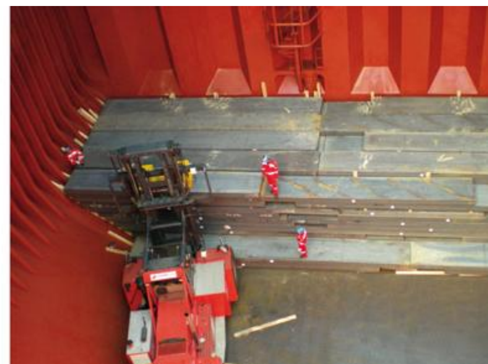
2011

Ultrabulk Shipping A/S

Annual Report 2011



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THE ENGLISH TEXT IS A TRANSLATION. THE ORIGINAL DANISH TEXT SHALL BE THE GOVERNING TEXT FOR ALL PURPOSES AND IN CASE OF ANY DISCREPANCY THE DANISH WORDING SHALL BE APPLICABLE

About Ultrabulk Shipping

– a partner you can trust

Ultrabulk Shipping is a globally recognized dry bulk cargo operator, servicing customers within the Supramax and Panamax segments, however, in order to even better service its core clients the company recently entered into a global marketing agreement with Ultrabulk S.A., a company of Ultragas International S.A., servicing the Handysize segment.

As a natural result of entering into the Global Marketing Agreement, the two entities are as of 1 January 2012 trading under a new trade name, Ultrabulk. In turn, U-SEA Bulk Shipping A/S also changed its name to Ultrabulk Shipping A/S.

In continuation of the Global Marketing Agreement, the ownership of Ultrabulk S.A covering the Handysize segment was transferred to Ultrabulk Shipping with effect from 1 March, 2012.

The heart of the company's business is a long range of long term partnerships, which are built on trust, transparency and integrity. Our strategy is to build an understanding of our partners business and help them to expand their activities and in the process expand our own business with them. There is no easy shortcut to success in our business, only hard work and professionalism will bring us to where we want to be. In a very uncertain industry with big market fluctuations Risk Management remains a very important part of our philosophy. At Ultrabulk we are operators and not speculators.

A business model centred on exposure control ensures a stable development year after year. Our focus is together with our customers and partners to constantly improve the operation and thereby slowly improve margins step by step, whilst also being to mutual benefit and always with due consideration to Corporate Social Responsibility. This is where we wish to focus our resources.

The company's strong market recognition has been attained and consolidated through decades of shipping activities and close long-term customer relationships that maximise access to cargo contracts.

Ultrabulk Shipping expects to control the commercial management of around 90-125 vessels including the Handysize segment. At any time the fleet size depends on market fluctuations and seasonal contractual commitments.

A combination of short to medium term vessels with optional periods, supports optimal flexibility in the company's fleet. The flexibility of the fleet reduces the impact of changes in supply and demand, or change in trading patterns.

Ultrabulk Shipping reaps on its strong customer relations when expanding into ship owning by creating additional value from existing operations and further increase earnings visibility. In addition, the company pursues opportunities to make strategic investments in areas that create synergies with core shipping activities, such as tonnage procurement, cargo handling and warehousing facilities.

Detailed market surveillance, risk management and planning systems have been implemented to optimize the balance between cargo contracts and tonnage commitments.

By the end of 2011 Ultrabulk Shipping controlled commercially a fleet of 60 vessels before the merger of which one vessel was owned and 10 were long term chartered vessels. Ultrabulk has an order book of 10 long-term chartered with partly shared purchase options.

The company had 69 employees before the merger by the end of 2011 in offices in Copenhagen (Head office), New York, Rio de Janeiro, Singapore, Hong Kong and Beijing. In 2011 the total cargo carryings amounted to 25.3 million tons generating revenues of USD 520 million.

KEY VALUES

The fundamental key values driving our business and our organization are:

- Excellence
- Integrity
- Enthusiasm

PROMISES

- Excellence:
  We constantly measure, analyze and adjust in order to enhance quality in all aspects of seagoing- and land based activities, whilst respecting and protecting the environment

- Integrity:
  We are committed to be reliable, trustworthy, and dependable

- Enthusiasm:
  We address challenges with enthusiasm and positive commitment

There is no easy shortcut to success in our business, only hard work and professionalism will bring us to where we want to be ...

Per Lange, CEO

2011 highlights and 2012 outlook

BUILDING A DRYBULK PLATFORM FOR LONG TERM GROWTH AND FINANCIAL STABILITY

At the end of 2011 the two drybulk units within the Ultragas group, Ultrabulk S.A. and Ultrabulk Shipping A/S (formerly known as U-SEA Bulk Shipping A/S) entered into a Global Marketing Agreement. This was the result of a joint study between Ultrabulk Shipping and Ultrabulk S.A. aimed at identifying commercial and operational synergies.

In continuation of the Global Marketing Agreement, it was decided that the best overall solution for the former U-SEA Bulk Shipping A/S was to be delisted from NASDAQ OMX Copenhagen. It was considered unlikely that the low free float of the share would increase by diluting the main shareholder UltragasGroup (Europe) ApS' shareholdings in U-SEA Bulk Shipping A/S within the foreseeable future taking into account the situation in the financial markets at the end of 2011. The de-listing was effective from 30 December 2011.

By 1 March 2012 the ownership of Ultrabulk S.A. servicing the Handysize segment was transferred to Ultrabulk Shipping.

THE LONG TERM BUSINESS CONTINUED TO GROW

Ultrabulk Shipping entered at the end of 2011 into a 7-year cargo contract (CoA) for the transportation of about 9 million mt of phosphates.

In addition Ultrabulk Shipping took delivery of five Supramax newbuildings, four of which are long term chartered vessels and one is owned. Ultra Summit, the joint venture domiciled in Singapore, took delivery of one owned Panamax vessel.

In support of the planned expansion of the Panamax segment, a time charter agreement for two Japanese built Panamax bulk carriers of the Kamsarmax design for a period of up to 15 years with purchase options was furthermore entered into.

FINANCIAL PERFORMANCE IMPROVED IN SECOND HALF OF 2011

The financial performance in 2011 developed overall below expectations, particularly during the first half of 2011 due to certain of Ultrabulk Shipping's customers reducing their shipping programs in anticipation of the continued weakening of the global economy.

The negative EBITDA-result of USD -6.4 million in the first half of the year, was however recovered by a stronger EBITDA performance during the second half of 2011 of USD 10.4 million.

Net profit came to USD 0.2 million, being partly impacted by vessel impairment of USD 2.9 million.

Revenues in 2011 were USD 520 million, down 12% from USD 593 million in 2010, reflecting the decrease in freight rates and the slightly lower activity level.

The fleet activity level on average increased to 52 vessels in 2011 from 55 vessels in 2010.

Total number of physical ship days decreased to 18,675 days from 19,339 days in 2010 (down 3.4%).

An out-of-court settlement concerning the piracy arbitration related to capturing a vessel in the Gulf of Aden mid 2008 was been reached with no significant impact on financial statements.

No major counterpart losses were recorded during 2011.

The Board of Directors proposes not to pay out any dividend for 2011.

DEVELOPMENTS IN FOURTH QUARTER

Revenues were USD 131 million in Q4, 2011, a 8% decrease compared to the same period in 2010. Gross profit increased by 126% to USD 12.7 million.

Loan to related parties were further reduced during fourth quarter by USD 2.8 million. Net cash was USD 10.8 million compared to USD 9.6 million 30 September.

2012 OUTLOOK

In 2012 an EBITDA of USD 10-20 million is expected based on the merged company's current coverage and market conditions. The estimate does not include provision for any potential impairment on vessels.

Early March 2012 the company had a cargo coverage of 102% on the known vessel days in 2012.

In 2012, the focus of Ultrabulk will be to increase earnings from operator activities and secure more profitable tonnage to cover long-term cargo contracts, as well as to derive synergies and create new business opportunities on basis the new drybulk platform, now servicing both Handysize, Supramax and Panamax. Ultrabulk also expects to increase its activity in 2012 measured by number of physical ship days.

Early 2012 Ultrabulk Shipping took delivery of two Supramax. In the remainder of 2012 Ultrabulk is scheduled to take delivery of 8 newbuildings from Japanese shipyards on long-term time charters as part of the newbuilding program of which 10 vessels are still to be delivered.

Ultrabulk expects short to midterm increased pressure on operating earnings. Uncertainties are linked to the freight rate level and counterparties' ability to pay. The uncertain economic outlook and the substantial pressure on vessel prices, however, also leads to opportunities and focus is to secure long term tonnage at the right time to cover the long term cargo portfolio.

Group key Figures and Ratios

USD '000	2011	2010	2009	2008	2007
INCOME STATEMENT					
Revenue	520.098	593.050	376.029	838.307	771.746
Gross profit (Net earnings from shipping activities)	23.935	21.795	45.495	59.092	53.245
Profit before depreciation etc. (EBITDA)	4.038	-194	20.741	33.665	29.185
Profits from sale of vessels	0	0	0	49.542	54.237
Operating profit (EBIT)	56	-412	20.296	82.439	84.256
Net financials	88	-1.151	2.399	3.938	-116
Profit before tax	144	-1.563	22.695	86.377	84.140
Net profit	224	-1.477	19.037	92.769	81.576
Profit for the year for the Ultrabulk Shareholders	192	-1.537	18.890	92.613	81.390
STATEMENT OF FINANCIAL POSITION					
Non-current assets	61.937	16.098	19.862	99.921	82.908
Current assets	90.512	94.790	82.888	139.268	111.334
Total assets	152.449	110.888	102.750	239.189	194.242
Equity	41.901	42.055	25.150	57.317	83.177
Non-controlling interests	318	295	623	476	319
Non-current liabilities	38.500	1.052	9.825	51.570	20.479
Current liabilities	71.730	67.486	67.152	129.826	90.268
Net interest-bearing liabilities/assets	-28.652	23.361	24.533	54.750	44.298
Cash and securities	10.872	27.488	24.806	66.052	45.029
CASH FLOW					
From operating activities	-2.286	-8.034	-19.526	14.605	46.648
From investing activities	-49.312	-856	291	101.703	53.913
From financing activities	34.982	11.572	-22.011	-105.664	-66.000
Total net cash flow	-16.616	2.682	-41.246	12.493	34.561
FINANCIAL RATIOS AND PER SHARE DATA					
Gross profit margin (Net earnings from shipping activities margin)	4,6%	3,7%	12,1%	7,0%	6,9%
EBITDA margin	0,8%	0,0%	5,5%	4,0%	3,8%
Return on equity (ROE)	0,5%	-4,6%	45,8%	131,8%	168,4%
Payout ratio	0,0	0,0	48,0	105,6	81,1
Equity ratio	27,5	37,9	24,5	24,0	42,8
USD/DKK rate year-end	574,56	561,33	519,01	528,49	507,53
Average USD/DKK rate	536,22	562,41	536,09	509,86	544,56
Total number of physical ship days	18.675	19.339	14.361	15.129	18.746
Average number of employees	66	56	52	58	61
No. of shares end of period, DKK 1 each	27.100.000	27.100.000	24.638.502	24.638.502	24.638.502
No. of shares excluding treasury shares, DKK 1 each	27.100.000	26.814.250	22.174.652	24.638.502	24.638.502
No. of shares excluding treasury shares, DKK 1 each (diluted)	27.100.000	27.100.000	24.638.502	24.638.502	24.638.502
Earnings per share basic (EPS basic), USD	0,01	-0,06	0,77	3,76	3,30
Earnings per share diluted (EPS diluted), USD	0,01	-0,06	0,77	3,76	3,30
Dividend per share, USD	0,0	0,0	0,4	4,0	2,7
Dividend per share, DKK	0,0	0,0	1,9	21,0	13,6
Proposed dividend	0	0	0	47.800	66.000
Interim dividend	0	0	9.102	50.000	0
Share price at year end, DKK**	**	23,8	40,0	*	*

The financial ratios were computed in accordance with "Recommendations and Ratios 2010" issued by the Danish Society of Financial Analysts.

The key figures for 2009 and 2008 have been calculated based upon the combined figures of Eitzen Bulk Shipping A/S and Dampskibsselskabet Orion A/S. The key figures for 2007 have been calculated based upon the figures of Eitzen dry bulk cargo activities. The key figures of Dampskibsselskabet Orion A/S for 2007 have been eliminated in order to present key figures for a 5 years period, which is comparable with the continuing activities of Ultrabulk Shipping A/S. The only activity in Dampskibsselskabet Orion A/S in 2007 has been to carry through a closing of the former activity. The former activity of Dampskibsselskabet Orion A/S is not within the line of business or strategy of Ultrabulk Shipping A/S. Neither previously nor going forward. The results etc. of Dampskibsselskabet Orion A/S is not material compared to the activity in Ultrabulk Shipping A/S. Per share data for the period 2007-2009 is based upon the share capital of Ultrabulk Shipping A/S after the capital reduction completed 22 March 2010. The share capital at 22 March 2010 amounts to DKK 24.638.502 shares of nominal DKK 1. This is due to present comparable per share data figures for the period 2007-2009 based upon a nominal share capital, which is deemed reasonable to former and current activity level of the Group. The number of shares excluding treasury shares is also calculated based on the number of treasury shares after the capital reduction.

* There is no share price available for Eitzen Bulk Shipping A/S for the period 2007 - 2008 reflecting the activity presented in the key figures. The share price for Dampskibsselskabet Orion A/S for the period 2007 - 2008 is not comparable, whereas no share price is presented for the period in question.

**The company was delisted on 29 December 2011.

Strategic insight

EXECUTING THE STRATEGY

The overall strategic objectives of Ultrabulk Shipping remain to be profitable growth by:

- Ensuring critical mass in Handysize, Supramax and Panamax segments
- Growing core fleet and securing long term tonnage cover of long-term cargo contracts
- Expanding fleet activity level
- Providing a superior service adding value to our partners' business

In achieving long term profitable growth, both the fleet as well as the long term contract portfolio were further expanded during 2011 ensuring coverage and critical mass in the main trade areas.

Ultrabulk entered into a 7-year cargo contract (CoA) for the transportation of about 9 million mt of phosphates from Morocco to West Coast Canada. The contract employs approx. 6,300 Supramax ship days. Shipments under the contract will commence in the second quarter of 2013, and will therefore not impact the results for 2011 and 2012. Additionally, CoA's from the existing CoA portfolio were commenced in 2011.

Further to this Ultrabulk took delivery of five Supramax newbuildings, four of which are long term chartered vessels and one is owned.

In the beginning of 2011, Ultrabulk Shipping invested USD 10.3 million in the newly established joint venture, Ultra Summit (Singapore) Pte. Ltd. The joint venture domiciled in Singapore, took delivery of one owned Panamax vessel in February 2011.

Additional tonnage to support the planned expansion of the Panamax segment was secured by entering into a time charter agreement for two Japanese built Panamax bulk carriers of the Kamsarmax design for a period of up to 15 years with purchase options. The two vessels are built at a Japanese shipyard recognized for delivering vessels of the highest quality, ensuring long term reliable operations for Ultrabulk's cargo clients. This brings the fleet of owned and long term chartered vessels to 23 units when all vessels have been delivered by 2014, which is important milestones in executing the strategy through further expansion of the Panamax activities.

Ultrabulk maintains a close dialogue with partners to secure additional profitable long-term tonnage covering the long term cargo contracts.

Earnings during the period 2012-2016 will continue to be driven by income from operator activities and expansion of the long-term contracts portfolio with solid counterparts and, through entering into long term charter commitments.

In 2011, total number of ship days amounted to 18,675 corresponding to a decrease of 3.4% compared to 2010. The short-term spot and arbitrage activities accounted for 30% of ship days, while the company's medium-term CoAs covered by market tonnage or own tonnage was 33% and 13% of ship days, respectively, whereas own/long term chartered tonnage covered by market cargoes was for 23% of ship days.

FINANCIAL POSITION

The financial position of Ultrabulk is expected to be strengthened upon the transfer of ownership of Ultrabulk S.A. early 2012, increasing equity, improving liquidity and reducing net interest bearing debt to zero. Ultrabulk S.A. operates a fleet of around 30-40 Handysize vessels.

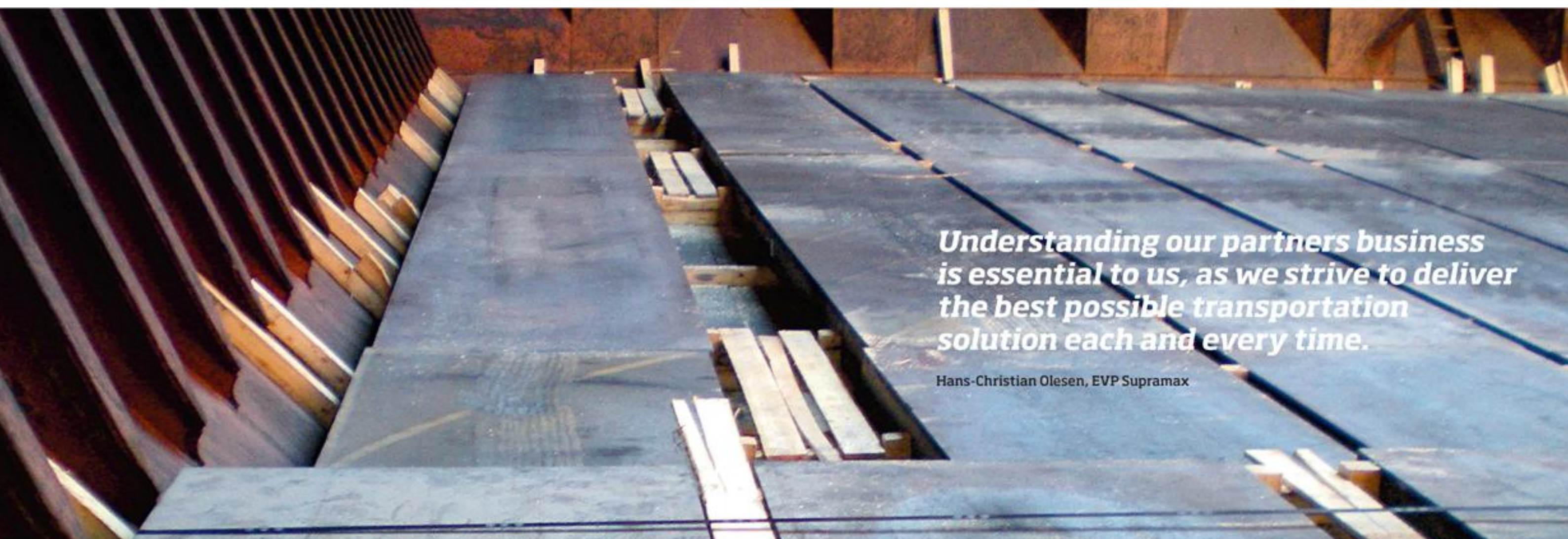
On the basis of an improved liquidity, Ultrabulk Shipping plans to further strengthen the capital structure in 2012 through profitable growth to ensure financial flexibility in pursuing attractive asset investments and long term tonnage commitments on a standalone and independent basis.

SUSTAINABLE BUSINESS MODEL BUILT ON PARTNERSHIPS

The existing business model of Ultrabulk Shipping remain unchanged following the delisting end of 2011 and the consolidation of the drybulk units within the Ultragas group; Ultrabulk Shipping (formerly known as U-SEA Bulk Shipping) and Ultrabulk S.A.

Ultrabulk Shipping operates a business platform based on customer needs. Close customers are considered as partners and considerable effort is going into visualizing customer needs. The long term perspective drives investments in relation to building personal relations as well as allocating resources to analyze how the operation can be improved to become more cost efficient. Investment in port equipment and facilities to improve operations is a natural part of the business platform.

With the consolidated drybulk platform in place, Ultrabulk Shipping is able to offer a wider transportation pallet to its clients, covering several drybulk segments: handysize, supramax and panamax. In 2011, the two drybulk entities integrated their commercial platforms, strategies and systems to operate globally and seamlessly as 'one organization' with the aim to be in close contact with clients around the world.



Through the combined efforts of the new drybulk organization several new business opportunities were successfully created and executed for both new and existing clients.

Customers are served from eight offices around the world placed in Chile, Brazil, USA, Germany, Denmark, China, Hong Kong and Singapore. The geographical spread of offices enables us to serve our Partners in their own time zone both in relation to Chartering and Operation. Each office is empowered with sufficient authority to make the right business decisions in a quick and efficient manner.

The partnership with customers must always be built on integrity, excellence and enthusiasm. Throughout the organization our focus is to be "a partner you can trust".

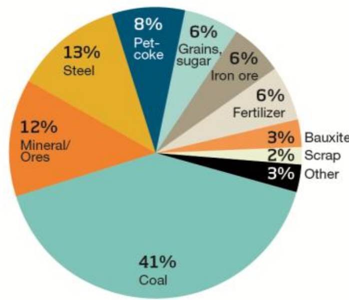
Ultrabulk is primarily an operator but strongly supported by a ship owning side. Customers are served with a big and modern fleet of around 90 to 125 vessels in Handysize, Handymax, Supramax, Panamax and Kamsarmax segments. A matrix organized team and a best in class trade management system enables each team member to propose to customers the right shipping solution irrespective of shipment size.

DIVERSIFIED OPERATOR

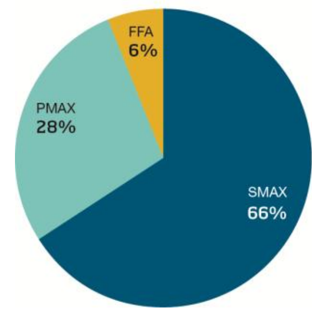
After consolidating the drybulk units in 2012 Ultrabulk operates a very diversified fleet serving our customer in the Handysize, Supramax and Panamax segments.

A vital key to assure customer satisfaction rests in an experienced and professional team of operators.

2011 Lifting's 25,3 M/tons



Trading days by segment 2011



Working out of the Ultrabulk offices throughout the world, the back office system enables the team to work closely together and to take proactive steps at any time during the day and night, to avoid problems escalating. Each partner is assigned one designated operator to ensure a smooth dialogue and in order to create an environment for better understanding of our customers' requirements and priorities.

The partnership philosophy is based on long term relationships and cargo contracts as well as tonnage procurement coordinated into the vital core of the Ultrabulk business model. These long term contracts represent the stable platform for future expansion.

A state of the art back office system facilitates strict risk management control. The system is imperative for allowing expansion in a difficult environment, and allows each team member to know exactly where to focus.

The system has been purpose built to suit the requirements of Ultrabulk and has at the same time become an integrated part of the communication system.

NEWBUILDING PROGRAM

Ultrabulk Shipping has 8 vessels on long term time charter and one owned vessel already in service, and the remaining 12 vessels will be delivered in the period 2012 to 2014. Of the 12 newbuildings still to be delivered, all are long-term operational leases. The cost and currency exposure rests with the operational lease counterparts. All operational leases carry purchase options to Ultrabulk Shipping, of which the majority are partly shared. When the entire newbuilding fleet is delivered by 2014, Ultrabulk Shipping will be operating a long-term fleet of 12 Supramax vessels with latest design of 61,000 dwt and 200 meters overall length, being an ideal size for the Ultrabulk Shipping cargo clients.

... thinking globally, acting locally

Meeting our partners and customers needs via:

- *8 strategically placed offices*
- *Professional & empowered staff in all offices and time-zones*
- *Leading edge systems*

* position after the merger

Through our continuous focus on long term cargo and tonnage partnerships we have secured a very strong foundation for future growth

Henrik Sleimann Petersen, EVP Shipholdings

Total fleet: 90 to 125 vessels

Panamax

LOA 230 m (ave.)

15 - 25 Vessels on short / medium terms charter.

Supramax

LOA 190 m (ave.)

45 - 60 Vessels on short / medium terms charter.

Handysize

LOA 170 m (ave.)

30 - 40 vessels on short / medium terms charter

Market Review

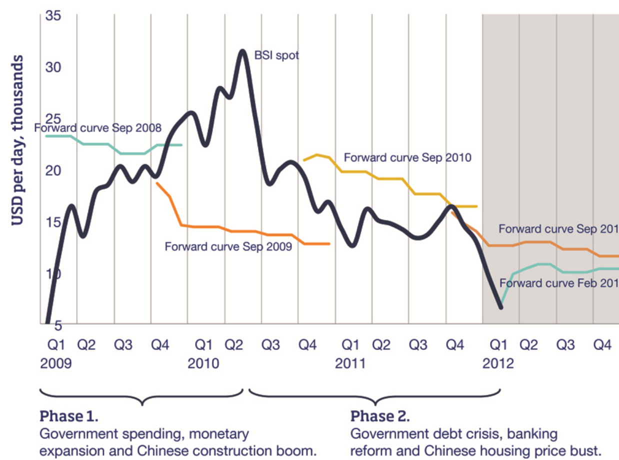
In the 2nd half of 2008 the baltic supramax index (BSI) fell from 65,000 to 5,000 USD per day. The recovery from this setback occurred in two phases. In phase 1, 2009 and the first half of 2010, the BSI recovered half the rate lost in 2008.

This first phase was marked by credit normalization and accelerated government spending worldwide as well as government directed monetary expansion and a Chinese construction boom. The extensive government spending in the West was mostly impacted by an significant increase of government debt as governments financed both spending on usual government activities as well as supporting bad banks and facing lower revenue from the private sector. In China the government directed banks to lend to local governments that contracted out a massive construction boom. At the same time Chinese consumer spending was subsidized creating a bubble of spending that made 2009 a record growth year in construction, consumer spending and raw material (dry bulk) imports in China. But that growth was not considered sustainable.

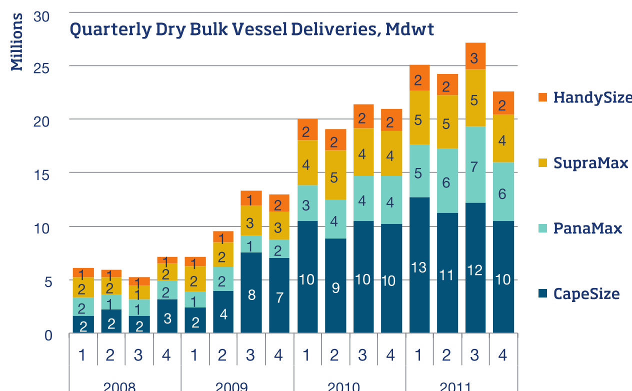
As government spending growth waned and the momentum effects of credit normalization waned, dry bulk demand growth also waned. The massive stimuli also screened an underlying trend change on the supply side of dry bulk shipping, namely a massive growth in new ship deliveries. From October 2008 to March 2010, monthly deliveries of new ships changed from a 2 million dwt to 6 million dwt. The loss of demand momentum and acceleration of supply momentum moved the dry bulk shipping market into phase 2 of the financial crisis aftermath.

Phase 2 was marked by government debt crisis, banking reform and a beginning bust in Chinese house prices. The government debt crisis became clear in the spring of 2010 when it became open newspaper material that the Greek government was unlikely to ever pay its debts that exist mostly in the form of bonds. It also became clear that several other countries were unlikely to pay their debts. Most of the bonds were owned by European banks. So the drop in bond values lead to a banking crisis. Banks started curtailing lending and long term lending markets were reduced to a minimum. Banks started distrusting each other again and a new credit crisis was looming. The lending curtailment was exacerbated by the ongoing banking reform, the Basel III agreement, after 2008. A part of the reforms are requirements that banks build reserves much higher than required before the crisis. That of course meant that banks had to curtail lending to industries fed by the dry bulk sector and invest in safe assets, like government bonds. But many of these safe bonds were suddenly unsafe and a European banking crisis was afoot. Both the sovereign debt crisis and the banking crisis were kept from causing a new credit freeze via repeated rescue actions from more healthy governments and from the ECB. Part of the applied solution to the crisis is massive government spending reforms that are currently ongoing.

Mid 2010 also saw the US moving into a budget crisis that, like the European sovereign debt crisis, is an ongoing threat to economic stability. Like the European crisis, the central bank, this time the FED, postponed the problems and averted a new credit crisis by buying government bonds. The strategy of postponement to build balance sheets, by basically handing money to banks and governments, is so far working. Also in China a similar strategy is being used by rolling over the loans that local governments cannot repay in order to see if future revenues can be built. During phase 2 mid 2010 until now, new ship deliveries worldwide have been running at 6 to 8 mill dwt per month – about four times more than during 2003 to 2008.



BSI and forward curves indicated the frequent futility of using forward market curves as forecast proxies. In general two phases marked the recovery from the Crisis of 2008. Besides the phases of recovery, seasonality of demand worked much the same each year with strong demand March to May and August to October.



During 2003 to 2008, vessel deliveries were about 2 mill dwt per month or 6 mill dwt per quarter. From the fall of 2008 to mid 2010 that level tripled creating a supply growth that was only consistently matched by demand growth during the first phase of the recovery from the 2008 crisis.

Special events early 2011 and early 2012 were severe weather hitting Australia, Brazil and other exporters. Early 2011 there was also the special event of the tsunami and nuclear accident in Japan. These events severely limited export capacity and in the case of Japan both reduced direct dry bulk commodity demand and cut out elements of the global supply chain for electronics which hit automobile production worldwide. During both phases, private corporate and household sectors have been recovering and building cash reserves as well as paying off debt. This deleveraging process is not complete but has created more upside for a new recovery. This has been seen mostly in the US but business sentiment in India and Europe has also been improving the past months.

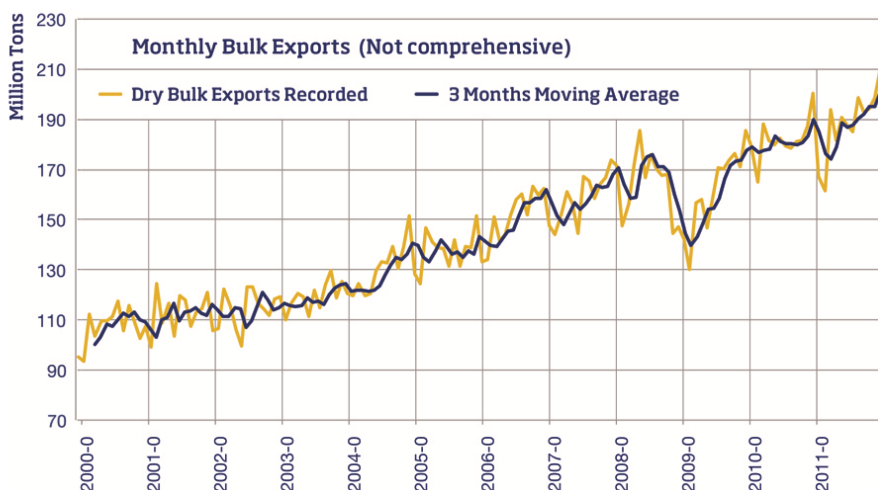
As of early 2012 the dry bulk orderbook of new ships has been reduced to a level low enough that 2012 is expected to be the last year of deliveries three to four times the norm. 2013 is expected to create deliveries of new ships about two times the norm making a general freight rate recovery possible.

Underlying factors like seasonality due to weather and harvest cycles affecting the dry bulk demand cycle have been at work and are expected to continue to work the same going forward. One change has been a reduced dependence on Indian iron ore exports which has changed the seasonality of panamax, supramax and handysize vessel demand in the Pacific.

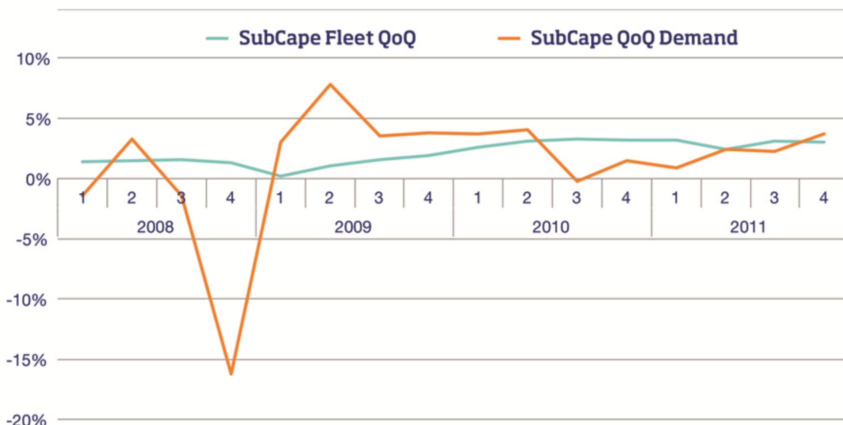
Cyclical patterns indicate support for freight rates starting the 2nd half of 2012 and into 2013 and 2014. There are, however some underlying risks to this historical pattern. First, is the price correction in the Chinese real estate market. Second, is the unfolding insolvency of European states and maybe banks too as well as the inherent instability of the euro currency concept. This instability is a product of the fact that countries with very different inflation patterns and credibility share the same central bank interest rate and currency. Third, is the US budget deficit that poses a threat to the global reliance on the US dollar.

Fourth and last, worldwide banking reform is an ongoing process of cleaning up after two decades or more of expansion into fiscal products that were difficult to understand. This kind of clean-up is known to take a decade or more.

There are however also strong supporting reasons for dry bulk demand in the coming years. First, India's coal demand is growing faster and faster from a low level per capita. Second, the same seems to be the case for Chinese coal demand and import reliance. Third, Chinese raw material demand growth seems to still have some years to go before it is likely to slowly decline again. In spite of ongoing entanglements of the worldwide financial and monetary system, new ship deliveries are likely to be overtaken by demand growth at least some time in 2013. 2012 on the other hand looks like the year that will weed out some players in the dry bulk sector.



Dry bulk exports were severely hit during the financial crisis of 2008. In 2009 exports recovered at a fast pace, but momentum was lost in 2010. In 2011 severe weather again hit exports that then recovered fast again but that was against very high fleet growth also. During January 2012 preliminary data indicates a big loss of exports again as bad weather and economic uncertainty prevailed.



Demand growth lost momentum mid 2010. With the higher fleet growth 2009-2010 onwards, the likelihood of falling freight rates increased. The respite in Q4 2011 turned out to be short lived as 2012 started with a negative shock to dry bulk demand. A big part of the demand growth in 2011 was due to lower speed at fuel costs soared as a share of revenue.

Financial Review

Ultrabulk Shipping has adopted all new or amended and revised accounting standards and interpretations (IFRS's) endorsed by the EU effective for the accounting period beginning on 1 January 2011.

NET PROFIT

The business performance in 2011 developed below expectations, and the net profit amounted to USD 0.2 million against USD -1.4 million in 2010.

EBITDA

The EBITDA of USD 4.0 million compared to a EBITDA in 2010 of USD -0.2 million the 2010 EBITDA was substantially impacted by the share options program expensed (non cash) in 2010. Excluding the impact of the share options program, the 2010 adjusted EBITDA was USD 7.4 million.

Revenues in 2011 were USD 520 million, corresponding to a decrease of 12% from USD 593 million in 2010 reflecting the decrease in market rate levels in the sub-cape segment.

GROSS PROFIT (NET EARNINGS FROM SHIPPING ACTIVITIES)

Gross profit was USD 23.9 million in 2011 corresponding to a gross margin of 4.6%. In 2010, the gross margin was 3.7%. Number of ship days was 18,675 a decrease of 3.4% compared to 2010. The activity level in terms of number of vessels was 52 vessels on average in 2011, peaking at 61 vessels.

The freight market in 2011 reached an average BSI time charter rate of USD 14,400 per day compared to USD 22,500 per day in 2010, corresponding to a decrease of 36%. Ultrabulk Shipping's gross profit per ship day has historically varied in line with the charter rates, which also was the case for 2011 amounting to 1,300 USD per ship day.

DEPRECIATION AND IMPAIRMENT

The company took delivery of a new Supramax vessel named Ultra Dynamic in July 2011. Depreciation for the period was USD 0.8 million and impairment test resulted in an impairment loss of USD 2.9 million.

NET FINANCIAL ITEMS AND TAX

Financial income was USD 0.2 million compared to USD 0.2 million in 2010. Financial expenses amounted to USD 0.8 million due to financing of the new vessel. Other financial items (net) were USD -0.2 million, primarily due to foreign currency loss.

Tax on profit was USD 0.1 million which primarily is related to tonnage tax, lower tax rates in foreign subsidiaries and effect from adjustments to prior years.

CASH FLOW

Cash and cash equivalents at year end were USD 10.8 million down from USD 27.5 million in 2010, and consisted of USD and DKK cash at bank.

Cash flow from operating activities was USD -2.3 million compared to USD -8.0 million in 2010. The cash flow in 2011 was impacted by payment of net forward contract at USD 4.5 million. The cash flow from the operating activities have been impacted of more funds tied up in inventory and trade and other receivables of total USD 19 million, but this is counterbalance with more credit from prepayments, trade and other payables at USD 18.2 million.

Cash flow from investing activities are impacted of the payments of the last instalment USD 39.3 million for the vessel Ultra Dynamic and the investment in the new joint venture at USD 10.3 million.

Cash flow from financing activities are from the intercompany loan at USD 35.6 million, sale of treasury shares USD 0.2 million USD, payment of interest USD 0.8 million and repayment of lease debt at 0.1 million.

ASSETS

Total assets amounted to USD 152.5 million. Non-current assets increased to USD 61.9 million from USD 16.8 million in 2010, primarily due to the delivery of the new vessel and the investment in the new joint venture. Current assets decreased by USD 4.3 million to USD 90.5 million, primarily due to lower liquidity of USD 16.8 million, higher inventories of bunkers of USD 10.2 million and higher trade and other receivables of USD 8.8 million.

The company has one owned vessel. The vessel instalment paid in 2011 was financed through loan from the Ultragas group. An impairment loss of USD 2.9 million was recognised in 2011.

LIABILITIES

Total liabilities amounted to USD 110.2 million, an increase of USD 41.7 million from 2010. This was primarily due to the intercompany loan used for financing the remaining instalments of the new Supramax vessel.

EQUITY

Total equity amounted to USD 42.2 million. Due to compulsory acquisition the company has sold treasury shares to an amount of USD 0.2 to the parent company.

Dividend

At the Annual General Meeting on 25 May 2012 the Board of Directors will propose not to pay out any dividend for 2011 to maximize the company's financial flexibility and thus be prepared for the business opportunities that may arise.

LEGAL CASES

The company is party to a number of legal cases. In 2011 the cases about the vessel captured by Pirates in the Gulf of Aden mid 2008 has been closed without any financial impact. See key legal issues and information on contingencies for pending litigations on note 30.

SUBSEQUENT EVENTS

As of 1 March 2012 the two drybulk units Ultrabulk Shipping A/S and Ultrabulk S.A. in the Ultragas group were consolidated. Ultrabulk S.A. operates a fleet of around 30-40 Handysize vessels. The financial position of Ultrabulk Shipping is expected through same to be strengthened, increasing equity, improving liquidity and reducing net interest bearing debt to zero. Investments now comprise an owned fleet of two vessels (one Supramax and one Handysize), a cargo terminal in Brazil (20%) and a joint venture in Singapore controlling one Panamax vessel (50%).

Corporate Governance

The Board of Directors and Executive Management of Ultrabulk Shipping A/S are convinced that efficient and clear division of responsibilities as well as transparent decision making processes are prerequisites of a company's long-term value creation. Ultrabulk Shipping therefore reviews at least annually the company's governance practices vested in legislation, customs and recommendations. As part of this process, the Board and Executive Management assess the company's strategy, organisation, business processes, risks, control mechanisms and relations with its shareholders, customers, employees and other stakeholders.

CORPORATE GOVERNANCE IN DENMARK

In continuation of the delisting of U-SEA Bulk Shipping A/S (renamed Ultrabulk Shipping A/S) the company aims to account for their governance practices in relation to the recommendations issued by the Danish Committee on Corporate Governance. As the main objective of the recommendations is to make company management structure transparent it is emphasized by the committee that explaining noncompliance is just as legitimate as complying with a specific recommendation. Ultrabulk Shipping presents in this annual report an outline of the company's corporate governance. A full disclosure of corporate governance practices and the company views on all recommendations is provided on the company's website (www.ultrabulk.com). In April 2010, the Danish Corporate Governance Committee issued revised recommendations. The Board of Directors has reviewed discussed the revised recommendations in the start of 2011. As a general rule, the company complies with the recommendations. Key exceptions are accounted for here in the annual report.

TWO-TIER MANAGEMENT STRUCTURE

Ultrabulk Shipping is a Danish company with a two-tier management structure. The Board of Directors establishes the company's objectives, strategies, budgets and supervises the company's performance and day-to-day management, which is run by a management group consisting of CEO, CFO, Head of Shipholding and Head of Supramax (the latter two were registered with the Danish Business Agency as per 7 March 2012) as well as a number of additional Executive- and Senior Vice Presidents. The management group decides on the required action plans and is responsible for the execution of same to fulfil the objectives as set out by the Board of Directors. In addition, the management group delivers feedback to the Board of Directors on developments and opportunities in the market.

SHAREHOLDER STRUCTURE AND INTERACTION WITH MANAGEMENT

Ultrabulk Shipping is a fully owned company of the Ultragas group following the compulsory redemption of the minority shareholders end of 2011. The general meeting constitutes the highest authority of the company through its election of the Board of Directors and approval of the annual report, and it is convened by two to four weeks notice including the agenda with summary of each item. Financial reports, presentations and other relevant information are available on the company's website.

THE ROLE OF STAKEHOLDERS

The company has adopted a code of conduct, which sets the ethical standards expected from all employees regarding behaviour, attitude and performance towards stakeholders. The code addresses issues such as health, safety & environment, business integrity, legal compliance, IPR and internal control and it is every employee's responsibility to be aware of and live up to the guidelines set forth in the code. The code of conduct was reviewed and discussed in the start of 2011.

OPENNESS AND TRANSPARENCY

Ultrabulk Shipping aims to be perceived as transparent, accessible, reliable and open to dialogue with the company's shareholders. The company will provide relevant, accurate, consistent and timely information to the relevant stakeholders of the company, including:

- Company announcements
- Full year and half yearly financial statements and annual report
- Special financial information section on the company's website

DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The work of the Board of Directors is governed by a written set of procedures stating that it is the responsibility of the Board to approve the company's short- and long-term strategies, to establish policies for capital structure, risk management and to monitor financial- and organizational performance. The Board approves all large investments and contractual arrangements related to cargo and tonnage running beyond 36 months and it is concurrently informed about such obligations lasting less than 36 months. The Board meets a minimum of five times a year in connection with the processing and approval of financial reporting. Additional meetings are convened as needed. In 2011, the board met 7 times. Executive Management reports monthly to the Board covering market developments and macroeconomic factors with relevance for the bulk market, budgets, financial key ratios, exposures and counterparty risks. The chairman of the Board and the CEO are in proactive dialogue when developments in the market or key projects require extra attention.

AUDIT COMMITTEE

The Board of Directors currently attends to the audit committee function. This requires that no members of the Board of Directors are also members of Executive Management and that at least one member of Board of Directors is both independent of the company and has qualifications within accounting and auditing. The present Board of Directors consists of 5 members, of which 1 is independent.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board is elected by the annual general meeting. Potential board candidates are reviewed by the Board based on regular discussions about the composition of the Board, including its competences and experiences. On the company's website there is a presentation of each member of the Board. The Danish Committee on Corporate Governance recommends that at least half of the board members elected by the general meeting are independent persons. Additionally, it is recommended that members of the executive management of a company are not members of the board of directors of the same company. The Board of Directors at Ultrabulk Shipping A/S consists currently of the chairman of the board and three executives of the Ultragas group, and one independent executive. As such, Ultrabulk Shipping has given priority to significant market insight and shipping experience over independence.

REMUNERATION OF BOARD OF DIRECTORSAND EXECUTIVE

MANAGEMENT

The Danish Public Companies Act provides that shareholders adopt, at the general meeting, guidelines for incentive pay to members of the company's board and its executive management. Such guidelines were adopted at the ordinary general meeting in April 2011. The main elements of the current guidelines are set out below. The complete guideline is available on the company's website.

BOARD OF DIRECTORS

The Board of Directors has refrained from receiving any compensation for their Board work in Ultrabulk Shipping A/S in 2011, unchanged from 2010. In 2012, the members of the Board of Directors will also refrain from receiving any compensation for their work. If company activities require a temporary, but extraordinary workload by the Board, a supplement to the fixed annual fee can be authorised. The members of the Board receive no incentive pay for their work on the board.

EXECUTIVE MANAGEMENT

Members of the Executive Management are employed under executive service contracts, and all terms are fixed by the Board of Directors based on the guidelines approved by the general meeting. The Executive Management of Ultrabulk Shipping consists of the CEO, CFO and two Executive Vice Presidents. Members of Executive Management receive a competitive remuneration package consisting of four elements; a fixed salary, benefits such as company car and phone, incentive payment in terms of cash bonus. In 2011, a total of USD 0.6 million was paid in salaries and pension to the Executive Management. Performance criteria for the cash bonus, is tied to earnings, and bonus expensed in 2011 amounted to USD 0.2 million. Currently no plan exists to introduce a new share options program.

RISK MANAGEMENT

Main risk exposures and risk management processes are described in note 27.

AUDIT

The overall responsibility for the internal control in relation to financial reporting including compliance with applicable legislation and other financial reporting regulations rests with the Board of Directors and Executive Management (cf. note 27). Nomination of external auditors is done annually by the general meeting. The auditor agreement and fees are agreed between the Board and auditors. The Board has approved the use of the company's external auditors for non-audit services provided these services are kept within the guidelines of approved strategy and budgets. In connection with the audit of the annual report, the external auditor reviews internal controls and financial procedures of significance for the financial reporting processes. The external auditor's report is reviewed by the Board.

Corporate Social Responsibility

STRATEGY & POLICIES

Ultrabulk Shipping acknowledges a responsibility to manage the company in a way that balance business results with respect for the environment and working conditions for seafarers and other employees. Shipping is a highly regulated industry when it comes to the environment and seafarers' health and safety, and the company obeys all relevant legislation set by national or international legal bodies such as the International Maritime Organisation (IMO) and The Maritime Labour Convention.

Ultrabulk Shipping owns one vessel on which sea-going personnel is outsourced to third-party supplier and therefore the majority of the sea-going personnel fall under the responsibility of the ship owners from whom vessels are chartered. The company selects their chartered fleet based on the analysis of international vetting agencies as well as membership of the International Group of P&I clubs, a type of mutual insurance scheme for ship owners covering mainly personal injuries, cargo damage and pollution. When considering procuring of new tonnage the strategy is focus on the new generation eco-designs.

CLOSE TO OUR PARTNERS AND CUSTOMERS

Ultrabulk organizes its worldwide operations with the view to being able to quickly capitalize on new ideas and opportunities from anywhere. The widespread operational offices in eight strategic locations keep us closer to customers, enabling Ultrabulk to react quickly to client and local market requirements.

By foregoing a traditional headquarters model and focusing on operational and commercial offices around the world, Ultrabulk makes the maximum use of its resources to create the best service for our customers in the most efficient and effective way possible.

STAFF A KEY ASSET

To create the best service for our customers, we encourage our global organization of 94 employees after the merger (68 before the merger) to take responsibility and make a difference - we do that by empowering them to deliver results. In addition, Ultrabulk makes a conscious effort to maintain a flat organizational structure, where all directly involved employees are part of the decision-making process.

The decision-making process is routed in the matrix organized team and a best in class trade management system enabling each team member to propose to customers the right shipping solution irrespective of shipment size.

The continuous development of the employees and the organization is an important factor in ensuring future competitiveness. Ultrabulk's career development program aims to offer not only a broad 'on-the-job' training but also development opportunities in our locations around the world.

In 2012, the staff will be instrumental to the success of the new drybulk platform and the continued focus on creating additional synergies to further strengthen the existing platform targeting future long term growth and financial stability, and through same be able to address the challenging drybulk market during the next couple of years.

RESULTS AND FUTURE INITIATIVES

For the shipping industry, climate changes are of special attention.

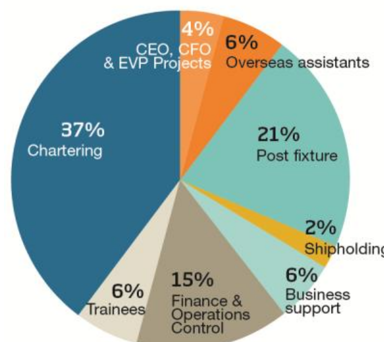
In total, shipping account for about 90% of global trade and approximately 3% of man-made CO2 emissions. Although measured per ton of transported goods, shipping is the least environmentally damaging means of transport.

Despite the fact that shipping is impacting the climate less than comparable forms of transportation, such as airfreight and truck, Ultrabulk Shipping is committed to reduce its contribution further.

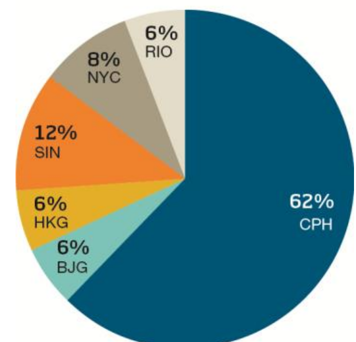
When planning a cargo voyage, Ultrabulk Shipping aims to optimize the vessel speed and thus fuel consumption, which is the most influential parameter on CO2-emissions. Also, in the development of a newly designed Supramax vessel, Ultrabulk Shipping have together with Japanese shipyards succeeded in designing a vessel that carry an additional 6.3 percent cargo per metric ton fuel consumed, as compared with previous designs. Main engines contracted for the owned new building program have been upgraded from original design specifications to the latest engine design available, whereby it is expected to further reduce CO2 emissions. Ultrabulk Shipping has during 2011 taken delivery of three such vessels and will during 2012 take delivery of another five vessels.

Tonnage procurement initiatives in 2012 will focus on the new generation eco-designs.

Employees by function 2011



Employees by location 2011



Being a part of the Ultra Group allows us to serve our customers with any shipping related challenge they may have ...

Per von Appen, EVP Handysize

Part of a large and diversified shipping group

Ultramar was founded by Albert von Appen in 1952 and has since then developed into a considerable and very diversified shipping group. From the head office in Santiago, Chile and from the network of offices around the world we are actively serving customers in:

- Agency
- Port operation
- Tug boats
- Gas Cariers (LPG)
- Crude oil Tankers
- CPP Tankers
- Chemical Tankers
- Container and Break Bulk carries
- Bulk carriers
- Special shipping related projects

A global fleet of more than 200 units of which more than 50 are fully owned flies the flag of Ultragas. Throughout the world we aspire to build and operate the best platform of shipping services for the development and success of our clients, employees and communities.

Our employees in all division will always strive to fulfill our core values:

Integrity
Excellence
Enthusiasm

We remain …

A partner you can trust …

Management Biographies

Board of Directors

Dag von Appen (b. 1962)
Chilean citizen
Chairman of the Board

Elected to the Board first time in 2010, term expires in 2012

Education
2004: Harvard Business School, AMP
1981-1986: M.Sc. in Management and Economics from the Universidad de Chile, Santiago

Former positions
1998-2004: CEO Holding Ultragas Group
1996-1998: CEO Sociedad Naviera Ultragas
1993-1995: Project and Development Manager Ultramar, Santiago, Chile

Management assignments
Ultragas Group (CM)
Ultramar Group (BM)
Universidad del Desarrollo (BM)
Clinica Alemana de Santiago (BM)
Corporación Chileno Alemana de Beneficencia (BM)
Sonamar S.A. (BM)

José Thomsen (b. 1956)
Chilean citizen
Vice-chairman of the Board

Elected to the Board first time in 2010, term expires in 2012

Education
2005: Harvard Business School, AMP
1984: Chemical Engineer, UTFSM, Santa Maria, Chile

Former positions
2008-2010: Business Development Manager, Ultragas Group, Chile
1997-2007: CEO SONAP, Chile

Management assignments
Sonamar S.A. (BM)
Ultragas Group Subsidiaries (BM)

Carsten Haagensen (b. 1944)
Danish citizen
Board member

Elected to the Board first time in 2010, term expires in 2012

Education
2002: IMD
1981: Colombia University
1973: Executive Development Programs at INSEAD
1963: A.P. Møller-Mærsk Shipping Academy

Former positions
since 1995: Own activities within Shipping and Real Estate
1987-1995: President, Lauritzen Reefers
1987-1995: Senior Vice President, J. Lauritzen
1983-1987: Vice President, A.P.Møller-Mærsk

Management assignments
Othello Shipping Company ApS (BM)
UltragasGroup (Europe) ApS (BM)

Enrique Ide (b. 1955)
Chilean citizen
Board member

Elected to the Board first time in 2011, term expires in 2012

Education
MBA Harvard Business School
BS Engineering Academia Politécnica Naval

Former position
VP Business Development Claro Group
CEO Sonap
MD The Chase Manhattan Bank

Management assignments
CEO of Navieras Ultragas Limitada
Empresas Carozzi S.A., Non-Executive (BM)
Küpfer Hermanos S.A, Non Executive (BM)

Peter Stokes (b. 1950)
British citizen
Board member

Elected to the Board first time in 2011, term expires in 2012

Education
Corporate finance adviser
Author of Financial literature

Former positions
1992-98 Castalia Advisers Partner
1984-98 Maritime Consultants Managing Director
1979-84 Greig Middleton Head of Shipping and Insurance Research
1974-79 Lloyd's List Business Editor
1971-74 Lloyd's Register Information Officer

Management assignments
Lazard Ltd., Senior Adviser and Head of Shipping
Euroceanica (UK) Ltd., Non-Executive Board Member
Thoresen Thai Agencies PCL, Non-Executive Board Member
Avance Gas Holding Ltd., Non-Executive Board Member

Management Biographies

Executive Management

Per Lange (b. 1960), CEO
Danish citizen
Employed in the company since 1995

Education
1992: Executive development program, Penn State University, USA
1981: A.P. Møller-Mærsk Shipping Academy

Former positions
2007-2009: CEO, Eitzen Bulk A/S
2004-2007: Director, Eitzen Bulk A/S
1995-2004: General Manager, EAC Shipping/Eitzen Bulk
1981-1995: General Manager, Mærsk Bulk, A. P. Møller-Mærsk

Management assignments
Bulk Invest A/S (CM)
Subsidiaries of Ultrabulk Shipping A/S (BM)

Bjarne Skov Faber (b. 1968), CFO
Danish citizen
Employed in the company since 2009

Education
2007: Program for Executive Development, IMD, Switzerland
1993: M.Sc. in Economics and Financing

Former positions
2005-2008: CFO, Energy Markets, DONG Energy A/S
2004-2005: Vice President Finance, Trade & Supply, DONG A/S
1997-2004: Head of various Finance areas, Novo Nordisk A/S

Management assignments
Subsidiaries Ultrabulk Shipping A/S (BM)

Henrik Sleimann Petersen (b. 1966)
Danish citizen
Executive Vice President
Employed in the company since 1997

Education
2004: Wharton School of Business, USA – EDP Program
1988: A.P. Møller-Mærsk Shipping Academy

Former positions
2009-2010: Managing Director, Eitzen Bulk Shipholding A/S
2007-2008: General Manager – Eitzen Bulk A/S
1997-2006: CEO, Eitzen Bulk (USA) Inc.

Management assignments
Ultra Summit (Singapore) Pte. Ltd. (CM)
Bulk Invest A/S (MD)
Subsidiaries of Ultrabulk Shipping A/S (BM)

Hans-Christian Olesen (b. 1968)
Danish citizen
Executive Vice President
Employed in the company since 1987

Education
1996: Graduate Diploma in International trade, Copenhagen Business School

Former positions
2009-2010: Executive Vice President, Eitzen Bulk Shipping A/S
1997-2008: Various positions, Tschudi & Eitzen A/S & Eitzen Bulk A/S
1987-1997: Various positions, East Asiatic Company A/S

Management assignments
Cedrela Transport Ltd., Bahamas (BM)
Perola S.A., Brazil (BM)
U-SEA Logistics Services Ltd., India (BM)
Bulk Invest A/S (BM)
Subsidiaries of Ultrabulk Shipping A/S (BM)

STATEMENT OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT ON THE ANNUAL REPORT

The Board of Directors and Executive management have prepared the 2011 Annual Report. The Annual Report was considered and adopted today.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

We consider the accounting policies used appropriate and the accounting estimates made reasonable, and in our opinion the consolidated financial statements and the financial statement of the parent company provide the relevant information for assessing the financial position of the Group and the parent company. In our opinion the consolidated financial statements and the financial statement of the parent company give a true and fair view of the assets, liabilities and financial position of the Group and the parent company and the results of the Group's and the parent company's operation and cash flows for the period 1 January - 31 December 2011.

In our opinion the Management's review in the preceding pages gives a true and fair presentation of the development in the activities and the financial position of the Group and the parent company, the results for the year and of the Group's and the parent company's financial position in general. Further, in our opinion the Management's review describes the most significant risks and uncertainties that may affect the Group and the parent company.

We recommend that the Annual Report is adopted at the annual general meeting.

Copenhagen, 30 March 2012.

EXECUTIVE MANAGEMENT

Per Lange	Bjarne Skov Faber	Henrik Sleimann Petersen	Hans Christian Olesen
CEO	CFO	Head of Shipholding	Head of Supramax

BOARD OF DIRECTORS

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

INDEPENDENT AUDITORS REPORT

TO THE SHAREHOLDERS OF ULTRABULK SHIPPING A/S

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS

We have audited the consolidated financial statements and the parent company financial statements of Ultrabulk Shipping A/S for the financial year 1 January – 31 December 2011. The consolidated financial statements and the parent company financial statements comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

OPINION

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2011 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2011 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

STATEMENT ON THE MANAGEMENT'S REVIEW

Pursuant to the Danish Financial Statements Act, we have read the Management's review on page 3-18. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 30 March 2012

KPMG

Statsautoriseret Revisionspartnerselskab

Torben Bender	Thomas Bruun Kofoed
State Authorised Public Accountant	State Authorised Public Accountant

Consolidated Income Statement

Figures in USD '000

	Note	2011	2010
Freight income		520.098	593.050
Voyage related expenses		-205.075	-174.612
Time-charter hire		-291.088	-396.643
Gross profit (Net earnings from shipping activities)		**23.935**	**21.795**
Other external expenses		-7.791	-6.225
Staff costs	5	-12.106	-15.764
Profit before depreciations etc. (EBITDA)		**4.038**	**-194**
Depreciation	6	-1.082	-218
Impairment loss, vessel	6	-2.900	0
Operating profit (EBIT)		**56**	**-412**
Share of associates' profit after tax	15	527	-199
Share of joint ventures' profit after tax	16	459	0
Financial income	7	180	155
Financial expenses	8	-816	-109
Other financial items, net	9	-262	-998
Profit before tax		**144**	**-1.563**
Tax	10	80	86
Net profit		**224**	**-1.477**
Attributable to:			
Profit attributable to the equity holders of the parent		192	-1.537
Profit attributable to non controlling interests		32	60
		224	**-1.477**

Consolidated Statement of Comprehensive Income

Figures in USD '000

	Note	2011	2010
Profit/loss (-) for the year		**224**	**-1.477**
Other comprehensive income			
Value adjustments of hedging instruments		-153	-1.978
Tax effect		16	496
Value adjustments of hedging instruments after tax		**-137**	**-1.482**
Exchange adjustments of foreign entities		-348	58
Fair value adjustments other investments and other changes (gain/-loss)		-75	-312
Other comprehensive income for the year, net of tax		**-560**	**-1.736**
Total comprehensive income for the year, after tax		-336	-3.213
Attributable to:			
Equity holders of the parent		-368	-3.273
Non-controlling interests		32	60
		-336	-3.213

Consolidated Balance Sheet

Figures in USD '000

ASSETS	**Note**	**2011**	**2010**
Owned vessels	12	42.140	0
New building contracts	13	0	6.695
Fixtures, fittings and equipement	14	721	988
Total tangible assets		**42.861**	**7.683**
Investment in associates	15	2.966	2.785
Investment in joint ventures	16	10.784	0
Other investments		0	286
Derivative financial instruments, non-current	31	0	924
Other financial assets, non-current	17	1.210	1.023
Deferred tax assets	25	4.116	3.397
Financial assets, non-current		**19.076**	**8.415**
Total non-current assets		**61.937**	**16.098**
Inventories	18	24.444	14.251
Trade and other receivables	19	36.811	27.968
Prepayments	20	16.011	18.800
Derivative financial instruments, current	31	2.374	6.283
Cash and short-term deposits	21	10.872	27.488
Current assets		**90.512**	**94.790**
TOTAL ASSETS		**152.449**	**110.888**

EQUITY AND LIABILITIES

Figures in USD '000	***Note***	**2011**	**2010**
Share capital	22	5.134	5.134
Share premium		12.048	12.048
Retained earnings		24.344	25.341
Other reserves		375	-468
Total equity of majority interest		**41.901**	**42.055**
Non-controlling interests		318	295
Total equity		**42.219**	**42.350**
Interest bearing loans and borrowings	26	38.500	42
Derivative financial instruments	31	0	1.010
Total non-current liabilities		**38.500**	**1.052**
Trade and other payables	28	67.255	51.822
Interest-bearing loans and borrowings	26	2.234	5.108
Derivative financial instruments	31	2.241	10.504
Income tax payable		0	52
Total current liabilities		**71.730**	**67.486**
Total liabilities		**110.230**	**68.538**
TOTAL EQUITY AND LIABILITIES		**152.449**	**110.888**

Consolidated Cash Flow Statements

Figures in USD '000

	Note	2011	2010
Profit/loss(-) before tax		144	-1.563
Paid tax including added interest on tax		-675	27
Adjustment for non-cash items etc.			
Impairment, depreciation and amortisation	6,12,14	3.982	218
Share-based payments, expense		0	7.618
Incentive payment (cash based)		0	350
Share of gain/loss in associated companies	15	-527	199
Share of gain/loss in joint venture	16	-459	0
Interest expenses	8	816	109
Interest income	7	-180	-155
Net foreign exchange differences, realised		-2	-166
Net forward contract activity		-4.780	-4.860
Movement in onerous contracts for the year		0	-7.422
Other changes		209	-783
Working capital adjustments:	32		
Change in current assets		-16.247	-12.486
Change in current liabilities		15.433	10.880
Net cash flows from operating activities		**-2.286**	**-8.034**
Investments in tangible fixed assets	12,14	-39.290	-208
Sale of tangible fixed assets		123	0
Investments in joint venture	16	-10.325	0
Loan from associated companies		0	-753
Interest received		180	95
Other changes		0	10
Net cash flows from investing activities		**-49.312**	**-856**
Dividends paid to equity holders and non-controlling		0	-89
Increase in share capital including share premium		0	12.488
Sale of treasury shares		214	147
Loan group companies		35.692	5.000
Transfer of newbuilding contract to Camillo Eitzen & Co.		0	-5.360
Repayment, leasing debt		-108	-123
Interest paid		-816	-109
Other changes		0	-382
Net cash flows from financing activities		**34.982**	**11.572**
Net change in cash and cash equivalents		-16.616	2.682
Cash and cash equivalents at 1 January	21	27.488	24.806
Cash and cash equivalents at 31 December	**21**	**10.872**	**27.488**

Consolidated Statements of Changes in Equity

Figures in USD '000

	Attributable to equity holders of the parent company										
					Other Reserves						
	Share capital (Note 21)	Share premium	Retained earnings	Employee benefit reserve	Hedging reserves	Trans-lation reserve	Other	Total other reserves	Total Majority interest	Non-controlling interests	Total Equity
At 1 January 2011	**5.134**	**12.048**	**25.341**	**0**	**-32**	**892**	**-1.328**	**-468**	**42.055**	**295**	**42.350**
Total comprehensive income	-	-	-1.211	-	-137	-348	1.328	843	-368	32	-336
Total comprehensive income	**0**	**0**	**-1.211**	**0**	**-137**	**-348**	**1.328**	**843**	**-368**	**32**	**-336**
Other changes	-	-	0	0	0	0	**0**	**0**	**0**	**-9**	**-9**
Sale of trasury shares			214						**214**		**214**
Changes during the year	**0**	**0**	**214**	**0**	**0**	**0**	**0**	**0**	**214**	**-9**	**205**
At 31 December 2011	**5.134**	**12.048**	**24.344**	**0**	**-169**	**544**	**0**	**375**	**41.901**	**318**	**42.219**

	Attributable to equity holders of the parent company										
					Other Reserves						
	Share capital (Note 21)	Share premium	Retained earnings	Employee benefit reserve	Hedging reserves	Trans-lation reserve	Other	Total other reserves	Total Majority interest	Non-controlling interests	Total Equity
At 1 January 2010	**46.941**	**0**	**-23.134**	**0**	**1.450**	**1.208**	**-1.315**	**1.343**	**25.150**	**623**	**25.773**
Total comprehensive income	-	-	-1.537	-	-1.482	58	-312	-1.736	-3.273	60	-3.213
Total comprehensive income	**0**	**0**	**-1.537**	**0**	**-1.482**	**58**	**-312**	**-1.736**	**-3.273**	**60**	**-3.213**
Other changes	-	-	0	0	0	-374	299	-75	-75	-299	-374
Decrease in share capital	-42.247		42.247						0		**0**
Increase of share capital	440	12.048							12.488		12.488
Share-based payment			7.618						7.618		7.618
Sale of trasury shares			147						147		147
Treasury shares received from Parent			-532						-532		-532
Value of treasury shares			532						532		532
Dividend	-	-	0	-	0	0	0	**0**	**0**	-89	-89
Changes during the year	**-41.807**	**12.048**	**50.012**	**0**	**0**	**-374**	**299**	**-75**	**20.178**	**-388**	**19.790**
At 31 December 2010	**5.134**	**12.048**	**25.341**	**0**	**-32**	**892**	**-1.328**	**-468**	**42.055**	**295**	**42.350**

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Note 1 - Group accounting policies

Ultrabulk Shipping A/S is a company domiciled in Denmark.

The annual report of Ultrabulk Shipping A/S for 2011 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and the statutory order on the adoption of IFRS by enterprises subject to the Danish Financial Statements Act issued pursuant to the Danish Financial Statements Act. After the company has been delisted from the NASDAQ OMX Copenhagen it has been decided not to follow IFRS 8 Operating segments.

Basis of preparation
The annual report has been prepared on the historical cost basis except all financial assets and liabilities held for trading and all financial assets that are classified as available for sale. These financial assets and liabilities have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges and otherwise carried at cost are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The accounting policies set out below have been used consistently in respect of the financial year and the comparative figures.

The annual report has been presented in USD thousands (USD ´000), except when otherwise indicated

Accounting standards effective in 2011
Ultrabulk Shipping A/S has adopted all new or amended and revised accounting standards and interpretations (IFRSs´) endorsed by the EU effective for the accounting period beginning on 1 January 2011. Based on an analysis made by Ultrabulk Shipping A/S, most of the IFRSs effective for 2011 have no material impact or are not relevant to the Group.

The following new standards and amendments to standards and IFRIC interpretations are mandatory for the first time for the financial year beginning 1 January 2011:

- IAS 24 on amendment of the rules on related party disclosures.

- IAS 32 on the change in presentation of financial instruments.

- The annual improvements 2010 to existing IFRSs and the interpretations IFRIC 14 and IFRIC 10

Basis of consolidation
The consolidated financial statements comprise the parent company Ultrabulk Shipping A/S and subsidiaries in which Ultrabulk Shipping A/S has control, i.e. the power to govern the financial and operating policies so as to obtain benefits from its activities. Control is obtained when the Company directly or indirectly holds more than 50% of the voting rights in the subsidiary or which it, in some other way, controls.

Enterprises over which the Group exercises significant influence, but which it does not control, are considered associates. Significant influence is generally obtained by direct or indirect ownership or control of more than 20% of the voting rights but less than 50%.

When assessing whether Ultrabulk Shipping A/S exercises control or significant influence, potential voting rights which are exercisable at the balance sheet date are taken into account.

Common control transactions are accounted for using the pooling of interest method. The receiving company of the net assets initially recognizes the assets and liabilities transferred at their carrying amount.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements prepared according to the Group accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's ownership share of the enterprise. Unrealised losses are eliminated in the same way as unrealised gains to the extent that impairment has not taken place.

The accounting items of subsidiaries are included in full in the consolidated financial statements. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly owned are included in the Group's profit/loss and equity, respectively, but are disclosed separately.

Foreign currency translation
For each of the reporting entities in the Group, a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the reporting entity operates. Transactions denominated in other currencies than the functional currency are foreign currency transactions.

On initial recognition, foreign currency transactions are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in the income statement as financial income or financial expenses.

In the consolidated financial statements, the income statements of entities with another functional currency than USD are translated at the exchange rates at the transaction date and the balance sheet items are translated at the exchange rates at the balance sheet date. An average exchange rate for each month is used as the transaction date exchange rate to the extent that this does not significantly distort the presentation of the underlying transactions. Foreign exchange differences arising on translation of the opening balance of equity of such foreign operations at the exchange rates at the balance sheet date and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date are recognised in other comprehensive income and presented in equity under a separate translation reserve.

Derivate financial instruments and hedging
Ultrabulk Shipping uses derivative financial instruments such as forward currency contracts, bunker hedge and FFA’s to hedge part of risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivate contract is entered into and are subsequently re-measured at fair value. Derivates are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivates that do not qualify for hedge accounting are taken directly to profit or loss. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of bunker and the fair value of FFA’s are determined by reference to market values for similar instruments. For the purpose of accounting, hedges are classified as:

- fair value hedges when hedging the exposure to change in fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or

- cash flow hedge when hedging exposure to variability in cash flow that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At time of entering into a hedge relationship, Ultrabulk Shipping designates and documents the hedge relationship to which Ultrabulk Shipping wishes to apply for hedge accounting and the risk management objectives and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedges item or

Notes to the Financial Statements

transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk, Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The criteria for classifying a derivate as a hedging instrument are as follows:

- the hedge is expected to be effective in achieving offsetting changes in fair value or cash flows attributable to the hedged item — a hedging efficiency within the range of 80—125 per cent over the life of the hedging relationship is expected,
- the effectiveness of the hedge can be reliably measured,
- there is adequate documentation when the hedge is entered into that the hedge is expected to be effective,
- for cash flow hedges of forecast transaction, the transaction must be highly probable, and
- the hedge is evaluated regularly and has proven to be effective.

Derivates not accounted for as hedging instruments are classified as financial assets at fair value through profit or loss and measured at fair value. Changes in the fair value of such derivates are recognised in the income statement.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges
Derivatives designated as hedging instruments are measured at fair value and changes in fair value are recognised in the income statement. Correspondingly, a change in the fair value of the hedged item attributable to the hedged risk is recognised in the income statement. The fair value hedge accounting is discontinued if the hedging instrument expires or is sold, terminated or exercised, or the hedge no longer meets the criteria far hedge accounting stated above.

Cash flow hedges
Changes in the fair value of a hedging instrument that meet the criteria for cash flow hedge accounting are recognized in comprehensive income. The ineffective part of the hedging instrument is recognised directly in the income statement. Gains and losses that are recognised in comprehensive income are taken to the income statement in the same period or periods as the cash flow which comprises the hedged item is recognised in the income statement. The principle also applies if the hedged forecasted transaction results in an asset or liability being recognised in the balance sheet. If the cash flow hedge no longer meets the criteria for hedge accounting, hedge accounting is discontinued. The cumulative gain or loss of the hedging instrument recognised in comprehensive income remains separately recognised in comprehensive income until the forecast transaction occurs. If the cash flow hedged transaction is no longer expected to occur, any previously accumulated gain or loss of the hedging instrument that has been recognised in comprehensive income will be carried to profit or loss.

Determination of fair value
The fair value of financial assets and liabilities is measured on the basis of quoted market prices of financial instruments traded in an active market. If an active market exists, fair value is based on the most recent observed market price at the end of the reporting period.

If an active market does not exist, the fair value is measured according to generally accepted valuation techniques. Market-based parameters are used to measure fair value.

For bunker contracts the price is based on observable stock market in Rotterdam and Singapore. The value of FFAs is assessed on basis of daily recorded prices from the Baltic Exchange.

Business activities
After the company has been delisted from the NASDAQ OMX Copenhagen it has been decided not to follow IFRS 8 Operating segments. The business activities are reported basis the freight income from the business activities.

Non-controlling interests
Non-controlling interests represent the portion of profit or loss and net assets not held by Ultrabulk Shipping A/S and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from the parent shareholders' equity. Initially the non-controlling interest is recognised based on their share of the fair value of the assets and liabilities acquired.

INCOME STATEMENT

Revenue and expenses
All voyage revenues and voyage expenses are recognised on a percentage of completion basis. Ultrabulk Shipping A/S uses a discharge-to-discharge basis in determining percentage of completion for all spot voyages and voyages servicing contract of affreightment (CoA). With this method, voyage revenue is recognised evenly over the period from the departure of a vessel from its original discharge part to departure from the next discharge port. Vessels without signed contracts in place at discharge have no revenue before a new contract is signed. Voyage related expenses incurred for vessels in the idle time are expensed. Demurrage is included if a claim is considered probable. Losses arising from time or voyage charter are provided for in full when they become probable.

Profit from the sale of vessels etc.
Profits from the sale of vessels are stated as the difference between the sales price of the vessel less selling costs and the carrying amount of the vessel at the time of delivery.

Profit from investments in associates
The proportionate share of the result after tax of associates is recognized in the consolidated income statement after elimination of the proportionate share of intra-group profits/losses.

Profit from investments in joint ventures
The proportionate share of the result after tax of the joint ventures is recognized in the consolidated income statement after elimination of the proportionate share of intra-group profit/losses.

Financial income and expenses
Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities. Furthermore, realised and unrealised gains and losses on derivative financial instruments which are not designated as hedging instruments are included.

Taxes
Ultrabulk Shipping A/S is jointly taxed with the parent company UltragasGroup (Europe) ApS and the parent company is the administration company for the jointly taxed companies. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. In relation to the shipping activities Ultrabulk Shipping A/S participates in the Danish Tonnage Tax Scheme. Companies that use tax losses in other companies pay the joint tax contribution to the parent company at an amount corresponding to the tax value of the tax losses used. Companies whose tax losses are used by other companies receive joint tax contributions from the parent company corresponding to the tax value of the losses used (full absorption). The jointly taxed companies are taxed under the tax prepayment scheme.

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement. Tax attributable to entries directly under comprehensive income is recognised directly in other comprehensive income.

Notes to the Financial Statements

BALANCE SHEET

Tangible assets
Tangible assets are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Instalments and costs incurred during the construction period on new building contracts are capitalised as they are paid. Borrowing costs (interest) that are attributable to the construction of the vessels are capitalised and included as part of the cost. The capitalised value is reclassified from newbuildings to vessels upon delivery from the yard.

Where individual components of an item of tangible assets have different useful lives, they are depreciated separately. Depreciation is provided on a straight-line basis over the expected useful lives of the assets/components. The expected useful lives are as follows:

- Vessels, 20 years
- Fixtures, fittings and equipment; 3 - 10 years

Depreciation is calculated on the basis of the residual value and impairment losses, if any. The useful life and residual value is determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued. The residual value of the vessels is estimated as the lightweight tonnage of each vessel multiplied by scrap value per ton.

When changing the depreciation period or the residual value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

The carrying values of vessels and newbuildings are reviewed for impairments when events or changes in circumstances indicate that the carrying value may not be recoverable. Valuations are performed frequently to ensure that the fair value of the asset does not differ materially from its carrying amount.

Investments in associates
Investments in associates are recognised in the consolidated financial statements according to the equity method. Investments in associates are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus the proportionate share of unrealised intra-group profits and losses and plus additional value on acquisition, including goodwill. Investments in associates are tested for impairment when impairment indicators are identified.

Investments in associates with negative net asset values are measured at USD 0 (nil). If the Group has a legal or constructive obligation to cover a deficit in the associate, the remaining amount is recognised under provisions.

Amounts owed by associates are measured at amortised cost. Write-down is made for bad debt losses.

Investments in joint ventures
Undertakings which are contractually operated jointly with one and more undertakings (joint ventures) and thus are jointly controlled are recognised in the consolidated financial statements according to the equity method.

Investments in joint ventures are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus the proportionate share of unrealised intra-group profits and losses and plus additional value on acquisition, including goodwill. Investments in joint ventures are tested for impairment when impairment indicators are identified.

Investments in joint ventures with negative net asset values are measured at USD 0 (nil). If the Group has a legal or constructive obligation to cover a deficit in the joint ventures, the remaining amount is recognised under provisions.

Amounts owed by joint ventures are measured at amortised cost. Write-down is made for bad debt losses.

Other investments
Shares and bonds not included in the Group's trading portfolio (available-for-sale) are recognised under non-current assets at cost at the trade date and are measured at fair value corresponding to the market price of quoted securities and for unquoted securities an estimated fair value computed on the basis of current market data and generally accepted valuation methods. Unrealised value adjustments are recognised directly in comprehensive income except for impairment losses as well as foreign exchange adjustments of bonds denominated in foreign currencies, which are recognised in the income statement as financial income or financial expenses. On realisation, the accumulated value adjustment recognised in comprehensive income is transferred to financial income or financial expenses in the income statement.

Impairment of non-current assets
Deferred tax assets are subject to annual impairment tests and are recognised only to the extent that it is probable that the assets will be utilised.

Impairment of vessels and new building contracts are described separately. The carrying amount of other non-current assets is tested annually for indicators of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement in a separate line item. Impairment is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

Receivables
Receivables are measured at amortised cost. Write-down is made for bad debt losses when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, write-down is made on an individual basis.

Inventories
Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out (FIFO) basis, net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expense. Costs of bunkers include the transfer from equity to profit and loss on qualifying cash flow hedges.

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Statement of changes in equity

Dividends
Dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The proposed dividend payment for the year is disclosed as a separate item under equity. Interim dividends are recognised as a liability at the date when the decision to pay interim dividends is made.

Treasury share
The acquisition and sale of treasury shares and dividends thereon are taken directly to retained earnings under equity.

Translation reserve
The translation reserve comprises foreign exchange differences arising on translation of financial statements of entities that have a functional currency different from USD. On full

Notes to the Financial Statements

or partial realisation of the net investment, the foreign exchange adjustments are recognised in the income statement.

Hedging reserve
The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not been realised.

Treasury shares received as a contribution from Parent
Treasury shares received from Parent without any kind of service etc. is rendered, are recognised directly on equity.

Provisions
Provisions are recognised when Ultrabulk Shipping A/S has a present obligation (legal or constructive) as a result of a past event, it is probable that the obligation has to be settled and that a reliable estimate of the obligation can be made.

Financial liabilities
Other liabilities, including trade payables, payables to related parties as well as other payables, are measured at amortised cost, which corresponds to the net realizable value in all essentials.

Leases
All significant leases are classified as operational lease. The payments (time-charter hire) are recognised as an expense and charged to profit or loss on a straight line basis over the term for the lease.

Deferred tax
All significant Danish entities within the Group entered into the Danish tonnage taxation scheme for a binding 10 year period with effect from 1 January 2010. Under the Danish tonnage taxation scheme, taxable income is not calculated on the basis of income and expenses as under the normal corporate taxation. Instead, taxable income is calculated with reference to the tonnage used during the year. The taxable income for a company for a given period is calculated as the sum of the taxable income from the activities under the tonnage taxation scheme and the taxable income from the activities that are not covered by the tonnage taxation scheme made up in accordance with the ordinary Danish corporate tax system.

If the participation in the Danish tonnage taxation scheme is abandoned, or if the entities' level of investment and activity is significant reduced, a deferred tax liability will become payable. The deferred tax liability related to vessels is measured on the basis of the difference between the tax value of the vessels at the date of entry into the tonnage taxation scheme and the lower of the cost and the realized or realizable sales value of the vessels.

In regarding to the taxable income made up in accordance the ordinary corporate tax system a deferred tax is recognized in each period end and is accounted for using the balance sheet liability method, Deferred tax assets, including the tax value of tax loss carryforwards, are recognised under other non-current assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax assets and liabilities are offset if the Company has a legally enforceable right to set off current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realise the assets and settle the liabilities simultaneously.

Share based payment
The Executive management and employees has participated in a share-based payment program ended in 2010, where the employees are granted share options. The program does not provide the choice of cash settlement instead of shares. The fair value of the shares and options are measured at the grant date and is recognised in the income statement as under administration expenses over the vesting period. The counter item is recognised in equity. The fair value is based on the Black-Schools model.

Cash flow statement
The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated according to the indirect method as the profit/loss before tax adjusted for non-cash operating items, changes in working capital, interest, payments, dividends and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of businesses and of intangible assets, property, plant and equipment and other non-current assets as well as acquisition and disposal of securities not classified as cash and cash equivalents.

Cash flows from financing activities comprise changes in the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, acquisition and disposal of treasury shares and payment of dividends to shareholders.

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less at the acquisition date which are subject to an insignificant risk of changes in value.

Cash flows in other currencies than the functional currency are translated using average exchange rates unless these deviate significantly from the rate at the transaction date.

Notes to the Financial Statements

Note 2 - Significant accounting judgment, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustments to the carrying amounts of asset and liability affected in future periods.

Judgments

In the process of applying Ultrabulk Shipping A/S's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognised in the financial statements.

Hedge accounting

In connection with forward freight agreements (FFA's), purchase of bunkers and currencies Ultrabulk Shipping A/S uses hedge accounting. Several qualifications have to be met before a hedge is qualified as hedge accounting. One of the qualifications is that the hedge is expected to be highly effective. If a hedge is subsequently measured as ineffective, and therefore deviates from the original judgment, the result must be carried to profit and loss immediately. This could result in a dislocation of the result from one accounting year to another.

Operational versus financial lease of vessels

Based on the contents of the lease agreements it is determined if the lease is considered as an operational or a financial lease agreement. In this determination, assumptions are made, that if same were judged differently, it could have an effect on the income statement and the balance sheet. The most significant judgment is the forecasted future market value of the vessel at the dates where the purchase options can be utilized.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material judgment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Impairment of vessels

Ultrabulk Shipping A/S assesses at each reporting date whether there are indications of impairment. If any indication exists or when annual impairment testing for an asset is required, Ultrabulk Shipping A/S estimates the assets recoverable amount.

The recoverable amount is measured using the highest of the fair value less cost to sell or value in use approach, and impairment is charged if the highest of the fair value less cost to sell or value in use is less than the carrying amount of the assets. The fair value less cost to sell is estimated based on two independent broker valuations and historical sale price in the present market conditions. The broker valuations and sale prices will give a range for what is expected to be the fair value of the assets. The exact value used to measure the impairment charges is encumbered with uncertainty and is based on what the Company believes is the best estimate of the fair value. The value in use is calculated as the present value of the total expected cash flows during the rest of the vessels economic lives including entered COAs, time charters and by using estimated rates on the basis of historical data for uncovered capacity.

The Group recognised a USD 2.9 million impairment loss on a vessel in 2011 (2010: nil). Reference is made to note 12.

Onerous contract

At each balance sheet date Ultrabulk Shipping A/S assesses if there are contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received. These are defined as onerous contracts. Ultrabulk Shipping A/S assesses the contracts as a total value within the separate segments. If the contracts within the separate segments are onerous, the present obligation under the contract will be measured and recognised as a provision.

At 31 December 2011, no provision for onerous contracts has been recognized (31 December 2010: nil).

Notes to the Financial Statements

Note 3 - Business activities reporting

Freight income in business activities
Figures in USD '000

	2011	2010
Supramax	341.232	480.010
Panamax	178.217	112.393
Other	649	647
Total	**520.098**	**593.050**

The company operates in the Supramax and Panamax activities. The company's activities are global and therefore no geographic split applies.

Note 4 – Remuneration to the auditor appointed at the general meeting

Figures in USD '000

Fee's to KPMG	2011	2010
Audit	227	160
Other assurance service	0	0
Tax consultancy	90	14
Other services	0	0
Total	**317**	**174**

KPMG was elected by the Extraordinary General meeting on 17 September 2010

Fee's to Ernst & Young	2011	2010
Audit	0	0
Other assurance service	0	78
Tax consultancy	0	11
Other services	0	0
Total	**0**	**89**

Notes to the Financial Statements

Note 5 – Staff costs

Figures in USD '000	2011	2010
Fixed salaries	8.311	7.404
Pensions - defined contribution plan	759	357
Other expenses for social security etc.	547	385
Incentive payment (cash based)	2.489	0
Share-based payments	0	7.618
	12.106	**15.764**
Staff costs included in administration expenses	12.106	15.764
	12.106	**15.764**
Average number of employes	66	56

Remuneration for the Management	2011		2010	
Figures in USD '000	Board of Directors	Executive Management	Board of Directors	Executive Management
Fixed salaries	0	549	0	506
Pensions - defined contribution plan	0	46	0	14
Incentive payment (cash based)	0	251	0	0
Share-based payment	0	0	0	1.080
Total remuneration for the Board of directors and executive management	0	846	0	1.600

Senior management and a number of the employees are covered by an incentive scheme (cash based). No share-based payment is currently in place.

The members of the executive management are subject to a notice of up to 18 months and can resign from management with a notice up to 9 months. No severance payment applies.

Note 6 – Depreciation and impairment

Figures in USD '000	2011	2010
Depreciation vessel	866	0
Depreciation fixtures, fittings and equipment	325	218
Profit, sale of fixtures, fittings and equipment	-109	0
Total depreciation	**1.082**	**218**
Impairment loss, vessel	2.900	0
Total depreciation and impairment	3.982	218

Notes to the Financial Statements

Note 7 – Financial income

Figures in USD '000		
	2011	**2010**
Interest income, Bank	26	25
Other interest income	154	130
Total	**180**	**155**

Note 8 – Financial expenses

Figures in USD '000		
	2011	**2010**
Interest expenses, Bank	1	1
Interest expenses for related parties	799	0
Interests on leasing debt	10	13
Other interest expenses	6	95
Total	**816**	**109**

Note 9 – Other financial items

Figures in USD '000		
	2011	**2010**
Foreign exchange gain	69	331
Other financial income	0	18
Other financial income	**69**	**349**
Foreign exchange loss	-331	-856
Derivate financial instruments, not designated as hedge	0	-456
Other financial expenses	0	-35
Other financial expenses	**-331**	**-1.347**
Total	**-262**	**-998**

Notes to the Financial Statements

Note 10 – Tax

Figures in USD '000

	2011	2010
Current tax on profit for the year	-129	0
Deferred tax on profit for the year	65	-80
Tax on profit for the year	**-64**	**-80**
Adjustments related to previous years - current tax	-678	106
Adjustments related to previous years - deferred tax	822	-112
Tax in the income statement	**80**	**-86**
Computation of effective tax rate (%):		
Statutory corporate income tax rate in Denmark	25,0	25,0
Effects from Tonnage Tax Scheme	-26,3	-7,0
Effects of adjustments related to prior years	27,2	-5,7
Deviation in foreign subsidiaries' tax rates compared to the Danish tax rate (net)	19,2	-8,0
Effects of share purchase program	11,6	1,1
Non-tax income less non-tax deductible expenses (net)	-0,6	0,1
Effective tax rate	**56,1**	**5,5**
Tax on fair value adjustments on financial instruments	-16	-496
Tax relating to other comprehensive income	**-16**	**-496**

Note 11 – Shareholder' information

Earnings per share

Figures in USD '000

		2011	2010
Net profit for the year		224	-1.477
Profit attributable to the minority		-32	-60
Profit attributable to the equity holders of the parent		192	-1.537
Average number of shares outstanding		27.100.000	24.867.792
Average number of treasury shares		0	0
Average number of shares		27.100.000	24.867.792
Dilutive effect of share options		0	0
Weighted average number of ordinary shares adjusted for the effect of dilution		27.100.000	24.867.792
Basic earnings per share	USD	0,01	-0,06
Diluted earnings per share	USD	0,01	-0,06

Notes to the Financial Statements

Note 12 – Vessel

Figures in USD '000

	2011	2010
Cost:		
Cost at 1 January	0	0
Transferred from newbuildings	45.906	0
Cost at 31 December	**45.906**	**0**
Depreciation and impairment at 1 January	**0**	**0**
Depreciation for the year	-866	0
Impairment for the year	-2.900	0
Depreciation and impairment at 31 December	**-3.766**	**0**
Carrying amount at 31 December	42.140	0
Expected useful life of vessels:	20 years	

An impairment is recognised if the highest of the fair value less cost to sell or value in use is less than the carrying amount of the assets.

The market value of the vessel is below the carrying amount of USD 45 million, and as the value-in-use has been assessed to USD 42.1 million, an impairment of USD 2.9 million has been recognised.

Key assumptions:

The estimated future cash flows by management over the remaining life of the vessel are to a vast extent based upon independent sources and market information, acknowledging that the data is inherently impacted by prevailing uncertainties. The future freight income (20 year) is based on the historically observed BSI spot rate and the company's portfolio of long term contract of affreightments. The residual value at the end of the economic life is based on scrap price per ton value estimated to USD 434. Operating costs are based on current operating costs inflated (3.0%) over the life time of vessel including estimated drydocking expenses. An weighted average cost of capital of 7.8 % has been applied.

A change in the WACC at +/- 1%-point will change the value with USD 3.0 million.

Note 13 – New building contracts

Figures in USD '000

	2011	2010
Cost:		
Cost at 1 January	6.695	6.695
Additions for the year	39.211	0
Transferred during the year to vessels	-45.906	0
Cost at 31 December	**0**	**6.695**
Carrying amount at 31 December	0	6.695

Notes to the Financial Statements

Note 14 – Fixtures, fittings and equipment

Figures in USD '000

	2011	2010
Cost:		
Cost at 1 January	5.383	6.321
Additions for the year	79	208
Disposals for the year	-122	-1.146
Cost at 31 December	5.340	5.383
Depreciation and impairment at 1 January	-4.395	-5.313
Depreciation for the year	-325	-218
Reversed depreciation and impairment for the year	101	1.136
Depreciation and impairment at 31 December	-4.619	-4.395
Carrying amount at 31 December	**721**	**988**
Expected useful life:	3-10 years	3-10 years

Note 15 – Investments in associates

Associated companies:
Figures in USD '000

	2011	2010
Cost:		
Cost at 1 January	3.300	3.218
Exchange rate adjustment	-301	82
Cost at 31 December	**2.999**	**3.300**
Value adjustment at 1 January	-515	-324
Exchange rate adjustment	-45	8
Share of the result for the year	527	-199
Value adjustment at 31 December	**-33**	**-515**
Carrying amount at 31 December	2.966	2.785
The carrying amount can be specified as follows:		
Pérola S.A., Brasil, interest 20%	2.966	2.785
	2.966	2.785
Key figures for investment in associates:		
Assets	21.480	21.934
Liabilities	-7.113	-10.814
Net assets	14.367	11.120
Revenues	26.380	9.626
Profit/loss	2.636	-977

Notes to the Financial Statements

Note 16 – Investments in joint ventures

Figures in USD '000

	2011	2010
Cost:		
Cost at 1 January	0	0
Additions for the year	10.325	0
Cost at 31 December	**10.325**	**0**
Value adjustment at 1 January	0	-
Share of the result for the year	459	0
Value adjustment at 31 December	**459**	**0**
Carrying amount at 31 December	10.784	0
The carrying amount can be specified as follows:		
Ultra Summit (Singapore) Pte. Ltd., 50%	10.784	0
	10.784	0
Key figures for investment in associates:		
Assets	49.955	0
Liabilities	-25.387	0
Net assets	24.568	0
Revenues	5.061	0
Profit/loss	917	0

Note 17 – Other financial assets, non-current

Figures in USD '000

	2011	2010
Pérola S.A., Brasil	1.210	1.023
Total	**1.210**	**1.023**

Note 18 – Inventories

Figures in USD '000

	2011	2010
Bunker (at cost)	24.444	14.251
Total inventories at lower of cost and net realisable	**24.444**	**14.251**
Bunker expenses recognised in profit and loss	158.032	126.975

Part of the bunker consumption has been hedged in accordance with the Groups risk management policy. This is described in Note 27.

Notes to the Financial Statements

Note 19 – Trade and other receivables (current)

Figures in USD '000

	2011	2010
Customers (trade receivables)	24.936	14.815
Accrued income (trade receivables)	5.099	7.515
Other receivables	6.776	5.638
Total	**36.811**	**27.968**

Trade receivables are non-interest bearing and are generally of 5 - 30 day terms.

	2011	2010
Maturity analysis for trade receivables		
- receivables not due	9.546	4.338
- less than 30 days	8.569	3.895
- between 30 days and 60 days	724	2.324
- More than 60 days	6.097	4.258
Carrying amount of trade receivables	24.936	14.815
Trade receivables at initial value impaired and fully provided for	3.135	1.188

Note 20 – Prepayments

Figures in USD '000

	2011	2010
Charter hire	15.566	13.259
Insurance	0	5.188
Others	445	353
Total	**16.011**	**18.800**

Note 21 – Cash and short-term deposits

Figures in USD '000

	2011	2010
Cash at bank and in hand	10.872	27.488
Total	**10.872**	**27.488**

Notes to the Financial Statements

Note 22 – Share capital

Share capital

	Number of shares	DKK'000	USD'000
2006 and before	2.500.000	25.000	4.196
2007	2.500.000	25.000	4.196
2008	2.500.000	25.000	4.196
2009	24.638.502	246.385	46.941
2010	27.100.000	27.100	5.134
At 1 January 2011	**27.100.000**	**27.100**	**5.134**
Increase in share capital	0	0	0
Decrease in share capital	0	0	0
At 31 December 2011	**27.100.000**	**27.100**	**5.134**

No shares confer any special rights upon its holder shares or on voting rights. No restrictions have been imposed on negotiability of the shares or on voting rights. All issued shares are fully paid.

Note 23 – Treasury shares

	2011	2010
Number of treasury shares		
Holding at the beginning of the year	323.696	2.463.850
Treasury shares received from Parent	-	73.916
Sale during the year	-323.696	-2.214.070
Number of treasury shares at the end of the year	**0**	**323.696**
Treasury shares as a % of share capital at the end of	**-**	**1,2**

The treasury shares were related to the adoption of a share options program for management and employees in the Ultrabulk Shipping A/S group. Due to the compulsory acquisition at 29 December 2011, all treasury shares are sold.

Note 24 – Provision

Figures in USD '000

	2011	2010
Provisions at 1 January	0	8.422
Applied for the year	0	-8.422
Provisions at 31 December	0	0

Notes to the Financial Statements

Note 25 – Deferred tax asset

Figures in USD '000

	2011	2010
At 1 January	3.397	2.970
Deferred tax on profit for the year	65	-177
Adjustments related to previous years	725	376
Deferred tax on items recognised on other comprehensive income	16	497
Exchange rate adjustments	-87	-269
Total deferred tax assets/-liabilities, net at 31 December	**4.116**	**3.397**
Deferred tax gross:		
Deferred tax assets	4.116	3.397
Deferred tax liabilities	0	0
Total deferred tax assets/-liabilities, net at 31 December	**4.116**	**3.397**
Deferred tax are allocable to the various items in the balance sheet:		
Tangible assets	-86	-85
Provisions	522	1.288
Derivative financial instruments	16	-2.228
Other liabilities	-322	-1.569
Tax-loss carried forward	3.986	5.991
Deferred tax, net	4.116	3.397

Note 26 – Interest-bearing loans and borrowings

Figures in USD '000

	2011	2010
Leasing debt, non-current	0	42
Loan from related parties, non-current	38.500	0
Leasing debt, current	42	108
Loan from related parties, current	2.192	5.000
Total	**40.734**	**5.150**

Notes to the Financial Statements

Note 27 - Financial risk management, objectives and polices

Risk management overview

Generally the market conditions for shipping activities are volatile and, as a consequence, the company's results may vary from year to year and even from quarter to quarter. In addition, the company is exposed to a number of different financial market risks arising from the company's normal business activities.

Market risks

Freight rates
The business model for an operator is to build a portfolio of vessels on the one hand and a portfolio of cargoes on the other. Depending on the market expectations the company can decide on being long on cargoes (typically when expecting a decreasing market) or long on vessels (typically when expecting an increasing market).

Unexpected fluctuation in freight rates is the key factor affecting cash flow and the value of committed assets. The level of risk depends firstly on the level of such unexpected fluctuations and secondly on the size of the imbalance between the commitment on cargoes and commitment on vessels taken by the company.

Ultrabulk Shipping A/S's business model is to maintain a relatively balanced book building and to constantly keep a strict control of the level of exposure by utilising state of the art back office exposure systems, which allows the company to timely adjust its book building.

Fuel Prices
Contracts of Affreightment (cargo contract containing multiple cargoes) are based on fixed freight rates, which exposes the company to fluctuations on fuel prices.

The Company seeks to reduce the exposure to fluctuating bunker fuel prices through compensation clauses in contracts with clients. On contracts (CoA's) where this is not possible the Company use commodity based derivative to reduce bunker exposure.

Counterparty risk
The company's main credit risks are related to its counterparty risk. The risk profile is determined by the counterparty's solvency and the type legal contract upon which the deal is based.

Single cargoes
It is industry standard that freight payment is made within very few days of departing from the loading port. It is also an industry standard that the vessel owner has a lien in the cargo, should the freight payment not have been paid prior to the arrival at the discharge port. The counterparty risk on these types of deals is therefore limited.

Contract of Affreightment (multiple cargoes)
It is important for Ultrabulk Shipping to carefully evaluate counterparty risk on CoA contracts, as the company is highly dependent on the counterparty's solvency and its ability and willingness to fulfill their obligations.

Approval of CoA counterparties is done on senior management level only, and involves the following elements:

- Positive credit rating report from a London based maritime credit rating bureau
- Positive industry references
- Satisfactory performance on existing commitments, if any, between Ultrabulk Shipping and the counterpart
- Positive reference from the fuel purchase market

Approval of counterparties may vary from one cargo to multiple year contracts.

Timecharter out
Ultrabulk Shipping does only on a limited basis use 'timecharter out', however occasionally Ultrabulk Shipping vessels are on shorter or longer time charter to other ship operators. The approval process is very similar to that outlined above, with extra emphasis on positive industry references.

Timecharter in
Although it is Ultrabulk Shipping paying hire to the owners of the vessel, there is a risk that the owners may default and the contract terminate early. The loss of such charter may represent a significant risk, wherefore Ultrabulk Shipping evaluates these types of contracts in line with those of the CoAs and timecharter out.

Derivative financial instruments are only entered with highly rated financial institutions, which imply that the credit exposures for these transactions are expected to be at an acceptable level.

Forward Freight Agreements (FFA)
Several contract types are being offered in the derivatives market, Ultrabulk Shipping however only utilizes swaps.

FFAs are utilised both as an instrument for hedge and speculation, for cargo as well as vessel commitments. The company utilises extensive risk management systems in order to control the market value of all open positions. Based on the risk systems, the company is able to monitor the market position on a daily basis. The strategy is that the overall maximum exposure, i.e. FFAs and physical commitments in monetary terms, is directed by the Board of Directors and is furthermore not exceeding 20 percent of the anticipated physical activity without prior approval of the Board of Directors. As a rule, the FFA exposure in non-hedge related deals are not to exceed five net trading years.

Interest rate risk exposure
Interest rate and currency risks are moderate financial risks for Ultrabulk Shipping. Management periodically reviews and assesses the primary financial market risks. Ultrabulk Shipping will use financial derivates to manage such risks. These may include interest rate swaps, forwards contracts and options.

The Company's exposure to interest rate risk is insignificant as the company continues to have no loans to financial institutions.

Currency risk
The company's reporting currency is USD. Most of the company's revenues and expenses are denominated in USD. The company has one owned vessel, The company's strategy is to finance the vessels in the same currency as the vessels receive income. As a consequence, the vessel is financed in USD. The company may use financial derivatives to reduce the net operational currency exposure.

Currency risks on administrative expenses in DKK have been hedge for a period up to 12 month corresponding to 7.3 MUSD.

Liquidity exposure
It is the company's objective to maintain a balance between continuity of funding and flexibility through the usage of available bank facilities, either in the form of overdraft facilities, or through revolving credit facilities. Currently, funding from bank facilities is not needed. The company's surplus liquidity is placed in bank accounts with interest on deposits, or through term deposits.

Capital management
The primary objective of the Company's capital management is to ensure that it maintains an adequate capital ratio in order to support its business and maximise shareholder value. Ultrabulk Shipping manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company can acquire own shares, make dividend payment to shareholders, return capital to shareholders or issue new shares.

Notes to the Financial Statements

Other risks

Environment
The vessels controlled by Ultrabulk Shipping are chartered and therefore the majority of risk in connection with environmental issues rests the owner of the vessel. There are however situations, whereby Ultrabulk Shipping may become liable for spills or other environmental impacts. Ultrabulk Shipping has an insurance against these types of accidents limited to USD 350 million for each single incident.

Piracy
Unfortunately piracy has become an integral part of the Somalian economy, and the risks encountered transiting Somalian waters are substantial. It is the policy of the company that transit within joint war committee zone of the coast of Somalia is subject to Management approval. The company is constantly following the recommendations made by the UN subsidiary International Maritime Organisation (IMO), and the recommendations made by the underwriters

Note 28 – Trade and other payables (current)

Figures in USD '000

	2011	2010
Trade payables	45.561	28.864
Prepaid income	2.867	1.868
Accrued expenses	14.440	18.003
Insurance	1.496	0
Other payables	2.891	3.087
Total	**67.255**	**51.822**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30 days terms.
- Other payables are non-interest bearing and have an average term of six months.

Note 29 – Operating lease liabilities and COAs commitments

Lease agreements have been entered into with a mutually interminable lease period up to 10 years. As a general rule, leases include an option to renew for one additional year a time for up to three years. Some of the lease agreements include a purchase option, typically exercisable as from the end of the fifth year to the expiry of the period of renewal. Exercise of the purchase option on the individual vessel is based on an individual assessment. The lease liabilities are assessed at nominal amount.

Figures in USD '000

Charter hire for vessels not delivered	**2011**	**2010**
Within one year	56.845	2.566
Between 1 - 5 years	318.252	264.217
More than 5 years	435.345	521.800
Total	**810.442**	**788.582**

The Group has purchase options on all 21 operational leases. However the majority of such purchase options are partly shared. The table below illustrates the earliest possible time of declaration of the purchase option:

	Year of earliest possible declaration of purchase option								
Segment	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Total**
Handysize						2			2
Supramax/Handymax	1	1		3	1	6	1	2	15
Panamax/Kamsarmax						2	2		4
	1	1	0	3	1	10	3	2	21

Notes to the Financial Statements

Charter hire for vessels on timecharter with purchase option	2011	2010
Within one year	31.083	17.246
Between 1 - 5 years	119.258	56.692
More than 5 years	115.500	47.262
Total	**265.841**	**121.200**

Charter hire for vessels on timecharter without purchase option	2011	2010
Within one year	13.924	51.595
Between 1 - 5 years	19.243	9.186
More than 5 years	0	0
Total	**33.167**	**60.781**

Other leases (operational lease)	2011	2010
Within one year	1.466	1.261
Between 1 - 5 years	920	846
More than 5 years	0	0
Total	**2.386**	**2.107**
Total operating lease liabilities	**1.111.836**	**972.670**

At 31 December, the Group had entered into COAs with customers amounting to:

COAs commitments as service provider	2011	2010
Within one year	98.831	131.491
Between 1 - 5 years	599.904	529.287
More than 5 years	474.633	559.723
Total	**1.173.368**	**1.220.501**

Notes to the Financial Statements

Note 30 – Contingent assets and liabilities

Contingent assets
Following a customer default to perform under a three year Contract of Affreightment, Ultrabulk Shipping initiated arbitration against the customer. An arbitration award was made in favor of Ultrabulk Shipping in the amount of 36.4 MUSD. The claim is to be enforced. At this point in time, Ultrabulk Shipping cannot predict how long the enforcement will take or when the company will be able to provide additional information.

Contingent liabilities
Ultrabulk Shipping is engaged in certain litigation proceedings. In the opinion of management, settlement or continuation of these proceedings are not expected to have a material effect on Ultrabulk Shipping's financial position, operating profit or cash flow.

Agreements for future delivery of newbuildings and guarantees

Figures in USD '000	**2011**	**2010**
Agreements for future delivery of newbuildings		
Remaining contract amount until delivery in local currency	0	3.040.000
Remaining contract amount until delivery in USD translated at the exchange rate at year end	0	37.297
The remaining contract amounts in USD is payable as follows:		
Within one year	0	37.297
Between one and two years	0	0
Total	**0**	**37.297**
Other guarantees		
Ultrabulk Shipping A/S has issued a guarantee for loan to joint venture	13.500	13.500

Notes to the Financial Statements

Note 31 – Financial instruments

Carrying amount and fair value of financial items by class of financial assets and liabilities

Set out below is a decomposition of the financial assets into categories as defined in IAS 39. Furthermore, the table below includes a comparison of the carrying amount and fair value of financial assets by class of assets. The fair value is estimated using appropriate market information and valuation methodologies. The carrying amount of cash and cash equivalents and loan payables to bank are a reasonable estimate of their fair value. Fair value for derivatives and borrowings has been calculated by discounting the expected future cash flows at relevant interest rates.

Judgment is required to develop estimates of fair value. Hence, the estimates provided herein are only indicative of the amounts that could be realised in the market.

31 December 2011

Figures in USD '000	Held for trade (Hedge derivatives)	Loan and receivables	Available for sale	Carrying amount	Fair value
Other financial asstes	-	1.210	-	1.210	1.210
Total non-current financial assets	**-**	**1.210**	**-**	**1.210**	**1.210**
Cash and short-term deposits	-	10.872	-	10.872	10.872
Derivate financial instruments	2.374	-	-	2.374	2.374
Trade and other receivables	-	36.811	-	36.811	36.811
Total current financial assets	**2.374**	**47.683**	**-**	**50.057**	**50.057**
Total financial assets	**2.374**	**48.893**	**-**	**51.267**	**51.267**
Interest bearing loans and borrowings	-	38.500	-	-	38.500
Total non-current financial liabilities	**-**	**38.500**	**-**	**-**	**38.500**
Trade and other payables	-	67.255	-	67.255	67.255
Loan from related parties, current	-	2.192	-	2.192	2.192
Leasing debt, current portion	-	42	-	42	42
Derivate financial instruments	2.241	-	-	2.241	2.241
Total current financial liabilities	**2.241**	**69.489**	**-**	**71.730**	**71.730**

31 December 2010

Figures in USD '000	Held for trade (Hedge derivatives)	Loan and receivables	Available for sale	Carrying amount	Fair value
Other financial assets	-	1.023	-	1.023	1.023
Other investments	-	-	286	286	286
Derivate financial instruments	924	-	-	924	924
Total non-current financial assets	**924**	**1.023**	**286**	**2.233**	**2.233**
Cash and short-term deposits	-	27.488	-	27.488	27.488
Derivate financial instruments	6.283	-	-	6.283	6.283
Trade and other receivables	-	27.968	-	27.968	27.968
Total current financial assets	**6.283**	**55.456**	**-**	**61.739**	**61.739**
Total financial assets	**7.207**	**56.479**	**286**	**63.972**	**63.972**
Leasing debt	-	42	-	42	42
Derivate financial instruments	1.010	-	-	1.010	1.010
Total non-current financial liabilities	**1.010**	**42**	**-**	**1.052**	**1.052**
Trade and other payables	-	51.822	-	51.822	51.822
Loan from the parent company Ultragas	-	5.000	-	5.000	5.000
Leasing debt, current portion	-	108	-	108	108
Derivative financial instruments	10.504	-	-	10.504	10.504
Total current financial liabilities	**10.504**	**56.930**	**-**	**67.434**	**67.434**

Notes to the Financial Statements

Bunker hedge

Ultrabulk Shipping has entered into contracts in order to hedge future bunker expenses. The contracts are accounted for as cash flow hedges, when the criteria are in compliance with the criteria for cash flow hedge accounting.

The bunker hedges are entered simultaneously with the Contracts of Affreightment (CoA), as part of the Group's risk management. The bunker hedges cover the bunker expenses in connection with the CoA and the duration of the bunker hedge is therefore similar to the duration of the CoA. The remaining durations of the bunker hedge agreements as per 31 December 2011 are between one and 12 months at an average price between USD 583 and USD 623 per MTS. The trade dates are between 01.01.2012 and 31.12.2012.

Currency derivatives

Risk related to general and administration expenses

Currency risks on administrative expenses can be hedged up to 100% of total exposure. The contracts are accounted for as cash flow hedges, when the criteria are in compliance with the criteria for cash flow hedge accounting. In, 2011 currency hedges were entered into, and end of 2011 the company had hedged USD 3.2 mill.

Hedge accounting reserve in equity

The following table sets out the recorded amount in the equity for the cash flow hedging financial derivatives:

	Bunker hedge	***Foreign currency***	***Total reserve***
Balance 01.01.2010	**1.450**	**344**	**1.794**
Recorded to equity		0	0
Removed from equity and included in income statement	-1.482	(344)	-1.826
Removed from equity and included in balance sheet	0	-	0
Balance 31.12.2010	**-32**	**0**	**-32**
Recorded to equity	114	-267	-153
Removed from equity and included in income statement	0	-	0
Removed from equity and included in balance sheet	0	-	0
Balance 31.12.2011	**82**	**-267**	**-185**

	Bunker hedge	***Forward Freight agreement***	***Total reserve***
2011			
Voyage related income	-4.046	-	-4.046
Voyage related expenses	0	-	0
Forward Freight Agreements	-	6.922	6.922
Other financial expenses	6	-	6
Other financial income	-	-	0
Net effect of hedge accounting in the income statement	**-4.040**	**6.922**	**2.882**

	Bunker hedge	***Forward Freight agreement***	***Total reserve***
2010			
Voyage related expenses	1.450	-	1.450
Forward Freight Agreements	-	-472	-472
Other financial expenses	-	-	0
Other financial income	-	-	0
Net effect of hedge accounting in the income statement	**1.450**	**-472**	**978**

Notes to the Financial Statements

Ultrabulk Shipping has entered into Forward Freight Agreement contracts in order to hedge future Contracts of Affreightment/Time Charter contracts for 2012. The Forward Freight Agreement contracts are accounted for as fair value hedges using the principles of a firm commitment when the criteria are in compliance with the criteria for fair value hedge accounting.

Note 32 – Change in networking capital

Figures in USD '000	2011	2010
Change in inventories	-10.193	-5.919
Change in trade and other receivables	-8.843	1.859
Change in prepayments	2.789	-8.426
Change in trade and other payables	15.433	10.880
Total	-814	-1.606

Note 33 – Mortgages and security

The Group has issued a pro rate guaranty for the mortgages in the joint venture Ultra Summit (Singapore) Pte. Ltd.

Note 34 – Related party disclosures

Ultrabulk Shipping is controlled of UltragasGroup (Europe) ApS, Denmark. The ultimate parent of the Group is Naverias Ultragas Ltda, El Bosque Norte 500, 20th floor, Les condes, Santiago, Chile.

Other related parties are considered to be companies within Ultra Group, associated companies, the directors and officers of the entities and management of Ultrabulk Shipping A/S.

Notes to the Financial Statements

Figures in USD '000		Sale/ to/from related	Sale/ to/from related	Amounts owed related	Amounts owed related
Related party	Type of transaction	**2011**	**2010**	**2011**	**2010**
In the period from 1 January to 31 December 2011:					
UltragasGroup (Europe) ApS	Interest	-230	-38	0	-5.000
Ultragas International S.A.	Interest	-568		-38.500	-
Ultrabulk S.A.	Charter hire income	5.303	1.105		-
Ultrabulk S.A.	Mananagement fee income	403			
Othello Shipping Company ApS	Management fee expenses	-250			
In the period from 1 January to 21 June 2010:					
The ultimative parent and subsidiaries					
Eitzen Bulk (Denmark) A/S	Treasury shares	-	147	-	-
Eitzen Bulk (Denmark) A/S	Distribution of non-cash assets	-	0	-	-
Companies which are part of the					
Eitzen Holding AS and subsidiaries	Corporate administration	-	334	-	-
	Corporate administration	-	-48	-	-
	Advisory fee	-	24	-	-
	Interest income	-	85	-	-
	Interest expenses	-	169	-	-
	Purchase of shares	-	0	-	-
	IT services	-	0	-	-
	Rent	-	223	-	-
Others:		-		-	-
Gorrissen Federspiel	Legal assistance	-	153	-	-

There have not been any material transactions with any member of the board of directors, executive management of Ultrabulk Shipping A/S, Navieras Ultragas Ltda. or associated companies. For information on remuneration to the board of directors and executive management of Ultrabulk Shipping A/S, please refer to note 5.

Transactions with related parties are made at normal market prices. Outstanding balances at year-end apart from loans are short-term, unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Group has not made any provision for doubtful debts relating to amounts owed by related parties. The assessment hereof is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Joint taxation

The Danish companies in the Group are in jointly taxation with the other Danish companies in Eitzen Holding AS Group to 21 June 2010 and from 22 June 2010 with other Danish companies in the Navieras Ultragas Group.

Note 35 – Subsequent events

In March 2012 subsidiaries of the ultimate parent company have transferred the ownership of the shares in Ultrabulk S.A. Panama and in Ultrabulk (Germany) GmbH to the Group. No other significant events have occurred between the reporting period and the publication of the annual report that have not been included and adequately disclosed in the annual report at that materially affect the income statement or the balance sheet.

Notes to the Financial Statements

Note 36 – New financial reporting regulation

Ultrabulk Shipping A/S has assessed the impact of the IFRS', amendments and interpretations that are not yet effective and determined that most of them will not have any material impact on the consolidated financial statements going forward.

2011 Annual report of

Ultrabulk Shipping A/S - Parent Company

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Income Statement

Figures in USD '000

	Note	2011	2010
Management fees		4.260	3.317
Administration expenses	4	-3.972	-4.436
Profit/loss before tax and finance costs (EBIT)		**288**	**-1.119**
Financial income	5	6.163	346
Financial expenses	6	-5.459	-1.117
Profit/loss before tax		**992**	**-1.890**
Tax	7	301	450
Net profit/loss		**1.293**	**-1.440**
Distribution of Net profit for the year incl. proposed			
Proposed dividend		0	0
Retained earnings		1.293	-1.440
Total		**1.293**	**-1.440**

Statement of Comprehensive Income

Figures in USD '000	Note	2011	2010
Profit/loss (-) for the year		1.293	-1.440
Other comprehensive income			
Fair value adjustments other investments and other changes(gain/-loss)		-211	-312
Other comprehensive income for the year, net of tax		-211	-312
Total comprehensive income for the year, after tax		1.082	-1.752

Balance Sheet

Figures in USD '000	Note	2011	2010
Investment in subsidares	8	80.283	84.845
Other investments		0	286
Deferred tax		642	501
Total non-current assets		**80.925**	**85.632**
Receivables from Group entreprises	9	29.379	16.118
Cash and short-term deposits		484	6.493
Total current assets		**29.863**	**22.611**
TOTAL ASSETS		**110.788**	**108.243**

	Note	2011	2010
Share capital	10	5.134	5.134
Share premium		12.048	12.048
Total paid-in capital		17.182	17.182
Retained earnings		72.984	71.449
Other reserves		-240	0
Total equity		**89.926**	**88.631**
Payables to Group enterprises and other payables	11	20.862	19.539
Other payables		0	73
Total current liabilities		**20.862**	**19.612**
Total liabilities		**20.862**	**19.612**
TOTAL EQUITY AND LIABILITIES		**110.788**	**108.243**

Statements of Changes in Equity

Figures in USD '000

	Paid in capital				
	Share capital (Note 21)	Share premium	Retained earnings	Hedging reserves	Total equity
At 1 January 2011	**5.134**	**12.048**	**71.449**	**0**	**88.631**
Profit for the year	0		1.292	0	**1.292**
Other comprehensive income	0		0	-240	**-240**
Total comprehensive income	**0**		**1.292**	**-240**	**1.052**
Other changes	0	0	29		**29**
Sale of trasury shares			214		**214**
Dividend			0	0	**0**
Changes during the year	0	0	243	0	243
At 31 December 2011	**5.134**	**12.048**	**72.984**	**-240**	**89.926**
At 1 January 2010	**46.941**	**0**	**23.188**	**0**	**70.129**
Loss for the year	0		-1.440	0	**-1.440**
Other comprehensive income	0		-312	0	**-312**
Total comprehensive income	**0**		**-1.752**	**0**	**-1.752**
Decreace in share capital	-42.248		42.248		**0**
Increase in share capital	441	12.048			**12.489**
Share-based payment			7.618		**7.618**
Sale of trasury shares			147		**147**
Treasury shares received from			532		**532**
Value of treasury shares			-532		**-532**
Dividend			0	0	**0**
Changes during the year	**-41.807**	**12.048**	**50.013**	**0**	**20.254**
At 31 December 2010	**5.134**	**12.048**	**71.449**	**0**	**88.631**

Cash Flow Statements

Figures in USD '000

	2011	2010
Profit/loss(-) before tax	992	-1.890
Paid/received tax including added interest on tax	0	23
Adjustment to reconsile profit before tax to net cash flows		
Non-cash:		
Share based payments, expense	0	7.618
Interest income/expense	-704	0
Net forward contract activity	-267	0
Write down of subsidaries	4.562	0
Other changes	29	0
Working capital adjustments:		
Change in current assets	-13.075	-16.104
Change in current liabilities	1.250	1.634
Net cash flows from operating activities	**-7.213**	**-8.719**
Interest, received	1.601	0
Sale of shares	286	0
Net cash flows from investing activities	**1.887**	**0**
Increase share capital including share premium	0	12.488
Sale of treasury shares	214	147
Interest, paid	-897	0
Other changes	0	40
Net cash flows from financing activities	**-683**	**12.675**
Net change in cash and cash equivalents	-6.009	3.954
Cash and cash equivalents at 1 January	6.493	2.539
Cash and cash equivalents at 31 December	**484**	**6.493**

Notes to the Financial Statements – Parent Company

Note 1 - Summary of significant accounting policies

The accounting policies of the Parent; Ultrabulk Shipping A/S, are identical with the policies applicable to the consolidated financial statements, except for the following:

Dividends from investments in subsidiaries and associates
Dividends from investments in subsidiaries and associates are recognised as income in the Parent's income statement under financial income in the financial year in which dividends are declared.

Investments in subsidiaries in the Parent's financial statements
Investments in subsidiaries are measured at cost. Impairment tests are conducted when there is an indication of impairment. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Note 2 - Significant accounting judgment, estimates and assumptions

The preparation of the Parent's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustments to the carrying amounts of asset and liability affected in future periods.

In the process of applying the Parent's accounting policies, management deems the following estimates and the pertaining assessments to be essential for the preparation of the Annual Report of the Parent.

Investments in subsidiaries
Management assesses annually whether there is an indication of impairment of investments in subsidiaries. In the assessment of Management, there is apart from two subsidiaries without activities where retained earnings have been distributed during 2011, no such indication at 31 December 2011, and there investments in subsidiaries have not been tested for impairment.

Note 3 – Remuneration to the auditor appointed at the general meeting

Figures in USD '000

	2011	2010
Audit	114	15
Other assurance service	0	0
Tax consultancy	77	11
Other services	0	0
Total	**191**	**26**

Note 4 – Staff costs

Figures in USD '000

	2011	2010
Salaries and wages	2.091	1.959
Pension cost	185	267
Other expenses for social security	148	385
Share-based payments	-	141
	2.424	**2.752**
Average number of employees	14	12

Notes to the Financial Statements – Parent Company

Note 5 – Financial income

Figures in USD '000

	2011	2010
Bank interest receivable	0	2
Interest from subsidiaries	652	-
Dividends from subsidiaries	5.440	-
Other interest income	70	-
Currency gain	1	344
Total	**6.163**	**346**

Note 6 – Financial expenses

Figures in USD '000

	2011	2010
Write down of subsidaries	4.562	0
Interest on debt and borrowings	0	652
Other interest expenses	0	0
Currency loss	88	455
Bank Charges	52	10
Total	**5.459**	**1.117**

Note 7 - Tax

Figures in USD '000

	2011	2010
Current tax on profit for the year	0	0
Deferred tax on profit for the year	490	98
Tax on profit for the year	490	98
Adjustments related to previous years - current tax	0	16
Adjustments related to previous years - deferred tax	-189	336
Tax in the income statement	301	450
The tax of profit breaks down as follows:		
Calculated 25% tax on profit for the year before tax	490	0
Adjustment of tax relating to prior years	-189	450
Total tax of profit for the year	301	450

Note 8 – Investments in subsidiaries

Figures in USD '000

	2011	2010
Cost:		
Cost at 1 January	84.845	84.845
Impairment charge for the year	-4.562	0
Cost at 31 December	**80.283**	**84.845**
Impairment at 1 January	0	0
Impairment charge for the year	0	0
Impairment at 31 December	**0**	**0**
Carrying amount at 31 December	80.283	84.845

	Ownershipshare			Sharecapital
	2011	2010	Registred office	in DKKm
Ultrabulk A/S	100	100	Copenhagen, Denmark	1,0
Ultrabulk Rederi A/S	100	100	Copenhagen, Denmark	81,8
Ultrabulk Shipholding A/S	100	100	Copenhagen, Denmark	1,0
P.E.P. Shipping A/S	100	100	Copenhagen, Denmark	1,0
ApS KBUS 8 Nr. 674	100	100	Copenhagen, Denmark	0,3

Note 9 – Receivables from Group enterprises and other receivables

Figures in USD '000

Receivables from Group entreprises and other receivables

	2011	2010
Receivables from Group entreprises	27.824	15.328
Other receivables	1.555	790
Total	**29.379**	**16.118**

Note 10 - Equity

The composition of the share capital and treasury shares is presented in note 22 and 23 to the consolidated financial statements.

The targets for the capital structure or Ultrabulk Shipping A/S is determined and assessed for the Group as a whole, for which reason no operational goals or policies is set for the parent company.

Please refer to note 27 to the consolidated financial statements.

Note 11 – Payables to Group enterprises and other payables

Figures in USD '000

Payables to Group entreprises and other payables

	2011	2010
Payables to Group entreprises	18.187	18.495
Other payables	2.675	1.044
Total	**20.862**	**19.539**

The fair value of payables to Group enterprises and other payables equals the carrying amount.

Notes to the Financial Statements – Parent Company

Note 12 – Mortgages and security

Figures in USD '000	2011	2010
Other guarantees		
Ultrabulk Shipping A/S has issued a guarantee for loan to joint venture	13.500	13.500
Ultrabulk Shipping A/S has issued a guarantee for time charter hire to subsidaries	124.191	0

Note 13 – Contingent assets and liabilities

For information regarding contingent assets and liabilities, please refer to the consolidated financial statements, note 30.

Note 14 – Related party transaction

For information on transaction with related parties, please refer to the consolidated financial statements, note 34.

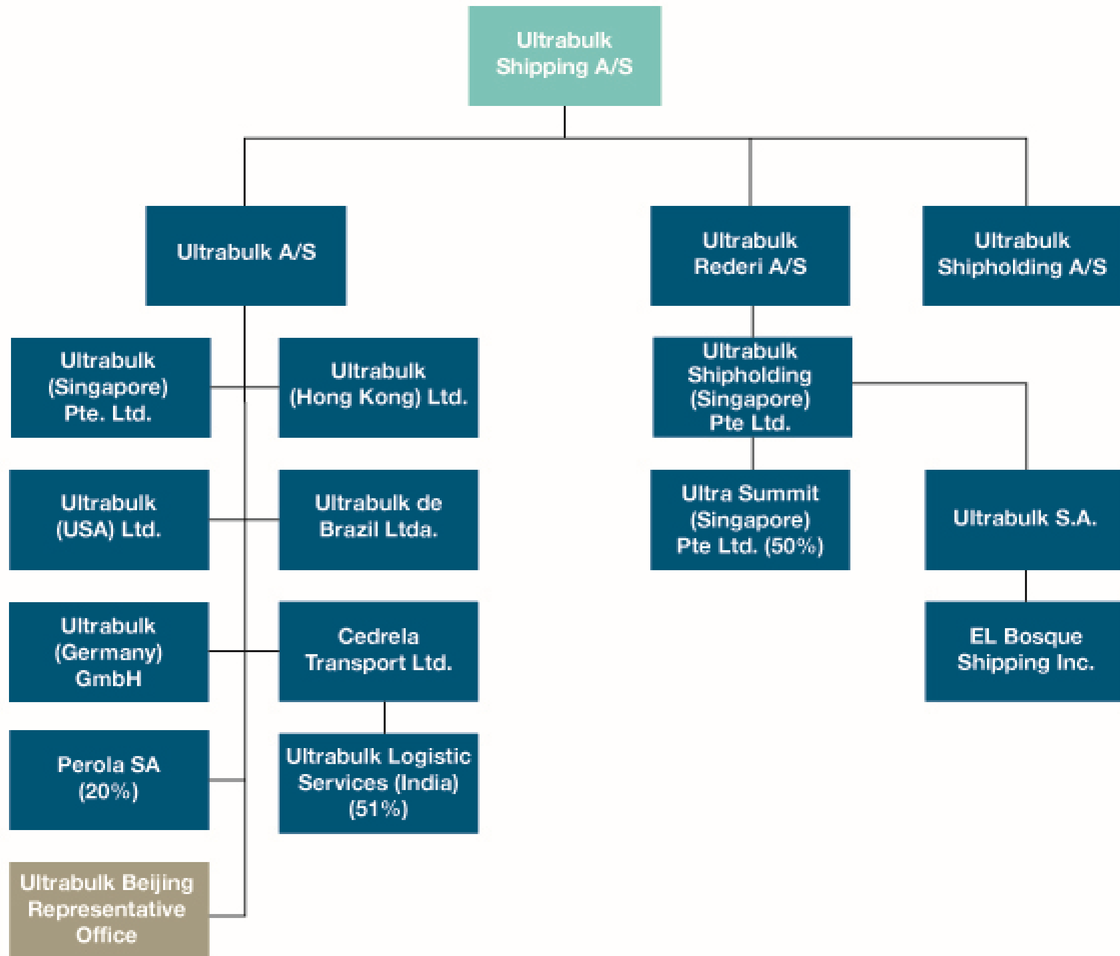
Note 15 – Subsequent events

For subsequent events, please refer to the consolidated financial statements, note 35.

Note 16 – New financial reporting regulation

For new financial reporting regulation, please refer to the consolidated financial statements, note 36. The new financial reporting regulation is not expected to be of any importance for the financial statements of the Parent.

Group Structure



100% owned unless specified otherwise.
P.E.P. Shipping A/S and ApS KBUS 8 Nr. 674 remain dormant companies owned by Ultrabulk Shipping A/S.
Ownership of Ultrabulk S.A. and its subsidiary El Bosque Shipping Inc. as well as Ultrabulk (Germany) GmbH was transferred 1 March, 2012.

Definitions of key figures and financial ratios

The financial ratios were computed in accordance with "Recommendations and Ratios 2010" issued by the Danish Society of Financial Analysts. The ratios listed in the key figures and ratios section were calculated as follows:

Gross profit margin	=	Gross profit x 100 / Revenue
EBITDA margin	=	EBITDA x 100 / Revenue
Return of equity in % (ROE)	=	Profit or loss for the year x 100 / Average equity, excluding minority interests
Payout ratio	=	Dividend x 100 / Profit or loss for the year, excluding minority interests
Equity ratio	=	Equity at year-end, excluding minority interest x 100 / Total assets
DKK exchange rate at year-end	=	The DKK exchange rate quoted on the NASDAQ OMX Copenhagen at the balance sheet date
Average DKK exchange rate	=	The average DKK exchange rate quoted on the NASDAQ OMX Copenhagen for the year
Net interest-bearing debt	=	Interest-bearing debt less cash and cash equivalents at year-end