



**ULJANIK PLOVIDBA d.d.**

**UNAUDITED FINANCIAL STATEMENTS**

**FOR THE PERIOD**

**JANUARY - MARCH 2011**

Pula, April 2011

## CONTENT:

Financial Statements of ULJANIK PLOVIDBA d.d.  
(unaudited) for the period January – March 2011

Notes

Management Report

Statement of the person responsible for preparing Financial Statements

**Attachment 1.**

Reporting period:

1.1.2011

to

31.3.2011

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**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: NO

NKD code: 5020

Companies of the consolidation subject (according to IFRS):

Seat:

MB:

Bookkeeping service:

Contact person: BOJANA MIHAJLOVIĆ

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

Telephone: 052 211544

Telefax: 052 492598


E-mail address: bojana.mihajlovic@uljanikplovidba.com

Family name and name: DRAGUTIN PAVLETIĆ

(person authorized to represent the company)

**Documents to be published:**

1. Financial statements (balance sheet, profit and loss statement, cash flow statement, statement of changes in equity, and notes to financial statements)
2. Report of the Management Board on the Company Status
3. Statement of persons responsible for the drawing-up of financial statements

**ULJANIK PLOVIDBA d.d.**  re of the person authorized to represent the company)

**BALANCE SHEET**  
as of 31.03.2011.

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>	412.986.440	474.210.471
I. INTANGIBLE ASSETS (004 to 009)	<b>003</b>	0	30.675
1. Assets development	<b>004</b>		30.675
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	<b>005</b>		
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>	3.812.655	3.773.595
1. Land	<b>011</b>	121.829	121.829
2. Buildings	<b>012</b>	3.188.274	3.175.611
3. Plant and equipment	<b>013</b>	502.552	476.155
4. Instruments, plant inventories and transportation assets	<b>014</b>		
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>	389.935.281	388.630.972
1. Shares (stocks) in related parties	<b>021</b>	388.246.479	386.942.203
2. Loans given to related parties	<b>022</b>		
3. Participating interests (shares)	<b>023</b>	1.688.802	1.688.769
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>	19.238.504	81.775.229
1. Receivables from related parties	<b>030</b>	18.719.767	81.285.348
2. Receivables based on trade loans	<b>031</b>	518.737	489.881
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>	47.911.123	85.849.076
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>	21.770.487	43.952.926
1. Receivables from related parties	<b>044</b>	19.852.798	19.045.039
2. Accounts receivable	<b>045</b>	497.578	4.185.092
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>	1.398.764	1.767.544
6. Other receivables	<b>049</b>	21.347	18.955.251
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	<b>050</b>	26.015.901	38.737.388
1. Shares (stocks) in related parties	<b>051</b>		
2. Loans given to related parties	<b>052</b>	13.924.148	26.648.150
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>	12.091.753	12.089.238
7. Other financial assets	<b>057</b>		
IV. CASH AT BANK AND IN CASHIER	<b>058</b>	124.735	3.158.762
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	26.783	21.074
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	460.924.346	560.080.621
<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>	402.510.129	393.901.157
I. SUBSCRIBED CAPITAL	<b>063</b>	232.000.000	232.000.000
II. CAPITAL RESERVES	<b>064</b>	-5.132.712	-5.132.712
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	12.596.730	11.890.230
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	36.092.582
4. Statutory reserves	<b>069</b>		
5. Other reserves	<b>070</b>		
IV. REVALUATION RESERVES	<b>071</b>	29.191.760	5.324.525
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	<b>072</b>	61.291.410	133.854.351
1. Retained earnings	<b>073</b>	61.291.410	133.854.351
2. Accumulated loss	<b>074</b>		
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	<b>075</b>	72.562.941	15.964.763
1. Profit for the current year	<b>076</b>	72.562.941	15.964.763
2. Loss for the current year	<b>077</b>		
VII. MINORITY INTEREST	<b>078</b>		
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	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>	19.628.088	82.006.428
1. Liabilities to related parties	<b>084</b>		
2. Liabilities for loans, deposits etc.	<b>085</b>	19.628.088	82.006.428
3. Liabilities to banks and other financial institutions	<b>086</b>		
4. Liabilities for received prepayments	<b>087</b>		
5. Accounts payable	<b>088</b>		
6. Liabilities arising from debt securities	<b>089</b>		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>090</b>		
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>	36.748.488	82.176.927
1. Liabilities to related parties	<b>094</b>	11.136.504	
2. Liabilities for loans, deposits etc.	<b>095</b>		
3. Liabilities to banks and other financial institutions	<b>096</b>	22.833.763	7.278.743
4. Liabilities for received prepayments	<b>097</b>	138.844	138.844
5. Accounts payable	<b>098</b>	233.180	385.013
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	763.646
9. Liabilities for taxes, contributions and similar fees	<b>102</b>		
10. Liabilities to share - holders	<b>103</b>	1.202.880	2.900.537
11. Liabilities for long term assets held for sale	<b>104</b>		
12. Other short - term liabilities	<b>105</b>	470.450	710.144
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>106</b>	91.866	53.709
<b>F) TOTAL CAPITAL AND LIABILITIES(062+079+083+093+106)</b>	<b>107</b>	460.924.436	560.080.621
<b>G) OFF-BALANCE SHEET NOTES</b>	<b>108</b>		
<b>APPENDIX TO BALANCE SHEET (only for consolidated financial statements)</b>			
<b>A) CAPITAL AND RESERVES</b>			
1. Attributed to equity holders of parent company	<b>109</b>		
2. Attributed to minority interests	<b>110</b>		

**PROFIT AND LOSS ACCOUNT**  
for period 01.01.2011. 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
<b>I. OPERATING REVENUES (112+113)</b>	<b>111</b>	25.506.638	25.506.638	25.897.569	25.897.569
1. Sales revenues	112	3.234.089	3.234.089	3.331.267	3.331.267
2. Other operating revenues	113	22.272.549	22.272.549	22.566.302	22.566.302
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	3.146.096	3.146.096	3.588.416	3.588.416
1. Changes in the value of work in progress and finished goods	115				
2. Material costs (117 to 119)	116	185.653	185.653	171.624	171.624
a) Raw material and material costs	117	53.250	53.250	40.326	40.326
b) Costs of goods sold	118				
c) Other external costs	119	132.403	132.403	131.298	131.298
3. Staff costs (121 to 123)	120	2.181.663	2.181.663	2.260.525	2.260.525
a) Net salaries and wages	121	1.053.258	1.053.258	1.146.571	1.146.571
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	48.436	48.436	60.258	60.258
5. Other costs	125	730.344	730.344	1.096.009	1.096.009
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				
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	2.234.020	2.234.020	4.620.608	4.620.608
1. Interest income, foreign exchange gains, dividends and similar income from related parties	132	100.422	100.422	715.757	715.757
2. Interest income, foreign exchange gains, dividends and similar income from non-related	133	2.133.598	2.133.598	3.904.851	3.904.851
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>	2.809.061	2.809.061	10.900.699	10.900.699
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	2.809.061	2.809.061	10.900.699	10.900.699
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>	27.740.658	27.740.658	30.518.177	30.518.177
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	5.955.157	5.955.157	14.489.115	14.489.115
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	21.785.501	21.785.501	16.029.062	16.029.062
1. Profit before taxation (146-147)	149	21.785.501	21.785.501	16.029.062	16.029.062
2. Loss before taxation (147-146)	150	0	0	0	0
<b>XII. PROFIT TAX</b>	<b>151</b>	428.835	428.835	64.299	64.299
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	21.356.666	21.356.666	15.964.763	15.964.763
1. Profit for the period(149-151)	153	21.356.666	21.356.666	15.964.763	15.964.763
2. Loss for the period (151-148)	154	0	0	0	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				
2. Attributed to minority interests	156				

**STATEMENT OF COMPREHENSIVE INCOME (IFRS)**

<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	21.356.666	21.356.666	15.964.763	15.964.763
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)</b>	<b>158</b>	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				
<b>III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166</b>	3.450.724	3.450.724	-4.773.429	-4.773.429
<b>IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	13.802.897	13.802.897	-19.093.716	-19.093.716
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)</b>	<b>168</b>	35.159.563	35.159.563	-3.128.953	-3.128.953

**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				
2. Attributed to minority interests	170				

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

<b>Company: ULJANIK PLOVIDBA D.D.</b>			
Position	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	<b>001</b>	21.785.500	16.029.062
2. Depreciation	<b>002</b>	48.436	60.258
3. Increase in short-term liabilities	<b>003</b>	194.641	2.119.962
4. Decrease in short term receivables	<b>004</b>		
5. Decrease in inventories	<b>005</b>		
6. Other cash flow increases	<b>006</b>		5.710
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	22.028.577	18.214.992
1. Decrease in short - term liabilities	<b>008</b>		
2. Increase in short - term receivables	<b>009</b>	1.400.106	22.182.439
3. Increase in inventories	<b>010</b>		
4. Other cash flow decreases	<b>011</b>	549.651	105.921
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	1.949.757	22.288.360
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	20.078.820	0
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	0	4.073.368
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash flow from sale of long - term tangible and intangible assets	<b>015</b>		
2. Cash inflows from sale of equity and debt financial instruments	<b>016</b>		
3. Interest receipts	<b>017</b>		
4. Dividend receipts	<b>018</b>		
5. Other cash inflows from investing activities	<b>019</b>		
<b>III. Total cash inflows from investing activities(015 to 019)</b>	<b>020</b>	0	0
1. Cash outflows for purchase of long - term tangible and intangible assets	<b>021</b>	42.910	51.873
2. Cash outflows for purchase of equity and debt financial instruments	<b>022</b>	20.438.448	22.562.837
3. Other cash outflows from investing activities	<b>023</b>		
<b>IV. Total cash outflows from investing activities (021 to 023)</b>	<b>024</b>	20.481.358	22.614.710
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES(020-024)</b>	<b>025</b>	0	0
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020)</b>	<b>026</b>	20.481.358	22.614.710
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Cash receipts from issuance of equity and debt financial instruments	<b>027</b>		70.000.000
2. Cash inflows from loans, debentures, credits and other borrowings	<b>028</b>	28.531.090	63.354.482
3. Other cash inflows from financing activities	<b>029</b>		
<b>V. Total cash inflows from financing activities (027 to 029)</b>	<b>030</b>	28.531.090	133.354.482
1. Cash outflows for repayment of loans and bonds	<b>031</b>		27.667.666
2. Dividends paid	<b>032</b>		
3. Cash outflows for finance lease	<b>033</b>		
4. Cash outflows for purchase of own stocks	<b>034</b>	889.350	706.500
5. Other cash outflows from financing activities	<b>035</b>	26.350.884	75.258.211
<b>VI. Total cash outflows from financing activities (031 do 035)</b>	<b>036</b>	27.240.234	103.632.377
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	1.290.856	29.722.105
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	0	0
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	<b>039</b>	888.318	3.034.027
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	<b>040</b>	0	0
Cash and cash equivalents at the beginning of period	<b>041</b>	239.037	124.735
Increase in cash and cash equivalents	<b>042</b>	888.318	3.034.027
Decrease in cash and cash equivalents	<b>043</b>		
Cash and cash equivalents at the end of period	<b>044</b>	1.127.355	3.158.762



**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	<b>001</b>	232.000.000	232.000.000
2. Capital reserves	<b>002</b>	-5.132.712	-5.132.712
3. Reserves from profit	<b>003</b>	12.596.730	11.890.230
4. Retained earnings or accumulated loss	<b>004</b>	61.291.410	133.854.351
5. Profit / loss for the current year	<b>005</b>	72.562.941	15.964.763
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	5.324.525
<b>10. Total capital and reserves (AOP 001 to 009)</b>	<b>010</b>	402.510.039	393.901.157
11. Currency gains and losses arising from net investments in foreign operations	<b>011</b>	29.191.670	-23.867.145
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>	47.101.315	15.258.263
<b>17. Total increase or decrease in capital (AOP 011 to 016)</b>	<b>017</b>	76.292.985	-8.608.882
17 a. Attributed to equity holders of parent company	<b>018</b>		
17 b. Attributed to minority interest	<b>019</b>		

Items decreasing the capital are entered with a negative number sign

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

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31.03.2011

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### GENERAL INFORMATION

ULJANIK PLOVIDBA, pomorski promet, d.d. Pula, was established in Croatia. The Company is registered at the Commercial Court in Pazin.

ULJANIK PLOVIDBA d.d. Pula is the 100% owner of its subsidiary UNITED SHIPPING SERVICES ONE INC., registered in Liberia and the 100% owner of the company REAL d.o.o., Pula.

The ownership structure as at 31<sup>st</sup> March 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 31<sup>st</sup> March 2010 the Company had 30 employees (31.03.2010: 29).

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 period I-III 2011 is on the level of the income in the same period of 2010, since same as for 2010, it has been recorded the received grant for the construction of the new tanker Pomer in the amount of 22.5 mil 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 – Mt Pomer, entered into 12<sup>th</sup> March 2009.
2. In the period I-III 2011 the Company realized net financial expenses in the amount of 6.2 mil HRK while in the same period of 2010 the net financial expenses amounted to 0.6 mil HRK. In 2011 the financial expenses have been increased due to significant foreign exchange losses incurred due to the adjustment 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, as well as the higher amount of interests calculated on issued commercial bills and new loans.
3. The long-term financial assets have been increased for the value of the received government grant funds which have been invested into a subsidiary. In the same time mentioned long-term financial assets have been decreased due to the adjustment of the value of the investment into the foreign subsidiary into its counter-value in HRK

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31.03.2011

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according to the mean rate of exchange for the USD at the end of the accounting period. At 31.03. 2011 the investments in foreign subsidiary United Shipping Services One Inc. amounted to 73,775,032 USD i.e. 386,892,203 HRK.

4. 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 29<sup>th</sup> March 2011 in the amount of 35.00 HRK per share.
5. The increase in long-term liabilities in first quarter of 2011 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 31.03.2011.
6. Short-term liabilities were increased in the period I-III 2011 due to the increase of the liabilities arising from debt securities. 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 HRK has been listed on the Official Market of the Zagreb Stock Exchange on 28<sup>th</sup> January 2011. The foreign currency loans have been expressed in their HRK equivalent, according to the mean rate of exchange of the Croatian National Bank as at 31.03.2011.
7. In the first quarter of 2011 the Company purchased treasury shares in the total amount of 706.5 thousand HRK.
8. After the adjustment of the investment in the foreign subsidiary, at the mean rate of exchange for the USD as at 31.03.2011, revaluation reserves amount to 5,324.5 thousand HRK.

For ULJANIK PLOVIDBA d.d. Pula

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

Dragutin Pavletić  
Director of ULJANIK PLOVIDBA d.d.

Pula, 26<sup>th</sup> 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 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.

#### **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, 26<sup>th</sup> April 2011

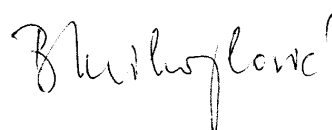


Dragutin Pavletić, Director

## STATEMENT OF THE PERSON RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Unaudited financial reports of ULJANIK PLOVIDBA d.d. (hereafter: Company) for the period January – 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 the Company.

Financial-accounting manager



Bojana Mihajlović

Pula, 26<sup>th</sup> April, 2011