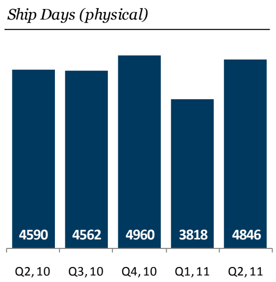
Interim financial report for the period 1 January to 30 June 2011

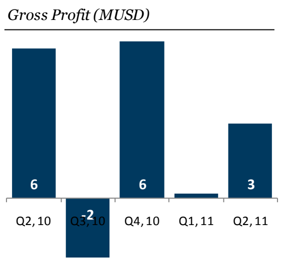
Highlights

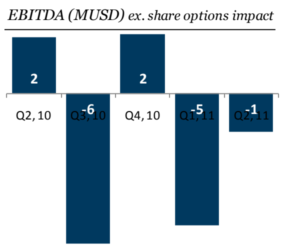
- Results improved in second quarter with a gross profit of USD 2.9 million following a less positive start of the year.
- EBITDA in the first half-year was USD -6.4 million and net profit was USD -4.9 million, which was impacted by start-up costs related to long-term CoA's, hike in bunker prices and postponement of cargo shipments.
- Despite some recovery of the Supramax and Panamax freight rates during second quarter, U-SEA Bulk maintains its view on the dry bulk market in 2011 being weaker than 2010 with a supply side being impacted by the continued excessive newbuilding deliveries and a tightening of the demand side.
- EBITDA expectations of USD 11-18 million for 2011 remain unchanged basis an overall short vessel position, but expected to be in the lower part of the spread.
- U-SEA Bulk took delivery of a new bulk carrier mid July (Supramax 61,000 dwt). Owned fleet now totals 1.5 vessels.

Per Lange, CEO: "We expect stronger earnings in the second half of 2011 benefitting from the value of our existing cargo book and the flexibility in the composition of our fleet, albeit influenced by a potential weaker global economy."

Review of the period 1 January to 30 June 2011







Activity and financial development

The gross profit was USD 2.9 million (USD 5.7 million) in second quarter. The fleet activity continued to grow during second quarter and reached an average of 62 vessels in first half-year (65 at the end of period) and a total of 8,664 ship days.

The average freight rate level (Baltic Supramax index) was 14,600 in second quarter, thus remained at the same level as in first quarter, but significantly lower (47%) compared second quarter 2010.

During the first half-year a number of factors generally impacted the U-SEA Bulk business adversely such as the flooding in Australia, earth quakes in Japan and abnormal weather conditions in South America.

The net profit for the first half year was USD -4.9 million (USD 3.1 million), while EBITDA was -6.4 million (USD 3.3 million).

Equity

Total equity was USD 39 million at the end of the second quarter, which equalled 34% of total assets, compared to 38% at the end of 2010.

Cash flow

The net cash flow in second quarter was USD -3.3 million reducing the overall cash position from USD 14.1 million end of first quarter 2011 to USD 10.8 million.

Cash flow from investing activities totalled USD 4.9 million in the second quarter related to the newbuilding program.

Cash flow from operations was USD -6.4 million in second quarter, primarily related to increased working capital requirements.

The company obtained financing from the main shareholder of USD 9.5 million in the second quarter to meet the requirements of the newbuilding program.

Dry cargo market development

Adverse effects continued in Q2

The dry bulk segments remained largely flat over the first half-year with average freight rate levels in second quarter equal to first quarter. Seasonal activity in the second quarter is normally higher as more grain, coal and ore is fixed out of the Americas and Australia. However, developments in the second quarter were impacted by the aftershocks and nuclear crisis in Japan as well as the developing financial crisis in USA and Europe. Brazil, Australia and Japan only partially recovered after the natural disasters in first quarter. Grain trades were strong in the second quarter but were met by ample tonnage.

Vessel capacity in congestion at ports decreased marginally from an estimated quarterly average of 54 million dwt in first quarter to 53 million dwt in the second quarter thus tying up 1 million dwt less.

Deliveries of new dry bulk vessels totalled 24 million dwt of which 11 million dwt were cape size vessels.

The global dry bulk fleet grew 19 million dwt during the second quarter from 556 to 575 million dwt. Cape size vessels accounted for 227 mill dwt and non-cape size vessels accounted for 348 million dwt. The trend has been a quarterly fleet growth of 5 pct in the cape segment and 3 pct in the subcape segment, but high demolition activity in the cape segment reduced fleet growth to 4 pct or less.

Fundamental demand indicators such as Chinese and OECD industrial production growth experienced a loss of momentum.

On June 30th the Baltic forward contract for third quarter indicated lower freight rates and this has also materialized.

The outlook for industrial production levels in the third quarter of 2011 seems to be an outright decline in the US, Western Europe and possibly also India.

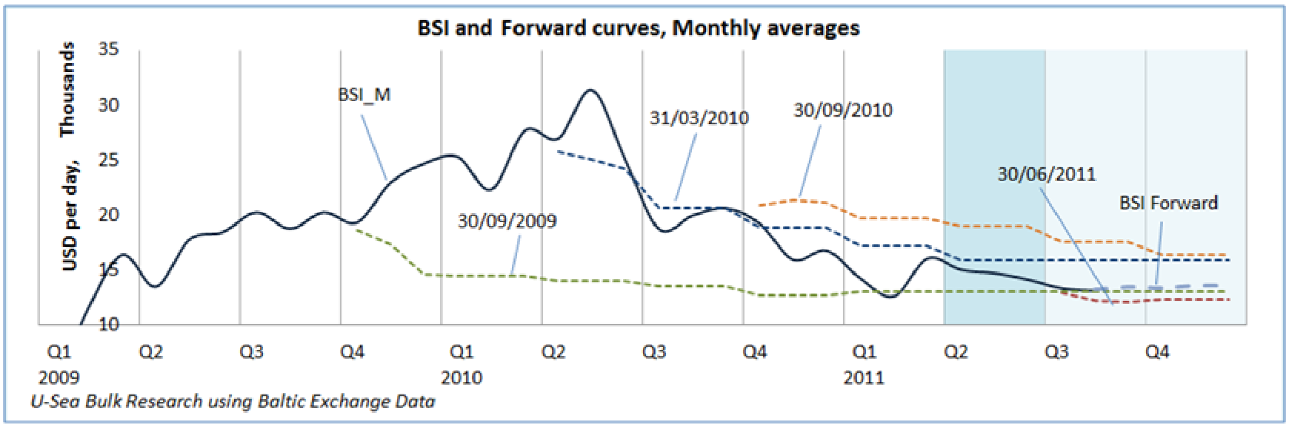
Looking ahead there is limited bullishness about freight rate developments. Chinese steel markets look positive but their domestic iron ore supply is also reported to be growing fast. India has reversed its permission of more iron ore exports, though this will not impact seasonal demand growth until fourth quarter. More support is seen and expected from Asian coal demand.

The lack of seasonal increases in freight rates and increasing financial uncertainty continues to reveal weakness among shipping companies and increases the risk of defaults going forward.

Given the maintained pace of deliveries of new vessels total delivery for 2011 is currently expected to reach 96 million dwt. This is four times the volume of new vessels delivered each year from 2004 to 2008. Vessel deliveries are thus still expected to result in low freight rate levels over the next years interrupted by short term restocking and destocking cycles and other variations in the business cycle.

	BCI	BPI	BSI	End Fleet	New Vessels	Con-gestion	China Ore	China Coal	China power	China steel	India Power
10 Q2	38	31	28	496	19	50	155	37	809	165	82
11 Q1	8	15	14	556	24	54	177	33	897	174	87
11 Q2	9	14	15	575	24	53	157 ↓	38 ↑	928 ↑	179 ↑	89 ↑

- Arrows indicate trend compared to Q4 2010
- Baltic Supramax Index (BSI) , Baltic Panamax Index (BPI) , Baltic Capesize index (BCI) show freight rates in '000 USD per day
- Fleet, new vessels, congestion show million deadweight ton capacity
- India power is an index of total Indian electricity production
- China Steel shows million tons output
- Iron ore, coal show imports in million tons
- China power shows production of coal fired electricity in billion GWH



Outlook

U-SEA Bulk maintains its view on the dry bulk market in 2011 being weaker than 2010, particularly in the second half of 2011. The EBITDA expectations of USD 11-18 million for 2011 remain unchanged basis an overall short vessel position, but expected to be in the lower part of the spread.

As the dry bulk deliveries may be peaking in 2011, the supply/demand balance should improve slightly, but not until next year. As the uncertainty around the global economy continues such development may however be delayed even further.

The company has not had any significant new counterparty issues.

Yours sincerely,

U-SEA Bulk Shipping A/S

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Management statement

Today the Board of Directors and Executive Management reviewed and approved the interim financial report of U-SEA Bulk Shipping A/S for the first six months of 2011. The interim financial report has not been audited or reviewed by the company's independent auditors.

The interim financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' and accounting policies set out in the Annual Report 2010 of U-SEA Bulk Shipping A/S, as well as and the general Danish financial disclosure requirements for listed companies.

We consider the accounting policies applied to be appropriate. Furthermore we find that the presentation of the company's interim financial statement for the period gives a true and fair view of the company's assets, liabilities, net profit, and financial position, and of the results of the Group's activities and cash flow for the period, as well as a description of the most significant risks and elements of uncertainties facing the Group.

Copenhagen, 19 August 2011

Executive Management:

Per Lange	Bjarne Skov Faber
CEO	CFO

Board of Directors:

Dag von Appen	José Thomsen	Carsten Haagensen
Chairman	Vice-chairman	
Peter Stokes	Enrique Ide	

Income statement

(USD '000)	2011 H1	2011 Q2	2011 Q1	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2010 12M	Development in % Q2, 11 vs. Q2, 10
Freight income	255.318	152.976	102.342	169.141	160.625	120.554	142.730	593.050	-5%
Voyage related expenses	(93.571)	(53.390)	(40.181)	(48.209)	(46.254)	(38.791)	(41.358)	(174.612)	15%
Time charter hire	(158.683)	(96.726)	(61.957)	(108.241)	(108.663)	(84.034)	(95.705)	(396.643)	-11%
Gross Profit (net earnings from shipping activities)	**3.064**	**2.859**	**204**	**12.691**	**5.708**	**(2.271)**	**5.667**	**21.795**	-50%
Other external expenses	(2.343)	(1.124)	(1.219)	(1.696)	(1.181)	(1.163)	(2.185)	(6.225)	-5%
Staff costs	(7.131)	(3.177)	(3.954)	(3.682)	(8.548)	(2.284)	(1.250)	(15.764)	-63%
Profit before depreciations etc. (EBITDA)	**(6.410)**	**(1.442)**	**(4.968)**	**7.313**	**(4.021)**	**(5.718)**	**2.232**	**(194)**	-64%
Depreciations	(46)	(77)	30	(119)	(118)	(118)	137	(218)	-35%
Operating profit (EBIT)	**(6.457)**	**(1.519)**	**(4.938)**	**7.194**	**(4.139)**	**(5.836)**	**2.369**	**(412)**	-63%
Share of associates' profit after tax	376	249	127	(189)	(403)	255	138	(199)	-162%
Financial income	84	44	40	30	27	23	75	155	64%
Financial expenses	(151)	(83)	(68)	(5)	(3)	(12)	(89)	(109)	2665%
Other financial items, net	272	478	(206)	(577)	(150)	(124)	(147)	(998)	-419%
Profit before tax	**(5.876)**	**(830)**	**(5.045)**	**6.453**	**(4.668)**	**(5.694)**	**2.346**	**(1.563)**	-82%
Tax	1.024	116	908	(1.317)	2.673	1.019	(2.289)	86	-96%
Net profit	**(4.852)**	**(715)**	**(4.137)**	**5.136**	**(1.995)**	**(4.674)**	**56**	**(1.477)**	-64%
Attributable to:									
Profit attributable to the equity holders of the parent	(4.885)	(736)	(4.149)	5.128	(2.002)	(4.684)	21	(1.537)	
Profit attributable to non-controlling interest	33	21	12	8	7	10	35	60	
	(4.852)	**(715)**	**(4.137)**	**5.136**	**(1.995)**	**(4.674)**	**56**	**(1.477)**	
Earnings per share - basic earnings per share	(0,20)	(0,03)	(0,17)	0,21	(0,08)	0,21	0,00	(0,06)	
Earnings per share - diluted earnings per share	(0,20)	(0,03)	(0,17)	0,21	(0,08)	0,21	0,00	(0,06)	

Statement of comprehensive income

(USD '000)	2011 H1	2011 Q2	2011 Q1	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2010 12M
Net result	**(4.852)**	**(715)**	**(4.137)**	**5.136**	**(1.995)**	**(4.674)**	**56**	**(1.477)**
Value adjustments of hedging instruments	1.491	(1.209)	2.700	(675)	(1.475)	412	(240)	(1.978)
Tax effect	(268)	218	(486)	170	371	(104)	59	496
Value adjustments of hedging instruments after tax	**1.223**	**(991)**	**2.214**	**(505)**	**(1.104)**	**307**	**(180)**	**(1.482)**
Exchange adjustments of foreign entities	259	327	(68)	(90)	11	83	54	58
Fair value adjustments, other investments (gain/-loss)	-	-	-	(105)	(60)	(28)	(119)	(312)
Other comprehensive income, net of tax	**259**	**327**	**(68)**	**(195)**	**(49)**	**55**	**(65)**	**(254)**
Total comprehensive income, net of tax	**(3.370)**	**(1.379)**	**(1.991)**	**4.436**	**(3.148)**	**(4.312)**	**(189)**	**(3.213)**
Attributable to:								
Equity holders of the parent	(3.403)	(1.400)	(2.003)	4.428	(3.155)	(4.322)	(154)	(3.153)
Non-controlling interest	33	21	12	8	7	10	35	60

Balance Sheet

(USD '000)	2011 30/6	2010 30/6	2010 31/12
Assets			
New building contracts	16.425	6.695	6.695
Fixtures, fittings and equipment	861	771	988
Total tangible assets	**17.286**	**7.466**	**7.683**
Investment in associates	13.494	2.223	2.785
Other investments	-	400	286
Derivative financial instruments	1.688	2.719	924
Other financial assets	1.302	346	1.023
Deferred tax assets	5.032	5.074	3.397
Financial assets, non-current	**21.516**	**10.762**	**8.415**
Total non-current assets	**38.802**	**18.228**	**16.098**
Inventories	23.851	10.463	14.251
Trade and other receivables	22.603	19.951	27.968
Prepayments	10.818	9.803	18.800
Derivative financial instruments	5.853	5.284	6.283
Cash and cash equivalents	10.817	23.654	27.488
Total current assets	**73.942**	**69.155**	**94.790**
Total Assets	**112.744**	**87.383**	**110.888**
Equity and Liabilities			
Equity - majority	38.508	34.028	42.055
Non-controlling interest	472	339	295
Total equity	**38.980**	**34.367**	**42.350**
Interest bearing loans and borrowings group companies	9.500	-	-
Other liabilities	88	78	42
Derivative financial instruments	1.845	4.525	1.010
Deferred tax liabilities	-	-	-
Total non-current liabilities	**11.433**	**4.603**	**1.052**
Trade and other payables	46.812	35.544	51.822
Interest bearing loans and borrowings group companies	8.657	-	5.108
Other current liabilities	-	3.515	-
Derivative financial instruments, current	6.784	8.857	10.504
Income tax payable	77	497	52
Total current liabilities	**62.330**	**48.413**	**67.486**
Total Liabilities	**73.764**	**53.016**	**68.538**
Total Equity and Liabilities	**112.744**	**87.383**	**110.888**

Statement of changes in equity

(USD '000)	2011 30/6	2010 30/6	2010 31/12
Equity beginning of period	42.350	25.773	25.773
Increase of share capital	-	-	12.488
Currency adjustments investments	259	(244)	58
Hedge accounting	1.223	(1.609)	(1.482)
Net profit	(4.852)	3.141	(1.477)
Other changes	-	7.306	6.990
Equity end of period	**38.980**	**34.367**	**42.350**

Statement of cash flow

(USD '000)	2011 30/6	2010 30/6	2010 12M
Net cash flow from operating activities	(10.124)	4.106	(8.034)
Net cash flow from investing activities	(19.596)	(81)	(856)
Net cash flow from financing activities	13.049	(5.177)	11.572
Net change in cash	**(16.671)**	**(1.152)**	**2.682**
Cash balance beginning of period	27.488	24.806	24.806
Cash balance end of period	**10.817**	**23.654**	**27.488**

Notes

1. Significant accounting policies

The interim financial report comprises the summarised consolidated financial statement of U-SEA Bulk Shipping A/S.

The interim financial report has been prepared in accordance with the International Financial Reporting Standards IAS 34 on interim reports and additional Danish disclosure requirements for the financial statements of listed companies.

The consolidated annual report for 2010 has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by EU.

For a complete description of the accounting policies and significant accounting judgement, estimate and assumptions, see note 1 and 2 page 40 to 45 in the Annual Report 2010.

2. Segment information

Period ended 30 June 2011	Business segments			
Figures in USD '000	Operator	Shipholding	*Adjustments and eliminations*	Total Group
Condensed income statement				
Freight income	252.332	2.986		255.318
Inter-segment revenue		17.008	-17.008	0
Voyage related expenses	-93.571	0	0	-93.571
Charter hire	-160.403	-15.288	17.008	-158.684
Gross profit (net earnings from shipping activities)	-1.642	4.706	0	3.063
Profit before depreciation etc. (EBITDA)	-10.630	4.214	5	-6.411
Profit/loss on sale of vessel etc.	0	0	0	0
Depreciation	-30	-16		-46
Operating profit (EBIT)	-10.660	4.198	5	-6.457
Condensed balance sheet				
Total non-current assets	11.115	27.625	0	38.802
Total assets	73.196	34.867	0	112.744
Total liabilities	50.775	18.558	4.431	73.764

Period ended 30 June 2010	Business segments			
Figures in USD '000	Operator	Shipholding	*Adjustments and eliminations*	Total Group
Condensed income statement				
Freight income	329.710	0	0	329.710
Inter-segment revenue	0	10.319	-10.319	0
Voyage related expenses	(94.409)	-54	0	-94.463
Charter hire	(220.098)	-7.125	10.319	-216.904
Sale of goods and other income	57			57
Gross profit (net earnings from shipping activities)	15.260	3.140	0	18.400
Profit before depreciation etc. (EBITDA)	937	2.381	-26	3.292
Profit/loss on sale of vessel etc.	0	0	0	0
Depreciation	-236	-1	-	-237
Operating profit (EBIT)	701	2.380	-26	3.055
Condensed balance sheet				
Total non-current assets	26.445	6.707	-14.924	18.228
Total assets	95.988	12.651	-21.255	87.384
Total liabilities	49.127	3.085	805	53.017

3. Related party transactions

Transactions with related parties are made at market prices. Transactions are related to Charter hire, interest and loans.

4. Contingent assets and liabilities

Since end of 2010, no significant changes have occurred to contingent assets and liabilities other than those referred to in the Annual Report 2010. See note 5 in regards to subsequent events.

5. Subsequent events

The fully owned bulk carrier delivered mid July was fully financed by loan from the main shareholder. Accordingly, total interest bearing debt and borrowings group companies amount to USD 47.1 million.

An out-of-court settlement concerning the piracy arbitration as reported in the Annual Report 2010 has been reached with no significant impact on financial statements.

No other significant events have occurred between the reporting period and the publication of the interim report that have not been included and adequately disclosed in the interim report that materially affect the income statement or the balance sheet.