



GROUP ULJANIK PLOVIDBA

CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD

JANUARY - MARCH 2016

Pula, April 2016

CONTENT:

**Consolidated Financial Statements of GROUP ULJANIK PLOVIDBA
(unaudited) for the period January – March 2016**

Notes

Management Report

Statement of the persons responsible for preparing Financial Statements

Attachment 1.

Reporting period:

01.01.2016.

to

31.03.2016.

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

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

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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 31.03.2016.

Company: ULJANIK PLOVIDBA D.D.			
Position	AOP	Previous period	Current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED AND NON - PAID CAPITAL	001		
B) LONG - TERM ASSETS (003+010+020+029+033)	002	1.352.029.766	1.265.426.579
I. INTANGIBLE ASSETS (004 to 009)	003	0	0
1. Assets development	004		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	005	0	0
3. Goodwill	006		
4. Prepayments for purchase of intangible assets	007		
5. Intangible assets in preparation	008		
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 to 019)	010	1.336.418.296	1.249.871.094
1. Land	011	121.829	121.829
2. Buildings	012	2.935.036	2.922.374
3. Plant and equipment	013	126.140	113.610
4. Instruments, plant inventories and transportation assets	014	1.330.023.401	1.243.510.943
5. Biological assets	015	3.211.890	3.202.338
6. Prepayments for tangible assets	016	0	0
7. Tangible assets in preparation	017		
8. Other material assets	018		
9. Investment in buildings	019		
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	020	4.861.065	4.861.030
1. Shares (stocks) in related parties	021		
2. Loans given to related parties	022		
3. Participating interests (shares)	023	4.861.065	4.861.030
4. Loans to entrepreneurs in whom the entity hold participating interests	024		
5. Investment in securities	025		
6. Loans, deposits and similar assets	026		
7. Other long - term financial assets	027		
8. Investments accounted by equity method	028		
IV. RECEIVABLES (030 to 032)	029	10.750.405	10.694.455
1. Receivables from related parties	030		
2. Receivables based on trade loans	031		
3. Other receivables	032	10.750.405	10.694.455
V. DEFERRED TAX ASSETS	033		
C) SHORT- TERM ASSETS (035+043+050+058)	034	45.857.921	34.193.228
I. INVENTORIES (036 to 042)	035	4.679.220	3.550.375
1. Raw material	036	4.679.220	3.550.375
2. Work in progress	037		
3. Finished goods	038		
4. Merchandise	039		
5. Prepayments for inventories	040		
6. Long - term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	10.226.616	8.797.773
1. Receivables from related parties	044		
2. Accounts receivable	045	8.645.701	3.617.775
3. Receivables from participating entrepreneurs	046		
4. Receivables from employees and shareholders	047		
5. Receivables from government and other institutions	048	111.108	95.041
6. Other receivables	049	1.469.807	5.084.957
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	050	5.302.677	5.348.544
1. Shares (stocks) in related parties	051		
2. Loans given to related parties	052		
3. Participating interests (shares)	053		
4. Loans to entrepreneurs in whom the entity hold participating interests	054		
5. Investment in securities	055		
6. Loans, deposits and similar assets	056	5.302.677	5.348.544
7. Other financial assets	057		
IV. CASH AT BANK AND IN CASHIER	058	25.649.408	16.496.536
D) PREPAID EXPENSES AND ACCRUED INCOME	059	11.741	6.908
E) TOTAL ASSETS (001+002+034+059)	060	1.397.899.428	1.299.626.715
F) OFF-BALANCE SHEET NOTES	061		

LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	91.579.500	63.069.370
I. SUBSCRIBED CAPITAL	063	232.000.000	232.000.000
II. CAPITAL RESERVES	064	-21.677.477	-21.775.064
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	40.123.672	40.245.019
1. Reserves prescribed by law	066	17.505.676	17.505.676
2. Reserves for treasury stocks	067	36.382.812	36.382.812
3. Treasury stocks and shares (deduction)	068	13.764.816	13.643.469
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071	151.298.132	121.641.301
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	-18.629.325	-453.069.117
1. Retained earnings	073		
2. Accumulated loss	074	18.629.325	453.069.117
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	075	-466.439.518	-18.706.874
1. Profit for the current year	076		
2. Loss for the current year	077	466.439.518	18.706.874
VII. MINORITY INTEREST	078	174.904.016	162.734.105
B) PROVISIONS (080 to 082)	079	1.855.361	1.844.222
1. Provisions for pensions, severance pay and similar liabilities	080	1.855.361	1.844.222
2. Reserves for tax liabilities	081		
3. Other reserves	082		
C) LONG TERM LIABILITIES (084 to 092)	083	1.038.542.892	981.170.631
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits etc.	085		
3. Liabilities to banks and other financial institutions	086	1.038.542.892	981.170.631
4. Liabilities for received prepayments	087		
5. Accounts payable	088		
6. Liabilities arising from debt securities	089		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	090		
8. Other long-term liabilities	091		
9. Deferred tax liability	092		
D) SHORT - TERM LIABILITIES (094 to 105)	093	197.927.946	187.033.240
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits etc.	095		
3. Liabilities to banks and other financial institutions	096	135.247.657	131.563.710
4. Liabilities for received prepayments	097		
5. Accounts payable	098	19.461.946	21.076.119
6. Liabilities arising from debt securities	099	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100		
8. Liabilities to employees	101	2.431.302	2.468.114
9. Liabilities for taxes, contributions and similar fees	102	228	0
10. Liabilities to share - holders	103	2.534.798	2.533.751
11. Liabilities for long term assets held for sale	104		
12. Other short - term liabilities	105	38.252.015	29.391.546
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	67.993.729	66.509.252
F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)	107	1.397.899.428	1.299.626.715
G) OFF-BALANCE SHEET NOTES	108		
APPENDIX TO BALANCE SHEET (only for consolidated financial statements)			
A) CAPITAL AND RESERVES			
1. Attributed to equity holders of parent company	109	-83.324.516	-99.664.735
2. Attributed to minority interests	110	174.904.016	162.734.105

PROFIT AND LOSS ACCOUNT
for period 01.01.2016. to 31.03.2016.

Company: ULJANIK PLOVIDBA D.D.

Position	AOP	Previous period		Current period	
		Cummulative	Periodical	Cummulative	Periodical
1	2	3	4	5	6
I. OPERATING REVENUES (112+113)	111	75.340.077	75.340.077	43.496.699	43.496.699
1. Sales revenues	112	60.969.926	60.969.926	42.331.546	42.331.546
2. Other operating revenues	113	14.370.151	14.370.151	1.165.153	1.165.153
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	71.258.441	71.258.441	47.798.773	47.798.773
1. Changes in the value of work in progress and finished goods	115				
2. Material costs (117 to 119)	116	8.655.813	8.655.813	8.093.345	8.093.345
a) Raw material and material costs	117	66.019	66.019	66.587	66.587
b) Costs of goods sold	118				
c) Other external costs	119	8.589.794	8.589.794	8.026.758	8.026.758
3. Staff costs (121 to 123)	120	23.354.047	23.354.047	14.803.696	14.803.696
a) Net salaries and wages	121	22.182.958	22.182.958	13.593.808	13.593.808
b) Costs for taxes and contributions from salaries	122	814.916	814.916	844.138	844.138
c) Contributions on gross salaries	123	356.173	356.173	365.750	365.750
4. Depreciation	124	33.869.567	33.869.567	21.174.463	21.174.463
5. Other costs	125	5.379.014	5.379.014	3.727.269	3.727.269
6. Impairment (127+128)	126	0	0	0	0
a) Impairment of long-term assets (excluding financial assets)	127				
b) Impairment of short-term assets (excluding financial assets)	128				
7. Provisions	129	0	0	0	0
8. Other operating expenses	130				
III. FINANCIAL INCOME (132 to 136)	131	22.370.043	22.370.043	1.417.760	1.417.760
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	22.370.043	22.370.043	1.417.760	1.417.760
3. Share in income from affiliated entrepreneurs and participating interests	134				
4. Unrealized gains (income) from financial assets	135				
5. Other financial income	136				
IV. FINANCIAL EXPENSES (138 to 141)	137	8.984.924	8.984.924	19.312.491	19.312.491
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	8.984.924	8.984.924	19.312.491	19.312.491
3. Unrealized losses (expenses) on financial assets	140				
4. Other financial expenses	141				
V. INCOME FROM INVESTMENT SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS	142				
VI. LOSS FROM INVESTMENT SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+142 + 144)	146	97.710.120	97.710.120	44.914.459	44.914.459
X. TOTAL EXPENSES (114+137+143 + 145)	147	80.243.365	80.243.365	67.111.264	67.111.264
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	17.466.755	17.466.755	-22.196.805	-22.196.805
1. Profit before taxation (146-147)	149	17.466.755	17.466.755	0	0
2. Loss before taxation (147-146)	150	0	0	22.196.805	22.196.805
XII. PROFIT TAX	151	79.076	79.076	83.173	83.173
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	17.387.679	17.387.679	-22.279.978	-22.279.978
1. Profit for the period(149-151)	153	17.387.679	17.387.679	0	0
2. Loss for the period (151-148)	154	0	0	22.279.978	22.279.978
APPENDIX TO P&L (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributed to equity holders of parent company	155	19.146.416	19.146.416	-18.706.874	-18.706.874
2. Attributed to minority interests	156	-1.758.737	-1.758.737	-3.573.104	-3.573.104
STATEMENT OF COMPREHENSIVE INCOME (IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	17.387.679	17.387.679	-22.279.978	-22.279.978
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)	158	64.563.657	64.563.657	-29.656.831	-29.656.831
1. Exchange differences on translation of foreign operations	159	64.563.657	64.563.657	-29.656.831	-29.656.831
2. Movements in revaluation reserves of long-term tangible and intangible assets	160				
3. Profit or loss from revaluation of financial assets available for sale	161				
4. Gains or losses on efficient cash flow hedging	162				
5. Gains or losses on efficient hedge of a net investment in foreign countries	163				
6. Share in other comprehensive income / loss of associated companies	164				
7. Actuarial gains / losses on defined benefit plans	165				
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166	12.912.731	12.912.731	-5.931.366	-5.931.366
IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)	167	51.650.926	51.650.926	-23.725.465	-23.725.465
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)	168	69.038.605	69.038.605	-46.005.443	-46.005.443
APPENDIX to Statement of comprehensive income (only for consolidated financial statements)					
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributed to equity holders of parent company	169	70.797.342	70.797.342	-42.432.339	-42.432.339
2. Attributed to minority interests	170	-1.758.737	-1.758.737	-3.573.104	-3.573.104

CASH FLOW STATEMENT - Indirect method
period 01.01.2016. to 31.03.2016.

Company: ULJANIK PLOVIDBA D.D.			
Position	AOP	Previous period	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	001	17.466.755	-22.196.804
2. Depreciation	002	33.869.567	21.174.463
3. Increase in short-term liabilities	003		
4. Decrease in short term receivables	004	0	1.428.842
5. Decrease in inventories	005	264.084	1.128.845
6. Other cash flow increases	006		19.400.057
I. Total increase in cash flow from operating activities (001 to 006)	007	51.600.406	20.935.403
1. Decrease in short - term liabilities	008	5.437.796	7.210.758
2. Increase in short - term receivables	009	2.418.796	0
3. Increase in inventories	010	0	0
4. Other cash flow decreases	011	195.540.613	1.578.790
II. Total decrease in cash flow from operating activities (008 to 011)	012	203.397.205	8.789.548
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	0	12.145.855
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	151.796.799	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash flow from sale of long - term tangible and intangible assets	015	128.561.345	0
2. Cash inflows from sale of equity and debt financial instruments	016		
3. Interest receipts	017		
4. Dividend receipts	018		
5. Other cash inflows from investing activities	019		
III. Total cash inflows from investing activities(015 to 019)	020	128.561.345	0
1. Cash outflows for purchase of long - term tangible and intangible assets	021	19.950	0
2. Cash outflows for purchase of equity and debt financial instruments	022		
3. Other cash outflows from investing activities	023		
IV. Total cash outflows from investing activities (021 to 023)	024	19.950	0
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES(020-024)	025	128.541.395	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020)	026	0	0
CASH FLOW FROM FINANCING ACTIVITIES			
1. Cash receipts from issuance of equity and debt financial instruments	027		
2. Cash inflows from loans, debentures, credits and other borrowings	028	141.972.418	0
3. Other cash inflows from financing activities	029	26.467.242	79.710
V. Total cash inflows from financing activities (027 to 029)	030	168.439.660	79.710
1. Cash outflows for repayment of loans and bonds	031	129.465.475	12.735.763
2. Dividends paid	032		
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034	238.632	0
5. Other cash outflows from financing activities	035		8.642.674
VI. Total cash outflows from financing activities (031 do 035)	036	129.704.107	21.378.437
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	38.735.553	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	038	0	21.298.727
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	15.480.149	0
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	0	9.152.872
Cash and cash equivalents at the beginning of period	041	36.876.409	25.649.408
Increase in cash and cash equivalents	042	15.480.149	0
Decrease in cash and cash equivalents	043	0	9.152.872
Cash and cash equivalents at the end of period	044	52.356.558	16.496.536

STATEMENT OF CHANGES IN EQUITY
from 1.1.2016 to 31.3.2016

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed capital	001	232.000.000	232.000.000
2. Capital reserves	002	-21.677.477	-21.775.064
3. Reserves from profit	003	40.123.672	40.245.019
4. Retained earnings or accumulated loss	004	-18.629.325	-453.069.117
5. Profit / loss for the current year	005	-466.439.518	-18.706.874
6. Revaluation of long - term tangible assets	006		
7. Minority interest	007	174.904.016	162.734.105
8. Revaluation of financial assets available for sale	008	-1.040.000	-1.040.000
9. Other revaluation	009	152.338.132	122.681.301
10. Total capital and reserves (AOP 001 to 009)	010	91.579.500	63.069.370
11. Currency gains and losses arising from net investments in foreign operations	011	59.518.877	-29.656.831
12. Current and deferred taxes (part)	012		
13. Cash flow hedging	013		
14. Changes in accounting policies	014		
15. Correction of significant errors in prior periods	015		
16. Other changes in capital	016	-480.514.918	1.146.701
17. Total increase or decrease in capital (AOP 011 to 016)	017	-420.996.041	-28.510.130
17 a. Attributed to equity holders of parent company	018	-429.860.838	-16.340.219
17 b. Attributed to minority interest	019	8.864.797	-12.169.911

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 31.03.2016

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 31st March 2016 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 31st March 2016 the Group had 34 employees (2015: 35).

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
31.03.2016**

1. Operating income for the first quarter of 2016 amounts to 43.5 mil HRK while in the same period of 2015, it amounted to 75.3 mil HRK. Freight revenues in the HRK counter value have been decreased in comparison to the same period of 2015 due to the lower number of vessels in 2016, lower freight rates in the bulk sector and decreased exchange rate of the USD. 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 2015 due to lower number of vessels and due to the conversion of USD amounts into HRK according to the decreased exchange rate in the current quarter.
3. Financial income in the first quarter of 2016 has decreased significantly in comparison to the same period of 2015 while financial expenses for the first quarter of 2016 are increased significantly due to foreign exchange losses accrued in the current period as a result of decreased USD exchange rate.
4. As at 31.03.2016 the book value of the vessels amounts to 187.0 mil USD (1,243.5 mil HRK).
5. In the period from 1.01. to 31.03.2016 the Company purchased treasury shares in the total amount of 30.8 thousand HRK and disposed of treasury shares in the amount of 152.2 thousand HRK.
6. Revaluation reserves have been decreased for 29,659 thousand HRK with respect to balance as at 31.12.2015 which amount corresponds to the adjustment of the investment in the foreign subsidiary at the mean rate of exchange for USD as at 31.03.2016.
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 31st March 2016.
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 31st March 2016.
9. In the period from January-March 2016 the applicable amount of income from grants from previous years in the amount of 1,137 thousand HRK was recorded

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT
31.03.2016**

with the proportional decrease of the deferred income, in accordance with the deferred income recognition plan.

10. The minority in equity as at 31st March 2016 in the amount of 162.7 mil USD refers to the ownership of ULJANIK Group Pula in foreign companies United Shipping Services Twelve Inc. and United Shipping Services Thirteen Inc.

For the GROUP ULJANIK PLOVIDBA Pula



Dragutin Pavletić
Director of ULJANIK PLOVIDBA d.d.

Pula, 29th April 2016

MANAGEMENT REPORT FOR THE PERIOD 01-03/2016

The business activity of ULJANIK PLOVIDBA (the Company) and its foreign subsidiaries in the first quarter of 2016 was with full employment of vessels and high functioning management system. The first quarter was characterized by further deepening of the crisis in dry cargo sector which reached a 30-year historic minimum with an extremely low freight rates, and a stable level of freights in tankers products transport. Unfortunately, economic developments in China have a direct impact on the exchange of goods, while we assess encouraging economic developments in America and Europe, under the direct influence of monetary stimulus. The low dry cargo market has resulted in:

- increased activity on disposal of ships, and so far there have been scrapped about 17 million DWT of bulkers (in comparison with 30 million DWT in the whole 2015);
- reduction in the total number of orders for this kind of ships and the postponement of deadlines for delivery of the ships under construction;
- increased number of laid up vessels;
- reduction in shipbuilding capacity;

and this will undeniably have a positive effect on developments in this segment in the incoming period.

In this period the Company:

- a) achieved a positive consolidated EBITDA of HRK 16,872,888,
- b) generated a consolidated loss of 18.7 mil HRK as a direct result of financial expenses - foreign exchange losses due to decreased rate of exchange for USD in relation to the same period of 2015 (19.3 mil HRK),
- c) realized lower total income as a result of the lower number of vessels, low freight rates in dry cargo sector as well as dry docking of two vessels (Pomer and Levan). Total income was positively influenced by the results of the tanker fleet,
- d) reduced total operating costs of the vessels while increasing costs related to the dry docking of two vessels,
- e) maintained constant employment of vessels with the continuation of the Company's fleet high efficiency trend,
- f) retained the proper liquidity,
- g) decreased its overall credit exposure and fulfilled all its loan payment obligations,
- h) 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,
- i) maintained high efficiency of vessels' management, including management for other ship owners
- j) collected all contracted freights from the Charterers of all vessels,

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

1. COMMERCIAL ASPECT

Sales revenues for the period I-III 2016 were 42.3 mil HRK, compared to 60,0 mil HRK in the same period of 2015. Sales income has been under strong impact of the lower number of vessels, lower freight rates of the bulk sector and higher revenues in the sector of tankers. The operating result was influenced negatively by dry docking expenses of two vessels.

2. PERSONNEL

As at 31.03.2016 the Company had 34 employees.

3. TECHNICAL ASPECT

In the period January-March 2016 product tanker Pomer underwent dry docking in Singapore while bulk carrier Levan underwent dry docking in China and there were no technical problems on board. We especially emphasize that increased wear-out of the cylinder liners on the main engines occur due to the frequent use of marine diesel oil in protected (ECA) areas. 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 2016, the Company acquired treasury shares in accordance with art. 233, section 3 of the Companies Act. The company acquired treasury shares in the amount of 30.8 thousand HRK and disposed of treasury shares in the amount of 152.2 thousand HRK.

5. IMPORTANT EVENTS IN 2016

In the period January-March 2016 apart from the usual activities, there was no business event that should be specifically mentioned.

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, 29th April 2016



Dragutin Pavletić, Director

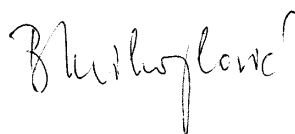
STATEMENT OF THE PERSONS RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

According to the best of our knowledge:

The unaudited consolidated financial reports of GROUP ULJANIK PLOVIDBA for the period January – March 2016, 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 2016 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, 29th April, 2016