



BELSHIPS



BELSHIPS

REPORT 2ND QUARTER 2019

30 August 2019

www.belships.com

Lilleakerveien 4, P.O.Box 23, Lilleaker, N-0216 Oslo, Norway

Phone +47 22 52 76 00 | chartering@belships.no

Enterprise no: NO 930776793 MVA



CONTINUED STRONG OPERATIONAL PERFORMANCE AND GROWTH

HIGHLIGHTS

- Operating income of USD 29.6 million (Q2 2018: USD 21.6 m)
- EBITDA of USD 8.0 m (USD 3.5 m)
- Net result of USD 0.1 m (USD -0.1 m) impacted by one-off costs
- All ships operating normally – modern fleet – average age 7 years
- Efficient utilization and continued outperformance of spot market
- Net TC earnings per ship of USD 10 996 per day versus net BSI index of USD 8 167 per day
- Proposal of dividend payment in Q3 of NOK 0.05 per share
- Private placement successfully completed
- Cash breakeven about USD 7 000 per day for remaining open days next 12 months
- 90% of ship days in Q3 have been booked at USD 11 250 net per day
- All owned Vessels changed to Norwegian flag (NIS)
- Three bareboat charter agreements with purchase options concluded in Q3

Fleet status

Net earnings per ship was recorded at USD 10 996 per day net versus BSI index of USD 8 167 per day net for the same period. This outperformance of the index is due to the optimized portfolio of period charter coverage and outsized spot earnings earned by our subsidiary Lighthouse Navigation. Of the spot trading ships in the fleet, net earnings of USD 9 094 per day shows a premium in excess of 11% to the BSI spot index was achieved in the quarter.

M/V Belcargó (ex Viola) was taken over in May, M/V Sofie Victory in July and M/V Belfri (ex Sephora) in August.

All ships have sailed without significant off-hire. Belships Management (Singapore) will soon have the technical management for 21 vessels, and crewing management for 36 ships enhancing the earnings and contribute positively to the Belships' EBITDA.

Vessel transactions

During July, Belships announced that it had entered into an agreement to bareboat charter a newbuilding resale for a period of up to 10 years. The vessel is a 64 000 dwt Ultramax bulk carrier and will be delivered from a Japanese shipyard in the second half of 2021. Belships has purchase options at around today's market levels as from end of the fourth year and throughout the remaining charter period. This fully financed vessel calculates total cost of capital to about 5.5 per cent.

Furthermore, Belships has agreed 7 year bareboat charters for two 61,000 dwt Ultramax bulk carrier newbuildings. The vessels will be delivered by a Japanese shipyard during the fourth quarter of 2019 and first quarter of 2020. The estimated cash breakeven for the Vessels upon delivery is about USD 11,000 per day including operational expenses. Belships ASA will pay a sum of USD 3 mill per Vessel prior to delivery. The agreements come with purchase options below current market values and can be exercised as from the fourth year until the end of the charter.

We believe this strongly signals the competitive advantage Belships has in sourcing ship finance.

**Newbuilding program – no outstanding capex**

Belships' newbuilding program has been expanded and now consists of four vessels, all Japanese eco-design Ultramax bulk carriers. One vessel will be delivered during Q4/2019, two vessels in Q1/2020 and the fourth during 2H/2021.

Financial and corporate matters

The Board proposes a dividend payment in Q3 of NOK 0.05 per share.

In Q2 Belships raised NOK 72.6 mill. (equivalent to approx. USD 8.3 mill.) through allocation of 10,372,187 shares. The book was composed of high quality private and institutional investors. In July additional 558,541 shares were allocated in a subsequent subscription. Through the completion of these transactions and the three ship for shares transactions concluded in Q1 and Q2, the company has successfully expanded its shareholder base and increased the tradeable free float of the Belships share.

As at 30 June the Belships cash totaled USD 47.4 million. The mortgage debt as per 30 June was USD 116.2 million, while net lease obligation was USD 64.9 million. In addition Belships has a long-term loan facility of SGD 2 million, secured by the lease agreement for our Singapore office. The company is in compliance with all covenants.

Refinancing of Belships mortgage debt is now completed and Belships liquidity position is solid. Remaining accordion facility is amounting to USD 15 mill.

The company will be cash positive (after opex, overhead and debt service) at a day rate of about USD 7 000 for the remaining open ship days in the coming 12 months.

The hedging level of interest rate exposure is currently around 60% including lease agreements not included in the balance sheet.

At the end of the Q2 2019, the book value per share amounted to NOK 6.55 (USD 0.77), while the equity ratio was 41.0 %.

With effect from 1 January 2019, Belships adopted IFRS 16 Leases. The new standard is following the modified retrospective approach, and does not require any restatement of comparative information. Lease liability reflecting future lease payments, right of use asset and interest expense on the lease liability are recognized and the right of use asset is depreciated. Straight-lining of depreciation and interest charges on the lease liability will result in a higher total charge to profit or loss in the initial periods, due to the unwinding of interest on the lease liability.

Market highlights

The dry bulk market for Supramax/Ultramax bulk carriers improved from the first to the second quarter 2019. Measured by the BSI-58 index, earnings averaged USD 8 167 per day (net) – 7 per cent up from the previous quarter. The market reacted strongly as iron ore mines in Brazil started coming back into operation after the tailing dam accident in January. Despite continued turbulence and interference from ongoing trade wars and uncertainties in macroeconomic growth forecasts, the rates have increased significantly in the third quarter and is currently about USD 14 500 per day.

At the end of 2018, 148 Supramax/Ultramax newbuildings were scheduled for delivery in 2019. 22 vessels were added to the fleet during the second quarter whilst only one vessel was recycled. As of writing this report, only 58 vessels have been delivered. Based on recent years' annual delivery



profile we should not expect more than another 20-25 vessels entering service in 2019. In other words, a significant shortfall compared to the reported orderbook.

22 vessels of about 1.3 m dwt have been contracted so far this year. This is less than half the number contracted at this time in 2018 and points towards a historically very low fleet growth in the coming years. As the IMO 2020 Sulphur Cap coming into effect in a few months' time, there is some potential for slow steaming depending on bunkers costs and eventually we expect to see more ships being recycled than at the current rate.

The latest round of stimulus packages in China is starting take effect. Interest rate cuts and other stimulus measures has resulted in surging Chinese credit growth this year. The growth rate is now the highest since 2014. Since 2010, China credit growth has been leading dry bulk markets by roughly one year. Barring further negative escalations of trade wars, we expect a continued positive market development in 2019 and 2020.

Outlook

The Company will soon control a fleet of 22 dry bulk carriers and continues to enhance its earnings with a combination of charter backlog and spot exposure.

Belships' strategy going forward is to grow as a fully integrated shipowner and operator of geared bulk carriers. Through the vessel acquisitions, financing and share issues, Belships has demonstrated its ability to deliver on this strategy. Belships expects that further transactions may be available, and intends to pursue such transactions where accretive.

Following the transactions already announced and the issuances of approximately 37 million shares, the company has increased the free float in the Belships share, as well as broadened the shareholder base. It is Belships' intention to make further steps to increase the liquidity in the share.

Introducing dividends is an important part of developing Belships and returning capital to the shareholders on a regular basis is an important part of the company's strategy.

30 August 2019
THE BOARD OF BELSHIPS ASA

Peter Frølich, Chairman

Frode Teigen	Sverre Jørgen Tidemand	Sissel Grefsrud
Carl Erik Steen	Birthe Cecilie Lepsøe	Jorunn Seglem

Lars Christian Skarsgård
CEO

**RESPONSIBILITY STATEMENT**

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January to 30 June 2019 has been prepared in accordance with IAS 34 - Interim Financial Reporting, and gives a true and fair view of the Company's assets, liabilities, financial position and result for the period.

We also confirm to the best of our knowledge that the financial review includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the financial statements.

30 August 2019

THE BOARD OF BELSHIPS ASA

Peter Frølich, Chairman

Frode Teigen

Sverre Jørgen Tidemand

Sissel Grefsrud

Carl Erik Steen

Birthe Cecilie Lepsøe

Jorunn Seglem

**CONSOLIDATED STATEMENT OF INCOME***The quarterly figures are not audited*

USD 1 000		Q2 2019	Q1 2019	YTD Q2 2019	Q2 2018	Q1 2018	YTD Q2 2018	2018
Gross freight revenue	Note	35 127	36 176	71 303	29 840	24 864	54 704	127 735
Voyage expenses		-8 068	-7 737	-15 805	-9 479	-5 334	-14 813	-10 698
Net freight revenue	2	27 059	28 439	55 498	20 361	19 530	39 891	117 037
Management fees		2 511	2 637	5 148	1 193	967	2 160	4 865
Operating income	2	29 570	31 076	60 646	21 554	20 497	42 051	121 902
Share of result from j/v and assoc. comp.		608	634	1 242	230	395	625	2 012
T/C hire expenses		-12 121	-12 515	-24 636	-13 048	-11 617	-24 665	-80 014
Ship operating expenses		-6 465	-5 975	-12 440	-3 547	-4 080	-7 627	-16 094
Operating expenses ship management		-916	-971	-1 887	0	0	0	-420
General and administrative expenses		-2 700	-2 143	-4 843	-1 682	-1 406	-3 088	-7 837
Operating expenses		-21 594	-20 970	-42 564	-18 047	-16 708	-34 755	-102 353
EBITDA		7 976	10 106	18 082	3 507	3 789	7 296	19 549
Depreciation and amortisation	3	-4 702	-4 555	-9 257	-2 356	-1 847	-4 203	-7 813
Purchase bargain gain		0	0	0	0	0	0	12 849
Operating result (EBIT)		3 274	5 551	8 825	1 151	1 942	3 093	24 585
Interest income		57	56	113	8	4	12	56
Interest expenses		-2 652	-2 617	-5 269	-1 230	-879	-2 109	-4 754
Other financial items		-350	-138	-488	-37	-315	-352	-351
Currency gains/(-losses)		-32	-156	-188	6	-29	-23	-94
Net financial items		-2 977	-2 855	-5 832	-1 253	-1 219	-2 472	-5 143
Result before taxes		297	2 696	2 993	-102	723	621	19 442
Taxes		-164	-150	-314	0	0	0	-247
Net result		133	2 546	2 679	-102	723	621	19 195
Hereof majority interests		85	1 838	1 923	635	39	674	18 169
Hereof non-controlling interests		48	708	756	-737	684	-53	1 026
Earnings per share		0.00	0.01	0.01	0.00	0.01	0.01	0.20
Diluted earnings per share		0.00	0.01	0.01	0.00	0.01	0.01	0.20

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*The quarterly figures are not audited*

USD 1 000		Q2 2019	Q1 2019	YTD Q2 2019	Q2 2018	Q1 2018	YTD Q2 2018	2018
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>								
Actuarial gain/(loss) on defined benefit plans		0	0	0	0	0	0	-9
<i>Items that may be subseq. reclass. to profit or (loss):</i>								
Exchange differences		0	0	0	0	0	0	53
Total comprehensive income		133	2 546	2 679	-102	723	621	19 239
Hereof majority interests		85	1 838	1 923	635	39	674	18 181
Hereof non-controlling interests		48	708	756	-737	684	-53	1 058

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***The quarterly figures are not audited*

USD 1 000		30 Jun 2019	31 Mar 2019	31 Dec 2018
NON-CURRENT ASSETS				
	<i>Note</i>			
Intangible assets		5 816	7 182	8 536
Ships	3	264 177	253 778	230 425
Property, Plant, and Equipment		4 444	4 183	4 210
Investment in jv and assoc. companies		2 762	2 897	1 939
Other non-current assets		1 498	59	343
Total non-current assets		278 697	268 099	245 453
CURRENT ASSETS				
Inventories		6 836	4 971	4 230
Current receivables		9 915	10 139	11 897
Cash and cash equivalents		47 389	34 736	32 034
Total current assets		64 140	49 846	48 161
Total assets		342 837	317 945	293 614
EQUITY AND LIABILITIES				
Equity				
Paid-in capital		111 184	96 893	96 870
Retained earnings		25 661	25 576	23 738
Non-controlling interests		3 930	3 882	3 174
Total equity		140 775	126 351	123 782
Non-current liabilities				
Mortgage debt	4	95 555	75 781	94 513
Lease liability	4	59 405	60 801	38 653
Other non-current liabilities		3 229	3 425	3 446
Total non-current liabilities		158 189	140 007	136 612
Current liabilities				
Curr. portion of mortgage debt/lease liability	4	26 098	34 719	14 619
Other current liabilities		17 775	16 868	18 601
Total current liabilities		43 873	51 587	33 220
Total equity and liabilities		342 837	317 945	293 614

**CONSOLIDATED STATEMENT OF CASH FLOW***The quarterly figures are not audited*

USD 1 000	30 Jun 2019	31 Mar 2019	31 Dec 2018
Cash flow from operating activities			
Net result before taxes	2 993	2 696	19 442
Adjustm. to reconcile profit before tax to net cash flows:			
Purchase bargain gain	0	0	-12 849
Depreciations on fixed assets	9 257	4 555	7 813
Share-based compensation expense	23	23	5
Diff. between pension exps and paid pension premium	-174	0	-81
Share of result from j/v and associated companies	-1 242	-634	-2 012
Net finance costs	5 832	2 855	5 143
Change in other short-term items	-1 898	-353	483
Interest received	113	56	56
Interest paid	-5 269	-2 617	-4 754
Income tax paid	-247	-132	-264
Net cash flow from operating activities	9 388	6 449	12 982
Cash flow from investing activities			
Payment of ships	-13 000	0	-19 430
Distribution and capital reduction from joint ventures	0	0	2 340
Net cash contribution from merger	0	0	6 709
Payment of other investments	-1 919	0	0
Net cash flow from investing activities	-14 919	0	-10 381
Cash flow from financing activities			
Proceeds from long-term debt	11 657	0	19 750
Paid-in capital (net)	14 291	0	0
Repayment of long-term debt	-5 062	-3 747	-4 161
Dividend to non-controlling interests	0	0	-846
Net cash flow from financing activities	20 886	-3 747	14 743
Net change in cash and cash equivalents during the period	15 355	2 702	17 344
Cash and cash equivalents at 1 January	32 034	32 034	14 690
Cash and cash equivalents at end of period (incl. restricted cash)	47 389	34 736	32 034



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

USD 1 000

	Majority interest						Non-controlling interests	Total equity
	Paid-in				Retained			
	Share capital	Treasury shares	Share premium reserves	Other paid-in equity	Other equity			
As at 30 June 2019								
Equity as at 31 December 2018	41 870	-166	18 166	37 000	23 738	3 174	123 782	
Share issue (incl. share issue exps)	4 231	0	10 578	-518	0	0	14 291	
Share-based payment expense	0	0	0	23	0	0	23	
Net result for the period	0	0	0	0	1 923	756	2 679	
Other comprehensive income	0	0	0	0	0	0	0	
Total comprehensive income	0	0	0	0	1 923	756	2 679	
Equity as at 30 June 2019	46 101	-166	28 744	36 505	25 661	3 930	140 775	
As at 31 December 2018								
Equity as at 31 December 2017	27 598	-166	4 519	0	5 557	6 567	44 075	
Consideration shares completion of merger	14 272	0	13 647	0	0	0	27 919	
Restructuring as part of the merger	0	0	0	37 000	0	-4 451	32 549	
Net result for the period	0	0	0	0	18 169	1 026	19 195	
Other comprehensive income	0	0	0	0	12	32	44	
Total comprehensive income	0	0	0	0	18 181	1 058	19 239	
Equity as at 31 December 2018	41 870	-166	18 166	37 000	23 738	3 174	123 782	

**KEY FINANCIAL FIGURES**

		As at 30 Jun 2019	As at 31 Mar 2019	As at 31 Dec 2018*
EBITDA	USD 1000	18 082	10 106	19 549
Interest coverage ratio		1.67	2.12	5.17
Current ratio	%	146.19	96.63	144.98
Equity ratio	%	41.06	39.74	42.16
Earnings per share	USD	0.00	0.01	0.20
Earnings per share	NOK	0.01	0.08	1.76
Equity per share	USD	0.77	0.72	0.71
Equity per share	NOK	6.55	6.20	6.14
Number of issued shares as at end of period		183 178 643	175 117 992	175 117 993
Average number of weighted shares (excluding treasury shares)		175 779 091	174 569 992	94 850 830

**) The merger between Belships and the Lighthouse companies was completed at 10 December 2018. This merger constitutes a reverse acquisition under IFRS. Figures up until 10 December 2018 reflect information from the Lighthouse group only. From 10 December 2018 legacy Belships is incorporated at fair value.*

Definition of Non-IFRS financial measures

The Group's financial information is prepared in accordance with international financial reporting standards ("IFRS") as adopted by the European Union. In addition, it is the management's intention to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of the Group's performance, but not instead of, the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies. Due to the recent establishment of the enlarged Group, Management is in the initial phase of assessing its external financial reporting and performance measures are therefore subject to change.

The alternative performance measures are intended to enhance comparability of the results and to give supplemental information to the users of the Group's external reporting.

- *Current ratio* - is defined as total current assets, divided by total current liabilities
- *EBITDA* - is defined as operating result adjusted for depreciation and amortization, other gains/(losses), interest income, interest expenses and other financial items
- *EBIT* - is defined as operating result adjusted for interest income, interest expenses and other financial items
- *Equity ratio* - is equal to shareholders' equity including non-controlling interest, divided by total assets
- *Interest coverage ratio* - is equal to earnings before interest and taxes (EBIT), divided by interest expenses



NOTES TO THE CONSOLIDATED ACCOUNTS

The consolidated financial statements are presented in USD thousands unless otherwise indicated

Note 1 Accounting principles

These interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". They do not include all of the information required for full annual financial reporting, and should be read in conjunction with the consolidated financial statements of Belships for the year ended 31 December 2018.

The merger between Belships and the Lighthouse companies was completed at 10 December 2018. This merger constitutes a reverse acquisition under IFRS. Comparative figures up until 10 December 2018 reflect information from the Lighthouse group only. From 10 December 2018 legacy Belships is incorporated at fair value. Since legacy Belships is the legal acquirer, financial statements are prepared based on legacy Belships accounting principles. Based on above comparative financial information referred to relates to historical financial information from Lighthouse Group. EPS is calculated based on actual outstanding shares in Belships ASA. With effect from January 1, 2019 the company implemented IFRS 16. The implementation increased the lease liabilities and corresponding right of use assets on the asset side with USD 26.6 million.

This report was approved by the Board of Directors on 30 August 2019.

Note 2 Segment information

USD 1 000	January - June 2019					
	Ship - L/T charter	Ship - spot	Lighthouse Navigation	Ship managm.	Admin. & group trs.	Total
Gross freight revenue	14 915	21 712	34 676	0	0	71 303
Voyage expenses	0	-6 616	-9 701	0	512	-15 805
Net freight revenue	14 915	15 096	24 975	0	512	55 498
Management fees	0	0	2 550	3 929	-1 331	5 148
Operating income	14 915	15 096	27 525	3 929	-819	60 646
Share of result from j/v and assoc. comp.	0	0	1 242	0	0	1 242
T/C hire expenses	0	0	-24 636	0	0	-24 636
Ship operating expenses	-4 197	-9 167	0	0	924	-12 440
Operating expenses ship management	0	0	0	-1 887	0	-1 887
General and administrative expenses	-22	-236	-2 622	0	-1 963	-4 843
Operating expenses	-4 219	-9 403	-26 016	-1 887	-1 039	-42 564
EBITDA	10 696	5 693	1 509	2 042	-1 858	18 082
Depreciation and amortisation	-4 939	-3 676	-42	-548	-52	-9 257
Operating result (EBIT)	5 757	2 017	1 467	1 494	-1 910	8 825
Interest income	43	2	31	1	36	113
Interest expenses	-2 825	-2 444	0	0	0	-5 269
Other financial items	-265	-140	0	-6	-77	-488
Currency gains/(-losses)	-10	2	-17	-8	-155	-188
Net financial items	-3 057	-2 580	14	-13	-196	-5 832
Result before taxes	2 700	-563	1 481	1 481	-2 106	2 993
Taxes	0	0	-18	-296	0	-314
Net result	2 700	-563	1 463	1 185	-2 106	2 679
Hereof majority interests	2 659	-563	748	1 185	-2 106	1 923
Hereof non-controlling interests	41	0	715	0	0	756

**Note 2 Segment information, continued****BELSHIPS ASA**

USD 1 000

Q1 - 2019

	<i>Ship - L/T charter</i>	<i>Ship - spot</i>	<i>Lighthouse Navigation</i>	<i>Ship managm.</i>	<i>Admin. & group trs.</i>	<i>Total</i>
Gross freight revenue	7 426	11 303	17 447	0	0	36 176
Voyage expenses	0	-3 655	-4 291	0	209	-7 737
Net freight revenue	7 426	7 648	13 156	0	209	28 439
Management fees	0	0	1 232	1 946	-541	2 637
Operating income	7 426	7 648	14 388	1 946	-332	31 076
Share of result from j/v and assoc. comp.	0	0	634	0	0	634
T/C hire expenses	0	0	-12 515	0	0	-12 515
Ship operating expenses	-1 958	-4 426	0	0	409	-5 975
Operating expenses ship management	0	0	0	-971	0	-971
General and administrative expenses	0	-143	-1 189	0	-811	-2 143
Operating expenses	-1 958	-4 569	-13 070	-971	-402	-20 970
Operating result (EBITDA)	5 468	3 079	1 318	975	-734	10 106
Depreciation and amortisation	-2 397	-1 838	-20	-272	-28	-4 555
Operating result (EBIT)	3 071	1 241	1 298	703	-762	5 551

USD 1 000

Q1 - 2018

	<i>Ship - L/T charter</i>	<i>Ship - spot</i>	<i>Lighthouse Navigation</i>	<i>Ship managm.</i>	<i>Admin. & group trs.</i>	<i>Total</i>
Gross freight revenue	0	7 635	17 229	0	0	24 864
Voyage expenses	0	-833	-4 684	0	183	-5 334
Net freight revenue	0	6 802	12 545	0	183	19 530
Management fees	0	0	1 150	0	-183	967
Operating income	0	6 802	13 695	0	0	20 497
Share of result from j/v and assoc. comp.	0	0	395	0	0	395
T/C hire expenses	0	0	-11 617	0	0	-11 617
Ship operating expenses	0	-4 080	0	0	0	-4 080
Operating expenses ship management	0	0	0	0	0	0
General and administrative expenses	0	-254	-1 152	0	0	-1 406
Operating expenses	0	-4 334	-12 374	0	0	-16 708
Operating result (EBITDA)	0	2 468	1 321	0	0	3 789
Depreciation and amortisation	0	-1 826	-21	0	0	-1 847
Operating result (EBIT)	0	642	1 300	0	0	1 942

**Note 2 Segment information, continued****BELSHIPS ASA**

USD 1 000		Q2 - 2019				
	<i>Ship - L/T charter</i>	<i>Ship - spot</i>	<i>Lighthouse Navigation</i>	<i>Ship managm.</i>	<i>Admin. & group trs.</i>	<i>Total</i>
Gross freight revenue	7 489	10 409	17 229	0	0	35 127
Voyage expenses	0	-2 961	-5 410	0	303	-8 068
Net freight revenue	7 489	7 448	11 819	0	303	27 059
Management fees	0	0	1 318	1 983	-790	2 511
Operating income	7 489	7 448	13 137	1 983	-487	29 570
Share of result from j/v and assoc. comp.	0	0	608	0	0	608
T/C hire expenses	0	0	-12 121	0	0	-12 121
Ship operating expenses	-2 239	-4 741	0	0	515	-6 465
Operating expenses ship management	0	0	0	-916	0	-916
General and administrative expenses	-22	-93	-1 433	0	-1 152	-2 700
Operating expenses	-2 261	-4 834	-12 946	-916	-637	-21 594
Operating result (EBITDA)	5 228	2 614	191	1 067	-1 124	7 976
Depreciation and amortisation	-2 542	-1 838	-22	-276	-24	-4 702
Operating result (EBIT)	2 686	776	169	791	-1 148	3 274

USD 1 000		Q2 - 2018				
	<i>Ship - L/T charter</i>	<i>Ship - spot</i>	<i>Lighthouse Navigation</i>	<i>Ship managm.</i>	<i>Admin. & group trs.</i>	<i>Total</i>
Gross freight revenue	0	12 383	17 457	0	0	29 840
Voyage expenses	0	-3 667	-5 953	0	141	-9 479
Net freight revenue	0	8 716	11 504	0	141	20 361
Management fees	0	0	1 334	0	-141	1 193
Operating income	0	8 716	12 838	0	0	21 554
Share of result from j/v and assoc. comp.	0	0	230	0	0	230
T/C hire expenses	0	0	-13 048	0	0	-13 048
Ship operating expenses	0	-3 547	0	0	0	-3 547
Operating expenses ship management	0	0	0	0	0	0
General and administrative expenses	0	-523	-1 159	0	0	-1 682
Operating expenses	0	-4 070	-13 977	0	0	-18 047
Operating result (EBITDA)	0	4 646	-1 139	0	0	3 507
Depreciation and amortisation	0	-2 336	-20	0	0	-2 356
Operating result (EBIT)	0	2 310	-1 159	0	0	1 151

Note 3 Ships

Belships has assessed its recoverable amount on its ships. No impairment indicators exists as of 30 June 2019. The useful life, which is considered as the economic life of the ships, has been estimated to 25 years. Residual value is estimated based on steelprices of the ships.

**Note 4 Mortgage debt/Lease obligations**

Mortgage debt as of 30 June 2019 was USD 116.3 million. A new loan facility was replacing the existing loan in 2nd quarter. The first drawdown of this facility amounting to USD 89 million was made on 6 May 2019. Additionally USD 7.8 million was drawn at delivery of M/V Belcargó.

Arrangement fee and other transaction costs related to the mortgage debt were initially recorded as a reduction of the debt in the balance sheet, and are subsequently amortized over the loan period in accordance with the amortized cost principle.

Net bareboat obligation as at 30 June was USD 39.7 million, of which USD 2.2 million is classified as current.

The bareboat obligation is related to M/V Belforest and M/V Belisland. These two ships are included in the balance sheet as financial leases.

Net timecharter obligation as at 30 June was USD 25.1 million, of which USD 3.2 million is classified as current.

The timecharter obligation is related to M/V Belnippon. The ship is included in the balance sheet as operational lease.

Note 5 Related parties

The subsidiary Belships Management AS has provided accounting services to Sonata AS, which is owned by the board member Sverre J. Tidemand and his family. Fees amounted to 30 for Q2 2019 (Dec 2018: 10).

Fees are in line with prevailing market rates. This agreement was terminated 1 July 2019.

No loans were issued or security provided with respect to the company's shareholders or associated parties.

Note 6 Subsequent events

During July and August Belships ASA announced the following transactions and agreements:

- Belships has acquired the shares in Sofie Victory AS, which is the owner of M/V Sofie Victory, a 63 000 dwt Ultramax bulk carrier, in accordance with earlier announcements.
- Belships has agreed a 10 year bareboat charter for a 64,000 dwt Ultramax bulk carrier newbuilding. The vessel will be delivered by a Japanese shipyard during the second half of 2021. Purchase options can be exercised from the fourth year till the end of the charter.
- Furthermore, Belships has agreed 7 year bareboat charters for two 61,000 dwt Ultramax bulk carrier newbuildings. The vessels will be delivered by a Japanese shipyard during the fourth quarter of 2019 and first quarter of 2020. Purchase options can be exercised as from the fourth year until the end of the charter.
- By the end of the subscription period a total of 558.541 Offer Shares were allocated in accordance with the allocation criteria set out in the prospectus dated 27 June 2019.
- M/V Sephora, a 55 600 dwt bulk carrier has been delivered.

No other material events have taken place after 30 June 2019.

**Note 7 Main shareholders****20 LARGEST SHAREHOLDERS***Updated 19 August 2019*

Name	Number of shares	%
KONTRARI AS	95 822 108	45.15%
KONTRAZI AS	37 463 265	17.65%
SONATA AS	17 461 778	8.23%
LGT BANK AG	12 441 285	5.86%
UBS SWITZERLAND AG	11 408 896	5.38%
WENAASGRUPPEN AS	10 573 275	4.98%
EGD SHIPHOLDING AS	8 481 209	4.00%
PERSHING LLC	3 622 406	1.71%
JAKOB HATTELAND HOLDING AS	3 070 861	1.45%
BNP PARIBAS SECURITIES SERVICES	2 142 044	1.01%
CLEARSTREAM BANKING S.A.	1 626 253	0.77%
KBC BANK NV	1 591 508	0.75%
STAVANGER FORVALTNING AS	1 000 000	0.47%
BELSHIPS ASA	548 000	0.26%
AS TORINITAMAR	417 100	0.20%
ASL HOLDING AS	363 836	0.17%
OLA RUSTAD A.S	350 000	0.16%
TORU NAGATSUKA	330 000	0.16%
ÅSTVEIT INVESTOR AS	285 714	0.13%
SWEDBANK AS	285 714	0.13%
OTHER SHAREHOLDERS	2 939 453	1.39%
TOTAL OUTSTANDING SHARES	212 224 705	100.00%

**FLEET LIST**

Ship	Ownership	Built year	Dwt	Employment	T/C-rate (net USD/day)
Supramax					
M/V Belstar	100 %	2009	58 018	Spot	16 000
M/V Belnor	100 %	2010	58 018	T/C to 05/20	16 000
M/V Belocean	100 %	2011	58 018	Spot	
M/V Beleast	100 %	2006	50 223	Spot	
M/V Belpacific	100 %	2007	50 198	T/C to 10/19	12 150
M/V Belfort	100 %	2008	50 292	Spot	
M/V Belorient	100 %	2008	50 292	Spot	
M/V Belcarga	100 %	2008	58 729	Spot	
M/V Belfri	100 %	2007	55 866	Spot	
Ultramax					
M/V Belforest	BBC	2015	61 320	T/C to 04/20	10 800
M/V Belisland	BBC	2016	61 252	T/C to 03/21	17 300
M/V Belnippon	¹ TC	2018	63 000	T/C to 10/19	10 900
M/V Belpareil	100 %	2015	63 200	T/C to 12/19	11 250
M/V Belsouth	100 %	2015	63 200	T/C to 01/20	11 900
M/V Belinda	100 %	2016	63 200	T/C to 10/19	12 550
M/V Belmont	100 %	2016	63 200	T/C to 01/20	11 900
M/V Belatlantic	100 %	2016	63 200	Spot	
M/V Sofie Victory	² 100 %	2016	63 073	T/C to 03/21	10 800
Imabari newbuilding	³ TC	2020	63 000	Open	
Newbuilding Japan	BBC	2021	64 000	Open	

1) Delivered in January 2018 for long-term lease with purchase option. Charter period is eight years with three annual renewal options. Purchase option may be exercised at the end of year 4 to JPY 3.01 billion, with an annual decrease of JPY 110 million.

2) Index based time charter with a floor rate of USD 10 800 per day (net)

3) Delivery during 1st half of 2020 for long-term lease with purchase option. Charter period is eight years with two annual renewal options.