ULTRAPETROL BAHAMAS LTD
Form 20-F
April 18, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 20-F
(Mark One)

[ ] REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or (g)
OF THE SECURITIES EXCHANGE ACT OF 1934

OR

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

OR

[ ] SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report: N/A

Commission file number 001-33068

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

(Translation of Registrant's name into English)
COMMONWEALTH OF THE BAHAMAS
(Jurisdiction of incorporation or organization)

Ultrapetrol (Bahamas) Limited
H & J Corporate Services Ltd.
Ocean Centre, Montagu Foreshore
East Bay St.
Nassau, Bahamas
P.O. Box SS-19084
(Address of principal executive offices)

Cecilia Yad. Tel.: 1 (242) 364-4755. E-mail: cyad@ultrapetrol.net. Address: Ocean Centre,
Montagu Foreshore, East Bay St.,
P.O. Box SS-19084, Nassau, Bahamas.
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares, $0.01 par value	Nasdaq Capital Market

Securities registered or to be registered pursuant to Section 12(g) of the Act: None
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: 8 % First Preferred Ship Mortgage Notes due 2021 ("2021 Notes")
Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Common Shares, $0.01 par value 140,729,487 Common Shares Outstanding

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes [_] No [X]

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes [_] No [X]

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.
Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [_]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes [X] No [_]

Indicate by check mark whether registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer [_] Accelerated filer [_] Non-accelerated filer [X]
Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing.

[X] U.S. GAAP	[_] International Financial Reporting Standards as issued by the International Accounting Standards Board
[_] Other	

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the Registrant has elected to follow.

Item 17 [_] Item 18 [_]

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [_] No [X]

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes [_] No [_]

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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Our disclosure and analysis in this report concerning our operations, cash flows and financial position, including, in particular, the likelihood of our success in developing and expanding our business, include forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates," "projects," "forecasts," "will," "may," "should," and similar expressions are forward-looking statements. Although these statements are based upon assumptions we believe to be reasonable based upon available information, including projections of revenues, operating margins, earnings, cash flow, working capital and capital expenditures, they are subject to risks and uncertainties that are described more fully in this report in the section titled "Risk Factors" in Item 3.D of this report. These forward-looking statements represent our estimates and assumptions only as of the date of this report and are not intended to give any assurance as to future results. As a result, you should not place undue reliance on any forward-looking statements. We assume no obligation to update any forward-looking statements to reflect actual results, changes in assumptions or changes in other factors, except as required by applicable securities laws. Factors that might cause future results to differ include, but are not limited to, the following:

- future operating or financial results;
- pending or recent acquisitions, business strategy and expected capital spending or operating expenses, including drydocking and insurance costs;
- general market conditions and trends, including charter rates, vessel values and factors affecting vessel supply and demand;
- our ability to obtain additional financing, amend existing facilities, refinance or restructure existing facilities or receive waivers or extensions by creditors as necessary;
- 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, the time that it may take to construct and obtain delivery of new vessels, or vessels' useful lives;
- our dependence upon the abilities and efforts of our management team;
- changes in governmental rules and regulations or actions taken by regulatory authorities;
- 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 shipping transportation industry;
- the loss of one or more key customers or market or non-market conditions affecting one or more of our key customers;
- 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;
- potential liability from future litigation; and
- other factors discussed in the section titled "Risk Factors" in Item 3.D of this report.

In this annual report, unless the context otherwise indicates, the terms "we", "us" and "our" (and similar terms) refer to Ultrapetrol (Bahamas) Limited and its subsidiaries and joint ventures.

PART I

ITEM 1 – IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS
Not Applicable.

ITEM 2 – OFFER STATISTICS AND EXPECTED TIMETABLE
Not Applicable.

ITEM 3 – KEY INFORMATION

A. SELECTED FINANCIAL DATA
The following summary financial information set forth below for Ultrapetrol (Bahamas) Limited, or the Company, is for the years ended December 31, 2015, 2014, 2013, 2012 and 2011 and has been derived from the Company's Financial Statements.

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(Dollars in thousands)				
Statement of Operations Data (1):					
Revenues (2)	$347,477	$363,675	$411,217	$313,169	$304,482
Operating and manufacturing expenses (3)	(242,100)	(267,602)	(297,478)	(254,427)	(224,607)
Depreciation and amortization	(51,132)	(53,417)	(42,535)	(43,852)	(39,144)
Loss on write- down of vessels, goodwill and intangible assets	(8,030)	(10,511)	--	(16,000)	--
Administrative and commercial expenses	(48,292)	(47,081)	(41,730)	(32,385)	(29,604)
Other operating income, net	1,859	1,597	5,692	8,376	8,257
Operating (loss) profit	(218)	(13,339)	35,166	(25,119)	19,384
Financial expense	(36,079)	(35,097)	(33,551)	(35,793)	(35,426)
Foreign currency exchange (losses) gains, net	(4,820)	2,089	18,849	(2,051)	(2,552)
Financial loss on extinguishment of debt	--	--	(5,518)	(940)	--
Financial income	68	105	170	6	332
Loss on derivatives, net	--	(1)	(142)	--	(16)
Investments in affiliates	(817)	(1,056)	(520)	(1,175)	(1,073)
Other, net	172	88	64	(661)	(621)
(Loss) income before income taxes	(41,694)	(47,211)	14,518	(65,733)	(19,972)
Income taxes (expense) benefit	(6,310)	(5,065)	(6,597)	2,969	1,737
Net (loss) income	$(48,004)	$(52,276)	$7,921	$(62,764)	$(18,235)
Net (Loss) Income attributable to noncontrolling interest	--	--	553	893	570
Net (loss) income attributable to Ultrapetrol (Bahamas) Limited	(48,004)	(52,276)	7,368	(63,657)	(18,805)

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(Dollars in thousands)				
Amounts attributable to Ultrapetrol (Bahamas) Limited:					
Net (loss) income attributable to Ultrapetrol (Bahamas) Limited	(48,004)	(52,276)	7,368	(63,657)	(18,805)
Basic and diluted (loss) income per share of Ultrapetrol (Bahamas) Limited:	$(0.34)	$(0.37)	$0.05	$(1.80)	$(0.64)
Basic weighted average number of shares	140,713,509	140,292,249	140,090,112	35,382,913	29,547,365
Diluted weighted average number of shares (4)	140,713,509	140,292,249	140,326,764	35,382,913	29,547,365
Balance Sheet Data (end of period) (1):					
Cash and cash equivalents	$45,193	$34,982	$72,625	$222,215	$34,096
Restricted cash - current	10,779	11,246	12,132	5,968	6,819
Working capital (5)	(383,797)	17,236	104,316	108,245	32,245
Vessels and equipment, net	669,087	717,405	715,431	647,519	671,445
Total assets	849,316	897,061	980,011	1,010,318	830,287
Total debt (6)	475,002	467,547	500,049	522,410	517,762
Common Stock	1,446	1,446	1,443	1,443	339
Number of shares outstanding	140,729,487	140,729,487	140,419,487	140,419,487	30,011,628
Ultrapetrol (Bahamas) Limited stockholders' equity	309,614	355,722	405,561	399,751	244,297
Noncontrolling interest	--	--	--	6,748	5,874
Total equity	309,614	355,722	405,561	406,499	250,171
Statement of Cash Flow Data (1):					
Total cash flows provided by used in operating activities	37,000	35,254	19,847	(3,935)	14,757
Total cash flows used in investing activities	(24,324)	(41,645)	(120,726)	(32,513)	(97,863)
Total cash flows (used in) provided by financing activities	(2,465)	(31,252)	(48,711)	224,567	11,632
EBITDA as defined in the 2021 Notes (7)	53,147	51,413	97,067	32,045	54,028
Adjusted Consolidated EBITDA (7)	$53,147	$57,072	$97,067	$32,045	$54,028

(1) The consolidated financial statements at December 31, 2015, included elsewhere herein have been prepared assuming that the Company will continue as a going concern. Accordingly, the consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts, the amounts and classification of liabilities, or any other adjustments that might result in the event the Company is unable to continue as a going concern.

(2) Includes total revenues from transportation and services of $330.6 million and $16.9 million from manufacturing in 2015; revenues from transportation and services of $347.7 million and $16.0 million from manufacturing in 2014; revenue from transportation and services $345.6 million and $65.6 million from manufacturing in 2013; revenues

from transportation and services of $282.9 million and $30.3 million from manufacturing in 2012 and revenues from transportation and services of $285.4 million and $19.1 million from manufacturing in 2011.

(3) Operating and manufacturing expenses are voyage expenses, running costs and manufacturing costs. 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. 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.

(4) Not applicable when a net loss is reported

(5) Current assets less current liabilities.

(6) Includes accrued interest and unamortized premium on the 2021 Notes.

(7) The following table reconciles our "EBITDA as defined in the 2021 Notes" and "Adjusted Consolidated EBITDA" to our cash flows from operating activities:

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(Dollars in thousands)				
Net cash provided by (used in) operating activities from continuing operations	$37,000	$35,254	$19,847	$(3,935)	$14,772
Net cash (used in) provided by operating activities from discontinued operations	--	--	--	--	(15)
Total cash flows from operating activities	37,000	35,254	19,847	(3,935)	14,757
Plus					
Adjustments from continuing operations					
Increase / Decrease in operating assets and liabilities	(23,875)	(35,053)	34,098	(842)	7,945
Expenditure for drydocking	7,580	10,107	10,150	5,978	3,478
Income taxes expense (benefit)	6,310	5,065	6,597	(2,969)	(1,737)
Financial expenses	36,079	35,097	33,551	35,793	35,426
Losses on derivatives, net	--	--	(216)	--	(16)
Gain on disposal of assets	--	--	--	3,564	--
Contribution from sale and lease back	(400)	(401)	1,498	2,086	--
Allowance for doubtful accounts	(228)	(720)	(2,467)	(1,266)	(598)
Net loss (income) attributable to non-controlling interest	--	--	(553)	(893)	(570)
Other adjustments	(4,848)	1,253	(3,806)	(3,922)	(4,475)
Change in valuation allowance of deferred income tax assets	(4,471)	811	(1,632)	(1,549)	(197)
Adjustments from discontinued operations	--	--	--	--	15
EBITDA as defined in the 2021 Notes	53,147 t	51,413	97,067	32,045	54,028
SPA closing termination payments	--	5,659	--	--	--
Adjusted Consolidated EBITDA	$53,147 t	$57,072 t	$97,067 t	$32,045 t	$54,028 t

The use of the terms "EBITDA as defined in the 2021 Notes" and "Adjusted Consolidated EBITDA" in the current filing rather than EBITDA as has been used in previous filings, is responsive to the U.S. Securities and Exchange Commission Release No. 34-47226 wherefrom if the measurement being used excludes "non-cash charges" or other similar concepts other than strictly interest, taxes, depreciation and amortization, or were otherwise to depart from the definition of EBITDA as included in the aforementioned release, it should be called "EBITDA as defined in the 2021 Notes" and "Adjusted Consolidated EBITDA" rather than EBITDA.

EBITDA as defined in the 2021 Notes 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, financial gain (loss) on extinguishment of debt, premium paid for redemption of preferred shares and certain non-cash charges (including for instance losses on write-down of vessels). The calculation of EBITDA as defined in the 2021 Notes excludes from all items those amounts corresponding to unrestricted subsidiaries under the indenture governing our 8 % First Preferred Ship Mortgage 2021 Notes, or the Indenture, from the time of designation as such. Adjusted Consolidated EBITDA represents EBITDA as defined in the 2021 Notes before SPA closing termination payments. We have provided EBITDA as defined in the 2021 Notes in this report 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 such Indenture. We do not intend for EBITDA as defined in the 2021 Notes or Adjusted Consolidated EBITDA to represent cash flows from operations, as defined by GAAP and it should not be considered

as an alternative to measure our liquidity. The foregoing definitions of EBITDA as defined in the 2021 Notes and Adjusted Consolidated EBITDA may differ from other definitions of EBITDA or Consolidated EBITDA used in the financial covenants of our other credit facilities as further described under "Description of Credit Facilities and other Indebtedness" elsewhere in this annual report on Form 20-F. EBITDA as defined in the 2021 Notes and Adjusted Consolidated EBITDA may not be comparable to similarly titled measures disclosed by other companies. Generally, funds represented by EBITDA as defined in the 2021 Notes and Adjusted Consolidated EBITDA are available for management's discretionary use. EBITDA as defined in the 2021 Notes and Adjusted Consolidated EBITDA have limitations as analytical tools and should not be considered in isolation, or as substitutes for analysis of our results as reported. These limitations include, among others, the following:

- EBITDA as defined in the 2021 Notes and Adjusted Consolidated EBITDA do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- EBITDA as defined in the 2021 Notes and Adjusted Consolidated EBITDA do not reflect changes in, or cash requirements for, our working capital needs;
- EBITDA as defined in the 2021 Notes and Adjusted Consolidated EBITDA do not include income taxes, which are a necessary and ongoing cost of our operations;
- EBITDA as defined in the 2021 Notes and Adjusted Consolidated EBITDA do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debts;
- EBITDA as defined in the 2021 Notes and Adjusted Consolidated EBITDA do not reflect the amortization of drydocking, or the cash requirements necessary to fund the scheduled dry docks of our vessels;
- Although depreciation is a non-cash charge, the assets being depreciated will often have to be replaced in the future and EBITDA as defined in the 2021 Notes and Adjusted Consolidated EBITDA do not reflect any cash requirements for such replacements; and
- EBITDA as defined in the 2021 Notes and Adjusted Consolidated EBITDA can be affected by the lease rather than purchase of fixed assets.

B. CAPITALIZATION AND INDEBTEDNESS

Not Applicable.

C. FOR THE OFFER AND USE OF PROCEEDS

Not Applicable.

D. FACTORS

Please note: In this section, "we", "us" and "our" all refer to the Company and its subsidiaries.

Risks Relating to Our Industry

The Company's results of operations, financial condition and cash flows may be adversely affected by numerous risks. Carefully consider the risks described below, which represent some of the more critical risk factors that affect the Company, as well as the other information that has been provided in this Annual Report on Form 20-F. The risks described below include all known material risks faced by the Company. Additional risks not presently known may also impair the Company's business operations.

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, which includes the offshore supply vessel sector, is both cyclical and volatile in terms of charter rates and profitability. 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, technological products, iron ore, coal and grains as well as other cargo transported by vessels;
- refining capacity of petroleum and petroleum products, and crushing or manufacturing capacity with respect to other cargo transported by other vessels such as soybeans;
- global and regional economic and political conditions;
- actions taken by OPEC and major oil producers and refiners;
- the distance cargo is transported by vessels;
- prevailing oil and natural gas prices and expectations about future prices and price volatility;
- changes in 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;
- the prevalence or frequency of 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 the demand for transportation of cargo over longer distances and the 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 cargo 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 or a third party's equipment resulting in disruptions of our programs;
- 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 or ceasing of 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 in and out of the Hidrovia Region; and
- the age of our vessels which will have increasing off hire periods which reduce their efficiency and which will eventually 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.

The Company's insurance coverage may be inadequate to protect it from the liabilities that could arise in its businesses.

Although the Company maintains insurance coverage against the risks related to its businesses, risks may arise for which the Company may not be insured. Claims covered by insurance are subject to deductibles, the aggregate amount of which could be material. Insurance policies are also subject to compliance with certain conditions, the failure of which could lead to a denial of coverage as to a particular claim or the voiding of a particular insurance policy. There also can be no assurance that existing insurance coverage can be renewed at commercially reasonable rates or that available coverage will be adequate to cover future claims. If a loss occurs that is partially or completely uninsured, the Company could be exposed to substantial liability.

Changes in rules and regulations with respect to cabotage or their interpretation or a change in the authorizations given by governments 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). The recent drop in crude oil prices led to a reduced activity in offshore markets and, subsequently, to a decrease in the demand for PSVs. As a result, many oil companies cancelled their contracts with PSV operators, which increased dramatically the number of PSVs laid-up, many of which are foreign flagged since local authorities no longer granted permission for these vessels to operate in Brazil given the increase the number of available Brazilian flag vessels. Under the current conditions, foreign flag vessels can only operate in Brazil with Brazilian Special Registres ("REB Rights"), which grant foreign flag vessels with similar privileges than Brazilian flag vessels.

Some of the contracts under which our foreign flag vessels are employed in Brazil, Argentina or Paraguay require periodical extensions by the respective flag authorities of their authorizations to operate under the respective cabotage laws. Those extensions may be delayed or rejected as some of them were in 2015, when a decree authorizing foreign

flagged vessels to operate under lease in Paraguay expired, which may have an adverse effect to our results.

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 following is a graph of the spot market levels of time charters for PSVs of 900+ m 2 of deck in the North Sea for the past four years:

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;
- in the Brazilian market, the condition of Petrobras;
- the cost of offshore exploration, 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 and other governmental regulations;
- volatility in oil and gas exploration, development and production activity;
- the number of newbuilding deliveries; and
- deployment of additional PSVs to areas in which we operate.

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

Demand for our and our chartered-in product tankers as well as for services in transporting petroleum products will depend upon world and regional petroleum product 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 or delay our ability to successfully compete for charters, 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.

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 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 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.

In 2012, President Barack Obama signed Executive Order 13608, which prohibits foreign persons from violating or attempting to violate, or causing a violation of any sanctions in effect against Iran or facilitating any deceptive transactions for or on behalf of any person subject to U.S. sanctions. Any persons found to be in violation of Executive Order 13608 will be deemed a foreign sanctions evader and will be banned from all contact with the United States, including conducting business in U.S. dollars. Also in 2012, President Obama signed into law the Iran Threat

Reduction and Syria Human Rights Act of 2012 (the "Iran Threat Reduction Act"), which created new sanctions and strengthened existing sanctions. Among other things, the Iran Threat Reduction Act intensifies existing sanctions regarding the provision of goods, services, infrastructure or technology to Iran's petroleum or petrochemical sector. The Iran Threat Reduction Act also includes a provision requiring the President of the United States to impose five or more sanctions from Section 6(a) of the Iran Sanctions Act, as amended, on a person the President determines is a controlling beneficial owner of, or otherwise owns, operates, or controls or insures a vessel that was used to transport crude oil from Iran to another country and (1) if the person is a controlling beneficial owner of the vessel, the person had actual knowledge the vessel was so used or (2) if the person otherwise owns, operates, or controls, or insures the vessel, the person knew or should have known the vessel was so used. Such a person could be subject to a variety of sanctions, including exclusion from U.S. capital markets, exclusion from financial transactions subject to U.S. jurisdiction, and exclusion of that person's vessels from U.S. ports for up to two years.

On November 24, 2013, the P5+1 (the United States, United Kingdom, Germany, France, Russia and China) entered into an interim agreement with Iran entitled the Joint Plan of Action ("JPOA"). Under the JPOA it was agreed that, in exchange for Iran taking certain voluntary measures to ensure that its nuclear program is used only for peaceful purposes, the United States and European Union would voluntarily suspend certain sanctions for a period of six months.

On January 20, 2014, the United States and European Union indicated that they would begin implementing the temporary relief measures provided for under the JPOA. These measures include, among other things, the suspension of certain sanctions on the Iranian petrochemicals, precious metals, and automotive industries, initially for the six-month period beginning January 20, 2014 and ending July 20, 2014. The JPOA has since been extended on multiple occasions.

On July 14, 2015, the P5+1 and the EU announced that they reached a landmark agreement with Iran titled the Joint Comprehensive Plan of Action Regarding the Islamic Republic of Iran's Nuclear Program (the "JCPOA"), which is intended to significantly restrict Iran's ability to develop and produce nuclear weapons for 10 years while simultaneously easing sanctions directed toward non-U.S. persons for conduct involving Iran, but taking place outside of U.S. jurisdiction and does not involve U.S. persons. On January 16, 2016 ("Implementation Day"), the United States joined the EU and the UN in lifting a significant number of their nuclear-related sanctions on Iran following an announcement by the International Atomic Energy Agency ("IAEA") that Iran had satisfied its respective obligations under the JCPOA.

U.S. sanctions prohibiting certain conduct that is now permitted under the JCPOA have not actually been repealed or permanently terminated at this time. Rather, the U.S. government has implemented changes to the sanctions regime by: (1) issuing waivers of certain statutory sanctions provisions; (2) committing to refrain from exercising certain discretionary sanctions authorities; (3) removing certain individuals and entities from OFAC's sanctions lists; and (4) revoking certain Executive Orders and specified sections of Executive Orders. These sanctions will not be permanently "lifted" until the earlier of "Transition Day," set to occur on October 20, 2023, or upon a report from the IAEA stating that all nuclear material in Iran is being used for peaceful activities.

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 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. 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 that 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 U.S. Securities and Exchange Commission, or 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 affect 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 may 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, slower economic growth of China, 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, therefore, our services. Such changes could adversely affect our results of operations and cash flows.

The United States, the European Union and other parts of the world continue to 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 have implemented a broad variety of governmental action and/or new regulation of the financial markets. Securities and futures markets and the credit markets are subject to comprehensive statutes, regulations and other requirements. The SEC and other regulators, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies, and may affect changes in law or interpretations of existing laws. 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.

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 common stock to decline.

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

Global financial markets and economic conditions have been, and continue to be, volatile. Operating businesses in the global economy have faced tightened 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 spreads, 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.

As a result of the impairment review as of December 31, 2015, the Company determined that the carrying amounts of its assets held for use were recoverable. However, at December 31, 2015, the Company reclassified one of its product tankers as held for sale and recorded a loss of $2.4 million to write down the carrying amount to its estimated fair value.

Although the Company believes that the assumptions used to evaluate potential impairment are reasonable and appropriate, such assumptions are highly subjective.

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, requirements of the U.S. Coast Guard and the U.S. Environmental Protection Agency, or EPA, 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, US EPA VGP, EC Maritime directives, 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, including designation of Emission Control Areas, or ECAs, thereunder, the International Convention of Civil Liability for Bunker Oil Pollution Damage, the IMO International Convention for the Safety of Life at Sea of 1974 or SOLAS, the International Convention on Load Lines of 1966, the International Ship and Port Facility Security Code and ILO MLC 2006, the Nairobi International Convention on the Removal of Wrecks, 2007. 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 and bilge 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 oceangoing 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 Tanker (Alejandrina) and our Product/Chemical Tankers (Austral and Mentor) are fully certified by class as double hull vessels. Our Ex oceangoing barge Parana Petrol has been converted into an iron ore transfer and storage unit for inland waterways (now called Parana Iron) and therefore classed as a bulk carrier.

IMO requires all existing vessels to be fitted with ECDIS (Electronic Chart Display and Information Systems) to be installed on all vessels in a phased manner depending on the type and size of the vessel. Existing tankers greater than 3,000 GT are required to be fitted with ECDIS after July 1, 2015. Existing cargo ships greater than 50,000 GT are required to be installed with ECDIS by July 1, 2016. Existing cargo ships greater than 20,000GT but less than 50,000GT are required to be fitted with ECDIS by July 1, 2017. Ships Greater than 10,000GT the requirement starts from July 1, 2018. The above rule also requires navigation staff to be trained and certified in the use of ECDIS systems.

New IMO Regulations regarding life boats on load release mechanism came into force as of July 1, 2014. All existing ships and new vessels are required to have on load release mechanisms complying with the new regulations. This requires complete modification and testing of many life boats on load release mechanisms not meeting the criteria in the new rules. The rule applies at the first renewal survey after the above date.

IMO, USCG and EPA Ballast water regulations require all new vessels built on or after December 1, 2013, to be fitted with approved ballast water treatment plants. This requirement is only a recommendation at this stage, since the Ballast Water Management (BWM) Convention has not yet entered into force. The requirement is different, depending on the vessel's age. In the particular situation of our fleet, since our vessels are constructed prior to 2009, the following requirements apply: For vessels with a ballast water capacity of 1,500 to 5,000 CUM compliance by first IOPP (International Oil Pollution Prevention Certificate) renewal survey following the anniversary date of delivery in 2014. If the entry into force is after 2014, compliance is by the first IOPP renewal survey, following the entry into force date. For vessels with ballast water capacity of less than 1,500 or more than 5,000 CUM, compliance is with first IOPP renewal survey following the anniversary date of delivery in 2016. If the entry into force is beyond 2016, compliance is by first IOPP renewal survey following the entry into force date. USCG has some additional requirements to be met under the EPA VGP (see below).

ILO MLC 2006 was fully implemented on August 20, 2013. Vessels are expected carry an MLC certificate and a DMLC document. Full implementation requires maintaining the accommodation and working conditions on board vessels to a certain minimum standard with a strict control of working hours of the crew and various other documentation/ record keeping on board. This also exposes the vessels to additional port state control inspections with risk of detentions if deficiencies are found. All our vessels are in compliance with the MLC 2006 certification requirements.

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 E.U., have also 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., E.U. 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.

USCG requirement for installation of Ballast Water treatment plant came into force as of January 1, 2016. Existing vessels with ballast capacity greater than 5,000 m3 are required to install a ballast water treatment plant at the first scheduled dry docking after the above date. Currently USCG is giving a two year extension because a USCG approved BWT system is not yet available.

US EPA VGP 2013 came into force on December 19, 2013. The new regulations stipulate use of EALs (Environmentally Acceptable Lubricants) for all equipment with oil / sea water interfaces. This applies mainly to the

stern tubes of vessels with oil lubricated bearings. Most present day stern seals are not compatible with EALs and will require replacement of seals with materials compatible with EALs. This rule also applies to any equipment using lubricants which can leak and contaminate the environment. This includes transverse thruster's seals, stabilizer fin seals, deck hydraulic equipment like winches, hatch hydraulic and deck cranes, where oil leaks could over flow overboard into the water. Many of the existing equipment will require renewals of oil seals and use of expensive EALs.

The North American and Caribbean ECA regulations come into force as of January 1, 2014. This limits emissions of SOx, NOx and PM in these areas. SOx emission compliance will require vessels to burn low sulphur fuels (less than 0.1% sulphur) in US ECA which includes 200 mile economic zone in Caribbean and along the US coast.

EU requires all vessels calling its ports and navigating within the 12 mile territorial waters must use fuels with sulphur content 0.1% or less. This in addition to the SECA European SECA areas already existing under MARPOL VI.

Countries adjoining to EU have started adopting similar regulations as EU. Turkey has announced they will enforce same sulphur limitations as EU, on vessel calling Turkish ports. More countries in the region are expected to follow with similar regulations.

China's Ministry of Transport has published new regulations introducing sulphur (SOx) emission control requirements within three Ship Emission Control Areas (ECAs): Pearl River Delta, Chang Jiang Delta and Bohai Rim (BR). These ECAs are not designated under MARPOL Annex VI.

From January 1, 2016, there will be strict enforcement of the existing international conventions and domestic laws and regulations on sulphur oxides, particulate matter and nitrogen oxides. In addition the core ports within the Chang Jiang Delta ECA will have the option to introduce a 0.5 percent sulphur limit and/or other control measures. Further information regarding implementing of these regulations are expected to be published in the middle of 2016.

From January 1, 2017, vessels at berth in core ports of the above areas must use fuel containing 0.5 percent sulphur or less.

From January 1, 2018, vessels at berth in all ports in the ECAs must use fuel containing 0.5 percent sulphur or less.

From January 1, 2019, vessels entering the ECAs must use fuel containing 0.5 percent sulphur or less.

Before December 31, 2019, an assessment will be carried out by the Chinese authorities with a view to taking one or more of the following actions:

·reducing the maximum sulphur content to 0.1 percent for vessels entering the ECAs
·expanding the geographical size of the emission control areas
·considering further control measures.

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 shipping industry including the offshore supply sector 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 operate our PSVs in a highly competitive industry, which could depress charter and utilization rates and adversely affect our financial performance. We compete for business with our competitors on the basis of price; reputation for quality service; quality, suitability and technical capabilities of our vessels; safety and efficiency; cost of mobilizing vessels and national flag preference. We compete with companies that operate PSVs and RSVs, such as GulfMark, Maersk, Seacor, Tidewater, Bram Offshore, CBO, Wilson Sons 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/or greater name recognition than we do. Accordingly, we may be unable to retain our current customers or to attract new customers. Further, some of these competitors, such as Transpetro and Sete Brasil Participacoes S.A., are affiliated with or owned by the governments of certain countries and may receive government aid or legally imposed preferences or other assistance that may not be available to us.

An over-supply of offshore supply marine industry may lead to a reduction in day rates and therefore may materially impact our profitability.

Over the past decade, as offshore exploration and production activities increasingly focused on deepwater exploration, field development and production, offshore service companies, such as ours, constructed specialized offshore vessels

that are capable of supporting complex deepwater projects that are generally located in challenging environments. During this time, construction of offshore vessels increased significantly in order to meet projected requirements of customers and potential customers. Excess offshore support vessel capacity usually exerts downward pressure on charter day rates. Excess capacity can occur when newly constructed vessels enter the worldwide offshore support vessel market and also when vessels migrate between markets. An increase in vessel capacity without a corresponding increase in the offshore deepwater fields work exacerbate the industry's currently oversupplied condition which may have the effect of lowering charter rates and utilization rates, which, in turn, would result in lower revenues to the Company. Prolonged periods of low utilization and day rates could also result in the recognition of impairment charges on our vessels if future undiscounted cash flow estimates, based upon information available to management at the time, indicate that the carrying value of these vessels may not be recoverable.

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 SOLAS. Our classed vessels are currently enrolled with classification societies that are members of the International Association of Classification Societies (IACS). In December 2013, the IACS adopted new harmonized Common Structure Rules that align with IMO goal standards, which apply to oil tankers and bulk carriers contracted to be constructed on or after July 1, 2015.
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

An event of default has occurred under our Notes, and we have entered into forbearance or waiver agreements with most of our lenders with respect to this event of default.

We have not made the payment of interest due on our Notes on December 15, 2015, which constitutes an event of default under the Notes. We have entered into forbearance or waiver agreements with most of our lenders with respect to this event of default. These agreement provide for a relief in the principal scheduled repayments on most of our Offshore loans through the forbearance period.

We are currently in negotiations with our lenders to obtain debt maturity extensions or restructuring of our debt agreements, including the Notes and our credit facilities and loan agreements, as well as extensions on the current forbearance agreements and waivers. We cannot guarantee that we will be able to obtain our lenders' consent to extend the current forbearance agreements and waivers or that our efforts to extend the maturity of or restructure our debt agreements will be successful. If we fail to remedy, or obtain a waiver of, the event of default and our forbearance agreement or waivers expire, one of our lenders may accelerate our indebtedness under the relevant debt agreement, which could trigger the cross-acceleration or cross-default provisions contained in our other debt agreements. Total debt outstanding as of December 31, 2015, was $462.7 million. The forbearance agreements aforementioned provide for the payment of fees and expenses for our and our lenders' counsels and financial advisors. Moreover, in connection with any additional amendments to our debt agreements that we obtain, or if we enter into any future credit agreements or debt instruments, our lenders may impose additional operating and financial restrictions on us. These restrictions may further restrict our ability to, among other things, fund our operations or capital needs, make acquisitions or pursue available business opportunities, which in turn may adversely affect our financial condition. In addition, our lenders may require the payment of additional fees, require prepayment of a portion of our indebtedness to them, require the pledging of additional collateral, accelerate the amortization schedule for our indebtedness or increase the margin and lending rates they charge us on our outstanding indebtedness.

As a result of this non-compliance and of the cross default provisions contained in relevant debt agreements, the Company has classified its entire debt as of December 31, 2015, as current liabilities in the consolidated financial statements included elsewhere herein. As a result, the Company reports a working capital deficit of $383.8 million at December 31, 2015. If our indebtedness is accelerated, it will be very difficult in the current financing environment for us to refinance our debt or obtain additional financing and we could lose our vessels if our lenders foreclose their liens, which could impair our ability to conduct our business and continue as a going concern. The consolidated financial statements included elsewhere herein have been prepared assuming that the Company will continue as a going concern. Accordingly, the consolidated financial statements do not include any adjustments relating to the

recoverability and classification of recorded asset amounts, the amounts and classification of liabilities, or any other adjustments that might result in the event the Company is unable to continue as a going concern.

Unless we restructure our existing debt, cash on hand and cash generated from operations may not be sufficient to make scheduled payments when due.

We do not expect that cash on hand and cash expected to be generated from operations will be sufficient to repay our debt, which could result in our debt being accelerated by our lenders as discussed above. In such a scenario, we would have to seek to access the capital markets to fund the mandatory payments and, if we are not successful in accessing the capital markets at sufficient levels, our lenders could foreclose their liens, which could impair our ability to conduct our business and continue as a going concern. The consolidated financial statements included elsewhere herein have been prepared assuming that the Company will continue as a going concern. Accordingly, the consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, the amounts and classification of liabilities, or any other adjustments that might result in the event the Company is unable to continue as a going concern.

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;
- limited ability to transfer funds out of the countries where we operate due to foreign currency exchange controls;
- 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;
- the 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 and financial condition. Also, some of our customers are headquartered in South America and a general decline in the economies of South America, or the instability of certain 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 different 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.

The previous Argentine government required 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). While the current government does not impose such restrictions so far, we cannot rule our they will be placed back in the future. If that were to happen, 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 not be able to successfully renew or replace our contracts when they expire.

The process for concluding contracts and longer term time charters generally involves a lengthy and intensive screening and vetting process, as well as the submission of competitive bids. In addition to the quality and suitability of the vessel, shipping and charter contracts tend to be awarded based upon a variety of other factors associated to the vessel operator, including:

- environmental, health and safety record;
- compliance with local and industry regulations;
- customer service reputation, technical and operating expertise;
- shipping experience and quality of ship operations, including cost-effectiveness;
- quality, experience and technical capability of crews;
- the ability to finance vessels at competitive rates and overall financial stability;
- relationships with shipyards and the ability to obtain suitable berths;
- construction management experience, including the ability to procure on-time delivery of new vessels according to customer specifications;
- willingness to accept operational risks pursuant to the charter, such as allowing termination of the charter for force majeure events;
- competitiveness of the bid in terms of overall price;
- vessel flag; and
- ability to obtain local flag rights.

As a result of these factors, when our contracts including our long-term charters expire, we cannot assure that we will be able to replace them promptly or at all or at rates sufficient to allow us to operate our business in a profitable manner, to meet our obligations, including payment of debt service to our lenders, or to pay dividends in the future. Our ability to renew current or future charter contracts on our vessels upon expiration or termination of our current or future charters, or, on vessels that we may acquire in the future, and the charter rates payable under any replacement or new charter contracts, will depend upon, among other things, economic conditions in the sectors in which our vessels operate at that time, changes in the supply and demand for vessel capacity and changes in the supply and demand for the transportation of commodities.

In addition, if we are successful in employing our vessels under longer-term time charters, our vessels will not be available for trading in the spot market during an upturn in the market cycle, when spot trading may be more profitable. If we cannot successfully employ our vessels in profitable charter contracts, our results of operations and operating cash flow could be materially adversely affected.

We cannot guarantee that our contracts will not be terminated before their scheduled expiration.

Generally, our customers may terminate our term contracts and charters under certain circumstances such as a delay in the commencement of operations, failure to comply with minimum technical requirements of vessels, stoppage of operations without notifying our customers, failure to obtain authorization from local authorities for the vessel to remain in operation or, in some cases, due to other events beyond the control of either party. For instance, on September 9, 2015, we received notification from Petrobras regarding the early termination of the time charter contracts of the PSVs UP Amber, UP Pearl, and UP Esmeralda, effective immediately. Additionally, our UP Turquoise was blocked.

Customers may no longer need a vessel or a barge that is currently under contract for a variety of reasons, including depressed market conditions or commodity prices, economic downturns, constrained credit markets, changes in priorities or strategy or other causes outside our control. Additionally, customers may be able to obtain a similar vessel or barge at a more convenient rate. As a result, customers may attempt to renegotiate the terms and conditions of our existing or future contracts, terminate our contracts before expiration with no good reason or otherwise fail to meet their obligations under our existing or future contracts. If a customer terminates our contract prior to the contract's scheduled expiration we might not receive any compensation for such early termination or any recovery we might obtain may not fully compensate us for the loss of the contract. In any case, the early termination of a contract may result in our vessels or barges being laid up for an extended period of time. Each of these results could have a material adverse effect on our financial condition, results of operations and cash flows.

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. In addition, our River Business also transports cargoes on the spot market for certain of our clients. 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.

The Company may undertake one or more significant corporate transactions that may not achieve their intended results, may adversely affect the Company's financial condition and its results of operations, and may result in additional risks to its businesses.

The Company continuously evaluates the acquisition and disposition of operating businesses and assets and may in the future undertake significant transactions. Any such transaction could be material to the Company's business and could take any number of forms, including mergers, joint ventures, investments in new lines of business and the purchase of equity interests or assets. The form of consideration associated with such transactions may include, among other things, cash, common stock or equity interests in the Company's subsidiaries. The Company also evaluates the disposition of its operating businesses and assets, in whole or in part, which could take the form of asset sales, mergers or sales of equity interests in its subsidiaries (privately or through a public offering), or the spin-off of equity interests of the Company's subsidiaries to its stockholders. These types of significant transactions may present significant risks and uncertainties, including distraction of management from current operations, insufficient revenue to offset liabilities assumed, potential loss of significant revenue and income streams, unexpected expenses, inadequate return of capital, potential acceleration of taxes currently deferred, regulatory or compliance issues, the triggering of certain covenants in the Company's debt instruments (including accelerated repayment) and other unidentified issues not discovered in due diligence. As a result of the risks inherent in such transactions, the Company cannot guarantee that any such transaction will ultimately result in the realization of the anticipated benefits of the transaction or that significant transactions will not have a material adverse impact on the Company's financial condition or its results of operations. If the Company were to complete such an acquisition, disposition, investment or other strategic transaction, it may require additional debt or equity financing that could result in a significant increase in its amount of debt or the number of outstanding shares of its Common Stock.

We have not made the payment of interest due on our Notes on December 15, 2015, which constitutes an event of default under the Notes. We have entered into forbearance or waiver agreements with all our lenders with respect to this event of default. Such forbearance agreement also provides for the formation of a special committee that will, among other things, explore options and make recommendations to the Company's Board of Directors in connection with the restructuring of the Company.

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.

Adverse results of legal proceedings could materially adversely affect the Company.

The Company is subject to and may in the future be subject to a variety of legal proceedings and claims that arise out of the ordinary conduct of its business. Results of legal proceedings cannot be predicted with certainty. Irrespective of its merits, litigation may be both lengthy and disruptive to the Company's operations and may cause significant expenditure and diversion of management attention. The Company may be faced with significant monetary damages or injunctive relief against it that could materially adversely affect a portion of its business operations or materially and adversely affect the Company's financial position and its results of operations should the Company fail to prevail in certain matters.

The credit facilities of our Company and its subsidiaries and the Indenture governing our 8 % First Preferred Ship Mortgage Notes due 2021, or the 2021 Notes, impose significant operating and financial restrictions on us that may limit our ability to successfully operate our business.

Our subsidiaries' credit facilities and the indenture governing the 2021 Notes 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.

We have not made the payment of interest due on our Notes on December 15, 2015, which constitutes an event of default under the Notes. Moreover, as of December 31, 2015, we were not in compliance with the forward-looking minimum consolidated debt service coverage ratio covenant on several of our loans in our Offshore Supply Business and the minimum current ratio covenant of our loans with IFC and OFID, our lenders for our River Business. We have entered into forbearance or waiver agreements with all our lenders with respect to these events of default through April 30, 2016.

The restrictions in our debts require that we need to seek permission from our lenders in order to engage in certain corporate and commercial actions that we believe would be in the best interest of our business, and a denial of permission may make it difficult for us to successfully execute our business strategy or effectively compete with companies that are not similarly restricted. Our lenders' interests may be different from our interests, and we cannot guarantee that we will be able to obtain our lenders' permission when needed. In addition to the above restrictions, our lenders may require the payment of additional fees, require prepayment of a portion of our indebtedness to them, accelerate the amortization schedule for our indebtedness and increase the interest rates they charge us on our outstanding indebtedness. These potential restrictions and requirements may limit our ability to pay dividends, if any, in the future to our shareholders, finance our future operations, make acquisitions or pursue business opportunities.

Our credit facilities contain both financial and non-financial covenants. 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.

Due to climatic and navigational issues which affected particularly the third and fourth quarters of 2012 we did not temporarily comply with the historical debt service coverage ratio covenant of our loans with IFC and OFID, our lenders for our River Business, as of December 31, 2012. 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 from June 30, 2013 until September 30, 2014, we were in compliance with the historical debt service coverage ratio under our IFC and OFID financings.

Due to the negative effect caused by low availability of our larger pushboats which affected particularly the third and fourth quarters of 2014 and by the extensive off-hire of our Asturiano due to mechanical issues we did not temporarily comply with the historical debt service coverage ratio covenant of our loans with IFC and OFID, our lenders for our River Business, as of December 31, 2014. 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 27 and April 13, 2015, respectively, compliance with this ratio as of December 31, 2014, March 31, 2015, and June 30, 2015. In addition, due to these same causes we did not temporarily comply with the consolidated debt service coverage ratio covenant on some of our loans in our Offshore Supply Business as of December 31, 2014. The covenant required Ultrapetrol (Bahamas) Ltd. to have a consolidated debt service coverage ratio of not less than 1.5 for the last four fiscal quarters prior to the relevant date of calculation. On March 26 and March 31, 2015, the banks waived compliance to this ratio as of December 31, 2014 and March 31, 2015, and amended such clauses to require us to comply with a consolidated debt service coverage ratio of not less than 1.05 as of June 30, 2015, not less than 1.15 as of September 30, 2015, and not less than 1.30 at all times thereafter.

As of December 31, 2015, we were not in compliance with certain financial covenants of certain loans in our Offshore Supply Business and our River Business. Such breaches were waived through April 30, 2016.

We are currently in negotiations with our lenders to obtain debt maturity extensions or restructuring of our debt agreements. In addition, we currently have forbearance agreements, including waivers related of our covenant breaches, in place through April 30, 2016. We cannot guarantee that we will be able to obtain our lenders' consent to subsequently extend the current forbearance agreements and waivers or that our efforts to extend the maturity of or restructure our debt agreements will be successful. If we fail to remedy, or obtain a waiver of, the event of default and our forbearance agreement or waivers expire, one of our lenders may accelerate our indebtedness under the relevant debt agreement, which could trigger the cross-acceleration or cross-default provisions contained in our debt agreements. Total debt outstanding as of December 31, 2015, was $462.7 million. Moreover, in connection with any additional amendments to our debt agreements that we obtain, or if we enter into any future credit agreements or debt instruments, our lenders may impose additional operating and financial restrictions on us. These restrictions may further restrict our ability to, among other things, fund our operations or capital needs, make acquisitions or pursue available business opportunities, which in turn may adversely affect our financial condition. In addition, our lenders may require the payment of additional fees, require prepayment of a portion of our indebtedness to them, require the pledging of additional collateral, accelerate the amortization schedule for our indebtedness or increase the margin and lending rates they charge us on our outstanding indebtedness.

As a result of this non-compliance and of the cross default provisions contained in relevant debt agreements, the Company has classified its entire debt as of December 31, 2015, as current liabilities in the consolidated financial statements included elsewhere herein. As a result, the Company reports a working capital deficit of $383.8 million at December 31, 2015. If our indebtedness is accelerated, it will be very difficult in the current financing environment for us to refinance our debt or obtain additional financing and we could lose our vessels if our lenders foreclose their liens, which could impair our ability to conduct our business and continue as a going concern. The consolidated financial statements included elsewhere herein have been prepared assuming that the Company will continue as a going concern. Accordingly, the consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, the amounts and classification of liabilities, or any other adjustments that might result in the event the Company is unable to continue as a going concern.

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.

If our current financial condition were to worsen, or if the current oversupply of barges in the rivers where we operate was to continue, we may be forced to delay or forgo maintenance on our Punta Alvear barge building facility and possibly to shut it down for an extended period of time.

On December 15, 2015, we announced that the Company decided not to make the $10.0 million interest payment due December 15, 2015, on its outstanding 2021 Notes, which constitutes an event of default under the 2021 Notes. We have entered into forbearance or waiver agreements with most of our lenders with respect to this event of default. If our current financial condition were to worsen, we may not be able to fund the maintenance of our Punta Alvear barge building facility.

In addition, if the oversupply of dry and tank barges in the Hidrovia region were to continue for an extended period of time, we may not have the need to build up our own fleet to cover our capacity needs and may not have third party demand for our newbuilt barges, which may force us to close our barge building facility for an extended amount of time. Restarting the barge facility may not be possible, and even if possible will likely require a large outlay of funds.

The failure of Petrobras to successfully implement its business plan for 2015-2019 could adversely affect our business.

On June 29, 2015, Petrobras announced its business plan for 2015-2019, which includes a projected capital expenditure budget of $130.3 billion between 2015 and 2019 with Exploration and Production (E&P) representing approximately 83% of the total budget, up from 70% of the previous $220.6 billion included in the 2014-2018 business plan. In addition, Petrobras' strategic objective in the E&P area is to produce an average of 3.3 million barrels of oil per day in the 2016-2020 period, under Petrobras' ownership in Brazil and abroad, by means of the acquisition of exploration rights.

Nevertheless, Petrobras has announced on January 12, 2016, the approval of a review of the Company's investment plan aimed at reducing leverage and preserving cash and focusing on priority investments, mainly oil and gas production in Brazil, given the new oil price and exchange rates scenario. This revision led to a reduction in Petrobras 2015-2019 investment plan, from $130.3 million to $98.4 million, including a 26.3% reduction in Exploration & Production expenditures in Brazil and abroad. In addition, Petrobras' 2016 budget will be 9% lower than in 2015. Given the challenging operating environment for oil companies, the investment plan could be further reduced in the coming years.

While these announcements may scale back investments, we believe that Petrobras' capital expenditure plans may 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 evaluating the construction of additional PSVs within Brazil, seeking chartering opportunities for newbuilt PSVs we might order in the future, and identifying opportunities to utilize the preferential rights provided by our current Brazilian-built PSVs and any future PSVs we may construct. In that regard, Petrobras announced that more than 80% of the investment plan was assigned to exploration and production activities and that the investments will be focused on deep-water production with fewer expenses in exploratory activity. Onshore and shallow-water blocks are no longer on the Petrobras's radar, unlike what happened until 2015, when it started to review its portfolio given the cash restriction amid the industry's crisis.

In the event that Petrobras scales back investment planes even further or does not successfully implement its business plan or does not otherwise capitalize on the growth opportunities and favorable Brazilian regulations, there may be fewer opportunities to employ PSVs in Brazil than we expect or even no opportunities at all. Consequently, we may not be able to expand our PSV operations in Brazil, which may adversely affect our Offshore Supply Business and results of operations.

Petrobras represented 33%, 33% and 24% of total revenues for the years ended December 31, 2015, 2014 and 2013, respectively.

Petrobras' recent corruption charges and liquidity pressures could adversely affect our business.

Petrobras is at the center of a major and wide-ranging corruption scandal involving alleged bribe-taking by Petrobras management and employees, and funneling bribes to Brazilian politicians and political parties. The scandal has resulted in a number of law suits against the company and certain individuals, and Petrobras' stock price has dropped approximately 72% since September 2014. Moody's has downgraded all ratings for Petrobras, citing concerns "about corruption investigations and liquidity pressures," among others. The scandal, the resulting loss in reputation and the downgrades may impact Petrobras' ability to raise funds in the capital markets, and may result in Petrobras' having to cut back on its capital expenditure plans. Such reduction could adversely affect the amount of exploration and production undertaken by Petrobras, which in turn could negatively affect our PSV operations in Brazil and our results of operations.

Petrobras represented 33%, 33% and 24% of our total revenues for the years ended December 31, 2015, 2014 and 2013, respectively.

Demand for many of the Company's services is impacted by the level of activity in the offshore oil exploration, development and production industry. The level of offshore oil exploration, development and production activity has historically been volatile and that volatility is likely to continue. The level of activity is subject to large fluctuations in response to relatively minor changes in a variety of factors that are beyond the Company's control, including:

- general economic conditions;
- prevailing oil and natural gas prices and expectations about future prices and price volatility;
- assessments of offshore drilling prospects compared with land-based opportunities;
- the cost of exploring for, producing and delivering oil offshore;
- worldwide demand for energy, other petroleum products and chemical products;
- availability and rate of discovery of new oil and natural gas reserves in offshore areas;
- federal, state, local and international political and economic conditions, and policies including cabotage and local content laws;
- technological advances affecting exploration, development, energy production and consumption;
- weather conditions;
- environmental and other governmental regulations;
- regulation of drilling activities and the availability of drilling permits and concessions; and
- the ability of oil and natural gas companies to generate or otherwise obtain funds for capital projects.

If oil and natural gas prices were to remain depressed for a long period of time this may have a material adverse effect on our results of operations and financial condition.

The rise in production of unconventional crude oil and gas resources in North America and the commissioning of a number of new large Liquefied Natural Gas (LNG) export facilities around the world are, at least to date, primarily contributing to an over-supplied natural gas market. While production of crude oil and natural gas from unconventional sources is still a relatively small portion of the worldwide crude oil and natural gas production, production from unconventional resources is increasing because improved drilling efficiencies are lowering the costs of extraction. There is an oversupply of natural gas inventories in the United States in part due to the increased development of unconventional crude oil and natural gas resources. Prolonged increases in the worldwide supply of natural gas, whether from conventional or unconventional sources, will likely continue to weigh on natural gas prices. A prolonged period of low natural gas prices would likely have a negative impact on development plans of exploration and production companies which in turn, may result in a decrease in demand for offshore support vessel services.

A prolonged material downturns in crude oil and natural gas prices and/or perceptions of long-term lower commodity prices can negatively impact the development plans of exploration and production companies given the long-term nature of large-scale development projects, which would likely result in a corresponding decline in demand for offshore support services. In such event, we could experience a reduction in charter rates and/or utilization rates, which would have a material adverse effect on our results of operations, cash flows and financial condition. Crude oil pricing volatility has increased in recent years which could potentially impact negatively the Company's results of operations and financial condition if such price volatility affects spending and investment decisions of offshore exploration, development and production companies.

Crude oil prices have fallen 47% on average during 2015 when compared to 2014. If prices were to continue through this trend in the future it may have a significant impact on the production and extraction growth plans and even a drop in overall oil production by Petrobras which in turn could negatively affect our PSV operations in Brazil and our results of operations.

The failure of a subcontractor or a joint venture partner or a co-provider of services under a contract may adversely affect our results.

We may subcontract or provide services jointly with other companies to third parties under a contract (acting as co-providers or as their subcontracts or other forms of association that may involve joint and several responsibilities). Failure by party to comply with its obligation under the contract may result in losses to the other party. Under the agreements with our co-providers we may not be able to recover the losses we may suffer as a consequence of their inability to perform and under certain circumstances we may be liable to them for our own failures to perform. While we are insured (as described separately) and we do require from our co-provider a similar coverage against the third party risks normally incurred under the contracts that we perform we may not be able to control at all times that our co-providers will maintain valid such insurance coverage which may impose liabilities on us or our insurers.

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 year ended December 31, 2015, 30%, 24%, 21%, 5% and 3% of our revenues were derived from charterers domiciled or whose cargoes originate in Brazil, Argentina, Paraguay, Uruguay and Bolivia, 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 that changes in the governmental policies of these countries will not adversely affect our business, results of operations, financial condition and prospects.

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.

As of December 31, 2015, we had total debt of approximately $462.7 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.

As of December 31, 2015, we were not in compliance with the forward-looking minimum consolidated debt service coverage ratio covenant on several of our loans in our Offshore Supply Business and the minimum current ratio covenant of our loans with IFC and OFID, our lenders for our River Business. Moreover, we have not made the payment of interest due on our Notes on December 15, 2015, which constitutes an event of default under the Notes. We have entered into forbearance or waiver agreements with all our lenders with respect to these events of default through April 30, 2016.

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 revenue and 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, any issuance of additional equity securities could dilute your interest in us and the debt service required for any debt financing would limit cash available for working capital and the payment of dividends, if any.

If we are unable to successfully implement our operational and business initiatives or if we are unable to reach agreements with our debt holders to restructure a sufficient portion of our debt, we may voluntarily seek relief under the U.S. Bankruptcy Code.

We are currently facing significant liquidity constraints and have significant amortization and other debt service requirements in the upcoming years. In addition, we are in discussions with our long-term debt creditors to refinance a substantial portion of our debt. If we are unable to generate sufficient cash flow from operations to service debt repayments or reach an agreement with our lenders to restructure a substantial portion of our debt, we may determine that it is in the Company's best interests to voluntarily seek relief through a pre-packaged, pre-arranged or other type of filing under Chapter 11 of the U.S. Bankruptcy Code, including prior to the time we would otherwise be required to do so in an acceleration event. Seeking relief under the U.S. Bankruptcy Code, if such relief does not lead to a quick emergence from Chapter 11, could have a material adverse effect on our relationships with our existing and potential customers, employees, suppliers, partners and others. Further, if we were unable to implement a plan of reorganization or if sufficient debtor-in-possession financing were not available, we could be forced to liquidate under Chapter 7 of the U.S. Bankruptcy Code. If we seek relief under the U.S. Bankruptcy Code, the common stock of the Company may have little, if any, value.

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 would widen. Interest in most loan agreements in our industry has been based on published LIBOR rates. However, lenders have insisted on provisions that entitle the lenders, in their discretion, to replace published LIBOR as the base for the interest calculation with their cost-of-funds rate. Some of our more recent financings contain such provisions; if under such provisions our lenders start to replace LIBOR with their higher cost of funds, that would have an adverse effect on our results of operations and our lending costs could increase significantly, which would have an adverse effect on our profitability, earnings and cash flow.
As of December 31, 2015, we had $48.9 million of LIBOR-based variable rate borrowings under our credit facilities with International Finance Corporation, or IFC, and The OPEC Fund for International Development, or 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 until June 2016.

As of December 31, 2015, the Company had $14.6 million of LIBOR-based variable rate borrowings under its credit facility with DVB, NIBC and ABN Amro subject to interest rate swaps, as economic hedges, to fix the interest rate of these borrowings between October 2012 and October 2016 at a weighted average cost of debt of 0.9% per annum, excluding margin. In addition, the Company had $14.4 million of LIBOR-based variable rate borrowings under the same facility subject to interest rate swaps designated as cash flow hedge for accounting purposes, to fix the interest rate of these borrowings between March 2014 and September 2016 at a weighted average cost of debt of 1.2% per annum, excluding margin. Finally, the Company had $15.4 million of LIBOR-based variable rate borrowings under the same facility subject to interest rate swaps designated as cash flow hedge for accounting purposes, to fix the interest rate of these borrowings between October 2014 and October 2016 at a weighted average cost of debt of 1.22% per annum, excluding margin.

As of December 31, 2015, the Company had $6.0 million of LIBOR-based variable rate borrowings under its credit facility with DVB and Banco Security, subject to an interest rate swap, designated as cash flow hedge for accounting purposes, to fix the interest rate of these borrowings at a weighted average interest rate of 3.39% per annum. Additionally, as of December 31, 2015, the Company had variable rate debt (due 2016 through 2023) totaling $125.8 million. These debts call for the Company to pay interest based on LIBOR plus a 120-400 basis points margin range. Some of our existing financing agreements, within the terms and conditions contained in the relevant loan agreement, used a cost-of-funds rate in replacement of LIBOR. The interest rates generally reset either quarterly or semi-annually. As of December 31, 2015, the weighted average interest rate on these borrowings was 3.4%, 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 $1.3 million increase in our interest expense per year, which would adversely affect our earnings and financing cash flow.

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

We intend to continue investing in the building of new barges and in new heavy fuel 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 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 reliance on cargoes carried into and out of Paraguay and / 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 reliance we have on cargo carried in and out of such countries. Various projects of investment in transportation infrastructure have been under observation and, if any of those were to materialize at any point in time, could impact our results of operations.

We may order building new vessels in the future in yards anywhere in the world and we may experience delays in delivery under those future newbuilding contracts, which could adversely affect our financial condition and results of operations.

Additional newbuildings for which we may enter into contracts may be subject to delays in their deliveries or even non-delivery from the shipyards. The delivery of additional newbuildings could be 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;

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- 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 any 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 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.

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

We are a holding company and as such we have no significant assets other than the equity interests in our subsidiaries. Our subsidiaries conduct all of our operations and own all of our operating assets. As a result, our ability to pay dividends and service our indebtedness 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 our credit facilities and applicable laws of the jurisdictions of their incorporation or organization. For example, some of our subsidiaries' existing credit agreements contain significant restrictions on the ability of our subsidiaries to pay dividends or make other transfers of funds to us. Further, some countries in which our subsidiaries are incorporated require our subsidiaries to receive central bank approval before transferring funds out of that country. In addition, under limited circumstances, the indenture governing the 2021 Notes permits 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 service our debt or pay dividends, should we decide to do so, unless we obtain funds from other sources, which may not be possible.

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.

On a consolidated basis, in the year ended December 31, 2015, our three largest customers were Petrobras, Cargill and Vale. In aggregate terms, our three largest customers accounted for 54% of our total revenues. 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.

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.

In our Offshore Supply Business, where we have chartered eight PSVs (one of which is currently blocked) and our RSV with Petrobras on long term-contracts, a portion of our charter contracts is denominated in U.S. dollars and another portion is denominated in Brazilian reales. Inasmuch as this portion in Brazilian real is intended to mitigate foreign currency exchange rate risks produced by our costs incurred in reales, it may not be enough to compensate us for significant fluctuations of the exchange rate. This could have a negative impact on our results of operations and financial position. The Brazilian real exchange rate against the U.S. dollar has seen a devaluation of 51% from the average exchange rate of the fourth quarter of 2015 as compared to the average exchange rate in the same period of 2014.

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. 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 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 oceangoing 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 or in some cases up to $100.0 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 passengers and crew 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.

The Company's inability to attract and retain qualified personnel could have an adverse effect on its business.
Attracting and retaining skilled personnel across all of the Company's business segments is an important factor in its future success. The market for the personnel employed is highly competitive and the Company cannot be certain that it will be successful in attracting and retaining qualified personnel in the future.
Labor disruptions in the shipping or shipbuilding industry could adversely affect our business.
As of December 31, 2015, we employed 273 land-based employees, 130 shipyard workers and approximately 929 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, steel workers, etc.
The Company's 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 competition.
In the event that additional competing barge building facilities were to be established or barges built elsewhere in the world would be imported cost effectively 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.
Third party sales represented 5%, 4% and 16% of total revenues for the years ended December 31, 2015, 2014 and 2013, respectively.
We may not be able to fulfill our obligations in the event we suffer a change of control.
If we suffer a change of control as defined by the indenture of our 2021 Notes, we will be required to make an offer to repurchase the 2021 Notes at a price of 101% of their principal amount plus accrued and unpaid interest within a period of 30 to 60 days. A change of control may also result in the banks that have other financings in place with us deciding to cross-default and/or accelerate the repayment of our loans. Under certain circumstances, a change of control of our company may also constitute a default under our credit facilities resulting in our lenders' right to

accelerate their loans. We may not be able to satisfy our obligations if a change of control occurs.

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 further limit our ability to pay dividends.

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 Commonwealth 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.

U.S. tax authorities could treat us as a "passive foreign investment company", which could have adverse U.S. federal income tax consequences to U.S. holders.

A foreign corporation will be treated as a "passive foreign investment company," or PFIC, for U.S. federal income tax purposes if either (1) at least 75% of its gross income for any taxable year consists of certain types of "passive income" or (2) at least 50% of the average value of the corporation's assets produce or are held for the production of those types of "passive income". For purposes of these tests, "passive income" includes dividends, interest and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute "passive income". U.S. shareholders of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

We should not be a PFIC with respect to any taxable year. Based upon our operations as described herein, our income from time charters should not be treated as passive income for purposes of determining whether we are a PFIC. Accordingly, our income from our time chartering activities should not constitute "passive income" and the assets that we own and operate in connection with the production of that income should not constitute passive assets.

There is substantial legal authority supporting this position consisting of case law and U.S. Internal Revenue Service, or IRS, pronouncements concerning the characterization of income derived from time charters and voyage charters as service income for other tax purposes. However, it should be noted that there is also authority which characterizes time charter income as rental income rather than service income for other tax purposes. Accordingly, no assurance can be given that the IRS or a court of law will accept this position and there is a risk that the IRS or a court of law could determine that we are a PFIC. Moreover, no assurance can be given that we would not constitute a PFIC for any future taxable year if the nature and extent of our operations were to change.

If the IRS were to find that we are or have been a PFIC for any taxable year, our U.S. shareholders would face adverse U.S. federal income tax consequences and certain information reporting obligations. Under the PFIC rules, unless those shareholders make an election available under the U.S. Internal Revenue Code of 1986, as amended, or the Code (which election could itself have adverse consequences for such shareholders, as discussed below under "Tax Considerations – U.S. Federal Income Taxation – U.S. Federal Income Taxation of U.S. Holders"), such shareholders would be liable to pay U.S. federal income tax at the then prevailing income tax rates on ordinary income plus interest upon excess distributions and upon any gain from the disposition of their shares of our common stock, as if the excess distribution or gain had been recognized ratably over the shareholder's holding period of their shares of our common stock.

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 U.S., 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 did not derive any U.S. source shipping income for our 2013, 2014 and 2015 taxable years, and consequently we were not subject to the 4% U.S. federal income tax for those years. We may, however, derive U.S. source shipping income in our subsequent taxable year. If we derive any U.S. source shipping income in our 2016 or subsequent taxable year, we may qualify for exemption from the 4% tax under Section 883 only if we satisfy one of the ownership tests discussed below under "Tax Considerations – U.S. Federal Income Taxation – U.S. Federal Income Taxation of Our Company" for such taxable year. The ownership tests would require us, inter alia, to establish or substantiate sufficient ownership of our common shares by one or more "qualified" shareholders. These substantiation requirements are onerous and therefore there can be no assurance that we will be able to satisfy them.

Due to the factual nature of the issues involved, we can give no assurances on the tax-exempt status of ourselves or that of any of our subsidiaries for our 2016 or subsequent taxable year. If we or our subsidiaries are not entitled to exemption under Section 883 for any such taxable year, we or our subsidiaries could be subject for those years to a 4% U.S. federal income tax on any shipping income such companies derived during the year that is attributable to the transport of cargoes to or from the United States. The imposition of this tax would have a negative effect on our business and would result in decreased earnings available for distribution to our shareholders.

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.

Some 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.

Some of our vessels operating in Brazil and/or in Chile operate under contracts with one of our Chilean subsidiaries; changes in the tax treaties in Argentina or Brazil (or in their interpretation) may adversely affect our results of operations.

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.

Risk Factors Related To Our Common Stock

The concentration of our common stock ownership may limit the ability of holders of our common stock to influence corporate matters.

Sparrow Capital Investments Ltd. ("Sparrow") currently owns approximately 84.7% of our outstanding common stock which represents the same percentage of the voting common stock of the Company. Furthermore, our directors or officers who are affiliated with the Company or other individuals providing services under our management agreements may receive equity awards under the Company's 2006 Stock Incentive Plan. As of the date of this annual report, there were 3,443,497 shares of common stock available for issuance under our 2006 Stock Incentive Plan. This concentrated control limits the ability of other holders of our common stock to influence corporate matters and, as a result, we may take actions that holders of our common stock do not view as beneficial. As a result, the market price of our common stock could be adversely affected.

Future sales of our common stock could cause the market price of our common stock to decline.

The market price of our common stock could decline due to sales of a large number of shares in the market, including sales of shares by our large shareholders, or the perception that these sales could occur. These sales could also make it more difficult or impossible for us to sell equity securities in the future at a time and price that we deem appropriate to raise funds through future offerings of shares of our common stock.

We may issue additional shares of common stock or other securities to finance our growth. These issuances, which would generally not be subject to shareholder approval, may lower your ownership interests and may depress the market price of our common stock.

We may plan to finance potential future expansions of our fleet or other corporate matters in part with equity financing. Therefore, subject to the securities laws and the rules of the NASDAQ that are applicable to us, we may plan to issue additional shares of common stock, and other equity securities of equal or senior rank, in a number of circumstances from time to time.

The issuance by us of additional shares of common stock or other equity securities of equal or senior rank could have the following effects:

our existing shareholders' proportionate ownership interest in us may decrease;
the relative voting strength of each previously outstanding share may be diminished; and
the market price of our common stock may decline.

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The price of our common stock may be volatile and if the price of our common stock fluctuates, you could lose a significant part of your investment.

Our common stock commenced trading on the NASDAQ in October 2006. We cannot assure you that an active or liquid public market for our common stock will continue. Since 2008, the stock market has experienced extreme price and volume fluctuations. If the volatility in the market continues or worsens, it could have an adverse effect on the market price of our common stock and impact a potential sale price if holders of our common stock decide to sell their shares.

The market price of our common stock may be influenced by many factors, many of which are beyond our control, including the following:

the failure of securities analysts to publish research about us, or analysts making changes in their financial estimates;

fluctuations in the seaborne transportation industry;

announcements by us or our competitors of significant contracts, acquisitions or capital commitments;

actual or anticipated fluctuations in quarterly and annual results;

economic and regulatory trends;

general market conditions;

terrorist acts;

future sales of our common stock or other securities; and

investors' perception of us and the shipping industry.

Our stock currently trades in the Nasdaq Capital Market, which requires our stock price to remain above the $1.00 value. We currently do not comply with this requirement, but have until August 22, 2016 to comply. If we cannot comply with this requirement by that time, it may have an adverse effect for the Company's shareholders to sell their stock due to reduced liquidity in the marketplace.

Effective February 23, 2016, our stock has been listed on the Nasdaq Capital Market. The Nasdaq Capital Market requires that the closing bid price of our stock cannot be below $1.00. We currently do not meet this requirement, and Nasdaq has informed us that we have until August 22, 2016 to meet this requirement. If at any time before that date our stock price is at least $1.00 for 10 consecutive business days, then the matter will be closed. If not, the Company needs to take actions to get it back up to $1.00.

As a result of these and other factors, investors in our common stock may not be able to resell their shares at or above the price they paid for such shares. These broad market and industry factors may materially reduce the market price of our common stock, regardless of our operating performance.

Our 2015 Consolidated financial statements have been prepared assuming that the Company will continue as a going concern.

We cannot guarantee that we will be able to obtain our lenders’ consent to extend the current Forbearance and waiver agreements or that our efforts to extend the maturity of or restructure our debt agreements will be succesful. If we fail to remedy or obtain a waiver of the event of defaults our lenders may accelerate our indebtedness under the relevant debt agreements, which could trigger the cross-acceleration or cross-default provisions contained in our other debt agreements. If our indebtedness is accelerated, it will be very difficult in the current financing environment for us to refinance our debt or obtain additional financing and we could lose our vessels if our lenders foreclose their liens, which could impair our ability to conduct our business. There is a substantial doubt about the ability of the Company to continue as a going concern and about the recoverability of recorded assets.

There is no guarantee the Board of Directors of the Company will approve the recommendations made by the Special Committee formed as per the provisions in the Forbearance agreements signed with the holders of the 2021 Notes.

Our Forbearance Agreement signed with the holders of the 2021 Notes required, among other things, the Company to form a special committee that is exploring restructuring options and considering proposals for the sale of any of the company´s assets. There is no certainty that any recommendations of the special committee will be approved by the

Board of Directors.

Due to market conditions, we may not be able to sell all or some of our assets at their book value or above.

Given our financial condition and our negotiations with our existing lenders, we may need to sell some of our assets, either to generate working capital or in connection with a restructuring of the Company negotiated with our existing lenders. Due to current market conditions, when we sell such assets we may not be able to sell them at their book value or above, which could have a negative impact on the financial condition of the Company and will reduce shareholder equity.

ITEM 4– INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

We were originally formed, in conjunction with others, by members of the Menendez family with a single ocean going vessel in 1992 and were incorporated in our current form as a Bahamas corporation on December 23, 1997. Our registered offices are in Ocean Centre, Montagu Foreshore, East Bay St., Nassau, Bahamas. (P.O. Box SS-19084). Our agent in the Bahamas is H&J Corporate Services Ltd. Our telephone number is +1 242 364 4755. The Company is incorporated as an International Business Company under the provisions of the International Business Companies Act, 2000. As the Company is a publicly listed company on the NASDAQ Stock Exchange, it is also subject to the provisions of the Securities Industry Act, 2011 and the Securities Industry Regulations, 2012.

Our Ocean Business has been built through the investment of capital from the operation of our fleet along with other sources of capital to acquire additional vessels. In 1998, we issued $135.0 million of 10 1/2% First Preferred Ship Mortgage Notes due 2008, or the Prior Notes. By 2001, our fleet had reached 13 oceangoing vessels with a total carrying capacity of 1.1 million dwt. During 2003, in an effort to remain ahead of changing environmental protection regulations, we began to sell our entire single hull Panamax and Aframax fleets (five vessels in total), a process that we completed in early 2004. We then focused in developing two different ocean fleets: a Capesize / OBO fleet and a Product Tanker fleet. However, in December, 2009, taking into account the future delivery of an increasingly large order book for Capesize vessels, the Company made the strategic decision to sell this asset class. The process started with the sale of our vessel Princess Susana on December 10, 2009, and finalized with the sale of our fourth Capesize vessel, Princess Katherine, on September 15, 2010. As we gradually moved out of Capesize vessels, we started to develop a regional cabotage container feeder service joining Buenos Aires with Ushuaia in the southern end of South America. We currently service this trade with two container feeder vessels, Asturiano and Argentino, acquired in April 2010 and December 2010, respectively.

We began our River Business in its current format in 1993. In October 2000, we formed a joint venture, UABL Ltd., or UABL, with American Commercial Barge Lines Ltd., or ACBL. From 2000 to 2004, we built UABL (our brand name in the River Business) into the leading river barge company in the Hidrovia Region of South America. We purchased from ACBL their 50% equity interest in UABL and started a process of growth that included several load outs (imports) of barges and pushboats from the United States of America and acquisitions of smaller companies already present in the Hidrovia, such as Otto Candies. In addition, in order to further expand our fleet capacity and replace old barges we built and inaugurated our own barge-building facility at Rosario, Argentina, in December 2009. During 2000, we received a $50.0 million equity investment from an affiliate of Solimar Holdings, Ltd., or Solimar, a wholly-owned subsidiary of the AIG-GE Capital Latin American Infrastructure Fund, or the Fund. The Fund was established at the end of 1996 to make equity investments in South America, Mexico, Central America and the Caribbean countries. The Fund was also a co-investor with the Company in other shipping ventures.

We initiated our Offshore Supply Business in its current format during 2003 through a joint venture with a wholly-owned subsidiary of the Fund and Firmapar Corp. (formerly Comintra Enterprises Ltd.). Our partners and us capitalized the business with $45.0 million of common equity and $70.0 million of debt and preferred equity from IFC to build our initial fleet of six PSVs. On March 21, 2006, we purchased 66.67% of the issued and outstanding capital stock of UP Offshore (Bahamas) Ltd., or UP Offshore, the company through which we operate our Offshore Supply Business, from an affiliate of Solimar for a purchase price of $48.0 million. Following this acquisition, we held 94.45% of the issued and outstanding shares of UP Offshore.

In November 2004, we issued $180.0 million of 9% First Preferred Ship Mortgage Notes due 2014, or the 2014 Notes. A substantial part of the proceeds of the 2014 Notes offering was used to repay the Prior Notes.

In March 2006, we also acquired Ravenscroft Shipping (Bahamas) S.A., or Ravenscroft, the entity through which we manage the vessels in our Offshore Supply and Ocean Businesses, from other related companies.

On October 18, 2006, we completed the initial public offering of 12,500,000 shares of our common stock (our IPO), which generated gross proceeds to us of $137.5 million.

On April 19, 2007, we successfully completed a follow-on offering of 11,000,000 shares of our common stock, which generated gross proceeds to us of $96.8 million and gross proceeds to the selling shareholders in our follow-on of $112.2 million. Additionally, the underwriters of our follow-on exercised their over-allotment option to purchase from the selling shareholders in our follow-on an additional 1,650,000 shares of our common stock. We did not receive any of the proceeds from the sale of shares by these shareholders in the over-allotment option.

On July 15, 2010, Solimar Holdings Ltd., or Solimar, sold all of its remaining shareholder interest in the Company to Hazels (Bahamas) Investments Inc., or Hazels. Accordingly Hazels acquired 2,977,690 additional ordinary shares in the Company, which entitled Hazels to hold seven votes for each additional share so acquired in that transaction.

On December 23, 2010, we issued $80.0 million of 7.25% Convertible Senior Notes due 2017 (the "Convertible Notes"). Under those notes, on February 13, 2012, the conversion rate and price were adjusted to 163.1312 or $6.13 per share of common stock. On January 23, 2013, in accordance with the terms of the indenture, we repurchased all $80.0 million of the outstanding Convertible Senior Notes.

On December 12, 2012, we announced the closing of an investment agreement entered into on November 13, 2012, with Sparrow, a subsidiary of Southern Cross Latin America Private Equity Fund III, L.P. and Southern Cross Latin America Private Equity Fund IV, L.P. (collectively, "Southern Cross"). Pursuant to such 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.

On June 10, 2013, we issued our $200.0 million 2021 Notes. Proceeds were used to redeem the full $180.0 million plus accrued interest of our 2014 Notes and for general corporate purposes.

On July 5, 2013, we entered into a Share Purchase Agreement with Firmapar Corp. (the "Offshore SPA"), the then owner of 5.55% of shares in UP Offshore (Bahamas) Limited ("UP Offshore"), our holding company in the Offshore Supply Business. Through the Offshore SPA we agreed to purchase from Firmapar Corp. the 2,500,119 shares of common stock of UP Offshore that we did not own. Subsequently, on July 25, 2013, we paid $10.3 million to Firmapar Corp. As from such date, we own 100% of the common stock of UP Offshore.

On July 10, 2013, we redeemed all $180.0 million of the 2014 Notes with proceeds of our offering of $200.0 million 2021 Notes issued on June 10, 2013.

On October 2, 2013, we closed the sale of $25.0 million in aggregate principal amount of our 021 Notes (the "Add-On Notes"), which were offered as an add-on to our then outstanding $200.0 million aggregate principal amount of 021 Notes. As a result of the offering of the Add-On Notes, we have outstanding an aggregate principal amount of $225.0 million of our 2021 Notes.

On September 3, 2014, Sparrow purchased from Hazels, Los Avellanos and certain of their affiliates (such affiliates, together with Hazels and Los Avellanos, the "Hazels Group"), 25,326,821 shares of common stock of the Company at a price equivalent of $4.00 per share. These shares represented all of the shares of the Company owned by the Hazels Group, which is affiliated with Messrs. Felipe and Ricardo Menendez, who were the Company's CEO and Executive Vice President, respectively, as well as directors of the Company at the time of the transaction. The transaction increased Southern Cross' ownership in the Company from 67% to 85%. As a result of the transaction, the equity capital of the Company is now comprised of shares with equal voting rights of one vote per share (prior to the transaction, certain shares held by Hazels and Los Avellanos had seven votes per share). Simultaneously with the transaction, the existing employment agreements with Messrs. Felipe and Ricardo Menendez were terminated and replaced with short term agreements. Messrs. Felipe and Ricardo Menendez have since left the Company, and since November 2014, Mr. Damián Scokin is CEO of the Company.

For more recent developments, see "Developments in 2015" and "Recent Developments" under "Item 5. Operating and Financial Review and Prospects—A. Operating Results."

B. BUSINESS OVERVIEW

Our Company

We are an industrial shipping company serving the marine transportation needs of clients in the geographic markets on which we focus. We serve the shipping markets for grain, forest products, minerals, crude oil, petroleum and refined petroleum products, as well as technological products through our container feeder vessels, and the offshore oil platform supply market through our operations in the following three segments of the marine transportation industry.

- Our River Business, with 681 barges (of which 24 are under lease) and 34 pushboats as of December 31, 2015, is the largest owner and operator of river barges and pushboats that transport dry bulk and liquid cargos through the Hidrovia Region of South America, a large area with growing agricultural, forest and mineral related exports. This region is crossed by navigable rivers that flow through Argentina, Brazil, Bolivia, Paraguay and Uruguay to ports serviced by ocean export vessels. These countries are estimated to account for approximately 54% of world soybean production in 2016, as compared to 30% in 1995. We also own a barge building facility at Punta Alvear, which is the most modern of its kind in South America, and we own an inland tank barge, Parana Iron, which has been converted into an iron ore transfer and storage unit currently employed with a non-related third party. Finally, we own an additional transshipment unit to transfer cargo between barges.
- Our Offshore Supply Business owns and operates vessels that provide critical logistical and transportation services for offshore petroleum exploration and production companies, in the coastal waters of Brazil and the North Sea. As of December 31, 2015, our Offshore Supply Business fourteen-vessel fleet consisted of thirteen Platform Supply Vessels, or PSVs, and one ROV (Remotely Operated Vehicle) Support Vessel, or RSV. Out of the thirteen PSVs, eight were chartered in Brazil (although one of these vessels was blocked) and two remained laid-up in the North Sea while being tendered for long term charters with Petrobras. On September 9, 2015, we received notification from Petrobras regarding the early termination of the contracts of UP Amber, UP Pearl, and UP Esmeralda, effective immediately. Additionally, our UP Turquoise was blocked. We are exploring alternative courses of action to remedy this situation, including negotiations with Petrobras and employment in other offshore markets. Lastly, our RSV UP Coral has entered into its six-year contract with Petrobras on August 5, 2015.
- Our Ocean Business, as of December 31, 2015, owned three ocean-going vessels and bareboat chartered two more that we regularly employ in the South American coastal trade where we have preferential rights and customer relationships. The fleet is comprised of three Product Tankers (two of which are under lease) and two container feeder vessels. On March 25, 2015, we bareboat chartered Mentor for 3 years, which entered into a time charter with Petrobras on July 1, 2015. On May 13, 2015, and June 15, 2015, respectively, we sold our Product Tankers Amadeo and Miranda I. In addition, our Product Tanker Alejandrina completed its last charter on September 18, 2015, and was sold on January 28, 2016.

We are focused on growing our businesses with an efficient and versatile fleet that will allow us to provide an array of transportation services to customers in several different industries. Our business strategy is to leverage our expertise and strong customer relationships to increase volume, efficiency and market share in a targeted manner. For example, we replaced engines on six of our river pushboats as part of our re-engining program that should allow us to operate

using heavy fuel which has been historically less expensive than the types of fuel currently used in other pushboats. This initiative seeks to maximize the size of our convoys thus reducing costs per ton transported. We have also expanded on our ocean fleet through acquisitions or bareboat charters of specific types of vessels, by having purchased a 2003-built container vessel, the Frisian Commander, renamed Asturiano, with a carrying capacity of 1,118 Twenty-foot Equivalent Units, or TEUS, as well as a 2002-built container vessel, the Sinar Bontang, renamed Argentino, with a carrying capacity of 1,050 TEUS which operate in a flag-restricted trade in the Argentine cabotage market. We expect to continue inspecting vessels to replace those that will require substitution in the near future in our business segments. Finally we are examining the possibility of building or converting ships to participate, within the same business segments that we presently operate, in sectors or sizes not covered by our present fleet. We believe that the versatility of our fleet and the diversity of industries that we serve reduce our reliance on any particular sector of the shipping industry.

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, maize, minerals and forest industries may help offset some of this seasonality. The Offshore Supply Business operates year-round, particularly off the coast of Brazil, although weather conditions in the North Sea may reduce activity from December to February. In the Ocean Business, we employ our Product Tankers on time charters so there is no seasonality effect, while our container feeder service experiences a somewhat slower season during the first quarter due to the congestion at the main discharge terminal in Patagonia in connection with the cruise tourist season.

We have a diverse customer base including large and well-known petroleum, agricultural and mining companies. Some of our significant customers in the last three years include affiliates of Bunge, Cargill, Vale, Petrobras (the national oil company of Brazil), Petropar (the national oil company of Paraguay), Siderar, Trafigura and Vicentin.

Our Lines of Business

Revenues	2015		2014		2013	
Attributable to River Business	$172,565	50 %	$175,110	48 %	$246,798	60 %
Attributable to Offshore Supply Business	107,094	31 %	119,581	33 %	93,154	23 %
Attributable to Ocean Business	67,818	19 %	68,984	19 %	71,265	17 %
Total	$347,477	100%	$363,675	100%	$411,217	100%

River Business. We have developed our River Business from a single river convoy comprising one pushboat and four barges in 1993 to the leading integrated river transportation company in the Hidrovia Region today. Our River Business, which we operate through our subsidiary UABL, had 681 barges with approximately 1.3 million dwt capacity and 34 pushboats as of December 31, 2015. Of those, 597 are dry barges that can transport agricultural and forestry products, iron ore and other cargoes and the other 84 are tank barges that can carry petroleum products, vegetable oils and other liquid cargoes. In addition we own an inland barge Parana Iron, which has been converted into an iron ore transfer and storage unit under employment with a non-related third party. Finally, we own an additional transshipment unit to transfer cargo between barges. We believe that we have more than twice the number of barges and dwt capacity than our nearest competitor in this river system. 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 produces and exports a significant and growing amount of agricultural products. In addition to agricultural products, we expect companies in the Hidrovia Region to expand or initiate the production of other goods, including forest products, iron ore and pig iron.

We have purchased 25 new engines from MAN Diesel in connection with our engine replacement program set to re-engine ten of our line pushboats and additionally increase the pushing capacity of some of them. The new engines consume heavier grades of fuel which have been historically cheaper than the diesel fuel our pushboats currently consume.

We own and operate a terminal at Dos Fronteras (Paraguay) and through a joint venture we own and operate a terminal at Tres Fronteras (Paraguay) to provide integral transportation services to our customers from origin to destination. We also own a drydock and repair facility to carry out fleet maintenance. We utilize night-running technology, which partially allows for night navigation of our convoys and improves asset utilization. As increasing agricultural production is expected to maintain its trend over the next few years, the Hidrovia requires an efficient solution to create the capacity necessary for river transportation. To such end we finalized in December 2009 the construction of our new shipyard at Punta Alvear for building barges and other vessels. This new yard has proven to be a cost-efficient tool to increase our capacity in both dry and tank barges and also to replace our older barges. This facility is one of the most modern of its kind in South America and has proven to be capable of producing barges in a timely and cost efficient manner when running at normal scale. We have also been successful in completing selected sales of barges to third parties for their operation.

Offshore Supply Business. Our Offshore Supply Business, which we operate through 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. In 2003 we ordered the construction of six technologically advanced PSVs. We took delivery of two of these vessels in 2005, two in 2006, one in 2007 and the last one in August 2009. During 2007 we also placed orders to build an additional four PSVs in India and two in China. In December 2010, we took delivery of the first Chinese vessel, UP Turquoise, which commenced its 4-year time charter with Petrobras on March 12, 2011, and our second one, UP Jasper, commenced operations in the North Sea on September 29, 2011. On May 22, 2012, we took delivery of our first Indian PSV, UP Jade, which commenced operation with Petrobras on August 10, 2012. On January 30, 2013, we took delivery of our second Indian PSV, UP Amber, which commenced operation with Petrobras on August 1, 2013. Finally, on August 12, 2013, we took delivery of our third Indian PSV, UP Pearl, which commenced operation with Petrobras on November 25, 2013. The last Indian PSV was cancelled due to excessive delays in its construction. During the fourth quarter of 2013, we acquired three state-of-the-art 5,145 dwt sister PSVs, UP Agate, UP Coral and UP Opal. UP Agate is currently laid-up in the North Sea while our UP Coral has been converted into an RSV and entered into its six-year contract with Petrobras on August 5, 2015. In addition, our UP Opal has entered into its four-year time charter with Petrobras on January 25, 2015. On September 9, 2015, we received notification from Petrobras regarding the early termination of contracts of our UP Amber, UP Pearl, and UP Esmeralda. Additionally, our UP Turquoise was blocked. We are exploring alternative courses of action to remedy the situation, including negotiations with Petrobras and employment in other offshore markets.

We intend to employ all vessels in our offshore fleet in markets such as Brazil, the North Sea, West Africa and other international markets in accordance with prevailing market conditions. Through one of our Brazilian subsidiaries, we are able to operate two 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 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. Our PSVs are of a larger deadweight and equipped with dynamic positioning capabilities, with greater cargo capacity and deck space than other PSVs serving shallow water offshore rigs, all of which provide us with a competitive advantage in efficiently serving our customers' needs.

Ocean Business. In our Ocean Business, we operate five ocean-going vessels. Our fleet is comprised of three Product Tankers and two container feeder vessels, the Asturiano and the Argentino.

Of our three Product Tankers (Austral, Mentor (both under bareboat charter) and Alejandrina) two are currently employed under time charters with major oil companies serving regional trades in Argentina and Brazil while our Alejandrina finalized its last charter on September 18, 2015, and was sold on January 28, 2016.

On May 13, 2015, and June 15, 2015, respectively, we sold our Product Tankers Amadeo and Miranda I.

We have pursued the expansion of our ocean fleet by participating in the container feeder service through the acquisition of the Asturiano and Argentino. Both vessels serve the regional container transportation requirements between the Argentinean coastal ports south of Buenos Aires and those on the south of Uruguay and act primarily as feeders for mainline large container vessels.

We plan to discontinue our Ravenscroft operation, which provides ship management services to our Offshore and Ocean segments.

Ultrapetrol Fleet Summary [1]

River Fleet	Number of Vessels	Capacity	Description
Alianza G2[2]	1	35,000 tons	Storage and Transshipment Station
Paraná Iron (Ex -Parana Petrol)	1	43,164 tons	Converted into an Iron Ore Transfer and Storage Unit
ACBL 809	1	N/A	Transshipment Unit
Pushboat Fleet [3]	34	124,159 BHP	Various Sizes and Horse Power
Tank Barges	84	206,744 m 3	Liquid Cargo (Petroleum Products, Vegetable Oil)
Dry Barges	597	1,069,370 tons	Carry Dry Cargo (Soy, Iron Ore, other products)
Total	718	N/A	

Offshore Supply Fleet	Year Built	Capacity (DWT)	Deck Area (m^2)
In Operation			
UP Esmeralda	2005	4,200	840
UP Safira	2005	4,200	840
UP Agua-Marinha	2006	4,200	840
UP Topazio	2006	4,200	840
UP Diamante	2007	4,200	840
UPRubi	2009	4,200	840
UP Turquoise	2010	5,250	1,020
UP Jasper	2011	5,250	1,020
UP Jade	2012	4,200	840
UP Amber	2013	4,200	840
UP Pearl	2013	4,200	840

UP Agate	2013	5,145	1,000
UP Coral	2013	5,145	1,000
UP Opal	2013	5,145	1,000
Total		63,735	12,600

Ocean Fleet (4)	Year Built	Capacity (DWT/TEUs)	Description
Mentor [5]	2007	13,014	Product Tanker
Alejandrina [6]	2006	9,211	Product Tanker
Austral [7]	2006	11,299	Product / Chemical Tanker
Asturiano	2003	1,100 [8]	Container Feeder Vessel
Argentino	2002	1,050 [8]	Container Feeder Vessel
Total		33,524 [9]	

(1) As of December 31, 2015.
(2) In lay-up condition – Out of operation.
(3) Does not include Alianza Rosario, an ocean-going tug currently not in operation.
(4) Does not include Argos I, an ocean-going tug currently not in operation.
(5) Bareboat chartered-in until March 25, 2018.
(6) This vessel was sold on January 28, 2016.
(7) Bareboat chartered-in until December 1, 2016.
(8) Twenty Foot-Equivalent Units, or TEUs.
(9) Only DWT capacity added – excludes TEUs.

Chartering Strategy

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 our River Business, we have contracted a substantial portion of our fleet's barge capacity on a one - to five-year basis to major clients. 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 in Brazil and seeking charter employment alternatives in the North Sea. Currently there is no significant spot market in Brazil for PSVs. In the future, we may also decide to employ our PSVs in the spot market (short duration, one day or more) in UK's North Sea or West Africa combined with longer-term charters or in Brazil, either with cabotage privileges or as foreign flagged vessels.

We have historically operated our cabotage Ocean Business tanker vessels under period time charters and will try to continue to do so. Our two container feeder vessels operate on a voyage by voyage basis. We have outsourced the commercial efforts to a shipping agent on a commission basis.

The future minimum revenues, before deduction for brokerage commissions, expected to be received on time charter agreements of eight PSVs in our Offshore Supply Business chartered in Brazil with Petrobras, which terms are longer than one year were as follows:

Year ending December 31,	(Dollars in thousands)
2016	$ 94,062
2017	64,222
2018	37,879
2019	19,126
2020	17,848
2021	10,951
Total	$ 244,088

The future minimum revenues, before deduction for brokerage commissions of two (Austral and Mentor) of our handy size-small product tanker vessel (leased to us) in our Ocean Business chartered in South America, expected to be received on time charter agreements, which terms are longer than one year were as follows:

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Year ending December 31,	(Dollars in thousands)
2016	$ 13,448
2017	5,713
2018	2,832
Total	$ 21,993

On November 12, 2012, one of our subsidiaries in the River Business, entered into a transshipment services agreement to provide storage and transshipment services of cargo from river barges to ocean export vessels through our Parana Iron transfer and storage unit, for a three-year term renewable for another three years, at the customer's option. The future minimum revenues, before reduction for commissions, expected to be received were as follows: $13.2 million and $2.6 million in 2016 and 2017, respectively. Conversion of the Parana Iron was completed in early March 2014 and the three years started counting as of May 2014.

In the fourth quarter of 2013 we entered into a 5-year agreement with Vale to time charter four river pushboats with 16 barges each (each "a convoy"). The four convoys were delivered in January 2014. The future minimum revenues, before deduction for commissions, expected to be received were as follows: $15.9 million in each of 2016, 2017 and 2018.

Revenues from a time charter are generally not received when a vessel is off-hire, which in most cases includes time required for normal periodic maintenance of the vessel including drydock. In arriving at the minimum future charter revenues, an estimated off-hire time to perform periodic maintenance on each vessel has been deducted, although there is no assurance that such estimate will be reflective of the actual off-hire in the future. The scheduled future minimum revenues should not be construed to reflect total shipping revenues for any of the periods.

Our Fleet Management

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

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

Competition

River Business

We maintain a leading market share in our River Business. We own the largest fleet of pushboats and barges in the Hidrovia Region. We believe that we have more than twice the number of barges and dwt capacity than our nearest competitor. We compete based on reliability, efficiency and price. Key competitors include Navios South American Logistics, Naviera Chaco and Fluvialba. In addition, some of our customers, including Archer Daniels Midland, Cargill, Louis Dreyfus and Vale have some of their own dedicated barge capacity, which they can use to transport cargo in lieu of hiring a third party. Our River Business also indirectly competes with other forms of land-based transportation such as truck and rail.

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

Offshore Supply Business

In our Offshore Supply Business, our main competitors in Brazil are the local offshore companies that own and operate modern PSVs. The largest of these companies are CBO, Wilson Sons and Bram Alfanave (Edison Chouest) who currently own a substantial number of modern PSVs and are in the process of building additional units. Also, some of the international offshore companies that own and operate PSVs, such as Tidewater and Maersk, have built

Brazilian-flagged PSVs. In the North Sea market, where three of our PSVs operated during 2008 and 2009 and where our UP Jasper and UP Agate are located today, we actively compete with other large, well established owners and operators such as Gulfmark Offshore, Bourbon and DOF Farstad.

Ocean Business

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

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

Seasonality

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

Industry Conditions

River Industry

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

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

Dry Bulk Cargo

Soybeans. Argentina, Bolivia, Brazil, Paraguay and Uruguay produced in aggregate about 41.5 million tons, or mt, of soybeans in 1995 and an estimated 172.0 mt in 2016, a 21-year compound annual growth rate, or CAGR, of 7.0% from 1995. These countries are estimated toaccount for approximately 54% of world soybean production in 2016, up from only 30% in 1995.

Of the above-mentioned countries of the Hidrovia Region, the area harvested of soybeans has increased from approximately 18.9 Mha (million hectares, 1 hectare = 2.47 acres) in 1995 to an estimated 59.1 Mha in 2016, a 21-year CAGR of 5.6%. Further, with advances in technology, productivity of farmland has also improved.

The growth in soybean production has not occurred at the expense of other key cereal grains. Production of corn (maize) in Argentina, Bolivia, Brazil, Paraguay and Uruguay combined grew from 50.3 mt in 1995 to an estimated 111.5 mt in 2016, a 21-year CAGR of 3.9%. Production of wheat in these countries grew from 14.4 mt in 1995 to an estimated 18.4 mt in 2016, a 21-year CAGR of 1.2%.

Iron Ore. In the Corumba area in Brazil reached by the High Paraguay River, there are three large iron ore mines, two of which are owned by the Brazilian mining company Vale (following the 2009 acquisition of Rio Tinto's assets in the region) while the third one is owned by MMX Mineração & Metálicos S.A. (MMX). Their combined production of iron ore, which is entirely transported by river barge, has grown from about 1.1 million mt, or mmt, since 2001 to 4.5 mmt in 2015, a 14-year CAGR of 11.5%. However, iron ore prices dropped 69% on average from December 2012 to December 2015, leading to a reduction in the demand for dry barges and, subsequently, to a surplus of dry barges which is adversely affecting rates for the other dry bulk cargo.

Oil transportation

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

Mode Comparison

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

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

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

Offshore Supply Industry

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

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

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

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

Brazilian Offshore Industry

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

The primary customer for PSVs in Brazil is Petrobras, the Brazilian national oil company. The Brazilian government has also allowed foreign companies to participate in offshore oil and gas exploration and production since 1999. Other companies active in Brazil in offshore oil and gas exploration and production industry include Total, Shell, BP, Repsol and ChevronTexaco. The deepwater Campos Basin, an area located about 80 miles offshore, has been the

leading area for offshore activity. Activities have been extended to the deepwater Santos and Espirito Santo Basins located far off the coast while additionally requiring resources to develop pre salt areas of water depths of over 9,000 feet. During 2008, 2009 and 2010, several significant discoveries have been made, which could possibly more than double Brazilian oil reserves when confirmed.

On June 29, 2015, Petrobras announced its business plan for 2015-2019, which includes a projected capital expenditure budget of $130.3 billion between 2015 and 2019 with Exploration and Production (E&P) representing approximately 83% of the total budget, up from 70% of the previous $220.6 billion included in the 2014-2018 business plan. In addition, Petrobras' strategic objective in the E&P area is to produce an average of 3.3 million barrels of oil per day in the 2016-2020 period, under Petrobras' ownership in Brazil and abroad, by means of the acquisition of exploration rights. Nevertheless, Petrobras has announced on January 12, 2016, the approval of a review of the Company's investment plan aimed at reducing leverage and preserving cash and focusing on priority investments, mainly oil and gas production in Brazil, given the new oil price and exchange rates scenario. This revision led to a reduction in Petrobras 2015-2019 investment plan, from $130.3 million to $98.4 million, including a 26.3% reduction in Exploration & Production expenditures in Brazil and abroad. In addition, Petrobras' 2016 budget will be 9% lower than in 2015.

While these announcements may scale back investments, we believe that Petrobras' capital expenditure plans 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, 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. In that regard, Petrobras announced that more than 80% of the investment plan was assigned to exploration and production activities and that the investments will be focused on deep-water production with fewer expenses in exploratory activity. Onshore and shallow-water blocks are no longer on the Petrobras's radar, unlike what happened until 2015, when it started to review its portfolio given the cash restriction amid the industry's crisis.

Deepwater service favors large modern vessels that can provide a full range of flexible services including dynamic positioning systems while providing economies of scale to installations distant from shore. Cabotage laws favor employment of Brazilian flag vessels. However, according to industry sources, many of the Brazilian flag PSVs and supply vessels are smaller and older than now required, with approximately 22% of the national fleet of at least 20 years of age. Temporary authority is granted for foreign vessels to operate only if no Brazilian flag vessels are available.

The recent drop in crude oil prices led to a reduced the activity in offshore markets and, subsequently, to a decrease in the demand for PSVs. As a result, many oil companies cancelled their contracts with PSV operators, which increased dramatically the number of PSVs laid-up, many of which are foreign flagged since local authorities no longer granted permission for these vessels to operate in Brazil given the increase the number of available Brazilian flag vessels. Under the current conditions, foreign flag vessels can only operate in Brazil with Brazilian Special Registres ("REB Rights"), which grant foreign flag vessels with similar privileges than Brazilian flag vessels.

The North Sea Market

The North Sea is a similarly demanding offshore market due to difficult weather and sea conditions, significant water depths, long distances to be traveled and sophisticated technical requirements.

This market is both mature and developed. Its high competition ultimately results in exploration activity and OSV demand being driven mainly by consistently high oil prices to attract oil majors and operators into the region. Offshore activity in the North Sea has dropped as a result of the recent decrease in crude oil prices, leading to a significant increase in the number of unemployed PSVs. Vessel utilization rates in the North Sea decreased from 99% at the end of 2014 to 73% at the end of 2015 and from 93% to 74% worldwide during the same period.

Ocean Industry

Regional Cabotage Trades

Voyages between two Argentine ports are regulated by the Argentine government as "cabotage" and require the use of an Argentine flag vessel or a vessel operated under special permit by an Argentine company. Cabotage is used to mean both voyages between two national ports and laws that reserve such voyages for nationally operated vessels. Argentine registry requires that vessels be built in an Argentine shipyard or that import duty be paid, which increases the cost of new vessels versus foreign construction. The special permit described above allows younger foreign-built vessels to enter cabotage trades while retaining the Argentine nationality requirement for operations.

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

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

The Regional Tanker Market

Regional Oil Demand

Argentina's oil demand was estimated at about 758,000 barrels per day, or bpd, in 2013, up from about 494,000 bpd in 2003, resulting in a 10-year CAGR of 4.4%.

Argentina's refining capacity is largely located in the Plate River estuary near Buenos Aires. Crude oil from oil fields in southern Argentina is shipped to refineries near Buenos Aires by tankers. Coastal cities in Southern Argentina

receive petroleum products by tankers from these refineries. Cabotage tankers are also used for lightering of international tankers (discharge of cargo to reduce draft) and for short voyages within the Plate Estuary and Parana River. Vessels with IMO chemical classification (see below) are also used for Argentine or other regional voyages carrying petroleum products and chemicals such as styrene monomer.

The Regional Patagonian Container Shipping Trades

Regional Container Shipping Demand

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

Disclaimer

Throughout this Industry Section, all figures related to harvested area and production of soybean, corn and wheat for South America and specifically for Argentina, Bolivia, Brazil, Paraguay and Uruguay are obtained through the USDA Foreign Agricultural Service website some time prior to filing this 20-F.

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

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

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

Environmental and Government Regulations

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

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

We believe that the heightened level of environmental and quality concerns among insurance underwriters, regulators and charterers will lead to greater inspection and safety requirements on all vessels and may accelerate the scrapping of older vessels throughout the industry. Increasing environmental concerns have created a demand for vessels that conform to the stricter environmental standards. We are required to maintain operating standards for all of our ocean-going vessels for operational safety, quality maintenance, continuous training of our officers and crews and compliance with U.S. and international regulations. We believe that the operation of our vessels is in substantial compliance with applicable environmental laws and regulations. However, such laws and regulations may change and impose stricter requirements, such as in response to the 2010 Deepwater Horizon oil spill or future serious marine incidents. For example, on August 15, 2012, the U.S. Bureau of Safety and Environmental Enforcement (BSEE) issued a final drilling safety rule for offshore oil and gas operations that strengthen the requirements for safety equipment, well control systems, and blowout prevention practice. A new rule issued by the U.S. Bureau of Ocean

Energy Management ("BOEM") that increased the limits of liability of damages for offshore facilities under OPA based on inflation took effect in January 2015. In April 2015, it was announced that new regulations are expected to be imposed in the United States regarding offshore oil and gas drilling. In December 2015, the BSEE announced a new pilot inspection program for offshore facilities. Future requirements may limit our ability to do business, increase our operating costs, force the early retirement of our vessels and / or affect their resale value, all of which could have a material adverse effect on our financial condition and results of operations.

International Maritime Organization

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

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

In 2012, the MEPC adopted by resolution amendments to the international code for the construction and equipment of ships carrying dangerous chemicals in bulk, or the IBC Code. The provisions of the IBC Code are mandatory under MARPOL and SOLAS. These amendments, entered into force in June 2014, pertain to revised international certificates of fitness for the carriage of dangerous chemicals in bulk and identifying new products that fall under the IBC Code. We may need to make certain financial expenditures to comply with these amendments. As of January 1, 2016, amendments to Annex I, the IBC Code, require that all chemical tankers must be fitted with approved stability instruments capable of verifying compliance with both intact and damage stability.

In 2013, the MEPC adopted by resolution amendments to the MARPOL Annex I Conditional Assessment Scheme, or CAS. The amendments, became effective on October 1, 2014, pertain to revising references to the inspections of bulk carriers and tankers after the 2011 ESP Code, which enhances the programs of inspections, becomes mandatory. We may need to make certain financial expenditures to comply with these amendments.

As of July 1, 2013, under Marpol V additional restrictions have been placed on discharge of cargo holds and tanks washings, with no discharge permitted in the six MARPOL defined "Special Areas". Cargoes also have to be classified as HME (Harmful to Marine Environment).

Additionally, as of January 1, 2016, MARPOL Annex IV (regarding sewage), prohibits discharge of sewage in Special Areas (the Baltic Sea area) unless fitted with type approved sewage treatment plant as per revised standards found in Resolution MEPC 227(64).

Additional future requirements include SOLAS II-2/16.2.2, pursuant to which oil tankers, chemical tankers and gas carriers, keel laid on or after January 1, 2016, with DWT greater or equal to 8000, are required to be fitted with a fixed inert gas system.

Under the 2011 Survey of Bulk Carriers and Oil Tankers ("ESP Code"), as of January 1, 2016, all bulk carriers and oil tankers greater than 300GRT, at relevant surveys, will be inspected for structural corrosion and condition of coating for corrosion protection.

Air Emissions

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

Annex VI seeks to further reduce air pollution by, among other things, implementing a progressive reduction of the amount of sulfur contained in any fuel oil used on board ships. As of January 1, 2012, the amended Annex VI requires that fuel oil contains no more than 3.50% sulfur. By January 1, 2020, sulfur content must not exceed 0.5%, subject to

a feasibility review to be completed no later than 2018.

Sulfur content standards are even stricter within certain ECAs. As of July 1, 2015, ships operating within an ECA are not permitted to use fuel with sulfur content in excess of 1.0% (from 1.50%), which was further reduced to 0.10% on January 1, 2015. Amended Annex VI establishes procedures for designating new ECAs. The Baltic Sea and the North Sea have been so designated. Effective August 1, 2012, certain coastal areas of North America were designated ECAs, and effective January 1, 2014, the applicable areas of the United States Caribbean Sea were designated ECAs, which includes the 200 mile economic zone along the coast. Ocean-going vessels in these areas will be subject to stringent emissions controls and may cause us to incur additional costs. ECA designations subject ocean-going vessels within the designated area to stringent emissions controls, which might cause vessels to require segregated bunker tanks and cylinder oil tanks to use different fuels in coastal waters and open seas, which threatens to add an additional cost burden to ship owners. If other ECAs are approved by the IMO or other new or more stringent requirements relating to emissions from marine diesel engines or port operations by vessels are adopted by the EPA or the states where we operate, compliance with these regulations could entail significant capital expenditures or otherwise increase the costs of our operations.

The North America ECA includes coastal boundaries of U.S. and Canada to an extent of 200 miles from the coast, excluding areas infringing boundary states. The emission requirements are same as other IMO ECAs, with present fuel oil sulfur limit of 0.1% as of 2015. For NOx reduction, tier III engines are required to be installed on all new vessels as of 2016.

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

Amendments to Regulation 13 of MARPOL Annex VI, effective September 1, 2015, provide that more stringent Tier III standards apply to engines for vessels keel laid after January 1, 2016 for ships operating in North American / US Caribbean ECAs. The same standard applies to all ECA areas for vessels keel laid on or after January 1, 2016.

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

Effective September 1, 2015, amendments to MARPOL Annex VI will require that for cargo vessels greater than 400 GT, contract on or after September 1, 2015, the EEDI shall be calculated at the time of building.

Safety Management System Requirements

The IMO also adopted the International Convention for the Safety of Life at Sea, or SOLAS, and the International Convention on Load Lines, or the LL Convention, which impose a variety of standards that regulate the design and operational features of ships. The IMO periodically revises the SOLAS and LL Convention standards. May 2012 SOLAS amendments entered into force as of January 1, 2014. The Convention on Limitation for Liability for Maritime Claims (LLMC) was recently amended and the amendments went into effect on June 8, 2015. The amendments alter the limits of liability for a loss of life or personal injury claim and a property claim against ship owners.

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

ISM code amendment has replaced regulation 6.2 with 6.2.1 and a new sub-paragraph 6.2.2. As of January 1, 2015, the amended code requires the company ensure the manning of ship shall also encompass all aspects of maintaining safe operations on board, referring to the Principles of minimum safe manning. This amendment will put greater responsibility on the company to maintain appropriate manning which could be higher than the minimum manning in the safe manning certificate. ISM code new para 12.2 requires that as of January 1, 2015, the company periodically verify that all those delegated ISM related tasks are acting in conformity with the company's responsibilities under the code. This new amendment will increase company responsibilities and auditing requirements.

Noncompliance with the ISM Code and other IMO regulations may subject the shipowner or bareboat charterer to increased liability, may lead to decreases in, or invalidation of, available insurance coverage for affected vessels and may result in the denial of access to, or detention in, some ports.

Pollution Control and Liability Requirements

The IMO has negotiated international conventions that impose liability for pollution in international waters and the territorial waters of the signatories to such conventions. For example, the IMO has adopted the International Convention on Civil Liability for Oil Pollution Damage of 1969, as amended by different Protocols in 1976, 1984, and 1992, and amended in 2000, or the CLC. Under the CLC and depending on whether the country in which the damage results is a party to the 1992 Protocol to the CLC, a vessel's registered owner is strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of persistent oil, subject to certain exceptions. The

1992 Protocol changed certain limits on liability, expressed using the International Monetary Fund currency unit of Special Drawing Rights. The limits on liability have since been amended so that the compensation limits on liability were raised. The right to limit liability is forfeited under the CLC where the spill is caused by the ship owner's personal fault and under the 1992 Protocol where the spill is caused by the ship owner's personal act or omission by an intentional or reckless conduct where the ship owner knew pollution damage would probably result. The CLC requires ships covered by it to maintain insurance covering the liability of the owner in a sum equivalent to an owner's liability for a single incident. We believe that our insurance will cover the liability under the plan adopted by the IMO.

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

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

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

The IMO adopted the International Convention for the Control and Management of Ships' Ballast Water and Sediments, or the BWM Convention, in February 2004. The BWM Convention's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits. The BWM Convention will not enter into force until 12 months after it has been adopted by 30 states, the combined merchant fleets of which represent not less than 35% of the gross tonnage of the world's merchant shipping tonnage. As of late March 2016, 49 states had adopted the BWM convention, coming close to the 35% threshold. Notwithstanding the foregoing, the BWM convention has not been ratified. Proposals regarding implementation have recently been submitted to the IMO, but we cannot predict the ultimate timing for ratification. Many of the implementation dates originally written in the BWM Convention have already passed, so, on December 4, 2013, the IMO Assembly passed a resolution revising the dates of applicability of the requirements of the BWM Convention so that they are triggered by the entry into force date, and not the dates originally in the BWM Convention. This, in effect, made all vessels constructed before the entry into force date 'existing' vessels and delayed the date for installation of ballast water treatment systems on such vessels until the first renewal survey following entry into force of the convention. Furthermore, in October 2014 the MEPC met and adopted additional resolutions concerning the BWM Convention's implementation. Once mid-ocean ballast exchange or ballast water treatment requirements become mandatory, the cost of compliance could increase for ocean carriers and the costs of ballast water treatments may be material. However, many countries already regulate the discharge of ballast water carried by vessels from country to country to prevent the introduction of invasive and harmful species via such discharges. The United States, for example, requires vessels entering its waters from another country to conduct mid-ocean ballast exchange, or undertake some alternate measure, and to comply with certain reporting requirements. Although we do not believe that the costs of such compliance would be material, it is difficult to predict the overall impact of such a requirement on our operations.

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

The Nairobi International Convention on the Removal of Wrecks (NWRC) entered into force on April 14, 2015. It provides the legal basis for coastal States to remove, or have removed, shipwrecks that may have the potential to affect adversely the safety of lives, goods and property at sea, as well as the marine environment. It will make shipowners financially liable and require them to take out insurance or provide other financial security to cover the costs of wreck removal. It also provides States with a right of direct action against insurers. Some of our vessels had to comply with the requirements of the convention.

The U.S. Oil Pollution Act of 1990 and Comprehensive Environmental Response, Compensation and Liability Act OPA established an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills. OPA affects all "owners and operators" whose vessels trade with the United States, its territories and possessions or whose vessels operate in United States waters, which includes the United States' territorial sea and its

200 nautical mile exclusive economic zone around the United States. The United States has also enacted the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, which applies to the discharge of hazardous substances other than oil, whether on land or at sea. OPA and CERCLA both define "owner and operator" in the case of a vessel as any person owning, operating or chartering by demise, the vessel. Both OPA and CERCLA impact our operations.

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

·injury to, destruction or loss of, or loss of use of, natural resources and the costs of assessment thereof;

·injury to, or economic losses resulting from, the destruction of real and personal property;

- net loss of taxes, royalties, rents, fees or net profit revenues resulting from injury, destruction or loss of real or personal property, or natural resources;
- loss of subsistence use of natural resources that are injured, destroyed or lost;
- lost profits or impairment of earning capacity due to injury, destruction or loss of real or personal property or natural resources;
- net cost of increased or additional public services necessitated by removal activities following a discharge of oil, such as protection from fire, safety or health hazards.

OPA contains statutory caps on liability and damages; such caps do not apply to direct cleanup costs. Effective December 21, 2015, the U.S. Coast Guard adjusted the limits of OPA liability of responsible parties with respect to single-hull tankers over 3,000 gross tons (subject to periodic adjustment for inflation) to the greater of $3,500 per gross ton or $25,845,600; but for all other tankers over 3,000 gross tons, liability is limited to the greater of $2,200 per gross ton or $18,796,800. For non-tank vessels (e.g. drybulk), liability is limited to the greater of $1,100 per gross ton or $939,800 (subject to periodic adjustment for inflation). These limits of liability do not apply if an incident was proximately caused by the violation of an applicable U.S. federal safety, construction or operating regulation by a responsible party (or its agent, employee or a person acting pursuant to a contractual relationship), or a responsible party's gross negligence or willful misconduct. The limitation on liability similarly does not apply if the responsible party fails or refuses to (i) report the incident where the responsibility party knows or has reason to know of the incident; (ii) reasonably cooperate and assist as requested in connection with oil removal activities; or (iii) without sufficient cause, comply with an order issued under the Federal Water Pollution Act (Section 311 (c), (e)) or the Intervention on the High Seas Act.

CERCLA contains a similar liability regime whereby owners and operators of vessels are liable for cleanup, removal and remedial costs, as well as damage for injury to, or destruction or loss of, natural resources, including the reasonable costs associated with assessing same, and health assessments or health effects studies. There is no liability if the discharge of a hazardous substance results solely from the act or omission of a third party, an act of God or an act of war. Liability under CERCLA is limited to the greater of $300 per gross ton or $5.0 million for vessels carrying a hazardous substance as cargo and the greater of $300 per gross ton or $0.5 million for any other vessel. These limits do not apply (rendering the responsible person liable for the total cost of response and damages) if the release or threat of release of a hazardous substance resulted from willful misconduct or negligence, or the primary cause of the release was a violation of applicable safety, construction or operating standards or regulations. The limitation on liability also does not apply if the responsible person fails or refused to provide all reasonable cooperation and assistance as requested in connection with response activities where the vessel is subject to OPA.

OPA and CERCLA both require owners and operators of vessels to establish and maintain with the U.S. Coast Guard evidence of financial responsibility sufficient to meet the maximum amount of liability to which the particular responsible person may be subject. Vessel owners and operators may satisfy their financial responsibility obligations by providing a proof of insurance, a surety bond, qualification as a self-insurer or a guarantee.

OPA specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, provided they accept, at a minimum, the levels of liability established under OPA. Some states have enacted legislation providing for unlimited liability for oil spills. In some cases, states, which have enacted such legislation, have not yet issued implementing regulations defining vessels owners' responsibilities under these laws.

We currently maintain, for each of our vessels, pollution liability coverage insurance in the amount of $1 billion per incident. If the damages from a catastrophic spill exceeded our insurance coverage, it could have a material adverse effect on our business and the results of operations.

Under OPA, with certain limited exceptions, all newly-built or converted vessels operating in U.S. waters must be built with double-hulls, and existing vessels that do not comply with the double-hull requirement are prohibited from trading in U.S. waters unless retrofitted with double-hulls.

We believe we are in substantial compliance with OPA, CERCLA and all applicable state regulations in the ports where our vessels call or are likely to call. However, our exposure is limited since we do not call at U.S. ports regularly.

The U.S. Clean Water Act

The U.S. Clean Water Act, or CWA, prohibits the discharge of oil, hazardous substances and ballast water in U.S. navigable waters unless authorized by a duly-issued permit or exemption, and imposes strict liability in the form of penalties for any unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under OPA and CERCLA. Furthermore, many U.S. states that border a navigable waterway have enacted environmental pollution laws that impose strict liability on a person for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance. These laws may be more stringent than U.S. federal law.

The EPA (Environmental Protection Agency) regulates the discharge of ballast water and other substances in U.S. waters under the CWA. EPA regulations require vessels 79 feet in length or longer (other than commercial fishing and recreational vessels) to comply with a Vessel General Permit (VGP) authorizing ballast water discharges and other discharges incidental to the operation of vessels. The VGP imposes technology and water-quality based effluent limits for certain types of discharges and establishes specific inspection, monitoring, recordkeeping and reporting requirements to ensure the effluent limits are met. The EPA 2013 VGP came into force on December 19, 2013. The new regulations stipulate use of EALs (Environmentally Acceptable Lubricants). This applies mainly to the stern tubes of vessels with oil lubricated bearings. This includes transverse thruster's seals, stabilizer fin seals. Most present day stern and other under water equipment seals are not compatible with EALs and will require replacement of seals with materials compatible with EALs. All existing vessels are required replace the lubricants in equipment with oil / water interfaces to approved EALs at the first scheduled dry docking after the above date, unless the manufacturer of the equipment certifies technical non feasibility of such conversion. Replacement of underwater equipment seals will require additional work of dismantling the equipment during the next scheduled dry dockings or even dry docking the vessel where an underwater inspection would suffice for a survey. This rule also applies to any equipment on using lubricants which can leak and contaminate the environment which also includes deck hydraulic machinery like mooring winches, hatch hydraulics and cranes. The VGP focuses on authorizing discharges incidental to operations of commercial vessels and the new VGP contains numeric ballast water discharge limits for most vessels to reduce the risk of invasive species in US waters, more stringent requirements for exhaust gas scrubbers and the use of environmentally acceptable lubricants.

U.S. Coast Guard regulations adopted under the U.S. National Invasive Species Act, or NISA, also impose mandatory ballast water management practices for all vessels equipped with ballast water tanks entering or operating in U.S. waters. In 2009 the Coast Guard proposed new ballast water management standards and practices, including limits regarding ballast water releases. As of June 21, 2012, the U.S. Coast Guard implemented revised regulations on ballast water management by establishing standards on the allowable concentration of living organisms in ballast water discharged from ships into U.S. waters. The revised ballast water standards are consistent with those adopted by the IMO in 2004. Additionally some voluntary and mandatory requirements and record keeping including EPA VGP reporting is required. Compliance with the EPA and the U.S. Coast Guard regulations require the installation of approved Ballast water treatment system at the first scheduled dry docking after 1st January 2016. In the absence of availability of a USCG approved system, an equivalent approved system from another flag state is acceptable, however USCG could revoke this approval and require a USCG approved equipment to be installed whenever such a system is available. Currently USCG is giving a 2 year extension on grounds of non-availability of a USCG approved system, however these extensions can be revoked when such a system becomes available. Non-compliance could restrict our vessels from entering U.S. waters.

Notwithstanding the foregoing, as of January 1, 2014, vessels are technically subject to the phasing-in of these standards. As a result, the USCG has provided waivers to vessels which cannot install the as-yet unapproved technology. The EPA, on the other hand, has taken a different approach to enforcing ballast discharge standards under the VGP. On December 27, 2013, the EPA issued an enforcement response policy in connection with the new VGP in which the EPA indicated that it would take into account the reasons why vessels do not have the requisite technology installed, but will not grant any waivers. It should also be noted that in October 2015, the Second Circuit Court of Appeals issued a ruling that directed the EPA to redraft the sections of the 2013 VGP that address ballast water. However, the Second Circuit stated that 2013 VGP will remains in effect until the EPA issues a new VGP. It presently remains unclear how the ballast water requirements set forth by the EPA, the USCG, and IMO BWM Convention, some of which are in effect and some which are pending, will co-exist.

As of January 1, 2007, vessels operating in coastal waters of the state of California were required to comply with the State's Marine Vessel Rules concerning emissions from auxiliary diesel engines. The rules require certain emission requirements compliance based on the fleet size and frequency of port calls and alternatively requires use of shore power or payment of fees for non-compliance. They are codified at California Code of Regulations (CCR), Title 13, 2299.1 and CCR Title 17, 93118. However, on February 27, 2008, the United States Court of Appeals for the Ninth Circuit, in Pacific Merchant Shipping Association v. Goldstene, 517 F.3d 1108 (No. 07-16695), held that the rules

were preempted by the United States Clean Air Act and issued an injunction preventing their enforcement absent approval by the EPA.

The U.S. Clean Air Act

The U.S. Clean Air Act of 1970 (including its amendments of 1977 and 1990), or the CAA, requires the EPA to promulgate standards applicable to emissions of volatile organic compounds and other air contaminants. Our vessels are subject to vapor control and recovery requirements for certain cargoes when loading, unloading, ballasting, cleaning and conducting other operations in regulated port areas. The CAA also requires states to draft State Implementation Plans, or SIPs, designed to attain national health-based air quality standards in each state. Although state-specific, SIPs may include regulations concerning emissions resulting from vessel loading and unloading operations by requiring the installation of vapor control equipment.

Our operations occasionally generate and require the transportation, treatment and disposal of both hazardous and non-hazardous solid wastes that are subject to the requirements of the U.S. Resource Conservation and Recovery Act, or RCRA, or comparable state, local or foreign requirements. The RCRA imposes significant recordkeeping and reporting requirements on transporters of hazardous waste. In addition, from time to time we arrange for the disposal of hazardous waste or hazardous substances at offsite disposal facilities. If such materials are improperly disposed of by third parties, we may still be held liable for cleanup costs under applicable laws.

European Union Regulations

In October 2009, the European Union amended a directive to impose criminal sanctions for illicit ship-source discharges of polluting substances, including minor discharges, if committed with intent, recklessly or with serious negligence and the discharges individually or in the aggregate result in deterioration of the quality of water. Aiding and abetting the discharge of a polluting substance may also lead to criminal penalties. Member States were required to enact laws or regulations to comply with the directive by the end of 2010. Criminal liability for pollution may result in substantial penalties or fines and increased civil liability claims. The directive applies to all types of vessels, irrespective of their flag, but certain exceptions apply to warships or where human safety or that of the ship is in danger.

Amended EU sulphur directive has imposed the following limits:

- The sulfur limit in ECAs fell to 0.10% in 2015;
- A 0.1% sulfur limit will be implemented in all EU water (outside ECAs) by 2020, even if the IMO decides to delay the global limit;
- Passenger ships operating outside ECAs but on regular service between EU ports continue to be subject to a 1.50% sulfur limit until 2020, when the EU-wide 0.50% sulfur limit applies;
- Ships at berth in EU ports and coastal waters are required to use only fuels with a maximum 0.1% sulfur content.

Countries adjoining to EU have started adopting similar regulations as EU. Turkey has announced they will enforce same sulphur limitations as EU, on vessels calling Turkish ports. More countries in the region are expected to follow with similar regulations.

The European Union has adopted several regulations and directives requiring, among other things, more frequent inspections of high-risk ships, as determined by type, age, flag, and the number of times the ship has been detained. The European Union also adopted and then extended a ban on substandard ships and enacted a minimum ban period and a definitive ban for repeated offenses. The regulation also provided the European Union with greater authority and control over classification societies, by imposing more requirements on classification societies and providing for fines or penalty payments for organizations that failed to comply.

China

As China becomes more aware of the impact of pollution and with increased sea going traffic in its coastal waters, they are beginning to impose new regulations for vessels entering Chinese coastal waters.

China's Ministry of Transport has published new regulations introducing sulphur (SOx) emission control requirements within three Ship Emission Control Areas (ECAs): Pearl River Delta, Chang Jiang Delta and Bohai Rim (BR). These ECAs are not designated under MARPOL Annex VI.

From January 1, 2016, there will be strict enforcement of the existing international conventions and domestic laws and regulations on sulphur oxides, particulate matter and nitrogen oxides. In addition the core ports within the Chang Jiang Delta ECA will have the option to introduce a 0.5 percent sulphur limit and/or other control measures. Further information regarding implementing of these regulations are expected to be published in the middle of 2016.

From January, 2017, vessels at berth in core ports of the above areas must use fuel containing 0.5 percent sulphur or less.

From January 1, 2018, vessels at berth in all ports in the ECAs must use fuel containing 0.5 percent sulphur or less.

From January 1, 2019, vessels entering the ECAs must use fuel containing 0.5 percent sulphur or less.

Before December 31, 2019, an assessment will be carried out by the Chinese authorities with a view to taking one or more of the following actions:

- Reducing the maximum sulphur content to 0.1 percent of vessels entering the ECAs;
- Expanding the geographical size of the emission control areas;
- Considering further control measures.

Greenhouse Gas Regulation

Currently, the emissions of greenhouse gases from international shipping are subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which entered into force in 2005 and pursuant to which adopting countries have been required to implement national programs to reduce greenhouse gas emissions. The 2015 United Nations Convention on Climate Change Conference in Paris did not result in an agreement that directly limited greenhouse gas emissions from ships.

On January 1, 2013, two new sets of mandatory requirements to address greenhouse gas emissions from ships which were adopted by MEPC in July 2011, entered into force. In April 2015, a regulation was adopted requiring that large ships (over 5,000 gross tons) calling at European ports from January 2018 collect and publish data on carbon dioxide omissions. For 2020, the EU made a unilateral commitment to reduce overall greenhouse gas emissions from its member states from 20% of 1990 levels. The EU also committed to reduce its emissions by 20% under the Kyoto Protocol's second period, from 2013 to 2020. If the strategy is adopted by the European Parliament and Council large vessels using European Union ports would be required to monitor, report and verify their carbon dioxide emissions beginning in January 2018. In December 2013, the European Union environmental ministers discussed draft rules to implement monitoring and reporting of carbon dioxide from ships. In April 2013, the European Parliament rejected proposed changes to the European Union Emissions Law regarding carbon trading. In June 2011, the European Commission developed a strategy to reduce greenhouse gas emissions. As a first step, large ships using EU ports will be from 2018 required to report their verified annual emissions and other relevant information. In December 2013 the European Union environmental ministers discussed draft rules to implement monitoring and reporting of carbon dioxide emissions from ships. In the United States, the EPA has issued a finding that greenhouse gases endanger the public health and safety and has adopted regulations to limit greenhouse gas emissions from certain mobile sources and large stationary sources. Although the mobile source emissions regulations do not apply to greenhouse gas emissions from vessels, such regulation of vessels is foreseeable, and the EPA has in recent years received petitions from the California Attorney General and various environmental groups seeking such regulation. Any passage of climate control legislation or other regulatory initiatives by the IMO, European Union, the U.S. or other countries where we operate, or any treaty adopted at the international level to succeed the Kyoto Protocol, that restrict emissions of greenhouse gases could require us to make significant financial expenditures, including capital expenditures to upgrade our vessels, which we cannot predict with certainty at this time.

International Labor Organization

The International Labor Organization (ILO) is a specialized agency of the UN with headquarters in Geneva, Switzerland. The ILO has adopted the Maritime Labor Convention 2006 (MLC 2006). ILO MLC 2006 was fully implemented on August 20, 2013. All vessels above 500 gross tons are required to undergo surveys, carry a MLC certificate (Maritime Labor Certificate) and DMLC document (Declaration of Maritime Labor Compliance). Full implementation requires maintaining the accommodation and working conditions on board vessels to a certain minimum standard with a strict control of working hours of the crew, records regarding crew working hours, accommodation hygiene and crew complaints are to be kept on board. This may expose the vessels to additional port state control inspections with risk of detentions if deficiencies are detected.

Vessel Security Regulations

Since the terrorist attacks of September 11, 2001 in the United States, there have been a variety of initiatives intended to enhance vessel security such as the Maritime Transportation Security Act of 2002, or MTSA. To implement certain portions of the MTSA, in July 2003, the U.S. Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. The regulations also impose requirements on certain ports and facilities, some of which are regulated by the U.S. Environmental Protection Agency (EPA).

Similarly, in December 2002, amendments to SOLAS created a new chapter of the convention dealing specifically with maritime security. The new Chapter V became effective in July 2004 and imposes various detailed security obligations on vessels and port authorities, and mandates compliance with the International Ship and Port Facilities Security Code, or the ISPS Code. The ISPS Code is designed to enhance the security of ports and ships against terrorism. To trade internationally, a vessel must attain an International Ship Security Certificate, or ISSC, from a recognized security organization approved by the vessel's flag state. Among the various requirements are:

- on-board installation of automatic identification systems to provide a means for the automatic transmission of safety-related information from among similarly equipped ships and shore stations, including information on a ship's identity, position, course, speed and navigational status;
- on-board installation of ship security alert systems, which do not sound on the vessel but only alert the authorities on shore;
- the development of vessel security plans;
- ship identification number to be permanently marked on a vessel's hull;
- a continuous synopsis record kept onboard showing a vessel's history including the name of the ship, the state whose flag the ship is entitled to fly, the date on which the ship was registered with that state, the ship's identification number, the port at which the ship is registered and the name of the registered owner(s) and their registered address; and
- compliance with flag state security certification requirements.

Ships operating without a valid certificate may be detained at port until it obtains an ISSC, or it may be expelled from port, or refused entry at port.

Furthermore, additional security measures could be required in the future which could have a significant financial impact on us. The U.S. Coast Guard regulations, intended to be aligned with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board a valid ISSC that attests to the vessel's compliance with SOLAS security requirements and the ISPS Code.

Safety of Navigation

Amendments to SOLAS Chapter V Regulation 19 that were adopted by the IMO on June 5, 2009, in Resolution MSC.282(86).

This requires a Bridge Navigational Watch Alarm System (BNWAS) to be fitted on all types of ships in a phased manner depending on the type, build date and size of the ship. Cargo ships of 150 gross tonnage and upwards and passenger vessels were the first to be fitted with BNWAS. All other vessels of 3000 GRT and above, before July 1, 2012, 500 GRT and above before July 1, 2013, and 150 GRT and above before July 1, 2014. We have installed a BNWAS in all our vessels, as required by the applicable regulations.

SOLAS V/19.2.10.6, requires all existing vessels to be fitted with ECDIS (Electronic Chart Display and Information Systems) to be installed on all vessels in a phased manner depending on the type and size of the vessel. Existing tankers greater than 3000GT are required to be fitted with ECDIS after 1st Jul 2015. Existing cargo ships Greater than 50000GT are required to be installed with ECDIS by 1st July 2016. existing cargo ships greater than 20000GT but less than 50000GT are required to be fitted with ECDIS by 1st July 2017. Ships Greater than 10000GT the requirement starts from 1st July 2018. The above rule also requires navigation staff to be trained and certified in the use of ECDIS systems.

SOLAS II-2/1.2.5 amendment requires all vessels carry self-contained breathing apparatuses for fire man's outfit, to be filled with low volume alarms. This requirement came into force on July 1, 2014 and has to be complied with by July 1, 2019.

A new SOLAS III/1.5 rule requires, at the latest by the first dry docking after July 1, 2014, that all vessels existing lifeboat on-load release mechanisms not currently complying with new paragraphs 4.4.7.6.4 to 4.4.7.6.6 (hook stability, locking devices and hydrostatic interlock) of the LSA code to be replaced with equipment complying with the amended Code. This requires all conventional life boats on load release mechanisms to be examined by specialist companies for compliance, and replacing hooks and associated mechanisms with new compliant designs.

Inspection by Classification Societies

Every oceangoing vessel must be "classed" by a classification society. The classification society certifies that the vessel is "in class," signifying that the vessel has been built and maintained in accordance with the rules of the classification society and complies with applicable rules and regulations of the vessel's country of registry and the international conventions of which that country is a member. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake them on application or by official order, acting on behalf of the authorities concerned.

The classification society also undertakes on request other surveys and checks that are required by regulations and requirements of the flag state. These surveys are subject to agreements made in each individual case and / or to the regulations of the country concerned.

For maintenance of the class certification, regular and extraordinary surveys of hull, machinery, including the electrical plant and any special equipment classed are required to be performed as follows:

Annual Surveys. For seagoing ships, annual surveys are conducted for the hull and the machinery, including the electrical plant and where applicable for special equipment classed, within three months before or after each anniversary date of the date of commencement of the class period indicated in the certificate.

Intermediate Surveys. Extended annual surveys are referred to as intermediate surveys and typically are conducted two and one-half years after commissioning and each class renewal. Intermediate surveys are to be carried out at or between the second or third annual survey.

Special Surveys. Special surveys, also known as class renewal surveys, are carried out for the ship's hull, machinery, including the electrical plant, and for any special equipment classed, at the intervals indicated by the character of

classification for the hull. At the special survey the vessel is thoroughly examined, including audio-gauging to determine the thickness of the steel structures. Should the thickness be found to be less than class requirements, the classification society would prescribe steel renewals. The classification society may grant a one year grace period for completion of the special survey. Substantial amounts of money may have to be spent for steel renewals to pass a special survey if the vessel experiences excessive wear and tear. In lieu of the special survey, every four or five years, depending on whether a grace period was granted or not, a ship owner has the option of arranging with the classification society for the vessel's hull or machinery to be on a continuous survey cycle, in which every part of the vessel would be surveyed within a five year cycle. At an owner's application, the surveys required for class renewal may be split according to an agreed schedule to extend over the entire period of class. This process is referred to as continuous class renewal.

We have made arrangements with the classification societies for most of our vessels to be on a continuous survey cycle for machinery. Hull surveys remain under the above mentioned survey regime which is uniform for all International Association of Classification Societies (IACS) members.
Currently our oceangoing and offshore vessels are scheduled for intermediate surveys and special surveys as follows:

Intermediate survey		Special survey	
Year	No. of vessels	Year	No. of vessels
2016	3	2016	4
2017	5	2017	3
2018	2	2018	4
2019	5	2019	4
2020	3	2020	3

Note: Maximum range period date has been considered.
All areas subject to survey as defined by the classification society are required to be surveyed at least once per class period, unless shorter intervals between surveys are prescribed elsewhere. The period between two subsequent surveys of each area must not exceed five years.
Most vessels are also drydocked every 30 to 36 months for inspection of the underwater parts and for repairs related to inspections. If any defects are found, the classification surveyor will issue a "recommendation" which must be rectified by the ship owner within prescribed time limits.
Most insurance underwriters make it a condition for insurance coverage that a vessel be certified as "in class" by a classification society which is a member of the International Association of Classification Societies, or IACS. In December 2013, the IACS adopted new harmonized Common Structure Rules that align with IMO goal standards, which apply to oil tankers and bulk carriers contracted to be constructed on or after July 1, 2015. All our oceangoing vessels are certified as being "in class".
Risk of Loss and Liability Insurance
General
The operation of any cargo vessel includes risks such as mechanical failure, collision, property loss, cargo loss or damage and business interruption due to political circumstances in foreign countries, hostilities and labor strikes. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental mishaps and the liabilities arising from owning and operating vessels in international trade.
We believe that we maintain insurance coverage against various casualty and liability risks associated with our business that we consider to be adequate based on industry standards and the value of our fleet, including hull and machinery and war risk insurance, loss of hire insurance at certain times for certain vessels, protection and indemnity insurance against liabilities to employees and third parties for injury, damage or pollution, strike covers for certain vessels and other customary insurance. While we believe that our present insurance coverage is adequate, we cannot guarantee that all risks will be insured, that any specific claim will be paid, or that we will always be able to obtain adequate insurance coverage at commercially reasonable rates or at all.
Hull and Machinery and War Risk Insurance
We maintain marine hull and machinery and war risk insurance, which includes the risk of actual or constructive total loss, for our wholly-owned and bareboat chartered vessels. At times, we also obtain for part of our fleet increased value coverage and additional freight insurance during periods of improved market rates, where applicable. This increased value coverage and additional freight coverage entitles us, in the event of total loss of a vessel, to some recovery for amounts not otherwise recoverable under the hull and machinery policy. When we obtain these additional insurances, our vessels will each be covered for at least their fair market value, subject to applicable deductibles (and some may include limitations on partial loss). We cannot assure you, however, that we will obtain this additional coverage on the same or commercially reasonable terms, or at all, in the future.
Loss of Hire

We maintain loss of hire insurance at certain times for certain vessels. Loss of hire insurance covers lost earnings resulting from unforeseen incidents or breakdowns that are covered by the vessel's hull and machinery insurance and result in loss of time to the vessel. Although loss of hire insurance will cover up to ninety days of lost earnings, we must bear the applicable deductibles, which generally range between the first 14 days of lost earnings. We intend to renew these insurance policies or replace them with other similar coverage if rates comparable to those on our present policies remain available. There can be no assurance that we will be able to renew these policies at comparable rates or at all. Future rates will depend upon, among other things, our claims history and prevailing insurance market rates.
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Strike Insurance

Some of our vessels are covered for loss of time due to strikes (on board and in some cases on shore and on board). This insurance is taken with the Strike Club who also insures a portion of the loss of hire deductibles of some of our vessels in case of collision, striking a fixed or floating object, grounding or stranding, injury, death, contraband, pollution, desertion and action of authorities and some others. There can be no assurance that we will be able to renew these policies at comparable rates or at all.

Protection and Indemnity Insurance

Protection and indemnity insurance covers our legal liability for our shipping activities. This includes the legal liability and other related expenses of injury or death of crew, passengers and other third parties, loss or damage to cargo, fines and other penalties imposed by customs or other authorities, claims arising from collisions with other vessels, damage to other third-party property, pollution arising from oil or other substances and salvage, towing and other related costs, wreck removal and other risks. Coverage is limited for vessels to approximately $7.5 billion with the exception of i) oil pollution liability, which is limited to $1.0 billion per vessel per incident, ii) liability to passengers, which is limited to $2.0 billion and iii) liability to Passengers and Seaman, which is limited to $3.0 billion. This protection and indemnity insurance coverage is provided by protection and indemnity associations, or P&I Clubs, which are non-profit mutual assurance associations made up of members who must be either ship owners or ship managers. The members are both the insured parties and the providers of capital. The P&I Clubs in which our vessels are entered are currently members of the International Group of P&I Associations, or the International Group and are reinsured themselves and through the International Group in Lloyds of London and other first class reinsurance markets. We may be subject to supplementary calls based on each Club's yearly results. Similarly, the same P&I Clubs provide freight demurrage and defense insurance which, subject to applicable deductibles, covers all legal expenses in case of disputes, arbitrations and other proceedings related to our oceangoing vessels.

C. ORGANIZATIONAL STRUCTURE

Ultrapetrol (Bahamas) Limited is a company organized and registered as an International Business Company in the Commonwealth of the Bahamas since December 23, 1997.

Ultrapetrol (Bahamas) Limited has ownership (both direct and indirect) in the following companies:

COMPANY NAME	INCORPORATION JURISDICTION	OWNERSHIP (1)
Ultrapetrol (Bahamas) Limited	Bahamas	
Agencia Maritima Argenpar S.A.	Argentina	100.00%
Agriex Agenciamentos, Afretamentos e Apoio Maritimo Ltda.	Brazil	100.00%
Amber Shipping Inc.	Panama	100.00%
Arlene Investments Inc.	Panama	100.00%
Bayshore Shipping Inc.	Panama	100.00%
Brinkley Shipping Inc.	Panama	100.00%
Boise Trading Inc.	Panama	100.00%
Cedarino S.A.	Spain	100.00%
Compañía Paraguaya de Transporte Fluvial S.A.	Paraguay	100.00%
Corporación de Navegación Mundial S.A.	Chile	100.00%
Corydon International S.A.	Uruguay	100.00%
Dampierre Holdings Spain S.A.	Spain	100.00%
Danube Maritime Inc.	Panama	100.00%
Dingle Barges Inc.	Liberia	100.00%
Eastham Barges Inc.	Liberia	100.00%
Elysian Ship Management Ltd.	Bahamas	100.00%
Fulton Shipping Inc.	Panama	100.00%
General Ventures Inc.	Liberia	100.00%
Glasgow Shipping Inc.	Panama	100.00%

Hallandale Commercial Corp	Panama	100.00%
Hanford Shipping Inc.	Panama	100.00%
Havekost S.A.	Uruguay	100.00%
Ingatestone Holdings Inc.	Panama	100.00%
Jura Shipping Inc.	Panama	100.00%
Lewistown Commercial Corp.	Panama	100.00%
Leeward Shipping Inc.	Panama	100.00%
Linford Trading Inc.	Panama	100.00%
Lonehort S.A.	Uruguay	100.00%
Longmoor Holdings Inc.	Panama	100.00%
Marine Financial Investment Corp.	Panama	100.00%
Maritima SIPSA S.A.	Chile	49.00%
Massena Port S.A.	Uruguay	100.00%
Naviera del Sud S.A.	Argentina	100.00%
Obras Terminales y Servicios S.A.	Paraguay	50.00%
Oceanpar S.A.	Paraguay	100.00%
Packet Maritime Inc.	Panama	100.00%
Padow Shipping Inc.	Panama	100.00%
Palmdeal Shipping Inc.	Panama	100.00%
Parabal S.A.	Paraguay	100.00%
Parfina S.A.	Paraguay	100.00%

COMPANY NAME	INCORPORATION JURISDICTION	OWNERSHIP (1)
Powtec S.A.	Uruguay	100.00%
Princely International Finance Corp.	Panama	100.00%
Puerto del Sur S.A.	Paraguay	100.00%
Ravenscroft Holdings Inc.	Florida	100.00%
Ravenscroft Ship Management Inc.	Florida	100.00%
Ravenscroft Ship Management Ltd.	Bahamas	100.00%
Ravenscroft Ship Management Ltd.	UK	100.00%
Ravenscroft Shipping (Bahamas) S.A.	Bahamas	100.00%
Regal International Investments S.A.	Panama	100.00%
River Ventures LLC	Delaware	100.00%
Riverpar S.A.	Paraguay	100.00%
Riverview Commercial Corp.	Panama	100.00%
Sernova S.A.	Argentina	100.00%
Ship Management and Commercial Services Ltd.	Bahamas	100.00%
Ship Management Services Inc.	Florida	100.00%
Springwater Shipping Inc.	Panama	100.00%
Stanyan Shipping Inc.	Panama	100.00%
Tecnical Services S.A.	Uruguay	100.00%
Thurston Shipping Inc.	Panama	100.00%
Topazio Shipping LLC	Delaware	100.00%
Tuebrook Holdings Inc.	Panama	100.00%
UABL Barges (Panama) Inc.	Panama	100.00%
UABL Limited	Bahamas	100.00%
UABL Paraguay S.A.	Paraguay	100.00%
UABL S.A.	Argentina	100.00%
UABL S.A.	Panama	100.00%
UABL Terminals (Paraguay) S.A.	Panama	100.00%
UABL Terminals Ltd.	Bahamas	100.00%
UABL Towing Services S.A.	Panama	100.00%
Ultrapetrol S.A.	Argentina	100.00%
UP (River) Ltd.	Bahamas	100.00%
UP Offshore (Bahamas) Ltd.	Bahamas	100.00%
UP Offshore (Panama) S.A.	Panama	100.00%
UP Offshore (UK) Ltd.	UK	100.00%
UP Offshore Apoio Maritimo Ltda.	Brazil	100.00%
UP Offshore Uruguay S.A.	Uruguay	100.00%
UP River (Holdings) Ltd.	Bahamas	100.00%
UP River Terminals (Panama) S.A.	Panama	100.00%
UPB (Panama) Inc.	Panama	100.00%
Woodrow Shipping Inc.	Panama	100.00%
Yataity S.A.	Paraguay	100.00%
Zubia Shipping Inc.	Panama	100.00%

(1) Direct or indirect ownership by Ultrapetrol (Bahamas) Limited.

D. PROPERTY, PLANT AND EQUIPMENT

Ravenscroft is headquartered in our own 16,007 square foot building located at 3251 Ponce de Leon Boulevard, Coral Gables, Florida, United States of America.

In addition we own two repair facilities, one in Pueblo Esther, Argentina, where we operate a floating drydock and another one in Chaco-I, Paraguay, which also serves as a fleeting facility. We own a new shipyard for building barges or other vessels in Punta Alvear, Argentina, one grain loading terminal and 50% joint venture on a second terminal in Paraguay (the latter of which can also load and discharge liquid cargos such as vegetable oils and petroleum products). We also own land large enough for the construction of two further terminals in Argentina.

We rent offices in Argentina, Brazil, Paraguay and the United Kingdom.

ITEM 4A – UNRESOLVED STAFF COMMENTS

None.

ITEM 5 – OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion should be read in conjunction with the information included under the caption "Selected Financial Data," our historical consolidated financial statements and their notes included elsewhere in this annual report. This discussion contains forward-looking statements. For a discussion of the accuracy of these statements please refer to the section of this report titled "Cautionary Statement Regarding Forward Looking Statements" that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as those set forth in the section entitled "Risk Factors" in Item 3.D of this report and elsewhere in this annual report. The debt negotiations with our lenders discussed in Section B. "Liquidity and Capital Resources" below raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements and the results of operations discussion of this section do not include any adjustments relating to the recoverability and classification of recorded asset amounts, the amounts and classification of liabilities, or any other adjustments that might result in the event the Company is unable to continue as a going concern.

A. OPERATING RESULTS

Our Company

We are an industrial transportation company serving the marine transportation needs of its clients in the markets on which it focuses. It serves the shipping markets for containers, grain and soya bean products, forest products, minerals, crude oil, petroleum and refined petroleum products, as well as the offshore oil platform supply market with its extensive and diverse fleet of vessels. These include river barges and pushboats, platform supply vessels, tankers and two container feeder vessels.

- Our River Business, with 681 barges (of which 24 are under lease) and 34 pushboats as of December 31, 2015, is the largest owner and operator of river barges and pushboats that transport dry bulk and liquid cargos through the Hidrovia Region of South America, a large area with growing agricultural, forest and mineral related exports. This region is crossed by navigable rivers that flow through Argentina, Brazil, Bolivia, Paraguay and Uruguay to ports serviced by ocean export vessels. These countries are estimated to account for approximately 54% of world soybean production in 2016, as compared to 30% in 1995. We also own a barge building facility at Punta Alvear, which is the most modern of its kind in South America, and we own an inland tank barge, Parana Iron, which has been converted into an iron ore transfer and storage unit currently employed with a non-related third party. Finally, we own an additional transshipment unit to transfer cargo between barges.
- Our Offshore Supply Business owns and operates vessels that provide critical logistical and transportation services for offshore petroleum exploration and production companies, in the coastal waters of Brazil and the North Sea. As of December 31, 2015, our Offshore Supply Business fourteen-vessel fleet consisted of thirteen Platform Supply Vessels, or PSVs, and one ROV (Remotely Operated Vehicle) Support Vessel, or RSV. Out of the thirteen PSVs, eight were chartered in Brazil (although one of these vessels was blocked) and two remained laid-up in the North Sea while being tendered for long term charters with Petrobras. On September 9, 2015, we received notification from Petrobras regarding the early termination of the contracts of UP Amber, UP Pearl, and UP Esmeralda, effective immediately. Additionally, our UP Turquoise was blocked. We are exploring alternative courses of action to remedy this situation, including negotiations with Petrobras and employment in other offshore markets. Lastly, our RSV UP Coral has entered into its six-year contract with Petrobras on August 5, 2015.
- Our Ocean Business, as of December 31, 2015, owned three ocean-going vessels and bareboat chartered two more that we regularly employ in the South American coastal trade where we have preferential rights and customer relationships. The fleet is comprised of three Product Tankers (two of which are under lease) and two container feeder vessels. On March 25, 2015, we bareboat chartered Mentor for 3 years, which entered into a time charter with Petrobras on July 1, 2015. On May 13, 2015, and June 15, 2015, respectively, we sold our Product Tankers Amadeo and Miranda I. In addition, our Product Tanker Alejandrina completed its last charter on September 18, 2015, and was sold on January 28, 2016.

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.

Developments in 2015

On January 20, 2015, the counterparty to an arbitration initiated by one of our subsidiaries in January 2013 related to the nonperformance of a barge construction contract has decided not to appeal the arbitration award issued on December 23, 2014, in favor of our subsidiary in which $1.9 million were awarded on account of damages plus interests and costs. On December 15, 2015, the Company entered into a final agreement with the former customer for a final amount of $2.3 million, of which $0.6 million was collected during the year ended December 31, 2015, and the balance is due to be collected in monthly installments of $0.2 million, beginning in January 2016.

On January 25, 2015, our UP Opal commenced its recently awarded four-year charter at $31,000 per day with Petrobras.
On March 3, 2015, our UP Turquoise commenced its recently renewed four-year charter at $30,350 per day with Petrobras, which is the same rate as its previous charter.
On March 11, 2015, the period granted by the share purchase agreement for Hazels to deliver an offer to purchase the Company's Ocean Business expired.
On March 25, 2015, we bareboat chartered the Product Tanker Mentor for 3 years.
On April 25 and 29, 2015, respectively, our two PSVs operating in the UK North Sea, UP Agate and UP Jasper, were laid-up on account of weak spot rates in the region. These two vessels are being offered at Petrobras tenders.
On May 6, 2015, our Product Tanker Alejandrina was placed back into service on a 4-month time charter (extendable for an additional 2 months at the charterer's option) with a non-related third party. Such charter finalized on September 18, 2015, and has remained laid-up thereafter.
On May 13, 2015, we entered into an MOA whereby we agreed to sell our Product Tanker Amadeo for $3.2 million. This vessel was subsequently delivered to buyers on May 29, 2015.
On May 21, 2015, we entered into a barge building contract whereby we agreed to build and sell from our Punta Alvear yard a set of six newbuilt tank barges to a third party.
On June 3, 2015, we drew down $20.0 million related to the $40.0 million reducing, revolving credit facility with DVB.
On June 15, 2015, we entered into an MOA whereby we agreed to sell our Product Tanker Miranda I for $0.8 million. This vessel was subsequently delivered to buyers on July 16, 2015.
On July 1, 2015, the bareboat chartered Product Tanker, Mentor, entered into its 3-year time charter with Petrobras.
On July 29, 2015, we appointed Raul Sotomayor to our Board of Directors following the resignation of Rodrigo Lowndes. Mr. Sotomayor is a Senior Partner of Southern Cross with extensive regional and logistics experience.
On August 5, 2015, our RSV UP Coral entered into its six-year contract with Petrobras.
On August 25, 2015, the Company received notice from the NASDAQ Stock Exchange ("NASDAQ") indicating that the Company's common stock is not in compliance with NASDAQ's continued listing standard requiring a minimum closing bid price of at least $1.00 per share over the preceding 30 consecutive business days.
On September 9, 2015, we received notification from Petrobras regarding the early termination of contracts for three of our non-Brazilian flag platform supply vessels UP Amber, UP Pearl, and UP Esmeralda, effective immediately. Additionally, our UP Turquoise was blocked. We are exploring alternative courses of action to remedy the situation, including negotiations with Petrobras and employment in other offshore markets.
On September 17, 2015, we drew down $3.2 million corresponding to the second advance of our UP Coral in respect of the Loan Agreement with DVB and NIBC.
On September 18, 2015, we drew down $8.8 million related to the $40.0 million reducing, revolving credit facility with DVB.
On October 20, 2015, we engaged a financial advisor to explore strategic alternatives.
On October 28, 2015, the three-year term employment contracts and consultancy agreements of two of our officers expired. One of these officers entered into a new employment contract on October 29,2015, for the term of one year.
On November 17, 2015, we appointed Sebastián Villa to our Board of Directors. Mr. Villa is a Senior Partner of Southern Cross and a member of the Executive Committee of Southern Cross Group.
On December 11, 2015, we appointed Eduardo Ojea Quintana, a current member of our Board of Directors, Chairman of the Board, replacing Horacio Reyser, who resigned as Chairman of the Board and as Director.
On December 15, 2015, we announced that the Company decided not to make the $10.0 million interest payment due December 15, 2015, on its outstanding 2021 Notes. As a result, the 30-day grace period for the Company to make such repayment began on that date. Additionally, the Company announced that it decided not to make the $6.5 million interest and principal repayments on the other loan facilities related to the Company's River Business, but subsequently made such payments on December 21, 2015.

Recent Developments

On January 11, 2016, we signed forbearance agreements through March 31, 2016, with lenders to certain of the Company's subsidiaries in its Offshore Supply Business.

On January 13 and January 14, 2016, we prepaid $1.8 million and $2.5 million of the outstanding balances under the senior loan facilities related to our subsidiaries Linford Trading Inc. and Ingatestone Holdings Inc., respectively, pursuant to the forbearance agreements signed with the lenders of these subsidiaries.

On January 15, 2016, the 30-day grace period to make the $10.0 million interest payment related to outstanding 2021 Notes expired.

On January 15, 2016, we signed forbearance agreements through March 31, 2016, with IFC and OFID regarding loan facilities related to the Company's River Business.

On January 28, 2016, we entered into a MOA whereby we agreed to sell out Product Tanker Alejandrina for $4.9 million. This vessel was subsequently delivered to buyers on March 7, 2016.Concurrently, on that same date, we fully repaid $2.9 million corresponding to the outstanding balance of our senior loan facility with Natixis.

On January 29, 2016, the Company announced that, as a result of its negotiations with advisors representing in excess of 85% of the holders of the Company's 2021 Notes, the Company reached a forbearance agreement through March 31, 2016 (the "Bondholder Forbearance Agreement"). This agreement provides for the appointment of two new, independent directors, as well as but not limited to the formation of a special committee that will explore restructuring options and make recommendations to the Company's Board of Directors. Among such recommendations are the standalone restructuring proposal and/or selling the River Business segment.

On February 9, 2016, in accordance with the Bondholder Forbearance Agreement, the Company closed a consent solicitation that resulted holders of $223,348,000 aggregate principal amount of the Notes, representing approximately 99.27% percent of the 2021 Notes outstanding, consenting to the Forbearance Agreement. Accordingly, each holder that submitted a Forbearance Form received $8.954635 per $1,000 in aggregate principal amount of 2021 Notes held.

On February 9, 2016, the Company received notice from NASDAQ indicating that the Company's common stock was not in compliance with NASDAQ's continued listing standard for the NASDAQ Global Select Market requiring a minimum market value of publicly held shares of $5,000,000 for the preceding 30 consecutive business days.

Effective February 23, 2016, the Company's stock was listed on the NASDAQ Capital Market, rather than on the NASDAQ Global Select Market. By transferring to the NASDAQ Capital Market, the Company regained compliance with the continued listing standard for the minimum required market value of its publicly held shares. Also in connection with the Company's move to the NASDAQ Capital Market, NASDAQ has extended the period during which the Company must come into compliance with the minimum bid price per share requirement through August 22, 2016. If at any time during that period, the closing bid price of the Company's common stock is at least $1.00 per share for a minimum of ten consecutive business days, compliance will be regained and the matter will be closed. Ultrapetrol intends to regain compliance with this continued listing standard by bringing the share price back to at least $1.00 within the prescribed timeframe and will consider a range of available options to ensure full compliance with the continued listing standards of the NASDAQ Capital Market.

On February 11, 2016, Mr. Barry W. Ridings and Mr. John C. Wobensmith joined the Company's Board of Directors, pursuant to the Bondholder Forbearance Agreement. As a result of these appointments, the Board's membership increased to seven and the Special Committee was formed. The Special Committee shall, among other things, explore and make recommendations to the Board of Directors of the Company in connection with a potential restructuring of the Company.

On April 5, 2016, the Company announced that it reached an agreement with its secured lenders to extend its existing forbearance agreements through April 30, 2016.

Factors Affecting Our Results of Operations

We organize our business and evaluate performance by the following business segments: the River Business, the Offshore Supply Business and the Ocean Business. The accounting policies of the reportable segments are the same as those for the consolidated financial statements. We do not have significant inter-segment transactions.

Revenues

In our River Business, we currently contract for the carriage of cargoes, mostly 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 except for the sale of 24 barges to a third party which are then leased back to us. In that case, neither net revenues nor manufacturing expenses are recognized and the net result from the sale of those barges is deferred in time throughout the term of the lease. Finally, under our transshipment service agreement, we will recognize revenues per ton upon completion of loading of the oceangoing vessels.

In our Offshore Supply Business, we contract a substantial portion of our capacity under time charters to charterers in Brazil. We may decide to employ our vessels in the North Sea spot and/or term market or in any other markets such as West Africa or anywhere in the world.

In our Ocean Business, we currently contract our tanker vessels on a time charter basis. We sell space on our container feeder vessels on a per Twenty Foot-Equivalent Unit ("TEU") basis which is very similar to a COA basis as far as recording of revenues and voyage expenses. 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 49% of the total revenues derived from transportation services in 2015 and COA revenues accounted for 51%. With respect to COA revenues derived from transportation service in 2015, 96% were in respect of repetitive voyages for our regular customers and 4% were in respect of single voyages for occasional customers.

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

In our River Business, demand for our cargo carrying 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 Parana 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 our RSV and eight of our PSVs operating under long-term charters with Petrobras (one of which is currently blocked) in Brazil. Three from our remaining vessels are currently laid-up in Brazil and two in the North Sea. We are exploring alternative courses of action for these vessels, including negotiations with Petrobras. Petrobras current situation may result in it having to cut back on its capital expenditure plans. Such reduction could adversely affect the amount of exploration and production undertaken by Petrobras, which in turn could negatively affect our PSV and RSV operations in Brazil and our results of operations. We believe that Petrobras' capital expenditure plans 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, 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. We may decide to employ our vessels in the North Sea spot and/or term market or in any other markets such as West Africa or anywhere in the world

In our Ocean Business, we employed a significant part of our ocean fleet on time charter to different customers during 2015.

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 in 2015 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 and warehouse 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

Our exchange rate risk arises in the ordinary course of our business primarily from our foreign currency expenses and revenues. We are also exposed to exchange rate risk on the portion of our balances denominated in currencies other than the U.S. dollar, such as tax credits in various tax jurisdictions in South America.

During 2015, 94% of our revenues were denominated in U.S. dollars. Also, for the year ended December 31, 2015, 5% of our revenues were denominated and collected in Brazilian reais and 1% were denominated and collected in British pounds. However, 41% of our total revenues were denominated in U.S. dollars but collected in Argentine pesos, Brazilian reais and Paraguayan guaranies. During 2015 significant amounts of our expenses were denominated in U.S. dollars and 42% of our total out of pocket operating expenses 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 during the month of each transaction. The average exchange rate of 2015 of the Argentine peso to the U.S. dollar devalued approximately 14% as compared to the average exchange rate of 2014. Similarly, the average exchange rate of 2015 of the Brazilian real to the U.S. dollar devalued approximately 42% as compared to the average exchange rate of 2014.

Foreign currency exchange gains (losses), net are included as a component of other expenses, net in our consolidated financial statements.

Inflation, Interest Rates 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 based on published LIBOR rates. After the financial crisis which began in 2008, however, lenders have insisted on 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 December 31, 2015, we had $48.9 million of LIBOR-based variable rate borrowings under our credit facilities with International Finance Corporation, or IFC, and The OPEC Fund for International Development, or 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 until June 2016.

As of December 31, 2015, the Company had $14.6 million of LIBOR-based variable rate borrowings under its credit facility with DVB, NIBC and ABN Amro subject to interest rate swaps, as economic hedges, to fix the interest rate of these borrowings between October 2012 and October 2016 at a weighted average cost of debt of 0.9% per annum, excluding margin. In addition, the Company had $14.4 million of LIBOR-based variable rate borrowings under the same facility subject to interest rate swaps designated as cash flow hedge for accounting purposes, to fix the interest rate of these borrowings between March 2014 and September 2016 at a weighted average cost of debt of 1.2% per annum, excluding margin. Finally, the Company had $15.4 million of LIBOR-based variable rate borrowings under the same facility subject to interest rate swaps designated as cash flow hedge for accounting purposes, to fix the interest rate of these borrowings between October 2014 and October 2016 at a weighted average cost of debt of 1.22% per annum, excluding margin.

As of December 31, 2015, the Company had $6.0 million of LIBOR-based variable rate borrowings under its credit facility with DVB and Banco Security, subject to an interest rate swap, designated as cash flow hedge for accounting purposes, to fix the interest rate of these borrowings at a weighted average interest rate of 3.39% per annum. Additionally, as of December 31, 2015, the Company had variable rate debt (due 2015 through 2021) totaling $125.8 million. These debts call for the Company to pay interest based on LIBOR plus a 120-400 basis points margin range. Some of our existing financing agreements, within the terms and conditions contained in the relevant loan agreement, used a cost-of-funds rate in replacement of LIBOR. The interest rates generally reset either quarterly or semi-annually. As of December 31, 2015, the weighted average interest rate on these borrowings was 3.4%, 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 $1.3 million increase in our interest expense per year, which would adversely affect our earnings and financing cash flow.

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 they 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' account.

In our Ocean Business, for those vessels that operate under time charters, increases 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 bunker 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 service, 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 employ our Product Tankers on time charters so there is no seasonality effect, while our container feeder service experiences a somewhat slower season during the first quarter due to the congestion at the main discharge terminal in Patagonia in connection with the cruise tourist season.

Results of Operations

Year Ended December 31, 2015, Compared to Year Ended December 31, 2014.

The following table sets forth certain historical income statement data for the periods indicated derived from our statements of operations expressed in thousands of dollars.

	Year Ended December 31,		
	2015	2014	Percent Change
Revenues			
Attributable to River Business	$172,565	$175,110	-1%
Attributable to Offshore Supply Business	107,094	119,581	-10%
Attributable to Ocean Business	67,818	68,984	-2%
Total revenues	347,477	363,675	-4%
Voyage and manufacturing expenses			
Attributable to River Business	(73,946)	(90,773)	-19%
Attributable to Offshore Supply Business	(5,074)	(6,879)	-26%
Attributable to Ocean Business	(25,848)	(21,433)	21%
Total voyage expenses	(104,868)	(119,085)	-12%
Running costs			
Attributable to River Business	(56,252)	(61,445)	-8%
Attributable to Offshore Supply Business	(44,950)	(52,318)	-14%
Attributable to Ocean Business	(36,030)	(34,754)	4%
Total running costs	(137,232)	(148,517)	-8%
Amortization of drydocking and intangible assets	(9,860)	(7,537)	31%
Depreciation of vessels and equipment	(41,272)	(45,880)	-10%
Loss on write-down of vessels, goodwill and intangible assets	(8,030)	(10,511)	-24%
Administrative and commercial expenses	(48,292)	(47,081)	3%
Other operating income, net	1,859	1,597	16%
Operating (loss) profit	(218)	(13,339)	-98%
Financial expense	(36,079)	(35,097)	3%
Financial loss on extinguishment of debt	--	--	--%
Foreign currency exchange (losses) gains, net	(4,820)	2,089	--%
Investment in affiliates	(817)	(1,056)	-23%
Other, net	240	192	25%
Total other expenses	(41,476)	(33,872)	22%
(Loss) before income tax	$(41,694)	$(47,211)	-12%
Income tax expenses	(6,310)	(5,065)	25%
Net loss attributable to Ultrapetrol (Bahamas) Limited	(48,004)	(52,276)	-8%

Revenues. Total revenues from our River Business decreased 1% from $175.1 million in 2014 to $172.6 million in 2015. This $2.5 million decrease is mainly attributable to a $8.4 million decrease in revenues from river operations mostly related to lower average freight rates, and a $0.3 million decrease in other revenues; partially offset by a $4.5 million increase in revenues from our Parana Iron transfer and storage unit which started operations on May 13, 2014, a $0.8 million increase in revenues from our time charter with Vale, and a $0.8 million increase related to the barges

constructed at our yard in Punta Alvear sold to third parties during 2015, as compared to 2014.

Total revenues from our Offshore Supply Business decreased by 10% from $119.6 million in 2014 to $107.1 million in 2015. This $12.5 million decrease is primarily attributable to a combined $11.5 million decrease related to the contract cancellation by Petrobras in September 2015 of our UP Amber, UP Pearl and UP Esmeralda, an $8.6 million decrease in revenues of our UP Jasper and UP Agate related to their lay up in the North Sea on account of low average spot rates, a $2.9 million decrease in revenues related to the blocking of our UP Turquoise, and a $2.0 million decrease in revenues of the rest of our PSV fleet (excluding UP Opal) related to an average 42% devaluation of the Brazilian real between 2014 and 2015; partially offset by a $12.5 million combined increase in revenues of our RSV UP Coral and UP Opal, which entered into long-term charters with Petrobras on August 5, 2015 and January 25, 2015, respectively, as compared to their operation in the North Sea during the same period last year.

Total revenues from our Ocean Business decreased $1.2 million, from $69.0 million in 2014 to $67.8 million in 2015. This decrease is mainly attributable to a $6.4 million decrease in revenues of our Amadeo which was sold and delivered to buyers on May 29, 2015, to a $3.4 million decrease of our Miranda I which was sold and delivered to buyers on July 16, 2015, and to a $1.7 million decrease of our Alejandrina which operated from May 2015 until September 2015 and was laid-up thereafter; partially offset by $4.8 million increase of our Mentor which entered operation on July 1, 2015, to a $4.3 million increase mainly related to a better performance from our container feeder business and a $1.3 million increase related to our Austral mainly attributable to its drydock during the third quarter of 2014.

Voyage and manufacturing expenses. In 2015, voyage and manufacturing expenses of our River Business were $73.9 million, as compared to $90.8 million for 2014, a decrease of $16.9 million, or 19%. This decrease is mainly attributable to a combined $18.4 million decrease related to lower fuel prices and lower voyage expenses derived from the new operational model implemented in 2015 (we transitioned from a complex hub-and-spoke system to a point-to-point system); partially offset by a $1.6 million increase related to the manufacturing expenses incurred in the construction of barges sold to third parties.

In 2015, voyage expenses of our Offshore Supply Business were $5.1 million, as compared to $6.9 million in 2014. This decrease of $1.8 million, or 26%, is primarily attributable to a $2.6 million decrease mainly related to positioning costs of our UP Agate, UP Coral and UP Opal during 2014 and a combined $1.1 million decrease in voyage expenses in the rest of our PSV fleet (excluding our UP Rubi) related to an average 42% devaluation of the Brazilian real between 2014 and 2015; partially offset by a $1.8 million increase related to the payment to a contractor of our RSV UP Coral.

In 2015, voyage expenses of our Ocean Business were $25.8 million, as compared to $21.4 million for 2014, an increase of $4.4 million, or 21%. This increase is primarily attributable to a $3.1 million increase related to start-up costs and voyage expenses of our Mentor, and a $2.0 million increase mainly due to other voyage expenses (such as port expenses and terminal handling charges) and logistics expenses related to our Asturiano and our Argentino; partially offset by a $0.6 million combined decrease related to lower bunker costs of our Asturiano and our Argentino on account of lower fuel prices, and a $0.2 million decrease related to our Amadeo and Miranda I, which were sold and delivered to buyers on May 29 and July 16, 2015, respectively.

Running costs. In 2015, running costs of our River Business were $56.3 million, as compared to $61.4 million in 2014, a decrease of $5.1 million, or 8%. This decrease is mainly attributable to a $6.7 million decrease in maintenance costs related to our pushboat and barge fleet and a $3.6 million decrease in running costs related to our 4 convoys chartered to Vale on account of lower utilization during 2015 compared to 2014 and a $0.3 million decrease in other running costs of our pushboat fleet; partially offset by a $3.9 million increase related to crew costs mainly on account of severance payments and $1.4 million increase in running costs related to our Parana Iron.

In 2015, running costs of our Offshore Supply Business were $45.0 million, as compared to $52.3 million in 2014, a decrease of $7.3 million, or 14%. This decrease in running costs is primarily attributable to $4.5 million decrease in costs of most of our PSVs mainly related to the devaluation of the Brazilian real, a $2.2 million decrease of our UP Jasper and UP Agate related to their lay up in the North Sea due to low average spot rates, a $2.1 million combined decrease mainly related to the contract cancellation by Petrobras in September 2015 of our UP Amber, UP Pearl and UP Esmeralda, and a $1.0 million decrease related to the blocking of our UP Turquoise; partially offset by a $2.4 million increase in costs related to our RSV UP Coral and UP Opal which entered into long-term charters with Petrobras on August 5, 2015, and January 25, 2015, respectively, as compared to their operation in the North Sea

during 2014.

In 2015, running costs of our Ocean Business were $36.0 million, as compared to $34.8 million in 2014, an increase of $1.2 million, or 4%. This increase resulted mainly from a $4.8 million increase related to our Mentor which entered into a time charter with Petrobras on July 1, 2015, and to a combined $2.7 million increase in crew costs related to our Asturiano, Argentino and Austral attributable to inflationary pressure in local currency not compensated by a devaluation of the exchange rate; partially offset by a $5.1 million decrease in crew and maintenance costs related to our Amadeo and Miranda I, which were sold and delivered to buyers on May 29 and July 16, 2015, respectively, and by a $1.1 million decrease related to the partial operation of our Alejandrina, which ended its last employment on September 18, 2015.

Amortization of drydocking and intangible assets. Amortization of drydocking and intangible assets in 2014 was $7.5 million, as compared to $9.9 million in 2015, an increase of $2.4 million, or 31%. This increase is primarily attributable to a $1.2 million increased level of amortization of drydocking of some of our pushboats and barges and a $0.5 million increased level of amortization of drydocking of our Parana Iron transfer and storage unit, in our River Business; by a combined $1.2 million increased level of amortization of drydock of our PSV fleet, in our Offshore Supply Business; by a combined $0.4 million increase in the level of amortization of drydock of our Alejandrina and our Mentor, in our Ocean Business; partially offset by a $0.6 million decreased level of amortization of drydock of our Amadeo and our Miranda I, which were sold and delivered to buyers on May 29 and July 16, 2015, respectively, and by a $0.3 million decrease in the level of amortization of drydocking of our Argentino.

Depreciation of vessels and equipment. Depreciation of vessels and equipment was $41.3 million in 2015 as compared to $45.9 million in 2014. This $4.6 million decrease is mainly attributable to a $3.2 million decrease related to our barge fleet due to a onetime loss event recorded in the fourth quarter of 2014 that did not repeat in 2015, a combined $2.2 million decrease related to the sale of our Amadeo, Miranda I and Alejandrina on May 13, 2015, July 15, 2013 and January 28, 2016, respectively, and a $0.8 million decrease in depreciation of our Parana Iron; partially offset by a $1.1 million increase related to our pushboat fleet and a $0.6 million combined increase relate to our UP Opal, UP Coral and UP Agate.

Loss on write-down of vessels, goodwill and intangible assets. The $8.0 million write-down amount for 2015 mainly corresponds to a $5.6 million impairment charge of goodwill and intangible assets related to Ravenscroft on account of the discontinuation of our ship management operation and a $2.4 million loss of our Alejandrina, which completed its last charter on September 18, 2015, and was sold on January 28, 2016, in order to write down the carrying amount to its estimated fair value.

Administrative and commercial expenses. Administrative and commercial expenses were $48.3 million in 2015 as compared to $47.1 million in 2014, resulting in an increase of $1.2 million, or 3%. This variation is primarily attributable to an aggregate $3.6 million increase related to provisions for legal and tax claims, a $1.6 million increase related to severance payments of two company officers according to their employment and consulting agreements termination clauses, and by inflation-related wage increases not compensated by an equivalent devaluation in some of our subsidiaries, mainly in Argentina; partially offset by the former CEO and Executive Vice President's severance payments according to their employment and consulting agreements termination clauses for $5.7 million in 2014.

Other operating income, net. Other operating income increased from $1.6 million in 2014 to $1.9 million in 2015. This $0.3 million difference is primarily driven by a $2.1 million increase mainly related to the favorable outcome of an arbitration initiated by one of our subsidiaries in January 2013 associated to a barge construction agreement entered in 2011 with a third party; partially offset by a $1.0 million net loss mostly attributable to the sale of our Amadeo on May 13, 2015, a $0.5 million loss of hire compensation of our UP Opal during the second quarter of 2014 and by a $0.3 million combined decrease mainly attributable to loss of hire compensations related to our Asturiano and our Austral during 2014.

Operating (loss) profit. Operating loss for 2015 was $0.2 million (which includes a loss of $8.0 million related to write-down of vessels, goodwill and intangible assets in our Ocean Business), which represents a loss decrease of $13.1 million from an operating loss of $13.3 million in 2014 (which includes an impairment charge of $10.5 million in our Ocean Business and a $5.7 million loss associated to the former CEO and Executive Vice President's severance payments according to their employment and consulting agreements termination clauses). This loss decrease is mainly attributable to a $19.9 million decrease in our River Business operating loss of $30.0 million in 2014 to $10.1 million in 2015; partially offset by a $4.5 million decrease in the operating profit of our Offshore Supply Business from $29.0 million in 2014 to $24.5 million in 2015, and a $2.3 million increase in operating loss of our Ocean Business from $12.3 million in 2014 to $14.6 million in 2015.

Financial expense. Financial expense increased by $1.0 million from $35.1 million in 2014 to $36.1 million in 2015. This variation is mostly explained by $2.1 million increase in debt renegotiation costs incurred during 2015; partially offset by a $1.0 million combined decrease in interest expense on our long-term debt and commitment fees.

Foreign currency exchange gains (losses), net. Foreign currency exchange loss for 2015 was $4.8 million as compared to a $2.1 million gain in 2014. This $6.9 million variation is mainly attributable to lower cash foreign currency exchange gains in some of our subsidiaries and to losses generated by the effect of our exposure to the fluctuation in the value of local currencies mostly related to the devaluation of the Brazilian real and the Argentine peso during 2015.

Income taxes (expenses) benefit. Income tax expense for 2015 was $6.3 million, compared to $5.1 million in 2014. This $1.2 million increase is mainly attributable to a $3.7 million increase in the charge related to deferred tax assets and tax on minimum presumed income credit expensed based on the weight of negative available evidence at December 31, 2015 which would not be realized in the future in one of our Argentinean subsidiaries operating in the

River and Ocean Businesses and $1.1 million increase in the charge attributable to higher pretax income of other Argentinean subsidiary; partially offset by a $3.6 million decrease in the charge attributable mainly to a lower pretax income in Brazil in our Offshore Supply Business.

Results of Operations

Year Ended December 31, 2014, Compared to Year Ended December 31, 2013.

The following table sets forth certain historical income statement data for the periods indicated derived from our statements of operations expressed in thousands of dollars.

	Year Ended December 31,		
	2014	2013	Percent Change
Revenues			
Attributable to River Business	$175,110	$246,798	-29%
Attributable to Offshore Supply Business	119,581	93,154	28%
Attributable to Ocean Business	68,984	71,265	-3%
Total revenues	363,675	411,217	-12%
Voyage and manufacturing expenses			
Attributable to River Business	(90,773)	(133,957)	-32%
Attributable to Offshore Supply Business	(6,879)	(4,984)	38%
Attributable to Ocean Business	(21,433)	(22,381)	-4%
Total voyage expenses	(119,085)	(161,322)	-26%
Running costs			
Attributable to River Business	(61,445)	(57,851)	6%
Attributable to Offshore Supply Business	(52,318)	(40,513)	29%
Attributable to Ocean Business	(34,754)	(37,792)	-8%
Total running costs	(148,517)	(136,156)	9%
Amortization of drydocking and intangible assets	(7,537)	(3,582)	110%
Depreciation of vessels and equipment	(45,880)	(38,953)	18%
Loss on write-down of vessels	(10,511)	--	--
Administrative and commercial expenses	(47,081)	(41,730)	13%
Other operating income, net	1,597	5,692	-72%
Operating (loss) profit	(13,339)	35,166	--
Financial expense	(35,097)	(33,551)	5%
Financial loss on extinguishment of debt	--	(5,518)	--
Foreign currency exchange gains, net	2,089	18,849	-89%
Investment in affiliates	(1,056)	(520)	103%
Other, net	192	92	109%
Total other income (expenses)	(33,872)	(20,648)	64%
(Loss) Income before income tax	$(47,211)	$14,518	--
Income tax expenses	(5,065)	(6,597)	-23%
Net income attributable to noncontrolling interest	--	553	--
Net (loss) income attributable to Ultrapetrol (Bahamas) Limited	(52,276)	7,368	--

Revenues. Total revenues from our River Business decreased 29% from $246.8 million in 2013 to $175.1 million in 2014. This $71.7 million decrease is mainly attributable to a $49.6 million decrease related to 48 barges constructed at our Punta Alvear yard sold in 2013 as compared to twelve in 2014, and to a $48.0 million decrease in revenues from river operations related to a 28% decrease in net tons transported in 2014 as compared to 2013; partially offset by a $16.1 million increase on account of the time charter of 100 of our barges and four pushboats to Vale and by a $9.8

million increase in revenues from the operation of our Parana Iron transfer and storage unit which started operations on May 13, 2014.

Total revenues from our Offshore Supply Business increased by 28% from $93.2 million in 2013 to $119.6 million in 2014. This $26.4 million increase is primarily attributable to a $16.7 million increase generated by our UP Amber and UP Pearl which commenced their charters with Petrobras on August 1, 2013, and November 25, 2013, respectively, by a $8.6 million increase generated by our UP Agate, UP Coral and UP Opal which commenced operations in the North Sea on April 11, April 25 and May 3, 2014, respectively, a $2.8 million joint increase in revenues of our UP Topazio, UP Diamante and UP Agua-Marinha mainly attributable to their contract renewals at higher rates; partially offset by a $1.5 million decrease in revenues from our UP Jasper related to lower spot rates in the North Sea.

Total revenues from our Ocean Business decreased $2.3 million, from $71.3 million in 2013 to $69.0 million in 2014. This decrease is mainly attributable to a $2.2 million decrease in revenues of our Alejandrina which has been laid up after ending its last employment in September 2014, to a combined $1.7 million decrease in revenues of our container feeder vessels Asturiano and Argentino mainly associated to lower operating days of our Asturiano; partially offset by a combined $1.7 million increase in revenues of our Product Tankers Amadeo which had a higher time charter rate and Miranda I which underwent her scheduled drydock during the third quarter of 2013.

Voyage and manufacturing expenses. In 2014, voyage and manufacturing expenses of our River Business were $90.8 million, as compared to $134.0 million for 2013, a decrease of $43.2 million, or 32%. Voyage expenses (excluding manufacturing expenses) decreased $8.0 million or 9%, from $88.3 million in 2013 to $80.3 million in 2014. This decrease is mainly attributable to lower fuel consumption of $13.1 million in 2014 as compared to 2013 mainly attributable to lower volumes carried and to the Vale time charter; partially offset by increases in voyage expenses (other than fuel) of $5.2 million (which includes increases in third party port pushboats hire, our terminals and the operation of our transshipment stations). Manufacturing expenses decreased by $35.2 million or 77%, from $45.7 million to $10.5 million in 2014. This decrease is mainly attributable to only twelve barges built and sold for third parties in our Punta Alvear yard in 2014, as compared with 58 barges in 2013.

In 2014, voyage expenses of our Offshore Supply Business were $6.9 million, as compared to $5.0 million in 2013. This increase of $1.9 million, or 38%, is primarily attributable to a $3.4 million increase related to the positioning costs of our UP Agate, UP Coral and UP Opal in 2014; partially offset by a $1.5 million combined decrease related to the positioning of our UP Amber and UP Pearl in 2013.

In 2014, voyage expenses of our Ocean Business were $21.4 million, as compared to $22.4 million for 2013, a decrease of $1.0 million, or 4%. This decrease is primarily attributable to our feeder container vessels on lower operating days of our Asturiano.

Running costs. In 2014, running costs of our River Business were $61.4 million, as compared to $57.8 million in 2013, an increase of $3.6 million, or 6%. This increase is mainly attributable to a $2.7 million increase resulting from the operation of our Parana Iron transfer and storage unit which started operations on May 13, 2014, and to a $0.9 million increase in other running costs.

In 2014, running costs of our Offshore Supply Business were $52.3 million, as compared to $40.5 million in 2013, an increase of $11.8 million, or 29%. This increase in running costs is primarily attributable a $7.4 million increase related to the acquisition of our UP Agate, UP Coral and UP Opal, to a $2.5 million increase related to our UP Amber and UP Pearl which were delivered from the yard on January 30, and August 12, 2013, respectively, and to a $1.8 million increase in maintenance costs of our PSV fleet.

In 2014, running costs of our Ocean Business were $34.8 million, as compared to $37.8 million in 2013, a decrease of $3.0 million, or 8%. This decrease resulted mainly from a decrease in crew costs on our ocean fleet related to the devaluation of the local currency in Argentina that occurred in the first quarter of 2014 which resulted in a combined $1.9 million decrease in running costs of our Product Tankers and to a joint decrease of $1.1 million in running costs of our vessels Asturiano and Argentino.

Amortization of drydocking and intangible assets. Amortization of drydocking and intangible assets in 2013 was $3.6 million, as compared to $7.5 million in 2014, an increase of $3.9 million, or 110%. This increase is primarily attributable to a $1.7 million increased level of amortization of drydocking of some of our pushboats and barges and to a $1.0 million increased level of amortization of drydocking of our Parana Iron transfer and storage unit, in our River Business; by a combined $0.9 million increased level of amortization of drydock of our PSV fleet, in our Offshore Supply Business; and by a $0.7 million increased level of amortization of drydock of our Asturiano in our Ocean Business; partially offset by a $0.4 million decreased level of amortization of drydock of our Product Tankers,

in our Ocean Business.

Depreciation of vessels and equipment. Depreciation of vessels and equipment was $45.9 million in 2014 as compared to $39.0 million in 2013. This $6.9 million increase is mainly attributable to a $3.6 million increase related to the acquisition of our UP Agate, UP Coral and UP Opal in October 2013, to a $1.8 million increase related to our pushboats and barges, to a $0.9 million increase related to the delivery of our UP Amber and UP Pearl from the yard in India on January 30, 2013, and August 12, 2013, and to a $0.5 million increase in depreciation attributable to our Parana Iron.

Loss on write-down of vessels. The $10.5 million write-down amount for 2014 corresponds to a $5.6 million impairment charge of our Alejandrina and to a $4.9 million impairment charge of our Miranda I.

Administrative and commercial expenses. Administrative and commercial expenses were $47.1 million in 2014 as compared to $41.7 million in 2013, resulting in an increase of $5.4 million, or 13%. This variation is mainly associated to the former CEO and Executive Vice President's severance payments according to their employment and consulting agreements termination clauses for $5.7 million in 2014.

Other operating income, net. Other operating income decreased $4.1 million from $5.7 million in 2013 as compared to $1.6 million in 2014. This difference is mainly related to $2.6 million related to the cancellation of our UP Onyx in 2013, by a $1.4 million favourable arbitration settlement of our UP Topazio in 2013 and by a $1.2 million decrease in export benefits related to lower sales from our barge building activity; partially offset by a $0.5 million loss of hire compensation of our UP Opal during the second quarter of 2014 and by a $0.3 million loss of hire compensation of our Asturiano during the fourth quarter of 2014.

Operating (loss) profit. Operating loss for 2014 was $13.3 million (which includes an impairment charge of $10.5 million in our Ocean Business and a $5.7 million loss associated to the former CEO and Executive Vice President's severance payments according to their employment and consulting agreements termination clauses), which represents a decrease of $48.5 million from an operating profit of $35.2 million in 2013. This decrease is mainly attributable to a $40.6 million decrease in our River Business operating profit from $10.6 million in 2013 to an operating loss of $30.0 million in 2014 and by a $7.9 million increase in operating loss of our Ocean Business from $4.5 million in 2013 to an operating loss of $12.4 million in 2014, whereas the operating profit of our Offshore Supply Business remained unchanged at $29.1 million.

Financial expense. Financial expense increased $1.5 million to $35.1 million in 2014 as compared to $33.6 million in 2013. This variation is mostly explained by the refinancing of our $180.0 million 2014 Notes with our new $225.0 million 2021 Notes issued on June 10, 2013, and to disbursements on our DVB-NIBC and DVB-NIBC-ABN credit facilities.

Financial loss on extinguishment of debt. Financial loss on extinguishment of debt in 2013 is mainly attributable to the extinguishment of our 2014 Notes on July 10, 2013, and our Convertible Notes on January 23, 2013.

Foreign currency exchange gains (losses), net. Foreign currency exchange gains for 2014 was $2.1 million as compared to $18.8 million in 2013. This $16.7 million variation is mainly attributable to lower foreign currency exchange gains in some of our subsidiaries and exchange differences affecting the settlement of some River Business operating expenses during 2014.

Income taxes (expenses) benefit. Income tax expense for 2014 was $5.1 million, compared to $6.6 million in 2013. This $1.5 million variation is mainly attributable to a $3.1 million decrease in the charge attributable to a lower pretax income in our Argentinean subsidiaries operating in the River and Ocean Businesses and to a one-time $1.2 million decrease in the valuation allowance for deferred income tax assets mainly related to the merger of two of our subsidiaries in Argentina; partially offset by a $2.8 million increase in the charge attributable to a higher pretax income in Brazil in our Offshore Supply Business.

Non-controlling interest. Non-controlling interest decreased $0.6 million down to zero in 2014 as compared to the same period of 2013. This decrease is attributable to the acquisition of the remaining 5.55% ownership in UP Offshore (Bahamas) Limited from Firmapar Corp. on July 5, 2013.

B. LIQUIDITY AND CAPITAL RESOURCES

Historically our principal source of funds has been equity provided by our shareholders, operating cash flow, secured and unsecured debt and certain forms of hybrid instruments, such as convertible notes. Our principal use of funds has been capital expenditures to establish, grow and maintain the quality of our fleet, comply with international shipping standards and environmental laws and regulations, fund working capital requirements, and make principal repayments and interest payments on outstanding debt facilities.

Our internally generated cash flow is directly related to our business and the market sectors in which we operate. Should the markets in which we operate deteriorate or worsen, or should we experience poor results in our operations, cash flow from operations may be reduced. Due to current market conditions such as historically low commodity prices compounded with overcapacity in our River Business, as well as overcapacity in the Brazilian offshore supply marine market, including contract cancellations in September 2015 and time charter rate reductions on our PSV and RSV fleet, our cash generating capacity has been significantly impaired. These impacts have not permitted the regular service of our interest payments on our debt obligations.

We do not expect that cash on hand and cash expected to be generated from operations will be sufficient to repay our debt, which could result in our debt being accelerated by our lenders. In such a scenario, we would have to seek to access the capital markets to fund the mandatory payments and, if we are not successful in accessing the capital

markets at sufficient levels, our lenders could foreclose their liens, which could impair our ability to conduct our business and continue as a going concern. Moreover, in connection with any additional amendments to our debt agreements that we obtain, or if we enter into any future credit agreements or debt instruments, our lenders may impose additional operating and financial restrictions on us. These restrictions may further restrict our ability to, among other things, fund our operations or capital needs, make acquisitions or pursue available business opportunities, which in turn may adversely affect our financial condition. In addition, our lenders may require the payment of additional fees, require prepayment of a portion of our indebtedness to them, require the pledging of additional collateral, accelerate the amortization schedule for our indebtedness or increase the margin and lending rates they charge us on our outstanding indebtedness.

Alternatively to debt capital markets, we may seek to raise additional cash through capital increase from Southern Cross, our major shareholder, or through the sale of certain of the Company's assets/segments.

Our access to debt and equity markets may be reduced or closed due to a variety of events, including a credit crisis, credit rating agency downgrades of our debt, industry conditions, general economic conditions, market conditions and market perceptions of us and our industry.

Nevertheless, at March 31, 2016, we believe that cash on hand and internally generated cash flow will be sufficient to fund our operations (operating costs, working capital requirements and scheduled capital expenditures but not debt principal and service payments) for the next twelve months.

At December 31, 2015, we had aggregate indebtedness of $462.7 million, consisting of $225.0 million aggregate principal amount of our 2021 Notes, indebtedness of our subsidiary UP Offshore Apoio Maritimo Ltda. under a senior loan facility with DVB Bank AG, or DVB, of $4.2 million and $12.5 million under a loan facility with BNDES, indebtedness of our subsidiary UP Offshore (Bahamas) Ltd. of $55.6 million under three senior loan facilities with DVB and $24.2 million under an additional senior loan agreement with DVB and Banco Security as co-lenders, indebtedness of our subsidiary Ingatestone Holdings Inc. of $44.5 million under a senior loan facility with DVB, NIBC and ABN Amro as co-lenders, indebtedness of our subsidiary Linford Trading Inc. of $28.7 million under a senior loan facility with DVB and NIBC, indebtedness of our subsidiary Stanyan Shipping Inc. of $3.1 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 $39.1 million in the aggregate under two senior loan facilities with IFC, indebtedness of our subsidiary UABL Paraguay S.A. of $9.8 million under a senior loan facility with OFID, and indebtedness of our subsidiaries UABL Paraguay S.A. and Riverpar S.A. of $16.2 million under a senior loan facility with IFC and OFID as co-lenders. In addition, as of December 31, 2015, we had accrued interest of $11.5 million. Please refer to "Description of Credit Facilities and Other Indebtedness" elsewhere herein.

At December 31, 2015, we had cash and cash equivalents on hand of $45.2 million plus $10.8 million in current restricted cash, making a total of $56.0 million.

Events of default under debt agreements

The Company maintains approximately $462.7 million of long term financial debt as of December 31, 2015, of which approximately $88.3 million were current as stated in the terms of the original debt agreements.

The Company has not made the $10.0 million interest payment due on December 15, 2015, on its 2021 Notes which constitutes an event of default under the Notes and the remaining credit agreements since they contain cross-default provisions. The Company has entered into forbearance and waiver agreements with most of its lenders with respect to this event of default which expire at the earlier of April 30, 2016, or the occurrence of certain events specified in the agreements. The lenders have agreed, for the duration of these agreements, not to accelerate their loans, take any enforcement actions or exercise any remedies with respect to defaults resulting from the nonpayment by the Company of its interest payment under the Notes, and to work with the Company in negotiating a sustainable financial structure. Nevertheless, the Company has paid in full principal and interests as scheduled in our loan agreements until the signing of the forbearance agreements.

The forbearance agreement also provided for the formation of a special committee that will explore restructuring options and make recommendations to the Company's Board of Directors. Among such recommendations are the standalone restructuring proposal and/or selling the River Business segment.

Also, as of December 31, 2015, the Company failed to meet some financial covenants as described in "Description of Credit Facilities and Other Indebtedness" section. As discussed above, the lenders have agreed for the duration of the forbearance agreements not to take any enforcement actions given these failures.

Although the Company currently has sufficient liquidity to make the outstanding interest payments, the Company believes it is prudent not to do so at this time as negotiations continue with representatives of holders of the Notes and with the Company's other secured lenders to obtain debt maturity extensions or restructuring of the debt agreements, including the Notes and the credit facilities and loan agreements, as well as extensions on the current forbearance agreements and waivers.

We cannot guarantee that we will be able to obtain our lenders' consent to subsequently extend the current forbearance agreements and waivers or that our efforts to extend the maturity of or restructure our debt agreements will be successful. If we fail to remedy or obtain a waiver of the event of defaults our lenders may accelerate our indebtedness under the relevant debt agreement, which could trigger the cross-acceleration or cross-default provisions contained in

our other debt agreements. If our indebtedness is accelerated, it will be very difficult in the current financing environment for us to refinance our debt or obtain additional financing and we could lose our vessels if our lenders foreclose their liens, which could impair our ability to conduct our business. Thus, there is a substantial doubt about the ability of the Company to continue as a going concern and about the recoverability of recorded assets.

The consolidated financial statements included elsewhere herein have been prepared assuming that the Company will continue as a going concern. Accordingly, the consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts, the amounts and classification of liabilities, or any other adjustments that might result in the event the Company is unable to continue as a going concern.

Operating Activities

In the year ended December 31, 2015, cash flow provided by operations increased $1.7 million to $37.0 million as compared to $35.3 million in the same period of 2014. Net loss for the year ended December 31, 2015, was $48.0 million as compared to a loss of $52.3 million in the same period of 2014, a decrease of $4.3 million. To determine cash from operations, net (loss) income is adjusted for the effect of certain non-cash items including depreciation and amortization, which are analyzed in detail as follows:

	For the year ended December 31,		
(Stated in thousands of U.S. dollars)	2015	2014	2013
Net (loss) income	$(48,004)	$ (52,276)	$ 7,921
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation of vessels and equipment	41,272	45,880	38,951
Amortization of dry docking	9,860	7,493	3,409
Debt issuance expense amortization	2,607	2,272	2,711
Financial loss on extinguishment of debt	--	--	5,518
Loss on write-down of vessels, goodwill and intangible assets	8,030	10,511	--
Change in valuation allowance of deferred income tax assets	4,471	(811)	1,632
Other adjustments	2,469	2,893	3,953
Net income adjusted for non-cash items	$ 20,705	$ 15,962	$ 64,095

Net (loss) income is also adjusted for changes in operating assets and liabilities and expenditure in drydock in order to determine net cash provided by operations:

The positive change in operating assets and liabilities of $23.9 million for the year ended December 31, 2015, resulted from a $13.1 million decrease in operating supplies, other receivables and prepaid expenses, by a $5.9 million increase in other payables, by a $4.9 million decrease in accounts receivables and a $3.8 million decrease in other assets; partially offset by a $4.0 million decrease in accounts payable and customer advances. In addition, cash flow from operating activities decreased by $2.2 million, $3.5 million and $1.9 million in 2015 due to expenditures in drydock for our River, Offshore Supply and Ocean businesses, respectively.

The positive change in operating assets and liabilities of $29.4 million for the year ended December 31, 2014, resulted from a $19.9 million decrease in operating supplies and prepaid expenses, by a $9.8 million decrease in accounts receivables, by a $7.7 million increase in other liabilities and by a $0.6 million decrease in other assets; partially offset by an $8.5 million decrease in accounts payable and customer advances. In addition, cash flow from operating activities decreased by $4.0 million, $4.3 million and $1.8 million in 2014 due to expenditures in drydock for our River, Offshore Supply and Ocean businesses, respectively.

The negative change in operating assets and liabilities of $34.1 million for the year ended December 31, 2013, resulted from a $13.9 million increase in accounts receivable, a $9.1 million increase in operating supplies and prepaid expenses, by a $6.0 million decrease in accounts payable and by a $5.4 million decrease in other liabilities; partially offset by a $0.2 million decrease in other assets. In addition, cash flow from operating activities decreased $10.2 million due to expenditures in drydock in the year ended December 31, 2013.

Investing Activities

During 2015, we disbursed $9.6 million in the construction of new barges for our own use at our Punta Alvear Yard, $3.4 million in the increase of pushing capacity of some pushboats, $3.1 million in the construction of new line and port pushboats, $1.9 million in the refurbishment of our Parana Iron, $0.9 million in a new midstream transshipment station for agricultural products and $0.2 million in upgrade works and new constructions in our Punta Alvear yard, in our River Business; and $4.6 million in the conversion of our UP Coral into a RSV, in our Offshore Supply Business.

During 2014, we disbursed $29.8 million in the construction of new barges for our own use at our Punta Alvear Yard, $13.0 million in the construction of new line and port pushboats, $5.2 million in a new midstream transshipment

station for agricultural products, $1.5 million in the refurbishment of our Paraná Iron and $1.0 million in upgrade works and new constructions in our Punta Alvear yard, in our River Business; $4.4 million in the reconfiguration of our recently acquired PSVs UP Agate, UP Coral and UP Opal, in our Offshore Supply Business; and $1.4 million in the import duties and other costs associated to importing the Argentino into Argentina to register her in the Argentinean Ship Registry as an Argentinean-flagged vessel.

During 2014, we received $17.6 million pursuant to the cancellation of the Shipbuilding Contract for Hull No. V-387 (UP Onyx) in our Offshore Supply Business (shown as "proceeds from shipbuilding contract cancellation" in the audited condensed consolidated statement of cash flows for 2014).

Financing Activities

Net cash flow used in financing activities decreased $28.8 million from a cash use of $31.3 million in the year ended December 31, 2014, to a cash use of $2.5 million in the same period of 2015. This decrease is mainly attributable to the $28.8 million drawdown under our reducing revolving credit facility with DVB and the $3.2 million draw down under the second advance of our UP Coral in respect of the Loan Agreement with DVB and NIBC; partially offset by a $1.5 million increase in cash used in scheduled repayments of long-term financial debt, a $1.0 million increase in cash used in other financing activities, and $0.7 million increase in cash used for the early repayment of long-term financial debt.

Net cash flow used in financing activities decreased $17.5 million from a cash use of $48.7 million in the year ended December 31, 2013, to a cash use of $31.2 million in the same period of 2014. This decrease cash used in 2014 is mainly attributable to the $180.0 million and $80.0 million prepayment of our 2014 Notes and our Convertible Notes, respectively, to $39.8 million additional cash used in early repayments of long term financial debt, to $10.3 million used in the purchase of the 5.55% ownership of UP Offshore (Bahamas) from Firmapar Corp., to $8.3 million used in the repayment of a short-term credit facility with DVB, to a $7.0 million used to fund restricted cash accounts under various of our loan agreements, to $3.9 million used by other financing activities; partially offset by a proceed of $216.7 million from the issuance of our 2021 Notes (after deducting issuance expenses), to a $94.0 million proceed from long-term financial debt in our Offshore Supply Business and to $1.2 million used in scheduled repayments of long-term financial debt.

Future Capital Requirements

Our near-term cash requirements are related primarily to funding operations, funding the construction of barges in our shipyard at Punta Alvear, funding scheduled and unscheduled drydocks and potentially funding the conversion of our PSVs into RSVs. The Company does not anticipate ordering additional vessels in 2016 or realizing any additional capital expenditures other than maintenance capital expenditures.

We estimate that for 2016, we will invest approximately $2.1 million in our IT navigation system for our River Business, $1.8 million in maintenance of our barge fleet, $1.0 million in critical spare parts including engine spares for our river fleet, $0.5 million in upgrade works in our Punta Alvear yard and fleeting, $0.5 million in port tugs and $0.4 million in our Parana Iron, in our River Business. In addition, we currently estimate that we may require approximately $7.5 million for the reconversion of our UP Agate into an RSV, and $1.6 million in PSV spares, in our Offshore Supply Business. Finally, we expect to disburse an aggregate amount of $6.9 million in drydock expenses and $2.0 million in import duties of our Asturiano.

We are currently funding these future capital requirements through our cash flow from operations.

We may order additional vessels and or incur other capital expenditures, which are not discussed above or contemplated at this time.

Critical Accounting Policies and Estimates

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

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

Revenue Recognition

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

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

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

Demurrage income represents charges made to the charterer when loading or discharging time exceeds the stipulated time in the voyage charter and is recognized as it is earned.

Revenues from the operation of our transshipment and storage unit, Parana Iron, consist of an agreed flat fee per ton which covers the storage and transshipment services of cargo from river barges to ocean export vessels. Revenues are recognized upon completion of loading of the oceangoing vessels. If stored cargo exceeds 50% of the transshipped volume in a given month, additional revenues may be recognized. We also derive revenues from fleeting services and port stay duties charged to vessels based on their tonnage.

In addition, we have a transshipment unit which recognizes revenue on a per ton basis.

In our River Business we use the completed contract method for river barges built, which typically has construction periods of 90 days or less. Contracts are considered complete when the customer has technically accepted the river barges and the remaining costs and potential risks are insignificant. Losses are accrued if manufacturing costs are expected to exceed manufacturing contract revenue.

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

Accounts receivable

Most of the Company's accounts receivable are due from international oil companies, international grain houses, traders and mining companies. The Company performs ongoing credit evaluations of its trade customers and generally does not require collateral. The Company routinely reviews its accounts receivables and makes provisions for probable doubtful accounts; however, those provisions are estimates and actual results could differ from those estimates and those differences may be material. Trade receivables are deemed uncollectible and removed from accounts receivable and the allowance for doubtful accounts when collection efforts have been exhausted.

Insurance claims receivable

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

Depreciation

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

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

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

Drydocking

Within the shipping industry, two methods are used to account for drydockings: (1) the deferral method, in which drydocking costs are capitalized and then amortized over the estimated period to the next scheduled drydocking and (2) the incurred method, in which drydocking costs are expensed as incurred. We use the deferral method and amortize drydocking costs on a straight-line basis over the period to the next drydock, generally 24 to 36 months. The costs we incur at the dry-dock yard are mainly comprised of steel renewals, painting the vessel's hull and sides,

recoating cargo and fuel tanks and performing engine and equipment maintenance activities which have to be made in order to bring or keep the vessel into compliance with classification standards. We expense expenditures for maintenance and minor repairs as we incur them. We believe the deferral method better matches costs with revenue than expensing the costs as incurred. We use judgment when estimating the period between drydocks performed, which can result in adjustments to the amortization expense if the subsequent drydock is expected earlier than anticipated. In estimating the periods, we primarily have relied upon actual experience with the same or similar vessels types, current and projected future market information and recommendations from classification societies.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, a loss is recognized for the excess of the carrying amount of the asset and its fair value. Generally, fair value is determined using valuation techniques, such as expected discounted cash flows or appraisals, as appropriate. The assumptions used to develop estimates of future undiscounted cash flows are based on historical trends as well as future expectations.

We identified indicators of potential impairments affecting the three Company´s business segments, including the continued deterioration of the share price of the Company as well as the Company´s financial situation discussed elsewhere herein.

Undiscounted projected net operating cash flows are determined for each vessel in the Ocean and Offshore Supply Business, and as a fleet in the River Business (except for the Parana Iron barge determined at vessel level) and are compared to their carrying value together with the carrying value of the dry dock costs related to each vessel. The cash flow period is based on the remaining lives of the vessels or the fleet.

Offshore Supply Business

Due to the uncertainties surrounding the current downturn conditions of the Brazilian offshore supply business, estimates of projected net operating cash flows of the Offshore Supply Business are highly subjective and there is a risk that these estimates could prove to be materially different from actual cash flows. For this reason, we performed probability-weighted analysis as to the cash flow assumptions considered in performing an impairment test.

The Company has assigned operating scenarios based mainly on the experience, the present economic and financial situation of the Company, the current PSV´s market and the status quo of the conversations that are being held with Petrobras.

We determined the undiscounted projected net operating cash flows for each vessel by considering the historical and estimated vessels' performance and utilization, assuming:

(i) Future revenues considering the fixed charter rate of each vessel over the remaining estimated life of each vessel. The rates used to estimate the future revenues are similar to the rates included in the latest in-progress tenders with Petrobras, which are below the most recent five-year average historical time charter rates with a sensitivity analysis of a ranging from 90% to 108%.

(ii) Expected outflows for scheduled vessels' maintenance and operating expenses (running costs and lay up expenses). Cost estimates, like drydocking costs and repositioning expenses, have been based on the Company's historical data for its own vessels.

(iii) Effective fleet utilization takes into account the period each vessel is expected to remain off hire for scheduled maintenance (dry docking and special surveys). It was also considered laid up periods of one to two years for the PSVs currently in laid-up or blocked, respectively. Effective fleet utilization assumed is below with the Company's historical performance rate and considering our expectations for future fleet utilization under our current understanding of the PSV´s Brazilian market.

(iv) Duties for those PSVs which need to be converted to the special Brazilian regime flag.

(v) The salvage value is estimated at $302 per lightweight ton (LWT) in accordance with the Company's assets' depreciation policy.

Fair value was estimated primarily through the use of third-party valuation performed on individual vessel basis.

River Business

We determined undiscounted projected net operating cash flows as a fleet in the River Business and as barge level for the Parana Iron barge and compared them to their carrying value. Being very difficult to be marketable, given the

renegotiation process of our debt, we performed a probability-weighted analysis as to the sale assumption, while following a single most-likely estimate approach of expected future operating cash flows.

We determined the undiscounted projected net operating cash flows for the fleet by considering the historical and estimated fleet performance and utilization, assuming:

(i) Future revenues considering an average of annual transported tons over the remaining estimated life of the fleet in line with the average of annual transported tons over the most recent five-year average historical transported tons.

(ii) Average rate per ton used to estimate future revenues is lower than the most recent five-year average historical rate per ton.

(iii) Expected outflows for scheduled fleet maintenance and operating expenses have been based on the Company's historical data.
(iv) The salvage value is estimated at $302 per LWT in accordance with the Company's assets' depreciation policy.

Fair value is estimated based on discounted projected net operating cash flows. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. To such end, the Company uses the weighted average cost of capital.
Ocean Business

During the last quarter of 2015, the Company decided to offer the Alejandrina vessel for sale because it was in laid-up since middle September 2015 and no opportunities were found to employ such vessel. The Company changed the valuation criteria of this vessel to fair value less cost to sell because, as a fixed asset to be disposed of by sale, it was below its carrying value at December 31, 2015. On January 28, 2016, we entered in a Memorandum of Agreement whereby the Company agreed to sell the vessel to a non-related third party, which was subsequently delivered to buyers on March 7, 2016. As a result of this change, the Company recorded a loss amounting $ 2.4 million.

For the container feeder vessels, we determined undiscounted projected net operating cash flows for each owned vessel and compared them to their carrying value. We followed a single most-likely estimate approach of expected future cash flows. We determined the undiscounted projected net operating cash flows for each vessel by assuming estimated rates, operating expenses and vessels utilization based on the Company's historical data for its own vessels. The salvage value is estimated at $302 per LWT in accordance with the Company's assets' depreciation policy.
The assessment concluded that the undiscounted projected net operating cash flows exceeded the carrying value at December 31, 2015, thus no impairment charges were recorded arising from the aforementioned tests.
Although the Company believes its assumptions and estimates are reasonable, deviations from the assumptions and estimates could produce materially different outcomes that could result in the inability to recover the current carrying values of the vessels or fleet, thereby possibly requiring impairment charges in the future.
While the Company intends to hold and operate its vessels, estimated market values of our vessels may hold below their carrying values. Because vessel values are highly volatile, estimates of market values may not be indicative of either the current or future prices that the Company could achieve if it were to sell any of the vessels. There is a relatively lack of liquidity in the sale market for PSV´s, and the oil price drop accompanying with the reduction in exploration and production spending have made the estimate of fair values uncertain. Moreover, we are not holding our vessels for sale, except as otherwise noted in this report. The Company would not record an impairment for any of the vessels for which the fair market value is below its carrying value unless and until the Company either determines to sell the vessel for a loss or determines that the vessel's carrying amount is not recoverable.
For the year ended December 31, 2014, the Company recorded an impairment charge of $5.6 million and $4.9 million to write down the carrying amount of its Product Tankers Alejandrina and Miranda I, respectively, to their estimated fair value as of that date as a result of the level of demand in the tanker market.
New Accounting Pronouncements
For information regarding the effect of new accounting pronouncements, refer to Note 2.y) of Notes to the Consolidated Financial Statements included elsewhere herein.
Quantitative and Qualitative Disclosures about Market Risks
Inflation and Fuel Price Increases
Inflation may have a material impact on our operations, as certain of our operating expenses (e.g., crewing, insurance and drydocking costs) are subject to fluctuations as a result of market forces. A sudden outburst or a very high level of inflation can have a negative impact on our results.
Inflationary pressures on bunker (fuel oil) costs are not expected to have a material effect on our future operations in the case of those ocean vessels and our offshore supply vessels which are time chartered to third parties since it is the

charterers who pay for fuel. If our ocean vessels are employed under COAs, freight rates for voyage charters are generally sensitive to the price of a ship's fuel. However, a sharp rise in bunker prices may have a temporary negative effect on our results since freight rates generally adjust only after prices settle at a higher level.

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

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

Interest Rate Fluctuation

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

On May 7, 2010, through UABL Limited, our holding subsidiary in the River Business, we entered into an interest rate collar transaction with IFC through which we expect to hedge our exposure to interest volatility under our financings with IFC and OFID from June 2010 to June 2016. The initial notional amount is $75.0 million (subsequently adjusted in accordance with the amortization schedule under these financings), with UABL Limited being the USD Floor Rate seller at a floor strike rate of 1.69% and IFC being the USD Cap Rate seller at a cap strike rate of 5.00%. As of December 31, 2015, and 2014 the aggregate fair value of the collar resulted in a liability of $0.2 million and $0.8 million, respectively. During 2015 and 2014 we incurred unrealized losses from the collar amounting to $0.6 million and $0.6 million, respectively, and we also incurred realized losses of $0.7 million and $0.8 million, respectively. Should LIBOR remain at levels below 1.69% which is our floor, we will continue to incur losses from this financial instrument.

We have two interest rate swaps maturing through 2018 with an aggregate notional amount of $6.0 million at December 31, 2015. We entered into these agreements to hedge our exposure to interest rate fluctuations with respect to our borrowings in our Offshore Supply Business. These agreements call for the Company to pay a fixed interest rate of 6.122% and 6.67%, respectively, and receive interest payments based on LIBOR. As of December 31, 2015, and 2014 the aggregate fair value of the swaps resulted in a liability of $0.3 million and $0.4 million, respectively. During 2015 and 2014 we incurred unrealized losses from the swaps amounting to $0.1 million and $0.2 million, respectively, and we also incurred realized losses of $0.1 million and $0.1 million, respectively.

As of December 31, 2015, the Company had $14.6 million of LIBOR-based variable rate borrowings under its credit facility with DVB, NIBC and ABN Amro subject to interest rate swaps, as economic hedges, to fix the interest rate of these borrowings between October 2012 and October 2016 at a weighted average cost of debt of 0.9% per annum, excluding margin. In addition, the Company had $14.4 million of LIBOR-based variable rate borrowings under such same facility subject to interest rates swaps designated as cash flow hedge for accounting purposes, to fix the interest rate of these borrowings between March 2014 and September 2016 at a weighted average cost of debt of 1.2% per annum, excluding margin. Finally, the Company had $15.4 million of LIBOR-based variable rate borrowings under such same facility subject to interest rate swaps designated as cash flow hedge for accounting purposes, to fix the interest rate of these borrowings between October 2014 and October 2016 at a weighted average cost of debt of 1.22% per annum, excluding margin.

Additionally, as of December 31, 2015, the Company had variable rate debt (due 2015 through 2023) totaling $125.8 million. These debts call for the Company to pay interest based on LIBOR plus a 120-400 basis point margin range. Some of our existing financing agreements, within the terms and conditions contained in the relevant loan agreement, used a cost of funds rate in replacement of LIBOR. The interest rates generally reset either quarterly or semi-annually. As of December 31, 2015, the weighted average interest rate on these borrowings was 3.4%, 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 $1.3 million increase in our interest expense per year, which would adversely affect our earnings and cash flow.

Foreign Currency Fluctuation

Our exchange rate risk arises in the ordinary course of our business primarily from our foreign currency expenses and revenues. We are also exposed to exchange rate risk on the portion of our balances denominated in currencies other than the U.S. dollar, such as tax credits in various tax jurisdictions in South America.

We are an international company and while our financial statements are reported in U.S. dollars, some of our operations are conducted in foreign currencies. We use the U.S. dollar as our functional currency and therefore our future operating results may be affected by fluctuations in the exchange rate between the U.S. dollar and other

currencies. A large portion of our revenues is denominated in U.S. dollars as well as a significant amount of our expenses. However, changes in currency exchange rates could affect our reported revenues and even our margins if costs incurred in multiple currencies are different than, or proportionally different from, the currencies in which we receive our revenues. We maintain tax credits in local currencies, which may be negatively impacted if those currencies revalue relative to the U.S. dollar.

Foreign currency exchange gains (losses), net are included as a component of other income (expenses), net in our consolidated financial statements.

The Argentine peso devalued approximately 52% against the U.S. dollar in 2015. However, the average exchange rate of 2015 of the Argentine peso to the U.S. dollar increased approximately 14% as compared to the average exchange rate of 2014. Similarly, the average exchange rate of 2015 of the Brazilian real to the U.S. dollar increased approximately 42% as compared to the average exchange rate of 2014.

Description of Credit Facilities and Other Indebtedness

The Company has not made the $10.0 million interest payment due on December 15, 2015, on its 2021 Notes which constitutes an event of default under the Notes and the remaining credit agreements since they contain cross-default provisions. The Company has entered into forbearance and waiver agreements with most of its lenders with respect to this event of default which expire at the earlier of April 30, 2016, or the occurrence of certain events specified in the agreements. The forbearance agreements for each facility are summarized below. Complete copies of each of the forbearance agreements are attached as exhibits to this annual report.

8 % First Preferred Ship Mortgage Notes due 2021

On June 10, 2013, we completed an offering of $200.0 million of 8 % First Preferred Ship Mortgage Notes due 2021, through a private placement to institutional investors eligible for resale under Rule 144A and Regulation S, or the Note Offering. The net proceeds of the Note Offering were used to repay our 9% First Preferred Ship Mortgage Notes due 2014and general corporate purposes.

On October 2, 2013, we closed the sale of $25.0 million in aggregate principal amount of our 8 % First Preferred Ship Mortgage Notes due 2021 (the "Add-On Notes"), which were offered as an add-on to our $200.0 million aggregate principal amount of 8 % First Preferred Ship Mortgage Notes due 2021, together the 2021 Notes. The Add-On Notes were sold at a price of 104.5% and the gross proceeds to us of the offering totaled $26.1 million.

Interest on the 2021 Notes is payable semi-annually on June 15 and December 15 of each year. The 2021 Notes are senior obligations guaranteed by some of our subsidiaries directly involved in our Ocean and River Businesses. The 2021 Notes are secured by first preferred ship mortgages on 361 vessels, consisting of one ocean vessel, 345 barges and 15 pushboats, owned by certain of our subsidiaries.

The 2021 Notes are subject to certain covenants, including, among other things, limiting our and our subsidiaries' ability to incur additional indebtedness or issue preferred stock, pay dividends to shareholders, incur liens or execute sale leasebacks of certain principal assets and certain restrictions on our consolidating with or merging into any other person.

Upon the occurrence of a change of control event, each holder of the 2021 Notes shall have the right to require us to repurchase such notes at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest. A change of control means:

- the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one transaction or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries, taken as a whole, to any "person" (as that term is used in Section 13(d) of the Exchange Act), other than the Company or any of its Subsidiaries, one or more Permitted Holders or a "group" (as that term is used in Rule 13d-5 of the Exchange Act) controlled by one or more Permitted Holders; or
- during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors, together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Company was approved by a majority of the directors of the Company then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board of Directors then in office, unless one or more Permitted Holders have the right or ability by voting power, contract or otherwise, to elect or designate for election a majority of the Board of Directors; or
- the consummation of any transaction (including any merger or consolidation), the result of which is that any "person" (as defined in clause (i) above), other than a Subsidiary of the Company, one or more Permitted Holders or a "group" (as that term is used in Rule 13d-5 of the Exchange Act) controlled by one or more Permitted Holders, becomes the "beneficial owner" (as that term is used in Section 13(d)(3) of the Exchange Act, except that for purposes of this clause (iii) such person shall be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company; provided , however, that one or more Permitted Holders do not have the right or ability by voting power, contract or otherwise to independently elect or designate for election a majority of the Board of Directors (which majority shall also represent a majority of the number of votes of the Board of Directors) and such members of the Board of Directors elected or

designated for election by the Permitted Holders have the right or ability to cast votes as members of the Board of Directors independently; or

- the merger or consolidation of the Company with or into another Person or the merger of another Person with or into the Company other than (A) a transaction in which the survivor or transferee is a Person that is controlled by one or more Permitted Holders or (B) a transaction following which holders of securities that represented 100% of the Voting Stock of the Company immediately prior to such transaction (or other securities into which such securities are converted as part of such merger or consolidation transaction) own directly or indirectly at least a majority of the voting power of the Voting Stock of the surviving Person in such merger or consolidation transaction immediately after such transaction; or
- the adoption of a plan relating to the liquidation or dissolution of the Company.

The Company has also the option to redeem the 2021 Notes in whole or in part, at their option, at any time (i) before June 15, 2016, at a redemption price equal to 100% of the principal amount plus the applicable make-whole premium plus accrued and unpaid interest, if any, to the redemption date and (ii) on or after June 15, 2016, at a fixed price of 106.656%, which price declines ratably until it reaches par after June 15, 2019. At any time before June 15, 2016, the Company may redeem up to 35% of the aggregate principal amount of the 2021 Notes with the proceeds of one or more equity offerings at 108.875% of the principal amount of the 2021 Notes, plus accrued and unpaid interest, if any, to the redemption date so long as at least 65% of the originally issued aggregate principal amount of the 2021 Notes remains outstanding after such redemption.

On December 30, 2013, pursuant to a registration rights agreement, we completed a $200.0 million exchange offer in which we exchanged registered Notes for the Notes that were originally issued in order to allow the Notes to be eligible for trading in the public markets.

On January 24, 2014, pursuant to a registration rights agreement, we completed a $25.0 million exchange offer in which we exchanged registered Add-On Notes for the Add-On Notes that were originally issued in order to allow the Add-On Notes to be eligible for trading in the public markets.

On December 15, 2015, the Company announced that it decided not to make the $10.0 million interest payment due on the 2021 Notes on that date. The grace period to make such payment expired on January 15, 2016, and the non-payment of the interest due December 15, 2015 became an Event of Default as defined in the indenture governing the 2021 Notes. On January 29, 2016, the Company entered into the Forbearance Agreement with bondholders representing approximately 85% of the aggregate face amount of 2021 Notes outstanding, and on February 9, 2016, closed a consent solicitation that resulted in approximately 99.2% of bondholders consenting to the Forbearance Agreement.

The aggregate outstanding principal balance of the 2021 Notes was $225.0 million at December 31, 2015.

Summary of the forbearance agreement entered with the noteholders:

On January 29, 2016, the Company entered into a forbearance agreement through March 31, 2016 in relation to approximately 85% of the outstanding 2021 Notes, pursuant to which the consenting noteholders agreed not to accelerate any indebtedness under the indenture nor to take any enforcement action or exercise any remedies with respect to the Company's failure to make the payment of interest due on December 15, 2015 or any cross-defaults resulting from any default under the Company's indebtedness as a result of the failure to make such payment.

The forbearance agreement also provided for the appointment of two new, independent directors, as well as but not limited to the formation of a special committee that, among other things, will explore options and make recommendations to the Company's board of directors in connection with the restructuring of the Company. The forbearance agreement included certain milestones in connection with the restructuring. The Company agreed to commence a consent solicitation to solicit from all bondholders consent to the forbearance agreement, which the Company commenced on February 2, 2016 and which closed on February 11, 2016. As a result of the consent solicitation, 99.27% of all noteholders consented to the forbearance agreement. Each consenting noteholder received a pro rata portion of the consent fee of $2.0 million paid by the Company in accordance with the terms of the forbearance agreement.

The forbearance agreement terminated at the earlier of: (1) 12:00 noon (New York time) on March 31, 2016; (2) failure by the Company, any of its subsidiaries party to or guarantors under the indenture or any of their subsidiaries (together, the "Company Parties") to comply with the provisions of the forbearance agreement after the date of the forbearance agreement; (3) the date of the occurrence of the termination, cancellation, revocation, repudiation, anticipatory repudiation or cessation, in whole or in part, of any Third Party Forbearance Agreement; (4) the occurrence of certain bankruptcy or insolvency events involving any of the Company Parties; (5) the date of the occurrence of any Event of Default under the indenture after the date of the forbearance agreement; (6) acceleration of the 2021 Notes by the trustee for the 2021 Notes or the requisite number of holders of 2021 Notes that were not consent holders to the forbearance agreement; (7) the date on which certain involuntary bankruptcy proceedings have been initiated and the Company consents to the entry of an order against it in such involuntary case; (8) the fifth business day after any of the Company Parties gives notice to the lenders under such loan of the exercise of remedies by any credit facility to which the Company or any subsidiary of the Company is a party; (9) any representation or

warranty made by a Company Party under the forbearance agreement shall prove to have been incorrect in any material respect; or (10) the failure of the Company to release any consent fees in the escrow account on such days as set forth in the forbearance agreement.

On March 31, 2016, the parties to the forbearance agreement agreed to extend its terms to April 30, 2016.

Revolving credit facility with DVB Bank SE of up to $40.0 million:

On May 31, 2013, we entered into a loan agreement with DVB for a $40.0 million reducing, revolving credit facility (the "Revolving Credit Facility"). The commitment under this revolver decreases quarterly by $1.25 million or $5.0 million per year. The facility bears interest at LIBOR plus 3% (or lender's cost of funds, if the lenders in their discretion determine that LIBOR is not representative of such costs). A quarterly commitment fee is payable based on the average undrawn amount of the committed amount at a rate of 1.95% per annum.

On March 26, 2015, we entered into a Guarantee Agreement with DVB which includes customary covenants and provisions including the requirement to comply with a consolidated debt service coverage ratio of not less than 1.05 as of June 30, 2015, not less than 1.15 as of September 30, 2015, and not less than 1.30 at all times thereafter. In addition, such Guarantee Agreement requires the average monthly balance of available cash requirement for the Guarantor to be not less than $20.0 million on a consolidated basis including (i) cash in demand deposit and time deposit accounts held in Ultrapetrol's name with a tenor of six months or less, and (ii) unused and available for drawing under revolving credit lines available to Ultrapetrol having expiration dates of six months or longer from the relevant date.

As of December 31, 2015, we were did not reach the minimum required forward looking consolidated debt service coverage ratio. However, compliance with this financial covenant is waived through April 30, 2016, as set forth in the forbearance agreement.

The aggregate outstanding principal balance under the revolving credit facility was $27.5 million at December 31, 2015.

Summary of the forbearance agreement entered with the lenders under the Revolving Credit Facility:

On January 11, 2016, the Company, UP Offshore (Bahamas) Ltd. ("UP Offshore"), UP Offshore Apoio Maritimo Ltda., Packet Maritime Inc., and Padow Shipping Inc. (collectively, the Borrowing Parties") entered into a forbearance agreement with the lenders under Revolving Credit Facility. Under this forbearance agreement, the lenders agreed to:

- Extend the time for the borrower under the loan to make any repayments under Clause 8.7 of the loan agreement until the Forbearance Termination Date (as defined below).
- Waive the covenants with respect to the Time Charters and Service Contracts relating to UP Esmeralda under Clause 11.1(b) of the loan agreement until the Forbearance Termination Date.
- Waive compliance with Clause 12 of the loan agreement until the Forbearance Termination Date, provided that the borrower under the loan provides certain cash flow forecasts and projections to the lenders.
- Waive the borrower's compliance with any obligation it may have to provide additional security or make prepayment under Clause 15.3 of the loan agreement until the Forbearance Termination Date.
- Waive anticipated Events of Default under the loan agreement that could arise due to waivers or extensions granted under the forbearance agreement or during the time the forbearance agreement is in effect.

The Borrowing Parties agreed to the following during the time the forbearance agreement is in effect:

- All cash received by any of the Company's offshore subsidiaries will be maintained at such subsidiary and the Company will not permit the transfer, distribution or loan of any such funds to any affiliated holding company or any affiliate of any guarantor under the loan or of UP Offshore except (i) up to $5.0 million may be transferred from UP Offshore or the Company for certain limited uses or (ii) certain funds may be used to pay ordinary course business operating expenses;
- None of the Company or its subsidiaries or affiliates may make any payment of principal due to any credit facility to which UP Offshore or the Company or any affiliate or subsidiary is a party or a guarantor except for certain specified loans;
- None of the Company or any of its affiliates or subsidiaries may grant any collateral, guarantees or preferential terms or treatment other than such as already in place;
- The Company will provide copies of any restructuring plan to the lenders under the Revolving Credit Facility and to provide them with any updates to such plan on an on-going basis;
- The Borrowing Parties will provide evidence relating to capital expenses as required by the lenders and will generally use all commercial efforts to conserve and retain cash;
- UP Offshore will continue to market a particular vessel, provide the lenders with a marketing plan designed to effectuate the sale of such vessel by the Forbearance Termination Date, and take certain actions in connection with such sale;
- The Company will agree to the hiring of a strategic advisor to advise the lenders in evaluating potential restructuring options and to pay all fees and costs associated with the hiring of the strategic advisor.

The Forbearance Termination Date for the Revolving Credit Facility is the earlier of: (1) 12:00 noon (New York time) on March 31, 2016; (2) failure by the borrower or guarantors under the Revolving Credit Facility (together, the "Company Parties") to comply with the provisions of the forbearance agreement after the date of the forbearance agreement; (3) the date of the occurrence of (i) any default or event of default under certain forbearance agreements between any of the Company Parties and certain lenders ("Third Party Forbearance Agreements") or (ii) the termination, cancellation, revocation, repudiation, anticipatory repudiation or cessation, in whole or in part, of any Third Party Forbearance Agreement; (4) the occurrence of certain bankruptcy or insolvency events involving any of the Company Parties; (5) the date of the occurrence of any Event of Default under the Revolving Credit Facility after the date of the forbearance agreement; (6) the date of occurrence of any default or event of default under any other credit facility (including the 2021 Notes) to which the Company, UP Offshore or any affiliate or subsidiary of them is a party, unless (x) a Third Party Forbearance Agreement has been entered into with respect to such credit facility which waives or forbears with respect to such default or event of default and such Third Party Forbearance Agreement remains in effect or (y) certain bankruptcy proceedings have been initiated and such proceedings result in any automatic stay or equivalent; or (7) the fifth business day after the Company or the borrower under the Revolving Credit Facility gives notice to the lenders under such loan of the exercise of remedies by any credit facility (including the 2021 Notes) to which any subsidiary of the Company is a party (other than UP Offshore or other persons in which UP Offshore has a direct, indirect or beneficial ownership interest).

On March 31, 2016, the parties to the forbearance agreement agreed to extend its terms to April 30, 2016.

Loan Agreement with DVB Bank SE (DVB SE) of up to $15.0 million:

On January 17, 2006, UP Offshore Apoio Maritimo Ltda. (a wholly owned subsidiary of the Offshore Supply Business) as Borrower, Packet Maritime Inc. and Padow Shipping Inc. as Guarantors and UP Offshore as Holding Company entered into a $15.0 million loan agreement with DVB SE for the purposes of providing post-delivery financing of one PSV named UP Agua-Marinha delivered in February 2006 (the "DVB $15.0 Million Loan").

This loan is divided into two tranches:

– Tranche A, amounting to $13.0 million, shall be repaid by (i) 120 consecutive monthly installments of $75,000 each beginning in March 2006 and (ii) a balloon repayment of $4.0 million together with the 120th installment. The loan accrues interest at LIBOR rate plus a margin of 2.25% 1.20% per annum, and

– Tranche B, amounting to $2.0 million, shall be repaid by 36 consecutive monthly installments of $56,000 each beginning in March 2006 which accrues interest at LIBOR rate plus a margin of 2.875% 1.20% per annum.

On January 24, 2007, UP Offshore Apoio Maritimo Ltda. and DVB SE amended and restated the margin of both tranches to 1.20% per annum effective since February 1, 2007.

The loan is secured by a mortgage on the UP Agua-Marinha and is jointly and severally irrevocable and unconditionally guaranteed by Packet Maritime Inc. and Padow Shipping Inc. The loan also contains customary covenants that limit, among other things, the Borrower's and the Guarantors' ability to incur additional indebtedness, grant liens over their assets, sell assets, pay dividends, repay indebtedness, merge or consolidate, change lines of business and amend the terms of subordinated debt. The agreement governing the facility also contains customary events of default. If an event of default occurs and is continuing, DVB SE may require the entire amount of the loan be immediately repaid in full. Further, the loan agreement requires until February 2009 that the UP Agua-Marinha pledged as security had an aggregate market value of at least 117.6% of the value of the loan amount and at all times thereafter an aggregate market value of at least 133.3% of the value of the loan.

The aggregate outstanding principal balance of the loan was $4.2 million at December 31, 2015.

Summary of the forbearance agreement entered with the lenders under the DVB $15.0 Million Loan:

On January 11, 2016, UP Offshore Apoio Maritimo Ltda. (the "UP Offshore Apoio Maritimo"), UP Offshore (Bahamas) Ltd. ("UP Offshore"), Packet Maritime Inc., and Padow Shipping Inc. (collectively, the "Borrowing Parties") entered into a forbearance agreement with the lenders under the DVB $15 Million Loan. Under this forbearance agreement, the lenders agreed to:

- Extend the time for the borrower under the loan to make quarterly repayment installments under Clause 7.1 of the loan agreement until the Forbearance Termination Date (as defined below).

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Waive compliance with Clause 10.1(u) of the loan agreement until the Forbearance Termination Date, provided that the borrower under the loan provides certain cash flow forecasts and projections to the lenders.

Waive anticipated Events of Default under the loan agreement that could arise due to waivers or extensions granted under the forbearance agreement or during the time the forbearance agreement is in effect.

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The Borrowing Parties and the Company agreed to the following during the time the forbearance agreement is in effect:

- All cash received by any of the Company's offshore subsidiaries will be maintained at such subsidiary and the Company will not permit the transfer, distribution or loan of any such funds to any affiliated holding company or any affiliate of any guarantor under the loan or of UP Offshore Apoio Maritimo except (i) up to $5.0 million may be transferred from UP Offshore or the Company for certain limited uses;
- None of the Company or its subsidiaries or affiliates may make any payment of principal due to any credit facility to which UP Offshore or the Company or any affiliate or subsidiary is a party or a guarantor except for certain specified loans;
- None of the Company or any of its affiliates or subsidiaries may grant any collateral, guarantees or preferential terms or treatment other than such as already in place;
- The Company will provide copies of any restructuring plan to the lenders under the DVB $15.0 million loan and to provide them with any updates to such plan on an on-going basis;
- The Borrowing Parties and the Company will provide evidence relating to capital expenses as required by the lenders and will generally use all commercial efforts to conserve and retain cash;
- The Company will agree to the hiring of a strategic advisor to advise the lenders in evaluating potential restructuring options and to pay all fees and costs associated with the hiring of the strategic advisor.

The Forbearance Termination Date for the DVB $15.0 Million Loan is the earlier of: (1) 12:00 noon (New York time) on March 31, 2016; (2) failure by the borrower or guarantors under the DVB $15.0 Million Loan (together, the "Company Parties") to comply with the provisions of the forbearance agreement after the date of the forbearance agreement; (3) the date of the occurrence of (i) any default or event of default under certain forbearance agreements between any of the Company Parties and certain lenders ("Third Party Forbearance Agreements") or (ii) the termination, cancellation, revocation, repudiation, anticipatory repudiation or cessation, in whole or in part, of any Third Party Forbearance Agreement; (4) the occurrence of certain bankruptcy or insolvency events involving any of the Company Parties; (5) the date of the occurrence of any Event of Default under the DVB $15.0 Million Loan after the date of the forbearance agreement; (6) the date of occurrence of any default or event of default under any other credit facility (including the 2021 Notes) to which the Company, UP Offshore or any affiliate or subsidiary of them is a party, unless (x) a Third Party Forbearance Agreement has been entered into with respect to such credit facility which waives or forbears with respect to such default or event of default and such Third Party Forbearance Agreement remains in effect or (y) certain bankruptcy proceedings have been initiated and such proceedings result in any automatic stay or equivalent; or (7) the fifth business day after the Company or the borrower under the DVB $15.0 Million Loan gives notice to the lenders under such loan of the exercise of remedies by any credit facility (including the 2021 Notes) to which any subsidiary of the Company is a party (other than UP Offshore or other persons in which UP Offshore has a direct, indirect or beneficial ownership interest).

On March 31, 2016, the parties to the forbearance agreement agreed to extend its terms to April 30, 2016.

Loan Agreement with DVB Bank SE (DVB SE) of up to $61.3 million:

On December 28, 2006, UP Offshore (Bahamas) Ltd., as Borrower, entered into a $61.3 million loan agreement with DVB SE for the purpose of refinancing three PSVs named UP Esmeralda, UP Safira and UP Topazio (the "DVB $61.3 Million Loan"). The loan is divided into two advances and shall be repaid by 40 consecutive quarterly installments as set forth in the repayment schedule therein.

The loan must be repaid by (i) 9 consecutive quarterly installments of $1.2 million each beginning in March 2007 followed by 3 consecutive quarterly installments of $1.3 million each, 25 consecutive quarterly installments of $1.1 million and 3 consecutive quarterly installments of $1.3 million; and (ii) a balloon repayment of $16.0 million payable simultaneously with the 40th quarterly installment. The loan accrues interest at LIBOR plus 1.20% per annum.

The loan is secured by a mortgage on the UP Esmeralda, UP Safira, UP Topazio and UP Agua-Marinha (together, the Mortgaged Vessels) and is jointly and severally irrevocable and unconditionally guaranteed by Ultrapetrol (Bahamas) Ltd., UP Offshore Apoio Maritimo Ltda., Packet Maritime Inc., Topazio Shipping LLC and Padow Shipping Inc. The loan also contains customary covenants that limit, among other things, the Borrower's and the Guarantors' ability to incur additional indebtedness, grant liens over their assets, sell assets, pay dividends, repay indebtedness, merge or consolidate, change lines of business and amend the terms of subordinated debt. The agreement governing the facility

also contains customary events of default. If an event of default occurs and is continuing, DVB SE may require the entire amount of the loan be immediately repaid in full. Further, the loan agreement requires upon the until the third anniversary of the final advance under the loan, the Mortgaged Vessels pledged as security have an aggregate market value of at least 117.6% of the value of the loan amount and at all times thereafter an aggregate market value of at least 133.3% of the value of the loan.

On August 1, 2012, we amended the DVB Bank SE $61.3 million facility to re-borrow up to $10.0 million to provide additional financing for our PSVs UP Esmeralda, UP Safira and UP Topazio. On August 2, 2013, we drew down $1.7 million and on December 14, 2012, we drew down $6.6 million, both as per such amendment. Subsequently, on June 29, 2013, we completed the repayment of $8.3 million, equivalent to the amount outstanding under such re-borrowing.

On March 31, 2015, DVB waived compliance with the consolidated debt service coverage ratio as of December 31, 2014 and March 31, 2015, which required Ultrapetrol (Bahamas) Ltd., as Guarantor, to have a consolidated debt service coverage ratio of not less than 1.5 for the last four fiscal quarters prior to the relevant date of calculation. In addition, DVB amended such clauses to require us to comply with a consolidated debt service coverage ratio of not less than 1.05 as of June 30, 2015, not less than 1.15 as of September 30, 2015, and not less than 1.30 at all times thereafter. In addition, DVB amended the average monthly balance of available cash requirement for the Guarantor to be not less than $20.0 million on a consolidated basis including (i) cash in demand deposit and time deposit accounts held in Ultrapetrol's name with a tenor of six months or less, and (ii) unused and available for drawing under revolving credit lines available to Ultrapetrol having expiration dates of six months or longer from the relevant date.

As of December 31, 2015, we were did not reach the minimum required forward looking consolidated debt service coverage ratio. However, compliance with this financial covenant is waived through April 30, 2016, as set forth in the forbearance agreement.

The aggregate outstanding principal balance of the loan was $21.1 million at December 31, 2015.

Summary of the forbearance agreement entered with the lenders under the DVB $61.3 Million Loan:

On January 11, 2016, the Company, UP Offshore (Bahamas) Ltd. ("UP Offshore"), UP Offshore Apoio Maritimo Ltda., Packet Maritime Inc., and Padow Shipping Inc. (collectively, the "Borrowing Parties") entered into a forbearance agreement with the lenders under the DVB $61.3 Million Loan. Under this forbearance agreement, the lenders agreed to:

- Extend the time for the borrower under the loan to make quarterly repayment installments under Clause 7.1 of the loan agreement until the Forbearance Termination Date (as defined below).
- Waive compliance with Clause 11 of the loan agreement until the Forbearance Termination Date, provided that the borrower under the loan provides certain cash flow forecasts and projections to the lenders.
- Waive the borrower's compliance with the security coverage required under Clause 10.3 of the loan agreement until the Forbearance Termination Date.
- Waive anticipated Events of Default under the loan agreement that could arise due to waivers or extensions granted under the forbearance agreement or during the time the forbearance agreement is in effect.

The Borrowing Parties agreed to the following during the time the forbearance agreement is in effect:

- All cash received by any of the Company's offshore subsidiaries will be maintained at such subsidiary and the Company will not permit the transfer, distribution or loan of any such funds to any affiliated holding company or any affiliate of any guarantor under the loan or of UP Offshore except (i) up to $5.0 million may be transferred from UP Offshore or the Company for certain limited uses;
- None of the Company or its subsidiaries or affiliates may make any payment of principal due to any credit facility to which UP Offshore or the Company or any affiliate or subsidiary is a party or a guarantor except for certain specified loans;
- None of the Company or any of its affiliates or subsidiaries may grant any collateral, guarantees or preferential terms or treatment other than such as already in place;
- The Company will provide copies of any restructuring plan to the lenders under the DVB $61.3 million loan and to provide them with any updates to such plan on an on-going basis;
- The Borrowing Parties will provide evidence relating to capital expenses as required by the lenders and will generally use all commercial efforts to conserve and retain cash;
- UP Offshore will continue to market a certain vessel, provide the lenders with a marketing plan designed to effectuate the sale of such vessels by the Forbearance Termination Date, and take certain actions in connection with the sales of such vessels;
- The Company will agree to the hiring of a strategic advisor to advise the lenders in evaluating potential restructuring options and to pay all fees and costs associated with the hiring of the strategic advisor.

The Forbearance Termination Date for the DVB $61.3 Million Loan is the earlier of: (1) 12:00 noon (New York time) on March 31, 2016; (2) failure by the borrower or guarantors under the DVB $61.3 Million Loan (together, the "Company Parties") to comply with the provisions of the forbearance agreement after the date of the forbearance agreement; (3) the date of the occurrence of (i) any default or event of default under certain forbearance agreements between any of the Company Parties and certain lenders ("Third Party Forbearance Agreements") or (ii) the termination, cancellation, revocation, repudiation, anticipatory repudiation or cessation, in whole or in part, of any Third Party Forbearance Agreement; (4) the occurrence of certain bankruptcy or insolvency events involving any of the Company Parties; (5) the date of the occurrence of any Event of Default under the DVB $61.3 Million Loan after the date of the forbearance agreement; (6) the date of occurrence of any default or event of default under any other credit facility (including the 2021 Notes) to which the Company, UP Offshore or any affiliate or subsidiary of them is a party, unless (x) a Third Party Forbearance Agreement has been entered into with respect to such credit facility which waives or forbears with respect to such default or event of default and such Third Party Forbearance Agreement remains in effect or (y) certain bankruptcy proceedings have been initiated and such proceedings result in any automatic stay or equivalent; or (7) the fifth business day after the Company or the borrower under the DVB $61.3 Million Loan gives notice to the lenders under such loan of the exercise of remedies by any credit facility (including the 2021 Notes) to which any subsidiary of the Company is a party (other than UP Offshore or other persons in which UP Offshore has a direct, indirect or beneficial ownership interest).

On March 31, 2016, the parties to the forbearance agreement agreed to extend its terms to April 30, 2016.

Loan Agreement with DVB Bank SE (DVB SE) of $25.0 million:

On October 31, 2007, UP Offshore (Bahamas) Ltd., as Borrower, entered into a $25.0 million loan agreement with DVB SE for the purpose of providing post-delivery financing of one Brazilian flag PSV named UP Diamante (the "DVB $25.0 Million Loan").

The loan shall be repaid by (i) 8 consecutive quarterly installments of $0.75 million each beginning in February 2008 followed by 24 consecutive quarterly installments of $0.5 million each and 8 consecutive quarterly installments of $0.25 million; and (ii) a balloon repayment of $5.0 million payable simultaneously with the 40th quarterly installment. The loan accrues interest at LIBOR plus 1.50% per annum.

The loan is secured by a mortgage on the UP Diamante and is jointly and severally irrevocable and unconditionally guaranteed by Ultrapetrol (Bahamas) Ltd, Packet Maritime Inc., Padow Shipping Inc., Topazio Shipping LLC, UP Offshore Apoio Maritimo Ltda., and UP Offshore (Uruguay) S.A. The loan also contains customary covenants that limit, among other things, the Borrower's and the Guarantors' ability to incur additional indebtedness, grant liens over their assets, sell assets, pay dividends, repay indebtedness, merge or consolidate, change lines of business and amend the terms of subordinated debt. The agreement governing the facility also contains customary events of default. If an event of default occurs and is continuing, DVB SE may require the entire amount of the loans be immediately repaid in full. Further, the loan agreements require until 2009 that the PSVs pledged as security have an aggregate market value of at least 117.6% of the value of the loan amounts and at all times thereafter an aggregate market value of at least 133.3% of the value of the loans.

On March 26, 2015, DVB amended the loan agreement to include customary covenants and provisions and to require us to comply with a consolidated debt service coverage ratio of not less than 1.05 as of June 30, 2015, not less than 1.15 as of September 30, 2015, and not less than 1.30 at all times thereafter. In addition, DVB amended the average monthly balance of available cash requirement for the Guarantor to be not less than $20.0 million on a consolidated basis including (i) cash in demand deposit and time deposit accounts held in Ultrapetrol's name with a tenor of six months or less, and (ii) unused and available for drawing under revolving credit lines available to Ultrapetrol having expiration dates of six months or longer from the relevant date.

As of December 31, 2015, we were did not reach the minimum required forward looking consolidated debt service coverage ratio. However, compliance with this financial covenant is waived through April 30, 2016, as set forth in the forbearance agreement.

The aggregate outstanding principal balance of the loan was $7.0 million at December 31, 2015.

Summary of the forbearance agreement entered with the lenders under the DVB $25.0 Million Loan:

On January 11, 2016, the Company, UP Offshore (Bahamas) Ltd. ("UP Offshore"), UP Offshore Apoio Maritimo Ltda., Packet Maritime Inc., Padow Shipping Inc., UP Offshore (Uruguay) S.A. and Topazio Shipping LLC

(collectively, the "Borrowing Parties") entered into a forbearance agreement with the lenders under the DVB $25.0 Million Loan. Under this forbearance agreement, the lenders agreed to:

- Extend the time for the borrower under the loan to make quarterly repayment installments under Clause 7.1 of the loan agreement until the Forbearance Termination Date (as defined below).
- Waive compliance with Clause 10.3 of the loan agreement until the Forbearance Termination Date.
- Waive anticipated Events of Default under the loan agreement that could arise due to waivers or extensions granted under the forbearance agreement or during the time the forbearance agreement is in effect.

The Borrowing Parties agreed to the following during the time the forbearance agreement is in effect:

- All cash received by any of the Company's offshore subsidiaries will be maintained at such subsidiary and the Company will not permit the transfer, distribution or loan of any such funds to any affiliated holding company or any affiliate of any guarantor under the loan or of UP Offshore except (i) up to $5.0 million may be transferred from UP Offshore or the Company for certain limited uses;
- None of the Company or its subsidiaries or affiliates may make any payment of principal due to any credit facility to which UP Offshore or the Company or any affiliate or subsidiary is a party or a guarantor except for certain specified loans;
- None of the Company or any of its affiliates or subsidiaries may grant any collateral, guarantees or preferential terms or treatment other than such as already in place;
- The Company will provide copies of any restructuring plan to the lenders under the DVB $25.0 million loan and to provide them with any updates to such plan on an on-going basis;
- The Borrowing Parties will provide evidence relating to capital expenses as required by the lenders and will generally use all commercial efforts to conserve and retain cash;
- The borrower will provide certain cash flow forecasts and projections to the lenders;
- The Company will agree to the hiring of a strategic advisor to advise the lenders in evaluating potential restructuring options and to pay all fees and costs associated with the hiring of the strategic advisor.

The Forbearance Termination Date for the DVB $25.0 Million Loan is the earlier of: (1) 12:00 noon (New York time) on March 31, 2016; (2) failure by the borrower or guarantors under the DVB $25.0 Million Loan (together, the "Company Parties") to comply with the provisions of the forbearance agreement after the date of the forbearance agreement; (3) the date of the occurrence of (i) any default or event of default under certain forbearance agreements between any of the Company Parties and certain lenders ("Third Party Forbearance Agreements") or (ii) the termination, cancellation, revocation, repudiation, anticipatory repudiation or cessation, in whole or in part, of any Third Party Forbearance Agreement; (4) the occurrence of certain bankruptcy or insolvency events involving any of the Company Parties; (5) the date of the occurrence of any Event of Default under the DVB $25.0 Million Loan after the date of the forbearance agreement; (6) the date of occurrence of any default or event of default under any other credit facility (including the 2021 Notes) to which the Company, UP Offshore or any affiliate or subsidiary of them is a party, unless (x) a Third Party Forbearance Agreement has been entered into with respect to such credit facility which waives or forbears with respect to such default or event of default and such Third Party Forbearance Agreement remains in effect or (y) certain bankruptcy proceedings have been initiated and such proceedings result in any automatic stay or equivalent; or (7) the fifth business day after the Company or the borrower under the DVB $25.0 Million Loan gives notice to the lenders under such loan of the exercise of remedies by any credit facility (including the 2021 Notes) to which any subsidiary of the Company is a party (other than UP Offshore or other persons in which UP Offshore has a direct, indirect or beneficial ownership interest).

On March 31, 2016, the parties to the forbearance agreement agreed to extend its terms to April 30, 2016.

Loan Agreement with BNDES of $18.7 million:

On August 20, 2009, UP Offshore Apoio Maritimo Ltda. (a wholly owned subsidiary in the Offshore Supply Business) as Borrower entered into an $18.7 million loan agreement with BNDES to partially post-finance the construction of our PSV UP Rubi.

The loan must be repaid by 204 consecutive monthly installments of $0.1 million each beginning in April 2010. The loan accrues interest at 3.0% fixed rate per annum until maturity on March 2027.

On March 5, 2013, BNDES confirmed their approval of the change in ownership which occurred as a consequence of the Sparrow transaction. Considering such approval, we are in compliance with all covenants under this loan facility.

The loan is secured by a First Demand Guarantee Facility (FDGF) dated as of June 26, 2013, of up to $16.8 million issued by DVB Bank SE and guaranteed by UP Offshore (Bahamas) and Ultrapetrol (Bahamas) Limited. The FDGF accrues a fee of 1.48% per annum on the total FDGF amount for the first year, 1.40% per annum on the total amount for the second year, 1.30% per annum on the total amount for the third year and 1.20% per annum on the total amount for the fourth year.

As Obligor under the FDGF, UP Offshore Apoio Maritimo Ltda. shall maintain certain financial covenants including: (i) an equity ratio of not less than 20% (ii) a Debt Service Coverage Ratio of not less than 1.25 to 1 calculated quarterly on a historical and forward four quarter rolling basis and (iii) a book equity of not less than $25.0 million plus 25% of the Obligor's positive net income.

On March 26, 2015, DVB waived compliance with the consolidated debt service coverage ratio as of December 31, 2014 and March 31, 2015, which required Ultrapetrol (Bahamas) Ltd., as Guarantor, to have a consolidated debt service coverage ratio of not less than 1.5 for the last four fiscal quarters prior to the relevant date of calculation. In addition, DVB amended such clauses to require us to comply with a consolidated debt service coverage ratio of not less than 1.05 as of June 30, 2015, not less than 1.15 as of September 30, 2015, and not less than 1.30 at all times thereafter. In addition, DVB amended the average monthly balance of available cash requirement for the Guarantor to be not less than $20.0 million on a consolidated basis including (i) cash in demand deposit and time deposit accounts held in Ultrapetrol's name with a tenor of six months or less, and (ii) unused and available for drawing under revolving credit lines available to Ultrapetrol having expiration dates of six months or longer from the relevant date.

As of December 31, 2015, we were did not reach the minimum required forward looking consolidated debt service coverage ratio. However, compliance with this financial covenant is waived through April 30, 2016, as set forth in the forbearance agreement.

The aggregate outstanding principal balance of the loan was $12.5 million at December 31, 2015.

Summary of the forbearance agreement entered with DVB Bank SE under the FDGF:

On January 11, 2016, the Company, UP Offshore (Bahamas) Ltd. (together with the Company, the "Corporate Guarantors") and UP Offshore Apoio Maritimo Ltda. ("UP Offshore Brazil", and together with the Corporate Guarantors, the "Obligor Parties") entered into a forbearance agreement with DVB Bank SE under the FDGF. Under this forbearance agreement, DVB Bank SE agreed until the Forbearance Termination Date (as defined below) to:

- Waive compliance with Clause 11 of the Guarantee Facility Agreement until the Forbearance Termination Date, provided that the obligor under the guarantee provides certain cash flow forecasts and projections to the lenders.
- Waive the obligor's compliance with any obligation it may have to provide additional security or make prepayment under Clause 14.2 of the Guarantee Facility Agreement until the Forbearance Termination Date.
- Waive anticipated Events of Default under the Guarantee Facility Agreement that could arise due to waivers or extensions granted under the forbearance agreement or during the time the forbearance agreement is in effect.

· The Obligor Parties agreed to the following during the time the forbearance agreement is in effect:

- All cash received by any of the Company's offshore subsidiaries will be maintained at such subsidiary and the Company will not permit the transfer, distribution or loan of any such funds to any affiliated holding company or any affiliate of any guarantor under the guarantee or of UP Offshore Brazil except (i) up to $5.0 million may be transferred from UP Offshore or the Company for certain limited uses or (ii) certain funds may be used to pay ordinary course business operating expenses;
- None of the Company or its subsidiaries or affiliates may make any payment of principal due to any credit facility to which UP Offshore or the Company or any affiliate or subsidiary is a party or a guarantor except for certain specified loans;
- None of the Company or any of its affiliates or subsidiaries may grant any collateral, guarantees or preferential terms or treatment other than such as already in place;
- The Company will provide copies of any restructuring plan to the lenders under the FDGF and to provide them with any updates to such plan on an on-going basis;
- The Obligor Parties will provide evidence relating to capital expenses as required by the DVB Bank SE and will generally use all commercial efforts to conserve and retain cash .
- The Company will agree to the hiring of a strategic advisor to advise the lenders in evaluating potential restructuring options and to pay all fees and costs associated with the hiring of the strategic advisor.

The Forbearance Termination Date for the FDGF is the earlier of: (1) 12:00 noon (New York time) on March 31, 2016; (2) failure by the obligor or guarantors under the FDGF (together, the "Company Parties") to comply with the provisions of the forbearance agreement after the date of the forbearance agreement; (3) the date of the occurrence of (i) any default or event of default under certain forbearance agreements between any of the Company Parties and certain lenders ("Third Party Forbearance Agreements") or (ii) the termination, cancellation, revocation, repudiation, anticipatory repudiation or cessation, in whole or in part, of any Third Party Forbearance Agreement; (4) the occurrence of certain bankruptcy or insolvency events involving any of the Company Parties; (5) the date of the occurrence of any Event of Default under the FDGF after the date of the forbearance agreement; (6) the date of

occurrence of any default or event of default under any other credit facility (including the 2021 Notes) to which the Company, UP Offshore or any affiliate or subsidiary of them is a party, unless (x) a Third Party Forbearance Agreement has been entered into with respect to such credit facility which waives or forbears with respect to such default or event of default and such Third Party Forbearance Agreement remains in effect or (y) certain bankruptcy proceedings have been initiated and such proceedings result in any automatic stay or equivalent; or (7) the fifth business day after the Company or the obligor under the FDGF gives notice to the lenders under such loan of the exercise of remedies by any credit facility (including the 2021 Notes) to which any subsidiary of the Company is a party (other than UP Offshore or other persons in which UP Offshore has a direct, indirect or beneficial ownership interest).

On March 31, 2016, the parties to the forbearance agreement agreed to extend its terms to April 30, 2016.

Loan Agreement with DVB Bank SE (DVB SE) and Banco Security of $40.0 million:

On December 9, 2010, our subsidiary UP Offshore (Bahamas) Limited entered into a loan agreement with DVB Bank SE and Banco Security relating to a senior secured term loan facility in the amount of up to $40.0 million to partially finance the acquisition of two PSVs constructed for us, UP Turquoise and UP Jasper (the "DVB/Banco Security $40.0 Million Loan"). This facility was drawn in two advances, each of $20.0 million, on the delivery of each PSV. The maturity date of the facility is eight years from the initial drawdown, but no later than December 31, 2018. The security for the loan facility includes a guarantee by us and first priority Panamanian ship mortgages on each of the PSVs.

Each advance shall be repaid by (i) 32 consecutive quarterly installments of $0.4 million and (ii) a balloon repayment of $6.7 million concurrently with the 32nd quarterly installment. The loan accrues interest at LIBOR plus 3.0% per annum.

In connection with Banco Security's $10.0 million portion, we entered into interest rate swap transactions whereby we agreed to pay Banco Security a fixed weighted average interest rate of 3.39% in exchange for receiving the floating LIBOR (US Dollar, 3-month) until December 16, 2018.

On March 26, 2015, lenders amended the loan agreement to include customary covenants and provisions and to require us to comply with a consolidated debt service coverage ratio of not less than 1.05 as of June 30, 2015, not less than 1.15 as of September 30, 2015, and not less than 1.30 at all times thereafter. In addition, lenders amended the average monthly balance of available cash requirement for the Guarantor to be not less than $20.0 million on a consolidated basis including (i) cash in demand deposit and time deposit accounts held in Ultrapetrol's name with a tenor of six months or less, and (ii) unused and available for drawing under revolving credit lines available to Ultrapetrol having expiration dates of six months or longer from the relevant date.

The aggregate outstanding principal balance of the loan was $24.2 million at December 31, 2015.

Summary of the forbearance agreement entered with the lenders under the DVB/Banco Security $40.0 Million Loan:

On January 11, 2016, the Company, UP Offshore (Bahamas) Ltd. ("UP Offshore"), Glasgow Shipping Inc., Zubia Shipping Inc. and Coporacion de Navegacion Mundial S.A. (collectively, the "Borrowing Parties") entered into a forbearance agreement with seventy five percent of the lenders under the DVB/Banco Security $40.0 Million Loan. Under this forbearance agreement, the seventy five percent of the lenders agreed until the Forbearance Termination Date (as defined below) to:

- Extend the time for the borrower under the loan to make quarterly repayment installments under Clause 8.1 of the loan agreement until the Forbearance Termination Date.
- Waive compliance with Clause 12 of the loan agreement until the Forbearance Termination Date, provided that the borrower under the loan provides certain cash flow forecasts and projections to the lenders.
- Waive the borrower's compliance with any obligation it may have to provide additional security or make prepayment under Clause 15.3 of the loan agreement until the Forbearance Termination Date.
- Waive anticipated Events of Default under the loan agreement that could arise due to waivers or extensions granted under the forbearance agreement or during the time the forbearance agreement is in effect.

The Borrowing Parties agreed to the following during the time the forbearance agreement is in effect:

- All cash received by any of the Company's offshore subsidiaries will be maintained at such subsidiary and the Company will not permit the transfer, distribution or loan of any such funds to any affiliated holding company or any affiliate of any guarantor under the loan or of UP Offshore except (i) up to $5.0 million may be transferred from UP Offshore or the Company for certain limited uses;
- None of the Company or its subsidiaries or affiliates may make any payment of principal due to any credit facility to which UP Offshore or the Company or any affiliate or subsidiary is a party or a guarantor except for certain specified loans;
- None of the Company or any of its affiliates or subsidiaries may grant any collateral, guarantees or preferential terms or treatment other than such as already in place;
- The Company will provide copies of any restructuring plan to the lenders under the DVB/Banco Security $40.0 million loan and to provide them with any updates to such plan on an on-going basis;

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- The Borrowing Parties will provide evidence relating to capital expenses as required by the lenders and will generally use all commercial efforts to conserve and retain cash;
- UP Offshore will continue to market a certain vessel, provide the lenders with a marketing plan designed to effectuate the sale of such vessels by the Forbearance Termination Date, and take certain actions in connection with such sale;
- The Company will agree to the hiring of a strategic advisor to advise the lenders in evaluating potential restructuring options and to pay all fees and costs associated with the hiring of the strategic advisor.

The Forbearance Termination Date for the DVB/Banco Security $40.0 Million Loan is the earlier of: (1) 12:00 noon (New York time) on March 31, 2016; (2) failure by the borrower or guarantors under the DVB/Banco Security $40.0 Million Loan (together, the "Company Parties") to comply with the provisions of the forbearance agreement after the date of the forbearance agreement; (3) the date of the occurrence of (i) any default or event of default under certain forbearance agreements between any of the Company Parties and certain lenders ("Third Party Forbearance Agreements") or (ii) the termination, cancellation, revocation, repudiation, anticipatory repudiation or cessation, in whole or in part, of any Third Party Forbearance Agreement; (4) the occurrence of certain bankruptcy or insolvency events involving any of the Company Parties; (5) the date of the occurrence of any Event of Default under the DVB/Banco Security $40.0 Million Loan after the date of the forbearance agreement; (6) the date of occurrence of any default or event of default under any other credit facility (including the 2021 Notes) to which the Company, UP Offshore or any affiliate or subsidiary of them is a party, unless (x) a Third Party Forbearance Agreement has been entered into with respect to such credit facility which waives or forbears with respect to such default or event of default and such Third Party Forbearance Agreement remains in effect or (y) certain bankruptcy proceedings have been initiated and such proceedings result in any automatic stay or equivalent; or (7) the fifth business day after the Company or the borrower under the DVB/Banco Security $40.0 Million Loan gives notice to the lenders under such loan of the exercise of remedies by any credit facility (including the 2021 Notes) to which any subsidiary of the Company is a party (other than UP Offshore or other persons in which UP Offshore has a direct, indirect or beneficial ownership interest).

On March 31, 2016, the parties to the forbearance agreement agreed to extend its terms to April 30, 2016.

Loan Agreement with DVB Bank, NIBC Bank and ABN Amro Bank of $84.0 million:

On January 18, 2013 Ingatestone Holdings Inc. ("Ingatestone"), as Borrower, and UP Offshore (Bahamas) Ltd., Bayshore Shipping Inc., Gracebay Shipping Inc., Springwater Shipping Inc. and Woodrow Shipping Inc. (all of these our subsidiaries in the Offshore Supply Business) and Ultrapetrol (Bahamas) Limited, as joint and several Guarantors, entered into a senior secured post-delivery term loan facility of up to $84.0 million with DVB Bank America, NIBC and ABN Amro (the "Lenders") with the purpose of refinancing the advances made for our PSVs named UP Jade, UP Amber, UP Pearl and UP Onyx of the DVB SE and Natixis and DVB SE and NIBC long-term facilities (the "DVB/NIBC/ABN $84.0 Million Loan").

The loan facility is divided into four tranches, each in the aggregate amount of up to the lesser of $21.0 million and 60% of the fair market value of the PSV to which such tranche relates.

Each tranche of the loan facility in respect of the financing of the acquisition of each of the UP Amber, UP Pearl and UP Onyx from the shipyard shall be divided into two advances which shall be made available to the Borrower as follows:

- The first advance of each such tranche shall be made available to the Borrower in the amount of up to $5.0 million on the earlier of the delivery date of the ship and October 31, 2013,
- The second advance of each such tranche shall be made available to the Borrower in the amount of up to $16.0 million not later than the earlier of the date which is six months after the delivery date of the ship and October 31, 2013, provided that the UP Amber, UP Pearl and UP Onyx have obtained employment of not less than 3 years with a charterer on terms and conditions acceptable to the Lenders.

Each advance of $21.0 million shall be repaid on a pro-rata basis by (i) 20 consecutive quarterly installments of $0.5 million and (ii) a balloon repayment of $10.4 million concurrently with the 20th quarterly installment. The loan accrues interest at LIBOR plus 4.0% per annum.

The loan contains customary covenants which are similar to the stipulated covenants in previous loans entered with DVB Bank SE. The agreements governing the facility also contain customary events of default. If an event of default

occurs and is continuing, DVB SE, NIBC and ABN may require the entire amount of the loans be immediately repaid in full.

On January 24, 2013, we drew down $20.9 million corresponding to the advance of our UP Jade. In connection with such portion, we entered into swap derivative contracts whereby we agreed to pay DVB, NIBC and ABN a fixed weighted average interest rate of 0.9% between January 2013 and October 2016 in exchange for receiving the floating LIBOR (US Dollar, 3-month).

On March 28, 2013, and June 28, 2013, we drew down $5.0 million and $15.6 million corresponding to first and second advance of our UP Amber, respectively. In connection with such portion, we entered into swap derivative contracts whereby we agreed to pay DVB, NIBC and ABN a fixed weighted average interest rate of 1.2% between March 2014 and September 2016 in exchange for receiving the floating LIBOR (US Dollar, 3-month).

On October 11, 2013, we drew down $20.6 million corresponding to the first and second advance of our UP Pearl. In connection with such portion, we entered into swap derivative contracts whereby we agreed to pay DVB, NIBC and ABN a fixed weighted average interest rate of 1.2% between October 2014 and October 2016 in exchange for receiving the floating LIBOR (US Dollar, 3-month).

On October 22, 2013, concurrently with the cancelation of the construction contract of UP Onyx, available amounts under this facility were reduced to up to $63.0 million.

On March 26, 2015, lenders waived compliance with the consolidated debt service coverage ratio as of December 31, 2014 and March 31, 2015, which required Ultrapetrol (Bahamas) Ltd., as Guarantor, to have a consolidated debt service coverage ratio of not less than 1.5 for the last four fiscal quarters prior to the relevant date of calculation. In addition, lenders amended such clauses to require us to comply with a consolidated debt service coverage ratio of not less than 1.05 as of June 30, 2015, not less than 1.15 as of September 30, 2015, and not less than 1.30 at all times thereafter. In addition, lenders amended the average monthly balance of available cash requirement for the Guarantor to be not less than $20.0 million on a consolidated basis including (i) cash in demand deposit and time deposit accounts held in Ultrapetrol's name with a tenor of six months or less, and (ii) unused and available for drawing under revolving credit lines available to Ultrapetrol having expiration dates of six months or longer from the relevant date. As of December 31, 2015, we were did not reach the minimum required forward looking consolidated debt service coverage ratio. However, compliance with this financial covenant is waived through April 30, 2016, as set forth in the forbearance agreement.

The aggregate outstanding principal balance of the loan was $44.5 million at December 31, 2015.

On January 14, 2016, pursuant to the forbearance agreement, the Company prepaid $2.5 million of principal outstanding under this credit agreement.

Summary of the forbearance agreement entered with the lenders under the DVB/NIBC/ABN $84.0 Million Loan:

On January 11, 2016, the Company, Ingatestone Holdings Inc., UP Offshore (Bahamas) Ltd. ("UP Offshore"), Bayshore Shipping Inc., Amber Shipping Inc., Springwater Shipping Inc. and Woodrow Shipping Inc. (collectively, the "Borrowing Parties") entered into a forbearance agreement with the lenders under the DVB/NIBC/ABN $84.0 Million Loan. Under this forbearance agreement, the lenders agreed to:

- Extend the time for the borrower under the loan to make quarterly repayment installments under Clause 8.1 of the loan agreement until the Forbearance Termination Date (as defined below).
- Waive the covenants with respect to the Time Charters and Service Contracts relating to each of UP Pearl and UP Amber under Clauses 11.1(a) and (b) and Clauses 11.2(j)(iii) and (iv) of the loan agreement until the Forbearance Termination Date.
- Waive compliance with Clause 12 of the loan agreement until the Forbearance Termination Date, provided that the borrower under the loan maintains a certain amount of liquidity and provides certain cash flow forecasts and projections to the lenders.
- Waive the borrower's compliance with any obligation it may have to provide additional security or make prepayment under Clause 15.3 of the loan agreement until the Forbearance Termination Date.
- Waive the borrower's compliance with any obligation to deposit any amounts into the Debt Service Reserve Account, or to maintain any minimum balance in such account, except as provided in paragraph 3 above, pursuant to Clause 19.4 of the loan agreement until the Forbearance Termination Date.
- Waive anticipated Events of Default under the loan agreement that could arise due to waivers or extensions granted under the forbearance agreement or during the time the forbearance agreement is in effect.

The Borrowing Parties agreed to the following during the time the forbearance agreement is in effect:

- All cash received by any of the Company's offshore subsidiaries will be maintained at such subsidiary and the Company will not permit the transfer, distribution or loan of any such funds to any affiliated holding company or any affiliate of any guarantor under the loan or of Ingatestone except (i) up to $5 million may be transferred from UP

Offshore or the Company for certain limited uses or (ii) certain funds may be used to pay ordinary course business operating expenses;

- None of the Company or its subsidiaries or affiliates may make any payment of principal due to any credit facility to which UP Offshore or the Company or any affiliate or subsidiary is a party or a guarantor except for certain specified loans;
- None of the Company or any of its affiliates or subsidiaries may grant any collateral, guarantees or preferential terms or treatment other than such as already in place;
- The Company will provide copies of any restructuring plan to the lenders under the DVB/NIBC/ABN $84.0 million loan and provide them with any updates to such plan on an on-going basis;
- The Borrowing Parties will provide evidence relating to capital expenses as required by the lenders and will generally use all commercial efforts to conserve and retain cash;
- Ingatestone will continue to market certain vessels, provide the lenders with a marketing plan designed to effectuate the sale of such vessels by the Forbearance Termination Date, and take certain actions in connection with such sale;
- The Company will agree to the hiring of a strategic advisor to advise the lenders in evaluating potential restructuring options and to pay all fees and costs associated with the hiring of the strategic advisor.

The Forbearance Termination Date for the DVB/NIBC/ABN $84.0 Million Loan is the earlier of: (1) 12:00 noon (New York time) on March 31, 2016; (2) failure by the borrower or guarantors under the DVB/NIBC/ABN $84.0 Million Loan (together, the "Company Parties") to comply with the provisions of the forbearance agreement after the date of the forbearance agreement; (3) the date of the occurrence of (i) any default or event of default under certain forbearance agreements between any of the Company Parties and certain lenders ("Third Party Forbearance Agreements") or (ii) the termination, cancellation, revocation, repudiation, anticipatory repudiation or cessation, in whole or in part, of any Third Party Forbearance Agreement; (4) the occurrence of certain bankruptcy or insolvency events involving any of the Company Parties; (5) the date of the occurrence of any Event of Default under the DVB/NIBC/ABN $84.0 Million Loan after the date of the forbearance agreement; (6) the date of occurrence of any default or event of default under any other credit facility (including the 2021 Notes) to which the Company, UP Offshore or any affiliate or subsidiary of them is a party, unless (x) a Third Party Forbearance Agreement has been entered into with respect to such credit facility which waives or forbears with respect to such default or event of default and such Third Party Forbearance Agreement remains in effect or (y) certain bankruptcy proceedings have been initiated and such proceedings result in any automatic stay or equivalent; or (7) the fifth business day after the Company or the borrower under the DVB/NIBC/ABN $84.0 Million Loan gives notice to the lenders under such loan of the exercise of remedies by any credit facility (including the 2021 Notes) to which any subsidiary of the Company is a party (other than UP Offshore or other persons in which UP Offshore has a direct, indirect or beneficial ownership interest).

On March 31, 2016, the parties to the forbearance agreement agreed to extend its terms to April 30, 2016.

Loan Agreement with DVB Bank SE and NIBC Bank of $38.4 million:

On December 20, 2013, Linford Trading Inc. as Borrower ("Linford") and Ultrapetrol (Bahamas) Limited, UP Offshore (Bahamas) Ltd., Leeward Shipping Inc. and Jura Shipping Inc. (collectively, the "Borrowing Parties") (the last three our subsidiaries in the Offshore Supply Business), as joint and several Guarantors, entered into a senior secured term loan facility of up to $38.4 million with DVB SE and NIBC, as co-lenders, for the purpose of providing post-delivery financing of our UP Agate and UP Coral (the "DVB/NIBC $38.4 Million Loan").

This loan was divided into two tranches:

Tranche A, amounting to $32.0 million, to be made available for each ship in the amount of up to $16.0 million. This tranche accrues interest at LIBOR rate plus a margin of 4.0% and shall be repaid by (i) 28 quarterly installments of $0.4 million per ship and (ii) a balloon repayment of $4.8 million per ship together with the last installment. The first quarterly repayment shall commence on the date falling three months after the Drawing Date of such ship.

Tranche B, amounting to $3.2 million, to be made available for each ship in the amount of up to $1.6 million subject to minimum three (3) year employment with a charterer on terms and conditions acceptable to the Lenders. This tranche accrues interest at LIBOR rate plus a margin of 4.0% per annum and shall be repaid by (i) 12 quarterly installments of $0.1 million per ship (ii) a balloon repayment of $0.66 million per ship together with the last installment. The first quarterly repayment shall commence on the 13th quarterly installment.

The loan contains customary covenants which are similar to the stipulated covenants in previous loans entered with DVB SE. The agreements governing the facility also contain customary events of default. If an event of default occurs and is continuing, DVB SE and NIBC may require the entire amount of the loans be immediately repaid in full.
On December 30, 2013, we drew down $32.0 million corresponding to Tranche A of both our UP Agate and UP Coral.
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In January and July 2015, the Borrower, the Lenders and the Guarantors signed amendments of the loan agreement. In connection with those amendments the availability period was extended through June 30 and September 30, 2015, respectively, in relation to the second advance of each tranche of the financing of our PSVs UP Agate and UP Coral.
On March 26, 2015, lenders waived compliance with the consolidated debt service coverage ratio as of December 31, 2014 and March 31, 2015, which required Ultrapetrol (Bahamas) Ltd., as Guarantor, to have a consolidated debt service coverage ratio of not less than 1.5 for the last four fiscal quarters prior to the relevant date of calculation. In addition, lenders amended such clauses to require us to comply with a consolidated debt service coverage ratio of not less than 1.05 as of June 30, 2015, not less than 1.15 as of September 30, 2015, and not less than 1.30 at all times thereafter. In addition, lenders amended the average monthly balance of available cash requirement for the Guarantor to be not less than $20.0 million on a consolidated basis including (i) cash in demand deposit and time deposit accounts held in Ultrapetrol's name with a tenor of six months or less, and (ii) unused and available for drawing under revolving credit lines available to Ultrapetrol having expiration dates of six months or longer from the relevant date.
As of December 31, 2015, we were did not reach the minimum required forward looking debt service coverage ratio for Linford Trading Inc. and on a consolidated basis for Ultrapetrol. However, compliance with these financial covenants is waived through April 30, 2016, as set forth in the forbearance agreement.
On September 17, 2015, we drew down $3,200 corresponding to the second advance of our UP Coral.
The aggregate outstanding principal balance of the loan was $28.7 million at December 31, 2015.
On January 13, 2016, pursuant to the forbearance agreement, the Company prepaid $1.8 million of principal outstanding under this credit agreement.
Summary of the forbearance agreement entered with the lenders under the DVB/NIBC $38.4 Million Loan:
On January 11, 2016, the Borrowing Parties entered into a forbearance agreement with the lenders under the DVB/NIBC $38.4 Million Loan. Under this forbearance agreement, the lenders agreed to:

- Extend the time for the borrower under the loan to make quarterly repayment installments under Clause 8.1 of the loan agreement until the Forbearance Termination Date (as defined below).
- Waive compliance with Clause 12 of the loan agreement until the Forbearance Termination Date, provided that the borrower under the loan provides certain cash flow forecasts and projections to the lenders.
- Waive the borrower's compliance with any obligation it may have to provide additional security or make prepayment under Clause 15.3 of the loan agreement until the Forbearance Termination Date.
- Waive anticipated Events of Default under the loan agreement that could arise due to waivers or extensions granted under the forbearance agreement or during the time the forbearance agreement is in effect.

The Borrowing Parties agreed to the following during the time the forbearance agreement is in effect:

- All cash received by any of the Company's offshore subsidiaries will be maintained at such subsidiary and the Company will not permit the transfer, distribution or loan of any such funds to any affiliated holding company or any affiliate of any guarantor under the loan or of Linford except (i) up to $5 million may be transferred from UP Offshore or the Company for certain limited uses and (ii) certain funds may be used to pay ordinary course business operating expenses;
- None of the Company or its subsidiaries or affiliates may make any payment of principal due to any credit facility to which UP Offshore or the Company or any affiliate or subsidiary is a party or a guarantor except for certain specified loans;
- None of the Company or any of its affiliates or subsidiaries may grant any collateral, guarantees or preferential terms or treatment other than such as already in place;
- The Company will provide copies of any restructuring plan to the lenders under the DVB/NIBC $38.4 million loan and provide them with any updates to such plan on an on-going basis;
- The Borrowing Parties will provide evidence relating to capital expenses as required by the lenders and will generally use all commercial efforts to conserve and retain cash;
- The Company will agree to the hiring of a strategic advisor to advise the lenders in evaluating potential restructuring options and to pay all fees and costs associated with the hiring of the strategic advisor.

The Forbearance Termination Date for the DVB/NIBC $38.4 Million Loan is the earlier of: (1) 12:00 noon (New York time) on March 31, 2016; (2) failure by the borrower or guarantors under the DVB/NIBC $38.4 Million Loan (together, the "Company Parties") to comply with the provisions of the forbearance agreement after the date of the forbearance agreement; (3) the date of the occurrence of (i) any default or event of default under certain forbearance agreements between any of the Company Parties and certain lenders ("Third Party Forbearance Agreements") or (ii) the termination, cancellation, revocation, repudiation, anticipatory repudiation or cessation, in whole or in part, of any Third Party Forbearance Agreement; (4) the occurrence of certain bankruptcy or insolvency events involving any of the Company Parties; (5) the date of the occurrence of any Event of Default under the DVB/NIBC $38.4 Million Loan after the date of the forbearance agreement; (6) the date of occurrence of any default or event of default under any other credit facility (including the 2021 Notes) to which the Company, UP Offshore or any affiliate or subsidiary of them is a party, unless (x) a Third Party Forbearance Agreement has been entered into with respect to such credit facility which waives or forbears with respect to such default or event of default and such Third Party Forbearance Agreement remains in effect or (y) certain bankruptcy proceedings have been initiated and such proceedings result in any automatic stay or equivalent; or (7) the fifth business day after the Company or the borrower under the DVB/NIBC $38.4 Million Loan gives notice to the lenders under such loan of the exercise of remedies by any credit facility (including the 2021 Notes) to which any subsidiary of the Company is a party (other than UP Offshore or other persons in which UP Offshore has a direct, indirect or beneficial ownership interest).

On March 31, 2016, the parties to the forbearance agreement agreed to extend its terms to April 30, 2016.

Loan Agreement with Natixis of $13.6 million:

On January 29, 2007, Stanyan Shipping Inc. (a wholly owned subsidiary in the Ocean Business and the owner of the Alejandrina as Borrower and Ultrapetrol (Bahamas) Limited as Guarantor and Holding Company entered into a $13.6 million loan agreement with Natixis for the purpose of providing post-delivery financing of our product tanker Alejandrina .

The loan must be repaid by (i) 40 consecutive quarterly installments of $0.2 million each beginning in June 2007 and (ii) a balloon repayment of $4.5 million payable simultaneously with the 40th quarterly installment. The loan accrued interest at 6.38% per annum during the first five years of the loan and LIBOR plus 1.00% per annum thereafter for so long as the Alejandrina remains chartered under standard conditions or plus 1.20% per annum otherwise.

The loan is secured by a mortgage on the Alejandrina and is guaranteed by Ultrapetrol (Bahamas) Limited. The loan also contains customary covenants that limit, among other things, the Borrower's and the Guarantors' ability to incur additional indebtedness, grant liens over their assets, sell assets, pay dividends, repay indebtedness, merge or consolidate, change lines of business and amend the terms of subordinated debt. The agreement governing the facility also contains customary events of default.

On May 21, 2012, we paid $1.8 million to partially prepay the outstanding amounts under this facility.

On May 15, 2015, we paid $0.7 million to partially prepay the outstanding amounts under this facility.

The aggregate outstanding principal balance of the loan was $3.1 million at December 31, 2015, which was subsequently fully repaid on March 7, 2016, concurrently with the sale of our Alejandrina.

Loan Agreement with International Finance Corporation (IFC) of $25.0 million:

On September 15, 2008, UABL Paraguay S.A., as Borrower, and IFC entered into a loan agreement to partially finance: (i) the replacement of existing pushboat engines and conversion of pushboats to install such engines, (ii) the enlargement and re-bottoming of existing barges, (iii) the construction and acquisition of additional pushboats and barges and (iv) supplies and related equipment for the foregoing (the "IFC $25.0 Million Loan").

The loan has a grace period of 4 years followed by 9 consecutive semi-annual installments of $1.09 million and 8 consecutive semi-annual installments of $1.90 million, which began in June 2012. The loan accrues interest at LIBOR plus a spread which is within a range between 1.875% and 3.250% beginning with 3.00% in December 2008 and which is adjusted every June on a yearly basis and which is inversely correlated with UABL's financial performance (i.e.: the margin increases after a bad year and vice-versa).

In connection with this facility, we entered into an interest rate collar agreement, designated as cash flow hedge, to fix the interest rate of this borrowing within a floor of 1.69% and a cap of 5.0% per annum.

The loan is secured by a mortgage on part of our River Business fleet. The loan requires certain financial ratios to be met and contains various restrictive covenants such as limiting the Borrower's ability to declare or pay any dividend, to incur capital expenditures, leases, or enter into derivative transactions (except for fuel swaps), among others.

On March 27, 2015, IFC waived compliance with the Historical Debt Service Coverage Ratio for the periods ending on December 31, 2014, March 31, 2015, and June 30, 2015. The waiver was granted conditional upon OFID's granting of a similar waiver on or before April 15, 2015, which condition was met on April 13, 2015.

As of December 31, 2015, we were did not reach the minimum required current ratio. However, compliance with this financial covenant is waived through April 30, 2016, as set forth in the standstill agreement.

The aggregate outstanding principal balance of the loan was $16.3 million at December 31, 2015. Scheduled repayments of principal and interest corresponding to December 15, 2015, were fully serviced by the Company.

Summary of the standstill agreement entered with IFC under the IFC $25.0 Million Loan:

On January 15, 2016, UABL Paraguay S.A. (the "Borrower"), UABL Limited ("UABL"), the Company and IFC entered into a standstill agreement under the IFC $25.0 Million Loan. Under this standstill agreement, IFC agreed until the Forbearance Termination Date (as defined below) to forbear from exercising any of its rights, powers and remedies against the Borrower and UABL as guarantor of the IFC $25.0 Million Loan with respect to the Event of Default that occurred under the IFC $25.0 Million Loan as a result of the Company's failure to make a payment under the 2021 Notes.

The Borrower and UABL agreed that, until the Forbearance Termination Date, each will:

- keep IFC advised of any matters that may materially affect the Company and its subsidiaries (collectively, the "Ultrapetrol Entities"), and will provide IFC with certain information upon request;
- provide IFC with copies of any restructuring plan and any updates to such plan on an on-going basis;
- not incur any additional financial debt unless the proceeds of such debt are immediately used to repay certain amounts owed to IFC;
- not grant any additional collateral, guarantees or preferential terms or treatment;
- provide IFC with evidence relating to capital expenses as required by IFC and generally use all commercial efforts to conserve and retain cash;
- not declare or pay any dividend or make any cash distribution or acquire any stock of the Borrower or UABL, or any option over them, or make a payment under any subordinated financial debt.

The Forbearance Termination Date for the IFC $25.0 Million Loan is the earlier of: (1) 12:00 noon (New York time) on March 31, 2016; (2) a breach (or potential breach, anticipatory repudiation, cancelation or revocation) by the Borrower or UABL (together, the "Company Parties") of the standstill agreement; (3) the date of the occurrence of any default or event of default under certain provisions of the IFC Loan Agreement; (4) another lender, bondholder or creditor (i) increases any interest rate or margin with respect to any loan made to any Ultrapetrol Entity due to a default by such Ultrapetrol Entity, (ii) notifies an Ultrapetrol Entity of an event of default, or (iii) exercises any remedy or commences any action against a Company Party to enforce its rights with respect to collateral; (5) any Ultrapetrol Entity or any affiliate thereof pays or agrees to pay another lender or creditor in excess of scheduled amounts due under certain agreements; and (6) a breach (or anticipatory repudiation, cancelation or revocation) by any Ultrapetrol Entity of any forbearance agreement between any of the Company Parties and certain lenders.

On March 31, 2016, the parties to the standstill agreement agreed to extend its terms to April 30, 2016.

Loan Agreement with International Finance Corporation (IFC) of $35.0 million:

On September 15, 2008, UABL Barges (Panama) Inc., UABL Towing Services S.A., Marine Financial Investment Corp. and Eastham Barges Inc. (all our subsidiaries in the River Business), as Borrowers, and IFC entered into a loan agreement to partially finance: (i) the replacement of existing pushboat engines and conversion of pushboats to install such engines, (ii) the enlargement and re-bottoming of existing barges, (iii) the construction and acquisition of additional pushboats and barges and (iv) supplies and related equipment for the foregoing (the "IFC $35.0 Million Loan").

The loan has a grace period of 4 years followed by 9 consecutive semi-annual installments of $1.52 million and 8 consecutive semi-annual installments of $2.66 million, which began in June 2012. The loan accrues interest at LIBOR plus a spread which is within a range between 1.875% and 3.250%, beginning with 3.00% in December 2008 and which is adjusted every June on a yearly basis and which is inversely correlated with UABL's financial performance (i.e.: the margin increases after a bad year and vice-versa).

In connection with this facility, we entered into an interest rate collar agreement, designated as cash flow hedge, to fix the interest rate of this borrowing within a floor of 1.69% and a cap of 5.0% per annum.

The loan is secured by a mortgage on part of our River Business fleet. The loan requires certain financial ratios to be met and contains various restrictive covenants such as limiting the Borrower's ability to declare or pay any dividend, to incur capital expenditures, leases, or enter into derivative transactions (except for fuel swaps), among others.
On March 27, 2015, IFC waived compliance with the Historical Debt Service Coverage Ratio for the periods ending on December 31, 2014, March 31, 2015, and June 30, 2015. The waiver was granted conditional upon OFID's granting of a similar waiver on or before April 15, 2015, which condition was met on April 13, 2015.
As of December 31, 2015, we were did not reach the minimum required current ratio. However, compliance with this financial covenant is waived through April 30, 2016, as set forth in the standstill agreement.
The aggregate outstanding principal balance of the loan was $22.8 million at December 31, 2015. Scheduled repayments of principal and interest corresponding to December 15, 2015, were fully serviced by the Company.
Summary of the standstill agreement entered with IFC under the IFC $35.0 Million Loan:
On January 15, 2016, UABL Barges (Panama) Inc. ("Barges"), UABL Towing Services S.A. ("Towing"), Marine Financial Investment Corp. ("Marine"), Eastham Barges Inc. ("Eastham", and, together with Barges, Towing, Marine and Eastham, the "Borrowers"), UABL Limited ("UABL"), the Company and IFC entered into a standstill agreement under the IFC $35.0 Million Loan. Under this standstill agreement, IFC agreed until the Forbearance Termination Date (as defined below) to forbear from exercising any of its rights, powers and remedies against the Borrowers and UABL as guarantor of the IFC $35.0 Million Loan with respect to the Event of Default that occurred under the IFC $35.0 Million Loan as a result of the Company's failure to make a payment under the 2021 Notes.
The Borrowers and UABL agreed that, until the Forbearance Termination Date, each will:

- keep IFC advised of any matters that may materially affect the Company and its subsidiaries (collectively, the "Ultrapetrol Entities"), and will provide IFC with certain information upon request;
- provide IFC with copies of any restructuring plan and any updates to such plan on an on-going basis;
- not incur any additional financial debt unless the proceeds of such debt are immediately used to repay certain amounts owed to IFC;
- not grant any additional collateral, guarantees or preferential terms or treatment;
- provide IFC with evidence relating to capital expenses as required by IFC and generally use all commercial efforts to conserve and retain cash;
- not declare or pay any dividend or make any cash distribution or acquire any stock of the Borrowers or UABL, or any option over them, or make a payment under any subordinated financial debt.

The Forbearance Termination Date for the IFC $35.0 Million Loan is the earlier of: (1) 12:00 noon (New York time) on March 31, 2016; (2) a breach (or potential breach, anticipatory repudiation, cancelation or revocation) by the Borrowers or UABL (together, the "Company Parties") of the standstill agreement; (3) the date of the occurrence of any default or event of default under certain provisions of the IFC Loan Agreement; (4) another lender, bondholder or creditor (i) increases any interest rate or margin with respect to any loan made to any Ultrapetrol Entity due to a default by such Ultrapetrol Entity, (ii) notifies an Ultrapetrol Entity of an event of default, or (iii) exercises any remedy or commences any action against a Company Party to enforce its rights with respect to collateral; (5) any Ultrapetrol Entity or any affiliate thereof pays or agrees to pay another lender or creditor in excess of scheduled amounts due under certain agreements; and (6) a breach (or anticipatory repudiation, cancelation or revocation) by any Ultrapetrol Entity of any forbearance agreement between any of the Company Parties and certain lenders.

On March 31, 2016, the parties to the standstill agreement agreed to extend its terms to April 30, 2016.
Loan Agreement with The OPEC Fund for International Development (OFID) of $15.0 million:
On November 28, 2008, UABL Paraguay S.A., as Borrower, and OFID entered into a loan agreement to partially finance: (i) the replacement of existing pushboat engines and conversion of pushboats to install such engines, (ii) the enlargement and re-bottoming of existing barges, (iii) the construction and acquisition of additional pushboats and barges and (iv) supplies and related equipment for the foregoing (the "OFID $15.0 Million Loan").
The loan has a grace period of 4 years followed by 9 consecutive semi-annual installments of $0.65 million and 8 consecutive semi-annual installments of $1.14 million, which began in June 2012. The loan accrues interest at LIBOR plus a spread which is within a range between 1.875% and 3.250% beginning with 3.00% in December 2008 and

which is adjusted every June on a yearly basis and which is inversely correlated with UABL's financial performance (i.e.: the margin increases after a bad year and vice-versa).

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In connection with this facility, we entered into an interest rate collar agreement, designated as cash flow hedge, to fix the interest rate of this borrowing within a floor of 1.69% and a cap of 5.0% per annum.
The loan is secured by a mortgage on part of our River Business fleet. The loan requires certain financial ratios to be met and contains various restrictive covenants such as limiting the Borrower's ability to declare or pay any dividend, to incur capital expenditures, leases, or enter into derivative transactions (except for fuel swaps) among others.
On April 13, 2015, OFID waived compliance with the Historical Debt Service Coverage Ratio for the periods ending on December 31, 2014, March 31, 2015, and June 30, 2015. The waiver was granted conditional upon IFC's granting of a similar waiver on or before April 15, 2015, which condition was met on March 27, 2015.

As of December 31, 2015, we were did not reach the minimum required current ratio. However, compliance with this financial covenant is waived through April 30, 2016, as set forth in the standstill agreement.
The aggregate outstanding principal balance of the loan was $9.8 million at December 31, 2015. Scheduled repayments of principal and interest corresponding to December 15, 2015, were fully serviced by the Company.
Summary of the standstill agreement entered with OFID under the OFID $15.0 Million Loan:
On January 15, 2016, UABL Paraguay S.A. ("UABPLY"), UABL Limited ("UABL"), and OFID entered into a standstill agreement under the OFID $15.0 Million Loan. Under this standstill agreement, OFID agreed until the Forbearance Termination Date (as defined below) to forbear from exercising any of its rights, powers and remedies against UABPLY and UABL as guarantor of the OFID $15.0 Million Loan with respect to the Event of Default that occurred under the OFID $15.0 Million Loan as a result of the Company's failure to make a payment under the 2021 Notes.
UABPLY and UABL agreed that, until the Forbearance Termination Date, each will:

- keep OFID advised of any matters that may materially affect the Company and its subsidiaries (collectively, the "Ultrapetrol Entities"), and will provide OFID with certain information upon request;
- provide OFID with copies of any restructuring plan and any updates to such plan on an on-going basis;
- not incur any additional financial debt unless the proceeds of such debt are immediately used to repay certain amounts owed to OFID;
- not grant any additional collateral, guarantees or preferential terms or treatment;
- provide OFID with evidence relating to capital expenses as required by OFID and generally use all commercial efforts to conserve and retain cash;
- not declare or pay any dividend or make any cash distribution or acquire any stock of UABPLY or UABL, or any option over them, or make a payment under any subordinated financial debt.

The Forbearance Termination Date for the OFID $15.0 Million Loan is the earlier of: (1) 12:00 noon (New York time) on March 31, 2016; (2) a breach (or potential breach, anticipatory repudiation, cancelation or revocation) by UABPLY or UABL (together, the "Obligors") of the standstill agreement; (3) the date of the occurrence of any default or event of default under certain provisions of the OFID Loan Agreement; (4) another lender, bondholder or creditor (i) increases any interest rate or margin with respect to any loan made to any Ultrapetrol Entity due to a default by such Ultrapetrol Entity, (ii) notifies an Ultrapetrol Entity of an event of default, or (iii) exercises any remedy or commences any action against an Obligor to enforce its rights with respect to collateral; (5) any Ultrapetrol Entity or any affiliate thereof pays or agrees to pay another lender or creditor in excess of scheduled amounts due under certain agreements; and (6) a breach (or anticipatory repudiation, cancelation or revocation) by any Ultrapetrol Entity of any forbearance agreement between any of the Obligors and certain lenders.
On March 31, 2016, the parties to the standstill agreement agreed to extend its terms to April 30, 2016.
Loan Agreement with International Finance Corporation (IFC) of $15.0 million:
On December 2, 2011, UABL Paraguay S.A. and Riverpar S.A. as joint and several Borrowers, and IFC entered into a loan agreement to partially finance: (i) the construction and acquisition of 64 additional barges, (ii) the modification to 9 existing pushboats necessary to replace their engines, (iii) the re-bottoming of 50 existing barges and (iv) the construction and acquisition of additional pushboats and ancillary equipment (the "IFC $15.0 Million Loan").

The loan has a grace period of 2 years followed by 17 consecutive semi-annual installments of $0.9 million beginning in June 2013. The loan accrues interest at LIBOR plus 3.65% per annum.

The loan is secured by a mortgage on part of our River Business fleet. The loan requires certain financial ratios and contains various restrictive covenants such as limiting the Borrower's ability to declare or pay any dividend, to incur capital expenditures, leases, or enter into derivative transactions (except for fuel swaps), among others.

On March 27, 2015, IFC waived compliance with the Historical Debt Service Coverage Ratio for the periods ending on December 31, 2014, March 31, 2015, and June 30, 2015. The waiver was granted conditional upon OFID's granting of a similar waiver on or before April 15, 2015, which condition was met on April 13, 2015.

As of December 31, 2015, we were did not reach the minimum required current ratio. However, compliance with this financial covenant is waived through April 30, 2016, as set forth in the forbearance agreement.

The aggregate outstanding principal balance of the loan was $9.7 million at December 31, 2015. Scheduled repayments of principal and interest corresponding to December 15, 2015, were fully serviced by the Company.

Summary of the standstill agreement entered with IFC under the IFC $15.0 Million Loan:

On January 15, 2016, UABL Paraguay S.A. ("UABPLY"), Riverpar S.A. ("Riverpar", and, together with UABPLY, the "Borrowers"), UABL Limited ("UABL"), the Company and IFC entered into a standstill agreement under the IFC $15.0 Million Loan. Under this standstill agreement, IFC agreed until the Forbearance Termination Date (as defined below) to forbear from exercising any of its rights, powers and remedies against the Borrowers and UABL as guarantor of the IFC $15.0 Million Loan with respect to the Event of Default that occurred under the IFC $15.0 Million Loan as a result of the Company's failure to make a payment under the 2021 Notes.

The Borrowers and UABL agreed that, until the Forbearance Termination Date, each will:

- keep IFC advised of any matters that may materially affect the Company and its subsidiaries (collectively, the "Ultrapetrol Entities"), and will provide IFC with certain information upon request;
- provide IFC with copies of any restructuring plan and any updates to such plan on an on-going basis;
- not incur any additional financial debt unless the proceeds of such debt are immediately used to repay certain amounts owed to IFC;
- not grant any additional collateral, guarantees or preferential terms or treatment;
- provide IFC with evidence relating to capital expenses as required by IFC and generally use all commercial efforts to conserve and retain cash;
- not declare or pay any dividend or make any cash distribution or acquire any stock of the Borrowers or UABL, or any option over them, or make a payment under any subordinated financial debt.

The Forbearance Termination Date for the IFC $15.0 Million Loan is the earlier of: (1) 12:00 noon (New York time) on March 31, 2016; (2) a breach (or potential breach, anticipatory repudiation, cancelation or revocation) by the Borrowers or UABL (together, the "Company Parties") of the standstill agreement; (3) the date of the occurrence of any default or event of default under certain provisions of the IFC Loan Agreement; (4) another lender, bondholder or creditor (i) increases any interest rate or margin with respect to any loan made to any Ultrapetrol Entity due to a default by such Ultrapetrol Entity, (ii) notifies an Ultrapetrol Entity of an event of default, or (iii) exercises any remedy or commences any action against a Company Party to enforce its rights with respect to collateral; (5) any Ultrapetrol Entity or any affiliate thereof pays or agrees to pay another lender or creditor in excess of scheduled amounts due under certain agreements; and (6) a breach (or anticipatory repudiation, cancelation or revocation) by any Ultrapetrol Entity of any forbearance agreement between any of the Company Parties and certain lenders.

On March 31, 2016, the parties to the forbearance agreement agreed to extend its terms to April 30, 2016.

Loan Agreement with The OPEC Fund for International Development (OFID) of $10.0 million:

On December 15, 2011, UABL Paraguay S.A. and Riverpar S.A. as joint and several Borrowers, and OFID entered into a parallel loan agreement to partially finance: (i) the construction and acquisition of 64 additional barges, (ii) the modification to 9 existing pushboats necessary to replace their engines, (iii) the re-bottoming of 50 existing barges and (iv) the construction and acquisition of additional pushboats and ancillary equipment (the "OFID $10.0 Million Loan").

The loan has a grace period of 2 years followed by 17 consecutive semi-annual installments of $0.6 million beginning in June 2013. The loan accrues interest at LIBOR plus 3.65% per annum.

The loan is secured through a collateral sharing agreement with the IFC. The loan requires certain financial ratios and contains various restrictive covenants such as limiting the Borrower's ability to declare or pay any dividend, to incur capital expenditures, leases, or enter into derivative transactions (except for fuel swaps), among others.

On April 13, 2015, OFID waived compliance with the Historical Debt Service Coverage Ratio for the periods ending on December 31, 2014, March 31, 2015, and June 30, 2015. The waiver was granted conditional upon IFC's granting of a similar waiver on or before April 15, 2015, which condition was met on March 27, 2015.

As of December 31, 2015, we were did not reach the minimum required current ratio. However, compliance with this financial covenant is waived through April 30, 2016, as set forth in the forbearance agreement.

The aggregate outstanding principal balance of the loan was $6.5 million at December 31, 2015. Scheduled repayments of principal and interest corresponding to December 15, 2015, were fully serviced by the Company.

Summary of the standstill agreement entered with OFID under the OFID $10.0 Million Loan:

On January 15, 2016, UABL Paraguay S.A. and Riverpar S.A. (together, the "Borrowers"), UABL Limited ("UABL"), the Company and OFID entered into a standstill agreement under the OFID $10.0 Million Loan. Under this standstill agreement, OFID agreed until the Forbearance Termination Date (as defined below) to forbear from exercising any of its rights, powers and remedies against the Borrowers and the Company and UABL as guarantors of the OFID $10.0 Million Loan with respect to the Event of Default that occurred under the OFID $10.0 Million Loan as a result of the Company's failure to make a payment under the 2021 Notes.

The Borrowers, the Company and UABL agreed that, until the Forbearance Termination Date, each will:

- keep OFID advised of any matters that may materially affect the Company and its subsidiaries (collectively, the "Ultrapetrol Entities"), and will provide OFID with certain information upon request;
- provide OFID with copies of any restructuring plan and any updates to such plan on an on-going basis;
- not incur any additional financial debt unless the proceeds of such debt are immediately used to repay certain amounts owed to OFID;
- not grant any additional collateral, guarantees or preferential terms or treatment;
- provide OFID with evidence relating to capital expenses as required by OFID and generally use all commercial efforts to conserve and retain cash;
- not declare or pay any dividend or make any cash distribution or acquire any stock of the Borrowers, UABL or the Company, or any option over them, or make a payment under any subordinated financial debt.

The Forbearance Termination Date for the OFID $10.0 Million Loan is the earlier of: (1) 12:00 noon (New York time) on March 31, 2016; (2) a breach (or potential breach, anticipatory repudiation, cancelation or revocation) by the Borrowers, UABL or the Company (together, the "Company Parties") of the standstill agreement; (3) the date of the occurrence of any default or event of default under certain provisions of the OFID Loan Agreement; (4) another lender, bondholder or creditor (i) increases any interest rate or margin with respect to any loan made to any Ultrapetrol Entity due to a default by such Ultrapetrol Entity, (ii) notifies an Ultrapetrol Entity of an event of default, or (iii) exercises any remedy or commences any action against a Company Party to enforce its rights with respect to collateral; (5) any Ultrapetrol Entity or any affiliate thereof pays or agrees to pay another lender or creditor in excess of scheduled amounts due under certain agreements; and (6) a breach (or anticipatory repudiation, cancelation or revocation) by any Ultrapetrol Entity of any forbearance agreement between any of the Company Parties and certain lenders.

On March 31, 2016, the parties to the standstill agreement agreed to extend its terms to April 30, 2016.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

Not Applicable.

D. TREND INFORMATION

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

River Business

- Punta Alvear barge building facility – We expect to continue building tank barges for our own account, if the operation requires it and we intend to continue selling barges to third parties. Single hull vessels fade out and double hull legislation is in place so replacement should be needed if the marker recovers. Currently, our shipyard production capacity is reduced given the current environment. Nevertheless, efforts to continue pursuing third parties sales are being done.
- New operating model – We expect to continue focusing on the new operational model based on a point to point convoys system instead of a hub and spoke system that we used in the past in order to continue maximizing asset utilization and reducing operating costs.
- Growth opportunities are still available in the River Business such as possible expansion to Brazil.

Offshore Supply Business

- UP Agate potential conversion into RSV – Our UP Agate, one of the three state of the art 5,145 dwt Chinese PSVs acquired in 2013, today in lay up in the North Sea, could potentially be employed by Petrobras as an RSV, considering the current bidding process underway. We may continue seeking for additional RSV employments in the future and exploring new markets/regions opportunities.

Ocean Business

- Container feeder service – Regular service with two vessels, Asturiano and Argentino. The Southbound leg has remained at high utilization rates with healthy rates while we have increased the utilization rate in the northbound leg also to high levels with domestic cargoes returning to Buenos Aires and transshipment cargoes which are loaded from other southern ports in Patagonia such as Bahia Blanca or Puerto Madryn and carried with our service to Buenos Aires for export. Growth opportunity still available in Patagonia service.

E. OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements.

F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following schedule summarizes our contractual obligations and commercial commitments as of December 31, 2015. The amounts below include both principal and interest payments.

	Payments due by period				
	Total	Current (a)	Two to three years (b)	Four to five years (c)	After five years (d)
	(Dollars in thousands)				
1. Long – term debt obligations (e)					
- 8 % Senior Notes 2021 ($225.0 million) (f)	$225,000	$--	$--	$--	$225,000
- DVB Bank SE (up to $15.0 million)	4,150	4,150	--	--	--
- DVB Bank SE (up to $61.3 million)	21,050	21,050	--	--	--
- DVB Bank SE (up to $25.0 million)	7,000	1,000	6,000	--	--
- BNDES (up to $18.7 million)	12,488	1,110	2,220	2,220	6,938
- DVB / Security (up to $40 million)	24,166	3,333	20,833	--	--
- DVB / NIBC / ABN (up to $84.0 million)	44,457	9,552	34,905	--	--
- DVB / NIBC (up to $38.4 million)	28,661	5,553	7,423	15,685	--
- Natixis (up to $13.6 million)	3,146	3,146	--	--	--
- IFC UABL II Paraguay (up to $25.0 million)	16,304	2,989	7,609	5,706	--
- OFID (up to $15.0 million)	9,782	1,793	4,565	3,424	--
- IFC UABL II (up to $35.0 million)	22,826	4,185	10,652	7,989	--
- IFC UABL III Loan (up to $15.0 million)	9,706	1,766	3,529	3,530	881
- OFID UABL III Loan (up to $10.0 million)	6,470	1,176	2,353	2,353	588
-DVB Reducing Revolver	27,500	27,500			
Total long – term debt obligations	$462,706	$88,303	$100,089	$40,907	$233,407
Estimated interest on long-term debt obligations					
- 8 % Senior Notes 2021 ($225.0 million)	$120,307	$30,447	$39,938	$39,938	$9,984
- DVB Bank SE (up to $15.0 million)	69	69	--	--	--
- DVB Bank SE (up to $61.3 million)	354	354	--	--	--
- DVB Bank SE (up to $25.0 million)	262	142	120	--	--
- BNDES (up to $18.7 million)	2,153	365	627	493	668
- DVB Bank SE First Demand Guarantee (up to $16.8 million)	2,213	214	470	410	1,119
- DVB / Security (up to $40 million)	2,567	1,003	1,564	--	--
- DVB / NIBC / ABN (up to $84.0 million)	3,501	2,034	1,467	--	--
- DVB / NIBC (up to $38.4 million)	4,238	1,196	1,854	1,188	--
- Natixis (up to $13.6 million)	15	15	--	--	--
- IFC UABL II Paraguay (up to $25.0 million)	1,832	726	869	237	--
- OFID (up to $15.0 million)	1,099	436	521	142	--
- IFC UABL II (up to $35.0 million)	2,565	1,017	1,216	332	--
- IFC UABL III Loan (up to $15.0 million)	1,328	423	603	282	20
- OFID UABL III Loan (up to $10.0 million)	885	282	402	188	13
-DVB Reducing Revolver	493	493	--	--	--
Total estimated interest on long – term debt obligations	143,881	39,216	49,651	43,210	11,804
2. Operating lease obligations	$30,540	$7,446	$9,739	$6,528	$6,827

Total Contractual Obligations	$637,127	$134,965	$159,479	$90,645	$252,038

(a) Represents the period from January 1, 2016 through December 31, 2016.
(b) Represents the period from January 1, 2017 through December 31, 2018.
(c) Represents the period from January 1, 2019 through December 31, 2020.
(d) Represents the period after December 31, 2020.
(e) Represents principal amounts due on outstanding debt obligations, current and long-term, as of December 31, 2015. Amounts do not include interest payments.
(f) Excludes unamortized premium of $0.8 million.

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

Obligation	Principal at December 31, 2015	Interest Rate	Period From-To
- 8 % Senior Notes 2021 ($225.0 million)	$ 225,000	8.875%	01/01/2016 – 06/15/2021
- DVB Bank SE (up to $15.0 million)	4,150	1.81%	01/01/2016 – 12/14/2016
- DVB Bank SE (up to $61.3 million)	21,050	1.81%	01/01/2016 – 12/14/2016
- DVB Bank SE (up to $25.0 million)	7,000	2.11%	01/01/2016 – 10/31/2017
- BNDES	12,488	3.00%	01/01/2016 – 03/10/2027
- DVB Bank SE (First Demand Guarantee)	16,820	1.40%	07/02/2014 – 07/01/2015
- DVB Bank SE (First Demand Guarantee)	16,820	1.30%	07/02/2015 – 07/01/2016
- DVB Bank SE (First Demand Guarantee)	16,820	1.20%	07/02/2016 – 07/01/2017
- DVB-Security (up to $30.0 million)	18,125	3.61%	01/01/2016 – 12/31/2018
- DVB-Security (up to $10.0 million)	6,041	6.39%	01/01/2016 – 12/31/2018
- DVB / NIBC / ABN (up to $84.0 million)			
- DVB (up to $7.0 million)	4,865	4.89%	01/01/2016 – 10/31/2016
- NIBC (up to $7.0 million)	4,865	4.90%	01/01/2016 – 10/31/2016
- ABN (up to $7.0 million)	4,865	4.895%	01/01/2016 – 10/31/2016
- DVB (up to $7.0 million)	4,816	5.155%	01/01/2016 – 09/26/2016
- NIBC (up to $7.0 million)	4,816	5.2575%	01/01/2016 – 09/26/2016
- ABN (up to $7.0 million)	4,816	5.205%	01/01/2016 – 09/26/2016
- DVB (up to $7.0 million)	5,138	5.22%	01/01/2016 – 10/11/2016
- NIBC (up to $7.0 million)	5,138	5.22%	

			01/01/2016 – 10/11/2016
- ABN (up to $7.0 million)	5,138	5.22%	01/01/2016 – 10/11/2016
- DVB / NIBC (up to $38.4 million)	28,661	4.61%	01/01/2016 – 12/30/2020
- Natixis (up to $13.6 million)	3,146	1.81%	01/01/2016 – 03/07/2016
- IFC UABL II (up to $35.0 million)	22,826	4.94%	01/01/2016 – 06/15/2016
- IFC UABL II Paraguay (up to $25.0 million)	16,304	4.94%	01/01/2016 – 06/15/2016
- OFID (up to $15.0 million)	9,782	4.94%	01/01/2016 – 06/15/2016
- IFC UABL III Loan (up to $15.0 million)	9,706	3.97%	01/01/2016 – 06/15/2021
- OFID UABL III Loan (up to $10.0 million)	6,470	3.97%	01/01/2016 – 06/15/2021
- DVB Reducing Revolver (up to $40.0 million)	27,500	3.61%	01/01/2016 – 06/30/2016

Interest expense calculations begin on January 1, 2016, end on the respective maturity dates and are based on contractual terms with the exception of the IFC/OFID, DVB/Security and DVB/NIBC/ABN credit facilities. The Company, through its subsidiaries, has entered into an interest rate collar under its IFC/OFID facility and into two interest rate swap agreements related to borrowings and DVB/Security and DVB/NIBC/ABN credit facilities, respectively, whereby it has converted most of its variable rate borrowings into fixed rate borrowings. For purposes of this table, the Company has assumed the fixed rates of interest in calculating its obligations. Once the swap related to the DVB/NIBC/ABN credit facilities and the collar related to the IFC/OFID UABL II facility expire, the Company assumed a floating interest rate in calculating its obligations.

We do not expect that cash on hand and cash expected to be generated from operations will be sufficient to repay our debt, which could result in our debt being accelerated by our lenders as discussed elsewhere herein. In such a scenario, we would have to seek to access the capital markets to fund the mandatory payments and, if we are not successful in accessing the capital markets at sufficient levels, our lenders could foreclose their liens, which could impair our ability to conduct our business and continue as a going concern. Moreover, in connection with any additional amendments to our debt agreements that we obtain, or if we enter into any future credit agreements or debt instruments, our lenders may impose additional operating and financial restrictions on us. These restrictions may further restrict our ability to, among other things, fund our operations or capital needs, make acquisitions or pursue available business opportunities, which in turn may adversely affect our financial condition. In addition, our lenders may require the payment of additional fees, require prepayment of a portion of our indebtedness to them, require the pledging of additional collateral, accelerate the amortization schedule for our indebtedness or increase the margin and lending rates they charge us on our outstanding indebtedness.

Alternatively to debt capital markets, we may seek to raise additional cash through capital increase from Southern Cross, our major shareholder, or through the sale of certain of the Company's assets/segments.

G. SAFE HARBOR

Forward-looking information discussed in this Item 5 includes assumptions, expectations, projections, intentions and beliefs about future events. These statements are intended as "forward-looking statements". We caution that assumptions, expectations, projections, intentions and beliefs about future events may and often do vary from actual results and the differences can be material. Please see "Cautionary Statement Regarding Forward-Looking Statements" in this annual report.

ITEM 6. – DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND EXECUTIVE OFFICERS

Our board of directors is elected annually and each director elected holds office until his successor has been duly elected and qualified, except in the event of his death, resignation, removal or the earlier termination of his term of office. Set forth below are the names, ages and positions of our directors, executive officers and key employees. George Wood and Eduardo Ojea Quintana serve on our audit committee. Officers are elected from time to time by vote of our board of directors and hold office until a successor is elected. The business address of each of our executive officers and directors is H&J Corporate Services Ltd., Ocean Centre, Montagu Foreshore, East Bay St., P.O. Box SS-19084, Nassau, Bahamas.

Name	Age	Position
Eduardo Ojea Quintana	60	Chairman of the Board and Director
Damián Scokin	49	Chief Executive Officer
Cecilia Yad	49	Chief Financial Officer
Leonard J. Hoskinson	62	Secretary and Vice President, International Finance
Gonzalo Dulanto	43	Director
George Wood	70	Independent Director
Raúl Sotomayor	51	Director
Sebastián Villa	42	Director
Barry W. Ridings	64	Independent Director

John C. Wobensmith 45 Independent Director

Biographical information with respect to each of our directors, executives and key personnel is set forth below.
Eduardo Ojea Quintana. Mr. Ojea Quintana is currently a member of the board of directors of several other energy companies in South America. He was elected Director of the Company in December 2012. He has served as the President of the Board of Directors of Transportadora de Gas del Norte S.A., as a member of the Argentine Chamber of Oil Companies, part of the Argentine Institute of Oil and Gas, the Argentine Council for the Sustainable Development Companies and the Academy Center for the Energy Regulatory Activity. He also represented Argentina on the Executive Committee for the International Gas Union. Mr. Ojea Quintana holds a degree in Law from the University Museo Social Argentino.
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Damián Scokin. Mr. Scokin has been the Chief Executive Officer of Ultrapetrol (Bahamas) Ltd. since November 1, 2014. Previously, Mr. Scokin served as Chief Executive Officer of International Business Unit at LATAM Airlines Group S.A. Mr. Scokin joined LAN Airlines in 2005 as Chief Executive Officer of LAN Argentina, where he led the start-up and development of LAN's new subsidiary in Argentina. Prior to joining LAN, he developed an extensive career as a Management Consultant at McKinsey & Company, where he worked for 11 years. During his consulting experience Mr. Scokin worked in the United States, Great Britain, Chile, Brazil, Peru and Argentina in a variety of projects. Since 2000, Mr. Scokin was Partner of McKinsey & Company and in 2003 became its Location Manager of the Buenos Aires office, leading McKinsey's practice in Argentina. Mr. Scokin obtained his MBA from Harvard Business School in 1995, after graduating as Bachelor in Economics (1991) and Industrial Engineer (1992) at the University of Buenos Aires.

Cecilia Yad. Ms. Yad is the Chief Financial Officer of the Company. She is a Certified Public Accountant with over 25 years of finance experience working with diverse multinational companies. Most recently, Ms. Yad was the CFO for Iberia-Latin America of ISS, a Danish-based services company. Prior to ISS, she held planning, accounting and finance executive positions with Clorox, a U.S. consumer goods company where she worked for 10 years. She also worked for Energizer, Deloitte, and the Royal Bank of Canada, where she gained substantial experience in cost accounting, auditing and credit analysis.

Leonard J. Hoskinson. Mr. Hoskinson was appointed Director of the Company in March 2000 and assumed the position of Secretary six months later. Mr. Hoskinson is Vice President, International Finance and has been employed by the Company and its subsidiaries for over 26 years. Prior to that, he had an international banking career specializing in ship finance spanning over 20 years and culminating as the Head of Shipping for Marine Midland Bank NA in New York (part of the HSBC banking group). He is also a Director of various companies of the group. In December 2012, as part of the transaction entered into with Southern Cross, Mr. Hoskinson resigned as director of Ultrapetrol. In addition, Mr. Hoskinson was the Chief Financial Officer of the Company from 2006 until April 29, 2013.

Gonzalo Dulanto. Mr. Dulanto joined Southern Cross in 2004, where he has participated in the acquisition, transformation and divestiture of several portfolio companies. While at Southern Cross, he also served as interim CEO of ANSM and interim COO of ESSBIO, two water utilities with operations in Chile. He was appointed Director of the Company in October 28, 2014. Past board memberships include GasAtacama, Supermercados del Sur and SMU. Prior to joining Southern Cross, he was a consultant in McKinsey´s Santiago office working with companies in a wide range of industries with responsibility of executing strategic, organizational and operational projects to help clients improve their performance. Mr. Dulanto's experience also includes working for Enersis, the leading Chilean conglomerate in the Latin American electricity sector. He was responsible for a broad range of strategic and execution activities. Mr. Dulanto holds an Industrial Engineering degree from the Universidad Católica de Chile and an MBA from Harvard Business School.

George Wood. Mr. Wood has been a Director since October 2006. He has recently retired as managing director of Chancery Export Finance LLC (Chancery), a firm licensed by the Export Import Bank of the United States of America (ExIm Bank). Chancery provides ExIm Bank guaranteed financing for purchase of U.S. manufactured capital goods by overseas buyers. Prior to his designation as Managing Director of Chancery, Mr. Wood worked as Managing Director of Baltimore based Bengur Bryan & Co. (Bengur Bryan) providing investment-banking services to transportation related companies in the global maritime, U.S. trucking, motor coach and rail industries. Before his employment with Bengur Bryan in 2000, Mr. Wood was employed for 27 years in various managerial positions at the First National Bank of Maryland which included managing the International Banking Group as well as the bank's specialized lending divisions in leasing, rail, maritime and motor coach industries, encompassing a risk asset portfolio of $1.2 billion. Mr. Wood is a member of the board of Baltic Trading Inc. as well as part of the Audit Committee and Nominating and Governance Committee. Baltic Trading Inc. is a shipping company focused on the dry bulk industry spot market and is currently trading on the NYSE. Mr. Wood holds a B.S. in Economics and Finance from University of Pennsylvania and an MBA from University of North Carolina and became a CPA in 1980. Mr. Wood presently serves as member of the board of Wawa Inc., as well as part of the Finance Committee, Strategic Fuels Committee and Compensation Committee. Wawa Inc. is a $10.0 billion revenue privately held convenience store chain operating in the Mid-Atlantic area and in Florida. Mr. Wood recently served in the boards of LASCO Shipping Co. and Infinity

Rail LLC.

Raúl Sotomayor.Mr. Sotomayor is a Senior Partner of Southern Cross and a Member of the Executive Committee of the firm and serves as a board member at Brinox and SMU S.A., as well as the non-profit organizations Techo and Fundacion Alimenta. He previously served as a board member at Essbio S.A., Quintec S.A., Supermercados del Sur S.A., and Gas Atacama. Prior to joining Southern Cross, Mr. Sotomayor was a consultant with the Boston Consulting Group at its San Francisco and Buenos Aires offices, served in a managerial position at leading Chilean industrial group Grupo Elecmetal, and began his career at Fintec, a Chilean private equity fund. Mr. Sotomayor holds dual degrees in Economics and Business Administration from the Universidad Católica de Chile, as well as an MBA from UCLA. He is a Member of the Carnegie Endowment for International Peace's Group of Fifty (G50).

Sebastián Villa. Mr. Villa is a Member of the Executive Committee of Southern Cross Group. He has served as a Board Member of HotelDO, MMCinemas, Planigrupo, Javer, MorePharma, and the Port of Barranquilla. Prior to joining Southern Cross, Mr. Villa held positions at Three Cities Research, a New York-based private equity firm, at Boston Consulting Group's Buenos Aires and Santiago offices, and at Royal Dutch Shell in Buenos Aires. Mr. Villa holds an Economics degree from the Universidad de San Andres, Buenos Aires and an MBA from Columbia University.

Barry W. Ridings. Mr. Ridings currently serves as Vice Chairman of Lazard Frères & Co. LLC. He also serves as Chairman of LMDC Holdings and Lazard Middle Market, LLC. He is also a member of the Board of Directors of Siem Industries Inc. and iStar Inc. Previously, he was a Managing Director at Deutsche Banc Alex. Brown from 1990 to 1999 and at Drexel Burnham Lambert from 1986 to 1990. Additionally, Mr. Ridings serves in an advisory role for a number of non-profit and charitable organizations, including the Catholic Charities of the Archdiocese of New York. Mr. Ridings has an M.B.A. in Finance from Cornell University and a B.A. in Religion from Colgate University.

John C. Wobensmith. Mr. Wobensmith currently serves as President of Genco Shipping & Trading. He was previously President of Baltic Trading Limited until its acquisition by Genco in 2015. Prior to that, he served as Chief Financial Officer of Genco, Senior Vice President of American Marine Advisors, an investment bank focused on the shipping industry, and Vice President of First National Bank of Maryland's international maritime lending group. He also serves as a member of the Board of Trustees, among other roles, for St. Mary's College of Maryland, from which he has a B.A. in Economics. He also holds the Chartered Financial Analyst designation.

B. COMPENSATION

The aggregate annual net cost to us for the compensation paid to members of the board of directors and our executive officers was $7.0 million for the fiscal year ended December 31, 2015. This amount includes $2.8 million associated with the former CEO and Executive Vice President's severance payments according to their employment and consulting agreements termination clauses and $ 1.6 million associated with severance payments to two executive officers according to their employment and consulting agreements termination clauses in October 2015. Neither the Company nor any of its subsidiaries provides retirement benefits.

In September 2006, in connection with our IPO we granted stock options for 348,750 shares of common stock with an exercise price of $11 per share to certain members of Management, out of which 310,000 were cancelled and 38,750 remain outstanding. These options expire ten years after their issuance date. To date, none of these options had been exercised by their holders.

On April 29, 2013, certain members of Management entered into new Consulting Agreements pursuant to which they were granted stock options for 814,433 shares of common stock with an exercise price of $2.40 per share. These options expire ten years after their issuance date. To date, none of these options have been exercised by their holders.

On September 3, 2014, the outstanding stock options granted to our former Chief Executive Officer and former Executive Vice President were exercised as part of the termination of their respective consulting agreements after the acquisition by Sparrow of all of the Company's outstanding equity interests held by Hazels, Los Avellanos and SIPSA. Upon such termination, 19,375 stock options remain outstanding, which have an average exercise price of $2.71 per share. To date, none of these options had been exercised.

On November 10, 2014, certain members of Management entered into new Consulting Agreements pursuant to which they were granted stock options for 1,600,000 shares of common stock with an exercise price of $2.73 per share. These options expire ten years after their issuance date. To date, none of these options have been exercised by their holders.

C. BOARD PRACTICES

Our Audit Committee is composed of Mr. Wood, who is one of our independent directors, and Mr. Quintana, and is responsible for reviewing our accounting controls and recommending to the board of directors the engagement of our outside auditors. Our corporate governance practices are in compliance with Bahamian law and we are exempt from many of the corporate governance provisions of the Nasdaq Marketplace Rules other than those related to the establishment of an audit committee.

We have certified to Nasdaq that our corporate governance practices are in compliance with, and are not prohibited by, the laws of The Bahamas. Therefore, we are exempt from many of Nasdaq's corporate governance practices other than the requirements regarding the disclosure of a going concern audit opinion, submission of a listing agreement, notification of material non-compliance with Nasdaq corporate governance practices and the establishment of an audit committee in accordance with Nasdaq Marketplace Rules 4350(d)(3) and 4350(d)(2)(A)(ii). The practices that we follow in lieu of Nasdaq's corporate governance rules are as follows:

- We do not have a board of directors with a majority of independent directors, nor are we required to under Bahamian law. However, we have three independent directors.
- In lieu of holding regular meetings at which only independent directors are present, our entire board of directors may hold regular meetings, as is consistent with Bahamian law.
- In lieu of an audit committee comprising three independent directors, our audit committee will have at least one member, which is consistent with Bahamian law. At least one member of the audit committee is a financial expert. We cannot guarantee that at least one member of our audit committee will continue to meet this description.

In lieu of a nomination committee comprising independent directors, our board of directors will be responsible for identifying and recommending potential candidates to become board members and recommending directors for appointment to board committees. Shareholders may also identify and recommend potential candidates to become board members in writing. No formal written charter has been prepared or adopted because this process is outlined in our articles of association.

Under Bahamian law, compensation of the executive officers is not required to be determined by an independent committee.

- In lieu of obtaining an independent review of related party transactions for conflicts of interests, consistent with Bahamian law requirements, our articles of association provides that related party transactions must be approved by disinterested directors and in certain circumstances, supported by a fairness opinion.
- Pursuant to our articles of association, our unissued shares are at the disposal of the directors who may without prejudice to any rights previously conferred on the holders of any existing shares or class or series of shares, offer, allot, grant options over or otherwise dispose of shares to such persons, at such times and upon such terms and conditions as the directors may by resolution determine.
- As a foreign private issuer, we are not required to solicit proxies or provide proxy statements to Nasdaq pursuant to Nasdaq corporate governance rules or Bahamian law. Consistent with Bahamian law and as provided in our articles of association, we will notify our shareholders of meetings between 15 and 60 days before the meeting. This notification will contain, among other things, information regarding business to be transacted at the meeting. In addition, our articles of association provide that shareholders must give us 90 days advance notice to properly introduce any business at a meeting of the shareholders. Our articles of association also provides that shareholders may designate a proxy to act on their behalf (in writing or by telephonic or electronic means as approved by our board from time to time).

Other than as noted above, we are in full compliance with all other applicable Nasdaq corporate governance standards.

The employment agreements of the executive members of our board of directors contain standard termination provisions (which include termination: (i) upon death or disability, (ii) with or without cause, and (iii) with or without good reason). These agreements contain customary termination of employment clauses with no special benefits such as golden parachutes, etc.

Executive Committee, Compensation Committee and Special Committee

The Board of Directors has three advisory committees, the Executive Committee, the Compensation Committee and the Special Committee.

Executive Committee

The Executive Committee is composed of at least three directors, the CEO and the CFO of the Company. It meets on a regular basis, and its function is to supervise and give guidelines to management with respect to the Company's operations; evaluate the strategic initiatives proposed by management, third parties or other members of the Board and formulate recommendations to the Board on their implementation, and act as a complement to management regarding potential acquisitions, dispositions, mergers, etc.; and act as an informal "sounding board" for management regarding any other operational matters management may consider appropriate and perform such other functions and duties as may be delegated to it by the Board.

The Committee may delegate to any one or more of its members authority to conclude any matter requiring the authority of the Committee.

Compensation Committee

The Compensation Committee is composed of Gonzalo Dulanto, Eduardo Ojea Quintana and George Wood. It meets at least once every calendar quarter, and its function is to:

(i) Advise the Board with respect to the compensation of the CEO, the CFO and other senior executives (the "Senior Executives") that report directly to the CEO, designated as "executive officers" by the Board and the Chief Operating Officers, if any, of the Company's business units and evaluate annually the performance of the Company's Senior Executives.

(ii) Review and make recommendations on the Company's overall compensation structure regarding its Directors and Senior Executives.

(iii) Act as an informal "sounding board" for management regarding any other executive compensation matters management may consider appropriate and perform such other functions and duties as may be delegated to it by the Board.

The Committee may delegate to any one or more of its members authority to conclude any matter requiring the authority of the Committee.

Special Committee

The Special Committee was formed pursuant to the forbearance agreement reached with the majority of the holders of the Company's 2021 Notes. The Special Committee is composed of George Wood, Barry Ridings and John Wobensmith and will, among other things, explore options and make recommendations to the Company's Board of Directors in connection with the restructuring of the Company.

D. EMPLOYEES

As of December 31, 2015, we employed 1,332 persons, consisting of 403 land-based employees and 929 seafarers as crew on our vessels, of which 477 were in our River Business, 253 were in our Offshore Supply Business and 199 were in our Ocean Business. The number of seafarers decreased 17% with respect to December 31, 2014, mainly as a result of cost reduction initiatives. Our Indian crew was employed through Orient Ship Management & Manning Pvt., Ltd., a manning agent based in Mumbai, India.

Our crew is employed under the standard collective bargaining agreements with the seafarers' union in their respective countries. The crew is employed on contractual terms valid for a fixed duration of service on board the vessels. We ensure that all the crew employed on board our vessels have the requisite experience, qualifications and certification to comply with all international regulations and shipping conventions. Our training requirements for the crew exceed the applicable statutory requirements. We always man our vessels above the safe manning requirements of the vessels' flag state in order to ensure proper maintenance and safe operation of the vessels. We have in force special programs such as a performance-related incentive bonus, which is paid to some of our senior officers upon rejoining our ships. This ensures retention of qualified and competent staff.

E. SHARE OWNERSHIP

For information concerning the share ownership in our Company of our officers and directors, please see Item 7 — Major Shareholders and Related Party Transactions.

ITEM 7 – MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

The following table sets forth information regarding the owners of more than five percent of our common stock as of April 19, 2016.

Name	Number of Shares Beneficially Owned	Percent of Shares Beneficially Owned		Voting Percentage	
Sparrow Capital Investments Ltd. (1)	119,266,821	84.7	%	84.7	%
All directors and executive officers as a group (2)	82,449	0.1	%	0.1	%

(1) Sparrow Capital Investments Ltd. ("Sparrow") may be deemed the beneficial owner of 119,266,821 shares of Common Stock which includes 25,326,821 shares acquired from Los Avellanos and Hazels pursuant to the Share Purchase Agreement dated July 13, 2014 (this includes the shares and exercised stock options owned by our former Chief Executive Officer and former Executive Vice President). With the completion of the transaction on September 3, 2014, the equity capital of the Company is now comprised exclusively of shares with equal voting rights of one vote per share.

(2) Includes 48,920 shares of restricted stock issued to companies controlled by one of our executives and 33,529 shares of stock issued to one of our non-executive directors as part of their compensation for the services rendered to us as board members.

On December 12, 2012, we announced the closing of an investment agreement entered into on November 13, 2012, with Sparrow, a subsidiary of Southern Cross Latin America Private Equity Fund III, L.P. and Southern Cross Latin America Private Equity Fund IV, L.P. (jointly "Southern Cross"). Pursuant to such 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.

On July 13, 2014, Sparrow, a subsidiary of Southern Cross and our major shareholder, entered into a share purchase agreement with Hazels and Los Avellanos to purchase all of Hazels' and Los Avellanos' outstanding equity interests in the Company. The agreement also provides Hazels with the opportunity to offer to purchase the Company's Ocean Business for a price to be determined, subject to terms and conditions including the approval of the independent director of the Company.

On September 3, 2014, the share purchase transaction with respect to the sale of shares of the Company between the major shareholders of the Company was closed under terms previously announced on July 13, 2014. In the transaction, Sparrow purchased all of the Company's outstanding equity interests held by Hazels, Los Avellanos and certain entities affiliated with them ("SIPSA"), increasing Southern Cross' interest in the Company from 67% to 85%. Under the terms of the agreement, Sparrow acquired from Hazels, Los Avellanos, and certain entities affiliated with them, the rights to 25,326,821 shares of common stock of the Company ("Common Stock") at a price equivalent to $4.00 per share of Common Stock. With the completion of the transaction, the equity capital of the Company is now comprised exclusively of shares with equal voting rights of one vote per share.

As of April 7, 2016, we had twelve shareholders of record, seven of which were located in the United States and held an aggregate of 25,363,959 of our common shares, representing 17.53% of our outstanding common shares. However, one of the U.S. shareholders of record is CEDE & CO., a nominee of The Depository Trust Company, which held 21,333,201 of our common shares as of April 7, 2016. Accordingly, we believe that the shares held by CEDE & CO. include common shares beneficially owned by both holders in the United States and non-U.S. beneficial owners.

B. RELATED PARTY TRANSACTIONS

There are no revenues derived from transactions with related parties for each of the years ended December 31, 2015, 2014 and 2013. As of December 31, 2015, 2014 and 2013, the balances of the accounts receivable from and payables to all related parties were approximately $3.5 million, $4.2 million and $4.3 million and nil, $1.6 million and $1.4 million, respectively.

Shipping Services Argentina S.A. (Formerly I. Shipping Services S.A.)

Pursuant to a commercial agreement and an agency agreement, Shipping Services Argentina S.A. (formerly I. Shipping Services S.A.) performs duties as commercial agent for our container feeder service and port agent for us in Argentina. For these services, we pay Shipping Services Argentina S.A. commissions and fees. Shipping Services Argentina S.A. is indirectly controlled by the Menendez family, which includes former President and Chief Executive Officer Felipe Menendez Ross and former Executive Vice President Ricardo Menendez Ross, who were affiliates of the Company until the end of 2014. Since then, Shipping Services Argentina S.A. no longer constitutes a related party. For each of the years ended December 31, 2014 and 2013 the amounts paid and / or accrued for such services amounted to $0.3 million and $0.3 million, respectively. We believe that payments made under the above agreements reflected market rates for the services provided and are similar to what third parties pay for similar services.

Navalia S.A. (Formerly Navalia S.R.L.)

Pursuant to a commercial and an agency agreement, Navalia S.A., or Navalia, performs duties as commercial agent for our container feeder service and port agent for us in Ushuaia, Argentina. For these services, we pay Navalia commissions and fees. Navalia is directly controlled by the Menendez family, which includes former President and Chief Executive Officer Felipe Menendez Ross and former Executive Vice President Ricardo Menendez Ross, who were affiliates of the Company until the end of 2014. Since then, Navalia S.A. no longer constitutes a related party. For the years ended December 31, 2014 and 2013 the amounts paid and / or accrued for such services amounted to $1.6 million and $1.7 million, respectively. We believe that payments made under the above agreements reflected market rates for the services provided and are similar to what third parties pay for similar services.

Commercial Commissions paid to Firmapar Corp. (Formerly Comintra Enterprise Ltd.)

In 2003, UP Offshore (Bahamas) Ltd. signed a commercial agreement with Firmapar Corp., or Firmapar, one of its shareholders. Under this agreement Firmapar agreed to assist UP Offshore (Bahamas) Ltd. regarding the commercial activities of UP Offshore (Bahamas) Ltd.'s fleet with the Brazilian offshore oil industry. Firmapar's responsibilities, among others, include marketing the PSVs in the Brazilian market and negotiating the time charters or other revenues contracts with prospective charterers of the PSVs.

The parties agreed that Firmapar's professional fees under this agreement shall be 2% of the gross time charters revenues from Brazilian charters collected by UP Offshore (Bahamas) Ltd. on a monthly basis.

Firmapar's services in connection with this agreement began on June 25, 2003, and ended on July 5, 2013, concurrently with the Stock Purchase Agreement pursuant to which we acquired from Firmapar Corp. its 5.55% ownership in UP Offshore (Bahamas).

For the year ended December 31, 2013, the amounts paid and/or accrued for such services amounted to $0.5 million.

Operations in OTS S.A.'s terminal

UABL Paraguay S.A., our subsidiary in the River Business, operates the terminal that pertains to Obras Terminales y Servicios S.A. (OTS S.A.), a related party. For the years ended December 31, 2015, 2014 and 2013, UABL Paraguay paid to OTS S.A. $1.9 million, $1.3 million and $1.9 million, respectively, for this operation.

Registration Rights Agreement

On December 12, 2012, we entered into a registration rights agreement with Sparrow, Sparrow CI Sub, Los Avellanos and Hazels. Pursuant to the registration rights agreement we granted them, and certain of their transferees, the right,

under certain circumstances and subject to certain restrictions to require us to register under the Securities Act shares of our common stock held by Sparrow, Sparrow CI Sub, Los Avellanos or Hazels. On September 3, 2014, Sparrow Capital Investments Ltd., Sparrow CI Sub and the Company entered into the Amended and Restated Registration Rights Agreement (the "A&R Registration Rights Agreement"), which amended and restated the Registration Rights Agreement to remove Los Avellanos and Hazels as parties thereto. Any rights held by Los Avellanos or Hazels were transferred to Sparrow on September 3, 2014. Under the A&R Registration Rights Agreement, Sparrow and Sparrow CI Sub have the right to request that we register the sale of shares held by them on their behalf and require that we make available shelf registration statements permitting sales of shares into the market from time to time over an extended period. We are required to pay all registration expenses in connection with the demand registrations under the registration rights agreement except that the holders' expenses reimbursement will be limited to one counsel. In addition, Sparrow and Sparrow CI Sub have the ability to exercise certain piggyback registration rights in connection with registered offerings initiated by us, for which we have to pay all expenses.

Employment Agreements

On April 29, 2013, we appointed Ms. Cecilia Yad as the Company's Chief Financial Officer, succeeding Leonard J. Hoskinson, who remained with the Company as Vice President, International Finance and Company Secretary. Concurrently, we entered into new 3.5year employment and consulting agreements for our current Chief Financial Officer.

On September 3, 2014, the outstanding restricted stock and options granted to our former Chief Executive Officer, Felipe Menendez Ross, and former Executive Vice President, Ricardo Menendez Ross, were exercised as part of the termination of their respective employment and consultancy agreements after the acquisition by Sparrow of all of the Company's outstanding equity interests held by Hazels, Los Avellanos and SIPSA.

On November 10, 2014, we appointed Mr. Damian Scokin as the Company's Chief Executive Officer, succeeding our interim Chief Executive Officer Mr. Horacio Reyser. Concurrently, we entered into new 3 year employment and consulting agreements for our current Chief Executive Officer.

On October 28, 2015, the three-year term employment contracts and consultancy agreements of two of our officers have matured. One of these officers entered into a new employment contract on October 29, 2015, for the term of one year.

As of December 31, 2015, we had employment agreements with our Chief Executive Officer, Damian Scokin, Chief Financial Officer, Cecilia Yad, and our Company Secretary, Leonard J. Hoskinson. In addition, we had consulting agreements with companies controlled by Mr. Scokin and Mrs. Yad for work they perform for us in various different jurisdictions. Under these outstanding agreements we granted these companies an aggregate of 2,414,433 stock options of which 1,076,289 have vested as of December 31, 2015.

C. INTERESTS OF EXPERTS AND COUNSEL

Not Applicable.

ITEM 8 – FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

See Item 18 for reference to financial information.

Legal Proceedings

UABL – Ciudad del Este Customs Authority – Autonomous Action for Annulement

On September 21, 2005, the local Customs Authority of Ciudad del Este, Paraguay issued a finding concerning certain UABL entities referred to three matters in respect of certain operations of our River Business for the prior three-year period: (i) that UABL owed taxes to that authority in the amount of $2.2 million, (ii) a fine for non-payment of the taxes in the same amount, and (iii) that the tax base used by UABL entities to calculate the applicable withholding tax that UABL had used to calculate taxes paid in said period. The referred amounts exclude legal costs and interests which in Paraguay are substantial. The first two issues were disregarded by the Tax and Administrative Court on November 24, 2006. Nevertheless, the third issue continued. On September 22, 2010, the Paraguayan Supreme Court revoked the March 26, 2009 ruling of the Tax and Administrative Court -which had decided we were not liable- and confirmed the decision of the Paraguayan undersecretary for taxation which condemned UABL Paraguay S.A. to pay approximately $0.6 million non-withheld taxes, $0.7 million in fines and $1.3 million in accrued due interests. This matter was settled in a signed agreement with the Tax Authorities on October 14, 2010, and UABL paid the total amount of $1.3 million in full and final settlement of the claim and agreed to drop the appeal wehad filed against to the Supreme Court. However, in parallel with this ruling the Office of the Treasury Attorney initiated an action in respect of the first two issues concerned in this litigation which had been terminated on November 24, 2006 to review certain formal aspects over which a decision of the Court is still pending. Aside from the mentioned procedures, the Customs Authorities of Paraguay have reopened the proceedings against UABL S.A., UABL Paraguay S.A. and Yataity S.A. in connection with the possible reopening of the case pending a decision of the reopening of the case in court, which is currently on hold waiting for the Court's resolution. We have been advised by UABL's counsel in the case that there is only a remote possibility that the Paraguayan Courts would find UABL liable for any of these taxes or fines still in dispute or that the final outcome of these proceedings could have a material adverse effect on the Company.

UABL Paraguay S.A. – Paraguayan Customs Asuncion – Bunker case

These administrative proceedings were commenced on April 7, 2009, by the Paraguayan Customs in Asuncion against UABL Paraguay S.A. alleging infringement of Customs regulations due to lack of submission of import clearance documents in Paraguay for bunkers purchased between January 9, 2007 and December 23, 2008, from YPF S.A. in Argentina, and between years 2003 and 2006. The total amount owed according to Customs in Asuncion is up to Gs. 12,056,635,704 (approximately $2.1 million), that is to say twice the value of the purchased bunkers (Gs. 6,028,317,852). The claim was rejected by the competent Court. This ruling was appealed and applied for annulment and is now in procedure at the Supreme Court of Justice of Paraguay pending resolution. Our local counsel is of the opinion that, due to the court's state-favored conservative criteria, there are fifty percent chances that these proceedings will have a material adverse financial impact on the consolidated financial position or result of operations of the Company.

Oceanpar S.A. and UABL Paraguay S.A. - Customs investigation in connection with re-importation of barges subject to conversion

Oceanpar S.A. was notified of this investigation on June 17, 2011. The matter under investigation is whether UABL Paraguay S.A. paid all import taxes and duties corresponding to the re-importation of barges subject to conversion in foreign yards. Customs imposed a fine of Gs. 2,791,514,822 (approximately $0.6 million) and judicial proceedings have been commenced where a final decision from the Supreme Court of Justice of Paraguay is still pending. Our local counsel has advised that, due to the conservative criteria of the courts in favor of the state, there are fifty percent chances that these proceedings will have a material adverse impact on the consolidated financial position or result of operations of the Company.

UABL Paraguay S.A. - Paraguayan Tax Authority

These are administrative proceedings commenced by the Paraguayan Tax Authorities on December 15, 2011 against UABL Paraguay S.A. due to an alleged improper use of some fiscal credit. The aforementioned tax authorities suggested some rectifications to be made and also informed that UABL Paraguay S.A. may owe taxes due to differences in the rate applied to certain fiscal remittance incomes related to the operation of some barges under leasing. The potential amount in dispute has not been calculated yet but it should not exceed approximately $3.0 million. Our local counsel has advised that there is only a remote chance that these proceedings, when ultimately resolved by a judicial court, will have a material adverse impact on the consolidated financial position or result of operations of the Company.

Ultrapetrol S.A. – Argentine Secretary of Industry and Argentine Customs Office

On June 24, 2009, Ultrapetrol S.A. (hereinafter "UPSA") requested to the Argentine Secretary of Industry, an authorization to re-export some unused steel plates that had been temporarily imported for industrialized conversion by means of vessels repairs that were not finally industrialized due to cancellations of the repairs that some shipping companies had ordered. The total weight of those steel plates was 473 tons and their import value was approximately $0.4 million. In the event that steel plates cannot be exported, payable import duties and Customs' charges would amount to approximately $0.9 million, however in case of payment UPSA would have offsetting-tax credits amounting to approximately $0.3 million. We have been advised by local counsel that there is a positive prospect of obtaining the requested authorization for re-exporting the steel plates and we do not expect the resolution of these administrative proceedings to have a material adverse impact on the consolidated financial position or result of operations of the Company.

On May 05, 2015, UPSA took notice of administrative proceedings commenced by Argentine Customs Authorities on November 04, 2014, due to an alleged infringement of Customs regulations on temporary import regime. The Customs' fine applicable in such a case could vary between $0.08 million and $2.5 million, with an additional amount of $0.08 million regarding additional VAT and income taxes, and the charges for import duties could reach $0.5 million. The chances of success will depend on the outcome of the proceedings before the Argentine Secretary of Industry, but even if UPSA is found liable, the fine will probably be imposed around the minimum amount.

UP Offshore Apoio Marítimo Ltda. - Rio de Janeiro State Treasury Office- UP Pearl Tax assessment

On May 9, 2014, the Rio de Janeiro State Treasury Office commenced administrative proceedings against UP Offshore Apoio Marítimo Ltda. alleging infringement of tax regulations due to lack of payment of ICMS tax related to the temporary import of the vessel UP Pearl. The said authorities determined the corresponding assessment in the amount of R$ 768,096.34 (approximately $0.19 million), plus interest. A decision is now pending over the non-application of the tax to the vessel's import. Our local counsel has advised that there is a remote chance that these proceedings, when ultimately resolved by a judicial court, will have a material adverse impact on the consolidated financial position or result of operations of the Company.

UABL Paraguay S.A., Yataity S.A. and UABL S.A. –Alleged Tax Evasion

These proceedings were commenced by the National Customs Authority of Paraguay on a supposed Income Tax evasion regarding some freight services rendered by UABL S.A., UABL Paraguay S.A. and Yataity S.A. from Tres Fronteras Terminal and other ports in Paraguay during 2000 and 2005.Those three entities were charged by said administrative authority for owing the alleged non-paid taxes plus same amount in fines. The total amount was, after some discussions, finally determined by the Customs National Authority in approximately $0.3 million plus a fine in

the same amount. This resolution has been judicially argued by UABL entities and is now pending resolution by the Supreme Court of Justice of Paraguay. Our local counsel is of the opinion that, due to the court's state-favored conservative criteria, there are fifty percent chances that these proceedings will have a material adverse financial impact on the consolidated financial position or result of operations of the Company.

Trafigura Beheer BV (and related companies) v Ultrapetrol S.A.

Claims have been made against Ultrapetrol by companies in the Trafigura Group under a series of contracts made in 2011-13 for construction of river barges. The claims are for alleged defects in the construction of the barges, which are (with some minor exceptions) denied by Ultrapetrol S.A.

Solicitors representing Trafigura have commenced arbitration proceedings against Ultrapetrol S.A. and arbitrators were appointed in September/October 2015. Claim Submissions were served on February 2, 2016. The total claims amount to approximately $15.5 million, excluding interest and costs. The opinion of our local counsel is reasonably optimistic that these proceedings will not have a material adverse financial impact on the consolidated financial position or results of the Company.

Touax Hydrovia Corp. v Corporación de Navegación Mundial S.A.

This case involves cross-claims under a long-term bareboat charter on 24 barges, dated April 25, 2012, between Touax Hydrovia Corp. ("Touax"), as Owner, Corporación de Navegación Mundial S.A. ("Cornamusa"), as Charterer, and Ultrapetrol (Bahamas) Limited, as guarantor. Touax had the obligation to register the barges in a jurisdiction which would permit Cornamusa, through a Paraguayan subsidiary, to operate the barges on the Parana-Paraguay River System. Due to a change in Paraguayan legislation, Touax was no longer able to register the last 7 barges under its flag after the expiration of their provisional certificates and remain without any register. Therefore, these barges have been out of service and put off-hire by Cornamusa. Touax's commenced an arbitration claim in New York against Cornamusa related to the payment of hire (roughly $1.3 million at the present) which was suspended on December 2014. Likewise, as Cornamusa considers Touax to be in breach of the provision which obligated Touax to ensure that its registration of the barges would not impede Cornamusa's ability to trade them on the River system, it has therefore submitted a counterclaim in New York arbitration against Touax for breach. This counterclaim involves losses for insurance during the period of layup (following expiration of the provisional certificates) and transportation/mooring costs. Additionally, Touax executives admitted that they had recently abandoned their efforts to resolve the flagging issue. Consequently, Cornamusa terminated the contract with respect to the 7 barges in dispute. Touax may increase its claim, but that has not yet occurred.

Our local counsel indicated that Cornamusa has the better argument supported by the contract terms and has classified the outcome of this contingency as uncertain.

Various other legal, labor and tax proceedings involving us may arise from time to time in the ordinary course of business. However, we are not presently involved in any other legal, labor or tax proceedings that, if adversely determined, would have a material adverse effect on us.

Dividend Policy

The payment of dividends is in the discretion of our board of directors. We have not paid a dividend to date. Any determination as to dividend policy will be made by our board of directors and will depend on a number of factors, including the requirements of Bahamian law, our future earnings, capital requirements, financial condition and future prospects and such other factors as our board of directors may deem relevant.

Section 35 of the International Business Companies Act, 2000 (Chapter 309, Statute Laws of The Bahamas, 2000 Edition) provides that, subject to any limitations in its Memorandum or Articles, a company may, by a resolution of directors, declare and pay dividends in money, shares or other property. However, in accordance with Section 35 of the said Act, dividends shall only be declared and paid if the directors determine that immediately after the payment of the dividend:

(a) the company will be able to satisfy its liabilities as they become due in the ordinary course of its business; and

(b) the realizable value of the assets of the company will not be less than the sum of its total liabilities, other than deferred taxes, as shown in the books of account and its issued and outstanding share capital and, in the absence of fraud, the decision of the directors as to the realizable value of the assets of the company is conclusive unless a question of law is involved.

Our ability to pay dividends is restricted by the 2021 Notes, which we issued in 2013. In addition, we may incur expenses or liabilities, including extraordinary expenses, which could include costs of claims and related litigation expenses, or be subject to other circumstances in the future that reduce or eliminate the amount of cash that we have available for distribution as dividends or for which our board of directors may determine requires the establishment of reserves. The payment of dividends is not guaranteed or assured and may be discontinued at any time at the discretion of our board of directors. Because we are a holding company with no material assets other than the stock of our subsidiaries, our ability to pay dividends is dependent upon the earnings and cash flow of our subsidiaries and their ability to pay dividends to us. If there is a substantial decline in any of the markets in which we participate, our earnings will be negatively affected, thereby limiting our ability to pay dividends.

B. SIGNIFICANT CHANGES

None.

ITEM 9 – THE OFFER AND LISTING

A. Information regarding the price history of the stock listed:

(a) High and low market prices for the five most recent full financial years:

	Financial Year Ended December 31,				
Per share prices	2011	2012	2013	2014	2015
High	$6.67	$3.48	$3.98	$3.85	$2.20
Low	$2.12	$0.64	$1.65	$1.85	$0.10

(b) High and low market prices for each full financial quarter for the two most recent full financial years:

Per share prices	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
High	$3.85	$3.39	$3.59	$3.30	$2.20	$1.68	$1.20	$0.60
Low	$2.93	$2.61	$2.85	$1.85	$1.00	$1.08	$0.32	$0.10

(c) High and low market prices for each month, for the most recent six months:

Per share prices	October 2015	November 2015	December 2015	January2016	February 2016	March 2016
High	$0.60	$ 0.57	$ 0.50	$ 0.16	$ 0.28	$0.33
Low	$0.40	$ 0.35	$ 0.10	$ 0.05	$ 0.05	$0.20

B. PLAN OF DISTRIBUTION
Not Applicable.
C. MARKETS
Our Common Stock is listed on The Nasdaq Capital Market under the symbol "ULTR".
D. SELLING SHAREHOLDERS
Not Applicable.
E. DILUTION
Not Applicable.
F. EXPENSES OF THE ISSUE
Not Applicable.
ITEM 10 – ADDITIONAL INFORMATION
A. SHARE CAPITAL
Not Applicable.
B. MEMORANDUM AND ARTICLES OF ASSOCIATION
The following summarizes certain provisions of the Company's Fourth Amended and Restated Memorandum of Association, to which we refer as the Memorandum, and Eighth Amended and Restated Articles of Association, to which we refer as the Articles. This summary is qualified in its entirety by reference to the International Business Companies Act, 2000 of The Bahamas and the Memorandum and Articles. Information on where investors can obtain copies of the Memorandum and Articles is described under the heading "Documents on Display" under this Item.

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Objects and Purposes

The Company is incorporated in the Commonwealth of The Bahamas ("The Bahamas") under the name Ultrapetrol (Bahamas) Limited. The Registered Office of the Company is situated at Ocean Centre, Montagu Foreshore, East Bay Street, P.O. Box SS-19084, Nassau, Bahamas. The Registered Agent of the Company is H & J Corporate Services Ltd., Ocean Centre, Montagu Foreshore, East Bay Street, P.O. Box SS-19084, Nassau, Bahamas.

Clause 4 of the Memorandum provides that the purpose of the Company is to engage in any act or activity that is not prohibited under any law for the time being in force in The Bahamas.

Directors

The Company must have a board of directors, to which we refer as Board of Directors, comprising a minimum number of five directors and a maximum number of seven directors. The Board of Directors is required to meet at least quarterly and to direct and oversee the management and affairs of the Company, exercising all the powers of the Company that are not expressly reserved to its shareholders under the Memorandum and Articles or the International Business Companies Act, 2000 of The Bahamas. The Board of Directors may from time to time, in its discretion, fix the amounts which shall be payable to members of the Board of Directors with respect to services to be rendered in any capacity to the Company. The Board of Directors may elect additional directors up to the maximum permitted number of directors.

Subject always to the International Business Companies Act, 2000 of The Bahamas the Company shall not enter into:

(i) any merger or consolidation involving the Company on the one hand and any member of the Company's management or Board of Directors or their respective affiliates, to each of which we refer as Interested Party, on the other hand;

(ii) any sale, lease or other direct or indirect disposition of all or substantially all of the Company's and its subsidiaries' assets in a transaction or series of related transactions to one or more Interested Parties;

(iii) any merger or consolidation or sale, lease or other direct or indirect disposition of all or substantially all of the Company's and its subsidiaries' assets in a transaction or series of related transactions that would result in the receipt of different types or amounts of consideration per share by one or more Interested Parties on the one hand, and any other of the shareholders of the Company, on the other hand; and

(iv) any business transaction between the Company or its subsidiaries on the one hand and one or more Interested Parties on the other hand, involving a value in excess of $2.0 million;

without (A) having previously obtained, at the Company's expense, a fairness opinion confirming that the proposed transaction is fair from a financial standpoint for the Company and with respect to a transaction described in paragraph (iii) above, for those shareholders which are not Interested Parties and (B) such proposed transaction being approved by a majority of disinterested directors of the Company. Any fairness opinion pursuant to the preceding sentence shall be rendered by an internationally recognized investment banking, auditing or consulting firm (or, if the proposed transaction involves the sale or purchase of a vessel or other floating assets, by an internationally recognized shipbroker) selected by the Company's disinterested directors and engaged on behalf of the Company and/or its shareholders. For the purposes of this provision, a quorum is a majority of the disinterested directors. To qualify as a disinterested director, a director must not have a personal interest in the transaction at hand and must not otherwise have a relationship that, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

In this connection, the International Business Companies Act, 2000 of The Bahamas provides that subject to any limitations in the Memorandum and the Articles and any unanimous shareholder agreement, no such agreement or transaction is void or voidable by reason that the director is present at the meeting of directors that approves the agreement or transaction or that the vote of the director is counted for that purpose. Such agreement or transaction is valid if the material facts of the director's interest in the agreement or transaction and his interest in or relationship to any other party to the agreement or transaction are disclosed in good faith or are known to the shareholders entitled to vote at a meeting of the shareholders and the agreement or transaction is approved or ratified by resolution of the shareholders. A director who has an interest in any particular business to be considered at a meeting of directors may be counted for the purpose of determining whether the meeting is duly constituted. A director need not be a member of the Company and no shareholding qualification shall be necessary to qualify a person as a director.

Authorized Capital

In accordance with Articles 34 through 39 of the Eighth Amended and Restated Articles of Association of the Company, Ultrapetrol may, without the vote, consent or approval of shareholders, by resolution of the Board of Directors, increase or reduce its authorized capital, including the dividing or combining of shares or other actions.

Share Rights, Preferences, Restrictions

The unissued shares of the Company are at the disposal of the directors who may without prejudice to any rights previously conferred on the holders of any existing shares or class or series of shares, offer, allot, grant options over or otherwise dispose of shares to such persons, at such times and upon such terms and conditions as the Company may by resolution of directors determine, without the vote, consent or approval of shareholders. Dividends may be declared in conformity with applicable law and by resolution of the Board of Directors. Dividends may be declared and paid in cash, stock or other property of the Company.

Subject as provided in the Memorandum, the Memorandum and Articles may be amended, added to, altered or repealed, or new Memorandum and Articles may be adopted by a resolution of the shareholders or by a resolution of the directors. A meeting of shareholders is duly constituted if, at the commencement of the meeting, there are present in person or by proxy shareholders representing not less than 50 percent of the votes of the shares or class or series of shares entitled to vote on resolutions of shareholders to be considered at the meeting. If within one hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of shareholders, shall be dissolved; in any other case it shall stand adjourned to the next business day at the same time and place and if at the adjourned meeting there are present within one hour from the time appointed for the meeting in person or by proxy shareholders representing not less than one third of the votes of the shares or each class or series of shares entitled to vote on the resolutions to be considered by the meeting, those present shall constitute a quorum but otherwise the meeting shall be dissolved.

If a quorum be present, notwithstanding the fact that such quorum may be represented by only one person then such person may resolve any matter and a certificate signed by such person accompanied where such person be a proxy by the proxy form or a copy thereof shall constitute a valid resolution of shareholders. At any meeting of shareholders of the Company, with respect to a matter for which a shareholder is entitled to vote, each such shareholder shall be entitled to one (1) vote for each share of Common Stock it holds. Each shareholder may exercise such voting right either in person or by proxy. A shareholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Secretary of the Company.

The Board of Directors must give not less than seven (7) days' notice of meetings of shareholders to those persons whose names on the date of the notice is given appear as shareholders in the Share Register and are entitled to vote at the meeting.

If mailed, notice is deemed to have been given when deposited in the mail, directed to the shareholder at his address as the same appears on the record of shareholders of the Company or at such address as to which the shareholder has given notice to the Secretary of the Company. Notice of a meeting need not be given to any shareholder who submits a signed waiver of notice, whether before or after the meeting, or who attends the meeting without protesting prior to the conclusion thereof the lack of notice to him.

There are no limitations under the laws of The Bahamas on the rights of non-resident or foreign shareholders to hold or exercise voting rights.

Mandatory Arbitration

Any disputes between the Company on the one hand and any of the shareholders or their executors, administrators or assigns on the other hand with respect to the Articles or The International Business Companies Act, 2000 of The Bahamas must be referred to arbitration to be conducted in accordance with the Arbitration Act, 2009 of The Bahamas. This means that you may not be able to bring any dispute as described above that you may have in court but may need to submit such dispute to arbitration.

C. MATERIAL CONTRACTS

Attached as exhibits to this annual report are the contracts we consider to be both material and not entered into in the ordinary course of business. In 2016, we entered into a number of standstill and forbearance agreements with our lenders. These agreements are summarized in Item 5.B. Other than these agreements, we have no material contracts, other than contracts entered into in the ordinary course of business, to which the Company or any member of the group is a party. A description of these is included in our description of our agreements generally: we refer you to Item 5.B for a discussion of our loan facilities, and Item 7.B for a discussion of our agreements with companies controlled by related parties.

D. EXCHANGE CONTROLS

Under Bahamian law, there are currently no restrictions on the export or import of capital, including foreign exchange controls or restrictions that affect the remittance of dividends, interest or other payments to non-resident holders of our common stock.

E. TAX CONSIDERATIONS

The following is a discussion of the material Bahamian and U.S. federal income tax considerations relevant to an investment decision by a U.S. Holder and a Non-U.S. Holder, each as defined below, with respect to our common stock. This discussion does not purport to deal with the tax consequences of owning shares of our common stock to all categories of investors, some of which, such as dealers in securities, investors whose functional currency is not the U.S. dollar and investors that own, actually or under applicable constructive ownership rules, 10% or more of our common stock, may be subject to special rules. This discussion deals only with holders who hold our common stock as a capital asset. You are encouraged to consult your own tax advisors concerning the overall tax consequences arising in your own particular situation under U.S. federal, state, local or foreign law of the ownership of our common stock.

Bahamian Tax Considerations

In the opinion of Higgs & Johnson, our Bahamian counsel, the following are the material Bahamian tax consequences of our activities to us and shareholders of our common stock. We are incorporated in the Commonwealth of The Bahamas. Under current Bahamian law, we are not subject to tax on income or capital gains, and no Bahamian withholding tax will be imposed upon payments of dividends by us to our shareholders for a period of twenty years from our date of incorporation.

U.S. Federal Income Tax Considerations

In the opinion of Seward & Kissel LLP, our U.S. counsel, the following are the material U.S. federal income tax consequences to the Company of its activities and to U.S. Holders and Non-U.S. Holders of our common stock. The following discussion of U.S. federal income tax matters is based on the Code, judicial decisions, administrative pronouncements, and existing and proposed regulations issued by the U.S. Department of the Treasury, all of which are subject to change, possibly with retroactive effect. The discussion below is based, in part, on the description of our business as described in "Business Overview" above and assumes that we conduct our business as described in that section. References in the following discussion to "we" and "us" are to Ultrapetrol (Bahamas) Limited and its subsidiaries on a combined basis.

U.S. Federal Income Taxation of Our Company

Taxation of Operating Income: in General

We anticipate that we will earn substantially all our income from the hiring or leasing of vessels for use on a time, voyage or bareboat charter basis or from the performance of services directly related to those uses, which we refer to as "shipping income."

Unless exempt from U.S. federal income taxation under the rules of Section 883 of the Code, or Section 883, as discussed below, we will be subject to U.S. federal income tax on our shipping income that is treated as derived from sources within the United States, to which we refer as U.S.-source shipping income. For these purposes, U.S.-source shipping income includes 50% of our shipping income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States.

Shipping income attributable to transportation that both begins and ends in the United States is considered to be 100% from sources within the United States. We are not permitted by law and therefore do not expect to engage in transportation that produces income which is considered to be 100% from sources within the United States.

Shipping income attributable to transportation exclusively between non-U.S. ports will be considered to be 100% derived from sources outside the United States. Shipping income derived from sources outside the United States will not be subject to any U.S. federal income tax.

In the absence of exemption from tax under Section 883, our gross U.S.-source shipping income would be subject to a 4% tax imposed without allowance for deductions as described below.

We did not derive any U.S. source shipping income for our 2013, 2014 and 2015 taxable years and consequently we were not subject to the 4% U.S. federal income tax for those years.

We may, however, derive U.S. source shipping income in our 2016 or subsequent taxable years. If we derive U.S. source shipping income in our 2016 or subsequent taxable years, we will be subject to the 4% tax unless we qualify for exemption from such tax under Section 883 of the Code, the requirements of which are described below.

Exemption of Operating Income from U.S. Federal Income Taxation

Under Section 883 of the Code and the final Treasury Regulations promulgated thereunder, or the Final Regulations, a foreign corporation will be exempt from U.S. federal income taxation on its U.S.-source shipping income if:

(1) it is organized in a qualified foreign country which, as defined, is one that grants an "equivalent exemption" to corporations organized in the United States in respect of each category of shipping income for which exemption is being claimed under Section 883 and to which we refer to as the Country of Organization Test; and

(2) either

(A) more than 50% of the value of its stock is beneficially owned, directly or indirectly, by qualified shareholders which as defined includes individuals who are "residents" of a qualified foreign country which we refer to as the 50% Ownership Test, or

(B) its stock, or that of its 100% parent, is "primarily and regularly traded on an established securities market" in a qualified foreign country or in the U.S., which we refer to as the Publicly-Traded Test.

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Each of our subsidiaries which could earn U.S.-source shipping income is incorporated in a jurisdiction that has been officially recognized by the IRS as a qualified foreign country that grants the requisite equivalent exemption from tax in respect of each category of shipping income we and our subsidiaries earn and currently expect to earn in the future. Therefore, we and each of our subsidiaries will be exempt from U.S. federal income taxation with respect to our U.S. source shipping income if we satisfy either the 50% Ownership Test or the Publicly-Traded Test.

50% Ownership Test

Under the Final Regulations, a foreign corporation will satisfy the 50% Ownership Test for a taxable year if (i) for at least half of the number of days in the taxable year, more than 50% of the value of its stock is owned, directly or constructively through the application of certain attribution rules prescribed thereunder, by one or more shareholders who are residents of foreign countries that grant "equivalent exemption" to corporations organized in the United States and (ii) the foreign corporation satisfies certain substantiation and reporting requirements with respect to such shareholders.

These substantiation requirements are onerous and therefore there can be no assurance that we would be able to satisfy them. Even if we were not able to satisfy the 50% Ownership Test for a taxable year, we may nonetheless qualify for exemption from tax under Section 883 if we are able to satisfy the Publicly-Traded Test, which is described below.

Publicly-Traded Test

The final regulations provide, in pertinent part, that stock of a foreign corporation will be considered to be "primarily traded" on an established securities market if the number of shares of each class of stock that are traded during any taxable year on all established securities markets in that country exceeds the number of shares in each such class that are traded during that year on established securities markets (such as the Nasdaq Capital Market on which our stock is currently traded) in any other single country.

Under the final regulations, our common stock will be considered to be "regularly traded" on an established securities market if one or more classes of our stock representing more than 50% of our outstanding shares, by total combined voting power of all classes of stock entitled to vote and total value, are listed on the market, which we refer to as the listing threshold.

It is further required that with respect to each class of stock relied upon to meet the listing threshold (i) such class of stock is traded on the market, other than in minimal quantities, on at least 60 days during the taxable year or 1/6 of the days in a short taxable year; and (ii) the aggregate number of shares of such class of stock traded on such market during the taxable year is at least 10% of the average number of shares of such class of stock outstanding during such year or as appropriately adjusted in the case of a short taxable year. Even if this were not the case, the final regulations provide that the trading frequency and trading volume lists will be deemed satisfied if such class of stock is traded on an established market in the United States and such stock is regularly quoted by dealers making a market in such stock.

Notwithstanding the foregoing, the final regulations provide, in pertinent part, that a class of stock will not be considered to be "regularly traded" on an established securities market for any taxable year in which 50% or more of the issued and outstanding shares of such class of stock are owned on more than half the days during the taxable year by persons who each own 5% or more of the vote and value of such class of stock, which we refer to as the 5 Percent Override Rule.

For purposes of being able to determine the persons who own 5% or more of our stock, or the 5% Shareholders, the final regulations permit us to rely on those persons that are identified on Schedule 13G and Schedule 13D filings with the Commission as having a 5% or more beneficial interest in our common stock. The final regulations further provide that an investment company identified on a filing with the Commission on Schedule 13G or Schedule 13D which is registered under the Investment Company Act of 1940, as amended, will not be treated as a 5% Shareholder for such purposes.

The 5 Percent Override Rule will not disqualify a foreign corporation, however, if it can establish or substantiate that qualified shareholders own, actually or constructively under specified attribution rules, sufficient shares in the closely-held block of stock to preclude the shares in the closely-held block that are owned by non-qualified 5% Shareholders from representing 50% or more of the value of such class of stock for more than half of the days during the tax year. These substantiation requirements are onerous and consequently there can be no assurance that we would

be able to satisfy them.

Due to the factual nature of the issues involved, there can be no assurance that we or any of our subsidiaries will qualify for the benefits of Section 883 of the Code for our 2016 or subsequent taxable year.

Taxation in the Absence of Exemption

To the extent the benefits of Section 883 are unavailable, our U.S.-source shipping income, to the extent not considered to be "effectively connected" with the conduct of a U.S. trade or business, as described below, would be subject to a 4% tax imposed by Section 887 of the Code on a gross basis, without the benefit of deductions. Since under the sourcing rules described above, no more than 50% of our shipping income would be treated as being derived from U.S. sources, the maximum effective rate of U.S. federal income tax on our shipping income would never exceed 2% under the 4% gross basis tax regime.

To the extent the benefits of the Section 883 exemption are unavailable and our U.S.-source shipping income is considered to be "effectively connected" with the conduct of a U.S. trade or business, as described below, any such "effectively connected" U.S.-source shipping income, net of applicable deductions, would be subject to the U.S. federal corporate income tax currently imposed at rates of up to 35%. In addition, we may be subject to the 30% "branch profits" taxes on earnings effectively connected with the conduct of such trade or business, as determined after allowance for certain adjustments, and on certain interest paid or deemed paid attributable to the conduct of its U.S. trade or business.

Our U.S.-source shipping income would be considered "effectively connected" with the conduct of a U.S. trade or business only if:

- we have, or are considered to have, a fixed place of business in the United States involved in the earning of shipping income; and
- substantially all of our U.S.-source shipping income is attributable to regularly scheduled transportation, such as the operation of a vessel that follows a published schedule with repeated sailings at regular intervals between the same points for voyages that begin or end in the United States.

We do not intend to have, or permit circumstances that would result in having any vessel operating to the United States on a regularly scheduled basis. Based on the foregoing and on the expected mode of our shipping operations and other activities, we believe that none of our U.S.-source shipping income will be "effectively connected" with the conduct of a U.S. trade or business.

U.S. Taxation of Gain on Sale of Vessels

If we and our subsidiaries qualify for exemption under Section 883 in respect of the shipping income derived from the international operation of our vessels, then gain from the sale of any such vessel should likewise be exempt from tax under Section 883. In the absence of the benefits of exemption under Section 883, we and our subsidiaries will not be subject to U.S. federal income taxation with respect to gain realized on a sale of a vessel, provided the sale is considered to occur outside of the United States under U.S. federal income tax principles. In general, a sale of a vessel will be considered to occur outside of the United States for this purpose if title to the vessel, and risk of loss with respect to the vessel, pass to the buyer outside of the United States. It is anticipated that any sale of a vessel by us will be considered to occur outside of the United States.

U.S. Federal Income Taxation of U.S. Holders

As used herein, the term "U.S. Holder" means a beneficial owner of common stock that is a U.S. citizen or resident, U.S. corporation or other U.S. entity taxable as a corporation, an estate the income of which is subject to U.S. federal income taxation regardless of its source, or a trust if a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

If a partnership holds our common stock, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. If you are a partner in a partnership holding our common stock, you are encouraged to consult your tax advisor.

Distributions

Subject to the discussion of passive foreign investment companies below, any distributions made by us with respect to our common stock to a U.S. Holder will generally constitute dividends, which may be taxable as ordinary income or "qualified dividend income" as described in more detail below, to the extent of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of our earnings and profits will be treated first as a nontaxable return of capital to the extent of the U.S. Holder's tax basis in his common stock on a dollar-for-dollar basis and thereafter as capital gain. Because we are not a U.S. corporation, U.S. Holders that are corporations will not be entitled to claim a dividends received deduction with respect to any distributions they receive from us. Dividends paid with respect to our common stock will generally be treated as '"passive category income" or, in the case of certain types of U.S. Holders, as "general category income" for purposes of computing allowable foreign tax credits for U.S. foreign tax credit purposes.

Dividends paid on our common stock to a U.S. Holder who is an individual, trust or estate (a "U.S. Individual Holder") should be treated as "qualified dividend income" that is taxable to such U.S. Individual Holders at

preferential tax rates provided that: (1) our common stock is readily tradable on an established securities market in the United States (such as the Nasdaq Global Select Market on which our common stock is traded); (2) we are not a passive foreign investment company for the taxable year during which the dividend is paid or the immediately preceding taxable year (which we do not believe we are, have been or will be); (3) the U.S. Individual Holder has owned the common stock for more than 60 days in the 121-day period beginning 60 days before the date on which the common stock becomes ex-dividends and (4) certain other requirements are met. Any dividends paid by the Company which are not eligible for these preferential rates will be taxed as ordinary income to a U.S. Individual Holder. Legislation has previously been introduced in the U.S. Congress, which would prevent our dividends from qualifying for these preferential rates prospectively from the date of enactment.

Special rules may apply to any "extraordinary dividend" — generally, a dividend equal to or in excess of ten percent of a shareholder's adjusted basis (or fair market value in certain circumstances) in a share of common stock — paid by us. If we pay an "extraordinary dividend" on our common stock that is treated as "qualified dividend income," then any loss derived by a U.S. Individual Holder from the sale or exchange of such common stock will be treated as long-term capital loss to the extent of such dividend. Depending upon the amount of a dividend paid by us, such dividend may be treated as an "extraordinary dividend."

Sale, Exchange or other Disposition of Common Stock

Assuming we do not constitute a passive foreign investment company for any taxable year, a U.S. Holder generally will recognize taxable gain or loss upon a sale, exchange or other disposition of our common stock in an amount equal to the difference between the amount realized by the U.S. Holder from such sale, exchange or other disposition and the U.S. Holder's tax basis in such stock. Subject to the discussion of extraordinary dividends above, such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder's holding period is greater than one year at the time of the sale, exchange or other disposition. Such capital gain or loss will generally be treated as U.S.-source income or loss, as applicable, for U.S. foreign tax credit purposes. A U.S. Holder's ability to deduct capital losses is subject to certain limitations.

Passive Foreign Investment Company Status and Significant Tax Consequences

Special U.S. federal income tax rules apply to a U.S. Holder that holds stock in a foreign corporation classified as a passive foreign investment company for U.S. federal income tax purposes. In general, we will be treated as a passive foreign investment company with respect to a U.S. Holder if, for any taxable year in which such holder held our common stock, either:

- at least 75% of our gross income for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business); or
- at least 50% of the average value of the assets held by the corporation during such taxable year produce, or are held for the production of, passive income.

For purposes of determining whether we are a passive foreign investment company, we will be treated as earning and owning our proportionate share of the income and assets, respectively, of any of our subsidiary corporations in which we own at least 25% of the value of the subsidiary's stock. Income earned, or deemed earned, by us in connection with the performance of services would not constitute passive income. By contrast, rental income would generally constitute "passive income" unless we were treated under specific rules as deriving our rental income in the active conduct of a trade or business.

Based on our current operations and future projections, we do not believe that we are, have been, nor do we expect to become, a passive foreign investment company with respect to any taxable year. Although there is no legal authority directly on point, our belief is based principally on the position that, for purposes of determining whether we are a passive foreign investment company, the gross income we derive or are deemed to derive from the time chartering and voyage chartering activities of our wholly-owned subsidiaries should constitute services income, rather than rental income. Correspondingly, such income should not constitute passive income and the assets that we and our wholly-owned subsidiaries own and operate in connection with the production of such income, in particular, the vessels, should not constitute passive assets for purposes of determining whether we are a passive foreign investment company. We believe there is substantial legal authority supporting our position consisting of case law and Internal Revenue Service ("IRS") pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. It should be noted that in the absence of any legal authority specifically relating to the statutory provisions governing passive foreign investment companies, the IRS or a court could disagree with our position. In addition, although we intend to conduct our affairs in a manner to avoid being classified as a passive foreign investment company with respect to any taxable year, we cannot assure you that the nature of our operations will not change in the future.

As discussed more fully below, if we were to be treated as a passive foreign investment company for any taxable year, a U.S. Holder would be subject to different taxation rules depending on whether the U.S. Holder makes an election to treat us as a "Qualified Electing Fund," which election we refer to as a QEF election. As an alternative to making a QEF election, a U.S. Holder should be able to make a "mark-to-market" election with respect to our common stock, as discussed below. In addition, if we were to be treated as a passive foreign investment company, a U.S. Holder would be required to file an annual report with the IRS for that year with respect to such holder's common stock.

Taxation of U.S. Holders Making a Timely QEF Election

If a U.S. Holder makes a timely QEF election, which U.S. Holder we refer to as an "Electing Holder", the Electing Holder must report each year for U.S. federal income tax purposes his pro rata share of our ordinary earnings and our net capital gain, if any, for our taxable year that ends with or within the taxable year of the Electing Holder, regardless of whether or not distributions were received from us by the Electing Holder. The Electing Holder's adjusted tax basis in the common stock will be increased to reflect taxed but undistributed earnings and profits. Distributions of earnings and profits that had been previously taxed will result in a corresponding reduction in the adjusted tax basis in the common stock and will not be taxed again once distributed. An Electing Holder would generally recognize capital gain or loss on the sale, exchange or other disposition of our common stock. A U.S. Holder would make a QEF election with respect to any year that our company is a passive foreign investment company by filing one copy of IRS Form 8621 with his U.S. federal income tax return. If we were aware that we were to be treated as a passive foreign investment company for any taxable year, we would provide each U.S. Holder with all necessary information in order to make the QEF election described above.

Taxation of U.S. Holders Making a "Mark-to-Market" Election

Alternatively, if we were to be treated as a passive foreign investment company for any taxable year and, as we anticipate, our stock is treated as "marketable stock," a U.S. Holder would be allowed to make a "mark-to-market" election with respect to our common stock, provided the U.S. Holder completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury Regulations. If that election is made, the U.S. Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the common stock at the end of the taxable year over such holder's adjusted tax basis in the common stock. The U.S. Holder would also be permitted an ordinary loss in respect of the excess, if any, of the U.S. Holder's adjusted tax basis in the common stock over its fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's tax basis in his common stock would be adjusted to reflect any such income or loss amount. Gain realized on the sale, exchange or other disposition of our common stock would be treated as ordinary income and any loss realized on the sale, exchange or other disposition of the common stock would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included in income by the U.S. Holder.

Taxation of U.S. Holders Not Making a Timely QEF or Mark-to-Market Election

Finally, if we were to be treated as a passive foreign investment company for any taxable year, a U.S. Holder who does not make either a QEF election or a "mark-to-market" election for that year, to whom we refer as a Non-Electing Holder, would be subject to special rules with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on our common stock in a taxable year in excess of 125% of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder's holding period for the common stock) and (2) any gain realized on the sale, exchange or other disposition of our common stock. Under these special rules:

- the excess distribution or gain would be allocated ratably over the Non-Electing Holders' aggregate holding period for the common stock;
- the amount allocated to the current taxable year would be taxed as ordinary income; and
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

These penalties would not apply to a pension or profit sharing trust or other tax-exempt organization that did not borrow funds or otherwise utilize leverage in connection with its acquisition of our common stock. If a Non-Electing Holder who is an individual dies while owning our common stock, such holder's successor generally would not receive a step-up in tax basis with respect to such stock.

U.S. FEDERAL INCOME TAXATION OF NON-U.S. HOLDERS

A beneficial owner of common stock that is not a U.S. Holder, other than a foreign partnership, is referred to herein as a Non-U.S. Holder.

Dividends on Common Stock

Non-U.S. Holders generally will not be subject to U.S. federal income tax or withholding tax on dividends received from us with respect to our common stock, unless that income is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States. If the Non-U.S. Holder is entitled to the benefits of a U.S. income tax treaty with respect to those dividends, that income is generally taxable only if it is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States.

Sale, Exchange or Other Disposition of Common Stock

Non-U.S. Holders generally will not be subject to U.S. federal income tax or withholding tax on any gain realized upon the sale, exchange or other disposition of our common stock, unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States. If the Non-U.S. Holder is entitled to the benefits of an income tax treaty with respect to that gain, that gain is generally taxable only if it is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States; or

- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more during the taxable year of disposition and other conditions are met.

If the Non-U.S. Holder is engaged in a U.S. trade or business for U.S. federal income tax purposes, the income from the common stock, including dividends and the gain from the sale, exchange or other disposition of the stock that is effectively connected with the conduct of that trade or business will generally be subject to regular U.S. federal income tax in the same manner as discussed in the previous section relating to the taxation of U.S. Holders. In addition, in the case of a corporate Non-U.S. Holder, its earnings and profits that are attributable to the effectively connected income, which are subject to certain adjustments, may be subject to an additional branch profits tax at a rate of 30%, or at a lower rate as may be specified by an applicable U.S. income tax treaty.

Backup Withholding and Information Reporting

In general, dividend payments, or other taxable distributions, made within the United States to a non-corporate U.S. Holder will be subject to information reporting requirements. Such payments will also be subject to backup withholding tax if a non-corporate U.S. Holder:

- fails to provide an accurate taxpayer identification number;
- is notified by the IRS that it has failed to report all interest or dividends required to be shown on its U.S. federal income tax returns; or
- in certain circumstances, fails to comply with applicable certification requirements.

Non-U.S. Holders may be required to establish their exemption from information reporting and backup withholding by certifying their status on an appropriate IRS Form W-8. The Company does not take responsibility for backup withholding.

If a Non-U.S. Holder sells its common stock to or through a U.S. office or broker, the payment of the proceeds is subject to both U.S. backup withholding and information reporting unless such holder certifies that it is a non-U.S. person, under penalties of perjury, or otherwise establishes an exemption. If a Non-U.S. Holder sells its common stock through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to such holder outside the United States, then information reporting and backup withholding generally will not apply to that payment. However, U.S. information reporting requirements, but not backup withholding, will apply to a payment of sales proceeds, even if that payment is made to a Non-U.S. Holder outside the United States, if such holder sells its common stock through a non-U.S. office of a broker that is a U.S. person or has some other contacts with the United States.

Backup withholding tax is not an additional tax. Rather, a holder generally may obtain a refund of any amounts withheld under backup withholding rules that exceed its income tax liability by filing a refund claim with the IRS.

Individuals who are U.S. Holders (and to the extent specified in applicable Treasury regulations, certain individuals who are Non-U.S. Holders and certain U.S. entities) who hold "specified foreign financial assets" (as defined in Section 6038D of the Code) are required to file IRS Form 8938 with information relating to the asset for each taxable year in which the aggregate value of all such assets exceeds $75,000 at any time during the taxable year or $50,000 on the last day of the taxable year (or such higher dollar amount as prescribed by applicable Treasury regulations). Specified foreign financial assets would include, among other assets, our common stock, unless the shares held through an account maintained with a U.S. financial institution. Substantial penalties apply to any failure to timely file IRS Form 8938, unless the failure is shown to be due to reasonable cause and not due to willful neglect. Additionally, in the event an individual U.S. Holder (and to the extent specified in applicable Treasury regulations, an individual Non-U.S. Holder or a U.S. entity) that is required to file IRS Form 8938 does not file such form, the statute of limitations on the assessment and collection of U.S. federal income taxes of such holder for the related tax year may not close until three years after the date that the required information is filed. U.S. Holders (including U.S. entities) and Non-U.S. Holders are encouraged consult their own tax advisors regarding their reporting obligations under this legislation.

F. DIVIDEND AND PAYING AGENTS

Not Applicable.

G. STATEMENTS BY EXPERTS

Not Applicable.

H. DOCUMENTS ON DISPLAY

The Company is subject to the informational requirements of the Securities and Exchange Act of 1934, as amended. In accordance with these requirements we file reports and other information with the Securities and Exchange Commission. These materials, including this annual report and the accompanying exhibits may be inspected and copied at the public reference facilities maintained by the Commission at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling 1 (800) SEC-0330 and you may obtain copies at prescribed rates from the Public Reference Section of the Commission at its principal office in Washington, D.C. 20549. The SEC maintains a website (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. In addition, documents referred to in this annual report may be inspected at the Company's headquarters at Ocean Centre, Montague Foreshore East Bay Street, Nassau, Bahamas.

I. SUBSIDIARY INFORMATION

Not Applicable.

ITEM 11 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See "Item 5 — Operating and Financial Review and Prospects — Quantitative and Qualitative Disclosures About Market Risk."

ITEM 12 – DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not Applicable.

PART II

ITEM 13 – DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

See "Developments in 2015" and "Recent Developments" under "Item 5. Operating and Financial Review and Prospects—A. Operating Results.", and "Events of default under debt agreements" under "Item 5.Operating and Financial Review and Prospects—B. Liquidity and Capital Resources".

ITEM 14 – MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15 – CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

Management assessed the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15(e) of the Exchange Act, as of the end of the period covered by this annual report (as of December 31, 2015). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective as of the evaluation date.

(b) Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) promulgated under the Exchange Act.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's system of internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements. Management has performed an assessment of the effectiveness of the Company's internal controls over financial reporting as of December 31, 2015, based on the provisions of Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), or COSO. Based on its assessment, management, including the Company's chief executive and chief financial officer, determined that the Company's internal controls over financial reporting were effective as of December 31, 2015, based on the criteria in Internal Control—Integrated Framework (2013 framework) issued by COSO.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

(c) Attestation Report of Independent Registered Public Accounting Firm

Pursuant to applicable SEC rules, this annual report does not include an attestation report of the Company's registered public accounting firm. We will only be required to include this report once we become an accelerated flier or a large

accelerated filer.

(d) Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting that occurred during the year covered by this annual report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 16A – AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined that Mr. George Wood qualifies as an audit committee financial expert. Mr. Wood is independent, as that term is defined in the Nasdaq listing standards. Mr. Eduardo Ojea Quintana is also a member of the audit committee.

ITEM 16B – CODE OF ETHICS

The Company has adopted a code of ethics applicable to the Company's principal executive officer and principal financial officer, principal accounting officer or controller, which complies with the definition of a "code of ethics", set out in Section 406(c) of the Sarbanes-Oxley Act of 2002.

We will provide to any person without charge, upon request, a copy of the code of ethics. Written requests for such copies must be sent to the Company Secretary at our principal executive offices at Ultrapetrol (Bahamas) Limited, c/o H&J Corporate Services Ltd., Ocean Center, Montagu Foreshore, East Bay Street, Nassau, Bahamas, P.O. Box SS-19084.

ITEM 16C – PRINCIPAL ACCOUNTANT FEES AND SERVICES

Pistrelli, Henry Martin y Asociados S.R.L. member of Ernst & Young Global is the independent registered public accounting firm that audits the financial statements of the Company and its subsidiaries.

Aggregate fees for professional services rendered for the Company by Pistrelli, Henry Martin y Asociados S.R.L. and other member firms of Ernst & Young Global in 2015 and 2014 in each of the following categories were:

	Year ended December 31,	
	2015	2014
	(in thousands of U.S. dollars)	
Audit fees	1,015	1,147
Audit-related fees	--	--
Tax fees	195	263
All other fees	--	--
Total fees	1,210	1,410

Audit fees include fees associated with the annual audit of the Company and subsidiaries, statutory audits of subsidiaries required internationally, comfort letters and SEC filings in connection with our offerings of our debt securities.

Tax fees relate to tax compliance services for federal, state and local tax returns and international tax compliance and planning services.

Prior to our initial public offering, all audit, audit-related and non-audit services provided by our independent auditor were pre-approved by the board of directors. Since our initial public offering, all such services are pre-approved by our audit committee, which was formed at the time of our initial public offering.

ITEM 16D – EXEMPTIONS FROM LISTING STANDARDS FOR AUDIT COMMITTEES

Not Applicable.

ITEM 16E – PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

No such purchases were made in the period covered by this report.

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ITEM 16F – CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

None.

ITEM 16G – CORPORATE GOVERNANCE

As a foreign private issuer, as defined in Rule 3b-4 under the Exchange Act, the Company is permitted to follow certain corporate governance rules of its home country, the Bahamas, in lieu of NASDAQ's corporate governance rules, or the NASDAQ Rules. The Company complies fully with the NASDAQ Rules, except that the Company's corporate governance practices deviate from the NASDAQ Rules in the following ways:

- The Company does not have a board of directors with a majority of independent directors. However, the Company does have an independent director.
- In lieu of holding regular meetings at which only independent directors are present, the Company's entire board of directors may hold regular meetings.
- In lieu of an audit committee comprising three independent directors, the Company's audit committee has two members, at least one of whom meets the NASDAQ requirement of a financial expert.
- In lieu of a nomination committee comprising independent directors, the Company's board of directors will be responsible for identifying and recommending potential candidates to become board members and recommending directors for appointment to board committees. Shareholders may also identify and recommend potential candidates to become board members in writing. No formal written charter has been prepared or adopted because this process is outlined in the Company's memorandum of association.
- In lieu of a compensation committee comprising independent directors, our board of directors will be responsible for establishing the executive officers' compensation and benefits and has established a compensation committee (which has members that are not independent directors) that acts in an advisory capacity to the board in connection with establishing such compensation. Under Bahamian law, compensation of the executive officers is not required to be determined by an independent committee.
- In lieu of obtaining an independent review of related party transactions for conflicts of interests, the Company's memorandum of association provides that related party transactions must be approved by disinterested directors and in certain circumstances, supported by a fairness opinion.
- The Company follows Bahamian law with respect to its voting structure and all shareholder voting requirements.
- As a foreign private issuer, the Company is not required to solicit proxies or provide proxy statements to NASDAQ pursuant to NASDAQ corporate governance rules or Bahamian law.

ITEM 16H – MINE SAFETY DISCLOSURE

Not Applicable.

PART III

ITEM 17 – FINANCIAL STATEMENTS

Not Applicable.

ITEM 18 – FINANCIAL STATEMENTS

The following financial statements listed below and set forth on pages F-1 through F-72, together with the reports of independent registered public accounting firm are filed as part of this annual report:

ITEM 18.1. Schedule I – Condensed Financial Information of Ultrapetrol (Bahamas) Limited (Parent Company only)

The Schedule I, beginning on page F-1, is filed as part of this report.

ULTRAPETROL (BAHAMAS) LIMITED AND SUBSIDIARIES

Consolidated Financial Statements for the years ended
December 31, 2015, 2014 and 2013 with Report of
Independent Registered Public Accounting Firm

ULTRAPETROL (BAHAMAS) LIMITED AND SUBSIDIARIES

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ULTRAPETROL (BAHAMAS) LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2015 AND 2014
(Stated in thousands of U.S. dollars, except par value and share amounts)

	At December 31,	
	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$45,193	$34,982
Restricted cash	10,779	11,246
Accounts receivable, net of allowance for doubtful accounts of $489 and $3,178 in 2015 and 2014, respectively	32,655	37,341
Operating supplies and inventories	16,947	4,030
Prepaid expenses	3,560	4,083
Other receivables	18,064	18,067
Other assets	15,362	-
Total current assets	142,560	109,749
NONCURRENT ASSETS		
Other receivables	21,500	28,084
Restricted cash	1,472	1,472
Vessels and equipment, net	669,087	717,405
Dry dock	10,281	13,551
Investments in and receivables from affiliates	3,570	3,906
Intangible assets	-	582
Goodwill	-	5,015
Other assets	-	13,266
Deferred income tax assets	846	4,031
Total noncurrent assets	706,756	787,312
Total assets	$849,316	$897,061
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	$29,391	$30,518
Customer advances	1,968	3,090
Payable to related parties	41	1,636
Accrued interest	11,454	1,513
Current portion of long-term financial debt	463,548	32,929
Other current liabilities	19,955	22,827
Total current liabilities	526,357	92,513
NONCURRENT LIABILITIES		
Long-term financial debt	-	433,105
Deferred income tax liabilities	10,562	12,170

Other liabilities	-	368
Deferred gains	2,783	3,183
Total noncurrent liabilities	13,345	448,826
Total liabilities	539,702	541,339
EQUITY		
Common stock, $0.01 par value: 250,000,000 authorized shares; 140,729,487 shares outstanding.	1,446	1,446
Additional paid-in capital	491,893	490,469
Treasury stock: 3,923,094 shares at cost	(19,488)	(19,488)
Accumulated deficit	(163,388)	(115,384)
Accumulated other comprehensive loss	(849)	(1,321)
Total equity	309,614	355,722
Total liabilities and equity	$849,316	$897,061

The accompanying notes are an integral part of these consolidated financial statements and should be read in conjunction herewith.

ULTRAPETROL (BAHAMAS) LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Stated in thousands of U.S. dollars, except share and per share data)

	For the years ended December 31,		
	2015	2014	2013
REVENUES			
Transportation and services	$330,617	$347,654	$345,642
Manufacturing	16,860	16,021	65,575
	347,477	363,675	411,217
OPERATING EXPENSES (1)			
Voyage expenses	(92,810)	(108,615)	(115,660)
Running costs	(137,232)	(148,517)	(136,156)
Manufacturing costs	(12,058)	(10,470)	(45,662)
Depreciation and amortization	(51,132)	(53,417)	(42,535)
Administrative and commercial expenses	(48,292)	(47,081)	(41,730)
Loss on write-down of vessels, goodwill and intangible assets	(8,030)	(10,511)	-
Other operating income, net	1,859	1,597	5,692
	(347,695)	(377,014)	(376,051)
Operating (loss) profit	(218)	(13,339)	35,166
OTHER INCOME (EXPENSES)			
Financial expense	(36,079)	(35,097)	(33,551)
Financial loss on extinguishment of debt	-	-	(5,518)
Foreign currency exchange gains (losses), net	(4,820)	2,089	18,849
Investments in affiliates	(817)	(1,056)	(520)
Other, net	240	192	92
Total other income (expenses), net	(41,476)	(33,872)	(20,648)
(Loss) Income before income tax	(41,694)	(47,211)	14,518
Income tax	(6,310)	(5,065)	(6,597)
Net (loss) income	(48,004)	(52,276)	7,921
Net income attributable to noncontrolling interest	-	-	553
Net (loss) income attributable to Ultrapetrol (Bahamas) Limited	$(48,004)	$(52,276)	$7,368
(LOSS) INCOME PER SHARE ATTRIBUTABLE TO ULTRAPETROL (BAHAMAS) LIMITED - BASIC AND DILUTED	$(0.34)	$(0.37)	$0.05
Basic weighted average number of shares	140,713,509	140,292,249	140,090,112
Diluted weighted average number of shares	140,713,509	140,292,249	140,326,764

(1) Operating expenses included $1,937, $3,236 and $4,449 in 2015, 2014 and 2013, respectively, from related parties.

The accompanying notes are an integral part of these consolidated financial statements and should be read in conjunction herewith.

ULTRAPETROL (BAHAMAS) LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Stated in thousands of U.S. dollars)

	For the years ended December 31,		
	2015	2014	2013
Net (loss) income	$(48,004)	$(52,276)	$7,921
Other comprehensive income (loss):			
Reclassification of net derivative losses to other income (expense), net	-	-	216
Reclassification of net foreign currency derivative gains to depreciation and amortization	(9)	(9)	(9)
Reclassification of net derivative losses on cash flow hedges to financial expense	846	993	1,060
Derivative losses on cash flow hedges	(365)	(497)	(451)
	472	487	816
Comprehensive (loss) income, net of income tax effect of $0	(47,532)	(51,789)	8,737
Comprehensive income attributable to noncontrolling interest	-	-	587
Comprehensive (loss) income attributable to Ultrapetrol (Bahamas) Limited	$(47,532)	$(51,789)	$8,150

The accompanying notes are an integral part of these consolidated financial statements and should be read in conjunction herewith.

ULTRAPETROL (BAHAMAS) LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Stated in thousands of U.S. dollars, except share data)

	Ultrapetrol (Bahamas) Limited stockholders' equity							
Balance	Shares Amount	Common stock	Additional paid-in capital	Treasury stock	Accumulated deficit	Accumulated other comprehensive loss	Noncontrolling interest	Total equity
December 31, 2012	140,419,487	$ 1,443	$ 490,850	$ (19,488)	$ (70,476)	$ (2,578)	$ 6,748	$ 406,499
Compensation related to stock awards granted	-	-	575	-	-	-	-	575
Purchase of subsidiary shares from noncontrolling interests	-	-	(2,903)	-	-	(12)	(7,335)	(10,250)
Net (loss) income	-	-	-	-	7,368	-	553	7,921
Other comprehensive income	-	-	-	-	-	782	34	816
December 31, 2013	140,419,487	1,443	488,522	(19,488)	(63,108)	(1,808)	-	405,561
Issuance of common stock for stock option exercise	310,000	3	874	-	-	-	-	877
Compensation related to stock awards granted	-	-	1,073	-	-	-	-	1,073
Net (loss) income	-	-	-	-	(52,276)	-	-	(52,276)
Other comprehensive income	-	-	-	-	-	487	-	487
December 31, 2014	140,729,487	1,446	490,469	(19,488)	(115,384)	(1,321)	-	355,722
Compensation related to stock awards granted	-	-	1,424	-	-	-	-	1,424
Net (loss) income	-	-	-	-	(48,004)	-	-	(48,004)

Other comprehensive income	-	-	-	-	-	472	-	472
December 31, 2015	140,729,487	$ 1,446	$ 491,893	$ (19,488)	$ (163,388)	$ (849)	$ -	$ 309,614

The accompanying notes are an integral part of these consolidated financial statements and should be read in conjunction herewith.

ULTRAPETROL (BAHAMAS) LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Stated in thousands of U.S. dollars)

	For the years ended December 31,		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) income	$(48,004)	$(52,276)	$7,921
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation of vessels and equipment	41,272	45,880	38,951
Amortization of dry docking	9,860	7,493	3,409
Expenditure for dry docking	(7,580)	(10,107)	(10,150)
Loss on derivatives, net	-	-	216
Debt issuance expense amortization	2,607	2,272	2,711
Financial loss on extinguishment of debt	-	-	5,518
Amortization of intangible assets	-	44	175
Net losses from investments in affiliates	817	1,056	520
Allowance for doubtful accounts	228	720	2,467
Loss on write-down of vessels, goodwill and intangible assets	8,030	10,511	-
Share - based compensation	1,424	1,073	575
Change in valuation allowance of deferred income tax assets	4,471	(811)	1,632
Changes in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	4,925	9,775	(13,906)
Other receivables, operating supplies and inventories and prepaid expenses	13,148	19,856	(9,053)
Other	3,824	588	188
Increase (decrease) in liabilities:	&#1		