



ULJANIK PLOVIDBA d.d.

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD

JANUARY - SEPTEMBER 2016

Pula, October 2016

CONTENT:

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

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Management Report

Statement of the persons responsible for preparing Financial Statements

Attachment 1.

Reporting period:

18

1.1.2016

to

30.9.2016

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 **33**

(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 30.09.2016.

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	875.940.336
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	3.128.934
1. Land	011	121.829	121.829
2. Buildings	012	2.935.036	2.897.050
3. Plant and equipment	013	86.621	108.363
4. Instruments, plant inventories and transportation assets	014	39.519	1.692
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	615.990.799
1. Shares (stocks) in related parties	021	609.084.339	583.572.665
2. Loans given to related parties	022		
3. Participating interests (shares)	023	2.088.944	2.088.915
4. Loans to entrepreneurs in whom the entity hold participating interests	024		
5. Investment in securities	025		
6. Loans, deposits and similar assets	026		29.766.260
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	256.820.603
1. Receivables from related parties	030		246.436.017
2. Receivables based on trade loans	031	10.750.405	10.384.586
3. Other receivables	032		
V. DEFERRED TAX ASSETS	033		
C) SHORT- TERM ASSETS (035+043+050+058)	034	204.732.917	195.227.406
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	119.951.019
1. Receivables from related parties	044	97.924.601	93.921.242
2. Accounts receivable	045	32.393.900	25.502.323
3. Receivables from participating entrepreneurs	046		
4. Receivables from employees and shareholders	047		
5. Receivables from government and other institutions	048	111.108	177.738
6. Other receivables	049	420.854	349.716
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	050	73.814.796	75.191.641
1. Shares (stocks) in related parties	051		
2. Loans given to related parties	052	70.112.120	71.811.519
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	3.380.122
7. Other financial assets	057		
IV. CASH AT BANK AND IN CASHIER	058	67.658	84.746
D) PREPAID EXPENSES AND ACCRUED INCOME	059	11.741	8.272
E) TOTAL ASSETS (001+002+034+059)	060	830.414.310	1.071.176.014
F) OFF-BALANCE SHEET NOTES	061		

LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	635.716.615	604.930.718
I. SUBSCRIBED CAPITAL	063	232.000.000	232.000.000
II. CAPITAL RESERVES	064	-21.677.477	-21.847.769
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	40.123.672	41.464.017
1. Reserves prescribed by law	066	17.505.676	18.666.125
2. Reserves for treasury stocks	067	36.382.812	36.382.812
3. Treasury stocks and shares (deduction)	068	13.764.816	13.584.920
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071	151.298.132	120.286.429
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	210.763.280	232.811.838
1. Retained earnings	073	210.763.280	232.811.838
2. Accumulated loss	074		
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	075	23.209.008	216.203
1. Profit for the current year	076	23.209.008	216.203
2. Loss for the current year	077		
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 to 082)	079	1.855.361	1.805.979
1. Provisions for pensions, severance pay and similar liabilities	080	1.855.361	1.805.979
2. Reserves for tax liabilities	081		
3. Other reserves	082		
C) LONG TERM LIABILITIES (084 to 092)	083	93.241.491	362.134.269
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits etc.	085		29.766.260
3. Liabilities to banks and other financial institutions	086	93.241.491	332.368.009
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	102.303.376
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	35.741.918
4. Liabilities for received prepayments	097	138.844	138.844
5. Accounts payable	098	596.517	842.307
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	2.399.280
9. Liabilities for taxes, contributions and similar fees	102		
10. Liabilities to share - holders	103	2.534.798	2.529.640
11. Liabilities for long term assets held for sale	104		
12. Other short - term liabilities	105	1.802.642	2.690.866
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	348.153	1.672
F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)	107	830.414.310	1.071.176.014
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 30.09.2016.

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	17.410.403	5.705.098	15.410.618	5.229.120
1. Sales revenues	112	17.234.614	5.557.722	15.138.638	5.058.039
2. Other operating revenues	113	175.789	147.376	271.980	171.081
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	10.502.605	3.496.629	10.847.434	3.489.874
1. Changes in the value of work in progress and finished goods	115				
2. Material costs (117 to 119)	116	504.567	181.975	803.880	265.068
a) Raw material and material costs	117	145.428	52.562	193.026	59.816
b) Costs of goods sold	118				
c) Other external costs	119	359.139	129.413	610.854	205.252
3. Staff costs (121 to 123)	120	7.407.256	2.544.452	7.451.122	2.405.558
a) Net salaries and wages	121	3.797.275	1.282.189	3.878.611	1.257.211
b) Costs for taxes and contributions from salaries	122	2.517.409	883.785	2.490.555	799.189
c) Contributions on gross salaries	123	1.092.572	378.478	1.081.956	349.158
4. Depreciation	124	107.841	33.762	73.201	24.208
5. Other costs	125	2.482.941	736.440	2.519.231	795.040
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	25.452.223	1.101.581	11.696.649	0
1. Interest income, foreign exchange gains, dividends and similar income from related	132				
2. Interest income, foreign exchange gains, dividends and similar income from non-	133	25.452.223	1.101.581	11.696.649	
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	15.075.320	8.592.322	15.794.110	1.849.574
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	139	15.075.320	8.592.322	15.794.110	1.849.574
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	42.862.626	6.806.679	27.107.267	5.229.120
X. TOTAL EXPENSES (114+137+143 + 145)	147	25.577.925	12.088.951	26.641.544	5.339.448
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	17.284.701	-5.282.272	465.723	-110.328
1. Profit before taxation (146-147)	149	17.284.701	0	465.723	0
2. Loss before taxation (147-146)	150	0	5.282.272	0	110.328
XII. PROFIT TAX	151	237.228	79.076	249.520	83.173
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	17.047.473	-5.361.348	216.203	-193.501
1. Profit for the period(149-151)	153	17.047.473	0	216.203	0
2. Loss for the period (151-148)	154	0	5.361.348	0	193.501
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	17.047.473	-5.361.348	216.203	-193.501
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)	158	42.373.805	1.867.746	-31.011.703	-9.224.681
1. Exchange differences on translation of foreign operations	159	42.373.805	1.867.746	-31.011.703	-9.224.681
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	8.474.761	373.549	-6.202.340	-1.844.936
IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)	167	33.899.044	1.494.197	-24.809.363	-7.379.745
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)	168	50.946.517	-3.867.151	-24.593.160	-7.573.246
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 30.09.2016.

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	17.284.701	465.723
2. Depreciation	002	107.841	73.201
3. Increase in short-term liabilities	003		1.096.834
4. Decrease in short term receivables	004		5.399.444
5. Decrease in inventories	005		
6. Other cash flow increases	006	1.086	
I. Total increase in cash flow from operating activities (001 to 006)	007	17.393.628	7.035.202
1. Decrease in short - term liabilities	008	1.357.355	
2. Increase in short - term receivables	009	6.532.942	
3. Increase in inventories	010		
4. Other cash flow decreases	011	375.300	641.915
II. Total decrease in cash flow from operating activities (008 to 011)	012	8.265.597	641.915
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	9.128.031	6.393.287
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	0	0
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	38.190	19.129
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	38.190	19.129
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	38.190	19.129
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	2.575.323	
3. Other cash inflows from financing activities	029	27.106	9.603
V. Total cash inflows from financing activities (027 to 029)	030	2.602.429	9.603
1. Cash outflows for repayment of loans and bonds	031	7.054.204	6.366.673
2. Dividends paid	032		
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034		
5. Other cash outflows from financing activities	035	4.622.125	
VI. Total cash outflows from financing activities (031 do 035)	036	11.676.329	6.366.673
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	038	9.073.900	6.357.070
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	15.941	17.088
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	0	0
Cash and cash equivalents at the beginning of period	041	27.871	67.658
Increase in cash and cash equivalents	042	15.941	17.088
Decrease in cash and cash equivalents	043	0	0
Cash and cash equivalents at the end of period	044	43.812	84.746

STATEMENT OF CHANGES IN EQUITY
from 1.1.2016 to 30.9.2016

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	-21.847.769
3. Reserves from profit	003	40.123.672	41.464.017
4. Retained earnings or accumulated loss	004	210.763.280	232.811.838
5. Profit / loss for the current year	005	23.209.008	216.203
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	121.326.429
10. Total capital and reserves (AOP 001 to 009)	010	635.716.615	604.930.718
11. Currency gains and losses arising from net investments in foreign operations	011	59.518.877	-31.011.703
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	225.806
17. Total increase or decrease in capital (AOP 011 to 016)	017	82.689.019	-30.785.897
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 30.09.2016

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 30th September 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 30th September 2016 the Company had 33 employees (2015: 34).

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 nine months of 2016 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.
2. Financial income has decreased significantly in the period I-IX 2016 compared to the same period of 2015 due to the decrease in the rate of exchange for USD. In the period I-IX 2016 the Company realized net financial expenses of 4.1 mil HRK while in the same period of 2015 the Company realized net financial income of 10.4 mil HRK.
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 30th September 2016.

NOTES TO THE FINANCIAL STATEMENTS AS AT 30.09.2016

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 30th September 2016. By conclusion of the syndicated loan with Zagrebačka banka and Croatian Bank for Reconstruction and Development on 3rd August 2016, which refinanced the loans related to the purchase of bulk carriers Veruda and Stoja, the process of restructuring the loan debt of the Company was ended. With the said loan the previous creditors of those vessels which are: Zagrebačka banka, ABN-Amro bank and Credit Suisse have been fully paid. As at 30.09.2016 the total long-term loans amount to 332,368 thousand HRK while at 31.12.2015 they amounted to 93,241 thousand HRK.

5. In the first nine months of 2016 the Company purchased treasury shares in the total amount of 84.0 thousand HRK and disposed of treasury shares in the amount of 263.9 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 30th September 2016, amount to 120,286 thousand HRK.

7. On 30th August 2016 the General Assembly of the Company was held which passed the resolution on the sharing of profit/loss for the year 2015. According to the same resolution, the profit of HRK 23,209,008.36 to be allocated as follows: HRK 1,160,450.41 to legal reserves and HRK 22,048,557.95 to retained profit.

For ULJANIK PLOVIDBA d.d. Pula

A handwritten signature in black ink, appearing to read 'D. Pavletić', is written over a large, faint circular stamp.

Dragutin Pavletić
Director of ULJANIK PLOVIDBA d.d.

Pula, 28th October 2016

MANAGEMENT REPORT FOR THE PERIOD 01-09/2016

The business activity of ULJANIK PLOVIDBA (the Company) and its foreign subsidiaries in the period I-IX 2016 was with full employment of vessels and high functioning management system. The third quarter was characterized by positive trends in the sector of dry cargo, after a long period of historically lowest freight rates, and by decline in freights in the tanker sector. Global economic trends indicate a recovery of the maritime transport by the end of this year, on which will additionally influence:

- increased activity on disposal of ships, and so far there have been scrapped about 26 million DWT of bulkers (in comparison with 30 million DWT in the whole 2015);
- reduction in contracting newbuildings and postponement of delivery of already built ships;
- increased number of laid up vessels;
- reduction in shipbuilding capacity.

In this period the Company:

- a) achieved a positive consolidated EBITDA of HRK 51,733,564 HRK,
- b) generated a consolidated loss of 39.3 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 (net financial expenses in the current period amount to 35.6 mil HRK),
- c) realized lower total income as a result of the lower number of vessels, low freight rates in dry cargo sector, dry docking of two vessels (Pomer and Levan) and replacement of the exhaust gas boiler on the vessel Kastav. Total income was positively influenced by the results of the tanker fleet, as a result of long-term contracts and also by positive effects of operating on the spot market,
- d) retained total operating costs of the vessels while increasing costs related to the dry docking of two vessels, as well as replacement of the exhaust gas boiler on m/t Kastav that caused an off-hire period of two weeks,
- 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-IX 2016 were 134.3 mil HRK, compared to 173.4 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 and a replacement of the boiler on m/t Kastav.

2. PERSONNEL

As at 30th September 2016 the Company had 33 employees.

3. TECHNICAL ASPECT

In the period January-September 2016 product tanker Pomer underwent dry docking in Singapore while bulk carrier Levan underwent dry docking in China. In addition, the complete replacement of the exhaust gas boiler took place on board of m/t Kastav, which lasted two weeks. 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-IX 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 84.0 thousand HRK and disposed of treasury shares in the amount of 263.9 thousand HRK.

5. IMPORTANT EVENTS IN 2016

On 3rd August 2016, in accordance with the Risk sharing model, the Company concluded a syndicated loan with Zagrebačka Banka / Croatian Bank for Reconstruction and Development, in the amount of 39 mil USD. With this loan the Company refinanced the loans related to the purchase of bulk carriers Veruda and Stoja, built in the Uljanik Shipyard in 2011 and 2012. By said loan the previous creditors of those vessels which are: Zagrebačka banka, ABN-Amro bank and Credit Suisse have been fully paid. The loan was granted with a repayment period of 10 years. By concluding this agreement a comprehensive process of restructuring the loan debt of the Company was ended.

On 30th August 2016 the General Assembly of the Company was held which passed the resolution on the sharing of profit/loss for the year 2015. According to the same resolution, the profit of HRK 23,209,008.36 to be allocated as follows: HRK 1,160,450.41 to legal reserves and HRK 22,048,557.95 to retained profit

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, 28th October 2016



Dragutin Pavletić, Director

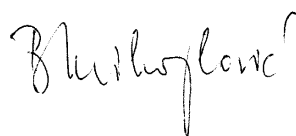
STATEMENT OF THE PERSONS RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

According to the best of our knowledge:

Unaudited financial reports of ULJANIK PLOVIDBA d.d. for the period January – September 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 – September 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, 28th October, 2016