



ULJANIK PLOVIDBA d.d.

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD

JANUARY - MARCH 2016

Pula, April 2016

CONTENT:

Financial Statements of ULJANIK PLOVIDBA d.d.
(unaudited) for the period January – March 2016

Notes

Management Report

Statement of the persons responsible for preparing Financial Statements

Attachment 1.

Reporting period:

1.1.2016

to

31.3.2016

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Quarterly financial statement of the entrepreneur - TFI-PODTax 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 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	625.669.652	595.931.679
I. INTANGIBLE ASSETS (004 to 009)	003		
1. Assets development	004		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	005		
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	3.183.005	3.157.813
1. Land	011	121.829	121.829
2. Buildings	012	2.935.036	2.922.374
3. Plant and equipment	013	86.621	75.888
4. Instruments, plant inventories and transportation assets	014	39.519	37.722
5. Biological assets	015		
6. Prepayments for tangible assets	016		
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	611.736.242	582.079.411
1. Shares (stocks) in related parties	021	609.084.339	579.427.542
2. Loans given to related parties	022		
3. Participating interests (shares)	023	2.088.944	2.088.910
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	562.959	562.959
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	10.750.405	10.694.455
3. Other receivables	032		
V. DEFERRED TAX ASSETS	033		
C) SHORT- TERM ASSETS (035+043+050+058)	034	204.732.917	194.412.638
I. INVENTORIES (036 to 042)	035	0	0
1. Raw material	036		
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	130.850.463	123.886.146
1. Receivables from related parties	044	97.924.601	93.042.227
2. Accounts receivable	045	32.393.900	30.381.412
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	420.854	367.466
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	050	73.814.796	70.496.448
1. Shares (stocks) in related parties	051		
2. Loans given to related parties	052	70.112.120	66.747.904
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	3.702.676	3.748.544
7. Other financial assets	057		
IV. CASH AT BANK AND IN CASHIER	058	67.658	30.044
D) PREPAID EXPENSES AND ACCRUED INCOME	059	11.741	6.908
E) TOTAL ASSETS (001+002+034+059)	060	830.414.310	790.351.225
F) OFF-BALANCE SHEET NOTES	061		

LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	635.716.615	597.881.713
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	210.763.280	233.972.288
1. Retained earnings	073	210.763.280	233.972.288
2. Accumulated loss	074		
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	075	23.209.008	-8.201.831
1. Profit for the current year	076	23.209.008	
2. Loss for the current year	077		8.201.831
VII. MINORITY INTEREST	078		
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	93.241.491	92.391.883
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits etc.	085	93.241.491	92.391.883
3. Liabilities to banks and other financial institutions	086		
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	99.252.690	98.232.590
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits etc.	095	57.960.521	57.960.521
3. Liabilities to banks and other financial institutions	096	33.788.066	32.242.167
4. Liabilities for received prepayments	097	138.844	138.844
5. Accounts payable	098	596.517	777.071
6. Liabilities arising from debt securities	099		
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		
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	1.802.642	2.112.122
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	348.153	817
F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)	107	830.414.310	790.351.225
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		
2. Attributed to minority interests	110		

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	5.928.281	5.928.281	5.233.429	5.233.429
1. Sales revenues	112	5.928.281	5.928.281	5.205.379	5.205.379
2. Other operating revenues	113			28.050	28.050
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	3.336.866	3.336.866	3.900.903	3.900.903
1. Changes in the value of work in progress and finished goods	115				
2. Material costs (117 to 119)	116	171.604	171.604	289.615	289.615
a) Raw material and material costs	117	60.942	60.942	66.587	66.587
b) Costs of goods sold	118				
c) Other external costs	119	110.662	110.662	223.028	223.028
3. Staff costs (121 to 123)	120	2.424.442	2.424.442	2.530.194	2.530.194
a) Net salaries and wages	121	1.253.353	1.253.353	1.320.306	1.320.306
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	37.646	37.646	25.192	25.192
5. Other costs	125	703.174	703.174	1.055.902	1.055.902
6. Impairment (127+128)	126				
a) Impairment of long-term assets (excluding financial assets)	127				
b) Impairment of short-term assets (excluding financial assets)	128				
7. Provisions	129				
8. Other operating expenses	130				
III. FINANCIAL INCOME (132 to 136)	131	22.573.372	22.573.373	2.295.730	2.295.730
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	22.573.372	22.573.373	2.295.730	2.295.730
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	2.597.854	2.597.855	11.746.914	11.746.914
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	2.597.854	2.597.855	11.746.914	11.746.914
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	28.501.653	28.501.654	7.529.159	7.529.159
X. TOTAL EXPENSES (114+137+143 + 145)	147	5.934.720	5.934.721	15.647.817	15.647.817
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	22.566.933	22.566.933	-8.118.658	-8.118.658
1. Profit before taxation (146-147)	149	22.566.933	22.566.933	0	0
2. Loss before taxation (147-146)	150	0	0	8.118.658	8.118.658
XII. PROFIT TAX	151	79.076	79.076	83.173	83.173
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	22.487.857	22.487.857	-8.201.831	-8.201.831
1. Profit for the period(149-151)	153	22.487.857	22.487.857	0	0
2. Loss for the period (151-148)	154	0	0	8.201.831	8.201.831
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				
2. Attributed to minority interests	156				
STATEMENT OF COMPREHENSIVE INCOME (IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	22.487.857	22.487.857	-8.201.831	-8.201.831
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	74.138.783	74.138.783	-31.927.296	-31.927.296
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				
2. Attributed to minority interests	170				

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	22.566.933	-8.118.658
2. Depreciation	002	37.646	25.192
3. Increase in short-term liabilities	003		525.798
4. Decrease in short term receivables	004		6.964.316
5. Decrease in inventories	005		
6. Other cash flow increases	006	792	
I. Total increase in cash flow from operating activities (001 to 006)	007	22.605.371	-603.352
1. Decrease in short - term liabilities	008	105.397	
2. Increase in short - term receivables	009	14.295.848	
3. Increase in inventories	010		
4. Other cash flow decreases	011	86.663	436.814
II. Total decrease in cash flow from operating activities (008 to 011)	012	14.487.908	436.814
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	8.117.463	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	0	1.040.166
CASH FLOW FROM INVESTING ACTIVITIES			
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		
III. Total cash inflows from investing activities(015 to 019)	020	0	0
1. Cash outflows for purchase of long - term tangible and intangible assets	021	19.950	
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	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020)	026	19.950	0
CASH FLOW FROM FINANCING ACTIVITIES			
1. Cash receipts from issuance of equity and debt financial instruments	027		
2. Cash inflows from loans, debentures, credits and other borrowings	028	2.418.033	
3. Other cash inflows from financing activities	029		3.398.059
V. Total cash inflows from financing activities (027 to 029)	030	2.418.033	3.398.059
1. Cash outflows for repayment of loans and bonds	031	10.269.413	2.395.507
2. Dividends paid	032		
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034	238.632	
5. Other cash outflows from financing activities	035		
VI. Total cash outflows from financing activities (031 do 035)	036	10.508.045	2.395.507
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	0	1.002.552
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	038	8.090.012	0
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	7.501	0
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	0	37.614
Cash and cash equivalents at the beginning of period	041	27.871	67.658
Increase in cash and cash equivalents	042	7.501	0
Decrease in cash and cash equivalents	043	0	37.614
Cash and cash equivalents at the end of period	044	35.372	30.044

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	210.763.280	233.972.288
5. Profit / loss for the current year	005	23.209.008	-8.201.831
6. Revaluation of long - term tangible assets	006		
7. Revaluation of intangible assets	007		
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	635.716.615	597.881.713
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	23.170.142	-8.178.071
17. Total increase or decrease in capital (AOP 011 to 016)	017	82.689.019	-37.834.902
17 a. Attributed to equity holders of parent company	018		
17 b. Attributed to minority interest	019		

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 31.03.2016

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 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 Company had 34 employees (2015: 35).

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 first quarter of 2015 are lower with respect to the same period in 2015 due to the translation of foreign income at the lower exchange rate of the USD, while operating expenses are slightly higher compared with the same period of 2015.
2. Financial income has decreased significantly in the first quarter of 2016 while financial expenses have increased significantly compared to 2015 due to the decrease in the rate of exchange for USD which caused high foreign exchange losses accrued in the current period.
3. The Investment in the foreign subsidiary United Shipping Services One Inc. has been translated into its counter-value in HRK according to the mean rate of exchange for the USD at 31st March 2016.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.03.2016

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 31st March 2016.

5. In the first quarter of 2016 the Company purchased treasury shares in the total amount of 30.9 thousand HRK and disposed of treasury shares in the amount of 152.2 thousand HRK.

6. Revaluation reserves after an adjustment of the investment in the foreign subsidiary by the mean rate of exchange for the USD as at 31st March 2016, amount to 121,641 thousand HRK.

For ULJANIK PLOVIDBA d.d. Pula

A handwritten signature in black ink, appearing to read 'D. Pavletić', with a large, stylized initial 'D'.

Dragutin Pavletić
Director of ULJANIK PLOVIDBA d.d.

Pula, 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

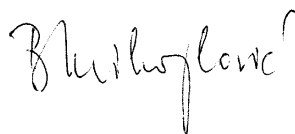
STATEMENT OF THE PERSONS RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

According to the best of our knowledge:

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

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