



**GROUP ULJANIK PLOVIDBA**

**CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS**

**FOR THE PERIOD**

**JANUARY - SEPTEMBER 2015**

Pula, October 2015

**CONTENT:**

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

**Notes**

**Management Report**

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

**Attachment 1.**

Reporting period:

01.01.2015.

to

30.09.2015.

**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](mailto:uljanik-plovidba@pu.t-com.hr)

Internet adress: [www.uljanikplovidba.com](http://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)

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E-mail adress: [bojana.mihajlovic@uljanikplovidba.com](mailto: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.**



(person authorized to represent the company)

**BALANCE SHEET**  
as of 30.09.2015.

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	1.936.255.143
I. INTANGIBLE ASSETS (004 to 009)	<b>003</b>	928	0
1. Assets development	<b>004</b>		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	<b>005</b>	928	0
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	1.920.498.755
1. Land	<b>011</b>	121.829	121.829
2. Buildings	<b>012</b>	2.985.683	2.947.698
3. Plant and equipment	<b>013</b>	164.874	133.051
4. Instruments, plant inventories and transportation assets	<b>014</b>	1.947.809.966	1.914.074.736
5. Biological assets	<b>015</b>	3.250.096	3.221.441
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	4.508.047
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	4.508.047
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	11.248.341
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	11.248.341
V. DEFERRED TAX ASSETS	<b>033</b>		
<b>C) SHORT- TERM ASSETS (035+043+050+058)</b>	<b>034</b>	53.200.492	52.957.561
I. INVENTORIES (036 to 042)	<b>035</b>	3.698.434	3.967.497
1. Raw material	<b>036</b>	3.698.434	3.967.497
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	15.981.741
1. Receivables from related parties	<b>044</b>		
2. Accounts receivable	<b>045</b>	5.575.771	8.359.900
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	179.935
6. Other receivables	<b>049</b>	1.186.103	7.441.906
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	<b>050</b>	5.599.111	5.735.650
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	5.735.650
7. Other financial assets	<b>057</b>		
IV. CASH AT BANK AND IN CASHIER	<b>058</b>	36.876.409	27.272.673
<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	1.989.217.654
<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	553.654.881
I. SUBSCRIBED CAPITAL	<b>063</b>	232.000.000	232.000.000
II. CAPITAL RESERVES	<b>064</b>	-20.477.001	-21.524.999
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	37.953.252	39.941.166
1. Reserves prescribed by law	<b>066</b>	16.592.866	17.505.676
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	13.947.322
4. Statutory reserves	<b>069</b>		
5. Other reserves	<b>070</b>		
IV. REVALUATION RESERVES	<b>071</b>	91.875.255	134.249.059
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	<b>072</b>	81.948.978	-5.240.340
1. Retained earnings	<b>073</b>	81.948.978	
2. Accumulated loss	<b>074</b>		5.240.340
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	<b>075</b>	-76.764.162	331.024
1. Profit for the current year	<b>076</b>		331.024
2. Loss for the current year	<b>077</b>	76.764.162	
VII. MINORITY INTEREST	<b>078</b>	166.039.219	173.898.971
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	1.770.801	1.631.993
1. Provisions for pensions, severance pay and similar liabilities	<b>080</b>	1.770.801	1.631.993
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	1.066.246.746
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	1.066.246.746
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	298.115.106
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	212.900.588
4. Liabilities for received prepayments	<b>097</b>		
5. Accounts payable	<b>098</b>	18.137.770	18.228.895
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	2.403.240
9. Liabilities for taxes, contributions and similar fees	<b>102</b>	4.076	0
10. Liabilities to share - holders	<b>103</b>	2.538.293	2.042.495
11. Liabilities for long term assets held for sale	<b>104</b>		
12. Other short - term liabilities	<b>105</b>	42.974.236	62.539.888
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>106</b>	85.401.751	69.568.928
<b>F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	2.030.087.393	1.989.217.654
<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	379.755.910
2. Attributed to minority interests	<b>110</b>	166.039.219	173.898.971

**PROFIT AND LOSS ACCOUNT**  
for period 01.01.2015. to 30.09.2015.

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>	190.599.611	72.474.544	189.491.573	61.334.530
1. Sales revenues	112	184.769.791	69.535.895	173.466.802	60.817.513
2. Other operating revenues	113	5.829.820	2.938.649	16.024.771	517.017
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	206.623.805	81.852.841	171.139.332	40.630.348
1. Changes in the value of work in progress and finished goods	115				
2. Material costs (117 to 119)	116	35.809.962	12.832.045	31.094.780	8.140.219
a) Raw material and material costs	117	158.623	33.527	160.532	52.562
b) Costs of goods sold	118				
c) Other external costs	119	35.651.339	12.798.518	30.934.248	8.087.657
3. Staff costs (121 to 123)	120	66.803.110	28.883.794	63.252.028	16.887.967
a) Net salaries and wages	121	63.165.355	27.649.997	59.642.407	15.625.704
b) Costs for taxes and contributions from salaries	122	2.590.792	868.846	2.517.409	883.785
c) Contributions on gross salaries	123	1.046.963	364.951	1.092.572	378.478
4. Depreciation	124	89.412.524	34.286.311	61.760.113	10.984.539
5. Other costs	125	14.598.209	5.850.691	15.032.411	4.617.623
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>	24.464.644	19.501.436	23.902.412	283.193
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	24.464.644	19.501.436	23.902.412	283.193
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>	36.997.852	13.659.227	46.763.366	20.989.808
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	36.997.852	13.659.227	46.763.366	20.989.808
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>	215.064.255	91.975.980	213.393.985	61.617.723
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	243.621.657	95.512.068	217.902.698	61.620.156
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	-28.557.402	-3.536.088	-4.508.713	-2.433
1. Profit before taxation (146-147)	149	0	0	0	0
2. Loss before taxation (147-146)	150	28.557.402	3.536.088	4.508.713	2.433
<b>XII. PROFIT TAX</b>	<b>151</b>	0	0	237.228	79.076
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	-28.557.402	-3.536.088	-4.745.941	-81.509
1. Profit for the period(149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	28.557.402	3.536.088	4.745.941	81.509
<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	-27.116.153	-2.790.178	331.024	1.399.793
2. Attributed to minority interests	156	-1.441.249	-745.910	-5.076.965	-1.481.302
<b>STATEMENT OF COMPREHENSIVE INCOME (IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	-28.557.402	-3.536.088	-4.745.941	-81.509
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)</b>	<b>158</b>	36.407.175	35.370.673	42.373.805	1.867.746
1. Exchange differences on translation of foreign operations	159	36.407.175	35.370.673	42.373.805	1.867.746
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>	7.281.435	7.074.135	8.474.761	373.549
<b>IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	29.125.740	28.296.538	33.899.044	1.494.197
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)</b>	<b>168</b>	568.338	24.760.450	29.153.103	1.412.688
<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	2.009.587	25.734.900	34.230.068	2.893.990
2. Attributed to minority interests	170	-1.441.249	-974.450	-5.076.965	-1.481.302

**CASH FLOW STATEMENT - Indirect method**  
**period 01.01.2015. to 30.09.2015.**

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	-28.557.402	-4.508.712
2. Depreciation	002	89.412.524	61.761.199
3. Increase in short-term liabilities	003		17.497.441
4. Decrease in short term receivables	004	3.147.674	
5. Decrease in inventories	005	1.204.963	
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>65.209.259</b>	<b>74.749.928</b>
1. Decrease in short - term liabilities	008	1.625.408	
2. Increase in short - term receivables	009	0	8.955.203
3. Increase in inventories	010	0	269.064
4. Other cash flow decreases	011	122.978.987	139.797.182
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>124.604.395</b>	<b>149.021.449</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	<b>0</b>	<b>0</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	<b>59.395.136</b>	<b>74.271.521</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	49.723	38.190
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>49.723</b>	<b>38.190</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES(020-024)</b>	<b>025</b>	<b>0</b>	<b>128.523.155</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020)</b>	<b>026</b>	<b>49.723</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	99.250.953	96.532.470
3. Other cash inflows from financing activities	029	13.049.445	19.756.059
<b>V. Total cash inflows from financing activities (027 to 029)</b>	<b>030</b>	<b>112.300.398</b>	<b>116.288.529</b>
1. Cash outflows for repayment of loans and bonds	031	48.494.730	180.007.360
2. Dividends paid	032		
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034	581.092	
5. Other cash outflows from financing activities	035		136.539
<b>VI. Total cash outflows from financing activities (031 do 035)</b>	<b>036</b>	<b>49.075.822</b>	<b>180.143.899</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	<b>63.224.576</b>	<b>0</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	<b>0</b>	<b>63.855.370</b>
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	<b>039</b>	<b>3.779.717</b>	<b>0</b>
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	<b>040</b>	<b>0</b>	<b>9.603.736</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>3.779.717</b>	<b>0</b>
Decrease in cash and cash equivalents	<b>043</b>	<b>0</b>	<b>9.603.736</b>
Cash and cash equivalents at the end of period	<b>044</b>	<b>32.900.771</b>	<b>27.272.673</b>

## STATEMENT OF CHANGES IN EQUITY

from 1.1.2015 to 30.9.2015

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	-21.524.999
3. Reserves from profit	<b>003</b>	37.953.252	39.941.166
4. Retained earnings or accumulated loss	<b>004</b>	81.948.978	-5.240.340
5. Profit / loss for the current year	<b>005</b>	-76.764.162	331.024
6. Revaluation of long - term tangible assets	<b>006</b>		
7. Minority interest	<b>007</b>	166.039.219	173.898.971
8. Revaluation of financial assets available for sale	<b>008</b>	-944.000	-944.000
9. Other revaluation	<b>009</b>	92.819.255	135.193.059
<b>10. Total capital and reserves (AOP 001 to 009)</b>	<b>010</b>	512.575.541	553.654.881
11. Currency gains and losses arising from net investments in foreign operations	<b>011</b>	65.051.011	42.373.805
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	-1.294.465
<b>17. Total increase or decrease in capital (AOP 011 to 016)</b>	<b>017</b>	-4.783.433	41.079.340
17 a. Attributed to equity holders of parent company	<b>018</b>	-23.304.154	33.219.588
17 b. Attributed to minority interest	<b>019</b>	18.520.721	7.859.752

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 30.09.2015**

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 30<sup>th</sup> September 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 30<sup>th</sup> September 2015 the Group had 34 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  
30.09.2015**

1. Operating income for the period I-IX 2015 amounts to 189.4 mil HRK while in the same period of 2014, it amounted to 190.6 mil HRK. Freight revenues are lower in comparison to the year 2014 due to very low freight rates in the bulk sector in the current period, but revenues from managements services rendered to the non affiliated companies are higher in the current period. Other income is mostly related to the recognition of the deferred income on the basis of received government grants for vessels construction.
2. Operating expenses have decreased with respect to the year 2014 due to the change in the policy of depreciation in the year 2015 and due to lower total operating costs after the sale of the vessel M/t Pula in March 2015.
3. Financial expenses are significantly higher than in the same period of 2014 as a result of exchange rate differences due to the increase in US dollar.
4. As at 30.09.2015 the book value of the vessels amounts to 281.8 mil USD (1,914.1 mil HRK).
5. In the period from 1.01. to 30.09.2015 the Company purchased treasury shares in the total amount of 720.2 thousand HRK and disposed of treasury shares in the amount of 1,795.3 thousand HRK.
6. Revaluation reserves have been increased for 42,374 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 30.09.2015.
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 30<sup>th</sup> September 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 30<sup>th</sup> September 2015.
9. In the period from January-September 2015 the applicable amount of income from grants from previous years in the amount of 15,834 thousand HRK was recorded with the proportional decrease of the deferred income, in accordance with the deferred income recognition plan.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT  
30.09.2015**

10. On 27<sup>th</sup> August 2015 the General Assembly of the Company was held which passed the resolution on the sharing of profit/loss for the year 2014. According to the same resolution, the profit of HRK 22,330,022.68 to be allocated as follows: HRK 912,809.71 to legal reserves and HRK 21,417,212.97 to retained profit.
  
11. The minority as at 30<sup>th</sup> September 2015 in equity in the amount of 173,899 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 large, faint circular watermark or stamp.

Dragutin Pavletić  
Director of ULJANIK PLOVIDBA d.d.

Pula, 30<sup>th</sup> October 2015

## MANAGEMENT REPORT FOR THE PERIOD 01-09/2015

The business activity of ULJANIK PLOVIDBA (the Company) and its foreign subsidiaries in the first nine months of 2015 was with full employment of vessels and high functioning management system. The nine months period was marked with drastic decrease of freight rates in dry cargo sector which reached its historical minimum, and a stable level of freight in tankers products transport. Economic developments in the countries of the Far East and particularly in China have a negative impact on the exchange of goods, while we assess encouraging economic developments in America and Europe, as a result of strong monetary stimulus. Under the influence of low dry cargo market there has been increased activity on disposal of ships, maintaining the trend of low activity of contracting new vessels.

Long-term contracts concluded for three vessels of the tanker fleet, as well as entering the spot market with one tanker, provide much optimism for the regular performance of the Company in the future. Unfortunately, continuation of the deepening of the crisis in the bulk sector has a negative impact on the Company's operations.

In this period the Company:

- a) achieved a consolidated positive result due to: increased operating results of the tanker fleet, especially the effects of the long-term bareboat of M/t Istra, revenues from ship management carried out to third parties, foreign exchange gains and positive effects in connection with the termination of the bareboat agreement of M/t Pula on the revenue side, as well as reduced operating expenses of the vessels despite dry docking of two vessels and high financial expenses, on the expenditure side,
- b) achieved 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) 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,
- f) maintained high efficiency of vessels' management, with increase of the number of vessels taken into management
- g) 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 sales income for the period I-IX 2015 was 173 mil HRK, compared to 184 mil HRK in the same period of 2014. Sales income has been under strong impact of higher freight rates in the sector of tankers but also of historically low freight rates in the bulk sector. Operating result has been negatively affected by costs related to dry docking carried out on two vessels.

## **2. PERSONNEL**

As at 30.09.2015 the Company had 34 employees.

## **3. TECHNICAL ASPECT**

In the period January-September 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-IX 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 720.2 thousand HRK and disposed of treasury shares in the amount of 1,795.3 thousand HRK.

## **5. IMPORTANT EVENTS IN 2015**

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.

On 15<sup>th</sup> July the Company signed the long-term Bareboat charter of the M/t Istra with the Norwegian company Ebony A/S, Bergen.

On 14<sup>th</sup> August 2015 the Company concluded the Management Agreement for the Newbuilding ULJANIK 502, RO-RO PAX vessel built up in Uljanik Pula Shipyard, intended for liner transportation in Turkmenistan.

On 27<sup>th</sup> August 2015 the General Assembly of the Company was held which passed the resolution on the sharing of profit/loss for the year 2014. According to the same resolution, the profit of HRK 22,330,022.68 to be allocated as follows: HRK 912,809.71 to legal reserves and HRK 21,417,212.97 to retained profit.

On 13<sup>th</sup> October 2015 the Company through its subsidiaries – members of the Group ULJANIK PLOVIDBA, signed an agreement with a syndicate of banks led by Credit Suisse in the total amount of 86 million USD, in the repayment profile of a 12-year period with an annual interest of 250 index points on USD LIBOR. In addition, the Company, in the framework of restructuring its loan debt, concluded two separate deals with Zagrebacka banka and Privredna banka Zagreb. The final loan arrangement is expected to be signed in these days in cooperation with Raiffeisenbank Austria and the Croatian Bank for Reconstruction and Development. The aforementioned credit refinancing, with the full support of local and foreign banks, will align, on the long-term basis, credit liabilities of the Company related to financing the purchase of several ships from the Company's fleet, with developments in the global maritime market.

On 14<sup>th</sup> October 2015 the Company sold M/v Marlera, the oldest ship in the fleet of the Company, intended for transportation of bulk cargoes. The delivery of the vessel to the Buyer took place in the port of Fujairah.

## **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, 30<sup>th</sup> October 2015



Dragutin Pavletić, Director

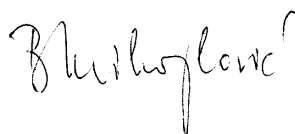
## **STATEMENT OF THE PERSONS RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS**

According to the best of our knowledge:

The unaudited consolidated financial reports of GROUP ULJANIK PLOVIDBA for the period January – September 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 – September 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, 30<sup>th</sup> October, 2015