



GROUP ULJANIK PLOVIDBA

CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD

JANUARY - JUNE 2015

Pula, July 2015

CONTENT:

**Consolidated Financial Statements of GROUP ULJANIK PLOVIDBA
(unaudited) for the period January – June 2015**

Notes

Management Report

Statement of the persons responsible for preparing Financial Statements

Attachment 1.

Reporting period:

01.01.2015.

to

30.06.2015.

Semiannual 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 adress: 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 35

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

Telefax: 052 492598

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.



of the person authorized to represent the company)

BALANCE SHEET
as of 30.06.2015.

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	1.976.881.951	1.957.775.349
I. INTANGIBLE ASSETS (004 to 009)	003	928	0
1. Assets development	004		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	005	928	0
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	1.954.332.448	1.942.037.830
1. Land	011	121.829	121.829
2. Buildings	012	2.985.683	2.960.359
3. Plant and equipment	013	164.874	152.439
4. Instruments, plant inventories and transportation assets	014	1.947.809.966	1.935.572.211
5. Biological assets	015	3.250.096	3.230.992
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	4.507.998	4.508.051
1. Shares (stocks) in related parties	021		
2. Loans given to related parties	022		
3. Participating interests (shares)	023	4.507.998	4.508.051
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	18.040.577	11.229.468
1. Receivables from related parties	030		
2. Receivables based on trade loans	031		
3. Other receivables	032	18.040.577	11.229.468
V. DEFERRED TAX ASSETS	033		
C) SHORT- TERM ASSETS (035+043+050+058)	034	53.200.492	53.025.351
I. INVENTORIES (036 to 042)	035	3.698.434	2.844.359
1. Raw material	036	3.698.434	2.844.359
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	7.026.538	9.903.466
1. Receivables from related parties	044		
2. Accounts receivable	045	5.575.771	8.022.741
3. Receivables from participating entrepreneurs	046		
4. Receivables from employees and shareholders	047		
5. Receivables from government and other institutions	048	264.664	243.584
6. Other receivables	049	1.186.103	1.637.141
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	050	5.599.111	5.537.230
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	5.599.111	5.537.230
7. Other financial assets	057		
IV. CASH AT BANK AND IN CASHIER	058	36.876.409	34.740.296
D) PREPAID EXPENSES AND ACCRUED INCOME	059	4.950	4.950
E) TOTAL ASSETS (001+002+034+059)	060	2.030.087.393	2.010.805.650
F) OFF-BALANCE SHEET NOTES	061		

LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	512.575.541	554.390.567
I. SUBSCRIBED CAPITAL	063	232.000.000	232.000.000
II. CAPITAL RESERVES	064	-20.477.001	-21.046.147
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	37.953.252	38.356.116
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	15.022.426	14.619.562
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071	91.875.255	132.381.314
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	81.948.978	-5.024.185
1. Retained earnings	073	81.948.978	
2. Accumulated loss	074		5.024.185
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	075	-76.764.162	1.386.919
1. Profit for the current year	076		1.386.919
2. Loss for the current year	077	76.764.162	
VII. MINORITY INTEREST	078	166.039.219	176.336.550
B) PROVISIONS (080 to 082)	079	1.770.801	1.760.388
1. Provisions for pensions, severance pay and similar liabilities	080	1.770.801	1.760.388
2. Reserves for tax liabilities	081		
3. Other reserves	082		
C) LONG TERM LIABILITIES (084 to 092)	083	1.157.558.305	1.119.312.457
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits etc.	085		
3. Liabilities to banks and other financial institutions	086	1.157.558.305	1.119.312.457
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	272.780.995	265.414.569
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits etc.	095		
3. Liabilities to banks and other financial institutions	096	205.063.918	207.304.208
4. Liabilities for received prepayments	097		
5. Accounts payable	098	18.137.770	19.579.759
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	4.062.702	3.177.923
9. Liabilities for taxes, contributions and similar fees	102	4.076	4.328
10. Liabilities to share - holders	103	2.538.293	2.535.039
11. Liabilities for long term assets held for sale	104		
12. Other short - term liabilities	105	42.974.236	32.813.312
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	85.401.751	69.927.669
F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)	107	2.030.087.393	2.010.805.650
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	346.536.322	378.054.017
2. Attributed to minority interests	110	166.039.219	176.336.550

PROFIT AND LOSS ACCOUNT
for period 01.01.2015. to 30.06.2015.

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	118.125.067	55.970.701	128.157.043	52.816.966
1. Sales revenues	112	115.233.896	54.514.205	112.649.289	51.679.363
2. Other operating revenues	113	2.891.171	1.456.496	15.507.754	1.137.603
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	124.770.964	60.332.347	128.053.296	56.794.855
1. Changes in the value of work in progress and finished goods	115				
2. Material costs (117 to 119)	116	22.977.917	12.901.410	22.846.591	14.190.778
a) Raw material and material costs	117	125.096	46.579	107.970	41.951
b) Costs of goods sold	118				
c) Other external costs	119	22.852.821	12.854.831	22.738.621	14.148.827
3. Staff costs (121 to 123)	120	37.919.316	18.074.385	44.016.343	20.662.296
a) Net salaries and wages	121	35.515.358	16.827.409	41.668.625	19.485.667
b) Costs for taxes and contributions from salaries	122	1.721.946	878.821	1.633.624	818.708
c) Contributions on gross salaries	123	682.012	368.155	714.094	357.921
4. Depreciation	124	55.126.213	24.831.473	50.775.574	16.906.007
5. Other costs	125	8.747.518	4.525.079	10.414.788	5.035.774
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				
III. FINANCIAL INCOME (132 to 136)	131	4.963.208	2.389.180	23.619.219	1.249.176
1. Interest income, foreign exchange gains, dividends and similar income from related parties	132				
2. Interest income, foreign exchange gains, dividends and similar income from non-related	133	4.963.208	2.389.180	23.619.219	1.249.176
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	23.338.625	14.118.566	25.773.558	16.788.634
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	23.338.625	14.118.566	25.773.558	16.788.634
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	123.088.275	58.359.881	151.776.262	54.066.142
X. TOTAL EXPENSES (114+137+143 + 145)	147	148.109.589	74.450.913	153.826.854	73.583.489
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	-25.021.314	-16.091.032	-2.050.592	-19.517.347
1. Profit before taxation (146-147)	149	0	0	0	0
2. Loss before taxation (147-146)	150	25.021.314	16.091.032	2.050.592	19.517.347
XII. PROFIT TAX	151	0	0	158.152	79.076
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-25.021.314	-16.091.032	-2.208.744	-19.596.423
1. Profit for the period(149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	25.021.314	16.091.032	2.208.744	19.596.423
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	-24.554.515	-15.345.122	1.386.919	-17.759.497
2. Attributed to minority interests	156	-466.799	-745.910	-3.595.663	-1.836.926
STATEMENT OF COMPREHENSIVE INCOME (IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	-25.021.314	-16.091.032	-2.208.744	-19.596.423
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)	158	1.036.502	-1.057.581	40.506.059	24.057.598
1. Exchange differences on translation of foreign operations	159	1.036.502	-1.057.581	40.506.059	24.057.598
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	207.300	-211.516	8.101.212	4.811.520
IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)	167	829.202	-846.065	32.404.847	19.246.078
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)	168	-24.192.112	-16.937.097	30.196.103	-350.345
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	-23.725.313	-16.191.187	33.791.766	395.565
2. Attributed to minority interests	170	-466.799	-745.910	-3.595.663	-745.910

CASH FLOW STATEMENT - Indirect method
period 01.01.2015. to 30.06.2015.

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	-25.021.314	-2.050.592
2. Depreciation	002	55.126.213	50.775.574
3. Increase in short-term liabilities	003		
4. Decrease in short term receivables	004	6.095.372	
5. Decrease in inventories	005	1.168.442	854.075
6. Other cash flow increases	006	1.500	
I. Total increase in cash flow from operating activities (001 to 006)	007	37.370.213	49.579.057
1. Decrease in short - term liabilities	008	4.216.770	9.606.716
2. Increase in short - term receivables	009	0	2.876.928
3. Increase in inventories	010	0	0
4. Other cash flow decreases	011	6.255.259	152.351.625
II. Total decrease in cash flow from operating activities (008 to 011)	012	10.472.029	164.835.269
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	26.898.184	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	0	115.256.212
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash flow from sale of long - term tangible and intangible assets	015	0	128.561.345
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	128.561.345
1. Cash outflows for purchase of long - term tangible and intangible assets	021	44.220	35.391
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	44.220	35.391
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES(020-024)	025	0	128.525.954
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020)	026	44.220	0
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	2.520.559	111.751.359
3. Other cash inflows from financing activities	029	5.911.179	20.765.985
V. Total cash inflows from financing activities (027 to 029)	030	8.431.738	132.517.344
1. Cash outflows for repayment of loans and bonds	031	29.993.512	147.756.917
2. Dividends paid	032		
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034	419.354	166.282
5. Other cash outflows from financing activities	035		
VI. Total cash outflows from financing activities (031 do 035)	036	30.412.866	147.923.199
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	038	21.981.128	15.405.855
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	4.872.836	0
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	0	2.136.113
Cash and cash equivalents at the beginning of period	041	29.121.054	36.876.409
Increase in cash and cash equivalents	042	4.872.836	0
Decrease in cash and cash equivalents	043	0	2.136.113
Cash and cash equivalents at the end of period	044	33.993.890	34.740.296

STATEMENT OF CHANGES IN EQUITY
from 1.1.2015 to 30.6.2015

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed capital	001	232.000.000	232.000.000
2. Capital reserves	002	-20.477.001	-21.046.147
3. Reserves from profit	003	37.953.252	38.356.116
4. Retained earnings or accumulated loss	004	81.948.978	-5.024.185
5. Profit / loss for the current year	005	-76.764.162	1.386.919
6. Revaluation of long - term tangible assets	006		
7. Minority interest	007	166.039.219	176.336.550
8. Revaluation of financial assets available for sale	008	-944.000	-944.000
9. Other revaluation	009	92.819.255	133.325.314
10. Total capital and reserves (AOP 001 to 009)	010	512.575.541	554.390.567
11. Currency gains and losses arising from net investments in foreign operations	011	65.051.011	40.506.059
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	-69.834.444	1.308.967
17. Total increase or decrease in capital (AOP 011 to 016)	017	-4.783.433	41.815.026
17 a. Attributed to equity holders of parent company	018	-23.304.154	31.517.695
17 b. Attributed to minority interest	019	18.520.721	10.297.331

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 CONSOLIDATED FINANCIAL STATEMENTS AS AT 30.06.2015

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 June 2015 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 June 2015 the Group had 35 employees (2014: 33).

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 (KN), 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 CONSOLIDATED FINANCIAL STATEMENTS AS AT 30.06.2015

1. Operating income for the first half of 2015 amounts to 128.1 mil HRK while in the same period of 2014, it amounted to 118.1 mil HRK. Freight revenues in the HRK counter value are higher in comparison to the year 2014 due to the increase in US dollar. Other income is mostly related to the recognition of the deferred income on the basis of received government grants for vessels construction. In the first half of the year 2015 the outstanding deferred income related to the vessel Pula has been recognized after the termination of the bareboat contract in March 2015, when the vessel has been returned to the owner (see the note 4.).
2. Operating expenses have increased with respect to the year 2014 due to the conversion of USD amounts into HRK according to the relevant exchange rate in the current quarter. Comparing these expenses in dollar terms, they are lower in the current period because of the lower operating costs of ships.
3. Financial income and financial expenses are significantly higher than in the same period of 2014 as a result of posting of exchange rate differences.
4. As at 30.06.2015 the book value of the vessels amounts to 283.4 mil USD (1,935.6 mil HRK). In March 2015 the bareboat charter of the vessel Pula was terminated, the vessel was returned to the owner and consequently written off from the records (see the note 1.).
5. In the period from 1.01. to 30.06.2015 the Company purchased treasury shares in the total amount of 568.8 thousand HRK and disposed of treasury shares in the amount of 971.6 thousand HRK.
6. Revaluation reserves have been increased for 40,506 thousand HRK with respect to balance as at 31.12.2014 which amount corresponds to the adjustment of the investment in the foreign subsidiary at the mean rate of exchange for USD as at 30.06.2015.
7. Long-term loans in foreign currencies were converted in HRK by applying the mean rate of exchange of the Croatian National bank as at 30th June 2015.
8. 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 30th June 2015.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT
30.06.2015**

9. In the period from January-June 2015 the applicable amount of income from grants from previous years in the amount of 15,474 thousand HRK was recorded with the proportional decrease of the deferred income, in accordance with the deferred income recognition plan (see notes 1. and 4.).

10. The minority as at 30th June 2015 in equity in the amount of 176,337 thousand HRK refers to the ownership of Uljanik Brodogradilište in foreign companies United Shipping Services Twelve Inc. and United Shipping Services Thirteen Inc.

For the GROUP ULJANIK PLOVIDBA Pula

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

Dragutin Pavletić
Director of ULJANIK PLOVIDBA d.d.

Pula, 24th July 2015

MANAGEMENT REPORT FOR THE PERIOD 01-06/2015

The business activity of ULJANIK PLOVIDBA (the Company) and its foreign subsidiaries in the first six months of 2015 was with full employment of vessels and high functioning management system. The first half-year was marked with drastic decrease of freight rates in dry cargo sector which reached a historic minimum, and a stable level of freight in tankers products transport. Unfortunately, economic developments in China have a negative impact on the exchange of goods, while we assess encouraging economic developments in America and Europe, especially after the start of monetary stimulus. Under the influence of low dry cargo market there has been increased activity on disposal of ships, and so far there have been scrapped about 21 million DWT of bulkers (in comparison with 16 million DWT in the whole 2014) with very low activity of contracting new vessels. Long-term contracts concluded in the part of the tanker fleet, as well as the expected alignment of the freight rates in the bulk sector provide much optimism for the regular performance of the Company in the future.

In this period the Company:

- a) significantly increased revenue with consolidated positive result as a consequence of operating result of tankers, foreign exchange gains and positive effects of the termination of the bareboat contract of the vessel Pula, despite of high depreciation rates and high financial liabilities,
- b) maintained the existing fleet,
- c) achieved constant employment of vessels with the continuation of the Company's fleet high efficiency trend,
- d) retained the proper liquidity,
- e) fulfilled all its loan payment obligations with the positive effects of lower interest rates,
- f) reduced the operating expenses of the vessels,
- 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,
- h) maintained high efficiency of vessels' management,
- i) collected all contracted freights from the Charterers of all vessels,

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

1. COMMERCIAL ASPECT

The operating income for the period I-VI 2015 was 128 mil HRK, compared to 118 mil HRK in the same period of 2014. Sales income has been under strong impact of the higher freight rates in the sector of tankers while there was a negative impact of the low freight rates in the bulk sector as well as the dry docking costs.

2. PERSONNEL

As at 30.06.2015 the Company had 35 employees.

3. TECHNICAL ASPECT

In the period January-June 2015 vessels Verige and Veruda underwent dry docking and there were no technical problems on board. The company keeps maintaining high efficiency of vessel exploitation with all other vessels in the fleet.

4. ACQUISITION OF TREASURY SHARES

In the period I-VI 2015, the Company acquired treasury shares in accordance with art. 233, section 3, point 2 of the Companies Act. The company acquired treasury shares in the amount of 568.8 thousand HRK and disposed of treasury shares in the amount of 971.6 thousand HRK.

5. IMPORTANT EVENTS IN 2015

On 2nd March 2015 M/t Pula was returned to the owner after the termination of Bareboat Charter contract, without declaring the purchase option.

6. COMPANY GROWTH

The Strategy of development of ULJANIK PLOVIDBA d.d. until the year 2030 envisages the continuation of the primary maritime activity in two sectors, transport of dry cargo and transport of petroleum products and chemicals. 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

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, 24th July 2015



Dragutin Pavletić, Director

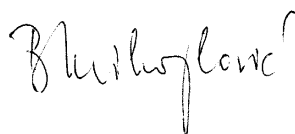
STATEMENT OF THE PERSONS RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

According to the best of our knowledge:

The unaudited consolidated financial reports of GROUP ULJANIK PLOVIDBA for the period January – June 2015, 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 Management Report for the period January – June 2015 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, 24th July, 2015