



GROUP ULJANIK PLOVIDBA

**PRELIMINARY CONSOLIDATED UNAUDITED FINANCIAL
STATEMENTS**

FOR THE PERIOD

JANUARY - DECEMBER 2014

Pula, February 2015

CONTENT:

**Preliminary Consolidated Financial Statements of GROUP ULJANIK
PLOVIDBA (unaudited) for the period January – December 2014**

Notes

Management Report

Statement of the persons responsible for preparing Financial Statements

Attachment 1.

Reporting period:

01.01.2014.

to

31.12.2014.

Preliminary consolidated financial statement of the entrepreneur - TFI-POD

Tax number (MB): 03292754

Company registration number (MBS): 040010793

Personal identification number (OIB): 49693360447

Issuing company: ULJANIK PLOVIDBA D.D.

Postal code and place: 52100 PULA

Street and house number: CARRARINA 6

E-mail address: uljanik-plovidba@pu.t-com.hr

Internet address: www.uljanikplovidba.com

Municipality/city code and name: 359 PULA

County code and name: 18 ISTARSKA

Number of employees: 32

Consolidated report: YES

(quarter end)
NKD code: 5020

Companies of the consolidation subject (according to IFRS):

Seat:

MB:

ULJANIK PLOVIDBA D.D.

PULA

3292754

UNITED SHIPPING SERVICES ONE INC.

MONROVIA, LIBERIA

REAL D.O.O.

PULA

2044471

Bookkeeping service:

Contact person: BOJANA MIHAJLOVIĆ

(please enter only contact person's family name and name)

Telephone: 052 211544

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E-mail address: bojana.mihajlovic@uljanikplovidba.com

Family name and name: DRAGUTIN PAVLETIĆ

(person authorized to represent the company)

Documents to be published:

1. Financial statements (balance sheet, profit and loss statement, cash flow statement, statement of changes in equity, and notes to financial statements)
2. Report of the Management Board on the Company Status
3. Statement of persons responsible for the drawing-up of financial statements

ULJANIK PLOVIDBA d.d.



(Signature of the person authorized to represent the company)

CONSOLIDATED BALANCE SHEET
as of 31.12.2014.

Company: ULJANIK PLOVIDBA D.D.			
Position	AOP	Previous period	Current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED AND NON - PAID CAPITAL	001		
B) LONG - TERM ASSETS (003+010+020+029+033)	002	1.868.939.596	1.996.583.381
I. INTANGIBLE ASSETS (004 to 009)	003	3.713	928
1. Assets development	004		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	005	3.713	928
3. Goodwill	006		
4. Prepayments for purchase of intangible assets	007		
5. Intangible assets in preparation	008		
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 to 019)	010	1.846.340.326	1.973.868.980
1. Land	011	121.829	121.829
2. Buildings	012	3.036.331	2.985.683
3. Plant and equipment	013	200.116	164.875
4. Instruments, plant inventories and transportation assets	014	1.839.693.750	1.967.346.498
5. Biological assets	015	3.288.300	3.250.095
6. Prepayments for tangible assets	016	0	0
7. Tangible assets in preparation	017		
8. Other material assets	018		
9. Investment in buildings	019		
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	020	4.816.821	4.672.896
1. Shares (stocks) in related parties	021		
2. Loans given to related parties	022		
3. Participating interests (shares)	023	4.816.821	4.672.896
4. Loans to entrepreneurs in whom the entity hold participating interests	024		
5. Investment in securities	025		
6. Loans, deposits and similar assets	026		
7. Other long - term financial assets	027		
8. Investments accounted by equity method	028		
IV. RECEIVABLES (030 to 032)	029	17.778.736	18.040.577
1. Receivables from related parties	030		
2. Receivables based on trade loans	031		
3. Other receivables	032	17.778.736	18.040.577
V. DEFERRED TAX ASSETS	033		
C) SHORT- TERM ASSETS (035+043+050+058)	034	99.951.978	52.895.500
I. INVENTORIES (036 to 042)	035	3.652.979	3.698.433
1. Raw material	036	3.652.979	3.698.433
2. Work in progress	037		
3. Finished goods	038		
4. Merchandise	039		
5. Prepayments for inventories	040		
6. Long - term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	61.160.791	6.721.195
1. Receivables from related parties	044		
2. Accounts receivable	045	59.710.948	5.575.771
3. Receivables from participating entrepreneurs	046		
4. Receivables from employees and shareholders	047		
5. Receivables from government and other institutions	048	622.901	50.157
6. Other receivables	049	826.942	1.095.267
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	050	6.017.154	5.599.111
1. Shares (stocks) in related parties	051		
2. Loans given to related parties	052		
3. Participating interests (shares)	053		
4. Loans to entrepreneurs in whom the entity hold participating interests	054		
5. Investment in securities	055		
6. Loans, deposits and similar assets	056	6.017.154	5.599.111
7. Other financial assets	057		
IV. CASH AT BANK AND N CASHIER	058	29.121.054	36.876.761
D) PREPAID EXPENSES AND ACCRUED INCOME	059	5.729	4.950
E) TOTAL ASSETS (001+002+034+059)	060	1.968.897.303	2.049.483.831
F) OFF-BALANCE SHEET NOTES	061		

LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	517.358.974	545.329.906
I. SUBSCRIBED CAPITAL	063	232.000.000	232.000.000
II. CAPITAL RESERVES	064	-20.238.433	-20.477.001
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	38.361.100	37.953.252
1. Reserves prescribed by law	066	16.592.866	16.592.866
2. Reserves for treasury stocks	067	36.382.812	36.382.812
3. Treasury stocks and shares (deduction)	068	14.614.578	15.022.426
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071	26.968.244	91.875.209
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	179.937.429	84.897.775
1. Retained earnings	073	179.937.429	84.897.775
2. Accumulated loss	074		
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	075	-87.187.864	-46.976.702
1. Profit for the current year	076		
2. Loss for the current year	077	87.187.864	46.976.702
VII. MINORITY INTEREST	078	147.518.498	166.057.373
B) PROVISIONS (080 to 082)	079	1.932.007	1.770.801
1. Provisions for pensions, severance pay and similar liabilities	080	1.932.007	1.770.801
2. Reserves for tax liabilities	081		
3. Other reserves	082		
C) LONG TERM LIABILITIES (084 to 092)	083	1.183.693.660	1.143.585.343
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits etc.	085		
3. Liabilities to banks and other financial institutions	086	1.183.693.660	1.143.585.343
4. Liabilities for received prepayments	087		
5. Accounts payable	088		
6. Liabilities arising from debt securities	089		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	090		
8. Other long-term liabilities	091		
9. Deferred tax liability	092		
D) SHORT - TERM LIABILITIES (094 to 105)	093	174.782.126	273.396.030
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits etc.	095		
3. Liabilities to banks and other financial institutions	096	123.436.218	205.065.777
4. Liabilities for received prepayments	097		
5. Accounts payable	098	13.955.967	18.002.992
6. Liabilities arising from debt securities	099	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100		
8. Liabilities to employees	101	770.252	4.034.151
9. Liabilities for taxes, contributions and similar fees	102	2.245	853.853
10. Liabilities to share - holders	103	2.546.327	2.538.293
11. Liabilities for long term assets held for sale	104		
12. Other short - term liabilities	105	34.071.117	42.900.964
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	91.130.536	85.401.751
F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)	107	1.968.897.303	2.049.483.831
G) OFF-BALANCE SHEET NOTES	108		
APPENDIX TO BALANCE SHEET (only for consolidated financial statements)			
A) CAPITAL AND RESERVES			
1. Attributed to equity holders of parent company	109	369.840.476	379.272.533
2. Attributed to minority interests	110	147.518.498	166.057.373

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for period 01.01.2014. to 31.12.2014.

Company: ULJANIK PLOVIDBA D.D.

Position	AOP	Previous period		Current period	
		Cummulative	Periodical	Cummulative	Periodical
1	2	3	4	5	6
I. OPERATING REVENUES (112+113)	111	233.436.760	69.084.658	242.276.322	51.676.711
1. Sales revenues	112	227.654.116	67.602.746	234.867.042	50.097.251
2. Other operating revenues	113	5.782.644	1.481.912	7.409.280	1.579.460
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	259.272.914	72.268.134	266.045.508	59.421.703
1. Changes in the value of work in progress and finished goods	115				
2. Material costs (117 to 119)	116	31.637.598	9.342.769	46.774.768	10.964.806
a) Raw material and material costs	117	188.974	50.648	204.810	46.187
b) Costs of goods sold	118				
c) Other external costs	119	31.448.624	9.292.121	46.569.958	10.918.619
3. Staff costs (121 to 123)	120	84.375.959	23.436.473	87.550.170	20.747.060
a) Net salaries and wages	121	79.965.201	22.316.428	82.399.872	19.234.517
b) Costs for taxes and contributions from salaries	122	3.192.934	802.578	3.655.907	1.065.115
c) Contributions on gross salaries	123	1.217.824	317.467	1.494.391	447.428
4. Depreciation	124	124.003.683	32.230.901	111.511.348	22.098.824
5. Other costs	125	19.255.674	7.257.991	20.209.222	5.611.013
6. Impairment (127+128)	126	0	0	0	0
a) Impairment of long-term assets (excluding financial assets)	127				
b) Impairment of short-term assets (excluding financial assets)	128				
7. Provisions	129	0	0	0	0
8. Other operating expenses	130	0	0	0	0
III. FINANCIAL INCOME (132 to 136)	131	19.301.248	1.676.613	30.756.523	6.291.879
1. Interest income, foreign exchange gains, dividends and similar income from related parties	132		0		0
2. Interest income, foreign exchange gains, dividends and similar income from non-related	133	19.301.248	1.676.613	30.756.523	6.291.879
3. Share in income from affiliated entrepreneurs and participating interests	134				
4. Unrealized gains (income) from financial assets	135				
5. Other financial income	136				
IV. FINANCIAL EXPENSES (138 to 141)	137	82.673.304	38.971.745	53.935.038	16.937.186
1. Interest expenses, foreign exchange losses and similar expenses from related parties	138				
2. Interest expenses, foreign exchange losses and similar expenses from non - related parties	139	82.673.304	38.971.745	53.935.038	16.937.186
3. Unrealized losses (expenses) on financial assets	140				
4. Other financial expenses	141				
V. INCOME FROM INVESTMENT SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS	142				
VI. LOSS FROM INVESTMENT SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+142 + 144)	146	252.738.008	70.761.271	273.032.845	57.968.590
X. TOTAL EXPENSES (114+137+143 + 145)	147	341.946.218	111.239.879	319.980.546	76.358.889
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	-89.208.210	-40.478.608	-46.947.701	-18.390.299
1. Profit before taxation (146-147)	149	0	0	0	0
2. Loss before taxation (147-146)	150	89.208.210	40.478.608	46.947.701	18.390.299
XII. PROFIT TAX	151	0	0	1.381.235	0
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-89.208.210	-40.478.608	-48.328.936	-18.390.299
1. Profit for the period(149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	89.208.210	40.478.608	48.328.936	18.390.299
APPENDIX TO P&L (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributed to equity holders of parent company	155	-87.187.864	-41.219.033	-46.976.702	-18.450.313
2. Attributed to minority interests	156	-2.020.346	740.425	-1.352.234	60.014
STATEMENT OF COMPREHENSIVE INCOME (IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	-89.208.210	-40.478.608	-48.328.936	-18.390.299
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)	158	-14.679.935	-8.091.271	64.906.965	28.499.791
1. Exchange differences on translation of foreign operations	159	-13.879.935	-7.291.271	65.050.965	28.643.791
2. Movements in revaluation reserves of long-term tangible and intangible assets	160				
3. Profit or loss from revaluation of financial assets available for sale	161	-800.000	-800.000	-144.000	-144.000
4. Gains or losses on efficient cash flow hedging	162				
5. Gains or losses on efficient hedge of a net investment in foreign countries	163				
6. Share in other comprehensive income / loss of associated companies	164				
7. Actuarial gains / losses on defined benefit plans	165				
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166	-2.935.987	-1.618.254	12.981.393	5.699.958
IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)	167	-11.743.948	-6.473.017	51.925.572	22.799.833
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)	168	-100.952.158	-46.951.625	-3.596.636	4.409.534
APPENDIX to Statement of comprehensive income (only for consolidated financial statements)					
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributed to equity holders of parent company	169	-98.931.812	-47.692.050	4.948.870	4.349.520
2. Attributed to minority interests	170	-2.020.346	740.425	-1.352.234	60.014

CONSOLIDATED CASH FLOW STATEMENT - Indirect method
period 01.01.2014. to 31.12.2014.

Company: ULJANIK PLOVIDBA D.D.			
Position	AOP	Previous period	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	001	-89.208.210	-46.947.701
2. Depreciation	002	124.003.683	111.511.348
3. Increase in short-term liabilities	003		16.984.345
4. Decrease in short term receivables	004	15.516.841	54.439.596
5. Decrease in inventories	005		
6. Other cash flow increases	006	45.636.647	779
I. Total increase in cash flow from operating activities (001 to 006)	007	95.948.961	135.988.367
1. Decrease in short - term liabilities	008	10.828.002	
2. Increase in short - term receivables	009		
3. Increase in inventories	010	423.361	45.455
4. Other cash flow decreases	011	5.757.033	189.050.550
II. Total decrease in cash flow from operating activities (008 to 011)	012	17.008.396	189.096.005
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	78.940.565	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	0	53.107.638
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash flow from sale of long - term tangible and intangible assets	015		
2. Cash inflows from sale of equity and debt financial instruments	016		
3. Interest receipts	017		
4. Dividend receipts	018		
5. Other cash inflows from investing activities	019		
III. Total cash inflows from investing activities(015 to 019)	020	0	0
1. Cash outflows for purchase of long - term tangible and intangible assets	021	77.683	58.794
2. Cash outflows for purchase of equity and debt financial instruments	022		
3. Other cash outflows from investing activities	023		
IV. Total cash outflows from investing activities (021 to 023)	024	77.683	58.794
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES(020-024)	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020)	026	77.683	58.794
CASH FLOW FROM FINANCING ACTIVITIES			
1. Cash receipts from issuance of equity and debt financial instruments	027		
2. Cash inflows from loans, debentures, credits and other borrowings	028	30.354.132	162.258.054
3. Other cash inflows from financing activities	029	54.356.200	20.309.153
V. Total cash inflows from financing activities (027 to 029)	030	84.710.332	182.567.207
1. Cash outflows for repayment of loans and bonds	031	165.572.221	120.736.811
2. Dividends paid	032		
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034	909.336	646.416
5. Other cash outflows from financing activities	035	676.612	261.841
VI. Total cash outflows from financing activities (031 do 035)	036	167.158.169	121.645.068
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	0	60.922.139
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	038	82.447.837	0
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	0	7.755.707
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	3.584.955	0
Cash and cash equivalents at the beginning of period	041	32.706.009	29.121.054
Increase in cash and cash equivalents	042	0	7.755.707
Decrease in cash and cash equivalents	043	3.584.955	0
Cash and cash equivalents at the end of period	044	29.121.054	36.876.761

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

from 1.1.2014 to 31.12.2014

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed capital	001	232.000.000	232.000.000
2. Capital reserves	002	-20.238.433	-20.477.001
3. Reserves from profit	003	38.361.100	37.953.252
4. Retained earnings or accumulated loss	004	179.937.429	84.897.775
5. Profit / loss for the current year	005	-87.187.864	-46.976.702
6. Revaluation of long - term tangible assets	006		
7. Revaluation of intangible assets	007	147.518.498	166.057.373
8. Revaluation of financial assets available for sale	008	-800.000	-944.000
9. Other revaluation	009	27.768.244	92.819.209
10. Total capital and reserves (AOP 001 to 009)	010	517.358.974	545.329.906
11. Currency gains and losses arising from net investments in foreign operations	011	-13.879.935	65.050.965
12. Current and deferred taxes (part)	012		
13. Cash flow hedging	013		
14. Changes in accounting policies	014		
15. Correction of significant errors in prior periods	015		
16. Other changes in capital	016	-71.355.217	-37.080.033
17. Total increase or decrease in capital (AOP 011 to 016)	017	-85.235.152	27.970.932
17 a. Attributed to equity holders of parent company	018	-102.862.627	9.432.057
17 b. Attributed to minority interest	019	17.627.475	18.538.875

Items decreasing the capital are entered with a negative number sign

Data entered under AOP marks 001 to 009 are entered as situation on the Balance Sheet date

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS AS AT 31.12.2014

ULJANIK PLOVIDBA, pomorski promet, d.d. Pula, was established in Croatia. The company is registered at the Commercial Court in Pazin.

Uljanik Plovidba d.d. Pula is the 100% owner of its subsidiary UNITED SHIPPING SERVICES ONE INC., registered in Liberia and the 100% owner of the company REAL d.o.o., Pula.

The ownership structure as at 31st December 2014 is composed of small shareholders.

The registered office of the Company is at Pula, Carrarina 6, Croatia.

The principal activities of the Company are international maritime transport, providing of services in maritime transport and travel agency operations;

As at 31st December 2014 the Group had 33 employees (2013: 32).

The consolidated financial statements for the Group have been prepared in accordance with the International Financial Reporting Standards ('IFRS'), the application of which has been approved by the Croatian Financial Reporting Standards Board.

The financial statements for the Group have been prepared in Croatian currency, kuna (HRK), which is the reporting currency of the Group.

The financial statements for the Group have been prepared using the historical cost convention with the exception for the valuation of the vessels by using the fair value.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires from the management to make certain key accounting estimates and judgments in the applying of the accounting policies of the Company.

Subsidiaries are all entities over which the Group Uljanik Plovidba is entitled to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated from the date on which control commences and excluded from consolidation once the control terminates.

The consolidated financial statements of the Group consist of consolidated data from the annual financial statements of Uljanik Plovidba d.d. Pula, Real d.o.o. Pula and the consolidated financial statements of the Group United Shipping Services One. The effects of all intra-group transactions have been eliminated on consolidation.

The following are the notes explaining single categories in the financial statements of the Group:

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS AS AT 31.12.2014

1. Operating income for the year 2014 amounts to 242.2 mil HRK while in the same period of 2013, it amounted to 233.4 mil HRK. Freight revenues expressed in USD are slightly higher in comparison to the year 2013 due to duration of the unfavorable situation on the shipping market in the year 2014. Besides the realized revenue from the management of the vessel m/t Punta owned by the foreign company Maritime Transport Pula Three Inc., in the year 2014 the Group achieved additional revenue from management of the Newbuilding Uljanik 501 from the owner Uljanik Brodogradilište d.d. Pula. Other income refer to the recognition of the deferred income on the basis of received government grants for the vessels and to the payoff on expiration of the life insurance policies of the employees.
2. Operating expenses have increased in the year 2014 (266.0 mil HRK) with respect to the year 2013 (259.2 mil HRK) due to significant costs of drydocking of the vessels Kastav, Pula, Levan, Volme and Marlera. In accordance with the evaluation of the Management the depreciation of the vessels for the year 2014 has been corrected.
3. Financial income in the year 2014 (30.7 mil HRK) has increased in comparison to 2013 (19.3 mil HRK) due to significantly higher foreign exchange gains calculated in 2014. Financial expenses for the year 2014 (53.9 mil HRK) are much lower with respect to the same period of 2013 (82.6 mil HRK) due to lower interest expense and the lower foreign exchange losses in the current year. As a result of increased financial income and lower financial expenses the net loss of the Group for the year 2014 amounts to 48.3 mil HRK (2013: 89.2 mil HRK).
4. As at 31.12.2014 the total book value of the vessels amounts to 1,967.3 mil HRK (312.1 mil USD).
5. In the period from 1.01. to 31.12.2014 the Company purchased treasury shares in the total amount of 826.4 thousand HRK and disposed of treasury shares in the amount of 418.5 thousand HRK.
6. Revaluation reserves have been increased for 64,907 thousand HRK with respect to the balance as at 31.12.2013, which amount corresponds to the adjustment of the investment in the foreign subsidiary at the mean rate of exchange for USD as at 31.12.2014 and to the adjustment of other investments.
7. Current liabilities are mostly referring to short-term borrowings which also include the current portion of long-term borrowings. All short-term borrowings in foreign currencies were converted in HRK by applying the mean rate of exchange of the Croatian National bank as at 31st December 2014. Other current liabilities are mostly related to amounts owed to Charterers, brokers and vessels' crew, calculated interest payable and other accruals.

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS AS AT 31.12.2014

8. Long-term loans in foreign currencies were converted in HRK by applying the mean rate of exchange of the Croatian National bank as at 31st December 2014.
9. In the period January-December 2014 the applicable amount of income from grants from previous years in the total of 5,722 thousand HRK was recorded in accordance with the deferred income recognition plan.
10. The minority as at 31st December 2014 in the total amount of 166,057 thousand HRK refers to the ownership of Uljanik Brodogradilište in foreign companies United Shipping Services Twelve Inc. and United Shipping Services Thirteen Inc.
11. On 27th August 2014 the General Assembly of the Company was held which passed the resolution on the sharing of profit/loss for the year 2013. According to the same resolution the loss of HRK 4,073,828.23 to be covered by the retained profit.
12. The presented financial statements are subject to change and they represent the preliminary unaudited financial statements until the final annual financial statements are accepted by the Management.

For the GROUP ULJANIK PLOVIDBA Pula

A handwritten signature in black ink, appearing to read 'D. Pavletić', is written over a large, faint circular stamp or watermark.

Dragutin Pavletić
Director of ULJANIK PLOVIDBA d.d.

Pula, 13th February 2015

MANAGEMENT REPORT FOR THE PERIOD 01-12/2014

The business activity of ULJANIK PLOVIDBA (the Company) and its foreign subsidiaries in the period 01-12/2014 was duly, with full employment of vessels and high functioning management system. After a strong recovery at the end of the previous year, this year's trends are characterized by a strong and continuous decline in freight rates in dry cargo sector, which have experienced their historical minimum in the last quarter of 2014 and at the beginning of 2015, on all routes and for all types of vessels. The recovery of this segment is expected in late February 2015.

In the petroleum products, oils and chemicals transportation sector the observed period can be assessed as stable with the freight rates on the same level as at the end of previous year. In the "clean cargo" transportation segment in the last quarter the strong growth of the world indices is evident in all freight directions. Despite the significant correction of the rates in this segment at the end of 2014 and at the beginning of 2015, the predictions for the year 2015 are very optimistic.

The developments in the maritime transport in 2014 were indisputably influenced by the slowdown in all major economies, especially in China and Europe. Despite the negative developments in the shipping market in the year 2014, predictions until the end of the year and for the next two years are very optimistic for both dry cargo and tanker sector. Reduced activity in the leading shipbuilding zones with reduced orders of new vessels along to increased volume of scrap, connected with the further increase of the total volume of goods transported, will undoubtedly lead to a strong resurgence of maritime activities.

In the year 2014 the Company:

- a) maintained the existing fleet with a further reduction in credit exposure
- b) realized increase in revenue despite the dry docking performed on the five vessels with positive operating result for the vessels
- c) reported consolidated loss for the period caused by high cost of depreciation and high financial liabilities,
- d) increased total expenses as a result of the direct impact of dry docking cost for five vessels, but keeping the same level of other operating expenses,
- e) maintained constant employment of vessels with the continuation of the Company's fleet high efficiency trend,
- f) fulfilled all its loan payment obligations with the positive effects of lower interest rates and reduction of the total credit debt,
- g) proceeded with full implementation of the safety and quality system on the vessels and in the office, with continuous increase in the quality and expertise of the employees and maintenance of a high level of professionalism, what also confirms the certificate received by the United States Coast Guard under their Qualship 21 Program;

- h) maintained high efficiency of vessels' management,
- i) collected all contracted freights from the Charterers of all vessels,
- j) maintained the personnel structure both at sea and on shore.

A review of the functions in the Company is given below:

1. COMMERCIAL ASPECT

The operating revenues for the period 01-12/2014 of 242 mil HRK compared to 233 mil HRK in the same period of 2013 has been under direct impact of the higher freight rates in the tanker shipping market. The operating result was influenced negatively by dry docking cost of the five vessels, as well as the positioning of the vessels and off-hire days during the dry docking period.

2. PERSONNEL

As at 31st December 2014 the Company had 33 employees. The Company employs mainly Croatian seafarers on all vessels in its fleet.

3. TECHNICAL ASPECT

In the period January-December 2014 three supramaxes: m/v Levan, m/v Marlera and m/v Volme as well as two MR tankers: m/t Kastav and m/t Pula underwent dry docking. The company keeps maintaining high efficiency of vessel exploitation with all other vessels in the fleet.

4. ACQUISITION OF TREASURY SHARES

In the period 01-12/2014 the Company acquired treasury shares in accordance with art. 233, section 3 of the Companies Act. The company acquired treasury shares in the amount of 826.4 thousand HRK and disposed of treasury shares in the amount of 418.5 thousand HRK.

5. IMPORTANT EVENTS IN 2014

On 28th January 2014 two foreign subsidiaries were incorporated: ULJANIK SHIPMANAGEMENT PTE. Ltd. Singapore and ULJANIK TANKER MANAGEMENT PTE. Ltd. Singapore, in order to optimize the performance of ship management and expand economic activities in Asia, including direct access to potential investors.

On 14th April 2014 The Ministry of Finance-Tax Administration issued a Resolution on the amount of the annual and monthly payment obligations of the Tonnage tax according

to the Resolution of the Ministry of Maritime Affairs, Transport and Infrastructure which gave the permission to the Company to become the taxpayer in the Tonnage tax system for the period of ten years starting from 1st January 2014.

On 1st July 2014 according to the Contract of investment the Company increased its investment in the foreign subsidiary United Shipping Services One Inc. by converting its receivables from subsidiary in the total amount of 8.2 mil USD, into stake.

On 20th August 2014 the Company concluded the Management Agreement for the Newbuilding ULJANIK 501, RO-RO PAX, the vessel intended for liner transportation in Turkmenistan.

On 27th August 2014 the General Assembly of the Company was held which passed the resolution on the sharing of profit/loss for the year 2013. According to the same resolution, the loss of HRK 4,073,828.23 to be covered by the retained profit.

6. COMPANY GROWTH

The Strategy of development of ULJANIK PLOVIDBA d.d. until the year 2015 envisages the continuation of the primary maritime activity in two sectors, transport of dry cargo (supramax) and transport of petroleum products and chemicals (product carriers). The Company intends to continue participating on the new and second hand vessel market with the purpose to optimise its fleet and fleet efficiency. Even though its principal business will continue to be operation and management of its own fleet, the development of the Company shall also be aimed at ship management for other ship owners.

7. COMPANY ACTIVITIES CONCERNING RESEARCH AND DEVELOPMENT AND ENVIRONMENTAL PROTECTION

Within its ship management operations, the Company continuously engages in research which is primarily connected with the introduction of new technical solutions and technologies related to vessel exploitation. Special attention is focused on technical solutions that enable further savings in fuel consumption, reduce pollution and protect the environment. On the other hand, with a socially responsible business, through investing in the community, care and welfare of employees and their education, the Company's aim is to contribute to the continued economic and social development.

8. BUSINESS RISKS

It is well known that the principal activities that the Company engages in, i.e. international maritime transport and ship management are among the most risky activities and that they are directly connected with significant business risks, of which the currently most risky are:

- global economic trends;
- the risk of interest rate increase;

- the volatility of USD exchange rate in relation to other currencies;
- significant oscillations in the value of the vessels;
- the risk of strict conditions of business operation;
- long and uncertain period of return on capital;
- fluctuation in the basic costs of business operation;
- workforce fluctuation.

9. CORPORATE MANAGEMENT CODE

The Company fully complies with its Corporate Management Code.

10. SPECIAL NOTE

The provided financial statements for the year 2014 are preliminary due to the inability to collect all financial documents in short period of time owing to the specifics of the international maritime transport. For this reason, we reserve the right to amend the same within the final annual financial statements.

Pula, 13th February 2015



Dragutin Pavletić, Director

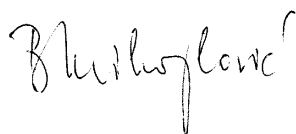
STATEMENT OF THE PERSONS RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

According to the best of our knowledge:

The unaudited consolidated financial reports of GROUP ULJANIK PLOVIDBA for the period January – December 2014, have been prepared according to International Financial Reporting Standards and they provide an complete and true presentation of assets, liabilities, profit and loss, financial position and business activities of ULJANIK PLOVIDBA d.d. and the companies included in the consolidation. The same represent the preliminary unaudited financial statements which are subject to changes up to their acceptance by the Management.

The Management Report for the period January – December 2014 contains a true presentation of the development, operating results and the financial position of the Parent Company and the companies included in the consolidation as well as the description of major risks and uncertainties the Parent Company and the companies included in the consolidation are exposed to.

Accounting Manager



Bojana Mihajlović

Director



Dragutin Pavletić

Pula, 13th February, 2015