Brinkley Shipping Inc.
Form F-4/A
November 04, 2013

Registration No. 333-190316

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 2 to
FORM F-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ULTRAPETROL (BAHAMAS) LIMITED
(Exact name of Registrant as specified in its charter)

Commonwealth of the Bahamas	4412	N/A
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

H&J Corporate Services Ltd. Ocean Centre, Montagu Foreshore East Bay St. Nassau, Bahamas P.O. Box SS-19084 (242) 364-4755 (Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)	CT Corporation System 111 Eighth Avenue New York, New York 10011 (800) 624-0909 (Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of communications to:

Ultrapetrol (Bahamas) Limited Attention: Felipe Menendez R. Ocean Centre, Montagu Foreshore East Bay St.	Lawrence Rutkowski, Esq. Seward & Kissel LLP One Battery Park Plaza New York, New York 10004

Nassau, Bahamas
P.O. Box SS-19084
(242) 364-4755

(212) 574-1200

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee (1)
87/8% First Preferred Ship Mortgage Notes due 2021	$ 200,000,000	100 %	$ 200,000,000	$ 27,280 (3)
Guarantees relating to the 87/8% First Preferred Ship Mortgage Notes due 2021	---- (2)	---- (2)	---- (2)	---- (2)

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(f) under the Securities Act of 1933.
(2) No separate consideration will be received for the guarantees relating to the 87/8% First Preferred Ship Mortgage Notes due 2021.
(3) Previously paid.

The registrant hereby amends the registration statement on such date or dates as may be necessary to delay the effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

TABLE OF ADDITIONAL REGISTRANTS

Name	Jurisdiction of Incorporation	IRS Employee Identification No.	Primary Standard Industrial Classification Code
Arlene Investments, Inc.	Panama	N/A	4412
Brinkley Shipping Inc.	Panama	N/A	4412
Dampierre Holdings Spain S.A.	Spain	N/A	4412
Danube Maritime Inc.	Panama	N/A	4412
Dingle Barges Inc.	Liberia	N/A	4412
General Ventures Inc.	Liberia	N/A	4412
Hallandale Commercial Corp.	Panama	N/A	4412
Longmoor Holdings Inc.	Panama	N/A	4412
Oceanpar S.A.	Paraguay	N/A	4412
Palmdeal Shipping Inc.	Panama	N/A	4412
Parabal S.A.	Paraguay	N/A	4412
Parfina S.A.	Paraguay	N/A	4412
Princely International Finance Corp.	Panama	N/A	4412
Riverview Commercial Corp.	Panama	N/A	4412
UABL S.A.	Argentina	N/A	4412
UABL Paraguay S.A.	Paraguay	N/A	4412
Ultrapetrol S.A.	Argentina	N/A	4412

The information in this prospectus is not complete and may be changed. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated November 4, 2013.

ULTRAPETROL (BAHAMAS) LIMITED

OFFER TO EXCHANGE ITS OUTSTANDING 87/8% FIRST PREFERRED SHIP MORTGAGE NOTES DUE 2021 FOR 87/8% FIRST PREFERRED SHIP MORTGAGE NOTES DUE 2021, WHICH HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission (the "SEC") is effective. This prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

TERMS OF THE EXCHANGE OFFER

- We will exchange all of our outstanding 87/8% First Preferred Ship Mortgage Notes due 2021 that were issued on June 10, 2013, which we refer to as the "outstanding notes" and which have not been registered under the Securities Act of 1933, as amended (the "Securities Act") that are validly tendered and not properly withdrawn for an equal principal amount of 87/8First Preferred Ship Mortgage Notes due 2021, which we refer to as the "exchange notes" and which are registered under the Securities Act and are freely tradable. References we make in this prospectus to "notes" shall mean both outstanding notes and exchange notes.

- Any holder of outstanding notes electing to exchange its outstanding notes for exchange notes must surrender its exchange notes, together with the appropriate letter of transmittal, to Manufacturers and Traders Trust Company, as the Exchange Agent, or the Exchange Agent must receive an agent's message if exchange of the outstanding notes is being made by book-entry delivery through the Depository Trust Company's automated tender offer program.

- You are entitled to withdraw your election to tender the outstanding notes at any time prior to the expiration of the exchange offer.

- This exchange offer expires at 5:00 p.m., New York City time, on , 2013, unless we extend the expiration date.

- The exchange of the outstanding notes for the exchange notes in the exchange offer will not be a taxable event for U.S. Federal income tax purposes.

- We will not receive any proceeds from the exchange offer.

TERMS OF THE EXCHANGE NOTES

- The exchange notes are being offered in order to satisfy some of our obligations under the registration rights agreement entered into in connection with the private placement of the outstanding notes.

- The terms of the exchange notes are identical to the terms of the outstanding notes except that the exchange notes are registered under the Securities Act and will not be subject to restrictions on transfer or to any increase in annual interest rate for failure to file this registration statement as required by the registration rights agreement.

- Outstanding notes not tendered in the exchange offer will remain outstanding and continue to accrue interest but will not retain any rights under the registration rights agreement.

RESALES OF EXCHANGE NOTES

- The exchange notes may be sold in the over-the-counter market, in negotiated transactions or through a combination of these methods.

BROKER-DEALERS

- Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for outstanding notes where such outstanding notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

SEE "RISK FACTORS" BEGINNING ON PAGE 21 FOR A DISCUSSION OF SOME OF THE RISKS THAT YOU SHOULD CONSIDER IN CONNECTION WITH PARTICIPATION IN THE EXCHANGE OFFER.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2013.

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Ultrapetrol (Bahamas) Limited is a company incorporated under the laws of the Bahamas. Our registered office is located at H&J Corporate Services Ltd., Ocean Center, Montagu Foreshore, East Bay Street,, Nassau, Bahamas, and our telephone number at that address is 1-242-364-4755. Our website is http://www.ultrapetrol.net.

In this prospectus, "Ultrapetrol (Bahamas) Limited," the "Company," "we," "us" and "our" refers only to Ultrapetrol (Bahamas) Limited and its subsidiaries.

This prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any jurisdiction or in any circumstances where the offer or sale is not permitted. Please refer to the letter of transmittal and the other documents relating to this prospectus for instructions as to your eligibility to tender outstanding notes in this exchange offer. You must not:

- use this prospectus for any other purpose;
- make copies of any part of this prospectus or give a copy of it to any other person; or
- disclose any information in this prospectus to any other person.

We have prepared this prospectus and we are solely responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the notes. You may contact us if you need any additional information.

We are not providing you with any legal, business, tax or other advice in this prospectus. You should consult with your own advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to tender your outstanding notes for exchange notes.

You must comply with all laws that apply to you in any place in which you buy, offer or sell any notes or possess this prospectus. You must also obtain any consents or approvals that you need in order to tender outstanding notes. We are not responsible for your compliance with these legal requirements.

INDUSTRY AND MARKET DATA

We obtained the industry, market and competitive position data used throughout this prospectus from research, surveys or studies conducted by us and by third parties and industry or general publications. Industry and general publications generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While we believe that these sources are reliable, neither we nor our affiliates have independently verified such data and neither we nor our affiliates make any representations as to the accuracy of such information. Similarly, we believe our internal research is reliable, but it has not been verified by any independent sources and neither we nor our affiliates make any representations as to the accuracy of such research. Forecasted and other forward-looking information contained in such reports is necessarily based on assumptions regarding future occurrences, events, conditions and circumstances and subjective judgments relating to various matters. Actual results may differ materially. Accordingly, you should not place undue reliance upon the third-party information contained in this prospectus, particularly where such information is forecasted or otherwise forward-looking.

ENFORCEABILITY OF CIVIL LIABILITIES

We are a Bahamas corporation. Each of the Subsidiary Guarantors and the Pledgors is incorporated in one of the following jurisdictions: Argentina, Liberia, Panama, Paraguay or Spain. Each of the vessels and barges that secure the notes and Subsidiary Guarantees is flagged in Argentina, Liberia, Panama or Paraguay. All of our and the Subsidiary Guarantors' and Pledgors' offices, administrative activities and other assets, as well as those of certain experts named herein, are located outside the United States. As a result, it may be difficult for you to effect service of process within the United States upon us, any of the Subsidiary Guarantors or such persons. In addition, most or all of our directors and officers and the directors and officers of the Subsidiary Guarantors are residents of jurisdictions other than the United States, and all or a substantial portion of the assets of such persons is or may be located outside the United States. As a result, it may be difficult for you to effect service of process within the United States upon such persons.

The following special legal counsel have advised us, the Subsidiary Guarantors and the Pledgors: (i) Perez Alati, Grondona, Benites, Arntsen & Martinez de Hoz, Jr. regarding the laws of Argentina; (ii) Higgs & Johnson, regarding the laws of The Bahamas; (iii) Seward & Kissel LLP, regarding the laws of Liberia; (iv) Palacios, Prono & Talavera, regarding the laws of Paraguay; (v) Tapia, Linares y Alfaro, regarding the laws of Panama; and (vi) Cuatrecasas, Gon alves Pereira, regarding the laws of Spain. Each such special counsel has advised us that there is uncertainty as to whether the courts of their respective jurisdictions would (i) enforce judgments of United States courts obtained against us, the Subsidiary Guarantors, our directors and officers, the directors and officers of the Subsidiary Guarantors and the experts named herein, as applicable, predicated upon the civil liability provisions of the Federal securities laws of the United States or (ii) entertain original actions brought against such parties, predicated upon the Federal securities laws of the United States. As a result, it may be difficult for you to enforce judgments obtained in United States courts against us, the Subsidiary Guarantors, the Pledgors, our directors and officers, the directors and officers of the Subsidiary Guarantors and the Pledgors or the experts named herein, or the assets of any such parties located outside the United States. Further, it may be difficult for you to entertain actions, including those predicated upon the civil liability provision of the Federal securities laws of the United States, against such parties in courts outside of the United States.

We and each Subsidiary Guarantor and Pledgor have appointed CT Corporation System, 111 Eighth Avenue, New York, New York 10011, as agent for service of process in any action brought against us or any of them under the securities laws of the United States arising out of this offering, the guarantees of the notes issued by the Subsidiary Guarantors or the indenture relating to the notes, in any Federal or state court having subject matter jurisdiction in the Borough of Manhattan, the City of New York,

New York. In connection therewith, we have irrevocably submitted to the jurisdiction of such courts in any such action or proceeding in the United States with respect to the indenture or the notes.

FINANCIAL STATEMENTS

Our consolidated financial statements as of December 31, 2012 and for the year then ended included in this prospectus were audited by Pistrelli, Henry Martin y Asociados S.R.L., independent registered public accounting firm and a member of Ernst & Young Global. See "Experts."

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and the applicable jurisdictions that are subject to risks and uncertainties. We may also from time to time make forward-looking statements in our periodic filings with the Securities and Exchange Commission, or SEC, in other information sent to our security holders and in other written materials. All statements other than statements of historical fact included in this prospectus are forward-looking statements. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "estimate," "expect," "project," "plan," "intend," "believe" and other words and terms of similar meaning including future or conditional verbs such as "will," "may," "might," "should," "would," and "could," used in connection with any discussion of the expectations, plans, timing or nature of future operating or financial performance or other events.

These forward-looking statements are based on assumptions that we have made in light of our experience in the industry in which we operate, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. As you read and consider this prospectus, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties (some of which are beyond our control) and assumptions. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results and cause them to differ materially from those anticipated in the forward-looking statements. These factors include, among others:

- our future operating or financial results;
- statements about future, pending or recent acquisitions, business strategy, areas of possible expansion, and expected capital spending or operating expenses, including bunker prices, drydocking and insurance costs;
- our ability to obtain additional financing or amend existing facilities or refinance existing facilities;
- our financial condition and liquidity, including our ability to obtain financing in the future to fund capital expenditures, acquisitions and other general corporate activities;
- our expectations about the availability of vessels to purchase or sell, the time which it may take to construct new vessels, or vessels' useful lives;
- our dependence on the abilities and efforts of our management team;
- statements about general market conditions and trends, including charter rates, vessel values and factors affecting vessel supply and demand;
- adverse weather conditions that can affect production of some of the goods we transport and navigability of the river system on which we transport them;
- the highly competitive nature of the ocean-going transportation industry;
- the loss of one or more key customers;
- potential liability from pending or future litigation;
- the strength of world economies and currencies and general domestic and international political conditions;
- fluctuations in foreign exchange rates and inflation in the economies of the countries in which we operate, including wage inflation as a result of trade union negotiations;
- adverse movements in commodity prices or demand for commodities may cause our customers to scale back their contract needs;
- changes in various governmental rules and regulations or actions taken by regulatory authorities; and
- the other factors discussed under the heading "Risk Factors."

Because of these factors, we caution that you should not place undue reliance on any of our forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. Except as required by law, we have no duty to, and do not intend to, update or revise the forward-looking statements in this prospectus after the date of this prospectus.

GLOSSARY OF SHIPPING TERMS

The following are definitions of certain terms that are commonly used in the shipping industry and in this prospectus:

Annual survey. The inspection of a vessel pursuant to international conventions, by a classification society surveyor or on behalf of the flag state that takes place every year.

Bareboat charter. Charter of a vessel under which the ship owner is usually paid a fixed amount of charterhire for a certain period of time during which the charterer is responsible for the vessel's operating expenses, and voyage expenses, as well as the management of the vessel, including crewing. A bareboat charter is also known as a "demise charter" or a "time charter by demise."

Bulk carrier. Ship designed for the carriage of dry bulk cargoes.

Bunker. The fuel oil used to operate a vessel's engines and generators.

Capesize. Bulk carrier that is over 100,000 dwt in size.

Charter. The hire of a vessel for a specified period of time or to carry a cargo from a loading port to a discharging port.

Charterer. The company that hires a vessel.

Charterhire . A sum of money paid to the ship owner by a charterer under a charter for the use of a vessel.

Classification society. An independent society that certifies that a vessel has been built and maintained according to the society's rules for that type of vessel and complies with the applicable rules and regulations of the country of the vessel and the international conventions of which that country is a member. A vessel that receives its certification is referred to as being "in-class."

Clean petroleum products. Liquid products refined from crude oil whose color is less than or equal to 2.5 on the National Petroleum Association scale. Clean petroleum products include naphtha, jet fuel, gasoline, and diesel/gasoil.

Contract of affreightment or COA. A contract for the carriage of a specific type and quantity of cargo, with payment based on metric tons of cargo carried, which will be carried in one or more shipments. For a COA, the vessel owner or operator generally pays all voyage expenses and vessel operating expenses and has the right to substitute one vessel for another. The rate is generally expressed in dollars per metric ton of cargo. Revenues earned under COAs are referred to as "freight." When used herein, COA also refers to a voyage charter.

Dirty petroleum products. Liquid products refined from crude oil whose color is greater than 2.5 on the National Petroleum Association scale. Dirty products will usually require heating during the voyage as their viscosity or waxiness makes discharge difficult at ambient temperatures. Dirty petroleum products include fuel oil, Low Sulfur Waxy Residue, or "LSWR" and Carbon Black Feedstock, or "CBFS."

Double hull. Hull construction design in which a vessel has an inner and an outer side and bottom separated by void space.

Drydocking . The removal of a vessel from the water for inspection and/or repair of those parts of a vessel which are below the water line. During drydockings, which are required to be carried out periodically, certain mandatory classification society inspections are carried out and relevant certifications issued.

dwt. Deadweight ton. A unit of a vessel's capacity for cargo, fuel oil, stores and crew measured in metric ton units which is equal to 1,000 kilograms.

Feeder Service. Feeder service refers to small ships that collect and transport shipping containers from smaller ports to container terminals or onto larger vessels.

Gross ton. A unit of measurement for the total enclosed space within a vessel equal to 100 cubic feet or 2.831 cubic meters.

Hidrovia Region. A region of navigable waters in South America on the Parana, Paraguay and Uruguay Rivers and part of the River Plate, which flow through Brazil, Bolivia, Uruguay, Paraguay and Argentina. The region covers the entire length of the Parana River south of the Itaipu Dam, the entire length of the Paraguay River south of Corumbá, the Uruguay River and the River Plate west of Buenos Aires. Our definition of the Hidrovia Region is wider than the common usage of such term.

Hull. Shell or body of a ship.

IMO. International Maritime Organization, a United Nations agency that issues international standards for shipping.

Lightering . To discharge the cargo of a larger vessel located offshore into a smaller vessel used to transport the cargo to the shore.

Newbuilding . A new vessel under construction or just completed.

Off hire. The period a vessel is unable to perform the services for which it is immediately required under a time charter. Off hire periods include days spent on repairs, drydocking and surveys, whether or not scheduled.

OPA. The United States Oil Pollution Act of 1990.

Petroleum products. Refined crude oil products, such as fuel oils, gasoline and jet fuel.

Product tanker. A tanker designed to carry a variety of liquid products varying from crude oil to clean and dirty petroleum products, acids and other chemicals. The tanks are coated to prevent product contamination and hull corrosion. The ship may have equipment designed for the loading and unloading of cargoes with a high viscosity.

Protection and indemnity (or "P&I") insurance. Insurance obtained through a mutual association formed by ship owners to provide liability insurance protection against large financial loss to one member by contribution to offset that loss by all members.

PSV or platform supply vessel. A vessel ranging in size from approximately 150 feet to 275 feet in length that serves oil drilling and production facilities by transporting supplies and equipment to offshore locations, utilizing a large clear deck and under deck tanks.

Scrapping. The disposal of old vessel tonnage by way of sale as scrap metal.

Special survey. The inspection of a vessel while in drydock by a classification society surveyor that takes place every four to five years.

Spot market. The market for immediate chartering of a vessel, usually for single voyages.

Tanker. A ship designed for the carriage of liquid cargoes in bulk with cargo space consisting of many tanks. Tankers carry a variety of products including crude oil, refined products, liquid chemicals and liquefied gas.

Time charter. Charter under which the ship owner is paid charterhire on a per day basis for a certain period of time. The ship owner is responsible for providing the crew and paying vessel operating expenses while the charterer is responsible for paying the voyage expenses. Any delays at port or during the voyages are the responsibility of the charterer, save for certain specific exceptions such as off hire.

Vessel operating expenses or running costs. The costs of operating a vessel that are incurred during a charter, primarily consisting of crew wages and associated costs, insurance premiums, lubricants and spare parts, and repair and maintenance costs. Vessel operating expenses or running costs exclude fuel costs and port fees, which are known as "voyage expenses." For a time charter, the ship owner pays vessel operating expenses. For a bareboat charter, the charterer pays vessel operating expenses.

Voyage charter. Contract for hire of a ship under which a ship owner is paid freight on the basis of moving cargo from a loading port to a discharge port. The ship owner is responsible for paying both vessel operating expenses and voyage expenses. The charterer is typically responsible for any delay at the loading or discharging port. A voyage charter is also known as a contract of affreightment or COA.

Voyage expenses. Expenses incurred due to a vessel traveling to a destination, such as fuel cost and port fees.

SUMMARY

This summary highlights key information contained elsewhere in this prospectus. As an investor or prospective investor, you should review carefully the risk factors and the more detailed information and financial statements contained elsewhere in this prospectus. This summary is not complete and does not contain all of the information that may be important to you. Before making any investment decision, for a more complete understanding of our business and this offering, you should read this entire prospectus, including the sections entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes thereto, each of which is included elsewhere in this prospectus. Unless the context specifically indicates otherwise, the terms "we," "us" and "our" (and similar terms) refer to Ultrapetrol (Bahamas) Limited and our subsidiaries. All references to the number of vessels and the transportation capacity in our three segments are as of June 30, 2013, unless otherwise indicated.

Our Company

We are an industrial shipping company serving the marine transportation needs of our clients primarily in South America. We serve the shipping markets for soybean, grain, forest products, minerals, crude oil, petroleum, refined petroleum products and general cargo, as well as the offshore oil platform supply market. We operate through three segments of the marine transportation industry:

- River Business. We are the largest owner and operator of river barges and pushboats in the Hidrovia Region of South America, one of the largest navigable river systems in the world, which facilitates trade in a fertile and resource-rich region and provides access to the global export market. We believe our river barges provide the most efficient means of transportation in the region. In many of the areas that we serve, access to rail is limited or non-existent and the distances make trucking uneconomical for large volumes of cargo. Our river business fleet, which consists of 679 barges and 33 pushboats, which we believe is the largest in the Hidrovia and approximately as large in capacity as the fleets of our next three competitors combined. We control the largest independent network of infrastructure along the river system, consisting of two loading and storage terminals and five logistic hubs, which serve as fleeting areas at key locations, to provide integral transportation services to our customers from origin to destination. We also own a vertically integrated barge manufacturing facility at Punta Alvear, which is one of the most modern of its kind in the world and provides us with the ability to increase our fleet capacity at a very efficient cost. We believe the size and quality of our fleet and infrastructure allow us to operate through an efficient hub system across the Hidrovia, which provides us with a distinct competitive advantage.

- Offshore Supply Business. We own and operate a fleet of technologically advanced Platform Supply Vessels ("PSVs") that provide critical logistical and transportation services for offshore petroleum exploration and production companies, in the coastal waters of Brazil and in the UK's North Sea. Our Offshore Supply Business fleet consists of eleven PSVs already in operation and three newbuilt resales which we recently purchased in China, scheduled to commence operation in the first or second quarter of 2014. Our large, modern PSVs have advanced dynamic positioning systems which enable us to better serve customers operating in challenging deepwater offshore environments. We believe that we are currently the second largest owner of 4,500 dwt class platform supply vessels in the Brazilian market, which have large cargo capacity and deck space, making them the most efficient vessels to serve the distant deepwater operations underway in Brazil. Brazilian law provides a preference for the utilization of Brazilian-flagged vessels in its offshore supply business. Four of our PSVs were built in Brazil and operate under the Brazilian flag, which provides them with a preference for employment over foreign vessels in the Brazilian market, while extending such preference to another two foreign-flagged PSVs in our fleet.

- Ocean Business. We operate a fleet of product and chemical tankers and feeder containerships on cabotage trades along part of the eastern coast of South America, where we have preferential rights and strong customer

relationships. Our fleet includes four product and chemical tankers that serve the principal oil refineries in the region transporting petroleum products from refineries and crude oil to various coastal destinations, as well as two container feeder vessels which transport mostly foreign containers from the transshipment ports of Buenos Aires and Montevideo to the southern region of Patagonia for the largest long-distance container lines in the world. The local cabotage markets are generally restricted by law to established local operators with local-flagged vessels or vessels with equivalent flag privileges.

We have a diverse customer base that includes large and well-known agricultural, petroleum and mining companies as well as major shipping lines. Some of our customers in the last three years include affiliates of Archer Daniels Midland Company ("ADM"), Bunge Limited ("Bunge"), Cargill Incorporated ("Cargill"), Continental Grain Corporation ("Continental Grain"), ESSO (a subsidiary of Exxon Mobil Corporation), MMX Mineraçao e Metalicos S.A. ("MMX"), Petroleo Brasilero S.A. ("Petrobras", the national oil company of Brazil), Petropar S.A. ("Petropar", the national oil company of Paraguay), Ternium S.A. ("Ternium Siderar") or ("Siderar"), Trafigura Beheer BV ("Trafigura"), Vale S.A. ("Vale"), Vicentin S.A.I.C. ("Vicentin"), Nexen Inc. ("Nexen"), A.P. Moller-Maersk A/S ("A.P. Moller-Maersk") and Hamburg S d. We have a long history of operating in the Hidrovia Region, being founded in 1992 by one of our predecessor companies which had operated in the region for over a century, and have been able to generate and maintain longstanding relationships with our customers. We have been serving our key customers for more than 10 years on average.

Our Fleet Summary

River Fleet	Number of Vessels	Capacity	Description
Alianza G2	1	35,000 tons	Storage
Parana Petrol	1	43,164 tons	Under Conversion into an Iron Ore Floating Transshipment Station
Pushboat Fleet(1)	32	120,559 BHP	Various Sizes and Horse Power Carry
Tank Barges	81	197,522 m3	Liquid Cargo (Petroleum Products, Vegetable Oil)
Dry Barges	598	1,063,270 tons	Dry Cargo (Soy, Iron Ore, Other Products)
Total	713		

Offshore Supply Fleet	Year Built/ Delivery Date	Capacity (dwt)	Deck Area (sq. meters)
In Operation			
UP Esmeralda	2005	4,200	840
UP Safira	2005	4,200	840
UP Agua-Marinha	2006	4,200	840
UP Topazio	2006	4,200	840
UP Diamante	2007	4,200	840
UP Rubi	2009	4,200	840
UP Turquoise	2010	4,900	1,020
UP Jasper	2011	4,900	1,020
UP Jade	2012	4,200	840
UP Amber	2013	4,200	840
UP Pearl(2)	2013	4,200	840
UP Agata(3)	2013	5,145	1,000
UP Coral(3)	2013	5,145	1,000
UP Opal(3)	2013	5,145	1,000
Total		63,035	12,600

Ocean Fleet	Year Built	Capacity (dwt/TEUs)	Description
Miranda I(4)	1995	6,575	Product / Chemical Tanker
Amadeo(4)	1996	39,530	Oil / Product Tanker
Alejandrina	2006	9,219	Product Tanker
Austral(5)	2006	11,299	Product / Chemical Tanker

Asturiano	2003	1,118 (6)	Container Feeder Vessel
Argentino	2002	1,050(6)	Container Feeder Vessel
Total		66,623(7)	

(1) Does not include Alianza Rosario, an ocean-going pushboat which we employ in our River Business for salvage operations.
(2) UP Pearl was delivered in August 2013 and is expected to commence operations in the fourth quarter of 2013.
(3) UP Agata and UP Coral were recently purchased as newbuilt resales from their shipyard in China and will undergo some upgrading work at the yard before their start of operations during the first quarter of 2014. On October 25, 2013, we exercised an option to acquire a third PSV (sister to UP Agata and UP Coral) from the same yard in China. We will name her UP Opal.
(4) Our Miranda I and Amadeo were both rebuilt to double hull in 2007.
(5) The Austral is operated by us under a Bareboat charter.
(6) Twenty Foot-Equivalent Units, or TEUs.
(7) Represents sum of dwt capacity, not including the capacity of the Asturiano and Argentino which is measured in TEUs.

We issued $200.0 million aggregate principal amount of our 8 7/8% First Preferred Ship Mortgage Notes due 2021 on June 10, 2013, which are the outstanding notes that are the subject of the exchange offer described herein. On October 2, 2013, we issued an additional $25.0 million aggregate principal amount of our 8 7/8% First Preferred Ship Mortgage Notes due 2021, to which we will refer as the "add-on notes." After the issuance of the add-on notes, we have issued 8 7/8% First Preferred Ship Mortgage Notes due 2021 in an aggregate principal amount of $225.0 million. The notes, including the outstanding notes, the add-on notes and the exchange notes are secured by first preferred mortgages on 364 vessels, consisting of four ocean vessels, 335 barges and 14 pushboats having an aggregate appraised value of approximately $253 million, as of May 2013 and ten barges and one pushboat having an aggregate appraised value of $33.7 million, as of September 2013. We are offering to exchange up to $200.0 million aggregate principal amount of our 87/8% First Preferred Ship Mortgage Notes due 2021 that have been registered under the Securities Act, in exchange for any or all of our outstanding 87/8% First Preferred Ship Mortgage Notes due 2021. The vessel values are based on the average of two appraisals prepared by independent appraisers included in the definition of "Appraiser" in the "Description of the Notes." While the indenture governing the notes permits us to substitute other vessels for vessels that constitute collateral in certain circumstances, the appraised value of such other vessels must be at least equal to the appraised value of the vessels for which they are substituted. See "Description of the Notes—Tender of Qualified Substitute Vessels."

Strong Market Fundamentals

We believe that the following factors allow us to successfully capitalize on the growth in our principal markets:

- Increased Reliance on River Transportation of Agricultural and Mineral Commodities in the Hidrovia Region. The Hidrovia Region produces and exports a significant and growing amount of agricultural products and mineral commodities. Argentina, Bolivia, Brazil, Paraguay and Uruguay accounted for an estimated 55% of world soybean production in 2013, as compared to only 30% in 1995. Soybean production in these countries increased from about 41.5 million tons, or mt, in aggregate in 1995 to an estimated 115.0mt in 2012, representing a 17-year compound annual growth rate, or CAGR, of 6.2% during the period. Global growth in wealth and in industrialized agricultural products has resulted in greater consumption of meat and convenience foods, raising demand for soybeans as animal feed and as soybean oil (the second most widely used vegetable oil after palm oil). Soybeans are vital to the production of livestock feed, industrial oils, infant formula, soaps, solvents, clothing and other household materials, as well as a primary source for the production of biodiesel which, by government regulation, represents an increasing percentage of diesel consumed in Europe and other areas of the world. Production of corn (maize) and wheat in the Hidrovia Region have also grown significantly, with corn production increasing from 50.3mt in 1995 to 98.3mt in 2012, and wheat production increasing from 14.4mt in 1995 to 24.4mt in 2012. We believe that increases in crop yields through improvements in farming techniques, including the distribution of genetically modified seed technology to local farmers, as well as the large amounts of unused arable land available in the region, will allow for continued expansion of the production of soybeans and other crops.

Source: Paraguayan Chamber of Grains and Oilseed Exporters.

In the Corumb area of Brazil reached by the High Paraguay River, there are three large iron ore mines, two of which are owned by Vale while the third one is owned by MMX. Volumes of iron ore shipped down the river system have grown from approximately 2 million tons to approximately 8 million tons per year over the past decade.

The Hidrovia river system is a vital transportation link for large volume production of bulk commodities in South America, given the long distances and the limited highway and rail transportation alternatives. It is critical to providing access to the Atlantic Ocean and the global export market, where most of these cargos are destined. River barges are the most efficient and cost-effective mode of transportation compared to other modes of transportation such as railroads and trucks. According to data collected by the Paraguayan Chamber of Grains and Oilseed Exporters, ("Capeco") approximately 97%, 98% and 93% of Paraguayan soybean production was transported along the river in 2010, 2011 and 2012, respectively. Although not all grain commodities produced in the Hidrovia Region are shipped for export through the Hidrovia waterway, the increased grain production in the region is expected to proportionally increase the amount of grains transported via the river system over time.

We believe the Hidrovia Region, and demand for barge transportation along the river system, will benefit from these continuing trends going forward. The Hidrovia river system, at over 2,200 miles in length, is one of the largest navigable river systems in the world, comparable in length to the Mississippi River system in the United States. A comparison of the two river systems illustrates the significant potential for future development of the Hidrovia, which serves economies that are expected to grow faster than the U.S. economy. We estimate that there are only approximately 1,900 barges operating in the Hidrovia, compared to over 22,000 barges in the Mississippi River system. Moreover, we believe a substantial number of barges will need to be replaced over the next four years as they approach the end of their economic useful lives, further reducing the available barge capacity.

We own the most modern barge building facility in the river system. Our facility, in Punta Alvear, which commenced production in 2010, is currently capable of producing up to two 2,500 dwt barges per week, allowing us to replenish and increase our barge capacity in the river system. In addition, we have been able to sell over half of the barge production from our facility to third parties, generating significant revenues and operating profits.

- Significant Demand for Offshore Supply Vessels to Support the Growth in Offshore Oil Production. Offshore exploration and production activities are expanding globally, with total offshore oil production accounting for approximately 26.8 million bpd in 2012, according to Clarksons Research Services Ltd. Deepwater oil production is one of the fastest growing areas of the global oil industry and is replacing shallow water as the main focus of offshore oil field development. According to the IEA—World Energy Outlook 2012, deepwater production will expand from 4.8 million bpd in 2011 to 8.7 million bpd in 2035. Offshore oil production principally occurs off the coasts of Brazil and West Africa, and in the North Sea and the Gulf of Mexico. The North Sea is one of the largest offshore oil producing regions in the world and includes oil fields on the United Kingdom and Norwegian continental shelves, while Brazil is one of the fastest growing regions of deepwater and ultra-deepwater offshore production. Our offshore vessels currently operate in both Brazil and the North Sea.

Driven by Brazil's policy of becoming energy self-sufficient as well as by oil price and cost considerations, offshore exploration, development and production activities within Brazil have grown significantly and Brazil is increasingly becoming a major exporter of oil. The deepwater Campos Basin, an area located about 80 miles offshore, has been the leading area for offshore activity. Activities have been extended to the deepwater Santos and Espirito Santo Basins located far off the coast while additionally requiring resources to develop pre salt areas of water depths of over 9,000 feet. During 2008, 2009 and 2010, several significant discoveries have been made, which could possibly more than double Brazilian oil reserves when confirmed. This increase in activity is driven primarily by Petrobras and other producers, including British Petroleum ("BP"), Chevron Corporation ("Chevron"), Exxon Mobil Corporation ("Exxon Mobil"), OGX Petroleo e Gas Participa oes ("OGX") and Royal Dutch Shell plc ("Shell").

Platform supply vessels generally support oil exploration, production, construction and maintenance activities and have a high degree of cargo flexibility. They utilize space above and below deck to transport dry and liquid cargo, including heavy equipment, pipe, drilling fluids, provisions, fuel, dry bulk cement and drilling mud. The market for offshore platform supply vessels, or PSVs, both on a worldwide basis and within Brazil, is driven by a variety of factors. On the demand side, the driver is the growth in offshore oil development / production activity, which in the long term is driven by the price of oil and the cost of developing the particular offshore reserves. Demand for PSVs is further driven by the location of the reserves, with fields located further offshore and in deeper waters generally requiring more vessels per field and larger, more technologically advanced vessels. Petrobras has announced that it expects to increase the use of supply and special vessels from 287 vessels at the end of 2010 to 423 vessels by 2013, 479 vessels by 2015 and 568 vessels by 2020. The Brazilian market has seen an increasing demand for larger PSVs since 2005 (prior to 2005 large PSVs in excess of 4,000 dwt were unusual in Brazilian waters), and we believe the demand for this type of vessel will grow significantly in the next three years.

The trend for offshore petroleum exploration, particularly in Brazil, has been to move toward deeper, larger and more complex projects, such as the Tupi and Jupiter fields in Brazil, which we believe will result in increased demand for more sophisticated and technologically advanced PSVs to handle the more challenging environments and greater distances. Each offshore drilling or production unit working on deepwater projects typically requires more than one offshore supply vessel to service it. Deepwater service favors large, modern vessels that can provide a full range of flexible services, including dynamic positioning systems, while providing economies of scale to installations distant from shore. Large PSVs typically service several platforms in a single voyage, which can last between three to five days.

Our Three Lines of Business

River Business

We are the leading integrated river transportation company in the Hidrovia Region. Our River Business, which we operate through our subsidiary UABL, owns and operates 679 barges with approximately 1.2 million dwt capacity and 33 pushboats. Of those, 598 are dry barges that can transport agricultural and forestry products, iron ore and other cargoes and the other 81 are tank barges that can carry petroleum products, vegetable oils and other liquids. We believe that our fleet size is roughly as large as the next three competitors in the Hidrovia river system combined. Our advanced infrastructure along the banks of the Hidrovia river system, including our modern automated shipyard, distinguishes us from all other operators in the Hidrovia.

We operate our pushboats and barges on the navigable waters of the Parana, Paraguay and Uruguay Rivers and part of the River Plate in South America, also known as the Hidrovia Region. At over 2,200 miles in length, the Hidrovia Region is comparable in length to the Mississippi River in the United States and connects Bolivia, Brazil, Paraguay, Argentina and Uruguay.

Our River Business operations includes transportation of dry cargo (including soy pellets, grains, iron ore) and liquid cargo (vegetable oil) downriver where it typically transfers to ocean-going vessels for export, and transportation of petroleum products and general cargos northward to upstream destinations in Argentina, Paraguay, Bolivia and Brazil.

Our River Business infrastructure allows us to operate an efficient hub system where our pushboats use hubs or fleeting areas to drop their barge tows, utilizing our pushboats more effectively in comparison to the use of dedicated tows. Our networks of River Terminals, which includes the Tres Fronteras Terminal at kilometer 1,928 and the Dos Fronteras Terminal at kilometer 1,800, together with multiple fleeting areas in Chaco-I, San Gotardo, Confluencia, San Lorenzo and Corumb , provide the necessary network required for us to efficiently operate in the river system.

Our shipyard at Punta Alvear, which commenced production in January 2010, enables us to build new barges and other vessels and has given us the ability to efficiently increase our capacity in both dry and tank barges. We are also able to sell barges we produce to third parties, which has continued to contribute to the revenues and operating profits of our River Business. Our facility produces barges with a capacity of 2,500 dwt each, or approximately 66% larger than the standard Mississippi-size barge with a capacity of 1,500 dwt, which is designed to accommodate the size of the locks on the Mississippi river system. We believe our facility is one of the most modern of its kind in the world and has proven to be capable of producing barges at high rates of productivity at a cost significantly lower than any alternative source available to the region.

For the fiscal year ended December 31, 2011, revenues from barge sales to third parties from our Punta Alvear yard were $19.1 million, and manufacturing expenses for the same period were $12.7 million, resulting in an operating profit from sales of barges to third parties of $6.4 million. These results corresponded to the sale of twenty dry jumbo barges.

For the fiscal year ended December 31, 2012, revenues from barge sales to third parties from our Punta Alvear yard were $30.3 million, and manufacturing expenses for the same period were $18.5 million, resulting in an operating profit from sales of barges to third parties of $11.8 million. These results corresponded to the sale of 23 jumbo barges. The operating profit for the fiscal year ended December 31, 2012, does not include $2.1 million from the sales of 14 dry barges to a non-related third party which are on lease back to us and which operating profit is deferred over the life of the operating lease.

We have received contracts for 51 barges to be built and delivered in 2013, and on May 15, 2013, one of our customers exercised its option to purchase from us seven additional newbuild jumbo tank barges to be produced in our Punta Alvear barge building facility on terms and conditions similar to its previous order. Delivery for these barges is expected by the end of December 2013. Including this transaction, we have sold and expect to deliver 58 barges to third parties in 2013.

We are in the process of converting our Parana Petrol barge into an iron ore transshipment station in our River Business, capable of transshipping 800,000 tons per year from barges transporting iron ore down the river into ocean-going vessels for export to international markets. We expect that conversion to be finalized in the fourth quarter of 2013. We have entered into a take-or-pay contract for a period of three years with a major iron ore producer in the region. As part of our engine replacement program, we have re-engined six out of eleven of our biggest main line pushboats with new engines from MAN which consume heavier grades of fuels instead of diesel oil and expect to complete re-engining of a seventh pushboat by the end of 2013. Heavier fuels have been, from 2001 to 2011, 25%

cheaper on average than diesel fuel and we anticipate will deliver cost savings. The engines for the remaining five pushboats have already been purchased and delivered to us, and we expect to have completed the re-engining program by 2015.

Offshore Supply Business

Our Offshore Supply Business, which we operate through our subsidiary UP Offshore, is focused on serving companies that are involved in the complex and logistically demanding activities of deepwater oil exploration and production. Our PSVs are designed to transport supplies, equipment, drill casings and pipes on deck, along with fuel, water, drilling fluids and bulk cement in under-deck tanks and a variety of other supplies to drilling rigs and offshore platforms.

Our offshore supply fleet consists of eleven PSVs in operation and three newbuilt PSV resales which we recently purchased in China. The three newly-purchased PSVs are expected to be delivered to us in November or December of 2013 and to begin operations in the first or second quarter of 2014. On October 22, 2013, we cancelled the shipbuilding contract for Hull No. V-387 (UP Onyx) and therefore have no other PSVs being built in India. Ten of the fourteen vessels currently in our offshore supply fleet, including our three recent newbuilt resale acquisitions which have not yet been chartered, are contracted for employment in the Brazilian market, under term time charters with Petrobras. Through one of our Brazilian subsidiaries, we have the competitive advantage of being able to operate a number of our PSVs in the Brazilian market with cabotage trading privileges, enabling those PSVs to obtain employment in preference to other non-Brazilian-flagged vessels.

The trend for offshore petroleum exploration, particularly in Brazil, has been to operate a fleet capable of servicing deeper, larger, more complex projects, such as the Tupi and Jupiter fields in Brazil, which we believe will result in increased demand for more sophisticated and technologically advanced PSVs to handle the increasingly challenging environments and greater distances. Our PSVs are of a larger deadweight and are equipped with dynamic positioning capabilities, greater cargo capacity and deck space than other PSVs serving shallow water offshore rigs. These attributes provide us with a competitive advantage in efficiently serving our customers' needs.

One of our PSVs, the UP Jasper, is currently operating in the UK's North Sea. Our ability to operate in the UK's North Sea, where we have had a presence since 2005, allows us the flexibility to deploy our vessels in either the UK's North Sea or off the coast of Brazil in accordance with prevailing market conditions and we believe enhances our negotiating power within the Brazilian market.

Ocean Business

In our Ocean Business, we operate six ocean-going vessels. Our four Product Tankers, one of which is on bareboat charter to us from a non-related third party, are currently employed in the South American cabotage trade of petroleum and petroleum products. Waterborne transportation via the coastwise tanker trades forms a key part of the region's oil supply system. Argentina's refining capacity is largely located in the River Plate estuary near Buenos Aires. Crude oil from oil fields in southern Argentina is shipped to refineries near Buenos Aires by tankers. Coastal cities in Southern Argentina receive petroleum products by tankers from these refineries. Cabotage tankers are also used for lightering of international tankers (discharge of cargo to reduce draft) and for short voyages within the Plate Estuary and Parana River. Transportation demand is based on distribution requirements and tends to be stable, following the underlying petroleum product demand trends. Due to the remoteness of the region from active spot market tanker routes, time charters are often viewed as necessary by refineries and oil companies to ensure availability of quality vessels meeting their operating, safety and environmental requirements. Our four Tankers, Miranda I, Alejandrina, Amadeo and Austral are currently employed under time charters with principal oil refineries serving regional trades in Argentina and Brazil.

We have pursued the expansion of our ocean fleet by participating in a cabotage, flag-protected container feeder service along a portion of the eastern coast of South America, through the acquisition of two container vessels the Asturiano and Argentino during May 2010 and February 2011, respectively. Coastal container feeder shipping provides important north-south links between Buenos Aires, Montevideo and coastal ports in southern Patagonia. Economic development programs have encouraged the development of the manufacturing industry in the southern region of Tierra del Fuego in Patagonia. Components required by the manufacturing facilities in that region are imported on containerships from the Far East and other foreign ports of origin by the major international container lines, to Buenos Aires or Montevideo, with transshipment to Ushuaia under feeder agreements. Finished goods from the manufacturing facilities in the south are in turn transported north with feeder containerships from the port of Ushuaia to Buenos Aires for distribution. Cargo is also carried to and from other southern Patagonia ports, such as Puerto Madryn, to meet local demand. We have seen demand for containerized cargo increase steadily since we initiated our feeder service in 2010.

Generally throughout South America, voyages between two ports within the same country are considered "cabotage" and require the use of vessels flying the domestic flag or enjoying the equivalent privileges. Our ocean vessels enjoy such privileges in the markets they operate in.

Our Competitive Strengths

We believe that the following strengths allow us to maintain a competitive advantage within the markets we serve:

- Largest Fleet and Transportation Network in the Hidrovia River System. We are the largest provider of transportation services in the Hidrovia river system with a fleet capacity approximately as large as our next three competitors combined. We have also developed the largest independently held network of loading and storage terminals, fleeting areas and transfer facilities strategically located along the river system. The size and quality of our river fleet and infrastructure allows us to operate an efficient hub system which improves our fleet utilization and provides us with a significant competitive advantage. The significant investments that have been made in our technology, on 66 new jumbo-sized barges (with a capacity of 2,500 dwt vs. 1,500 dwt for a standard Mississippi-size barge) and a significant investment in modern, highly-powered heavy fuel consuming engines, further enable our River Business to use its assets more efficiently than its competitors while providing a unique service to our customers. Our vertically integrated barge manufacturing facility, which is one of the most modern of its kind in the world, provides us with the distinct ability to increase our fleet capacity at a cost significantly lower than any alternative source available to the region and at the same time produce and sell barges to third parties both for use in the Hidrovia Region and other areas of the world.

- Modern Fleet of Large PSVs Serving the Offshore Platform Supply Market. Our large, modern PSVs have substantial cargo capacity and deck space, as well as advanced dynamic positioning systems which enable us to better serve customers operating in challenging and distant deepwater offshore environments. We have doubled the size of our PSV fleet over the past five years, and we believe we are the second largest owner of 4,500 dwt class platform supply vessels in the Brazilian market, where we have an established presence with local flag privileges for part of our fleet and have secured employment for our vessels under term contracts. We believe that our operation of large, modern and technologically advanced PSVs and our track record provide us a competitive advantage in securing attractive long-term employment for our vessels.

- Diverse Revenue Base Across Multiple End Markets. We believe that our diversification across multiple segments of the marine transportation industry allows us to limit our exposure to the business cycles in any particular segment, helping provide stability in our revenues and profitability. Our River Business is driven by the growing worldwide consumption of agricultural products and the demand for iron ore to manufacture steel. Our Offshore Supply Business benefits from the increasing global consumption of energy and the continued development of offshore drilling and production. Our Ocean Business meets the logistical needs to supply and distribute petroleum products and general container cargo in niche flag-protected markets. We believe this diversity in the sources of our revenues reduces the risk of exposure to any single end market.

  - Preferential Treatment in Certain Markets. Most countries provide preferential treatment, referred to as "cabotage privileges," for vessels that are flagged in their jurisdiction or chartered in for operation by local ship operators. For example, Brazilian law provides a preference for the utilization of Brazilian-flagged vessels in its cabotage trade. Through one of our Brazilian subsidiaries, we have the competitive advantage of being able to trade many of our PSVs currently in operation in the Brazilian cabotage market, enabling them to obtain employment in preference to vessels without those cabotage privileges. Similarly, all of our ocean-going vessels enjoy cabotage privileges in Argentina.

- Long-Term Relationships with High Quality Customers. We have longstanding relationships with large, stable customers, including affiliates of major international agricultural and oil companies, such as Cargill, Petrobras, ADM, Trafigura and Continental Grain. We pride ourselves on our operational excellence, our ability to provide high quality service and our commitments to safety, quality and the environment. The quality of our vessels as well as the expertise of our vessel crews and engineering resources helps us maintain highly reliable and consistent performance for our customers. Our two largest customers, Petrobras and Trafigura, accounted for 29% and 16% of revenues for the fiscal year ended December 31, 2012, respectively, and our five largest customers accounted for 63% of revenues for the fiscal year ended December 31, 2012.

Our Business Strategy

Our business strategy is to continue to grow by leveraging our expertise and customer relationships through our investments in different sectors of the transportation industry. Our River Business is the leading barge transportation company in the Hidrovia Region and is well positioned to deliver strong operational results. We plan on expanding our presence in the Brazilian offshore oil platform supply services industry in order to capitalize on attractive trends in that market. We plan to implement our business strategy by doing the following:

- Leverage Our Market Position to Capitalize on Strong Underlying River Fundamentals. We plan to leverage our leading market position in the Hidrovia to capitalize on the attractive supply and demand fundamentals for marine transportation in the region and to further expand our lines of business and the capacity and range of marine transportation services provided by us. The Hidrovia river system is one of the largest navigable river systems in the world, comparable in length to the Mississippi River system in the United States, and represents the most efficient means of transportation in a fertile and commodity-rich region with a shortage of transportation infrastructure

alternatives. Our ability to enlarge our fleet with barges produced at our vertically integrated facility at a competitive cost, and to continue to take advantage of the economies of scale afforded to us by our large fleet, increasingly fuel-efficient pushboats and network of infrastructure should allow us to extend our dominant position in the river system.

- Continue Expanding our Offshore Operations. We intend to continue to leverage our expertise, local presence and success in the Brazilian offshore market by deploying additional vessels in the region. We currently have nine vessels operating in the Brazilian offshore supply market and expect to deploy the tenth PSV in Brazil, UP Pearl, during the fourth quarter of 2013. Finally, we will deploy our three PSVs recently acquired depending on how the markets in which we operate (namely the UK's North Sea and Brazil) perform, with a view to balancing the exposure of our fleet to the different offshore markets. The demand for long-term employment at attractive and improving charter rates, particularly for our large, modern PSVs, reflects the attractive fundamentals of the Brazilian offshore market. We believe that the opening of the Brazilian oil exploration and production market to private and foreign participation will allow for further growth opportunities and customer diversification.

- Maintain and Optimize our Asset Diversification and Employment. We continually monitor developments in the shipping industry and make charter-related decisions based on an individual vessel and segment basis, as well as on our view of overall market conditions in order to implement our overall business strategy. In our River Business, we have contracted a substantial portion of our fleet's barge capacity on a one- to five-year basis to our major customers. These contracts typically provide for fixed pricing, minimum volume requirements and fuel price adjustment formulas, and we intend to develop new customers and cargoes as we grow our fleet capacity. In our Offshore Supply Business, we plan to continue chartering our PSV fleet primarily in Brazil under long-term time charter employment. We have historically operated our cabotage Ocean Business tanker vessels under period time charters with oil refineries and major oil companies and will aim to continue to do so. Our two container feeder vessels operate on a voyage by voyage basis.

- Focusing on Generating Operational Efficiencies. We have identified opportunities and are implementing our plans to improve overall efficiency and profitability. In our River Business our re-engining program is underway, and we have invested in new, bigger engines for our main line pushboats, which will burn less expensive fuels. We also continue to focus on optimizing our barge and tug scheduling, maximizing loads and tow size and reducing empty back-hauls through our strategically located fleeting areas. We believe that the increased traffic density from the continued growth in overall demand for waterborne transportation of commodities and the expansion of our footprint in the river system will reduce non-revenue producing days and increase our overall transportation volumes and strengthen our margins. At our barge manufacturing facility, we are focused on establishing an infrastructure that optimizes our production capabilities and efficiencies, to maximize profitability and return on capital. Our facility has increased its output and its third party sales from 19 barges in 2011 to 37 barges in 2012 with over 50 barges already contracted for sales to third parties in 2013.

Summary of recent waivers and / or covenant non-compliance

Our operations are financed through various loans, including but not limited to loans for our River Operations from International Finance Corporation ("IFC") and The OPEC Fund for International Development ("OFID"). As of June 30, 2013, the aggregate outstanding principal balance under these loans agreements with IFC and OFID was $88.7 million. These loans and their respective guarantee agreements contain customary covenants which include financial ratios calculated on a quarterly basis in respect of the various borrowers and guarantors under these loans. We were not in compliance with one of the covenants under these loan agreements, the historical debt service coverage ratio, as of December 31, 2012. We immediately engaged in discussions with IFC and OFID, respectively, and each of these organizations waived, on March 8 and 14, 2013, respectively, our obligation under these loan agreements to comply with the historical debt service coverage ratio as of both December 31, 2012 and March 31, 2013. As of June 30, 2013 and thereafter we were in compliance with the historical debt service coverage ratio and all other covenants under our IFC and OFID Loans.

Separately and in connection with the refinancing of our 9% First Preferred Ship Mortgage Notes due 2014, on May 23, 2013 both IFC and OFID waived certain non-financial covenants in order to allow the Company to provide collateral as guarantee for the 87/8% First Preferred Ship Mortgage Notes due 2021. These waivers were not due to any non-compliance by the Company or its subsidiaries of financial covenants and were solely required in order to permit the release of mortgages on part of our river fleet in order to allow for the re-mortgaging of that equipment as part of the collateral guaranteeing the 87/8% First Preferred Ship Mortgage Notes due 2021.

For a more detailed discussion of our loan covenants and the waivers mentioned above, please see "Description of Credit Facilities and Other Indebtedness".

Ownership and Corporate Structure

Our management team is led by members of the Menendez family. The family collectively has been involved in the shipping industry for over 130 years. Our senior executive officers have on average 39 years of experience in the shipping industry. Our management team has significant expertise in various lines of business and has been instrumental in developing and maintaining our certified safety and quality management systems and our operational plans.

On December 12, 2012, we announced the closing of the Investment Agreement entered into on November 13, 2012, with Sparrow, a subsidiary of Southern Cross. Southern Cross is a private equity firm founded in 1998 to make investments in Latin American companies that have significant potential for improved performance and growth. At that closing, we sold 110,000,000 shares of newly issued common stock to Sparrow at a purchase price of $2.00 per share. We received proceeds of $220.0 million from the transaction. As of June 30, 2013, Southern Cross beneficially owned 78.34% of the outstanding common shares of Ultrapetrol, representing approximately 58.9% of the voting power of our outstanding shares. Since inception, Southern Cross has raised over $2.5 billion and has invested in over 30 companies in a wide range of industries, including consumer goods, retail, homebuilding, entertainment, logistics, pharmaceuticals, energy, oil & gas, public services, IT and telecom.

The following diagram is intended to illustrate our general corporate structure and the basic relationships of our businesses and subsidiaries to the restricted group of companies under the indenture and does not specifically identify all of the Subsidiary Guarantors or Pledgors under the indenture. Some of our restricted subsidiaries have issued other debt to finance their vessels, as described in this prospectus. Our actual corporate structure is more complex, including over 60 direct and indirect subsidiaries.

As of June 30, 2013, our Subsidiary Guarantors represented 38% and 42%, respectively, of our consolidated total assets and total liabilities, before consolidating adjustments.

Corporate Information

We are incorporated in The Bahamas under the name Ultrapetrol (Bahamas) Limited. Our registered office is situated at H&J Corporate Services Ltd., Ocean Center, Montagu Foreshore, East Bay Street, Nassau, Bahamas. Our telephone number there is

1-242-364-4755. Our website is http://www.ultrapetrol.net. The information on our website is not part of this prospectus.

Recent Developments

Sale of Barges to Third Parties for export to Colombia

On July 8, 2013, we entered into a Rake Barge Master Agreement and the corresponding Memoranda of Agreement whereby we agreed to build and sell from our Punta Alvear yard a set of seven newbuilt tank barges to a third party for export to Colombia with deliveries ranging between November and December 2013 in terms similar to the previously sold barges exported to Colombia.

Redemption of 9% First Preferred Ship Mortgage Notes due 2014

On July 10, 2013, we redeemed all $180.0 million of our outstanding 9% First Preferred Ship Mortgage Notes due 2014 with proceeds of our offering of $200.0 million 8 7⁄8% First Preferred Ship Mortgage Notes due 2021.

Purchase of Remaining Interest in UP Offshore (Bahamas)

On July 25, 2013, we purchased from Firmapar Corp. the 5.55% ownership of UP Offshore (Bahamas) we did not yet own for $10.3 million. We now own 100% of the common stock of UP Offshore (Bahamas) Limited.

Delivery of UP Pearl

On August 12, 2013, we took delivery of UP Pearl, the eleventh PSV in our fleet.

$25.0 million Add-On Notes issued under the 8.875% First Preferred Ship Mortgage Notes due 2021

On October 2, 2013, we closed the sale of $25.0 million in aggregate principal amount of our 8.875% First Preferred Ship Mortgage Notes due 2021 (the "Add-On Notes"), which were offered as an add-on to our outstanding $200.0 million aggregate principal amount of 8.875% First Preferred Ship Mortgage Notes due 2021. As a result of the offering of the Add-On Notes, we have outstanding an aggregate principal amount of $225.0 million of our 8.875% First Preferred Ship Mortgage Notes due 2021. The Add-On Notes were sold at 104.5% and the gross proceeds to us of the offering totaled $26.1 million.

Drawdown of $20.6 million under the DVB Bank SE, NIBC Bank N.V. and ABN Amro Bank N.V. $84.0 million facility and full prepayment of the DVB Natixis facility

On October 11, 2013, we drew down $20.6 million in respect of Tranches A & B of the Loan Agreement with DVB NIBC and ABN Amro after having satisfied all conditions precedent in connection with the UP Pearl drawdown

against delivery. Of the proceeds from this drawdown, a total of $8.6 million were used to fully repay the then outstanding amounts under the original DVB Natixis facility, as amended.

Purchase of two additional newbuilt PSVs in China and option for a third sister PSV

On October 3, 2013, we entered into two Memorandums of Agreement ("MOAs") whereby we agreed to acquire two 5,145 dwt newbuilt Chinese sister PSVs. The purchase price for these vessels under the MOAs is $31.5 million each. These vessels will undergo certain tank tendering systems upgrading works at the same yard where they were built and are expected to commence operations during the first quarter of 2014. In addition, we exercised on October 25, 2013, an option to acquire a third PSV of identical specifications as the previous two which is also prompt for delivery from the same Chinese yard during the fourth quarter of 2013.

Cancelling of Shipbuilding Contract for Hull No. V-387 (UP Onyx)

On October 22, 2013, we cancelled the Shipbuilding Contract for Hull No. V-387 (UP Onyx) on account of the shipyard's delay in delivering the vessel.

Sale of Barges to Third Parties for export to Paraguay

On October 24, 2013, we entered into a barge building contract whereby we agreed to build and sell from our Punta Alvear yard a set of twelve newbuilt covered hopper barges to a third party for export to Paraguay with deliveries ranging between January and April 2014. Gross proceeds to us from this sale (for which we have received a 50% advance payment) will be $13.2 million.

SUMMARY OF THE TERMS OF THE EXCHANGE OFFER

The following summary contains basic information about the exchange offer and is not intended to be complete. For a more complete understanding of the exchange offer, please refer to the section of this prospectus entitled "The Exchange Offer."

Exchange Offer	We are offering to exchange up to $200,000,000 in aggregate principal amount of our 8 7/8% First Preferred Ship Mortgage Notes due 2021 that have been registered under the Securities Act, in exchange for any or all of our outstanding 87/8% First Preferred Ship Mortgage Notes due 2021. In this prospectus, we refer to the unregistered notes as the outstanding notes and the registered notes as the exchange notes. We refer to both the outstanding notes and the exchange notes collectively as the notes. The issuance of the exchange notes is intended to satisfy some of our obligations under the registration rights agreement entered into in connection with our private placement of the outstanding notes. For procedures for tendering your outstanding notes, please see the section of this prospectus entitled "The Exchange Offer." The exchange notes will be issued in denominations of $1,000, and integral multiples of $1,000.
Expiration Date	The exchange offer expires at 5:00 p.m., New York City time, on , 2013, unless we extend the expiration date. Please read the section of this prospectus entitled "The Exchange Offer — Extensions, Delay in Acceptance, Termination or Amendment" for more information about the expiration date of the exchange offer.
Withdrawal of Tenders	You are entitled to withdraw your election to tender outstanding notes at any time prior to the expiration of the exchange offer. We will return to you, without charge, promptly after the expiration or termination of the exchange offer any outstanding notes that you tendered but that were not accepted for exchange.
Conditions to the Exchange Offer	We will not be required to accept outstanding notes for exchange: if the exchange offer would be unlawful or would violate any interpretation of the staff of the SEC, or if any legal action has been instituted or threatened that would impair our ability to proceed with the exchange offer. The exchange offer is not conditioned upon any minimum aggregate principal amount of outstanding notes being tendered. For more information about the conditions to the exchange offer please read the section of this prospectus entitled "The Exchange Offer — Conditions to the Exchange Offer."
Procedures for Tendering Outstanding Notes	If your outstanding notes are held through The Depository Trust Company ("DTC"), and you wish to participate in the exchange offer, you may do so through DTC's automated tender offer program. If you tender under this program, you will agree to be bound by the letter of transmittal that we are

providing with this prospectus as though you had signed the letter of transmittal. By signing or agreeing to be bound by the letter of transmittal, you will represent to us that, among other things:

- any exchange notes that you receive will be acquired in the ordinary course of your business;
- you have no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the exchange notes in violation of the Securities Act;
- you are not an "affiliate" of ours or of any of our subsidiaries within the meaning of Rule 405 under the Securities Act; and
- if you are a broker-dealer that will receive exchange notes for your own account in exchange for outstanding notes that you acquired as a result of market-making activities or other trading activities, you will deliver a prospectus in connection with any resale of such exchange notes.

Special Procedures for Beneficial Owners

If you own a beneficial interest in outstanding notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender the outstanding notes in the exchange offer, please contact the registered holder as soon as possible and instruct the registered holder to tender on your behalf and to comply with our instructions described in this prospectus.

Guaranteed Delivery Procedures	You must tender your outstanding notes according to the guaranteed delivery procedures described in this prospectus under the heading "The Exchange Offer — Guaranteed Delivery Procedures" if any of the following apply: you wish to tender your outstanding notes but they are not immediately available; you cannot deliver your outstanding notes, the letter of transmittal or any other required documents to the exchange agent, who is identified below, before the expiration date; or you cannot comply with the applicable procedures under DTC's automated tender offer program before the expiration date.
Resales	Except as indicated in this prospectus, we believe that the exchange notes may be offered for resale, resold and otherwise transferred without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that: you are acquiring the exchange notes in the ordinary course of your business; you are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate, in the distribution of the exchange notes; and you are not an affiliate of the Company or any subsidiary. Our belief is based on existing interpretations of the Securities Act by the SEC staff set forth in several no-action letters to third parties. We do not intend to seek our own no-action letter, and there is no assurance that the SEC staff would make a similar determination with respect to the exchange notes. If this interpretation is inapplicable, and you transfer any exchange note without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from such requirements, you may incur liability under the Securities Act. We do not assume or indemnify holders of notes against such liability. Each broker-dealer that is issued exchange notes for its own account in exchange for outstanding notes that were acquired by that broker-dealer as a result of market-making or other trading activities must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the exchange notes. Broker-dealers who acquired outstanding notes directly from us will not be eligible to receive exchange notes in return for those outstanding notes. A broker-dealer may use this prospectus for an offer to resell, resale or other transfer of the exchange notes. Please read the section of this prospectus entitled "Plan of Distribution" for more information regarding the resale of the exchange notes.
U.S. Federal Income Tax Considerations	The exchange of outstanding notes for exchange notes under the exchange offer will not be subject to U.S. Federal income tax. You

	will not recognize any taxable gain or loss or any interest income as a result of such exchange. For more information about tax considerations of the exchange offer please read the section of the prospectus entitled "Tax Considerations — U.S. Federal Income Tax Consequences."
Use of Proceeds	We will not receive any proceeds from the issuance of the exchange notes pursuant to the exchange offer. We are making this exchange offer solely to satisfy our obligations under the registration rights agreement. We will pay all our expenses incident to the exchange offer.
Registration Rights	If we fail to complete the exchange offer as required by the registration rights agreement, we may be obligated to pay additional interest to holders of outstanding notes.
Exchange Agent	Manufacturers and Traders Trust Company is the exchange agent for this exchange offer. Please direct questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for the notice of guaranteed delivery to the exchange agent. If you are not tendering under DTC's automated tender offer program, you should send the letter of transmittal and any other required documents to the exchange agent as follows: Manufacturers and Traders Trust Company 25 South Charles Street, 16th Floor Baltimore, MD 21201 Attention: Corporate Trust Administration Facsimile: (410) 244-4236 Telephone: (410) 949-3167

SUMMARY OF THE TERMS OF THE EXCHANGE NOTES

The summary below describes the principal terms of the exchange notes. Some of the terms and conditions described below are subject to important limitations and exceptions. A more detailed description of the terms and conditions of the exchange notes is contained in this prospectus in the section entitled "Description of the Exchange Notes."

Issuer	Ultrapetrol (Bahamas) Limited.
Notes	$200,000,000 aggregate principal amount of 87/8% First Preferred Ship Mortgage Notes due 2021, which have been registered under the Securities Act. The terms of the exchange notes and the outstanding notes are identical in all material respects, except that the exchange notes will not be subject to restrictions on transfer or to any increase in annual interest rate for failure to file this registration statement as required by the registration rights agreement. The same indenture will govern the exchange notes as governs the outstanding notes.
Maturity Date	June 15, 2021.
Interest Payment Dates	June 15 and December 15 of each year, commencing December 15, 2013.
Guarantees	The notes are guaranteed, jointly and severally, on a senior basis, by certain of our existing and future subsidiaries that directly or indirectly own collateral. The notes are not guaranteed by any of our subsidiaries that do not directly or indirectly own collateral, including the majority of our subsidiaries directly involved in our River and Ocean Business and all of the entities involved in our Offshore Business. The notes will also not be guaranteed by the Pledgors (as defined in "Description of the Exchange Notes"), although each Pledgor has pledged certain vessels and related assets owned by it as collateral.
Ranking	The notes and the Subsidiary Guarantees are our and the Subsidiary Guarantors' (as defined in "Description of the Notes") senior secured obligations. The notes and the Subsidiary Guarantees:

with respect to each Subsidiary Guarantor, rank ahead of all other claims (other than claims represented by Permitted Liens (as defined in the Description of Notes) that rank senior or pari passu in right of payment to the claims of the holders of the notes) with respect to and to, and only to, the extent of the value, priority and validity Collateral (as defined in "Description of the Notes") pledged by such Subsidiary Guarantor;

rank equally in right of payment with all of our and the Subsidiary Guarantors' existing and future senior indebtedness;

rank senior in right of payment to all of our and the Subsidiary Guarantors' existing and future subordinated indebtedness; and

be structurally subordinated to all existing and future liabilities, including trade payables, of our subsidiaries that are not providing guarantees.

See "Description of the Notes—Ranking."

As of June 30, 2013, subsidiaries that are not Subsidiary Guarantors had long-term debt totaling $183.3 million.

Security and Collateral	The notes and Subsidiary Guarantees are secured by first preferred mortgages on 353 vessels, consisting of four ocean vessels, 335 barges and 14 pushboats owned, directly or indirectly, by the Subsidiary Guarantors and the Pledgors, as well as first priority liens on, among other things, the earnings and insurances on each such mortgaged vessel or barge. As of May 2013, the appraised value of these vessels and barges was approximately $253 million. The notes and Subsidiary Guarantees are not secured by vessels we acquire in the future other than substitute collateral, nor are they secured by any related liens on the earnings and insurances on each such newly acquired vessel. The notes and Subsidiary Guarantees are not secured by any vessels owned by our subsidiaries that are not Subsidiary Guarantors or Pledgors, including the majority of our subsidiaries directly involved in our River and Ocean Business and all of the entities involved in our Offshore Business. In addition, the notes and Subsidiary Guarantees are secured by first priority liens on the capital stock of each Subsidiary Guarantor (but only to the extent that, as to any subsidiary, such a pledge of capital stock does not give rise to reporting requirements on the part of such subsidiary under the rules of the SEC or any other governmental authority). See "Description of the Notes—Limitations on Stock Collateral."
Optional Redemption	Prior to June 15, 2016, we may at any time and from time to time redeem, in whole or in part, the notes at a redemption price equal to 100% of their principal amount plus the Applicable Premium (as defined in "Description of the Notes—Optional Redemption") as of, and accrued and unpaid interest to, the redemption date. See "Description of the Notes—Redemptions—Optional Redemption Upon Make Whole Payment." On or after June 15, 2016, we may at any time and from time to time redeem, in whole or in part, the notes at the redemption prices listed under "Description of the Notes—Redemptions—Optional Redemption," plus accrued and unpaid interest to the date of the redemption. In addition, on or before June 15, 2016, we may redeem up to 35% of the original principal amount of the notes (including any additional notes) with the proceeds of one or more equity offerings at a redemption price of 108.875% plus accrued and unpaid interest to the redemption date within 180 days after such equity offering. See "Description of the Notes—Redemptions—Redemption Upon a Qualified Equity Offering."
Redemption upon a Change in Tax Law	We may redeem the notes, at any time as a whole but not in part, at 100% of the principal amount thereof, plus accrued and unpaid interest to the date of redemption, in the event that we or any of the Subsidiary Guarantors or Pledgors has become or would become

	obligated to pay certain amounts as a result of the imposition of withholding taxes on the notes as a result of a change in the laws of any Relevant Taxing Jurisdiction (as defined in "Description of the Notes." See "Description of the Notes—Redemptions—Redemption for Changes in Withholding Taxes."
Change of Control	Upon a change in control, we will be required to make an offer to purchase each holder's notes at a price of 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase. See "Description of the Notes—Change of Control."
Additional Amounts	All payments by us or the Subsidiary Guarantors in respect of the notes, whether of principal or interest, will be made without withholding or deduction of any taxes imposed by or within any Relevant Taxing Jurisdiction (as defined in "Description of the Notes"), unless such withholding or deduction is required by law or the interpretation and administration thereof, in which case, subject to specified exceptions and limitations, we or the Subsidiary Guarantors, as the case may be, will pay such additional amounts as may be necessary so that the net amount received by the holders of the notes after such withholding or deduction will not be less than the amount that would have been received in the absence of such withholding or deduction. See "Description of the Notes—Withholding Taxes."

Certain Covenants	The indenture contains covenants that limit our ability and certain of our subsidiaries to: incur or guarantee additional indebtedness; pay dividends on our capital stock or redeem, repurchase or retire our capital stock and subordinated indebtedness; create restrictions on the payment of dividends or other amounts to us from our restricted subsidiaries; transfer or sell assets, including the capital stock of our subsidiaries; create liens; make investments; engage in sale and leaseback transactions; engage in transactions with our affiliates; engage in mergers and consolidations; and impair the security interest with respect to the collateral. These covenants are subject to a number of important qualifications and exceptions, which are described under "Description of the Exchange Notes."
Additional Notes	We may, without the consent of the holders of the notes and subject to our compliance with covenants limiting our ability to incur or guarantee additional indebtedness and create liens, issue additional notes under the indenture governing the notes in the future with the same terms as the notes offered hereby in an unlimited aggregate principal amount; provided, however, that in the event that these additional notes are not fungible with the notes offered hereby for U.S. Federal income tax purposes, such nonfungible additional notes will be issued with a separate CUSIP or ISIN number so that they are distinguishable from the notes offered hereby.

RISK FACTORS

Investing in the notes involves substantial risks. See "Risk Factors" immediately following this summary for a description of certain of the risks you should carefully consider before investing in the notes.

Summary Historical Consolidated Financial Data

The summary consolidated financial information set forth below may not contain all of the financial information that you should consider when making a decision whether to participate in the exchange offer. You should carefully read our consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus for additional financial information about us. Our summary financial information as of and for the fiscal years ended December 31, 2012, 2011, 2010, 2009 and 2008 have been derived from our respective audited consolidated financial statements. Our summary condensed financial data as of June 30, 2013 and 2012 and for the six-month periods then ended has been derived from our respective unaudited condensed consolidated financial statements and, in the opinion of management, include all adjustments (consisting of normal recurring adjustments) necessary to present fairly the information set forth in those condensed consolidated financial statements on a basis consistent with our respective audited consolidated financial statements.

This financial information should be read in conjunction with the consolidated financial statements and related notes included in this prospectus. Operations of our Passenger Business are presented as discontinued operations on a net of tax basis for the fiscal years ended December 31, 2010, 2009 and 2008.

	Six-month Period Ended June 30,		Year Ended December 31,				
	2013	2012	2012	2011	2010	2009	
	(Unaudited)						
Statement of Operations Data:							
Revenues	$ 199,676	$ 144,035	$ 313,169	$ 304,482	$ 230,445	$ 220,529	$
Operating expenses:							
Voyage and manufacturing expenses(1)	(75,414)	(56,505)	(126,368)	(112,252)	(61,583)	(60,575)	
Running costs(2)	(67,620)	(58,485)	(128,059)	(112,355)	(89,339)	(80,032)	
Depreciation and amortization	(20,523)	(21,051)	(43,852)	(39,144)	(34,371)	(41,752)	
Administrative and commercial expenses	(18,323)	(15,437)	(32,385)	(29,604)	(27,051)	(25,065)	
Loss on write-down of vessels	—	—	(16,000)	—	—	(25,000)	
	1,407	6,748	8,376	8,257	617	2,844	

Other operating income, net						
Operating profit/ (loss)	19,203	(695)	(25,119)	19,384	18,718	(9,051)
Operating income (expenses)						
Financial expense	(16,230)	(18,117)	(35,793)	(35,426)	(25,925)	(24,248)
Financial loss on extinguishment of debt	(3,785)	—	(940)	—	—	—
Foreign currency (losses) gains, net	11,445	(2,123)	(2,051)	(2,552)	(492)	1,011
Financial income	87	80	6	332	399	340
(Loss) gains on derivatives, net	(211)	—	—	(16)	10,474	241
Investments in affiliates	(319)	(666)	(1,175)	(1,073)	(341)	(28)
Other, net	18	(391)	(661)	(621)	(875)	(707)
Total other income (expenses)	(8,995)	(21,217)	(40,614)	(39,356)	(16,760)	(23,391)
Income/(Loss) from continuing operations	(10,208)	(21,912)	(65,733)	(19,972)	1,958	(32,442)
Income taxes benefit (expense)	(2,023)	(3,140)	2,969	1,737	(6,363)	(5,355)
Income/(Loss) from continuing operations	8,185	(18,772)	(62,764)	(18,235)	(4,405)	(37,797)
Loss from discontinued operations	—	—	—	—	(515)	(2,131)
Net income/(loss)	8,185	(18,772)	(62,764)	(18,235)	(4,920)	(39,928)
Net income/(loss) attributable to non-controlling interest	553	445	893	570	451	(90)
Net income/(loss)	$ 7,632	$ (19,217)	$ (63,657)	$ (18,805)	$ (5,371)	$ (39,838) $

attributable to Ultrapetrol (Bahamas) Limited							
Basic and diluted income/(loss) per share of Ultrapetrol (Bahamas) Limited from continuing operations	$ 0.05	$ (0.65)	$ (1.80)	$ (0.64)	$ (0.16)	$ (1.28)	$
Diluted weighted average number of shares	140,275,792	29,568,622	35,382,913	29,547,365	29,525,025	29,426,429	3

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	Six-month Period Ended June 30,		Year Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
	(Unaudited)						
Certain Balance Sheet Data (at period end):							
Cash and cash equivalents (3)	$ 131,315	18,127	$ 222,215	$ 34,096	$ 105,570	$ 53,201	$ 105,859
Working capital(4)	144,428	902	108,245	32,245	98,318	68,352	135,746
Vessels and equipment, net	641,141	667,141	647,519	671,445	612,696	571,478	552,683
Total assets	1,122,205	832,408	1,010,318	830,287	823,797	732,934	825,059
Long-term debt (including current portion)	441,645	519,373	517,552	512,993	499,379	405,531	412,940
Total equity	415,899	231,773	406,499	250,171	268,794	288,583	376,859
Statement of Cash Flow Data:							
Net cash provided by (used in) operating activities	$ 11,174	$ (3,297)	$ (3,935)	$ 14,757	$ 18,894	$ 38,716	$ 71,257
Net cash (used in) provided by investing activities	(11,203)	(21,952)	(32,513)	(97,863)	(54,139)	(83,598)	(87,991)
Net cash provided by (used in) financing activities	(90,871)	9,280	224,567	11,632	87,614	(7,776)	58,331
Capital Expenditures	20,503	27,339	50,920	97,863	105,247	90,095	135,876
Adjusted Consolidated EBITDA(5)	$ 51,891	$ 16,811	$ 32,045	$ 54,028	$ 61,293	$ 57,129	$ 116,859

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	Six-month Period Ended June 30, (Unaudited)		Year Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
			(Dollars in thousands)				
Segment Data							
River Business							
Revenues	$ 122,531	$ 71,128	$ 163,279	$ 174,594	$ 120,024	$ 79,477	$ 126,4
Number of Barges (end of period)	679	651	669	647	596	591	5
dwt Capacity (end of period)	1,260,792	1,187,032	1,235,792	1,177,032	1,041,496	1,020,100	1,020,9
Offshore Supply Business							
Revenues	$ 42,447	$ 35,170	$ 76,661	$ 64,606	$ 54,283	$ 35,419	$ 43,9
Average number of PSVs in operation	9.8	8.2	8.6	7.6	6.0	5.4	
Average number of PSVs under construction	2.2	3.8	3.4	4.4	6.0	6.6	
Ocean Business							
Revenues	$ 34,698	$ 37,737	$ 73,229	$ 65,282	$ 56,138	$ 105,633	$ 133,2
Average number of Vessels(6)	7.0	8.0	8.0	8.0	8.6	10.6	
dwt capacity (end of period)(6)(7)	66,623	109,787	109,787	109,787	109,787	445,606	744,5

(1) Voyage expenses, which are incurred when a vessel is operating under a contract of affreightment (as well as any time when they are not operating under time or bareboat charter), comprise all costs relating to a given voyage, including port charges, canal dues and fuel (bunkers) costs, are paid by the vessel owner and are recorded as voyage expenses. Voyage expenses also include charter hire payments made by us to owners of vessels that we have chartered in. Manufacturing expenses, which are incurred when a constructed river barge is sold, are comprised of steel cost, which is the largest component of our raw materials, and the cost of labor.

(2) Running costs, or vessel operating expenses, include the cost of all vessel management, crewing, repairs and maintenance, spares and stores, insurance premiums, lubricants and certain drydocking costs.

(3) Excluding restricted cash.

(4) Current assets less current liabilities.

(5) Adjusted Consolidated EBITDA consists of net income (loss) prior to deductions for interest expense and other financial gains and losses related to the financing of the Company, income taxes, depreciation of vessels and equipment and amortization of drydock expense, intangible assets and certain non-cash charges (including, for instance, losses on write-downs of vessels). We have provided Adjusted Consolidated EBITDA because we use it to, and believe it provides useful information to investors to, evaluate our ability to incur and service indebtedness and it is a required disclosure to comply with a covenant contained in the Indenture of our outstanding Notes. We do not intend Adjusted Consolidated EBITDA to represent cash flows from operations, as defined by GAAP (on the date of calculation), and it should not be considered as an alternative to measure our liquidity. Adjusted Consolidated EBITDA may not be comparable to similarly titled measures disclosed by other companies. Generally, funds represented by Adjusted Consolidated EBITDA are available for management's discretionary use. Adjusted Consolidated EBITDA has limitations as an analytical tool, and should not be considered in isolation, or as a substitute for analysis of our results as reported.

(6) Our vessel Parana Petrol transferred into the River Business in 2013 and is under conversion into an iron ore floating transshipment station.

(7) dwt only, excludes TEUs. Asturiano and Argentino have 1,050 and 1,118 TEUs, respectively.

The following table reconciles our Adjusted Consolidated EBITDA to our cash flows from operating activities:

	Six-month Period Ended June 30, (Unaudited)		Year Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
				(Dollars in thousands)			
Total cash flows (used in) provided by operating activities	$ 11,174	$ (3,297)	$ (3,935)	$ 14,757	$ 18,894	$ 38,716	$ 71,257
Plus							
(Increase) / Decrease in operating assets and liabilities	21,132	903	(2,391)	7,748	(6,974)	(14,052)	15,415
Expenditure for drydocking	3,186	3,909	5,978	3,478	8,204	5,242	3,105
Income taxes (benefit) expense	2,023	(3,140)	(2,969)	(1,737)	6,363	5,355	(4,173)
Financial expenses(A)	16,230	18,117	35,793	35,426	25,925	24,248	25,128
(Losses) Gains on derivatives, net	—	—	—	(16)	10,474	241	8,816
Gain on disposal of assets	—	3,557	3,564	—	724	—	—
Contribution from sale and lease back	1,698	—	2,086	—	—	—	—
Net loss (income) attributable to non-controlling interest	(553)	(445)	(893)	(570)	(451)	90	(1,228)
Other adjustments(B)	(2,999)	(2,793)	(5,188)	(5,058)	(1,866)	(2,711)	(1,461)
Adjusted Consolidated EBITDA	$ 51,891	$ 16,811	$ 32,045	$ 54,028	$ 61,293	$ 57,129	$ 116,859

(A) Financial expense includes interest expense and the amortization of debt issuance expense.

(B) Mainly corresponds to non-cash charges related with share-based compensation, allowance for doubtful accounts, net losses from investment in affiliates, among others.

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RISK FACTORS

An investment in the notes involves a high degree of risk. You should carefully consider the risks described below, together with the other information contained in this prospectus, before you make any decisions with respect to the notes. Any of the following risks, as well as other risks and uncertainties, could harm the value of the notes directly, or our business and financial results and thus indirectly cause the value of the notes to decline. The risks described below are not the only ones that could impact us or the value of the notes. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition or results of operations. As a result of any of these risks, known or unknown, you may lose all or part of your investment in the notes.

Risks Relating to Our Industry

If the global shipping industry, which historically has been cyclical and volatile, should remain depressed on a continuous basis or declines further in the future, our earnings and available cash flow may be adversely affected.

The international shipping industry is both cyclical and volatile in terms of charter rates and profitability. Charter rates are still relatively low compared to the rates achieved in the years preceding the global financial crisis. These factors may adversely affect our ability to charter or recharter our vessels or to sell them on the expiration or termination of their charters and any renewal or replacement charters that we enter into may not generate revenue sufficient to allow us to operate our vessels profitably.

Fluctuations in charter rates and vessel values result from changes in the supply and demand for cargo capacity and changes in the supply and demand for petroleum and petroleum products as well as that of other cargo transported by vessels. The factors affecting the supply and demand for vessels are outside of our control and the nature, timing and degree of changes in industry conditions are unpredictable.

The factors that influence demand for vessel capacity include:

- supply and demand for petroleum and petroleum products, iron ore, coal and grains as well as other cargo transported by vessels;
- regional availability of refining capacity in the case of petroleum and petroleum products or crushing or manufacturing with respect to other cargo transported by other vessels;
- global and regional economic and political conditions;
- actions taken by OPEC and major oil producers and refiners;
- the distance cargo transported by vessels is to be moved by marine transportation;
- changes in seaborne and other transportation patterns;
- environmental and other legal and regulatory developments;
- currency exchange rates;
- weather and climate conditions;
- competition from alternative sources of energy; and
- international sanctions, embargoes, import and export restrictions, nationalizations and wars.

The factors that influence the supply of shipping capacity include:

- current and expected new buildings of vessels;
- shipbuilding capacity and the prices charged for new shipbuilding contracts;
- the number and carrying capacity of newbuilding deliveries;
- the scrapping rate of existing vessels;
- the conversion of vessels to other uses;
- the price of steel;
- slow steaming;
- the number of vessels that are out of service; and
- environmental concerns and regulations.

Historically, the shipping markets have been volatile as a result of the many conditions and factors that can affect the price, supply and demand for vessel capacity. A global economic crisis may further reduce demand for transportation of cargo over longer distances and supply of vessels to carry cargo, which may materially affect our revenues,

profitability and cash flows. If charter rates decline, we may be unable to achieve a level of charterhire sufficient for us to operate our vessels profitably.

Some of our vessels operate in services which cover areas that have a special tax status; the modification of that status could have an impact on the volume of cargo we carry and consequently could adversely affect our financial results.

Our River Business can be affected by factors beyond our control, particularly adverse weather conditions that can affect production of the goods we transport and navigability of the river system on which we operate.

We derive most of our River Business revenues from transporting soybeans and other agricultural and mineral products produced in the Hidrovia Region, as well as petroleum products consumed in the region. Droughts and other adverse weather conditions, such as floods, could result in a decline in production of agricultural products, which would likely result in a reduction in demand for our services. For example in 2005, 2006, 2009 and 2012, droughts resulted in a decline of agricultural products in the Hidrovia region, which resulted in a decreased demand for our shipping services. In addition, adverse weather conditions in 2012 affected the navigability of the river system in which we operate. Further, most of the operations in our River Business occur on the Parana and Paraguay Rivers and any changes adversely affecting navigability of either of these rivers, such as low water levels or shifts in banks' locations, could reduce or limit our ability to effectively transport cargo on the rivers, as is normally the case in the High Paraguay River during the fourth quarter and part of the first quarter.

The rates we charge and the quantity of freight we are able to transport in our River Business can also be affected by:

- demand for the goods we ship in our barges;
- adverse river conditions, such as flooding and droughts, that slow or stop river traffic or reduce the quantity of cargo that we can carry in each barge;
- navigational incidents involving our equipment resulting in disruptions of our navigational schedules;
- any incidents or operational disruptions to ports, terminals or bridges along the rivers on which we operate;
- changes in the quantity or capacity of barges available for river transport through the entrance of new competitors or expansion of operations by existing competitors;
- disruption in the production of iron ore at the mines or lack of transportation to ports of loading;
- the availability of transfer stations and cargo terminals for loading of cargo on and off barges;
- the ability of buyers of commodities to open letters of credit and generally the ability of obtaining trade financing on reasonable terms or at all;
- the availability and price of alternative means of transporting goods out of the Hidrovia Region;
- As our vessels age they will have off hire periods which reduce their efficiency and eventually they will be retired.

A prolonged drought or other series of events that is perceived by the market to have an impact on the region, the navigability of the Parana or Paraguay Rivers or our River Business in general may, in the short term, result in a reduction in the market value of the barges and pushboats that we operate in the region. These barges and pushboats are designed to operate in wide and relatively calm rivers, of which there are only a few in the world. If it becomes difficult or impossible to operate our barges and pushboats profitably in the Hidrovia Region and we are forced to sell them to a third party located outside of the region, there is a limited market in which we would be able to sell these vessels and accordingly we may be forced to sell them at a substantial loss.

Changes in rules and regulations with respect to cabotage or their interpretation in the markets in which we operate may have an adverse effect on our results of operations.

In most of the markets in which we currently operate we engage in cabotage or regional trades that have restrictive rules and regulations on a region by region basis. Our operations currently benefit from these rules and regulations or their interpretation. For instance, preferential treatment is extended in Brazilian cabotage for Brazilian-flagged vessels, such as some of our Platform Supply Vessels, or PSVs. Changes in cabotage rules and regulations or in their interpretation may have an adverse effect on our cabotage operations, either by becoming more restrictive (which could result in limitations to the utilization of some of our vessels in those trades) or less restrictive (which could result in increased competition in these markets).

Demand for our PSVs depends on the level of activity in offshore oil and gas exploration, development and production.

The level of offshore oil and gas exploration, development and production activity has historically been volatile and is likely to continue to be so in the future.

The level of activity is subject to large fluctuations in response to relatively minor changes in a variety of factors. A prolonged, material downturn in oil and natural gas prices is likely to cause a substantial decline in expenditures for exploration, development and production activity, which would likely result in a corresponding decline in the demand for PSVs, and thus decrease the utilization and charter rates of our PSVs. An increase in the order book for new tonnage beyond the growth of demand for new tonnage could result in a decline of the charter rates paid for PSVs in the market. Such decreases in demand or increases in supply could have an adverse effect on our financial condition and results of operations. Moreover, increases in oil and natural gas prices and higher levels of expenditure by oil and gas companies may not result in increased demand for our PSVs. The factors affecting the supply and demand for PSVs are outside of our control and the nature, timing and degree of changes in industry conditions are unpredictable. If the PSV market is in a period of weakness when our vessels' charters expire, or when new vessels are delivered, we may be forced to re-charter or charter our vessels at reduced rates or even possibly at a rate at which we would incur a loss on operation of our vessels.

Some of the factors that influence the supply and demand for our PSVs include:

- worldwide demand for oil and natural gas;
- prevailing oil and natural gas prices and expectations about future prices and price volatility;
- the cost of offshore exploration for and production and transportation of, oil and natural gas;
- consolidation of oil and gas service companies operating offshore;
- availability and rate of discovery of new oil and natural gas reserves in offshore areas;
- local and international political and economic conditions and policies;
- technological advances affecting energy production and consumption;
- weather conditions;
- environmental regulation;
- volatility in oil and gas exploration, development and production activity;
- the number of newbuilding deliveries;
- deployment of additional PSVs to areas in which we operate; and
- deployment of additional Brazilian-built PSVs.

Changes in the petroleum products markets could result in decreased demand for our product tankers and related services.

Demand for our product tankers and services in transporting petroleum products will depend upon world and regional petroleum products markets. Any decrease in shipments of petroleum products in those markets could have a material adverse effect on our business, financial condition and results of operations. Historically, those markets have been volatile as a result of the many conditions and events that affect the price, production and transport of petroleum products, including competition from alternative energy sources. In the long-term it is possible that demand for petroleum products may be reduced by an increased reliance on alternative energy sources, by a drive for increased efficiency in the use of petroleum products as a result of environmental concerns, or by high oil prices. Higher prices and/or a recession affecting the U.S. and or world economies may result in protracted reduced consumption of petroleum products and a decreased demand for our vessels and lower charter rates, which could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Our vessels and our reputation are at risk of being damaged due to operational hazards that may lead to unexpected consequences, which may adversely affect our earnings.

Our vessels and their cargos are at risk of being damaged or lost because of events such as marine disasters, bad weather, mechanical failures, structural failures, human error, war, terrorism, piracy and other circumstances or events. All of these hazards can also result in death or injury to persons, loss of revenues or property, environmental damage, higher insurance rates or loss of insurance cover, damage to our customer relationships that could limit our

ability to successfully compete for charters, delay or rerouting, each of which could adversely affect our business. Further, if one of our vessels were involved in an incident with the potential risk of environmental pollution, the resulting media coverage could adversely affect our business.

If our vessels suffer damage, they may need to be repaired. The costs of repairs are unpredictable and can be substantial. We may have to pay repair costs that our insurance does not cover in full. The loss of revenue while these vessels are being repaired and repositioned, as well as the actual cost of these repairs, would decrease our earnings. In addition, available repair facilities are sometimes limited as we have geographical limitations due to the trading patterns of our fleet. The same situation applies to scheduled drydocks. We may be unable to find space at a suitable repair or drydock facility or we may be forced to travel to a repair or drydock facility that is not conveniently located near our vessels' positions. The loss of earnings while these vessels are forced to wait for space or to travel to more distant docking facilities would decrease our earnings. Further, if due to delays in repairing our vessels, some of our clients decide to cancel their contracts of employment with our vessels, we may lose such vessels' employment and may not be able to re-charter them profitably, or at all.

Acts of piracy on ocean-going vessels could adversely affect our business.

Acts of piracy have historically affected ocean going vessels trading in regions of the world such as the South China Sea, the Indian Sea and in the Gulf of Aden off the coast of Somalia. Although the frequency of sea piracy worldwide decreased during 2012 to its lowest level since 2009, sea piracy incidents continue to occur, particularly in the Gulf of Aden off the coast of Somalia and increasingly in the Gulf of Guinea, with all ocean going vessels vulnerable to such attacks. In 2011, according to the International Maritime Bureau, commercial shipping in the area was subjected to 439 individual pirate attacks of which 275 attacks took place off Somalia on the east coast and in the Gulf of Guinea on the west coast of Africa. In addition, 45 ships were hijacked resulting in the kidnapping of 802 crew members. If these piracy attacks result in regions in which our vessels are deployed being characterized by insurers as "war risk" zones or as Joint War Committee "war and strikes" listed, premiums payable for such coverage could increase significantly and such insurance coverage may be more difficult to obtain. In addition, crew costs, including costs which may be incurred to the extent we employ onboard security guards, could increase in such circumstances. We may not be adequately insured to cover losses from these incidents or similar incidents on board third party vessels managed by us, which could have a material adverse effect on us. In addition, detention hijacking as a result of an act of piracy against our vessels, or an increase in cost, or unavailability of insurance for our vessels, could have a material adverse impact on our business, results of operations, cash flows, financial condition and ability to pay dividends and may result in loss of revenues, increased costs and decreased cash flows to our customers, which could impair their ability to make payments to us under our charters.

If our vessels call on ports located in countries that are subject to sanctions and embargos imposed by the U.S. or other governments, that could adversely affect our reputation and the market for the notes and our common stock.

Although no vessels managed by us have called on ports located in countries subject to sanctions and embargoes imposed by the U.S. government and countries identified by the U.S. government as state sponsors of terrorism, including Cuba, Iran, Sudan and Syria, in the future, on instructions from their charterers vessels managed by us may call on ports located in countries subject to sanctions and embargoes imposed by the United States government and countries identified by the U.S. government as state sponsors of terrorism. The U.S. sanctions and embargo laws and regulations vary in their application, as they do not all apply to the same covered persons or proscribe the same activities and such sanctions and embargo laws and regulations may be amended over time. In 2010, the U.S. enacted the Comprehensive Iran Sanctions Accountability and Divestment Act, or CISADA, which expanded the scope of the former Iran Sanctions Act. Among other things, CISADA expands the application of the prohibitions to non-U.S. companies, such as our company and introduces limits on the ability of companies and persons to do business or trade with Iran when such activities relate to the investment, supply or export of refined petroleum or petroleum products. Although we believe that we are in compliance with all applicable sanctions and embargo laws and regulations and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Any such violation could result in fines or other penalties and could result in some investors deciding, or being required, to divest their interest, or not to invest, in our company. Additionally, some investors may decide to divest their interest, or not to invest, in our company simply because we may do business with companies that do business in sanctioned countries. Moreover, our charterers may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve us or our vessels and those violations could in turn negatively affect our reputation. Investor perception of the value of the notes and our common stock may also be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and their surrounding countries.

A renewed contraction or worsening of the global credit markets and the resulting volatility in the financial markets could have a material adverse effect on our business, results of operations and financial condition.

Since 2007, a number of major financial institutions have experienced serious financial difficulties and in some cases, have entered into bankruptcy proceedings or are subject to regulatory enforcement actions. These difficulties have resulted, in part, from declining markets for assets held by such institutions, particularly the reduction in the value of their mortgage and asset-backed securities portfolios. These difficulties have been compounded by a general decline in the willingness of banks and other financial institutions to extend credit, particularly in the shipping industry, due to the historically volatile asset values of vessels and their related earnings and the general health of bank's individual loan portfolios. The current availability of ship finance remains significantly below its peak. As the shipping industry has been highly dependent on the availability of credit to finance and expand operations, it has been negatively affected by this decline. If we are unable to obtain additional credit or draw down upon existing borrowing capacity, it may negatively impact our ability to fund current and future obligations. These outcomes could have a material adverse impact on our business, results of operations, financial condition, ability to grow and cash flows, which could cause the market price of our common shares to decline.

If emergency governmental measures are implemented in response to any economic downturn, that could have a material adverse impact on our results of operations, financial condition and cash flows.

Since 2008, global financial markets have experienced extraordinary disruption and volatility following adverse changes in the global credit markets. The credit markets in the United States have experienced significant contraction, deleveraging and reduced liquidity. The governments around the world have taken significant measures in response to such events, including the enactment of the Emergency Economic Stabilization Act of 2008 and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 in the United States and may implement other significant

responses in the future. Securities and futures markets and the credit markets are subject to comprehensive statutes, regulations and other requirements. The SEC, other regulators, self-regulatory organizations and exchanges have enacted temporary emergency regulations and may take other extraordinary actions in the event of market emergencies and may effect permanent changes in law or interpretations of existing laws. We cannot predict what, if any, such measures would be, but changes to securities, tax, environmental, or the laws of regulations, could have a material adverse effect on our results of operations, financial condition or cash flows.

If economic conditions throughout the world do not improve, it will impede our operations.

Negative trends in the global economy that emerged in 2008 continue to adversely affect global economic conditions. In addition, the world economy continues to face a number of challenges, including uncertainty related to the continuing discussions in the United States regarding the federal debt ceiling and recent turmoil and hostilities in the Middle East, North Africa and other geographic areas and countries and continuing economic weakness in the European Union. There has historically been a strong link between the development of the world economy and demand for energy, including oil and gas. An extended period of deterioration in the outlook for the world economy could reduce the overall demand for oil and gas and for our services. We cannot predict how long the current market conditions will last.

The economies of the United States, the European Union and other parts of the world continue to experience relatively slow growth or remain in recession and exhibit weak economic trends. The credit markets in the United States and Europe have experienced significant contraction, de-leveraging and reduced liquidity, and the U.S. federal government and state governments and European authorities continue to implement a broad variety of governmental action and/or new regulation of the financial markets. Global financial markets and economic conditions have been, and continue to be, severely disrupted and volatile. Credit markets and the debt and equity capital markets have been exceedingly distressed. Since 2008, lending by financial institutions worldwide remains at low levels compared to the period preceding 2008.

We face risks attendant to changes in economic environments, changes in interest rates, and instability in the banking and securities markets around the world, among other factors. We cannot predict economic and governmental factors, nor declines in charter rates and vessel values, which may have a material adverse effect on our results of operations and may cause the price of our notes and common stock to decline.

The current state of the global financial markets and current economic conditions may adversely impact our ability to obtain financing or re-financing on acceptable terms and otherwise negatively impact our business

Global financial markets and economic conditions have been, and continue to be, volatile. Recently, operating businesses in the global economy have faced tightening credit, weakening demand for goods and services, deteriorating international liquidity conditions, and declining markets. There has been a general decline in the willingness by banks and other financial institutions to extend credit, particularly in the shipping industry, due to the historically volatile asset values of vessels. As the shipping industry is highly dependent on the availability of credit to finance and expand operations, it has been negatively affected by this decline.

Also, as a result of concerns about the stability of financial markets generally and the solvency of counterparties specifically, the cost of obtaining money from the credit markets has increased as many lenders have increased interest rates, enacted tighter lending standards, refused to refinance existing debt at all or on terms similar to current debt and reduced, and in some cases ceased, to provide funding to borrowers. Due to these factors, we cannot be certain that financing will be available if needed and to the extent required, on acceptable terms. If financing is not available when needed, or is available only on unfavorable terms, we may be unable to meet our obligations as they come due or we may be unable to enhance our existing business, complete additional vessel acquisitions or otherwise take advantage of business opportunities as they arise.

If the current global economic environment persists or worsens, we may be negatively affected in the following ways:

- we may not be able to employ our vessels at charter rates as favorable to us as historical rates or at all or operate our vessels profitably; and

- the market value of our vessels could decrease, which may cause us to recognize losses if any of our vessels are sold or if their values are impaired.

The occurrence of any of the foregoing could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends if we determine to pay dividends in the future.

Because the fair market value of vessels fluctuates significantly, we may incur losses when we sell vessels or as a consequence of their book value failing to meet an impairment test resulting in a non-cash write-off.

Vessel values have historically been very volatile. The market value of our vessels may fluctuate significantly in the future and we may incur losses when we sell vessels or as a consequence of their book value failing to meet an impairment test resulting in a non-cash write-off, which would adversely affect our earnings. Some of the factors that affect the fair market value of vessels, all of which are beyond our control, are:

- general economic, political and market conditions affecting the shipping industry;
- number of vessels of similar type and size currently on the market for sale;

- the viability of other modes of transportation that compete with our vessels;
- cost and number of newbuildings scheduled for delivery and level of vessels scrapped;
- governmental or other regulations;
- prevailing level of charter rates; and
- technological advances that can render our vessels inferior or obsolete.

Compliance with safety, environmental, governmental and other requirements may be very costly and may adversely affect our business.

The shipping industry is subject to extensive and changing international conventions and treaties, national, state and local environmental and operational safety laws and regulations in force in international waters and the jurisdictional waters of the countries in which the vessels operate, as well as in the country or countries in which such vessels are registered. These requirements include, but are not limited to, the U.S. Oil Pollution Act of 1990, or OPA, the U.S. Comprehensive Environmental Response, Compensation and Liability Act of 1980, or CERCLA, the U.S. Clean Air Act, U.S. Clean Water Act and the U.S. Marine Transportation Security Act of 2002, and regulations of the International Maritime Organization, or the IMO, including the International Convention for the Prevention of Pollution from Ships of 1975, the International Convention for the Prevention of Marine Pollution of 1973, or MARPOL, the IMO International Convention for the Safety of Life at Sea of 1974, the International Convention on Load Lines of 1966, and the International Ship and Port Facility Security Code. We may also incur additional costs in order to comply with other existing and future regulatory obligations, including, but not limited to, costs relating to the management and disposal of hazardous materials and wastes, the cleanup of oil spills and other contamination, air emissions including greenhouse gases, the management of ballast waters, maintenance and inspection, development and implementation of emergency procedures and insurance coverage or other financial assurance of our ability to address pollution incidents. Furthermore, the 2010 explosion of the Deepwater Horizon and the subsequent release of oil into the Gulf of Mexico, or other events, may result in further regulation of the drilling activity, offshore and shipping industry, and modifications to statutory liability schemes, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, vessel classification societies also impose significant safety and other requirements on our vessels. Many of these environmental requirements are designed to reduce the risk of oil spills and other pollution, and our compliance with these requirements can be costly.

These requirements can affect the resale value or useful lives of our vessels, require a reduction in cargo-capacity or other operational or structural changes, lead to decreased availability of insurance coverage for environmental matters, or result in the denial of access to, or detention in, certain ports. Local, national and foreign laws, as well as international treaties and conventions, can subject us to material liabilities in the event that there is a release of petroleum or other hazardous substances from our vessels. We could also become subject to personal injury or property damage claims relating to exposure to hazardous materials associated with our current or historic operations. In addition, environmental laws require us to satisfy insurance and financial responsibility requirements to address oil spills and other pollution incidents, and subject us to rigorous inspections by governmental authorities. Violations of such requirements can result in substantial penalties, and in certain instances, seizure or detention of our vessels. Additional laws and regulations may also be adopted that could limit our ability to do business or increase the cost of our doing business and that could have a material adverse effect on our operations. Government regulation of vessels, particularly in the areas of safety and environmental impact, may change in the future and require us to incur significant capital expenditures on our vessels to keep them in compliance, or to even scrap or sell certain vessels altogether. For example, beginning in 2003 we sold all of our single hull ocean-going tanker vessels in response to regulatory requirements in Europe and the United States. Future changes in laws and regulations may require us to

undertake similar measures, and any such actions may be costly. We believe that regulation of the shipping industry will continue to become more stringent and more expensive for us and our competitors. For example, various jurisdictions are considering regulating the management of ballast water to prevent the introduction of non-indigenous species considered to be invasive, which could increase our costs relating to such matters.

While we expect that our newbuilding vessels will meet relevant MARPOL Annex VI requirements at the time of their delivery and that our existing fleet will comply with such requirements, subject to classification society surveys on behalf of the flag state, such compliance could require modifications to the engines or the addition of expensive emissions control systems, or both, as well as the use of low sulfur fuels. At present our vessels are complying with these requirements. It could happen that from time to time additional requirements may arise, but we do not expect them to have a material adverse effect on our operating costs.

MARPOL requirements impose phase-out dates for vessels that are not certified as double hull. Our Product Tankers (Miranda I, Alejandrina and Austral) and our Crude Oil Tanker Amadeo are fully certified by class as double hull vessels. Our ocean-going barge Parana Petrol (formerly named Alianza G3), although of double hull construction, does not meet the minimum height criteria in double bottoms and the minimum distance in double sides in correspondence with its slop tanks required by Regulation 19 of MARPOL Annex I.

In the United States, OPA provides that owners, operators and bareboat charterers are strictly liable for the discharge of oil in U.S. waters, including the 200-nautical mile exclusive economic zone around the U.S. OPA provides for unlimited liability in some circumstances, such as a vessel operator's gross negligence or willful misconduct. Liability limits provided for under OPA may be updated from time to time. OPA also permits states to set their own penalty limits, provided they accept, at a minimum, the levels of liability established under OPA, and some states have enacted legislation providing for unlimited liability for oil spills. The IMO has adopted a similar liability scheme that imposes strict liability for oil spills, subject to limits that do not apply if the release is caused by the vessel owner's intentional or reckless conduct. The IMO and the European Union, or EU, also have adopted separate phase-out schedules applicable to non-double hull tankers operating in international and EU waters. These regulatory programs may require us to introduce modifications or changes to tank configuration to meet the EU double hull standards for our vessels or otherwise remove them from operation.

Under OPA, with certain limited exceptions, all newly built or converted tankers operating in U.S. waters must be built with double hulls conforming to particular specifications. Tankers that do not have double hulls are subject to structural and operational measures to reduce oil spills and will be precluded from operating in U.S. waters in most cases by 2015 according to size, age, hull configuration and place of discharge unless retrofitted with double hulls. In addition, OPA specifies annual inspections, vessel manning, equipment and other construction requirements applicable to new and existing vessels that are in various stages of development by the U.S. Coast Guard, or USCG.

Recent changes in environmental and other governmental requirements may adversely affect our operations.

The U.S., EU and IMO, among others, have adopted standards applicable to emissions of volatile organic compounds and other air contaminants. Although we will take steps to ensure our vessels comply with these air emission regulations, enforcement of these industry-wide regulations by the U.S. Coast Guard, EPA or EU authorities and appropriate compliance measures could result in material operational restrictions in the use of our vessels, which could have a material adverse effect on our business, results of operations and financial condition.

Greenhouse gas restrictions may adversely impact our operations.

A number of countries and the IMO have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emissions. These regulatory measures may include, among others, adoption of cap and trade regimes, carbon taxes, increased efficiency standards, and incentives or mandates for renewable energy. Compliance with such measures could increase our costs related to operating and maintaining our vessels and require us to install new emission controls, acquire allowances or pay taxes related to our greenhouse gas emissions, or administer and manage a greenhouse gas emissions program, any of which could have a material adverse effect on our business, results of operations and financial condition.

The offshore supply industry is highly competitive and we may not be able to compete successfully for charters with new entrants or established companies with greater resources or newer ships.

We employ our vessels in highly competitive markets. In our Offshore Supply Business, we compete with companies that operate PSVs, such as GulfMark, Maersk, Seacor, Tidewater, Bram Offshore, CBO, Wilson Sons, Hornbeck Offshore and Brasmar. Some of these competitors are significantly larger than we are and have significantly greater resources than we do. Some of our competitors may build additional vessels in Brazil, which may affect our ability to employ our non-Brazilian-flagged vessels in those markets in the future. This may enable these competitors to offer their customers lower prices, higher quality service and greater name recognition than we do. Accordingly, we may be unable to retain our current customers or to attract new customers.

Increased inspection procedures and tighter import and export controls could increase costs and disrupt our business.

International shipping is subject to various security and customs inspections and related procedures in countries of origin and destination. Inspection procedures can result in the seizure of our vessels or their cargos, delays in the loading, offloading or delivery and the levying of customs duties, fines or other penalties against us.

Future changes to inspection procedures could impose additional financial and legal obligations on us. Furthermore, changes to inspection procedures could also impose additional costs and obligations on our customers and may, in certain cases, render the shipment of certain types of cargo uneconomical or impractical. Any such changes or developments may have a material adverse effect on our business, financial condition, results of operations and ability to pay dividends if we determine to pay dividends in the future.

Compliance with safety and other vessel requirements imposed by classification societies or flag states may be very costly and may adversely affect our business.

The hull and machinery of our offshore supply fleet and ocean fleet and certain vessels in our river fleet are classed by classification societies. The classification society certifies that a vessel is in class and may also issue the vessel's safety certification in accordance with the applicable rules and regulations of the country of registry of the vessel and the International Convention for the Safety of Life at Sea, or SOLAS. Our classed vessels are currently enrolled with classification societies that are members of the International Association of Classification Societies (IACS). As of April 1, 2013 the IACS published the Harmonized Common Structural Rules draft. This draft will be under public review until August 31, 2013 and is expected to be adopted by the end of the year. The new rules proposed by the draft will apply to new building bulk carriers with a length of 90m or more and double hull oil tankers with a length of 150m or more. The requirements for the Harmonized Common Structural Rules are more or less the same as the Common Structural Rules which were adopted by IACS in 2006.

A classed vessel must undergo Annual Surveys, Intermediate Surveys and Special Surveys. In lieu of a Special Survey, a vessel's machinery may be placed on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. Our vessels are on Special Survey cycles for hull inspection and continuous survey cycles for machinery inspection. Generally, classed vessels are also required to be drydocked every two to three years for inspection of the underwater parts of such vessels. However, classed vessels must be drydocked for inspection at least twice every five years.

If a vessel does not maintain its class, that vessel will, in practical terms, be unable to trade and will be unemployable, which would negatively impact our revenues and could cause us to be in violation of certain covenants in our loan agreements and/or our insurance policies.

If we fail to comply with international safety regulations, we may be subject to increased liability, which may adversely affect our insurance coverage and may result in a denial of access to, or detention in, certain ports.

The operation of our vessels is affected by the requirements set forth in the IMO's International Management Code for the Safe Operation of Ships and Pollution Prevention, or the ISM Code. The ISM Code requires ship owners, ship managers and bareboat charterers to develop and maintain an extensive "Safety Management System" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. If we fail to comply with the ISM Code, we may be subject to increased liability or our existing insurance coverage may be invalidated or decreased for our affected vessels. Such failure may also result in a denial of access to, or detention in, certain ports.

Our vessels could be subject to seizure through maritime arrest or government requisition.

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lien holder may enforce its lien by arresting the vessel or, under the "sister ship" theory of liability followed in some jurisdictions, arrest the vessel that is subject to the claimant's maritime lien on any other vessel owned or controlled by the same owner. In addition, a government could seize ownership of one of our vessels or take control of a vessel and effectively become her charterer at charter rates dictated by the government. Generally, such requisitions occur during a period of war or emergency. The maritime arrest, government requisition or any other seizure of one or more of our vessels could interrupt our operations, reducing related revenue and earnings.

The impact of terrorism and international conflict on the global or regional economy could lead to reduced demand for our services, which would adversely affect our revenues and earnings.

Terrorist attacks such as the attacks on the United States on September 11, 2001, and the continuing response of the world community to these attacks, as well as the threat of future terrorist attacks, continue to cause uncertainty in the world markets and may affect our business, results of operations and financial condition. Conflicts elsewhere in the world may lead to additional acts of terrorism, regional conflict and other armed conflict around the world, which may contribute to further instability in the global markets. In addition, future terrorist attacks could result in an economic recession affecting the United States or the entire world. The effects of terrorism on financial markets could also adversely affect our ability to obtain additional financing on terms acceptable to us or at all.

Terrorist attacks have, in the past, targeted shipping interests, including ports or vessels. For example in October 2002, there was a terrorist attack on the Limburg, a very large crude carrier not related to us. Any future attack in the markets we serve may negatively affect our operations or demand for our services and such attacks may also directly impact our vessels or our customers. Further, insurance may not cover our loss or liability for terrorist attacks on our vessels or cargo either fully or at all. Any of these occurrences could have a material adverse impact on our operating

results, revenue and costs.

Failure to comply with the U.S. Foreign Corrupt Practices Act or similar laws could result in fines, criminal penalties, drilling contract terminations and an adverse effect on our business.

We may operate in a number of countries throughout the world, including countries known to have a reputation for corruption. We are committed to doing business in accordance with applicable anti-corruption laws and have adopted a code of business conduct and ethics which is consistent and in full compliance with the U.S. Foreign Corrupt Practices Act of 1977. We are subject, however, to the risk that we, our affiliated entities or our or their respective officers, directors, employees and agents may take actions determined to be in violation of such anti-corruption laws, including the U.S. Foreign Corrupt Practices Act and the UK Bribery Act. Any such violation could result in substantial fines, sanctions, civil and/or criminal penalties, curtailment of operations in certain jurisdictions, and might adversely affect our business, results of operations or financial condition. In addition, actual or alleged violations could damage our reputation and ability to do business. Furthermore, detecting, investigating, and resolving actual or alleged violations is expensive and can consume significant time and attention of our senior management.

Risks Relating to Our Company

We are an international company and are exposed to the risks of doing business in many different, and often less developed and emerging market, countries.

We are an international company and conduct almost all of our operations outside of the United States, and we expect to continue doing so for the foreseeable future. Some of these operations occur in countries that are less developed and stable than the United States, such as (but not limited to) Argentina, Brazil, Chile, Paraguay and Uruguay. Some of the risks we are exposed to by operating in these countries include among others:

- political and economic instability, changing economic policies and conditions, and war and civil disturbances;
- recessions in economies of countries in which we have business operations;
- foreign exchange rate variances could have non-cash impacts on the financial position as well as on the tax position of our foreign subsidiaries;
- the imposition of additional withholding taxes or other taxes on our foreign income, tariffs or other restrictions on foreign trade or investment, including currency exchange controls and currency repatriation limitations;
- the imposition of executive and judicial decisions upon our vessels by the different governmental authorities associated with some of these countries;
- imposition of or unexpected adverse changes in foreign laws or regulatory requirements or changes in local cabotage rules and regulations;
- longer payment cycles in foreign countries and difficulties in collecting accounts receivable;
- difficulties and costs of staffing and managing our foreign operations; and
- acts of piracy, kidnapping or terrorism.

These risks may result in unforeseen harm to our business or financial condition. Also, some of our customers are headquartered in South America, and a general decline in the economy of South America, or the stability of certain South American countries and economies, could adversely affect that part of our business.

Our business in emerging markets requires us to respond to rapid changes in market conditions in these countries. Our overall success in international markets depends, in part, upon our ability to succeed in differing legal, regulatory, economic, social and political conditions. We may not continue to succeed in developing and implementing policies and strategies which will be effective in each location where we do business. Furthermore, the occurrence of any of the foregoing factors may have a material adverse effect on our business and results of operations.

We are subject to significant foreign currency exchange controls in certain countries in which we operate.

Certain Latin American economies have experienced shortages in foreign currency reserves and their respective governments have adopted restrictions on the ability to transfer funds out of the country and convert local currencies into U.S. dollars. This may increase our costs and limit our ability to convert local currency into U.S. dollars and transfer funds out of certain countries. Any shortages or restrictions may impede our ability to convert these currencies into U.S. dollars and to transfer funds, including for the payment of dividends and leasing or interest or

principal on our outstanding debt. In the event that any of our subsidiaries are unable to transfer funds to us due to currency restrictions, we are responsible for any resulting shortfall.

Restrictions imposed by the Argentinean government currently include the need for authorization from government agencies or banks (which abide by the requirements set forth by those agencies) in order to purchase foreign currency (for example, to pay for imported goods and services, including royalties, leasing and dividend payments or for hoarding purposes).

In this context, our subsidiaries in Argentina could find a decreased capacity to access this official foreign exchange market to acquire the necessary foreign currency to make transfers abroad for settlement of their obligations in foreign currency, and to remit dividends to their shareholders.

We may have to employ temporarily part of our fleet on spot charters and any prolonged continuation of low spot charter rates in the future may adversely affect our earnings.

We may employ our ocean and offshore vessels in the spot charter market and we may acquire additional vessels in the future that we may employ in the spot charter market. As a result, we may be exposed to the cyclicality and volatility of the spot charter market. Charter rates for ocean and offshore vessels in the spot charter market have had prolonged periods of depression in the past and may have so in the future. In addition, both ocean and offshore vessels trading in the spot charter market may experience substantial off-hire time.

The spot charter market for ocean and offshore vessels may fluctuate significantly and any significant fluctuations in charter rates will result in significant fluctuations in the utilization of our ocean and offshore vessels and our profitability. The successful operation of our vessels in the highly competitive spot charter market depends upon, among other things, obtaining profitable spot charters and minimizing, to the extent possible, time spent waiting for charters and time spent traveling unladen to pick up cargo. The spot market is very volatile and, in the past, there have been periods when spot or current market time charter rates have declined below the operating cost of vessels. In the event we are unable to find suitable employment for a vessel at economically viable charter rates, management may opt to lay up the vessel until such time that rates become attractive again. During the period of lay up, such vessel will continue to incur expenditure such as insurance, reduced crew wages and maintenance costs. If future spot charter rates decline, then we may be unable to operate our vessels trading in the spot market profitably, meet our obligations, including payments on indebtedness, or to pay dividends in the future. Furthermore, as charter rates for spot charters are fixed for a single voyage which may last up to several weeks, during periods in which spot charter rates are rising, we will generally experience delays in realizing the benefits from such increases.

An increase in operating costs would decrease earnings and available cash.

Vessel operating costs include the costs of crew, provisions, deck and engine stores, lubricants, insurance and maintenance and repairs, which depend on a variety of factors, many of which are beyond our control. Some of these costs, primarily relating to insurance enhanced security measures implemented after September 11, 2001, have been increasing. In buoyant or cabotage markets, we may experience increases in crewing costs due to lack of qualified crew. Such scarcity of qualified crewmembers may be prolonged in time, affecting our results of operations. If our vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydocking repairs are unpredictable and can be substantial. Increases in any of these vessel operating expenses would decrease earnings and available cash.

In addition, unlike under time charters where we are responsible only for vessel operating expenses but not voyage costs, under spot charter agreements and the employment of our container feeder vessels, we are responsible for both voyage costs and vessel operating costs. Voyage costs include the costs of bunkers, port expenses and brokerage commissions paid by us to third parties. An increase in such voyage costs, or an increased reliance on spot charters which thereby increase our exposure to voyage costs, would adversely affect our earnings and available cash.

In our shipyard an increase in operational costs may impact the cost of each barge produced for our fleet which would impact our desired return of the asset and may affect the profitability of selling barges to third parties.

We may not be able to grow or to effectively manage our growth.

A principal focus of our strategy is to continue to grow in part by increasing the number of vessels in our fleet. The rate and success of any future growth will depend upon factors, which may be beyond our control, including our ability to:

- identify attractive businesses for acquisitions or joint ventures;
- identify vessels for acquisitions;
- integrate any acquired businesses or vessels successfully with our existing operations;
- hire, train and retain qualified personnel to manage and operate our growing business and fleet;
- identify new markets;
- expand our customer base;
- improve our operating and financial systems and controls; and
- obtain required financing or re-financing for our existing and new operations.

We may not be successful in executing our growth plans and could incur significant expenses and losses in connection therewith.

We may discontinue one or more lines of business for commercial or strategic reasons. The redeployment of the capital invested in any discontinued line of business may take time, resulting in reduced earnings during such period and/or delay to our overall growth.

We may start a new line of business or a new activity within an existing line of business and may incur losses to start up the new service.

Furthermore, because the volume of cargo we ship in our River Business during a normal crop year is at or near the capacity of our barges during the peak season, our ability to increase volumes shipped in our River Business is limited by our ability to increase our barge fleet's carrying capacity, either through the building of barges in our own yard, purchasing additional barges, providing faster transit times, or increasing the size of our existing barges and the number of barges in our convoys.

Our subsidiaries' credit facilities impose significant operating and financial restrictions on us that may limit our ability to successfully operate our business.

Our subsidiaries' credit facilities impose significant operating and financial restrictions on us, including those that limit our ability to engage in actions that may be in our long-term interests. These restrictions limit our ability to, among other things:

- incur additional debt;
- pay dividends or make other restricted payments;
- create or permit certain liens;
- make investments;
- engage in sale and leaseback transactions;
- sell vessels or other assets;
- create or permit restrictions on the ability of our restricted subsidiaries to pay dividends or make other distributions to us;
- engage in transactions with affiliates; and
- consolidate or merge with or into other companies or sell all or substantially all of our assets.

In addition, some of our subsidiaries' credit facilities require that our subsidiaries maintain specified financial ratios and satisfy financial covenants and debt-to-asset and similar ratios. We may be required to take action to reduce our debt or to act in a manner contrary to our business objectives in order to meet these ratios and satisfy these covenants. Events beyond our control, including changes in the economic and business conditions in the markets in which our subsidiaries operate, may affect their ability to comply with these covenants. We cannot assure you that our subsidiaries will meet these ratios or satisfy these covenants or that our subsidiaries' lenders will waive any failure to do so. A breach of any of the covenants in, or our inability to maintain the required financial ratios under, our subsidiaries' credit facilities could result in a default under them.

If a default occurs under our credit facilities or those of our subsidiaries, the lenders could elect to declare such debt, together with accrued interest and other fees and expenses, to be immediately due and payable and proceed against the collateral securing that debt. Moreover, if the lenders under a credit facility or other agreement in default were to accelerate the debt outstanding under that facility, it could result in a cross default under our other debt. If all or part of our debt were to be accelerated, we may not have or be able to obtain sufficient funds to repay the debt upon acceleration.

Our credit facilities contain both financial and non-financial covenants. We have not been in compliance with some of our financial covenants in the past but were able to obtain waivers from our lenders for such non-compliance. If we are not in compliance with any of our loan covenants and are not successful in obtaining waivers for the covenants breached, our lenders may declare an event of default and accelerate our outstanding indebtedness under the relevant agreement, which, unless cured, would impair our ability to continue to conduct our business.

Our loan agreements require that we comply with certain financial and other covenants.

A violation of loan covenants constitutes an event of default under our credit facilities, which would, unless waived by our lenders, provide our lenders with the right to require us to fully repay our indebtedness. Furthermore, an uncured or unwaived breach of loan covenants could cause our lenders to accelerate our indebtedness and foreclose their liens on the assets securing the loans, which would impair our ability to continue to conduct our business. Most of our loan agreements contain cross-default or cross-acceleration provisions that may be triggered by a default under one of our other debt agreements.

In 2012, a severe drought affected agricultural production in Paraguay, Brazil and Argentina and caused abnormally low water levels in the Hidrovia Parana-Paraguay, which in turn affected the navigability of the Upper Paraguay River during parts of 2012. The lowered agricultural production and reduced navigability severely affected the results of operations of our River Business segment for the year ended December 31, 2012. This in turn caused us to breach our historical debt service coverage ratio covenant of our loans with IFC and OFID, our lenders for our River Business, as of December 31, 2012. At June 30, 2013, the aggregate outstanding principal balance under these loans agreements with IFC and OFID was $88.7 million. The historical debt service coverage ratio covenant requires us to maintain a historical debt service coverage ratio, on a consolidated basis, at the level of UABL Limited (our wholly owned holding subsidiary for the River Business and the guarantor of the IFC and OFID credit facilities) of not less than 1.3 for the last four fiscal quarters prior to the relevant date of calculation. IFC and OFID waived, on March 8 and 14, 2013, respectively, compliance with this ratio as of both December 31, 2012 and March 31, 2013. As of June 30, 2013, we were in compliance with the historical debt service coverage ratio under our IFC and OFID financings. Had we been unable to receive waivers from IFC and OFID for this breach, IFC and OFID could have accelerated our loans and foreclosed on the collateral securing their loans. Such acceleration and foreclosure would have triggered cross-default or cross-acceleration provisions in our other indebtedness.

Our ability to continue as a going concern is dependent on management's ability to successfully generate revenue to meet our obligations as they become due and have the continued support of our lenders.

The non financial covenants in our facilities (such as negative pledges, collateral maintenance provisions, and other similar provisions) while not posing an outright risk of triggering a financial non-compliance and consequent potential event of default, gradually and increasingly limit our ability to carry out our business while –for example in the case of negative pledges on assets- limiting the quantity and value of the assets that are free to be pledged as guarantee to future financings. Such limitation could in the future make it more difficult or even keep us from accessing new sources of financing by limiting our ability to provide suitable collateral. If we are unable to obtain waivers which allow us to release our assets from such negative pledges on a timely manner, we may be unable to obtain additional financing in satisfactory commercial terms, or at all. Similarly, loan to value ratios or collateral maintenance provisions also represent a risk by having the potential to cause early prepayments in order to regain compliance which could affect our liquidity in the future.

For a more detailed discussion of our loan covenants and the waivers mentioned above, please see "Description of Credit Facilities and Other Indebtedness".

We are involved in, and may expand further into, the building of dry bulk and tank barges for the river trade as well as construction of vessels either by subcontracting with several parties the various tasks necessary to complete the construction or by carrying them out ourselves.

We inaugurated a purpose built barge building facility at Punta Alvear in December 2009. We have similarly subcontracted and may subcontract in the future with different parties the building of the steel hull, the supply and assembly of engines, pipes, electrical conducts and other equipment and materials necessary to build vessels. Our production is dependent on a unionized local labor force, local generation of electrical power, on the availability of steel and other materials and suitable subcontractors. Any delay or interruption in the availability of these materials could cause delay in our production schedule. Also, registration of vessels following construction may take time due to the requirement in some jurisdictions of import licenses or individual authorizations by governmental authorities and/or by classification societies.

This ship or barge building activity could be disrupted or become delayed by circumstances beyond our control such as lack of timely supply of materials or poor workmanship, quality or design problems, strikes or other labor disputes or the construction executed by us could be deficient because of problems concerning design, workmanship or

because of defective materials or equipment. These deficiencies, disruptions or delays may result in failure of timely delivery of the vessels that we are building or that we are committed to build for ourselves or for third parties with the consequent negative impact in our financial results through loss of earnings and/or penalties and/or cancellation of contracts and/or responsibilities under guarantees for construction contracts.

Additionally, given the prominently industrial nature of the barge or ship building activity, we may be unable to maintain an adequate balance between purchase orders from third parties and our own. If for some reason we were to suffer a cancelation on a large order by a third party in our shipyard or if we should have to interrupt the building of barges for ourselves, we may have to incur large working capital outlays, for which we may not have sufficient funds, resulting in disruptions to our manufacturing process and the consequent impact on our results from operations.

Finally, since we may receive large orders for building barges for third parties at fixed prices, we may or may not be able to hedge our exposure to cost increases which may result in decreased margins or even operating losses.

The failure of Petrobras to successfully implement its business plan for 2012-2016 could adversely affect our business.

During 2012, Petrobras announced its business plan for 2012-2016, which includes a projected capital expenditure budget of $236.5 billion between 2012 and 2016 and provides for an increase in drilling rigs and in connection therewith forecasts a growth in the demand for supply and specialty vessels from 287 in December 2010 to 423 by 2013. In addition, Petrobras has entered into the Assignment Agreement with the Brazilian federal government to conduct operations in specified pre-salt areas, which will require additional capital expenditures by Petrobras to explore and develop the areas covered by the Assignment Agreement. The Assignment Agreement as well as other agreements and Brazilian regulations require that Petrobras acquire a minimum level of goods and services from Brazilian providers. In addition, Brazilian law provides a preference for the utilization of Brazilian-flagged vessels in its cabotage trade.

We believe that Petrobras' capital expenditure plans and the Assignment Agreement will provide significant opportunities within the Brazilian PSV market, particularly for companies that own or are constructing Brazilian-built vessels and we intend to actively pursue the further expansion of our PSV operations in Brazil, including seeking chartering opportunities for our PSVs under construction, evaluating the construction of additional PSVs within Brazil and identifying opportunities to utilize the preferential rights provided by our current Brazilian-built PSVs and any future PSVs we may construct. However, in the event Petrobras does not successfully implement its business plan for 2012-2016 or does not otherwise capitalize on the growth opportunities presented by the Assignment Agreement and favorable Brazilian regulations, there may be fewer opportunities to employ PSVs in Brazil than we may initially expect. Consequently, we may not be able to expand our PSV operations in Brazil as planned, which may adversely affect our Offshore Supply Business and results of operations.

Petrobras represented 23% and 29% of total revenues for the six-month periods ended June 30, 2013 and 2012, respectively.

We depend on a few significant customers for a large part of our revenues both on a consolidated and on a business segment basis and the loss of one or more of these customers could adversely affect our revenues.

For the six-month period ended June 30, 2013, our three largest customers were Petrobras, Cargill and Trafigura and accounted for 23%, 22% and 12% of our revenues in that period. Our two largest customers, Petrobras and Trafigura, accounted for 29% and 16% of revenues for the fiscal year ended December 31, 2012, respectively, and our five largest customers in terms of revenue accounted for 63% of our revenue for the fiscal year ended December 31, 2012. In each of our business segments, we derive a significant part of our revenues from a small number of customers. Additionally, some of these customers, including many of our most significant ones, operate vessels and/or barges of their own. These customers may decide to cease or reduce the use of our services for any number of reasons, including employing their own vessels. The loss of any one or a number of our significant customers, whether to our competitors or otherwise, could adversely affect our cash flow, revenues and earnings.

Changes in governmental policies in South America could adversely affect our business, results of operations, financial condition and prospects.

We engage in business activities throughout South America. For the six-month period ended June 30, 2013, 17%, 21%, and 34% of our revenues were derived from charterers domiciled or whose cargoes originate in Argentina, Brazil and Paraguay, respectively. As a result, our business is and will continue to be subject to the risks generally associated with doing business in South America.

Governments throughout South America have exercised and continue to exercise, significant influence over the economies of their respective countries. Accordingly, the governmental actions, political developments, monetary policy, financial, regulatory and legal changes or administrative practices in these countries concerning the economy in general and the transportation industry in particular could have a significant impact on us. We cannot assure you that changes in the governmental policies of these countries will not adversely affect our business, results of operations, financial condition and prospects.

Our ability to carry out our expansion plans as scheduled depends upon our ability to generate sufficient funds.

We expect to fund our capital expenditures with our cash on hand, cash generated from our operations and funds borrowed under existing or new loan facilities, net of debt service and taxes payable. If we do not have sufficient available cash from these sources to meet our capital expenditures, we may not be able to carry out our expansion plans as scheduled, or at all.

We may be unable to obtain further financing for our growth or to fund our future capital expenditures, which could negatively impact our results of operations and financial condition.

In order to follow our current strategy for growth, we will need to fund future vessel acquisitions, barge building, increased working capital levels and generally increased capital expenditures. In the future, we will also need to make capital expenditures required to maintain our current fleet and infrastructure. Cash generated from our earnings may not be sufficient to fund all of these uses of cash. Accordingly, we may need to raise capital through borrowings or the sale of debt or equity securities. Our ability to obtain bank financing or to access the capital markets for future offerings may be limited by our financial condition at the time of any such financing or offering, as well as by adverse market conditions resulting from, among other things, depressed ship finance markets, general economic conditions and contingencies and uncertainties that are beyond our control. If we fail to obtain the funds necessary for capital expenditures required to maintain our fleet and infrastructure, we may be forced to take vessels out of service or curtail operations, which would harm our revenueand profitability. If we fail to obtain the funds that might be necessary to acquire new vessels, or increase our working capital or capital expenditures, we might not be able to grow our business and our future earnings could suffer. Furthermore, the debt service required for any debt financing would limit cash available to pay interest on the notes.

The volatility in LIBOR could affect our profitability, earnings and cash flow.

If the London market for dollar loans between banks were to become volatile, the spread between published LIBOR and the lending rates actually charged to banks in the London interbank market could widen. Interest in most loan agreements in our industry has been traditionally based on published LIBOR rates. After the financial crisis of the end of 2008, however, lenders have insisted on loan provisions that entitle them, in their discretion, to replace published LIBOR as the base for the interest calculation with their own cost-of-funds rate. Since then, we have been required to include similar provisions in some of our financings. If our lenders were to use the interest rate on their costs of funds instead of LIBOR in connection with such provisions, our lending costs could increase significantly, which would have an adverse effect on our profitability, earnings and cash flow.

As of June 30, 2013, the Company had $65.2 million of LIBOR-based variable rate borrowings under its credit facilities with IFC and OFID subject to an interest rate collar agreement, designated as cash flow hedge, to fix the interest rate of these borrowings within a floor of 1.69% and a cap of 5.0% per annum, excluding margin.

As of June 30, 2013, the Company had $19.8 million of LIBOR-based variable rate borrowings under its credit facility with DVB Bank SE (together with DVB Bank AG, former entity of DVB Bank SE "DVB Bank SE"), NIBC and ABN AMRO Capital USA LLC ("ABN AMRO") subject to an interest rate swap, designated as cash flow hedge, to fix the interest rate of these borrowings at a weighted average cost of debt of 0.9% per annum, excluding margin. In addition, the Company had $18.6 million of LIBOR-based variable rate borrowings under this facility subject to an interest rate swap designated as a cash flow hedge, to fix the interest rate of these borrowings between June 2014 and September 2016 at a weighted average cost of debt of 1.2% per annum, excluding margin.

As of June 30, 2013, the Company had $8.1 million of LIBOR-based variable rate borrowings under its credit facility with DVB Bank SE and Banco Security, subject to an interest rate swap, designated as cash flow hedge, to fix the interest rate of these borrowings at a weighted average interest rate of 3.39% per annum, excluding margin.

Additionally, as of June 30, 2013, the Company had other variable rate debt (due 2013 through 2021) totaling $112.8 million. These debts call for the Company to pay interest based on LIBOR plus a 120-400 basis point margin range. Some loans provide for the use of cost of funds in replacement of LIBOR under certain circumstances. The interest rates generally reset either quarterly or semi-annually. As of June 30, 2013, the weighted average interest rate on these borrowings was 2.6%, including margin.

A 1% increase in LIBOR or a 1% increase in the cost of funds used as base rate by some of our lenders would translate to a $1.1 million increase in our interest expense per year, which would adversely affect our earnings.

Our planned investments in our River Business are subject to significant uncertainty.

We intend to continue investing in the building of new barges and the installation of new engines that burn less expensive fuel in some of our line pushboats. It is possible that these initiatives will fail to result in increased revenues and lower fuel costs, fail to result in cost-effective barge construction, or that they will lead to other complications that would adversely affect our business.

The increased capacity created by building new barges may not be utilized by the local transportation market at prevailing prices or at all. Our expansion activities may also be subject to delays in construction or registration, which may result in cost overruns or lost revenues. Any of these developments would adversely affect our cash flow, revenue and earnings.

While we expect the heavier fuel that our new engines burn to continue to be available at a discount to the price of the fuel that we currently use, the heavier fuel may not be available at such a large discount or at any discount at all. In addition, operating our new engines will require specially trained personnel, and such personnel may not be readily available. Higher fuel or personnel costs would adversely affect our profitability.

The operation of these new engines may also result in other complications that cannot easily be foreseen and that may adversely affect the quantity of cargo we carry or lead to additional costs, which could adversely affect our cash flow, revenue and earnings.

We believe that our initiatives will result in improvements in efficiency allowing us to move more cargo per barge and/or per unit of pushing capacity. If we do not fully achieve these efficiencies, or do not achieve them as quickly as we have planned, we will need to incur higher repair expenses to maintain fleet size by maintaining older barges or invest new capital as we replace aging / obsolete capacity. Either of these options would adversely affect our results of operations.

Our River Business may be affected by the dependence on cargoes carried into and out of Paraguay or Brazil.

Future developments of alternative means of transportation in Paraguay or Brazil such as railways and pipelines may affect our results of operations due to the heavy dependency we have on cargo carried into and out of such countries. Various projects on investment in transportation infrastructure have been under consideration and, if any of those were to materialize at any point in time, could impact our results of operations.

We may not be able to charter our new PSVs at attractive rates.

We have acquired three additional PSVs to be delivered from the yard in China during the fourth quarter of 2013, which are expected to commence operation during the first or second quarter of 2014. These vessels have not yet been chartered, and although we intend to charter the vessels by the time they are delivered, we may be unable to do so. Even if we do obtain charters for these vessels, it may be at rates lower than those that currently prevail or those that we anticipated at the time we acquired them. If we fail to obtain charters or if we enter into charters with low charter rates, our financial condition and results of operations could suffer.

We may face continued delays in delivery under our newbuilding contracts for a PSV which could adversely affect our financial condition and results of operations.

Additional newbuildings for which we may enter into contracts may be subject to further delays in their respective deliveries or even non-delivery from the shipyards. The delivery of additional newbuildings for which we may enter into contracts, could be further delayed, canceled, become more expensive or otherwise not completed because of, among other things:

- quality or engineering problems;
- changes in governmental regulations or maritime self-regulatory organization standards;
- work stoppages or other labor disturbances at the shipyard;
- bankruptcy or other financial crises of the shipyard;
- economic factors affecting the yard's ability to continue building the vessels as originally contracted;
- a backlog of orders at the shipyard;
- weather interference or a catastrophic event, such as a major earthquake, flood or fire or any other force majeure;
- our requests for changes to the original vessel specifications;
- shortages of or delays in the receipt of necessary construction materials, such as steel or machinery, engines and critical components such as dynamic positioning equipment;
- our inability to obtain requisite permits or approvals or to receive the required classifications for the vessels from authorized classification societies;
- a shipbuilder's failure to otherwise meet the scheduled delivery dates for the vessels or failure to deliver the vessels at all; or

- inability or unwillingness by the shipyard to extend the refund guarantees required to be up to date according to the building contracts.

If the delivery of additional newbuildings for which we may enter into contracts, continues to be materially delayed or is canceled, especially if we have committed that vessel to a charter for which we become responsible for substantial liquidated damages to the customer as a result of the delay or cancellation, our business, financial condition and results of operations could be adversely affected. Although the building contracts typically incorporate penalties for late delivery, we cannot assure you that the vessels will be delivered on time or that we will be able to collect the late delivery payment from the shipyards or that in the case we collect those late delivery penalties, they are sufficient to compensate for losses suffered.

We cannot assure you that we will be able to repossess the vessels under construction or their parts in case of a default of the shipyards and in those cases where we may have bank refund guarantees, we cannot assure that we will always be able to collect or that it will be in our interest to collect under these guarantees.

A continued delay in the delivery of additional newbuildings for which we may enter into contracts may render unavailable the pre-delivery financing arranged for such vessels forcing us either to refinance at more expensive terms or to have to cancel that or other newbuildings.

In the event we are unable to enforce certain bank refund guarantees in connection with the cancelling of a shipbuilding contract, we may lose all or part of our investment, which would have a material adverse effect on our results of operations, financial condition and cash flows.

On October 22, 2013, we cancelled the shipbuilding contract for Hull No. V-387 (UP Onyx). As of June 30, 2013, we have made total advance payments to this yard in respect of this Vessel in the amount of $13.2 million and we made no further advance payments after June 30, 2013. In the event that the shipyard does not perform under its agreements with us and we are unable to enforce certain bank refund guarantees due to an outbreak of war, bankruptcy or otherwise, we may lose all or part of our investment, which would have a material adverse effect on our results of operations, financial condition and cash flows.

We are exposed to U.S. dollar and foreign currency fluctuation risk.

Since we are a global company, our international operations are exposed to foreign currency exchange rate risks on all charter hire contracts denominated in foreign currencies. For some of our international contracts, a portion of the revenue and local expenses are incurred in local currencies and the company is at risk of changes in the exchange rates between the U.S. dollar and foreign currencies. Any foreign currency rate fluctuations associated with foreign currency contracts that arise in the normal course of business exposes us to the risk of exchange rate losses. Gains and losses from the revaluation of our assets and liabilities denominated in currencies other than our functional currency are included in our consolidated statements of operations. Foreign currency fluctuations may cause the U.S. dollar value of our non-U.S. results of operations and net assets to vary with exchange rate fluctuations. This could have a negative impact on our results of operations and financial position. In addition, fluctuations in currencies relative to currencies in which the earnings are generated may make it more difficult to perform period-to-period comparisons of our reported results of operations. To minimize the financial impact of these items, the company attempts to contract a significant majority of its services in U.S. dollars. In addition, the company attempts to minimize its financial impact of these risks, by matching the currency of the company's operating costs with the currency of revenue streams when considered appropriate. The company continually monitors the currency exchange risks associated with all contracts not denominated in U.S. dollars.

We have from time to time hedged our exposure to changes in foreign currency exchange rates and as a result, we could incur unanticipated losses. This operation may be performed again in the future.

Rising fuel prices may adversely affect our profits.

Fuel is the largest operating expense in our River Business where most of our contracts are contracts of affreightment under which we are paid per ton of cargo shipped. Currently, most of these agreements permit the adjustment of freight rates based on changes in the price of fuel. We may be unable to include this provision in these contracts when they are renewed or in future contracts with new customers. In our Offshore Supply Business, the risk of variation of fuel prices under the vessels' current employment is generally borne by the charterers, since the PSVs are on time charter and it is the time charterers who are generally responsible for the cost and supply of fuel; however, such cost may affect the charter rates we are able to negotiate for our Offshore Supply Business vessels. In addition, we may become responsible for the positioning and repositioning supply of fuel to such vessels, in which case variations in the price of fuel could affect our earnings. In our Ocean Business, while fuel costs and supply are the charterers' responsibility during the vessel's time charter, fuel is a significant, if not the largest, expense in our shipping operations or for those employed in our container feeder service. We are responsible for the supply of fuel to such vessels and variations in the price of fuel could have a significant impact on our earnings to the extent they are different (higher than) those employed when estimating the expected result of such voyages and fixing the corresponding freight. We may not be able to increase our container feeder freights to compensate for the fuel adjustment. Further, fuel may become much more expensive in the future, which may reduce the profitability and

competitiveness of our business versus other forms of transportation, such as truck or rail.

To the extent our contracts do not pass-through changes in fuel prices to our clients, we will be forced to bear the cost of fuel price increases. We may hedge in the futures market all or part of our exposure to fuel price variations; however, we cannot assure you that we will be successful in hedging such exposure. In the event of a default by our charterers or other circumstance affecting the performance of a contract of affreightment we may incur losses in connection with our hedging instruments. Even in case we were able to hedge (partially or totally) our exposure to fuel price variations, we may have to post collateral (i.e., margin calls) under those hedges. Such posting of collateral may require substantial amounts of cash and in case we are not able to post such cash to the margin accounts, the hedges may be unilaterally cancelled by our counterparts, negatively affecting our results and reinstating our exposure to fuel prices.

In certain jurisdictions, the price of fuel is affected by high local taxes and may become more expensive than prevailing international prices. We may not be able to pass onto our customers the additional cost of such taxes and may suffer losses as a consequence of such inability.

Our success depends upon our management team and other employees and if we are unable to attract and retain key management personnel and other employees, our results of operations may be negatively impacted.

Our success depends to a significant extent upon the abilities and efforts of our management team and our ability to retain them. In particular, many members of our senior management team, including our CEO and Executive Vice President, have extensive experience in the shipping industry and have held their roles with us since our inception. If we were to lose their services for any reason, it is not clear whether any available replacements would be able to manage our operations as effectively. The loss of any of the members of our management team could adversely affect our business prospects and results of operations and could lead to a decrease in the price of our notes and common stock. We do not maintain "key man" insurance on any of our officers. Further, the efficient and safe operation of our vessels requires skilled and experienced crew members. Difficulty in hiring and retaining such crew members, including as a result of a lack of supply, could adversely affect the operation of our vessels and in turn, adversely affect our results of operations.

Secondhand vessels are more expensive to operate and repair than newbuildings and may have a higher likelihood of incidents which could adversely affect our earnings and as our fleet ages, the risks associated with older vessels could adversely affect our ability to obtain profitable charters.

We purchased all of our ocean-going vessels and substantially all of our other vessels with the exception of our PSVs and part of our river fleet, secondhand and our current business strategy generally includes growth through the acquisition of additional secondhand vessels in all our business segments. While we inspect secondhand vessels prior to their purchase, this does not provide us with the same knowledge about their condition that we would have had if these vessels had been built for and operated exclusively by us. Consequently, we may not discover defects or other problems with such vessels prior to purchase. Any such hidden defects or problems, when detected, may be expensive to repair and if not detected, may result in accidents or other incidents for which we are liable to third parties. If we purchase and operate additional secondhand vessels, we could be exposed to increased operating costs which could adversely affect our cash flows and our earnings.

In general, the cost of maintaining a vessel in good operating condition increases with the age of the vessel. Also, older vessels are typically less fuel-efficient than more recently built vessels due to improvements in engine technology. Cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers. Governmental regulations, safety or other equipment standards related to the age of vessels may require expenditures for alterations or the addition of new equipment to our vessels and may restrict the type of activities in which the vessels may engage. As our vessels age, market conditions may not justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives.

New vessels may experience initial operational difficulties.

New vessels, during their initial period of operation, have the possibility of encountering structural, mechanical and electrical problems. Normally, we will receive a warranty from the shipyard but we cannot assure you that it will always be effective to resolve the problem without additional costs to us or in a timely manner.

In an industry such as offshore oil exploration and production where security concerns are widespread as is the intervention of governmental regulators, operational difficulties with newly delivered vessels may affect our commercial reputation either temporarily or permanently. In addition, in a fleet where most vessels are sister vessels, mechanical design, electrical or other problems may affect more than one of our vessels simultaneously.

As our fleet ages, the risks and costs associated with older vessels increase.

The costs to operate and maintain a vessel in operation increase with the age of the vessel. Charterers may prefer newer vessels which carry lower cargo insurance rates and are more fuel-efficient than older vessels. Governmental regulations, safety or other equipment standards related to the age of vessels may require expenditures for alterations or the addition of new equipment to our vessels and may restrict the type of activities in which these vessels may engage. As our vessels age, market conditions may not justify the expenditures necessary for us to continue operation of our vessels and charterers may no longer charter our vessels at attractive rates or at all. Either development could adversely affect our earnings.

Spare parts or other key elements needed for the operation of our vessels may not be available off-the-shelf and we may face substantial delays which could result in loss of revenues while waiting for those spare parts to be produced and delivered to us.

Our vessels may need spare parts to be provided in order to replace old or damaged parts in the normal course of their operations. Given the increased activity in the maritime industry and the industry that supplies it, the manufacturers of key elements of our vessels (such as engine makers, propulsion systems makers, control systems makers and others) may not have the spare parts needed available immediately (or off-the-shelf) and may have to produce them when required. If this was the case, our vessels may be unable to operate while waiting for such spare parts to be produced, delivered, installed and tested, resulting in substantial loss of revenues for us. Also, the availability of local drydocks where such work is required to be completed may be difficult to contract on a timely basis.

We may not have adequate insurance to compensate us if our vessels or property are damaged or lost or if we harm third parties or their property or the environment.

We insure against tort claims and some contractual claims (including claims related to environmental damage and pollution) through memberships in protection and indemnity, or P&I, associations, or clubs. We also procure hull and machinery insurance and war risk insurance for our fleet. In some instances, we procure loss of hire and strike insurance, which covers business interruptions due to mechanical breakdowns or incidents that result in the loss of use of a vessel. We cannot assure you that if such insurance is taken out that it will continue to be available on a commercially reasonable basis.

In addition to the P&I entry that we hold for all our fleet, the PSVs currently maintain third party liability insurance covering contractual claims that may not be covered by our P&I entry in the amount of $50.0 million. If claims affecting such policy exceed this amount, it could have a material adverse effect on our business and the results of operations.

All insurance policies that we carry include deductibles (and some include limitations on partial loss) and since it is possible that a large number of claims may be brought, the aggregate amount of these deductibles could be material. Further, our insurance may not be sufficient to fully compensate us against losses that we incur, whether resulting from damage to or loss of our vessels, liability to a third party, harm to the environment, or other catastrophic claims. For example, our protection and indemnity insurance has a coverage limit of $1.0 billion for oil spills and related harm to the environment and $3.0 billion for seamen claims. Although the coverage amounts are significant, such amounts may be insufficient to fully compensate us and thus, any uninsured losses that we incur, may be substantial and may have a very significant effect on our financial condition. In addition, our insurance may be voidable by the insurers as a result of certain of our actions, such as our ships failing to maintain certification with applicable maritime self-regulatory organizations or lack of payment of overdue premiums.

We cannot assure you that we will be able to renew our existing insurance policies on the same or commercially reasonable terms, or at all, in the future. For example, more stringent environmental regulations have led in the past to increased costs for and in the future may result in lack of availability of, protection and indemnity insurance against risks of environmental damage or pollution. Each of our policies is also subject to limitations and exclusions, and our insurance policies may not cover all types of losses that we could incur. Any uninsured or under-insured loss could harm our business, financial condition and operating results. Furthermore, we cannot assure you that the P&I clubs to which we belong will remain viable. We may also become subject to funding calls due to our membership in the P&I clubs which could adversely affect our profitability. Also, certain claims may be covered by our P&I insurance, but subject to the review and at the discretion of the board of the P&I club. We cannot assure you that the board will exercise its discretion to vote to approve the claim.

Labor disruptions in the shipping or shipbuilding industry could adversely affect our business.

As of December 31, 2012, we employed 269 land-based employees, 239 shipyard workers and approximately 995 seafarers as crew on our vessels. Most of these seafarers are covered by industry-wide collective bargaining agreements that set basic standards applicable to almost all companies who hire such individuals as crew.

Because most of our employees, including the workers in our shipyards, may be covered by these industry-wide collective bargaining agreements, failure of industry groups to renew these agreements may disrupt our operations and adversely affect our earnings. In addition, we cannot assure you that these agreements will prevent labor interruptions or that they may not result in increased costs. Any labor interruption could disrupt our operations and harm our financial performance.

In our River Business, different degrees of unionization of our employees and crewmembers may lead to a change or leveling of such unionization, which could result in higher costs for us, thus affecting our results of operations. Furthermore, due to the unionized nature of our activity in South America, while in the process of negotiating such leveling, our operations may be affected by strikes in our River and Ocean businesses, causing us to suffer delays due to lack of the necessary crewing onboard our pushboats and ocean vessels. In our barge building facility at Punta Alvear, our workforce is also mainly unionized and negotiations over wages and conditions may have very little bearing on negotiations we have with our other employees and crew members.

On our Offshore Supply Business, our Brazilian crewmembers are also unionized and a strike could affect our results of operations.

Strikes or labor disruptions affecting some of our key suppliers could also have a significant impact on our operations, such as those affecting stevedores, port/pilotage unions, truck drivers, steal workers, etc.

Our sale of barges to third parties could be adversely impacted by local cost increases.

We have made a substantial investment on our own barge building facility in Punta Alvear yard in Rosario, Argentina, where we build barges for sale to third parties and for our own account. Our production is subject to local unionization of our shipyard employees, inflation in local currency and exchange rate risks, which may result in cost increases. If one or more of these factors take place we may lose barge construction contracts to our competitors.

A reduction in the total output of the yard for any reason impacts the production cost of the barges because of the allocation of fixed costs over the total number of units produced. A severe reduction in the number of barges produced could render our production uneconomical. If the production is reduced we may not be able to reduce the labor force proportionately or we may have to incur significant severance costs to do so with a negative financial impact to us.

Our River Business could be adversely impacted by the construction or acquisition of existing or new barges by its competitors.

If one or more of our competitors in our river business were to acquire or contract for the construction of barges for their operation in the Hidrovia, we could have a material effect on our results of operations.

The Company's sale of barges to third parties could be adversely impacted by regional competition.

In the event that a competing barge building facility were to be established in the region then our third party barge sales would be subject to more price competition and our competitors would have access to new barges that would enable them to undergo fleet renewal.

Certain conflicts of interest may adversely affect us.

Certain of our directors and officers hold similar positions with other related companies. Felipe Menendez Ross, who is our President, Chief Executive Officer and a Director, is a Director of Oceanmarine, a related company that previously provided administrative services to us and has entered into joint ventures with us in salvage operations. Oceanmarine also operates slot charter container services between Argentina and Brazil, an activity in which we do not engage in at the present time. Ricardo Menendez Ross, who is our Executive Vice President and one of our Directors, is the President of Oceanmarine and is also the Chairman of The Standard Steamship Owners' Protection and Indemnity Association (Bermuda) Limited, or Standard, a P&I club with which some of our vessels are entered. For the years 2010, 2011 and 2012, we paid to Standard $3.9 million, $3.3 million and $3.5 million, respectively, in P&I insurance premiums. Both Mr. Ricardo Menendez Ross and Mr. Felipe Menendez Ross are Directors of Maritima SIPSA, a company owned 49% by us and 51% by SIPSA S.A. (a related company), are Directors of Shipping Services Argentina S.A. (formerly I. Shipping Services) and Directors of Navalia S.A., companies that provide vessel agency services for third parties in Argentina and for our vessels calling at Buenos Aires, Ushuaia and other Argentinean ports. We are not engaged in the vessel agency business for third parties and the consideration we paid for the services provided by Shipping Services Argentina S.A. and Navalia to us amounted to nil in 2010, $3.5 million in 2011 and $1.7 million in 2012. Although these directors and officers attempt to perform their duties within each company independently, in light of their positions with such entities, they may face conflicts of interest in selecting between our interests and those of Oceanmarine, Shipping Services Argentina S.A., Navalia S.A. and Standard. In addition, Shipping Services Argentina S.A., Navalia S.A. and Oceanmarine are indirectly controlled by the Menendez family, including Felipe Menendez Ross and Ricardo Menendez Ross. These conflicts may limit our fleet's earnings and adversely affect our operations. Although we cannot ascertain the exact amount of time allocated by these officers and directors to our business, generally such officers and directors dedicate a substantial portion of their average working week to our business and in any event in an amount sufficient to fulfill their obligations to us in their role as officer or director.

If we are unable to fund our capital expenditures, we may not be able to continue to operate some of our vessels, which would have a material adverse effect on our business and financial condition or our ability to pay dividends.

In order to fund our capital expenditures, we may be required to incur or refinance borrowings or raise capital through the sale of debt or equity securities. Our ability to obtain new credit facilities and access the capital markets through future offerings may be limited by our financial condition at the time of any such offering as well as by adverse

market conditions resulting from, among other things, general economic conditions, poor market conditions for shipowning companies and other contingencies and uncertainties that are beyond our control. Our failure to obtain the funds necessary for future capital expenditures would limit our ability to continue to operate some of our vessels and could have a material adverse effect on our business, results of operations and financial condition and our ability to pay dividends. Even if we are successful in obtaining such funds through financings, the terms of such financings could limit our ability to pay dividends if we determine to pay dividends in the future.

Because we are a non-U.S. corporation, you may not have the same rights that a creditor of a U.S. corporation may have.

We are incorporated under the laws of The Bahamas. Our organizational documents and the International Business Companies Act, 1989 govern our affairs. Investors may have more difficulty in protecting their interests in the face of actions by the management, directors or controlling stockholders than would stockholders of a corporation incorporated in a United States jurisdiction.

We may have to pay tax on U.S. source income, which would reduce our earnings and cash flows.
Under the U.S. Internal Revenue Code of 1986, as amended, or the Code, 50% of the gross shipping income of our vessel owning or chartering non-U.S. subsidiaries attributable to transportation that begins or ends, but that does not both begin and end, in the United States will be characterized as U.S. source shipping income. Such income will be subject to a 4% U.S. federal income tax without allowance for deduction, unless our subsidiaries qualify for exemption from tax under Section 883 of the Code and the Treasury Regulations promulgated thereunder.

We believe that the U.S. source shipping income, if any, of our non-U.S. subsidiaries will qualify for the exemption from tax under Section 883 of the Code on the basis that our stock is primarily and regularly traded on the Nasdaq Global Select Market. However, we cannot assure you that our non-U.S. subsidiaries will at all times qualify for that exemption. In addition, changes in the Code, the Treasury Regulations or the interpretation thereof by the U.S. Internal Revenue Service (the "IRS") or the courts could adversely affect the ability of our non-U.S. subsidiaries to qualify for such exemption. If any of our non-U.S. subsidiaries are not entitled to that exemption, they would be subject to a 4% U.S. federal income tax on their gross U.S.-source shipping income. The imposition of this tax could have a negative effect on our business and would result in decreased earnings.

It should be noted that for the calendar years 2010, 2011 and 2012, our non-U.S. subsidiaries did not derive any U.S.-source shipping income. Therefore our non-U.S. subsidiaries should not be subject to any U.S. federal income tax for 2010, 2011 or 2012, regardless of their qualification for exemption under Section 883 of the Code.

Changes in tax laws or the interpretation thereof and other tax matters related to our UK tonnage tax election may adversely affect our future results.

Six of our non-Brazilian flagged PSVs are operated within the UK's tonnage tax regime. Under UK tonnage tax, UK corporation tax liabilities are calculated by reference to a notional daily profit, based on the tonnage of the vessels. This results in a lower effective tax rate than would be achieved if we were to be taxed in the UK outside of the tonnage tax regime. Tonnage tax is an elective regime with certain qualifying conditions, and is monitored by HMRC (the UK tax authority). Changes in tax laws, in the interpretation of the tax laws, or in the manner in which HMRC views our UK operations in the context of the tonnage tax rules, may adversely affect our future results due to potentially higher tax charges.

We are subject to certain antitrust legislations in certain countries in which we operate.

In some of the countries in which we operate, we are subject to antitrust legislations and governmental regulations. If any or all of the consolidations, mergers, joint ventures and acquisitions carried out by us or our subsidiaries or involving our controlling shareholders were to result in a non-compliance or breach or contravention under such legislations, we may be forced to sell, divest, or reorganize our Company and structure of operations and/or may be fined, affecting our results of operations.

Risks Relating to the Notes

Our substantial indebtedness could adversely affect our financial health, harm our ability to react to changes to our business and prevent us from fulfilling our obligations under our indebtedness, including the notes.

We have, and following this exchange offer will continue to have, a significant amount of indebtedness. As of June 30, 2013, after giving effect to the offering of our add-on notes and the redemption of our 9% First Preferred Ship Mortgage Notes due 2014, we would have had total debt of approximately $467 million outstanding.

Our substantial level of indebtedness increases the possibility that we may be unable to generate cash sufficient to pay, when due, the principal of, interest on or other amounts due in respect of our indebtedness. Our substantial debt could also have other significant consequences. For example, it could:

- increase our vulnerability to general economic downturns and adverse competitive and industry conditions;
- require us to dedicate a substantial portion, if not all, of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to competitors that have less debt or better access to capital;
- limit our ability to raise additional financing on satisfactory terms or at all; and
- adversely impact our ability to comply with the financial and other restrictive covenants in the indenture governing the notes and the credit agreements governing the debts of our subsidiaries, which could result in an event of default under such agreements.

Furthermore, our interest expense could increase if interest rates increase because some of the debt under the credit facilities of our subsidiaries is variable rate debt. See "Description of Credit Facilities and Other Indebtedness." If we do not have sufficient earnings, we may be required to refinance all or part of our existing debt, sell assets, borrow more money or sell more securities, none of which we can guarantee we will be able to do.

Despite current indebtedness levels, we and our subsidiaries may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial leverage.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. Although the indenture governing the notes and the credit agreements governing the debts of our subsidiaries contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and restrictions, and the indebtedness incurred in compliance with these restrictions could be substantial. Furthermore, the indenture for the notes specifically allows us to incur additional debt. See "Description of the Notes—Certain Covenants—Limitation on Indebtedness." Any additional borrowings could be structurally senior to the notes and the related guarantees if they are secured using vessels that are not used to secure the notes. If we incur additional debt above the levels in effect upon the closing of this offering, the risks associated with our substantial leverage would increase. See "Capitalization," "Selected Historical Consolidated Financial Data," "Description of Credit Facilities and Other Indebtedness" and "Description of the Notes-Certain Covenants—Limitation on Indebtedness."

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, including the notes and amounts borrowed under any of our other or our subsidiaries' other credit facilities, and to fund our operations, will depend on our ability to generate cash in the future, which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We cannot assure you that our business will generate sufficient cash flow from operations, that currently anticipated business opportunities will be realized on schedule or at all or that future borrowings will be available to us in amounts sufficient to enable us to service our indebtedness, including the notes and any other amounts borrowed under other credit facilities, or to fund our other liquidity needs.

If we cannot service our debt, we will have to take actions such as reducing or delaying capital investments, selling assets, restructuring or refinancing our debt or seeking additional equity capital. We cannot assure you that any of these remedies could, if necessary, be effected on commercially reasonable terms, or at all. In addition, the indenture for the notes and the credit agreements governing our subsidiaries' various credit facilities may restrict us from adopting any of these alternatives. Because of these and other factors beyond our control, we may be unable to pay the principal, premium, if any, interest or other amounts due on the notes.

The indenture governing the notes and our credit facilities impose significant operating and financial restrictions on us that may limit our ability to successfully operate our business.

The indenture governing the notes, and our subsidiaries' credit facilities, impose significant operating and financial restrictions on us, including those that limit our ability to engage in actions that may be in our long-term interests. These restrictions limit our ability to, among other things:

- incur additional debt;
- pay dividends or make other restricted payments;
- create or permit certain liens;
- make investments;
- engage in sale and leaseback transactions;

- sell vessels or other assets;
- create or permit restrictions on the ability of our restricted subsidiaries to pay dividends or make other distributions to us;
- engage in transactions with affiliates; and
- consolidate or merge with or into other companies or sell all or substantially all of our assets.

See "Description of Credit Facilities and Other Indebtedness" and "Description of the Notes-Certain Covenants." These restrictions could limit our ability to finance our future operations or capital needs, make acquisitions or pursue available business opportunities.

In addition, some of our credit facilities require us to maintain specified financial ratios and satisfy financial covenants. We may be required to take action to reduce our debt or to act in a manner contrary to our business objectives to meet these ratios and satisfy these covenants. Events beyond our control, including changes in the economic and business conditions in the markets in which we operate, may affect our ability to comply with these covenants. We cannot assure you that we will meet these ratios or satisfy these covenants or that our lenders will waive any failure to do so. A breach of any of the covenants in, or our inability to maintain the required financial ratios under, our credit facilities would prevent us from borrowing additional money under the facilities and could result in a default under them. If a default occurs under our credit facilities, the lenders could elect to declare that debt, together with accrued interest and other fees, to be immediately due and payable and proceed against the collateral securing that debt. Moreover, if the lenders under a credit facility or other agreement in default were to accelerate the debt outstanding under that facility, it could result in a default under other debt. If all or any part of our debt were to be accelerated, we may not have or be able to obtain sufficient funds available to repay it or to repay the notes upon acceleration.

We are a holding company, and we depend entirely on the ability of our subsidiaries to distribute funds to us in order to satisfy our financial and other obligations, including the notes.

We are a holding company, and we have no significant assets other than the equity interests of our subsidiaries. Our subsidiaries conduct all of our operations and own all of our operating assets. As a result, our ability to make required payments on the notes depends on the performance of our subsidiaries and their ability to distribute funds to us. The ability of our subsidiaries to make distributions to us may be restricted by, among other things, restrictions under the indenture governing the notes, our credit facilities and applicable laws of the jurisdictions of their incorporation or organization. For example, some of our existing credit agreements contain significant restrictions on the ability of our subsidiaries that borrow under such agreements or guarantee such debts to pay dividends or make other transfers of funds to us. See "Description of Other Credit Facilities and Other Indebtedness." In addition, the indenture governing the notes will permit our subsidiaries to enter into additional agreements that can limit our ability to receive distributions from such subsidiaries. If we are unable to obtain funds from our subsidiaries, we will not be able to pay interest and principal on the notes when due, redeem to notes upon a change of control, or service our other debt, unless we obtain funds from other sources. We cannot assure you that we will be able to obtain the necessary funds from other sources.

Unless our subsidiaries are guarantors of the notes, they have no obligations to pay amounts due on the notes and the notes will be effectively subordinated to all obligations of such subsidiaries.

Our subsidiaries who are not guarantors of the notes, such as certain of our subsidiaries involved in the River and Ocean Business and all of our subsidiaries involved in the Offshore Supply Business, do not have any obligation to pay amounts due on the notes or to make funds available for that purpose. As a result of this structure, the notes will be effectively subordinated to all indebtedness and other obligations (such as trade payables) of our non-guarantor subsidiaries. For further information regarding the liabilities of our non-guarantor subsidiaries, see note 17 to our audited consolidated financial statements. The effect of this subordination is that, in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding involving a non-guarantor subsidiary, the assets of that subsidiary could not be used to pay the notes until after all other claims against that subsidiary, including trade payables, have been fully paid. In addition, holders of minority equity interests in non-guarantor subsidiaries may receive distributions pro rata with us depending on the terms of the equity interests.

A substantial portion of our assets are held by, our non-guarantor subsidiaries who have no obligations to pay amounts due on the notes and whose indebtedness and all other obligations are effectively senior to the notes.

The historical consolidated financial data included in this prospectus are presented on a consolidated basis for our entire business and include our non-guarantor subsidiaries, such as certain of our subsidiaries involved in the River and Ocean Business and all of our subsidiaries involved in the Offshore Supply Business. As of June 30, 2013, our Subsidiary Guarantors represented 38% and 42%, respectively, of our consolidated total assets and total liabilities, before consolidating adjustments. As discussed in the preceding risk factor, these non-guarantor subsidiaries have no obligation to pay amounts due on the notes or to make funds available for these purposes and the notes are effectively subordinated to all these subsidiaries' liabilities, except to the extent that such subsidiaries pledge assets to secure the notes (such as the mortgage of a barge or vessel).

The entity engaged in the Offshore Supply Business does not guarantee the notes.

UP Offshore (Bahamas) Ltd. and all of its subsidiaries does not guarantee the notes, though it is a restricted subsidiary under the indenture governing the notes. Because UP Offshore (Bahamas) Ltd. does not guarantee the notes, it will have no obligation to make payments on the notes or otherwise make funds available to us for that purpose. The notes are effectively subordinated to all liabilities of UP Offshore and will also be effectively subordinated to any other indebtedness or obligations, including trade payables, assumed by it in the future.

Your right to receive payments on the notes and the Subsidiary Guarantees may be effectively junior to all of our and the Subsidiary Guarantors' future borrowings.

The notes and guarantees may effectively rank junior to all of our and the Subsidiary Guarantors' future borrowings, to the extent that collateral, such as new vessels that we acquire, is used to secure that debt. Therefore, in the event of a bankruptcy, liquidation or reorganization of our company or any of the Subsidiary Guarantors, any of our or such Subsidiary Guarantors' assets that are used to secure other indebtedness will not be available to pay amounts due on the notes or Subsidiary Guarantees until that other secured indebtedness has been paid in full, and as a result, we or such Subsidiary Guarantor may not have sufficient assets remaining to pay amounts due on the notes or Subsidiary Guarantees. See "Description of the Notes—Ranking."

If the value of the vessels or barges securing the notes declines, we are not obligated to pledge additional vessels or barges as collateral, and the notes may become under-secured.

The notes are secured by mortgages on certain of our existing vessels and barges owned by the Subsidiary Guarantors, as well as the Pledgors, Compa a Paraguaya de Transporte Fluvial S.A. and Riverpar S.A. If we or the Subsidiary Guarantors default on our obligations to make payments on the notes, holders of the notes would be entitled to payment out of the proceeds from the sale of the vessels and barges that are subject to those mortgages, net of any payments required to be made to maritime or other lienholders that have a superior legal right to the proceeds. The value of such vessels and barges securing the notes and the Subsidiary Guarantees and the amount to be received upon a sale of such vessels will depend upon many factors including, among others, the physical condition of the vessels, then current conditions in the industries in which we operate, the ability to sell the vessels and barges in an orderly sale, the condition of the international, national and local economies, the availability of buyers and other factors, many of which are beyond our control. The book value of the vessels and barges should not be relied on as a measure of realizable value for such vessels and barges. Further, by their nature, portions of the collateral, such as the barges in our River Business, may be illiquid and may have no readily ascertainable market value. In addition, a significant portion of the collateral includes assets that may only be usable, and thus retain value, as part of our existing operating businesses. Accordingly, any such sale of the collateral separate from the sale of certain operating businesses may not be feasible or of significant value.

Further, we are only required under certain circumstances, such as upon the loss or sale of a mortgaged vessel, to pledge additional or new vessels or barges to secure the notes or Subsidiary Guarantees. If the value of the vessels or barges securing the notes and Subsidiary Guarantees declines, neither we nor the Subsidiary Guarantors have any general obligation to pledge additional vessels, barges or assets to secure the notes or guarantees. The appraised value of the vessels and barges pledged to secure the notes, including the outstanding notes and the add-on and Subsidiary Guarantees was, approximately $287 million as of September 2013. Further, the value of vessels and barges generally declines over time as the vessels and barges age. As a result, it is very likely that, as the value of the vessels and barges pledged to secure the notes and guarantees declines, the notes and guarantees will become under-secured. If this were to coincide with the time in which those vessels and barges were sold to satisfy payment obligations on the notes or Subsidiary Guarantees, there may be insufficient proceeds from such sales to satisfy all payment obligations due on the notes. If that were to occur, any remaining obligations due on the notes or Subsidiary Guarantees would be our or the applicable Subsidiary Guarantors' senior unsecured obligations, and would rank equal in right of payment with all other senior obligations of such parties.

A significant amount of collateral available to you as an unsecured creditor may be pledged as collateral to other creditors over time, which will reduce the amount of collateral available to you as an unsecured creditor in the future.

A significant amount of collateral that is available to you as an unsecured creditor may be pledged to other creditors and thereby reduce the amount of collateral available to you as an unsecured creditor. Our credit facilities are described in detail in "Description of Credit Facilities and other Indebtedness." As the fair market value of the collateral securing these loans declines over time, collateral not currently pledged to secure the notes but currently available to you as a senior unsecured creditor may be pledged as collateral to secure these loans, thereby reducing the amount of collateral available to you as a senior unsecured creditor of these subsidiaries. Therefore, any assets used to secure these loans will not be available to pay amounts due on the notes until the secured indebtedness under these credit agreements has been paid in full, and as a result, we or such subsidiaries may not have sufficient assets remaining to pay amounts due on the notes. See "Description of the Notes—Ranking" and "Description of Credit Facilities and Other Indebtedness."

It may be difficult to serve process on or enforce a United States judgment against us, our officers and directors.

We are a Bahamas corporation. Each of the Subsidiary Guarantors is incorporated in one of the following jurisdictions: Argentina, Liberia, Panama, Paraguay or Spain. Each of the vessels and barges that secure the notes is flagged in Argentina, Liberia, Panama or Paraguay. All of our and the Subsidiary Guarantors' offices, administrative activities and other assets, as well as those of certain experts named herein, are located outside the United States. As a result, it may be difficult for you to effect service of process within the United States upon us, any of the Subsidiary Guarantors or such persons. In addition, some of our directors and officers and the directors and officers of the Subsidiary Guarantors are residents of jurisdictions other than the United States, and all or a substantial portion of the assets of such persons are or may be located outside the United States. As a result, it may be difficult for you to effect service of process within the United States upon such persons.

There is uncertainty as to whether the courts of the jurisdictions where we and our Subsidiary Guarantors are incorporated would (i) enforce judgments of United States courts obtained against us, the Subsidiary Guarantors, our directors and officers, the directors and officers of the Subsidiary Guarantors and the experts named herein, as applicable, predicated upon the civil liability provisions of the Federal securities laws of the United States or (ii) entertain original actions brought against such parties, predicated upon the Federal securities laws of the United States. As a result, it may be difficult for you to enforce judgments obtained in United States courts against us, the Subsidiary Guarantors, our directors and officers, the directors and officers of the Subsidiary Guarantors or the experts named herein, or the assets of any such parties located outside the United States. Further, it may be difficult for you to entertain actions, including those predicated upon the civil liability provision of the Federal securities laws of the United States, against such parties in courts outside of the United States.

Foreclosing on mortgaged vessels may be difficult due to the laws of certain jurisdictions.

The mortgaged vessels and barges are registered under various flags and operate in international waters and various foreign jurisdictions. If we default under our notes or if a Subsidiary Guarantor defaults under its Subsidiary Guarantee, the holders of a majority of the aggregate principal amount of the notes may direct the trustee to bring a foreclosure action against such party. We cannot assure you that any vessel or barge that secures the notes or the Subsidiary Guarantees will be located in a jurisdiction having effective or favorable foreclosure procedures and lien priorities. Any foreclosure proceedings could be subject to lengthy delays resulting in increased custodial costs, deterioration in the condition of the vessel and substantial reduction in the value of the vessel or barge. Some jurisdictions may not provide a legal remedy for the enforcement of vessel mortgages.

Foreclosing on mortgaged vessels may be difficult because our vessels are easily transported.

All of our mortgaged vessels and barges are relatively easy to transport around the globe. This may make it difficult for the trustee to bring a successful foreclosure action against these vessels and barges because it may be difficult for the trustee or officials of the applicable government or agency to physically seize the vessels and barges and engage in a foreclosure sale. In addition, there are approximately 345 barges that secure the notes. These barges are similar to each other and have an average appraised value of approximately $573,800 per barge. Given the high number of barges that secure the notes and the relatively low appraised value per barge, it may be difficult or cost-inefficient for the trustee to engage in a successful foreclosure sale against all of these barges.

The insolvency laws of the jurisdictions of our Subsidiary Guarantors may not be as favorable to holders of the notes as US insolvency laws or those of any other jurisdiction with which you may be familiar.

Each of the Subsidiary Guarantors is incorporated in one of the following jurisdictions: Argentina, Liberia, Panama, Paraguay or Spain. Accordingly, insolvency proceedings with respect to a Subsidiary Guarantor may proceed under, and be governed by, Argentine, Liberian, Panamanian, Paraguayan or Spanish law. The insolvency laws in these jurisdictions may be less favorable to you as a secured creditor than the insolvency laws of the U.S. or another jurisdiction with which you may be familiar. In the event that any one or more of the Subsidiary Guarantors experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings.

Your rights in the collateral may be adversely affected by bankruptcy proceedings.

If we were to become the subject of a bankruptcy proceeding, the right of the trustee to lay-up, lease, charter, operate or otherwise use our vessels or barges or to sell any vessel or barge or other collateral securing the notes may be significantly impaired. Under applicable bankruptcy laws, the bankruptcy receiver may have the right, following the first stages of the bankruptcy, to sell our vessels or barges, or under certain circumstances, be allowed to continue the operation of our business. In addition, a secured creditor, such as the trustee, may need the approval of the bankruptcy receiver or the bankruptcy court to repossess and dispose of the collateral if bankruptcy proceedings have already been commenced against us.

It is impossible to predict how long payments under the notes could be delayed following commencement of a bankruptcy case, whether or when the trustee would repossess or dispose of the collateral or whether or to what extent holders of the notes would be compensated for any delay in payment or loss of value of the collateral. There is also uncertainty as to whether the trustee's claim for satisfaction from the proceeds of any sale of a vessel or barge would take priority over the rank of certain other liens on such vessel or barge, such as maritime liens. Irrespective of whether any such sale has been instigated by the bankruptcy receiver or by the trustee, the priority of any liens on

such vessel or barge may be determined by the laws of the country where such sale takes place, in conjunction with the laws of the country in which such vessel or barge is registered.

We may not be able to fulfill our repurchase obligations in the event of a change of control.

Upon the occurrence of any change of control, we will be required to make a change of control offer to repurchase the notes. Under certain circumstances, a change of control may also constitute a default under our senior credit facilities. Therefore, upon the occurrence of a change of control, the lenders under our senior credit facilities would have the right to accelerate their loans, and if so accelerated, we would be required to repay all of our outstanding obligations under our senior credit facilities. See "Description of Credit Facilities and Other Indebtedness."

In addition, if a change of control occurs, there can be no assurance that we will have available funds sufficient to pay the change of control purchase price for any of the notes that might be delivered by holders of the notes seeking to accept the change of control offer and, accordingly, none of the holders of the notes may receive the change of control purchase price for their notes. Our failure to make the change of control offer or to pay the change of control purchase price when due would result in a default under the indenture governing the notes. See "Description of the Notes—Defaults."

Rights of holders of the notes in the collateral may be adversely affected by the failure to perfect security interests in certain collateral acquired in the future.

The collateral securing the notes includes certain vessels and barges and the stock of certain of our subsidiaries, whether now owned or acquired or arising in the future. Applicable law provides that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified. The trustee for the notes will not monitor the future acquisition of vessels or barges or stock that constitute collateral, or take action to perfect the security interest in such acquired collateral. There can be no assurance that we will monitor, or that we will inform the trustee of, the future acquisition of vessels or barges or stock that constitute collateral, or that the necessary action will be taken to properly perfect the security interest in such after-acquired collateral. Such failure may result in the loss of the security interest therein or the priority of the security interest in favor of the notes against third parties.

The capital stock of certain of our subsidiaries securing the notes will automatically be released from the collateral to the extent the pledge of such collateral would require the filing of separate financial statements for any of our subsidiaries with the SEC.

The indenture governing the notes and the related security documents provides that, to the extent that any rule would require the filing with the SEC (or any other governmental agency) of separate financial statements of any of our subsidiaries due to the fact that such subsidiary's capital stock or other securities secure the notes, then such capital stock or other securities will automatically be deemed not to be part of the collateral securing the notes to the extent necessary to not be subject to such requirement. Under SEC regulations in effect as of the date of this prospectus, if the par value, book value as carried by us or market value (whichever is greatest) of the capital stock, other securities or similar items of a subsidiary pledged as part of the collateral is greater than or equal to 20% of the aggregate principal amount of the notes then outstanding, then such subsidiary would be required to provide separate financial statements to the SEC. As a result of these rules and provisions in the indenture, holders of the notes could lose their security interest in such portion of the collateral if and for so long as any such rule is in effect. In addition, the release of capital stock of a subsidiary pursuant to this provision in certain circumstances could result in less than a majority of the capital stock of a subsidiary being pledged to secure the notes, which could impair the trustee's ability to sell a controlling interest in such subsidiary or to otherwise realize value on its security interest in such subsidiary's stock or assets. It may be more difficult, costly and time-consuming for holders of notes to foreclose on the assets of a subsidiary than to foreclose on its capital stock or other securities, so the proceeds realized upon such foreclosure could be significantly less than those that would have been received upon any sale of the capital stock or other securities of such subsidiary.

As of June 30, 2013, the book value of two of the Subsidiary Guarantors, Ultrapetrol S.A. and UABL Paraguay S.A., exceeds 20% of the aggregate principal amount of the notes being offered hereby. Pursuant to the terms of the indenture, the collateral securing the notes only includes the capital stock of Ultrapetrol S.A. and UABL Paraguay S.A. (in the case of UABL Paraguay S.A., if and when its capital stock is pledged, see "Description of the Notes—Collateral") to the extent that and for so long as the applicable value of such capital stock is less than 20% of the aggregate principal amount of the notes outstanding. See "Description of the Notes—Limitations on Stock Collateral."

Federal, state and foreign laws permit a court to void the notes and the Subsidiary Guarantees, and if that occurs, you may not receive any payments on the notes.

The notes are secured by mortgages granted by, and guarantees made by, certain of our subsidiaries. Our issuance of the notes and the Subsidiary Guarantors' making of the guarantees and granting of the mortgages, and any payments made on the notes by us or the Subsidiary Guarantors, may be subject to review under relevant Federal, state or foreign fraudulent conveyance laws if a bankruptcy, reorganization or rehabilitation case or a lawsuit (including

circumstances in which bankruptcy is not involved) were commenced by, or on behalf of, unpaid creditors of ours or the Subsidiary Guarantors. These laws differ among jurisdictions. In general, under these laws, if a court were to find that at the time an obligation was incurred, it was incurred with the intent of hindering, delaying or defrauding creditors, or the entity incurring the obligation received less than reasonably equivalent or fair value consideration in exchange for the incurrence of the obligation, such court could impose legal and equitable remedies or other action detrimental to the interests of the holders of the notes, including voiding the notes or the Subsidiary Guarantees.

If a court were to find that the issuance of the notes or a Subsidiary Guarantee were a fraudulent conveyance, the court could void the payment obligations under the notes or such Subsidiary Guarantee or subordinate the notes or such Subsidiary Guarantee to presently existing and future indebtedness of us or the applicable Subsidiary Guarantor, or require the holders of the notes to repay any amounts received with respect to the notes or such Subsidiary Guarantee. In the event of a finding that a fraudulent conveyance occurred, you may not receive any payment on the notes or the Subsidiary Guarantees.

We believe that at the time of, or as a result of, the issuance of the Subsidiary Guarantees and mortgages, each of our Subsidiary Guarantors will not be considered insolvent or rendered insolvent under fraudulent conveyance standards, will not be engaged in a business or transaction for which its remaining assets would constitute unreasonably small capital, and will not have incurred debts beyond its ability to pay such debts as they mature. These beliefs are based in part on our operating history and our analysis of internal cash flow projections and estimated values of assets and liabilities. We cannot assure you, however, that a court passing on these issues would adopt or utilize the same methodology or assumptions, or arrive at the same conclusions. Further, each guarantee will contain a provision intended to limit the Subsidiary Guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer. However, this provision may not be effective to protect the guarantees from being voided under fraudulent transfer law.

An active trading market for the notes may never develop.

The notes are a new issue of securities for which there is no established trading market. We do not intend to apply to list the notes for trading on any securities exchange or to arrange for quotation on any automated dealer quotation system. As a result of this and the other factors listed below, an active trading market for the notes may not develop, in which case the market price and liquidity of the notes may be adversely affected.

In addition, you may not be able to sell your notes at a particular time or at a price favorable to you. Future trading prices of the notes will depend on many factors, including:

- our operating performance and financial condition;
- our prospects or the prospects for companies in our industry generally;
- our ability to complete the offer to exchange the notes for registered notes or to register the notes for resale;
- changes in government regulation;
- the interest of securities dealers in making a market in the notes;
- the market for similar securities;
- prevailing interest rates; and
- the other factors described in this prospectus under "Risk Factors."

Historically, the market for non-investment grade debt has been subject to disruptions that have caused volatility in prices. It is possible that the market for the notes will be subject to disruptions. A disruption may have a negative effect on you as a holder of the notes, regardless of our prospects or performance.

Although the initial purchasers have advised us that they intend to make a market in the notes, they are not obligated to do so. The initial purchasers may also discontinue any market making activities at any time, in their sole discretion, which could further negatively impact your ability to sell the notes or the prevailing market price at the time you choose to sell.

USE OF PROCEEDS

We are making the exchange offer to satisfy our obligations under the outstanding notes, the indenture and the registration rights agreement. We will not receive any cash proceeds from the exchange offer. In consideration of issuing the exchange notes in the exchange offer, we will receive an equal principal amount of outstanding notes. Any outstanding notes that are properly tendered in the exchange offer will be accepted, canceled and retired and cannot be reissued. Accordingly, issuance of the exchange notes will not result in a change in the capitalization of the Company.

We issued $200 million principal amount of the outstanding notes on June 10, 2013 to the initial purchasers. Our net proceeds from the offering of the outstanding notes, after deducting the initial purchasers' discounts and commissions, and other expenses related to the offering were approximately $194 million.

We used the net proceeds to redeem our existing 9% First Preferred Ship Mortgage Notes due 2014 in an amount of $180 million plus accrued and unpaid interest to redemption and the remainder for general corporate purposes.

CAPITALIZATION

The following table sets forth our cash and cash equivalents restricted cash to redeem 2014 Senior Notes and consolidated capitalization (1) as of June 30, 2013; (2) as adjusted for certain subsequent events giving effect to (i) our redemption on July 10, 2013 of all of $180.0 million 9% First Preferred Ship Mortgage Notes due 2014 with proceeds of our offering of the outstanding notes, (ii) our payment on July 25, 2013 of $10.3 million for the acquisition of the remaining 5.55% of UP Offshore (Bahamas) Limited, our holding company in the Offshore Supply Business, that we did not own; (iii) our issuance of an additional $25.0 million aggregate principal amount of our 8.875% First Preferred Ship Mortgage Notes due 2021, which were sold at 104.5% with net proceeds to us of $24.3 million; (iv) our incurrence of $20.6 million of indebtedness under our loan agreement with DVB Bank SE, NIBC Bank N.V. and ABN Amro Bank N.V.; and (v) our prepayment of $8.6 million of our indebtedness owing to DVB Bank SE. You should read this table in conjunction with the information in the sections entitled "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Selected Financial Data" and "Description of Credit Facilities and Other Indebtedness" and our historical consolidated financial statements, together with the respective notes thereto, included elsewhere in this prospectus.

	At June 30, 2013			
		Actual		As adjusted for certain subsequent events
	(Dollars in millions)			
Cash and cash equivalents	$	131.3	$	157.3(1)
Restricted cash to redeem 9% First Preferred Ship Mortgage Notes due 2014		182.1		—
Debt:				
9% First Preferred Ship Mortgage Notes due 2014	$	180.0	$	—
Long-term financial debt, including current portion (guaranteed, secured)		241.6		253.6
8.875% First Preferred Ship Mortgage Notes due 2021 (including unamortized premium of $1.1 million)		200.0		226.1
Total debt(2)	$	621.6	$	479.7
Equity:				
Common stock, $.01 par value: 250,000,000 authorized shares; 140,419,487 shares outstanding		1.4		1.4
Additional paid in capital		491.0		488.0
Treasury stock: 3,923,094 shares at cost		(19.5)		(19.5)
Accumulated deficit(3)		(62.8)		(62.8)
Accumulated other comprehensive income (loss)		(1.5)		(1.5)
Total Ultrapetrol (Bahamas) Limited stockholders' equity		408.6		405.6
Noncontrolling interests		7.3		—
Total equity		415.9		405.6
Total capitalization	$	1,037.5	$	885.3

(1) Does not reflect the use of approximately $94.5 million of cash since June 30, 2013, to fund the acquisition of three newbuilt Chinese sister PSVs. See "Recent Developments."

(2) Includes $58.3 million of long-term debt (including current portion) of the Subsidiary Guarantors in the Actual and As adjusted columns and $183.3 million and $195.3 million of long-term debt (including current portion) of non-Subsidiary Guarantors in Actual and As adjusted columns, respectively.

(3) As a result of the redemption of our 9% First Preferred Ship Mortgage Notes due 2014, in the third quarter of 2013, we realized a non-recurring loss of, and total equity was reduced by, $1.7 million.

RATIO OF EARNINGS TO FIXED CHARGES

The following table contains our consolidated ratio of earnings to fixed charges for the periods indicated. You should read these ratios in connection with our consolidated financial statements, including the related notes, incorporated by reference herein.

	Six-month Period Ended June 30, (Unaudited)		Year Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
	(Dollars in thousands)						
Ratio of earnings to fixed charges	3.4	—(1)	—(1)	—(1)	1.0	—(1)	2.5
Dollar amount of deficiency earnings to fixed charges	$ —	$ 21,246	$ 64,558	$ 18,899	—	$ 36,899	—

(1) In these fiscal periods, earnings were inadequate to cover fixed charges.

For purposes of determining the ratio of earnings to fixed charges, earnings are defined as income before income taxes plus fixed charges (excluding amortization of capitalized interest), less capitalized interest. Fixed charges consist of interest incurred (whether expensed or capitalized) and amortization of deferred financing costs.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The selected historical consolidated financial information set forth below may not contain all of the financial information that you should consider when making a decision to participate in the exchange offer. You should carefully read our consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus for additional financial information about us. Our financial information as of and for the fiscal years ended December 31, 2012, 2011, 2010, 2009 and 2008 have been derived from our respective audited consolidated financial statements. Our condensed financial data as of June 30, 2013 and 2012 and for the six-month periods then ended have been derived from our respective unaudited condensed consolidated financial statements and, in the opinion of management, include all adjustments (consisting of normal recurring adjustments) necessary to present fairly the information set forth in those condensed consolidated financial statements on a basis consistent with our respective audited consolidated financial statements.

	Six-month Period Ended June 30,		Year Ended December 31,				
	2013	2012	2012	2011	2010	2009	
	(Unaudited)						
Statement of Operations Data:							
Revenues	$ 199,676	$ 144,035	$ 313,169	$ 304,482	$ 230,445	$ 220,529	$
Operating expenses:							
Voyage and manufacturing expenses(1)	(75,414)	(56,505)	(126,368)	(112,252)	(61,583)	(60,575)	
Running costs(2)	(67,620)	(58,485)	(128,059)	(112,355)	(89,339)	(80,032)	
Depreciation and amortization	(20,523)	(21,051)	(43,852)	(39,144)	(34,371)	(41,752)	
Administrative and commercial expenses	(18,323)	(15,437)	(32,385)	(29,604)	(27,051)	(25,065)	
Loss on write-down of vessels	—	—	(16,000)	—	—	(25,000)	
Other operating income, net	1,407	6,748	8,376	8,257	617	2,844	
Operating profit/ (loss)	19,203	(695)	(25,119)	19,384	18,718	(9,051)	
Operating income (expenses)							
Financial expense(3)	(16,230)	(18,117)	(35,793)	(35,426)	(25,925)	(24,248)	
Financial loss on	(3,785)	—	(940)	—	—	—	—

extinguishment of debt						
Foreign currency (losses) gains, net	11,445	(2,123)	(2,051)	(2,552)	(492)	1,011
Financial income	87	80	6	332	399	340
(Loss) gains on derivatives, net	(211)	—	—	(16)	10,474	241
Investments in affiliates	(319)	(666)	(1,175)	(1,073)	(341)	(28)
Other, net	18	(391)	(661)	(621)	(875)	(707)
Total other income (expenses)	(8,995)	(21,217)	(40,614)	(39,356)	(16,760)	(23,391)
Income/(Loss) from continuing operations	10,208	(21,912)	(65,733)	(19,972)	1,958	(32,442)
Income taxes benefit (expense)	(2,023)	3,140	2,969	1,737	(6,363)	(5,355)
Income/(Loss) from continuing operations	8,185	(18,772)	(62,764)	(18,235)	(4,405)	(37,797)
Loss from discontinued operations	—	—	—	—	(515)	(2,131)
Net income/(loss)	8,185	(18,772)	(62,764)	(18,235)	(4,920)	(39,928)
Net income/(loss) attributable to non-controlling interest	553	445	893	570	451	(90)
Net income/(loss) attributable to Ultrapetrol (Bahamas) Limited	$ 7,632	$ (19,217)	$ (63,657)	$ (18,805)	$ (5,371)	$ (39,838) $
Basic and diluted income/(loss) per share of Ultrapetrol (Bahamas) Limited from continuing operations	$ 0.05	$ (0.65)	$ (1.80)	$ (0.64)	$ (0.16)	$ (1.28) $

Diluted weighted average number of shares	140,275,792	29,568,622	35,382,913	29,547,365	29,525,025	29,426,429	
Certain Balance Sheet Data (at period end):							
Cash and cash equivalents(4)	$ 131,315	18,127	$ 222,215	$ 34,096	$ 105,570	$ 53,201	$
Working capital(5)	144,428	902	108,245	32,245	98,318	68,352	
Vessels and equipment, net	641,109	667,141	647,519	671,445	612,696	571,478	
Total assets	1,122,205	832,408	1,010,318	830,287	823,797	732,934	
Long-term debt (including current portion)	441,645	519,373	517,552	512,993	499,379	405,531	
Total equity	415,899	231,773	406,499	250,171	268,794	288,583	
Ratio of earnings to fixed charges	3.4	—	—	—	1.0	—	
Dollar amount of deficiency earnings to fixed charges	—	21,246	$ 64,558	$ 18,899	$ —	$ 36,899	$

(1) Voyage expenses, which are incurred when a vessel is operating under a contract of affreightment (as well as any time when they are not operating under time or bareboat charter), comprise all costs relating to a given voyage, including port charges, canal dues and fuel (bunkers) costs, are paid by the vessel owner and are recorded as voyage expenses. Voyage expenses also include charter hire payments made by us to owners of vessels that we have chartered in. Manufacturing expenses, which are incurred when a constructed river barge is sold, is comprised of steel cost, which is the largest component of our raw materials and the cost of labor.

(2) Running costs, or vessel operating expenses, include the cost of all vessel management, crewing, repairs and maintenance, spares and stores, insurance premiums, lubricants and certain drydocking costs.

(3) Financial expense includes interest expense and the amortization of debt issuance expense.

(4) Excluding restricted cash.

(5) Current assets less current liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read together with the Selected Historical Consolidated Financial Data and our consolidated financial statements and the related notes included elsewhere in this prospectus. The following discussion includes forward-looking statements. For a discussion of important factors that could cause actual results to differ materially from the results referred to in the forward-looking statements, see "Forward-Looking Statements."

Our Company

We are an industrial transportation company serving the marine transportation needs of our clients primarily in South America. We serve the shipping markets for soybeans, grain, forest products, minerals, crude oil, petroleum, refined petroleum products and general cargo, as well as the offshore oil platform supply market with our extensive and diverse fleet of vessels. These include river barges and pushboats, platform supply vessels, tankers and two container feeder vessels.

- River Business. We are the largest owner and operator of river barges and pushboats in the Hidrovia Region of South America, one of the largest navigable river systems in the world, which facilitates trade in a fertile and resource-rich region and provides access to the global export market. We believe our river barges provide the most efficient means of transportation in the region. In many of the areas that we serve, access to rail is limited or non-existent and the distances make trucking uneconomical for large volumes of cargo. Our river business fleet, which consists of 679 barges and 33 pushboats, which we believe is the largest in the Hidrovia and approximately as large in capacity as the fleets of our next three competitors combined. We control the largest independent network of infrastructure along the river system, consisting of two loading and storage terminals and five logistic hubs, which serve as fleeting areas at key locations, to provide integral transportation services to our customers from origin to destination. We also own a vertically integrated barge manufacturing facility at Punta Alvear, which is one of the most modern of its kind in the world and provides us with the ability to increase our fleet capacity at a very efficient cost. We believe the size and quality of our fleet and infrastructure allow us to operate through an efficient hub system across the Hidrovia, which provides us with a distinct competitive advantage.

- Offshore Supply Business. We own and operate a fleet of technologically advanced Platform Supply Vessels that provide critical logistical and transportation services for offshore petroleum exploration and production companies, in the coastal waters of Brazil and in the UK's North Sea. Our Offshore Supply Business fleet consists of eleven PSVs already in operation and three newbuilt PSV resales which we recently purchased in China, scheduled to commence operation in the first or second quarter of 2014. Our large, modern PSVs have advanced dynamic positioning systems which enable us to better serve customers operating in challenging deepwater offshore environments. We believe that we are currently the second largest owner of 4,500 dwt class platform supply vessels in the Brazilian market, which have large cargo capacity and deck space, making them the most efficient vessels to serve the distant deepwater operations underway in Brazil. Brazilian law provides a preference for the utilization of Brazilian-flagged vessels in its offshore supply business. Four of our PSVs were built in Brazil and operate under the Brazilian flag, which provides them with a preference for employment over foreign vessels in the Brazilian market, while extending such preference to another two foreign-flagged PSVs in our fleet.

- Ocean Business. We operate a fleet of product and chemical tankers and feeder containerships on cabotage trades along part of the eastern coast of South America, where we have preferential rights and strong customer relationships. Our fleet includes four product and chemical tankers that serve the principal oil refineries in the

region transporting petroleum products from refineries and crude oil to various coastal destinations, as well as two container feeder vessels which transport mostly foreign containers from the transshipment ports of Buenos Aires and Montevideo to the southern region of Patagonia for the largest long-distance container lines in the world. The local cabotage market are generally restricted by law to established local operators with local-flagged vessels or vessels with equivalent flag privileges.

Our business strategy is to continue to operate as a diversified marine transportation company with an aim to maximize our growth and profitability while limiting our exposure to the cyclical behavior of individual sectors of the transportation industry.

Recent Developments

Sale of Barges to Third Parties for export to Colombia

On July 8, 2013, we entered into a Rake Barge Master Agreement and the corresponding Memoranda of Agreement whereby we agreed to build and sell from our Punta Alvear yard a set of seven newbuilt tank barges to a third party for export to Colombia with deliveries ranging between November and December 2013 in terms similar to the previously sold barges exported to Colombia.

Redemption of 9% First Preferred Ship Mortgage Notes due 2014

On July 10, 2013, we redeemed all $180.0 million of our outstanding 9% First Preferred ShipMortgage Notes due 2014 with proceeds of our offering of $200.0 million 8 7⁄8% First Preferred ShipMortgage Notes due 2021.

Purchase of Remaining Interest in UP Offshore (Bahamas)

On July 25, 2013, we purchased from Firmapar Corp. the 5.55% ownership of UP Offshore (Bahamas) we did not yet own for $10.3 million. We now own 100% of the common stock of UP Offshore (Bahamas) Limited.

Delivery of UP Pearl

On August 12, 2013, we took delivery of UP Pearl, the eleventh PSV in our fleet, the third out of four built in India.

$25.0 million Add-On Notes issued under the 8.875% First Preferred Ship Mortgage Notes due 2021

On October 2, 2013, we closed the sale of $25.0 million in aggregate principal amount of our 8.875% First Preferred Ship Mortgage Notes due 2021 (the "Add-On Notes"), which were offered as an add-on to our outstanding $200.0 million aggregate principal amount of 8.875% First Preferred Ship Mortgage Notes due 2021. As a result of the offering of the Add-On Notes, we have outstanding an aggregate principal amount of $225.0 million of our 8.875% First Preferred Ship Mortgage Notes due 2021. The Add-On Notes were sold at 104.5% and the gross proceeds to us of the offering totaled $26.1 million.

Drawdown of $20.6 million under the DVB NIBC ABN Amro $84.0 million facility and full prepayment of the DVB Natixis facility

On October 11, 2013, we drew down $20.6 million in respect of Tranches A & B of the Loan Agreement with DVB NIBC and ABN Amro after having satisfied all conditions precedent in connection with the UP Pearl drawdown against delivery. Of the proceeds from this drawdown, a total of $8.6 million were used to fully repay the then outstanding amounts under the original DVB Natixis facility, as amended.

Purchase of two additional newbuilt PSVs in China and option for a third sister PSV

On October 3, 2013, we entered into two Memorandums of Agreement ("MOAs") whereby we agreed to acquire two 5,145 dwt newbuilt Chinese sister PSVs. The purchase price for these vessels under the MOAs is $31.5 million each. These vessels will undergo certain tank tendering systems upgrading works at the same yard where they were built and are expected to commence operations during the first quarter of 2014. In addition, we exercised on October 25, 2013 an option to acquire a third PSV of identical specifications as the previous two which is also prompt for delivery from the same Chinese yard during the fourth quarter of 2013.

Cancelling of Shipbuilding Contract for Hull No. V-387 (UP Onyx)

On October 22, 2013, we canceled the Shipbuilding Contract for Hull No. V-387 (UP Onyx) on account of the shipyard's delay in delivering the vessel.

Sale of Barges to Third Parties for export to Paraguay

On October 24, 2013, we entered into a barge building contract whereby we agreed to build and sell from our Punta Alvear yard a set of twelve newbuilt covered hopper barges to a third party for export to Paraguay with deliveries

ranging between January and April 2014. Gross proceeds to us from this sale (for which we have received a 50% advance payment) will be $13.2 million.

Revenues

In our River Business, we currently contract for the carriage of cargoes, in the majority of cases, under contracts of affreightment, or COAs. Most of these COAs currently provide for adjustments to the freight rate based on changes in the price of fuel. When transporting containers or vehicles, we charge our clients on a per-trip per unit basis. In addition, we derive revenues from the sale of new barges built at our Punta Alvear yard to third parties.

Finally, under our transshipment service agreement, we will recognize revenues per ton of iron ore transshipped.

In our Offshore Supply Business, we contract substantially all of our capacity under time charters to a charterer in Brazil. We may decide to employ our Indian-built PSVs in the North Sea spot and/or term market.

In our Ocean Business, we currently contract our tanker vessels on a time charter basis. In addition, we sell space on our container feeder vessels on a per Twenty Foot-Equivalent Unit, or TEU, basis which is very similar to a COA basis as far as recording of revenues and voyage expenses is concerned. Some of the differences between time charters and COAs are summarized below.

Time Charter (TC)

- We derive revenue from a daily rate paid for the use of the vessel and

- the charterer pays for all voyage expenses, including fuel and port charges.

Contract of Affreightment (COA)

- We derive revenue from a rate based on tonnage shipped expressed in dollars per metric ton of cargo and
- we pay for all voyage expenses, including fuel and port charges.

Our ships on time charters generate both lower revenues and lower expenses for us than those under COAs. At comparable price levels both time charters and COAs result in approximately the same operating income, although the operating margin as a percentage of revenues may differ significantly.

Time charter revenues accounted for 38% of the total revenues derived from transportation services for the six months ended June 30, 2013, and COA revenues accounted for 62%. With respect to COA revenues, most of them were in respect of repetitive voyages for our regular customers.

Our container vessels are paid on a rate based on each container shipped and expressed in dollars per TEU. By comparison, these vessels' results are expressed similar to those vessels operating under COA.

In our River Business, demand for our services is driven by agricultural, mining and petroleum related activities in the Hidrovia Region. Droughts and other adverse weather conditions, such as floods, could result in a decline in production of the agricultural products we transport, which would likely result in a reduction in demand for our services. Further, most of the operations in our River Business occur on the Paraná and Paraguay rivers, and any changes adversely affecting navigability of either of these rivers, such as low water levels, could reduce or limit our ability to effectively transport cargo on the rivers.

In our Offshore Supply Business, we currently have nine of our PSVs operating under term time charter contracts with Petrobras in Brazil, one recently delivered PSV on route to Brazil and one PSV operating under a medium-term period time charter the UK's North Sea.

In our Ocean Business, we employed our four tanker vessels on time charter to different customers while our container vessels carry cargoes for a freight per container equivalent to COA's.

Expenses

Our operating expenses generally include the cost of all vessel management, crewing, spares and stores, insurance, lubricants, repairs and maintenance. Generally, the most significant of these expenses are repairs and maintenance, wages paid to marine personnel and marine insurance costs.

In addition to the vessel operating expenses, our other primary operating expenses included general and administrative expenses related to ship management and administrative functions.

In our River Business, our voyage expenses include port expenses and bunkers as well as charter hire paid to third parties.

In our Offshore Supply Business, voyage expenses include offshore and brokerage commissions paid by us to third parties which provide brokerage services and bunker costs incurred when our vessels are repositioned between the North Sea and Brazil, which are fully covered by us.

In our Ocean Business, through our container feeder operation, our operating expenses include bunker costs which are fully covered by us, port expenses, Terminal Handling Costs, or THC, incurred in the regular operation of our container feeder service and, agency fees paid by us to third parties. It also includes container leasing, storage and insurance expense.

Through our River Business, we own a repair facility for our river fleet at Pueblo Esther, Argentina, where we operate one floating dry dock, a shipyard for building barges and other vessels in Punta Alvear, Argentina, land for the construction of two terminals in Argentina, one grain loading terminal and 50% of a second terminal in Paraguay. UABL also rents offices in Asuncion, Paraguay and Buenos Aires, Argentina.

Through our Offshore Supply Business, we hold a lease for office space in Rio de Janeiro, Brazil. In addition, through Ravenscroft, we own a building located at 3251 Ponce de Leon Boulevard, Coral Gables, Florida, United States. We also hold subleases to additional office space at Avenida Leandro N. Alem 986, Capital Federal, Buenos Aires, Argentina, and rent an office in Aberdeen, Scotland.

Foreign Currency Transactions

During the first six months of 2013, 94% of our revenues were denominated in U.S. dollars. Also, for the first six months of 2013, 4% of our revenues were denominated and collected in Brazilian reais and 2% were denominated and collected in British pounds. However, 50% of our total revenues are denominated in U.S. dollars but are collected two thirds in Brazilian and Paraguayan currency and one-third in Argentinean pesos. During the six months ended June 30, 2013, the majority of our expenses were denominated in U.S. dollars of which 42% of them were paid in Argentine pesos, Brazilian reais and Paraguayan guaranies.

Our operating results, which we report in U.S. dollars, may be affected by fluctuations in the exchange rate between the U.S. dollar and other currencies. For accounting purposes, we use U.S. dollars as our functional currency. Therefore, revenue and expense accounts are translated into U.S. dollars at the average exchange rate prevailing on the month of each transaction.

Inflation, Rates of Exchange Variation and Fuel Price Increases

Inflationary pressures in the South American countries in which we operate may not be compensated by equivalent adjustments in the rate of exchange between the U.S. dollar and the local currencies. Additionally, revaluations of the local currencies against the U.S. dollar, even in the absence of inflation, have an incremental effect on the portion of our operating expenses incurred in those local currencies measured in U.S. dollars. Please see Foreign Currency Transactions.

If the London market for dollar loans between banks were to become volatile the spread between published LIBOR and the lending rates actually charged to banks in the London interbank market could widen. Interest in most loan agreements in our industry has been traditionally based on published LIBOR rates. After the financial crisis of the end of 2008, however, lenders have insisted on loan provisions that entitle them, in their discretion, to replace published LIBOR as the base for the interest calculation with their own cost-of-funds rate. Since then, we have been required to include similar provisions in some of our financings. If our lenders were to use the interest rate on their costs of funds instead of LIBOR in connection with such provisions, our lending costs could increase significantly, which would have an adverse effect on our profitability, earnings and cash flow.

As of June 30, 2013, the Company had $65.2 million of LIBOR-based variable rate borrowings under its credit facilities with IFC and OFID subject to an interest rate collar agreement, designated as cash flow hedge, to fix the interest rate of these borrowings within a floor of 1.69% and a cap of 5.0% per annum, excluding margin.

As of June 30, 2013, the Company had $19.8 million of LIBOR-based variable rate borrowings under its credit facility with DVB Bank SE, NIBC and ABN AMRO subject to an interest rate swap, designated as cash flow hedge, to fix the interest rate of these borrowings at a weighted average cost of debt of 0.9% per annum, excluding margin. In addition, the Company had $18.6 million of LIBOR-based variable rate borrowings under this facility subject to an interest rate swap designated as a cash flow hedge, to fix the interest rate of these borrowings between June 2014 and September 2016 at a weighted average cost of debt of 1.2% per annum, excluding margin.

As of June 30, 2013, the Company had $8.1 million of LIBOR-based variable rate borrowings under its credit facility with DVB Bank SE and Banco Security, subject to an interest rate swap, designated as cash flow hedge, to fix the interest rate of these borrowings at a weighted average interest rate of 3.39% per annum, excluding margin.

Additionally, as of June 30, 2013, the Company had other variable rate debt (due 2013 through 2021) totaling $112.8 million. These debts call for the Company to pay interest based on LIBOR plus a 120-400 basis point margin range. Some loans provide for the use of cost of funds in replacement of LIBOR under certain circumstances. The interest rates generally reset either quarterly or semi-annually. As of June 30, 2013, the weighted average interest rate on these borrowings was 2.6%, including margin.

A 1% increase in LIBOR or a 1% increase in the cost of funds used as base rate by some of our lenders would translate to a $1.1 million increase in our interest expense per year, which would adversely affect our earnings.

We have negotiated fuel price adjustment clauses in most of our contracts in the River Business. However, we may experience temporary misalignments between the adjustment of fuel in our freight contracts and our fuel purchase agreements (either positive or negative) because one may adjust prices on a monthly basis while the other adjusts

prices weekly. Similarly, in some of our trades the adjustment formula may not be one hundred percent effective to protect us against fuel price fluctuations. Additionally, as our re-engining and repowering program progresses and more pushboats in our fleet start to consume heavy fuel (as opposed to diesel oil), the adjustment formulas in our transportation contracts will gradually cease to reflect the change in our fuel costs, resulting in gradually larger misalignments between such adjustments and our fuel purchases.

In the Offshore Supply Business, the risk of variation of fuel prices under the vessels' current employment is generally borne by the charterers, since the charterers are generally responsible for the supply and cost of fuel. During their positioning voyage from their delivery shipyard up to their area of operation and if and when a vessel is off-hire for technical or commercial reasons, fuel consumption will be for owners' own account.

In our Ocean Business, for those vessels that operate under time charters, inflationary pressures on bunker (fuel oil) costs do not have a material effect on the results of those vessels which are time chartered to third parties, since it is the charterers' responsibility to pay for fuel. When our ocean vessels are employed under COAs, however, freight rates for voyage charters are fixed on a per ton basis including bunker fuel for our account, which is calculated for the voyage at an assumed cost. A rise or fall in bunker prices may have a temporary negative or positive effect on results as the case may be as the actual cost of fuel purchased for the performance of a particular voyage or COA may be higher or lower than the price considered when calculating the freight for that particular voyage. Generally, in the long term, freight rates in the market should be sensitive to variations in the price of fuel. However, a sharp rise in bunker prices may have a temporary negative effect on results since freights generally adjust only after prices have settled at a higher level.

In our container feeder operation, the operation of our two container feeder vessels, Asturiano and Argentino, involves some degree of fuel price fluctuation risk since we have to pay for the cost of bunkers and although we can adjust our rates per TEU in connection with these variations, we may not always be able to, or may even be unable to, pass these variations to our customers (either fully or partially) in the future, which could have an adverse effect on our results of operations.

Seasonality

Each of our businesses has seasonal aspects, which affect their revenues on a quarterly basis. The high season for our River Business is generally between the months of March and September, in connection with the South American harvest and higher river levels. However, growth in the soy pellet manufacturing, minerals and forest industries may help offset some of this seasonality. The Offshore Supply Business operates year-round, particularly off the coast of Brazil, although weather conditions in the North Sea may reduce activity from December to February. In the Ocean Business, we generally employ our Product Tankers on long-term time charters so there is no seasonality effect, however, shorter term contracts covering the winter months generally carry higher rates than those covering only the summer months. Our container feeder service experiences a somewhat slower season during the first quarter of each year.

Results of Operations

Six months ended June 30, 2013, compared to six months ended June 30, 2012

Revenues. Total revenues from our River Business increased by 99% from $41.7 million in the three months ended June 30, 2012, to $83.2 million in the same period of 2013. This $41.5 million increase results mainly from a $25.5 million increase in revenues related to the sale of barges constructed at our yard in Punta Alvear and to a $16.8 million increase in revenues from river operations related to a 13% increase in net tons transported, rate increases and normal rainfall as compared to the same period of 2012.

Total revenues from our River Business increased 72% from $71.1 million in the six months ended June 30, 2012, to $122.5 million in the same period of 2013. This $51.4 million increase results mainly from a $27.1 million increase in revenues from river operations related to a 23% increase in net tons transported, rate increases and normal rainfall as compared to the same period of 2012 coupled with a $26.8 million increase in revenues related to the sale of barges constructed at our yard in Punta Alvear; partially offset by a $2.1 million decrease in other river revenues.

Total revenues from our Offshore Supply Business increased 15% from $18.1 million in the three months ended June 30, 2012, to $20.8 million in the same period of 2013. This $2.8 million increase is primarily attributable to the operation of our UP Jade, which commenced operation with Petrobras on August 10, 2012.

Total revenues from our Offshore Supply Business increased by 21% from $35.2 million in the six months ended June 30, 2012, to $42.4 million in the same period of 2013. This $7.2 million increase is primarily attributable to a $5.6 million increase related to the operation of our UP Jade, and to a combined increase of $1.6 million for our UP Turquoise, UP Jasper and UP Rubi related to offhire days during the first quarter of 2012.

Total revenues from our Ocean Business decreased $1.8 million, from $19.6 million in the three months ended June 30, 2012, to $17.8 million in the same period of 2013. This decrease is mainly attributable to a $2.0 million decrease in revenues of our container feeder service.

Total revenues from our Ocean Business decreased $3.0 million, or 8%, from $37.7 million in the six months ended June 30, 2012, to $34.7 million in the same period of 2013. This decrease is mainly attributable to a $3.5 million

decrease related to the transportation of the barges sold to a third party during the first quarter of 2012, to a $0.8 million decrease in revenue from ship management services to third parties and to a combined $0.4 million decrease related to our feeder container vessels mainly associated to a decrease in TEUs transported on account of increased competition; partially offset by a $1.1 million increase in revenues of our Amadeo which had 72 offhire days during the first half of 2012 due to its drydock and by a $0.7 million increase from our Alejandrina on account of higher charter rates during the six-month period ended June 30, 2013, when compared with the same period of 2012.

Voyage and manufacturing expenses. In the three months ended June 30, 2013, voyage and manufacturing expenses of our River Business were $42.3 million, as compared to $21.0 million for the same period of 2012, an increase of $21.3 million. This increase is mainly attributable to $18.8 million incurred in the construction of barges for third parties in our Punta Alvear yard, coupled with a $2.6 million increase related to higher river transportation activity consistent with higher net tons transported.

In the six months ended June 30, 2013, voyage and manufacturing expenses of our River Business were $61.7 million, as compared to $39.9 million for the same period of 2012, an increase of $21.8 million, or 55%.

This increase is mainly attributable to $18.4 million incurred in the construction of barges for third parties in our Punta Alvear yard, coupled with a $3.9 million increase related to higher activity consistent with higher net tons transported.

In the three months ended June 30, 2013, voyage expenses of our Offshore Supply Business increased $0.2 million from $0.8 million to $1.0 million mainly on account of the delivery of our UP Jade and UP Amber on May 22, 2012, and January 30, 2013, respectively.

In the six months ended June 30, 2013, voyage expenses of our Offshore Supply Business were $1.9 million, as compared to $2.0 million in the same period of 2012. This decrease of $0.1 million, or 6%, is primarily attributable to a $0.5 million one-time underperformance charge in 2012 of two of our PSVs in Brazil; partially offset by a $0.4 million increase related to the delivery of our UP Jade and UP Amber on May 22, 2012, and January 30, 2013, respectively.

In the three months ended June 30, 2013, voyage expenses of our Ocean Business were $6.1 million, as compared to $6.6 million for the same period of 2012, a decrease of $0.5 million, or 8%. This decrease is primarily attributable to a combined $0.4 million decrease in voyage expenses related to our Asturiano and Argentino.

In the six months ended June 30, 2013, voyage expenses of our Ocean Business were $11.8 million, as compared to $14.6 million for the same period of 2012, a $2.8 million decrease, or 19%. This decrease is primarily attributable to a $3.5 million decrease related to the transportation costs of the barges sold to a third party incurred during the first quarter of 2012; partially offset by a combined $0.8 million increase in voyage expenses attributable to our Asturiano and Argentino.

Running costs. In the three months ended June 30, 2013, running costs of our River Business were $16.4 million, as compared to $12.7 million in the same period of 2012, an increase of $3.7 million, or 29%. This increase in costs is mainly attributable to a larger river fleet consistent with larger volume carried and higher crew costs as well as higher operating costs measured in US dollars.

In the six months ended June 30, 2013, running costs of our River Business were $30.4 million, as compared to $24.1 million in the same period of 2012, an increase of $6.3 million, or 26%. This increase in costs is mainly attributable to a larger river fleet consistent with larger volume carried and higher crew costs as well as higher operating costs measured in US dollars.

In the three months ended June 30, 2013, running costs of our Offshore Supply Business were $10.3 million, as compared to $8.8 million in the same period of 2012, an increase of $1.5 million, or 17%. This increase in running costs is mainly attributable to a $0.8 million increase related to the operation of our UP Jade, which entered into service with Petrobras on August 10, 2012, and to a $0.7 million increase related to the delivery from the shipyard of our UP Amber on January 30, 2013.

In the six months ended June 30, 2013, running costs of our Offshore Supply Business were $18.7 million, as compared to $17.4 million for the same period of 2012, an increase of $1.3 million, or 7%. This increase in running costs is mainly attributable to a $1.0 million increase in crewing costs mainly related to the operation of our UP Jade.

In the three months ended June 30, 2013, running costs of our Ocean Business were $9.5 million, as compared to $9.0 million in the same period of 2012, an increase of $0.5 million, or 6%. This increase results mainly from higher

maintenance and crewing costs of our Amadeo.

In the six months ended June 30, 2013, running costs of our Ocean Business were $18.5 million, as compared to $17.0 million in the same period of 2012, a $1.5 million increase, or 9%. This increase results mainly from higher maintenance and crewing costs of $0.8 million of our Amadeo coupled with a combined $0.7 million increase in running costs of the other vessels in our Ocean fleet.

Amortization of drydocking and intangible assets. Amortization of drydocking and intangible assets in the three months ended June 30, 2013, were $0.7 million as compared to $1.0 million in the same period of 2012, a $0.3 million decrease. This decrease is mostly related to the phasing out of the amortization charge from UP Esmeralda and UP Safira.

Amortization of dry dock and intangible assets in the six months ended June 30, 2013, were $1.5 million as compared to $2.1 million in the same period of 2012, a $0.6 million decrease, or 30%. This decrease is mostly related to the phasing out of the amortization charge from UP Esmeralda and UP Safira.

Depreciation of vessels and equipment. Depreciation increased by $0.2 million, or 1%, to $9.7 million in the three months ended June 30, 2013, as compared to $9.5 million in the same period of 2012. This variation is primarily attributable to a combined $0.4 million increase in depreciation of our UP Jade and UP Amber which were delivered to us on May 22, 2012, and January 30, 2013, respectively; partially offset by a reduction of $0.3 million in the depreciation charge of our Product Tanker Amadeo.

Depreciation of vessels and equipment increased by $0.1 million, to $19.1 million in the six months ended June 30, 2013, as compared to $19.0 million in the same period of 2012. This variation is primarily attributable to a combined $0.6 million increase in depreciation of our UP Jade and UP Amber which were delivered to us on May 22, 2012, and January 30, 2013, respectively; partially offset by a reduction of $0.6 million in the depreciation charge of our Product Tanker Amadeo.

Administrative and commercial expenses. Administrative and commercial expenses were $9.5 million in the three months ended June 30, 2013, as compared to $7.7 million in the same period of 2012, an increase of $1.8 million or 24%. This increase is mainly associated to a $0.9 million increase in legal and other fees, a $0.8 million increase in sales and other taxes mainly related to a higher level of activity in 2013 in the River business and by a $0.5 million increase in wages; partially offset by a decrease of $0.4 million in other administrative expenses.

Administrative and commercial expenses were $18.3 million in the six months ended June 30, 2013, as compared to $15.4 million in the same period of 2012, resulting in an increase of $2.9 million or 19%. This increase is mainly associated to a $1.8 million increase in sales and other taxes mainly related to a higher level of activity in 2013 in the River Business, by a $0.9 million increase in legal and other fees and by a $0.6 million increase in wages; partially offset by $0.4 million in other administrative expenses.

Other operating income. Other operating income for the three months ended June 30, 2013, remained unchanged at $1.0 million as compared the same period of 2012.

Other operating income was $1.4 million in the six months ended June 30, 2013, as compared to other operating income of $6.7 million in the same period of 2012. This decrease of $5.3 million, or 79%, is mainly explained by a $2.6 million decrease in the other operating income of our River Business mostly related to the sale of one pushboat during the first quarter of 2012 partially offset by an increase in export compensation agreements related to our barge building activity, by a combined decrease of $2.6 million in loss of hire compensation from insurers of our UP Jasper, UP Turquoise, UP Topazio and UP Rubi, in our Offshore Supply Business, and of our vessels Amadeo, Miranda I, Asturiano and Argentino, in our Ocean Business.

Operating profit (loss). Operating profit for the three months ended June 30, 2013, was $17.3 million, an increase of $13.9 million, or 410%, from $3.4 million for the same period of 2012. This increase is mainly attributable to a $14.2 million increase in the operating profit of our River Business; partially offset by a $0.3 million decrease in our Offshore Supply Business operating profit.

Operating profit for the six months ended June 30, 2012, was $19.2 million, an increase of $19.9 million from an operating loss of $0.7 million for the same period of 2012. This increase is mainly attributable to a $15.8 million increase in our River Business operating profit from a $5.2 million operating loss in the first half of 2012 to a $10.7 million operating profit for the same period of 2013, to a $3.1 million increase in our Offshore Supply Business operating profit from $8.5 million in the first half of 2012 to a $11.6 million in the same period of 2013, and to a $1.0 million decrease in our Ocean Business operating loss from a $4.1 million loss in the first half of 2012 to a $3.1 million loss in the same period of 2013.

Financial expense. Financial expense decreased $0.5 million to $8.3 million in the three months ended June 30, 2013, mainly as a result of the repayment of our $80.0 million Senior Convertible Notes on January 23, 2013, and by higher average debt balances during the three months ended June 30, 2012 as compared to the same period of 2013; partially offset by 20 days of our recently issued $200.0 million First Preferred Ship Mortgage Notes due 2021.

Financial expense decreased $1.9 million to $16.2 million in the six months ended June 30, 2013, mainly as a result of redemption of our $80.0 million Senior Convertible Notes on January 23, 2013, and by higher average debt balances

during the six months ended June 30, 2012, as compared to the same period of 2013; partially offset by 20 days of our recently issued $200.0 million First Preferred Ship Mortgage Notes due 2021.

Financial loss on extinguishment of debt. Financial loss on extinguishment of debt for the three months ended June 30, 2013, was $0.2 million as compared to nil in the same period of 2012. This variation is attributable to the extinguishment of the last portion of our DVB-Natixis facility.

Financial loss on extinguishment of debt for the six months ended June 30, 2013, was $3.8 million as compared to nil in the same period of 2012. This variation is attributable to the redemption of our Convertible Bond, to the extinguishment of our DVB-NIBC facility and to the extinguishment of the last portion of our DVB-Natixis facility.

Foreign currency exchange gains (losses), net. For the three months ended June 30, 2013, we had foreign currency exchange gains of $5.2 million as compared to a $3.4 million loss in the same period of 2012. This $8.6 million variation is mainly attributable to cash foreign currency exchange gains in some of our subsidiaries, partially offset by the effect of our exposure to the fluctuation in the value of local currencies.

Foreign currency exchange gains for the six months ended June 30, 2013 was $11.4 million as compared to a $2.1 million loss in the same period of 2012. This $13.6 million variation is mainly attributable to cash foreign currency exchange gains in some of our subsidiaries and exchange differences affecting some River Business operating expenses, partially offset by the effect of our exposure to the fluctuation in the value of local currencies.

Income tax (expense) benefit. The income tax expense for the three months ended June 30, 2013, was $0.4 million compared to an income tax benefit of $4.4 million in the same period of 2012. This $4.8 million variation is mainly attributable to a $2.1 million charge attributable to a higher pretax income in our Argentinean subsidiary operating in the River and Ocean Businesses, a $1.0 million exchange variance provision on our Brazilian subsidiary, a $0.5 million deferred income tax liability related to the accelerated depreciation scheme in Brazil in our Offshore Supply Business and to a $0.9 million decrease in the deferred income tax expense originated in intercompany barge sale activities.

The income tax expense for the six months ended June 30, 2013 was $2.0 million, compared to a benefit of $3.1 million in the same period of 2012. This $5.1 million variation is mainly attributable to a $3.2 million charge attributable to a higher pretax income in our Argentinean subsidiary operating in the River and Ocean Businesses, a $1.0 million exchange variance provision on our Brazilian subsidiary, a $0.5 million deferred income tax liability related to the accelerated depreciation scheme in Brazil in our Offshore Supply Business, and to a $0.4 million decrease in the deferred income tax expense originated in intercompany barge sale activities.

Year Ended December 31, 2012, Compared to Year Ended December 31, 2011

Revenues. Total revenues from our River Business decreased by 6% from $174.6 million in 2011 to $163.3 million in 2012. This $11.3 million decrease is mainly attributable to a 24% decrease in net tons transported mostly explained by the severe drought that impacted the soybean production in 2012 and to a significant change in the cargo mix which focused significantly on iron ore in replacement of soybean; partially offset by a $11.2 million increase in revenues related to the sale of fifteen dry bulk and eight liquid cargo barges constructed at our yard in Punta Alvear for third parties compared to twenty dry barges sold in 2011, and by an increase in the average freight rate per ton (before adjustment for fuel price variations) resulting mainly from the renegotiation and/or renewal of some of our contracts during 2012.

Total revenues from our Offshore Supply Business increased by 19% from $64.6 million in 2011 to $76.7 million in 2012. This $12.1 million increase is primarily attributable to a $5.3 million increase in revenues from our UP Jasper which entered into service with Nexen Petroleum UK Ltd. on September 29, 2011, to the $4.6 million additional revenue generated by our UP Jade which commenced its charter with Petrobras on August 10, 2012, to an increase in revenues of $1.1 million of our UP Turquoise which entered into service with Petrobras on March 12, 2011, and to a $1.0 million joint increase in revenues from our vessels UP Topazio, UP Diamante, UP Rubi, UP Esmeralda, UP Agua-Marinha and UP Safira mainly attributable to higher operating days during 2012 as compared to 2011 (UP Agua-Marinha and UP Topazio had drydocks during first and second quarter of 2011, respectively, UP Rubi underwent repairs during the first quarter of 2011 and UP Diamante had drydock during the fourth quarter of 2011).

Total revenues from our Ocean Business increased $7.9 million, from $65.3 million in 2011 to $73.2 million in 2012, or 12%. This increase is mainly attributable to a combined $4.0 million increase in revenues of our container feeder vessels Asturiano and Argentino mainly associated to tariff increases as well as by increases on TEUs transported year on year, to a $3.5 million increase related to the transportation of the barges sold to a third party, to a $0.7 million increase related to the operation of our Paraná Petrol, and to a combined $2.3 million increase in revenues of our Product Tankers (excluding Amadeo) on account of charter rate adjustments in accordance with manning expense increases; partially offset by a $2.6 million decrease in revenues on account of the offhire days of our Amadeo during the third and fourth quarter of 2012.

Voyage and manufacturing expenses. In 2012, voyage and manufacturing expenses of our River Business were $94.7 million, as compared to $87.0 million for 2011, an increase of $7.7 million, or 9%. This increase is attributable to a $5.8 million increase related to the manufacturing expenses incurred in the construction of barges for third parties in our Punta Alvear yard, to a $2.9 million increase related to higher fuel expense; partially offset by a $1.0 million

decrease in other transportation expenses.

In 2012, voyage expenses of our Offshore Supply Business were $5.2 million, as compared to $4.1 million in 2011. This increase of $1.1 million, or 28%, is primarily attributable to our UP Jade which entered into operation with Petrobras on August 10, 2012.

In 2012, voyage expenses of our Ocean Business were $26.4 million, as compared to $21.1 million for 2011, an increase of $5.3 million, or 25%. This increase is primarily attributable to a $3.5 million increase related to the transportation costs of the barges sold to a third party, to a combined $1.4 million increase in voyage expenses attributable to our vessels Asturiano and Argentino and to a $0.5 million increase related to the operation of our Paraná Petrol; partially offset by a $0.2 million decrease in the voyage expenses of our Product Tankers.

Running costs. In 2012, running costs of our River Business were $53.9 million, as compared to $45.7 million in 2011, an increase of $8.2 million, or 18%. This increase in costs is mainly attributable to a $7.0 million increase in crew and maintenance costs as well as other running costs, coupled with a $1.0 million increase related to other river revenues.

In 2012, running costs of our Offshore Supply Business were $38.2 million, as compared to $34.8 million in 2011, an increase of $3.4 million, or 10%. This increase in running costs is mainly attributable to a $2.3 million increase related to the entry into operation of our UP Jade which commenced operation with Petrobras on August 10, 2012, to a $1.5 million increase on account of the operation of our UP Jasper which entered into service with Nexen Petroleum UK Ltd. on September 29, 2011.

In 2012, running costs of our Ocean Business were $36.0 million, as compared to $31.9 million in 2011, an increase of $4.1 million, or 13%. This variation results mainly from a combined $2.9 million increase in running costs of our Product Tankers, to a joint increase of $0.8 million in crew expenses of our vessels Asturiano and Argentino, both mainly related to inflationary increase in our costs not compensated by an equivalent devaluation of local currencies versus the U.S. dollar, and to a $0.5 million increase related to the operation of our Paraná Petrol.

Amortization of drydocking and intangible assets. Amortization of drydocking and intangible assets in 2012 was $4.9 million, as compared to $4.3 million, an increase of $0.6 million, or 16%. This increase is primarily attributable to the amortization of drydock of our Product Tanker Amadeo.

Depreciation of vessels and equipment. Depreciation increased by $4.0 million, or 10%, to $38.9 million in 2012, as compared to $34.9 million in 2011. This increase is primarily attributable to $3.6 million associated with our new jumbo barges built at Punta Alvear, Argentina, by a $1.0 million increase in depreciation of our vessels UP Jasper and UP Jade, which were delivered to us on June 10, 2011, and May 22, 2012, respectively.

Loss on write-down of vessels. In 2012, loss on write-down of vessels was $16.0 million from zero in 2011 due to an impairment charge on the value of our Product Tanker Amadeo.

Administrative and commercial expenses. Administrative and commercial expenses were $32.4 million in 2012 as compared to $29.6 million in 2011, resulting in an increase of $2.8 million, or 9%. This increase is mainly associated to salary increases and general inflation in local currency not compensated by an equivalent devaluation of such currencies.

Other operating income, net. Other operating income increased $0.1 million from $8.3 million in 2011 as compared to $8.4 million in 2012. This difference is mostly attributable to a $3.5 million increase related to the sale of pushboat Cavalier VIII, to $0.8 million related to export benefits associated with the export of the barges produced by our yard and by a $0.6 million loss of hire insurance of our Product Tanker Amadeo during 2012, partially offset by a $4.8 million favorable arbitration settlement in the fourth quarter of 2011 in our River Business.

Operating (loss) profit. Operating loss for the year 2012 was $25.1 million, as compared to an operating profit of $19.4 million in 2011. This $44.5 million decrease is mainly attributable to a $32.1 million decrease in our River Business operating profit from $13.1 million in 2011 to an operating loss of $19.0 million in 2012, which was mainly attributable to the severe drought that impacted the soybean production in the Hidrovia Region during 2012 in addition to low river water levels during 2012; to a $19.0 million decrease in operating profit of our Ocean Business from a $4.8 million operating loss in 2011 to a $23.8 million operating loss in 2012 mainly related to an impairment charge on our Product Tanker Amadeo of $16.0 million; partially offset by a $6.6 million increase in operating profit of our Offshore Supply Business driven mainly by the entry into operation of our UP Jasper and UP Jade on March 12, 2011, and August 10, 2012, respectively.

Financial expense and other financial income (expenses), net. Financial expense and other financial expenses decreased $0.2 million to $37.8 million in 2012, as compared to $38.0 million in 2011. This decrease is mainly attributable a $0.9 million decrease related to the exchange rate fluctuation of the Brazilian Reais against the U.S. dollar in our Offshore Supply segment; partially offset by a $0.4 million increase in financial expenses and by a $0.4

million increase related to exchange rate fluctuation of foreign currencies against the U.S. dollar on our River Segment.

Financial loss on extinguishment of debt. Loss on extinguishment of debt was $0.9 million in 2012 as compared to zero in 2011. This difference is entirely attributable to partial extinguishment of our DVB Bank SE-Natixis $93.6 million loan facility on account of its refinancing.

Financial income. Financial income in 2012 was zero as compared to $0.3 million in 2011.

Income taxes benefit (expenses). Income tax benefit increased by $1.3 million from an income tax benefit of $1.7 million in 2011 to an income tax benefit of $3.0 million, mainly attributable to an increase of $4.0 million in the income tax benefit attributable to higher pretax losses of our Argentinean subsidiaries operating in the Ocean and the River Business, partially offset by a decrease of $0.5 million in the income tax benefit of our Brazilian subsidiaries in the Offshore Supply Business originated in the effect of a higher depreciation of the Brazilian real against the US Dollar in 2012 compared to 2011, partially offset by a deferred income tax liability related to the accelerated depreciation scheme in Brazil and by $2.2 million decrease in the income tax expense deferred originated in intercompany barge sales activities (which were higher in 2011 than in 2012).

Non-controlling interest. Non-controlling interest increased by $0.3 million. This increase is attributable to higher results of our subsidiary in the Offshore Supply Business where we have a non-controlling partner that owns 5.56% of the equity in that business.

Year Ended December 31, 2011, Compared to Year Ended December 31, 2010

Revenues. Total revenues from our River Business increased by 45% from $120.0 million in 2010 to $174.6 million in 2011. This $54.6 million increase is mainly attributable to a 14% increase in net tons transported which translated into a $16.0 million increase in revenues, a $14.4 million increase related to increases in freight revenues as a result of the fuel adjustment formula in our contracts of affreightments, coupled with a $2.6 million increase due to changes in cargo mix and average price increases and $2.5 million increase in other river revenues. The remaining $19.1 million increase is explained by the sale of twenty dry bulk cargo barges constructed at our yard in Punta Alvear for third parties.

Total revenues from our Offshore Supply Business increased by 19% from $54.3 million in 2010 to $64.6 million in 2011. This $10.3 million increase is primarily attributable to the $8.7 million additional revenue generated by our UP Turquoise which commenced its charter with Petrobras on March 12, 2011, to an increase in revenues of $2.7 million of our vessels UP Esmeralda and UP Safira on account of their fewer operational days during the first quarter of 2010 due to their positioning from the North Sea to Brazil in addition to time lost for their registration in Brazil, coupled with a $2.4 million increase on account of our UP Jasper which had a 10-day spot operation while repositioning from China to the North Sea in addition to its charter initiation with Nexen on September 29, 2011; partially offset by a $2.4 million decrease in revenues of our UP Agua-Marinha and UP Topazio on account of their drydocks held on the first quarter and second quarter of 2011, respectively, to a $0.9 million decrease related to the offhire days of our UP Rubi on account of repairs during the first quarter of 2011 and to a $0.2 million decrease on account of the drydock undergone by our UP Diamante during the fourth quarter of 2011.

Total revenues from our Ocean Business increased $9.1 million, from $56.1 million in 2010 to $65.3 million in 2011, or 16%. This increase is mainly attributable to a combined $26.3 million increase in revenues of our vessels Asturiano and Argentino which commenced operation on May 21, 2010, and January 10, 2011, respectively, coupled with a combined $2.5 million increase in revenues of our Product Tankers on account of charter rate adjustments in accordance with manning expense increases; partially offset by an $15.0 million decrease in revenues on account of the sale of our Princess Marisol and Princess Katherine which were sold and delivered on April 23, 2010, and September 15, 2010, respectively, and to a $4.2 million decrease related to the re-delivery of the Mediator I, which was under bareboat charter to us, on October 6, 2010.

Voyage and manufacturing expenses. In 2011, voyage and manufacturing expenses of our River Business were $87.0 million, as compared to $46.7 million for 2010, an increase of $40.3 million, or 86%. This increase is attributable to a $17.1 million increase related to higher fuel costs associated with higher fuel prices and larger volumes consumed consistent with an increase in the volume of cargo transported, to a $12.7 million increase related to the manufacturing expenses incurred in the construction of barges for third parties in our Punta Alvear yard and to a $10.5 million increase related to higher port expenses, such as charge and discharge expenses, port dues and agency fees and third party harbor tug expenses, mainly attributable to larger volumes carried, as well as higher costs.

In 2011, voyage expenses of our Offshore Supply Business were $4.1 million, as compared to $3.5 million in 2010. This increase of $0.6 million, or 17%, is primarily attributable to a $1.3 million increase related to the positioning voyages of our UP Turquoise and UP Jasper from China to Brazil and the North Sea, respectively, coupled with a $0.2 million increase related to the operation of those vessels in their respective markets; partially offset by a $0.6 million decrease in the brokerage commissions of our UP Rubi, UP Agua-Marinha, UP Topazio and UP Diamante related to the greater off-hire days of these vessels during 2011, coupled with a $0.5 million decrease related to an importation tax incurred by our UP Esmeralda and UP Safira during 2010 when they were moved into Brazil.

In 2011, voyage expenses of our Ocean Business were $21.1 million, as compared to $11.4 million for 2010, an increase of $9.7 million, or 85%. This increase is primarily attributable to a $15.2 million increase in voyage expenses

of our vessels Asturiano and Argentino, which commenced operation on May 21, 2010, and January 10, 2011, respectively, and whose bunker costs and port expenses are borne by us; partially offset by a $1.8 million decrease on account of the hire expenses of the Austral as a result of its bareboat contract renewal with her owners at a lower rate, a $1.5 million decrease on account of the re-delivery of the Mediator I to its owners (under bareboat charter to us) on October 6, 2010, and a $1.2 million decrease on account of the sale of our Princess Marisol and Princess Katherine on April 23, 2010, and September 15, 2010, respectively.

Running costs. In 2011, running costs of our River Business were $45.7 million, as compared to $34.0 million in 2010, an increase of $11.7 million, or 34%. This increase in costs is mainly attributable to a $10.0 million increase in crew and maintenance costs as well as other running costs.

In 2011, running costs of our Offshore Supply Business were $34.8 million, as compared to $26.1 million in 2010, an increase of $8.7 million, or 33%. This increase in running costs is mainly attributable to a $5.0 million increase on account of the delivery of our UP Turquoise and UP Jasper on December 20, 2010, and June 10, 2011, respectively, coupled with a general increase in crew and maintenance costs of our PSV fleet of $3.7 million mainly attributable to the revaluation of the local currency against the U.S. dollar for part of 2011.

In 2011, running costs of our Ocean Business were $31.9 million, as compared to $29.2 million in 2010, an increase of $2.7 million, or 9%. This variation results mainly from a $6.0 million increase in running costs of our vessels Asturiano and Argentino which were delivered to us on April 16, 2010, and December 14, 2010, respectively, coupled with a $4.8 million increase in crew and maintenance costs of our Tanker vessels and Parana Petrol; partially offset by a $5.7 million decrease in running costs of our Capesize vessels Princess Nadia, Princess Marisol and Princess Katherine which were sold and delivered on January 28, 2010, April 23, 2010, and September 15, 2010, respectively, and by a $2.3 million decrease related to the re-delivery of the Mediator I on October 6, 2010, which was under bareboat charter to us. Also, in general, inflation in the local currency not reflected in an equivalent variation of the rate of exchange negatively affected our running costs for the period.

Amortization of drydocking and intangible assets. Amortization of drydocking and intangible assets in 2011 was $4.3 million, as compared to $4.5 million, a decrease of $0.2 million, or 5%. This decrease is primarily attributable to a $0.6 million decreased level of amortization of drydock of our dry barges and to the elimination of the amortization of drydock of $0.5 million on our sold Capesize vessel Princess Katherine; partially offset by an increased level of amortization of drydock of $0.5 million for our PSV fleet, coupled with an increased level of amortization of drydock of $0.4 million of our Amadeo Product Tanker.

Depreciation of vessels and equipment. Depreciation increased by $5.0 million, or 17%, to $34.9 million in 2011, as compared to $29.9 million in 2010. This increase is primarily attributable to $2.8 million associated to the entry into operation of our jumbo barges built at Punta Alvear, Argentina, by a $2.7 million increase in depreciation of our vessels Asturiano, Argentino, UP Turquoise and UP Jasper, which were delivered to us on April 16, 2010, December 14, 2010, December 20, 2010, and June 10, 2011, respectively, and by a $0.7 million increased depreciation related to the certification works performed on our Parana Petrol prior to its entry into operation; partially offset by a $1.6 million lower depreciation of our Capesize vessels Princess Marisol and Princess Katherine which were sold in 2010 .

Administrative and commercial expenses. Administrative and commercial expenses were $29.6 million in 2011 as compared to $27.1 million in 2010, resulting in an increase of $2.5 million, or 9%. This increase is associated with increases in legal and other fees and increases in the cost of shore based personnel in our Ocean, River and Offshore Supply Businesses mainly as a result of general inflation in the local currency not reflected in an equivalent variation of the rate of exchange.

Other operating income, net. Total other operating income increased from $0.6 million in 2010 to $8.3 million in 2011, a $7.7 million increase. This increase is mainly explained by a $4.8 million increase related to a favorable arbitration settlement of our River Business subsidiary, $1.5 million loss of hire coverage insurance for the time lost by our UP Rubi during the first quarter of 2011, to a $1.3 million loss of hire coverage insurance for the time lost by our UP Diamante, and to a $0.6 million increase on account of an insurance claim of our UP Jasper; partially offset by a $0.8 million loss of hire insurance cover for time lost of our UP Esmeralda in the first quarter of 2010.

Operating profit. Operating profit for the year 2011 was $19.4 million, an increase of $0.7 million from $18.7 million operating profit in 2010. This increase is mainly attributable to a $3.2 million increase in our River Business operating profit from $10.2 million in 2010 to $13.1 million in 2011, including a $4.8 million increase related to a favorable arbitration settlement with a former client and by a $4.5 million operating profit resulting from barge sales to third parties, partially offset by higher operating costs; to a $0.4 million increase in operating profit of our Offshore Supply Business driven mainly by a $3.3 million increase related to the entry into operation of our UP Turquoise on March 12, 2011, and by a $2.2 million increase of our UP Esmeralda and UP Safira on account of their positioning from the North Sea to Brazil where they operated at higher rates than they obtained during 2010 in the North Sea, partially offset by a $4.4 million decrease of our UP Agua-Marinha and UP Topazio on account of their drydocks held on the first quarter and second quarter of 2011, respectively; and to a $2.6 million decrease in operating profit of our Ocean Business from a $2.1 million operating loss in 2010 to a $4.7 million operating loss in 2011, driven mainly by a $5.1

million decrease in operating profit related to the sale of our Capesize vessels Princess Marisol and Princess Katherine coupled with a $3.8 million general increase in costs in local currency, partially offset by a $5.2 million increase due to the operation of our two feeder container vessels Asturiano and Argentino.

Financial expense and other financial income (expenses), net. Financial expense and other financial expenses increased $11.6 million to $38.0 million in 2011, as compared to $26.4 million in 2010. This increase is mainly attributable to a $5.5 million increase in financial expenses due to the issuance of the Convertible Senior Notes, to a $2.1 million increase related to exchange rate differences, a $1.4 million increase related to the commitment fee and margin rate increase in our $93.6 million DVB Bank SE -Natixis facility, to a $1.0 million increase related to the drawdowns under the DVB Bank SE – Banco Security financing in connection with the deliveries of our UP Turquoise and UP Jasper, to a $0.8 million increase related to the interest capitalization on our $61.3 million DVB Bank SE loan, and to a $0.4 million increase in the interest rate as a result of an interest rate collar derivative entered into with IFC in May 2010.

Financial income. Financial income in 2011 decreased by $0.1 million to $0.3 million from $0.4 million in 2010. This decrease is mainly attributable to lower interest received on lower average cash balances.

Gains on derivatives. Gain on derivative instruments decreased to zero in 2011, from $10.5 million in the same period of 2010. This decrease is attributable to the closing of our derivatives contracts due to the sale of our Capesize vessels Princess Nadia, Princess Marisol and Princess Katherine, which were sold and delivered on January 28, 2010, April 23, 2010, and September 15, 2010, respectively.

Income taxes benefit (expenses). Income taxes benefit increased by $8.1 million, from an income tax expense of $6.4 million in 2010 to an income tax benefit of $1.7 million in 2011. This change is mainly explained by a decrease of $2.6 million in the current income tax expense and for a change of $5.4 million in the deferred income tax from a deferred income tax expense of $1.8 million in 2010 to a deferred income tax benefit of $3.6 million in 2011. The decrease in the current income tax expense is mainly explained by a decrease of $1.7 million in the income tax expense of our Offshore Supply Business operations in Brazil and for a one-time payment in 2010 of $1.3 million made to the tax authorities of Paraguay in full settlement of a claim pertinent to years 2002 to 2004; partially offset by an increase of $0.5 million in the income tax in Argentina. The change in the deferred income tax is mainly explained by a decrease of $4.7 million of the provision of the deferred tax for unrealized exchange differences in our Brazilian subsidiary due to the devaluation of the Brazilian real during 2011 as compared to a revaluation during 2010.

Non-controlling interest. Non-controlling interest increased by $0.1 million to $(0.6) million in 2011 as compared to $(0.5) million in 2010. This increase is attributable to higher results of our subsidiary in the Offshore Supply Business where we have a non-controlling partner that owns 5.56% of our Offshore Supply Business.

(Loss) from discontinued operations. Losses from discontinued operations, net of tax, decreased by $0.5 million from a loss of $0.5 million in 2010 to zero in 2011. This decrease in loss is attributable to the expenses and overhead related to our passenger vessel Blue Monarch, which remained in lay up during 2009 until it was delivered to her new buyers on February 5, 2010.

Liquidity and Capital Resources

We are a holding company and operate in a capital-intensive industry requiring substantial ongoing investments in revenue producing assets. Our subsidiaries have historically funded their vessel acquisitions through a combination of debt, shareholder loans, cash flow from operations and equity contributions.

The ability of our subsidiaries to make distributions to us may be restricted by, among other things, restrictions under our credit facilities and applicable laws of the jurisdictions of their incorporation or organization.

At June 30, 2013, we had aggregate indebtedness of $624.9 million, consisting of $200.0 million aggregate principal amount of our 2021 First Preferred Ship Mortgage Notes, $181.6 million aggregate principal amount plus accrued interest of our 2014 Notes (for which the Company had already set a redemption date for July 10, 2013 and which were fully repaid on such date), indebtedness of our subsidiary UP Offshore Apoio Maritimo Ltda. under a senior loan facility with DVB Bank AG, or DVB, of $6.4 million and $15.3 million under a loan facility with BNDES, indebtedness of our subsidiary UP Offshore (Bahamas) Ltd. of $43.8 million under two senior loan facilities with DVB and $32.5 million under an additional senior loan agreement with DVB and Banco Security as co-lenders, indebtedness of our subsidiary Ingatestone Holdings Inc. of $8.6 million under a senior loan facility with DVB (previously DVB and Natixis as co-lenders) and $40.2 million under a senior loan facility with DVB, NIBC and ABN Amro as co-lenders, indebtedness of our subsidiary Stanyan Shipping Inc. of $6.1 million under a senior loan facility with Natixis, indebtedness of our subsidiaries UABL Barges (Panama) Inc., Marine Financial Investment Corp., Eastham Barges Inc. and UABL Paraguay S.A. of $52.2 million in the aggregate under two senior loan facilities with IFC, indebtedness of our subsidiary UABL Paraguay S.A. of $13.0 million under a senior loan facility with OFID, and indebtedness of our subsidiaries UABL Paraguay S.A. and Riverpar S.A. of $23.5 million under a senior loan facility with IFC and OFID as co-lenders and accrued interest of $1.7 million.

At June 30, 2013, we had cash and cash equivalents on hand of $131.3 million plus $191.0 million in restricted cash (which included $182.1 million held at our account with the 2014 Notes' trustee to allow for the 2014 Notes redemption which took place on July 10, 2013, in accordance with such Notes Indenture) making a total of $322.3 million.

Operating Activities

In the six months ended June 30, 2013, cash flow provided by operations was $11.2 million compared to $3.3 million used in operations in the same period of 2012. Net income for the six months ended June 30, 2013, was $8.2 million as compared to a net loss of $18.8 million in the six months ended June 30, 2013, an increase of $27.0 million.

Cash flow from operating activities increased by $14.5 million to $11.2 million in the six months ended June 30, 2013, from a cash use of $3.3 million in the same period of 2012. This increase in cash flow from operations is mainly attributable to an aggregate increase of $27.6 million in the Gross Profit Contribution (defined as hire or freight revenues minus voyage expenses and running costs), or GPC, during the period resulting from an increase of $23.2 million in our GPC from our River Business mostly as a result of the increase in net tons transported as compared to the first half of 2012 when we suffered the adverse effects related to the drought and low river levels as well as a larger number of barges sold to third parties and to a GPC increase of $6.1 million from our Offshore Supply Business mostly related to the entry into operation of our UP Jade on August 10, 2012 and the improved performance of our PSVs UP Rubi, UP Topazio and UP Turquoise. This increase in GPC and a cash foreign currency exchange gain of $15.2 million were offset by a net increase in assets of $4.7 million (mostly due to inventory and supplies buildup) and by a net decrease in liabilities of $16.4 million explained mostly by decreases in accounts payable and customer advances period on period.

Investing Activities

During the six months ended June 30, 2013, we disbursed $5.2 million in the refurbishment of our Parana Petrol, $3.2 million to fund the various drydocks in our fleet (including our Parana Petrol), $0.8 million in enhancements/additions to our Punta Alvear barge-building facility and $0.7 million in the re-engining and rebottoming programs and $0.5 million in our yard in Chaco I, in our River Business; $2.7 million to fund the delivery advance on our UP Amber and $2.5 million on our UP Pearl, and $0.1 million on our UP Onyx, in our Offshore Supply Business.

Financing Activities

Net cash flow from financing activities decreased $100.2 million from cash provided of $9.3 million in the six months ended June 30, 2012, to a cash use of $90.9 million in the same period of 2013. This decrease is mainly attributable to the $80.0 million prepayment of our Senior Convertible Notes, to $29.4 million additional cash used in early repayments of long-term financial debt, to $8.3 million used in the repayment of a short-term credit facility with DVB, to a $7.5 million increase in scheduled repayments period on period and to an $8.4 million increase in cash used by other financing activities; partially offset by an increase in proceeds from long-term financial debt in our Offshore Supply Business of $22.9 million and by the net increase in cash of $10.5 million from the issuance of our 2021 First Preferred Ship Mortgage Notes (after deducting issuance expenses and the increase in restricted cash of $182.1 million to redeem the 2014 Notes on July 10, 2013).

Future Capital Requirements

Our near-term cash requirements are related primarily to funding operations, constructing new vessels, potentially acquiring other assets including second-hand ocean vessels, rebottoming some of our barges, funding the construction of barges in our new shipyard at Punta Alvear and replacing the engines in our line pushboats with new engines that burn heavy fuel which has been historically less expensive than the types of fuel currently used. We estimate that for the six-month period ending December 31, 2013, we will invest between $3.9 million and $4.9 million in the construction of new barges and re-engining of our line pushboats, $0.2 million in the refurbishing and conversion of our Paraná Petrol, $1.2 million for the construction of one port pushboat, $0.7 million in upgrade works and new constructions in our Punta Alvear yard and combined $0.4 million in our fleeting area in Km. 456 and our new terminal in Paraguay. We expect to disburse an aggregate amount between $4.8 to $5.8 million in drydock expenses, including the Parana Petrol.

We may order additional vessels and/or incur other capital expenditures, which are not discussed above or contemplated at this time. The funds will be disbursed at various times over the next few years and, accordingly, are subject to significant uncertainty. We may in the future incur indebtedness to fund some of our other initiatives, which we are currently funding through our cash flow from operations. We cannot provide assurance that our actual cash requirements will not be greater than we currently expect. If we cannot generate sufficient cash flow from operations, we may obtain additional sources of funding through capital market transactions, although it is possible these sources will not be available to us.

Contractual Obligations

The following schedule summarizes our contractual obligations and commercial commitments as of June 30, 2013 after giving effect to the redemption of our 9% First Preferred Ship Mortgage Notes due 2014. The amounts below include both principal and interest payments.

Payments Due by Period

	Total	Current(a)	1 to 3 Years(b) (Dollars in thousands)	3 to 5 Years(c)	After 5 Years(d)
1. Long-term debt obligations(e)					
- DVB Bank SE (up to $15.0 million)					
Tranche A	$ 6,400	$ 450	$ 1,800	$ 4,150	$ —
- DVB Bank SE (up to $61.3 million)	31,800	2,150	8,600	21,050	—
- DVB Bank SE (up to $25.0 million)	12,000	1,000	4,000	7,000	—
- Natixis	6,092	454	1,816	3,822	—
- IFC UABL II Paraguay	21,739	1,087	4,348	6,793	9,511
- IFC UABL II	30,435	1,522	6,087	9,511	13,315
- OFID	13,043	652	2,609	4,076	5,706
- DVB Bank SE / Natixis (up to $93.6 million)					
Tranche A	8,625	8,625	—	—	—
- BNDES	15,263	555	2,220	2,220	10,268
- 8.875% Senior Notes 2021 ($200.0 million)	200,000	—	—	—	200,000
- DVB Bank SE / Security (up to $40 million)	32,500	1,667	6,666	6,667	17,500
- IFC UABL III Loan (up to $15.0 million)	14,118	883	3,529	3,529	6,177
- OFID UABL III Loan (up to $10.0 million)	9,411	587	2,353	2,353	4,118
- DVB Bank SE / NIBC/ABN AMRO (up to $84.0 million)	40,219	2,235	8,940	29,044	—
Total long-term debt obligations	$ 441,645	$ 21,867	$ 52,968	$ 100,215	$ 266,595
Estimated interest on long-term debt obligations					
- DVB Bank SE (up to $15.0 million)					

Tranche A	$	209		47		152		10	—
- DVB Bank SE (Up to $61.3 million)		1,295		234		773		288	—
- DVB Bank SE (Up to $25.0 million)		660		106		333		221	—
- Natixis		253		45		145		63	—
- IFC UABL II Paraguay		3,650		435		1,520		1,125	570
- IFC UABL II		5,110		610		2,127		1,575	798
- OFID		2,190		261		912		675	342
- DVB Bank SE / Natixis (up to $93.6 million)									
Tranche A		85		85		—		—	—
- BNDES		3,213		229		830		696	1,458
- DVB Bank SE (FDGFA)		3,472		127		505		505	2,335
-8.875% Senior Notes 2021 ($200.0 million)		142,247		9,122		35,500		35,500	62,125
- DVB Bank SE / Security (up to $40.0 million)		5,369		661		2,293		1,748	667
- IFC UABL III Loan (up to $15.0 million)		2,475		292		982		692	509
- OFID UABL III Loan (up to $10.0 million)		1,649		194		655		461	339
- DVB Bank SE / NIBC/ABN AMRO (up to $84.0 million)		6,891		960		3,490		2,441	—
Total estimated interest on long-term debt obligations	$	178,768	$	13,408	$	50,217	$	46,000	$ 69,143
2. Operating lease obligations	$	31,533	$	2,842	$	8,111	$	6,595	$ 13,985
3. Purchase obligations									
- Vessel construction									
Bharati Shipyard(f)(g)		11,608		11,608		—		—	—
Total purchase obligations	$	11,608	$	11,608	$	—$		—$	—
Total Contractual Obligations	$	663,554	$	49,725	$	111,296	$	152,810	$ 349,723

(a) Represents the period from July 1, 2013 through December 31, 2013.
(b) Represents the period from January 1, 2014 through December 31, 2015.
(c) Represents the period from January 1, 2016 through December 31, 2017.
(d) Represents the period after December 31, 2017.
(e) Represents principal amounts due on outstanding debt obligations, current and long-term, as of June 30, 2013. Amounts do not include interest payments.
(f) Includes $8.8 million corresponding to the shipbuilding contract for UP Onyx, which was cancelled on October 22, 2013. See "Recent Developments."
(g) Before deducting late delivery penalties of $3.6 million that may be applied to the shipyard and after deducting $1.6 million already advanced to complete the construction of our UP Pearl.

The interest rate and term assumptions used in these calculations are contained in the following table:

Obligation	Principal at	Interest	Period

	June 30, 2013	Rate	From—to
- DVB Bank SE (up to $15.0 million)			
Tranche A	$ 6,400	1.47%	01/07/2013—02/14/2016
- DVB Bank SE (up to $61.3 million)	31,800	1.47%	01/07/2013—12/14/2016
- DVB Bank SE (up to $25.0 million)	12,000	1.77%	01/07/2013—10/31/2017
- Natixis (up to $13.6 million)	6,092	1.47%	01/07/2013—02/21/2017
- IFC UABL II Paraguay	21,739	3.94%	01/07/2013—06/15/2020
- IFC UABL II	30,435	3.94%	01/07/2013—06/15/2020
- OFID	13,043	3.94%	01/07/2013—06/15/2020
- DVB Bank SE / Natixis (up to $93.6 million)			
Tranche A	8,625	4.46%(1)	01/07/2013—12/31/2019(1)
- BNDES	15,263	3.00%	01/07/2013—03/10/2027
- DVB Bank SE (FDGFA)	16,820	1.48%	01/07/2013—06/26/2017
- DVB Bank SE-Security (up to $30.0 million)	24,375	3.27%	01/07/2013—12/31/2018
- DVB Bank SE-Security (up to $10.0 million)	8,125	6.39%	01/07/2013—12/31/2018
- IFC UABL III Loan (up to $15.0 million)	14,118	4.07%	01/07/2013—06/15/2021
- OFID UABL III Loan (up to $10.0 million)	9,411	4.07%	01/07/2013—06/15/2021
- DVB Bank SE / NIBC / ABN AMRO (up to $84.0 million)	9,904	4.90%	01/07/2013—11/30/2017
- DVB Bank SE / NIBC / ABN AMRO (up to $84.0 million)	9,904	4.89%	01/07/2013—11/30/2017
- DVB Bank SE / NIBC / ABN AMRO (up to $84.0 million)	4,861	4.68%	01/07/2013—09/30/2017
- DVB Bank SE / NIBC / ABN AMRO (up to $84.0 million)	15,550	4.70%	01/07/2013—09/30/2017

(1) Tranche A carries interest at 4.51% per annum until the delivery date of the corresponding vessel. As from delivery, Tranche A's spread is adjusted downwards by 4% and, thus, an interest rate of 0.51% is used in the table here above as from the assumed delivery dates of each PSV.

Interest expense calculations begin on July 1, 2013, end on the respective maturity dates and are based on contractual terms with the exception of the IFC/OFID, DVB Bank SE /Security and DVB Bank SE/NIBC credit facilities. The Company, through its subsidiaries, has entered into an interest rate collar under its IFC/OFID facility and into two interest rate swap agreements related to borrowings and DVB Bank SE/Security and DVB Bank SE /NIBC credit facilities, respectively, whereby it has converted most of its variable rate borrowings into fixed rate borrowings. For purpose of this table, the Company has assumed the fixed rates of interest in calculating its obligations.

As a result of the redemption of our 9% First Preferred Ship Mortgage Notes due 2014, in the third quarter of 2013, we realized a non-recurring loss of $1.7 million.

We believe, after giving effect to the offering of our add-on notes based upon current levels of operation, that cash flow from operations, combined with other sources of funds, will provide adequate liquidity to fund required payments of principal and interest on our debt, complete anticipated capital expenditures and fund working capital requirements.

Critical Accounting Policies and Estimates

This discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Critical accounting policies are those that reflect significant judgments or uncertainties and potentially lead to materially different results under different assumptions and conditions. We have described below what we believe are our most critical accounting policies that involve a high degree of judgment and the methods of their application. For a description of all of our significant accounting policies, see Note 2 to our audited consolidated financial statements.

Revenue Recognition

We record revenue when services are rendered, when we have signed a charter agreement or another evidence of an arrangement, pricing is fixed or determinable and collection is reasonably assured.

The Company does not begin recognizing revenue if the charter agreement has not been entered into with the customer, even if the vessel has discharged its cargo and is sailing to the anticipated load port on its next voyage.

We earn our revenues under time charters, bareboat charters, consecutive voyage charters or affreightment / voyage contracts and contracts for sale of barges to third parties. We earn and recognize revenue from time charters and bareboat charters on a daily basis. Within the shipping industry, there are two methods used to account for consecutive voyage charters or affreightment / voyage contracts: (1) ratably over the estimated length of each voyage and (2) completed voyage. The recognition of voyage revenues ratably over the estimated length of each voyage is the most prevalent method of accounting for voyage revenues and the method used by us. Under each method, voyages may be calculated on either a load-to-load or discharge- to-discharge basis. In applying its revenue recognition method, management believes that the discharge-to-discharge basis of calculating voyages more accurately estimates voyage results than the load-to-load basis. Since, at the time of discharge, management generally knows the next load port and

expected discharge port, the discharge-to-discharge calculation of voyage revenues can be estimated with a greater degree of accuracy.

In our River Business we use the completed contract method for river barges built, which typically has construction periods of 30 days or less. Contracts are considered complete when title has passed, the customer has accepted the river barges and we do not retain risks or rewards of ownership of the river barges. Losses are accrued if manufacturing costs are expected to exceed manufacturing contract revenue.

Manufacturing expenses are primarily composed of steel cost, which is the largest component of our raw materials cost and the cost of labor.

We account for multiple element arrangements, in accordance with ASC 605-25. For such transactions, revenue on arrangements that include multiple elements is allocated to each element based on the relative fair value of each element and fair value is determined by vendor-specific objective evidence of fair value (VSOE).

Insurance claims receivable

Insurance claims receivable comprise claims submitted relating to Hull and Machinery (H&M), Protection and Indemnity (P&I), Loss of Hire (LOH) and Strike insurance coverage. They are recorded when the recovery of an insurance claim is probable. Deductible amounts related to covered incidents are expensed in the period of occurrence of the incident. The amount of the receivable is based on the type of the claim. These receivables are estimated based upon the insured losses incurred on damages to the vessels and historical experience with similar claims. These claims are subject to uncertainty related to the results of negotiated settlements and other developments.

Depreciation

We state vessels and equipment at cost less accumulated depreciation. This cost includes the purchase price and all directly attributable costs (initial repairs, improvements and delivery expenses, interest and on-site supervision costs incurred by us during the construction periods). We also capitalize subsequent expenditures for conversions, renewals or major improvements when they appreciably extend the life, increase the earning capacity or improve the safety features of our vessels.

We compute depreciation net of the estimated scrap value, which is equal to the product of each vessel's lightweight tonnage and estimated scrap value in US dollars per lightweight ton, or lwt. We use scrap value at the time the vessel was purchased or delivered by the shipyard, which will likely fluctuate over time. The estimated scrap value ranges from $180 to $300 per lwt. Estimated scrap values are based on price levels in effect at the time vessels are purchased.

We record depreciation using the straight-line method over the estimated useful lives of our vessels. Useful life is determined through economic analysis, such as reviewing existing fleet plans, obtaining appraisals and comparing estimated lives to other industrial transportation companies that operate similar fleets. Second hand vessels are assigned lives that are generally consistent with the experience of Ultrapetrol, the practice of other industrial transportation companies and laws or regulations affecting the vessels operations.

Drydocking

Within the shipping industry, two methods are used to account for drydockings: (1) the deferral method, in which drydocking costs are capitalized and then amortized over the estimated period to the next scheduled drydocking and (2) the incurred method, in which drydocking costs are expensed as incurred. We use the deferral method and amortize drydocking costs on a straight-line basis over the period to the next drydock, generally 24 to 36 months. The costs we incur at the dry-dock yard are mainly comprised of steel renewals, painting the vessel's hull and sides, recoating cargo and fuel tanks and performing engine and equipment maintenance activities which have to be made in order to bring or keep the vessel into compliance with classification standards. We expense expenditures for maintenance and minor repairs as we incur them. We believe the deferral method better matches costs with revenue than expensing the costs as incurred. We use judgment when estimating the period between drydocks performed, which can result in adjustments to the amortization expense if the subsequent drydock is expected earlier than anticipated. In estimating the periods, we primarily have relied upon actual experience with the same or similar vessels types, current and projected future market information and recommendations from classification societies.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between the fair value and carrying value of the asset. The assumptions used to develop estimates of future undiscounted cash flows are based on historical trends as well as future expectations. To the extent impairment indicators are present, the Company determines undiscounted projected net operating cash flows for each vessel in the Ocean and Offshore Supply Business and as a fleet in the River Business and compares them to their carrying value. The cash flow period is based on the remaining lives of the vessels or the fleet, which range from four to 24 years. The projected net operating cash flows are determined by considering the charter revenues from existing time charters for the fixed fleet days and an estimated daily time charter equivalent for the unfixed days. The Company estimates the daily time charter equivalent for the unfixed days based on the historical average for similar vessels and utilizing available market data for time charter and spot market rates and forward freight agreements over the remaining estimated life of the vessel, net of brokerage commissions, expected outflows for assets' maintenance and assets' operating expenses (including planned drydocking and special survey expenditures), and fleet utilization ranging from 93% to 99%. The salvage value used in the impairment test is estimated in $405 (four hundred and five U.S. dollars) per light weight ton (lwt) in accordance with the Company's assets' depreciation policy.

In developing estimates of future cash flows, the Company must make assumptions about future charter rates, ship operating expenses, estimated scrap values and the estimated remaining useful lives of the vessels. These assumptions are based on historical trends as well as future expectations. Although management believes that the assumptions used to evaluate potential impairment are reasonable and appropriate, such assumptions are highly subjective.

After the global financial crisis in 2008, charter rates for product tankers have been relatively low compared to the rates achieved in the years preceding the global financial crisis. For the year ended December 31, 2012, the Company recorded an impairment charge of $16.0 million to write down the carrying amount of its Product Tanker, Amadeo, to its estimated fair value as of that date.

Quantitative and Qualitative Disclosures about Market Risks

Inflation and Fuel Price Increases

Inflation may have a material impact on our operations, as certain of our operating expenses (e.g., crewing, insurance and drydocking costs) are subject to fluctuations as a result of market forces. A sudden outburst or a very high level of inflation can have a negative impact on our results.

Inflationary pressures on bunker (fuel oil) costs are not expected to have a material effect on our future operations in the case of those ocean vessels and our offshore supply vessels which are time chartered to third parties since it is the charterers who pay for fuel. If our ocean vessels are employed under COAs, freight rates for voyage charters are generally sensitive to the price of a ship's fuel. However, a sharp rise in bunker prices may have a temporary negative effect on our results since freight rates generally adjust only after prices settle at a higher level.

In our River Business, we have most of our freight agreements adjusted by a bunker price adjustment formula, in other cases we have periodic renegotiations which adjust for fuel prices and in other cases we adjust the fuel component of our cost into the freights on a seasonal or yearly basis as our COAs roll over.

Generally, inflationary pressure on our voyage expenses (other than fuel) and running costs incurred in local currencies not reflected in an equivalent devaluation of the rates of exchange between the U.S. dollar and these local currencies can have a significant negative impact on our results.

Interest Rate Fluctuation

We are exposed to market risk from changes in interest rates, which may adversely affect our results of operations and financial condition.

On May 7, 2010, through UABL Limited, our holding subsidiary in the River Business, we entered into an interest rate collar transaction with IFC through which we expect to hedge our exposure to interest volatility under our financings with IFC and OFID from June 2010 to June 2016. The initial notional amount is $75.0 million (subsequently adjusted in accordance with the amortization schedule under these financings), with UABL Limited being the USD Floor Rate seller at a floor strike rate of 1.69% and IFC being the USD Cap Rate seller at a cap strike rate of 5.00%. As of June 30, 2013, the notional amount is $65.2 million. Should LIBOR remain at levels below 1.69% which is our floor, we will continue to incur losses from this financial instrument.

As of June 30, 2013, the Company had $19.8 million of LIBOR-based variable rate borrowings under its credit facility with DVB Bank SE, NIBC and ABN AMRO subject to an interest rate swap, designated as cash flow hedge, to fix the interest rate of these borrowings at a weighted average cost of debt of 0.9% per annum, excluding margin. In addition, the Company had $18.6 million of LIBOR-based variable rate borrowings under this facility subject to an

interest rate swap designated as a cash flow hedge, to fix the interest rate of these borrowings between June 2014 and September 2016 at a weighted average cost of debt of 1.2% per annum, excluding margin.

As of June 30, 2013, the Company had $8.1 million of LIBOR-based variable rate borrowings under its credit facility with DVB Bank SE and Banco Security, subject to an interest rate swap, designated as cash flow hedge, to fix the interest rate of these borrowings at a weighted average interest rate of 3.39% per annum, excluding margin.

Additionally, as of June 30, 2013, the Company had other variable rate debt (due 2013 through 2021) totaling $112.8 million. These debts call for the Company to pay interest based on LIBOR plus a 120-400 basis point margin range. Some loans provide for the use of cost of funds in replacement of LIBOR under certain circumstances. The interest rates generally reset either quarterly or semi-annually. As of June 30, 2013, the weighted average interest rate on these borrowings was 2.6%, including margin.

A 1% increase in LIBOR or a 1% increase in the cost of funds used as base rate by some of our lenders would translate to a $1.1 million increase in our interest expense per year, which would adversely affect our earnings.

Foreign Currency Fluctuation

We are an international company and while our financial statements are reported in U.S. dollars, some of our operations are conducted in foreign currencies. We use the U.S. dollar as our functional currency and therefore our future operating results may be affected by fluctuations in the exchange rate between the U.S. dollar and other currencies. A large portion of our revenues is denominated in U.S. dollars as well as a significant amount of our expenses. However, changes in currency exchange rates could affect our reported revenues and even our margins if costs incurred in multiple currencies are different than, or proportionally different from, the currencies in which we receive our revenues. We maintain tax credits in local currencies, which may be negatively impacted if those currencies revalue relative to the U.S. dollar.

Trend Information

We believe the following developments and initiatives will have a significant impact on the operations of our various businesses.

River Business

- Expansion and fuel efficiency initiatives—We continue working on our re-engining program for which we have contracted and received 25 heavy fuel engines with MAN Diesel. Such program was initiated in June 2006 and consists of replacing diesel engines in 11 of our main line pushboats with new engines that will burn heavy fuel oil which has been historically less expensive than the types of fuel currently used. We have completed the installation of 15 engines and put into operation six of our main pushboats, including one newbuilding. We also have one pushboat under conversion which is expected to be back into service by the end of 2013.

- The pushboat Alto Paraná has already begun its operation on June 22, 2012, and Cavalier XII has been operational since July 18, 2012. Alto Paraná and Cavalier XII have 3 and 2 heavy fuel propelled engines totaling 6,141 HP and 4,680 HP, respectively.

- Punta Alvear barge building facility—During 2012, our Punta Alvear yard has produced 29 dry barges and 8 tank barges for third parties, most of them for markets outside our scope of operation. We expect to continue to sell barges to third parties and to build up fleet's transport capacity which will significantly increase our future revenues and enhance our operation through economies of scale.

Offshore Supply Business

- New vessels—Our ninth PSV, UP Jade, which was under construction in India, commenced its time charter with Petrobras on August 10, 2012. We received our second and third vessels constructed in India, UP Amber and UP Pearl, at the end of January and June 2013, respectively. We expect the three recent newbuilt PSV resales acquisition will enter operation during the first or second quarter of 2014. The successive addition of PSVs to our fleet are expected to continue to bring positive returns for the Company.

Ocean Business

- Container feeder service—We have regular service with two vessels, Asturiano and Argentino. The Southbound leg has maintained high utilization rates and we have increased the utilization rate in the northbound leg to high levels with domestic cargoes returning to Buenos Aires and transshipment cargoes, which are loaded from other southern ports in Patagonia such as Bahía Blanca or Puerto Madryn, being carried with our service to Buenos Aires for export. Additionally, growth opportunities are still available in the Patagonia service and from a potential expansion

into Brazil, which is Argentina's main commercial partner and whose demand may provide us with opportunities to call ports in the southern part of the country.

BUSINESS

Our Company

We are an industrial shipping company serving the marine transportation needs of our clients primarily in South America. We serve the shipping markets for soybeans, grain, forest products, minerals, crude oil, petroleum, refined petroleum products and general cargo, as well as the offshore oil platform supply market. We operate through three segments of the marine transportation industry:

- River Business. We are the largest owner and operator of river barges and pushboats in the Hidrovia Region of South America, one of the largest navigable river systems in the world, which facilitates trade in a fertile and resource-rich region and provides access to the global export market. We believe our river barges provide the most efficient means of transportation in the region. In many of the areas that we serve, access to rail is limited or non-existent and the distances make trucking uneconomical for large volumes of cargo. Our river business fleet, which consists of 679 barges and 33 pushboats, which we believe is the largest in the Hidrovia and approximately as large in capacity as the fleets of our next three competitors combined. We control the largest independent network of infrastructure along the river system, consisting of two loading and storage terminals and five logistic hubs, which serve as fleeting areas at key locations, to provide integral transportation services to our customers from origin to destination. We also own a vertically integrated barge manufacturing facility at Punta Alvear, which is one of the most modern of its kind in the world and provides us with the ability to increase our fleet capacity at a very efficient cost. We believe the size and quality of our fleet and infrastructure allow us to operate through an efficient hub system across the Hidrovia, which provides us with a distinct competitive advantage.

- Offshore Supply Business. We own and operate a fleet of technologically advanced Platform Supply Vessels ("PSVs") that provide critical logistical and transportation services for offshore petroleum exploration and production companies, in the coastal waters of Brazil and in the UK's North Sea. Our Offshore Supply Business fleet consists of eleven PSVs already in operation and three recently acquired newbuilt PSV resales, scheduled to commence operation in the first or second quarter of 2014. Our large, modern PSVs have advanced dynamic positioning systems which enable us to better serve customers operating in challenging deepwater offshore environments. We believe that we are currently the second largest owner of 4,500 dwt class platform supply vessels in the Brazilian market, which have large cargo capacity and deck space, making them the most efficient vessels to serve the distant deepwater operations underway in Brazil. Brazilian law provides a preference for the utilization of Brazilian-flagged vessels in its offshore supply business. Four of our PSVs were built in Brazil and operate under the Brazilian flag, which provides them with a preference for employment over foreign vessels in the Brazilian market, while extending such preference to another two foreign-flagged PSVs in our fleet.

- Ocean Business. We operate a fleet of product and chemical tankers and feeder containerships on cabotage trades along part of the eastern coast of South America, where we have preferential rights and strong customer relationships. Our fleet includes four product and chemical tankers that serve the principal oil refineries in the region transporting petroleum products from refineries and crude oil to various coastal destinations, as well as two container feeder vessels which transport mostly foreign containers from the transsshipment ports of Buenos Aires and Montevideo to the southern region of Patagonia for the largest long-distance container lines in the world. The local cabotage markets are generally restricted by law to established local operators with local-flagged vessels or vessels with equivalent flag privileges.

We have a diverse customer base that includes large and well-known agricultural, petroleum and mining companies as well as major shipping lines. Some of our customers in the last three years include affiliates of ADM, Bunge, Cargill, ESSO, MMX, Petrobras, Petropar, Siderar, Trafigura, Vale, Nexen, A.P. Moller-Maersk and Hamburg S d. We have a long history of operating in the Hidrovia Region, being founded in 1992 by one of our predecessor companies which

had operated in the region for over a century, and have been able to generate and maintain longstanding relationships with our customers. We have been serving our key customers for more than 10 years on average.

We are focused on growing our businesses with an efficient and versatile fleet that will allow us to provide an array of transportation services to customers in several different industries. Our business strategy is to leverage our expertise and strong customer relationships to increase volume, efficiency and market share in a targeted manner. We have built and put into operation the most modern barge building automated shipyard in South America which can produce very efficient jumbo size barges of 2,500 dwt at a low cost for our fleet and also produce barges for third parties at attractive margins. In addition, we are in the process of installing 25 new engines in our eleven river pushboats as part of our re-engining program and increasing the pushing capacity of some of them, with new engines that allow us to use heavier grades of fuel instead of diesel oil. Heavier fuels have been historically less expensive than diesel. This initiative seeks to maximize the size of our convoys, thus reducing costs per ton transported. We expect that the three new PSVs built in India together with the three recently acquired newbuilt PSV resales will allow us to further capitalize on the attractive offshore petroleum services market, continuing what we have done with our other PSVs, and particularly in the Brazilian market which is the fastest growing in the world. In our Ocean fleet, we have maintained our strong presence in the flag-restricted product tanker market of Argentina while successfully developing a cabotage container feeder service throughout the southern-most part of South America. This allows us to participate in a growing logistics services market that has synergies with our other businesses. We believe that the versatility of our fleet and the diversity of industries that we serve reduce our dependency on any particular sector of the shipping industry and offer numerous growth opportunities.

Each of our businesses has seasonal aspects, which affect their revenues on a quarterly basis. The high season for our River Business is generally between the months of March and September, in connection with the South American harvest and higher river levels. However, growth in the petroleum products, soy pellet manufacturing, and the minerals and forest industries as well as our barge building activities may help offset some of this seasonality. The Offshore Supply Business operates year-round, particularly off the coast of Brazil, although weather conditions in the North Sea may reduce activity from December to February. In the Ocean Business, we employ our Product Tankers on time charters so there is no seasonality effect, while our container feeder service experiences a somewhat slower season during the first quarter of every year.

Our Lines of Business

Revenues	2012		2011		2010	
Attributable to River Business	$ 163,279	52%	$ 174,594	57%	$ 120,024	52%
Attributable to Offshore Supply Business	76,661	25%	64,606	21%	54,283	24%
Attributable to Ocean Business	73,229	23%	65,282	22%	56,138	24%
Total	$ 313,169	100%	$ 304,482	100%	$ 230,445	100%

Our Three Lines of Business

River Business

We are the leading integrated river transportation company in the Hidrovia Region. Our River Business, which we operate through our subsidiary UABL, owns and operates 679 barges with approximately 1.2 million dwt capacity and 33 pushboats. Of those, 598 are dry barges that can transport agricultural and forestry products, iron ore and other cargoes and the other 81 are tank barges that can carry petroleum products, vegetable oils and other liquids. We believe that our fleet size is roughly as large as the next three competitors in the Hidrovia river system combined. Our advanced infrastructure along the banks of the Hidrovia river system, including our modern automated shipyard, distinguishes us from all other operators in the Hidrovia.

We operate our pushboats and barges on the navigable waters of the Parana, Paraguay and Uruguay Rivers and part of the River Plate in South America, also known as the Hidrovia Region. At over 2,200 miles in length, the Hidrovia Region is comparable in length to the Mississippi River in the United States and connects Bolivia, Brazil, Paraguay, Argentina and Uruguay.

Our River Business operations includes transportation of dry cargo (including soy pellets, grains, iron ore) and liquid cargo (vegetable oil) downriver where it typically transfers to ocean-going vessels for export, and transportation of petroleum products and general cargos northward to upstream destinations in Argentina, Paraguay, Bolivia and Brazil.

Our River Business infrastructure allows us to operate an efficient hub system where our pushboats use hubs or fleeting areas to drop their barge tows, utilizing our pushboats more effectively in comparison to the use of dedicated tows. Our networks of River Terminals, which includes the Tres Fronteras Terminal at kilometer 1,928 and the Dos Fronteras Terminal at kilometer 1,800, together with multiple fleeting areas in Chaco-I, San Gotardo, Confluencia, San Lorenzo and Corumb , provide the necessary network required for us to efficiently operate in the river system.

Our shipyard at Punta Alvear, which commenced production in January 2010, enables us to build new barges and other vessels and has given us the ability to efficiently increase our capacity in both dry and tank barges. We are also able to sell barges we produce to third parties, which has continued to contribute to the revenues and operating profits of our River Business. Our facility produces barges with a capacity of 2,500 dwt each, or approximately 66% larger than the standard Mississippi-size barge with a capacity of 1,500 dwt, which is designed to accommodate the size of the locks on the Mississippi river system. We believe our facility is one of the most modern of its kind in the world and has proven to be capable of producing barges at high rates of productivity at a cost significantly lower than any alternative source available to the region.

For the fiscal year ended December 31, 2011, revenues from barge sales to third parties from our Punta Alvear yard were $19.1 million, and manufacturing expenses for the same period were $12.7 million, resulting in an operating profit from sales of barges to third parties of $6.4 million. These results corresponded to the sale of twenty dry jumbo barges.

For the fiscal year ended December 31, 2012, revenues from barge sales to third parties from our Punta Alvear yard were $30.3 million, and manufacturing expenses for the same period were $18.5 million, resulting in an operating profit from sales of barges to third parties of $11.8 million. These results corresponded to the sale of 23 jumbo barges. The operating profit for the fiscal year ended December 31, 2012, does not include $2.1 million from the sales of 14 dry barges to a non-related third party which are on lease back to us and which operating profit is deferred over the life of the operating lease.

We have received contracts for 51 barges to be built and delivered in 2013.

We are in the process of converting our Parana Petrol barge into an iron ore transshipment station in our River Business, capable of transshipping 800,000 tons per year from barges transporting iron ore down the river into ocean-going vessels for export to international markets. We expect that conversion to be finalized in the fourth quarter of 2013. We have entered into a take-or-pay contract for a period of three years with a major iron ore producer in the region. Separately, as part of our engine replacement program, we have re-engined six out of eleven of our biggest main line pushboats with new engines from MAN which consume heavier grades of fuels instead of diesel oil, and expect to complete re-engining of a seventh pushboat by the end of 2013. Heavier fuels have been, from 2001 to 2011, 25% cheaper on average than diesel fuel and we anticipate will deliver cost savings. The engines for the remaining five pushboats have already been purchased and delivered to us, and we expect to have completed the re-engining program by 2015.

Offshore Supply Business

Our Offshore Supply Business, which we operate through our subsidiary UP Offshore, is focused on serving companies that are involved in the complex and logistically demanding activities of deepwater oil exploration and production. Our PSVs are designed to transport supplies, equipment, drill casings and pipes on deck, along with fuel, water, drilling fluids and bulk cement in under-deck tanks and a variety of other supplies to drilling rigs and offshore platforms.

Our offshore supply fleet consists of eleven PSVs in operation. We also have recently acquired three newbuilt PSV resales in China. The three newly-purchased PSVs are expected to be delivered to us in November or December of 2013 and to begin operations in the first or second quarter of 2014. Ten of the fourteen vessels currently in our offshore supply fleet, including the three recent PSV newbuilt resales acquired, which have not yet been chartered, are contracted for employment in the Brazilian market, under term time charters with Petrobras. Through one of our Brazilian subsidiaries, we have the competitive advantage of being able to operate a number of our PSVs in the Brazilian market with cabotage trading privileges, enabling those PSVs to obtain employment in preference to other non-Brazilian-flagged vessels.

The trend for offshore petroleum exploration, particularly in Brazil, has been to operate a fleet capable of servicing deeper, larger, more complex projects, such as the Tupi and Jupiter fields in Brazil, which we believe will result in increased demand for more sophisticated and technologically advanced PSVs to handle the increasingly challenging environments and greater distances. Our PSVs are of a larger deadweight and are equipped with dynamic positioning capabilities, greater cargo capacity and deck space than other PSVs serving shallow water offshore rigs. These attributes provide us with a competitive advantage in efficiently serving our customers' needs.

Only one of our PSVs, the UP Jasper, is currently operating in the UK's North Sea. Our ability to operate in the UK's North Sea, where we have had a presence since 2005, allows us the flexibility to deploy our vessels in either the UK's North Sea or off the coast of Brazil in accordance with prevailing market conditions and we believe enhances our negotiating power within the Brazilian market.

Ocean Business

In our Ocean Business, we operate six ocean-going vessels. Our four Product Tankers, one of which is on bareboat charter to us from a non-related third party, are currently employed in the South American cabotage trade of petroleum and petroleum products. Waterborne transportation via the coastwise tanker trades forms a key part of the region's oil supply system. Argentina's refining capacity is largely located in the River Plate estuary near Buenos Aires. Crude oil from oil fields in southern Argentina is shipped to refineries near Buenos Aires by tankers. Coastal

cities in Southern Argentina receive petroleum products by tankers from these refineries. Cabotage tankers are also used for lightering of international tankers (discharge of cargo to reduce draft) and for short voyages within the Plate Estuary and Parana River. Transportation demand is based on distribution requirements and tends to be stable, following the underlying petroleum product demand trends. Due to the remoteness of the region from active spot market tanker routes, time charters are often viewed as necessary by refineries and oil companies to ensure availability of quality vessels meeting their operating, safety and environmental requirements. Our four Tankers, Miranda I, Alejandrina, Amadeo and Austral are currently employed under time charters with principal oil refineries serving regional trades in Argentina and Brazil.

We have pursued the expansion of our ocean fleet by participating in a cabotage, flag-protected container feeder service along a portion of the eastern coast of South America, through the acquisition of two container vessels, the Asturiano and Argentino during May 2010 and February 2011, respectively. Coastal container feeder shipping provides important north-south links between Buenos Aires, Montevideo and coastal ports in southern Patagonia. Economic development programs have encouraged the development of the manufacturing industry in the southern region of Tierra del Fuego in Patagonia. Components required by the manufacturing facilities in that region are imported on containerships from the Far East and other foreign ports of origin by the major international container lines, to Buenos Aires or Montevideo, with transshipment to Ushuaia under feeder agreements. Finished goods from the manufacturing facilities in the south are in turn transported north with feeder containerships from the port of Ushuaia to Buenos Aires for distribution. Cargo is also carried to and from other southern Patagonia ports, such as Puerto Madryn, to meet local demand. We have seen demand for containerized cargo increase steadily since we initiated our feeder service in 2010.

Generally throughout South America, voyages between two ports within the same country are considered "cabotage" and require the use of vessels flying the domestic flag or enjoying the equivalent privileges. Our ocean vessels enjoy such privileges in the markets they operate in.

Our Fleet Summary

River Fleet	Number of Vessels	Capacity	Description
Alianza G2	1	35,000 tons	Storage
Paraná Petrol	1	43,164 tons	Under Conversion into an Iron Ore Floating Transshipment Station
Pushboat Fleet(1)	32	120,559 BHP	Various Sizes and Horse Power Carry
Tank Barges	81	197,522 m3	Liquid Cargo (Petroleum Products, Vegetable Oil)
Dry Barges	598	1,063,270 tons	Dry Cargo (Soy, Iron Ore, Other Products)
Total	713		

Offshore Supply Fleet	Year Built/ Delivery Date	Capacity (dwt)	Deck Area (sq. meters)
In Operation			
UP Esmeralda	2005	4,200	840
UP Safira	2005	4,200	840
UP Agua-Marinha	2006	4,200	840
UP Topazio	2006	4,200	840
UP Diamante	2007	4,200	840
UP Rubi	2009	4,200	840
UP Turquoise	2010	4,900	1,020
UP Jasper	2011	4,900	1,020
UP Jade	2012	4,200	840
UP Amber	2013	4,200	840
UP Pearl(2)	2013	4,200	840
UP Agata(3)	2013	5,145	1,000
UP Coral(3)	2013	5,145	1,000
UP Opal(3)	2013	5,145	1,000
Total		63,035	12,600

Ocean Fleet	Year Built	Capacity (dwt/TEUs)	Description
Miranda I(4)	1995	6,575	Product / Chemical Tanker

Amadeo(4)	1996	39,530	Oil / Product Tanker
Alejandrina	2006	9,219	Product Tanker
Austral(5)	2006	11,299	Product / Chemical Tanker
Asturiano	2003	1,118(6)	Container Feeder Vessel
Argentino	2002	1,050(6)	Container Feeder Vessel
Total		66,623(7)	

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(1) Does not include Alianza Rosario, an ocean-going pushboat which we employ in our River Business for salvage operations.
(2) UP Pearl was delivered in August 2013 and is expected to commence operations in the fourth quarter of 2013.
(3) UP Agata and UP Coral were recently purchased as newbuilt resales from their shipyard in China and will undergo some upgrading work at the yard before their start of operations during the first quarter of 2014. On October 25, 2013, we exercised an option to acquire a third PSV (sister to UP Agata and UP Coral) from the same yard in China. We will name her UP Opal.
(4) Our Miranda I and Amadeo were both rebuilt to double hull in 2007.
(5) The Austral is operated by us under a Bareboat charter.
(6) Twenty Foot-Equivalent Units, or TEUs.
(7) Represents sum of dwt capacity, excluding the capacity of the Asturiano and Argentino which is measured in TEUs.

We issued $200.0 million aggregate principal amount of our 8 7/8% First Preferred Ship Mortgage Notes due 2021 on June 10, 2013, which are the outstanding notes that are the subject of the exchange offer described herein. On October 2, 2013, we issued an additional $25.0 million aggregate principal amount of our 8 7/8% First Preferred Ship Mortgage Notes due 2021, to which we will refer as the "add-on notes." After the issuance of the add-on notes, we have issued 8 7/8% First Preferred Ship Mortgage Notes due 2021 in an aggregate principal amount of $225.0 million. The notes, including the outstanding notes, the add-on notes and the exchange notes are secured by first preferred mortgages on 364 vessels, consisting of four ocean vessels, 335 barges and 14 pushboats having an aggregate appraised value of approximately $253 million, as of May 2013 and ten barges and one pushboat having an aggregate appraised value of $33.7 million, as of September 2013. We are offering to exchange up to $200.0 million aggregate principal amount of our 87/8% First Preferred Ship Mortgage Notes due 2021 that have been registered under the Securities Act, in exchange for any or all of our outstanding 87/8% First Preferred Ship Mortgage Notes due 2021. The vessel values are based on the average of two appraisals prepared by independent appraisers included in the definition of "Appraiser" in the "Description of the Notes." While the indenture governing the notes permits us to substitute other vessels for vessels that constitute collateral in certain circumstances, the appraised value of such other vessels must be at least equal to the appraised value of the vessels for which they are substituted. See "Description of the Notes—Tender of Qualified Substitute Vessels."

Strong Market Fundamentals

We believe that the following factors allow us to successfully capitalize on the growth in our principal markets:

- Increased Reliance on River Transportation of Agricultural and Mineral Commodities in the Hidrovia Region. The Hidrovia Region produces and exports a significant and growing amount of agricultural products and mineral commodities. Argentina, Bolivia, Brazil, Paraguay and Uruguay accounted for an estimated 55% of world soybean production in 2013, as compared to only 30% in 1995. Soybean production in these countries increased from about 41.5 million tons, or mt, in aggregate in 1995 to an estimated 115.0mt in 2012, representing a 17-year compound annual growth rate, or CAGR, of 6.2% during the period. Global growth in wealth and in industrialized agricultural products has resulted in greater consumption of meat and convenience foods, raising demand for soybeans as animal feed and as soybean oil (the second most widely used vegetable oil after palm oil). Soybeans are vital to the production of livestock feed, industrial oils, infant formula, soaps, solvents, clothing and other household materials, as well as a primary source for the production of biodiesel which, by government regulation, represents an increasing percentage of diesel consumed in Europe and other areas of the world. Production of corn (maize) and wheat in the Hidrovia Region have also grown significantly, with corn production increasing from 50.3mt in 1995 to 98.3mt in 2012, and wheat production increasing from 14.4mt in 1995 to 24.4mt in 2012. We believe that increases in crop yields through improvements in farming techniques, including the distribution of genetically modified seed technology to local farmers, as well as the large amounts of unused arable land available in the region, will allow for continued expansion of the production of soybeans and other crops.

In the Corumb area of Brazil reached by the High Paraguay River, there are three large iron ore mines, two of which are owned by Vale while the third one is owned by MMX. Volumes of iron ore shipped down the river system have grown from approximately 2 million tons to approximately 8 million tons per year over the past decade.

The Hidrovia river system is a vital transportation link for large volume production of bulk commodities in South America, given the long distances and the limited highway and rail transportation alternatives. It is critical to providing access to the Atlantic Ocean and the global export market, where most of these cargos are destined. River barges are the most efficient and cost-effective mode of transportation compared to other modes of transportation such as railroads and trucks. According to data collected by the Paraguayan Chamber of Grains and Oilseed Exporters, ("Capeco") approximately 97%, 98% and 93% of Paraguayan soybean production was transported along the river in 2010, 2011 and 2012, respectively. Although not all grain commodities produced in the Hidrovia Region are shipped for export through the Hidrovia waterway, the increased grain production in the region is expected to proportionally increase the amount of grains transported via the river system over time.

We believe the Hidrovia Region, and demand for barge transportation along the river system, will benefit from these continuing trends going forward. The Hidrovia river system, at over 2,200 miles in length, is one of the largest navigable river systems in the world, comparable in length to the Mississippi River system in the United States. A comparison of the two river systems illustrates the significant potential for future development of the Hidrovia, which serves economies that are expected to grow faster than the U.S. economy. We estimate that there are only approximately 1,900 barges operating in the Hidrovia, compared to over 22,000 barges in the Mississippi River system. Moreover, we believe a substantial number of barges will need to be replaced over the next four years as they approach the end of their economic useful lives, further reducing the available barge capacity.

We own the most modern barge building facility in the river system. Our facility, in Punta Alvear, which commenced production in 2010, is currently capable of producing up to two 2,500 dwt barges per week, allowing us to replenish and increase our barge capacity in the river system. In addition, we have been able to sell over half of the barge production from our facility to third parties, generating significant revenues and operating profits.

- Significant Demand for Offshore Supply Vessels to Support the Growth in Offshore Oil Production. Offshore exploration and production activities are expanding globally, with total offshore oil production accounting for approximately 26.8 million bpd in 2012, according to Clarksons Research Services Ltd. Deepwater oil production is one of the fastest growing areas of the global oil industry and is replacing shallow water as the main focus of offshore oil field development. According to the IEA—World Energy Outlook 2012, deepwater production will expand from 4.8 million bpd in 2011 to 8.7 million bpd in 2035. Offshore oil production principally occurs off the coasts of Brazil and West Africa, and in the North Sea and the Gulf of Mexico. The North Sea is one of the largest offshore oil producing regions in the world and includes oil fields on the United Kingdom and Norwegian continental shelves, while Brazil is one of the fastest growing regions of deepwater and ultra-deepwater offshore production. Our offshore vessels currently operate in both Brazil and the North Sea.

Driven by Brazil's policy of becoming energy self-sufficient as well as by oil price and cost considerations, offshore exploration, development and production activities within Brazil have grown significantly and Brazil is increasingly becoming a major exporter of oil. The deepwater Campos Basin, an area located about 80 miles offshore, has been the leading area for offshore activity. Activities have been extended to the deepwater Santos and Espirito Santo Basins located far off the coast while additionally requiring resources to develop pre salt areas of water depths of over 9,000 feet. During 2008, 2009 and 2010, several significant discoveries have been made, which could possibly more than double Brazilian oil reserves when confirmed. This increase in activity is driven primarily by Petrobras and other producers, including BP, Chevron, Exxon Mobil, OGX and Shell.

Platform supply vessels generally support oil exploration, production, construction and maintenance activities and have a high degree of cargo flexibility. They utilize space above and below deck to transport dry and liquid cargo, including heavy equipment, pipe, drilling fluids, provisions, fuel, dry bulk cement and drilling mud. The market for offshore platform supply vessels, or PSVs, both on a worldwide basis and within Brazil, is driven by a variety of factors. On the demand side, the driver is the growth in offshore oil development / production activity, which in the long term is driven by the price of oil and the cost of developing the particular offshore reserves. Demand for PSVs is further driven by the location of the reserves, with fields located further offshore and in deeper waters generally requiring more vessels per field and larger, more technologically advanced vessels. Petrobras has announced that it expects to increase the use of supply and special vessels from 287 vessels at the end of 2010 to 423 vessels by 2013, 479 vessels by 2015 and 568 vessels by 2020. The Brazilian market has seen an increasing demand for larger PSVs since 2005 (prior to 2005 large PSVs in excess of 4,000 dwt were unusual in Brazilian waters), and we believe the demand for this type of vessel will grow significantly in the next three years.

The trend for offshore petroleum exploration, particularly in Brazil, has been to move toward deeper, larger and more complex projects, such as the Tupi and Jupiter fields in Brazil, which we believe will result in increased demand for more sophisticated and technologically advanced PSVs to handle the more challenging environments and greater distances. Each offshore drilling or production unit working on deepwater projects typically requires more than one offshore supply vessel to service it. Deepwater service favors large, modern vessels that can provide a full range of flexible services, including dynamic positioning systems, while providing economies of scale to installations distant from shore. Large PSVs typically service several platforms in a single voyage, which can last between three to five days.

Our Competitive Strengths

We believe that the following strengths allow us to maintain a competitive advantage within the markets we serve:

- Largest Fleet and Transportation Network in the Hidrovia River System. We are the largest provider of transportation services in the Hidrovia river system with a fleet capacity approximately as large as our next three competitors combined. We have also developed the largest independently held network of loading and storage terminals, fleeting areas and transfer facilities strategically located along the river system. The size and quality of our river fleet and infrastructure allows us to operate an efficient hub system which improves our fleet utilization and provides us with a significant competitive advantage. The significant investments that have been made in our technology, on 66 new jumbo-sized barges (with a capacity of 2,500 dwt vs. 1,500 dwt for a standard Mississippi-size barge) and a significant investment in modern, highly-powered heavy fuel consuming engines, further enable our River Business to use its assets more efficiently than its competitors while providing a unique service to our customers. Our vertically integrated barge manufacturing facility, which is one of the most modern of its kind in the world, provides us with the distinct ability to increase our fleet capacity at a cost significantly lower than any alternative source available to the region and at the same time produce and sell barges to third parties both

for use in the Hidrovia Region and other areas of the world.

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- Modern Fleet of Large PSVs Serving the Offshore Platform Supply Market. Our large, modern PSVs have substantial cargo capacity and deck space, as well as advanced dynamic positioning systems which enable us to better serve customers operating in challenging and distant deepwater offshore environments. We have doubled the size of our PSV fleet over the past five years, and we believe we are the second largest owner of 4,500 dwt class platform supply vessels in the Brazilian market, where we have an established presence with local flag privileges for part of our fleet and have secured employment for our vessels under term contracts. We believe that our operation of large, modern and technologically advanced PSVs and our track record provide us a competitive advantage in securing attractive long-term employment for our vessels.

- Diverse Revenue Base Across Multiple End Markets. We believe that our diversification across multiple segments of the marine transportation industry allows us to limit our exposure to the business cycles in any particular segment, helping provide stability in our revenues and profitability. Our River Business is driven by the growing worldwide consumption of agricultural products and the demand for iron ore to manufacture steel. Our Offshore Supply Business benefits from the increasing global consumption of energy and the continued development of offshore drilling and production. Our Ocean Business meets the logistical needs to supply and distribute petroleum products and general container cargo in niche flag-protected markets. We believe this diversity in the sources of our revenues reduces the risk of exposure to any single end market.

- Preferential Treatment in Certain Markets. Most countries provide preferential treatment, referred to as "cabotage privileges," for vessels that are flagged in their jurisdiction or chartered in for operation by local ship operators. For example, Brazilian law provides a preference for the utilization of Brazilian-flagged vessels in its cabotage trade. Through one of our Brazilian subsidiaries, we have the competitive advantage of being able to trade many of our PSVs currently in operation in the Brazilian cabotage market, enabling them to obtain employment in preference to vessels without those cabotage privileges. Similarly, all of our ocean-going vessels enjoy cabotage privileges in Argentina.

- Long-Term Relationships with High Quality Customers. We have longstanding relationships with large, stable customers, including affiliates of major international agricultural and oil companies, such as Cargill, Petrobras, ADM, Trafigura and Continental Grain. We pride ourselves on our operational excellence, our ability to provide high quality service and our commitments to safety, quality and the environment. The quality of our vessels as well as the expertise of our vessel crews and engineering resources helps us maintain highly reliable and consistent performance for our customers. Our two largest customers, Petrobras and Trafigura, accounted for 29% and 16% of revenues for the fiscal year ended December 31, 2012, respectively, and our five largest customers accounted for 63% of revenues for the fiscal year ended December 31, 2012.

Our Business Strategy

Our business strategy is to continue to grow by leveraging our expertise and customer relationships through our investments in different sectors of the transportation industry. Our River Business is the leading barge transportation company in the Hidrovia Region and is well positioned to deliver strong operational results. We plan on expanding our presence in the Brazilian offshore oil platform supply services industry in order to capitalize on attractive trends in that market. We plan to implement our business strategy by doing the following:

- Leverage Our Market Position to Capitalize on Strong Underlying River Fundamentals. We plan to leverage our leading market position in the Hidrovia to capitalize on the attractive supply and demand fundamentals for marine transportation in the region and to further expand our lines of business and the capacity and range of marine transportation services provided by us. The Hidrovia river system is one of the largest navigable river systems in the world, comparable in length to the Mississippi River system in the United States, and represents the most efficient means of transportation in a fertile and commodity-rich region with a shortage of transportation infrastructure

alternatives. Our ability to enlarge our fleet with barges produced at our vertically integrated facility at a competitive cost, and to continue to take advantage of the economies of scale afforded to us by our large fleet, increasingly fuel-efficient pushboats and network of infrastructure should allow us to extend our dominant position in the river system.

- Continue Expanding our Offshore Operations. We intend to continue to leverage our expertise, local presence and success in the Brazilian offshore market by deploying additional vessels in the region. We currently have nine vessels operating in the Brazilian offshore supply market and expect to deploy the tenth PSV in Brazil, UP Pearl, during the fourth quarter of 2013. Finally, we will deploy our three PSVs recently acquired depending on how the markets in which we operate (namely the UK's North Sea and Brazil) perform, with a view to balancing the exposure of our fleet to the different offshore markets. The demand for long-term employment at attractive and improving charter rates, particularly for our large, modern PSVs, reflects the attractive fundamentals of the Brazilian offshore market. We believe that the opening of the Brazilian oil exploration and production market to private and foreign participation will allow for further growth opportunities and customer diversification.

- Maintain and Optimize our Asset Diversification and Employment. We continually monitor developments in the shipping industry and make charter-related decisions based on an individual vessel and segment basis, as well as on our view of overall market conditions in order to implement our overall business strategy. In our River Business, we have contracted a substantial portion of our fleet's barge capacity on a one- to five-year basis to our major customers. These contracts typically provide for fixed pricing, minimum volume requirements and fuel price adjustment formulas, and we intend to develop new customers and cargoes as we grow our fleet capacity. In our Offshore Supply Business, we plan to continue chartering our PSV fleet primarily in Brazil under long-term time charter employment. We have historically operated our cabotage Ocean Business tanker vessels under period time charters with oil refineries and major oil companies and will aim to continue to do so. Our two container feeder vessels operate on a voyage by voyage basis.

- Focusing on Generating Operational Efficiencies. We have identified opportunities and are implementing our plans to improve overall efficiency and profitability. In our River Business our re-engining program is underway, and we have invested in new, bigger engines for our main line pushboats, which will burn less expensive fuels. We also continue to focus on optimizing our barge and tug scheduling, maximizing loads and tow size and reducing empty back-hauls through our strategically located fleeting areas. We believe that the increased traffic density from the continued growth in overall demand for waterborne transportation of commodities and the expansion of our footprint in the river system will reduce non-revenue producing days and increase our overall transportation volumes and strengthen our margins. At our barge manufacturing facility, we are focused on establishing an infrastructure that optimizes our production capabilities and efficiencies, to maximize profitability and return on capital. Our facility has increased its output and its third party sales from 19 barges in 2011 to 37 barges in 2012 with over 50 barges already contracted for sales to third parties in 2013.

Our Fleet Management

We conduct the day-to-day management and administration of our operations in-house.

Our subsidiaries, UP Offshore Brazil, Sernova and Ravenscroft undertake the technical and marine related management for our offshore and ocean vessels including dry docks, repairs and maintenance, the purchasing of supplies, spare parts and husbandry items, crewing, superintendence and preparation and payment of a portion of the related accounts on our behalf through its related offices in Coral Gables, Aberdeen, Buenos Aires and Rio de Janeiro. All three entities are ISM certified and between them hold Documents of Compliance for the management and operation of tankers, PSVs, general cargo vessels and container ships.

Ravenscroft seeks to manage vessels for and on behalf of vessel owners who are not related to us and will actively pursue new business opportunities through Ship Management and Commercial Services Ltd., or SMS, which is our subsidiary dealing with third party ship management.

Competition

River Business

We maintain a leading market share in our River Business. We own the largest fleet of pushboats and barges in the Hidrovia Region. We believe that our fleet is approximately as large in capacity as the fleets of our next three competitors combined. We compete based on reliability, efficiency and price. Key competitors include Navios South American Logistics, Interbarge and Fluvioalba. In addition, some of our customers, including Archer Daniels Midland, Cargill, Louis Dreyfus and Vale have some of their own dedicated barge capacity, which they can use to transport cargo in lieu of hiring a third party. Our River Business also indirectly competes with other forms of land-based transportation such as truck and rail, though in many areas that we serve, access to rail is limited or

non-existent and the distances make trucking uneconomical for large volumes of cargo.

Through our presence in the barge-building industry we compete with other shipyards in the region such as Astillero Tsuneishi Paraguay S.A., CIE, Riopal and other shipyards located outside of South America, mainly in China and South Korea.

Offshore Supply Business

In our Offshore Supply Business, our main competitors in Brazil are the local offshore companies that own and operate modern PSVs. The largest of these companies are CBO, Wilson Sons and Chouest who currently own a substantial number of modern PSVs and are in the process of building additional units. Also, some of the international offshore companies that own and operate PSVs, such as Tidewater and Maersk, have built Brazilian-flagged PSVs. In the North Sea market, where three of our PSVs operated during 2008 and 2009 and where our UP Jasper is operating today, we actively compete with other large, well established owners and operators such as Gulfmark Offshore, Bourbon and DOF Farstad.

Ocean Business

We face competition in the transportation of crude oil and petroleum products as well as other bulk commodities from other independent ship owners and from vessel operators who primarily charter-in vessels to meet their cargo carrying needs. The charter markets in which our vessels operate are highly competitive. Competition is primarily based on prevailing market charter rates, vessel location and the vessel manager's reputation. Our competitor in crude oil and petroleum products transportation within Argentina and between Argentina and other South American countries, is Antares Naviera S.A. and its affiliated companies. Navios South American Logistics, who is a competitor in our River operation, also competes in the Argentinean Coastal Tanker market, as do Naviera Sur Petrolera S.A., Naviera Elcano (through their various subsidiaries) and Maruba. These companies and other smaller entities are regular competitors of ours in our primary tanker trading areas.

We operate two container vessels in the Argentinean market to supply the domestic trade between different ports and operate as a feeder service for mainline carriers such as Maersk Line, Evergreen, MOL, MSC, Hamburg Sud, CMA-CGM, PIL and Login for import and export cargoes. Our main competitor in this sector is a local company called Maruba, which currently operates chartered vessels of similar characteristic as ours and that offer a similar service in the market. Our Container Business also indirectly competes with other forms of land-based transportation such as trucks.

Seasonality

Each of our businesses has seasonal aspects, which affect their revenues on a quarterly basis. The high season for our River Business is generally between the months of March and September, in connection with the South American harvest and higher river levels. However, growth in the soy pellet manufacturing, minerals and forest industries may help offset some of this seasonality. The Offshore Supply Business operates year-round, particularly off the coast of Brazil, although weather conditions in the North Sea may reduce activity from December to February. In the Ocean Business, we employ our Product Tankers on time charters so there is no seasonality effect, while our container feeder service experiences a somewhat slower season during the first quarter due to the congestion at the main discharge terminal in Patagonia in connection with the cruise tourist season.

Ownership and Corporate Structure

Our management team is led by members of the Menendez family. The family collectively has been involved in the shipping industry for over 130 years. Our senior executive officers have on average 39 years of experience in the shipping industry. Our management team has significant expertise in various lines of business and has been instrumental in developing and maintaining our certified safety and quality management systems and our operational plans.

On December 12, 2012, we announced the closing of the Investment Agreement entered into on November 13, 2012, with Sparrow, a subsidiary of Southern Cross. Southern Cross is a private equity firm founded in 1998 to make investments in Latin American companies that have significant potential for improved performance and growth. At that closing, we sold 110,000,000 shares of newly issued common stock to Sparrow at a purchase price of $2.00 per share. We received proceeds of $220.0 million from the transaction. As of June 30, 2013, Southern Cross beneficially owned 78.34% of the outstanding common shares of Ultrapetrol, representing approximately 58.9% of the voting power of our outstanding shares. Since inception, Southern Cross has raised over $2.5 billion and has invested in over 30 companies in a wide range of industries, including consumer goods, retail, homebuilding, entertainment, logistics, pharmaceuticals, energy, oil & gas, public services, IT and telecom.

As of June 30, 2013, our Subsidiary Guarantors represented 38% and 42%, respectively, of our consolidated total assets and total liabilities, before consolidating adjustments.

Corporate Information

We are incorporated in The Bahamas under the name Ultrapetrol (Bahamas) Limited. Our registered office is situated at H&J Corporate Services Ltd., Ocean Center, Montagu Foreshore, East Bay Street, Nassau, Bahamas. Our telephone number there is 1-242-364-4755. Our website is http://www.ultrapetrol.net. The information on our website is not part of this prospectus.

Industry Conditions

River Industry

Key factors driving cargo movements in the Hidrovia Region are agricultural production and exports, particularly soybeans, from Argentina, Brazil and Paraguay, exports of Brazilian iron ore, regional demand and Paraguayan imports of petroleum products. A significant portion of the cargos transported in the Hidrovia Region are export or import-related cargoes and the applicable freights are paid in U.S. Dollars.

The Parana / Paraguay, the High Parana and the Uruguay rivers consist of over 2,200 miles of a natural interconnected navigable river system serving five countries namely Argentina, Bolivia, Brazil, Paraguay and Uruguay. The extension of this river system is comparable to that of the Mississippi river in the United States.

Dry Bulk Cargo

Soybeans. Argentina, Bolivia, Brazil, Paraguay and Uruguay produced in aggregate about 41.5 million tons, or mt, of soybeans in 1995 and an estimated 115.0mt in 2012, a 17-year compound annual growth rate, or CAGR, of 6.2% from 1995. These countries account for an estimated 48% of world soybean production in 2012, up from only 30% in 1995.

Of the above-mentioned countries of the Hidrovia Region, the area harvested of soybeans has increased from approximately 18.9 Mha (million hectares, 1 hectare = 2.47 acres) in 1995 to an estimated 47.5 Mha in 2012, a 17-year CAGR of 5.6%. Further, with advances in technology, productivity of farmland has also improved.

The growth in soybean production has not occurred at the expense of other key cereal grains. Production of corn (maize) in Argentina, Bolivia, Brazil, Paraguay and Uruguay combined grew from 50.3mt in 1995 to 98.3mt in 2012, a 16-year CAGR of 4.0%. Production of wheat in these countries grew from 14.4mt in 1995 to 24.4mt in 2012, a 17-year CAGR of 3.1%.

Iron Ore. In the Corumbá area of Brazil reached by the High Paraguay River, there are three large iron ore mines, two of which are owned by Vale (following the 2009 acquisition of Rio Tinto's assets in the region) while the third one is owned by MMX Mineração & Metálicos S.A. (MMX). Their combined production of iron ore, which is entirely transported by river barge, has grown from about 1.1 million mt, or mmt, since 2001 to 7.1 mmt in 2011, a 10-year CAGR of 20.4%. Production for 2012 was 8.2 mmt (based on reported production for Vale and MMX) which provides an annual increase of 16%. Iron ore prices have on average increased 22% from December 2009 to December 2012. Continued high iron ore prices during 2013 and 2014 should support continued growth in production of iron ore.

In addition to the above, Jindal Steel & Power Limited, through one of its subsidiaries, Jindal Steel Bolivia S.A., has acquired the development rights for 40.0 billion tonnes of El Mutun iron ore reserves located in Bolivia.

Oil transportation

Most petroleum products travel north to destinations in Northern Argentina, Paraguay and Bolivia, creating synergies with dry cargo volumes that mostly travel south.

Mode Comparison

Along with growth in production of commodities transported by barge in the Hidrovia Region, cost, safety and environmental incentives exist to shift commodity transport to barges.

Inland barge transportation is generally the most cost efficient, safest and cleanest means of transporting bulk commodities as compared with railroads and trucks.

According to a 2007 Texas Transport Institute study commissioned by the U.S. government, one Mississippi River-type barge (1,500 dwt) has the carrying capacity of about 15 railcars or 58 tractor-trailer trucks and is able to move 576 ton-miles per gallon of fuel compared to 413 ton-miles per gallon of fuel for rail transportation or 155 ton-miles per gallon of fuel for tractor-trailer transportation. In the case of Jumbo barges (2,500 dwt) as are many of UABL's existing barges or the ones Ultrapetrol builds in its yard, these efficiencies are even larger. The study also shows barge transportation is the safest mode of cargo transportation, based on the percentage of fatalities or injuries and the number of hazardous materials incidents. Inland barge transportation predominantly operates away from population centers, which generally reduces both the number and impact of waterway incidents. According to industry sources, in terms of unit transportation cost for most dry bulk cargos, barge is cheapest, rail is second cheapest and

truck is third cheapest. There are clear and significant incentives to build port infrastructure and switch from truck to barge to reduce transportation costs.

Offshore Supply Industry

The market for offshore supply vessels, or OSVs, both on a worldwide basis and within Brazil, is driven by a variety of factors. On the demand side, the driver is the growth in offshore oil development / production activity, which in the long term is driven by the price of oil and the cost of developing the particular offshore reserves. Demand for OSVs is further driven by the location of the reserves, with fields located further offshore and in deeper waters generally requiring more vessels per field and larger, more technologically advanced vessels. The supply side is driven by the availability of the vessel type needed (i.e., appropriate size and technology), which in turn is driven by historical newbuilding patterns and scrapping rates as well as the current employment of vessels in the worldwide fleet (i.e., whether under long-term charter) and the rollover schedule for those charters. Technological developments also play an important role on the supply side, with technology such as dynamic positioning better able to meet certain support requirements.

Both demand for and supply of OSVs are heavily influenced by cabotage laws (such as the U.S. Jones Act). Since most offshore supply activities occur within the jurisdiction of a country, they fall within that country's cabotage laws. This distinguishes the OSV sector from most other types of shipping. Cabotage laws may restrict the supply of tonnage, give special preferences to locally flagged ships or require that any vessel working in that country's waters be owned, flagged, crewed and, in some cases, constructed in that country.

OSVs generally support oil exploration, production, construction and maintenance activities on the continental shelf and have a high degree of cargo flexibility relative to other offshore vessel types. They utilize space above and below deck to transport dry and liquid cargo, including heavy equipment, pipe, drilling fluids, provisions, fuel, dry bulk cement and drilling mud.

The OSV sector includes conventional supply vessels, or SVs, and platform supply vessels, or PSVs. PSVs are large and often sophisticated vessels constructed to allow for economic operation in environments requiring some combination of deepwater operations, long distance support, economies of scale and demanding operating conditions. PSVs serve drilling and production facilities and support offshore construction and maintenance work for clusters of offshore locations and/or relatively distant deepwater locations. They have larger deck space and larger and more varied cargo handling capabilities relative to other offshore support vessels to provide more economic service to distant installations or several locations. Some vessels have dynamic positioning, which allows close station keeping while underway. PSVs can be designed with certain characteristics required for specific offshore trades such as the North Sea or deepwater Brazilian service.

Brazilian Offshore Industry

Driven by Brazil's policy of becoming energy self-sufficient as well as by oil price and cost considerations, offshore exploration, development and production activities within Brazil have grown significantly. Brazil is becoming a major exporter of oil. Since most Brazilian reserves are located far offshore in deep waters, Brazil has become a world leader in deep drilling technology.

The primary customer for PSVs in Brazil is Petrobras, the Brazilian national oil company. The Brazilian government has also allowed foreign companies to participate in offshore oil and gas exploration and production since 1999. Other companies active in Brazil in offshore oil and gas exploration and production industry include Total, Shell, BP, OGX, Repsol YPF and ChevronTexaco. The deepwater Campos Basin, an area located about 80 miles offshore, has been the leading area for offshore activity. Activities have been extended to the deepwater Santos and Espirito Santo Basins located far off the coast while additionally requiring resources to develop pre salt areas of water depths of over 9,000 feet. During 2008, 2009 and 2010, several significant discoveries have been made, which could possibly more than double Brazilian oil reserves when confirmed.

Petrobras has announced that it expects to increase the use of supply and special vessels from 287 vessels at the end of 2010 to 423 vessels by 2013. The Brazilian market has seen an increasing demand for PSVs since 2006 (prior to 2006 large PSVs in excess of 4,000 dwt were unusual in Brazilian waters), and now according to Petrobras, the demand for this type of vessel will grow significantly in the next three years.

Deepwater service favors large modern vessels that can provide a full range of flexible services including dynamic positioning systems while providing economies of scale to installations distant from shore. Cabotage laws favor employment of Brazilian flag vessels. Temporary authority is granted for foreign vessels to operate only if no Brazilian flag vessels are available.

Ocean Industry

Regional Cabotage Trades

Voyages between two Argentine ports are regulated by the Argentine government as "cabotage" and require the use of an Argentine flag vessel or a vessel operated under special permit by an Argentine company. Cabotage is used to mean both voyages between two national ports and laws that reserve such voyages for nationally operated vessels. Argentine registry requires that vessels be built in an Argentine shipyard or that import duty be paid, which increases

the cost of new vessels versus foreign construction. The special permit described above allows younger foreign-built vessels to enter cabotage trades while retaining the Argentine nationality requirement for operations.

Access to the Argentine coastal cabotage market is thus controlled by legal requirements, which limit its access to those companies with a legitimate operating presence in Argentina with vessels registered or holding a special permit in Argentina.

Regional tanker and container shipping market factors, including local demand factors and vessel supply information, are described below, reflecting market conditions in the primary area of employment for these vessels.

The Regional Tanker Market

Regional Oil Demand

Argentina's oil demand was estimated at about 623,000 barrels per day, or bpd, in 2010, up from about 511,000 bpd in 2000, resulting in a 10-year CAGR of 2.0%.

Argentina's refining capacity is largely located in the River Plate estuary near Buenos Aires. Crude oil from oil fields in southern Argentina is shipped to refineries near Buenos Aires by tankers. Coastal cities in Southern Argentina receive petroleum products by tankers from these refineries. Cabotage tankers are also used for lightering of international tankers (discharge of cargo to reduce draft) and for short voyages within the Plate Estuary and Parana River. Vessels with IMO chemical classification (see below) are also used for Argentine or other regional voyages carrying petroleum products and chemicals such as styrene monomer.

The Regional Patagonian Container Shipping Trades

Regional Container Shipping Demand

Coastal container shipping provides important north-south links between Buenos Aires and coastal ports in southern Argentina. Buenos Aires city and province have about 46% of Argentina's population and is the centre of much economic activity. However, Argentine economic development programs encourage manufacturing in the southern Argentine region of Tierra del Fuego. Finished goods from the manufacturing are transported north from the port of Ushuaia to Buenos Aires for distribution. Most of the cargo in this service initiates as containers transported by the major international lines containing components for manufacturing that are carried from China and other foreign ports of origin to Buenos Aires with transshipment to Ushuaia under feeder agreements with the major international lines. Cargo is also carried to and from other southern Argentine ports, such as Puerto Madryn, as demand requires.

Disclaimer

Throughout this Industry Section, all figures related to harvested area and production of soybean, corn and wheat for South America and specifically for Argentina, Bolivia, Brazil, Paraguay and Uruguay are obtained through the USDA Foreign Agricultural Service website some time prior to the date of this prospectus.

Figures related to Iron Ore production in the Corumb Region from Vale, MMX, Rio Tinto and Jindal Steel & Power were extracted from each of the respective companies' public records (including Earnings Presentation, 20-Fs and Annual Reports). Iron Ore price trends were extracted from Indexmundi's website whose source in the International Monetary Fund.

Data included in the Brazilian offshore section has been extracted from public information presented by both Petrobras and ANTAQ, as well as industry sources, while both current North Sea activities and crude oil prices have been retrieved from industry sources.

Oil demand figures were extracted from Indexmundi's website whose source is the International Monetary Fund.

Environmental and Government Regulation

Government regulations significantly affect our operations, including the ownership and operation of our vessels. Our operations are subject to international conventions, national, state and local laws and regulations in force in international waters and the jurisdictional waters of the countries in which our vessels may operate or are registered, including OPA, the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, the U.S. Port and Tanker Safety Act, the IMO International Convention for the Prevention of Pollution from Ships, or MARPOL, other regulations adopted by the IMO and the European Union, various volatile organic compound emission requirements, the IMO / U.S. Coast Guard pollution regulations and various SOLAS amendments, as well as other regulations. Compliance with these requirements entails significant expense, including vessel modifications and implementation of certain operating procedures.

A variety of governmental and private entities, each of which may have unique requirements, subject our vessels to both scheduled and unscheduled inspections. These entities include the local port authorities (U.S. Coast Guard, harbor master or equivalent), port state controls, classification societies, flag state administration (country of registry) oil majors and charterers, particularly terminal operators. Certain of these entities require us to obtain permits, licenses, certificates or approvals for the operation of our vessels. Failure to maintain necessary permits, licenses, certificates or approvals could require us to incur substantial costs or temporarily suspend operation of one or more of

our vessels.

We believe that the heightened level of environmental and quality concerns among insurance underwriters, regulators and charterers will lead to greater inspection and safety requirements on all vessels and may accelerate the scrapping of older vessels throughout the industry. Increasing environmental concerns have created a demand for vessels that conform to the stricter environmental standards. We are required to maintain operating standards for all of our ocean-going vessels for operational safety, quality maintenance, continuous training of our officers and crews and compliance with U.S. and international regulations. We believe that the operation of our vessels is in substantial compliance with applicable environmental laws and regulations. However, such laws and regulations may change and impose stricter requirements, such as in response to the 2010 Deepwater Horizon oil spill or future serious marine incidents. For example, on August 15, 2012, the U.S. Bureau of Safety and Environmental Enforcement (BSEE) issued a final drilling safety rule for offshore oil and gas operations that strengthen the requirements for safety equipment, well control systems, and blowout prevention practice. Furthermore, in April 2013, the BSEE issued a final rule, Safety and Environmental Management Systems II (SEMS II), that would amended the Workplace Safety Rule by requiring the imposition of additional safety procedures to company's existing SEMS and revising existing obligations regarding the requirements of an audit of a company's SEMS. Future requirements may limit our ability to do business, increase our operating costs, force the early retirement of our vessels and / or affect their resale value, all of which could have a material adverse effect on our financial condition and results of operations.

International Maritime Organization

The IMO has adopted the International Convention for the Prevention of Marine Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto (collectively referred to as MARPOL 73/78 and herein as "MARPOL"). MARPOL entered into force on October 2, 1983. It has been adopted by over 150 nations, including many of the jurisdictions in which our vessels operate. MARPOL sets forth pollution-prevention requirements applicable to drybulk carriers, among other vessels, and is broken into six Annexes, each of which regulates a different source of pollution. Annex I relates to oil leakage or spilling; Annexes II and III relate to harmful substances carried, in bulk, in liquid or packaged form, respectively; Annexes IV and V relate to sewage and garbage management, respectively; and Annex VI, lastly, relates to air emissions. Annex VI was separately adopted by the IMO in September of 1997.

MARPOL Annex II and IBC code were revised and the revisions came into force as of January 1, 2007. This revision affected 33 cargoes which account for almost 78% of the world chemical and vegetable oil trade. Many of these cargoes which could be carried in product tankers with NLS certificates are now required to be carried by chemical tankers.

Air Emissions

In September of 1997, the IMO adopted Annex VI to MARPOL to address air pollution. Effective May 2005, Annex VI sets limits on nitrogen oxide emissions from ships whose diesel engines were constructed (or underwent major conversions) on or after January 1, 2000. It also prohibits "deliberate emissions" of "ozone depleting substances," defined to include certain halons and chlorofluorocarbons. "Deliberate emissions" are not limited to times when the ship is at sea; they can for example include discharges occurring in the course of the ship's repair and maintenance. Emissions of "volatile organic compounds" from certain tankers, and the shipboard incineration (from incinerators installed after January 1, 2000) of certain substances (such as polychlorinated biphenyls (PCBs)) are also prohibited. Annex VI also includes a global cap on the sulfur content of fuel oil (see below).

Annex VI seeks to further reduce air pollution by, among other things, implementing a progressive reduction of the amount of sulfur contained in any fuel oil used on board ships. As of January 1, 2012, the amended Annex VI requires that fuel oil contain no more than 3.50% sulfur. By January 1, 2020, sulfur content must not exceed 0.50%, subject to a feasibility review to be completed no later than 2018.

Sulfur content standards are even stricter within certain "Emission Control Areas" or ECAs. As of July 1, 2010, ships operating within an ECA were not permitted to use fuel with sulfur content in excess of 1.0% (from 1.50%), which is further reduced to 0.10% on January 1, 2015. Amended Annex VI establishes procedures for designating new ECAs. Currently, the Baltic Sea and the North Sea have been so designated. On August 1, 2012, certain coastal areas of North America were designated ECAs, as will the applicable areas of the United States Caribbean Sea, effective January 1, 2014. Ocean-going vessels in these areas will be subject to stringent emissions controls and may cause us to incur additional costs. ECA designations subject ocean-going vessels within the designated area to stringent emissions controls, which might cause vessels to require segregated bunker tanks and cylinder oil tanks to use different fuels in coastal waters and open seas, which threatens to add an additional cost burden to ship owners. If other ECAs are approved by the IMO or other new or more stringent requirements relating to emissions from marine diesel engines or port operations by vessels are adopted by the EPA or the states where we operate, compliance with these regulations could entail significant capital expenditures or otherwise increase the costs of our operations.

As of January 1, 2013, MARPOL made mandatory certain measures relating to energy efficiency for new ships. It makes the Energy Efficiency Design Index (EEDI) apply to all new ships, and the Ship Energy Efficiency Management Plan (SEEMP) apply to all ships.

Amended Annex VI also establishes new tiers of stringent nitrogen oxide emissions standards for new marine engines, depending on their date of installation. The U.S. Environmental Protection Agency promulgated equivalent (and in some senses stricter) emissions standards in late 2009.

On March 26, 2010, the IMO amended the International Convention for the Prevention of Pollution from Ships (MARPOL) designating specific portions of U.S., Canadian and French waters as an Emission Control Area (ECA). The proposal for ECA designation was introduced by the U.S. and Canada, reflecting common interests, shared geography and interrelated economies. In July 2009, France joined as a co-proposer on behalf of its island territories of Saint-Pierre and Miquelon, which form an archipelago off the coast of Newfoundland. Allowing for the lead time associated with the IMO process, the North American ECA became enforceable in August 2012. The North America ECA includes coastal boundaries of U.S. and Canada to an extent of 200 miles from the coast, excluding areas infringing boundary states. The emission requirements are same as other IMO ECAs, with present fuel oil sulfur limit of 1% which will be reduced to 0.1% as of 2015. For NOx reduction, tier III engines will be required to be installed on all new vessels as of 2016.

Safety Management System Requirements

The IMO also adopted the International Convention for the Safety of Life at Sea, or SOLAS, and the International Convention on Load Lines, or the LL Convention, which impose a variety of standards that regulate the design and operational features of ships. Amendments to SOLAS Chapter VII apply to vessels transporting dangerous goods and require those vessels are in compliance with the International Maritime Dangerous Goods Code (IMDG Code). The IMO periodically revises the SOLAS and LL Convention standards. The Convention on Limitation for Liability for Maritime Claims (LLMC) was recently amended and the amendments are expected to go into effect on June 8, 2015. The amendments alter the limits of liability for a loss of life or personal injury claim and a property claim against ship owners.

The operation of our ships is also affected by the requirements set forth in Chapter IX of SOLAS, which sets forth the IMO's International Management Code for the Safe Operation of Ships and Pollution Prevention, or the ISM Code. The ISM Code requires ship owners and bareboat charterers to develop and maintain an extensive "Safety Management System" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. The failure of a ship owner or bareboat charterer to comply with the ISM Code may subject such party to increased liability, may decrease available insurance coverage for the affected ships and may result in a denial of access to, or detention in, certain ports. Currently, each of the ships in our fleet is ISM code-certified. However, there can be no assurance that such certification will be maintained indefinitely.

The ISM Code requires that ship operators obtain a safety management certificate, or SMC, for each ship they operate. This certificate evidences compliance by a ship's operators with the ISM Code requirements for a safety management system, or SMS. No ship can obtain an SMC under the ISM Code unless its manager has been awarded a document of compliance, or DOC, issued in most instances by the ship's flag state.

Pollution Control and Liability Requirements

The IMO has negotiated international conventions that impose liability for pollution in international waters and the territorial waters of the signatories to such conventions. For example, the IMO has adopted the International Convention on Civil Liability for Oil Pollution Damage of 1969, as amended by different Protocol in 1976, 1984, and 1992, and amended in 2000, or the CLC. Under the CLC and depending on whether the country in which the damage results is a party to the 1992 Protocol to the CLC, a vessel's registered owner is strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of persistent oil, subject to certain exceptions. The 1992 Protocol changed certain limits on liability, expressed using the International Monetary Fund currency unit of Special Drawing Rights. The limits on liability have since been amended so that the compensation limits on liability were raised. The right to limit liability is forfeited under the CLC where the spill is caused by the ship owner's actual fault and under the 1992 Protocol where the spill is caused by the ship owner's intentional or reckless act or omission where the ship owner knew pollution damage would probably result. The CLC requires ships covered by it to maintain insurance covering the liability of the owner in a sum equivalent to an owner's liability for a single incident. We believe that our insurance will cover the liability under the plan adopted by the IMO

The IMO adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage, or the Bunker Convention, to impose strict liability on ship owners for pollution damage in jurisdictional waters of ratifying states caused by discharges of bunker fuel. The Bunker Convention requires registered owners of ships over 1,000 gross tons to maintain insurance for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the Convention on Limitation of Liability for Maritime Claims of 1976, as amended). With respect to non-ratifying states, liability for spills or releases of oil carried as fuel in ship's bunkers typically is determined by the national or other domestic laws

in the jurisdiction where the events or damages occur.

The IMO amended Annex I to MARPOL, including a new regulation relating to oil fuel tank protection, which applies to various ships delivered on or after August 1, 2010. It includes requirements for the protected location of the fuel tanks, performance standards for accidental oil fuel outflow, a tank capacity limit and certain other maintenance, inspection and engineering standards.

IMO regulations also require owners and operators of certain vessels to adopt Ship Oil Pollution Emergency Plans. Periodic training and drills for response personnel and for vessels and their crews are required.

The IMO adopted the International Convention for the Control and Management of Ships' Ballast Water and Sediments, or the BWM Convention, in February 2004. The BWM Convention's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits. The BWM Convention will not enter into force until 12 months after it has been adopted by 30 states, the combined merchant fleets of which represent not less than 35% of the gross tonnage of the world's merchant shipping tonnage. To date, there has not been sufficient adoption of this standard for it to take force. However, Panama may adopt this standard in the relatively near future, which would be sufficient for it to take force. Upon entry into force of the BWM Convention, mid-ocean ballast exchange would be mandatory for our vessels. In addition, our vessels would be required to be equipped with a ballast water treatment system that meets mandatory concentration limits not later than the first intermediate or renewal survey, whichever occurs first, after the anniversary date of delivery of the vessel in 2014, for vessels with ballast water capacity of 1500-5000 cubic meters, or after such date in 2016, for vessels with ballast water capacity of greater than 5000 cubic meters. If mid-ocean ballast exchange or ballast water treatment requirements become mandatory, the cost of compliance could increase for ocean carriers. Although we do not believe that the costs of compliance with a mandatory mid-ocean ballast exchange would be material, it is difficult to predict the overall impact of such a requirement on our operations.

The MEPC adopted revised guidelines on implementation of effluent standards and performance tests for sewage treatment plants installed on vessels after January 1, 2010, and is planning to further revise them at an upcoming session. The maximum discharge rate of untreated sewage beyond the 12-mile limit from land has also been revised.

The U.S. Oil Pollution Act of 1990 and Comprehensive Environmental Response, Compensation and Liability Act

OPA established an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills. OPA affects all "owners and operators" whose vessels trade with the United States, its territories and possessions or whose vessels operate in United States waters, which includes the United States' territorial sea and its 200 nautical mile exclusive economic zone around the United States. The United States has also enacted the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, which applies to the discharge of hazardous substances other than oil, whether on land or at sea. OPA and CERCLA both define "owner and operator" in the case of a vessel as any person owning, operating or chartering by demise, the vessel. Both OPA and CERCLA impact our operations.

Under OPA, vessel owners and operators are "responsible parties" and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or threatened discharges of oil from their vessels.

OPA contains statutory caps on liability and damages; such caps do not apply to direct cleanup costs. OPA limits the liability of responsible parties with respect to single-hull tankers over 3,000 gross tons to the greater of $3,200 per gross ton or $23,496 million; but for all other tankers over 3,000 gross tons, liability is limited to the greater of $2,000 per gross ton or $17.088 million. For non-tank vessels (e.g. drybulk), liability is limited to the greater of $1,000 per gross ton or $854,400 (subject to periodic adjustment for inflation). These limits of liability do not apply if an incident was proximately caused by the violation of an applicable U.S. federal safety, construction or operating regulation by a responsible party (or its agent, employee or a person acting pursuant to a contractual relationship), or a responsible party's gross negligence or willful misconduct. The limitation on liability similarly does not apply if the responsible party fails or refuses to (i) report the incident where the responsible party knows or has reason to know of the incident; (ii) reasonably cooperate and assist as requested in connection with oil removal activities; or (iii) without sufficient cause, comply with an order issued under the Federal Water Pollution Act (Section 311 (c), (e)) or the Intervention on the High Seas Act.

CERCLA contains a similar liability regime whereby owners and operators of vessels are liable for cleanup, removal and remedial costs, as well as damage for injury to, or destruction or loss of, natural resources, including the reasonable costs associated with assessing same, and health assessments or health effects studies. There is no liability if the discharge of a hazardous substance results solely from the act or omission of a third party, an act of God or an act of war. Liability under CERCLA is limited to the greater of $300 per gross ton or $5.0 million for vessels carrying a hazardous substance as cargo and the greater of $300 per gross ton or $500,000 for any other vessel. These limits do not apply (rendering the responsible person liable for the total cost of response and damages) if the release or threat of release of a hazardous substance resulted from willful misconduct or negligence, or the primary cause of the release was a violation of applicable safety, construction or operating standards or regulations. The limitation on liability also does not apply if the responsible person fails or refused to provide all reasonable cooperation and assistance as requested in connection with response activities where the vessel is subject to OPA.

OPA and CERCLA both require owners and operators of vessels to establish and maintain with the U.S. Coast Guard evidence of financial responsibility sufficient to meet the maximum amount of liability to which the particular responsible person may be subject. Vessel owners and operators may satisfy their financial responsibility obligations by providing a proof of insurance, a surety bond, qualification as a self-insurer or a guarantee.

We currently maintain, for each of our vessels, pollution liability coverage insurance in the amount of $1 billion per incident. If the damages from a catastrophic spill exceeded our insurance coverage, it could have a material adverse effect on our business and the results of operations.

Under OPA, with certain limited exceptions, all newly-built or converted vessels operating in U.S. waters must be built with double-hulls, and existing vessels that do not comply with the double-hull requirement are prohibited from trading in U.S. waters unless retrofitted with double-hulls. Notwithstanding the prohibition to trade schedule, the act currently permits existing single-hull and double-sided tankers to operate until the year 2015 if their operations within U.S. waters are limited to discharging at the Louisiana Offshore Oil Port or off-loading by lightering within authorized lightering zones more than 60 miles off-shore. Lightering is the process by which vessels at sea off-load their cargo to smaller vessels for ultimate delivery to the discharge port.

We believe we are in substantial compliance with OPA, CERCLA and all applicable state regulations in the ports where our vessels call or are likely to call.

The U.S. Clean Water Act

The U.S. Clean Water Act, or CWA, prohibits the discharge of oil, hazardous substances and ballast water in U.S. navigable waters unless authorized by a duly-issued permit or exemption, and imposes strict liability in the form of penalties for any unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under OPA and CERCLA. Furthermore, many U.S. states that border a navigable waterway have enacted environmental pollution laws that impose strict liability on a person for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance. These laws may be more stringent than U.S. federal law.

The EPA regulates the discharge of ballast water and other substances in U.S. waters under the CWA. EPA regulations require vessels 79 feet in length or longer (other than commercial fishing and recreational vessels) to comply with a Vessel General Permit (VGP) authorizing ballast water discharges and other discharges incidental to the operation of vessels. The VGP imposes technology and water-quality based effluent limits for certain types of discharges and establishes specific inspection, monitoring, recordkeeping and reporting requirements to ensure the effluent limits are met. On March 28, 2013, the EPA issued the 2013 VGP that will become effective on December 19, 2013 when the current 2008 VGP expires. The 2013 VGP contains ballast water discharge standards for most vessels that now contain numeric limits. Later this year the EPA is also planning to finalize the VGP for small vessels-the small VGP.

U.S. Coast Guard regulations adopted under the U.S. National Invasive Species Act, or NISA, also impose mandatory ballast water management practices for all vessels equipped with ballast water tanks entering or operating in U.S. waters. In 2009, the Coast Guard proposed new ballast water management standards and practices, including limits regarding ballast water releases. As of June 21, 2012, the U.S. Coast Guard implemented revised regulations on ballast water management by establishing standards on the allowable concentration of living organisms in ballast water discharged from ships into U.S. waters. The revised ballast water standards are consistent with those adopted by the IMO in 2004. Compliance with the EPA and the U.S. Coast Guard regulations could require the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial cost, and/or otherwise restrict our vessels from entering U.S. waters.

As of January 1, 2007, vessels operating in coastal waters of the state of California were required to comply with the State's Marine Vessel Rules concerning emissions from auxiliary diesel engines. These rules impose emission limits on vessels operating in the 24-nautical mile coastal area from the California baseline. They additionally require certain emission requirements compliance based on the fleet size and frequency of port calls and alternatively requires use of shore power or payment of fees for non compliance. They are codified at California Code of Regulations (CCR), Title 13, 2299.1 and CCR Title 17, 93118. Currently, however, the rules are not being enforced. On February 27, 2008, the United States Court of Appeals for the Ninth Circuit, in Pacific Merchant Shipping Association v. Goldstene, 517 F.3d 1108 (No. 07-16695), held that the rules were preempted by the United States Clean Air Act and issued an injunction preventing their enforcement.

The U.S. Clean Air Act

The U.S. Clean Air Act of 1970 (including its amendments of 1977 and 1990), or the CAA, requires the EPA to promulgate standards applicable to emissions of volatile organic compounds and other air contaminants. Our vessels are subject to vapor control and recovery requirements for certain cargoes when loading, unloading, ballasting,

cleaning and conducting other operations in regulated port areas. Our vessels that operate in such port areas with restricted cargoes are equipped with vapor recovery systems that satisfy these requirements. The CAA also requires states to draft State Implementation Plans, or SIPs, designed to attain national health-based air quality standards in each state. Although state-specific, SIPs may include regulations concerning emissions resulting from vessel loading and unloading operations by requiring the installation of vapor control equipment. As indicated above, our vessels operating in covered port areas are already equipped with vapor recovery systems that satisfy these existing requirements.

The state of California has more stringent regulations of air emissions from ocean-going vessels. The California Air Resources Board of the State of California, or CARB, has approved clean-fuel regulations applicable to all vessels sailing within 24 miles of the California coastline. The new CARB regulations require such vessels to use low sulfur marine fuels rather than bunker fuel. As of August 1, 2012, the State of California requires that both U.S. and foreign flagged vessels, subject to specified exceptions, use reduced sulfur content fuel of no more than 1% for marine gas oil or 0.5% for diesel oil when operating within 24 nautical miles of California's coastline. These new regulations may require significant expenditures on low-sulfur fuel and would increase our operating costs.

Our operations occasionally generate and require the transportation, treatment and disposal of both hazardous and non-hazardous solid wastes that are subject to the requirements of the U.S. Resource Conservation and Recovery Act, or RCRA, or comparable state, local or foreign requirements. The RCRA imposes significant recordkeeping and reporting requirements on transporters of hazardous waste In addition, from time to time we arrange for the disposal of hazardous waste or hazardous substances at offsite disposal facilities. If such materials are improperly disposed of by third parties, we may still be held liable for cleanup costs under applicable laws.

European Union Regulations

In October 2009, the European Union amended a directive to impose criminal sanctions for illicit ship-source discharges of polluting substances, including minor discharges, if committed with intent, recklessly or with serious negligence and the discharges individually or in the aggregate result in deterioration of the quality of water. Aiding and abetting the discharge of a polluting substance may also lead to criminal penalties. Member States were required to enact laws or regulations to comply with the directive by the end of 2010. Criminal liability for pollution may result in substantial penalties or fines and increased civil liability claims. The directive applies to all types of vessels, irrespective of their flag, but certain exceptions apply to warships or where human safety or that of the ship is in danger.

China

As China becomes more aware of the impact of pollution and with increased sea going traffic in its coastal waters, they are beginning to impose new regulations for vessels entering Chinese coastal waters. As of January 1, 2012, China Marine Safety Agency, or MSA, requires certain vessels entering Chinese coastal waters to have a contract in place with a qualified ship pollution response company in the region. These vessels are required to notify the contracted Pollution Response company of the vessel's movements as per China MSA rules.

Greenhouse Gas Regulation

Currently, the emissions of greenhouse gases from international shipping are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which entered into force in 2005 and pursuant to which adopting countries have been required to implement national programs to reduce greenhouse gas emissions. On January 1, 2013, two new sets of mandatory requirements to address greenhouse gas emissions from ships which were adopted by MEPC in July 2011, entered into force. Currently operating ships are required to develop Ship Energy Efficiency Management Plans (SEEMPs), and minimum energy efficiency levels per capacity mile will apply to new ships. These requirements could cause us to incur additional compliance costs. The IMO is also planning to implement market-based mechanisms to reduce greenhouse gas emissions from ships at an upcoming MEPC session. In April 2013, the European Union Parliament rejected proposed changes to the European Union Emissions law regarding carbon trading. The European Union is still considering expanding the existing European Union emissions trading scheme to include emissions of greenhouse gases from marine vessels, including drilling units, and in January 2012 the European Commission launched a public consultation on possible measures to reduce greenhouse gas emissions from ships. In the United States, the EPA has issued a finding that greenhouse gases endanger the public health and safety and has adopted regulations to limit greenhouse gas emissions from certain mobile sources and large stationary sources. Although the mobile source emissions regulations do not apply to greenhouse gas emissions from vessels, such regulation of vessels is foreseeable, and the EPA has in recent years received petitions from the California Attorney General and various environmental groups seeking such regulation. Any passage of climate control legislation or other regulatory initiatives by the IMO, European Union, the U.S. or other countries where we operate, or any treaty adopted at the international level to succeed the Kyoto Protocol, that restrict emissions of greenhouse gases could require us to make significant financial expenditures which we cannot predict with certainty at this time.

International Labor Organization

The International Labor Organization (ILO) is a specialized agency of the UN with headquarters in Geneva, Switzerland. The ILO has adopted the Maritime Labor Convention 2006 (MLC 2006). A Maritime Labor Certificate and a Declaration of Maritime Labor Compliance will be required to ensure compliance with the MLC 2006 for all ships above 500 gross tons in international trade. The MLC 2006 will enter into force one year after 30 countries with a minimum of 33% of the world's tonnage have ratified it. On August 20, 2012, the required number of countries was

met and MLC 2006 is expected to come into force on August 20, 2013. MLC 2006 will require us to develop new procedures to ensure full compliance with its requirements.

Vessel Security Regulations

Since the terrorist attacks of September 11, 2001 in the United States, there have been a variety of initiatives intended to enhance vessel security such as the Maritime Transportation Security Act of 2002, or MTSA. To implement certain portions of the MTSA, in July 2003, the U.S. Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. The regulations also impose requirements on certain ports and facilities, some of which are regulated by the U.S. Environmental Protection Agency (EPA).

Similarly, in December 2002, amendments to SOLAS created a new chapter of the convention dealing specifically with maritime security. The new Chapter V became effective in July 2004 and imposes various detailed security obligations on vessels and port authorities, and mandates compliance with the International Ship and Port Facilities Security Code, or the ISPS Code. The ISPS Code is designed to enhance the security of ports and ships against terrorism. To trade internationally, a vessel must attain an International Ship Security Certificate, or ISSC, from a recognized security organization approved by the vessel's flag state. Among the various requirements are:

- on-board installation of automatic identification systems to provide a means for the automatic transmission of safety-related information from among similarly equipped ships and shore stations, including information on a ship's identity, position, course, speed and navigational status;

- on-board installation of ship security alert systems, which do not sound on the vessel but only alert the authorities on shore;
- the development of vessel security plans;
- ship identification number to be permanently marked on a vessel's hull;
- a continuous synopsis record kept onboard showing a vessel's history including the name of the ship, the state whose flag the ship is entitled to fly, the date on which the ship was registered with that state, the ship's identification number, the port at which the ship is registered and the name of the registered owner(s) and their registered address; and
- compliance with flag state security certification requirements.

Ships operating without a valid certificate may be detained at port until it obtains an ISSC, or it may be expelled from port, or refused entry at port.

Furthermore, additional security measures could be required in the future which could have a significant financial impact on us. The U.S. Coast Guard regulations, intended to be aligned with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board a valid ISSC that attests to the vessel's compliance with SOLAS security requirements and the ISPS Code.

Safety of Navigation

Amendments to SOLAS Chapter V Regulation 19 that were adopted by the IMO on June 5, 2009, in Resolution MSC.282(86).

This requires a Bridge Navigation Watch keepers Alarm System (BNWAS) to be fitted on all types of ships in a phased manner depending on the type, build date and size of the ship. Passenger vessels were the first to be fitted with BNWAS. All other vessels of 3000 GRT and above, before July 1, 2012, 500 GRT and above before July 1, 2013, and 150 GRT and above before July 1, 2014.

Inspection by Classification Societies

Every ocean-going vessel must be "classed" by a classification society. The classification society certifies that the vessel is "in class," signifying that the vessel has been built and maintained in accordance with the rules of the classification society and complies with applicable rules and regulations of the vessel's country of registry and the international conventions of which that country is a member. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake them on application or by official order, acting on behalf of the authorities concerned.

The classification society also undertakes on request other surveys and checks that are required by regulations and requirements of the flag state. These surveys are subject to agreements made in each individual case and / or to the regulations of the country concerned.

For maintenance of the class certification, regular and extraordinary surveys of hull, machinery, including the electrical plant and any special equipment classed are required to be performed as follows:

Annual Surveys. For seagoing ships, annual surveys are conducted for the hull and the machinery, including the electrical plant and where applicable for special equipment classed, within three months before or after each anniversary date of the date of commencement of the class period indicated in the certificate.

Intermediate Surveys. Extended annual surveys are referred to as intermediate surveys and typically are conducted two and one-half years after commissioning and each class renewal. Intermediate surveys are to be carried out at or between the second or third annual survey.

Special Surveys. Special surveys, also known as class renewal surveys, are carried out for the ship's hull, machinery, including the electrical plant, and for any special equipment classed, at the intervals indicated by the character of classification for the hull. At the special survey the vessel is thoroughly examined, including audio-gauging to determine the thickness of the steel structures. Should the thickness be found to be less than class requirements, the classification society would prescribe steel renewals. The classification society may grant a one year grace period for completion of the special survey. Substantial amounts of money may have to be spent for steel renewals to pass a special survey if the vessel experiences excessive wear and tear. In lieu of the special survey, every four or five years, depending on whether a grace period was granted or not, a ship owner has the option of arranging with the classification society for the vessel's hull or machinery to be on a continuous survey cycle, in which every part of the vessel would be surveyed within a five year cycle. At an owner's application, the surveys required for class renewal may be split according to an agreed schedule to extend over the entire period of class. This process is referred to as continuous class renewal.

We have made arrangements with the classification societies for most of our vessels to be on a continuous survey cycle for machinery. Hull surveys remain under the above mentioned survey regime which is uniform for all International Association of Classification Societies (IACS) members.

Currently our ocean-going and offshore vessels are scheduled for intermediate surveys and special surveys as follows:

Intermediate survey		Special survey	
Year	No. of vessels	Year	No. of vessels
2013	4	2013	1
2014	5	2014	1
2015	2	2015	4
2016	2	2016	5
2017	1	2017	3

Note: Maximum range period date has been considered.

All areas subject to survey as defined by the classification society are required to be surveyed at least once per class period, unless shorter intervals between surveys are prescribed elsewhere. The period between two subsequent surveys of each area must not exceed five years.

Most vessels are also drydocked every 30 to 36 months for inspection of the underwater parts and for repairs related to inspections. If any defects are found, the classification surveyor will issue a "recommendation" which must be rectified by the ship owner within prescribed time limits.

Most insurance underwriters make it a condition for insurance coverage that a vessel be certified as "in class" by a classification society which is a member of the International Association of Classification Societies, or IACS. All our ocean-going vessels are certified as being "in class".

Risk of Loss and Liability Insurance

General

The operation of any cargo vessel includes risks such as mechanical failure, collision, property loss, cargo loss or damage and business interruption due to political circumstances in foreign countries, hostilities and labor strikes. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental mishaps and the liabilities arising from owning and operating vessels in international trade.

We believe that we maintain insurance coverage against various casualty and liability risks associated with our business that we consider to be adequate based on industry standards and the value of our fleet, including hull and machinery and war risk insurance, loss of hire insurance at certain times for certain vessels, protection and indemnity insurance against liabilities to employees and third parties for injury, damage or pollution, strike covers for certain vessels and other customary insurance. While we believe that our present insurance coverage is adequate, we cannot guarantee that all risks will be insured, that any specific claim will be paid, or that we will always be able to obtain adequate insurance coverage at commercially reasonable rates or at all.

Hull and Machinery and War Risk Insurance

We maintain marine hull and machinery and war risk insurance, which includes the risk of actual or constructive total loss, for our wholly-owned and bareboat chartered vessels. At times, we also obtain for part of our fleet increased value coverage and additional freight insurance during periods of improved market rates, where applicable. This increased value coverage and additional freight coverage entitles us, in the event of total loss of a vessel, to some recovery for amounts not otherwise recoverable under the hull and machinery policy. When we obtain these additional insurances, our vessels will each be covered for at least their fair market value, subject to applicable deductibles (and some may include limitations on partial loss). We cannot assure you, however, that we will obtain this additional coverage on the same or commercially reasonable terms, or at all, in the future.

Loss of Hire

We maintain loss of hire insurance at certain times for certain vessels. Loss of hire insurance covers lost earnings resulting from unforeseen incidents or breakdowns that are covered by the vessel's hull and machinery insurance and result in loss of time to the vessel. Although loss of hire insurance will cover up to ninety days of lost earnings, we must bear the applicable deductibles, which generally range between the first 14 to 21 days of lost earnings. We intend to renew these insurance policies or replace them with other similar coverage if rates comparable to those on our present policies remain available. There can be no assurance that we will be able to renew these policies at comparable rates or at all. Future rates will depend upon, among other things, our claims history and prevailing insurance market rates.

Strike Insurance

Some of our vessels are covered for loss of time due to strikes (on board and in some cases on shore and on board). There can be no assurance that we will be able to renew these policies at comparable rates or at all.

Protection and Indemnity Insurance

Protection and indemnity insurance covers our legal liability for our shipping activities. This includes the legal liability and other related expenses of injury or death of crew, passengers and other third parties, loss or damage to cargo, fines and other penalties imposed by customs or other authorities, claims arising from collisions with other vessels, damage to other third-party property, pollution arising from oil or other substances and salvage, towing and other related costs, wreck removal and other risks. Coverage is limited for vessels to approximately $6.9 billion with the exception of oil pollution liability, which is limited to $1.0 billion per vessel per incident.

This protection and indemnity insurance coverage is provided by protection and indemnity associations, or P&I Clubs, which are non-profit mutual assurance associations made up of members who must be either ship owners or ship managers. The members are both the insured parties and the providers of capital. The P&I Clubs in which our vessels are entered are currently members of the International Group of P&I Associations, or the International Group and are reinsured themselves and through the International Group in Lloyds of London and other first class reinsurance markets. We may be subject to supplementary calls based on each Club's yearly results. Similarly, the same P&I Clubs provide freight demurrage and defense insurance which, subject to applicable deductibles, covers all legal expenses in case of disputes, arbitrations and other proceedings related to our ocean-going vessels.

Legal Proceedings

UABL – Ciudad del Este Customs Authority

On September 21, 2005, the local Customs Authority of Ciudad del Este, Paraguay issued a finding that certain UABL entities owe taxes to that authority in the amount of $2.2 million, together with a fine for non-payment of the taxes in the same amount, in respect of certain operations of our River Business for the prior three-year period. This matter was referred to the Central Customs Authority of Paraguay, or the Paraguay Customs Authority. We believed that this finding was erroneous and UABL formally replied to the Paraguay Customs Authority contesting all of the allegations upon which the finding was based. After review of the entire operations for the claimed period, the Paraguayan Central Tax Authorities, asserting their jurisdiction over the matter, confirmed that the UABL entities did pay their taxes on the claimed period, but held a dissenting view on a third issue (the tax base used by the UABL entities to calculate the applicable withholding tax). The primary case was appealed by the UABL entities before the Tax and Administrative Court, and when summoned, the Paraguayan Tax Authorities filed an admission, upon which the Court

on November 24, 2006, confirmed that the UABL entities were not liable for the first two issues. Nevertheless, the third issue continued, and through a resolution which was provided to UABL on October 13, 2006, the Paraguayan Undersecretary for Taxation confirmed that, in his opinion, UABL was liable for a total of approximately $0.5 million and applied a fine of 100% of that amount. UABL entered a plea with the respective court contending the interpretation on the third issue where it claimed to be equally not liable. On October 19, 2007, we presented a report by an expert highly favorable to our position. On March 26, 2009, the Tax and Administrative Court decided that UABL was not liable for the third issue under discussion (the tax base used by UABL's entities to calculate the applicable withholding tax). On April 2, 2009, the Paraguayan Tax Authorities appealed the Tax and Administrative Court s decision to the Supreme Court. On September 22, 2010, the Paraguayan Supreme Court revoked the March 26, 2009, ruling of the Tax and Administrative Court and confirmed the decision of the Paraguayan undersecretary for taxation which condemned UABL Paraguay S.A. to pay approximately $0.6 million non-withheld taxes, $0.7 million in fines and $1.3 million in accrued due interests. We appealed the decision of the Supreme Court, seeking to clarify its ruling based on the Bona Fide basis of the UABL arguments recognized by the Court expressly in its ruling and on this appeal sought to eliminate fines and interests. Finally, in a signed agreement with the Tax Authorities on October 14, 2010, UABL paid the total amount of $1.3 million in full and final settlement of the claim and agreed to drop its appeal to the Supreme Court.

In parallel with this ruling the Office of the Treasury Attorney initiated an action in respect of the other two issues concerned in this litigation (which had been terminated on November 24, 2006, with the admission of the Central Tax Authorities that no taxes were due for these two issues and the consequent dropping of the action by the plaintiffs) to review certain formal aspects of the case on the grounds that the Paraguay Customs Department did not represent the interests of Paraguay. UABL submitted a defense in relation to the action commenced by the Office of the Treasury Attorney. Subsequently, the Office of the Treasury Attorney filed a response with regard to our defense. The evidentiary stage of the proceedings has concluded and a decision of the Court is pending.

Aside from the mentioned procedures, the Customs Authorities of Paraguay have reopened the proceedings against UABL S.A., UABL Paraguay S.A. and Yataity S.A. in connection with the possible reopening of the case pending a decision of the reopening of the case in court. Counsel notified the Customs to hold the proceedings until such decision of the court is received and also contest any new investigation into the matter on the grounds that the action is time barred. In one of those reopened proceedings the Customs Authorities of Paraguay made a wrong determination of the taxes owed and fines and upon UABL's request through the submission of a remedy such customs authorities issued a resolution on August 8, 2012 with a revised adjustment, where they found UABL S.A., UABL Paraguay S.A. and Yataity S.A. liable to pay approximately $0.4 million subject to a fine of 100% of that amount. Having ended the administrative proceedings, on August 10, 2012 UABL commenced judicial proceedings to obtain a court judgment to rule off the erroneous decision of the Customs Authorities based on concrete evidence that the sum of $0.4 million was duly paid and that no fine should then be imposed. We have been advised by UABL's counsel in the case that there is only a remote possibility that the Paraguayan Courts would find UABL liable for any of these taxes or fines still in dispute or that the final outcome of these proceedings could have a material adverse effect on the Company.

UABL International S.A. – Bolivian Tax Authority

On November 3, 2006, and April 25, 2007, the Bolivian Tax Authority (Departamento de Inteligencia Fiscal de la Gerencia Nacional de Fiscalizaci n) issued a notice in the Bolivian press advising that UABL International S.A. would owe taxes to that authority. On June 18, 2007, legal counsel in Bolivia submitted points of defense to the Bolivian tax authorities. On August 27, 2007 the Bolivian tax authorities gave notice of a resolution determining the taxes (value added tax, transaction tax and income tax) that UABL International S.A. would owe to them in the amount of approximately $5.8 million (including interest and fines). On October 10, 2007, legal counsel in Bolivia gave notice to the Bolivian tax authorities of the lawsuit commenced by UABL International S.A. to refute the resolution above mentioned. On August 1, 2008, UABL International S.A. was served with a notice informing that the Bolivian Tax Authorities had replied to the lawsuit. On August 22, 2008, a hearing and judicial inspection took place at Puerto Quijano, Bolivia. On August 30, 2008, both parties submitted their arguments to the judge, completing this part of the case. On August 12, 2009, UABL International S.A. was served with the judgment of the Bolivian court deciding in favor of the Bolivian tax authorities. On August 22, 2009, UABL International S.A. submitted an appeal to the lower court judgment to which Bolivian tax authorities have contested. The Court of appeal confirmed the judgment of the Lower Court. UABL International S.A. submitted a cassation appeal (an appeal on points of law) before the Bolivian Supreme Court, who also confirmed the judgment of the lower Court.

On the other hand, on June 26, 2008, the same Bolivian court ordered a preemptive embargo against all barges owned by UABL International S.A. that may be registered in the International Bolivian Registry of Ships, or RIBB. According to local counsel this preemptive embargo under Bolivian law has no effect over the Company's right to use its assets nor does it have any implication over the final decision of the court, the substance of the matter and in this case it is ineffective since UABL International S.A. does not have any assets owned by it registered in the RIBB. Moreover, UABL International S.A. challenged the judge's decision to place the embargo but local attorneys have recently advised that the higher Court has reconfirmed the embargo although it has not been notified yet. The shares

of UABL International S.A. ceased to belong to our Company and we have been advised by local counsel that there is only a remote possibility that we would finally be found liable for any of these taxes or fines and / or that these proceedings will have financial material adverse impact on the consolidated financial position or results of operations of the Company.

UABL Paraguay S.A. – Paraguayan Customs Asuncion

On April 7, 2009, the Paraguayan Customs in Asuncion commenced administrative proceedings against UABL Paraguay S.A. alleging infringement of Customs regulations due to lack of submission of import clearance documents in Paraguay for bunkers purchased between January 9, 2007, and December 23, 2008, from YPF S.A. in Argentina. Since those bunkers were purchased for consumption onboard pushboats, UABL Paraguay S.A. submitted a defense on April 23, 2009, requesting the closing of those proceedings based on the non-infringement of Customs regulations; however the proceedings were not closed. On August 21, 2009, as part of the evidence to be rendered in the Customs proceedings UABL Paraguay S.A. submitted a technical report of the Paraguayan Coast Guard stating that all parcels of bunkers purchased by UABL Paraguay S.A. from YPF S.A. were consumed onboard the push boats. We were advised that the Paraguayan Customs in Ciudad del Este also commenced administrative proceedings against UABL Paraguay S.A. for the same reasons as the Customs in Asuncion, however those proceedings have been suspended. Customs Authorities appraised the bunkers and determined the corresponding import tax and fine in the amount of $2.0 million. On March 22, 2010, the Customs in Asuncion issued their ruling on the matter imposing a fine of Gs. 54,723,820 (approximately $11,700), and UABL Paraguay S.A. was going to pay the fine with the aim to end these proceedings but the Director of Customs in Asunci n decided to render null that ruling and ordered evidence to be filed in respect of years 2003 to 2006 before issuing the final ruling. In parallel with this ruling the denouncing parties in Ciudad del Este submitted remedies against the decision of Customs in Asuncion arguing that such ruling was taken without bringing both dossiers together.

In a similar manner, on September 20, 2010, the Paraguayan Customs in Asuncion received a complaint against UABL Paraguay S.A. alleging infringement of Customs regulations due to lack of submission of import clearance documents in Paraguay for bunkers purchased during 2009 and 2010, from YPF S.A. in Argentina. UABL Paraguay S.A. submitted its defense together with all documents related to the bunker purchases. Our local counsel is of the opinion that remedies will be rejected and therefore that there is only a remote possibility that UABL Paraguay S.A. will finally be found liable for any such taxes or fines and / or that these proceedings will have financial material adverse impact on the consolidated financial position or result of operations of the Company.

Oceanpar S.A. and UABL Paraguay S.A. – Customs investigation in connection with re-importation of barges subject to conversion

Oceanpar S.A. was notified of this investigation on June 17, 2011. The matter under investigation is whether UABL Paraguay S.A. paid all import taxes and duties corresponding to the re-importation of barges submitted to conversion in foreign yards. On June 24, 2011, Oceanpar S.A. and UABL Paraguay S.A. submitted the evidence of all payments effected in 2008 corresponding to the re-importation of these barges. The evidentiary stage of the proceedings was concluded and the Customs issued its ruling on the matter imposing a fine of Gs. 2.791.514.822 (approximately $0.6 million). Oceanpar S.A. and UABL Paraguay S.A. made an administrative submission asking for a reconsideration of the decision, which was rejected on June 18, 2013. On July 18, 2013, Oceanpar S.A. and UABL Paraguay S.A. commenced judicial proceedings in order to appeal the said decisions. Our local counsel has advised that there is only a remote chance that these proceedings will have a material adverse impact on the consolidated financial position or result of operations of the Company.

UABL Paraguay S.A. – Paraguayan Tax Authority

On December 15, 2011, as a result of a previous investigation, the Paraguayan Tax Authorities gave notice that UABL Paraguay S.A. would have improperly used some fiscal credit and suggested some rectifications to be made. The aforementioned tax authorities also informed that UABL Paraguay S.A. may owe taxes due to differences in the rate applied to certain fiscal remittance incomes related to the operation of some barges under leasing. We believe that this finding is erroneous and UABL Paraguay S.A. commenced administrative proceedings on December 23, 2011, in order to refute the said findings and formally replied to all of the allegations upon which the finding was made. A decision of the administrative authorities is now pending. The potential amount in dispute has not been calculated yet but it should not exceed approximately $3.0 million. The proceedings are purely administrative at this point and if the tax authority should decide to insist with their opinion the Company intends to contest the same in a judicial court. Our local counsel has advised that there is only a remote chance that these proceedings, when ultimately resolved by a judicial court, will have a material adverse impact on the consolidated financial postion or result of operations of the Company.

Obras Terminales y Servicios S.A. – Judicial Administration

On August 16, 2009, Mrs. Maria L. Rodriguez-Mendieta (hereinafter the "Plaintiff") commenced legal proceedings in Ciudad del Este, Paraguay against Obras Terminales y Servicios S.A. (hereinafter "OTS"), UABL Terminals (Paraguay) S.A., our subsidiary in the River Business, certain directors and representatives in our River Business, and some of Mr. Abadie's successors and assigns. The Plaintiff alleges to be the holder of 50% of the capital stock of OTS that belongs to the Abadie family. OTS is the Company's 50% subsidiary that owns Tres Fronteras terminal. On August 21, 2009, the competent court granted an injunction to intervene OTS by appointing a Judicial Manager who replaced OTS' board of directors, while the appeal of this injunction is still pending such a court decision continues in effect. The Plaintiff is arguing that an extraordinary shareholders meeting of OTS held in 2005 resolved to increase the capital stock and consequently the whole of OTS' shares certificates were substituted prejudicing her rights since her shares certificates were neither cancelled nor substituted by new certificates. The Plaintiff is requesting the

Paraguayan court: a) to recognize her capacity of shareholder of OTS in substitution of the Abadie family; b) payment of dividends; c) nullity of some legal acts; and d) removal of OTS' managers. All defendants have submitted their defenses before the competent court, however due to several motions and preceding exceptions, the evidence stage has not been reached yet. We have been advised by local counsel that if the Plaintiff succeeds in her plead, it will only affect the Abadie family without causing any financial material adverse effect on the remaining 50% capital stock of OTS that belongs to UABL Terminals (Paraguay) S.A.

Ultrapetrol S.A. – Argentine Secretary of Industry and Argentine Customs Office