



**ULJANIK PLOVIDBA d.d.**

**UNAUDITED FINANCIAL STATEMENTS**

**FOR THE PERIOD**

**JANUARY - SEPTEMBER 2018**

Pula, October 2018

**CONTENT:**

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

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**Attachment 1.**

Reporting period:

1.1.2018

to

30.9.2018

18

**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](mailto:uljanik-plovidba@pu.t-com.hr)Internet adress: [www.uljanikplovidba.com](http://www.uljanikplovidba.com)

Municipality/city code and name: 359 PULA

County code and name: 18 ISTARSKA

Number of employees: 30

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

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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.**\_\_\_\_\_  
re of the person authorized to represent the company)

**BALANCE SHEET**  
as of 30.09.2018.

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>1.061.193.793</b>
I. INTANGIBLE ASSETS (004 to 009)	<b>003</b>	9.752	5.936
1. Assets development	<b>004</b>		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	<b>005</b>	9.752	5.936
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	3.015.425
1. Land	<b>011</b>	121.829	121.829
2. Buildings	<b>012</b>	2.833.741	2.795.755
3. Plant and equipment	<b>013</b>	70.407	44.160
4. Instruments, plant inventories and transportation assets	<b>014</b>	27.004	53.681
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	1.057.677.187
1. Shares (stocks) in related parties	<b>021</b>	575.021.838	587.102.297
2. Loans given to related parties	<b>022</b>	192.810.283	464.888.942
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	149.510
6. Loans, deposits and similar assets	<b>026</b>	105.937	1.693.544
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	495.245
1. Receivables from related parties	<b>030</b>		
2. Receivables based on trade loans	<b>031</b>	672.095	495.245
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>74.255.029</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	25.115.666
1. Receivables from related parties	<b>044</b>	4.993.248	5.116.041
2. Accounts receivable	<b>045</b>	20.979.806	19.501.728
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	95.292
6. Other receivables	<b>049</b>	436.691	402.605
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	<b>050</b>	22.603.343	49.130.980
1. Shares (stocks) in related parties	<b>051</b>		
2. Loans given to related parties	<b>052</b>	21.922.422	48.464.571
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	666.409
7. Other financial assets	<b>057</b>		
IV. CASH AT BANK AND IN CASHIER	<b>058</b>	<b>18.322</b>	<b>8.383</b>
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	<b>5.121</b>	<b>113.392</b>
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	<b>824.861.222</b>	<b>1.135.562.214</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>437.820.107</b>	<b>450.355.035</b>
I. SUBSCRIBED CAPITAL	063	232.000.000	232.000.000
II. CAPITAL RESERVES	064	-22.705.397	-23.237.552
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	43.455.426	44.525.939
1. Reserves prescribed by law	066	19.079.004	19.337.676
2. Reserves for treasury stocks	067	36.382.812	36.382.812
3. Treasury stocks and shares (deduction)	068	12.006.390	11.194.549
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071	-60.759.889	-48.679.417
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	240.656.527	245.571.295
1. Retained earnings	073	240.656.527	245.571.295
2. Accumulated loss	074		
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	075	5.173.440	174.770
1. Profit for the current year	076	5.173.440	174.770
2. Loss for the current year	077		
VII. MINORITY INTEREST	078		
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	<b>1.738.293</b>	<b>1.309.004</b>
1. Provisions for pensions, severance pay and similar liabilities	080	1.738.293	1.309.004
2. Reserves for tax liabilities	081		
3. Other reserves	082		
<b>C) LONG TERM LIABILITIES (084 to 092)</b>	<b>083</b>	<b>299.805.532</b>	<b>586.597.159</b>
1. Liabilities to related parties	084	1.148.328	2.543.164
2. Liabilities for loans, deposits etc.	085	249.797.183	539.403.974
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	1.912.000	1.702.000
8. Other long-term liabilities	091	46.948.021	42.948.021
9. Deferred tax liability	092		
<b>D) SHORT - TERM LIABILITIES (094 to 105)</b>	<b>093</b>	<b>85.495.980</b>	<b>97.299.375</b>
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits etc.	095	4.636.842	4.636.842
3. Liabilities to banks and other financial institutions	096	68.971.467	78.879.820
4. Liabilities for received prepayments	097	138.844	138.844
5. Accounts payable	098	724.665	519.239
6. Liabilities arising from debt securities	099		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100	420.000	630.000
8. Liabilities to employees	101	2.387.503	1.892.579
9. Liabilities for taxes, contributions and similar fees	102		
10. Liabilities to share - holders	103	1.324.750	1.324.589
11. Liabilities for long term assets held for sale	104		
12. Other short - term liabilities	105	6.891.909	9.277.462
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>106</b>	<b>1.310</b>	<b>1.641</b>
<b>F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	<b>824.861.222</b>	<b>1.135.562.214</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 01.01.2018. to 30.09.2018.

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>15.348.607</b>	<b>5.103.532</b>	<b>15.807.041</b>	<b>5.066.783</b>
1. Sales revenues	112	14.509.476	4.553.300	12.983.770	4.154.378
2. Other operating revenues	113	839.131	550.232	2.823.271	912.405
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	<b>9.522.147</b>	<b>3.112.262</b>	<b>11.192.045</b>	<b>3.659.441</b>
1. Changes in the value of work in progress and finished goods	115				
2. Material costs (117 to 119)	116	710.291	237.703	717.260	178.426
a) Raw material and material costs	117	197.702	64.836	194.359	59.030
b) Costs of goods sold	118				
c) Other external costs	119	512.589	172.867	522.901	119.396
3. Staff costs (121 to 123)	120	7.033.177	2.305.340	6.929.853	2.292.436
a) Net salaries and wages	121	3.844.752	1.265.551	3.750.311	1.235.362
b) Costs for taxes and contributions from salaries	122	2.171.112	707.444	2.176.612	724.518
c) Contributions on gross salaries	123	1.017.313	332.345	1.002.930	332.556
4. Depreciation	124	69.633	22.765	77.272	25.396
5. Other costs	125	1.709.046	546.454	3.467.660	1.163.183
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>43.164.115</b>	<b>8.228.239</b>	<b>59.704.428</b>	<b>11.064.635</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	43.164.115	8.228.239	59.704.428	11.064.635
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>48.470.051</b>	<b>10.440.297</b>	<b>63.970.910</b>	<b>12.872.506</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	48.470.051	10.440.297	63.970.910	12.872.506
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>58.512.722</b>	<b>13.331.771</b>	<b>75.511.469</b>	<b>16.131.418</b>
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	<b>57.992.198</b>	<b>13.552.559</b>	<b>75.162.955</b>	<b>16.531.947</b>
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	<b>520.524</b>	<b>-220.788</b>	<b>348.514</b>	<b>-400.529</b>
1. Profit before taxation (146-147)	149	520.524	0	348.514	0
2. Loss before taxation (147-146)	150				
<b>XII. PROFIT TAX</b>	<b>151</b>	<b>173.744</b>	<b>18.781</b>	<b>173.744</b>	<b>57.914</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	<b>346.780</b>	<b>-239.569</b>	<b>174.770</b>	<b>-458.443</b>
1. Profit for the period(149-151)	153	346.780	0	174.770	0
2. Loss for the period (151-148)	154	0	239.569	0	458.443
<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>346.780</b>	<b>-239.569</b>	<b>174.770</b>	<b>-458.443</b>
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)</b>	<b>158</b>	<b>-215.736.289</b>	<b>-12.867.320</b>	<b>12.080.471</b>	<b>6.010.815</b>
1. Exchange differences on translation of foreign operations	159	-215.736.289	-12.867.320	12.080.471	6.010.815
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>-43.147.258</b>	<b>-2.573.464</b>	<b>2.174.485</b>	<b>1.081.947</b>
<b>IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	<b>-172.589.031</b>	<b>-10.293.856</b>	<b>9.905.986</b>	<b>4.928.868</b>
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)</b>	<b>168</b>	<b>-172.242.251</b>	<b>-10.533.425</b>	<b>10.080.756</b>	<b>4.470.425</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 30.09.2018.**

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	520.524	348.514
2. Depreciation	002	69.633	77.272
3. Increase in short-term liabilities	003		1.685.042
4. Decrease in short term receivables	004	101.309.808	1.453.492
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>101.899.965</b>	<b>3.564.320</b>
1. Decrease in short - term liabilities	008	904.305	
2. Increase in short - term receivables	009		
3. Increase in inventories	010		
4. Other cash flow decreases	011	207.528	710.973
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>1.111.833</b>	<b>710.973</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	<b>100.788.132</b>	<b>2.853.347</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	<b>0</b>	<b>0</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	27.559	35.900
2. Cash outflows for purchase of equity and debt financial instruments	022	167.586.008	
3. Other cash outflows from investing activities	023		
<b>IV. Total cash outflows from investing activities (021 to 023)</b>	<b>024</b>	<b>167.613.567</b>	<b>35.900</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>167.613.567</b>	<b>35.900</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		51.579.001
3. Other cash inflows from financing activities	029	88.607.572	279.686
<b>V. Total cash inflows from financing activities (027 to 029)</b>	<b>030</b>	<b>88.607.572</b>	<b>51.858.687</b>
1. Cash outflows for repayment of loans and bonds	031	21.761.158	54.686.073
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>21.761.158</b>	<b>54.686.073</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	<b>66.846.414</b>	<b>0</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	<b>0</b>	<b>2.827.386</b>
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	20.979	0
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	0	9.939
Cash and cash equivalents at the beginning of period	041	26.986	18.322
Increase in cash and cash equivalents	042	20.979	0
Decrease in cash and cash equivalents	043	0	9.939
Cash and cash equivalents at the end of period	044	47.965	8.383

**STATEMENT OF CHANGES IN EQUITY**  
from **1.1.2018** to **30.9.2018**

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>	-22.705.397	-23.237.552
3. Reserves from profit	<b>003</b>	43.455.426	44.525.939
4. Retained earnings or accumulated loss	<b>004</b>	240.656.527	245.571.295
5. Profit / loss for the current year	<b>005</b>	5.173.440	174.770
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	-47.369.977
<b>10. Total capital and reserves (AOP 001 to 009)</b>	<b>010</b>	<b>437.820.107</b>	<b>450.355.035</b>
11. Currency gains and losses arising from net investments in foreign operations	<b>011</b>	90.275.952	12.080.471
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	454.457
<b>17. Total increase or decrease in capital (AOP 011 to 016)</b>	<b>017</b>	<b>221.934.430</b>	<b>12.534.928</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 30.09.2018

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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 30 September 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 30 September 2018 the Company had 30 employees (2017: 34).

The financial statements for the Company have been prepared in accordance with the Law on Accounting and the International Financial Reporting Standards ('IFRS'), the application of which has been approved by the Croatian Financial Reporting Standards Board, and in accordance with the Regulation on the Structure and Content of the Annual Accounts.

The following are the notes explaining single categories in the financial statements of the Company:

1. Operating income for the first nine months of 2018 are at the same level with respect to the same period in 2017 while operating expenses are higher due to the increased use of external services.
2. Financial income and financial expenses have considerably increased in the first half of 2018 compared to the same period of 2017 as a result of accrued exchange rate differences and accrued interest on long-term loans in the current period. In the period I-IX 2018 net financial expenses amounted to 4.3 mil. HRK while in the respective period of 2017 they amounted to 5.3 mil HRK.
3. The Investment in the foreign subsidiary United Shipping Services One Inc. has been translated into its counter-value in HRK according to the mean rate of exchange for the USD at 30 September 2018.

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30.09.2018

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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 30 September 2018.
5. In the period January-September 2018 the Company acquired treasury shares in the amount of 26.9 thousand HRK and disposed of treasury shares in the amount of 838.8 thousand HRK.
6. Revaluation reserves deriving from adjustment of the investment in the foreign subsidiary by the mean rate of exchange for the USD as at 30 September 2018, amount to -47,370 thousand HRK.
7. On 28 August 2018 the General Assembly of the Company was held which passed the resolution on the sharing of profit/loss for the year 2017. According to the same resolution, the profit of 5,173,440.17 HRK was allocated as follows: 258,672.00 HRK to legal reserves and 4,914,768.17 HRK to retained profit.

For ULJANIK PLOVIDBA d.d. Pula

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

Dragutin Pavletić  
Director of ULJANIK PLOVIDBA d.d.

Pula, 31 October 2018

## MANAGEMENT REPORT FOR THE PERIOD 01.01-30.09/2018

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. The consolidated financial statements of the Group ULJANIK PLOVIDBA for the period 1 January to 30 September 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 7 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 first nine months of 2018 there were no changes of members of the Supervisory Board, nor of the Management Board. After the expiration of their four-year mandate, the members of the Supervisory Board were elected to a new four-year mandate period beginning on 29 August, 2018, at the General Assembly of the Company held on 28 August, 2018 and in the elections for workers' representatives held on 20 August 2018.

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 nine months of 2018 was regular, with full employment of vessels and high functioning management system. Unfortunately, instability associated with the implementation of customs barriers and additional charges has directly affected the global exchange of goods and reduction of transport activities especially in the US, China, Canada and EU countries. Although freight rates in bulk cargo sector have maintained a positive trend, it is still significantly lower than the expectations of world forecasters. The realized freight rates in Supramax sector are, however, 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 indisputably the main generator of bulk cargo operations. Expectations for this and the next year are very favourable in this

sector, so the predictions of further increase in freight rates and values of ships are realistic, despite the influence of customs barriers indicated above.

In the petroleum products, oils and chemicals transportation sector the considered period was characterized by continuation of decrease in freight rates, primarily due to the delivery of a larger number of newly built tankers in the last year as well as in the beginning of this year. Unfortunately, extremely low freight rates in the second and third quarters of 2018 directly affected the operating result. The recovery of the market in tanker transportation is expected by the end of this year and especially at the beginning of next year.

It is an encouraging fact that a very low number of contracts for the construction of MR tankers have been concluded in this year, that the delivery deadlines for new buildings were shifted for later periods and also, that ship scrapping activities for this type of vessels were intensified.

In the period I-IX 2018 the Company:

- a) achieved a consolidated EBITDA for the Group of 56.8 mil HRK,
- b) generated consolidated net profit of 2,096,091 HRK compared to the net profit of 5,387,418 HRK in the previous comparative period ,
- c) realized a reduction in operating income as a direct consequence of operating with a smaller number of vessels in the fleet but also an increase in total revenues due to significant financial income realized in the reporting period,
- 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) maintained the proper solvency and liquidity with difficulty, and in this respect, continued activities on restructuring long term debt with banks
- g) decreased its overall credit exposure and fulfilled all its loan payment obligations.  
In the period I-IX 2018 the Company repaid its loan obligations in a total of 15,098,063 USD,
- h) concluded 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) sold 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 125,694 thousand HRK compared to 146,991 thousand HRK in the same period of 2017 are the result of a smaller number of vessels in the fleet, extraordinary dry dock performed on tanker Verige, and complicated repair of oil leakage on propeller shaft of tanker Pomer. Fixing of all bulk carriers to periods with freights directly related to the movement of the relevant index, the continuing trend of specialization of transport in the tanker sector as well as the effects of measures on 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 30 September 2018 the Company had 30 employees compared to 34 employees in the same period of 2017.

## **3. TECHNICAL ASPECT**

In the period January - September 2018 the extraordinary dry docking of the tanker Verige was carried out in Singapore, and also stern tube seal renewal on tanker Pomer at port Gladstone. In addition, the only stoppages are related to cargo crane repairs on vessels Veruda and Stoja. In this period the Company keeps maintaining high efficiency of vessel exploitation with all vessels in the fleet.

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

From 1 January to 30 September 2018 the Company acquired treasury shares in the amount of 26.9 thousand HRK and disposed of treasury shares in the amount of 838.8 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 February 2018 at the port of Zhoushan, China.

On 26 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 was no increase of the Company's debt exposure.

On 28 August 2018 the General Assembly of the Company was held which passed the resolution on the sharing of profit/loss for the year 2017. According to the same resolution, the profit of 5,173,440.17 HRK was allocated as follows: 258,672.00 HRK to legal reserves and 4,914,768.17 HRK to retained profit. Mrs. Amra Pende, graduated lawyer and Mr. Anton Brajković, graduated economist were elected for the members of the Supervisory Board of the Company, for a period of four years beginning on 29 August 2018. Mr. Robert Banko was elected as a member of the Supervisory Board of the Company as employee representative for the same mandate in the elections held on 20 August 2018.

Following several months of intensive negotiations on 21 September 2018 Credit Committees of the Lenders' Syndicate of foreign banks approved significant amount of a discount on the outstanding debt and permitted refinancing of the subject loan relating to two tankers, namely Kastav and Pomer. Activities to find an appropriate refinancing model are in the process and all the relevant contractual documentation is expected to be completed and signed by the end of this year. Described financial transaction shall considerably reduce ULJANIK PLOVIDBA Group's total debt exposure and create better conditions for the Company's long term existence.

In May 2018, the Company sent a request to 3. Maj Shipyard claiming compensation for non-fulfillment of the obligation to find an adequate financing model for the construction of two tankers named Pomer and Champion Istra, stipulated by the Cooperation Agreement on the Joint Implementation of the Project of Construction of 4 vessels that 3. Maj Shipyard d.d. will build for domestic buyers, concluded on January 21, 2009 and its subsequent addendum. In its consolidated financial statements, the Company accounted for a smaller portion of its claim amount and reported financial income from compensation. The Company expects that the requested claim will be solved by a peaceful and mutually acceptable solution when the total amount of the compensation in question will be assessed.

## **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, 31 October 2018



Dragutin Pavletić, Director

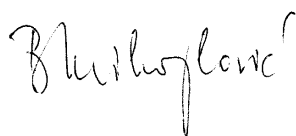
## **STATEMENT OF THE PERSONS RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS**

According to the best of our knowledge:

Unaudited financial reports of ULJANIK PLOVIDBA d.d. for the period January – September 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 – September 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, 31 October, 2018