



**ULJANIK PLOVIDBA d.d.**

**UNAUDITED FINANCIAL STATEMENTS**

**FOR THE PERIOD**

**JANUARY - SEPTEMBER 2015**

Pula, October 2015

## CONTENT:

Financial Statements of ULJANIK PLOVIDBA d.d.  
(unaudited) for the period January – September 2015

Notes

Management Report

Statement of the persons responsible for preparing Financial Statements

**Attachment 1.**

Reporting period:

18

1.1.2015

to

30.9.2015

**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 address: **uljanik-plovidba@pu.t-com.hr**Internet address: **www.uljanikplovidba.com**Municipality/city code and name: **359** **PULA**County code and name: **18** **ISTARSKA**Number of employees **34**  
(quarter end)Consolidated report: **NO**NKD code: **5020**

Companies of the consolidation subject (according to IFRS):

Seat:

MB:

Bookkeeping service:

Contact person: **VANESA PERUŠKO TOPIĆ**  
(please enter only contact person's family name and name)Telephone: **052 211544**Telefax: **052 492598**E-mail address: **vanesa.topic@uljanikplovidba.com**Family name and name: **DRAGUTIN PAVLETIĆ**  
(person authorized to represent the company)**Documents to be published:**

1. Financial statements (balance sheet, profit and loss statement, cash flow statement, statement of changes in equity, and notes to financial statements)
2. Report of the Management Board on the Company Status
3. Statement of persons responsible for the drawing-up of financial statements

**ULJANIK PLOVIDBA d.d.** \_\_\_\_\_  
Signature of the 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>	<b>566.375.364</b>	<b>608.575.129</b>
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>	3.272.387	3.202.578
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>	122.085	91.694
4. Instruments, plant inventories and transportation assets	<b>014</b>	42.790	41.357
5. Biological assets	<b>015</b>		
6. Prepayments for tangible assets	<b>016</b>		
7. Tangible assets in preparation	<b>017</b>		
8. Other material assets	<b>018</b>		
9. Investment in buildings	<b>019</b>		
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	<b>020</b>	551.750.406	594.250.917
1. Shares (stocks) in related parties	<b>021</b>	549.565.531	591.939.286
2. Loans given to related parties	<b>022</b>		
3. Participating interests (shares)	<b>023</b>	2.184.875	2.311.631
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>	11.351.643	11.121.634
1. Receivables from related parties	<b>030</b>		
2. Receivables based on trade loans	<b>031</b>	11.351.643	11.121.634
3. Other receivables	<b>032</b>		
V. DEFERRED TAX ASSETS	<b>033</b>		
<b>C) SHORT- TERM ASSETS (035+043+050+058)</b>	<b>034</b>	<b>187.462.059</b>	<b>198.736.370</b>
I. INVENTORIES (036 to 042)	<b>035</b>	0	0
1. Raw material	<b>036</b>		
2. Work in progress	<b>037</b>		
3. Finished goods	<b>038</b>		
4. Merchandise	<b>039</b>		
5. Prepayments for inventories	<b>040</b>		
6. Long - term assets held for sale	<b>041</b>		
7. Biological assets	<b>042</b>		
II. RECEIVABLES (044 to 049)	<b>043</b>	120.058.332	126.591.275
1. Receivables from related parties	<b>044</b>	86.013.433	94.152.499
2. Accounts receivable	<b>045</b>	33.451.254	31.827.336
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>	263.447	170.914
6. Other receivables	<b>049</b>	330.198	440.526
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	<b>050</b>	67.375.856	72.101.283
1. Shares (stocks) in related parties	<b>051</b>		
2. Loans given to related parties	<b>052</b>	63.376.745	68.236.051
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>	3.999.111	3.865.232
7. Other financial assets	<b>057</b>		
IV. CASH AT BANK AND IN CASHIER	<b>058</b>	27.871	43.812
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	<b>4.950</b>	<b>4.950</b>
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	<b>753.842.373</b>	<b>807.316.449</b>
<b>F) OFF-BALANCE SHEET NOTES</b>	<b>061</b>		

<b>LIABILITIES AND CAPITAL</b>			
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	<b>553.027.596</b>	<b>612.475.979</b>
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>	189.346.067	210.763.280
1. Retained earnings	<b>073</b>	189.346.067	210.763.280
2. Accumulated loss	<b>074</b>		
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	<b>075</b>	22.330.023	17.047.473
1. Profit for the current year	<b>076</b>	22.330.023	17.047.473
2. Loss for the current year	<b>077</b>		0
VII. MINORITY INTEREST	<b>078</b>		
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	<b>1.770.801</b>	<b>1.631.993</b>
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>	<b>23.668.594</b>	<b>23.327.894</b>
1. Liabilities to related parties	<b>084</b>		
2. Liabilities for loans, deposits etc.	<b>085</b>	23.668.594	23.327.894
3. Liabilities to banks and other financial institutions	<b>086</b>		
4. Liabilities for received prepayments	<b>087</b>		
5. Accounts payable	<b>088</b>		
6. Liabilities arising from debt securities	<b>089</b>		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>090</b>		
8. Other long-term liabilities	<b>091</b>		
9. Deferred tax liability	<b>092</b>		
<b>D) SHORT - TERM LIABILITIES (094 to 105)</b>	<b>093</b>	<b>175.374.464</b>	<b>169.878.928</b>
1. Liabilities to related parties	<b>094</b>		
2. Liabilities for loans, deposits etc.	<b>095</b>	61.977.942	60.717.521
3. Liabilities to banks and other financial institutions	<b>096</b>	104.888.257	102.010.496
4. Liabilities for received prepayments	<b>097</b>	138.844	138.844
5. Accounts payable	<b>098</b>	330.142	388.579
6. Liabilities arising from debt securities	<b>099</b>		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>100</b>		
8. Liabilities to employees	<b>101</b>	4.062.701	2.403.240
9. Liabilities for taxes, contributions and similar fees	<b>102</b>	4.058	
10. Liabilities to share - holders	<b>103</b>	2.538.293	2.535.040
11. Liabilities for long term assets held for sale	<b>104</b>		
12. Other short - term liabilities	<b>105</b>	1.434.227	1.685.208
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>106</b>	<b>918</b>	<b>1.655</b>
<b>F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	<b>753.842.373</b>	<b>807.316.449</b>
<b>G) OFF-BALANCE SHEET NOTES</b>	<b>108</b>		
<b>APPENDIX TO BALANCE SHEET (only for consolidated financial statements)</b>			
<b>A) CAPITAL AND RESERVES</b>			
1. Attributed to equity holders of parent company	<b>109</b>		
2. Attributed to minority interests	<b>110</b>		

**PROFIT AND LOSS ACCOUNT**  
for period 01.01.2015. 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>	<b>18.135.749</b>	<b>7.084.156</b>	<b>17.410.403</b>	<b>5.705.098</b>
1. Sales revenues	112	16.608.187	5.576.602	17.234.614	5.557.722
2. Other operating revenues	113	1.527.562	1.507.554	175.789	147.376
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	<b>10.410.722</b>	<b>3.275.290</b>	<b>10.502.605</b>	<b>3.496.629</b>
1. Changes in the value of work in progress and finished goods	115		0		
2. Material costs (117 to 119)	116	505.585	151.010	504.567	181.975
a) Raw material and material costs	117	142.439	33.528	145.428	52.562
b) Costs of goods sold	118		0		
c) Other external costs	119	363.146	117.482	359.139	129.413
3. Staff costs (121 to 123)	120	7.363.553	2.484.755	7.407.256	2.544.452
a) Net salaries and wages	121	3.725.798	1.250.958	3.797.275	1.282.189
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	110.655	36.301	107.841	33.762
5. Other costs	125	2.430.929	603.224	2.482.941	736.440
6. Impairment (127+128)	126		0		
a) Impairment of long-term assets (excluding financial assets)	127		0		
b) Impairment of short-term assets (excluding financial assets)	128		0		
7. Provisions	129		0		
8. Other operating expenses	130		0		
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	<b>21.989.949</b>	<b>18.400.325</b>	<b>25.452.223</b>	<b>1.101.581</b>
1. Interest income, foreign exchange gains, dividends and similar income from related parties	132		0		
2. Interest income, foreign exchange gains, dividends and similar income from non-related	133	21.989.949	18.400.325	25.452.223	1.101.581
3. Share in income from affiliated entrepreneurs and participating interests	134		0		
4. Unrealized gains (income) from financial assets	135		0		
5. Other financial income	136		0		
<b>IV. FINANCIAL EXPENSES (138 to 141)</b>	<b>137</b>	<b>8.572.230</b>	<b>3.440.819</b>	<b>15.075.320</b>	<b>8.592.322</b>
1. Interest expenses, foreign exchange losses and similar expenses from related parties	138		0		
2. Interest expenses, foreign exchange losses and similar expenses from non - related parties	139	8.572.230	3.440.819	15.075.320	8.592.322
3. Unrealized losses (expenses) on financial assets	140		0		
4. Other financial expenses	141		0		
<b>V. INCOME FROM INVESTMENT SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS</b>	<b>142</b>		0		
<b>VI. LOSS FROM INVESTMENT SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS</b>	<b>143</b>		0		
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>		0		
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>		0		
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	<b>40.125.698</b>	<b>25.484.481</b>	<b>42.862.626</b>	<b>6.806.679</b>
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	<b>18.982.952</b>	<b>6.716.109</b>	<b>25.577.925</b>	<b>12.088.951</b>
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	<b>21.142.746</b>	<b>18.768.372</b>	<b>17.284.701</b>	<b>-5.282.272</b>
1. Profit before taxation (146-147)	149	21.142.746		17.284.701	0
2. Loss before taxation (147-146)	150	0	0	0	5.282.272
<b>XII. PROFIT TAX</b>	<b>151</b>		0	<b>237.228</b>	<b>79.076</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	<b>21.142.746</b>	<b>18.768.372</b>	<b>17.047.473</b>	<b>-5.361.348</b>
1. Profit for the period(149-151)	153	21.142.746		17.047.473	0
2. Loss for the period (151-148)	154	0	0	0	5.361.348
<b>APPENDIX TO P&amp;L (only for consolidated financial statements)</b>					
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributed to equity holders of parent company	155				
2. Attributed to minority interests	156				
<b>STATEMENT OF COMPREHENSIVE INCOME (IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	<b>21.142.746</b>	<b>18.768.372</b>	<b>17.047.473</b>	<b>-5.361.348</b>
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)</b>	<b>158</b>	<b>36.407.175</b>	<b>35.370.673</b>	<b>42.373.805</b>	<b>1.867.746</b>
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>	<b>7.281.435</b>	<b>7.074.135</b>	<b>8.474.761</b>	<b>373.549</b>
<b>IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	<b>29.125.740</b>	<b>28.296.538</b>	<b>33.899.044</b>	<b>1.494.197</b>
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)</b>	<b>168</b>	<b>50.268.486</b>	<b>47.064.910</b>	<b>50.946.517</b>	<b>-3.867.151</b>
<b>APPENDIX to Statement of comprehensive income (only for consolidated financial statements)</b>					
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b>					
1. Attributed to equity holders of parent company	169				
2. Attributed to minority interests	170				

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

<b>Company: ULJANIK PLOVIDBA D.D.</b>			
Position	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	001	21.142.746	17.284.701
2. Depreciation	002	110.655	107.841
3. Increase in short-term liabilities	003	825.851	
4. Decrease in short term receivables	004		
5. Decrease in inventories	005		
6. Other cash flow increases	006	1.781	1.086
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>22.081.033</b>	<b>17.393.628</b>
1. Decrease in short - term liabilities	008		1.357.355
2. Increase in short - term receivables	009	14.829.986	6.532.942
3. Increase in inventories	010		
4. Other cash flow decreases	011	19.918	375.300
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>14.849.904</b>	<b>8.265.597</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	<b>7.231.129</b>	<b>9.128.031</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	<b>0</b>	<b>0</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash flow from sale of long - term tangible and intangible assets	015		
2. Cash inflows from sale of equity and debt financial instruments	016		
3. Interest receipts	017		
4. Dividend receipts	018		
5. Other cash inflows from investing activities	019		
<b>III. Total cash inflows from investing activities(015 to 019)</b>	<b>020</b>	<b>0</b>	<b>0</b>
1. Cash outflows for purchase of long - term tangible and intangible assets	021	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>0</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020)</b>	<b>026</b>	<b>49.723</b>	<b>38.190</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	6.941.065	2.575.323
3. Other cash inflows from financing activities	029		27.106
<b>V. Total cash inflows from financing activities (027 to 029)</b>	<b>030</b>	<b>6.941.065</b>	<b>2.602.429</b>
1. Cash outflows for repayment of loans and bonds	031	11.933.428	7.054.204
2. Dividends paid	032		
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034	581.093	
5. Other cash outflows from financing activities	035	2.000.000	4.622.125
<b>VI. Total cash outflows from financing activities (031 do 035)</b>	<b>036</b>	<b>14.514.521</b>	<b>11.676.329</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	<b>0</b>	<b>0</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	<b>7.573.456</b>	<b>9.073.900</b>
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	0	15.941
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	392.050	0
Cash and cash equivalents at the beginning of period	041	416.520	27.871
Increase in cash and cash equivalents	042	0	15.941
Decrease in cash and cash equivalents	043	392.050	0
Cash and cash equivalents at the end of period	044	24.470	43.812

**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>	189.346.067	210.763.280
5. Profit / loss for the current year	<b>005</b>	22.330.023	17.047.473
6. Revaluation of long - term tangible assets	<b>006</b>		
7. Revaluation of intangible assets	<b>007</b>		
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>	553.027.596	612.475.979
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>	21.539.607	17.074.578
<b>17. Total increase or decrease in capital (AOP 011 to 016)</b>	<b>017</b>	86.590.618	59.448.383
17 a. Attributed to equity holders of parent company	<b>018</b>		
17 b. Attributed to minority interest	<b>019</b>		

Items decreasing the capital are entered with a negative number sign

Data entered under AOP marks 001 to 009 are entered as situation on the Balance Sheet date



## NOTES TO THE FINANCIAL STATEMENTS AS AT 30.09.2015

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### GENERAL INFORMATION

ULJANIK PLOVIDBA, pomorski promet, d.d. Pula, was established in Croatia. The Company is registered at the Commercial Court in Pazin.

Uljanik Plovidba d.d. Pula is the 100% owner of its subsidiary UNITED SHIPPING SERVICES ONE INC., registered in Liberia and the 100% owner of the company REAL d.o.o., Pula.

The ownership structure as at 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 Company had 34 employees (2014: 32).

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

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

1. Operating income for the period I-IX 2015 is slightly lower with respect to the comparative period in 2014 due to the income generated from insurance payout in the third quarter of 2014.
2. Financial income and financial expenses have increased in the current period in relation to the comparative period of 2014 as a result of the increase in the dollar exchange rate.
3. The investment into the foreign subsidiary has been adjusted into its counter-value in HRK according to the mean rate of exchange for the USD as at 30<sup>th</sup> September 2015.
4. The long-term loans in foreign currency have been expressed in their equivalent value in HRK according to the mean rate of exchange of the Croatian National Bank as at 30<sup>th</sup> September 2015.

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30.09.2015

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5. In the period I-IX 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. 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.
7. Revaluation reserves that were created on the basis of the adjustment of the investment in the foreign subsidiary, at the mean rate of exchange for the USD as at 30<sup>th</sup> September 2015, amount to 135,193 thousand HRK.

For ULJANIK PLOVIDBA d.d. 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, 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

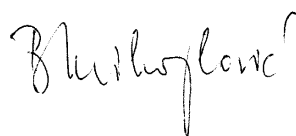
## **STATEMENT OF THE PERSONS RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS**

According to the best of our knowledge:

Unaudited financial reports of ULJANIK PLOVIDBA d.d. 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 the Company.

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