



**ULJANIK PLOVIDBA d.d.**

**PRELIMINARY UNAUDITED FINANCIAL STATEMENTS**

**FOR THE PERIOD**

**JANUARY - DECEMBER 2014**

Pula, February 2015

## CONTENT:

Preliminary Financial Statements of ULJANIK PLOVIDBA d.d.  
(unaudited) for the period January – December 2014

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Management Report

Statement of the person responsible for preparing Financial Statements

**Attachment 1.**

Reporting period:

1.1.2014

to

31.12.2014

18

**Preliminary 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 (quarter end): **33**Consolidated report: **NO** NKD code: **5020**

Companies of the consolidation subject (according to IFRS):

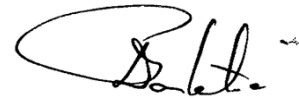
Seat:

MB:

Bookkeeping service:

Contact person: **VANESA PERUŠKO TOPIĆ**  
(please enter only contact person's family name and name)Telephone: **052 211544**Telefax: **052 492598**E-mail address: **vanesa.topic@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

**BALANCE SHEET**  
as of 31.12.2014.

Company: ULJANIK PLOVIDBA D.D.			
Position	AOP	Previous period	Current period
1	2	3	4
<b>A) RECEIVABLES FOR SUBSCRIBED AND NON - PAID CAPITAL</b>	<b>001</b>		
<b>B) LONG - TERM ASSETS (003+010+020+029+033)</b>	<b>002</b>	<b>457.762.875</b>	<b>566.375.364</b>
I. INTANGIBLE ASSETS (004 to 009)	<b>003</b>	3.713	928
1. Assets development	<b>004</b>		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	<b>005</b>	3.713	928
3. Goodwill	<b>006</b>		
4. Prepayments for purchase of intangible assets	<b>007</b>		
5. Intangible assets in preparation	<b>008</b>		
6. Other intangible assets	<b>009</b>		
II. TANGIBLE ASSETS (011 to 019)	<b>010</b>	3.358.275	3.272.387
1. Land	<b>011</b>	121.829	121.829
2. Buildings	<b>012</b>	3.036.330	2.985.683
3. Plant and equipment	<b>013</b>	143.015	122.085
4. Instruments, plant inventories and transportation assets	<b>014</b>	57.101	42.790
5. Biological assets	<b>015</b>		
6. Prepayments for tangible assets	<b>016</b>		
7. Tangible assets in preparation	<b>017</b>		
8. Other material assets	<b>018</b>		
9. Investment in buildings	<b>019</b>		
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	<b>020</b>	441.234.875	551.750.406
1. Shares (stocks) in related parties	<b>021</b>	438.906.075	549.565.531
2. Loans given to related parties	<b>022</b>		
3. Participating interests (shares)	<b>023</b>	2.328.800	2.184.875
4. Loans to entrepreneurs in whom the entity hold participating interests	<b>024</b>		
5. Investment in securities	<b>025</b>		
6. Loans, deposits and similar assets	<b>026</b>		
7. Other long - term financial assets	<b>027</b>		
8. Investments accounted by equity method	<b>028</b>		
IV. RECEIVABLES (030 to 032)	<b>029</b>	13.166.012	11.351.643
1. Receivables from related parties	<b>030</b>	1.387.250	
2. Receivables based on trade loans	<b>031</b>	11.778.762	11.351.643
3. Other receivables	<b>032</b>		
V. DEFERRED TAX ASSETS	<b>033</b>		
<b>C) SHORT- TERM ASSETS (035+043+050+058)</b>	<b>034</b>	<b>214.304.016</b>	<b>187.181.659</b>
I. INVENTORIES (036 to 042)	<b>035</b>	0	0
1. Raw material	<b>036</b>		
2. Work in progress	<b>037</b>		
3. Finished goods	<b>038</b>		
4. Merchandise	<b>039</b>		
5. Prepayments for inventories	<b>040</b>		
6. Long - term assets held for sale	<b>041</b>		
7. Biological assets	<b>042</b>		
II. RECEIVABLES (044 to 049)	<b>043</b>	103.292.201	119.779.823
1. Receivables from related parties	<b>044</b>	77.247.830	86.013.433
2. Accounts receivable	<b>045</b>	25.351.589	33.451.254
3. Receivables from participating entrepreneurs	<b>046</b>		
4. Receivables from employees and shareholders	<b>047</b>		
5. Receivables from government and other institutions	<b>048</b>	615.404	48.940
6. Other receivables	<b>049</b>	77.378	266.196
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	<b>050</b>	110.595.295	67.373.965
1. Shares (stocks) in related parties	<b>051</b>		
2. Loans given to related parties	<b>052</b>	106.070.815	63.374.854
3. Participating interests (shares)	<b>053</b>		
4. Loans to entrepreneurs in whom the entity hold participating interests	<b>054</b>		
5. Investment in securities	<b>055</b>		
6. Loans, deposits and similar assets	<b>056</b>	4.524.480	3.999.111
7. Other financial assets	<b>057</b>		
IV. CASH AT BANK AND N CASHIER	<b>058</b>	<b>416.520</b>	<b>27.871</b>
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	<b>5.729</b>	<b>4.950</b>
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	<b>672.072.620</b>	<b>753.561.973</b>
<b>F) OFF-BALANCE SHEET NOTES</b>	<b>061</b>		

<b>LIABILITIES AND CAPITAL</b>			
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	<b>466.436.978</b>	<b>551.980.716</b>
I. SUBSCRIBED CAPITAL	<b>063</b>	232.000.000	232.000.000
II. CAPITAL RESERVES	<b>064</b>	-20.238.433	-20.477.001
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	38.361.100	37.953.252
1. Reserves prescribed by law	<b>066</b>	16.592.866	16.592.866
2. Reserves for treasury stocks	<b>067</b>	36.382.812	36.382.812
3. Treasury stocks and shares (deduction)	<b>068</b>	14.614.578	15.022.426
4. Statutory reserves	<b>069</b>		
5. Other reserves	<b>070</b>		
IV. REVALUATION RESERVES	<b>071</b>	26.968.244	91.875.209
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	<b>072</b>	193.419.895	189.346.067
1. Retained earnings	<b>073</b>	193.419.895	189.346.067
2. Accumulated loss	<b>074</b>		
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	<b>075</b>	-4.073.828	21.283.189
1. Profit for the current year	<b>076</b>		21.283.189
2. Loss for the current year	<b>077</b>	4.073.828	0
VII. MINORITY INTEREST	<b>078</b>		
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	<b>1.932.007</b>	<b>1.770.801</b>
1. Provisions for pensions, severance pay and similar liabilities	<b>080</b>	1.932.007	1.770.801
2. Reserves for tax liabilities	<b>081</b>		
3. Other reserves	<b>082</b>		
<b>C) LONG TERM LIABILITIES (084 to 092)</b>	<b>083</b>	<b>107.744.038</b>	<b>23.668.594</b>
1. Liabilities to related parties	<b>084</b>		
2. Liabilities for loans, deposits etc.	<b>085</b>	107.744.038	23.668.594
3. Liabilities to banks and other financial institutions	<b>086</b>		
4. Liabilities for received prepayments	<b>087</b>		
5. Accounts payable	<b>088</b>		
6. Liabilities arising from debt securities	<b>089</b>		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>090</b>		
8. Other long-term liabilities	<b>091</b>		
9. Deferred tax liability	<b>092</b>		
<b>D) SHORT - TERM LIABILITIES (094 to 105)</b>	<b>093</b>	<b>95.958.377</b>	<b>176.140.943</b>
1. Liabilities to related parties	<b>094</b>		
2. Liabilities for loans, deposits etc.	<b>095</b>	62.917.521	61.977.942
3. Liabilities to banks and other financial institutions	<b>096</b>	28.272.886	104.888.225
4. Liabilities for received prepayments	<b>097</b>	138.844	138.844
5. Accounts payable	<b>098</b>	466.181	330.142
6. Liabilities arising from debt securities	<b>099</b>		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>100</b>		
8. Liabilities to employees	<b>101</b>	770.252	4.034.151
9. Liabilities for taxes, contributions and similar fees	<b>102</b>		853.853
10. Liabilities to share - holders	<b>103</b>	2.546.327	2.538.293
11. Liabilities for long term assets held for sale	<b>104</b>		
12. Other short - term liabilities	<b>105</b>	846.366	1.379.493
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>106</b>	<b>1.220</b>	<b>919</b>
<b>F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	<b>672.072.620</b>	<b>753.561.973</b>
<b>G) OFF-BALANCE SHEET NOTES</b>	<b>108</b>		
<b>APPENDIX TO BALANCE SHEET (only for consolidated financial statements)</b>			
<b>A) CAPITAL AND RESERVES</b>			
1. Attributed to equity holders of parent company	<b>109</b>		
2. Attributed to minority interests	<b>110</b>		

**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
<b>I. OPERATING REVENUES (112+113)</b>	<b>111</b>	<b>20.985.769</b>	<b>5.115.283</b>	<b>24.556.404</b>	<b>6.420.655</b>
1. Sales revenues	112	20.941.034	5.114.331	22.887.054	6.278.867
2. Other operating revenues	113	44.735	952	1.669.350	141.788
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	<b>12.727.528</b>	<b>3.577.194</b>	<b>17.658.875</b>	<b>7.248.153</b>
1. Changes in the value of work in progress and finished goods	115				0
2. Material costs (117 to 119)	116	680.192	180.537	687.527	181.942
a) Raw material and material costs	117	178.924	49.847	187.841	45.402
b) Costs of goods sold	118				
c) Other external costs	119	501.268	130.690	499.686	136.540
3. Staff costs (121 to 123)	120	9.169.090	2.353.330	10.370.541	3.006.988
a) Net salaries and wages	121	4.758.332	1.233.285	5.220.243	1.494.445
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	155.326	36.870	147.468	36.813
5. Other costs	125	2.722.920	1.006.457	6.453.339	4.022.410
6. Impairment (127+128)	126				0
a) Impairment of long-term assets (excluding financial assets)	127				0
b) Impairment of short-term assets (excluding financial assets)	128				0
7. Provisions	129				0
8. Other operating expenses	130				0
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	<b>15.518.617</b>	<b>1.839.061</b>	<b>27.519.748</b>	<b>5.529.799</b>
1. Interest income, foreign exchange gains, dividends and similar income from related parties	132				0
2. Interest income, foreign exchange gains, dividends and similar income from non-related	133	15.518.617	1.839.061	27.519.748	5.529.799
3. Share in income from affiliated entrepreneurs and participating interests	134				0
4. Unrealized gains (income) from financial assets	135				0
5. Other financial income	136				0
<b>IV. FINANCIAL EXPENSES (138 to 141)</b>	<b>137</b>	<b>27.850.686</b>	<b>7.830.986</b>	<b>11.752.853</b>	<b>3.180.623</b>
1. Interest expenses, foreign exchange losses and similar expenses from related parties	138				0
2. Interest expenses, foreign exchange losses and similar expenses from non - related parties	139	27.850.686	7.830.986	11.752.853	3.180.623
3. Unrealized losses (expenses) on financial assets	140				0
4. Other financial expenses	141				0
<b>V. INCOME FROM INVESTMENT SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS</b>	<b>142</b>				<b>0</b>
<b>VI. LOSS FROM INVESTMENT SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS</b>	<b>143</b>				<b>0</b>
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>				<b>0</b>
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>				<b>0</b>
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	<b>36.504.386</b>	<b>6.954.344</b>	<b>52.076.152</b>	<b>11.950.454</b>
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	<b>40.578.214</b>	<b>11.408.180</b>	<b>29.411.728</b>	<b>10.428.776</b>
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	<b>-4.073.828</b>	<b>-4.453.836</b>	<b>22.664.424</b>	<b>1.521.678</b>
1. Profit before taxation (146-147)	149	0	0	22.664.424	0
2. Loss before taxation (147-146)	150	4.073.828	4.453.836	0	0
<b>XII. PROFIT TAX</b>	<b>151</b>			<b>1.381.235</b>	<b>0</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	<b>-4.073.828</b>	<b>-4.453.836</b>	<b>21.283.189</b>	<b>1.521.678</b>
1. Profit for the period(149-151)	153	0	0	21.283.189	0
2. Loss for the period (151-148)	154	4.073.828	4.453.836	0	0
<b>APPENDIX TO P&amp;L (only for consolidated financial statements)</b>					
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributed to equity holders of parent company	155				
2. Attributed to minority interests	156				
<b>STATEMENT OF COMPREHENSIVE INCOME (IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	<b>-4.073.828</b>	<b>-4.453.836</b>	<b>21.283.189</b>	<b>1.521.678</b>
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)</b>	<b>158</b>	<b>-14.679.935</b>	<b>-8.091.271</b>	<b>64.906.965</b>	<b>28.499.791</b>
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				
<b>III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166</b>	<b>-2.935.987</b>	<b>-1.618.254</b>	<b>12.981.393</b>	<b>5.699.958</b>
<b>IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	<b>-11.743.948</b>	<b>-6.473.017</b>	<b>51.925.572</b>	<b>22.799.833</b>
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)</b>	<b>168</b>	<b>-15.817.776</b>	<b>-10.926.853</b>	<b>73.208.761</b>	<b>24.321.511</b>
<b>APPENDIX to Statement of comprehensive income (only for consolidated financial statements)</b>					
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b>					
1. Attributed to equity holders of parent company	169				
2. Attributed to minority interests	170				

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

<b>Company: ULJANIK PLOVIDBA D.D.</b>			
Position	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	001	-3.366.840	22.664.424
2. Depreciation	002	155.326	147.468
3. Increase in short-term liabilities	003		4.506.759
4. Decrease in short term receivables	004		
5. Decrease in inventories	005		
6. Other cash flow increases	006	2.086	779
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>-3.209.428</b>	<b>27.319.430</b>
1. Decrease in short - term liabilities	008	1.070.240	
2. Increase in short - term receivables	009	8.911.395	16.487.622
3. Increase in inventories	010		
4. Other cash flow decreases	011	28.575	1.542.743
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>10.010.210</b>	<b>18.030.365</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	<b>0</b>	<b>9.289.065</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	<b>13.219.638</b>	<b>0</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
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		
<b>III. Total cash inflows from investing activities(015 to 019)</b>	<b>020</b>	<b>0</b>	<b>0</b>
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		45.608.520
3. Other cash outflows from investing activities	023		
<b>IV. Total cash outflows from investing activities (021 to 023)</b>	<b>024</b>	<b>77.683</b>	<b>45.667.314</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES(020-024)</b>	<b>025</b>	<b>0</b>	<b>0</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020)</b>	<b>026</b>	<b>77.683</b>	<b>45.667.314</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Cash receipts from issuance of equity and debt financial instruments	027		
2. Cash inflows from loans, debentures, credits and other borrowings	028	93.887.119	56.986.055
3. Other cash inflows from financing activities	029	23.960.521	
<b>V. Total cash inflows from financing activities (027 to 029)</b>	<b>030</b>	<b>117.847.640</b>	<b>56.986.055</b>
1. Cash outflows for repayment of loans and bonds	031	100.673.622	18.350.039
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	1.961.761	2.000.000
<b>VI. Total cash outflows from financing activities (031 do 035)</b>	<b>036</b>	<b>103.544.719</b>	<b>20.996.455</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	<b>14.302.921</b>	<b>35.989.600</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	<b>0</b>	<b>0</b>
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	298.612	0
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	0	388.649
Cash and cash equivalents at the beginning of period	041	117.908	416.520
Increase in cash and cash equivalents	042	298.612	0
Decrease in cash and cash equivalents	043	0	388.649
Cash and cash equivalents at the end of period	044	416.520	27.871

## 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	193.419.895	189.346.067
5. Profit / loss for the current year	005	-4.073.828	21.283.189
6. Revaluation of long - term tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of financial assets available for sale	008	-800.000	-944.000
9. Other revaluation	009	27.768.244	92.819.209
<b>10. Total capital and reserves (AOP 001 to 009)</b>	<b>010</b>	466.436.978	551.980.716
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	-5.585.164	20.492.763
<b>17. Total increase or decrease in capital (AOP 011 to 016)</b>	<b>017</b>	-19.465.099	85.543.728
17 a. Attributed to equity holders of parent company	018		
17 b. Attributed to minority interest	019		

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 FINANCIAL STATEMENTS AS AT 31.12.2014

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### GENERAL INFORMATION

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 31<sup>st</sup> 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 31<sup>st</sup> December 2014 the Company had 33 employees (2013: 32).

The financial statements for the Company have been prepared in accordance with the Law on Accounting and the International Financial Reporting Standards ('IFRS'), the application of which has been approved by the Croatian Financial Reporting Standards Board, and in accordance with the Regulation on the Structure and Content of the Annual Accounts.

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

1. Operating income and expenses have increased with respect to the previous year. Operating income amount to 24.6 mil HRK (2013 - 21 mil HRK), while operating expenses amount to 17.7 mil HRK (2013 - 12.7 mil HRK). The increase in income is due to the payoff on expiration of the life insurance policies of the employees while operating expenses increased as a result of the change in recording of daily allowances and travel expenses within the Group Uljanik Plovidba.
2. Financial income for the period I-XII 2014 (27.5 mil HRK) has increased in comparison to 2013 (15.6 mil HRK) due to foreign exchange gains aroused from adjustment of the USD loans and receivables into their counter-value in HRK, according to the mean rate of exchange of the Croatian National Bank at the end of the accounting period. Financial expenses have decreased in 2014 (11.8 mil HRK in relation to 27.9 mil HRK in 2013), due to decreased interest expenses and decreased currency losses in the current period.

## NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS AS AT 31.12.2014

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3. Long-term investments increased according to the Contract of investment in foreign subsidiary United Shipping Services One Inc. by which the Company converted its receivables of USD 8.2 mil into stake. As at 31<sup>st</sup> December 2014 the investments in United Shipping Services One Inc. totally amounted to 86,297,413 USD i.e. 543,855,530.55 HRK.
4. The long-term loans in foreign currencies have been expressed in their equivalent value in HRK according to the mean rate of exchange of the Croatian National Bank as at 31<sup>st</sup> December 2014.
5. 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 31<sup>st</sup> December 2014.
6. In the period January-December 2014 the Company purchased treasury shares in the total amount of 826.4 thousand HRK and disposed of 418.5 thousand HRK.
7. Revaluation reserves that were created on the basis of the adjustment of the investment in the foreign subsidiary, at the mean rate of exchange for the USD as at 31<sup>st</sup> December 2014, amount to 92,819 thousand HRK.
8. On 27<sup>th</sup> 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.
9. The Company has met all the requirements prescribed by the Maritime Code and Regulations on tonnage tax and by the Resolution of the Ministry of Maritime Affairs, Transport and Infrastructure got the permission to become the taxpayer in the Tonnage tax system starting from 1<sup>st</sup> January 2014.
10. 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 ULJANIK PLOVIDBA d.d. 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, 13<sup>th</sup> 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 31<sup>st</sup> 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 28<sup>th</sup> 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 14<sup>th</sup> 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 1<sup>st</sup> 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 20<sup>th</sup> 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 27<sup>th</sup> 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, 13<sup>th</sup> February 2015



Dragutin Pavletić, Director

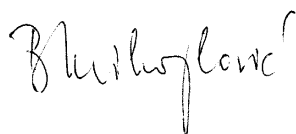
## **STATEMENT OF THE PERSONS RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS**

According to the best of our knowledge:

The unaudited financial reports of ULJANIK PLOVIDBA d.d. 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 the Company. 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, 13<sup>th</sup> February, 2015