



ULJANIK PLOVIDBA d.d.

PRELIMINARY UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD

JANUARY - DECEMBER 2012

Pula, February 2013

CONTENT:

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

Notes

Management Report

Statement of the person responsible for preparing Financial Statements

Attachment 1.

Reporting period:

1.1.2012

to

31.12.2012

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Preliminary financial statement of the entrepreneur - TFI-PODTax 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**Consolidated report: **NO**

(quarter end)

NKD code: **5020**

Companies of the consolidation subject (according to IFRS):

Seat:

MB:

Bookkeeping service:

Contact person: **VANESA PERUŠKO TOPIĆ**

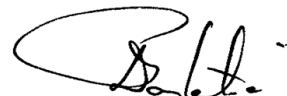
(please enter only contact person's family name and name)

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.


e of the person authorized to represent the company)

BALANCE SHEET
as of 31.12.2012.

| Company: ULJANIK PLOVIDBA D.D. | | | |
|--|------------|-----------------|----------------|
| Position | AOP | Previous period | Current period |
| 1 | 2 | 3 | 4 |
| A) RECEIVABLES FOR SUBSCRIBED AND NON - PAID CAPITAL | 001 | | |
| B) LONG - TERM ASSETS (003+010+020+029+033) | 002 | 502.863.710 | 503.686.775 |
| I. INTANGIBLE ASSETS (004 to 009) | 003 | 61.810 | 18.083 |
| 1. Assets development | 004 | | |
| 2. Concessions, patents, licence fees, merchandise and service brands, software and other rights | 005 | 61.810 | 18.083 |
| 3. Goodwill | 006 | | |
| 4. Prepayments for purchase of intangible assets | 007 | | |
| 5. Intangible assets in preparation | 008 | | |
| 6. Other intangible assets | 009 | | |
| II. TANGIBLE ASSETS (011 to 019) | 010 | 3.628.598 | 3.423.634 |
| 1. Land | 011 | 121.829 | 121.829 |
| 2. Buildings | 012 | 3.137.627 | 3.086.978 |
| 3. Plant and equipment | 013 | 249.142 | 133.955 |
| 4. Instruments, plant inventories and transportation assets | 014 | 120.000 | 80.872 |
| 5. Biological assets | 015 | | |
| 6. Prepayments for tangible assets | 016 | | |
| 7. Tangible assets in preparation | 017 | | |
| 8. Other material assets | 018 | | |
| 9. Investment in buildings | 019 | | |
| III. LONG-TERM FINANCIAL ASSETS (021 to 028) | 020 | 431.105.087 | 455.914.810 |
| 1. Shares (stocks) in related parties | 021 | 429.416.260 | 452.785.992 |
| 2. Loans given to related parties | 022 | | |
| 3. Participating interests (shares) | 023 | 1.688.827 | 3.128.818 |
| 4. Loans to entrepreneurs in whom the entity hold participating interests | 024 | | |
| 5. Investment in securities | 025 | | |
| 6. Loans, deposits and similar assets | 026 | | |
| 7. Other long - term financial assets | 027 | | |
| 8. Investments accounted by equity method | 028 | | |
| IV. RECEIVABLES (030 to 032) | 029 | 68.068.215 | 44.330.248 |
| 1. Receivables from related parties | 030 | 67.656.803 | 44.026.161 |
| 2. Receivables based on trade loans | 031 | 411.412 | 304.087 |
| 3. Other receivables | 032 | | |
| V. DEFERRED TAX ASSETS | 033 | | |
| C) SHORT- TERM ASSETS (035+043+050+058) | 034 | 150.107.398 | 172.180.070 |
| I. INVENTORIES (036 to 042) | 035 | 0 | 0 |
| 1. Raw material | 036 | | |
| 2. Work in progress | 037 | | |
| 3. Finished goods | 038 | | |
| 4. Merchandise | 039 | | |
| 5. Prepayments for inventories | 040 | | |
| 6. Long - term assets held for sale | 041 | | |
| 7. Biological assets | 042 | | |
| II. RECEIVABLES (044 to 049) | 043 | 76.297.135 | 94.325.861 |
| 1. Receivables from related parties | 044 | 56.685.547 | 78.394.982 |
| 2. Accounts receivable | 045 | 19.459.611 | 15.066.685 |
| 3. Receivables from participating entrepreneurs | 046 | | |
| 4. Receivables from employees and shareholders | 047 | | |
| 5. Receivables from government and other institutions | 048 | 33.287 | 821.898 |
| 6. Other receivables | 049 | 118.690 | 42.296 |
| III. SHORT - TERM FINANCIAL ASSETS (051 to 057) | 050 | 73.694.129 | 77.736.301 |
| 1. Shares (stocks) in related parties | 051 | | |
| 2. Loans given to related parties | 052 | 61.620.052 | 51.294.286 |
| 3. Participating interests (shares) | 053 | | |
| 4. Loans to entrepreneurs in whom the entity hold participating interests | 054 | | |
| 5. Investment in securities | 055 | | |
| 6. Loans, deposits and similar assets | 056 | 12.074.077 | 26.442.015 |
| 7. Other financial assets | 057 | | |
| IV. CASH AT BANK AND IN CASHIER | 058 | 116.134 | 117.908 |
| D) PREPAID EXPENSES AND ACCRUED INCOME | 059 | 19.309 | 4.837 |
| E) TOTAL ASSETS (001+002+034+059) | 060 | 652.990.417 | 675.871.682 |
| F) OFF-BALANCE SHEET NOTES | 061 | | |

| LIABILITIES AND CAPITAL | | | |
|--|------------|--------------------|--------------------|
| A) CAPITAL AND RESERVES (063+064+065+071+072+075+078) | 062 | 454.914.441 | 486.307.715 |
| I. SUBSCRIBED CAPITAL | 063 | 232.000.000 | 232.000.000 |
| II. CAPITAL RESERVES | 064 | -19.217.000 | -19.729.681 |
| III. RESERVES FROM PROFIT (066+067-068+069+070) | 065 | 37.877.082 | 36.635.168 |
| 1. Reserves prescribed by law | 066 | 11.600.000 | 14.466.350 |
| 2. Reserves for treasury stocks | 067 | 36.382.812 | 36.382.812 |
| 3. Treasury stocks and shares (deduction) | 068 | 10.105.730 | 14.213.994 |
| 4. Statutory reserves | 069 | | |
| 5. Other reserves | 070 | | |
| IV. REVALUATION RESERVES | 071 | 47.798.639 | 41.648.179 |
| V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074) | 072 | 99.128.721 | 153.016.100 |
| 1. Retained earnings | 073 | 99.128.721 | 153.016.100 |
| 2. Accumulated loss | 074 | | |
| VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077) | 075 | 57.326.999 | 42.737.949 |
| 1. Profit for the current year | 076 | 57.326.999 | 42.737.949 |
| 2. Loss for the current year | 077 | | |
| VII. MINORITY INTEREST | 078 | | |
| B) PROVISIONS (080 to 082) | 079 | 1.990.894 | 1.956.929 |
| 1. Provisions for pensions, severance pay and similar liabilities | 080 | 1.990.894 | 1.956.929 |
| 2. Reserves for tax liabilities | 081 | | |
| 3. Other reserves | 082 | | |
| C) LONG TERM LIABILITIES (084 to 092) | 083 | 67.656.803 | 92.979.743 |
| 1. Liabilities to related parties | 084 | | |
| 2. Liabilities for loans, deposits etc. | 085 | 67.656.803 | 92.979.743 |
| 3. Liabilities to banks and other financial institutions | 086 | | |
| 4. Liabilities for received prepayments | 087 | | |
| 5. Accounts payable | 088 | | |
| 6. Liabilities arising from debt securities | 089 | | |
| 7. Liabilities to entrepreneurs in whom the entity holds participating interests | 090 | | |
| 8. Other long-term liabilities | 091 | | |
| 9. Deferred tax liability | 092 | | |
| D) SHORT - TERM LIABILITIES (094 to 105) | 093 | 128.229.048 | 94.623.314 |
| 1. Liabilities to related parties | 094 | | |
| 2. Liabilities for loans, deposits etc. | 095 | | 3.558.000 |
| 3. Liabilities to banks and other financial institutions | 096 | 52.020.581 | 85.222.684 |
| 4. Liabilities for received prepayments | 097 | 138.844 | 138.844 |
| 5. Accounts payable | 098 | 437.537 | 182.744 |
| 6. Liabilities arising from debt securities | 099 | 70.000.000 | |
| 7. Liabilities to entrepreneurs in whom the entity holds participating interests | 100 | | |
| 8. Liabilities to employees | 101 | 748.337 | 1.189.942 |
| 9. Liabilities for taxes, contributions and similar fees | 102 | 809.587 | |
| 10. Liabilities to share - holders | 103 | 2.614.254 | 2.555.392 |
| 11. Liabilities for long term assets held for sale | 104 | | |
| 12. Other short - term liabilities | 105 | 1.459.908 | 1.775.708 |
| E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD | 106 | 199.231 | 3.981 |
| F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106) | 107 | 652.990.417 | 675.871.682 |
| G) OFF-BALANCE SHEET NOTES | 108 | | |
| APPENDIX TO BALANCE SHEET (only for consolidated financial statements) | | | |
| A) CAPITAL AND RESERVES | | | |
| 1. Attributed to equity holders of parent company | 109 | | |
| 2. Attributed to minority interests | 110 | | |

PROFIT AND LOSS ACCOUNT
for period 01.01.2012. to 31.12.2012.

Company: ULJANIK PLOVIDBA D.D.

| Position | AOP | Previous period | | Current period | |
|---|------------|--------------------|-------------------|-------------------|-------------------|
| | | Cummulative | Periodical | Cummulative | Periodical |
| 1 | 2 | 3 | 4 | 5 | 6 |
| I. OPERATING REVENUES (112+113) | 111 | 36.755.125 | 3.993.811 | 43.109.863 | 5.392.660 |
| 1. Sales revenues | 112 | 14.169.982 | 3.977.755 | 19.171.218 | 5.376.534 |
| 2. Other operating revenues | 113 | 22.585.143 | 16.056 | 23.938.645 | 16.126 |
| II. OPERATING EXPENSES (115+116+120+124+125+126+129+130) | 114 | 12.768.061 | 3.196.472 | 13.452.805 | 3.724.019 |
| 1. Changes in the value of work in progress and finished goods | 115 | | | | |
| 2. Material costs (117 to 119) | 116 | 663.916 | 175.991 | 732.038 | 178.241 |
| a) Raw material and material costs | 117 | 149.135 | 37.999 | 179.773 | 45.298 |
| b) Costs of goods sold | 118 | | | | |
| c) Other external costs | 119 | 514.781 | 137.992 | 552.265 | 132.943 |
| 3. Staff costs (121 to 123) | 120 | 9.021.095 | 2.257.186 | 9.466.818 | 2.699.822 |
| a) Net salaries and wages | 121 | 4.602.998 | 1.173.289 | 4.975.354 | 1.491.408 |
| b) Costs for taxes and contributions from salaries | 122 | 3.095.604 | 771.099 | 3.147.553 | 794.877 |
| c) Contributions on gross salaries | 123 | 1.322.493 | 312.798 | 1.343.911 | 413.537 |
| 4. Depreciation | 124 | 254.913 | 64.320 | 241.224 | 55.447 |
| 5. Other costs | 125 | 2.772.287 | 698.975 | 3.012.725 | 790.509 |
| 6. Impairment (127+128) | 126 | 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 | 55.850 | | | |
| 8. Other operating expenses | 130 | | | | |
| III. FINANCIAL INCOME (132 to 136) | 131 | 65.155.277 | 28.901.011 | 51.662.003 | 1.581.526 |
| 1. Interest income, foreign exchange gains, dividends and similar income from related parties | 132 | 32.841.435 | 17.459.820 | 22.494.320 | |
| 2. Interest income, foreign exchange gains, dividends and similar income from non-related | 133 | 32.313.842 | 11.441.191 | 29.167.683 | 1.581.526 |
| 3. Share in income from affiliated entrepreneurs and participating interests | 134 | | | | |
| 4. Unrealized gains (income) from financial assets | 135 | | | | |
| 5. Other financial income | 136 | | | | |
| IV. FINANCIAL EXPENSES (138 to 141) | 137 | 30.469.739 | 7.772.708 | 38.351.234 | 6.354.424 |
| 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 | 30.469.739 | 7.772.708 | 38.351.234 | 6.354.424 |
| 3. Unrealized losses (expenses) on financial assets | 140 | | | | |
| 4. Other financial expenses | 141 | | | | |
| V. INCOME FROM INVESTMENT SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS | 142 | | | | |
| VI. LOSS FROM INVESTMENT SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS | 143 | | | | |
| VII. EXTRAORDINARY - OTHER INCOME | 144 | | | | |
| VIII. EXTRAORDINARY - OTHER EXPENSES | 145 | | | | |
| IX. TOTAL INCOME (111+131+142 + 144) | 146 | 101.910.402 | 32.894.822 | 94.771.866 | 6.974.186 |
| X. TOTAL EXPENSES (114+137+143 + 145) | 147 | 43.237.800 | 10.969.180 | 51.804.039 | 10.078.443 |
| XI. PROFIT OR LOSS BEFORE TAXATION (146-147) | 148 | 58.672.602 | 21.925.642 | 42.967.827 | -3.104.257 |
| 1. Profit before taxation (146-147) | 149 | 58.672.602 | 21.925.642 | 42.967.827 | 0 |
| 2. Loss before taxation (147-146) | 150 | 0 | 0 | 0 | 3.104.257 |
| XII. PROFIT TAX | 151 | 1.345.603 | 336.401 | 229.878 | 57.470 |
| XIII. PROFIT OR LOSS FOR THE PERIOD (148-151) | 152 | 57.326.999 | 21.589.241 | 42.737.949 | -3.161.727 |
| 1. Profit for the period(149-151) | 153 | 57.326.999 | 21.589.241 | 42.737.949 | 0 |
| 2. Loss for the period (151-148) | 154 | 0 | 0 | 0 | 3.161.727 |
| 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 | 57.326.999 | 21.589.241 | 42.737.949 | -3.161.727 |
| II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165) | 158 | 18.606.969 | 24.054.087 | -6.150.460 | -2.369.427 |
| 1. Exchange differences on translation of foreign operations | 159 | 18.606.969 | 24.054.087 | -6.150.460 | -2.369.427 |
| 2. Movements in revaluation reserves of long-term tangible and intangible assets | 160 | | | | |
| 3. Profit or loss from revaluation of financial assets available for sale | 161 | | | | |
| 4. Gains or losses on efficient cash flow hedging | 162 | | | | |
| 5. Gains or losses on efficient hedge of a net investment in foreign countries | 163 | | | | |
| 6. Share in other comprehensive income / loss of associated companies | 164 | | | | |
| 7. Actuarial gains / losses on defined benefit plans | 165 | | | | |
| III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD | 166 | 3.721.394 | 4.810.817 | -1.230.092 | -473.885 |
| IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166) | 167 | 14.885.575 | 19.243.270 | -4.920.368 | -1.895.542 |
| V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167) | 168 | 72.212.574 | 40.832.511 | 37.817.581 | -5.057.269 |
| 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 01.01.2012. to 31.12.2012.

| Company: ULJANIK PLOVIDBA D.D. | | | |
|---|------------|--------------------|--------------------|
| Position | AOP | Previous period | Current period |
| 1 | 2 | 3 | 4 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| 1. Profit before tax | 001 | 58.672.602 | 42.967.827 |
| 2. Depreciation | 002 | 254.913 | 241.224 |
| 3. Increase in short-term liabilities | 003 | 3.430.244 | |
| 4. Decrease in short term receivables | 004 | | |
| 5. Decrease in inventories | 005 | | |
| 6. Other cash flow increases | 006 | 159.868 | 72.999 |
| I. Total increase in cash flow from operating activities (001 to 006) | 007 | 62.517.627 | 43.282.050 |
| 1. Decrease in short - term liabilities | 008 | | 365.837 |
| 2. Increase in short - term receivables | 009 | 54.526.648 | 18.028.726 |
| 3. Increase in inventories | 010 | | |
| 4. Other cash flow decreases | 011 | 1.345.603 | 1.032.365 |
| II. Total decrease in cash flow from operating activities (008 to 011) | 012 | 55.872.251 | 19.426.928 |
| A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012) | 013 | 6.645.376 | 23.855.122 |
| A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007) | 014 | 0 | 0 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| 1. Cash flow from sale of long - term tangible and intangible assets | 015 | | |
| 2. Cash inflows from sale of equity and debt financial instruments | 016 | | |
| 3. Interest receipts | 017 | | |
| 4. Dividend receipts | 018 | | |
| 5. Other cash inflows from investing activities | 019 | | |
| III. Total cash inflows from investing activities(015 to 019) | 020 | 0 | 0 |
| 1. Cash outflows for purchase of long - term tangible and intangible assets | 021 | 132.666 | 51.059 |
| 2. Cash outflows for purchase of equity and debt financial instruments | 022 | 22.562.837 | 30.960.183 |
| 3. Other cash outflows from investing activities | 023 | | |
| IV. Total cash outflows from investing activities (021 to 023) | 024 | 22.695.503 | 31.011.242 |
| B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES(020-024) | 025 | 0 | 0 |
| B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020) | 026 | 22.695.503 | 31.011.242 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| 1. Cash receipts from issuance of equity and debt financial instruments | 027 | 70.000.000 | |
| 2. Cash inflows from loans, debentures, credits and other borrowings | 028 | 98.942.139 | 185.301.522 |
| 3. Other cash inflows from financing activities | 029 | 11.196.065 | |
| V. Total cash inflows from financing activities (027 to 029) | 030 | 180.138.204 | 185.301.522 |
| 1. Cash outflows for repayment of loans and bonds | 031 | 32.863.110 | 103.522.683 |
| 2. Dividends paid | 032 | 34.725.630 | |
| 3. Cash outflows for finance lease | 033 | | |
| 4. Cash outflows for purchase of own stocks | 034 | | 4.620.945 |
| 5. Other cash outflows from financing activities | 035 | 96.507.938 | 70.000.000 |
| VI. Total cash outflows from financing activities (031 do 035) | 036 | 164.096.678 | 178.143.628 |
| C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036) | 037 | 16.041.526 | 7.157.894 |
| C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030) | 038 | 0 | 0 |
| Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038) | 039 | 0 | 1.774 |
| Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037) | 040 | 8.601 | 0 |
| Cash and cash equivalents at the beginning of period | 041 | 124.735 | 116.134 |
| Increase in cash and cash equivalents | 042 | 0 | 1.774 |
| Decrease in cash and cash equivalents | 043 | 8.601 | 0 |
| Cash and cash equivalents at the end of period | 044 | 116.134 | 117.908 |

STATEMENT OF CHANGES IN EQUITY
from 1.1.2012 to 31.12.2012

| Position | AOP | Previous year | Current year |
|--|------------|---------------|--------------|
| 1 | 2 | 3 | 4 |
| 1. Subscribed capital | 001 | 232.000.000 | 232.000.000 |
| 2. Capital reserves | 002 | -19.217.000 | -19.729.681 |
| 3. Reserves from profit | 003 | 37.877.082 | 36.635.168 |
| 4. Retained earnings or accumulated loss | 004 | 99.128.721 | 153.016.100 |
| 5. Profit / loss for the current year | 005 | 57.326.999 | 42.737.949 |
| 6. Revaluation of long - term tangible assets | 006 | | |
| 7. Revaluation of intangible assets | 007 | | |
| 8. Revaluation of financial assets available for sale | 008 | | |
| 9. Other revaluation | 009 | 47.798.639 | 41.648.179 |
| 10. Total capital and reserves (AOP 001 to 009) | 010 | 454.914.441 | 486.307.715 |
| 11. Currency gains and losses arising from net investments in foreign operations | 011 | 18.606.969 | -6.150.460 |
| 12. Current and deferred taxes (part) | 012 | | |
| 13. Cash flow hedging | 013 | | |
| 14. Changes in accounting policies | 014 | | |
| 15. Correction of significant errors in prior periods | 015 | | |
| 16. Other changes in capital | 016 | 33.797.433 | 37.543.734 |
| 17. Total increase or decrease in capital (AOP 011 to 016) | 017 | 52.404.402 | 31.393.274 |
| 17 a. Attributed to equity holders of parent company | 018 | | |
| 17 b. Attributed to minority interest | 019 | | |

Items decreasing the capital are entered with a negative number sign

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

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS AS AT 31.12.2012

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 31th December 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 31th December 2012 the Company had 32 employees (2011: 32).

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 period January-December 2012 is higher with respect to the same period in 2011 for the reason of increased income from management services due to a larger number of vessels in 2012. Like in the year 2011, company received the government grant in the amount of 23,860 thousand HRK 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 713 – M/T Istra dated 12.03.2009. Operating expenses in the period I-XII 2012 are on the same level in comparison to the year 2011.
2. Financial income for the period I-XII 2012 was realized in the amount of 51.7 mil HRK, as opposed to 65.2 mil HRK in the same period of 2011. The decrease is due to the lower amount of transferred retained profit from previous years from the subsidiary in 2012, along with a decrease in interest and foreign exchange losses incurred due to the adjustment of the loans 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 have increased in 2012 (38.3 mil HRK in relation to 30.4 mil HRK in 2011), due to increased interest (commercial bills and new loans) and increased currency losses incurred due to the adjustment of the loans into

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS AS AT 31.12.2012

their counter-value in HRK, according to the mean rate of exchange of the Croatian National Bank at the end of the accounting period.

3. The long-term financial assets have been increased for the value of government grant for the newbuilding 713-Istra, which was invested in foreign subsidiary United Shipping Services One Inc. As at 31th December 2012 the investments in United Shipping Services One Inc. amounted to 78,067,413 USD i.e. 447,075,992 HRK. Investment in subsidiary Real d.o.o. was increased in 2012 by transferring 5,710 thousand HRK of Uljanik Plovidba's receivable from borrowings, into Real d.o.o. equity capital, according to the Resolution of the Commercial Court in Pazin. Long-term financial assets has also increased for 1,440 thousand HRK by Company's investing in Uljanik d.d. share capital.
4. The increase in long-term liabilities relates to new loans realized through the HBOR Program for Economic Development. The long-term loans in foreign currencies have been expressed in their equivalent value in HRK according to the mean rate of exchange of the Croatian National Bank as at 31th December 2012 and have been repaid regularly.
5. Short-term liabilities have decreased after repayment of third tranche of commercial bills. 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 31th December 2012.
6. In the period January-December 2012 the Company purchased treasury shares in the total amount of 5,043.8 thousand HRK and disposed of 935.5 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 31th December 2012, amount to 41,648 thousand HRK.
8. On 19th September 2012 the General Assembly of the Company was held which passed the resolution on the sharing of profit for the year 2011. According to the same resolution the profit of 57,326,998.54 HRK was distributed as follows: 2,866,350.00 HRK to the legal reserves and 54,460,648.54 HRK to retained profit.

For ULJANIK PLOVIDBA d.d. Pula

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

Dragutin Pavletić
Director of ULJANIK PLOVIDBA d.d.

MANAGEMENT REPORT FOR THE PERIOD 01-12/2012

The business activity of ULJANIK PLOVIDBA (the Company) and its foreign subsidiaries in the year 2012 was regular, although strongly affected by the negative fluctuations in the shipping market in both dry cargo and tanker sectors, and extraordinary increased expenses related to taking delivery of m/v Stoja and m/t Istra as well as the dry docking of m/v Volme and also delivery of m/t Pula.

In this period the Company:

- a) realized commercial loss as a result of operating losses of all vessels, increased by over 5 million USD due to writing off of the vessels
- b) continued with the Program of fleet renewal:
 - took delivery of m/v STOJA – Supramax 52,000 DWT,
 - took delivery of m/v ISTRA in the 3.MAJ Shipyard,
 - continued with construction of two 52,000 DWT Bulk Carriers of 52,000 DWT in the ULJANIK Shipyard,
- c) maintained constant employment of vessels with the continuation of the Company's fleet high efficiency trend – average of 359 days per vessel,
- d) fulfilled all its loan payment obligations (over 46 mil USD in total) 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) full performance of Charterers with all vessels and with full collection of contracted freights,
- 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 result for the period I-XII 2012 has been under the direct impact of extremely low freight rates in the shipping market and integration into commercial exploitation of the new vessels in such low shipping market. The results are higher than in comparative period of 2011, solely because of the increased number of vessels. In addition to increased initial expenses related to commencement of commissioning of the new vessels, operating expenses of the vessels in exploitation have been distinctively reduced in the same time.

2. PERSONNEL

As at 31.12.2012 the Company had 32 employees. The Company employs exclusively Croatian seafarers on all vessels in its fleet.

3. TECHNICAL ASPECT

In the period January-December 2012 m/v Volme underwent regular Dry Docking; furthermore there were no significant technical stoppages in this period. The company keeps maintaining high efficiency of vessel exploitation. The average duration of off-hire per vessel in the year 2012 related to technical stoppages/maintenance was 0.42 days.

4. ACQUISITION OF TREASURY SHARES

In the period I-XII 2012, the Company acquired treasury shares in accordance with art. 233, section 3, point 2 of the Companies Act. The company acquired treasury shares in the amount of 5,043.8 thousand HRK and disposed of treasury shares in the amount of 935.5 thousand HRK.

5. IMPORTANT EVENTS IN 2012

On 15th 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.

On 24th March 2012 the 52,000 DWT Bulk Carrier, Hull no. 489 – m/v PUNTA was launched in the ULJANIK Shipyard. The delivery of the vessel is scheduled for the mid of the year 2013.

On 1th August 2012 in the 3.MAJ Shipyard in Rijeka the Company took delivery of Hull no. 713 – m/t ISTRA, a product carrier for the transportation of petroleum products and chemicals 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 26th January 2012 in the amount of 70,000,000.00 HRK. 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 31th January 2012, with maturity of 180 days. The third tranche was repaid in full on 26th July and no new tranche of commercial bills was issued.

On 25th October 2012 the delivery of m/t PULA of 47,300 DWT, built in 2006 in the 3.MAJ Shipyard in Rijeka, took place, pursuant to the agreement on the sale of the vessel. After delivery the vessel was taken into a long-term lease, with a purchase option.

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. 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
- the volatility of USD exchange rate relative to other currencies
- 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, 15th February 2013

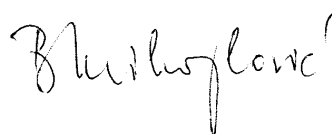
A handwritten signature in black ink, appearing to read 'D. Pavletić', with a large, stylized initial 'D'.

Dragutin Pavletić, Director

STATEMENT OF THE PERSON RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Preliminary unaudited financial reports of ULJANIK PLOVIDBA d.d. (hereafter: Company) for the period January – December 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. 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, 15th February, 2013