



GROUP ULJANIK PLOVIDBA

CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD

JANUARY - MARCH 2011

Pula, April 2011

CONTENT:

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

Notes

Management Report

Statement of the person responsible for preparing Financial Statements

Attachment 1.

Reporting period:

01.01.2011.

to

31.03.2011.

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 30

Consolidated report: YES

(quarter end)

NKD code: 5020

Companies of the consolidation subject (according to IFRS):

Seat:

MB:

ULJANIK PLOVIDBA D.D.

PULA

3292754

UNITED SHIPPING SERVICES ONE INC.

MONROVIA, LIBERIA

REAL D.O.O.

PULA

2044471

Bookkeeping service:

Contact person: BOJANA MIHAJLOVIĆ

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

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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.  of the person authorized to represent the company)

BALANCE SHEET
as of 31.03.2011.

| Company: ULJANIK PLOVIDBA D.D. | | | |
|--|------------|-----------------|----------------|
| Position | AOP | Previous period | Current period |
| 1 | 2 | 3 | 4 |
| A) RECEIVABLES FOR SUBSCRIBED AND NON - PAID CAPITAL | 001 | | |
| B) LONG - TERM ASSETS (003+010+020+029+033) | 002 | 1.508.637.928 | 1.615.315.282 |
| I. INTANGIBLE ASSETS (004 to 009) | 003 | 0 | 30.675 |
| 1. Assets development | 004 | | |
| 2. Concessions, patents, licence fees, merchandise and service brands, software and other rights | 005 | 0 | 30.675 |
| 3. Goodwill | 006 | | |
| 4. Prepayments for purchase of intangible assets | 007 | | |
| 5. Intangible assets in preparation | 008 | | |
| 6. Other intangible assets | 009 | | |
| II. TANGIBLE ASSETS (011 to 019) | 010 | 1.503.152.471 | 1.609.828.038 |
| 1. Land | 011 | 121.829 | 121.829 |
| 2. Buildings | 012 | 3.188.273 | 3.175.611 |
| 3. Plant and equipment | 013 | 502.552 | 476.155 |
| 4. Instruments, plant inventories and transportation assets | 014 | 1.473.712.006 | 1.602.534.214 |
| 5. Biological assets | 015 | 3.354.803 | 3.345.250 |
| 6. Prepayments for tangible assets | 016 | 22.273.008 | 174.979 |
| 7. Tangible assets in preparation | 017 | | |
| 8. Other material assets | 018 | | |
| 9. Investment in buildings | 019 | | |
| III. LONG-TERM FINANCIAL ASSETS (021 to 028) | 020 | 4.929.028 | 4.928.996 |
| 1. Shares (stocks) in related parties | 021 | | |
| 2. Loans given to related parties | 022 | | |
| 3. Participating interests (shares) | 023 | 4.929.028 | 4.928.996 |
| 4. Loans to entrepreneurs in whom the entity hold participating interests | 024 | | |
| 5. Investment in securities | 025 | | |
| 6. Loans, deposits and similar assets | 026 | | |
| 7. Other long - term financial assets | 027 | | |
| 8. Investments accounted by equity method | 028 | | |
| IV. RECEIVABLES (030 to 032) | 029 | 556.429 | 527.573 |
| 1. Receivables from related parties | 030 | | |
| 2. Receivables based on trade loans | 031 | | |
| 3. Other receivables | 032 | 556.429 | 527.573 |
| V. DEFERRED TAX ASSETS | 033 | | |
| C) SHORT- TERM ASSETS (035+043+050+058) | 034 | 53.298.573 | 79.358.073 |
| I. INVENTORIES (036 to 042) | 035 | 4.845.345 | 4.070.016 |
| 1. Raw material | 036 | 4.845.345 | 4.070.016 |
| 2. Work in progress | 037 | | |
| 3. Finished goods | 038 | | |
| 4. Merchandise | 039 | | |
| 5. Prepayments for inventories | 040 | | |
| 6. Long - term assets held for sale | 041 | | |
| 7. Biological assets | 042 | | |
| II. RECEIVABLES (044 to 049) | 043 | 12.777.512 | 32.331.000 |
| 1. Receivables from related parties | 044 | | |
| 2. Accounts receivable | 045 | 1.735.772 | 2.131.374 |
| 3. Receivables from participating entrepreneurs | 046 | | |
| 4. Receivables from employees and shareholders | 047 | | |
| 5. Receivables from government and other institutions | 048 | 1.404.083 | 1.775.163 |
| 6. Other receivables | 049 | 9.637.657 | 28.424.463 |
| III. SHORT - TERM FINANCIAL ASSETS (051 to 057) | 050 | 13.691.753 | 13.689.238 |
| 1. Shares (stocks) in related parties | 051 | | |
| 2. Loans given to related parties | 052 | | |
| 3. Participating interests (shares) | 053 | | |
| 4. Loans to entrepreneurs in whom the entity hold participating interests | 054 | | |
| 5. Investment in securities | 055 | | |
| 6. Loans, deposits and similar assets | 056 | 13.691.753 | 13.689.238 |
| 7. Other financial assets | 057 | | |
| IV. CASH AT BANK AND IN CASHIER | 058 | 21.983.963 | 29.267.819 |
| D) PREPAID EXPENSES AND ACCRUED INCOME | 059 | 26.783 | 5.947.919 |
| E) TOTAL ASSETS (001+002+034+059) | 060 | 1.561.963.284 | 1.700.621.274 |
| F) OFF-BALANCE SHEET NOTES | 061 | | |

| LIABILITIES AND CAPITAL | | | |
|--|------------|---------------|---------------|
| A) CAPITAL AND RESERVES (063+064+065+071+072+075+078) | 062 | 620.808.057 | 569.561.603 |
| I. SUBSCRIBED CAPITAL | 063 | 232.000.000 | 232.000.000 |
| II. CAPITAL RESERVES | 064 | -5.132.712 | -5.132.712 |
| III. RESERVES FROM PROFIT (066+067-068+069+070) | 065 | 12.596.730 | 11.890.230 |
| 1. Reserves prescribed by law | 066 | 11.600.000 | 11.600.000 |
| 2. Reserves for treasury stocks | 067 | 36.382.812 | 36.382.812 |
| 3. Treasury stocks and shares (deduction) | 068 | 35.386.082 | 36.092.582 |
| 4. Statutory reserves | 069 | | |
| 5. Other reserves | 070 | | |
| IV. REVALUATION RESERVES | 071 | 29.191.670 | 5.324.525 |
| V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074) | 072 | 255.499.719 | 335.509.003 |
| 1. Retained earnings | 073 | 255.499.719 | 335.509.003 |
| 2. Accumulated loss | 074 | | |
| VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077) | 075 | 96.652.650 | -10.029.443 |
| 1. Profit for the current year | 076 | 96.652.650 | |
| 2. Loss for the current year | 077 | | 10.029.443 |
| VII. MINORITY INTEREST | 078 | | |
| B) PROVISIONS (080 to 082) | 079 | 1.945.865 | 1.942.400 |
| 1. Provisions for pensions, severance pay and similar liabilities | 080 | 1.945.865 | 1.942.400 |
| 2. Reserves for tax liabilities | 081 | | |
| 3. Other reserves | 082 | | |
| C) LONG TERM LIABILITIES (084 to 092) | 083 | 724.189.226 | 838.286.635 |
| 1. Liabilities to related parties | 084 | | |
| 2. Liabilities for loans, deposits etc. | 085 | | |
| 3. Liabilities to banks and other financial institutions | 086 | 724.189.226 | 838.286.635 |
| 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 | | |
| 8. Other long-term liabilities | 091 | | |
| 9. Deferred tax liability | 092 | | |
| D) SHORT - TERM LIABILITIES (094 to 105) | 093 | 143.557.660 | 198.093.744 |
| 1. Liabilities to related parties | 094 | | |
| 2. Liabilities for loans, deposits etc. | 095 | | |
| 3. Liabilities to banks and other financial institutions | 096 | 117.505.183 | 96.172.137 |
| 4. Liabilities for received prepayments | 097 | | |
| 5. Accounts payable | 098 | 9.256.651 | 12.125.687 |
| 6. Liabilities arising from debt securities | 099 | | 70.000.000 |
| 7. Liabilities to entrepreneurs in whom the entity holds participating interests | 100 | | |
| 8. Liabilities to employees | 101 | 732.867 | 763.646 |
| 9. Liabilities for taxes, contributions and similar fees | 102 | 0 | |
| 10. Liabilities to share - holders | 103 | 1.202.880 | 2.900.537 |
| 11. Liabilities for long term assets held for sale | 104 | | |
| 12. Other short - term liabilities | 105 | 14.860.079 | 16.131.737 |
| E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD | 106 | 71.462.476 | 92.736.892 |
| F) TOTAL CAPITAL AND LIABILITIES(062+079+083+093+106) | 107 | 1.561.963.284 | 1.700.621.274 |
| G) OFF-BALANCE SHEET NOTES | 108 | | |
| APPENDIX TO BALANCE SHEET (only for consolidated financial statements) | | | |
| A) CAPITAL AND RESERVES | | | |
| 1. Attributed to equity holders of parent company | 109 | 620.808.057 | 569.561.603 |
| 2. Attributed to minority interests | 110 | | |

PROFIT AND LOSS ACCOUNT
for period 01.01.2011. to 31.03.2011.

Company: ULJANIK PLOVIDBA D.D.

| Position | AOP | Previous period | | Current period | |
|---|------------|-----------------|------------|----------------|-------------|
| | | Cummulative | Periodical | Cummulative | Periodical |
| 1 | 2 | 3 | 4 | 5 | 6 |
| I. OPERATING REVENUES (112+113) | 111 | 59.106.249 | 59.106.249 | 49.931.022 | 49.931.022 |
| 1. Sales revenues | 112 | 58.115.976 | 58.115.976 | 48.670.177 | 48.670.177 |
| 2. Other operating revenues | 113 | 990.273 | 990.273 | 1.260.845 | 1.260.845 |
| II. OPERATING EXPENSES (115+116+120+124+125+126+129+130) | 114 | 47.238.356 | 47.238.356 | 49.685.654 | 49.685.654 |
| 1. Changes in the value of work in progress and finished goods | 115 | | | | |
| 2. Material costs (117 to 119) | 116 | 8.968.253 | 8.968.253 | 8.080.713 | 8.080.713 |
| a) Raw material and material costs | 117 | 69.251 | 69.251 | 64.130 | 64.130 |
| b) Costs of goods sold | 118 | | | | |
| c) Other external costs | 119 | 8.899.002 | 8.899.002 | 8.016.583 | 8.016.583 |
| 3. Staff costs (121 to 123) | 120 | 13.921.383 | 13.921.383 | 14.683.054 | 14.683.054 |
| a) Net salaries and wages | 121 | 12.792.978 | 12.792.978 | 13.569.100 | 13.569.100 |
| b) Costs for taxes and contributions from salaries | 122 | 808.229 | 808.229 | 782.205 | 782.205 |
| c) Contributions on gross salaries | 123 | 320.176 | 320.176 | 331.749 | 331.749 |
| 4. Depreciation | 124 | 20.561.994 | 20.561.994 | 22.359.834 | 22.359.834 |
| 5. Other costs | 125 | 3.786.726 | 3.786.726 | 4.562.053 | 4.562.053 |
| 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 | | | | |
| 8. Other operating expenses | 130 | | | | |
| III. FINANCIAL INCOME (132 to 136) | 131 | 2.382.552 | 2.382.552 | 3.967.263 | 3.967.263 |
| 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 | 2.382.552 | 2.382.552 | 3.967.263 | 3.967.263 |
| 3. Share in income from affiliated entrepreneurs and participating interests | 134 | | | | |
| 4. Unrealized gains (income) from financial assets | 135 | | | | |
| 5. Other financial income | 136 | | | | |
| IV. FINANCIAL EXPENSES (138 to 141) | 137 | 7.385.812 | 7.385.812 | 14.177.775 | 14.177.775 |
| 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 | 7.385.812 | 7.385.812 | 14.177.775 | 14.177.775 |
| 3. Unrealized losses (expenses) on financial assets | 140 | | | | |
| 4. Other financial expenses | 141 | | | | |
| V. INCOME FROM INVESTMENT SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS | 142 | | | | |
| VI. LOSS FROM INVESTMENT SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS | 143 | | | | |
| VII. EXTRAORDINARY - OTHER INCOME | 144 | | | | |
| VIII. EXTRAORDINARY - OTHER EXPENSES | 145 | | | | |
| IX. TOTAL INCOME (111+131+142 + 144) | 146 | 61.488.801 | 61.488.801 | 53.898.285 | 53.898.285 |
| X. TOTAL EXPENSES (114+137+143 + 145) | 147 | 54.624.168 | 54.624.168 | 63.863.429 | 63.863.429 |
| XI. PROFIT OR LOSS BEFORE TAXATION (146-147) | 148 | 6.864.633 | 6.864.633 | -9.965.144 | -9.965.144 |
| 1. Profit before taxation (146-147) | 149 | 6.864.633 | 6.864.633 | 0 | 0 |
| 2. Loss before taxation (147-146) | 150 | 0 | 0 | 9.965.144 | 9.965.144 |
| XII. PROFIT TAX | 151 | 428.835 | 428.835 | 64.299 | 64.299 |
| XIII. PROFIT OR LOSS FOR THE PERIOD (148-151) | 152 | 6.435.798 | 6.435.798 | -10.029.443 | -10.029.443 |
| 1. Profit for the period(149-151) | 153 | 6.435.798 | 6.435.798 | 0 | 0 |
| 2. Loss for the period (151-148) | 154 | 0 | 0 | 10.029.443 | 10.029.443 |

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 | 6.435.798 | 6.435.798 | -10.029.443 | -10.029.443 |
| 2. Attributed to minority interests | 156 | | | | |

STATEMENT OF COMPREHENSIVE INCOME (IFRS)

| | | | | | |
|--|------------|------------|------------|-------------|-------------|
| I. PROFIT OR LOSS FOR THE PERIOD (= 152) | 157 | 6.435.798 | 6.435.798 | -10.029.443 | -10.029.443 |
| II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165) | 158 | 17.253.621 | 17.253.621 | -23.867.145 | -23.867.145 |
| 1. Exchange differences on translation of foreign operations | 159 | 17.253.621 | 17.253.621 | -23.867.145 | -23.867.145 |
| 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 | 3.450.724 | 3.450.724 | -4.773.429 | -4.773.429 |
| IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166) | 167 | 13.802.897 | 13.802.897 | -19.093.716 | -19.093.716 |
| V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167) | 168 | 20.238.695 | 20.238.695 | -29.123.159 | -29.123.159 |

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 | 20.238.695 | 20.238.695 | -29.123.159 | -29.123.159 |
| 2. Attributed to minority interests | 170 | | | | |

CASH FLOW STATEMENT - Indirect method
period 01.01.2011. to 31.03.2011.

| Company: ULJANIK PLOVIDBA D.D. | | | |
|---|------------|-----------------|----------------|
| Position | AOP | Previous period | Current period |
| 1 | 2 | 3 | 4 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| 1. Profit before tax | 001 | 6.864.632 | -9.965.144 |
| 2. Depreciation | 002 | 20.561.994 | 22.359.834 |
| 3. Increase in short-term liabilities | 003 | 4.224.600 | 5.869.130 |
| 4. Decrease in short term receivables | 004 | 1.877.204 | |
| 5. Decrease in inventories | 005 | | 775.329 |
| 6. Other cash flow increases | 006 | 25.152.030 | 65.808.626 |
| I. Total increase in cash flow from operating activities (001 to 006) | 007 | 58.680.460 | 84.847.775 |
| 1. Decrease in short - term liabilities | 008 | | |
| 2. Increase in short - term receivables | 009 | | 19.553.488 |
| 3. Increase in inventories | 010 | 1.412.249 | |
| 4. Other cash flow decreases | 011 | 42.786.677 | 5.988.900 |
| II. Total decrease in cash flow from operating activities (008 to 011) | 012 | 44.198.926 | 25.542.388 |
| A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012) | 013 | 14.481.534 | 59.305.387 |
| A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007) | 014 | 0 | 0 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| 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 | | |
| III. Total cash inflows from investing activities(015 to 019) | 020 | 0 | 0 |
| 1. Cash outflows for purchase of long - term tangible and intangible assets | 021 | 204.029.004 | 214.110.765 |
| 2. Cash outflows for purchase of equity and debt financial instruments | 022 | | |
| 3. Other cash outflows from investing activities | 023 | | |
| IV. Total cash outflows from investing activities (021 to 023) | 024 | 204.029.004 | 214.110.765 |
| B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES(020-024) | 025 | 0 | 0 |
| B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020) | 026 | 204.029.004 | 214.110.765 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| 1. Cash receipts from issuance of equity and debt financial instruments | 027 | | 70.000.000 |
| 2. Cash inflows from loans, debentures, credits and other borrowings | 028 | 231.474.238 | 131.935.903 |
| 3. Other cash inflows from financing activities | 029 | 177.730 | 31.371 |
| V. Total cash inflows from financing activities (027 to 029) | 030 | 231.651.968 | 201.967.274 |
| 1. Cash outflows for repayment of loans and bonds | 031 | 25.093.988 | 39.171.540 |
| 2. Dividends paid | 032 | | |
| 3. Cash outflows for finance lease | 033 | | |
| 4. Cash outflows for purchase of own stocks | 034 | 889.350 | 706.500 |
| 5. Other cash outflows from financing activities | 035 | | |
| VI. Total cash outflows from financing activities (031 do 035) | 036 | 25.983.338 | 39.878.040 |
| C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036) | 037 | 205.668.630 | 162.089.234 |
| C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030) | 038 | 0 | 0 |
| Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038) | 039 | 16.121.160 | 7.283.856 |
| Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037) | 040 | 0 | 0 |
| Cash and cash equivalents at the beginning of period | 041 | 37.001.628 | 21.983.963 |
| Increase in cash and cash equivalents | 042 | 16.121.160 | 7.283.856 |
| Decrease in cash and cash equivalents | 043 | | |
| Cash and cash equivalents at the end of period | 044 | 53.122.788 | 29.267.819 |

STATEMENT OF CHANGES IN EQUITY
from 1.1.2011 to 31.3.2011

| Position | AOP | Previous year | Current year |
|--|------------|---------------|--------------|
| 1 | 2 | 3 | 4 |
| 1. Subscribed capital | 001 | 232.000.000 | 232.000.000 |
| 2. Capital reserves | 002 | -5.132.712 | -5.132.712 |
| 3. Reserves from profit | 003 | 12.596.730 | 11.890.230 |
| 4. Retained earnings or accumulated loss | 004 | 255.499.719 | 335.509.003 |
| 5. Profit / loss for the current year | 005 | 96.652.650 | -10.029.443 |
| 6. Revaluation of long - term tangible assets | 006 | | |
| 7. Revaluation of intangible assets | 007 | | |
| 8. Revaluation of financial assets available for sale | 008 | | |
| 9. Other revaluation | 009 | 29.191.670 | 5.324.525 |
| 10. Total capital and reserves (AOP 001 to 009) | 010 | 620.808.057 | 569.561.603 |
| 11. Currency gains and losses arising from net investments in foreign operations | 011 | 29.191.670 | -23.867.145 |
| 12. Current and deferred taxes (part) | 012 | | |
| 13. Cash flow hedging | 013 | | |
| 14. Changes in accounting policies | 014 | | |
| 15. Correction of significant errors in prior periods | 015 | | |
| 16. Other changes in capital | 016 | 43.087.873 | -27.379.309 |
| 17. Total increase or decrease in capital (AOP 011 to 016) | 017 | 72.279.543 | -51.246.454 |
| 17 a. Attributed to equity holders of parent company | 018 | 72.279.543 | -51.246.454 |
| 17 b. Attributed to minority interest | 019 | | |

Items decreasing the capital are entered with a negative number sign

Data entered under AOP marks 001 to 009 are entered as situation on the Balance Sheet date

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31.03.2011

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 31st March 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 31st March 2011 the Group had 30 employees (31.03.2010: 29).

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31.03.2011

1. Operating income for the first quarter of 2011 amounts to 49.9 mil HRK while in the same period of the year 2010 the same amounted to 59.1 mil HRK. Freight revenues are lower in comparison to the year 2010 due to the situation on the shipping market, as well as, due to the regular docking of three vessels during the first quarter of 2011. Other operating income refers mainly to recording of applicable amount of the deferred income on the basis of received government grants for vessels construction.
2. Operating expenses have increased in first quarter of 2010 with respect to the year 2010 due to the costs of initial outfit and commencement of commissioning of the new tanker vessel Pomer, which was delivered in February 2011.
3. Financial income has increased in comparison to the year 2009 due to the increased foreign exchange gains registered in year 2011. Financial expenses for the first quarter of 2011 – interests related to foreign subsidiaries' loans are lower with respect to the same period of the year 2010 for the reason of lower rate of LIBOR but also due to the lower amount of outstanding loans. However, significant foreign exchange losses have resulted in higher total financial expenses in 2011 with respect to year 2010. In the first quarter of 2011 net financial expenses amount to 10.1 mil HRK (in 2010: 5.0 mil HRK). As a result of lower total operating income and significantly higher financial expenses on the other side, the Group generated a loss for the period I-III 2011 of 10.1 mil HRK, compared to the profit of 6.4 mil HRK, realized for the same period of 2010.
4. 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 was delivered by the 3.MAJ Shipyard Rijeka on 28th February 2011 when also its commissioning began. As of 31.03.2011 net book value of the vessels totals to 305.5 mil. USD (1,602 mil HRK).
5. According to the Board decision with the agreement of the Supervisory board, the Company paid off interim dividend for the year 2010. Payment was effected on 29th March 2011 in the amount of 35.00 HRK per share.
6. In the period from 1.01. to 31.03.2011 the Company purchased treasury shares in the total amount of 706.5 thousand HRK.
7. Revaluation reserves have been decreased for 23,867 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 31.03.2011.
8. Long-term liabilities have been increased in the first quarter of 2011 due to new loans relating to financing of the new vessel Pomer. Long-term loans in USD have been expressed in the balance sheet in HRK at the mean rate of exchange for USD as at 31.03.2011.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT
31.03.2011**

9. Current liabilities are mostly referring to short-term borrowings which also include the current portion of long-term borrowings. Such borrowings amount to 96.1 mil HRK as of 31.03.2011, what is lower than at the end of the year 2010, (117.5 mil HRK). 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 31st March 2011. Pursuant to the Program for the issuing of commercial bills in the total amount of 150 mil HRK, the second tranche of commercial bills in the amount of 70,000,000.00 HRK was listed on the Official market of the ZSE on 28th January 2011.

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

10. The deferred income was increased for the value of the government grant for newbuilding 710-Pomer in the total amount of 22,562 thousand HRK, pursuant to the Resolution of the Government of the Republic of Croatia on the adoption of the Programme of construction of vessels for Croatian ship-owners and the Grant Agreement for hull 710, entered into on 12th March 2009. Also, in the period from January-March 2011 the applicable amount of income from grants from previous years in the amount of 1,245 thousand HRK was recorded with concurrently decrease of the deferred income, 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 written over a faint circular stamp or watermark.

Dragutin Pavletić
Director of ULJANIK PLOVIDBA d.d.

Pula, 26th April 2011

INTERIM MANAGEMENT REPORT FOR THE PERIOD 01-03/2011

The business activity of ULJANIK PLOVIDBA (the Company) and its foreign subsidiaries in the first quarter was regular although strongly affected by the negative fluctuations on the shipping market, particularly on tanker market 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 two 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

In the first quarter of this year, the commercial result has significantly decreased as a direct consequence of Dry Docking of three vessels and current lower freights on new tankers.

2. PERSONNEL

As at 31.03.2011 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 past quarter, 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 706 thousand HRK.

5. IMPORTANT EVENTS IN 2011

On 28th 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 28th January 2011, with maturity of 364 days.

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

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

DIRECTOR

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, 26th April 2011

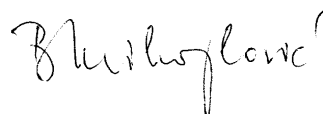


Dragutin Pavletić, Director

STATEMENT OF THE PERSON RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Unaudited consolidated financial reports of GROUP ULJANIK PLOVIDBA for the period January – March 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, 26th April, 2011