49% Luka Rijeka d.d. – 11.591.588,40 kn) with the following dynamics: 50% of the amount in April, 25% in June and 25% in September.

Taking into account that THE PORT OF RIJEKA j. s. c., as the parent company of the Group, realized 99% of operating consolidated revenue of the Group, the short overview of key performance indicators are given below.

KEY FINANCIAL PERFORMANCE INDICATORS

Indicators (in 1000 HRK)	31.12.2017(audited)	30.09.2018.	Index
<i>Pokazatelj likvidnosti</i>			
<i>Liquidity ratios</i>			
Liquidity ratios	41.456	27.918	67
Working capital	1,37	1,64	119
<i>Debt indicators</i>			
Short-term liabilities/capital	0,12	0,06	50
Long-term liabilities/capital	0,07	0,08	114
Borrowing/capital	0,07	0,07	100
Total liabilities/assets	0,16	0,12	75
<i>Profitability ratios</i>			
EBIT	-10.370	-7.161	69
EBITDA	534	687	128
EBITDA margin	0,32%	0,60%	
EBIT margin	-6,18%	-6,26%	
NETmargin	-0,77%	1,75%	

SALES PERFORMANCE INDICATORS

Total turnover of Luka Rijeka j.s.c. and company Jadranska vrata j.s.c.

CARGO TRAFFIC	Realization 01.-09.2017.	Realization 01.-09.2018.	Index 2018/2017
Luka Rijeka d.d.	1.909.044	1.716.912	90
General cargo (tons)	686.270	610.190	89
Dry Bulk Cargo (tons)	1.222.774	1.106.722	91
Jadranska vrata d.d.			
Containers (tons)	1.549.750	1.704.491	110
<i>Containers (TEU)</i>	<i>157.577</i>	<i>170.856</i>	<i>108</i>
TOTAL (tons)	3.458.794	3.421.403	99

APPENDIX 1

Reporting period:

01.01.2018.

to

30.09.2018.

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.hrInternet address: www.lukarijeka.hr

Code and name of town: 373 RIJEKA

Code and county name: 8 PRIMORSKO-GORANSKA

Number of employees: 609
(at the end of the year)

Consolidated statement: YES

NKD/NWC code: 5224

Subsidiaries subject to consolidation (according to IFRS):

Headquarters:

Registration number:

LUKA PRIJEVOZ d.o.o.

ŠKRLJEVO

01230000

STANOVI d.o.o.

RIJEKA

01230077

Book keeping service:

Contact person: Mirta Bačić Vidović
(contact person)

Phone number: 051/496 629

Fascimile: 051/496 008

E-mail address: mirta.vidovic@lukarijeka.hrSurname and name: Jędrzej Mirosław Mierzewski president, Tomislav Kalafatić member, Bartłomiej Michał Pastwa member
(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.

(signed by authorised person for representation)

BALANCE SHEET
as of 30.09.2018.

PORT OF RIJEKA j.s.c.		<i>in Kunas</i>		
Position	AOP	Previous year (net)	Current year (net)	
1	2	3	4	
ASSETS				
A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID IN CAPITAL	001			
B) LONG-TERM ASSETS (003+010+020+029+033)	002	712.172.106	730.967.397	
I. INTANGIBLE ASSETS (004 to 009)	003	480.873	349.030	
1. Assets development	004	0	0	
2. Concessions, patents, licences fees, trade and service marks, software and other rights	005	480.873	349.030	
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	589.637.149	610.157.435	
1. Land	011	229.075.870	228.523.670	
2. Buildings	012	108.637.611	195.741.543	
3. Plant and equipment	013	2.097.125	1.821.323	
4. Tools, facility inventory and transport assets	014	52.686.786	48.681.742	
5. Biological assets	015	0	0	
6. Prepayments for tangible assets	016	212.500	680.964	
7. Tangible assets in progress	017	190.496.124	128.366.553	
8. Other tangible assets	018	325.736	325.736	
9. Investments in buildings	019	6.105.397	6.015.904	
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	020	99.859.133	98.253.488	
1. Investments (shares) with related parties	021	99.569.290	98.068.811	
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	249.843	144.677	
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	4.339.884	4.339.884	
1. Receivables from related parties	030	0	0	
2. Receivables from based on trade loans	031	4.339.884	4.339.884	
3. Other receivables	032	0	0	
V. DEFERRED TAX ASSETS	033	17.855.067	17.867.560	
C) SHORT TERM ASSETS (035+043+050+058)	034	103.268.325	71.490.660	
I. INVENTORIES (036 to 042)	035	531.876	1.978.801	
1. Raw-material and supplies	036	531.876	1.978.801	
2. Work in progress	037	0	0	
3. Finished goods	038	0	0	
4. Merchandise	039	0	0	
5. Prepayments for inventories	040	0	0	
6. Long-term assets held for sales	041	0	0	
7. Biological assets	042	0	0	
II. RECEIVABLES (044 to 049)	043	28.733.575	25.368.215	
1. Receivables from related parties	044	0	977.297	
2. Accounts receivable	045	26.312.434	21.605.655	
3. Receivables from participating parties	046	398.255	0	
4. Receivables from employees and members of related parties	047	1.643	3.087	
5. Receivables from government and other institutions	048	1.954.442	1.805.432	
6. Other receivables	049	66.801	976.744	
III. SHORT TERM FINANCIAL ASSETS (051 to 057)	050	70.249.290	37.805.770	
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	70.249.290	37.805.770	
7. Other financial assets	057	0	0	
IV. CASH AT BANK AND IN CASHIER	058	3.753.584	6.337.874	
D) PREPAID EXPENSES AND ACCRUED REVENUE	059	1.056.903	3.220.016	
E) TOTAL ASSETS (001+002+034+059)	060	816.497.334	805.678.073	
F) OFF-BALANCE RECORDS	061	804.016	804.016	

LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	695.331.933	697.281.869
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	36.713.003	36.656.088
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	82.070.885	80.776.104
1. Retained earnings	073	82.070.885	80.776.104
2. Accumulated loss	074	0	0
VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077)	075	-1.294.783	2.006.849
1. Profit for the current year	076	0	2.006.849
2. Loss for the current year	077	1.294.783	0
VII. MINORITY INTERESTS	078	0	0
B) PROVISIONS (080 to 082)	079	8.907.959	4.854.292
1. Provisions for pensions,severance pay,and similar liabilities	080	2.655.584	2.655.584
2. Reserves for tax liabilities	081	0	0
3. Other reserves	082	6.252.375	2.198.708
C) LONG - TERM LIABILITIES (084 to 092)	083	41.731.763	56.372.738
1. Liabilities to related parties	084	0	0
2. Liabilities for loans,deposits etc.	085	0	0
3. Liabilities to banks and other financial institutions	086	20.934.038	35.976.450
4. Liabilities for received prepayments	087	0	0
5. Acconuts payable	088	7.700.624	7.299.187
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	13.097.101	13.097.101
D) SHORT-TERM LIABILITIES (094 to 105)	093	54.826.129	43.572.197
1. Liabilities to related parties	094	0	13.805
2. Liabilities for loans,deposits etc.	095	11.173.943	7.753.510
3. Liabilities to banks and other financial institutions	096	5.701.273	6.674.688
4. Liabilities for received prepayments	097	0	0
5. Acconuts payable	098	26.109.803	20.575.573
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	3.571.389	3.297.019
9. Liabilities for taxes,contributions and similar fees	102	3.997.609	2.742.862
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	4.272.112	2.514.740
E) DEFFERED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	15.699.550	3.596.977
F) TOTAL - CAPITAL AND LIABILITIES (062+079+083+093+106)	107	816.497.334	805.678.073
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	695.331.933	697.281.869
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 01.01.2018. until 30.09.2018.

PORT OF RIJEKA j.s.c.		<i>in Kunas</i>			
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	126.607.037	39.196.018	114.454.101	37.031.623
1. Sales revenue	112	117.328.605	36.203.753	103.993.101	33.883.697
2. Other operating revenues	113	9.278.432	2.992.265	10.461.000	3.147.926
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	126.446.577	42.722.212	121.615.551	41.665.159
1. Changes in value of work in progress and finished products	115	0	0	0	0
2. Material costs (117 to 119)	116	47.075.676	15.674.112	43.720.650	14.650.941
a) Raw material and material costs	117	13.847.525	4.341.068	12.712.255	3.831.668
b) Costs of goods sold	118	0	0	0	0
c) Other external costs	119	33.228.151	11.333.044	31.008.395	10.819.273
3. Staff costs (121 to 123)	120	50.403.788	16.530.896	51.382.219	16.977.167
a) Net salaries and wages	121	31.510.290	10.313.409	31.687.347	10.499.302
b) Cost for taxes and contributions from salaries	122	11.463.935	3.780.421	12.118.153	3.973.649
c) Contributions on gross salaries	123	7.429.563	2.437.066	7.576.719	2.504.216
4. Depreciation	124	8.002.204	2.477.567	7.844.925	2.668.252
5. Other costs	125	18.901.444	7.796.867	17.381.300	6.621.335
6. Impairment (127+128)	126	0	0	3.541	0
a) Impairment of long - term assets (financial assets excluded)	127	0	0	3.541	0
b) Impairment of short - term assets (financial assets excluded)	128	0	0	0	0
7. Provisions	129	0	0	0	0
8. Other operating costs	130	2.063.465	242.770	1.282.916	747.464
III. FINANCIAL INCOME (132 to 136)	131	12.329.628	4.193.564	2.308.741	176.674
1. Interest income,foreing exchange gains,dividends and similar income from related parties	132	0	0	0	0
2. Interest income,foreing exchange losses,dividends and similar expenses from non related parties	133	5.793.306	925.403	2.308.741	176.674
3. Share in income from affiliated entrepreneurs and participating	134	6.536.322	3.268.161	0	0
4. Unrealized losses (expenses) on financial assets	135	0	0	0	0
5. Other financial income	136	0	0	0	0
IV. FINANCIAL EXPENSES (138 to 141)	137	7.976.414	1.578.263	3.231.551	709.630
1. Interest expenses,foreing exchange losses,dividends and similar expenses from related parties	138	0	0	0	0
2. Interest expenses,foreing exchange losses,dividends and similar expenses from non related parties	139	6.931.116	1.105.702	2.601.768	559.800
3. Unrealized losses (expenses) on financial assets	140	0	0	0	0
4. Other financial expenses	141	1.045.298	472.561	629.783	149.830
V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED	142	9.133.684	3.151.412	10.091.109	3.266.982
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	148.070.349	46.540.994	126.853.951	40.475.279
X. TOTAL EXPENSES (114+137+143+145)	147	134.422.991	44.300.475	124.847.102	42.374.789
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	13.647.358	2.240.519	2.006.849	-1.899.510
1. Profit before taxation (146-147)	149	13.647.358	2.240.519	2.006.849	0
2. Loss before taxation (147-146)	150	0	0	0	1.899.510
XII. PROFIT TAX	151	0	0	0	0
XIII. PROFIT OR LOSS FOR THE THE PERIOD (148-151)	152	13.647.358	2.240.519	2.006.849	-1.899.510
1. Profit for the period (149-151)	153	13.647.358	2.240.519	2.006.849	0
2. Loss for the period (151-148)	154	0	0	0	1.899.510

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	13.647.358	2.240.519	2.006.849	-1.899.510
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	13.647.358	2.240.519	2.006.849	-1.899.510
II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (159 to 165)	158	0	0	-19.032	31.346
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	0	0	-19.032	31.346
4. Gains or losses on efficient cash flow hedging	162	0	0	0	0
5. Gains or losses on efficient hedge of a net investment in foreign	163	0	0	0	0
6. Share in other comprehensive income/loss of associated companies	164	0	0	0	0
7. Actuarial gains /losses on defined benefit plans	165	0	0	0	0
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166	0	0	-3.426	5.642
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE	167	0	0	-15.606	25.704
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	13.647.358	2.240.519	1.991.244	-1.873.807

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	13.647.358	2.240.519	1.991.244	-1.873.807
2. Attributed to minority interest	170	0	0	0	0

STATEMENT OF CASH FLOWS - Indirect method
from 01.01.2018. until 30.09.2018.

PORT OF RIJEKA j.s.c.	<i>in Kunas</i>		
Position	AOP	Previous year	Current year
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	001	13.647.358	2.006.849
2. Depreciation	002	8.002.204	7.844.925
3. Increase in short term liabilities	003	0	0
4. Decrease in short term receivables	004	16.914.646	3.365.360
5. Decrease in inventories	005	65.657	0
6. Other increase in cash flow	006	0	0
I. Total increase in cash flow operating activities (001 to 006)	007	38.629.865	13.217.134
1. Decrease in short term liabilities	008	4.816.291	6.848.735
2. Increase in short term receivables	009	0	0
3. Increase in inventories	010	0	1.446.925
4. Other decrease in cash flow	011	19.011.695	10.869.527
II. Total decrease in cash flow from operating activities (008 to 011)	012	23.827.986	19.165.187
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	14.801.879	0
A2) NET DECREASE IN CASH FLOW FROM OPERATING ACTIVITIES	014	0	5.948.053
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash inflows from sales of long - term tangible and intangible assets	015	519.745	0
2. Cash inflows from sales of equity and debt instruments	016	0	0
3. Interests receipts	017	1.393.256	383.248
4. Dividend receipts	018	6.537.330	11.852.811
5. Other cash inflows from investing activities	019	2.218.851	34.782.239
III. Total cash inflows from investing activities (015 to 019)	020	10.669.182	47.018.298
1. Cash outflow for purchase of long - term tangible and intangible assets	021	77.293.246	28.233.368
2. Cash outflow for acquisition of equity and debt financial instruments	022	0	0
3. Other cash outflow for investing activities	023	0	0
IV. Total cash outflow for investing activities (021 to 023)	024	77.293.246	28.233.368
B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-024)	025	0	18.784.930
B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES(024-020)	026	66.624.064	0
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Cash inflow from issuing property and debt financial instruments	027	0	0
2. Proceeds from the credit principal, promissory notes, borrowings and other loans	028	0	0
3. Other proceeds from financial activities	029	60.322.011	0
V. Total cash inflows from financial activities (027 to 029)	030	60.322.011	0
1. Cash outflow for repayment of credit principal and bonds	031	7.772.672	6.787.594
2. Cash outflow for dividends paid	032	0	0
3. Cash outflow for financial lease	033	203.734	2.059.482
4. Cash outflow for purchase of treasury shares	034	0	0
5. Other cash outflow for financial activities	035	829.584	1.405.511
VI. Total cash outflow for financial activities (031 to 035)	036	8.805.990	10.252.587
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-036)	037	51.516.021	0
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-030)	038	0	10.252.587
Total increase in cash flow (013-014+025-026+037-038)	039	0	2.584.290
Total decrease in cash flow (014-013+026-025+038-037)	040	306.164	0
Cash and cash equivalents at the beginning of the period	041	4.870.245	3.753.584
Increase of cash and cash equivalents	042	0	2.584.290
Decrease of cash and cash equivalents	043	306.164	0
Cash and cash equivalents at the end of the period	044	4.564.081	6.337.874

STATEMENT OF CHANGES IN EQUITY
for the period 01.01.2018. to 30.09.2018.

in Kunas

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	82.070.886	80.776.103
5. Profit or loss for the current year	005	13.647.358	2.006.849
6. Revaluation of long - term tangible assets	006	36.634.056	36.634.056
7. Revaluation of intangible assets	007	0	0
8. Revaluation of financial assets available for sale	008	35.121	22.032
9. Other revaluation	009	0	0
10. Total capital and reserves (AOP 001 to 009)	010	710.230.249	697.281.868
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	710.230.249	697.281.868
17 b. Attributed to minority interest	019	0	0

Items which decrease capital are given with the negative prefix.

In Rijeka, October 2018.

Pursuant to the Capital Market Act, Vesna Juretić, Head of the finance and accounting department and Mirta Bačić Vidović, Assistant director of finance and accounting department, as persons responsible for preparing quarterly statements of the company The Port of Rijeka j. s. c., from Rijeka, Riva 1, personal identification number 92590920313 (hereinafter: the Company), hereby give the following

STATEMENT

According to our best knowledge

- The summarized set of consolidated and non-consolidated business reports for the third quarter of 2018, prepared by applying the relevant financial reporting standards, provides a comprehensive and true account of the assets and liabilities, the profit and loss, the financial position and the business performance of the Company and the companies included in consolidation.

Mirta Bačić Vidović
Assistant to the Director of the Sector



LUKA RIJEKA d.d.
Rijeka, Riva 1

Vesna Juretić
Director of the Sector

