



**ULJANIK PLOVIDBA d.d.**

**UNAUDITED FINANCIAL STATEMENTS**

**FOR THE PERIOD**

**JANUARY - SEPTEMBER 2013**

Pula, October 2013

## CONTENT:

Financial Statements of ULJANIK PLOVIDBA d.d.  
(unaudited) for the period January – September 2013

Notes

Management Report

Statement of the person responsible for preparing Financial Statements

**Attachment 1.**

Reporting period:

18

1.1.2013

to

30.9.2013

**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 address: **uljanik-plovidba@pu.t-com.hr**Internet address: **www.uljanikplovidba.com**Municipality/city code and name: **359** **PULA**County code and name: **18** **ISTARSKA**Number of employees **32**Consolidated report: **NO**

(quarter end)

NKD code: **5020**

Companies of the consolidation subject (according to IFRS):

Seat:

MB:

Bookkeeping service:

Contact person: **VANESA PERUŠKO TOPIĆ**

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

Telephone: **052 211544**Telefax: **052 492598**E-mail address: **vanesa.topic@uljanikplovidba.com**Family name and name: **DRAGUTIN PAVLETIĆ**

(person authorized to represent the company)

**Documents to be published:**

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

**ULJANIK PLOVIDBA d.d.** \_\_\_\_\_  
Signature of the person authorized to represent the company

**BALANCE SHEET**  
as of 30.09.2013.

<b>Company: ULJANIK PLOVIDBA D.D.</b>			
Position	AOP	Previous period	Current period
1	2	3	4
<b>A) RECEIVABLES FOR SUBSCRIBED AND NON - PAID CAPITAL</b>	<b>001</b>		
<b>B) LONG - TERM ASSETS (003+010+020+029+033)</b>	<b>002</b>	514.696.775	501.814.823
I. INTANGIBLE ASSETS (004 to 009)	<b>003</b>	18.083	6.724
1. Assets development	<b>004</b>		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	<b>005</b>	18.083	6.724
3. Goodwill	<b>006</b>		
4. Prepayments for purchase of intangible assets	<b>007</b>		
5. Intangible assets in preparation	<b>008</b>		
6. Other intangible assets	<b>009</b>		
II. TANGIBLE ASSETS (011 to 019)	<b>010</b>	3.423.634	3.364.803
1. Land	<b>011</b>	121.829	121.829
2. Buildings	<b>012</b>	3.086.978	3.048.992
3. Plant and equipment	<b>013</b>	133.955	130.978
4. Instruments, plant inventories and transportation assets	<b>014</b>	80.872	63.004
5. Biological assets	<b>015</b>		
6. Prepayments for tangible assets	<b>016</b>		
7. Tangible assets in preparation	<b>017</b>		
8. Other material assets	<b>018</b>		
9. Investment in buildings	<b>019</b>		
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	<b>020</b>	455.914.810	449.326.146
1. Shares (stocks) in related parties	<b>021</b>	452.785.992	446.197.337
2. Loans given to related parties	<b>022</b>		
3. Participating interests (shares)	<b>023</b>	3.128.818	3.128.809
4. Loans to entrepreneurs in whom the entity hold participating interests	<b>024</b>		
5. Investment in securities	<b>025</b>		
6. Loans, deposits and similar assets	<b>026</b>		
7. Other long - term financial assets	<b>027</b>		
8. Investments accounted by equity method	<b>028</b>		
IV. RECEIVABLES (030 to 032)	<b>029</b>	55.340.248	49.117.150
1. Receivables from related parties	<b>030</b>	44.026.161	37.883.556
2. Receivables based on trade loans	<b>031</b>	11.314.087	11.233.594
3. Other receivables	<b>032</b>		
V. DEFERRED TAX ASSETS	<b>033</b>		
<b>C) SHORT- TERM ASSETS (035+043+050+058)</b>	<b>034</b>	160.958.012	195.559.120
I. INVENTORIES (036 to 042)	<b>035</b>		
1. Raw material	<b>036</b>		
2. Work in progress	<b>037</b>		
3. Finished goods	<b>038</b>		
4. Merchandise	<b>039</b>		
5. Prepayments for inventories	<b>040</b>		
6. Long - term assets held for sale	<b>041</b>		
7. Biological assets	<b>042</b>		
II. RECEIVABLES (044 to 049)	<b>043</b>	94.380.806	101.019.131
1. Receivables from related parties	<b>044</b>	78.394.982	77.649.356
2. Accounts receivable	<b>045</b>	15.066.685	22.859.839
3. Receivables from participating entrepreneurs	<b>046</b>		
4. Receivables from employees and shareholders	<b>047</b>		
5. Receivables from government and other institutions	<b>048</b>	876.843	455.401
6. Other receivables	<b>049</b>	42.296	54.535
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	<b>050</b>	66.459.298	94.163.331
1. Shares (stocks) in related parties	<b>051</b>		
2. Loans given to related parties	<b>052</b>	51.294.286	71.385.815
3. Participating interests (shares)	<b>053</b>		
4. Loans to entrepreneurs in whom the entity hold participating interests	<b>054</b>		
5. Investment in securities	<b>055</b>		
6. Loans, deposits and similar assets	<b>056</b>	15.165.012	22.777.516
7. Other financial assets	<b>057</b>		
IV. CASH AT BANK AND IN CASHIER	<b>058</b>	117.908	376.658
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	4.837	4.837
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	675.659.624	697.378.780
<b>F) OFF-BALANCE SHEET NOTES</b>	<b>061</b>		

<b>LIABILITIES AND CAPITAL</b>			
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	<b>486.100.077</b>	<b>478.932.618</b>
I. SUBSCRIBED CAPITAL	<b>063</b>	232.000.000	232.000.000
II. CAPITAL RESERVES	<b>064</b>	-19.729.681	-20.116.595
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	36.635.168	38.320.994
1. Reserves prescribed by law	<b>066</b>	14.466.350	16.592.866
2. Reserves for treasury stocks	<b>067</b>	36.382.812	36.382.812
3. Treasury stocks and shares (deduction)	<b>068</b>	14.213.994	14.654.684
4. Statutory reserves	<b>069</b>		
5. Other reserves	<b>070</b>		
IV. REVALUATION RESERVES	<b>071</b>	41.648.179	35.059.515
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	<b>072</b>	153.016.100	193.419.896
1. Retained earnings	<b>073</b>	153.016.100	193.419.896
2. Accumulated loss	<b>074</b>		
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	<b>075</b>	42.530.311	248.808
1. Profit for the current year	<b>076</b>	42.530.311	248.808
2. Loss for the current year	<b>077</b>		
VII. MINORITY INTEREST	<b>078</b>		
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	<b>1.956.929</b>	<b>1.932.007</b>
1. Provisions for pensions, severance pay and similar liabilities	<b>080</b>	1.956.929	1.932.007
2. Reserves for tax liabilities	<b>081</b>		
3. Other reserves	<b>082</b>		
<b>C) LONG TERM LIABILITIES (084 to 092)</b>	<b>083</b>	<b>91.475.122</b>	<b>80.025.080</b>
1. Liabilities to related parties	<b>084</b>		
2. Liabilities for loans, deposits etc.	<b>085</b>	91.475.122	80.025.080
3. Liabilities to banks and other financial institutions	<b>086</b>		
4. Liabilities for received prepayments	<b>087</b>		
5. Accounts payable	<b>088</b>		
6. Liabilities arising from debt securities	<b>089</b>		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>090</b>		
8. Other long-term liabilities	<b>091</b>		
9. Deferred tax liability	<b>092</b>		
<b>D) SHORT - TERM LIABILITIES (094 to 105)</b>	<b>093</b>	<b>96.123.515</b>	<b>136.488.107</b>
1. Liabilities to related parties	<b>094</b>		
2. Liabilities for loans, deposits etc.	<b>095</b>	3.558.000	38.808.000
3. Liabilities to banks and other financial institutions	<b>096</b>	86.727.305	91.839.770
4. Liabilities for received prepayments	<b>097</b>	138.844	138.844
5. Accounts payable	<b>098</b>	182.744	650.212
6. Liabilities arising from debt securities	<b>099</b>		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>100</b>		
8. Liabilities to employees	<b>101</b>	1.185.523	756.899
9. Liabilities for taxes, contributions and similar fees	<b>102</b>		
10. Liabilities to share - holders	<b>103</b>	2.555.391	2.548.700
11. Liabilities for long term assets held for sale	<b>104</b>		
12. Other short - term liabilities	<b>105</b>	1.775.708	1.745.682
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>106</b>	<b>3.981</b>	<b>968</b>
<b>F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	<b>675.659.624</b>	<b>697.378.780</b>
<b>G) OFF-BALANCE SHEET NOTES</b>	<b>108</b>		
<b>APPENDIX TO BALANCE SHEET (only for consolidated financial statements)</b>			
<b>A) CAPITAL AND RESERVES</b>			
1. Attributed to equity holders of parent company	<b>109</b>		
2. Attributed to minority interests	<b>110</b>		

**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
<b>I. OPERATING REVENUES (112+113)</b>	<b>111</b>	<b>37.717.203</b>	<b>28.599.253</b>	<b>15.870.486</b>	<b>5.957.879</b>
1. Sales revenues	112	13.794.684	4.715.991	15.826.703	5.927.876
2. Other operating revenues	113	23.922.519	23.883.262	43.783	30.003
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	<b>9.728.786</b>	<b>3.411.558</b>	<b>9.150.335</b>	<b>2.971.495</b>
1. Changes in the value of work in progress and finished goods	115				
2. Material costs (117 to 119)	116	553.797	178.087	499.655	160.071
a) Raw material and material costs	117	134.475	38.211	129.077	39.658
b) Costs of goods sold	118				
c) Other external costs	119	419.322	139.876	370.578	120.413
3. Staff costs (121 to 123)	120	6.766.996	2.238.002	6.815.760	2.282.686
a) Net salaries and wages	121	3.483.946	1.161.533	3.525.047	1.178.926
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	185.777	58.295	118.457	37.297
5. Other costs	125	2.222.216	937.174	1.716.463	491.441
6. Impairment (127+128)	126				
a) Impairment of long-term assets (excluding financial assets)	127				
b) Impairment of short-term assets (excluding financial assets)	128				
7. Provisions	129				
8. Other operating expenses	130				
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	<b>50.080.477</b>	<b>6.798.086</b>	<b>13.679.556</b>	<b>1.679.253</b>
1. Interest income, foreign exchange gains, dividends and similar income from related parties	132	22.494.320			
2. Interest income, foreign exchange gains, dividends and similar income from non-related	133	27.586.157	6.798.086	13.679.556	1.679.253
3. Share in income from affiliated entrepreneurs and participating interests	134				
4. Unrealized gains (income) from financial assets	135				
5. Other financial income	136				
<b>IV. FINANCIAL EXPENSES (138 to 141)</b>	<b>137</b>	<b>31.996.810</b>	<b>8.926.984</b>	<b>20.019.699</b>	<b>5.803.033</b>
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	31.996.810	8.926.984	20.019.699	5.803.033
3. Unrealized losses (expenses) on financial assets	140				
4. Other financial expenses	141				
<b>V. INCOME FROM INVESTMENT SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS</b>	<b>142</b>				
<b>VI. LOSS FROM INVESTMENT SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS</b>	<b>143</b>				
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>				
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>				
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	<b>87.797.680</b>	<b>35.397.339</b>	<b>29.550.042</b>	<b>7.637.132</b>
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	<b>41.725.596</b>	<b>12.338.542</b>	<b>29.170.034</b>	<b>8.774.528</b>
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	<b>46.072.084</b>	<b>23.058.797</b>	<b>380.008</b>	<b>-1.137.396</b>
1. Profit before taxation (146-147)	149	46.072.084	23.058.797	380.008	0
2. Loss before taxation (147-146)	150	0	0	0	1.137.396
<b>XII. PROFIT TAX</b>	<b>151</b>	<b>1.009.202</b>	<b>336.400</b>	<b>131.200</b>	<b>43.483</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	<b>45.062.882</b>	<b>22.722.397</b>	<b>248.808</b>	<b>-1.180.879</b>
1. Profit for the period(149-151)	153	45.062.882	22.722.397	248.808	0
2. Loss for the period (151-148)	154	0	0	0	1.180.879
<b>APPENDIX TO P&amp;L (only for consolidated financial statements)</b>					
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributed to equity holders of parent company	155				
2. Attributed to minority interests	156				
<b>STATEMENT OF COMPREHENSIVE INCOME (IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	<b>45.062.882</b>	<b>22.722.397</b>	<b>248.808</b>	<b>-1.180.879</b>
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)</b>	<b>158</b>	<b>-3.781.033</b>	<b>-15.017.502</b>	<b>-6.588.664</b>	<b>-4.922.183</b>
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				
<b>III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166</b>	<b>-756.207</b>	<b>-3.003.500</b>	<b>-1.317.733</b>	<b>-984.437</b>
<b>IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	<b>-3.024.826</b>	<b>-12.014.002</b>	<b>-5.270.931</b>	<b>-3.937.746</b>
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)</b>	<b>168</b>	<b>42.038.056</b>	<b>10.708.395</b>	<b>-5.022.123</b>	<b>-5.118.625</b>
<b>APPENDIX to Statement of comprehensive income (only for consolidated financial statements)</b>					
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b>					
1. Attributed to equity holders of parent company	169				
2. Attributed to minority interests	170				

## 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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	001	46.072.084	380.008
2. Depreciation	002	185.777	118.457
3. Increase in short-term liabilities	003	36.499	2.128
4. Decrease in short term receivables	004		
5. Decrease in inventories	005		
6. Other cash flow increases	006	76.772	
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>46.371.132</b>	<b>500.593</b>
1. Decrease in short - term liabilities	008		
2. Increase in short - term receivables	009	18.846.596	6.638.324
3. Increase in inventories	010		
4. Other cash flow decreases	011	1.800.602	159.135
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>20.647.198</b>	<b>6.797.459</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	<b>25.723.934</b>	<b>0</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	<b>0</b>	<b>6.296.866</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash flow from sale of long - term tangible and intangible assets	015		
2. Cash inflows from sale of equity and debt financial instruments	016		
3. Interest receipts	017		
4. Dividend receipts	018		
5. Other cash inflows from investing activities	019		
<b>III. Total cash inflows from investing activities(015 to 019)</b>	<b>020</b>	<b>0</b>	<b>0</b>
1. Cash outflows for purchase of long - term tangible and intangible assets	021	51.059	48.267
2. Cash outflows for purchase of equity and debt financial instruments	022	29.520.183	
3. Other cash outflows from investing activities	023		
<b>IV. Total cash outflows from investing activities (021 to 023)</b>	<b>024</b>	<b>29.571.242</b>	<b>48.267</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES(020-024)</b>	<b>025</b>	<b>0</b>	<b>0</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020)</b>	<b>026</b>	<b>29.571.242</b>	<b>48.267</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Cash receipts from issuance of equity and debt financial instruments	027		
2. Cash inflows from loans, debentures, credits and other borrowings	028	118.907.738	60.607.018
3. Other cash inflows from financing activities	029		
<b>V. Total cash inflows from financing activities (027 to 029)</b>	<b>030</b>	<b>118.907.738</b>	<b>60.607.018</b>
1. Cash outflows for repayment of loans and bonds	031	39.755.747	31.694.596
2. Dividends paid	032		
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034	3.529.454	827.604
5. Other cash outflows from financing activities	035	70.000.000	21.480.935
<b>VI. Total cash outflows from financing activities (031 do 035)</b>	<b>036</b>	<b>113.285.201</b>	<b>54.003.135</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	<b>5.622.537</b>	<b>6.603.883</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	<b>0</b>	<b>0</b>
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	<b>039</b>	1.775.229	258.750
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	<b>040</b>	0	0
Cash and cash equivalents at the beginning of period	<b>041</b>	116.134	117.908
Increase in cash and cash equivalents	<b>042</b>	1.775.229	258.750
Decrease in cash and cash equivalents	<b>043</b>	0	0
Cash and cash equivalents at the end of period	<b>044</b>	1.891.363	376.658

## 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	<b>001</b>	232.000.000	232.000.000
2. Capital reserves	<b>002</b>	-19.729.681	-20.116.595
3. Reserves from profit	<b>003</b>	36.635.168	38.320.994
4. Retained earnings or accumulated loss	<b>004</b>	153.016.100	193.419.896
5. Profit / loss for the current year	<b>005</b>	42.530.311	248.808
6. Revaluation of long - term tangible assets	<b>006</b>		
7. Revaluation of intangible assets	<b>007</b>		
8. Revaluation of financial assets available for sale	<b>008</b>		
9. Other revaluation	<b>009</b>	41.648.179	35.059.515
<b>10. Total capital and reserves (AOP 001 to 009)</b>	<b>010</b>	486.100.077	478.932.618
11. Currency gains and losses arising from net investments in foreign operations	<b>011</b>	-6.150.460	-6.588.664
12. Current and deferred taxes (part)	<b>012</b>		
13. Cash flow hedging	<b>013</b>		
14. Changes in accounting policies	<b>014</b>		
15. Correction of significant errors in prior periods	<b>015</b>		
16. Other changes in capital	<b>016</b>	37.336.096	-578.795
<b>17. Total increase or decrease in capital (AOP 011 to 016)</b>	<b>017</b>	31.185.636	-7.167.459
17 a. Attributed to equity holders of parent company	<b>018</b>		
17 b. Attributed to minority interest	<b>019</b>		

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 30<sup>th</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> 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 written over a faint, circular stamp or watermark.

Dragutin Pavletić  
Director of ULJANIK PLOVIDBA d.d.

Pula, 29<sup>th</sup> 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 15<sup>th</sup> 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 27<sup>th</sup> 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 30<sup>th</sup> August 2013 the General Assembly was held which passed the resolution on sharing of the profit for the year 2012.

On 23<sup>th</sup> and 30<sup>th</sup> 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, 30<sup>th</sup> October 2013

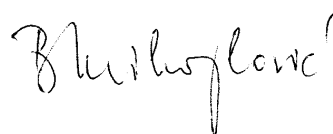


Dragutin Pavletić, Director

## STATEMENT OF THE PERSON RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Unaudited financial reports of ULJANIK PLOVIDBA d.d. (hereafter: Company) 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 the Company.

Financial-accounting manager



Bojana Mihajlović

Pula, 25<sup>th</sup> October, 2013