

FINANCIAL  
REPORT  
FIRST HALF  
2009



# Financial Report First Half 2009

## Main Events

Western Bulk achieved a profit before tax of USD 8.5 million in the first six months of 2009. The comparable period in 2008 showed a profit before tax of USD 29.7 million.

Considering the development in the world economy and decline in world trade, we are satisfied with the results for the first half 2009.

## Highlights in the period

- The dry bulk market has been very volatile during first half 2009. The year started off slowly, with low rates and volumes, but picked up from March and throughout the 2nd quarter.
- During the period Western Bulk has increased its market share. In June the average number of ships operated was historical high at 70.
- Western Bulk continues to deliver solid performance capitalising on its persistent focus on risk management and its reputable customer base.
- Western Bulk renewed the Credit Facility with its main banking relationship.

## Profit development and financial position

- First half 2009 turnover of USD 256.8 million (H1 2008, 547.6 million). This represents a decrease of USD 290.8 million from the comparable period in 2008 and reflects the lower rates in the bulk market.
- Net TC result for the period ended at USD 17.6 million (H1 2008, USD 38.0 million).
- EBITDA was USD 7.5 million (H1 2008, USD 25.5 million). EBT was one million higher at USD 8.5 million due to gain on foreign exchange.
- Total Assets decreased to USD 167.1 million from USD 185.6 million at the start of the period. One third of the Group's assets consist of cash and bank deposits.
- The Group's cash flow was negative with USD 14.0 million. Cash generated from P&L was applied to changes in current assets and reduction of short term debt.
- Western Bulk has limited short and long term debt obligations.
- The liquidity position is considered to be sound with bank deposits of USD 55.8 million.
- The Group's equity is 100,2 MUSD at 30th of June 2009, and equity ratio is 60%, up from 52% at year-end 2008.

## Market development

Commodity markets, including dry bulk shipping, have rebounded from last year's economic downturn. The dry bulk market has been on an improving trend during the first six months of 2009. The Supramax Index started at USD 4.295 and by mid year the Index was USD 17.790. The volatility has been high and the market topped out in this period at USD 19.470 in the beginning of June.

The freight market has mainly been driven by higher volumes into the Pacific Ocean, and change of trading patterns has caused the tonne/miles to increase.

With WB's business model based on risk management, positioning and arbitrage, we have been able to create value from imbalances between basins, volatility and intra-market opportunities.

## Outlook

As the market has over-performed compared to expectations during the first six months it is difficult to assess the outlook for the second half of 2009.

The FFA market indicates a market 25% lower than today's spot levels. Therefore, even if today's cargo activity remains constant, it is realistic to be cautious about the market development over the next six months.

There is considerable uncertainty on the supply side of the dry bulk market. With large overhang of new tonnage that should have been delivered, together with a substantial order book for the rest of the year, it is hard to see the market maintaining its present strength.

We expect the market to remain volatile.

14th of August 2009

The Board of Directors  
Western Bulk AS  
Oslo

# Key Figures

(USD 1,000)	1.1 - 30.6 2009	1.1 - 30.6 2008	1.1 - 30.6 2007	1.1 - 31.12.08
Gross freight revenues	256 763	547 611	329 216	1 051 255
Net T/C result	17 579	38 049	29 620	85 404
EBITDA	7 451	25 509	21 910	54 748
EBIT	7 098	25 254	22 510	45 779
Profit/(loss) before tax	8 468	29 737	23 128	49 336
Total assets	167 126	205 326	119 495	185 613
Cash and bank deposits	55 814	109 207	75 629	69 768
Equity	100 226	99 191	44 866	96 847
Cash flow	-13 954	4 295	46 225	-35 144
Number of ship days	9 989	9 909	9 527	19 918
Margin per ship day (USD)	1 760	3 840	3 109	4 288
EBITDA margin	2,9 %	4,7 %	6,7 %	5,2 %
EBIT margin	2,8 %	4,6 %	6,8 %	4,4 %
Equity ratio	60,0 %	48,3 %	37,5 %	52,2 %

## Definitions

Margin per ship day:	Net T/C result divided by number of ship days
EBITDA margin:	EBITDA in % of gross freight revenues
EBIT margin:	EBIT as % of gross freight revenues
Equity ratio:	Equity in % of total capital



## Profit and Loss Statement

(USD 1,000)	1.1 - 30.6.09	1.1 - 30.6.08	1.1 - 30.6.07	1.1 - 31.12.08
Freight revenues	256 763	547 611	329 216	1 051 255
Voyage expenses	-72 853	-100 468	-69 354	-219 842
<b>Freight revenues on T/C - basis</b>	<b>183 910</b>	<b>447 143</b>	<b>259 862</b>	<b>831 413</b>
T/C expenses	-164 592	-407 635	-230 242	-742 718
Other vessel expenses	-1 739	-1 459	-1 178	-3 291
Administration expenses	-10 128	-12 540	-6 532	-30 656
Ordinary depreciation tangible assets	-353	-255	-225	-629
Ordinary depreciation goodwill	0	0	-260	0
Gain/(loss) on disposal of fixed assets	0	0	228	-5
<b>Operating profit/(loss)</b>	<b>7 099</b>	<b>25 254</b>	<b>21 653</b>	<b>54 114</b>
Net interest income/(expense)	202	2 346	1 103	3 556
Gain/loss on foreign exchange	1 454	2 228	689	-2 079
Write-down of shares	0	0		-5 998
Other financial expenses	-287	-91	-317	-259
<b>Profit/(loss) before tax</b>	<b>8 468</b>	<b>29 737</b>	<b>23 128</b>	<b>49 336</b>
Tax income/(expense)				-10 416
<b>Profit/(loss) for the period</b>				<b>38 920</b>

## Cash Flow Statement

(USD 1,000)	1.1 - 30.6.09	1.1 - 30.6.08	1.1 - 30.6.07	1.1 - 31.12.08
<b>CASHFLOW FROM OPERATIONS</b>				
Profit/(loss) before tax	8 468	29 737	23 127	49 336
Taxes paid	-92	-58	0	-119
Gain/(loss) on disposal fixed assets	0	0	0	0
Ordinary depreciation	353	255	485	629
Write down of shares	0	0	0	5 998
Allocations/Pensions	0	0	9	0
Changes in current receivables and current liabilities	-15 563	-15 806	25 632	-76 944
<b>Net cashflow from /(to) operating activities (A)</b>	<b>-6 834</b>	<b>14 128</b>	<b>49 253</b>	<b>-21 100</b>
<b>CASHFLOW FROM INVESTMENTS</b>				
Investments in fixed assets	-497	-1 375	-3 236	-1 534
Investments in shares	0	-8 662	0	-8 662
Proceeds from sale of fixed assets	0	0	0	0
Changes in long term receivables	-1	214	-25	469
Sale of financial assets	20	12	235	58
<b>Net cash from investments (B)</b>	<b>-478</b>	<b>-9 811</b>	<b>-3 026</b>	<b>-9 669</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>				
Changes in new short term and long term debt	-6 641	4 794	-2	18 441
Loan to related party	16 137	21 010	0	14 536
Group contribution settled	-11 048	-17 982	0	-17 982
Share dividend paid	-5 089	-7 844	0	-19 371
Share capital increase	0	0	0	0
Purchase/sale of own shares	0	0	0	0
<b>Net cashflow from financing activities (C)</b>	<b>-6 641</b>	<b>-22</b>	<b>-2</b>	<b>-4 376</b>
<b>Net change in liquidity during the period (A+B+C)</b>	<b>-13 954</b>	<b>4 295</b>	<b>46 225</b>	<b>-35 145</b>
Liquid assets at 1.1.	69 768	104 912	29 404	104 912
<b>Liquid assets at end of period</b>	<b>55 814</b>	<b>109 207</b>	<b>75 629</b>	<b>69 768</b>
Restricted bank deposits	26 501	41 419	23 052	24 847
<b>Available liquid assets at end of period</b>	<b>29 313</b>	<b>67 788</b>	<b>52 577</b>	<b>44 921</b>

# Balance Sheet

(USD 1,000)	30.6.09	30.6.08	30.6.07	31.12.08
<b>ASSETS</b>				
<b>Fixed Assets</b>				
<b>Intangible fixed assets</b>				
Deferred tax asset	2 865	0	1 564	2 012
<b>Tangible fixed assets</b>				
Other tangible assets	7 367	7 493	4 873	7 242
<b>Financial assets</b>				
Net pension assets	0	0	148	0
Long term receivables	18	272	446	17
<b>Total fixed assets</b>	<b>10 250</b>	<b>7 765</b>	<b>7 031</b>	<b>9 272</b>
<b>Current Assets</b>				
Accounts receivable	13 035	46 044	19 781	16 728
Other receivables	440	3 134	162	279
Prepaid costs	71 117	13 793	7 756	72 682
Loan to related party	0	1 790	0	8 086
Bunker stocks	13 350	14 475	9 136	5 678
Shares	3 120	9 118	0	3 120
Bank deposits	55 814	109 207	75 629	69 768
<b>Total current assets</b>	<b>156 876</b>	<b>197 561</b>	<b>112 464</b>	<b>176 341</b>
<b>TOTAL ASSETS</b>	<b>167 126</b>	<b>205 326</b>	<b>119 495</b>	<b>185 613</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<b>Paid in capital</b>				
Share capital	8 757	8 757	5 426	8 757
Share premium reserve	21 136	21 136	1 165	21 136
<b>Total paid in capital</b>	<b>29 893</b>	<b>29 893</b>	<b>6 591</b>	<b>29 893</b>
<b>Retained earnings</b>				
Other equity	70 333	69 298	38 276	66 955
<b>Total earned equity</b>	<b>70 333</b>	<b>69 298</b>	<b>38 276</b>	<b>66 955</b>
<b>Total Shareholders' equity</b>	<b>100 226</b>	<b>99 191</b>	<b>44 867</b>	<b>96 847</b>
<b>Liabilities</b>				
<b>Other long term liabilities</b>				
Deferred tax liability	0	107	0	0
Other long term liability	4 560	4 864	78	4 680
<b>Total long term liabilities</b>	<b>4 560</b>	<b>4 971</b>	<b>78</b>	<b>4 680</b>
<b>Current liabilities</b>				
<b>Accounts payable</b>				
Bank overdraft	9 999	16 778	8 648	9 413
Bank overdraft	7 180			13 701
Prepaid freight	15 105	11 199	9 030	6 474
Prepaid income	0	46 813	38 244	0
Taxes payable	225	61	116	317
Accrued costs	19 212	19 667	15 618	25 983
Pension liabilities	258	192	0	239
Liabilities to Group Company	877	0	1 083	11 925
Other current liabilities	9 484	6 454	1 811	16 035
<b>Total current liabilities</b>	<b>62 340</b>	<b>101 164</b>	<b>74 550</b>	<b>84 086</b>
<b>Total liabilities</b>	<b>66 900</b>	<b>106 135</b>	<b>74 628</b>	<b>88 766</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>167 126</b>	<b>205 326</b>	<b>119 495</b>	<b>185 613</b>

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