



ULJANIK PLOVIDBA d.d.

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD

JANUARY - SEPTEMBER 2014

Pula, October 2014

CONTENT:

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

Notes

Management Report

Statement of the person responsible for preparing Financial Statements

Attachment 1.

Reporting period:

1.1.2014

to

30.9.2014

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Quarterly financial statement of the entrepreneur - TFI-PODTax 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**

(quarter end)

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.  re of the person authorized to represent the company)

BALANCE SHEET
as of 30.09.2014.

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	457.762.875	493.718.094
I. INTANGIBLE ASSETS (004 to 009)	003	3.713	1.624
1. Assets development	004		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	005	3.713	1.624
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	3.358.275	3.299.432
1. Land	011	121.829	121.829
2. Buildings	012	3.036.330	2.998.345
3. Plant and equipment	013	143.015	133.424
4. Instruments, plant inventories and transportation assets	014	57.101	45.834
5. Biological assets	015		
6. Prepayments for tangible assets	016		
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	441.234.875	477.642.050
1. Shares (stocks) in related parties	021	438.906.075	475.313.203
2. Loans given to related parties	022		
3. Participating interests (shares)	023	2.328.800	2.328.847
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	13.166.012	12.774.988
1. Receivables from related parties	030	1.387.250	1.396.514
2. Receivables based on trade loans	031	11.778.762	11.378.474
3. Other receivables	032		
V. DEFERRED TAX ASSETS	033		
C) SHORT- TERM ASSETS (035+043+050+058)	034	214.304.016	236.950.168
I. INVENTORIES (036 to 042)	035	0	0
1. Raw material	036		
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	103.292.201	118.122.187
1. Receivables from related parties	044	77.247.830	85.976.876
2. Accounts receivable	045	25.351.589	31.393.176
3. Receivables from participating entrepreneurs	046		
4. Receivables from employees and shareholders	047		
5. Receivables from government and other institutions	048	615.404	569.455
6. Other receivables	049	77.378	182.680
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	050	110.595.295	118.803.511
1. Shares (stocks) in related parties	051		
2. Loans given to related parties	052	106.070.815	115.025.517
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	4.524.480	3.777.994
7. Other financial assets	057		
IV. CASH AT BANK AND IN CASHIER	058	416.520	24.470
D) PREPAID EXPENSES AND ACCRUED INCOME	059	5.729	4.229
E) TOTAL ASSETS (001+002+034+059)	060	672.072.620	730.672.491
F) OFF-BALANCE SHEET NOTES	061		

LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	466.436.978	523.405.806
I. SUBSCRIBED CAPITAL	063	232.000.000	232.000.000
II. CAPITAL RESERVES	064	-20.238.433	-20.365.491
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	38.361.100	37.907.065
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	15.068.613
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071	26.968.244	63.375.419
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	193.419.895	189.346.067
1. Retained earnings	073	193.419.895	189.346.067
2. Accumulated loss	074		
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	075	-4.073.828	21.142.746
1. Profit for the current year	076		21.142.746
2. Loss for the current year	077	4.073.828	0
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 to 082)	079	1.932.007	1.912.089
1. Provisions for pensions, severance pay and similar liabilities	080	1.932.007	1.912.089
2. Reserves for tax liabilities	081		
3. Other reserves	082		
C) LONG TERM LIABILITIES (084 to 092)	083	107.744.038	107.645.618
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits etc.	085	107.744.038	107.645.618
3. Liabilities to banks and other financial institutions	086		
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	95.958.377	97.707.476
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits etc.	095	62.917.521	60.717.520
3. Liabilities to banks and other financial institutions	096	28.272.886	31.396.134
4. Liabilities for received prepayments	097	138.844	138.844
5. Accounts payable	098	466.181	691.611
6. Liabilities arising from debt securities	099		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100		
8. Liabilities to employees	101	770.252	824.339
9. Liabilities for taxes, contributions and similar fees	102		
10. Liabilities to share - holders	103	2.546.327	2.538.659
11. Liabilities for long term assets held for sale	104		
12. Other short - term liabilities	105	846.366	1.400.369
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	1.220	1.502
F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)	107	672.072.620	730.672.491
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		
2. Attributed to minority interests	110		

PROFIT AND LOSS ACCOUNT
for period 01.01.2014. to 30.09.2014.

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	15.870.486	5.957.879	18.135.749	7.084.156
1. Sales revenues	112	15.826.703	5.927.876	16.608.187	5.576.602
2. Other operating revenues	113	43.783	30.003	1.527.562	1.507.554
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	9.150.335	2.971.495	10.410.722	3.275.290
1. Changes in the value of work in progress and finished goods	115				0
2. Material costs (117 to 119)	116	499.655	160.071	505.585	151.010
a) Raw material and material costs	117	129.077	39.658	142.439	33.528
b) Costs of goods sold	118				0
c) Other external costs	119	370.578	120.413	363.146	117.482
3. Staff costs (121 to 123)	120	6.815.760	2.282.686	7.363.553	2.484.755
a) Net salaries and wages	121	3.525.047	1.178.926	3.725.798	1.250.958
b) Costs for taxes and contributions from salaries	122	2.390.356	801.781	2.590.792	868.846
c) Contributions on gross salaries	123	900.357	301.979	1.046.963	364.951
4. Depreciation	124	118.457	37.297	110.655	36.301
5. Other costs	125	1.716.463	491.441	2.430.929	603.224
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
III. FINANCIAL INCOME (132 to 136)	131	13.679.556	1.679.253	21.989.949	18.400.325
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	13.679.556	1.679.253	21.989.949	18.400.325
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
IV. FINANCIAL EXPENSES (138 to 141)	137	20.019.699	5.803.033	8.572.230	3.440.819
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	20.019.699	5.803.033	8.572.230	3.440.819
3. Unrealized losses (expenses) on financial assets	140				0
4. Other financial expenses	141				0
V. INCOME FROM INVESTMENT SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS	142				0
VI. LOSS FROM INVESTMENT SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS	143				0
VII. EXTRAORDINARY - OTHER INCOME	144				0
VIII. EXTRAORDINARY - OTHER EXPENSES	145				0
IX. TOTAL INCOME (111+131+142 + 144)	146	29.550.042	7.637.132	40.125.698	25.484.481
X. TOTAL EXPENSES (114+137+143 + 145)	147	29.170.034	8.774.528	18.982.952	6.716.109
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	380.008	-1.137.396	21.142.746	18.768.372
1. Profit before taxation (146-147)	149	380.008	0	21.142.746	
2. Loss before taxation (147-146)	150	0	1.137.396	0	0
XII. PROFIT TAX	151	131.200	43.483		0
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	248.808	-1.180.879	21.142.746	18.768.372
1. Profit for the period(149-151)	153	248.808	0	21.142.746	
2. Loss for the period (151-148)	154	0	1.180.879	0	0
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				
2. Attributed to minority interests	156				
STATEMENT OF COMPREHENSIVE INCOME (IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	248.808	-1.180.879	21.142.746	18.768.372
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)	158	-6.588.664	-4.922.183	36.407.175	35.370.673
1. Exchange differences on translation of foreign operations	159	-6.588.664	-4.922.183	36.407.175	35.370.673
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				
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	-1.317.733	-984.437	7.281.435	7.074.135
IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)	167	-5.270.931	-3.937.746	29.125.740	28.296.538
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)	168	-5.022.123	-5.118.625	50.268.486	47.064.910
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				
2. Attributed to minority interests	170				

CASH FLOW STATEMENT - Indirect method
period 01.01.2014. to 30.09.2014.

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	380.008	21.142.746
2. Depreciation	002	118.457	110.655
3. Increase in short-term liabilities	003	2.128	825.851
4. Decrease in short term receivables	004		
5. Decrease in inventories	005		
6. Other cash flow increases	006		1.781
I. Total increase in cash flow from operating activities (001 to 006)	007	500.593	22.081.033
1. Decrease in short - term liabilities	008		
2. Increase in short - term receivables	009	6.638.324	14.829.986
3. Increase in inventories	010		
4. Other cash flow decreases	011	159.135	19.918
II. Total decrease in cash flow from operating activities (008 to 011)	012	6.797.459	14.849.904
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	0	7.231.129
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	6.296.866	0
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	48.267	49.723
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	48.267	49.723
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	48.267	49.723
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	60.607.018	6.941.065
3. Other cash inflows from financing activities	029		
V. Total cash inflows from financing activities (027 to 029)	030	60.607.018	6.941.065
1. Cash outflows for repayment of loans and bonds	031	31.694.596	11.933.428
2. Dividends paid	032		
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034	827.604	581.093
5. Other cash outflows from financing activities	035	21.480.935	2.000.000
VI. Total cash outflows from financing activities (031 do 035)	036	54.003.135	14.514.521
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	6.603.883	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	038	0	7.573.456
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	258.750	0
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	0	392.050
Cash and cash equivalents at the beginning of period	041	117.908	416.520
Increase in cash and cash equivalents	042	258.750	0
Decrease in cash and cash equivalents	043	0	392.050
Cash and cash equivalents at the end of period	044	376.658	24.470

STATEMENT OF CHANGES IN EQUITY

from 1.1.2014 to 30.9.2014

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	-20.365.491
3. Reserves from profit	003	38.361.100	37.907.065
4. Retained earnings or accumulated loss	004	193.419.895	189.346.067
5. Profit / loss for the current year	005	-4.073.828	21.142.746
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	-800.000
9. Other revaluation	009	27.768.244	64.175.419
10. Total capital and reserves (AOP 001 to 009)	010	466.436.978	523.405.806
11. Currency gains and losses arising from net investments in foreign operations	011	-13.879.935	36.407.175
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	20.561.653
17. Total increase or decrease in capital (AOP 011 to 016)	017	-19.465.099	56.968.828
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 FINANCIAL STATEMENTS AS AT 30.09.2014

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 30th September 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 30th September 2014 the Company had 32 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 for the period I-IX 2014 are slightly higher with respect to the same period in 2013, due to the increase in the volume of management services and due to the increase of other income from insurance realized in the current period.
2. Financial income has significantly increased in the first nine months of 2014 in comparison to the same period of 2013 due to the increase in the exchange rate for USD. The decrease in financial expenses is related to lower interest and significantly lower foreign exchange losses in the current period.
3. The long-term financial assets have been increased due to the adjustment of the value of the investment in the foreign subsidiary into its counter-value in HRK according to the mean rate of exchange for USD at the end of the accounting period (rate of exchange for USD at 30.09.2014: 6.015355 HRK; at 31.12.2013: 5.549000 HRK). As at 30th September 2014 the investments in foreign subsidiary United Shipping Services One Inc. amounted to 78,067,413 USD i.e. 469,603,203.13 HRK.

NOTES TO THE FINANCIAL STATEMENTS AS AT 30.09.2014

4. The long-term loans in foreign currency have been expressed in their equivalent value in HRK according to the mean rate of exchange of the Croatian National Bank as at 30th September 2014.
5. In the period from 1.01. to 30.09.2014 the Company purchased treasury shares in the total amount of 679.7 thousand HRK and disposed of treasury shares in the amount of 225.6 thousand HRK.
6. Revaluation reserves after the adjustment of the investment in the foreign subsidiary, at the mean rate of exchange for USD as at 30th September 2014, amount to 63,375 thousand HRK.

For ULJANIK PLOVIDBA d.d. Pula

A handwritten signature in black ink, appearing to read 'D. Pavletić', with a large circular flourish above the name.

Dragutin Pavletić
Director of ULJANIK PLOVIDBA d.d.

Pula, 25th October 2014

MANAGEMENT REPORT FOR THE PERIOD 01-09/2014

The business activity of ULJANIK PLOVIDBA (the Company) and its foreign subsidiaries in the period 01-09/2014 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 developments have shown positive trend only during July and August. The full recovery in this segment is expected in early November of this year. 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 few days the strong growth of the world indices is evident in all observed directions, confirming predictions of significantly increasing freight rates in this segment by the end of the year. The developments in the maritime transport were undoubtedly influenced by the slowdown in all major economies, especially in China and Europe. Despite the negative developments in the shipping market in the first nine months of 2014, predictions until the end of the year and for the next two years are very optimistic for both dry cargo and tanker sector.

In this period the Company:

- a) maintained the existing fleet with a further reduction in credit exposure
- b) realized significant increase in revenue despite the dry docking performed on the four vessels with positive operating result for the vessels
- c) reported loss for the period caused by retained depreciation policy and financial liabilities,
- d) increased total expenses as a result of the direct impact of dry docking cost for four vessels, but keeping the same level of other operating expenses of the vessels
- 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 01-09/2014 of 190.6 mil HRK compared to 164.3 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 four vessels, as well as the positioning of the vessels and off-hire days during the dry docking period.

2. PERSONNEL

As at 30.09.2014 the Company had 32 employees. The Company employs exclusively Croatian seafarers on all vessels in its fleet.

3. TECHNICAL ASPECT

In the period January-September 2014 two supramaxes: m/v Levan and m/v Marlera and 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 01-09/2014 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 679.6 thousand HRK and disposed of treasury shares in the amount of 225.6 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 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.

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

D I R E C T O R

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.

Pula, 28th October 2014

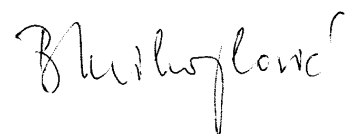


Dragutin Pavletić, Director

STATEMENT OF THE PERSON RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Unaudited financial reports of ULJANIK PLOVIDBA d.d. (hereafter: Company) for the period January – September 2014, to the best of my knowledge, have been prepared according to International Financial Reporting Standards and they contain an overall and true presentation of assets, liabilities, losses and profits, the financial position and activities of the Company.

Accounting manager



Bojana Mihajlović

Pula, 25th October, 2014