



**ULJANIK PLOVIDBA d.d.**

**PRELIMINARY UNAUDITED FINANCIAL STATEMENTS**

**FOR THE PERIOD**

**JANUARY - DECEMBER 2011**

Pula, January 2012

## CONTENT:

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

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**APPENDIX 1.**

Reporting period:

1.1.2011

to

31.12.2011

**Quarterly Financial Statements-TFI-POD**

 Tax number (MB): **03292754**

 Registration number (MBS): **040010793**

 Personal identification number (OIB): **49693360447**

 Issuing company: **ULJANIK PLOVIDBA D.D.**

 Postal code and place: **52100**
**PULA**

 Street and house number: **CARRARINA 6**

 E-mail address: **uljanik-plovidba@pu.t-com.hr**

 Internet address: **www.uljanikplovidba.com**

 Municipality/city code and name: **359** | **PULA**

 County code and name: **18** | **ISTARSKA**

 Number of employees: **32**  
 (quarter end)

 Consolidated report: **NO**

 Business activity (NKD) code: **5020**

Entities in consolidation (according to IFRS):

Registered seat:

Tax number (MB):

Bookkeeping service:

 Contact person: **BOJANA MIHAJLOVIĆ**  
 (name and surname of the contact person)

 Telephone: **052 492546**

 Telefaks: **052 492598**

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

 Name and family name: **DRAGUTIN PAVLETIĆ**  
 (person authorized to represent the company)

Documents to be published:

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

L.S.

**ULJANIK PLOVIDBA d.d.**


(authorized representative)

**BALANCE SHEET**  
as of 31.12.2011.

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	502.856.285
I. INTANGIBLE ASSETS (004 to 009)	<b>003</b>	0	61.810
1. Assets development	<b>004</b>		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	<b>005</b>		61.810
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	3.628.598
1. Land	<b>011</b>	121.829	121.829
2. Buildings	<b>012</b>	3.188.274	3.137.626
3. Plant and equipment	<b>013</b>	333.422	249.143
4. Instruments, plant inventories and transportation assets	<b>014</b>	169.130	120.000
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	431.105.087
1. Shares (stocks) in related parties	<b>021</b>	388.246.479	429.416.260
2. Loans given to related parties	<b>022</b>		
3. Participating interests (shares)	<b>023</b>	1.688.802	1.688.827
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	68.060.790
1. Receivables from related parties	<b>030</b>	18.719.767	67.656.803
2. Receivables based on trade loans	<b>031</b>	518.737	403.987
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	150.074.032
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	76.256.344
1. Receivables from related parties	<b>044</b>	19.852.798	56.685.547
2. Accounts receivable	<b>045</b>	497.578	19.419.408
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	32.699
6. Other receivables	<b>049</b>	21.347	118.690
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	<b>050</b>	26.015.901	73.701.554
1. Shares (stocks) in related parties	<b>051</b>		
2. Loans given to related parties	<b>052</b>	13.924.148	61.620.052
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	12.081.502
7. Other financial assets	<b>057</b>		
IV. CASH AT BANK AND IN CASHIER	<b>058</b>	124.735	116.134
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	26.783	25.138
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	460.924.346	652.955.455
<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>	402.510.039	454.890.594
I. SUBSCRIBED CAPITAL	<b>063</b>	232.000.000	232.000.000
II. CAPITAL RESERVES	<b>064</b>	-5.132.712	-19.217.000
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	12.596.730	37.877.082
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	10.105.730
4. Statutory reserves	<b>069</b>		
5. Other reserves	<b>070</b>		
IV. REVALUATION RESERVES	<b>071</b>	29.191.670	47.798.639
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	<b>072</b>	61.291.410	99.128.721
1. Retained earnings	<b>073</b>	61.291.410	99.128.721
2. Accumulated loss	<b>074</b>		
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	<b>075</b>	72.562.941	57.303.152
1. Profit for the current year	<b>076</b>	72.562.941	57.303.152
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	1.990.894
1. Provisions for pensions, severance pay and similar liabilities	<b>080</b>	1.945.865	1.990.894
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	67.656.803
1. Liabilities to related parties	<b>084</b>		
2. Liabilities for loans, deposits etc.	<b>085</b>	19.628.088	67.656.803
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	128.217.933
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	52.020.582
4. Liabilities for received prepayments	<b>097</b>	138.844	138.844
5. Accounts payable	<b>098</b>	233.180	423.345
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	748.337
9. Liabilities for taxes, contributions and similar fees	<b>102</b>		794.581
10. Liabilities to share - holders	<b>103</b>	1.202.880	2.614.254
11. Liabilities for long term assets held for sale	<b>104</b>		
12. Other short - term liabilities	<b>105</b>	470.450	1.477.990
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>106</b>	91.866	199.231
<b>F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	460.924.346	652.955.455
<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>		

Napomena 1.: Dodatak bilanci popunjavaju poduzetnici koji sastavljaju konsolidirane financijske izvještaje.

**PROFIT AND LOSS ACCOUNT**  
for period 01.01.2011. to 31.12.2011.

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>	35.937.439	3.345.821	36.722.440	3.961.126
1. Sales revenues	112	13.574.831	3.343.824	14.137.297	3.945.070
2. Other operating revenues	113	22.362.608	1.997	22.585.143	16.056
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	13.603.143	3.618.664	12.767.444	3.195.854
1. Changes in the value of work in progress and finished goods	115				
2. Material costs (117 to 119)	116	761.126	163.167	658.928	171.002
a) Raw material and material costs	117	175.159	88.713	147.031	35.895
b) Costs of goods sold	118				
c) Other external costs	119	585.967	436.621	511.897	135.107
3. Staff costs (121 to 123)	120	8.686.239	2.168.443	9.021.095	2.257.186
a) Net salaries and wages	121	4.286.113	1.117.601	4.602.998	1.173.289
b) Costs for taxes and contributions from salaries	122	3.125.354	732.607	3.095.604	771.099
c) Contributions on gross salaries	123	1.274.772	318.235	1.322.493	312.798
4. Depreciation	124	206.434	57.088	254.913	64.320
5. Other costs	125	3.057.264	565.586	2.776.658	703.346
6. Impairment (127+128)	126	664.380	664.380	0	0
a) Impairment of long-term assets (excluding financial assets)	127				
b) Impairment of short-term assets (excluding financial assets)	128	664.380	664.380		
7. Provisions	129	227.700		55.850	
8. Other operating expenses	130				
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	68.122.609	28.726.898	65.155.277	28.901.011
1. Interest income, foreign exchange gains, dividends and similar income from related parties	132	53.187.360	26.379.745	32.841.435	17.459.820
2. Interest income, foreign exchange gains, dividends and similar income from non-related	133	14.935.249	2.347.153	32.313.842	11.441.191
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>	17.636.768	3.140.236	30.469.738	7.772.707
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	15.802.675	1.306.143	30.469.738	7.772.707
3. Unrealized losses (expenses) on financial assets	140	1.834.093	1.834.093		
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>	104.060.048	32.072.719	101.877.717	32.862.137
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	31.239.911	6.758.900	43.237.182	10.968.561
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	72.820.137	25.313.819	58.640.535	21.893.576
1. Profit before taxation (146-147)	149	72.820.137	25.313.819	58.640.535	21.893.576
2. Loss before taxation (147-146)	150	0	0	0	0
<b>XII. PROFIT TAX</b>	<b>151</b>	257.196	64.299	1.337.383	334.346
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	72.562.941	25.249.520	57.303.152	21.559.230
1. Profit for the period(149-151)	153	72.562.941	25.249.520	57.303.152	21.559.230
2. Loss for the period (151-148)	154	0	0	0	0
<b>APPENDIX TO P&amp;L (only for consolidated financial statements)</b>					
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributed to equity holders of parent company	155				
2. Attributed to minority interests	156				
<b>STATEMENT OF COMPREHENSIVE INCOME (IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	72.562.941	25.249.520	57.303.152	21.559.230
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)</b>	<b>158</b>	29.191.670	14.412.372	18.606.969	24.054.087
1. Exchange differences on translation of foreign operations	159	29.191.670	14.412.372	18.606.969	24.054.087
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>	5.838.334	2.882.474	3.721.394	4.810.817
<b>IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	23.353.336	11.529.898	14.885.575	19.243.270
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)</b>	<b>168</b>	95.916.277	36.779.418	72.188.727	40.802.500
<b>APPENDIX to Statement of comprehensive income (only for consolidated financial statements)</b>					
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b>					
1. Attributed to equity holders of parent company	169				
2. Attributed to minority interests	170				

## CASH FLOW STATEMENT - Indirect method

period 01.01.2011. to 31.12.2011.

Company: ULJANIK PLOVIDBA D.D.			
Naziv pozicije	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	001	72.820.137	58.640.535
2. Depreciation	002	206.434	254.913
3. Increase in short-term liabilities	003	773.322	3.419.129
4. Decrease in short term receivables	004		
5. Decrease in inventories	005		
6. Other cash flow increases	006	140.220	150.750
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	73.940.113	62.465.327
1. Decrease in short - term liabilities	008		
2. Increase in short - term receivables	009	15.960	54.485.857
3. Increase in inventories	010		
4. Other cash flow decreases	011	310.187	1.337.383
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	326.147	55.823.240
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	73.613.966	6.642.087
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	0	0
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash flow from sale of long - term tangible and intangible assets	015		
2. Cash inflows from sale of equity and debt financial instruments	016		
3. Interest receipts	017		
4. Dividend receipts	018		
5. Other cash inflows from investing activities	019		
<b>III. Total cash inflows from investing activities(015 to 019)</b>	<b>020</b>	0	0
1. Cash outflows for purchase of long - term tangible and intangible assets	021	236.146	132.666
2. Cash outflows for purchase of equity and debt financial instruments	022	56.327.570	22.562.837
3. Other cash outflows from investing activities	023		
<b>IV. Total cash outflows from investing activities (021 to 023)</b>	<b>024</b>	56.563.716	22.695.503
<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>	56.563.716	22.695.503
<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	46.235.494	98.942.139
3. Other cash inflows from financing activities	029		11.196.064
<b>V. Total cash inflows from financing activities (027 to 029)</b>	<b>030</b>	96.235.494	180.138.203
1. Cash outflows for repayment of loans and bonds	031	62.810.134	32.863.110
2. Dividends paid	032	23.046.304	34.725.630
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034	2.415.321	
5. Other cash outflows from financing activities	035	25.128.287	96.507.938
<b>VI. Total cash outflows from financing activities (031 do 035)</b>	<b>036</b>	113.400.046	164.096.678
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	0	16.041.525
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	17.164.552	0
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	0	0
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	114.302	11.891
Cash and cash equivalents at the beginning of period	041	239.037	124.735
Increase in cash and cash equivalents	042	0	0
Decrease in cash and cash equivalents	043	114.302	8.601
Cash and cash equivalents at the end of period	044	124.735	116.134

**STATEMENT OF CHANGES IN EQUITY**  
from 1.1.2011 to 31.12.2011

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	-19.217.000
3. Reserves from profit	<b>003</b>	12.596.730	37.877.082
4. Retained earnings or accumulated loss	<b>004</b>	61.291.410	99.128.721
5. Profit / loss for the current year	<b>005</b>	72.562.941	57.303.152
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	47.798.639
<b>10. Total capital and reserves (AOP 001 to 009)</b>	<b>010</b>	402.510.039	454.890.594
11. Currency gains and losses arising from net investments in foreign operations	<b>011</b>	29.191.670	18.606.869
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	33.773.586
<b>17. Total increase or decrease in capital (AOP 011 to 016)</b>	<b>017</b>	76.292.985	52.380.455
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 PRELIMINARY FINANCIAL STATEMENTS AS AT 31.12.2011

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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> December 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> December 2011 the Company had 32 employees (2010: 30).

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 year 2011 is on the level of the last year's income since same as in 2010, it has been recorded the received grant for the construction of the new tanker. The grant in the amount of 22.5 mil HRK has been realised pursuant to the Resolution of the Government of the Republic of Croatia on the adoption of the Program of construction of vessels for Croatian ship-owners and the Grant Agreement for hull 710 – M/t Pomer, entered into 12<sup>th</sup> March 2009. Operating expenses in 2011 are on the same level with respect to the year 2010.
2. In the period January-December 2011 the Company realised the financial income of 65.2 mil HRK, while in the same period of 2010 the financial income amounted to 68.1 mil HRK. The decrease of this income is related to the lower amount of the retained profit transferred to the mother company in 2011, but also to the higher income from interest and higher foreign exchange gains incurred due to the adjustment of the loans given in USD into their counter-value in HRK, according to the mean rate of exchange of the Croatian National Bank at the end of the accounting period. In 2011 the financial expenses have been increased (30.4 mil HRK versus 17.6 mil HRK in 2010), due to the higher interest related to the new loans and issued commercial

## NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS AS AT 31.12.2011

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bills as well as the significant foreign exchange losses incurred due to the adjustment of the loan obligations in USD at the end of the accounting period.

3. The long-term financial assets have been increased for the value of the received government grant funds which have been recorded in the assets as investment into a subsidiary and due to the adjustment of the value of the investment into the foreign subsidiary into its counter-value in HRK according to the mean rate of exchange for the USD at the end of the accounting period. On 31st December 2011 the investments in foreign subsidiary United Shipping Services One Inc. amounted to 73,775,032 USD i.e. 429,366,260 HRK.
4. The increase in long-term liabilities refers to the obtained long-term loan which was, after it has been obtained, granted to the foreign subsidiary with the same conditions for the purpose of financing of the vessel. Long-term receivables have been increased for the same amount in the mother company. The long-term USD loans have been expressed in their equivalent value in HRK according to the mean rate of exchange of the Croatian National Bank as at 31<sup>st</sup> December 2011.
5. Short-term liabilities were increased in the year 2011 due to the value of issued commercial bills. 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 has been listed on the Official Market of the Zagreb Stock Exchange on 28<sup>th</sup> January 2011, with maturity of 364 days. 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 31<sup>st</sup> December 2011.
6. In 2011 the Company purchased treasury shares in the total amount of 5,361 thousand HRK and sold treasury shares in the amount of 30,642 thousand HRK.
7. Revaluation reserves that were created on the basis of the adjustment of the investment in the foreign subsidiary, at the mean rate of exchange for the USD as at 31<sup>st</sup> December 2011, amount to 47,799 thousand HRK.
8. At the meeting of the Supervisory board held on 4<sup>th</sup> March 2011 the resolution on the payment of an interim dividend in the amount of 35.00 HRK per share was passed. Payment was effected on 29<sup>th</sup> March 2011. On 24<sup>th</sup> August 2011 the General Assembly of the Company was held which passed the resolution on the sharing of profit for the year 2010. The total amount of dividend for 2010 payable to the shareholders was stated in the amount of 33.0 mil HRK. After the payment of interim dividend of 18,921,105 HRK, the remaining dividend of 14,078,895 HRK, was distributed in accordance with the resolution of the General Assembly and pursuant to the provisions of the Company's Statute, in treasury shares and in cash money,

## NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS AS AT 31.12.2011

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whereby the shareholders who on 16<sup>th</sup> day of September 2011 were holding 50 and more shares, received treasury shares while the other shareholders who were holding 49 and less shares, received cash money. The value of each treasury share was determined in the amount corresponding to the average price of the Company share realised at the Zagreb Stock Exchange on 16<sup>th</sup> September 2011, which price amounted to 453.00 HRK. The resolution included division of a part of the profit to the Management and employees of the Company in the form of a one-off division of treasury shares in the amount of 1,725,629 HRK as well as allocation of profit to retained profit in the amount of 37,837,311.

9. The presented financial statements are subject to change and they represent the preliminary unaudited financial statements until the final annual financial statements are accepted by the Management.

For ULJANIK PLOVIDBA d.d. Pula

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

Dragutin Pavletić  
Director of ULJANIK PLOVIDBA d.d.

Pula, 15<sup>th</sup> January 2012

## MANAGEMENT REPORT FOR THE YEAR 2011

The business activity of ULJANIK PLOVIDBA (the Company) and its foreign subsidiaries in the period I-XII 2011 was regular, despite very complex circumstances in the world's shipping market in both dry cargo and tanker sectors, which incurred as a direct consequence of the global economic crisis. In this period the Company:

- maintained regular and stable business operation,
- continued with the Program of fleet renewal:
  - took delivery of m/t POMER and m/v VERUDA,
  - continued with construction of newbuilding 713 – m/t ISTRA in the 3. MAJ Shipyard which was launched in October 2011,
  - continued with construction of three 52.000 DWT Bulk Carriers in the ULJANIK Shipyard i.e.:
    - continued with construction of newbuilding 489 - m/v STOJA which is scheduled for delivery in mid February 2012,
    - keel laying for newbuilding 490 and commencement of construction of the newbuilding 491,
- maintained constant employment of vessels with the continuation of the Company's fleet high efficiency trend,
- realised decreased total freight revenue,
- 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. COMMERCIAL ASPECT

The commercial result for the period I-XII 2011 has significantly decreased as a direct consequence of decreased freights in the shipping market, Dry Docking of three vessels as well as direct expenses related to the construction and initial outfit of the new vessels in the fleet. At the same time, the mother company realised net profit of 57,3 mil HRK while the Uljanik Plovidba Group realised consolidated loss of 6,3 mil HRK.

### 2. PERSONNEL

As at 31.12.2011 the Company had 32 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 period I-XII 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) and from establishing of the Repurchasing of Own Shares Program in November 2011, also in accordance with art. 233, section 1 of the Companies Act. The company acquired treasury shares in the amount of 5.361 thousand HRK and disposed of treasury shares in the amount of 30.642 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 Director dated 4<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 – m/v VERUDA) of four ordered bulk carriers of 52.000 DWT took place in ULJANIK Shipyard in Pula.

On 24<sup>th</sup> August 2011 the General Assembly of the Company was held which passed the resolution on the sharing of profit for the year 2010. The resolution included division of a part of the profit to the Management and employees of the Company in the form of a one-off division of treasury shares in the amount of 1.725.629,41 HRK, dividend payable to the shareholders in the amount of 33.000.000,00 HRK as well as allocation of profit to retained profit in the amount of 37.837.311,81. The amount remaining after the payment of interim dividend, in the amount of 14.078.895,00 HRK was distributed in accordance with the resolution of the General Assembly and pursuant to the provisions of the Company's Statute, in treasury shares and in cash money, whereby the shareholders who on 16<sup>th</sup> day of September 2011 were holding 50 and more shares, received treasury shares while the other shareholders who were holding 49 and less shares, received cash money. The value of each treasury share was determined in the amount corresponding to the average price of the Company share realised at the Zagreb Stock Exchange on 16<sup>th</sup> September 2011, which price amounted to

**DIRECTOR**

453,00 HRK. The total number of treasury shares distributed for dividend is 28.102 while the number of treasury shares distributed to the Management and employees of the Company is 2.595.

On 28<sup>th</sup> October 2011 the following events took place at the ULJANIK Shipyard in Pula: delivery of m/v VERUDA as a joint project of the Company and ULJANIK Shipyard, which commenced with commercial exploitation immediately thereafter, launching of the second vessel from the series (newbuilding 489 – m/v STOJA) and keel laying for the third bulk carrier from the series (newbuilding 490).

On 29<sup>th</sup> October 2011 launching of newbuilding 713 - m/t ISTRA, 51.800 DWT product carrier for the transportation of petroleum products and chemicals took place at the 3. MAJ Shipyard in Rijeka. The delivery of the vessel is expected in spring of 2012.

On 10<sup>th</sup> November 2011 the Company established the Repurchasing of Own Shares Program. Pursuant to the General Assembly resolution of 24<sup>th</sup> August 2011, the Program is stipulating the terms and conditions for acquiring own shares in accordance with the provisions of art. 233, section 1, of the Companies Act.

## **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 three Bulk Carriers in ULJANIK Shipyard (newbuildings 489-491). 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 and changes in exchange rate between USD and other currencies;
- significant oscillations in the value of the vessels;
- the risk of strict conditions of business operation;

DIRECTOR

- 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, 17<sup>th</sup> January 2012

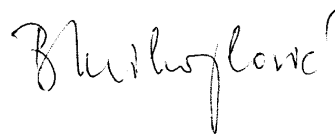


Dragutin Pavletić, Director

## STATEMENT OF THE PERSON RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Unaudited financial reports of ULJANIK PLOVIDBA d.d. (hereafter: Company) for the period January – December 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. The same represent the preliminary unaudited financial statements which are subject to changes up to their acceptance by the Management.

Financial-accounting manager



Bojana Mihajlović

Pula, 15<sup>th</sup> January, 2012