



**ULJANIK PLOVIDBA d.d.**

**UNAUDITED FINANCIAL STATEMENTS**

**FOR THE PERIOD**

**JANUARY - SEPTEMBER 2011**

Pula, October 2011

## CONTENT:

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

Notes

Management Report

Statement of the person responsible for preparing Financial Statements



**BALANCE SHEET**  
as of 30.09.2011.

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	492.994.229
I. INTANGIBLE ASSETS (004 to 009)	<b>003</b>	0	51.901
1. Assets development	<b>004</b>		51.901
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	3.666.053
1. Land	<b>011</b>	121.829	121.829
2. Buildings	<b>012</b>	3.188.274	3.150.287
3. Plant and equipment	<b>013</b>	502.552	393.937
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	407.051.000
1. Shares (stocks) in related parties	<b>021</b>	388.246.479	405.362.206
2. Loans given to related parties	<b>022</b>		
3. Participating interests (shares)	<b>023</b>	1.688.802	1.688.794
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	82.225.275
1. Receivables from related parties	<b>030</b>	18.719.767	81.793.781
2. Receivables based on trade loans	<b>031</b>	518.737	431.494
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	96.830.753
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	51.058.430
1. Receivables from related parties	<b>044</b>	19.852.798	37.020.119
2. Accounts receivable	<b>045</b>	497.578	13.630.488
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	396.304
6. Other receivables	<b>049</b>	21.347	11.519
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	<b>050</b>	26.015.901	45.225.932
1. Shares (stocks) in related parties	<b>051</b>		
2. Loans given to related parties	<b>052</b>	13.924.148	33.141.782
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	12.084.150
7. Other financial assets	<b>057</b>		
IV. CASH AT BANK AND IN CASHIER	<b>058</b>	124.735	546.391
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	26.783	204
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	460.924.346	589.825.186
<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	411.242.069
I. SUBSCRIBED CAPITAL	<b>063</b>	232.000.000	232.000.000
II. CAPITAL RESERVES	<b>064</b>	-5.132.712	-19.024.278
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	12.596.730	38.839.011
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	9.143.801
4. Statutory reserves	<b>069</b>		
5. Other reserves	<b>070</b>		
IV. REVALUATION RESERVES	<b>071</b>	29.191.670	23.744.552
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	36.554.063
1. Profit for the current year	<b>076</b>	72.562.941	36.554.063
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	1.995.465
1. Provisions for pensions, severance pay and similar liabilities	<b>080</b>	1.945.865	1.995.465
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	82.408.410
1. Liabilities to related parties	<b>084</b>		
2. Liabilities for loans, deposits etc.	<b>085</b>	19.628.088	82.408.410
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	94.061.918
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	18.851.349
4. Liabilities for received prepayments	<b>097</b>	138.844	138.844
5. Accounts payable	<b>098</b>	233.180	417.399
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	567.218
9. Liabilities for taxes, contributions and similar fees	<b>102</b>		
10. Liabilities to share - holders	<b>103</b>	1.202.880	2.719.000
11. Liabilities for long term assets held for sale	<b>104</b>		
12. Other short - term liabilities	<b>105</b>	470.450	1.368.108
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>106</b>	91.866	117.324
<b>F) TOTAL CAPITAL AND LIABILITIES(062+079+083+093+106)</b>	<b>107</b>	460.924.346	589.825.186
<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 30.09.2011.

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>	32.591.618	3.554.978	32.761.314	3.700.140
1. Sales revenues	112	10.231.007	3.507.489	10.192.227	3.697.355
2. Other operating revenues	113	22.360.611	47.489	22.569.087	2.785
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	9.984.479	3.111.024	9.571.589	2.969.526
1. Changes in the value of work in progress and finished goods	115				
2. Material costs (117 to 119)	116	597.959	220.141	487.925	163.184
a) Raw material and material costs	117	86.446	33.196	111.136	37.099
b) Costs of goods sold	118				
c) Other external costs	119	149.346	52.228	376.789	126.085
3. Staff costs (121 to 123)	120	6.517.796	2.166.589	6.763.909	2.267.573
a) Net salaries and wages	121	3.168.512	1.059.653	3.429.709	1.147.774
b) Costs for taxes and contributions from salaries	122	2.392.747	788.972	2.324.505	769.976
c) Contributions on gross salaries	123	956.537	317.964	1.009.695	349.823
4. Depreciation	124	149.346	52.228	190.593	65.233
5. Other costs	125	2.491.678	558.216	2.073.312	417.686
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	227.700	113.850	55.850	55.850
8. Other operating expenses	130				
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	39.395.711	32.384.244	36.254.266	12.892.202
1. Interest income, foreign exchange gains, dividends and similar income from related parties	132	26.807.615	26.807.615	15.381.615	0
2. Interest income, foreign exchange gains, dividends and similar income from non-related	133	12.588.096	5.576.629	20.872.651	12.892.202
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>	14.496.532	4.588.004	22.697.031	7.591.289
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	14.496.532	4.588.004	22.697.031	7.591.289
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>	71.987.329	35.939.222	69.015.580	16.592.342
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	24.481.011	7.699.028	32.268.620	10.560.815
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	47.506.318	28.240.194	36.746.960	6.031.527
1. Profit before taxation (146-147)	149	47.506.318	28.240.194	36.746.960	6.031.527
2. Loss before taxation (147-146)	150	0	0	0	0
<b>XII. PROFIT TAX</b>	<b>151</b>	1.286.503	1.468.550	192.897	64.299
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	46.219.815	26.771.644	36.554.063	5.967.228
1. Profit for the period(149-151)	153	46.219.815	26.771.644	36.554.063	5.967.228
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)**

I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	18.408.455	-2.948.211	30.586.835	14.622.072
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)	158	14.779.298	-37.347.561	-5.447.118	27.052.529
1. Exchange differences on translation of foreign operations	159	14.779.298	-37.347.561	-5.447.118	27.052.529
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	2.955.860	7.469.512	-1.089.424	5.410.506
IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)	167	11.823.438	-44.817.073	-4.357.694	21.642.023
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)	168	30.231.893	-47.765.284	26.229.141	36.264.095

**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 30.09.2011.

Company: ULJANIK PLOVIDBA D.D.			
Position	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	001	47.506.318	36.746.960
2. Depreciation	002	149.346	190.593
3. Increase in short-term liabilities	003	1.911.485	2.432.347
4. Decrease in short term receivables	004		
5. Decrease in inventories	005		
6. Other cash flow increases	006		101.636
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	49.567.149	39.471.536
1. Decrease in short - term liabilities	008		
2. Increase in short - term receivables	009	9.765.437	29.287.943
3. Increase in inventories	010		
4. Other cash flow decreases	011	1.264.888	192.897
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	11.030.325	29.480.840
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	38.536.824	9.990.696
<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	204.143	95.893
2. Cash outflows for purchase of equity and debt financial instruments	022	56.346.005	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>	56.550.148	22.658.730
<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>	56.550.148	22.658.730
<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	31.757.660	79.068.205
3. Other cash inflows from financing activities	029	4.429.978	12.350.715
<b>V. Total cash inflows from financing activities (027 to 029)</b>	<b>030</b>	86.187.638	161.418.920
1. Cash outflows for repayment of loans and bonds	031	11.399.837	31.406.801
2. Dividends paid	032	23.046.304	34.725.629
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034	6.733.300	
5. Other cash outflows from financing activities	035	25.362.892	82.196.800
<b>VI. Total cash outflows from financing activities (031 do 035)</b>	<b>036</b>	66.542.333	148.329.230
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	19.645.305	13.089.690
<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>	1.631.981	421.656
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>	239.038	124.735
Increase in cash and cash equivalents	<b>042</b>	1.631.981	421.656
Decrease in cash and cash equivalents	<b>043</b>		
Cash and cash equivalents at the end of period	<b>044</b>	1.871.019	546.391



**STATEMENT OF CHANGES IN EQUITY**  
from **1.1.2011** to **30.9.2011**

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	-19.024.278
3. Reserves from profit	<b>003</b>	12.596.730	38.839.011
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	36.554.063
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	23.744.552
<b>10. Total capital and reserves (AOP 001 to 009)</b>	<b>010</b>	402.510.039	411.242.069
11. Currency gains and losses arising from net investments in foreign operations	<b>011</b>	29.191.670	-5.447.118
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	14.179.148
<b>17. Total increase or decrease in capital (AOP 011 to 016)</b>	<b>017</b>	76.292.985	8.732.030
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 30.09.2011

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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 30<sup>th</sup> September 2011 is composed of small shareholders.

The registered office of the Company is at Pula, Carrarina 6, Croatia.

The principal activities of the Company are international maritime transport, providing of services in maritime transport and travel agency operations;

As at 30<sup>th</sup> September 2011 the Company had 32 employees (30.09.2010: 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 and operating expenses for the period I-IX 2011 have been realized on the level of the income and expenses in the same period of 2010.
2. In the period I-IX 2011 the Company realized net financial income in the amount of 13.6 mil HRK, while in the same period of 2010 the Company realized net financial income of 24.9 mil HRK. The reasons of the lower net financial income in 2011 are higher interests related to the new loans, higher foreign exchange differences arising from adjustment of the USD loans in HRK equivalent, according to the mean rate of exchange of the Croatian National Bank at the end of the accounting period, but primarily the lower amount of retained profit that has been transferred from the foreign subsidiary in 2011, with respect to the transfer of the profit in the same period of 2010.
3. Long-term financial assets – investments in foreign subsidiary have been adjusted according to the mean rate of exchange for the USD at the end of the accounting period. At 30.09. 2011 the investments in foreign subsidiary United Shipping Services One Inc. amounted to 73,775,032 USD i.e. 405,312,206 HRK. (The value is increased due to the upgrowth of the USD: the rate of exchange for USD at 30.09.2011 was 5.493894 / at 30.06.2011: 5.127205).

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30.09.2011

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4. Long-term USD loans have been expressed in their equivalent value in HRK according to the mean rate of exchange of the Croatian National Bank as at 30.09.2011. The loans have been repaid regularly.
5. Short-term foreign currency loans have been expressed in their HRK equivalent, according to the mean rate of exchange of the Croatian National Bank as at 30.09.2011.
6. In the first nine months of 2011 the Company purchased treasury shares in the total amount of 4,016 thousand HRK and disposed of treasury shares in the total of 30,259 thousand HRK.
7. After the adjustment of the investment in the foreign subsidiary, at the mean rate of exchange for the USD as at 30.09.2011, revaluation reserves amounted to 23,745 thousand HRK.
8. Pursuant to the resolution of the Supervisory Board dated 4<sup>th</sup> March 2011, 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 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 dividend payable to the shareholders in the amount of 33,000,000 HRK. After the payment of 18,921,105 HRK as the interim dividend, the remaining amount 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. 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 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. According to the same resolution a part of the profit was distributed 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, while the amount of 37,837,311 HRK was allocated to retained profit.

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, 30<sup>th</sup> October 2011

## INTERIM MANAGEMENT REPORT FOR THE PERIOD 01-09/2011

The business activity of ULJANIK PLOVIDBA (the Company) and its foreign subsidiaries in the period I-IX 2011 was regular, although strongly affected by the negative fluctuations in the shipping market, both dry cargo and tanker, as well as by the reduced income directly related to Dry Docking of three vessels and extraordinary increased expenses related to taking delivery of m/t Pomer, delivery of m/v Veruda and expenses related to other vessels under construction. 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 – m/t Istra in the 3. MAJ Shipyard which is scheduled for launching in October 2011,
  - continued with construction of three 52,000 DWT Bulk Carriers in the ULJANIK Shipyard i.e.:
    - continued with construction of newbuilding 488 - m/v Veruda which is scheduled for delivery in October 2011,
    - launching of newbuilding 489 - m/v Stoja,
    - keel laying for newbuilding 490
- maintained constant employment of vessels with the continuation of the Company's fleet high efficiency trend,
- arranged Dry Docking for three vessels (Marlera, Levan and Pula),
- fulfilled all its loan payment obligations (with no reprogramming) with the positive effects of low interest rates,
- proceeded with full implementation of the safety and quality system on the vessels and in the office, with continuous increase in the quality and expertise of the employees and maintenance of a high level of professionalism,
- maintained high efficiency of vessels' management,
- maintained the personnel structure both at sea and on shore.

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

### **1. ECONOMIC ASPECT**

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

### **2. PERSONNEL**

As at 30.09.2011 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-IX 2011, the Company acquired treasury shares in accordance with art. 233, section 1, point 2 of the Companies Act (acquisition for the requirements of Company employees). The company acquired treasury shares in the amount of 4,016 thousand HRK and disposed of treasury shares in the amount of 30,259 thousand HRK.

### 5. IMPORTANT EVENTS IN 2011

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

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

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

On 17<sup>th</sup> June 2011 launching of the first (hull no. 488 – m/v Veruda) of four ordered bulk carriers of 52,000 DWT took place in ULJANIK Shipyard.

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 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 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 the 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.

## **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 (newbuliding 713) and four Bulk Carriers in ULJANIK Shipyard (newbuildings 488-491). The Company intends to continue participating on the new and second hand vessel market with the purpose to optimise its fleet and fleet efficiency. Even though its principal business will continue to be operation and management of its own fleet, the development of the Company shall also be aimed at ship management for other ship owners.

## **7. COMPANY ACTIVITIES CONCERNING RESEARCH AND DEVELOPMENT**

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

## **8. BUSINESS RISKS**

It is well known that the principal activities that the Company engages in, i.e. international maritime transport and ship management are among the most risky activities and that they are directly connected with significant business risks, of which the currently most risky are:

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

## 9. CORPORATE MANAGEMENT CODE

The Company fully complies with its Corporate Management Code.

Pula, 30<sup>th</sup> October 2011

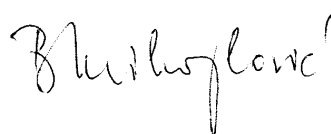


Dragutin Pavletić, Director

## STATEMENT OF THE PERSON RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Unaudited financial reports of ULJANIK PLOVIDBA d.d. (hereafter: Company) for the period January – September 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, 30<sup>th</sup> October, 2011