ULTRAPETROL BAHAMAS LTD
Form 6-K
November 12, 2015

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13A-16 OR 15D-16 UNDER THE

SECURITIES EXCHANGE ACT OF 1934

For the month of November 2015
Commission File Number: 001-33068

ULTRAPETROL (BAHAMAS) LIMITED
(Translation of registrant's name into English)

Ocean Centre, Montagu Foreshore
East Bay St.
Nassau, Bahamas
P.O. Box SS-19084
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports
under cover of Form 20-F or Form 40-F.

Form 20-F [X] Form 40-F [ ]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as
permitted by Regulation S-T Rule 101(b)(1): ___

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ___

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

INFORMATION CONTAINED IN THIS FORM 6-K REPORT

Attached hereto as Exhibit 1 are a copy of the Company's report for the nine months ended September 30, 2015, containing certain unaudited financial information and Management's Discussion and Analysis of Financial Condition and Results of Operations for the nine months ended September 30, 2015 and 2014 (unaudited).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ULTRAPETROL (BAHAMAS) LIMITED
(registrant)

By: /s/ Cecilia Yad
Name: Cecilia Yad
Title: Chief Financial Officer

Dated: November 11, 2015

Exhibit 1

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. 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 or amend existing facilities or refinance existing facilities;
- our financial condition and liquidity, including our ability to obtain financing in the future to fund capital expenditures, acquisitions and other general corporate activities;
- our expectations about the availability of vessels to purchase, 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 ocean-going transportation industry;
- the loss of one or more 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; and
- potential liability from future litigation.

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ULTRAPETROL (BAHAMAS) LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE
NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014 (UNAUDITED)

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements of Ultrapetrol (Bahamas) Limited (the "Company") and subsidiaries for the nine months ended September 30, 2015, and 2014 included elsewhere in this report.

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, the general cargo and container trade, as well as the offshore oil platform supply market through our operations in the following three segments of the marine transportation industry.

Our River Business, with 686 barges (of which 24 are under lease) and 34 pushboats as of September 30, 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 2015, 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 iron ore and manganese transfer and storage unit, Parana Iron, currently employed with a non-related third party.

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 September 30, 2015, our Offshore Supply Business 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 and two remained laid up in the North Sea while being tendered for long term charters with Petrobras. On September 21, 2015, we received notification from Petrobras regarding the early termination of contracts for the remaining three PSVs, the UP Amber, UP Pearl, and UP Esmeralda. We are exploring alternative courses of action, 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 September 30, 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 finalized its last charter on September 18, 2015, and is currently laid-up. We are currently seeking employment opportunities for this vessel.

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 grow the volume, efficiency, and market share in a targeted manner.

Developments in the three months ended September 30, 2015

On July 1, 2015, the bareboat chartered Product Tanker, Mentor, entered into its 3-year time charter with Petrobras.

On July 16, 2015, pursuant to the MOA entered into on June 15, 2015, whereby we agreed to sell our Product Tanker Miranda I, we delivered this vessel to buyers.

On July 29, 2015, we appointed Raul Sotomayor to its 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 has 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. This notice does not have an immediate effect on the listing of our common shares, which will continue to trade on the NASDAQ under the symbol "ULTR". Under the NASDAQ's rules, the Company has a period of six months from the date of the NASDAQ notice to regain compliance. If, at any time during the 180 day period, the closing bid price for the Company's common stock is at least one dollar for a minimum of ten consecutive business days, compliance will be regained and the matter will be closed. Ultrapetrol intends to regain compliance with the NASDAQ's continued listing standard by bringing the share price back to at least one dollar within the prescribed timeframe and will consider a range of available options to ensure full compliance with the NASDAQ's continued listing standards.

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 Reducing Revolver with DVB.

On September 21, 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. We are exploring alternative courses of action to remedy the situation, including negotiations with Petrobras and employment in other offshore markets.

Recent developments

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 have matured. One of these officers will be entering into a new employment contract in the forthcoming weeks.

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 unaudited condensed consolidated financial statements. We do not have significant inter-segment transactions.

Revenues

In our River Business, we currently contract for the carriage of cargoes, in the majority of cases, under contracts of affreightment, or COAs. Most of these COAs currently provide for adjustments to the freight rate based on changes in the price of fuel. We also contract a portion of our river fleet on Time Charter to third parties. 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 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 of iron ore and/or manganese transshipped.

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.

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.

<u>Time Charter</u>

- 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.

<u>Contract of Affreightment (COA)</u>

- We derive revenue from a rate based on tonnage shipped expressed in dollars per metric ton of cargo or dollars per TEU, 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 the first nine months of 2015 and COA revenues accounted for 51%. With respect to COA revenues derived from transportation service in the first nine months of 2015, 82% were in respect of repetitive voyages for our regular customers and 18% were in respect of single voyages for occasional customers.

Our container vessels are paid on a rate based on each container shipped and is 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 eight of our PSVs operating under long-term charters with Petrobras in Brazil while our RSV UP Coral has commenced its long-term charter with Petrobras on August 5, 2015. In addition, we had two PSVs laid up in the North Sea on account of weak spot rates in the region while being tendered for long term charters with Petrobras. On September 21, 2015, we received notification from Petrobras regarding the early termination of contracts for the remaining three PSVs, the UP Amber, UP Pearl, and UP Esmeralda. We are exploring alternative courses of action to remedy the situation, including negotiations with Petrobras and employment in other offshore markets.

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

Expenses

Our operating expenses generally include the cost of all vessel operating expenses including crewing, spares and stores, insurance, lubricants, repairs and maintenance. Generally, the most significant of these expenses are wages paid to marine personnel, marine insurance costs and the cost of repairs and maintenance. However there are significant differences in the manner in which these expenses are recognized in the different segments in which we operate.

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In addition to the vessel operating expenses, our other primary operating expenses include 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, primarily for certain harbour tugs.

In our Offshore Supply Business, voyage expenses include offshore and brokerage commissions paid by us to third parties that provide brokerage services and bunker costs incurred when our vessels are repositioned between the North Sea and Brazil or from the yard where they have been built to their operating location. All these costs are fully covered by us.

In our Ocean Business, our tanker vessels are generally under time charter so we do not incur bunker or significant port expenses. However 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 the first nine months of 2015, 87% of our revenues were denominated in U.S. dollars. Also, for the period ended September 30, 2015, 10% were denominated and collected in British pounds and 3% of our revenues were denominated and collected in Brazilian reais. However, 35% of our total revenues were denominated in U.S. dollars but collected in Argentine pesos, Brazilian reais and Paraguayan guaranies. During the first nine months of 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.

Foreign currency exchange gains (losses), net are included as a component of other income (expenses) in our unaudited condensed 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 in the short term 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 would 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 September 30, 2015, we had $52.2 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 September 30, 2015, the Company had $15.1 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 $15.0 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 $16.1 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 September 30, 2015, the Company had $6.3 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 September 30, 2015, the Company had variable rate debt (due 2015 through 2021) totaling $132.1 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 September 30, 2015, the weighted average interest rate on these borrowings was 3.1%, 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, our re-engined and repowered pushboats in our fleet consume heavy fuel (as opposed to diesel oil), which partially ceased 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.

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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.

Legal Proceedings

UABL – Ciudad del Este Customs Authority

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 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 we had 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

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 owed taxes according to Customs in Asuncion are up to the amount of Gs. 6.028.317.852 (approximately $1.37 million). 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 there is only a remote possibility that these proceedings will have a material adverse financial impact on the consolidated financial position or result of operations of the Company.

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Oceanpar S.A. and UABL Paraguay S.A. - Customs investigation in connection with re-importation of barges subject to conversion

Oceanpar S.A. was notified of this investigation on June 17, 2011. The matter under investigation is whether UABL Paraguay S.A. paid all import taxes and duties corresponding to the re-importation of barges submitted to conversion in foreign yards. 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.

As of September 30, 2015 a loss contingency liability related with this matter of $0.5 million was recorded.

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 $0.37 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 $0.34 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.

Various other legal, labour 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, labour or tax proceedings that, if adversely determined, would have a material adverse effect on us.

Results of Operations

The following table sets forth certain unaudited historical statements of operations data for the three months and nine months ended September 30, 2015, compared to the three months and nine months ended September 30, 2014, derived from our unaudited condensed consolidated statements of operations expressed in thousands of dollars:

	Three Months Ended September 30,		Nine Months Ended September 30,		Percent Change
	2015	2014	2015	2014	
Revenues					
Attributable to River Business	$48,351	$48,698	$140,319	141,993	-1 %
Attributable to Offshore Supply Business	29,197	32,997	85,597	90,075	-5 %
Attributable to Ocean Business	18,188	17,663	50,487	53,012	-5 %
Total revenues	95,736	99,358	276,403	285,080	-3 %
Voyage and manufacturing expenses					
Attributable to River Business	(18,464)	(25,410)	(59,231)	(73,892)	-20 %
Attributable to Offshore Supply Business	(1,600)	(2,225)	(3,349)	(4,956)	-32 %
Attributable to Ocean Business	(6,806)	(4,938)	(18,104)	(14,989)	21 %
Total voyage and manufacturing expenses	(26,870)	(32,573)	(80,684)	(93,837)	-14 %
Running costs					
Attributable to River Business	(13,912)	(17,481)	(44,707)	(45,190)	-1 %
Attributable to Offshore Supply Business	(11,318)	(14,203)	(36,043)	(38,027)	-5 %
Attributable to Ocean Business	(10,902)	(8,863)	(27,560)	(25,122)	10 %
Total running costs	(36,132)	(40,547)	(108,310)	(108,339)	0 %
Amortization of dry dock & intangible assets	(2,654)	(2,092)	(7,101)	(5,054)	41 %
Depreciation of vessels and equipment	(10,316)	(11,240)	(31,233)	(33,130)	-6 %
Administrative and commercial expenses	(11,643)	(16,140)	(31,579)	(34,057)	-7 %
Other operating income, net	426	98	(581)	1,237	--
Operating profit	8,547	(3,136)	16,915	11,900	42 %
Financial expense	(8,408)	(9,379)	(25,081)	(26,594)	-6 %
Foreign currency exchange gains (losses), net	(3,391)	(1,769)	(3,585)	3,829	--
Financial income	--	31	--	79	-100 %
Gain (Loss) on derivatives, net	--	1	--	(1)	-100 %
Investment in affiliates	(216)	(296)	(525)	(711)	-26 %
Other income, net	71	7	126	82	54 %
Total other expenses, net	(11,944)	(11,405)	(29,065)	(23,316)	25 %
(Loss) income before income taxes	(3,397)	(14,541)	(12,150)	(11,416)	6 %
Income tax benefit (expenses)	516	(52)	(2,231)	(5,164)	-57 %
Net (loss) income	$(2,881)	$(14,593)	$(14,381)	(16,580)	-13 %

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Revenues. Total revenues from our River Business decreased 1% from $48.7 million in the three months ended September 30, 2014, to $48.4 million in the same period of 2015. This $0.3 million decrease results mainly from a $7.4 million decrease in revenues from river operations related to a 3% decrease in net tons transported and lower freight rates as compared to the third quarter of 2014; partially offset by a $6.0 million increase related to three barges built at our yard in Punta Alvear sold to third parties in the third quarter of 2015 as compared to none in the same period of 2014, a $0.6 million increase in revenues from the operation of our Parana Iron transfer and storage unit which entered into operation on May 13, 2014, and a $0.6 million increase in revenues from our time charter with Vale.

Total revenues from our River Business decreased 1% from $142.0 million in the nine months ended September 30, 2014, to $140.3 million in the same period of 2015. This $1.7 million decrease results mainly from a $8.3 million decrease in revenues from river operations mostly related to lower average freight rates, and a $0.6 million decrease in other revenues; partially offset by a $5.3 million increase in revenues from our Parana Iron transfer and storage unit which started operations on May 13, 2014, a $1.1 million increase in revenues from our time charter with Vale, and a $0.8 million increase related to a higher number of tank barges constructed at our yard in Punta Alvear sold to third parties during the nine months ended September 30, 2015, as compared to the same period of 2014.

Total revenues from our Offshore Supply Business decreased 12% from $33.0 million in the three months ended September 30, 2014, to $29.2 million in the same period of 2015. This $3.8 million decrease is primarily attributable to a combined $3.9 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 combined $2.2 million decrease in revenues of our PSV fleet related to an average 56% devaluation of the Brazilian real between the third quarter of 2015 as compared to the same period of 2014, and to a $1.8 million decrease related to the contract cancellation by Petrobras of our UP Pearl, UP Amber and UP Esmeralda; partially offset by a combined $4.1 million increase related to the operation of our RSV UP Coral and our UP Opal which entered into a 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 Offshore Supply Business decreased 5% from $90.1 million in the nine months ended September 30, 2014, to $85.6 million in the same period of 2015. This $4.5 million decrease is primarily attributable to a combined $7.0 million decrease in revenues of our UP Jasper and UP Agate related to their lay up in the North Sea due to low average spot rates, a combined $2.8 million decrease in revenues of our PSV fleet related to an average 38% devaluation of the Brazilian real between the first nine months of 2015 as compared to the same period of 2014, and to a $1.8 million decrease related to the contract cancellation by Petrobras of our UP Pearl, UP Amber and UP Esmeralda; partially offset by a combined $7.1 million increase related to the partial and full impact of our RSV UP Coral and our UP Opal, respectively, which entered into long-term charters with Petrobras on August 5, 2015, and January 25, 2015, respectively.

Total revenues from our Ocean Business increased $0.5 million, or 3%, from $17.7 million in the three months ended September 30, 2014, to $18.2 million in the same period of 2015. This increase is mainly attributable to a $2.7 million increase related to our bareboat chartered vessel Mentor which entered into operation on July 1, 2015, to a $0.9 million increase of our Austral related to its drydock during the third quarter of 2014, to a $0.5 million increase related to our Argentino and Asturiano on account of faster rotations, and to a $0.4 million increase related to higher operating days of our Alejandrina during the third quarter of 2015 as compared to the same period last year; partially offset by a combined $4.1 million decrease of our Amadeo and Miranda I which were sold and delivered to buyers on May 29 and July 16, 2015, respectively.

Total revenues from our Ocean Business decreased $2.5 million, or 5%, from $53.0 million in the nine months ended September 30, 2014, to $50.5 million in the same period of 2015. This decrease is mainly attributable to a combined $4.9 million decrease of our Amadeo and Miranda I which were sold and delivered to buyers on May 29 and July 16, 2015, respectively, and to a $1.7 million decrease of our Alejandrina which was laid up as of September 2014 until May 2015; partially offset by a $2.8 million increase of our bareboat chartered vessel Mentor which entered into operation on July 1, 2015, and to a $1.2 million increase in our Austral related to its drydock during the third quarter of 2014.

Voyage and manufacturing expenses. In the three months ended September 30, 2015, voyage and manufacturing expenses of our River Business were $18.5 million as compared to $25.4 million for the same period of 2014. This $6.9 million decrease is mainly attributable to a combined $10.9 million decrease related to lower fuel prices and consumption as well as by 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 $4.0 million increase related to the manufacturing expenses incurred in the construction of barges sold to third parties in the third quarter of 2015 as compared to the same period of last year.

In the nine months ended September 30, 2015, voyage and manufacturing expenses of our River Business were $59.2 million, as compared to $73.9 million for the same period of 2014, a decrease of $14.7 million, or 20%. This decrease is mainly attributable to a combined $16.8 million decrease related to lower fuel prices and lower voyage expenses derived from the new operational model implemented in 2015; partially offset by a $2.1 million increase related to the manufacturing expenses incurred in the construction of barges sold to third parties.

In the three months ended September 30, 2015, voyage expenses of our Offshore Supply Business were $1.6 million, as compared to $2.2 million in the same period of 2014. This $0.6 million decrease is primarily attributable to a combined $0.9 million decrease in positioning costs of our UP Agate, UP Coral and UP Opal during the third quarter of 2014, to a $0.3 million decrease in bunker costs of our UP Topazio and UP Diamante related to their drydocks during the third quarter of 2014, and to a $0.1 million decrease in commissions of our UP Jasper which was laid up during the third quarter of 2015; partially offset by a $0.8 million increase in voyage expenses related to communication equipment and positioning costs of our RSV UP Coral during the third quarter of 2015.

In the nine months ended September 30, 2015, voyage expenses of our Offshore Supply Business were $3.3 million, as compared to $5.0 million in the same period of 2014. This $1.7 million decrease is primarily attributable to the positioning costs related to our UP Agate, UP Coral and UP Opal to the North Sea during the nine months ended September 30, 2014.

In the three months ended September 30, 2015, voyage expenses of our Ocean Business were $6.8 million, as compared to $4.9 million for the same period of 2014, an increase of $1.9 million, or 39%. This is primarily attributable to a $1.3 million increase in other voyage expenses (such as port expenses and terminal handling charges) related to our Asturiano and Argentino and to a $0.9 million increase related to start-up expenses of our recently bareboat chartered vessel, Mentor, before its entry into operation; partially offset by a combined decrease of $0.2 million related to our Amadeo and Miranda I, which were sold and delivered to buyers on May 29 and July 16, 2015, respectively.

In the nine months ended September 30, 2015, voyage expenses of our Ocean Business were $18.1 million, as compared to $15.0 million for the same period of 2014, an increase of $3.1 million, or 21%. This increase is primarily attributable to a combined increase of $1.8 million in other voyage expenses (such as port expenses and terminal handling charges) and logistics expenses related to our Asturiano and our Argentino, and to a $1.5 million increase related to start-up expenses of our recently bareboat chartered vessel, Mentor, before its entry into operation; partially offset by a combined decrease of $0.2 million 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 the three months ended September 30, 2015, running costs of our River Business were $13.9 million, as compared to $17.5 million in the same period of 2014, a decrease of $3.6 million, or 20%. This decrease is mainly attributable to a $2.3 million decrease in maintenance costs of our pushboat fleet, and to a $1.4 million decrease in maintenance, supplies and insurance costs related to our barge fleet.

In the nine months ended September 30, 2015, running costs of our River Business were $44.7 million, as compared to $45.2 million in the same period of 2014, a decrease of $0.5 million, or 1%. This difference is mainly attributable to a $1.5 million decrease in maintenance, supplies and insurance costs related to our barge fleet; partially offset by a $1.0 million increase mostly related to crew expenses during the nine months ended September 30, 2015.

In the three months ended September 30, 2015, running costs of our Offshore Supply Business were $11.3 million, as compared to $14.2 million in the same period of 2014, a decrease of $2.9 million, or 20%. This decrease in running costs is mainly attributable to a $1.4 million combined decrease of our UP Jasper and UP Agate related to their lay up in the North Sea due to low average spot rates, and to a $1.5 million decrease in costs of rest of our PSV fleet mostly related to the devaluation of the Brazilian real.

In the nine months ended September 30, 2015, running costs of our Offshore Supply Business were $36.0 million, as compared to $38.0 million in the same period of 2014, a decrease of $2.0 million, or 5%. This decrease in running costs is mainly attributable to a $3.1 million decrease in costs of our PSV fleet mostly related to the devaluation of the Brazilian real, and to a $1.0 million decrease of our UP Jasper and UP Agate related to their lay up in the North Sea due to low average spot rates; partially offset by a $2.1 million increase in running 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 the nine months ended September 30, 2014.

In the three months ended September 30, 2015, running costs of our Ocean Business were $10.9 million, as compared to $8.9 million in the same period of 2014, an increase of $2.0 million, or 23%. This increase resulted mainly from a $2.4 million increase related to our bareboat chartered vessel Mentor, which entered into a time charter with Petrobras on July 1, 2015, and to a $1.8 million increase in crew expenses and maintenance costs related to our Asturiano, Argentino, Austral, and Alejandrina mainly attributable to inflationary pressure in local currency not compensated by a devaluation of the exchange rate; partially offset by a $2.2 million decrease related to our Amadeo and Miranda I, which were sold and delivered to buyers on May 29 and July 16, 2015, respectively.

In the nine months ended September 30, 2015, running costs of our Ocean Business were $27.6 million, as compared to $25.1 million in the same period of 2014, an increase of $2.5 million, or 10%. This increase resulted mainly from our bareboat chartered vessel Mentor which entered into a time charter with Petrobras on July 1, 2015.

Amortization of drydocking and intangible assets. Amortization of drydocks and intangible assets in the three months ended September 30, 2015, were $2.7 million as compared to $2.1 million for the same period of 2014, an increase of $0.6 million, or 27%. This increase is primarily attributable to a $0.4 million increased level of amortization of some of our pushboats in our River Business, and to a $0.1 million increased level of amortization of drydock of our UP Topazio and UP Safira on account of their drydocks during the fourth quarter of 2014.

Amortization of drydocks and intangible assets in the nine months ended September 30, 2015, were $7.1 million, as compared to $5.1 million for the same period of 2014, an increase of $2.0 million, or 41%. This increase is primarily attributable to a $1.0 million increased level of amortization of some of our pushboats in our River Business, to a $0.6 million increased level of amortization of drydock of our UP Rubi and UP Topazio on account of their drydocks during the third and fourth quarter of 2014, respectively, to a $0.5 million increased level of amortization of drydocking of our Parana Iron transfer and storage unit.

Depreciation of vessels and equipment. Depreciation of vessels and equipment for the three months ended September 30, 2015, was $10.3 million as compared to $11.2 million in the same period of 2014. This $0.9 million decrease was mainly attributable to combined $0.6 million decrease in the depreciation of our Amadeo and Miranda I related to their sale on May 13, 2015, and June 15, 2015, respectively, to a $0.4 million decrease related to the full depreciation of some of our barges; partially offset by a $0.1 million increase in depreciation of our UP Coral on account of its conversion into an RSV.

Depreciation of vessels and equipment for the nine months ended September 30, 2015, was $31.2 million as compared to $33.1 million in the same period of 2014. This $1.9 million decrease was mainly attributable to a combined $1.3 million decrease in the depreciation of our Amadeo and Miranda I related to their sale on May 13, 2015, and June 15, 2015, respectively, to a $0.8 million decrease related to the full depreciation of some of our barges; partially offset by a $0.3 million increase in depreciation of our UP Coral on account of its conversion into an RSV.

Administrative and commercial expenses. Administrative and commercial expenses were $11.6 million in the three months ended September 30, 2015, as compared to $16.1 million in the same period of 2014, resulting in a decrease of $4.5 million or 28%. This decrease 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 the three months ended September 30, 2014; partially offset by new staff hires and inflation-related wage increases not compensated by an equivalent devaluation of the local currency in some of our subsidiaries, and a $1.0 million increase related to the termination of the employment agreements of two company officers.

Administrative and commercial expenses were $31.6 million in the nine months ended September 30, 2015, as compared to $34.1 million in the same period of 2014, resulting in a decrease of $2.5 million or 7%. This decrease 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 the three months ended September 30, 2014; partially offset by new staff hires and inflation-related wage increases not compensated by an equivalent devaluation in some of our subsidiaries, and a $1.0 million increase related to the termination of the employment agreements of two company officers.

Other operating (loss) income, net. Other operating income was $0.4 million in the three months ended September 30, 2015, as compared to $0.1 million in the same period of 2014. This $0.3 million increase is mainly attributable to loss of hire compensations related to our Asturiano and Argentino.

Other operating loss was $0.6 million in the nine months ended September 30, 2015, as compared to an income of $1.2 million in the same period of 2014. This $1.8 million decrease is mainly attributable to a $1.1 million net loss from the sale of our Amadeo on May 13, 2015, by a $0.5 million loss of hire compensation of our UP Opal during the second quarter of 2014 and by a $0.2 million decrease in export benefits related to lower sales from our barge building activity.

Operating profit. Operating profit for the three months ended September 30, 2015, was $8.5 million (which includes an expense of $1.0 million related to the termination of the employment agreements of two company officers), an increase of $11.6 million from an operating loss of $3.1 million for the same period of 2014 (which includes a $5.7 million operating loss associated to the former CEO and Executive Vice President's severance payments according to their employment and consulting agreements termination clauses). This increase is mainly attributable to a $12.1 million increase in operating profit of River Business, from an operating loss of $9.5 million in the third quarter of 2014 (which includes a $2.8 million operating loss associated to the former CEO and Executive Vice President's severance payments according to their employment and consulting agreements termination clauses) to an operating profit of $2.6 million in the same period of 2015, mainly associated to lower fuel prices and consumption as well as by lower voyage expenses derived from the new operational model implemented in 2015 and a decrease in maintenance costs; partially offset by a $1.8 million increase in operating loss of our Ocean business, from $0.1 million in the third quarter of 2014 (which includes a $0.5 million operating loss associated to the former CEO and Executive Vice President's severance payments according to their employment and consulting agreements termination clauses) to $1.9 million in the third quarter of 2015 mainly associated to the sale of our Amadeo and our Miranda I during the second quarter of 2015, start-up expenses related to our recently bareboat chartered vessel Mentor, and to increased crew and maintenance costs of our Asturiano and Argentino; and by a $1.0 million decrease in operating profit of our Offshore Supply Business, from $8.9 million in the third quarter of 2014 (which excludes a $2.4 million operating loss associated to the former CEO and Executive Vice President's severance payments according to their employment and consulting agreements termination clauses) to $7.9 million in the same period of 2015, mainly associated to our UP Jasper and UP Agate related to their lay up in the North Sea due to low average spot rates, the devaluation of the Brazilian real and the contract cancellation by Petrobras of three of our PSVs in September 2015.

Operating profit for the nine months ended September 30, 2015, was $16.9 million (which includes an expense of $1.0 million related to the termination of the employment agreements from two company officers), an increase of $5.0 million when compared to the same period of 2014 (which includes a $5.7 million operating loss associated to the former CEO and Executive Vice President's severance payments according to their employment and consulting agreements termination clauses). This increase is mainly attributable to a $13.3 million increase in operating profit of our River Business from an operating loss of $14.5 million in the nine months ended September 30, 2014 (which includes a $2.8 million operating loss associated to the former CEO and Executive Vice President's severance payments according to their employment and consulting agreements termination clauses), to an operating loss of $1.2 million in the nine months ended September 30, 2015, mainly associated to lower in fuel prices and consumption as well as by lower voyage expenses derived from the new operational model implemented in 2015, and a decrease in maintenance costs; partially offset by a $7.0 million decrease in operating profit of our Ocean Business, from an operating profit of $2.5 million in the nine months ended September 30, 2014 (which includes a $0.5 million operating loss associated to the former CEO and Executive Vice President's severance payments according to their employment and consulting agreements termination clauses), to an operating loss of $4.5 million in the same period of 2015 mainly associated to the sale of our Amadeo during the second quarter of 2015, to our Alejandrina which was laid up until May 6, 2015, after ending its previous employment in September 2014, to increased crew and maintenance costs of our Asturiano and Argentino, and start-up expenses related to our recently bareboat chartered vessel Mentor; and a to a $1.3 million decrease in operating profit of our Offshore Supply Business from $24.0 million in the nine months ended September 30, 2014 (which includes a $2.4 million operating loss associated to the former CEO and Executive Vice President's severance payments according to their employment and consulting agreements termination clauses), to $22.7 million in the same period of 2015 mainly associated to our UP Jasper and UP Agate related to their lay up in the North Sea due to low average spot rates, the devaluation of the Brazilian real and contract cancellation by Petrobras of three of our PSVs in September 2015.

Financial expense. Financial expense in the three months ended September 30, 2015, was $8.4 million, as compared to $9.4 million in the same period of 2014. This variation is mostly explained by regular debt repayments which render lower average debt balances in the third quarter of 2015 as compared to the same period of 2014.

Financial expense in the nine months ended September 30, 2015, was $25.1 million, a decrease of $1.5 million as compared to $26.6 million in the same period of 2014. This variation is mostly explained by regular debt repayments which render lower average debt balances in the nine months ended September 30, 2015, as compared to the same period of 2014.

Foreign currency exchange gains, net. Foreign currency exchange loss for the three months ended September 30, 2015, was $3.4 million, compared to $1.8 million in the same period of 2014. This $1.6 million increase is mainly attributable to lower cash foreign currency exchange gains in some of our subsidiaries and to the effect of our exposure to the fluctuation in the value of local currencies mostly related to the devaluation of the Brazilian real during the third quarter of 2015.

Foreign currency exchange loss for the nine months ended September 30, 2015, was $3.6 million, compared to a $3.8 million gain in the same period of 2014. This $7.4 million change is mainly attributable to lower cash foreign currency exchange gains in some of our subsidiaries and to the effect of our exposure to the fluctuation in the value of local currencies mostly related to the devaluation of the Brazilian real during the nine months ended September 30, 2015.

Income taxes benefit (expenses). Income tax benefit for the three months ended September 30, 2015, was $0.5 million, compared to a $0.1 million income tax expense in the same period of 2014. This $0.6 million variation is mainly attributable to a $2.1 million decrease in the charge attributable to a lower pretax income in Brazil in our Offshore Supply Business; partially offset by a $1.5 million increase in the charge attributable to a pretax losses in our Argentinean subsidiaries operating in the River and Ocean Businesses.

The income tax expense for the nine months ended September 30, 2015, was $2.2 million, compared to $5.2 million in the same period of 2014. This $2.9 million variation is mainly attributable to a $4.9 million decrease in the charge attributable to a lower pretax income in Brazil in our Offshore Supply Business; partially offset by a $2.0 million increase in the charge attributable to a pretax losses in our Argentinean subsidiaries operating in the River and Ocean Businesses.

Liquidity and Capital Resources

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

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

At September 30, 2015, we had aggregate indebtedness of $474.5 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 $4.4 million and $12.8 million under a loan facility with BNDES, indebtedness of our subsidiary UP Offshore (Bahamas) Ltd. of $58.4 million under three senior loan facilities with DVB and $25.0 million under an additional senior loan agreement with DVB and Banco Security as co-lenders, indebtedness of our subsidiary Ingatestone Holdings Inc. of $46.2 million under a senior loan facility with DVB, NIBC and ABN Amro as co-lenders, indebtedness of our subsidiary Linford Trading Inc. of $29.6 million under a senior loan facility with DVB and NIBC, indebtedness of our subsidiary Stanyan Shipping Inc. of $3.4 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 $41.7 million in the aggregate under two senior loan facilities with IFC, indebtedness of our subsidiary UABL Paraguay S.A. of $10.4 million under a senior loan facility with OFID, and indebtedness of our subsidiaries UABL Paraguay S.A. and Riverpar S.A. of $17.6 million under a senior loan facility with IFC and OFID as co-lenders and accrued interest of $7.1 million.

At September 30, 2015, we had cash and cash equivalents on hand of $45.7 million plus $11.3 million in current restricted cash, making a total of $57.0 million.

Operating Activities

In the nine months ended September 30, 2015, cash flow provided by operations decreased by $3.0 million to $24.1 million from $27.1 million during the same period of 2014. Net loss for the nine months ended September 30, 2015, was $14.4 million as compared to $16.6 million in the same period of 2014, a decrease of $2.2 million. To determine cash from operations, net loss is adjusted for the effect of certain non-cash items including depreciation and amortization, which are analyzed in detail as follows:

	For the nine-month period ended September 30,	
(Stated in thousands of U.S. dollars)	2015	2014
Net loss	$(14,381)	$(16,580)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation of vessels and equipment	31,233	33,086
Amortization of dry docking	7,101	5,054
Debt issuance expense amortization	2,005	1,638
Other adjustments	1,624	1,972
Net loss adjusted for non-cash items	$27,582	$25,170

Net loss 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 $2.7 million for the nine months ended September 30, 2015, resulted from a $9.0 million decrease in operating supplies and prepaid expenses, a $4.5 million decrease in other assets, and a $2.0 million increase in other liabilities; partially offset by a $6.0 million increase in accounts receivable, a $5.9 million decrease in accounts payable and a $0.9 million decrease in customer advances. In addition, cash flow from operating activities decreased by $2.2 million, $2.1 million and $1.8 million in the nine months ended September 30, 2015, due to expenditures in drydock for our Offshore Supply, River and Ocean businesses, respectively.

The positive change in operating assets and liabilities of $12.2 million for the nine month period ended September 30, 2014, resulted from a $12.3 million increase in other liabilities, an $8.1 million decrease in operating supplies and other receivables, a $1.1 million decrease in other assets, and a $0.7 million increase in accounts payable; partially offset by an $8.6 million decrease in customer advances and a $1.4 million increase in accounts receivable. In addition, cash flow from operating activities decreased $10.2 million due to expenditures in drydock in the nine month period ended September 30, 2014.

Investing Activities

During the nine months ended September 30, 2015, we disbursed $8.9 million in the construction of new barges for our own use at our Punta Alvear Yard, $5.1 million in the construction of new line and port pushboats, $1.7 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 $4.3 million in the conversion of our UP Coral into a RSV, in our Offshore Supply Business.

Financing Activities

Net cash provided by financing activities in the nine months ended September 30, 2015, was $8.6 million, increasing $29.4 million from a cash use of $20.7 million the same period of 2014. This increase is mainly attributable to cash provided of $28.8 million from our DVB revolving facility and to cash provided of $3.2 million from our $38.4 million DVB-NIBC loan facility; offset by a $1.8 million increase in cash used in other financial activities, by a $0.7

million increase in cash used for early repayment of long-term financial debt, and by a $0.1 million increase in cash used in scheduled repayments of long-term financial debt.

Future Capital Expenditure Requirements

Our near-term cash requirements are related primarily to funding operations, funding the construction of barges in our shipyard at Punta Alvear, converting our PSVs into RSVs and funding scheduled and unscheduled drydocks. 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 the remainder of 2015, we will invest $2.5 million in the construction of new barges at our Punta Alvear Yard, $0.5 million in our Parana Iron, in our River Business. In addition, we currently estimate that we will invest $0.5 million in spare parts for our PSV fleet, in our Offshore Supply Business. Finally, we expect to disburse an aggregate amount of $4.0 million in drydock expenses.

Supplemental Information

The following tables reconcile our Adjusted Consolidated EBITDA to our net cash provided by (used in) for the nine months ended September 30, 2015 and 2014:

	Nine Months Ended September 30,	
$(000)	2015	2014
Net cash provided by operating activities	$24,116	$27,144
Net cash used in investing activities	(21,977)	(28,950)
Net cash provided by (used in) financing activities	8,625	(20,749)
Net cash provided by operating activities	$24,116	$27,144
Plus		
Adjustments		
Decrease in operating assets and liabilities	(2,652)	(12,219)
Expenditure for dry docking	6,118	10,245
Income taxes	2,231	5,164
Financial expenses	25,081	26,594
Allowance for doubtful accounts	(6)	(394)
Yard EBITDA from Touax barge sale	(297)	(297)
SPA closing termination payments	--	5,659
Other adjustments	(3,623)	(3,172)
Adjusted Consolidated EBITDA	$50,968	$58,724

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The following tables reconcile our Adjusted Consolidated EBITDA to our segment operating (loss) profit for the nine months ended September 30, 2015, and 2014, on a consolidated and a per segment basis:

	Nine Months Ended September 30, 2015			
	River	Offshore Supply	Ocean	TOTAL
Segment operating (loss) profit	$(1,236)	$22,673	$(4,522)	$16,915
Depreciation and amortization	20,874	13,976	3,484	38,334
Investment in affiliates / Net income attributable to non-controlling interest in subsidiaries	(525)	--	--	(525)
Yard EBITDA from Touax barge sale	(297)	--	--	(297)
Other net	(1)	22	105	126
Segment Adjusted EBITDA	$18,815	$36,671	$(933)	$54,553
Items not included in Segment Adjusted EBITDA				
Other financial income				(3,585)
Adjusted Consolidated EBITDA				50,968

	Nine Months Ended September 30, 2014			
	River	Offshore Supply	Ocean	TOTAL
Segment operating (loss) profit	$(14,543)	$23,963	$2,480	$11,900
Depreciation and amortization	20,123	12,587	5,474	38,184
Investment in affiliates / Net income attributable to non-controlling interest in subsidiaries	(681)	--	(30)	(711)
Loss on derivatives, net	--	(1)	--	(1)
Yard EBITDA from Touax barge sale	(297)	--	--	(297)
SPA closing termination payments	2,784	2,420	455	5,659
Other net	--	32	50	82
Segment Adjusted EBITDA	$7,386	$39,001	$8,429	$54,816
Items not included in Segment Adjusted EBITDA				
Financial income				79
Other financial income				3,829
Adjusted Consolidated EBITDA				58,724

The use of the term "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 where from 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 "Adjusted Consolidated EBITDA" rather than EBITDA.

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EBITDA as defined in the Notes due 2021 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 Notes due 2021 excludes from all items those amounts corresponding to unrestricted subsidiaries under the indenture governing our 8 % First Preferred Ship Mortgage Notes due 2021, or the Indenture, from the time of designation as such. We have provided EBITDA as defined in the Notes due 2021 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 Notes due 2021 to represent cash flows from operations, as defined by GAAP (on the date of calculation) and it should not be considered as an alternative to measure our liquidity. The foregoing definitions of EBITDA as defined in the Notes due 2021 may differ from other definitions of EBITDA or Consolidated EBITDA used in the financial covenants of our other credit facilities. These definitions of EBITDA as defined in the Notes due 2021 may not be comparable to similarly titled measures disclosed by other companies. Generally, funds represented by EBITDA as defined in the Notes due 2021 are available for management's discretionary use. EBITDA as defined in the Notes due 2021 has limitations as an analytical tool and should not be considered in isolation, or as a substitute for analysis of our results as reported. These limitations include, among others, the following:

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