Ultrabulk Shipping A/S

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2820 Gentofte
CVR. No. 20 70 24 19

Approved on the annual general meeting 31 March 2016:

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Ultrabulk Shipping is one of the leading global dry bulk operators, servicing customers within the Handy, Supramax and Panamax segments.

The core element in Ultrabulk Shipping's business model is still the strong focus on customer relations through a range of long-term partnerships – on cargoes as well as tonnage.

The company has historically pursued opportunities to make strategic investments. Also depressed times like the present, bring with them opportunities which Ultrabulk Shipping pursues. For 2015 this included the starting up of a new MPP Service and expansion of services in Steel Parceling.

The Ultrabulk Shipping business platform's proven risk management system has supported efforts to minimizing counterparty and trading risk, significantly contributing to the 2015 result. Counterparty vetting has increased in importance as well as in efforts.

Ultrabulk Shipping is an operator, with a proven business concept and a dedicated staff geared to pursue long term partnerships and sustainable growth to the mutual benefit of the company and its partners. Our substantial cargo platform has helped us perform in a very tough market environment. With a fairly balanced book the Ultrabulk Shipping controlled fleet averaged 118 vessels in 2015, marginally less than the average of 122 recorded for 2014.

Detailed market surveillance and planning systems also support the business development process, especially in relation to efforts to optimize the balance between cargo contracts and tonnage commitments.

Ultrabulk Shipping is part of the **Ultranav Group**. From the Group head office in Santiago, Chile and from the network of offices around the world the group is actively serving customers in: Gas Carriers (LPG), Crude Oil Tankers, CPP Tankers, Chemical Tankers, Container and Break Bulk Carries and Bulk Carriers.

The Group operates a global fleet of more than 240 units, of which around 60 are fully owned.

The company had 97 employees as of end 2015, strategically located in eight offices in; Copenhagen (Head office), Santiago, New York, Beijing, Rio de Janeiro, Hamburg, Singapore and Hong Kong. The geographical spread of offices enables Ultrabulk Shipping to serve its partners in their own time zone both in relation to chartering and operation.

In these difficult times Ultrabulk Shipping is proud to be able to live up to the commitment to perform as a "Partner you can trust". We are confident that our ability to live up to this commitment has developed into an increasingly strong attribute, which the industry pays attention to. With our comparatively balanced book, solid balance sheet and being part of a strong Group, we are confident we will be able to consolidate our position further as a preferred counterpart, and actively be able to pursue the opportunities which will inevitably arise even under prevailing market conditions.

MISSION STATEMENT

A partner you can trust

VISION STATEMENT

We strive to be your preferred partner in global dry bulk shipping

CORE VALUES

Excellence:

We constantly measure, analyse 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

Passion:

We address challenges with passion and positive commitment

Safety:

We consider safety to be an integral part of our mind set and key to our business success

2015 highlights

MANEUVERING WITHIN A NEW REALITY

Those expecting improved rate levels in 2015, compared to 2014, were left disappointed. In January 2015 the Baltic Shipping Index (BSI) stood at USD 6,119 dropping further in February to levels not seen since 1986. This downward slide unfortunately continued during 2015. The BSI fell to below USD 5,000 by year end, resulting in a historic low annual average T/C rate of USD 6,965/day, 30% below 2014. Due to falling demand, commodity prices have been pressed to levels where production is no longer viable for some. The market has been under unprecedented and extended pressure during the year. Looking forward, 2016 net fleet growth is expected to decrease in comparison to recent years, to more traditional levels in the range of 2 to 3%. Market growth is expected to return to the normal 3% (+), but based on track record over the last two years, it will depend very much on recovering Chinese imports. In any event we have to anticipate working within this new reality and prevailing market conditions for a while.

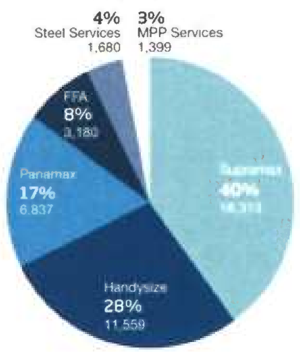
The Ultrabulk Steel Parcelling Service has been well received on its core trading routes and has added a Far East service. The new specialized MPP Service which focuses on the Europe/Africa/Europe trades has likewise had a positive start. These additional services provide clients with an even more diversified product range, and have resulted in cross segment synergies and opportunities.

Ultrabulk Shipping operated an average of 118 vessels during 2015, which were 4 vessels less than previous year. Cargo contractual commitments made during the year were matched by corresponding long term vessel time charters whereby the company was able to maintain a balanced portfolio. The long term core fleet grew by 7 units in 2015 to reach 32 units. A further 14 vessels, mainly on T/C, will be delivered by 2018, partly as physical hedge against the company's COA cargo commitments. The new buildings include units within all size segments where the company is active.

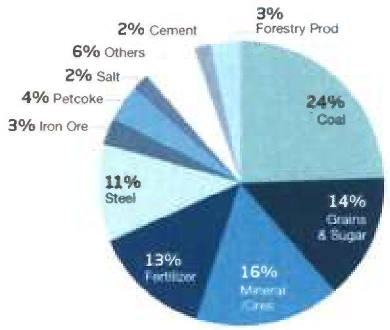
The total of physical ship days in 2015 were 37,788 days, down from 42,013 recorded in 2014. Cargo lifted was down from 40.7 million tons in 2014 to 37.1 million tons in 2015.

The Board of Directors has proposed not to pay out any dividend for 2015.

2015 Trading days (40,968) by segment & area



2015 Lifting's 37.09 M/tons



2016 outlook

THE DEPRESSED MARKET CONTINUES

End of February 2016 Ultrabulk Shipping had cargo coverage of 91% of the known vessel days in 2016.

In 2016, the focus of Ultrabulk Shipping will remain on developing partnerships and increasing earnings from operating activities. These efforts will be directed towards further developing triangular trades, specific commodities and trades, as well as deriving further synergies and creating new business opportunities.

Ultrabulk Shipping is confident that it will be able to maintain and develop its market position and is positioned to address opportunities that will inevitably arise under present depressed market condition. Our more general market outlook for 2016 is described on page 7.

Based on the company's current coverage, and while acknowledging the prevailing difficult and very volatile market condition, a slightly positive EBITDA is expected for 2016.

KEY FIGURES (USD '000)

USD '000	2015	2014	2013	2012	2011
INCOME STATEMENT					
Revenue	652.190	886.016	884.625	691.537	789.364
Gross profit (Net earnings from shipping activites)	27.957	30.903	45.613	45.796	25.036
Operating profit before depreciation, amortization and impairment loss (EBITDA)	5.522	5.918	21.880	19.732	1.886
Operating profit (EBIT)	3.773	5.257	11.628	15.399	-3.954
Net financials	-1.038	338	1.224	504	-88
Profit before tax	2.735	5.595	12.851	15.903	-4.042
Net profit	1.399	5.385	12.076	14.075	-3.962
Profit for the year for the Ultrabulk Shareholders	1.492	5.374	12.067	14.068	-3.994
STATEMENT OF FINANCIAL POSITION					
Non-current assets	104.196	77.913	47.041	81.694	79.529
Current assets	160.505	187.619	202.397	133.864	212.643
Total assets	264.701	265.532	249.438	215.558	292.172
Equity, excl. non-controlling interests	139.528	135.229	148.584	138.327	143.356
Non-controlling interests	64	345	334	325	318
Non-current liabilities	50.630	32.709	0	0	38.500
Current liabilities	74.479	97.249	100.520	76.907	109.998
Net interest-bearing (liabilities)/assets	57.955	63.112	65.539	29.081	-49.163
Cash and securities	88.337	79.648	65.539	28.412	10.873
CASH FLOW					
From operating activities	12.845	3.771	25.498	83.716	-3.763
From investing activities	-16.316	-6.149	11.629	-8.104	49.312
From financing activities	12.160	16.488	0	-58.074	36.459
Total net cash flow	8.689	14.109	37.127	17.538	-16.616
FINANCIAL RATIOS AND PER SHARE DATA					
Gross profit margin (Net earnings from shipping activities margin)	4,3%	3,5%	5,2%	6,6%	3,2%
EBITDA margin	0,8%	0,7%	2,5%	2,9%	0,2%
Return on equity (ROE)	1,1%	3,8%	8,4%	10,0%	-4,3%
Payout ratio	0,0	0,0	0,0	0,0	0,0
Equity ratio	52,7	50,9	59,6	64,2	49,1
USD/DKK rate year-end	683,00	612,14	541,27	565,91	574,56
Average USD/DKK rate	672,69	561,90	561,60	579,72	536,22
Total number of physical ship days	37.788	42.013	40.602	30.727	29.517
Average number of employees	94	88	94	94	95
Proposed dividend	0	0	0	0	0
Interim dividend	0	0	0	0	0

The financial ratios were computed in accordance with "Recommendations and Ratios 2015" issued by the Danish Society of Financial Analysts

Re. 2012: Cash flow from operating activities totalled USD 83.7 million which was primarily related to the transfer of ownership of the Handy-size unit. Adjusted for same the cash flow from operating activities in 2012 amounted to USD 13.3 million. Cash flow from financing activities consequently totalled USD -58.1 million mainly due to repayment of intercompany loan of USD 38.5 million, and paying out dividend of USD 19.8 million to the shareholders of Ultrabulk S.A. prior to the business combination with Ultrabulk Shipping A/S.

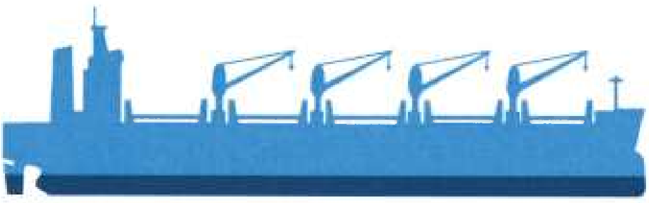
Total fleet: 100 to 145 vessels

Panamax

65,000-85,000 dwt

Supramax

45,000-65,000 dwt



Handysize

25,000-45,000 dwt

MPP

Up to 25,000 dwt

Market Review and 2016 Outlook[1]

The economic outlook from IMF in October 2014 was for 2015 to see a recovery of growth levels. However, 2015 became a disappointment in terms of economic growth, especially in "emerging markets" including China, while "advanced economies" recovered slightly; much the same pattern as for 2014.

Growth pct.	2013	2014	2015	2016/f
World GDP	3.3	3.4	3.1	3.4
Adv.Econ	1.3	1.8	1.9	2.1
Emg.Econ	4.7	4.4	4.0	4.3
Fleet	8.2	5.1	3.5	2.3
Demand	9.0	4.5	0.0	2.0

'000$pd	2013	2014	2015	2016/f[2]
BCI	14.6	13.8	7.0	6.0
BPI	9.5	7.7	5.6	5.2
BSI	10.3	9.8	7.0	5.7
BHSI	8.2	7.7	5.4	4.7

For 2015 initial expectations were for seaborne transport of main commodities like coal and iron ore to revert to previous growth levels of 6-7 per cent partly based upon past cyclical recovery patterns, partly because of more competitive global pricing of raw materials.

India was expected to increase imports while reform measures of their coal industry and expanding of infrastructure was undertaken in a generally expanding economy with increased power demands. As it turned out, India actually reduced import of coal on the back of a fast reform of their national coal production and a slower than expected growth in GDP.

Also China saw a substantial reduction in imports of coal and iron ore as well as other minerals as a result of a slower economic growth, a re-orientation of internal policies with less focus on heavy industries, and adjustment of energy policies. With the present outlook it appears likely that heavy industry output and steel consumption will in the future be below previous demand trends. Reduced expansion in real estate and in building construction may further support this development.

Other areas notably in emerging economies in and outside South East Asia – may counter this trend, but the cycles and policies in India and China will dominate future demand.

Oil prices were expected to increase but instead continued their decline. Cheaper oil quickly translated into lower bunker prices, potentially increasing vessel's speed and productivity on many front haul trade routes.

Expectation for the 2016 worldwide economic outlook has been revised downward. Whereas IMF's October, 2015 report predicted a modest increase in world GDP growth for 2016 from 3.1% to 3.6%, this has subsequently been revised downwards to 3.4% in their January, 2016 update. Emerging markets were generally revised downwards more than advanced economies.

Fleet growth has continually been revised down in view of cancellations and vessel demolitions thus resulting in a fleet growth outlook of about 2.3% for 2016. 2015 saw a fleet growth of 3.5% after forecasts of 6.1%.

For the total dry bulk market, demand growth is expected to be slightly lower than fleet growth and time-charter rates are thus expected to average a little below the 2015 level.

[1] Ultrabulk Research using data from Bloomberg, Clarksons, Baltic Exchange, IMF, USDA, SSY, Trademap, and others.
[2] FFA January 4th 2016

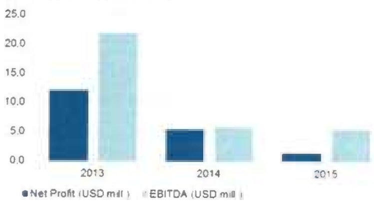
Financial Review

In 2015 the dry bulk market reached an all-time low as a consequence of many factors, however main drivers being the decreasing growth in emerging markets, low commodity prices, and oversupply of vessels. Achieving a positive operational result, at the 2014 level, and a small positive net profit, is considered acceptable under these market conditions.

RESULTS

EBITDA was USD 5.5 million (USD 5.9 million in 2014), corresponding to an EBITDA margin of 0.8% (0.7% in 2014), whereas net profit amounted to USD 1.4 million (USD 5.4 million in 2014).

Net Profit / EBITDA



Revenues in 2015 were USD 652 million, considerably below 2014 level (USD 886 million) - corresponding to the lower activity, but also lower rates and bunker prices.

Gross profit was USD 28.0 million in 2015 corresponding to a gross margin of 4.3%, against 3.5% in 2014. The higher margin was mainly driven by the lower freight income (i.e. primarily lower rates).

Depreciation totalled USD 1.7 million, up from USD 0.7 million in 2014, reflecting the investing activities in 2014 and 2015.

Share of results from joint ventures and associated companies totalled USD 0.6 million, same as in 2014.

Net financial items amounting to USD -1.7 million (USD -0.3 million in 2014) is mainly related to interest on two JBIC/BNPP loans obtained last year, and currency adjustments.

Income tax at USD 1.3 million is mainly tonnage tax.

BALANCE SHEET

Total assets amounted to USD 264.7 million, on level with 2014.

Non-current assets totalled USD 104.2 million. The increase of USD 23.9 million relates mainly to delivery of a vessel, instalments on new buildings and fair value adjustment of financial instruments.

Current assets totalled USD 160.5 million, down by USD 27.1 million due to reductions in inventories and trade receivables, also caused by lower bunker prices and freight rates.

Total liabilities amounted to USD 125.1 million compared to USD 132.4 million in 2014. The decrease is related to reduction of trade payables, to some extent countered by an increase in loans and fair value adjustment of financial instruments.

Total equity was USD 139.6 million (USD 135.6 million in 2014), the development driven by a net result of USD 1.4 million and other comprehensive income of USD 2.6 million. Return on equity was 1.1%, and equity ratio was 52.7% at the end of 2015 compared to 50.9% at end of 2014.

At the Annual General Meeting the Board of Directors will propose not to pay out dividend for 2015 to maximize the company's financial flexibility and thus be prepared for the business opportunities that may arise.

CASH FLOW

Cash and cash equivalents at year end were USD 88.3 million, up by USD 8.7 million from 2014.

Cash flow from operating activities was positive by USD 12.8 million, despite some adverse impact from fair value adjustments of financial instruments.

Changes in working capital were likewise positive, by USD 10.3 million in 2015.

Cash flow from investing activities netted USD -16.3 million (USD -3.7 million in 2014) reflecting additions and disposal of vessels.

Cash flow from financing activities totalled USD 12.2 million (USD 16.5 million in 2014) drawing on the 2nd facility with the before mentioned JBIC/BNPP loans.

Corporate Governance

The Board of Directors and Executive Management of Ultrabulk Shipping 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 corporate governance practices and principles in accordance with legislation, customs and recommendations. As part of this process, the Board and Executive Management reviews the company's strategy, organisation, business processes, risks, control mechanisms and relations with its shareholders, customers, employees and other stakeholders.

REMUNERATION OF BOARD OF DIRECTORS AND 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 have been adopted. The main elements of the current guidelines are set out in the following.

BOARD OF DIRECTORS

The Board of Directors has refrained from receiving any compensation for their work in 2015, unchanged from 2014. In 2016, 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 fee may 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 the following elements: A fixed salary, benefits such as company car and phone, and incentive payment in terms of cash bonus. Performance criteria for the cash bonus is tied to earnings and business targets. In 2015 a total remuneration package of USD 1.2 million was paid to the Executive Management.

RISK MANAGEMENT

Main risk exposures and risk management processes are described in note 20.

TRIDENT
ALLIANCE

Corporate Social Responsibility

Ultrabulk Shipping is committed to a sustainable and responsible growth plan which balances business results and the company's corporate social responsibility. Ultrabulk Shipping applies CSR policies primarily on;

- Human capital
- The environment
- Human rights & anti-corruption

As a member of the Danish Shipowners' Association, Ultrabulk Shipping participates in the common CSR committee, coordinating and safeguarding industry CSR policy.

HUMAN CAPITAL

Ultrabulk Shipping's most valuable asset is the employees - our human capital. Earnings are generated on the basis of an asset (vessels) light business model, based on chartering staff and operators' ability to make the right decisions, as well as back-office employee's capacity to deliver high quality support. A flat organizational structure is applied to assure short lines of communication and that staff is duly empowered.

Ultrabulk Shipping has no directly employed sea-going personnel, however the company constructively participates in relevant matters via an on-going dialog with owners of chartered vessels and with third party suppliers of ship management services for owned vessels.

Ultrabulk Shipping makes a conscious effort to maintain and develop an inspiring and innovative working environment. Also in 2015 a complete workplace environment survey was conducted, and outcome was put into action plans enhancing above goal even further.

Ultrabulk Shipping applies a policy stating that gender composition of management shall reflect the gender balance of society as a whole - with due regard to the specific conditions in the shipping business.

Objectives for the gender composition of the Board of Directors and in the management have remained unchanged - i.e. to have both genders represented in the BOD and management by 2017. The target for the share of share-holder elected women on the BOD is to achieve representation of at least 16% (1 out of 6) in 2017 and aim at increasing this share going forward. At the 2015 AGM the Board's need for continuity was prioritized due to the challenging market.

In management both genders are represented since early 2015 (1 woman), and the aim is to increase this number in the following years. Ultrabulk Shipping policy states, and assure equal career opportunities for men and women and is actively used as a tool for recruiting and working with both genders, and equality in general.

Offices	Staff	Nationalities
8	97	19
Average Age	**Average Service**	**Men / Women**
39 YEARS	7.5 YEARS	72/28 %

THE ENVIRONMENT

Ultrabulk Shipping's policy is to optimize energy consumption, and thereby minimize carbon emissions. The goal is to reduce emission in average measures per vessel, year over year.

Ultrabulk Shipping adheres to all relevant legislation set by national or international legal bodies, and strongly supports the measures adopted by International Maritime Organisation (IMO) to reduce shipping's CO_2 emissions.

Ultrabulk Shipping takes a proactive approach in further identifying fuel and CO_2-efficient solutions on its owned and long term chartered fleet by having its technical, operational and commercial departments working closely together with ship yards, ship owners, and other stakeholders.

By committing to extra investments in fuel efficient main engines and optimized hull specifications in new buildings, it is expected to generate savings of 10% in fuel oil consumption and CO_2 emissions per vessel.

Reduction of emissions is continuously pursued by e.g. optimising vessel speed and ballasting condition.

The company seeks to achieve a high level of quality and performance of its chartered fleet by relying on analysis of international vetting agencies as well as on records from the International Group of P&I clubs.

Ultrabulk Shipping continued its fleet renewal program by concluding 7 new long term tonnage additions to the fleet, all of which being new generation eco-friendly vessels.

Ultrabulk Shipping is a member of the Trident Alliance, which is a network of shipping companies and other stakeholders with a shared interest in robust and transparent enforcement of environmental regulations within sulphur emission.

At Ultranav Group level a permanent internal working group is focusing on constant energy saving actions, incl. developing better means for monitoring and reduction of emissions.

HUMAN RIGHTS & ANTI CORRUPTION

Ultrabulk Shipping's overall policy is to support and respect the protection of human rights. Company staff is comprised of numerous nationalities, cultures and age groups. This is considered an asset and Ultrabulk Shipping appreciates the diversity. The company is committed to maintaining a workplace free of harassment and discrimination for any reason, whilst assuring there is an acceptable balance between time for work and private time. No violations of these policies have been reported in 2015.

Ultrabulk Shipping has a zero-tolerance policy towards bribery and works proactively against facilitation payments. Neither the company nor its staff, accept or offer bribes of any form. No violations have been observed during 2015.

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

The Board of Directors and Executive management have prepared the 2015 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 further disclosure requirements according to 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 2015.

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, 16 March 2016.

EXECUTIVE MANAGEMENT

Per Lange CEO	Søren M. Christoffersen CFO	Henrik Sleimann Petersen Head of Shipholding	Hans Christian Olesen Head of Panamax & Supramax

BOARD OF DIRECTORS

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

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 2015. 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 2015 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 2015 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 3-11. 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, 16 March 2016

Ernst & Young

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

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

Consolidated Income Statement

Figures in USD '000	Note	2015	2014
Freight income	3	652,190	886,016
Voyage related expenses		-297,239	-425,522
Time-charter hire		-326,994	-429,591
Gross profit (Net earnings from shipping activities)		**27,957**	**30,903**
Other external expenses	4	-10,237	-11,553
Staff costs	5	-12,198	-13,432
Operating profit before depreciation, amortization and impairment loss (EBITDA)		**5,522**	**5,918**
Depreciation	6	-1,749	-661
Operating profit (EBIT)		**3,773**	**5,257**
Share of associates' profit after tax	12	269	726
Share of joint ventures' profit after tax	13	380	-109
Other financial items, net	7	-1,687	-279
Profit before tax		**2,735**	**5,595**
Tax	8	-1,336	-210
Net profit		**1,399**	**5,385**
Attributable to:			
Profit attributable to the equity holders of the parent		1,492	5,374
Profit attributable to non controlling interests		-93	11
		1,399	**5,385**

Consolidated Statement of Comprehensive Income

Figures in USD '000	Note	2015	2014
Profit/loss (-) for the year		**1,399**	**5,385**
Other comprehensive income			
Items that will be reclassified subsequently to the consolidated income statement, when specific conditions are met:			
Value adjustments of hedging instruments		3,465	-18,839
Tax effect		0	0
Value adjustments of hedging instruments after tax		**3,465**	**-18,839**
Exchange adjustments of foreign entities		-873	110
Other comprehensive income for the year, net of tax		**2,592**	**-18,729**
Total comprehensive income for the year, after tax		3,991	-13,344
Attributable to:			
Equity holders of the parent		4,084	-13,355
Non-controlling interests		-93	11
		3,991	-13,344

Consolidated Balance Sheet

Figures in USD '000			
ASSETS	**Note**	**2015**	**2014**
Vessels	9	46,039	23,531
New building contracts	10	12,033	11,815
Fixtures, fittings and equipment	11	144	139
Total tangible assets		**58,216**	**35,485**
Investment in associates	12	1,949	2,825
Investment in joint ventures	13	24,011	28,124
Derivative financial instruments	24	17,738	10,639
Deferred tax assets	19	2,282	3,250
Financial assets, non-current		**45,980**	**44,838**
Total non-current assets		**104,196**	**80,323**
Inventories	14	10,743	23,821
Trade and other receivables	15	35,390	58,223
Prepayments		15,947	21,922
Derivative financial instruments	24	10,088	4,004
Cash and short-term deposits	16	88,337	79,648
Current assets		**160,505**	**187,618**
TOTAL ASSETS		**264,701**	**267,941**

EQUITY AND LIABILITIES			
Figures in USD '000	*Note*	**2015**	**2014**
Share capital	17	5,134	5,134
Share premium		12,048	12,048
Retained earnings		57,560	55,853
Other reserves		64,786	62,194
Total equity of majority interest		**139,528**	**135,229**
Non-controlling interests		64	345
Total equity		**139,592**	**135,574**
Interest bearing loans and borrowings	18, 24	27,492	14,979
Derivative financial instruments	24	23,138	17,730
Total non-current liabilities		**50,630**	**32,709**
Trade and other payables	21	46,427	77,751
Prepayments received		8,043	4,820
Interest-bearing loans and borrowings	18, 24	2,890	1,557
Derivative financial instruments	24	16,135	13,934
Income tax payable		984	1,596
Total current liabilities		**74,479**	**99,658**
Total liabilities		**125,109**	**132,367**
TOTAL EQUITY AND LIABILITIES		**264,701**	**267,941**

Consolidated Cash Flow Statement

Figures in USD '000	Note	2015	2014
Profit/loss(-) before tax		2,735	5,595
Adjustment for non-cash items etc.			
Depreciation	6, 9, 11	1,749	661
Share of gain/loss in associated companies	12	-269	-726
Share of gain/loss in joint venture	13	-380	109
Interest expenses	7	832	48
Interest income	7	-134	-43
Net foreign exchange differences		148	148
Net forward contract activity		-2,110	-1,504
Other changes		-52	-125
Working capital adjustments:	25		
Change in current assets		41,886	17,143
Change in current liabilities		-31,560	-19,945
Net cash flows from operating activities		**12,845**	**1,361**
Investments in tangible assets	9	-48,273	-28,938
Investment in joint venture	13	0	-6,500
Disposal of joint venture		4,414	1,485
Dividend received	12	329	561
Sale of tangible assets	9	19,280	27,200
Received prepayments		7,800	2,410
Interest received		134	43
Net cash flows from investing activities		**-16,316**	**-3,739**
Bank loan	18	16,000	18,684
Repayment loan		-3,008	-778
Loan related fees		0	-1,370
Interest paid		-832	-48
Net cash flows from financing activities		**12,160**	**16,488**
Net change in cash and cash equivalents		8,689	14,109
Cash and cash equivalents at 1 January	16	79,648	65,539
Cash and cash equivalents at 31 December	**16**	**88,337**	**79,648**

Consolidated Statement of Changes in Equity

Figures in USD '000

	Share capital (Note 17)	Share premium	Retained earnings	Other Reserves: Hedging reserves	Other Reserves: Translation reserve	Other Reserves: Other	Total other reserves	Total Majority interest	Non-controlling interests	Total Equity
At 1 January 2015	**5,134**	**12,048**	**55,853**	**-18,983**	**-446**	**81,623**	**62,194**	**135,229**	**345**	**135,574**
Comprehensive income	0	0	1,492	3,465	-873	0	2,592	4,084	-93	3,991
Total comprehensive income	**0**	**0**	**1,492**	**3,465**	**-873**	**0**	**2,592**	**4,084**	**-93**	**3,991**
Other changes	0	0	215	0	0	0	**0**	**215**	-188	**27**
Changes during the year	**0**	**0**	**215**	**0**	**0**	**0**	**0**	**215**	**-188**	**27**
At 31 December 2015	**5,134**	**12,048**	**57,560**	**-15,518**	**-1,319**	**81,623**	**64,786**	**139,528**	**64**	**139,592**

Figures in USD '000

	Share capital (Note 17)	Share premium	Retained earnings	Other Reserves: Hedging reserves	Other Reserves: Translation reserve	Other Reserves: Other	Total other reserves	Total Majority interest	Non-controlling interests	Total Equity
At 1 January 2014	**5,134**	**12,048**	**50,479**	**-144**	**-556**	**81,623**	**80,923**	**148,584**	**334**	**148,918**
Comprehensive income	0	0	5,374	-18,839	110	0	-18,729	-13,355	11	-13,344
Total comprehensive income	**0**	**0**	**5,374**	**-18,839**	**110**	**0**	**-18,729**	**-13,355**	**11**	**-13,344**
Changes during the year	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
At 31 December 2014	**5,134**	**12,048**	**55,853**	**-18,983**	**-446**	**81,623**	**62,194**	**135,229**	**345**	**135,574**

Notes to the Consolidated Financial Statements

Note 1 - Group accounting policies

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

The annual report of Ultrabulk Shipping A/S for 2015 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.

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 2015

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 2015. Based on an analysis made by Ultrabulk Shipping A/S, most of the IFRSs effective for 2015 have no material impact or are not relevant to the Group.

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 book values method. The receiving company of the net assets initially recognizes the assets and liabilities transferred at their carrying amount. The result of operations for the period in which the transfer occurs is presented as though the transfer had occurred at the beginning of the period. Financial statements and financial information for prior years are restated to provide appropriate comparative information.

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.

Derivative financial instruments and hedging

Ultrabulk Shipping A/S 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. Derivatives 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 derivatives 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 A/S 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 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.

Notes to the Consolidated Financial Statements

The criteria for classifying a derivative as a hedging instrument for accounting purposes 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.

Hedges which meet the 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 for 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. Derivatives 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 derivatives are recognised in the income statement.

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 the prices from Platts Bunkerwire. The value of FFAs is assessed on basis of daily recorded prices from the Baltic Exchange.

Business activities
As the company is unlisted it has been decided not to follow IFRS 8 Operating. 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 basis percentage of completion. 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 and loss from the sale of vessels etc.
Profits and losses 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.

Taxes
Ultrabulk Shipping A/S is jointly taxed with the parent company Ultranav 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.

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 new buildings 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 new buildings 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.

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.

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 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.

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 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 2011. 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.

For the taxable income which is made up in accordance to 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 carry forwards, are recognised under other non-

Notes to the Consolidated Financial Statements

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.

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.

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 reallocation of the result from one accounting year to another.

Please refer to note 24 for further details.

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 estimating 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 asset's 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 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 for uncovered capacity based on Baltic market rates (short term), broker estimated rates (midterm) and Ultrabulk Shipping's own model (longer term) supported by analysis of long term historical data. Please refer to note 9 for further details.

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 net obligation under the contract will be measured and recognised as a provision.

At 31 December 2015, no provision for onerous contracts has been recognized (31 December 2014: nil).

Provision for losses:

Ultrabulk Shipping Group is a party to various litigation proceedings and claims have been made against the company. Provision for estimated losses is made in the income statement if both of the following criteria are met:

- The information that was available prior to the publication of the financial statements indicates that it is more likely than not that an obligation has arisen at the balance sheet date.
- The amount of the loss can be reliably measured

Please refer to note 23 for further details.

Deferred tax assets:

Deferred tax is recognized on the basis that Ultrabulk Shipping A/S continues under the tonnage tax regime, and on expectations to future activity (i.e. number of shipping days).

Notes to the Consolidated Financial Statements

Note 3 - Business activities reporting

tUSD	2015	2014
Handysize	236,538	236,077
Supramax	275,149	428,429
Panamax	140,503	221,510
Total	**652,190**	**886,016**

The company operates in the Handysize, 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	2015	2014
Audit	153	236
Other assurance service	0	0
Tax consultancy	36	46
Other services	0	0
Total	**189**	**282**

Note 5 – Staff costs

Figures in USD '000	2015	2014
Fixed salaries	8,770	9,776
Pensions - defined contribution plan	471	492
Other expenses for social security etc.	1,271	1,764
Incentive payment (cash based)	1,686	1,400
Staff costs included in administration expenses	**12,198**	**13,432**
Average number of employees	94	**88**

Remuneration for certain employees in 2015 and 2014 are expensed as a management fee, and consequently recognized as 'Other external expenses'.

Remuneration for the Management	2015		2014	
Figures in USD '000	Board of Directors	Executive Management	Board of Directors	Executive Management
Fixed salaries	0	956	0	1,112
Pensions - defined contribution plan	0	59	0	66
Incentive payment (cash based)	0	181	0	150
Total remuneration for the Board of Directors and Executive Management	0	1,196	0	1,328

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 month. No severance payment applies.

Senior management and a number of the employees are covered by an incentive scheme (cash based).

Note 6 – Depreciation and impairment

Figures in USD '000	**2015**	**2014**
Depreciation vessel	1,665	669
Depreciation fixtures, fittings and equipment	84	-8
Total depreciation	**1,749**	**661**

Note 7 – Financial items

Figures in USD '000	**2015**	**2014**
Interest income	134	43
Interest expense on loan	-832	-48
Other financial items, net	-989	-274
Total	**-1,687**	**-279**

Note 8 – Tax

Figures in USD '000	**2015**	**2014**
Current tax on profit for the year	-390	-583
Deferred tax on profit for the year	-421	-476
Tax on profit for the year	**-811**	**-1,059**
Adjustments related to previous years - current tax	22	94
Adjustments related to previous years - deferred tax	-547	755
Tax in the income statement	**-1,336**	**-210**
Computation of effective tax rate (%):		
Statutory corporate income tax rate in Denmark	23.5	24.5
Effects from Tonnage Tax Scheme	53.8	7.8
Effects of adjustments related to prior years	19.2	-15.7
Deviation in foreign subsidiaries' tax rates compared to the Danish tax rate (net)	-48.0	-12.7
Effect of change in tax rate	-1.1	0.0
Non-tax income less non-tax deductible expenses (net)	1.4	-0.1
Effective tax rate	**48.8**	**3.8**
Tax on fair value adjustments on financial instruments	0	0
Tax relating to other comprehensive income	**0**	**0**

Notes to the Consolidated Financial Statements

Note 9 – Vessel

Figures in USD '000	**2015**	**2014**
Cost at 1 January	**24,200**	**22,953**
Additions for the year	48,273	24,200
Disposals for the year	-24,100	-22,953
Cost at 31 December	**48,373**	**24,200**
Depreciation and impairment at 1 January	**-669**	**-3,917**
Depreciation for the year	-1,665	-669
Disposals for the year	0	3,917
Depreciation and impairment at 31 December	**-2,334**	**-669**
Carrying amount at 31 December	46,039	23,531
Expected useful life of vessels:	20 years	20 years

Impairment is recognised if the highest of (1) the fair value less cost to sell or (2) value in use is less than the carrying amount of the assets.

At the end of 2015, the market value of the fleet including new building contracts but excluding joint ventures was USD 67.0 million, which is USD 26.5 million below the carrying amount of USD 93.5 million including not paid instalments on new building contracts.

The impairment test is done for the individual CGU's by estimating the recoverable amount at value in use. This is calculated as the NPV based on a WACC of 8.0% and a general indexation of operating costs of 2% p.a. of the total expected cash flow during the rest of the vessels expected economic life, including entered COA's and time charters. The WACC has been determined by Management based on market input and taking into consideration the business model applied by the company, including having a high coverage through long term cargo contracts with customers.

Management's expected rates (income) for open vessel days (uncovered capacity) for the next 2 years are based on the Baltic market rates (short term), broker estimated rates for the following two years (mid term) and hereafter the rates are based on the company's own (internal) rate model that is indexed by 2% p.a. In establishing those, consideration is given to external economic analysis, and the internal rate assumptions include amongst other things scrapping of old tonnage as well as increased demand. The internal rates are to extent available tested to information from external partners (brokers) and the historical long term rate development.

The impairment test calculation shows no impairment loss at present, but gives limited room for significant negative changes in the assumptions. As an indicator of the sensitivity, a downward fluctuation of the freight rates for uncovered capacity with 5% would, all other things being equal, give rise to an impairment of USD 2.0 million. Furthermore, the application of a WACC of 8.5% instead of 8% would, all other things being equal, give rise to an impairment loss of USD 0.6 million.

Note 10 – New building contracts

Figures in USD '000	**2015**	**2014**
Cost at 1 January	11,815	7,077
Additions for the year	14,016	7,041
Disposals for the year	-13,798	-2,303
Cost at 31 December	**12,033**	**11,815**
Carrying amount at 31 December	12,033	11,815

Note 11 – Fixtures, fittings and equipment

Figures in USD '000	**2015**	**2014**
Cost:		
Cost at 1 January	4,466	5,283
Additions for the year	89	0
Disposals for the year	-20	-817
Cost at 31 December	**4,535**	**4,466**
Depreciation and impairment at 1 January	-4,327	-5,023
Depreciation for the year	-84	8
Reversed depreciation and impairment for the year	20	688
Depreciation and impairment at 31 December	**-4,391**	**-4,327**
Carrying amount at 31 December	144	139
Expected useful life:	3-10 years	3-10 years

Note 12 – Investments in associates

Figures in USD '000	**2015**	**2014**
Cost:		
Cost at 1 January	1,980	1,920
Exchange rate adjustment	-572	60
Cost at 31 December	**1,408**	**1,980**
Value adjustment at 1 January	845	660
Exchange rate adjustment	-244	21
Dividends received	-329	-562
Share of the result for the year	269	726
Value adjustment at 31 December	**541**	**845**
Carrying amount at 31 December	1,949	2,825
The carrying amount can be specified as follows:		
Pérola S.A., Brasil, interest 20%	1,949	2,825
	1,949	2,825
Key figures for investment in associates:		
Assets	8,604	15,064
Liabilities	-1,436	-3,518
Net assets	7,168	11,546
Revenue	17,845	33,104
Profit/loss before tax	2,016	5,514
Income tax	-671	-1,882
Profit/loss for the year	1,346	3,631
Total comprehensive income for the year	1,346	3,631

Notes to the Consolidated Financial Statements

Note 13 – Investments in joint ventures

Figures in USD '000	2015	2014
Cost:		
Cost at 1 January	26,867	16,333
Disposals for the year	-4,507	-1,502
Additions for the year	0	12,036
Cost at 31 December	**22,360**	**26,867**
Value adjustment at 1 January	1,257	1,319
Exchange adjustment	0	29
Share of the result for the year	380	-109
Reversed value adjustments on disposals for the year	14	18
Value adjustment at 31 December	**1,651**	**1,257**
Carrying amount at 31 December	24,011	28,124
The carrying amount can be specified as follows:		
Ultra Summit (Singapore) Pte. Ltd., 50%	24,011	23,659
Ultra MO One (Singapore) Pte. Ltd., 50%	0	4,465
	24,011	28,124
Key figures for investment in joint ventures:		
Assets	73,347	85,609
Liabilities	-33,849	-38,664
Net assets	39,498	46,945
Revenues	10,157	9,325
Profit/loss before tax	1,483	1,609
Income tax	0	0
Profit/loss for the year	1,483	1,609
Total comprehensive income for the year	1,483	1,609

Ultra Summit owned two vessels and have contracts on further two new buildings. The vessels are chartered out to Ultrabulk.

Note 14 – Inventories

Figures in USD '000	2015	2014
Bunker (at cost)	10,743	23,821
Total inventories at lower of cost and net realisable value	**10,743**	**23,821**
Bunker expenses recognised in profit and loss	121,481	238,606

Part of the bunker consumption has been hedged in accordance with the Groups risk management policy. This is described in Note 24.

Note 15 – Trade and other receivables

Figures in USD '000	2015	2014
Customers (trade receivables)	30,945	55,439
Other receivables	1,095	0
Receivables from related companies	3,350	2,784
Total	**35,390**	**58,223**

Trade receivables are non-interest bearing and are generally of 5 - 30 day terms.		
Maturity analysis for trade receivables		
- receivables not due	16,149	31,125
- less than 90 days	5,101	13,154
- between 91 days and 180 days	2,129	3,325
- between 181 days and 360 days	130	2,547
- more than 360 days	7,436	5,288
Carrying amount of trade receivables	**30,945**	**55,439**
Trade receivables at initial value impaired and fully provided for	16,712	8,306

Note 16 – Cash and short-term deposits

Figures in USD '000	2015	2014
Cash at bank and in hand	88,337	79,648
Total	**88,337**	**79,648**

As of 31 December 2015, included in total cash at bank is USD 13.7 million which is restricted deposits in favour of clearing houses (2014: USD 12.8 million).

Note 17 – Share capital

The share capital has not been subject to changes in the last 5 years. 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.

Notes to the Consolidated Financial Statements

Note 18 – Interest bearing loans and borrowings

Figures in USD '000	Principal	Fixed/ Variable	Interest rate	2015 Book value	2014 Book value
Mortgage on vessel	27,848	Fixed	2.61%	26,706	8,268
Mortgage on vessel	3,833	Variable	2.63%	3,676	8,268
Total	**31,681**			**30,382**	**16,536**
Long term part				27,492	14,979
Current part				2,890	1,557
Total				**30,382**	**16,536**

The principal of the fixed debt, excluding debt swapped from variable to fixed amount to USD 15.8 million. The fair value of the fixed part of the loan is estimated to USD 17.4 million. The loans are subject to financial and operational covenants. Management considers that Ultrabulk Shipping A/S and the guarantor Ultranav International S.A. meet these covenants at 31 December 2015.

Loans are secured on vessels. The carrying amount of the vessels provided as security is USD 46.0 million.

Note 19 – Deferred tax asset

Figures in USD'000	2015	2014
Deferred tax at 1 January	3,250	2,845
Deferred tax on profit for the year	-421	-476
Adjustments related to previous years	-234	1,368
Exchange rate adjustments	-313	-487
Total deferred tax assets/-liabilities, net at 31 December	**2,282**	**3,250**
Deferred tax gross:		
Deferred tax assets	2,282	3,250
Deferred tax liabilities	0	0
Total deferred tax assets/-liabilities, net at 31 December	**2,282**	**3,250**
Deferred tax are allocable to the various items in the balance sheet:		
Tax-loss carried forward	2,282	3,250
Deferred tax, net	2,282	3,250

In 2011 the Danish based companies entered the Danish tonnage taxation system of which adoption is binding until at least 2021. Ultrabulk Shipping A/S does not expect to leave the system and therefore no deferred tax provision is made on assets and liabilities. If the companies leave the tonnage tax system no significant tax provision will be released.

Note 20 - 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. 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 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 expose 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 uses 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 of legal contract upon which the deal is based. Due to the depressed marked, 2015 has in general lead to an increased counterparty risk. Counterparty vetting has thus increased in importance as well as in efforts in Ultrabulk Shipping A/S.

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 fulfil their obligations. Typically the counterparties would operate within the commodities industry.

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 A/S and the counterpart
- Positive reference from the fuel purchase market

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

Time charter out:
Ultrabulk Shipping A/S does only on a limited basis use 'time charter out', however occasionally Ultrabulk Shipping A/S 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.

Time charter in:
Although it is Ultrabulk Shipping A/S 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, therefore Ultrabulk Shipping A/S evaluates these types of contracts in line with those of the CoAs and time charter 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 A/S 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.

Interest rate risk exposure

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

Currency risk

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

Currency risks on administrative expenses can be hedged for a period up to 12 month.

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. 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 A/S 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 make dividend payment to shareholders, or issue new shares.

Other risks

Environment:
The majority of the vessels controlled by Ultrabulk Shipping A/S are chartered and therefore the majority of risk in connection with environmental issues rests with the owner of the vessel. There are however situations, whereby Ultrabulk Shipping A/S may become liable for spills or other environmental impacts. Ultrabulk Shipping A/S has an insurance against these types of accidents limited to USD 400 million for charter vessels and to USD 1,000 million for owned vessels for each single incident.

Piracy:
The risks encountered when transiting the Indian Ocean High Risk Area as well as certain countries in West Africa are substantial. The company is constantly following the recommendations made by the UN subsidiary International Maritime Organisation (IMO), and the recommendations made by the underwriters as well as "Best Management Practices (BMP4)" – this includes having a contingency plan for all vessels calling the area.

Note 21 – Trade and other payables

Figures in USD '000	2015	2014
Trade payables	14,710	29,231
Payables from related companies	1,609	1,757
Accrued expenses	30,108	46,764
Total	**46,427**	**77,752**

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 22 – 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 at a time for up to three years. Some of the lease agreements include a purchase option, 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.

The Group has purchase options on 27 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:

Segment	2016	2017	2018	2019	2020	2021	2022	2023	Total
Handysize		1	1		2				4
Supramax/Handymax	1	6	1	2	1	2	2		15
Panamax/Kamsamax			2		2	2	1	1	8
	1	7	4	2	5	4	3	1	27

Figures in USD '000	2015	2014
Charter hire for vessels not delivered		
Within one year	27,621	13,280
Between 1 - 5 years	199,622	281,945
More than 5 years	193,279	323,882
Total	**420,522**	**619,107**
Charter hire for vessels on time charter with purchase option		
Within one year	137,655	105,947
Between 1 - 5 years	429,842	395,331
More than 5 years	196,324	243,496
Total	**763,821**	**744,774**
Charter hire for vessels on time charter without purchase option		
Within one year	19,724	25,512
Between 1 - 5 years	66,272	11,632
More than 5 years	46,984	0
Total	**132,980**	**37,144**
Other leases (operational lease)		
Within one year	966	866
Between 1 - 5 years	1,109	1,190
More than 5 years	0	0
Total	**2,075**	**2,056**
Total operating lease liabilities	**1,319,398**	**1,403,081**

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

COAs and Time Charter commitments as service provider	2015	2014
Within one year	135,898	148,983
Between 1 - 5 years	546,781	604,473
More than 5 years	208,246	327,966
Total	**890,925**	**1,081,422**

Note 23 – Contingent assets and liabilities

Contingent assets

Following a customer default to perform under a three year Contract of Affreightment, Ultrabulk Shipping A/S initiated arbitration against the customer. An arbitration award was made in favour of Ultrabulk Shipping A/S in the amount of 36.4 MUSD. The claim is to be enforced. At this point in time, Ultrabulk Shipping A/S cannot predict how long the enforcement will take, therefore a prudent assessment has been made.

Contingent liabilities

Ultrabulk Shipping A/S 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 A/S financial position, operating profit or cash flow.

Agreements for future delivery of new buildings and other guarantees

Figures in USD '000	2015	2014
Agreements for future delivery of new buildings		
Remaining contract amount until delivery in USD translated at the exchange rate at year end	60,145	106,619
The remaining contract amounts in USD is payable as follows:		
Within one year	17,035	47,161
Between one and five years	43,110	59,458
Total	**60,145**	**106,619**
Other guarantees		
Ultrabulk Shipping A/S has issued a guarantee for loan to joint venture and associated companies	59,085	35,645

The remaining contract for new buildings until delivery include amount for new building which in 2016 will be sold and leased back on an operational leasing agreement.

Note 24 – 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.

Judgement 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.

Categories of financial instruments

The fair value of financial assets and financial liabilities measured at amortized cost is approximately equal to the carrying amount apart from interest bearing loans and borrowings, note 18.

Figures in USD '000	2015		2014	
	Current	Non-current	Current	Non-current
Receivables measured at amortized cost including cash and cash equivalents	150,417	0	183,614	0
Financial assets measured at fair value (Derivative financial instruments)	10,088	17,738	4,004	10.639
Financial liabilities measured at amortized cost	58,344	27,492	81.758	14.979
Financial liabilities measured at fair value (Derivative financial instruments)	16,135	23,138	13,934	1,934

Fair value hierarchy of financial instruments

Fair value hierarchy:

Financial instruments measured at fair value are divided in accordance with the following accounting hierarchy:

- Level 1: observable market prices of identical instruments.
- Level 2: valuation models primarily based on observable prices or trading prices of comparable instruments.
- Level 3: valuation models primarily based on non-observable prices.

The fair value of all derivative financial instruments, forward exchange contracts and other derivative financial instruments (commodity instruments), is considered fair value measurement at level 2 as the fair value can be calculated based on the published price at the reporting date. All other financial instruments are considered fair value measurement at level 1.

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 is 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 trade dates are between 01.01.2016 and 31.01.2024.

FFA hedge

Ultrabulk Shipping has entered into contracts in order to hedge future cargo and vessel commitments. The contracts are accounted for either as fair value hedge or as cash flow hedges, when the criterias are in compliance with the criteria for hedge accounting.

The FFA hedges are entered simultaneously with the cargo and vessel commitments as part of the Group's risk management. The trade dates are between 01.01.2016 and 31.01.2019.

Interest rate risks

Interest rate risks concern the interest-bearing financial assets and liabilities of Ultrabulk Shipping. The interest-bearing financial assets consist primarily of cash in financial institutions and the interest-bearing liabilities mainly consist of mortgage debt. Interest rate risks occur when interest rate levels change and/or if the pricing, which the Ultrabulk Shipping has agreed with the financial institutions changes. As at 31 December 2015, 12% of the Ultrabulk Shipping's interest-bearing long term debt (31 December 2014: 50%) carried a floating rate, defined as duration more than one year.

Hedge accounting reserve in equity

The hedge accounting reserve in equity is related to cash flow hedging financial derivatives and amount to USD 15.5 million (31 December 2014: USD 18.8 million).

Note 25 – Change in net working capital

Figures in USD '000	**2015**	**2014**
Change in inventories	13,078	17,623
Change in trade and other receivables	22,833	1,317
Change in prepayments	5,975	-1,798
Change in current liabilities	-31,560	-17,535
Total	**10,326**	**-394**

Note 26 – Mortgages and security

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

Note 27 – Related party disclosures

Ultrabulk Shipping A/S is controlled by Ultranav ApS, Denmark. The ultimate parent of the Group is Naviera Ultranav Limitada, El Bosque Norte 500, 20th floor, Las Condes, Santiago, Chile.

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

Figures in USD '000		Sale/ (Purchases) to/from related parties	Sale/ (Purchases) to/from related parties	Amounts owed by/(to) related parties	Amounts owed by/(to) related parties
Related party	Type of transaction	**2015**	**2014**	**2015**	**2014**
Parent company	Charter hire	956	2,931		
	Management fee expense	-4,271	-4,813		
Joint Ventures	Charter hire	-10,157	-9,325	201	
	Sale of newbuild. Contract				
	Sale of vessel	0	27,000		811
	Guarantees		64	47,403	23,962
Associated companies	Charter hire	1,212	4,589		217
	Service	4,706	2,216	1,411	
	Management fee expense	-2,393	-2,617	129	77
	Supervision fee	-127	-190		
	Guarantees	0	0	9,476	11,682

There have not been any material transactions with any member of the Board of Directors, Executive Management of Ultrabulk Shipping A/S, Naviera Ultranav Limitada. 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. Outstanding balances at year-end apart from loans are short-term, unsecured, interest free and settlement occurs in cash. There have been no guarantees (refer to note 23 and 26) 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 joint taxation with the other Danish companies in the Naviera Ultranav Group.

Note 28 – Subsequent events

In January 2016 the vessel Ultra Fitz Roy was sold and leased back on an operational lease agreement.

In February 2016, two customers have announced to their charter owner counterparties (incl. Ultrabulk Shipping A/S), that they were looking at how to financially restructure. At this point in time Ultrabulk Shipping A/S does not know which consequences, if any, this could have to the future cooperation with these customers.

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 and that materially affect the income statement or the balance sheet.

Note 29 – New financial reporting regulation

IASB has issued a number of new or amended and revised accounting standards and interpretations that have not yet come into force.

- IFRS 9 Financial instruments: Classification and amendment to IFRS, 9 IFRS 7 and IAS 39
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38
- IAS 16 and IAS 41 Agriculture: Bearer Plants – Amendments to IAS 16 and IAS 41
- IAS 27 Equity Method in Separate Financial Statements – Amendments to IAS 27
- IFRS 11 Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11
- IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the consolidation exception – Amendments to IFRS 10, IFRS 12 and IAS 28
- IFRS 10 and IAS 28 Sale or Contribution of Assets between and Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28
- IAS 1 Disclosure Initiative – Amendments to IFRSa 2012-2014 Cycle

Of these Amendments to IAS 16 and IAS 38, Amendments to IAS 16 and IAS 41, Amendments to IAS 27, Amendments to IFRS 11, Amendments to IAS 1 and Annual improvements to IFRSs 2012-2014 Cycle have not been approved for use in EU.

Ultrabulk Shipping A/S expects to implement the new standards and interpretations as they become mandatory in EU.

IFRS 16 Leases have been issued medium January 2016. The standard will have effect on the financial statement for 2019, and will change the way operational leasing contracts will be presented in the financial statement. From 2019 all operational leasing contracts must be recognised as a right-to-use asset and a lease liability. Today the operational lease expenses are included in the time-charter hire but from 2019 this expenses will be split in Opex, depreciation and interest. Ultrabulk Shipping A/S is currently assessing the effect of the standard but the preliminarily analyses show an increase of the balance sheet and the EBITDA.

2015 Financial Statements

Ultrabulk Shipping A/S - Parent Company

Income Statement

Figures in USD '000

	Note	2015	2014
Management fees		1,061	1,168
Administration expenses	4	-891	-1,104
Profit before tax and finance costs (EBIT)		**170**	**64**
Financial income	5	45,003	4
Financial expenses	6	-25,746	-47
Profit before tax		**19,427**	**21**
Tax	7	-379	44
Net profit		**19,048**	**65**
Distribution of Net profit for the year:			
Retained earnings		19,048	65
Total		**19,048**	**65**

Statement of Comprehensive Income

Figures in USD '000	Note	2015	2014
Profit for the year		19,048	65
Other comprehensive income			
Items that will be reclassified subsequently to the consolidated income statement, when specific conditions are met:			
Fair value adjustments other investments and other changes(gain/-loss)		0	0
Reversal hedging reserve		0	0
Other comprehensive income for the year, net of tax		0	0
Total comprehensive income for the year, after tax		**19,048**	**65**

Balance Sheet

ASSETS

Figures in USD '000	Note	2015	2014
Investment in subsidiaries	8	61,783	86,783
Deferred tax		364	407
Total financial non-current assets		**62,147**	**87,190**
Total non-current assets		**62,147**	**87,190**
Other receivables	9	21,689	328
Cash and short-term deposits		51,836	10,074
Total current assets		**73,525**	**10,402**
TOTAL ASSETS		**135,672**	**97,592**

EQUITY AND LIABILITIES

Figures in USD '000

	Note	2015	2014
Share capital	10	5,134	5,134
Share premium		12,048	12,048
Total paid-in capital		17,182	17,182
Retained earnings		92,010	72,962
Total equity		**109,192**	**90,144**
Payables to Group enterprises and other payables	11	26,557	7,321
Corporate tax		-77	127
Total current liabilities		**26,480**	**7,448**
Total liabilities		**26,480**	**7,448**
TOTAL EQUITY AND LIABILITIES		**135,672**	**97,592**

Statement of Changes in Equity

Figures in USD '000

	Paid in capital Share capital (Note 21)	Share premium	Retained earnings	Total equity
At 1 January 2015	**5,134**	**12,048**	**72,962**	**90,144**
Profit for the year	0	0	19,048	**19,048**
Other comprehensive income	0		0	**0**
Total comprehensive income	**0**	**0**	**19,048**	**19,048**
At 31 December 2015	**5,134**	**12,048**	**92,010**	**109,192**

	Paid in capital Share capital (Note 21)	Share premium	Retained earnings	Total equity
At 1 January 2014	**5,134**	**12,048**	**72,897**	**90,079**
Profit for the year	0	0	65	**65**
Total comprehensive income	**0**		**65**	**65**
At 31 December 2014	**5,134**	**12,048**	**72,962**	**90,144**

Cash Flow Statement

Figures in USD '000

	2015	2014
Profit/loss(-) before tax	19,427	21
Adjustment to reconcile profit before tax to net cash flows		
Non-cash:		
Impairment Investment in subsidiaries	25,000	0
Interest income/expense	-522	4
Working capital adjustments:		
Change in current assets	-21,361	9,036
Change in current liabilities	19,235	-31,853
Net cash flows from operating activities	**41,780**	**-22,792**
Capital contribution in subsidiary	0	-6,500
Interest, received	3	0
Net cash flows from investing activities	**3**	**-6,500**
Interest, paid	-21	-47
Net cash flows from financing activities	**-21**	**-47**
Net change in cash and cash equivalents	41,762	-29,339
Cash and cash equivalents at 1 January	10,074	39,413
Cash and cash equivalents at 31 December	**51,836**	**10,074**

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 judgement, estimates and assumptions

The preparation of the Parent's financial statements requires management to make judgements, 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 2015 there has been indication of impairment of one of the subsidiaries. Therefore management have prepared an impairment test (value in use). Basis 5 years forecast and no growth and a discount factor of 12% an impairment loss of USD 25 million have been assessed. The cash flow is based on combination of contractual-, current- and internal rates.

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

Figures in USD '000

	2015	2014
Audit	29	34
Other assurance service	0	0
Tax consultancy	0	0
Other services	0	0
Total	**29**	**34**

Note 4 – Staff costs

Figures in USD '000

	2015	2014
Salaries and wages	584	607
Other expenses for social security	11	16
	595	**623**
Average number of employees	2	2

Please refer to the consolidated financial statements, note 5.

Note 5 – Financial income

Figures in USD '000

	2015	2014
Interest from subsidiaries	3	4
Other financial income	45,000	0
Total	**45,003**	**4**

Note 6 – Financial expenses

Figures in USD '000

	2015	2014
Impairment Investment in subsidiaries	25,000	0
Other financial expenses	746	41
Bank Charges	0	6
Total	**25,746**	**47**

Note 7 - Tax

Figures in USD '000

	2015	2014
Current tax on profit for the year	77	-62
Deferred tax on profit for the year	0	106
Tax on profit for the year	77	44
Adjustments related to previous years - current tax	-413	-
Adjustments related to previous years - deferred tax	-43	0
Tax in the income statement	-379	44
The tax of profit breaks down as follows:		
Calculated 23.5%/24.5% tax on profit for the year before tax	4,565	5
Other effects		
Non-tax income less non-tax deductible expenses (net)	-4,488	0
Adjustment of tax relating to prior years	0	39
Total tax of profit for the year	77	44

Note 8 – Investments in subsidiaries

Investments in subsidiaries
Figures in USD '000

	2015	2014
Cost:		
Cost at 1 January	86,783	80,283
Additions for the year	12,469	6,500
Disposals for the year	-12,469	0
Cost at 31 December	**86,783**	**86,783**
Impairment at 1 January	0	0
Impairment for the year	25,000	0
Impairment at 31 December	**25,000**	**0**
Carrying amount at 31 December	**61,783**	**86,783**

	Ownership share			Share capital
	2015	2014	Registered office	in DKKm
Ultrabulk A/S	100	100	Copenhagen, Denmark	1.0
Ultrabulk Rederi A/S	100	100	Copenhagen, Denmark	82.0
P.E.P. Shipping A/S	100	100	Copenhagen, Denmark	1.0
Ultrabulk Steel Service A/S	0	100	Copenhagen, Denmark	0.0
Ultrabulk Shipholding A/S	0	100	Copenhagen, Denmark	0.0

Note 9 – Receivables from Group enterprises and other receivables

Figures in USD '000

	2015	2014
Receivables from Group enterprises	21,298	0
Other receivables	391	328
Total	**21,689**	**328**

Note 10 - Equity

The share capital is commented upon in note 17 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 are set for the parent company.

Note 11 – Payables to Group enterprises and other payables

Figures in USD '000

	2015	2014
Payables to Group enterprises	24,009	4,955
Other payables	2,548	2,366
Total	**26,557**	**7,321**

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

Note 12 – Mortgages and security

Figures in USD '000	**2015**	**2014**
Other guarantees		
Ultrabulk Shipping A/S has issued a guarantee for loan to joint venture	47,403	23,963
Ultrabulk Shipping A/S has issued a guarantee for an associated company	9,476	11,682
Ultrabulk Shipping A/S has issued a guarantee for time charter hire to subsidiaries	453,031	310,942
Ultrabulk Shipping A/S has issued a guarantee for remaining payments under new building contracts	71,420	64,098
	581,330	**410,685**

Joint taxation

The Company is in joint taxation with other Danish Companies in the Naviera Ultranav Group. The joint taxation also covers withholding taxes in the form of dividend tax, royalty tax and interest tax. The Danish companies are jointly and individually liable for the joint taxation. The tax for the individual companies is allocated in full on the basis of the expected taxable income.

Note 13 – Contingent assets and liabilities

For information regarding contingent assets and liabilities, please refer to the consolidated financial statements, note 23.

Note 14 – Related party transaction

Management fee has been charged to Ultrabulk A/S, 1.1 MUSD (2014: 1.0 MUSD) and Ultrabulk S.A., 144 KUSD (2014: 144 KUSD).

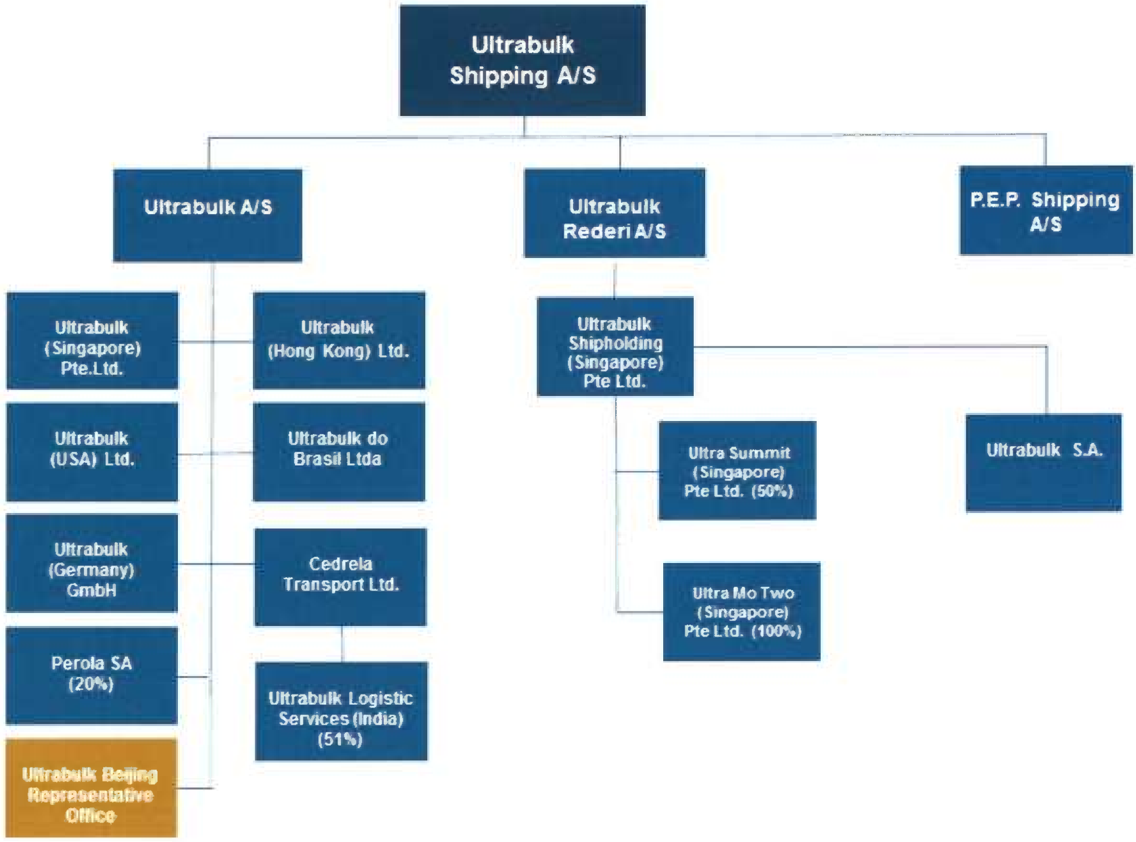
Note 15 – Subsequent events

For subsequent events, please refer to the consolidated financial statements, note 28.

Note 16 – New financial reporting regulation

For new financial reporting regulation, please refer to the consolidated financial statements, note 29. 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.

Definitions of key figures and financial ratios

The financial rations were computed in accordance with "Recommendations and Rations 2015" issued by the Danish Society of Financial Analysts. The rations listed in the key figures and rations section were calculated as follows:

Gross profit margin	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
EBITDA margin	=	$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$
Return of equity in % (ROE)	=	$\frac{\text{Profit or loss for the year} \times 100}{\text{Average equity, excluding minority interests}}$
Payout ratio	=	$\frac{\text{Dividend} \times 100}{\text{Profit or loss for the year, excluding minority interests}}$
Equity ratio	=	$\frac{\text{Equity at year-end, excluding minority interest} \times 100}{\text{Total assets}}$
USD exchange rate at year-end	=	The USD exchange rate quoted on the NASDAQ OMX Copenhagen at the balance sheet date
Average USD exchange rate	=	The average USD 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

www.ultranav.cl Ultranav owns around 60 vessels & operates about 240. They are employed in the transportation of crude oil, refined products, chemicals, liquid gases, dry bulk cargoes & containers.

www.ultratug.com Ultratug operates more than 60 offshore vessels, harbour & LNG terminal tugs & pilot boats, servicing the majority of ports along the Chilean, Peruvian, Ecuadorian and Colombian coasts, as well as along the Uruguayan, Argentinian and Brazilian coast in the Atlantic.

www.ultramar.cl Ultramar is one of the principle suppliers of integrated port services & cargo logistic solutions in the South and North American market. Ultramar's principle activities include agency services, container deposits, stevedoring & port operations.

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