



Ultrabulk

Ultrabulk Steel Service A/S

(formerly ApS KBUS 8 nr 674)

Smakkedalen 6, DK-2820 Gentofte

CVR No. 73 71 15 17

Annual Report

for the year ended 31 December 2013

Adopted at the Annual General Meeting of shareholders ²⁸ May 2014

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Statement by the Executive Board and the Board of Directors

The Executive Board and the Board of Directors have today discussed and approved the annual report of Ultrabulck Steel Service A/S for the financial year 1 January – 31 December 2013.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

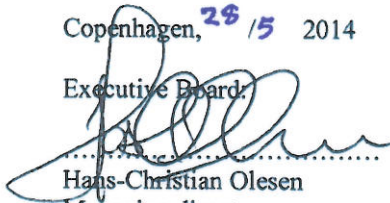
It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2013 and of the results of the Company's operations for the financial year 1 January – 31 December 2013.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and its financial position.

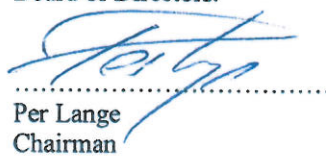
We recommend that the annual report be approved at the annual general meeting.

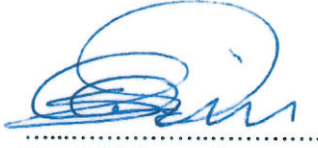
Copenhagen, ²⁸ / 5 2014

Executive Board:


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Hans-Christian Olesen
Managing director

Board of Directors:


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Per Lange
Chairman


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Henrik Sleimann Petersen


.....
Søren M Christoffersen

Independent auditors' report

To the Shareholders of Ultrabulk Steel Service A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Ultrabulk Steel Service A/S for the financial year 1 January – 31 December 2013. The financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the 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 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 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 financial statements give a true and fair view of the Company's financial position at 31 December 2013 and of the results of its operations for the financial year 1 January – 31 December 2013 in accordance with the Danish Financial Statements Act.

Statement on management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 26 May 2014

KPMG

Statsautoriseret Revisionspartnerselskab


Thomas Bruun Kofoed

State Authorised Public Accountant

INFORMATION ABOUT THE COMPANY

Ultrabulk Steel Service A/S (formerly ApS KBUS 8 nr 674)
Smakkedalen 6
DK-2820 Gentofte

Date of foundation:
15.04.1984

Domicile:
Gentofte

Board of Directors:
Per Lange
Hans Christian Olesen
Søren Morbitzer Christoffersen

Management:
Henrik Sleimann Petersen

Shareholders holding 5% or more of the share capital or the voting rights:
Ultrabulk Shipping A/S, Smakkedalen 6, 2820 Gentofte

Parent Company:
As above

Auditors:
KPMG
Statsautoriseret Revisionspartnerselskab

Bankers:
JP Morgan Bank

Management's Review

The Activity

The activity in Ultrabulk Steel Service A/S started in the second half of 2013. The focus area is steel parceling within the following trade lanes:

1. Continent to Caribs and Latin America
2. Black Sea and Mediterranean to Caribs and Latin America

Risk Management

As a direct consequence of global financial crisis, counterpart credit risk is still a major challenge within the shipping activities.

Ultrabulk Steel Service A/S maintains high focus on this area with continuous evaluation of existing and potential new customers. The evaluation is made via the use of both internal and external resources.

Ultrabulk Steel Service A/S concludes that counterpart risk in all current contracts is within acceptable risk profiles.

2013 highlights

The net result for the year was a loss of 1.1 MUSD (1 TUSD profit in 2012) and an equity of -1.0 MUSD.

In connection with the name change of the company and start up of the new parceling activity, the company was incorporated as an A/S (Limited liability company) with an increase of equity of USD 35,341.

The parent company Ultrabulk A/S has committed to secure Ultrabulk Steel Service A/S with the necessary liquidity for Ultrabulk Steel Service A/S to meet its financial obligations as they are due. The commitment from Ultrabulk A/S is valid in 12 months from the balance sheet date 31. December 2013.

Outlook

In 2014, the focus of Ultrabulk Steel Service A/S will be to secure more profitable cargo contracts and to further develop the market.

Ultrabulk Steel Service A/S expects a positive result for the financial year 2014.

ACCOUNTING POLICIES

General

The Annual Report of Ultrabulk Steel Service A/S has been prepared in accordance with the provisions of Danish Company Accounts Act concerning size B enterprises.

The accounting policies used are unchanged compared to last year.

Pursuant to section 86(4) of the Danish Company Accounts Act, no separate cash flow statement has been prepared for Ultrabulk Steel Service A/S as the Company's cash flows are included in the cash flow statement of the Group.

In the financial year the company has started up active shipping in the parcelling segment. The functional currency in shipping is USD. Therefore the reporting currency is changed from DKK to USD. The change in reporting currencies has had no significant influence on the previous years' reported figures.

Currency retranslation

Transactions in foreign currency are translated into USD at the exchange rate at the date of the transaction.

The exchange rate USD / DKK as at 31 December 2013 amounted to 5.41 and 5.66 as at 31 December 2012.

Monetary items in foreign currency are translated into USD at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Revenue and expenses

All voyage revenues, which include revenue from voyages and t/c hire and voyage expenses are recognised on a percentage of completion basis. Ultrabulk Steel Service A/S uses a discharge-to-discharge basis in determining percentage of completion for all spot voyages and voyages servicing contracts of affreightment (COAs). Under this method, voyage revenue is recognised evenly over the period from the departure of a vessel from its last discharge port to departure from last discharge port of the voyage in question. Vessels without fixed employment upon completion of proceeding voyage receive income latest upon fixing next employment. Voyage related expenses incurred for vessels in the idle time are expensed. Revenues from time charters accounted for as operating leases are recognised in rates over the rental periods of such charters, as service is performed.

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 in case the separate segment in which the time or voyage charter is included in, in total is onerous.

Depreciation

Depreciation is provided over the expected useful lives of the individual assets under consideration of scrap value, using the following periods:

Operating equipment	3-10 years
Computer hardware and software	3-5 years

Taxation

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments.

Current and deferred tax concerning changes in equity is taken directly to equity.

BALANCE SHEET**Stocks**

Stocks consist of bunkers and lubricants. Stocks are measured at the lower of actual cost or net realizable value. The cost is determined based upon the FIFO principle.

Receivables

Trade receivables, etc. are measured at the lower of amortised cost and net realisable value, calculated on basis of an assessment of each individual receivable.

Prepayments

Prepayments recognised under assets comprise mainly prepaid T/C-hire.

Shareholders equity

Dividends proposed for the reporting period are recognised as a separate item under 'Equity'.

**Income statement for the year ended 31
December 2013**

		2013	2012
	Note	USD	tUSD
Freight income		10.690.312	0
Voyage related expenses		-6.847.052	0
Time-charter hire		-4.084.916	0
Gross profit		<u>-241.656</u>	<u>0</u>
Administration costs	1	<u>-770.317</u>	-1
Operating result		-1.011.974	-1
Financial income		0	3
Financial expenses	2	<u>-37.761</u>	0
Result before tax		-1.049.735	2
Tax	3	<u>-2.144</u>	-1
Net result for the year		<u>-1.051.879</u>	<u>1</u>
Recommended appropriation:			
Transferred to retained earnings		-1.051.879	1
Dividend paid during the year		0	0
		<u>-1.051.879</u>	<u>1</u>

Balance sheet at 31 December 2013

Assets

	Note	2013 USD	2012 tUSD
Inventories	4	718.658	0
Trade receivables	5	2.054.272	72
Prepayments	6	1.360.184	0
Current assets		4.133.114	72
TOTAL ASSETS		4.133.114	72

Equity and liabilities

Equity

Share capital	7	85.697	50
Retained earnings		-1.038.683	18
Proposed dividend		0	0
Total equity		-952.986	68

Trade payables	8	2.925.452	3
Other liabilities		2.159.334	0
Tax payable		1.314	1
Total current liabilities		5.086.100	4

Total liabilities		5.086.100	4
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TOTAL EQUITY AND LIABILITIES		4.133.114	72
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Statement of changes in Shareholders' equity

	2013 USD	2012 tUSD
Share capital		
Share capital 1. January 2013	50.356	50
Conversion of retained earnings	14.137	
Cash capital contribution	21.205	
Share capital 31. December 2013	85.697	50
Retained earnings		
Balance 1. January 2013	18.421	15
Result for the year	-1.051.879	1
Converted to share capital	-14.137	0
Currency translation	8.911	2
Balance 31. December 2013	-1.038.683	18
Proposed dividend		
Balance 1. January 2013	0	0
Transferred from retained earnings	0	0
Balance 31. December 2013	0	0
Equity 31. December 2013	-952.986	68

NOTES

Note 1. Administrative expenses

Remuneration for certain employees handling the activities of Ultrabulk Steel Service A/S is expensed as a management fee in 2013, in total tUSD 738, (2012: tUSD 0), and consequently recognized as "Administration expenses". No remuneration has been paid to management and board members of Ultrabulk Steel Service A/S.

Note 2. Financial expenses

	2013 USD	2012 tUSD
Interest expenses for related parties	37.360	-
Other financial expenses	401	-
	<u>37.761</u>	<u>-</u>

Note 3. Tax for the year

Estimated income tax charge	-1.314	-
Adjustment to previous year	-830	1
	<u>-2.144</u>	<u>1</u>

Note 4. Inventories

Bunker stock (at cost price)	718.658	-
	<u>718.658</u>	<u>-</u>

Note 5. Receivables

Trade receivables	606.321	-
Receivables from related parties	1.447.950	72
	<u>2.054.272</u>	<u>72</u>

NOTES

	2013	2012
Note 6. Prepayments	USD	tUSD
Charter hire	797.922	-
Others	562.262	-
	<u>1.360.184</u>	<u>-</u>

Note 7. Share capital

Analysis of the Parent Company's share capital of DKK 500,000:

2012 and earlier:		
30 shares of DKK 10,000 each	50.356	
1 January 2013:		
Cash capital increase	35.341	
Total share capital	<u>85.697</u>	

Note 8. Trade payables

Trade payables	120.860	3
Payables to related parties	2.804.592	1
	<u>2.925.452</u>	<u>4</u>

NOTES**Note 9. Contingent liabilities**

The company is under joint taxation with the other Danish companies in the UltranaV ApS group. As a wholly owned subsidiary, the company bears unlimited joint and several liabilities of Danish withholding taxes on dividends, interest and royalties within the joint taxation.

Note 10. Related parties

Related parties consist of the Supervisory Board and Executive Board, Group enterprises together with enterprises affiliated with the ultimate parent company UltranaV, Chile.

Shareholders holding 5% or more of the share capital or the voting rights:

Ultrabulk A/S, Smakkedalen 6, 2820 Gentofte, Danmark

In Denmark the ultimate shareholder is UltranaV ApS which prepares a consolidated financial statement in which Ultrabulk Steel Service A/S is consolidated.

Note 11. The company's cash and financial position

The parent company Ultrabulk A/S has committed to secure Ultrabulk Steel Service A/S with the necessary liquidity for Ultrabulk Steel Service A/S to meet its financial obligations as they are due. The commitment from Ultrabulk A/S is valid in 12 months from the balance sheet date 31. December 2013.
