



ULJANIK PLOVIDBA d.d.

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD

JANUARY - SEPTEMBER 2010

Pula, October 2010

CONTENT:

Financial Statements of ULJANIK PLOVIDBA d.d.
(unaudited) for the period January – September 2010

Notes

Interim Report of the Management

Statement of the person responsible for preparing Financial Statements

APPENDIX 1.

Reporting period:

1.1.2010

to

30.9.2010

Quarterly Financial Statements-TFI-PODTax number (MB): **03292754**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: **29**
(quarter end)Consolidated report: **NO** Business activity (NKD) code: **5020**

Entities in consolidation (according to IFRS): Registered seat: Tax number (MB):

Bookkeeping service:

Contact person: **BOJANA MIHAJLOVIĆ**

(unosi se samo prezime i ime osobe za kontakt)

Telephone: **052 492546** Facsimile: **052 492598**E-mail address: **bojana.mihajlovic@uljanikplovidba.com**Name and family name: **DRAGUTIN PAVLETIĆ**
(person authorized to represent the company)

Dokuments to be published:

1. Financial Statements (Balance Sheet, Profit and Loss Account, Cash Flow Statement, Change in Capital Statement and Notes to Financial Statements)
2. Statement of persons responsible for the drawing-up of financial statements
3. Report of the Management Board on the Company Status

ULJANIK PLOVIDBA d.d.

L.S.



(signature of authorized representative)

BALANCE SHEET

as of

30.9.2010.

in HRK

Position	AOP code	Previous period	Current period
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001		
B) NON-CURRENT ASSETS	002	310.691.290	404.703.996
I. INTANGIBLE ASSETS	003	569	
II. PROPERTY, PLANT AND EQUIPMENT	004	3.782.374	3.837.740
III. LONG-TERM FINANCIAL ASSETS	005	304.416.040	375.541.344
IV. RECEIVABLES	006	2.492.307	25.324.912
V. DEFERRED TAX ASSET	007		
C) CURRENT ASSETS	008	39.627.376	53.555.081
I. INVENTORIES	009		
II. TRADE RECEIVABLES	010	21.754.527	31.519.964
III. SHORT-TERM FINANCIAL ASSETS	011	17.633.812	20.164.098
IV. CASH AND CASH EQUIVALENTS	012	239.037	1.871.019
D) PREPAID EXPENSES AND ACCRUED INCOME	013	26.834	530
E) LOSS ABOVE SUBSCRIBED CAPITAL	014		
F) TOTAL ASSETS	015	350.345.500	458.259.607
G) OFF BALANCE SHEET ITEMS			
LIABILITIES			
A) CAPITAL AND RESERVES	017	326.217.053	361.866.540
I. SHARE (SUBSCRIBED) CAPITAL	018	232.000.000	232.000.000
II. CAPITAL RESERVES	019	-1.720.661	-5.132.712
III. LEGAL RESERVES	020	9.537.798	12.708.730
IV. REVALUATION RESERVES	021	0	14.779.298
V. RETAINED PROFIT	022	31.769.506	61.291.409
VI. LOSS CARRIED FORWARD	023		
VII. PROFIT FOR THE YEAR	024	54.630.410	46.219.815
VIII. LOSS FOR THE YEAR	025		
IX. MINORITY INTEREST	026		
B) PROVISIONS	027	1.805.697	1.945.865
C) NON-CURRENT LIABILITIES	028	2.799.115	25.676.134
D) CURRENT LIABILITIES	029	19.378.778	68.771.068
E) ACCRUALS AND DEFERRED INCOME	030	144.857	
F) TOTAL EQUITY AND LIABILITIES	031	350.345.500	458.259.607
G) OFF BALANCE SHEET ITEMS			
BALANCE SHEET SUPPLEMENT (to be completed by entities that prepare consolidated financial statement)			
CAPITAL AND RESERVES			
1. Attributable to majority owners	033		
2. Attributable to minority interest	034		

INCOME STATEMENT

for the period 01.01. to 30.09.2010.

in HRK

Position	AOP code	Previous period		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME	035	21.473.077	3.201.651	32.591.618	3.554.978
1. Sales revenue	036	10.199.354	3.201.651	10.231.007	3.507.489
2. Income from own consumption of products, goods and services	037				
3. Other operating income	038	11.273.723		22.360.611	47.489
II. OPERATING EXPENSES	039	8.579.246	2.697.110	9.984.479	3.114.024
1. Decrease of inventories in work in progress and finished products	040				
2. Increase of inventories in work in progress and finished products	041				
3. Material expenses	042	538.695	211.423	597.959	220.141
4. Staff costs	043	6.144.885	1.682.041	6.517.796	2.169.589
5. Depreciation and amortisation	044	171.710	52.407	149.346	52.228
6. Other expenses	045	1.723.956	751.239	2.491.678	558.216
7. Impairment and charges	046				
8. Provisions	047			227.700	113.850
9. Other operating expenses	048				
III. FINANCIAL INCOME	049	34.946.414	26.205.847	39.395.711	32.384.244
1. Interest, exchange rate differences, dividend and similar from associated companies	050	25.614.315	25.158.493	26.807.615	26.807.615
2. Interest, exchange rate differences, dividend and similar from non-associated companies	051	9.332.099	1.047.354	12.588.096	5.576.629
3. Income from investments in associates and joint ventures	052				
4. Unrealised gains (income)	053				
5. Other financial revenue	054				
IV. FINANCIAL EXPENSES	055	2.839.234	866.004	14.496.532	4.588.004
1. Interest, exchange rate fluctuations and other costs with associated companies	056				
2. Interest, exchange rate fluctuations and other costs with non-associated companies	057	2.839.234	866.004	14.496.532	4.588.004
3. Unrealised losses (costs) from finance assets	058				
4. Other financial expenses	059				
V. EXTRAORDINARY - OTHER INCOME	060				
VI. EXTRAORDINARY - OTHER EXPENSES	061				
VII. TOTAL INCOME	062	56.419.491	29.407.498	71.987.329	35.939.222
VIII. TOTAL EXPENSES	063	11.418.480	3.563.114	24.481.011	7.702.028
IX. PROFIT BEFORE TAXES	064	45.001.011	25.844.384	47.506.318	28.237.194
X. LOSS BEFORE TAXES	065	0	0	0	0
XI. TAXATION	066	1.374.549	1.374.549	1.286.503	1.468.550
XII. NET PROFIT FOR THE PERIOD	067	43.626.462	24.469.835	46.219.815	26.768.644
XIII. LOSS FOR THE PERIOD	068	0	0	0	0
SUPPLEMENT TO INCOME STATEMENT (to be completed by companies that prepare consolidated financial statements)					
XIV.* NET PROFIT ATTRIBUTABLE TO MAJORITY OWNERS	069				
XV.* NET PROFIT ATTRIBUTABLE TO MINORITY INTEREST	070				
XVI.* LOSS ATTRIBUTABLE TO MAJORITY OWNERS	071				
XVII.* LOSS ATTRIBUTABLE TO MINORITY INTEREST	072				

CASH FLOW STATEMENT - Indirect method

for the period 1.1.2010 to 30.9.2010

in HRK

Position	AOP code	Previous period	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	073	45.001.011	47.506.318
2. Depreciation and amortisation	074	171.710	149.346
3. Increase in short-term liabilities	075		1.911.485
4. Decrease in short-term receivables	076		
5. Decrease in inventories	077		
6. Other increase of cash flow	078		
I. Total increase of cash flow from operating activities	079	45.172.721	49.567.149
1. Decrease in short-term liabilities	080	580.534	
2. Increase in short-term payables	081	12.652.890	9.765.437
3. Increase in inventories	082		
4. Other decrease in cash flow	083	1.498.931	1.264.888
II. Total decrease in cash flow from operating activities	084	14.732.355	11.030.325
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES	085	30.440.366	38.536.824
A2) NET DECREASE IN CASH FLOW FROM OPERATING ACTIVITIES	086	0	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash proceeds from sale of non-current tangible and intangible assets	087		
2. Cash proceeds from sale of equity and debt security instruments	088		
3. Cash proceeds from interest payment	089		
4. Cash proceeds of dividend payment	090		
5. Other cash proceeds from investing activities	091		
III. Total cash inflow from investing activities	092	0	0
1. Cash outflow for acquisition of non-current tangible and intangible assets	093	51.169	204.143
2. Cash outflow for acquisition of equity and debt security instruments	094	72.353.615	56.346.005
3. Other cash outflows from investing activities	095		
IV. Total cash outflow from investing activities	096	72.404.784	56.550.148
B1) NET CASH FLOW FROM INVESTING ACTIVITIES	097	0	0
B2) NET CASH OUTFLOW FROM INVESTING ACTIVITIES	098	72.404.784	56.550.148
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	099		50.000.000
2. Proceeds from loans and borrowings	100	15.895.530	31.757.660
3. Other cash inflows from financing activities	101		4.429.978
V. Total cash inflows from financing activities	102	15.895.530	86.187.638
1. Repayment of loans and bonds	103	1.546.427	11.399.837
2. Dividends paid	104	22.807.559	23.046.304
3. Repayment of finance lease	105		
4. Purchase of treasury shares	106	1.954.430	6.733.300
5. Other cash outflows from financing activities	107	9.742.510	25.362.892
VI. Total cash outflows from financing activities	108	36.050.926	66.542.333
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	109	0	19.645.305
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	110	20.155.396	0
Total increases of cash flows	111	0	1.631.981
Total decreases of cash flows	112	62.119.814	0
Cash and cash equivalents at the beginning of period	113	62.948.534	239.038
Increase of cash and cash equivalents	114		1.631.981
Decrease of cash and cash equivalents	115	62.119.814	0
Cash and cash equivalents at the end of period	116	828.720	1.871.019

STATEMENT OF CHANGES IN EQUITY

from 1.1.2010 to 30.9.2010

in HRK

Position	AOP code	Previous period	Increase	Decrease	Current period
1	2	31.12. previous year		3	4
1. Subscribed share capital	117	232.000.000			232.000.000
2. Capital reserves	118	-1.720.661		3.412.051	-5.132.712
3. Net income reserves	119	9.537.798	-4.671.098	-7.842.030	12.708.730
4. Retained earnings or loss carried forward	120	86.399.916		25.108.507	61.291.409
5. Net profit (loss) for the period	121		46.219.815		46.219.815
6. Revaluation of property, plant and equipment	122				0
7. Revaluation of intangible assets	123				0
8. Revaluation of available for sale financial assets	124				0
9. Other revaluation	125				0
10. Foreign exchange differences from investments abroad	126		52.126.859	37.347.561	14.779.298
11. Current and deferred taxes (part)	127				0
12. Protection of cash flow	128				0
13. Change of accounting policies	129				0
14. Change of prior period error	130				0
15. Other changes in equity	131				0
16. Total increase or decrease of equity	132	326.217.053	93.675.576	58.026.089	361.866.540
16a. Attributable to majority owners	133				
16b. Attributable to minority interest	134				

NOTES TO THE FINANCIAL STATEMENTS AS AT 30.09.2010

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 2010 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 2010 the Company had 29 employees (2009: 29).

The financial statements for the Company 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 Bord, 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. The increase in the operating income in the period I-IX 2010 with respect to the same period last year is the result of recording of the revenue in the amount of 22.2 mil HRK deriving from the government grant for the construction of the new tanker Verige pursuant to the Resolution of the Government of the Republic of Croatia on the adoption of the government-funded subsidy Programme of construction of vessels for Croatian ship-owners and the Grant Agreement for hull 709, entered into on 13.02.2009.
2. In the current nine month period the net financial income amounted to 24.9 mil HRK, versus the net financial income of 32.1 mil HRK, realised in the same period in 2009. The reason for this discrepancy are the increase of loan interest expenses in 2010 and significant foreign exchange losses incurred due to the transformation of the loan obligations expressed in USD into their counter-value in HRK according to the mean rate of exchange of the Croatian National Bank at the end of the accounting period. In the third trimester of 2010 (as well in 2009), the Company registered income from transfer of the retained profit from subsidiary, pursuant to the resolution of the Supervisory Board.

NOTES TO THE FINANCIAL STATEMENTS AS AT 30.09.2010

3. The long-term financial assets have been increased for the value of the government grant funds which have been recorded in the assets as investment into a subsidiary and due to the adjustment of the value of the investment into the foreign subsidiary into its counter-value in HRK according to the mean rate of exchange for the USD dollar as at 30.09.2010. The investments into the foreign subsidiary United Shipping Services One Inc. as at 30.09.2010 amount to 69,716,040 USD.
4. The increase in long-term liabilities refers to the obtained long-term loan which was, after it has been obtained, granted to the foreign subsidiary with the same conditions for the purpose of financing of the vessel. Long-term receivables have been increased for the same amount in the mother company. The long-term USD loans have been expressed in their equivalent value in HRK according to the mean rate of exchange of the Croatian National Bank as at 30.09.2010.
5. Short-term liabilities were increased in the first nine months due to the increase of the value of short-term loan liabilities. The foreign currency loans have been disclosed in their HRK equivalent according to the mean rate of exchange of the Croatian National Bank as at 30.09.2010. Pursuant to the decision of the Director dated 16th April 2010 and with the consent of the Supervisory Board, the Company set up a Program for the issuing of commercial bills. The total value of the Program is 150 mil HRK. The first tranche of commercial bills in the total amount of 50,000,000 HRK has been listed on the Official Market of the Zagreb Stock Exchange on 5th May 2010 and is becoming due on 1st November 2010.
6. During the first nine months of 2010 the Company purchased treasury shares in the total amount of 6,733 thousand HRK and sold treasury shares in the amount of 7,842 thousand HRK.
7. Revaluation reserves that were created on the basis of the adjustment of the investment in the foreign subsidiary, at the mean rate of exchange for the USD as at 30.09.2010 amount to 14,779 thousand HRK.

For the ULJANIK PLOVIDBA d.d. Pula

A handwritten signature in black ink, appearing to read 'D. Pavletić', written over a large, loopy circular flourish.

Dragutin Pavletić
Director of ULJANIK PLOVIDBA d.d.

INTERIM REPORT OF THE MANAGEMENT IN THE PERIOD 01-09/2010

The business activity of ULJANIK PLOVIDBA (Company) and its foreign subsidiaries in the 01-09/2010 period was regular and within the planned parameters. Despite the extremely negative fluctuations on the tanker market and significant oscillations in freight rates on the bulk market, the Company has in this period managed to:

- a) maintain regular and stable operation of the Company,
- b) continue with its Program of fleet renewal, especially MR tankers:
 - taking over of m/t VERIGE;
 - completion of the construction of hull n.710 m/t POMER at the 3. MAJ Shipyard whose delivery is to be shortly;
 - commencing of the construction of the first Bulk Carrier of 52.000 DWT at ULJANIK Shipyard;
- c) maintain constant employment of all vessels with the continuation of the Company's fleet high efficiency trend,
- d) fulfil all its loan payment obligations (with no reprogramming) with the continuance of the positive effects of keeping of the interest rates at low level,
- e) proceed 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,
- f) maintain high efficiency of the vessel's management,
- g) keep the personnel structure both at sea and on shore.

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

1. ECONOMIC ASPECT

In the period reviewed the company realized a consolidated net profit in the amount of 12.6 mil USD, versus the 10.6 mil USD realized in the period 1-9/2009, as a result of increased operating income of 212.2 mil HRK versus 179.5 mil HRK in the same period 2009. The total operating expenses increased and amount to 149.9 mil HRK (2009 130.4 mil HRK), which is primarily attributable to the taking over and commissioning of the new vessels m/t Verige and m/t Pomer.

2. PERSONNEL

As at 30.09.2010 the company had 29 employees which equals to the number of employees in the previous trimester. The company employs exclusively Croatian seafarers on all the vessels in its fleet.

3. TECHNICAL ASPECT

No significant technical stoppages were recorded in this period for any of the vessels. The company keeps maintaining high efficiency of vessel exploitation.

4. ACQUISITION OF TREASURY SHARES

In the first 9 months of 2010 the company acquired and disposed of treasury shares in accordance with art. 233, section 3, point 2 of the Companies Act (acquisition and disposal of shares for the requirements of Company employees). The company acquired 11350 treasury

shares and disposed of 5650 treasury shares. Pursuant to the resolution of the General Assembly dated 16 July 2010, 2067 shares were divided as part of the profit share scheme to the employees and the Director of the company.

5. IMPORTANT EVENTS IN 2010

In accordance with the Development Strategy of ULJANIK PLOVIDBA d.d. until 2015 the company entered into four contracts for construction of bulk carriers, through its fully owned subsidiary ULJANIK SHIPMANAGEMENT Inc. Monrovia with ULJANIK BRODOGRADILIŠTE d.d. on 18 January 2010 and 28 June 2010. The newbuildings have been assigned hull numbers 488, 489, 490 and 491. The delivery of the vessels has been scheduled for the end of 2011 and during 2012. The company intends to finance the construction of the said vessels by applying for grants from the Croatian Government's economy recovery measures in addition to traditional sources of financing.

On 9 March 2010 the company took delivery of hull n. 709 – m/t VERIGE from 3.MAJ Shipyard, a product carrier for the transportation of petroleum products and chemicals of 51,800 DWT. The vessel's commercial exploitation began after delivery.

On 24 March 2010 the company sold its stake in the company ISTRIA CONSULT d.o.o. Pula.

Pursuant to the resolution of the Director dated 17 March 2010 and with the consent of the Supervisory Board, on 16th April 2010 the company effected payment of interim dividends for the year 2009 in the amount of 20.00 HRK per share.

Pursuant to the resolution of the Director dated 16th April 2010 and with the consent of the Supervisory Board, the Company set up a Program for the issuing of commercial bills ("Program"). The total value of the Program is 150 mil HRK and it enables the Company to issue several tranches, as instruments of short-term financing, up to the total value of the Program. The duration of the Program is five years and the Arranger and sole Dealer is Raiffeisenbank Austria d.d. The first tranche of commercial bills in the total amount of 50,000,000.00 HRK has been listed on the Official Market of the Zagreb Stock Exchange on 5th May 2010.

On 21 April 2010 the shares were listed on the Official market of the Zagreb Stock Exchange. On the same day the Zagreb Stock Exchange and Raiffeisenbank Austria d.d. entered into an Agreement on Market Making obligations for the shares ULJANIK PLOVIDBA (ULPL-R-A).

On 6 July 2010 m/t POMER (newbuilding 710) was launched at 3.MAJ Shipyard in Rijeka. Delivery is scheduled for October 2010.

On 16 July 2010 a General Assembly of the Company was held at which the resolution was passed on the sharing of profits, which included the payment of dividend to the Shareholders. The total amount destined for payments to the shareholders from the business activity of the Company in the year 2009 amounted to 21,500,000.00 HRK, of which 10,797,560.00 were paid as interim dividend, while the remaining dividend due amounted to 10,702,440.00 HRK.

Pursuant to the resolution of the General Assembly the Company has paid off dividends to the shareholders who consigned the bank account opening documentation, according to the amendments of the Income Tax Law.

6. COMPANY GROWTH

The Strategy of development of ULJANIK PLOVIDBA d.d. until the year 2015 envisages the continuation of the primary maritime activity in two sectors, transport of dry cargo and transport of petroleum products and chemicals. Accordingly, the Company has on order two additional tankers from 3.MAJ Shipyard (newbuildings 710 and 713) and four dry cargo vessels from ULJANIK BRODOGRADILIŠTE (newbuildings 488- 491).

The Company intends to continue participating on the new and second hand vessel market with the purpose to optimise its fleet and fleet efficiency. Even though its principal business will continue to be operation and management of its own fleet, the development of the Company shall also be aimed at ship management for other ship owners.

7. COMPANY ACTIVITIES CONCERNING RESEARCH AND DEVELOPMENT

Within its ship management operations the Company continuously engages in research which is primarily connected with the introduction of new technical solutions and technologies related to vessel exploitation.

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;
- significant oscillations in the value of the vessels;
- the risk of strict conditions of business operation;
- long and uncertain period of return on capital;
- fluctuation in the basic costs of business operation;
- workforce fluctuation.

9. CORPORATE MANAGEMENT CODE

The Company fully complies with its Corporate Management Code.

Pula, 27 October 2010

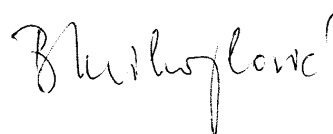
A handwritten signature in black ink, appearing to read 'D. Pavletić', enclosed in a large, loopy oval shape.

Dragutin Pavletić, Director

STATEMENT OF THE PERSON RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Unaudited financial reports of ULJANIK PLOVIDBA d.d. (hereafter: Company) for the period January – September 2010, to the best of my knowledge, have been prepared according to International Financial Reporting Standards and they contain an overall and true presentation of assets, liabilities, losses and profits, the financial position and activities of the Company.

Financial-accounting manager



Bojana Mihajlović

Pula, 28 October, 2010