



**GROUP ULJANIK PLOVIDBA**

**CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS**

**FOR THE PERIOD**

**JANUARY - MARCH 2015**

Pula, April 2015

**CONTENT:**

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

**Notes**

**Management Report**

**Statement of the persons responsible for preparing Financial Statements**

**Attachment 1.**

Reporting period:

01.01.2015.

to

31.03.2015.

**Quarterly 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 adress: 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

Telefax: 052 492598

E-mail adress: 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)

**BALANCE SHEET**  
as of 31.03.2015.

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>	1.976.881.951	2.038.966.245
I. INTANGIBLE ASSETS (004 to 009)	<b>003</b>	928	232
1. Assets development	<b>004</b>		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	<b>005</b>	928	232
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>	1.954.332.448	2.023.155.628
1. Land	<b>011</b>	121.829	121.829
2. Buildings	<b>012</b>	2.985.683	2.973.021
3. Plant and equipment	<b>013</b>	164.874	160.536
4. Instruments, plant inventories and transportation assets	<b>014</b>	1.947.809.966	2.016.659.698
5. Biological assets	<b>015</b>	3.250.096	3.240.544
6. Prepayments for tangible assets	<b>016</b>	0	0
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>	4.507.998	4.508.073
1. Shares (stocks) in related parties	<b>021</b>		
2. Loans given to related parties	<b>022</b>		
3. Participating interests (shares)	<b>023</b>	4.507.998	4.508.073
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>	18.040.577	11.302.312
1. Receivables from related parties	<b>030</b>		
2. Receivables based on trade loans	<b>031</b>		
3. Other receivables	<b>032</b>	18.040.577	11.302.312
V. DEFERRED TAX ASSETS	<b>033</b>		
<b>C) SHORT- TERM ASSETS (035+043+050+058)</b>	<b>034</b>	53.200.492	70.817.653
I. INVENTORIES (036 to 042)	<b>035</b>	3.698.434	3.434.350
1. Raw material	<b>036</b>	3.698.434	3.434.350
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>	7.026.538	9.445.335
1. Receivables from related parties	<b>044</b>		
2. Accounts receivable	<b>045</b>	5.575.771	8.017.160
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>	264.664	258.116
6. Other receivables	<b>049</b>	1.186.103	1.170.059
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	<b>050</b>	5.599.111	5.581.410
1. Shares (stocks) in related parties	<b>051</b>		
2. Loans given to related parties	<b>052</b>		
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>	5.599.111	5.581.410
7. Other financial assets	<b>057</b>		
IV. CASH AT BANK AND IN CASHIER	<b>058</b>	36.876.409	52.356.558
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	4.950	4.950
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	2.030.087.393	2.109.788.848
<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>	512.575.541	599.551.860
I. SUBSCRIBED CAPITAL	<b>063</b>	232.000.000	232.000.000
II. CAPITAL RESERVES	<b>064</b>	-20.477.001	-20.607.662
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	37.953.252	37.845.281
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>	15.022.426	15.130.397
4. Statutory reserves	<b>069</b>		
5. Other reserves	<b>070</b>		
IV. REVALUATION RESERVES	<b>071</b>	91.875.255	156.438.912
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	<b>072</b>	81.948.978	-9.262.845
1. Retained earnings	<b>073</b>	81.948.978	
2. Accumulated loss	<b>074</b>		9.262.845
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	<b>075</b>	-76.764.162	19.146.416
1. Profit for the current year	<b>076</b>		19.146.416
2. Loss for the current year	<b>077</b>	76.764.162	
VII. MINORITY INTEREST	<b>078</b>	166.039.219	183.991.758
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	1.770.801	1.763.215
1. Provisions for pensions, severance pay and similar liabilities	<b>080</b>	1.770.801	1.763.215
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>	1.157.558.305	1.164.656.868
1. Liabilities to related parties	<b>084</b>		
2. Liabilities for loans, deposits etc.	<b>085</b>		
3. Liabilities to banks and other financial institutions	<b>086</b>	1.157.558.305	1.164.656.868
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>	272.780.995	272.751.579
1. Liabilities to related parties	<b>094</b>		
2. Liabilities for loans, deposits etc.	<b>095</b>		
3. Liabilities to banks and other financial institutions	<b>096</b>	205.063.918	210.472.298
4. Liabilities for received prepayments	<b>097</b>		
5. Accounts payable	<b>098</b>	18.137.770	19.735.695
6. Liabilities arising from debt securities	<b>099</b>	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>100</b>		
8. Liabilities to employees	<b>101</b>	4.062.702	3.968.562
9. Liabilities for taxes, contributions and similar fees	<b>102</b>	4.076	12.029
10. Liabilities to share - holders	<b>103</b>	2.538.293	2.535.958
11. Liabilities for long term assets held for sale	<b>104</b>		
12. Other short - term liabilities	<b>105</b>	42.974.236	36.027.037
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>106</b>	85.401.751	71.065.326
<b>F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	2.030.087.393	2.109.788.848
<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>	346.536.322	415.560.102
2. Attributed to minority interests	<b>110</b>	166.039.219	183.991.758

**PROFIT AND LOSS ACCOUNT**  
for period 01.01.2015. to 31.03.2015.

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>	62.154.366	62.154.366	75.340.077	75.340.077
1. Sales revenues	112	60.719.691	60.719.691	60.969.926	60.969.926
2. Other operating revenues	113	1.434.675	1.434.675	14.370.151	14.370.151
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	64.438.617	64.438.617	71.258.441	71.258.441
1. Changes in the value of work in progress and finished goods	115				
2. Material costs (117 to 119)	116	10.076.507	10.076.507	8.655.813	8.655.813
a) Raw material and material costs	117	78.517	78.517	66.019	66.019
b) Costs of goods sold	118				
c) Other external costs	119	9.997.990	9.997.990	8.589.794	8.589.794
3. Staff costs (121 to 123)	120	19.844.931	19.844.931	23.354.047	23.354.047
a) Net salaries and wages	121	18.687.949	18.687.949	22.182.958	22.182.958
b) Costs for taxes and contributions from salaries	122	843.125	843.125	814.916	814.916
c) Contributions on gross salaries	123	313.857	313.857	356.173	356.173
4. Depreciation	124	30.294.740	30.294.740	33.869.567	33.869.567
5. Other costs	125	4.222.439	4.222.439	5.379.014	5.379.014
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				
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	2.574.028	2.574.028	22.370.043	22.370.043
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	2.574.028	2.574.028	22.370.043	22.370.043
3. Share in income from affiliated entrepreneurs and participating interests	134				
4. Unrealized gains (income) from financial assets	135				
5. Other financial income	136				
<b>IV. FINANCIAL EXPENSES (138 to 141)</b>	<b>137</b>	9.220.059	9.220.059	8.984.924	8.984.924
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	9.220.059	9.220.059	8.984.924	8.984.924
3. Unrealized losses (expenses) on financial assets	140				
4. Other financial expenses	141				
<b>V. INCOME FROM INVESTMENT SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS</b>	<b>142</b>				
<b>VI. LOSS FROM INVESTMENT SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS</b>	<b>143</b>				
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>				
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>				
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	64.728.394	64.728.394	97.710.120	97.710.120
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	73.658.676	73.658.676	80.243.365	80.243.365
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	-8.930.282	-8.930.282	17.466.755	17.466.755
1. Profit before taxation (146-147)	149	0	0	17.466.755	17.466.755
2. Loss before taxation (147-146)	150	8.930.282	8.930.282	0	0
<b>XII. PROFIT TAX</b>	<b>151</b>	0	0	79.076	79.076
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	-8.930.282	-8.930.282	17.387.679	17.387.679
1. Profit for the period(149-151)	153	0	0	17.387.679	17.387.679
2. Loss for the period (151-148)	154	8.930.282	8.930.282	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	-9.209.393	-9.209.393	19.146.416	19.146.416
2. Attributed to minority interests	156	279.111	279.111	-1.758.737	-1.758.737
<b>STATEMENT OF COMPREHENSIVE INCOME (IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	-8.930.282	-8.930.282	17.387.679	17.387.679
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)</b>	<b>158</b>	2.094.083	2.094.083	64.563.657	64.563.657
1. Exchange differences on translation of foreign operations	159	2.094.083	2.094.083	64.563.657	64.563.657
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				
<b>III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166</b>	418.817	418.817	12.912.731	12.912.731
<b>IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	1.675.266	1.675.266	51.650.926	51.650.926
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)</b>	<b>168</b>	-7.255.016	-7.255.016	69.038.605	69.038.605
<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	-7.534.127	-7.534.127	70.797.342	70.797.342
2. Attributed to minority interests	170	279.111	279.111	-1.758.737	-1.758.737

**CASH FLOW STATEMENT - Indirect method**  
period 01.01.2015. to 31.03.2015.

Company: ULJANIK PLOVIDBA D.D.			
Position	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	001	-8.930.282	17.466.755
2. Depreciation	002	30.294.740	33.869.567
3. Increase in short-term liabilities	003		
4. Decrease in short term receivables	004	3.164.022	0
5. Decrease in inventories	005	1.019.949	264.084
6. Other cash flow increases	006	1.500	
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>25.549.929</b>	<b>51.600.406</b>
1. Decrease in short - term liabilities	008	5.436.214	5.437.796
2. Increase in short - term receivables	009	0	2.418.796
3. Increase in inventories	010	0	0
4. Other cash flow decreases	011	8.256.436	195.540.613
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>13.692.650</b>	<b>203.397.205</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	<b>11.857.279</b>	<b>0</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	<b>0</b>	<b>151.796.799</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
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		
<b>III. Total cash inflows from investing activities(015 to 019)</b>	<b>020</b>	<b>0</b>	<b>128.561.345</b>
1. Cash outflows for purchase of long - term tangible and intangible assets	021	23.640	19.950
2. Cash outflows for purchase of equity and debt financial instruments	022		
3. Other cash outflows from investing activities	023		
<b>IV. Total cash outflows from investing activities (021 to 023)</b>	<b>024</b>	<b>23.640</b>	<b>19.950</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES(020-024)</b>	<b>025</b>	<b>0</b>	<b>128.541.395</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020)</b>	<b>026</b>	<b>23.640</b>	<b>0</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	4.001.479	141.972.418
3. Other cash inflows from financing activities	029	6.045.500	26.467.242
<b>V. Total cash inflows from financing activities (027 to 029)</b>	<b>030</b>	<b>10.046.979</b>	<b>168.439.660</b>
1. Cash outflows for repayment of loans and bonds	031	14.484.061	129.465.475
2. Dividends paid	032		
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034	243.945	238.632
5. Other cash outflows from financing activities	035		
<b>VI. Total cash outflows from financing activities (031 do 035)</b>	<b>036</b>	<b>14.728.006</b>	<b>129.704.107</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	<b>0</b>	<b>38.735.553</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	<b>4.681.027</b>	<b>0</b>
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	<b>039</b>	<b>7.152.612</b>	<b>15.480.149</b>
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	<b>040</b>	<b>0</b>	<b>0</b>
Cash and cash equivalents at the beginning of period	<b>041</b>	<b>29.121.054</b>	<b>36.876.409</b>
Increase in cash and cash equivalents	<b>042</b>	<b>7.152.612</b>	<b>15.480.149</b>
Decrease in cash and cash equivalents	<b>043</b>	<b>0</b>	<b>0</b>
Cash and cash equivalents at the end of period	<b>044</b>	<b>36.273.666</b>	<b>52.356.558</b>

**STATEMENT OF CHANGES IN EQUITY**  
from 1.1.2015 to 31.3.2015

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed capital	<b>001</b>	232.000.000	232.000.000
2. Capital reserves	<b>002</b>	-20.477.001	-20.607.662
3. Reserves from profit	<b>003</b>	37.953.252	37.845.281
4. Retained earnings or accumulated loss	<b>004</b>	81.948.978	-9.262.845
5. Profit / loss for the current year	<b>005</b>	-76.764.162	19.146.416
6. Revaluation of long - term tangible assets	<b>006</b>		
7. Minority interest	<b>007</b>	166.039.219	183.991.758
8. Revaluation of financial assets available for sale	<b>008</b>	-944.000	-944.000
9. Other revaluation	<b>009</b>	92.819.255	157.382.912
<b>10. Total capital and reserves (AOP 001 to 009)</b>	<b>010</b>	512.575.541	599.551.860
11. Currency gains and losses arising from net investments in foreign operations	<b>011</b>	65.051.011	64.563.657
12. Current and deferred taxes (part)	<b>012</b>		
13. Cash flow hedging	<b>013</b>		
14. Changes in accounting policies	<b>014</b>		
15. Correction of significant errors in prior periods	<b>015</b>		
16. Other changes in capital	<b>016</b>	-69.834.444	22.412.662
<b>17. Total increase or decrease in capital (AOP 011 to 016)</b>	<b>017</b>	-4.783.433	86.976.319
17 a. Attributed to equity holders of parent company	<b>018</b>	-23.304.154	69.023.780
17 b. Attributed to minority interest	<b>019</b>	18.520.721	17.952.539

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 31.03.2015**

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 31<sup>st</sup> March 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 31<sup>st</sup> March 2015 the Group had 35 employees (2014: 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 (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 31.03.2015

1. Operating income for the first quarter of 2015 amounts to 75.3 mil HRK while in the same period of 2014, it amounted to 62.2 mil HRK. Freight revenues in the HRK counter value have been realized at the same level in comparison to the year 2014. 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 quarter 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.
3. Financial income in the first quarter of 2015 has significantly increased in comparison to the same period of 2014 due to the higher foreign exchange gains. Financial expenses for the first quarter of 2015 are slightly lower with respect to the same period of 2014 due to the lower interest expenses.
4. As at 31.03.2015 the book value of the vessels amounts to 286.0 mil USD (2,016.6 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 31.03.2015 the Company purchased treasury shares in the total amount of 330.1 thousand HRK and disposed of treasury shares in the amount of 221.1 thousand HRK.
6. Revaluation reserves have been increased for 64,564 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 31.03.2015.
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 31<sup>st</sup> March 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 31<sup>st</sup> March 2015.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT  
31.03.2015**

9. In the period from January-March 2015 the applicable amount of income from grants from previous years in the amount of 14,337 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 31<sup>st</sup> March 2015 in equity in the amount of 183,9 mil USD 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', with a large, stylized initial 'D'.

Dragutin Pavletić  
Director of ULJANIK PLOVIDBA d.d.

Pula, 29<sup>th</sup> April 2015

## MANAGEMENT REPORT FOR THE PERIOD 01-03/2015

The business activity of ULJANIK PLOVIDBA (the Company) and its foreign subsidiaries in the first quarter of 2015 was with full employment of vessels and high functioning management system. The first quarter 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 13.5 million DWT of bulkers (in comparison with 16 million DWT in the whole 2014).

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 retained high depreciation rates and high financial liabilities,
- b) maintained constant employment of vessels with the continuation of the Company's fleet high efficiency trend,
- c) retained the proper liquidity,
- d) fulfilled all its loan payment obligations with the positive effects of lower interest rates,
- e) reduced the operating expenses of the vessels,
- f) 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,
- g) maintained high efficiency of vessels' management,
- h) 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-III 2015 was 75 mil HRK, compared to 62 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 results of the bulk sector.

## **2. PERSONNEL**

As at 31.03.2015 the Company had 35 employees.

## **3. TECHNICAL ASPECT**

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

## **4. ACQUISITION OF TREASURY SHARES**

In the period I-III 2013, 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 330.1 thousand HRK and disposed of treasury shares in the amount of 222.1 thousand HRK.

## **5. IMPORTANT EVENTS IN 2014**

On 2<sup>nd</sup> March 2015 M/t Pula was returned to the owner after the termination of Bareboat Charter contract, without declaring the purchase option. In accordance with the decision taken on the return of the vessel, in the financial statements for 2014 was made an adjustment of the book value to the agreed value in the event of return of the vessel.

## **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.

## 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, 29<sup>th</sup> April 2015

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

Dragutin Pavletić, Director

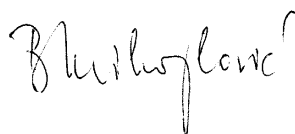
## **STATEMENT OF THE PERSONS RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS**

According to the best of our knowledge:

The unaudited consolidated financial reports of GROUP ULJANIK PLOVIDBA for the period January – March 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 – March 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, 29<sup>th</sup> April, 2015