



GROUP ULJANIK PLOVIDBA

CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD

JANUARY - MARCH 2013

Pula, April 2013

CONTENT:

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

Notes

Management Report

Statement of the person responsible for preparing Financial Statements

Attachment 1.

Reporting period:

01.01.2013.

to

31.03.2013.

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

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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 31.03.2013.

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	2.089.028.016
I. INTANGIBLE ASSETS (004 to 009)	003	18.083	8.485
1. Assets development	004		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	005	18.083	8.485
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	2.065.932.212
1. Land	011	121.829	121.829
2. Buildings	012	3.086.978	3.074.316
3. Plant and equipment	013	214.827	192.566
4. Instruments, plant inventories and transportation assets	014	2.022.902.769	2.059.226.546
5. Biological assets	015	3.326.507	3.316.955
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	5.817.960
1. Shares (stocks) in related parties	021		
2. Loans given to related parties	022		
3. Participating interests (shares)	023	5.817.941	5.817.960
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	17.269.359
1. Receivables from related parties	030		
2. Receivables based on trade loans	031		
3. Other receivables	032	17.102.124	17.269.359
V. DEFERRED TAX ASSETS	033		
C) SHORT- TERM ASSETS (035+043+050+058)	034	129.378.271	111.208.449
I. INVENTORIES (036 to 042)	035	3.229.618	3.432.754
1. Raw material	036	3.229.618	3.432.754
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	74.110.598
1. Receivables from related parties	044		
2. Accounts receivable	045	72.090.649	69.068.151
3. Receivables from participating entrepreneurs	046		
4. Receivables from employees and shareholders	047		
5. Receivables from government and other institutions	048	886.672	1.061.104
6. Other receivables	049	3.700.311	3.981.343
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	050	16.765.012	5.383.390
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	28.281.707
D) PREPAID EXPENSES AND ACCRUED INCOME	059	4.836	4.837
E) TOTAL ASSETS (001+002+034+059)	060	2.181.974.165	2.200.241.302
F) OFF-BALANCE SHEET NOTES	061		

LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	602.594.126	634.294.421
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	36.359.646
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	14.489.516
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071	41.648.179	56.638.157
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	257.000.255	184.380.128
1. Retained earnings	073	257.000.255	184.380.128
2. Accumulated loss	074		
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	075	-74.850.818	-13.309.836
1. Profit for the current year	076		
2. Loss for the current year	077	74.850.818	13.309.836
VII. MINORITY INTEREST	078	129.891.023	157.956.007
B) PROVISIONS (080 to 082)	079	1.956.929	1.956.929
1. Provisions for pensions, severance pay and similar liabilities	080	1.956.929	1.956.929
2. Reserves for tax liabilities	081		
3. Other reserves	082		
C) LONG TERM LIABILITIES (084 to 092)	083	1.164.183.526	1.176.292.156
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	1.176.292.156
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	292.269.145
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	230.018.306
4. Liabilities for received prepayments	097		
5. Accounts payable	098	21.892.994	22.434.756
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	1.181.278
9. Liabilities for taxes, contributions and similar fees	102	0	0
10. Liabilities to share - holders	103	2.555.391	2.552.543
11. Liabilities for long term assets held for sale	104		
12. Other short - term liabilities	105	36.972.602	36.082.262
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	96.861.755	95.428.651
F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)	107	2.181.974.165	2.200.241.302
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	476.338.414
2. Attributed to minority interests	110	129.891.023	157.956.007

PROFIT AND LOSS ACCOUNT
for period 01.01.2013. to 31.03.2013.

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	50.788.671	50.788.671	49.161.410	49.161.410
1. Sales revenues	112	49.417.299	49.417.299	47.723.626	47.723.626
2. Other operating revenues	113	1.371.372	1.371.372	1.437.784	1.437.784
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	61.080.115	61.080.115	63.391.272	63.391.272
1. Changes in the value of work in progress and finished goods	115				
2. Material costs (117 to 119)	116	8.994.007	8.994.007	7.656.023	7.656.023
a) Raw material and material costs	117	70.076	70.076	63.109	63.109
b) Costs of goods sold	118				
c) Other external costs	119	8.923.931	8.923.931	7.592.914	7.592.914
3. Staff costs (121 to 123)	120	18.877.377	18.877.377	20.878.579	20.878.579
a) Net salaries and wages	121	17.759.728	17.759.728	19.792.874	19.792.874
b) Costs for taxes and contributions from salaries	122	785.469	785.469	788.785	788.785
c) Contributions on gross salaries	123	332.180	332.180	296.920	296.920
4. Depreciation	124	28.835.044	28.835.044	30.591.950	30.591.950
5. Other costs	125	4.373.687	4.373.687	4.264.720	4.264.720
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	27.704.585	27.704.585	6.752.121	6.752.121
1. Interest income, foreign exchange gains, dividends and similar income from related parties	132				
2. Interest income, foreign exchange gains, dividends and similar income from non-related	133	27.704.585	27.704.585	6.752.121	6.752.121
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	16.400.167	16.400.167	7.232.220	7.232.220
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	16.400.167	16.400.167	7.232.220	7.232.220
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	78.493.256	78.493.256	55.913.531	55.913.531
X. TOTAL EXPENSES (114+137+143 + 145)	147	77.480.282	77.480.282	70.623.492	70.623.492
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	1.012.974	1.012.974	-14.709.961	-14.709.961
1. Profit before taxation (146-147)	149	1.012.974	1.012.974	0	0
2. Loss before taxation (147-146)	150	0	0	14.709.961	14.709.961
XII. PROFIT TAX	151	336.401	336.401	43.733	43.733
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	676.573	676.573	-14.753.694	-14.753.694
1. Profit for the period(149-151)	153	676.573	676.573	0	0
2. Loss for the period (151-148)	154	0	0	14.753.694	14.753.694
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	2.219.543	2.219.543	-13.309.836	-13.309.836
2. Attributed to minority interests	156	-1.542.970	-1.542.970	-1.443.858	-1.443.858
STATEMENT OF COMPREHENSIVE INCOME (IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	676.573	676.573	-14.753.694	-14.753.694
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)	158	-14.486.485	-14.486.485	14.989.977	14.989.977
1. Exchange differences on translation of foreign operations	159	-14.486.485	-14.486.485	14.989.977	14.989.977
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	-2.897.097	-2.897.097	2.997.995	2.997.995
IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)	167	-11.589.388	-11.589.388	11.991.982	11.991.982
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)	168	-10.912.815	-10.912.815	-2.761.712	-2.761.712
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	-9.369.845	-9.369.845	-1.317.854	-1.317.854
2. Attributed to minority interests	170	-1.542.970	-1.542.970	-1.443.858	-1.443.858

CASH FLOW STATEMENT - Indirect method
period 01.01.2013. to 31.03.2013.

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	1.012.974	-14.709.961
2. Depreciation	002	28.835.044	30.591.950
3. Increase in short-term liabilities	003	173.761.648	76.929
4. Decrease in short term receivables	004		2.567.035
5. Decrease in inventories	005	2.715.599	0
6. Other cash flow increases	006	41.767.799	0
I. Total increase in cash flow from operating activities (001 to 006)	007	248.093.064	18.525.953
1. Decrease in short - term liabilities	008		
2. Increase in short - term receivables	009	1.202.006	0
3. Increase in inventories	010		203.136
4. Other cash flow decreases	011	1.670.911	51.117.843
II. Total decrease in cash flow from operating activities (008 to 011)	012	2.872.917	51.320.979
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	245.220.147	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	0	32.795.026
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	171.986.925	0
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	171.986.925	0
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	171.986.925	0
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	46.724.341	24.265.322
3. Other cash inflows from financing activities	029	29.271	40.890.464
V. Total cash inflows from financing activities (027 to 029)	030	81.753.612	65.155.786
1. Cash outflows for repayment of loans and bonds	031	65.141.370	36.342.305
2. Dividends paid	032		
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034	14.611	275.522
5. Other cash outflows from financing activities	035	95.222.754	167.235
VI. Total cash outflows from financing activities (031 do 035)	036	160.378.735	36.785.062
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	0	28.370.724
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	038	78.625.123	0
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	0	0
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	5.391.901	4.424.302
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	5.391.901	4.424.302
Cash and cash equivalents at the end of period	044	23.864.867	28.281.707

STATEMENT OF CHANGES IN EQUITY
from 1.1.2013 to 31.3.2013

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	36.359.646
4. Retained earnings or accumulated loss	004	257.000.255	184.380.128
5. Profit / loss for the current year	005	-74.850.818	-13.309.836
6. Revaluation of long - term tangible assets	006		
7. Revaluation of intangible assets	007	129.891.023	157.956.007
8. Revaluation of financial assets available for sale	008		
9. Other revaluation	009	41.648.179	56.638.157
10. Total capital and reserves (AOP 001 to 009)	010	602.594.126	634.294.421
11. Currency gains and losses arising from net investments in foreign operations	011	-6.150.460	14.989.977
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	16.710.318
17. Total increase or decrease in capital (AOP 011 to 016)	017	-61.236.528	31.700.295
17 a. Attributed to equity holders of parent company	018	-110.251.634	3.635.311
17 b. Attributed to minority interest	019	49.015.106	28.064.984

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 31.03.2013

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 31st March 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 31st March 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31.03.2013

1. Operating income for the first quarter of 2013 amounts to 49.2 mil HRK while in the same period of 2012, it amounted to 50.8 mil HRK. Freight revenues expressed on USD are slightly 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 deferred income on the basis of received government grants for vessels construction.
2. Operating expenses have slightly increased in the first quarter of 2013 with respect to the year 2012 due to regular operating expenses of the new vessels in the fleet.
3. Financial income in the first quarter 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 quarter 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 31.03.2013 the book value of the vessels amounts to 347.9 mil USD (2,059 mil HRK).
5. In the period from 1.01. to 31.03.2013 the Company purchased treasury shares in the total amount of 275.5 thousand HRK.
6. Revaluation reserves have been increased for 14,990 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 31.03.2013.
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 31st March 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 31st March 2013.
Total current liabilities have been decreased for the amount of 4.2 mil USD, referring to a loan of the subsidiary United shipping Services One Inc. toward Uljanik Brodogradilište d.d. The loan was settled by transferring USSO investment in shares of the company United Shipping Services Thirteen Inc. to Uljanik Brodogradilište d.d. in the same amount. (See note 10).
9. In the period from January-March 2013 the applicable amount of income from grants from previous years in the amount of 1,430 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
31.03.2013**

10. The minority as at 31st March 2013 in equity in the amount of 157.9 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

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

Dragutin Pavletić
Director of ULJANIK PLOVIDBA d.d.

Pula, 29th April 2013

MANAGEMENT REPORT FOR THE PERIOD 01-03/2013

The business activity of ULJANIK PLOVIDBA (the Company) and its foreign subsidiaries in the first quarter 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) fulfilled all its loan payment obligations with the positive effects of lower interest rates and with maintaining all original agreed credit terms,
- d) decreased operating expenses of the vessels,
- e) 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,
- f) maintained high efficiency of vessels' management,
- g) collected all contracted freights from the Charterers of all vessels,
- h) 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-III 2013 has been under the direct impact of low freight rates in the shipping market and has been realised on the same level as 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 31.03.2013 the Company had 32 employees. The Company employs exclusively Croatian seafarers on all vessels in its fleet.

3. TECHNICAL ASPECT

In the period January-March 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-III 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 275.5 thousand HRK.

5. IMPORTANT EVENTS IN 2013

On 15th January 2013 the subsidiary United Shipping Services 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.

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 April 2013

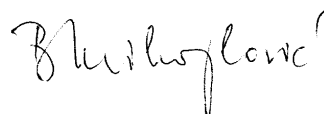


Dragutin Pavletić, Director

STATEMENT OF THE PERSON RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Unaudited consolidated financial reports of GROUP ULJANIK PLOVIDBA for the period January – March 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 April, 2013