



**ULJANIK PLOVIDBA d.d.**

**UNAUDITED FINANCIAL STATEMENTS**

**FOR THE PERIOD**

**JANUARY - MARCH 2018**

Pula, April 2018

CONTENT:

Financial Statements of ULJANIK PLOVIDBA d.d.  
(unaudited) for the period January – March 2018

Notes

Management Report

Statement of the persons responsible for preparing Financial Statements

**Attachment 1.**

Reporting period:

18

1.1.2018

to

31.3.2018

**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 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 **32**Consolidated report: **NO**

(quarter end)

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.**

re 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>	<b>775.665.277</b>	<b>1.018.566.355</b>
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>	3.052.981	3.047.913
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>	70.407	79.484
4. Instruments, plant inventories and transportation assets	<b>014</b>	27.004	25.521
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>	771.930.449	1.014.896.817
1. Shares (stocks) in related parties	<b>021</b>	575.021.838	553.212.634
2. Loans given to related parties	<b>022</b>	192.810.283	451.662.264
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>	149.497	149.473
6. Loans, deposits and similar assets	<b>026</b>	105.937	6.029.552
7. Other long - term financial assets	<b>027</b>	562.959	562.959
8. Investments accounted by equity method	<b>028</b>		
IV. RECEIVABLES (030 to 032)	<b>029</b>	672.095	613.145
1. Receivables from related parties	<b>030</b>		
2. Receivables based on trade loans	<b>031</b>	672.095	613.145
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>49.190.824</b>	<b>67.897.475</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>	26.569.159	26.430.309
1. Receivables from related parties	<b>044</b>	4.993.248	3.954.734
2. Accounts receivable	<b>045</b>	20.979.806	21.966.980
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>	159.414	134.104
6. Other receivables	<b>049</b>	436.691	374.491
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	<b>050</b>	22.603.343	40.969.784
1. Shares (stocks) in related parties	<b>051</b>		
2. Loans given to related parties	<b>052</b>	21.922.422	40.293.639
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>	680.921	676.145
7. Other financial assets	<b>057</b>		
IV. CASH AT BANK AND IN CASHIER	<b>058</b>	18.322	497.382
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	<b>5.121</b>	<b>105.264</b>
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	<b>824.861.222</b>	<b>1.086.569.094</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>437.820.106</b>	<b>635.254.816</b>
I. SUBSCRIBED CAPITAL	<b>063</b>	232.000.000	232.000.000
II. CAPITAL RESERVES	<b>064</b>	-22.705.367	-22.210.103
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	43.455.396	42.169.822
1. Reserves prescribed by law	<b>066</b>	19.079.004	18.666.126
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	12.879.116
4. Statutory reserves	<b>069</b>		
5. Other reserves	<b>070</b>		
IV. REVALUATION RESERVES	<b>071</b>	-60.759.889	141.190.108
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	<b>072</b>	240.656.526	241.069.405
1. Retained earnings	<b>073</b>	240.656.526	241.069.405
2. Accumulated loss	<b>074</b>		
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	<b>075</b>	5.173.440	1.035.584
1. Profit for the current year	<b>076</b>	5.173.440	1.035.584
2. Loss for the current year	<b>077</b>		
VII. MINORITY INTEREST	<b>078</b>		
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	<b>1.738.293</b>	<b>1.763.715</b>
1. Provisions for pensions, severance pay and similar liabilities	<b>080</b>	1.738.293	1.763.715
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>	<b>299.805.533</b>	<b>378.196.299</b>
1. Liabilities to related parties	<b>084</b>	1.148.328	17.084.247
2. Liabilities for loans, deposits etc.	<b>085</b>	249.797.183	307.510.190
3. Liabilities to banks and other financial institutions	<b>086</b>		
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>	1.912.000	2.017.000
8. Other long-term liabilities	<b>091</b>	46.948.022	51.584.862
9. Deferred tax liability	<b>092</b>		
<b>D) SHORT - TERM LIABILITIES (094 to 105)</b>	<b>093</b>	<b>85.495.980</b>	<b>66.911.961</b>
1. Liabilities to related parties	<b>094</b>		
2. Liabilities for loans, deposits etc.	<b>095</b>	4.636.842	3.477.631
3. Liabilities to banks and other financial institutions	<b>096</b>	68.971.467	53.951.918
4. Liabilities for received prepayments	<b>097</b>	138.844	138.844
5. Accounts payable	<b>098</b>	724.665	703.560
6. Liabilities arising from debt securities	<b>099</b>		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>100</b>	420.000	420.000
8. Liabilities to employees	<b>101</b>	2.387.503	2.488.669
9. Liabilities for taxes, contributions and similar fees	<b>102</b>		
10. Liabilities to share - holders	<b>103</b>	1.324.750	2.528.594
11. Liabilities for long term assets held for sale	<b>104</b>		
12. Other short - term liabilities	<b>105</b>	6.891.909	3.202.745
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>106</b>	<b>1.310</b>	<b>2.277</b>
<b>F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	<b>824.861.222</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	<b>109</b>		
2. Attributed to minority interests	<b>110</b>		

**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>	<b>5.258.824</b>	<b>5.258.824</b>	<b>5.095.698</b>	<b>5.095.698</b>
1. Sales revenues	112	5.207.297	5.207.297	4.818.796	4.818.796
2. Other operating revenues	113	51.527	51.527	276.902	276.902
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	<b>3.138.035</b>	<b>3.138.035</b>	<b>3.631.321</b>	<b>3.631.320</b>
1. Changes in the value of work in progress and finished goods	115				
2. Material costs (117 to 119)	116	256.407	256.407	253.041	253.040
a) Raw material and material costs	117	82.084	82.084	70.850	70.850
b) Costs of goods sold	118				
c) Other external costs	119	174.323	174.323	182.191	182.190
3. Staff costs (121 to 123)	120	2.334.473	2.334.473	2.316.698	2.316.698
a) Net salaries and wages	121	1.277.546	1.277.546	1.256.735	1.256.735
b) Costs for taxes and contributions from salaries	122	718.287	718.287	724.516	725.516
c) Contributions on gross salaries	123	338.640	338.640	335.447	335.447
4. Depreciation	124	23.803	23.803	25.372	25.372
5. Other costs	125	523.352	523.352	1.036.210	1.036.210
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>12.897.046</b>	<b>12.897.046</b>	<b>14.343.392</b>	<b>14.343.392</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	12.897.046	12.897.046	14.343.392	14.343.392
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>13.904.770</b>	<b>13.904.770</b>	<b>15.600.615</b>	<b>15.600.615</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	13.904.770	13.904.770	15.600.615	15.600.615
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>18.155.870</b>	<b>18.155.870</b>	<b>19.439.090</b>	<b>19.439.090</b>
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	<b>17.042.805</b>	<b>17.042.805</b>	<b>19.231.936</b>	<b>19.231.935</b>
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	<b>1.113.065</b>	<b>1.113.065</b>	<b>207.154</b>	<b>207.155</b>
1. Profit before taxation (146-147)	149	1.113.065	1.113.065	207.154	207.155
2. Loss before taxation (147-146)	150	0	0		
<b>XII. PROFIT TAX</b>	<b>151</b>	<b>77.481</b>	<b>77.481</b>	<b>57.915</b>	<b>77.481</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	<b>1.035.584</b>	<b>1.035.584</b>	<b>149.239</b>	<b>129.674</b>
1. Profit for the period(149-151)	153	1.035.584	1.035.584	149.239	129.674
2. Loss for the period (151-148)	154	0	0	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>1.035.584</b>	<b>1.035.584</b>	<b>149.239</b>	<b>129.674</b>
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)</b>	<b>158</b>	<b>-25.774.055</b>	<b>-25.774.055</b>	<b>-21.809.228</b>	<b>-21.809.228</b>
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>	<b>-5.154.811</b>	<b>-5.154.811</b>	<b>-3.925.661</b>	<b>-3.925.661</b>
<b>IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	<b>-20.619.244</b>	<b>-20.619.244</b>	<b>-17.883.567</b>	<b>-17.883.567</b>
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)</b>	<b>168</b>	<b>-19.583.660</b>	<b>-19.583.660</b>	<b>-17.734.328</b>	<b>-17.753.893</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 01.01.2018. 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	001	1.113.065	207.154
2. Depreciation	002	23.803	25.372
3. Increase in short-term liabilities	003		
4. Decrease in short term receivables	004	4.759.945	139.849
5. Decrease in inventories	005		
6. Other cash flow increases	006		
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>5.896.813</b>	<b>372.375</b>
1. Decrease in short - term liabilities	008	1.860.553	121.524
2. Increase in short - term receivables	009		
3. Increase in inventories	010		
4. Other cash flow decreases	011	109.784	409.291
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>1.970.337</b>	<b>530.815</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	<b>3.926.476</b>	<b>0</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	<b>0</b>	<b>158.440</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
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		
<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	021	12.228	19.033
2. Cash outflows for purchase of equity and debt financial instruments	022		
3. Other cash outflows from investing activities	023		
<b>IV. Total cash outflows from investing activities (021 to 023)</b>	<b>024</b>	<b>12.228</b>	<b>19.033</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>12.228</b>	<b>19.033</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Cash receipts from issuance of equity and debt financial instruments	027		
2. Cash inflows from loans, debentures, credits and other borrowings	028		41.533.689
3. Other cash inflows from financing activities	029	3.469.314	204.342
<b>V. Total cash inflows from financing activities (027 to 029)</b>	<b>030</b>	<b>3.469.314</b>	<b>41.738.031</b>
1. Cash outflows for repayment of loans and bonds	031	7.188.109	41.081.498
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		
<b>VI. Total cash outflows from financing activities (031 do 035)</b>	<b>036</b>	<b>7.188.109</b>	<b>41.081.498</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	<b>0</b>	<b>656.533</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	<b>3.718.795</b>	<b>0</b>
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	195.453	479.060
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	0	0
Cash and cash equivalents at the beginning of period	041	26.986	18.322
Increase in cash and cash equivalents	042	195.453	479.060
Decrease in cash and cash equivalents	043	0	0
Cash and cash equivalents at the end of period	044	222.439	497.382

## 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>	240.656.527	245.829.967
5. Profit / loss for the current year	<b>005</b>	5.173.440	149.239
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>	-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>	<b>437.820.107</b>	<b>416.364.460</b>
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>	131.658.478	353.581
<b>17. Total increase or decrease in capital (AOP 011 to 016)</b>	<b>017</b>	<b>221.934.430</b>	<b>-21.455.647</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 31.03.2018

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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 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 Company had 32 employees (2017: 33).

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 2018 are at the same level with respect to the same period in 2017 while operating expenses are slightly higher compared with the respective period of 2017.
2. Financial income and financial expenses have increased slightly in the first quarter of 2018 compared to the same period of 2017 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 31.12.2017.
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 2018.

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31.03.2018

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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 2018. On 26<sup>th</sup> 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. At 31<sup>st</sup> March 2018 total long-term debt amounted to 581.8 thousand HRK while at 31<sup>st</sup> December 2017 it amounted to 299.8 thousand HRK.
  
5. In the first quarter of 2018 the Company disposed of treasury shares in the amount of 779.6 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 2018, amount to -81,569 thousand HRK.

For ULJANIK PLOVIDBA d.d. Pula

A handwritten signature in black ink, appearing to read 'D. Pavletić', is written over a large, light-colored oval shape.

Dragutin Pavletić  
Director of ULJANIK PLOVIDBA d.d.

Pula, 24<sup>th</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**

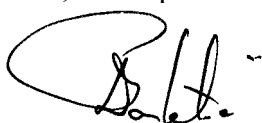
It is well known that the principal activities that the Company engages in, i.e. international maritime transport and ship management are among the most risky activities and that they are directly connected with significant business risks, of which the currently most risky are:

- 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

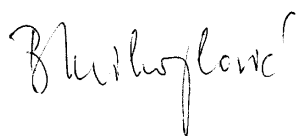
## **STATEMENT OF THE PERSONS RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS**

According to the best of our knowledge:

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

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