ULTRAPETROL SA
Form F-4
November 27, 2013
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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

Lawrence Rutkowski, Esq.
Seward & Kissel LLP
One Battery Park Plaza
New York, New York 10004
(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)
8 % First Preferred Ship Mortgage Notes due 2021	$ 25,000,000	100 %	$ 25,000,000	$ 3,220
Guarantees relating to the 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 8 % First Preferred Ship Mortgage Notes due 2021.

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 27, 2013.

ULTRAPETROL (BAHAMAS) LIMITED

OFFER TO EXCHANGE ITS OUTSTANDING 8 % FIRST PREFERRED SHIP MORTGAGE NOTES DUE 2021 FOR 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 8 % First Preferred Ship Mortgage Notes due 2021 that were issued on October 2, 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 8 % First 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. The CUSIP and ISIN numbers for the outstanding notes are 90400X AG9/US90400X AG97 (outstanding notes issued under Rule 144A) and P94398 AE7/USP94398 AE75 (outstanding notes issued under Regulation S).

- 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, Goncalves 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 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)
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 Agate(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(6)	2003	1,118	Container Feeder Vessel
Argentino(6)	2002	1,050	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 Agate 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 Agate 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.

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We issued $25.0 million aggregate principal amount of our 8 % First Preferred Ship Mortgage Notes due 2021 on October 2, 2013, which are the outstanding notes that are the subject of the exchange offer described herein and which were offered as an add-on to our outstanding $200.0 million aggregate principal amount of 8 % First Preferred Ship Mortgage Notes due 2021 issued on June 10, 2013, to which we refer as the original notes. We refer to the original notes and the outstanding notes as the notes. The 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 $25.0 million aggregate principal amount of our 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 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 Corumba 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 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 Business from the 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 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 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 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.

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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 % 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, which are the notes that are subject to this exchange offer and 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 these 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 $25,000,000 in aggregate principal amount of our 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 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	$25,000,000 aggregate principal amount of 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 364 vessels, consisting of four ocean vessels, 335 barges and 14 pushboats valued at approximately $253 million as of May 2013 and 10 barges and one pushboat valued at approximately $33.7 million as of September 2013, as well as first priority liens on, among other things, the earnings and insurances on each such mortgaged vessel or barge. All 364 vessels are owned, directly or indirectly, by the Subsidiary Guarantors and the Pledgors. 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	2008
	(Unaudited)						
Statement of Operations Data:							
Revenues	$ 199,676	$ 144,035	$ 313,169	$ 304,482	$ 230,445	$ 220,529	$ 303,575
Operating expenses:							
Voyage and manufacturing expenses(1)	(75,414)	(56,505)	(126,368)	(112,252)	(61,583)	(60,575)	(75,290)
Running costs(2)	(67,620)	(58,485)	(128,059)	(112,355)	(89,339)	(80,032)	(89,186)
Depreciation and amortization	(20,523)	(21,051)	(43,852)	(39,144)	(34,371)	(41,752)	(38,620)
Administrative and commercial expenses	(18,323)	(15,437)	(32,385)	(29,604)	(27,051)	(25,065)	(24,396)
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	6,513
Operating profit/ (loss)	19,203	(695)	(25,119)	19,384	18,718	(9,051)	82,596

Operating income (expenses)							
Financial expense	(16,230)	(18,117)	(35,793)	(35,426)	(25,925)	(24,248)	(25,128)
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	(5,414)
Financial income	87	80	6	332	399	340	1,156
(Loss) gains on derivatives, net	(211)	—	—	(16)	10,474	241	8,816
Investments in affiliates	(319)	(666)	(1,175)	(1,073)	(341)	(28)	(442)
Other, net	18	(391)	(661)	(621)	(875)	(707)	(558)
Total other income (expenses)	(8,995)	(21,217)	(40,614)	(39,356)	(16,760)	(23,391)	(21,570)
Income/(Loss) from continuing operations	10,208	21,912	(65,733)	(19,972)	1,958	(32,442)	61,026
Income taxes benefit (expense)	(2,023)	3,140	2,969	1,737	(6,363)	(5,355)	4,173
Income/(Loss) from continuing operations	8,185	(18,772)	(62,764)	(18,235)	(4,405)	(37,797)	65,199
Loss from discontinued operations	—	—	—	—	(515)	(2,131)	(16,448)
Net income/(loss)	8,185	(18,772)	(62,764)	(18,235)	(4,920)	(39,928)	48,751
Net income/(loss) attributable to non-controlling interest	553	445	893	570	451	(90)	1,228
Net income/(loss) attributable to Ultrapetrol (Bahamas) Limited	$ 7,632	$ (19,217)	$ (63,657)	$ (18,805)	$ (5,371)	$ (39,838)	$ 47,523
	$ 0.05	$ (0.65)	$ (1.80)	$ (0.64)	$ (0.16)	$ (1.28)	$ 1.99

Basic and diluted income/(loss) per share of Ultrapetrol (Bahamas) Limited from continuing operations							
Diluted weighted average number of shares	140,275,792	29,568,622	35,382,913	29,547,365	29,525,025	29,426,429	32,213,741

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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	641,109	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	$ 126,425
Number of Barges (end of period)	679	651	669	647	596	591	591
dwt Capacity (end of period)	1,260,792	1,187,032	1,235,792	1,177,032	1,041,496	1,020,100	1,020,900
Offshore Supply Business							
Revenues	$ 42,447	$ 35,170	$ 76,661	$ 64,606	$ 54,283	$ 35,419	$ 43,907
Average number of PSVs in operation	9.8	8.2	8.6	7.6	6.0	5.4	5.0
Average number of PSVs under construction	2.2	3.8	3.4	4.4	6.0	6.6	7.0
Ocean Business							
Revenues	$ 34,698	$ 37,737	$ 73,229	$ 65,282	$ 56,138	$ 105,633	$ 133,243
Average number of Vessels(6)	7.0	8.0	8.0	8.0	8.6	10.6	9.7
dwt capacity (end of period)(6)(7)	66,623	109,787	109,787	109,787	109,787	445,606	744,529

(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 was 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 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 issuance of our add-on notes on October 2, 2013 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 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 $25.0 million principal amount of the outstanding notes on October 2, 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 $24.3 million.

We used the net proceeds 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 $200.0 million aggregate principal amount of 8.875% First Preferred Ship Mortgage Notes due 2021, (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 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 (iv) our prepayment of $8.6 million of our indebtedness owing to DVB Bank SE; and (3) as further adjusted giving effect to the offering of the $25.0 million aggregate principal amount of 8.875% First Preferred Ship Mortgage Notes due 2021 and the application of the estimated net proceeds as described in "Use of Proceeds". 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	As adjusted for certain subsequent events and this offering
	(Dollars in millions)		
Cash and cash equivalents	$131.3	$133.0	$157.3
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	253.6
8.875% First Preferred Ship Mortgage Notes due 2021	200.0	200.0	200.0
8.875% First Preferred Ship Mortgage due 2021 offered hereby ($25 million face amount, plus unamortized premium of $1.1 million)(3)	—	—	26.1
Total debt(2)	$621.6	$453.6	$ 479.7
Equity:			
Common stock, $.01 par value: 250,000,000 authorized shares; 140,419,487 shares outstanding	1.4	1.4	1.4
Additional paid in capital	491.0	488.0	488.0
Treasury stock: 3,923,094 shares at cost	(19.5)	(19.5)	(19.5)
Accumulated deficit(4)	(62.8)	(62.8)	(62.8)
Accumulated other comprehensive income (loss)	(1.5)	(1.5)	(1.5)
Total Ultrapetrol (Bahamas) Limited stockholders' equity	408.6	405.6	405.6

Noncontrolling interests	7.3	—	—
Total equity	415.9	405.6	405.6
Total capitalization	$1,037.5	$859.2	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 each column and $183.3 million of long-term debt (including current portion) of non-Subsidiary Guarantors in Actual column, and $195.3 million of long-term debt (including current portion) of non-Subsidiary Guarantors in each of the As adjusted columns.

(3) The exchange offer will replace the outstanding notes of the same value.

(4) 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	2008
	(Unaudited)						
Statement of Operations Data:							
Revenues	$ 199,676	$ 144,035	$ 313,169	$ 304,482	$ 230,445	$ 220,529	$ 303,575
Operating expenses:							
Voyage and manufacturing expenses(1)	(75,414)	(56,505)	(126,368)	(112,252)	(61,583)	(60,575)	(75,290)
Running costs(2)	(67,620)	(58,485)	(128,059)	(112,355)	(89,339)	(80,032)	(89,186)
Depreciation and amortization	(20,523)	(21,051)	(43,852)	(39,144)	(34,371)	(41,752)	(38,620)
Administrative and commercial expenses	(18,323)	(15,437)	(32,385)	(29,604)	(27,051)	(25,065)	(24,396)
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	6,513
Operating profit/ (loss)	19,203	(695)	(25,119)	19,384	18,718	(9,051)	82,596
Operating income (expenses)							
Financial expense(3)	(16,230)	(18,117)	(35,793)	(35,426)	(25,925)	(24,248)	(25,128)
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	(5,414)
Financial income	87	80	6	332	399	340	1,156
(Loss) gains on derivatives, net	(211)	—	—	(16)	10,474	241	8,816
Investments in affiliates	(319)	(666)	(1,175)	(1,073)	(341)	(28)	(442)
Other, net	18	(391)	(661)	(621)	(875)	(707)	(558)
Total other income (expenses)	(8,995)	(21,217)	(40,614)	(39,356)	(16,760)	(23,391)	(21,570)
Income/(Loss) from continuing operations	10,208	(21,912)	(65,733)	(19,972)	1,958	(32,442)	61,026
Income taxes benefit (expense)	(2,023)	3,140	2,969	1,737	(6,363)	(5,355)	4,173
Income/(Loss) from continuing operations	8,185	(18,772)	(62,764)	(18,235)	(4,405)	(37,797)	65,199
Loss from discontinued operations	—	—	—	—	(515)	(2,131)	(16,448)
Net income/(loss)	8,185	(18,772)	(62,764)	(18,235)	(4,920)	(39,928)	48,751
Net income/(loss) attributable to non-controlling interest	553	445	893	570	451	(90)	1,228
Net income/(loss) attributable to Ultrapetrol (Bahamas) Limited	$ 7,632	$ (19,217)	$ (63,657)	$ (18,805)	$ (5,371)	$ (39,838)	$ 47,523
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)	$ 1.99

Diluted weighted average number of shares	140,275,792	29,568,622	35,382,913	29,547,365	29,525,025	29,426,429	32,213,741
Certain Balance Sheet Data (at period end):							
Cash and cash equivalents(4)	$ 131,315	18,127	$ 222,215	$ 34,096	$ 105,570	$ 53,201	$ 105,859
Working capital(5)	144,428	902	108,245	32,245	98,318	68,352	135,746
Vessels and equipment, net	641,109	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
Ratio of earnings to fixed charges	3.4	—	—	—	1.0	—	2.5
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 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 Ship Mortgage Notes due 2014 with proceeds of our offering of $200.0 million 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, 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, which are the notes that are subject to this exchange offer and 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 these 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