



**GROUP ULJANIK PLOVIDBA**

**CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS**

**FOR THE PERIOD**

**JANUARY - JUNE 2011**

Pula, July 2011

**CONTENT:**

**Consolidated Financial Statements of GROUP ULJANIK PLOVIDBA  
(unaudited) for the period January – June 2011**

**Notes**

**Management Report**

**Statement of the person responsible for preparing Financial Statements**

**Attachment 1.**

Reporting period:

01.01.2011.

to

30.06.2011.

**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 (quarter end): 30

Consolidated report: YES

NKD code: 5020

Companies of the consolidation subject (according to IFRS):

Seat:

MB:

ULJANIK PLOVIDBA D.D.

PULA

3292754

UNITED SHIPPING SERVICES ONE INC.

MONROVIA, LIBERIA

REAL D.O.O.

PULA

2044471

Bookkeeping service:

Contact person: BOJANA MIHAJLOVIĆ

(please enter only contact person's family name and name)

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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.**



(Signature of the person authorized to represent the company)

**BALANCE SHEET**  
as of 30.06.2011.

Company: ULJANIK PLOVIDBA D.D.			
Position	AOP	Previous period	Current period
1	2	3	4
<b>A) RECEIVABLES FOR SUBSCRIBED AND NON - PAID CAPITAL</b>	<b>001</b>		
<b>B) LONG - TERM ASSETS (003+010+020+029+033)</b>	<b>002</b>	1.508.637.928	1.556.979.276
I. INTANGIBLE ASSETS (004 to 009)	<b>003</b>	0	60.517
1. Assets development	<b>004</b>		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	<b>005</b>	0	60.517
3. Goodwill	<b>006</b>		
4. Prepayments for purchase of intangible assets	<b>007</b>		
5. Intangible assets in preparation	<b>008</b>		
6. Other intangible assets	<b>009</b>		
II. TANGIBLE ASSETS (011 to 019)	<b>010</b>	1.503.152.471	1.551.528.750
1. Land	<b>011</b>	121.829	121.829
2. Buildings	<b>012</b>	3.188.273	3.162.949
3. Plant and equipment	<b>013</b>	502.552	430.793
4. Instruments, plant inventories and transportation assets	<b>014</b>	1.473.712.006	1.543.534.209
5. Biological assets	<b>015</b>	3.354.803	3.383.815
6. Prepayments for tangible assets	<b>016</b>	22.273.008	895.155
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>	4.929.028	4.928.984
1. Shares (stocks) in related parties	<b>021</b>		
2. Loans given to related parties	<b>022</b>		
3. Participating interests (shares)	<b>023</b>	4.929.028	4.928.984
4. Loans to entrepreneurs in whom the entity hold participating interests	<b>024</b>		
5. Investment in securities	<b>025</b>		
6. Loans, deposits and similar assets	<b>026</b>		
7. Other long - term financial assets	<b>027</b>		
8. Investments accounted by equity method	<b>028</b>		
IV. RECEIVABLES (030 to 032)	<b>029</b>	556.429	461.025
1. Receivables from related parties	<b>030</b>		
2. Receivables based on trade loans	<b>031</b>		
3. Other receivables	<b>032</b>	556.429	461.025
V. DEFERRED TAX ASSETS	<b>033</b>		
<b>C) SHORT- TERM ASSETS (035+043+050+058)</b>	<b>034</b>	53.298.573	71.446.704
I. INVENTORIES (036 to 042)	<b>035</b>	4.845.345	3.760.848
1. Raw material	<b>036</b>	4.845.345	3.760.848
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>	12.777.512	26.891.312
1. Receivables from related parties	<b>044</b>		
2. Accounts receivable	<b>045</b>	1.735.772	2.039.235
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>	1.404.083	1.110.648
6. Other receivables	<b>049</b>	9.637.657	23.741.429
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	<b>050</b>	13.691.753	13.686.679
1. Shares (stocks) in related parties	<b>051</b>		
2. Loans given to related parties	<b>052</b>		
3. Participating interests (shares)	<b>053</b>		
4. Loans to entrepreneurs in whom the entity hold participating interests	<b>054</b>		
5. Investment in securities	<b>055</b>		
6. Loans, deposits and similar assets	<b>056</b>	13.691.753	13.686.679
7. Other financial assets	<b>057</b>		
IV. CASH AT BANK AND IN CASHIER	<b>058</b>	21.983.963	27.107.865
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	26.783	6.812.619
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	1.561.963.284	1.635.238.599
<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>	620.808.057	542.915.870
I. SUBSCRIBED CAPITAL	<b>063</b>	232.000.000	232.000.000
II. CAPITAL RESERVES	<b>064</b>	-5.132.712	-6.254.719
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	12.596.730	12.429.687
1. Reserves prescribed by law	<b>066</b>	11.600.000	11.600.000
2. Reserves for treasury stocks	<b>067</b>	36.382.812	36.382.812
3. Treasury stocks and shares (deduction)	<b>068</b>	35.386.082	35.553.125
4. Statutory reserves	<b>069</b>		
5. Other reserves	<b>070</b>		
IV. REVALUATION RESERVES	<b>071</b>	29.191.670	0
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	<b>072</b>	255.499.719	311.074.923
1. Retained earnings	<b>073</b>	255.499.719	311.074.923
2. Accumulated loss	<b>074</b>		
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	<b>075</b>	96.652.650	-6.334.021
1. Profit for the current year	<b>076</b>	96.652.650	
2. Loss for the current year	<b>077</b>		6.334.021
VII. MINORITY INTEREST	<b>078</b>		
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	1.945.865	1.942.400
1. Provisions for pensions, severance pay and similar liabilities	<b>080</b>	1.945.865	1.942.400
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>	724.189.226	794.537.536
1. Liabilities to related parties	<b>084</b>		
2. Liabilities for loans, deposits etc.	<b>085</b>		
3. Liabilities to banks and other financial institutions	<b>086</b>	724.189.226	794.537.536
4. Liabilities for received prepayments	<b>087</b>		
5. Accounts payable	<b>088</b>		
6. Liabilities arising from debt securities	<b>089</b>		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>090</b>		
8. Other long-term liabilities	<b>091</b>		
9. Deferred tax liability	<b>092</b>		
<b>D) SHORT - TERM LIABILITIES (094 to 105)</b>	<b>093</b>	143.557.660	204.277.776
1. Liabilities to related parties	<b>094</b>		
2. Liabilities for loans, deposits etc.	<b>095</b>		
3. Liabilities to banks and other financial institutions	<b>096</b>	117.505.183	101.535.091
4. Liabilities for received prepayments	<b>097</b>		
5. Accounts payable	<b>098</b>	9.256.651	12.624.820
6. Liabilities arising from debt securities	<b>099</b>		70.000.000
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>100</b>		
8. Liabilities to employees	<b>101</b>	732.867	589.210
9. Liabilities for taxes, contributions and similar fees	<b>102</b>	0	0
10. Liabilities to share - holders	<b>103</b>	1.202.880	2.223.409
11. Liabilities for long term assets held for sale	<b>104</b>		
12. Other short - term liabilities	<b>105</b>	14.860.079	17.305.246
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>106</b>	71.462.476	91.565.017
<b>F) TOTAL CAPITAL AND LIABILITIES(062+079+083+093+106)</b>	<b>107</b>	1.561.963.284	1.635.238.599
<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>	620.808.057	542.915.870
2. Attributed to minority interests	<b>110</b>		

**PROFIT AND LOSS ACCOUNT**  
for period 01.01.2011. to 30.06.2011.

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>	154.039.715	94.933.466	99.412.421	49.481.399
1. Sales revenues	112	125.438.360	67.322.384	96.958.796	48.288.619
2. Other operating revenues	113	28.601.355	27.611.082	2.453.625	1.192.780
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	102.094.321	54.855.965	102.348.500	52.662.846
1. Changes in the value of work in progress and finished goods	115				
2. Material costs (117 to 119)	116	19.592.656	10.624.403	15.951.137	7.870.424
a) Raw material and material costs	117	115.698	46.448	101.396	37.266
b) Costs of goods sold	118				
c) Other external costs	119	19.476.958	10.577.955	15.849.741	7.833.158
3. Staff costs (121 to 123)	120	30.020.671	16.099.288	30.576.498	15.893.444
a) Net salaries and wages	121	27.778.323	14.985.345	28.362.097	14.792.997
b) Costs for taxes and contributions from salaries	122	1.603.775	795.546	1.554.529	772.325
c) Contributions on gross salaries	123	638.573	318.397	659.872	328.122
4. Depreciation	124	43.795.228	23.233.234	45.760.470	23.400.636
5. Other costs	125	8.571.916	4.785.190	10.060.395	5.498.342
6. Impairment (127+128)	126	0	0	0	0
a) Impairment of long-term assets (excluding financial assets)	127				
b) Impairment of short-term assets (excluding financial assets)	128				
7. Provisions	129	113.850	113.850		
8. Other operating expenses	130				
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	7.037.553	4.655.001	22.148.274	18.181.011
1. Interest income, foreign exchange gains, dividends and similar income from related parties	132				
2. Interest income, foreign exchange gains, dividends and similar income from non-related	133	7.037.553	4.655.001	22.148.274	18.181.011
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>	20.153.592	12.767.780	25.417.618	11.239.843
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 parties	139	20.153.592	12.767.780	25.417.618	11.239.843
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>	161.077.268	99.588.467	121.560.695	67.662.410
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	122.247.913	67.623.745	127.766.118	63.902.689
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	38.829.355	31.964.722	-6.205.423	3.759.721
1. Profit before taxation (146-147)	149	38.829.355	31.964.722	0	3.759.721
2. Loss before taxation (147-146)	150	0	0	6.205.423	0
<b>XII. PROFIT TAX</b>	<b>151</b>	857.669	428.835	128.598	64.299
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	37.971.686	31.535.887	-6.334.021	3.695.422
1. Profit for the period(149-151)	153	37.971.686	31.535.887	0	3.695.422
2. Loss for the period (151-148)	154	0	0	6.334.021	0

**APPENDIX TO P&L (only for consolidated financial statements)**
**XIV. PROFIT OR LOSS FOR THE PERIOD**

1. Attributed to equity holders of parent company	155	37.971.686	31.535.887	-6.334.021	3.695.422
2. Attributed to minority interests	156				

**STATEMENT OF COMPREHENSIVE INCOME (IFRS)**

I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	37.971.686	31.535.887	-6.334.021	3.695.422
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)	158	52.126.859	34.873.238	-32.499.647	-8.632.502
1. Exchange differences on translation of foreign operations	159	52.126.859	34.873.238	-32.499.647	-8.632.502
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				
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166	10.425.372	6.974.648	-6.499.929	-1.726.500
IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)	167	41.701.487	27.898.590	-25.999.718	-6.906.002
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)	168	79.673.173	59.434.477	-32.333.739	-3.210.580

**APPENDIX to Statement of comprehensive income (only for consolidated financial statements)**
**VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD**

1. Attributed to equity holders of parent company	169	79.673.173	59.434.477	-32.333.739	-3.210.580
2. Attributed to minority interests	170				

**CASH FLOW STATEMENT - Indirect method**  
**period 01.01.2011. to 30.06.2011.**

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	38.829.355	-6.205.423
2. Depreciation	002	43.795.228	45.760.470
3. Increase in short-term liabilities	003	3.052.402	6.690.208
4. Decrease in short term receivables	004		
5. Decrease in inventories	005		1.084.497
6. Other cash flow increases	006	9.950.949	85.933.795
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>95.627.934</b>	<b>133.263.547</b>
1. Decrease in short - term liabilities	008		
2. Increase in short - term receivables	009	15.908.406	14.113.800
3. Increase in inventories	010	999.323	
4. Other cash flow decreases	011	126.160.775	6.917.899
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>143.068.504</b>	<b>21.031.699</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	<b>0</b>	<b>112.231.848</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	<b>47.440.570</b>	<b>0</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash flow from sale of long - term tangible and intangible assets	015	132.184.917	
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>132.184.917</b>	<b>0</b>
1. Cash outflows for purchase of long - term tangible and intangible assets	021	206.106.509	214.915.977
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>206.106.509</b>	<b>214.915.977</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>73.921.592</b>	<b>214.915.977</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Cash receipts from issuance of equity and debt financial instruments	027	50.000.000	70.000.000
2. Cash inflows from loans, debentures, credits and other borrowings	028	330.069.661	118.046.327
3. Other cash inflows from financing activities	029	6.021.903	100.478
<b>V. Total cash inflows from financing activities (027 to 029)</b>	<b>030</b>	<b>386.091.564</b>	<b>188.146.805</b>
1. Cash outflows for repayment of loans and bonds	031	198.577.043	63.668.109
2. Dividends paid	032		
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034	4.644.348	1.289.050
5. Other cash outflows from financing activities	035		15.381.615
<b>VI. Total cash outflows from financing activities (031 do 035)</b>	<b>036</b>	<b>203.221.391</b>	<b>80.338.774</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	<b>182.870.173</b>	<b>107.808.031</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	<b>0</b>	<b>0</b>
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	<b>039</b>	<b>61.508.011</b>	<b>5.123.902</b>
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	<b>040</b>	<b>0</b>	<b>0</b>
Cash and cash equivalents at the beginning of period	<b>041</b>	<b>37.001.628</b>	<b>21.983.963</b>
Increase in cash and cash equivalents	<b>042</b>	<b>61.508.011</b>	<b>5.123.902</b>
Decrease in cash and cash equivalents	<b>043</b>		
Cash and cash equivalents at the end of period	<b>044</b>	<b>98.509.639</b>	<b>27.107.865</b>



**STATEMENT OF CHANGES IN EQUITY**  
from 1.1.2011 to 30.6.2011

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>	-5.132.712	-6.254.719
3. Reserves from profit	<b>003</b>	12.596.730	12.429.687
4. Retained earnings or accumulated loss	<b>004</b>	255.499.719	311.074.923
5. Profit / loss for the current year	<b>005</b>	96.652.650	-6.334.021
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>		
9. Other revaluation	<b>009</b>	29.191.670	0
<b>10. Total capital and reserves (AOP 001 to 009)</b>	<b>010</b>	620.808.057	542.915.870
11. Currency gains and losses arising from net investments in foreign operations	<b>011</b>	29.191.670	-32.499.647
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>	43.087.873	-45.392.540
<b>17. Total increase or decrease in capital (AOP 011 to 016)</b>	<b>017</b>	72.279.543	-77.892.187
17 a. Attributed to equity holders of parent company	<b>018</b>	72.279.543	-77.892.187
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 CONSOLIDATED FINANCIAL STATEMENTS AS AT 30.06.2011**

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<sup>th</sup> June 2011 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<sup>th</sup> June 2011 the Group had 30 employees (30.06.2010: 28).

The consolidated financial statements for the Group have been prepared in accordance with the International Financial Reporting Standards ('IFRS'), the application of which has been approved by the Croatian Financial Reporting Standards Board.

The financial statements for the Group have been prepared in Croatian currency, kuna (HRK), which is the reporting currency of the Group.

The financial statements for the Group have been prepared using the historical cost convention with the exception for the valuation of the vessels by using the fair value.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires from the management to make certain key accounting estimates and judgments in the applying of the accounting policies of the Company.

Subsidiaries are all entities over which the Group ULJANIK PLOVIDBA is entitled to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated from the date on which control commences and excluded from consolidation once the control terminates.

The consolidated financial statements of the Group consist of consolidated data from the annual financial statements of ULJANIK PLOVIDBA d.d. Pula, Real d.o.o. Pula and the consolidated financial statements of the Group United Shipping Services One. The effects of all intra-group transactions have been eliminated on consolidation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30.06.2011

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

1. Operating income for the period I-VI 2011 amounts to 99.4 mil HRK while in the same period of the year 2010 the same amounted to 154.0 mil HRK. Freight revenues are lower in comparison to the year 2010 due to the continued lower level of freights on the shipping market, as well as, due to the regular dry docking of three vessels during the first quarter of 2011. Other operating income was higher in the first half of the year 2010, due to the sale of the vessel FR8 Adria.
2. Financial income for January – June 2011 has increased in comparison to the year 2010 due to the transfer of the retained profit to the parent company committed in June 2011, while income from interest and foreign exchange gains have been realized abreast. Financial expenses for the first half-year of 2011 are higher with respect to the same period of the year 2010, due to the higher foreign exchange losses and higher amount of interests in 2011. Net financial expenses for the period I-VI 2011 amounted to 3.2 mil HRK (in 2010/ 13.1 mil HRK). As a result of lower total operating income and the same level of operating expenses on the other side, the Group generated a loss for the period I-VI 2011 of 6.3 mil HRK, compared to the profit of 37.9 mil HRK, realized for the same period of 2010.
3. Non-current assets (property, plant and equipment) have been increased in the first quarter of 2011 what is related to the new tanker vessel Pomer which started with exploitation on 28<sup>th</sup> February 2011. As of 30.06.2011 net book value of the vessels totals to 301.0 mil. USD (1,544 mil HRK).
4. In the period from 1.01. to 30.06.2011 the Company purchased treasury shares in the total amount of 3,657 thousand HRK and disposed of treasury shares in the total of 3,490 thousand HRK.
5. Revaluation reserves have been decreased for 32,500 thousand HRK with respect to the balance as at 31.12.2010, which amount corresponds to the adjustment of the investment in the foreign subsidiary at the mean rate of exchange for USD as at 30.06.2011 (the missing amount of reserves of 3,308 thousand HRK was covered from retained profit).
6. Long-term loans in USD have been expressed in the balance sheet in HRK at the mean rate of exchange for USD as at 30.06.2011.
7. All short-term borrowings in foreign currencies were converted in HRK by applying the mean rate of exchange of the Croatian National bank as at 30<sup>st</sup> June 2011.

Other current liabilities are mostly related to amounts owed to Charterers, insurers, brokers and vessels' crew, calculated interests payable and other.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT  
30.06.2011**

8. In the period from January-June 2011 the income from the government grants for the construction of vessels has been recognized in the applicable amount of 2,429 thousand HRK, with concurrently decrease of the deferred income in the balance sheet, in accordance with the deferred income recognition plan.

For the GROUP ULJANIK PLOVIDBA Pula

A handwritten signature in black ink, appearing to read 'D. Pavletić', is positioned above the printed name.

Dragutin Pavletić  
Director of ULJANIK PLOVIDBA d.d.

Pula, 29<sup>th</sup> July 2011

## INTERIM MANAGEMENT REPORT FOR THE PERIOD 01-06/2011

The business activity of ULJANIK PLOVIDBA (the Company) and its foreign subsidiaries in the first six months was regular, although strongly affected by the negative fluctuations in the shipping market, both dry cargo and tanker, as well as by the reduced income directly related to Dry Docking of three vessels and extraordinary increased expenses related to taking delivery of m/t Pomer. In this period the Company:

- maintained regular and stable operation of the Company,
- continued with the Program of fleet renewal, particularly MR tankers:
  - took delivery of m/t POMER,
  - continued with construction of newbuilding 713 in the 3. MAJ Shipyard,
  - continued with construction of three 52,000 DWT Bulk Carriers in the ULJANIK Shipyard,
- maintained constant employment of vessels with the continuation of the Company's fleet high efficiency trend,
- arranged Dry Docking for three vessels (Marlera, Levan and Pula),
- fulfilled all its loan payment obligations (with no reprogramming) with the positive effects of low interest rates,
- 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,
- maintained high efficiency of vessels' management,
- maintained the personnel structure both at sea and on shore.

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

### **1. ECONOMIC ASPECT**

The commercial result for the first six months of 2011 has significantly decreased as a direct consequence of Dry Docking of three vessels and current lower freights in the world's shipping market.

### **2. PERSONNEL**

As at 30.06.2011 the Company had 30 employees. The Company employs exclusively Croatian seafarers on all vessels in its fleet.

### **3. TECHNICAL ASPECT**

Three vessels underwent regular Dry Docking while other vessels had no significant technical stoppages in this period. The company keeps maintaining high efficiency of vessel exploitation.

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

In the first six months of 2011, the Company acquired treasury shares in accordance with art. 233, section 1, point 2 of the Companies Act (acquisition for the requirements of Company employees). The company acquired treasury shares in the amount of 3.657 thousand HRK and disposed of treasury shares in the amount of 3.490 thousand HRK.

#### **5. IMPORTANT EVENTS IN 2011**

On 28<sup>th</sup> February 2011 in 3. MAJ Shipyard in Rijeka the Company took delivery of Hull no. 710 – m/t POMER, a product carrier for the transportation of petroleum products and chemicals of 51,800 DWT. The vessel's commercial exploitation began after delivery.

In accordance with the established Program for the issuing of commercial bills with the total value of 150 mil HRK which enables the Company to issue several tranches as instruments of short-term financing, the second tranche of commercial bills in the amount of 70,000,000.00 HRK has been listed on the Official Market of the Zagreb Stock Exchange on 28<sup>th</sup> January 2011, with maturity of 364 days.

Pursuant to the resolution of the Director dated 17<sup>th</sup> March 2011 and with the consent of the Supervisory Board, on 29<sup>th</sup> March 2011 the Company effected payment of interim dividends for the year 2010 in the amount of 35.00 HRK per share.

On 17<sup>th</sup> June 2011 launching of the first (hull no. 488) of four ordered bulk carriers of 52,000 DWT took place in ULJANIK Shipyard. Delivery of m/v VERUDA and its commercial exploitation is expected in September 2011.

#### **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 the last tanker vessel in 3. MAJ Shipyard (newbuilding 713) and four Bulk Carriers in ULJANIK Shipyard (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, 29<sup>th</sup> July 2011

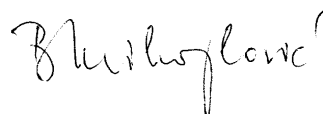
A handwritten signature in black ink, appearing to read 'D. Pavletić', with a large, stylized initial 'D'.

Dragutin Pavletić, Director

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

Unaudited consolidated financial reports of GROUP ULJANIK PLOVIDBA for the period January – June 2011, 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 ULJANIK PLOVIDBA d.d. and the companies included in the consolidation.

Financial-accounting manager



Bojana Mihajlović

Pula, 29<sup>th</sup> July, 2011