



GROUP ULJANIK PLOVIDBA

CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD

JANUARY - JUNE 2013

Pula, July 2013

CONTENT:

**Consolidated Financial Statements of GROUP ULJANIK PLOVIDBA
(unaudited) for the period January – June 2013**

Notes

Management Report

Statement of the person responsible for preparing Financial Statements

Attachment 1.

Reporting period:

01.01.2013.

to

30.06.2013.

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 adress: uljanik-plovidba@pu.t-com.hr

Internet adress: www.uljanikplovidba.com

Municipality/city code and name: 359 PULA

County code and name: 18 ISTARSKA

Number of employees 32

Consolidated report: YES

(quarter end)
NKD code: 5020

Companies of the consolidation subject (according to IFRS):

Seat:

MB:

ULJANIK PLOVIDBA D.D.

PULA

3292754

UNITED SHIPPING SERVICES ONE INC.

MONROVIA, LIBERIA

REAL D.O.O.

PULA

2044471

Bookkeeping service:

Contact person: **BOJANA MIHAJLOVIĆ**

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

Telephone: 052 211544

Telefax: 052 492598

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

Family name and name: **DRAGUTIN PAVLETIĆ**

(person authorized to represent the company)

Documents to be published:

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

ULJANIK PLOVIDBA d.d.



(person authorized to represent the company)

BALANCE SHEET
as of 30.06.2013.

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	2.052.591.058	1.988.906.803
I. INTANGIBLE ASSETS (004 to 009)	003	18.083	9.736
1. Assets development	004		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	005	18.083	9.736
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	2.029.652.910	1.965.906.354
1. Land	011	121.829	121.829
2. Buildings	012	3.086.978	3.061.654
3. Plant and equipment	013	214.827	194.494
4. Instruments, plant inventories and transportation assets	014	2.022.902.769	1.959.220.973
5. Biological assets	015	3.326.507	3.307.404
6. Prepayments for tangible assets	016	0	0
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	5.817.941	5.817.939
1. Shares (stocks) in related parties	021		
2. Loans given to related parties	022		
3. Participating interests (shares)	023	5.817.941	5.817.939
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	17.102.124	17.172.774
1. Receivables from related parties	030		
2. Receivables based on trade loans	031		
3. Other receivables	032	17.102.124	17.172.774
V. DEFERRED TAX ASSETS	033		
C) SHORT- TERM ASSETS (035+043+050+058)	034	129.378.271	88.902.027
I. INVENTORIES (036 to 042)	035	3.229.618	2.898.215
1. Raw material	036	3.229.618	2.898.215
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	76.677.632	67.792.265
1. Receivables from related parties	044		
2. Accounts receivable	045	72.090.649	63.238.539
3. Receivables from participating entrepreneurs	046		
4. Receivables from employees and shareholders	047		
5. Receivables from government and other institutions	048	886.672	509.843
6. Other receivables	049	3.700.311	4.043.883
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	050	16.765.012	5.380.506
1. Shares (stocks) in related parties	051		
2. Loans given to related parties	052		
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	16.765.012	5.383.390
7. Other financial assets	057		
IV. CASH AT BANK AND IN CASHIER	058	32.706.009	12.831.041
D) PREPAID EXPENSES AND ACCRUED INCOME	059	4.836	4.837
E) TOTAL ASSETS (001+002+034+059)	060	2.181.974.165	2.077.813.667
F) OFF-BALANCE SHEET NOTES	061		

LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	602.594.126	592.724.300
I. SUBSCRIBED CAPITAL	063	232.000.000	232.000.000
II. CAPITAL RESERVES	064	-19.729.681	-19.729.681
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	36.635.168	36.048.431
1. Reserves prescribed by law	066	14.466.350	14.466.350
2. Reserves for treasury stocks	067	36.382.812	36.382.812
3. Treasury stocks and shares (deduction)	068	14.213.994	14.800.731
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071	41.648.179	40.051.698
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	257.000.255	182.246.761
1. Retained earnings	073	257.000.255	182.246.761
2. Accumulated loss	074		
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	075	-74.850.818	-29.882.925
1. Profit for the current year	076		
2. Loss for the current year	077	74.850.818	29.882.925
VII. MINORITY INTEREST	078	129.891.023	151.990.016
B) PROVISIONS (080 to 082)	079	1.956.929	1.943.148
1. Provisions for pensions, severance pay and similar liabilities	080	1.956.929	1.943.148
2. Reserves for tax liabilities	081		
3. Other reserves	082		
C) LONG TERM LIABILITIES (084 to 092)	083	1.164.183.526	1.101.801.188
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits etc.	085		
3. Liabilities to banks and other financial institutions	086	1.164.183.526	1.101.801.188
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	316.377.829	287.347.369
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits etc.	095		
3. Liabilities to banks and other financial institutions	096	254.203.919	232.825.620
4. Liabilities for received prepayments	097		
5. Accounts payable	098	21.892.994	19.701.213
6. Liabilities arising from debt securities	099	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100		
8. Liabilities to employees	101	752.923	1.198.168
9. Liabilities for taxes, contributions and similar fees	102	0	0
10. Liabilities to share - holders	103	2.555.391	2.550.611
11. Liabilities for long term assets held for sale	104		
12. Other short - term liabilities	105	36.972.602	31.071.757
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	96.861.755	93.997.662
F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)	107	2.181.974.165	2.077.813.667
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	472.703.103	440.734.284
2. Attributed to minority interests	110	129.891.023	151.990.016

PROFIT AND LOSS ACCOUNT
for period 01.01.2013. to 30.06.2013.

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	110.367.716	59.579.045	105.157.351	55.995.941
1. Sales revenues	112	107.681.198	58.263.899	102.273.274	54.549.648
2. Other operating revenues	113	2.686.518	1.315.146	2.884.077	1.446.293
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	129.732.846	68.652.731	117.894.933	54.503.661
1. Changes in the value of work in progress and finished goods	115				
2. Material costs (117 to 119)	116	19.618.360	10.624.353	14.150.935	6.494.912
a) Raw material and material costs	117	106.525	36.449	98.668	35.559
b) Costs of goods sold	118				
c) Other external costs	119	19.511.835	10.587.904	14.052.267	6.459.353
3. Staff costs (121 to 123)	120	40.293.865	21.416.488	38.243.752	17.365.173
a) Net salaries and wages	121	38.087.284	20.327.556	36.056.799	16.263.925
b) Costs for taxes and contributions from salaries	122	1.569.424	783.955	1.588.575	799.790
c) Contributions on gross salaries	123	637.157	304.977	598.378	301.458
4. Depreciation	124	60.727.208	31.892.164	57.111.854	26.519.904
5. Other costs	125	9.093.413	4.719.726	8.388.392	4.123.672
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	0	0	0	0
8. Other operating expenses	130				
III. FINANCIAL INCOME (132 to 136)	131	40.940.129	13.235.544	10.411.157	3.659.036
1. Interest income, foreign exchange gains, dividends and similar income from related parties	132		0		
2. Interest income, foreign exchange gains, dividends and similar income from non-related	133	40.940.129	13.235.544	10.411.157	3.659.036
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	35.228.422	18.828.255	29.217.946	21.985.726
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	35.228.422	18.828.255	29.217.946	21.985.726
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	151.307.845	72.814.589	115.568.508	59.654.977
X. TOTAL EXPENSES (114+137+143 + 145)	147	164.961.268	87.480.986	147.112.879	76.489.387
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	-13.653.423	-14.666.397	-31.544.371	-16.834.410
1. Profit before taxation (146-147)	149	0	0	0	0
2. Loss before taxation (147-146)	150	13.653.423	14.666.397	31.544.371	16.834.410
XII. PROFIT TAX	151	672.801	336.401	87.467	43.733
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-14.326.224	-15.002.798	-31.631.838	-16.878.143
1. Profit for the period(149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	14.326.224	15.002.798	31.631.838	16.878.143
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	-12.604.215	-12.953.416	-29.882.925	-16.573.088
2. Attributed to minority interests	156	-1.722.009	-2.049.382	-1.748.913	-305.055
STATEMENT OF COMPREHENSIVE INCOME (IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	-14.326.224	-15.002.798	-31.631.838	-16.878.143
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)	158	11.236.469	25.722.954	-1.596.481	-16.586.458
1. Exchange differences on translation of foreign operations	159	11.236.469	25.722.954	-1.596.481	-16.586.458
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	2.247.294	5.144.591	-319.296	-3.317.292
IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)	167	8.989.175	20.578.363	-1.277.185	-13.269.166
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)	168	-5.337.049	5.575.565	-32.909.023	-30.147.309
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	-3.615.040	7.624.947	-31.160.110	-29.842.254
2. Attributed to minority interests	170	-1.722.009	-2.049.382	-1.748.913	-305.055

CASH FLOW STATEMENT - Indirect method
period 01.01.2013. to 30.06.2013.

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	-13.653.423	-31.544.371
2. Depreciation	002	60.727.208	57.111.854
3. Increase in short-term liabilities	003	3.921.826	0
4. Decrease in short term receivables	004		8.885.367
5. Decrease in inventories	005	1.646.862	331.403
6. Other cash flow increases	006	76.772	5.171.050
I. Total increase in cash flow from operating activities (001 to 006)	007	52.719.245	39.955.303
1. Decrease in short - term liabilities	008		7.652.161
2. Increase in short - term receivables	009	4.534.120	0
3. Increase in inventories	010		0
4. Other cash flow decreases	011	47.184.525	2.965.340
II. Total decrease in cash flow from operating activities (008 to 011)	012	51.718.645	10.617.501
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	1.000.600	29.337.802
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	0	0
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	172.005.186	27.156
2. Cash outflows for purchase of equity and debt financial instruments	022		
3. Other cash outflows from investing activities	023		
IV. Total cash outflows from investing activities (021 to 023)	024	172.005.186	27.156
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	172.005.186	27.156
CASH FLOW FROM FINANCING ACTIVITIES			
1. Cash receipts from issuance of equity and debt financial instruments	027	35.000.000	
2. Cash inflows from loans, debentures, credits and other borrowings	028	208.924.036	25.002.824
3. Other cash inflows from financing activities	029	83.425.800	35.232.411
V. Total cash inflows from financing activities (027 to 029)	030	327.349.836	60.235.235
1. Cash outflows for repayment of loans and bonds	031	63.238.102	108.763.462
2. Dividends paid	032		
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034	1.969.652	586.737
5. Other cash outflows from financing activities	035	92.494.320	70.650
VI. Total cash outflows from financing activities (031 do 035)	036	157.702.074	109.420.849
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	169.647.762	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	038	0	49.185.614
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	0	0
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	1.356.824	19.874.968
Cash and cash equivalents at the beginning of period	041	29.256.768	32.706.009
Increase in cash and cash equivalents	042	0	0
Decrease in cash and cash equivalents	043	1.356.824	19.874.968
Cash and cash equivalents at the end of period	044	27.899.944	12.831.041

STATEMENT OF CHANGES IN EQUITY
from 1.1.2013 to 30.6.2013

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed capital	001	232.000.000	232.000.000
2. Capital reserves	002	-19.729.681	-19.729.681
3. Reserves from profit	003	36.635.168	36.048.431
4. Retained earnings or accumulated loss	004	257.000.255	182.246.761
5. Profit / loss for the current year	005	-74.850.818	-29.882.925
6. Revaluation of long - term tangible assets	006		
7. Revaluation of intangible assets	007	129.891.023	151.990.016
8. Revaluation of financial assets available for sale	008		
9. Other revaluation	009	41.648.179	40.051.698
10. Total capital and reserves (AOP 001 to 009)	010	602.594.126	592.724.300
11. Currency gains and losses arising from net investments in foreign operations	011	-6.150.460	-1.596.481
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	-55.086.068	-8.273.345
17. Total increase or decrease in capital (AOP 011 to 016)	017	-61.236.528	-9.869.826
17 a. Attributed to equity holders of parent company	018	-110.251.634	-31.968.819
17 b. Attributed to minority interest	019	49.015.106	22.098.993

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 CONSOLIDATED FINANCIAL STATEMENTS AS AT 30.06.2013

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 30th June 2013 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 30th June 2013 the Group had 32 employees (2012: 32).

The consolidated financial statements for the Group have been prepared in accordance with the International Financial Reporting Standards ('IFRS'), the application of which has been approved by the Croatian Financial Reporting Standards Board.

The financial statements for the Group have been prepared in Croatian currency, kuna (KN), which is the reporting currency of the Group.

The financial statements for the Group have been prepared using the historical cost convention with the exception for the valuation of the vessels by using the fair value.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires from the management to make certain key accounting estimates and judgments in the applying of the accounting policies of the Company.

Subsidiaries are all entities over which the Group Uljanik Plovidba is entitled to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated from the date on which control commences and excluded from consolidation once the control terminates.

The consolidated financial statements of the Group consist of consolidated data from the annual financial statements of Uljanik Plovidba d.d. Pula, Real d.o.o. Pula and the consolidated financial statements of the Group United Shipping Services One. The effects of all intra-group transactions have been eliminated on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30.06.2013

The following are the notes explaining single categories in the financial statements of the Group:

1. Operating income for the first half-year of 2013 amounts to 105.1 mil HRK while in the same period of 2012 it amounted to 110.3 mil HRK. Freight revenues expressed on USD are lower in comparison to the year 2012 due to the continued lower level of freights on the shipping market. Other income is mostly related to the recognition of the aliquot part of deferred income on the basis of received government grants for vessels construction.
2. Total operating expenses have decreased in the first half-year of 2013 with respect to the year 2012, as a result of the monitoring and rationalization of costs, especially in the area of operating expenses of the vessels.
3. Financial income in the first half-year of 2013 has significantly decreased in comparison to the same period of 2012 as there has been no transfer of retained profit from the subsidiary in the current period. Financial expenses for the first half-year of 2013 are also lower with respect to the same period of 2012 due to the lower interest on outstanding debt and lower foreign exchange losses.
4. As at 30.06.2013 the book value of the vessels amounts to 343.3 mil USD (1,959.2 mil HRK).
5. In the period from 1.01. to 30.06.2013 the Company purchased treasury shares in the total amount of 586.7 thousand HRK.
6. Revaluation reserves have been decreased for 1,596 thousand HRK with respect to balance as at 31.12.2012 which amount corresponds to the adjustment of the investment in the foreign subsidiary at the mean rate of exchange for USD as at 30th June 2013 (1USD=5,706344 HRK).
7. Long-term loans in foreign currencies were converted in HRK by applying the mean rate of exchange of the Croatian National bank as at 30th June 2013.
8. Current liabilities are mostly referring to short-term borrowings which also include the current portion of long-term borrowings. 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 30th June 2013.
9. In the period from January-June 2013 the applicable amount of income from grants from previous years in the amount of 2,861 thousand HRK was recorded with the proportional decrease of the deferred income, in accordance with the deferred income recognition plan.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT
30.06.2013**

10. The minority as at 30th June 2013 in equity in the amount of 151.9 mil USD refers to the ownership of Uljanik Brodogradilište in foreign companies United Shipping Services Twelve Inc. and United Shipping Services Thirteen Inc., based on the signed agreements.

For the GROUP ULJANIK PLOVIDBA Pula



Dragutin Pavletić
Director of ULJANIK PLOVIDBA d.d.

Pula, 29th July 2013

MANAGEMENT REPORT FOR THE PERIOD 01-06/2013

The business activity of ULJANIK PLOVIDBA (the Company) and its foreign subsidiaries in the first half-year of 2013 was regular, although strongly affected by the negative fluctuations in the shipping market in both dry cargo and tanker sectors. In this period the Company:

- a) realized commercial loss as a result of operating losses of vessels in connection to the negative fluctuations in the global shipping market,
- b) maintained constant employment of vessels with the continuation of the Company's fleet high efficiency trend,
- c) decreased operating expenses of the vessels,
- d) 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,
- e) maintained high efficiency of vessels' management,
- f) collected all contracted freights from the Charterers of all vessels,
- g) 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 operating result for the period I-VI 2013 has been under the direct impact of low freight rates in the shipping market and has been lower than in the comparative period of the year 2012. The total result was lower due to a lower financial income recorded in the current period.

2. PERSONNEL

As at 30.06.2013 the Company had 32 employees. The Company employs exclusively Croatian seafarers on all vessels in its fleet.

3. TECHNICAL ASPECT

In the period January-June 2013 there was no regular Dry Docking. The company keeps maintaining high efficiency of vessel exploitation.

4. ACQUISITION OF TREASURY SHARES

In the period I-VI 2013, 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 586.7 thousand HRK.

5. IMPORTANT EVENTS IN 2013

On 15th January 2013 the subsidiary United Shipping Seviles One Inc. has entered into a contract on the sale of 100% of its own shares in United Shipping Services Fifteen Inc. to Uljanik Brodogradilište d.d. Pula.

On 27th March 2013 the subsidiary United Shipping Seviles One Inc. has entered into a contract on the sale of 100% of its own shares in United Shipping Services Sixteen Inc. to Uljanik Brodogradilište d.d. Pula.

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 in relation 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, 30th July 2013

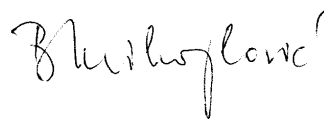


Dragutin Pavletić, Director

STATEMENT OF THE PERSON RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Unaudited consolidated financial reports of GROUP ULJANIK PLOVIDBA for the period January – June 2013, 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 ULJANIK PLOVIDBA d.d. and the companies included in the consolidation.

Financial-accounting manager



Bojana Mihajlović

Pula, 29th July, 2013