



GROUP ULJANIK PLOVIDBA

CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD

JANUARY - SEPTEMBER 2013

Pula, October 2013

CONTENT:

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

Notes

Management Report

Statement of the person responsible for preparing Financial Statements

Attachment 1.

Reporting period:

01.01.2013.

to

30.09.2013.

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 address: 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.



of the person authorized to represent the company)

BALANCE SHEET
as of 30.09.2013.

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	1.932.565.581
I. INTANGIBLE ASSETS (004 to 009)	003	18.083	6.724
1. Assets development	004		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	005	18.083	6.724
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	1.909.661.238
1. Land	011	121.829	121.829
2. Buildings	012	3.086.978	3.048.993
3. Plant and equipment	013	214.827	193.981
4. Instruments, plant inventories and transportation assets	014	2.022.902.769	1.902.998.583
5. Biological assets	015	3.326.507	3.297.852
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	5.817.932
1. Shares (stocks) in related parties	021		
2. Loans given to related parties	022		
3. Participating interests (shares)	023	5.817.941	5.817.932
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	17.079.687
1. Receivables from related parties	030		
2. Receivables based on trade loans	031		
3. Other receivables	032	17.102.124	17.079.687
V. DEFERRED TAX ASSETS	033		
C) SHORT- TERM ASSETS (035+043+050+058)	034	129.378.271	114.243.148
I. INVENTORIES (036 to 042)	035	3.229.618	2.964.058
1. Raw material	036	3.229.618	2.964.058
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	69.751.674
1. Receivables from related parties	044		
2. Accounts receivable	045	72.090.649	64.971.513
3. Receivables from participating entrepreneurs	046		
4. Receivables from employees and shareholders	047		
5. Receivables from government and other institutions	048	886.672	466.291
6. Other receivables	049	3.700.311	4.313.870
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	050	16.765.012	24.377.516
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	24.377.516
7. Other financial assets	057		
IV. CASH AT BANK AND IN CASHIER	058	32.706.009	17.149.900
D) PREPAID EXPENSES AND ACCRUED INCOME	059	4.836	4.837
E) TOTAL ASSETS (001+002+034+059)	060	2.181.974.165	2.046.813.566
F) OFF-BALANCE SHEET NOTES	061		

LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	602.594.126	568.154.293
I. SUBSCRIBED CAPITAL	063	232.000.000	232.000.000
II. CAPITAL RESERVES	064	-19.729.681	-20.116.595
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	36.635.168	38.320.993
1. Reserves prescribed by law	066	14.466.350	16.592.866
2. Reserves for treasury stocks	067	36.382.812	36.382.812
3. Treasury stocks and shares (deduction)	068	14.213.994	14.654.685
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071	41.648.179	35.059.515
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	257.000.255	179.705.681
1. Retained earnings	073	257.000.255	179.705.681
2. Accumulated loss	074		
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	075	-74.850.818	-46.100.031
1. Profit for the current year	076		
2. Loss for the current year	077	74.850.818	46.100.031
VII. MINORITY INTEREST	078	129.891.023	149.284.730
B) PROVISIONS (080 to 082)	079	1.956.929	1.932.007
1. Provisions for pensions, severance pay and similar liabilities	080	1.956.929	1.932.007
2. Reserves for tax liabilities	081		
3. Other reserves	082		
C) LONG TERM LIABILITIES (084 to 092)	083	1.164.183.526	1.080.034.688
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	1.080.034.688
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	304.125.117
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	254.022.182
4. Liabilities for received prepayments	097		
5. Accounts payable	098	21.892.994	17.403.627
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	756.899
9. Liabilities for taxes, contributions and similar fees	102	0	0
10. Liabilities to share - holders	103	2.555.391	2.548.700
11. Liabilities for long term assets held for sale	104		
12. Other short - term liabilities	105	36.972.602	29.393.709
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	96.861.755	92.567.461
F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)	107	2.181.974.165	2.046.813.566
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	418.869.563
2. Attributed to minority interests	110	129.891.023	149.284.730

PROFIT AND LOSS ACCOUNT
for period 01.01.2013. to 30.09.2013.

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	167.416.906	57.049.190	164.352.102	59.194.751
1. Sales revenues	112	163.122.474	55.441.276	160.051.370	57.778.096
2. Other operating revenues	113	4.294.432	1.607.914	4.300.732	1.416.655
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	197.531.594	67.798.748	187.004.780	69.109.847
1. Changes in the value of work in progress and finished goods	115				
2. Material costs (117 to 119)	116	30.578.265	10.959.905	22.294.829	8.143.894
a) Raw material and material costs	117	144.736	38.211	138.326	39.658
b) Costs of goods sold	118				
c) Other external costs	119	30.433.529	10.921.694	22.156.503	8.104.236
3. Staff costs (121 to 123)	120	61.184.384	20.890.519	60.939.486	22.695.734
a) Net salaries and wages	121	57.901.334	19.814.050	57.648.773	21.591.974
b) Costs for taxes and contributions from salaries	122	2.352.676	783.252	2.390.356	801.781
c) Contributions on gross salaries	123	930.374	293.217	900.357	301.979
4. Depreciation	124	92.635.750	31.908.542	91.772.782	34.660.928
5. Other costs	125	13.133.195	4.039.782	11.997.683	3.609.291
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	46.539.418	5.599.289	17.624.635	7.213.478
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	46.539.418	5.599.289	17.624.635	7.213.478
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	48.309.960	13.081.538	43.701.559	14.483.613
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	48.309.960	13.081.538	43.701.559	14.483.613
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	213.956.324	62.648.479	181.976.737	66.408.229
X. TOTAL EXPENSES (114+137+143 + 145)	147	245.841.554	80.880.286	230.706.339	83.593.460
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	-31.885.230	-18.231.807	-48.729.602	-17.185.231
1. Profit before taxation (146-147)	149	0	0	0	0
2. Loss before taxation (147-146)	150	31.885.230	18.231.807	48.729.602	17.185.231
XII. PROFIT TAX	151	1.009.202	336.401	131.200	43.733
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-32.894.432	-18.568.208	-48.860.802	-17.228.964
1. Profit for the period(149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	32.894.432	18.568.208	48.860.802	17.228.964
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	-31.145.108	-18.540.893	-46.100.031	-16.217.106
2. Attributed to minority interests	156	-1.749.324	-27.315	-2.760.771	-1.011.858
STATEMENT OF COMPREHENSIVE INCOME (IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	-32.894.432	-18.568.208	-48.860.802	-17.228.964
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)	158	-3.781.033	-15.017.502	-6.588.664	-4.922.183
1. Exchange differences on translation of foreign operations	159	-3.781.033	-15.017.502	-6.588.664	-4.922.183
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	-758.207	-3.003.500	-1.317.733	-984.437
IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)	167	-3.022.826	-12.014.002	-5.270.931	-3.937.746
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)	168	-35.917.258	-30.582.210	-54.131.733	-21.166.710
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	-34.167.934	-30.554.895	-51.370.962	-20.154.852
2. Attributed to minority interests	170	-1.749.324	-27.315	-2.760.771	-1.011.858

CASH FLOW STATEMENT - Indirect method

period 01.01.2013. to 30.09.2013.

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	-31.885.230	-48.729.602
2. Depreciation	002	92.635.750	91.772.782
3. Increase in short-term liabilities	003	7.754.166	0
4. Decrease in short term receivables	004		6.925.958
5. Decrease in inventories	005	939.777	265.560
6. Other cash flow increases	006	33.171.472	21.372.620
I. Total increase in cash flow from operating activities (001 to 006)	007	102.615.935	71.607.318
1. Decrease in short - term liabilities	008		12.070.975
2. Increase in short - term receivables	009	1.283.256	0
3. Increase in inventories	010		0
4. Other cash flow decreases	011	1.602.587	4.450.416
II. Total decrease in cash flow from operating activities (008 to 011)	012	2.885.843	16.521.391
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	99.730.092	55.085.927
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	399.430.611	48.267
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	399.430.611	48.267
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	399.430.611	48.267
CASH FLOW FROM FINANCING ACTIVITIES			
1. Cash receipts from issuance of equity and debt financial instruments	027		
2. Cash inflows from loans, debentures, credits and other borrowings	028	468.550.840	16.471.832
3. Other cash inflows from financing activities	029	53.066.224	22.176.915
V. Total cash inflows from financing activities (027 to 029)	030	521.617.064	38.648.747
1. Cash outflows for repayment of loans and bonds	031	118.788.020	100.802.407
2. Dividends paid	032		
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034	3.529.454	827.605
5. Other cash outflows from financing activities	035	95.486.356	7.612.504
VI. Total cash outflows from financing activities (031 do 035)	036	217.803.830	109.242.516
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	303.813.234	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	038	0	70.593.769
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	4.112.715	0
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	0	15.556.109
Cash and cash equivalents at the beginning of period	041	29.256.768	32.706.009
Increase in cash and cash equivalents	042	4.112.715	0
Decrease in cash and cash equivalents	043	0	15.556.109
Cash and cash equivalents at the end of period	044	33.369.483	17.149.900

STATEMENT OF CHANGES IN EQUITY

from 1.1.2013 to 30.9.2013

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	-20.116.595
3. Reserves from profit	003	36.635.168	38.320.993
4. Retained earnings or accumulated loss	004	257.000.255	179.705.681
5. Profit / loss for the current year	005	-74.850.818	-46.100.031
6. Revaluation of long - term tangible assets	006		
7. Minority interest	007	129.891.023	149.284.730
8. Revaluation of financial assets available for sale	008		
9. Other revaluation	009	41.648.179	35.059.515
10. Total capital and reserves (AOP 001 to 009)	010	602.594.126	568.154.293
11. Currency gains and losses arising from net investments in foreign operations	011	-6.150.460	-6.588.664
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	-27.851.169
17. Total increase or decrease in capital (AOP 011 to 016)	017	-61.236.528	-34.439.833
17 a. Attributed to equity holders of parent company	018	-110.251.634	-53.833.540
17 b. Attributed to minority interest	019	49.015.106	19.393.707

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 30.09.2013

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 September 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 September 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 30.09.2013

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

1. Operating income for the period January-September 2013 amounts to 164.3 mil HRK while in the same period of 2012 it amounted to 167.4 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 first three quarters of 2013 (187.0 mil HRK) with respect to the year 2012 (197.5 mil HRK), as a result of the continuous monitoring and rationalization of costs, especially in the area of operating expenses of the vessels.
3. Financial income in the period I-IX 2013 has significantly decreased in comparison to the same period of 2012 as there has been no transfer of retained profit from the subsidiary and the foreign exchange gains were realized in less than half amount in the current period. Financial expenses for January-September 2013 in total are also lower with respect to the same period of 2012 due to the significantly lower foreign exchange losses.
4. As at 30.09.2013 the book value of the vessels amounts to 337.2 mil USD (1,902.9 mil HRK).
5. In the period from 1.01.2013 to 30.09.2013 the Company purchased treasury shares in the total amount of 1,144.4 thousand HRK and sold treasury shares in the amount of 703.7 thousand HRK.
6. Revaluation reserves have been decreased for 6,589 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 September 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 30th September 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 September 2013.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT
30.09.2013**

9. In the period from January-September 2013 the applicable amount of income from grants from previous years in the amount of 4,291 thousand HRK was recorded with the proportional decrease of the deferred income, in accordance with the deferred income recognition plan.
10. The minority in equity as at 30th September 2013 in the amount of 149.3 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.
11. On 30th August 2013 the General Assembly was held which passed the resolution on sharing of the profit for the year 2012. According to the same resolution the profit was distributed as follows: 2,126,515.57 HRK to the legal reserves and 40,403,795.83 HRK to retained profit.

For the GROUP ULJANIK PLOVIDBA Pula

A handwritten signature in black ink, appearing to read 'D. Pavletić', is positioned above the printed name.

Dragutin Pavletić
Director of ULJANIK PLOVIDBA d.d.

Pula, 29th October 2013

MANAGEMENT REPORT FOR THE PERIOD 01-09/2013

The business activity of ULJANIK PLOVIDBA (the Company) and its foreign subsidiaries in the period January-September 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-August 2013,
- b) realized commercial loss as a result of operating losses of vessels in connection to the negative developments in the global shipping market, particularly in the period January-August 2013,
- 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 period I-IX 2013 has been under the direct impact of low freight rates in the shipping market and has been on the same level with respect to the comparative period of the year 2012. The total result was lower due to a lower financial income recorded in the current period, noting the evident increase in income from September 2013.

2. PERSONNEL

As at 30.09.2013 the Company had 32 employees. The Company employs exclusively Croatian seafarers on all vessels in its fleet.

3. TECHNICAL ASPECT

In the period January-September 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-IX 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 1,144.4 thousand HRK and sold treasury shares in the amount of 703.7 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.

On 27th March 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 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.

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

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 October 2013

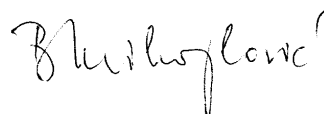


Dragutin Pavletić, Director

STATEMENT OF THE PERSON RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Unaudited consolidated financial reports of GROUP ULJANIK PLOVIDBA for the period January – September 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 October, 2013