



**ULJANIK PLOVIDBA d.d.**

**UNAUDITED FINANCIAL STATEMENTS**

**FOR THE PERIOD**

**JANUARY - MARCH 2017**

Pula, April 2017

CONTENT:

Financial Statements of ULJANIK PLOVIDBA d.d.  
(unaudited) for the period January – March 2017

Notes

Management Report

Statement of the persons responsible for preparing Financial Statements

**Attachment 1.**

Reporting period:

18

1.1.2017

to

31.3.2017

**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 **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 492555**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 31.03.2017.

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>913.096.773</b>	<b>868.673.419</b>
I. INTANGIBLE ASSETS (004 to 009)	<b>003</b>		
1. Assets development	<b>004</b>		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	<b>005</b>		
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>	3.112.107	3.100.532
1. Land	<b>011</b>	121.829	121.829
2. Buildings	<b>012</b>	2.884.388	2.871.726
3. Plant and equipment	<b>013</b>	72.954	75.524
4. Instruments, plant inventories and transportation assets	<b>014</b>	32.936	31.453
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>	899.659.030	855.306.201
1. Shares (stocks) in related parties	<b>021</b>	624.336.112	603.562.081
2. Loans given to related parties	<b>022</b>	245.566.881	231.287.952
3. Participating interests (shares)	<b>023</b>	1.679.935	1.679.935
4. Loans to entrepreneurs in whom the entity hold participating interests	<b>024</b>	1.600.000	1.600.000
5. Investment in securities	<b>025</b>	823.267	823.243
6. Loans, deposits and similar assets	<b>026</b>	25.089.876	15.790.032
7. Other long - term financial assets	<b>027</b>	562.959	562.958
8. Investments accounted by equity method	<b>028</b>		
IV. RECEIVABLES (030 to 032)	<b>029</b>	10.325.636	10.266.686
1. Receivables from related parties	<b>030</b>		
2. Receivables based on trade loans	<b>031</b>	10.325.636	10.266.686
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>220.988.464</b>	<b>213.448.612</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>	128.540.001	123.780.055
1. Receivables from related parties	<b>044</b>	102.017.658	97.139.303
2. Accounts receivable	<b>045</b>	25.869.121	26.079.891
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>	155.335	171.650
6. Other receivables	<b>049</b>	497.887	389.211
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	<b>050</b>	92.421.477	89.446.118
1. Shares (stocks) in related parties	<b>051</b>		
2. Loans given to related parties	<b>052</b>	88.345.645	85.374.697
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>	4.075.832	4.071.421
7. Other financial assets	<b>057</b>		
IV. CASH AT BANK AND IN CASHIER	<b>058</b>	<b>26.986</b>	<b>222.439</b>
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	<b>6.192</b>	<b>7.037</b>
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	<b>1.134.091.429</b>	<b>1.082.129.068</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>659.754.537</b>	<b>635.254.816</b>
I. SUBSCRIBED CAPITAL	063	232.000.000	232.000.000
II. CAPITAL RESERVES	064	-21.979.230	-22.210.103
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	41.700.199	42.169.822
1. Reserves prescribed by law	066	18.666.126	18.666.126
2. Reserves for treasury stocks	067	36.382.812	36.382.812
3. Treasury stocks and shares (deduction)	068	13.348.739	12.879.116
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071	166.964.163	141.190.108
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	232.811.838	241.069.405
1. Retained earnings	073	232.811.838	241.069.405
2. Accumulated loss	074		
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	075	8.257.567	1.035.584
1. Profit for the current year	076	8.257.567	1.035.584
2. Loss for the current year	077		
VII. MINORITY INTEREST	078		
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	<b>1.794.717</b>	<b>1.763.715</b>
1. Provisions for pensions, severance pay and similar liabilities	080	1.794.717	1.763.715
2. Reserves for tax liabilities	081		
3. Other reserves	082		
<b>C) LONG TERM LIABILITIES (084 to 092)</b>	<b>083</b>	<b>402.623.577</b>	<b>378.196.299</b>
1. Liabilities to related parties	084	26.429.062	17.084.247
2. Liabilities for loans, deposits etc.	085	322.487.653	307.510.190
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	2.122.000	2.017.000
8. Other long-term liabilities	091	51.584.862	51.584.862
9. Deferred tax liability	092		
<b>D) SHORT - TERM LIABILITIES (094 to 105)</b>	<b>093</b>	<b>69.915.865</b>	<b>66.911.961</b>
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits etc.	095	3.477.631	3.477.631
3. Liabilities to banks and other financial institutions	096	55.095.268	53.951.918
4. Liabilities for received prepayments	097	138.844	138.844
5. Accounts payable	098	307.380	703.560
6. Liabilities arising from debt securities	099		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100	420.000	420.000
8. Liabilities to employees	101	2.490.288	2.488.669
9. Liabilities for taxes, contributions and similar fees	102	4.687	
10. Liabilities to share - holders	103	2.528.594	2.528.594
11. Liabilities for long term assets held for sale	104		
12. Other short - term liabilities	105	5.453.173	3.202.745
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>106</b>	<b>2.733</b>	<b>2.277</b>
<b>F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	<b>1.134.091.429</b>	<b>1.082.129.068</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	109		
2. Attributed to minority interests	110		

**PROFIT AND LOSS ACCOUNT**  
for period 01.01.2017. to 31.03.2017.

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>5.233.429</b>	<b>5.233.429</b>	<b>5.258.824</b>	<b>5.258.824</b>
1. Sales revenues	112	5.205.379	5.205.379	5.207.297	5.207.297
2. Other operating revenues	113	28.050	28.050	51.527	51.527
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	<b>3.900.903</b>	<b>3.900.903</b>	<b>3.138.035</b>	<b>3.138.035</b>
1. Changes in the value of work in progress and finished goods	115				
2. Material costs (117 to 119)	116	289.615	289.615	256.407	256.407
a) Raw material and material costs	117	66.587	66.587	82.084	82.084
b) Costs of goods sold	118				
c) Other external costs	119	223.028	223.028	174.323	174.323
3. Staff costs (121 to 123)	120	2.530.194	2.530.194	2.334.473	2.334.473
a) Net salaries and wages	121	1.320.306	1.320.306	1.277.546	1.277.546
b) Costs for taxes and contributions from salaries	122	844.138	844.138	718.287	718.287
c) Contributions on gross salaries	123	365.750	365.750	338.640	338.640
4. Depreciation	124	25.192	25.192	23.803	23.803
5. Other costs	125	1.055.902	1.055.902	523.352	523.352
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				
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	<b>2.295.730</b>	<b>2.295.730</b>	<b>12.897.046</b>	<b>12.897.046</b>
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-related	133	2.295.730	2.295.730	12.897.046	12.897.046
3. Share in income from affiliated entrepreneurs and participating interests	134				
4. Unrealized gains (income) from financial assets	135				
5. Other financial income	136				
<b>IV. FINANCIAL EXPENSES (138 to 141)</b>	<b>137</b>	<b>11.746.914</b>	<b>11.746.914</b>	<b>13.904.770</b>	<b>13.904.770</b>
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	11.746.914	11.746.914	13.904.770	13.904.770
3. Unrealized losses (expenses) on financial assets	140				
4. Other financial expenses	141				
<b>V. INCOME FROM INVESTMENT SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS</b>	<b>142</b>				
<b>VI. LOSS FROM INVESTMENT SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS</b>	<b>143</b>				
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>				
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>				
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	<b>7.529.159</b>	<b>7.529.159</b>	<b>18.155.870</b>	<b>18.155.870</b>
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	<b>15.647.817</b>	<b>15.647.817</b>	<b>17.042.805</b>	<b>17.042.805</b>
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	<b>-8.118.658</b>	<b>-8.118.658</b>	<b>1.113.065</b>	<b>1.113.065</b>
1. Profit before taxation (146-147)	149	0	0	1.113.065	1.113.065
2. Loss before taxation (147-146)	150	8.118.658	8.118.658	0	0
<b>XII. PROFIT TAX</b>	<b>151</b>	<b>83.173</b>	<b>83.173</b>	<b>77.481</b>	<b>77.481</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	<b>-8.201.831</b>	<b>-8.201.831</b>	<b>1.035.584</b>	<b>1.035.584</b>
1. Profit for the period(149-151)	153	0	0	1.035.584	1.035.584
2. Loss for the period (151-148)	154	8.201.831	8.201.831	0	0
<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>-8.201.831</b>	<b>-8.201.831</b>	<b>1.035.584</b>	<b>1.035.584</b>
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)</b>	<b>158</b>	<b>-29.656.831</b>	<b>-29.656.831</b>	<b>-25.774.055</b>	<b>-25.774.055</b>
1. Exchange differences on translation of foreign operations	159	-29.656.831	-29.656.831	-25.774.055	-25.774.055
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>-5.931.366</b>	<b>-5.931.366</b>	<b>-5.154.811</b>	<b>-5.154.811</b>
<b>IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	<b>-23.725.465</b>	<b>-23.725.465</b>	<b>-20.619.244</b>	<b>-20.619.244</b>
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)</b>	<b>168</b>	<b>-31.927.296</b>	<b>-31.927.296</b>	<b>-19.583.660</b>	<b>-19.583.660</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 01.01.2017. to 31.03.2017.**

Company: ULJANIK PLOVIDBA D.D.			
Position	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	<b>001</b>	-8.118.658	1.113.065
2. Depreciation	<b>002</b>	25.192	23.803
3. Increase in short-term liabilities	<b>003</b>	525.798	
4. Decrease in short term receivables	<b>004</b>	6.964.316	4.759.945
5. Decrease in inventories	<b>005</b>		
6. Other cash flow increases	<b>006</b>		
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>-603.352</b>	<b>5.896.813</b>
1. Decrease in short - term liabilities	<b>008</b>		1.860.553
2. Increase in short - term receivables	<b>009</b>		
3. Increase in inventories	<b>010</b>		
4. Other cash flow decreases	<b>011</b>	436.814	109.784
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>436.814</b>	<b>1.970.337</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	<b>0</b>	<b>3.926.476</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	<b>1.040.166</b>	<b>0</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash flow from sale of long - term tangible and intangible assets	<b>015</b>		
2. Cash inflows from sale of equity and debt financial instruments	<b>016</b>		
3. Interest receipts	<b>017</b>		
4. Dividend receipts	<b>018</b>		
5. Other cash inflows from investing activities	<b>019</b>		
<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	<b>021</b>		12.228
2. Cash outflows for purchase of equity and debt financial instruments	<b>022</b>		
3. Other cash outflows from investing activities	<b>023</b>		
<b>IV. Total cash outflows from investing activities (021 to 023)</b>	<b>024</b>	<b>0</b>	<b>12.228</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>0</b>	<b>12.228</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Cash receipts from issuance of equity and debt financial instruments	<b>027</b>		
2. Cash inflows from loans, debentures, credits and other borrowings	<b>028</b>		
3. Other cash inflows from financing activities	<b>029</b>	3.398.059	3.469.314
<b>V. Total cash inflows from financing activities (027 to 029)</b>	<b>030</b>	<b>3.398.059</b>	<b>3.469.314</b>
1. Cash outflows for repayment of loans and bonds	<b>031</b>	2.395.507	7.188.109
2. Dividends paid	<b>032</b>		
3. Cash outflows for finance lease	<b>033</b>		
4. Cash outflows for purchase of own stocks	<b>034</b>		
5. Other cash outflows from financing activities	<b>035</b>		
<b>VI. Total cash outflows from financing activities (031 do 035)</b>	<b>036</b>	<b>2.395.507</b>	<b>7.188.109</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	<b>1.002.552</b>	<b>0</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	<b>0</b>	<b>3.718.795</b>
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	<b>039</b>	<b>0</b>	<b>195.453</b>
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	<b>040</b>	37.614	<b>0</b>
Cash and cash equivalents at the beginning of period	<b>041</b>	67.658	26.986
Increase in cash and cash equivalents	<b>042</b>	<b>0</b>	195.453
Decrease in cash and cash equivalents	<b>043</b>	37.614	<b>0</b>
Cash and cash equivalents at the end of period	<b>044</b>	30.044	222.439

**STATEMENT OF CHANGES IN EQUITY**  
from 1.1.2017 to 31.3.2017

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>	-21.979.230	-22.210.103
3. Reserves from profit	<b>003</b>	41.700.199	42.169.822
4. Retained earnings or accumulated loss	<b>004</b>	232.811.838	241.069.405
5. Profit / loss for the current year	<b>005</b>	8.257.567	1.035.584
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>	-625.760	-625.760
9. Other revaluation	<b>009</b>	167.589.923	141.815.868
<b>10. Total capital and reserves (AOP 001 to 009)</b>	<b>010</b>	<b>659.754.537</b>	<b>635.254.816</b>
11. Currency gains and losses arising from net investments in foreign operations	<b>011</b>	15.251.791	-25.774.055
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>	8.786.131	1.274.334
<b>17. Total increase or decrease in capital (AOP 011 to 016)</b>	<b>017</b>	<b>24.037.922</b>	<b>-24.499.721</b>
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 31.03.2017

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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 31<sup>st</sup> March 2017 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 31<sup>st</sup> March 2017 the Company had 33 employees (2016: 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 quarter of 2017 are at the same level with respect to the same period in 2016 while operating expenses are slightly lower compared with the same period of 2016.
2. Financial income has increased significantly in the first quarter of 2017 while financial expenses have slightly increased compared to 2016 as a result of accrued exchange rate differences due to the decrease in the rate of exchange for USD in comparison to the rate at 31.12.2016.
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 31<sup>st</sup> March 2017.

**NOTES TO THE FINANCIAL STATEMENTS AS AT 31.03.2017**

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4. 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 31<sup>st</sup> March 2017.
  
5. In the first quarter of 2017 the Company disposed of treasury shares in the amount of 469.6 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 31<sup>st</sup> March 2017, amount to 141,816 thousand HRK.

For ULJANIK PLOVIDBA d.d. Pula



Dragutin Pavletić  
Director of ULJANIK PLOVIDBA d.d.

Pula, 24<sup>th</sup> April 2017

## MANAGEMENT REPORT FOR THE PERIOD 01.01-31.03/2017

ULJANIK PLOVIDBA d.d. (the Company) with its registered office in Pula, Carrarina 6, Personal identification number (OIB): 49693360447 and Tax number: 3292754, is a joint stock company registered at the Commercial Court in Pazin. The share capital of the Company amounts to 232,000,000 HRK, and is divided into 580,000 ordinary shares. The Company's shares are listed on the Official Market of the Zagreb Stock Exchange, under the symbol ULPL-R-A, and represent one of the CROBEX index components. The consolidated financial statements of the Group ULJANIK PLOVIDBA for the period 1 January to 31 March 2017 represent financial statements of the Company and its subsidiaries. The principal activity of the Company is an international maritime transport in the dry cargo sector with Supramax bulk carriers and transportation of petroleum products, chemicals and oil with MR tankers.

At the end of the reporting period the fleet consists of four MR tankers and three Supramax bulk carriers with an average age of 5 years. In addition, the company performs management services for third party customers for several vessels.

Bodies of the Company are the General Assembly, the Supervisory Board and Management Board. The members of the Supervisory Board are: Amra Pende, the president, Anton Brajković and Robert Banko, the members. The Management Board represents Dragutin Pavletić, the director of the Company. During the first quarter of 2017 there were no changes of members of the Supervisory Board, nor of the Management Board.

The consolidated financial statements have been presented in HRK and prepared in accordance with International Financial Reporting Standards.

The business activity of the Company and its foreign subsidiaries in the first quarter of 2017 was regular, with full employment of vessels and high functioning management system. In the current period trends in dry cargo sector have been characterized by a strong growth in freight rates and values of the vessels particularly after Chinese New year, on all routes and for all types of vessels. The realized freight rates are twice as high as in the same period last year, and the value of the bulkers increased by more than 40% in the mentioned period. This is the result of a small number of contracted newbuildings and increased pressure on disposal of vessels in 2016. In particular, the market absorbed a large number of newly built vessels (around 150 bulk carriers) in the observed period, suggesting that a smaller number of newbuildings that are expected in the future periods will have a positive impact on the growth of freight rates. It is indisputable that revival of economic activities in China is the main activity generator for bulk cargo transport.

In the petroleum products, oils and chemicals transportation sector in the first quarter of 2017 there was a decrease in activity in all markets, primarily due to the delivery of a larger number of newly built tankers in the last six months, as well as the reduced consumption caused by weather trends this winter. The recovery of the market in tanker transportation is expected in the second quarter of this year as a result of increased demand and a fall in the number of newly constructed / newly contracted tankers.

In the first quarter of 2017 the Company:

- a) achieved a consolidated positive EBITDA for the Group of 12.8 mil HRK,
- b) generated consolidated net loss of 11,528,972 HRK as a direct effect of the net financial expenses (8.5 mil HRK)
- c) realized a reduction of the total income as a direct result of lower freight rates in the tanker sector and prolonged dry docking of the vessel Stoja,
- d) retained total operating costs of the vessels with increased costs related to dry docking of the vessel Stoja caused by extraordinary works on shafting,
- e) achieved constant employment of vessels with the continuation of the Company's fleet high efficiency trend,
- f) retained the proper solvency and liquidity,
- g) decreased its overall credit exposure and fulfilled all its loan payment obligations.  
In the first quarter of 2017 the Company repaid its long-term loans in a total of 1,880,776 USD,
- 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 the third party management,
- j) collected 100% of contracted freights from the Charterers of all vessels with their full performance.

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

## 1. COMMERCIAL ASPECT

The consolidated operating revenues for the reporting period of 40,543 thousand HRK compared to 43,496 thousand HRK in the same period of 2016 have been under direct impact of the lower freight rates in the tanker sector and dry docking of m/v Stoja. Fixing of all bulk carriers to periods with freights directly related to the movement of the relevant index as well as the effects of already concluded contracts in the tanker sector in addition to the effects of measures for additional cost reduction will, in the upcoming periods, certainly have a positive impact on the total revenue and operating results. According the expectations the second quarter of 2017 should bring the long-awaited improvement in business.

## **2. PERSONNEL**

As at 31<sup>st</sup> March 2017 the Company had 33 employees.

## **3. TECHNICAL ASPECT**

In the first quarter of 2017 after five years of operating bulk carrier Stoja underwent its regular dry docking in China. Extraordinary work carried out on propeller shaft had a negative impact on expenses and a longer off-hire period of the said vessel. The company keeps maintaining high efficiency of vessel exploitation with all vessels in the fleet.

## **4. ACQUISITION OF TREASURY SHARES**

In the period January – March 2017 the Company disposed of treasury shares in the amount of 470 thousand HRK.

## **5. IMPORTANT EVENTS IN 2017**

In February 2017 after five years of operation, the bulk carrier Stoja underwent the first regular dry docking in China.

In February 2017, in order to achieve operating economies and synergy benefits, ULJANIK SHIPMANAGEMENT PTE. LTD. and ULJANIK TANKER MANAGEMENT PTE. LTD., two sister companies of the Group ULJANIK PLOVIDBA with headquarters in Singapore, amalgamated and continued their operations as one company under the name of ULJANIK SHIPMANAGEMENT PTE. LTD.

On 4<sup>th</sup> April 2017 the joint company ULJANIK PLOVIDBA LNG d.o.o. with headquarters in Pula was established and registered at the Commercial Court in Pazin.

## **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 (supramax) and transport of petroleum products and chemicals (product carriers). In addition, the company intends to expand its activity on the gas transportation segment.

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 including the gas sector business.

## **7. COMPANY ACTIVITIES CONCERNING RESEARCH AND DEVELOPMENT AND ENVIRONMENTAL PROTECTION**

Within its shipping and 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 ships;
- 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 Governance Code.

Pula, 24<sup>th</sup> April 2017



Dragutin Pavletić, Director

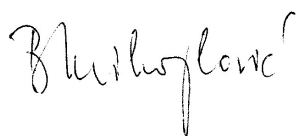
## **STATEMENT OF THE PERSONS RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS**

According to the best of our knowledge:

Unaudited financial reports of ULJANIK PLOVIDBA d.d. for the period January – March 2017, 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 2017 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, 24<sup>th</sup> April, 2017