



ULJANIK PLOVIDBA d.d.

AUDITED FINANCIAL STATEMENTS

FOR THE PERIOD

JANUARY - DECEMBER 2013

Pula, April 2014

CONTENT:

Audited Financial Statements of ULJANIK PLOVIDBA d.d. with Auditor's report for the period January – December 2013

Management Report

Statement of the person responsible for preparing Financial Statements

Resolution on the acceptance of the Annual financial statements and on the proposal on covering loss

**ULJANIK PLOVIDBA D.D.
PULA**

**Audited annual financial statements
for the year ended 31 December 2013**

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RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Management of the Company is responsible for ensuring that the 2013 financial statements are prepared in accordance with the Croatian Accounting Law and International Financial Reporting Standards ('IFRS'), as adopted by the European Union, which give a true and fair view of the financial position, results of operations, changes in equity and cash flows of the Company for that period.

After making enquiries, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Management has adopted the going concern basis in preparing the financial statements of the Company.

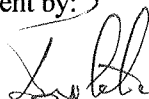
In the course of preparing of these financial statements, the responsibilities of the Management include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgments and estimates are reasonable and prudent;
- applicable accounting standards are followed, subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are prepared on the going concern basis unless such assumption is not appropriate.

The Management is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position and results of operations of the Company and must also ensure that the financial statements comply with the Croatian Accounting Law and International Financial Reporting Standards as adopted by the European Union. The Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Management by:

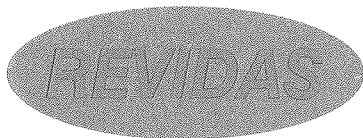
Dragutin Pavletić, director



ULJANIK PLOVIDBA d.d.

Carrarina 6
52100 Pula

Pula, 31 March 2014



Revizija i konzalting d.o.o.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ULJANIK PLOVIDBA D.D., PULA

Report on financial statements

We have audited the accompanying financial statements of the ULJANIK PLOVIDBA, which comprise the balance sheet as at 31 December 2013 and the related income statement with comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes (set out on pages 3 to 29).

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation and fair presentation of these financial statements in accordance with statements in accordance with Croatian Accounting Law and International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying of appropriate accounting policies; and making of accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor

Our responsibility is to express an opinion on the financial statements set out below, based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the preparation and fair presentation of the financial statements by the Group in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements present true and fair, in all material respects, the financial position of ULJANIK PLOVIDBA, Pula, as at 31 December 2013, the results of its operations, changes in its equity and its cash flows for the year then ended in accordance with Croatian Accounting Law and International Financial Reporting Standards as adopted by the European Union.

Report on other legal requirements

Opinion on compliance with regulations governing the operations of the Company

In our opinion, the attached financial statements are in accordance with those regulations that govern the Company's operations for which it is, according to Section 6a of the International Audit Standard 250 "Consideration of laws and regulations in an audit of financial statements", generally accepted that they have a direct impact on the determination of material amounts and disclosures in the financial statements, and nothing has drawn our attention that would cause us to believe that the accompanying financial statements do not comply with other regulations governing the operations of the Company.

Opinion on compliance of the annual report with the financial statements

In our opinion, the information contained in the attached annual report for which financial statements are prepared, is in accordance with the financial statements of the Company.


Revidas, revizija i konzalting, d.o.o.
Vukovarska 47
Pula

For and on behalf of Revidas d.o.o.:


Sonja Košara
procurator



Pula, 31 March 2014


Jasna Duić-Bilić
certified auditor

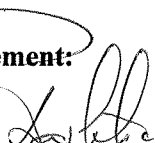
ULJANIK PLOVIDBA D.D., PULA

**INCOME STATEMENT WITH COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013**

(in HRK)	Notes	2013	2012
Sales	3	20,941,034	19,171,218
Other operating income	4	44,735	23,938,645
Operating income		20,985,769	43,109,863
<i>Cost of raw material and supplies</i>		<i>(178,924)</i>	<i>(179,773)</i>
<i>Other external costs</i>		<i>(501,268)</i>	<i>(552,265)</i>
Material costs	5	(680,192)	(732,038)
<i>Staff costs</i>	6	<i>(9,169,090)</i>	<i>(9,462,398)</i>
<i>Depreciation</i>	7	<i>(155,326)</i>	<i>(241,224)</i>
<i>Other operating expenses</i>	8	<i>(2,722,920)</i>	<i>(3,279,728)</i>
<i>Provisions for risks and charges</i>			-
Operating expenses		(12,727,528)	(13,715,388)
Financial income	9	15,518,617	51,662,003
Financial expenses	10	(27,850,686)	(38,351,234)
TOTAL INCOME		36,504,386	94,771,866
TOTAL EXPENSES		(40,578,214)	(52,066,622)
PROFIT BEFORE TAXATION		(4,073,828)	42,705,244
Income tax expense	12	-	(174,933)
LOSS / PROFIT FOR THE PERIOD		(4,073,828)	42,530,311
Loss from revaluation of financial assets		(800,000)	-
Exchange differences on translating foreign operations		(13,879,935)	(6,150,460)
		(14,679,935)	(6,150,460)
Income tax on other comprehensive loss		2,935,987	1,230,092
Net other comprehensive loss		(11,743,948)	(4,290,368)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(15,817,776)	38,239,943

Signed on behalf of the Management:

Dragutin Pavletić, director



Pula, 31st March 2014

The accompanying notes form an integral part of these financial statements.

ULJANIK PLOVIDBA, D.D. PULA

**BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2013**

(in HRK)	Notes	2013	2012
ASSETS			
Concessions, patents, licences, trade and service marks, software and other rights		3,713	18,083
Intangible assets	13	3,713	18,083
Land		121,829	121,829
Buildings		3,036,330	3,086,978
Other plant and equipment		200,116	214,827
Tangible assets	14	3,358,275	3,423,634
Long-term financial assets	15	441,234,875	455,914,810
Receivables from related companies		1,387,250	44,026,161
Other receivables		11,778,762	11,314,087
Long-term receivables	16	13,166,012	55,340,248
LONG TERM ASSETS		457,762,875	514,696,775
Receivables from related companies	17	77,247,830	78,394,982
Trade receivables	18	25,351,589	15,066,685
Amounts due from the state and other institutions	19	615,404	876,843
Other receivables	20	77,378	42,296
Receivables		103,292,201	94,380,806
Short-term financial assets	21	110,595,295	66,459,298
Cash and cash equivalents	22	416,520	117,908
CURRENT ASSETS		214,304,016	160,958,012
Prepaid expenses and accrued income		5,729	4,837
TOTAL ASSETS		672,072,620	675,659,624

The accompanying notes form an integral part of these financial statements.

ULJANIK PLOVIDBA, D.D. PULA**BALANCE SHEET - continued
FOR THE YEAR ENDED 31 DECEMBER 2013**

(in HRK)	Notes	2013	2012
EQUITY AND LIABILITIES			
Share capital	23	232,000,0000	232,000,000
Capital reserves	24	(20,238,433)	(19,729,681)
Legal reserves	25	16,592,866	14,466,350
Reserves for Treasury shares	26	36,382,812	36,382,812
Treasury shares	27	(14,614,578)	(14,213,994)
Revaluation reserves	28	26,968,244	41,648,179
Retained profit	29	193,419,895	153,016,100
(Loss) / Profit of the year	30	(4,073,828)	42,530,311
CAPITAL AND RESERVES		466,436,978	486,100,077
Provisions for retirement costs, severance pays and similar liabilities	31	1,932,007	1,956,929
LONG-TERM PROVISIONS		1,932,007	1,956,929
Amounts due to banks and other financial institutions	32	107,744,038	91,475,122
LONG-TERM LIABILITIES		100,744,038	91,475,122
Short-term loans, deposits, etc.	33	62,917,521	3,558,000
Amounts due to banks and other financial institutions	34	28,272,886	86,727,305
Advances received		138,844	138,844
Trade payables	35	466,181	182,744
Amounts due to employees	36	770,252	1,185,523
Dividends payable	37	2,546,327	2,555,391
Other short-term liabilities	38	846,366	1,775,708
SHORT-TERM LIABILITIES		95,958,377	96,123,515
Accrued expenses and deferred income		1,220	3,981
TOTAL EQUITY AND LIABILITIES		672,072,620	675,659,624

Signed on behalf of the Management:

Dragutin Pavletić, director

Pula, 31st March 2014

The accompanying notes form an integral part of these financial statements.

ULJANIK PLOVIDBA D.D., PULA

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

(in HRK)	Reserves for						
	Share capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares	Revaluation reserves	Retained profit
							Current year profit
							Total
At 31 December 2011	232,000,000	(19,217,000)	11,600,000	36,382,812	(10,105,730)	47,798,639	99,128,721
Value adjustment of the investments	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	(5,043,770)	(6,150,460)	-
Sale of treasury shares	-	-	-	-	935,506	-	-
Capital loss	-	(512,681)	-	-	-	-	-
Allocation of profit for 2011	-	-	2,866,350	-	-	-	-
Adjustment of retained earnings as per IFRS 2	-	-	-	-	-	-	-
Profit for 2012	-	-	-	-	-	-	-
At 31 December 2012	232,000,000	(19,729,681)	14,466,350	36,382,812	(14,213,994)	41,648,179	153,016,100
Reconciliation of securities at fair value	-	-	-	-	-	(800,000)	-
Value adjustment of the investments	-	-	-	-	-	(13,879,935)	-
Purchase of treasury shares	-	-	-	-	(1,327,232)	-	-
Sale of treasury shares	-	-	-	-	926,648	-	-
Capital loss	-	(508,752)	-	-	-	-	-
Allocation of profit for 2012	-	-	2,126,516	-	-	-	-
Loss for 2013	-	-	-	-	-	-	-
At 31 December 2013	232,000,000	(20,238,433)	16,592,866	36,382,812	(14,614,578)	26,968,244	193,419,895
							466,436,978

The accompanying notes form an integral part of these financial statements.

ULJANIK PLOVIDBA D.D., PULA**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013**

(in HRK)	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before tax	(4,073,828)	42,705,244
Depreciation	155,326	241,224
Other increases in cash	2,086	72,998
Total increase in cash from operating activities	(3,916,416)	43,019,466
Decrease in current liabilities	(1,070,240)	(370,257)
Increase in short-term receivables	(8,911,395)	(18,083,671)
Other decreases in cash	(28,575)	(977,418)
Total decrease in cash from operating activities	(10,010,210)	(19,431,346)
NET INCREASE IN CASH GENERATED FROM OPERATING ACTIVITIES	-	23,588,120
NET DECREASE IN CASH GENERATED FROM OPERATING ACTIVITIES	(13,926,626)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of tangible and intangible assets	(77,683)	(51,059)
Cash paid for acquisition of equity and debt instruments	-	(30,960,183)
Total cash expenses from investing activities	(77,683)	(31,011,242)
NET DECREASE IN CASH FROM INVESTING ACTIVITIES	(77,683)	(31,011,242)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash receipts from the loan principal, debentures, advances and other loans	93,887,119	161,563,555
Other cash receipts from financial activities	23,960,521	19,962,798
Total cash receipts from financial activities	117,847,640	181,526,353
Cash expenses for the repayment of loan principal and bonds	(100,673,622)	(99,480,512)
Cash expenses for the purchase of treasury shares	(909,336)	(4,620,945)
Other cash expenses from financial activities	(1,961,761)	(70,000,000)
Total cash expenses from financial activities	(103,544,719)	(174,101,457)
NET INCREASE IN CASH FROM FINANCING ACTIVITIES	14,302,921	7,424,896
Cash and cash equivalents at beginning of period	117,908	116,134
Increase in cash and cash equivalents	298,612	1,774
Decrease in cash and cash equivalents	-	-
Cash and cash equivalents at end of period	416,520	117,908

The accompanying notes form an integral part of these financial statements.

ULJANIK PLOVIDBA D.D., PULA

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

1. GENERAL

ULJANIK PLOVIDBA, pomorski promet, d.d. Pula (the Company), is incorporated in Croatia. The Company is registered at the Commercial Court in Pazin.

Based on the classification of enterprises according to the National Classification of Activities, issued by the Croatian Bureau of Statistics, Zagreb, the Company was allocated the class number 5020 - Coastal and maritime transport, the registration number of the business entity is 03292754 and the Personal Identification Number (OIB) is 49693360447.

The major part of the Company's operations is conducted through its subsidiary UNITED SHIPPING SERVICES ONE INC., registered in Liberia, pursuant to the applicable management contract concluded with Uljanik Shipmanagement Inc. The subsidiary UNITED SHIPPING SERVICES ONE INC., 100% owned by the Company, and its subsidiaries United Shipping Services Two Inc., United Shipping Services Three Inc., United Shipping Services Four Inc., United Shipping Services Five Inc., United Shipping Services Six Inc., United Shipping Services Seven Inc., United Shipping Services Eight Inc., United Shipping Services Nine Inc., United Shipping Services Ten Inc., United Shipping Services Eleven Inc., United Shipping Services Twelve Inc., United Shipping Services Thirteen Inc., United Shipping Services Fourteen Inc., United Shipping Services Seventeen Inc., United Shipping Adriatic Inc., Uljanik Shipmanagement Inc. i Uljanik Tanker Management Inc., constitute the Group UNITED SHIPPING SERVICES ONE.

The affiliated companies United Shipping Services Two Inc., United Shipping Services Five Inc., United Shipping Adriatic Inc. and United Shipping Services Seven Inc. are currently dormant.

Uljanik Plovidba d.d. Pula owns 100% of shares in the company REAL d.o.o., Pula.

The ownership structure as at 31 December 2013 is shown in Note 23.

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

The principal activities of the Company are international maritime transport, services within maritime transport and travel agency services.

As at 31 December 2013 the number of staff employed by ULJANIK PLOVIDBA d.d. Pula was 32 (2012: 31).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Set out below are the principal accounting policies applied in the preparation of these financial statements. The accounting policies have been applied consistently to all the periods covered by the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2013**

2.1. Compliance Statement

The financial statements have been prepared in accordance with International Financial Reporting Standards that are accepted in the European Union.

2.2. Basis of preparation

The financial statements are prepared on an accrual basis of accounting whereby the effects of transactions and other events are recognized when they occur and they are reported in the financial statements of the period to which they relate, and on the going concern assumption.

The financial statements of ULJANIK PLOVIDBA d.d. Pula, have been prepared using the historical cost convention.

The preparation of 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.

2.3. Non-consolidation

The financial statements of the Company have been prepared on a non-consolidated basis.

2.4. Reporting currency

The financial statements of the Company have been prepared in Croatian kuna, which is the measurement i.e. reporting currency of the Company.

2.5. Revenue recognition

Revenue comprises the fair value of completed and billed services in the course of ordinary business. Revenue is stated at invoiced amounts net of value-added tax and any recognised discounts.

2.6. Recognition of expenses

Operating expenses are stated as at the date of received invoices or at the date of prepared calculations.

They include material costs, staff costs, depreciation, other expenses, impairment of current assets (receivables), provisions and other operating expenses.

**NOTES TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2013**

2.7. Financial income and expenses

Financial income consists of accrued interest on loans which is determined by using the effective interest method, and foreign exchange gains. Dividend income is recognized in the income statement as of the date on which the dividend is received.

Financial expenses comprise interest on borrowings and credits received determined using the effective interest method, foreign exchange losses, as well as losses on impairment and disposal of financial assets.

2.8. Transactions in foreign currencies

Transactions in currencies other than Croatian kuna are initially recorded at mean exchange rates of the Croatian National Bank ('the CNB') prevailing on the dates of the transactions. Monetary assets, receivables and liabilities denominated in foreign currencies are retranslated at mean exchange rates of the CNB prevailing on the balance sheet date. Profits and losses arising on exchange are included in the income statement for the year.

At 31 December 2013 the official exchange rate for the Croatian kuna was 7.64 HRK for 1 euro (at 31 December 2012 it was 7.55 HRK) and 5.55 HRK for 1 USD (at 31 December 2012 it was 5.73 HRK).

2.9. Income tax

Income tax is determined on the basis of income reported in accordance with Croatian laws and regulations.

Income tax represents current and deferred taxes and is reported in the income statement.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is based on the expected recovery and settlement of the carrying amounts of assets and liabilities, using the tax rates enacted or substantially enacted by the balance sheet date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available to allow the tax asset to be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.10. Intangible assets

Licences for software are capitalized at cost and the costs are attributable to bringing of the software in the condition for its intended use. These costs are amortized over their useful lives in a period of 2 years.

**NOTES TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2013**

2.11. Property, plant and equipment

Items of property, plant and equipment are carried at historical cost less accumulated depreciation. Historical cost includes costs directly attributable to bringing an asset in a condition for its intended use. Subsequent improvements are capitalized or, if required, recognized as a separate asset only if future economic benefits will flow to the Company and if the cost of such asset can be measured reliably. All other improvements and maintenance costs are recognized in the income statement in the period in which they arise.

Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard performance, the expenditures are capitalized i.e. added to the carrying amount of the asset.

Fittings and equipment are classified as non-current assets if their individual useful lives are over one year and individual cost exceeds HRK 3,500.

Property, plant and equipment include land, building, office equipment and furniture.

Depreciation of property, vessels, plant and equipment commences when the assets are put in use. Depreciation is provided on a straight-line basis so as to allocate the cost of an asset over its estimated useful life. Depreciation is provided for each asset until it is written-off or until it reaches its residual value, if material.

The estimated useful lives are as follows:

Buildings	100 years
Machinery and equipment	10-28 years
Inventory and accessories	2-10 years

Land is not depreciated because it is considered to have unlimited useful life.

Gains and losses on disposal of assets are determined by comparing of the income and the carrying amounts of assets and are captured under "Other net gains/(losses)" in the income statement.

2.12. Investments

Investments in foreign subsidiaries are stated at cost and revalued by applying the mean exchange rate of the Croatian National Bank effective on the balance sheet date. Changes are recognized in equity (unrealized gains/losses). Income from investments in subsidiaries is recognised in the period in which the profits are transferred as according to the decision of the owners.

Investments in securities are recorded as fixed assets available for sale and carried at fair value. Measuring of investment in securities is done annually. Changes represent unrealized gains/losses and are attributed to equity as a revaluation reserve from investments available for sale. On the disposal of shares, by exploiting previously generated unrealized gains and losses, differences are included in the

**NOTES TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2013**

profit and loss account for the current period as realized gains / losses from sale of long-term investments.

Dividend income is recognised on receipt.

2.13. Trade receivables

Trade and other receivables are initially carried at fair value and are subsequently measured at cost, less any impairment losses. Receivables are impaired and impairment losses are incurred only if there is objective evidence of impairment, as a result of one or more events that occurred after the initial recognition of an asset that have an impact on the estimated future cash flows of the asset that can be reliably estimated. At each balance sheet date the Company assesses whether there is objective evidence that an account receivable is impaired. At each balance sheet date, receivables are subject to an individual review to determine whether there is objective evidence that a trade receivable account might be impaired. If any such evidence exists, the carrying amount of the account receivable is reduced directly or through a separate allowance account. The related impairment loss is charged in the income statement for the year.

2.14. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with banks, as well as other high liquid instruments with maturities of up to three months.

2.15. Borrowings

All borrowings directly attributable to the acquisition or construction of fixed assets are initially carried at fair value of cash received. In future periods, they are carried at amortised cost.

2.16. Employee benefits

(a) Retirement benefits

In the normal course of business, the Company makes contributions on behalf of its employees who are members of mandatory pension funds, in accordance with applicable law. The mandatory pension contributions to the funds are included in the salary cost when they are calculated. The Company has no obligation to provide any post-retirement benefits to its employees.

b) Other long-term employee benefits

Other long-term employee benefits include jubilee-awards and termination benefits which fall due later than 12 months after the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2013**

2.17. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be measured reliably.

Provisions are determined at the present value of costs expected to be incurred to settle an obligation that reflects the current market assessment of the time value of money and risks specific to the obligation.

2.18. Dividend distribution

Liabilities in respect of dividends payable to the shareholders are recognised in the financial statements in the period in which they are approved by the General Assembly of Shareholders.

2.19. Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

2.20. Subsequent events

Post-year-end events that provide additional information about the position of the Company at the balance sheet date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

ULJANIK PLOVIDBA D.D., PULA**NOTES TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2013****3. REVENUES**

(in HRK)	2013	2012
Domestic revenue	520,851	530,734
Foreign revenue /i/	20,418,407	18,639,988
Other	1,776	496
	<u>20,941,034</u>	<u>19,171,218</u>

/i/ Foreign revenue includes management services to the related companies (Note 40).

4. OTHER OPERATING REVENUES

(in HRK)	2013	2012
Government grants	-	23,860,183
Income from reversal of provisions (Note 31)	24,922	33,965
Other revenues	19,813	44,497
	<u>44,735</u>	<u>23,938,645</u>

5. COST OF MATERIAL AND SERVICES

(in HRK)	2013	2012
Raw materials and supplies	91,445	88,125
Energy	85,070	85,706
Spare parts and small inventory	2,409	5,942
Raw materials and supplies	<u>178,924</u>	<u>179,773</u>
Transport, telephone, postage	342,832	410,744
Repairs and maintenance	111,503	100,313
Promotion costs	24,722	23,404
Municipal services	17,251	17,804
Other	4,960	
Other external services	<u>501,268</u>	<u>552,265</u>
	<u>680,192</u>	<u>732,038</u>

NOTES TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2013

6. STAFF COSTS

(in HRK)	2013	2012
Net salaries	4,758,332	4,972,095
Taxes and contributions <i>from</i> and <i>on</i> salary <i>/i/</i>	4,410,758	4,490,303
	9,169,090	9,462,398

/i/ Taxes and contributions *from* and *on* salaries are included in defined pension contributions to mandatory pension funds in Croatia. They are determined at a percentage of the gross salary.

7. DEPRECIATION AND AMORTISATION

(in HRK)	2013	2012
Amortisation (Note 13)	19,939	45,992
Depreciation (Note 14)	135,387	195,232
	155,326	241,224

8. OTHER EXPENSES

(in HRK)	2013	2012
Reimbursement of costs to employees <i>/i/</i>	469,661	469,172
Intellectual services <i>/ii/</i>	158,108	175,938
Entertainment	250,738	193,127
Impairment of financial assets	-	267,003
Supervisory board (gross fees)	173,846	174,872
Contributions and municipal levies	160,160	171,014
Bank charges	802,831	910,154
Depository services and broker commission	48,573	253,965
Insurance	243,467	256,935
Net tangible assets	2,085	29,526
Donations	15,488	4,000
Other expenses <i>/iii/</i>	397,963	374,022
	2,722,920	3,279,728

/i/ Reimbursement of costs to employees comprise: allowances, benefits of using private cars for official purposes, the cost of transportation to work, termination benefits, jubilee awards and supports.

ULJANIK PLOVIDBA D.D., PULA

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

/ii/ In the reported amount the audit of financial statements constitutes 79% of the costs.

/iii/ Other expenses are composed of membership fees in the amount of HRK 135,232, legal and notary fees and dues in the amount of HRK 86,166, scholarships in the amount of HRK 70,000, subsequently identified costs from the previous period in the amount of HRK 48,863 and the remainder in the amount of HRK 57,702. kune.

9. FINANCIAL INCOME

(in HRK)	2013	2012
Interest income	4,758,959	5,342,907
Foreign exchange gains	10,758,735	23,762,241
Income from investments in subsidiaries /i/	-	22,494,320
Dividend income	923	62,535
	<u>15,518,617</u>	<u>51,662,003</u>

/i/ The stated income in 2012 represented the transfer of the retained profit in the amount of USD 4,000,000 from United Shipping Services One Inc., based on the Supervisory Board Decisions dated on 19th April 2012 (Note 17).

10. FINANCIAL EXPENSE

(in HRK)	2013	2012
Interest expense	9,845,643	11,742,051
Foreign exchange losses	18,005,043	26,609,183
	<u>27,850,686</u>	<u>38,351,234</u>

**NOTES TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2013**

11. CORPORATE INCOME TAX

The reconciliation between the accounting profit and taxable profit of the Parent company is provided in the table below:

(in HRK)	2013	2012
(Loss) / Profit before tax	(4,073,828)	18,845,062
Effect of tax disallowable expenses	3,732,951	4,623,040
Effect of non-taxable profit	<u>(35,560)</u>	<u>(22,593,435)</u>
Taxable profit/ (Tax loss) for the year	<u>(376,437)</u>	<u>874,667</u>
Tax rate	<u>20.00%</u>	<u>20.00%</u>
Tax liability for the year	<u>-</u>	<u>174,933</u>

12. (LOSS) / EARNINGS PER SHARE

Earnings per share in the amount of HRK 7.50 (2012: HRK 77,59) have been determined on the basis of the Company's Loss in the amount of HRK 4,073,828 (2012: net profit in the amount of HRK 42,530,311) and the weighted average of ordinary shares, reduced for treasury shares, that was 543,327 (2012: 548,144).

ULJANIK PLOVIDBA D.D., PULA

**NOTES TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2013**

13. INTANGIBLE ASSETS

(in HRK)	Total
PURCHASE VALUE	
At 31 December 2011	169,945
Additions	2,265
At 31 December 2012	172,210
Additions	5,569
Retirements, disposals and other	(6,700)
At 31 December 2013	171,079
ACCUMULATED AMORTISATION	
At 31 December 2011	108,135
Amortisation	45,992
At 31 December 2012	154,127
Amortisation	19,939
Retirements, disposals and other	(6,700)
At 31 December 2013	167,366
NET BOOK VALUE	
At 31 December 2013	3,713
At 31 December 2012	18,083

Intangible assets consist of investments in software.

ULJANIK PLOVIDBA D.D., PULA

**NOTES TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2013**

14. PROPERTY, PLANT AND EQUIPMENT

(in HRK)	Building	Plant and equipment	Assets in course of construction	Total
Cost				
At 31 December 2011	5,186,577	1,554,511	-	6,741,088
Additions	-	48,794	-	48,794
Retirements, disposals and other	-	(210,828)	-	(210,828)
At 31 December 2012	5,186,577	1,392,477	-	6,579,054
Additions	-	72,114	-	72,114
Retirements, disposals and other	-	(84,034)	-	(84,034)
At 31 December 2013	5,186,577	1,380,557	-	6,567,134
Accumulated depreciation				
At 31 December 2011	1,927,121	1,185,369	-	3,112,490
Depreciation charge for the year	50,649	144,583	-	195,232
Retirements, disposals and other	-	(152,302)	-	(152,302)
At 31 December 2012	1,977,770	1,177,650	-	3,155,420
Depreciation charge for the year	50,648	84,739	-	135,387
Retirements, disposals and other	-	(81,948)	-	(81,948)
At 31 December 2013	2,028,418	1,180,441	-	3,208,859
Net book value				
At 31 December 2013	3,158,159	200,116	-	3,358,275
At 31 December 2012	3,208,807	214,827	-	3,423,634

ULJANIK PLOVIDBA D.D., PULA

**NOTES TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2013**

15. LONG-TERM FINANCIAL ASSETS

(in HRK)	Holding in %	2013	2012
15.1. Investments in subsidiaries			
United Shipping Services One Inc. (78,067,413 USD) /i/	100%	433,196,075	447,075,992
Real d.o.o., Pula /ii/	100%	5,710,000	5,710,000
		438,906,075	452,785,992
15.2. Investments in shares			
United Shipping Adriatic Inc. (100 USD) /i/	0,0007%	555	573
Investments in Banks		8,300	8,300
Istarska autocesta d.o.o. Pula		1,679,935	1,679,935
Uljanik d.d. Pula /ii/		640,000	1,440,000
Other investments		10	10
		2,328,800	3,128,818
		441,234,875	455,914,810

/i/ Investments in foreign subsidiaries are adjusted to the exchange rate for the USD, effective at the balance sheet date, and the incurred exchange differences were debited to revaluation reserves.

/ii/ In accordance with the adopted accounting policy, investments in securities are valued at fair value at the balance sheet date. Unrealized losses from investments in assets available for sale were attributed to equity as a revaluation reserve.

16. LONG-TERM RECEIVABLES

Long-term receivables are as follows:

(in HRK)	2013	2012
Related companies		
Current portion of long-term receivables	60,146,106	67,649,186
Long-term portion of receivables	(58,758,856)	(23,623,025)
	1,387,250	44,026,161
Non-related companies and other		
Current portion of long-term receivables	11,886,087	11,421,412
Long-term portion of receivables and other	(107,325)	(107,325)
	11,778,762	11,314,087
(in HRK)	2013	2012

ULJANIK PLOVIDBA D.D., PULA**NOTES TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2013**

Total current portion of long-term receivables (Note 21)	<u>(58,866,181)</u>	<u>23,730,350</u>
Long-term portion of receivables	<u>13,166,012</u>	<u>55,340,248</u>

17. RECEIVABLES FROM RELATED COMPANIES

(in HRK)	2013	2012
Due from participating interest /i/	74,911,500	77,311,719
Interest receivable	<u>2,336,330</u>	<u>1,083,263</u>
	<u>77,247,830</u>	<u>78,394,982</u>

/i/ The stated receivables represents the remaining portion of the transferred retained profit from prior years which at 31 December 2013 amounts to USD 13,500,000.

18. TRADE RECEIVABLES

(in HRK)	2013	2012
Domestic trade debtors	370,556	227,575
Foreign trade debtors /i/	<u>24,981,033</u>	<u>14,839,110</u>
	<u>25,351,589</u>	<u>15,066,685</u>

/i/ Foreign trade debtors include subsidiaries (Note 40).

19. AMOUNTS DUE FROM THE STATE AND OTHER INSTITUTIONS

(in HRK)	2013	2012
Income tax receivable	531,196	806,929
VAT refund	73,541	57,362
Refund of contributions which do not depend on the operational result	<u>10,667</u>	<u>12,552</u>
	<u>615,404</u>	<u>876,843</u>

NOTES TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2013

20. OTHER CURRENT ASSETS

(in HRK)	2013	2012
Interest receivables	19,153	813
Prepayments	50,000	137
Other receivables	8,225	41,346
	<u>77,378</u>	<u>42,296</u>

21. SHORT-TERM FINANCIAL ASSETS

(in HRK)	2013	2012
Short-term financial assets	51,729,114	42,728,948
Plus: Current portion of long-term receivables (Note 16)	58,866,181	23,730,350
	<u>110,595,295</u>	<u>66,459,298</u>

22. CASH AND CASH EQUIVALENTS

(in HRK)	2013	2012
Current account balance	73,576	87,624
Foreign account balance	333,083	7,566
Cash in hand	9,861	22,718
	<u>416,520</u>	<u>117,908</u>

23. SHARE CAPITAL

At 31 December 2013, the share capital of the Company amounts to HRK 232,000,000 and consists of 543,327 ordinary shares, with a nominal value of HRK 400 per share, and of 36,673 treasury shares.

In the ownership structure as at 31 December 2013, small shareholders accounted for 93.68% and treasury shares accounted for 6.32%.

ULJANIK PLOVIDBA D.D., PULA**NOTES TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2013****24. CAPITAL RESERVES**

(in HRK)	2013	2012
At 31 December of the prior year	(19,729,681)	(19,217,000)
Decrease	<u>(508,752)</u>	<u>(512,681)</u>
At 31 December of the current year	<u>(20,238,433)</u>	<u>(19,729,681)</u>

25. LEGAL RESERVES

(in HRK)	2013	2012
At 31 December of the prior year	14,466,350	11,600,000
Increase	<u>2,126,516</u>	<u>2,866,350</u>
At 31 December of the current year /i/	<u>16,592,866</u>	<u>14,466,350</u>

/i/ Under Croatian law legal reserves are formed by allocating at least 5% of the profit each year, until the total amount of the reserve together with the profit (Note 30) reaches 5% of the Company's equity. Legal reserves are non-distributable.

26. RESERVES FOR TREASURY SHARES

(in HRK)	2013	2012
At 31 December of the prior year	36,382,812	36,382,812
Increase / Decrease	<u>-</u>	<u>-</u>
At 31 December of the current year	<u>36,382,812</u>	<u>36,382,812</u>

27. TREASURY SHARES (DEDUCTIBLE ITEM)

(in HRK)	2013.	2012.
At 31 December of the prior year	(14,213,994)	(10,105,730)
Purchase of Treasury shares	(1,327,232)	(5,043,770)
Sale of Treasury shares	<u>926,648</u>	<u>935,506</u>
At 31 December of the current year	<u>(14,614,578)</u>	<u>(14,213,994)</u>

ULJANIK PLOVIDBA D.D., PULA**NOTES TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2013****28. REVALUATION RESERVES**

(in HRK)	2013.	2012.
At 31 December of the prior year	41,648,179	47,798,639
(Decrease) / Increase /i/	<u>(14,679,935)</u>	<u>(6,150,460)</u>
At 31 December of the current year	<u>26,968,244</u>	<u>41,648,179</u>

/i/ The decrease in revaluation reserves was a consequence of investment adjustments into foreign subsidiaries in 2013 in accordance with the mean exchange rate for the USD at the end of the accounting period in the amount of HRK 13,879,935 and of the revaluation of financial assets at fair value at the balance sheet date in the amount of HRK 800,000.

29. RETAINED PROFIT

(in HRK)	2013.	2012.
At 31 December of the prior year	153,016,100	99,128,721
Increase /i/	<u>40,403,795</u>	<u>53,887,379</u>
At 31 December of the current year	<u>193,419,895</u>	<u>153,016,100</u>

/i/ The increase in retained profit in the 2013 was performed by transferring of a portion of the profit from 2012 on the basis of the Decision of the Company Assembly in the amount of HRK 40,403,795 (Note 30).

30. PROFIT FOR THE YEAR

In 2013, the Company generated a loss in the amount of HRK 4,073,828 (2012: net profit in the amount of HRK 42,530,311).

Pursuant to the Decision of the Company's General Assembly held on 30 August 2013, the profit for 2012 in the total amount of HRK 42,530,311 was to be allocated as follows: the amount of HRK 2,126,516 in legal reserves (Note 25) and the amount of HRK 40,403,795 to non allocated profit (Note 29).

31. LONG-TERM PROVISIONS

(in HRK)	2013	2012
Accrued commitments to employees /i/	<u>1,932,007</u>	<u>1,956,929</u>

**NOTES TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2013**

/i/ The accrued commitments arise from provisions of the IAS 19. In the stated amount, according to the Company's Internal Act, gross termination benefits amount to HRK 914,940 (2011.: HRK 914,940) and gross jubilee-awards amount to HRK 1,017,067 (2011.: HRK 1,041,989). The decrease in provisions was made with parallel accounting of earlier provisions as earnings in the amount of 24,922 kuna (Note 4).

32. LONG TERM LIABILITIES TO BANKS AND OTHER FINANCIAL INSTITUTIONS

(in HRK)	2013	2012
HBOR/RBA d.d. PRG 1	42,263,614	50.406.504
HBOR/RBA d.d. PRG 2	41,885,442	49.958.165
Raiffeisenbank Austria d.d. Zagreb	-	49.692.989
HBOR/RBA d.d. PRG 3	23,594,982	-
	<u>107,744,038</u>	<u>150.057.658</u>
Current portion of long-term borrowings (Note 34) /i/	<u>-</u>	<u>(58,582,536)</u>
Long-term borrowings	<u>107,744,038</u>	<u>91,475,122</u>

/i/ Due to the reprogramming of the loans, there is no current portion for the year 2014.

Long-term loans are secured by a pledge on the shares of the Company, by a lien on property owned by the Company, bills of exchange and promissory notes.

33. SHORT TERM BORROWINGS, DEPOSITS, ETC.

Short-term borrowings are as follows:

(in HRK)	2013	2012
Short term borrowings towards non financial institutions	<u>62,917,521</u>	<u>3,558,000</u>

ULJANIK PLOVIDBA D.D., PULA**NOTES TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2013****34. SHORT-TERM LIABILITIES TO BANKS AND OTHER FINANCIAL INSTITUTIONS**

(in HRK)	2013	2012
Short-term financial liabilities	28,272,886	28,144,769
Plus: Current portion of long-term borrowings (Note 32)	-	58,582,536
	<u>28,272,886</u>	<u>86,727,305</u>

Short-term loans are secured by Company blank bills of exchange and promissory notes.

35. TRADE PAYABLES

(in HRK)	2013	2012
Domestic trade payables	466,181	182,744
	<u>466,181</u>	<u>182,744</u>

36. AMOUNTS DUE TO EMPLOYEES

(in HRK)	2013	2012
Net salaries payable	383,880	375,686
Taxes and contributions from and on salary	372,262	364,414
Other amounts due to employees	14,110	445,423
	<u>770,252</u>	<u>1,185,523</u>

37. DIVIDENDS PAYABLE

(in HRK)	2013.	2012.
Outstanding dividends payable	<u>2,546,327</u>	<u>2,555,391</u>

NOTES TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2013

38. OTHER CURRENT LIABILITIES

(in HRK)	2013.	2012.
Interest	825,094	1,735,365
Supervisory Board (gross)	14,487	14,488
Other	6,785	25,855
	846,366	1,775,708

39. FINANCIAL RISK MANAGEMENT

39.1. Financial risk factors

The Company's activities expose it to a variety of financial risks, including the currency risk, the interest rate risk and the liquidity risk which are managed by the Financial Department and the Management Board of the Company.

/i/ Currency risk and interest rate risk

Foreign revenues are realized mainly in US dollars. Domestic sales are realized in Croatian Kuna. Most of the long-term and short-term loans are with a currency clause, linked to USD and EUR. The changes in the exchange rates for USD and EUR affect the performance results of the Group. The Company is also exposed to the interest rate risk as most of the loans are at variable rates.

/ii/ Credit risk

Financial assets that potentially expose the Company to the credit risk consist of cash, trade receivables and other short-term receivables. The Company's cash is held with sound banks. Trade receivables are reduced by an allowance for uncollectible amounts. The credit risk concentration is limited due to the fact that most of the trade receivables, in accordance with the contracts, are collectible in advance.

In the opinion of the management, there is no additional credit risk that could affect the increase in the provisions for impairment of trade and other receivables.

/iii/ Liquidity risk

A prudent liquidity risk management implies maintaining sufficient levels of cash, ensuring availability of financial assets with an adequate amount by means of agreed credit lines and ability to settle all the obligations. The Finance Department monitors regularly the level of available sources of cash.

39.2. Fair value estimates

The carrying amounts of current assets (cash and trade receivables) and current liabilities (trade and other payables) approximate their fair value because of the short-term maturity of those assets and liabilities.

**NOTES TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2013**

Fair values of fixed assets do not differ significantly from their book values as investments in foreign subsidiaries, which represent the major part of such values, are disclosed in the HRK equivalent using the US dollar exchange rate in effect on the balance sheet date.

40. RELATED PARTY TRANSACTIONS

Within the ordinary course of business the Company carries out operations in cooperation with the affiliated companies of the Group United Shipping Services One. Management services are charged in accordance with the applicable contract concluded with the subsidiary company Uljanik Shipmanagement Inc. and Uljanik Tanker Management Inc.

Transactions between the Company and the affiliated companies included in the profit and loss account during the year were as follows:

(in HRK)	2013	2012
Sales revenue:		
Income from management and other services (Note 3)	<u>20,418,407</u>	<u>18,639,988</u>
Other operating costs		
Entertainment costs (Note 8)	<u>45,737</u>	<u>25,672</u>
Financial income:		
Income from interests accrued to subsidiaries (Note 10)	<u>3,697,168</u>	<u>5,224,442</u>

The year-end balances arising from these transactions were as follows:

(in HRK)	2013	2012
Investments in subsidiaries		
United Shipping Services One Inc. (Note 15.1)	433,196,075	447,075,992
Real d.o.o. Pula (Note 15.1)	<u>5,710,000</u>	<u>5,710,000</u>
	<u>438,906,075</u>	<u>452,785,992</u>
Receivables from operations		
Long-term receivables (Note 16)	60,146,106	67,649,186
Foreign trade debtors (Note 18)	24,964,559	14,839,110
Trade receivables (Note 18)	-	28,240
Related party receivables (Note 17)	77,247,830	78,394,982
Short-term financial assets (Note 21)	<u>45,668,270</u>	<u>26,071,260</u>
	<u>208,026,765</u>	<u>186,982,778</u>

**NOTES TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2013**

41. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

a) Significant accounting estimates and sources of estimates

Income tax

The income tax calculation has been prepared on the basis of the current interpretation of applicable laws and regulations. The calculations serving as the basis for the income tax are subject to tax audit reviews by tax authorities.

Impairment of receivables

Receivables are assessed for impairment at each balance sheet date and during the year and reduced by the estimated amount of doubtful receivables. Each debtor is reviewed by reference to its status, the overdue receivables and the stage of litigation if any.

b) Significant accounting judgments used in the application of accounting standards

In addition to the accrued commitments to employees as disclosed in Note 31, the management is of the opinion that no other significant judgments should be disclosed in the consolidated financial statements.

42. PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements set out on the preceding pages were prepared and authorized for issue by the management of the Company on 31st March 2014.

43. AUDIT OF THE FINANCIAL STATEMENTS

The financial statements of the Company for the year 2013 were audited by the audit firm REVIDAS d.o.o., Vukovarska 47, Pula.

For **ULJANIK PLOVIDBA d.d.** Pula:

Dragutin Pavletić, director



MANAGEMENT REPORT FOR THE PERIOD 01-12/2013

The business activity of ULJANIK PLOVIDBA (the Company) and its foreign subsidiaries in the year 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) maintained regular and stable business operation, despite strong negative trends in the shipping market in dry cargo sector as well oil products and chemicals sector, in the period January-December 2013,
- b) realized commercial loss as a result of operating losses of vessels in connection to the negative developments in the global shipping market, with a strong influence of the high financial costs and foreign exchange losses, while maintaining high rates of depreciation,
- c) maintained the existing fleet,
- d) continued to deal with first class international Charterers, with full performance of the Charterers and full collection of freights,
- e) maintained constant employment of vessels with the continuation of the Company's fleet high efficiency trend,
- f) decreased operating expenses of the vessels,
- g) 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,
- h) maintained high efficiency of vessels' management,
- 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 operating result for the reporting period has been under the direct impact of the low freight rates in the shipping market and has been slightly higher with respect to the year 2012, particularly due to the increase of the freight rates in the last quarter of 2013. The total result was lower due to lower financial income recorded in the current period. Significant savings have been achieved on the expenditure side primarily by reducing operating costs.

2. PERSONNEL

As at 31th December 2013 the Company had 32 employees. The Company employs exclusively Croatian seafarers on all vessels in its fleet.

3. TECHNICAL ASPECT

In the year 2013 significant work on the maintenance of the main engine, hull and cargo holds on the m/v Veruda was carried out by the Chinese shipyard, furthermore there were no significant technical stoppages in this period, resulting with 99.31% efficiency of the vessel exploitation.

4. ACQUISITION OF TREASURY SHARES

In the period I-XII 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 1,327.2 thousand HRK and disposed of treasury shares in the amount of 926.6 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.

On 30th August 2013 the General Assembly was held which passed the resolution on sharing of the profit for the year 2012. The profit of USD 42,530,311.40 HRK was distributed as follows: 2,126,515.57 HRK to the legal reserves and 40,403,795.83 HRK to retained profit.

On 23th and 30th October 2013 the Company signed agreements on restructuring of financial indebtedness with the syndicate of banks.

On 1st August 2013 the vessel m/t Punta was taken in the full management by the Company.

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, 31st March 2014

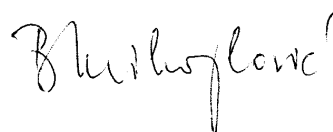
A handwritten signature in black ink, appearing to read 'D. Pavletić'.

Dragutin Pavletić, Director

STATEMENT OF THE PERSON RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Audited financial reports of ULJANIK PLOVIDBA d.d. (hereafter: Company) for the period January – December 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 the Company.

Accounting manager



Bojana Mihajlović

Pula, 31st March, 2014

At the meeting of ULJANIK PLOVIDBA d.d. Supervisory Board held on the 30th April 2014, the following

RESOLUTIONS

have been passed:

1. The director's Report on state and business of the Company for the year 2013. is accepted.

1.1. The Resolution proposal is referred to the General Assembly of the Company for passing of a separate resolution on acceptance of the director's Report on state and business of the company for the year 2013.

2. Approval is given to the Company's and Group's Yearly financial reports for the year 2013.

2.1. The Profit and loss statement for ULJANIK PLOVIDBA for the year 2013. is determined as follows:

	2013.	2012.
EARNINGS	36.504.385,61	94.771.866,65
EXPENSES	40.578.213,93	52.066.621,99
LOSS/PROFIT	-4.073.828,32	42.705.244,66
TAX	-	174.933,26
LOSS/PROFIT	-4.073.828,32	42.530.311,40

2.2. The consolidated Profit and loss statement for the ULJANIK PLOVIDBA Group for the year 2013. is determined as follows:

	2013.	2012.
EARNINGS	252.738.008	279.373.852
EXPENSES	341.946.218	357.385.390
LOSS	-89.208.210	-78.011.538
TAX	-	174.933
LOSS OF MINORITY	2.020.346	3.335.653
NET LOSS	-87.187.864	-74.850.818

2.3. Approval is given to the Company Auditor's report - REVIDAS revizija i konzalting d.o.o.

- 2.4. By the given approval to the Yearly financial reports submitted by the Board of the Company, the Yearly financial reports are deemed determined in accordance with Article 300.d of the Companies Act.
3. The proposal of the Director of the Company on loss cover is accepted, and the loss of the company ULJANIK PLOVIDBA d.d. for the year 2013. in the amount of 4.073.828,32 kunas will be covered by the retained profit.
- 3.1. The resolution proposal is referred to the General Assembly for passing of a separate resolution on loss cover for the business year 2013.
4. The director's Report on state and business of the Company for the period 01-03/2014. is accepted.

ULJANIK PLOVIDBA d.d.

Dragutin Pavletić, director

