



**GROUP ULJANIK PLOVIDBA**

**CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS**

**FOR THE PERIOD**

**JANUARY - MARCH 2018**

Pula, April 2018

CONTENT:

Consolidated Financial Statements of GROUP ULJANIK PLOVIDBA  
(unaudited) for the period January – March 2018

Notes

Management Report

Statement of the persons responsible for preparing Financial Statements

**Attachment 1.**

Reporting period:

01.01.2018.

to

31.03.2018.

**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 adress: uljanik-plovidba@pu.t-com.hr

Internet adress: 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.**

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(signature of the person authorized to represent the company)

**BALANCE SHEET**  
as of 31.03.2018.

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>	1.096.820.592	1.010.425.000
I. INTANGIBLE ASSETS (004 to 009)	<b>003</b>	9.752	8.480
1. Assets development	<b>004</b>		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	<b>005</b>	9.752	8.480
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>	1.076.480.023	990.773.335
1. Land	<b>011</b>	121.829	121.829
2. Buildings	<b>012</b>	2.833.741	2.821.079
3. Plant and equipment	<b>013</b>	97.411	105.005
4. Instruments, plant inventories and transportation assets	<b>014</b>	1.070.296.267	984.603.747
5. Biological assets	<b>015</b>	3.130.775	3.121.675
6. Prepayments for tangible assets	<b>016</b>	0	0
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>	6.013.526	5.907.564
1. Shares (stocks) in related parties	<b>021</b>		
2. Loans given to related parties	<b>022</b>		
3. Participating interests (shares)	<b>023</b>	3.744.630	3.744.606
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>		
6. Loans, deposits and similar assets	<b>026</b>	668.896	562.958
7. Other long - term financial assets	<b>027</b>		
8. Investments accounted by equity method	<b>028</b>		
IV. RECEIVABLES (030 to 032)	<b>029</b>	14.317.291	13.735.621
1. Receivables from related parties	<b>030</b>		
2. Receivables based on trade loans	<b>031</b>		
3. Other receivables	<b>032</b>	14.317.291	13.735.621
V. DEFERRED TAX ASSETS	<b>033</b>		
<b>C) SHORT- TERM ASSETS (035+043+050+058)</b>	<b>034</b>	27.138.121	33.591.412
I. INVENTORIES (036 to 042)	<b>035</b>	1.530.306	2.682.116
1. Raw material	<b>036</b>	1.530.306	2.682.116
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>	20.606.517	4.985.748
1. Receivables from related parties	<b>044</b>		
2. Accounts receivable	<b>045</b>	2.515.053	969.630
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>	161.736	134.104
6. Other receivables	<b>049</b>	17.929.728	3.882.014
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	<b>050</b>	680.922	676.145
1. Shares (stocks) in related parties	<b>051</b>		
2. Loans given to related parties	<b>052</b>		
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>	680.922	676.145
7. Other financial assets	<b>057</b>		
IV. CASH AT BANK AND IN CASHIER	<b>058</b>	4.320.376	25.247.403
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	5.121	105.264
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	1.123.963.834	1.044.121.676
<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>	5.411.183	1.843.506
I. SUBSCRIBED CAPITAL	<b>063</b>	232.000.000	232.000.000
II. CAPITAL RESERVES	<b>064</b>	-22.705.367	-23.280.679
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	43.455.396	44.235.050
1. Reserves prescribed by law	<b>066</b>	19.079.004	19.079.004
2. Reserves for treasury stocks	<b>067</b>	36.382.812	36.382.812
3. Treasury stocks and shares (deduction)	<b>068</b>	12.006.420	11.226.766
4. Statutory reserves	<b>069</b>		
5. Other reserves	<b>070</b>		
IV. REVALUATION RESERVES	<b>071</b>	-60.759.889	-82.569.117
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	<b>072</b>	-333.141.305	-308.971.588
1. Retained earnings	<b>073</b>		
2. Accumulated loss	<b>074</b>	333.141.305	308.971.588
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	<b>075</b>	4.360.079	3.312.908
1. Profit for the current year	<b>076</b>	4.360.079	3.312.908
2. Loss for the current year	<b>077</b>		
VII. MINORITY INTEREST	<b>078</b>	142.202.269	137.116.932
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	1.738.293	1.487.059
1. Provisions for pensions, severance pay and similar liabilities	<b>080</b>	1.738.293	1.487.059
2. Reserves for tax liabilities	<b>081</b>		
3. Other reserves	<b>082</b>		
<b>C) LONG TERM LIABILITIES (084 to 092)</b>	<b>083</b>	869.045.614	821.049.188
1. Liabilities to related parties	<b>084</b>		
2. Liabilities for loans, deposits etc.	<b>085</b>		
3. Liabilities to banks and other financial institutions	<b>086</b>	869.045.614	821.049.188
4. Liabilities for received prepayments	<b>087</b>		
5. Accounts payable	<b>088</b>		
6. Liabilities arising from debt securities	<b>089</b>		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>090</b>		
8. Other long-term liabilities	<b>091</b>		
9. Deferred tax liability	<b>092</b>		
<b>D) SHORT - TERM LIABILITIES (094 to 105)</b>	<b>093</b>	189.232.093	162.341.389
1. Liabilities to related parties	<b>094</b>		
2. Liabilities for loans, deposits etc.	<b>095</b>	5.056.842	5.266.842
3. Liabilities to banks and other financial institutions	<b>096</b>	123.114.260	97.165.781
4. Liabilities for received prepayments	<b>097</b>		
5. Accounts payable	<b>098</b>	20.139.703	22.389.150
6. Liabilities arising from debt securities	<b>099</b>	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>100</b>		
8. Liabilities to employees	<b>101</b>	2.387.503	2.364.124
9. Liabilities for taxes, contributions and similar fees	<b>102</b>	67.423	23
10. Liabilities to share - holders	<b>103</b>	1.324.750	1.324.750
11. Liabilities for long term assets held for sale	<b>104</b>		
12. Other short - term liabilities	<b>105</b>	37.141.612	33.830.719
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>106</b>	58.536.651	57.400.534
<b>F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	1.123.963.834	1.044.121.676
<b>G) OFF-BALANCE SHEET NOTES</b>	<b>108</b>		
<b>APPENDIX TO BALANCE SHEET (only for consolidated financial statements)</b>			
<b>A) CAPITAL AND RESERVES</b>			
1. Attributed to equity holders of parent company	<b>109</b>	-136.791.086	-135.282.426
2. Attributed to minority interests	<b>110</b>	142.202.269	137.116.932

**PROFIT AND LOSS ACCOUNT**  
for period 01.01.2018. to 31.03.2018.

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>	40.543.030	40.543.030	42.559.216	42.559.216
1. Sales revenues	112	39.347.375	39.347.375	41.139.608	41.139.608
2. Other operating revenues	113	1.195.655	1.195.655	1.419.608	1.419.608
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	47.734.572	47.734.572	35.559.595	35.559.595
1. Changes in the value of work in progress and finished goods	115				
2. Material costs (117 to 119)	116	8.967.509	8.967.509	6.368.181	6.368.181
a) Raw material and material costs	117	103.485	103.485	73.972	73.972
b) Costs of goods sold	118				
c) Other external costs	119	8.864.024	8.864.024	6.294.209	6.294.209
3. Staff costs (121 to 123)	120	15.312.001	15.312.001	12.967.767	12.967.767
a) Net salaries and wages	121	14.255.074	14.255.074	11.907.804	11.907.804
b) Costs for taxes and contributions from salaries	122	718.287	718.287	724.516	724.516
c) Contributions on gross salaries	123	338.640	338.640	335.447	335.447
4. Depreciation	124	20.071.855	20.071.855	11.619.701	11.619.701
5. Other costs	125	3.383.207	3.383.207	3.656.323	3.656.323
6. Impairment (127+128)	126	0	0	0	0
a) Impairment of long-term assets (excluding financial assets)	127			0	0
b) Impairment of short-term assets (excluding financial assets)	128				
7. Provisions	129	0	0	0	0
8. Other operating expenses	130			947.623	947.623
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	10.858.121	10.858.121	23.386.934	23.386.934
1. Interest income, foreign exchange gains, dividends and similar income from related	132				0
2. Interest income, foreign exchange gains, dividends and similar income from non-related	133	10.858.121	10.858.121	23.386.934	23.386.934
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>	19.338.073	19.338.073	26.653.583	26.653.583
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	19.338.073	19.338.073	26.653.583	26.653.583
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>	51.401.151	51.401.151	65.946.150	65.946.150
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	67.072.645	67.072.645	62.213.178	62.213.178
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	-15.671.494	-15.671.494	3.732.972	3.732.972
1. Profit before taxation (146-147)	149	0	0	3.732.972	3.732.972
2. Loss before taxation (147-146)	150	15.671.494	15.671.494	0	0
<b>XII. PROFIT TAX</b>	<b>151</b>	77.481	77.481	57.915	57.915
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	-15.748.975	-15.748.975	3.675.057	3.675.057
1. Profit for the period(149-151)	153	0	0	3.675.057	3.675.057
2. Loss for the period (151-148)	154	15.748.975	15.748.975	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	-11.528.972	-11.528.972	3.312.908	3.312.908
2. Attributed to minority interests	156	-4.220.003	-4.220.003	362.149	362.149
<b>STATEMENT OF COMPREHENSIVE INCOME (IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	-15.748.975	-15.748.975	3.675.057	3.675.057
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)</b>	<b>158</b>	-25.774.055	-25.774.055	-21.809.228	-21.809.228
1. Exchange differences on translation of foreign operations	159	-25.774.055	-25.774.055	-21.809.228	-21.809.228
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>	-5.154.811	-5.154.811	-3.925.661	-3.925.661
<b>IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	-20.619.244	-20.619.244	-17.883.567	-17.883.567
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)</b>	<b>168</b>	-36.368.219	-36.368.219	-14.208.510	-14.208.510
<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	-32.148.216	-32.148.216	-14.570.659	-14.570.659
2. Attributed to minority interests	170	-4.220.003	-4.220.003	362.149	362.149

## CASH FLOW STATEMENT - Indirect method

period 01.01.2018. to 31.03.2018.

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>	-15.671.494	3.732.972
2. Depreciation	<b>002</b>	20.071.855	11.619.701
3. Increase in short-term liabilities	<b>003</b>		
4. Decrease in short term receivables	<b>004</b>	1.490.143	15.620.770
5. Decrease in inventories	<b>005</b>	2.597.259	
6. Other cash flow increases	<b>006</b>	3.476.205	72.107.725
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	11.963.968	103.081.168
1. Decrease in short - term liabilities	<b>008</b>	9.147.605	1.152.226
2. Increase in short - term receivables	<b>009</b>	0	
3. Increase in inventories	<b>010</b>	0	1.151.810
4. Other cash flow decreases	<b>011</b>	1.246.878	1.545.408
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	10.394.483	3.849.444
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	1.569.485	99.231.724
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	0	0
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash flow from sale of long - term tangible and intangible assets	<b>015</b>	0	0
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>	0	0
1. Cash outflows for purchase of long - term tangible and intangible assets	<b>021</b>	12.228	19.033
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>	12.228	19.033
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES(020-024)</b>	<b>025</b>	0	0
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020)</b>	<b>026</b>	12.228	19.033
<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>	0	2.413.478
3. Other cash inflows from financing activities	<b>029</b>	9.601.979	896.728
<b>V. Total cash inflows from financing activities (027 to 029)</b>	<b>030</b>	9.601.979	3.310.206
1. Cash outflows for repayment of loans and bonds	<b>031</b>	14.115.919	76.148.383
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>	0	
5. Other cash outflows from financing activities	<b>035</b>	5.617.750	5.447.487
<b>VI. Total cash outflows from financing activities (031 do 035)</b>	<b>036</b>	19.733.669	81.595.870
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	0	0
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	10.131.690	78.285.664
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	<b>039</b>	0	20.927.027
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	<b>040</b>	8.574.433	0
Cash and cash equivalents at the beginning of period	<b>041</b>	14.166.377	4.320.376
Increase in cash and cash equivalents	<b>042</b>	0	20.927.027
Decrease in cash and cash equivalents	<b>043</b>	8.574.433	0
Cash and cash equivalents at the end of period	<b>044</b>	5.591.944	25.247.403

**STATEMENT OF CHANGES IN EQUITY**  
from **1.1.2018** to **31.3.2018**

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>	-22.705.367	-23.280.679
3. Reserves from profit	<b>003</b>	43.455.396	44.235.050
4. Retained earnings or accumulated loss	<b>004</b>	-333.141.305	-308.971.588
5. Profit / loss for the current year	<b>005</b>	4.360.079	3.312.908
6. Revaluation of long - term tangible assets	<b>006</b>		
7. Minority interest	<b>007</b>	142.202.269	137.116.932
8. Revaluation of financial assets available for sale	<b>008</b>	-1.309.440	-1.309.440
9. Other revaluation	<b>009</b>	-59.450.449	-81.259.677
<b>10. Total capital and reserves (AOP 001 to 009)</b>	<b>010</b>	5.411.183	1.843.506
11. Currency gains and losses arising from net investments in foreign operations	<b>011</b>	-90.275.952	-21.809.228
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>	59.171.718	18.241.551
<b>17. Total increase or decrease in capital (AOP 011 to 016)</b>	<b>017</b>	-31.104.234	-3.567.677
<hr/>			
17 a. Attributed to equity holders of parent company	<b>018</b>	-6.016.555	1.517.660
17 b. Attributed to minority interest	<b>019</b>	-25.087.679	-5.085.337

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 31.03.2018**

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 2018 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 2018 the Group had 32 employees (31.03.2016: 33).

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 31.03.2018

1. Operating income for the first quarter of 2018 amounts to 42.5 mil HRK while in the same period of 2017, it amounted to 40.5 mil HRK. Freight revenues reported in the USD have been increased in comparison to the respective period of 2017 due to higher freight rates, but translated in HRK counter value they show a slight increase due to the fall of the USD exchange rate in the current period. Other income is mostly related to the recognition of the deferred income on the basis of received government grants for vessels construction. Total operating expenses were influenced by continuation of the policy of rationalization of operating costs over the current period.
2. Net financial expenses in the first quarter of 2018 amounted to 3.3 mil HRK (8.5 mil HRK in the same period of 2017). Lower net financial expense as a result of the calculation of exchange rate differences, interest and income from obtained write-off of the part of the loan, positively affected the total result of the quarter.
3. In the February 2018 m/v Levan, the oldest vessel from the dry cargo fleet of the Company, was sold. Upon sale the vessel is written off from the record along with closing of the credit obligation related to its financing. As at 31.03.2018 the book value of the vessels amounts to 163.2 mil USD (984.6 mil HRK).
4. In the period from 1.01. to 31.03.2018 the Company disposed of treasury shares in the amount of 779.6 thousand HRK.
5. Revaluation reserves have been decreased for 21,809 thousand HRK with respect to balance as at 31.12.2017, as a result of the adjustment of the investment in the foreign subsidiary at the mean rate of exchange for USD as at 31.03.2018.
6. Long-term loans in foreign currencies were converted in HRK by applying the mean rate of exchange of the Croatian National bank as at 31<sup>st</sup> March 2018. In March 2018, the Company entered into a long-term syndicated loan agreement with Privredna banka Zagreb d.d. and Croatian Bank for Reconstruction and Development in the amount of 54 mil USD in order to refinance loan previously granted by Privredna banka Zagreb for acquisition of tanker Champion Istra and syndicate loan of foreign banks led by Credit Suisse AG for acquisition of tanker Verige. In the first quarter of 2018 loan obligations were repaid in the total amount of 12,629,194 USD at the Group level.
7. Current liabilities are mostly referring to short-term borrowings which also include the current portion of long-term borrowings. All short-term borrowings

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT  
31.03.2018**

in foreign currencies were converted in HRK by applying the mean rate of exchange of the Croatian National bank as at 31<sup>st</sup> March 2018.

8. In the period from January-March 2018 the applicable amount of income from grants from previous years in the amount of 1,137 thousand HRK was recorded with the proportional decrease of the deferred income, in accordance with the deferred income recognition plan.
  
9. The minority in equity as at 31<sup>st</sup> March 2018 in the amount of 137,116 thousand HRK 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

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

Dragutin Pavletić  
Director of ULJANIK PLOVIDBA d.d.

Pula, 23<sup>rd</sup> April 2018

## MANAGEMENT REPORT FOR THE PERIOD 01.01-31.03/2018

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 2018 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 two Supramax bulk carriers with an average age of 6 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 2018 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 2018 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 continued growth in freight rates and values of the vessels, as a reflection of increased activity in all major world economies, and hence increased transport of goods. The realized freight rates in Supramax sector are significantly higher than average freight rates realized in 2017, with further increase in value, as a result of a small number of delivered/contracted new buildings. Continuation of economic activity in China is the main generator of bulk cargo operations. Expectations for this and the next year are extremely favourable in this sector, so a prediction of further increase in freight rates and values of ships is realistic.

In the petroleum products, oils and chemicals transportation sector in the first quarter of 2018 there was a decrease in freight rates, primarily due to the delivery of a larger number of newly built tankers in the last year. The recovery of the market in tanker transportation is

expected in this year as a result of increased demand and a fall in the number of newly constructed / newly contracted tankers. It is an encouraging fact that there was no contract for the construction of any MR tankers in this year and also that have increased ship scrapping activities for this type of vessels.

In the first quarter of 2018 the Company:

- a) achieved a consolidated EBITDA for the Group of 18.6 mil HRK,
- b) generated consolidated net profit of 3,312,908 HRK compared to the net loss of 11,528,972 HRK in the previous comparative period ,
- c) realized a increase of the total income as a direct result of higher freight rates in the bulk sector,
- d) reduced operating costs of the vessels by continuing the rationalization policy that was introduced in previous years,
- 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 2018 the Company repaid its loan obligations in a total of 12,629,194 USD,
- h) conclusion of a long-term syndicated loan agreement with PBZ / HBOR for a total amount of 54 million USD refinancing loan commitments for m/t Champion Istra and Verige
- i) sale of the oldest vessel from bulk fleet, m/v Levan, with full write-off of the ship and settlement of all its loan obligations,
- j) 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
- k) maintained high efficiency of vessels' management including the third party management,
- l) fully collected 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 42,559 thousand HRK compared to 40,543 thousand HRK in the same period of 2017 have been under direct impact of the higher freight rates in the bulk sector. Fixing of all bulk carriers to periods with freights directly related to the movement of the relevant index, the effects of continuing trend of specialization of transport in the tanker sector as well as the effects of measures for additional cost reduction in the observed period, have created the assumptions for a positive financial result and will have a positive impact on the total realized income and operating results in the forthcoming period.

## **2. PERSONNEL**

As at 31<sup>st</sup> March 2018 the Company had 32 employees.

## **3. TECHNICAL ASPECT**

In the first quarter of 2018 no dry docking of the fleet vessels was carried out. In this period the company keeps maintaining high efficiency of vessel exploitation with all vessels in the fleet. The only significant off-hire period is related to the repair of the cranes at m/v Levan and Stoja.

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

In the period January – March 2018 the Company disposed of treasury shares in the amount of 779.6 thousand HRK.

## **5. IMPORTANT EVENTS IN 2018**

Pursuant to Uljanik Plovidba's Development Strategy until 2030, sale of the oldest vessel from Uljanik Plovidba fleet, bulk carrier m/v Levan, built in 2006 was effected on 26<sup>th</sup> February 2018 at the port of Zhoushan, China.

On 26<sup>th</sup> March 2018, company ULJANIK PLOVIDBA d.d. entered into a Long-term Foreign Currency Syndicated Loan Agreement according to Risk-Sharing Model with Privredna banka Zagreb d.d. and Croatian Bank for Reconstruction and Development in the amount of 54 million USD. The subject Loan Agreement was concluded in order to refinance loans previously granted by Privredna banka Zagreb d.d. and syndicate of foreign banks led by Credit Suisse AG for acquisition of two Oil and Chemical Tankers named Champion Istra and Verige, both built in 3. Maj Brodogradilište d.d., Rijeka, in 2010 and 2012. The new loan was granted with a 10 year repayment period at a considerably lower interest rate and instalments which will enable regular repayment of the loan and is secured by a State Guarantee in the amount of 43 million USD. Although the amount of the new loan is significant, there will be no increase of the Company's debt exposure.

## **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**

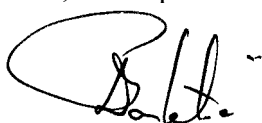
It is well known that the principal activities that the Company engages in, i.e. international maritime transport and ship management are among the most risky activities and that they are directly connected with significant business risks, of which the currently most risky are:

- 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, 23<sup>rd</sup> April 2018



Dragutin Pavletić, Director

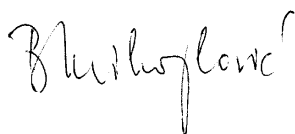
## **STATEMENT OF THE PERSONS RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS**

According to the best of our knowledge:

The unaudited consolidated financial reports of GROUP ULJANIK PLOVIDBA for the period January – March 2018, 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 2018 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, 23<sup>th</sup> April, 2018