

# Ultrabulk

## Ultrabulk Steel Service A/S

Smakkedalen 6, DK-2820 Gentofte

CVR No. 73 71 15 17

**Annual Report**  
for the year ended 31 December 2014

Adopted at the Annual General Meeting of shareholders 28 May 2015

A handwritten signature in blue ink, consisting of a large, stylized 'U' followed by a long, sweeping horizontal stroke that ends in a small hook.

**CONTENTS**

	Page
Statement by the Executive Board and Board of Directors	3
Independent auditors' report	4
Information about the Company	5
Management's Review	6
<b>Financial statements</b>	
Accounting Policies	7
Income statement	9
Balance Sheets	10
Statement of changes in shareholders' equity	12
Notes	13

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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 Ultrabulk Steel Service A/S for the financial year 1 January – 31 December 2014.

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 2014 and of the results of the Company's operations for the financial year 1 January – 31 December 2014.

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.

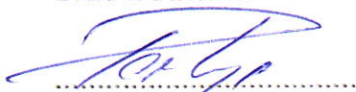
Copenhagen, 23/5 2015

Executive Board:



Hans Christian Olesen  
Managing director

Board of Directors:



Per Lange  
Chairman



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 2014. 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 2014 and of the results of its operations for the financial year 1 January – 31 December 2014 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, 28 May 2015

**Ernst & Young**  
Godkendt Revisionspartnerselskab



Thomas Bruun Kofoed  
State Authorised Public Accountant

**INFORMATION ABOUT THE COMPANY**

Ultrabulk Steel Service A/S  
Smakkedalen 6  
DK-2820 Gentofte

**Date of foundation:**

15.04.1984

**Domicile:**

Gentofte

**Board of Directors:**

Per Lange  
Henrik Sleimann Petersen  
Søren Morbitzer Christoffersen

**Management:**

Hans-Christian Olesen

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

Ultrabulk A/S, Smakkedalen 6, 2820 Gentofte

**Parent Company:**

As above

**Auditors:**

Ernst & Young  
Godkendt Revisionspartnerselskab

**Bankers:**

JP Morgan Bank

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## **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.

### **2014 highlights**

The net result for the year was a profit of 1.3 MUSD (1.1 MUSD loss in 2013) and an equity of 0.3 MUSD, which is considered satisfactory.

### **Outlook**

In 2015, 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 2015.

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## 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.

### 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 2014 amounted to 6.12 and 5.41 as at 31 December 2013.

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'.

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**Income statement for the year ended 31  
December 2014**

	Note	2014 USD	2013 kUSD
Freight income		28.039.130	10.690
Voyage related expenses		-18.502.571	-6.847
Time-charter hire		-7.098.072	-4.085
<b>Gross profit</b>		<b>2.438.486</b>	<b>-242</b>
Administration costs	1	-1.092.337	-770
<b>Operating result</b>		<b>1.346.148</b>	<b>-1.012</b>
Financial expenses	2	-39.126	-38
<b>Result before tax</b>		<b>1.307.023</b>	<b>-1.050</b>
Tax	3	-44.624	-2
<b>Net result for the year</b>		<b>1.262.399</b>	<b>-1.052</b>
<b>Recommended appropriation:</b>			
Transferred to retained earnings		1.262.399	-1.052
		<b>1.262.399</b>	<b>-1.052</b>

## Balance sheet at 31 December 2014

### Assets

	Note	2014 USD	2013 kUSD
Inventories	4	1.195.480	719
Receivables	5	3.107.236	2.054
Prepayments	6	777.943	1.360
<b>Current assets</b>		<b>5.080.660</b>	<b>4.133</b>
<b>TOTAL ASSETS</b>		<b>5.080.660</b>	<b>4.133</b>

### Equity and liabilities

#### Equity

Share capital	7	85.697	86
Retained earnings		223.716	-1.039
<b>Total equity</b>		<b>309.413</b>	<b>-953</b>

Trade payables	8	1.670.092	2.925
Other liabilities		3.055.218	2.159
Tax payable		45.938	1
<b>Total current liabilities</b>		<b>4.771.247</b>	<b>5.086</b>

<b>Total liabilities</b>		<b>4.771.247</b>	<b>5.086</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5.080.660</b>	<b>4.133</b>

Contingent liabilities	9
Related parties	10

**Statement of changes in Shareholders' equity**

	<b>2014</b>	<b>2013</b>
	<b>USD</b>	<b>kUSD</b>
<b>Share capital</b>		
Share capital 1. January	85.697	50
Conversion of retained earnings	-	15
Cash capital contribution	-	21
<b>Share capital 31. December</b>	<b>85.697</b>	<b>86</b>
<b>Retained earnings</b>		
Balance 1. January	-1.038.683	18
Result for the year	1.262.399	-1.052
Converted to share capital	-	-14
Currency translation	-	9
<b>Balance 31. December</b>	<b>223.716</b>	<b>-1.039</b>
<b>Equity 31. December</b>	<b>309.413</b>	<b>-953</b>

## 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 2014, in total kUSD 1.083, (2013: kUSD 738), 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

	2014	2013
	USD	kUSD
Interest expenses for related parties	15.029	37
Other financial expenses	24.096	1
	<b>39.126</b>	<b>38</b>

### Note 3. Tax for the year

Estimated income tax charge	-34.181	-1
Adjustment to previous year	-10.443	-1
	<b>-44.624</b>	<b>-2</b>

### Note 4. Inventories

Bunker stock (at cost price)	1.195.480	719
	<b>1.195.480</b>	<b>719</b>

### Note 5. Receivables

Trade receivables	906.107	606
Receivables from related parties	2.201.129	1.448
	<b>3.107.236</b>	<b>2.054</b>

## NOTES

	<b>2014</b>	<b>2013</b>
<b>Note 6. Prepayments</b>	<b>USD</b>	<b>kUSD</b>
Charter hire	225.583	798
Others	552.361	562
	<u><b>777.943</b></u>	<u><b>1.360</b></u>

## Note 7. Share capital

Analysis of the 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	
<b>Total share capital</b>	<u><b>85.697</b></u>	

## Note 8. Trade payables

Trade payables	903.210	121
Payables to related parties	766.882	2.804
	<u><b>1.670.092</b></u>	<u><b>2.925</b></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 Board of Directors and Executive Board, Group enterprises together with enterprises affiliated with the ultimate parent company Naviera UltranaV Limitado, El Bosque Norte 500, 20<sup>th</sup> floor, Las Condes, Santiago, Chile.

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

Ultrabulk A/S, Gentofte, Danmark

The shareholder of the company is Ultrabulk A/S which prepares a consolidated financial statement in which Ultrabulk Steel Service A/S is consolidated. The financial statement may be obtained at [www.cvr.dk](http://www.cvr.dk).

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