



**ULJANIK PLOVIDBA d.d.**

**UNAUDITED FINANCIAL STATEMENTS**

**FOR THE PERIOD**

**JANUARY - MARCH 2012**

Pula, April 2012

**CONTENT:**

**Financial Statements of ULJANIK PLOVIDBA d.d.  
(unaudited) for the period January – March 2012**

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**Management Report**

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

**Attachment 1.**

Reporting period:

18

1.1.2012

to

31.3.2012

**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 **32**

(quarter end)

Consolidated report: **NO**NKD code: **5020**

Companies of the consolidation subject (according to IFRS):

Seat:

MB:

Bookkeeping service:

Contact person: **VANESA PERUŠKO TOPIĆ**


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

Telephone: **052 211544**Telefax: **052 492598**E-mail address: **vanesa.topic@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.**  Signature of the person authorized to represent the company)

**BALANCE SHEET**  
as of 31.03.2012.

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>	502.863.710	485.969.898
I. INTANGIBLE ASSETS (004 to 009)	<b>003</b>	61.810	53.143
1. Assets development	<b>004</b>		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	<b>005</b>	61.810	53.143
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>	3.628.598	3.539.454
1. Land	<b>011</b>	121.829	121.829
2. Buildings	<b>012</b>	3.137.627	3.124.964
3. Plant and equipment	<b>013</b>	249.142	179.725
4. Instruments, plant inventories and transportation assets	<b>014</b>	120.000	112.936
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>	431.105.087	416.618.602
1. Shares (stocks) in related parties	<b>021</b>	429.416.260	414.929.794
2. Loans given to related parties	<b>022</b>		
3. Participating interests (shares)	<b>023</b>	1.688.827	1.688.808
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>	68.068.215	65.758.699
1. Receivables from related parties	<b>030</b>	67.656.803	65.374.118
2. Receivables based on trade loans	<b>031</b>	411.412	384.581
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>	150.107.398	171.572.604
I. INVENTORIES (036 to 042)	<b>035</b>	0	0
1. Row 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>	76.297.135	97.922.203
1. Receivables from related parties	<b>044</b>	56.685.547	77.274.956
2. Accounts receivable	<b>045</b>	19.459.611	20.563.138
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>	33.287	60.928
6. Other receivables	<b>049</b>	118.690	23.181
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	<b>050</b>	73.694.129	73.627.302
1. Shares (stocks) in related parties	<b>051</b>		
2. Loans given to related parties	<b>052</b>	61.620.052	61.555.665
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>	12.074.077	12.071.637
7. Other financial assets	<b>057</b>		
IV. CASH AT BANK AND IN CASHIER	<b>058</b>	116.134	23.099
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	19.309	2.372
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	652.990.417	657.544.874
<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>	454.914.441	460.145.049
I. SUBSCRIBED CAPITAL	<b>063</b>	232.000.000	232.000.000
II. CAPITAL RESERVES	<b>064</b>	-19.217.000	-19.217.000
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	37.877.082	37.862.471
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>	10.105.730	10.120.341
4. Statutory reserves	<b>069</b>		
5. Other reserves	<b>070</b>		
IV. REVALUATION RESERVES	<b>071</b>	47.798.639	33.312.154
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	<b>072</b>	99.128.721	156.455.720
1. Retained earnings	<b>073</b>	99.128.721	156.455.720
2. Accumulated loss	<b>074</b>		
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	<b>075</b>	57.326.999	19.731.704
1. Profit for the current year	<b>076</b>	57.326.999	19.731.704
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>	1.990.894	1.970.780
1. Provisions for pensions, severance pay and similar liabilities	<b>080</b>	1.990.894	1.970.780
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>	67.656.803	65.374.118
1. Liabilities to related parties	<b>084</b>		
2. Liabilities for loans, deposits etc.	<b>085</b>	67.656.803	65.374.118
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>	128.229.048	129.830.227
1. Liabilities to related parties	<b>094</b>		
2. Liabilities for loans, deposits etc.	<b>095</b>		2.808.000
3. Liabilities to banks and other financial institutions	<b>096</b>	52.020.581	85.186.570
4. Liabilities for received prepayments	<b>097</b>	138.844	138.844
5. Accounts payable	<b>098</b>	437.537	819.929
6. Liabilities arising from debt securities	<b>099</b>	70.000.000	35.000.000
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>100</b>		
8. Liabilities to employees	<b>101</b>	748.337	777.856
9. Liabilities for taxes, contributions and similar fees	<b>102</b>	809.587	1.138.918
10. Liabilities to share - holders	<b>103</b>	2.614.254	2.582.366
11. Liabilities for long term assets held for sale	<b>104</b>		
12. Other short - term liabilities	<b>105</b>	1.459.908	1.377.744
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>106</b>	199.231	224.700
<b>F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	652.990.417	657.544.874
<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 01.01.2012. to 31.03.2012.

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>	25.897.569	25.897.569	4.514.185	4.514.185
1. Sales revenues	112	3.331.267	3.331.267	4.482.585	4.482.585
2. Other operating revenues	113	22.566.302	22.566.302	31.600	31.600
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	3.588.416	3.588.416	3.307.566	3.307.566
1. Changes in the value of work in progress and finished goods	115				
2. Material costs (117 to 119)	116	171.624	171.624	213.825	213.825
a) Raw material and material costs	117	40.326	40.326	63.260	63.260
b) Costs of goods sold	118				
c) Other external costs	119	131.298	131.298	150.565	150.565
3. Staff costs (121 to 123)	120	2.260.525	2.260.525	2.278.236	2.278.236
a) Net salaries and wages	121	1.146.571	1.146.571	1.160.587	1.160.587
b) Costs for taxes and contributions from salaries	122	782.205	782.205	785.469	785.469
c) Contributions on gross salaries	123	331.749	331.749	332.180	332.180
4. Depreciation	124	60.258	60.258	65.128	65.128
5. Other costs	125	1.096.009	1.096.009	750.377	750.377
6. Impairment (127+128)	126				
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>	4.620.608	4.620.608	28.926.831	28.926.831
1. Interest income, foreign exchange gains, dividends and similar income from related	132	715.757	715.757	22.494.320	22.494.320
2. Interest income, foreign exchange gains, dividends and similar income from non-related	133	3.904.851	3.904.851	6.432.511	6.432.511
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>	10.900.699	10.900.699	10.065.345	10.065.345
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	139	10.900.699	10.900.699	10.065.345	10.065.345
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>	30.518.177	30.518.177	33.441.016	33.441.016
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	14.489.115	14.489.115	13.372.911	13.372.911
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	16.029.062	16.029.062	20.068.105	20.068.105
1. Profit before taxation (146-147)	149	16.029.062	16.029.062	20.068.105	20.068.105
2. Loss before taxation (147-146)	150	0	0	0	0
<b>XII. PROFIT TAX</b>	<b>151</b>	64.299	64.299	336.401	336.401
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	15.964.763	15.964.763	19.731.704	19.731.704
1. Profit for the period(149-151)	153	15.964.763	15.964.763	19.731.704	19.731.704
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>	15.964.763	15.964.763	19.731.704	19.731.704
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)</b>	<b>158</b>	-23.867.145	-23.867.144	-14.486.485	-14.486.485
1. Exchange differences on translation of foreign operations	159	-23.867.145	-23.867.144	-14.486.485	-14.486.485
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>	-4.773.429	-4.773.429	-2.897.297	-2.897.297
<b>IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	-19.093.716	-19.093.715	-11.589.188	-11.589.188
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)</b>	<b>168</b>	-3.128.953	-3.128.952	8.142.516	8.142.516
<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 01.01.2012. to 31.03.2012.

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	16.029.062	20.068.105
2. Depreciation	002	60.258	65.128
3. Increase in short-term liabilities	003	2.119.962	627.192
4. Decrease in short term receivables	004		
5. Decrease in inventories	005		
6. Other cash flow increases	006	5.710	100.072
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>18.214.992</b>	<b>20.860.497</b>
1. Decrease in short - term liabilities	008		
2. Increase in short - term receivables	009	22.182.439	21.625.068
3. Increase in inventories	010		
4. Other cash flow decreases	011	105.921	356.516
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>22.288.360</b>	<b>21.981.584</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	<b>0</b>	<b>0</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	<b>4.073.368</b>	<b>1.121.087</b>
<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>	<b>0</b>	<b>0</b>
1. Cash outflows for purchase of long - term tangible and intangible assets	021	51.873	24.983
2. Cash outflows for purchase of equity and debt financial instruments	022	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>	<b>22.614.710</b>	<b>24.983</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES(020-024)</b>	<b>025</b>	<b>0</b>	<b>0</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020)</b>	<b>026</b>	<b>22.614.710</b>	<b>24.983</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Cash receipts from issuance of equity and debt financial instruments	027	70.000.000	35.000.000
2. Cash inflows from loans, debentures, credits and other borrowings	028	63.354.482	44.176.066
3. Other cash inflows from financing activities	029		
<b>V. Total cash inflows from financing activities (027 to 029)</b>	<b>030</b>	<b>133.354.482</b>	<b>79.176.066</b>
1. Cash outflows for repayment of loans and bonds	031	27.667.666	8.108.420
2. Dividends paid	032		
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034	706.500	14.611
5. Other cash outflows from financing activities	035	75.258.211	70.000.000
<b>VI. Total cash outflows from financing activities (031 do 035)</b>	<b>036</b>	<b>103.632.377</b>	<b>78.123.031</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	<b>29.722.105</b>	<b>1.053.035</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	<b>0</b>	<b>0</b>
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	3.034.027	0
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	0	93.035
Cash and cash equivalents at the beginning of period	041	124.735	116.134
Increase in cash and cash equivalents	042	3.034.027	0
Decrease in cash and cash equivalents	043	0	93.035
Cash and cash equivalents at the end of period	044	3.158.762	23.099

## STATEMENT OF CHANGES IN EQUITY

from 1.1.2012 to 31.3.2012

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>	-19.217.000	-19.217.000
3. Reserves from profit	<b>003</b>	37.877.082	37.862.471
4. Retained earnings or accumulated loss	<b>004</b>	99.128.721	156.455.720
5. Profit / loss for the current year	<b>005</b>	57.326.999	19.731.704
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>	47.798.639	33.312.154
<b>10. Total capital and reserves (AOP 001 to 009)</b>	<b>010</b>	454.914.441	460.145.049
11. Currency gains and losses arising from net investments in foreign operations	<b>011</b>	18.606.969	-14.486.485
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>	33.797.433	19.717.093
<b>17. Total increase or decrease in capital (AOP 011 to 016)</b>	<b>017</b>	52.404.402	5.230.608
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 31.03.2012

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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 2012 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 2012 the Company had 32 employees (2011: 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. Revenue from sales for the first quarter of 2012 is higher with respect to the same period in 2011 while operating income decreased since the company has not received government grant for the construction of the new tanker in 2012. Operating expenses in the first quarter of 2012 are on the same level in comparison to the year 2011.
2. Financial income in the first quarter of 2012 has increased in comparison to the same period of 2011 due to the transfer of retained profit from previous years from the subsidiary, realized in March 2012, due 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. Financial expenses related to interest and foreign currency losses are in total on the same level with respect to 2011.
3. The 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 according to the mean rate of exchange for the USD at the end of the accounting period (rate of

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31.03.2012

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exchange for USD at 31.03.2012: 5.623580 HRK; at 31.12.2011: 5.819940 HRK). As at 31<sup>st</sup> March 2012 the investments in foreign subsidiary United Shipping Services One Inc. amounted to 73,775,032 USD i.e. 414,929,794 HRK.

4. 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> March 2012 and have been repaid regularly.
5. Pursuant to the Program for the issuing of commercial bills in the total amount of 150 mil HRK, the second tranche of commercial bills was repaid on 26<sup>th</sup> January 2012, while the third tranche in the amount of 35,000,000.00 HRK has been listed on the Official Market of the Zagreb Stock Exchange on 31<sup>th</sup> January 2012, with maturity of 180 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> March 2012.
6. In the first quarter of 2012 the Company purchased treasury shares in the total amount of 14.6 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> March 2012, amount to 33,312 thousand HRK.

For ULJANIK PLOVIDBA d.d. Pula

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

Dragutin Pavletić  
Director of ULJANIK PLOVIDBA d.d.

Pula, 25<sup>th</sup> April 2012

## MANAGEMENT REPORT FOR THE PERIOD 01-03/2012

The business activity of ULJANIK PLOVIDBA (the Company) and its foreign subsidiaries in the first quarter of 2012 was regular, although strongly affected by the negative fluctuations in the shipping market in both dry cargo and tanker sectors, which incurred as a direct consequence of the global economic crisis and extraordinary increased expenses related to taking delivery of m/v Stoja. In this period the Company:

- a) maintained regular and stable business operation,
- b) continued with the Program of fleet renewal:
  - took delivery of m/v STOJA – Supramax 52,000 DWT in February 2012,
  - continued with construction of m/t ISTRA (newbuilding 713 ) in the 3. MAJ Shipyard,
  - continued with construction of two 52,000 DWT Bulk Carriers in the ULJANIK Shipyard,
- c) maintained constant employment of vessels with the continuation of the Company's fleet high efficiency trend,
- d) fulfilled all its loan payment obligations (with no reprogramming) with the positive effects of lower interest rates,
- e) decreased operating expenses of the vessels,
- f) 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,
- g) maintained high efficiency of vessels' management,
- h) postponed inclusion of deferred income on the basis of government grant for newbuilding m/t ISTRA up to the delivery of the vessel,
- i) 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-III 2012 has been on the same level in comparison to the year 2011, despite significantly decreased freights in the shipping market, as a result of increased number of vessels, but also, increased initial expenses related to commencement of commissioning of the new vessels, and decreased operating expenses of the vessels in exploitation in the same time.

### **2. PERSONNEL**

As at 31.03.2012 the Company had 32 employees. The Company employs exclusively Croatian seafarers on all vessels in its fleet.

D I R E C T O R

### **3. TECHNICAL ASPECT**

During first quarter of 2012 no vessel underwent regular Dry Docking; furthermore there were 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-III 2012, the Company acquired treasury shares in accordance with art. 233, section 1, point 2 of the Companies Act. The company acquired treasury shares in the amount of 14.6 thousand HRK.

### **5. IMPORTANT EVENTS IN 2012**

On 15<sup>th</sup> February 2012 in ULJANIK Shipyard in Pula the Company took delivery of Hull no. 489 – m/v STOJA, a bulk carrier of 52,000 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 was repaid on 26<sup>th</sup> January 2012. The third tranche in the amount of 35,000,000.00 HRK has been listed on the Official Market of the Zagreb Stock Exchange on 31<sup>th</sup> January 2012, with maturity of 180 days.

On 10<sup>th</sup> April 2012 Director of the Company referred a proposal of the resolution on the sharing the profit for the year 2011 to the Supervisory Board. The proposal includes division of a part of the profit to the Management and employees of the Company as well as dividend payable to the shareholders in the amount of 5,800,000.00 HRK.

### **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 two Bulk Carriers in ULJANIK Shipyard (newbuildings 490 and 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.

D I R E C T O R

**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.

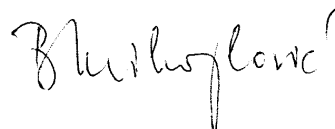
Pula, 26<sup>th</sup> April 2012

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 – March 2012, 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, 25<sup>th</sup> April, 2012