BELSHIPS

ANNUAL REPORT 2015

We are excited about our journey over the coming years

DEAR READER

I am proud to present the annual report for Belships ASA, and to introduce you to a company with a long history, extensive experience, strong expertise and a promising future.

From its origin in 1918 and focus on specialized heavy lift ships, the company made a valuable contribution for the Allied forces during World War II and during the Korean War. Later on, the company also entered both the tanker- and the energy sector.

Today Belships ASA has developed into a pure dry bulk player with full concentration on one non-specialized asset type. The company has been stock listed on the Oslo Stock Exchange since 1937.

Our subsidiary, Belships Management (Singapore) Pte Ltd, has made its mark on one of the world's most challenging industries for over 30 years – an industry where clients manage valuable assets and demand the highest level of expertise and ability from their partners. We focus without compromise on strict risk management to minimize the hazards to both people and the environment and we appreciate the demands and challenges made by our esteemed clients.

Belships ASA outlined in 2013 a bold newbuilding program for eco-design Ultramax bulk carriers to be constructed by Imabari Shipbuilding Group in Japan. This strategic move has transformed the business area into a state-of-the-art dry bulk service provider with high focus on quality, fuel efficiency and emission control. The Company took delivery of one 61,000 dwt Ultramax in September 2015 and a sister vessel in March 2016. A 63,000 dwt Ultramax, owned by a sister company of the shipbuilder and scheduled for delivery in Q1 2017, will be leased by the Company with purchase options. The first two ships carry traditional names for Belships: "Belforest" and "Belisland". From delivery, "Belisland" will be servicing Canpotex for the remaining 5 year charter period of "Belocean". The charter rate for this period will increase as a reflection of the expected bunker saving for Canpotex. "Belforest" was chartered to Cargill for 10-14 months from delivery, and Cargill has also chartered in "Belocean" for a 10-15 months period.

Our corporate strategy is to provide our reputable clients a reliable transportation solution based on long-term charters and partnership. We will have focus on growth in portfolio size and diversification of our customer base through a careful selection of counterparts.

We are excited about our journey over the coming years.

Bernt Ulrich Müller
Chief Executive Officer
Belships ASA

KEY FINANCIAL FIGURES

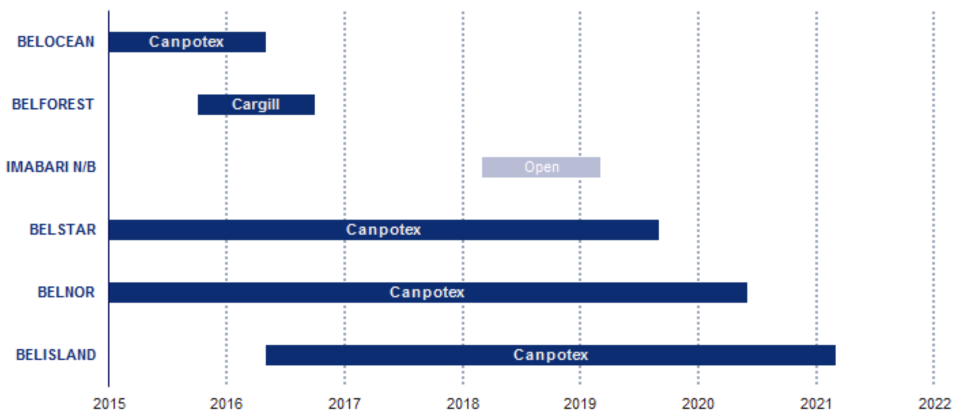
USD 1 000		2015	2014
Operating income		**21 984**	22 079
Operating result		**-26 660**	1 086
Net result for the year		**-30 150**	-1 601
EBITDA		**9 873**	8 560
Total assets		**103 248**	114 465
Equity		**34 831**	65 051
Equity per share	NOK	**6.56**	10.33
Interest coverage ratio		**-10.23**	0.37
Current ratio	%	**115.31**	127.64
Equity ratio	%	**33.74**	56.83
Earnings per share	US cent	**-64.42**	-3.42

FLEET LIST

SHIP		OWNER-SHIP	BUILT YEAR	DWT	EMPLOYMENT	T/C-RATE (NET USD/DAY)
Supramax						
M/S Belstar	*1*	100 %	2009	58 018	T/C to 08/19	16 000
M/S Belnor	*1*	100 %	2010	58 018	T/C to 05/20	16 000
M/S Belocean	*1*	100 %	2011	58 018	T/C to 03/16	16 000
Ultramax						
M/S Belforest	*2*	BB	2015	61 320		
M/S Belisland	*2*	BB	2016	60 950	T/C to 03/21	17 300
Imabari newbuilding	*3*	T/C	2018	63 000		

1) *In case of any sale, Belships has an option to cancel two of the three time charter parties after respectively 5 and 7 years from the ships were delivered.*
2) *Belships has signed an agreement with Canpotex Shipping Services Ltd to replace M/S Belocean with the second newbuilding (M/S Belisland). The rate will be adjusted to USD 17.300/day net with effect from the date of delivery and until the expiry of the existing c/p period.*
3) *Delivery during 1st quarter of 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.*

CHARTER COVERAGE



All indices are close to all-time low levels

DIRECTORS' REPORT 2015

THE DRY BULK MARKET

After a modest short-lived rally in Q3, dry bulk freight rates fell back again in Q4 to record-low levels. The key drivers behind the deteriorating freight rates have been falling iron ore, coal and steel product trades. The world wide fleet utilization rate has dropped to 84%*.

For 2015 as a whole, Chinese steel production fell by 2.3%, while Chinese iron ore imports rose by 1.8% due to a drop in domestic ore production.

Indian coal imports were up 50% during first half 2015, but recent figures show declining coal imports in the second half of the year due to a surge in domestic Indian coal production. The Indian steam coal imports declined by 5% during 2015.

A further negative factor in Q4 was a weaker than usual seasonal increase in US grain exports, which hurt demand for smaller bulkers.

The Capesize-index ended the fourth quarter at USD 4,695 per day, whereas the Panamax-index ended at USD 3,692 per day. The Supramax-index ended the quarter at USD 4,703 per day. As per today the Cape index stands at USD 2,221 per day, Panamax-index at USD 3,098 per day and Supramax-index at USD 3,875 per day. All these indices are close to all-time low levels.

**) according to Marsoft*

OPERATIONS

M/S Belstar, M/S Belnor and M/S Belocean continued in 2015 on their long-term charter parties to Canpotex Shipping Services Ltd., Canada. Canpotex is one of the world's largest exporters of potash, a fertilizer product imported in large volumes by countries such as China, India and Brazil. The net time charter rate is USD 16,000 per day. The newbuilding M/S Belforest was delivered to Cargill in September for a 10-14 month period at a net charter rate of USD 7,800 per day.

The company's tonnage is modern, and all ships operated satisfactorily without significant off-hire except for the planned drydocking of M/S Belnor and M/S Belocean. The operating expenses were close to budgeted levels.

Belships' newbuilding program with Imabari Shipbuilding Group in Japan includes 2 x 61,000 dwt eco-design Ultramax bulk carriers delivered in September 2015 and March 2016 respectively. In addition Belships has signed a long term lease agreement with purchase option for a slightly larger vessel with delivery Q1 *2018*.

The subsidiary Belships Management (Singapore) Pte Ltd made a positive contribution from technical management services. The company expanded its customer base, and currently provides technical management for 20 ships, including Belships' own ships.

RESULTS

The Group had an operating income of USD 22 984 000 in 2015 (USD 22 079 000), giving a EBITDA of USD 9 873 000 (USD 8 560 000) and a consolidated operating result of USD -26 660 000 (USD 1 086 000).

The decrease in operating result by USD 27.7 million is mainly explained by impairment of ships due to the weak market. The pre-tax result was USD -29 973 000 (USD -1 578 000), while net result for the Group was USD -30 150 000 (USD -1 601 000).

The parent company's net result for the year was NOK -36 111 000 (NOK -10 447 000). The Board proposes the result for the year to be allocated as follows:

AMOUNTS IN NOK	
PROVISION FOR DIVIDEND	0
TRANSFER FROM OTHER RETAINED EARNINGS	-36 111 000
TOTAL ALLOCATIONS	**-36 111 000**

GOING CONCERN

The annual accounts are presented on a going concern basis in accordance with § 3 – 3 of the Norwegian Accounting Act.

Belships has three long-term T/C agreements with Canpotex. The sale & leaseback of M/S Belforest (Q3-2015) and M/S Belisland (Q1-2016) provided additional liquidity to the Group.

The main shareholder has provided an on demand guarantee of USD 5 million. Current activity will also generate sufficient liquidity to cover current debt throughout 2016. Based on this, the Board considers that the conditions for a going concern are in place.

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The information in the accounts gives a true and accurate representation of the company's and the Group's assets, liabilities, financial position and results as a whole. The annual accounts give a fair view of the development, profit and overall financial position of Belships ASA and the Group, and describe the most significant risks and uncertainties facing the Group and the parent company.

SAFETY AND THE ENVIRONMENT

Belships aims to minimize environmental impact from its activity, and strives to improve safety. Measures are taken to prevent the business polluting the environment. Belships works consciously to improve standards, on board and ashore. Pollution from ships is governed by a number of national and international environmental standards and certifications. Belships meets official requirements in terms of safety and the environment.

The newbuildings from Imabari Shipbuilding have low emissions of pollutants and have ballast water treatment systems.

ORGANISATION

Belships is headquartered in Oslo, from where most of its commercial and financial business including insurance is handled. Technical management is handled from Singapore. There has been no change within the senior management in 2015.

Management activities in Singapore were stable over the year. The Group employed 63 office staff at the end of 2015. Ships under management had 401 crew members on board. The sick leave was less than 2% in 2015. The Group was not subject to any serious accidents in 2015.

Belships aims to treat women and men equally. No discrimination on the grounds of gender is tolerated. Of the Group's office staff, 33 are women. The working environment at the various companies within the Group is considered to be good.

FINANCIAL AND OTHER MATTERS

The Group's solvency and financial position is satisfactory. By end of 2015 the book equity of the Belships share was NOK 6.56, while the book equity ratio was 33.7 %. After delivery of the M/S Belisland, the book equity ratio is reduced to around 30%. Current activity will generate sufficient liquidity to cover current debt throughout 2016.

Consolidated liquidity was USD 8.0 million as at 31 December 2015, against USD 8.1 million at the beginning of the year. Total mortgage debt had a balance of USD 41.3 million at year-end and was reduced by USD 5.0 million during 2015.

In Q3 Belships entered into a 12 year sale and lease back agreement for M/S Belforest, including purchase options. The contract price for the M/S Belisland, which was delivered 15 March 2016, amounted to USD 28.25 million. Instalment of USD 2.8 million was paid in 2015 and financed by the company's surplus liquidity. Remaining newbuilding instalments were at year end USD 19.8 million. In Q1 2016 Belships entered into a sale and leaseback agreement for M/S Belisland. The ship was sold and leased back for a period of 15 years with purchase options from year 5 onwards. Sales amount was USD 24 million. This transaction improved Belships cash position with USD 7 million. Both leases are considered to be financial leases.

The Group has conducted impairment tests in line with IAS 36, valuing the ships and the newbuilding contract based on observable market values of equivalent ships and contracts today, and including the discounted added value of the charter parties entered into. These internal valuations indicated that there was a need for impairment of the company's ship investments with a total of USD 31.8 million in 2015. In March 2016, M/S Belisland replaced M/S Belocean for the remaining 5 years of the charterparty with Canpotex, resulting in an impairment on M/S Belocean of USD 14.9 million. The corresponding value of M/S Belisland's charterparty is not included in the Group's balance sheet as the ship is held at cost, however when testing for impairment going forward, the value of the charterparty will be included.

Belships has reached an agreement to postpone the delivery of the t/c-ship. The ship will be delivered in Q1 2018 instead of Q1 2017 as previously agreed.

Belships aims to provide its shareholders with a competitive dividend yield, but the current market do not allow any payment of dividend.

At the end of 2015 Belships held 548,000 treasury shares in total at an average cost of NOK 9.91 per share. In February 2015 the employees were granted options to purchase 200,000 shares at a strike price of NOK 5.89. These options can be exercised until the annual general meeting in 2016. Additional 200,000 shares were awarded in August 2015 at a strike price of NOK 3.89. These options can be exercised from annual general meeting 2016 until the annual general meeting in 2017.

The Belships' share value has decreased by 40 per cent in the course of 2015. By comparison, the OSEBX increased by 6%. A total of 2,112,000 shares were traded in 124 of the 251 trading days. 2,448,000 shares were traded in 2014 in 146 of the 250 trading days.

The Group is exposed to market risks due to changes in FX rates, interest rates, freight rates and oil prices.

The Group's income and costs are mainly in USD. Belships' foreign exchange exposure is linked to administrative costs in Norway and in Singapore. Compared to the Group's cash flows, however, this exposure is limited. Hedging of the Group's interest exposure is considered on an ongoing basis. The hedging level of interest rate exposure is currently around 70%. The long-term interest rate is at a historical low level.

Fluctuating bunker prices will not affect the Group as the ships are fixed on long-term time charters where the charterers cover the fuel cost.

Belships aims to minimize counterpart risk by entering into long term time charter contracts with reputable charterers.

The Group's limited tax cost is expected to continue. 3 ships are owned by a Singaporean subsidiary within the tonnage tax regime.

The Group's Norwegian entities have considerable tax loss carried forward.

CORPORATE GOVERNANCE

Belships' corporate governance is based on the company's goals and strategy. The Company is listed on the Oslo Stock Exchange, and is subject to the Norwegian Accounting Act, the Securities Trading Act and the Public Limited Company Act.

With exception of establishing election committee, Belships follows the Norwegian code of good corporate governance of 30 October 2014. Please see the separate statement of corporate governance that appears as a section of the annual report in its own right.

CORPORATE SOCIAL RESPONSIBILITY

Belships is a shipping company with global reach and close to a hundred years history. The Board is well aware of the direct and indirect impact Belships' activities have on the outside world as well as the company's shareholders. Belships is determined to create long-term shareholder values and at the same time act as a responsible participant in the society.

The most important issues for our business and our shareholders in respect of Corporate Social Responsibility (CSR) are considered to be:

– Environment
– Human and labour rights
– Anti-corruption

It is our policy to follow the standards, laws and regulations set by the national and international maritime regulatory authorities, but also the moral and ethical behavior as set by our culture. Belships reports on safety and environment in the annual report.

Belships does not tolerate any corrupt practices with our suppliers, customers or government entities affecting our business. Belships do pay attention to the working conditions and safety within our own operations. Please see the separate statement of corporate social responsibility that appears as a section of the annual report in its own right.

OUTLOOK

The spot rates for all bulkers have continued to fall in early 2016, plummeting to less than USD 3,000 per day. This is well below the operating cost levels.

New vessel ordering is now down to almost zero and the high scrapping activity continues. Scrapping, cancellations and conversions together with little new ordering activity are helping to mitigate the net supply growth, which for 2016 is expected to be about 1.5%*. The scrapping is expected to increase from 32.6 m dwt in 2015 to around 38 m dwt in 2016, and a growing number of non-deliveries may further dampen the fleet growth.

Belships' vessels are chartered out on fixed rates to reputable counterparts, representing a future nominal gross hire of USD 78 million. M/S Belisland with delivery in March has replaced M/S Belocean for the remaining 5 year period of the c/p with Canpotex, adding USD 1,300/day to net t/c hire. M/S Belocean was in February chartered to Cargill for 10-15 months at a net charter rate of USD 3,750 per day.

Focus will be to further develop Belships as an owner/operator of modern bulk carriers to reputable counterparts. Our ambition is to build a portfolio of quality vessels and robust charter parties that will generate distributable cash flows.

**) according to Fearnleys*

OSLO, 18 MARCH 2016
BELSHIPS ASA

Sverre J. Tidemand Chairman of the Board	Christian Rytter Board member	Kjersti Ringdal Board member
Sissel Grefsrud Board member	Carl Erik Steen Board member	Bernt Ulrich Müller Chief Executive Officer

The annual report provides a true and fair overview

DIRECTORS' RESPONSIBILITY STATEMENT

The Board and Chief Executive Officer have today considered and approved the annual report and financial statements for the Belships group and its parent company Belships ASA for 2015.

The Board has based this declaration on reports and statements from the Group's chairman and Chief Executive Officer, on the results of the Group's activities and on other information that is essential to assess the Group's position, provided to the Board of the parent company under obligation by the Group's administration and subsidiaries.

To the best of our knowledge:

- the 2015 financial statements for the Group and parent company have been prepared in accordance with all applicable accounting standards
- the information provided in the financial statements gives a true and fair representation of the Group and parent company's assets, liabilities, profit and overall financial position as of 31 December 2015
- the annual report provides a true and fair overview of:
  - the development, profit and financial position of the Group and parent company
  - the most significant risks and uncertainties facing the Group and the parent company

OSLO, 18 MARCH 2016
BELSHIPS ASA

Sverre J. Tidemand
Chairman of the Board

Christian Rytter
Board member

Kjersti Ringdal
Board member

Sissel Grefsrud
Board member

Carl Erik Steen
Board member

Bernt Ulrich Müller
Chief Executive Officer

Consolidated Statements of Comprehensive Income

1 JANUARY – 31 DECEMBER / USD 1 000	NOTE	2015	2014
Operating income			
Freight income		**17 570**	17 912
Other operating income		**4 414**	4 167
Total operating income	4	**21 984**	22 079
Operating expenses			
Timecharterhire		**0**	-804
Ship operating expenses	8	**-5 717**	-5 434
Operating expenses ship management	8	**-3 694**	-3 741
Payroll expenses	9	**-1 933**	-2 474
Other general administrative expenses	6	**-767**	-1 066
Depreciations on fixed assets	7	**-4 686**	-4 274
Impairment of ships	7	**-31 847**	-3 200
Total operating expenses		**-48 644**	-20 993
Operating result		**-26 660**	1 086
Financial income and expenses			
Interest income		**29**	124
Interest expenses	13	**-2 185**	-1 961
Currency exchange gain/(loss)		**-483**	-550
Other financial items	8	**-674**	-277
Net financial items		**-3 313**	-2 664
Net result before tax		**-29 973**	-1 578
Tax	12	**-177**	-23
Net result for the year		**-30 150**	-1 601
Hereof non-controlling interests		**109**	80
Hereof majority interests		**-30 259**	-1 681
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain/(loss) on defined benefit plan		**-23**	-99
Total comprehensive income		**-30 173**	-1 700
Hereof non-controlling interests		**109**	80
Hereof majority interests		**-30 282**	-1 780
Earnings per share (US cent)	11	**-64.42**	-3.42
Diluted earnings per share (US cent)	11	**-64.42**	-3.42

Consolidated balance sheets

PER 31 DECEMBER / USD 1 000	NOTE	2015	2014
FIXED ASSETS			
Tangible fixed assets			
Ships	7	**87 730**	88 920
Newbuilding instalments	7	**4 225**	14 125
Other fixed assets	7	**1 676**	1 877
Total fixed assets		**93 631**	104 922
Financial fixed assets			
Financial investments	14	**152**	165
Other long-term receivables	13	**200**	303
Total financial assets		**352**	468
Total fixed assets		**93 982**	105 390
CURRENT ASSETS			
Trade debtors	13	**4**	44
Other receivables	13	**1 269**	967
Cash and cash equivalents	15	**7 993**	8 064
Total current assets		**9 266**	9 075
TOTAL ASSETS		**103 248**	114 465
EQUITY			
Paid-in capital		**43 588**	43 563
Retained earnings		**-9 202**	21 080
Non-controlling interests		**445**	408
Total equity	20	**34 831**	65 051
LIABILITIES			
Provision for liabilities			
Pension obligations	17	**796**	1 138
Other long-term liabilities			
Mortgage debt	13	**35 767**	40 651
Obligation under finance leases	13	**21 809**	0
Financial instruments	22	**602**	515
Other long-term liabilities		**1 407**	0
Total other long-term liabilities		**59 585**	41 166
Short-term liabilities			
Current portion of mortgage debt/lease liability	13	**5 688**	5 000
Tax payable	12	**121**	48
Public taxes and duties payable		**301**	325
Trade creditors		**380**	381
Other short-term liabilities	13	**1 547**	1 356
Total short-term liabilities		**8 036**	7 110
Total liabilities		**68 417**	49 414
TOTAL EQUITY AND LIABILITIES		**103 248**	114 465

OSLO, 18 MARCH 2016

BELSHIPS ASA

Sverre J. Tidemand Chairman of the Board	Christian Rytter Board member	Kjersti Ringdal Board member
Sissel Grefsrud Board member	Carl Erik Steen Board member	Bernt Ulrich Müller Chief Executive Officer

Consolidated cash flow statements

1 JANUARY – 31 DECEMBER/USD 1 000	NOTE	2015	2014
CASH FLOW FROM OPERATIONS			
Net result before tax		**-29 973**	-1 578
Adjustments to reconcile result before tax to net cash flows:			
Depreciations on fixed assets	7	**4 686**	4 274
Impairment of ships	7	**31 847**	3 200
Share-based compensation expense	16	**25**	259
Difference between pension expenses and paid pension premium	17	**-205**	-262
Net finance costs		**3 313**	2 664
Working capital adjustments:			
Change in trade debitors and trade creditors		**39**	-213
Change in other short-term items		**-213**	-90
Interest received		**29**	124
Interest paid		**-2 185**	-1 961
Income tax paid		**-41**	-35
Net cash flow from operating activities		**7 322**	6 382
CASH FLOW FROM INVESTING ACTIVITIES			
Payment newbuilding contracts	7	**-22 615**	-8 475
Sale of ship (net sales amount)	7	**27 634**	0
Prepayment bareboat hire		**-6 000**	0
Payment of other investments		**-1 732**	-898
Net cash flow from investing activities		**-2 713**	-9 373
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long-term debt	13	**-22 137**	-51 662
Proceeds from new loan	7	**18 373**	49 425
Paid costs related to financing		**-559**	0
Dividend paid to shareholders		**0**	-393
Net cash flow from financing activities		**-4 323**	-2 630
Net change in cash and cash equivalents during the period		**286**	-5 621
Cash and cash equivalents at 1 January		**8 064**	14 282
Change currency NOK deposits		**-357**	-597
Cash and cash equivalents at 31 December		**7 993**	8 064
Restricted bank deposits	15	**1 996**	605

Consolidated statements of changes in equity

		Majority interests						
		Paid-in						
USD 1000	Note	Share capital	Treasury shares	Share premium reserves	Other equity	Other equity	Non-controlling interest	Total equity
As at 31 December 2015								
Equity as at 31 December 2014		14 272	-166	13 751	15 707	21 079	408	65 051
Net result for the year		0	0	0	0	-30 259	109	-30 150
Other comprehensive income	17	0	0	0	0	-23	0	-23
Total comprehensive income		**0**	**0**	**0**	**0**	**-30 282**	**109**	**-30 173**
Share-based payments	16	0	0	0	25	0	0	25
Non-controll. interests transact.		0	0	0	0	0	-72	-72
Equity as at 31 December 2015		**14 272**	**-166**	**13 751**	**15 732**	**-9 203**	**445**	**34 831**

As at 31 December 2014								
Equity as at 31 December 2013		14 272	-166	13 751	15 448	23 252	401	66 958
Net result for the year		0	0	0	0	-1 681	80	-1 601
Other comprehensive income		0	0	0	0	-99	0	-99
Total comprehensive income		**0**	**0**	**0**	**0**	**-1 780**	**80**	**-1 700**
Dividend to shareholders		0	0	0	0	-393	0	-393
Share-based payments		0	0	0	259	0	0	259
Non-controll. interests transact.		0	0	0	0	0	-73	-73
Equity as at 31 December 2014		**14 272**	**-166**	**13 751**	**15 707**	**21 079**	**408**	**65 051**

Notes to the consolidated accounts

NOTE 1
GENERAL INFORMATION

Belships is an owner and operator of dry bulk tonnage on long term charters to reputable customers. The company is also providing ship management services.

Belships ASA is registered in Norway and listed on the Oslo Stock Exchange. The head office is located in Lilleakerveien 4 in Oslo, Norway.

Copies of the consolidated financial statements may be downloaded from www.belships.com, or by inquiry to the company's head office.

The consolidated financial statements have been approved by the Board on 18 March 2016.

Belships has obtained approval from Oslo Stock Exchange and Norwegian tax authorities to publish its financial statements only in English.

All amounts in the notes are in USD 1 000 unless otherwise stated.

NOTE 2
SUMMARY OF THE MOST IMPORTANT ACCOUNTING PRINCIPLES USED

A) BASIS OF PREPARATION

The consolidated financial statements of Belships ASA (the "Parent Company"), and all its subsidiaries (the "Group"), have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Group accounts have been prepared on a historical cost basis, except for derivatives and shares, which are measured at fair value.

The Group accounts are presented with uniform accounting principles for identical transactions and events under otherwise identical conditions.

The annual accounts are presented on a going concern basis in accordance with § 3 – 3 of the Norwegian Accounting Act. Belships has three long-term T/C agreements against Canpotex, which is favourable in the current market. Further the sale & leaseback of M/S Belforest (Q3-2015) and M/S Belisland (Q1-2016) provided additional liquidity to the Group. With the declining market it is a risk that the company will fell below minimum value clauses in the loan agreement. The main shareholder has provided an on demand guarantee of USD 5 million. Based on this, the Board considers that the conditions for a going concern are in place. Nevertheless Belships is dependent upon a return in the market from 2017 or explore alternatives for additional funding.

B) CONSOLIDATION PRINCIPLES

The consolidated financial statements comprise the financial statements of Belships ASA and its subsidiaries as at 31 December 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.
Unrealised gains from transactions with affiliated companies are eliminated with the Group's share of the company/enterprise. Unrealised losses are likewise eliminated, but only to the degree that there is no indication of loss of value on the asset being sold internally.

C) CURRENCY TRANSACTIONS

Functional currency and reporting currency
Accounting transactions undertaken by respective Group companies use the currency ordinarily used by the financial environment in which they operate (functional currency). The Group accounts are presented in USD.

The accounts for the units in the Group which have a functional currency different from the Group's reporting currency, convert their accounts into the reporting currency according to the following guidelines:
- Assets and debts are converted according to conversion rates on the balance sheet date
- Income and costs are converted according to monthly average conversion rates

Transactions in foreign currency
Transactions in foreign currency are converted to the functional currency at the rate at time of the transaction. Monetary items in foreign currency are converted into functional currency using the rate at the balance sheet date. Non-monetary items which are measured at historical cost expressed in foreign currency, are converted into functional currency using the currency rate at the time of the transaction.
Non-monetary items, which are measured at fair value expressed in foreign currency, are converted at the currency rate on the date of measurement. Currency rate changes are recognised continuously against profit and loss during the accounting period. Currency rates at year end was USD 8.8090 (2014: USD 7.4332) and SGD 6.2386 (2014: SGD 5.6218).

D) ACCOUNTS RECEIVABLE

Trade receivables are recognised at face value less any impairment. Provision for impairment is made when there is objective evidence of impairment that affects the estimated future cash-flow.

E) TANGIBLE FIXED ASSETS

Tangible fixed assets are measured at acquisition cost, net of accumulated depreciation and impairments losses. When assets are sold or divested, the carrying amount is deducted and any gains or losses are recognised in the profit and loss account. Acquisition cost for tangible fixed assets is the purchase price, including taxes and charges and expenses directly related to preparing the asset for use. Expenses incurred after the asset has been put to use, are recognised in the profit and loss account, whereas other expenses which are expected to create future financial gains are capitalised. An estimated docking element is recognised as a separate component of the ship for depreciation purposes on the first occasion a ship is booked in the accounts. The amount corresponds to the estimated docking costs for the period. The docking component is depreciated on a straight-line basis the over the period to the next planned drydocking. Residual value has been taken into account, and this is estimated based on steel value of the ship at the balance sheet date less estimated cost to demolish the ship. Book value is compared to market value and value in use to assess the need for any further impairment compared to the ordinary depreciation plan. The depreciation period and method are assessed annually and are based on the management's estimates of the ships' future useful life. The same applies to residual value.

In accordance with IFRS, the ships have been separated into components for depreciation purposes. The ships are depreciated as one unit, as the value of any part of the ship with a useful lifetime other than 25 years is considered to be insignificant.

Newbuilding contracts
Newbuilding contracts are recognised as a fixed asset based on instalments paid to the yard. Building supervision costs and project costs related to the newbuilding contracts are capitalised.

See section L) regarding treatment of borrowing costs.

F) LEASING

Group as a lessee
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.
Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

G) FINANCIAL INSTRUMENTS

Financial instruments under the scope of IAS 39 are classified in the following categories:
• financial assets at market value through profit or loss (held for trading purposes)
• available for sale
• loans and receivables
• held to maturity investments
• other obligations
Financial assets with fixed or determinable cash flow which are not listed in an active market are classified as loans and receivables. Investments held to maturity, loans and receivables and other liabilities are measured at amortised cost.

H) PROVISIONS

A provision is recognised when the company has a liability (legal or constructive) as a result of a previous event and where it is probable (more probable than not) that there will be a financial settlement as a result of this liability and that the size of the sum can be reliably determined. If the effect is material, the provision is estimated by discounting the expected future cash flow with a discount rate before tax which reflects the market's evaluation of the time value of money and, if relevant, risks specifically connected to the liability.
A provision is recognised for any unavoidable net loss arising from the contract, the unavoidable cost under a contract reflect the least net cost of exiting from the contract, i.e. the lower of the cost of fulfilling the contract; and any compensation of penalties arising from failure to fulfill the contract.

I) EQUITY

(i) Debt and equity
Financial instruments are classified as debt or equity according to the underlying substance of the contractual agreement. Interest, dividend, gains and losses related to a financial instrument classified as debt, is presented as income or expense.

(ii) Treasury shares
Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium. Share options exercised during the reporting period are fulfilled with treasury shares.

(iii) Costs related to equity transactions
Transaction costs directly related to equity transactions are charged directly against the equity after tax deductions.

J) REVENUE RECOGNITION

Revenue is recognised when it is likely that the economic benefits which will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenues from time charter accounted for as operational leases are recognized on a straight line basis over the rental periods of such charters, as service is performed.

K) EMPLOYEE BENEFITS

Defined contribution pension scheme
All employees are member of the company's defined contribution scheme. The premium is charged as incurred by operations. Social security tax expense is recognized based on the pension plan payments.

Defined benefit pension scheme
Actuarial gains and losses arising from changes in actuarial assumptions are recognised as other comprehensive income in the period in which they arise. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.
The company has unfunded pension liabilities. These relate to early retirement and pension to persons, that have not been included in the service pension scheme. Pension obligations are estimated by an independent actuary.

L) BORROWING COSTS

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

M) CONTINGENT ASSETS AND OBLIGATIONS

Contingent liabilities are not recognised in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities in which the possibility of loss is considered distant.
Contingent assets are not recognised in the annual accounts but are disclosed if there is a certain probability that a significant benefit will be added to the Group.

N) TAXES ON INCOME

Tax expenses consist of tax payable and changes in deferred tax. Deferred tax/tax assets are calculated on all differences between accounting values and tax values of assets and liabilities, with the exception of temporary differences related to investments in subsidiaries, affiliated companies or jointly controlled enterprises when the Group controls when the temporary differences will be reversed, and that is not expected to occur in the foreseeable future.

Deferred tax assets are recognised when it is likely that the company will have sufficient profit for tax purposes in subsequent periods that will enable the company to utilise the tax asset. Similarly, the company will reduce the deferred tax asset to the extent the company no longer regards it as being likely that it can utilize the deferred tax asset.
Deferred tax liabilities and deferred tax assets are measured on the basis of prevailing tax rates for the companies in the Group where temporary differences have occurred, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities and deferred tax assets are entered at nominal value calculated with the tax rate in the actual tax regime and are classified as long-term liability or intangible fixed asset in the balance sheet. Tax payable and deferred tax are entered directly against equity to the extent the tax items relate to equity transactions.

In addition to companies subject to ordinary taxation in Norway, Singapore and China, the Group consists of one company within the shipping taxation scheme in Singapore. The deferred tax positions associated with the different tax regimes cannot be offset. A corresponding situation also applies to tax positions between jointly controlled operations and the rest of the Group. These cannot be offset.

O) IMPAIRMENT OF ASSETS

At the end of each quarter, every ship is assessed for any possible impairment. The same applies when events or changes occur that may entail that the asset's carrying amount may not be recovered. In assessing the need for impairments, assets are grouped at the lowest level at which there is identifiable and predominantly independent cash inflows, which means per ship. Impairment is calculated as the difference between the asset's carrying amount and the value considered as recoverable. The recoverable amount is the higher of the asset's fair value less cost to sell and its value in use to the Group. Value in use is calculated by discounting anticipated future cash flows from the asset. When it is assumed that the asset's value is lower than its carrying amount, an impairment loss is recognised.

Impairment loss recognised in earlier periods is reversed only in case of changes to the estimates used to determine the recoverable amount. However, the reversal amount may only be so high that book value after reversal at most corresponds to the value at which the asset would have been registered if it had not been impaired earlier. Such reversals are recorded in the profit and loss.

Financial assets classified as being available for sale are written down when there are objective indications that the asset has declined in value. An accumulated loss (the difference between acquisition cost and current market value, with deduction of impairments previously included in the result and any amortisation amounts) is included in the profit and loss account. If the market value of a debt instrument classified as available for sale increases in a subsequent period, and the increase can objectively be linked to an event that took place after the impairment was included in the profit and loss, the impairment loss will be reversed over the profit and loss account.

Impairment loss for an investment in an equity instrument classified as held for sale, will not be reversed over the profit and loss account.

P) EVENTS AFTER THE BALANCE SHEET DATE

New information after the balance sheet date regarding the company's financial position as of the balance sheet date is taken into consideration in the annual accounts. Events after the balance sheet date that do not affect the company's financial position as of the balance sheet date, but which will have an impact on the company's financial position in the future are disclosed if significant.

Q) SHARE-BASED PAYMENTS

Employees and management in Belships ASA received options to purchase company shares. Market value of the awarded options is measured at time of the award and charged to expense over the vesting period as a payroll cost with corresponding increase in other paid-in equity. The market value of the options granted is estimated using the Black and Scholes option pricing model.

R) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, bank deposits and other short-term and in particular liquid investments to be redeemed within 3 months. Cash and cash equivalents are recognised at nominal values in the balance sheet. Restricted deposits have been included.

S) RESTRICTED DEPOSITS

Restricted cash include all deposits in separate accounts, which will be used to cover accrued taxes withheld for employees and deposits provided as security for certain guarantees.

T) REPORTING BY SEGMENTS

Operating segments are components of a business that are evaluated regularly by the chief operating decision maker for the purpose of assessing performance and allocating resources. The Groups chief operating decision maker is the CEO. The operating segments consist in dry cargo and technical operations, which is how the information is presented to the Management and the Board. Transactions between the business units are based on market conditions. Segment turnover, segment costs and segment results include transactions between segments.

U) RELATED PARTY TRANSACTIONS

Transactions with related parties are carried out at market terms. See note 10 for further information.

V) CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. Liquid assets include cash, bank deposits (restricted and unrestricted) and other short-term investments which can be converted to cash within 3 months. For restricted deposits, see note 15.

W) CLASSIFICATION BALANCE SHEET

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is considered current when it is:

- expected to be realised or intended to sold or consumed in normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period

or

- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is considered current when it is:

- expected to be settled in normal operating cycle
- held primarily for the purpose of trading
- due to be settled within twelve months after the reporting period

or

- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

X) IFRSS AND IFRICS ISSUED BUT NOT YET EFFECTIVE

The financial statements have been prepared based on standards effective for the year ending 31 December 2015. IASB has issued the following relevante standards/amendments that are not yet effective and not yet approved by the EU:

IFRS 9 Financial Instruments

IFRS 9 will eventually replace IAS 39 Financial Instruments: Recognition and Measurement. In order to expedite the replacement of IAS 39, the IASB divided the project into phases: classification and measurement, hedge accounting and impairment. New principles for impairment were published in July 2014 and the standard is now completed. The parts of IAS 39 that have not been amended as part of this project have been transferred into IFRS 9. If not early adopted, the standard becomes effective 1 January 2018. The group has made a preliminary assessment of the effect of the standard, and not identified any material impact on the group financial position of performance.

IFRS 15 Revenue from Contracts with Customers

The IASB and the FASB have issued their joint revenue recognition standard, IFRS 15. The standard replaces existing IFRS revenue requirements. The core principle of IFRS 15 is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard applies to all revenue contracts and provides a model for the recognition and measurement of sales of some non-financial assets (e.g., disposals of property, plant and equipment). The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

NOTE 3
USE OF ESTIMATES AND JUDGEMENT IN PREPARATION OF THE ANNUAL ACCOUNTS

Preparing the annual accounts in accordance with IFRS as adopted by EU requires the management to use estimates and assumptions affecting the amounts reported in the accounts with notes. The management assumptions and valuations are based on past experience and on miscellaneous other factors assumed to be reasonable and appropriate. This applies in particular to pensions, share-based payments, deferred tax assets, impairment of fixed assets and the ships' residual value. Future events can entail a change in these estimates. Estimates and the underlying assumptions are evaluated on an ongoing basis.

Changes in accounting estimates are entered in the period when the changes occur. If the changes also apply to future periods, the effect is distributed over the current and future periods and appears in the current note.

SHIPS – IMPAIRMENT ASSESSMENT

The Group assess, at each reporting date, whether there are any indications that the ships may be impaired. Impairment is only made if carrying amount is higher than the asset's recoverable amount. Fair value is calculated based on observable market values. Estimating future cash flows will always be subject to uncertainty. Any changes in the required rate of return and the assessment of counterparty risk will also affect the value.

Remaining useful life is estimated on the date of the presentation of accounts. The useful life of the assets and the method of depreciation are evaluated yearly. See note 7 for additional details.

LEASE ASSESMENT

The Group entered into one sale & leaseback agreement in 2015. Based on the content of the agreement the management's judgement is that the sale & leaseback is a financial lease. If judged differently, it would have had an effect on the income statement and statement of financial position.

DEFERRED TAX ASSET

The deferred tax asset is only recognised if it can be established as probable that the asset can be realised through a future tax deduction. The probability of this is estimated by the management and the estimate is subject to uncertainties relating to the underlying assumptions for calculating future tax results.
Deferred tax assets are not recognised. See note 12 for additional details.

NOTE 4
SEGMENT INFORMATION

The Belships Group was in 2015 divided into operating segments: dry bulk and and technical management, based on how the reporting to the Chief Operating Decision Maker (CEO) is made.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. The Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis but are allocated to applicable operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Operating income in the dry bulk segment is related to own ships which are mainly chartered to Canpotex Shipping Services Ltd. Except for this customer, the company had no other customers in either 2015 or 2014 where income accounted for more than 10% of the total turnover.

The operating segments have worldwide activities. The shipping market in general offers a global service covering major global trade routes. This is also the matter for the Group. Due to this, financial position is not allocated to geographical segments.

1 JANUARY – 31 DECEMBER 2015	DRY CARGO	PRODUCT TANK	TECHNICAL MANAGEMENT	ADMINI-STRATION	GROUP TRANSACTIONS	TOTAL
Freight revenue	17 273	0	0	0	297	**17 570**
Management fees – external	0	0	4 151	263	0	**4 414**
Management fees – internal	0	0	476	300	-776	**0**
Operating income	**17 273**	**0**	**4 627**	**563**	**-479**	**21 984**
Operating expenses	-6 193	0	-3 694	0	476	**-9 411**
General administrative expenses	-46	0	0	-2 657	3	**-2 700**
Operating expenses	**-6 239**	**0**	**-3 694**	**-2 657**	**479**	**-12 111**
Operating result (EBITDA)	**11 034**	**0**	**933**	**-2 094**	**0**	**9 873**
Depreciations on fixed assets	-4 582	0	-45	-59	0	**-4 686**
Impairment of ships	-31 847	0	0	0	0	**-31 847**
Operating result	**-25 395**	**0**	**888**	**-2 153**	**0**	**-26 660**
Finance incomes	0	0	14	15	0	**29**
Finance expenses	-2 403	0	-66	-873	0	**-3 342**
Result before tax	**-27 798**	**0**	**836**	**-3 011**	**0**	**-29 973**
Tax	0	0	-177	0	0	**-177**
Net result	**-27 798**	**0**	**659**	**-3 011**	**0**	**-30 150**
Hereof non-controlling interests	0	0	109	0	0	**109**
Hereof majority interests	-27 798	0	550	-3 011	0	**-30 259**
Assets	94 149	0	3 570	5 529	0	**103 249**
Liabilities	65 364	0	1 866	1 186	0	**68 417**
Cash flow from operating activities	8 675	0	906	-2 259	0	**7 322**
Cash flow from investing activities	-2 703	0	0	-10	0	**-2 713**
Cash flow from financing activities	-5 730	0	1 407	0	0	**-4 323**

1 JANUARY – 31 DECEMBER 2014	DRY CARGO	PRODUCT TANK	TECHNICAL MANAGEMENT	ADMINI-STRATION	GROUP TRANSACTIONS	TOTAL
Freight revenue	16 846	774	0	0	292	**17 912**
Management fees – external	0	0	3 857	310	0	**4 167**
Management fees – internal	0	0	431	308	-739	**0**
Operating income	**16 846**	**774**	**4 288**	**618**	**-447**	**22 079**
Operating expenses	-5 865	-804	-3 741	0	431	**-9 979**
General administrative expenses	-47	-10	0	-3 499	16	**-3 540**
Operating expenses	**-5 912**	**-814**	**-3 741**	**-3 499**	**447**	**-13 519**
Operating result (EBITDA)	**10 934**	**-40**	**547**	**-2 881**	**0**	**8 560**
Depreciations on fixed assets	-4 126	0	-51	-97	0	**-4 274**
Impairment of ships	-3 200	0	0	0	0	**-3 200**
Operating result	**3 608**	**-40**	**496**	**-2 978**	**0**	**1 086**
Finance income	0	0	57	112	0	**169**
Finance expenses	-2 222	0	-32	-579	0	**-2 833**
Result before tax	**1 386**	**-40**	**521**	**-3 445**	**0**	**-1 578**
Tax	0	0	-23	0	0	**-23**
Net result	**1 386**	**-40**	**498**	**-3 445**	**0**	**-1 601**
Hereof non-controlling interests	0	0	80	0	0	**80**
Hereof majority interests	1 386	-40	418	-3 445	0	**-1 681**
Assets	109 470	0	3 915	1 080	0	**114 465**
Liabilities	47 353	0	500	1 562	0	**49 415**
Cash flow from operating activities	8 689	-40	549	-2 816	0	**6 382**
Cash flow from investing activities	-9 298	0	0	-75	0	**-9 373**
Cash flow from financing activities	-2 236	0	0	-393	0	**-2 629**

NOTE 5
LEASE AGREEMENTS

LEASE OBLIGATIONS

Belships ASA entered on 25 September 2015 into a sale and lease back agreement for M/S Belforest. The bareboat period is 12 years with purchase options from year 3 onwards. The transaction is considered as a financial lease.

CONTRACTED TIME CHARTER REVENUE

M/S Belstar, M/S Belnor and M/S Belocean are on 10-years time charters to Canpotex Shipping Services Ltd from time of delivery from yard in 2009, 2010 and 2011 respectively, at a net rate of USD 16 000 per day. There is no option to charter beyond this period. Belships ASA has the option to sell maximum two of the Canpotex-ships after 5 alternatively 7 years without obligation to continue the Charter. On 25 February 2016, M/S Belocean ended her contract with Canpotex. The ship was replaced by the newbuilding M/S Belisland at a net rate of USD 17,300 per day with effect from time of delivery 15 March 2016 until the expiry of the remaining 5 year period. Cargill, chartered from end of February M/S Belocean for 10-15 months at an average net rate of USD 3,750 per day.

AS AT 31 DECEMBER 2015	< 1 YR	1-5 YR	> 5 YR
Contractual payments from chartered out ships	21 199	60 461	1 070
Obligations related to long-term operational lease of ships	2 306	9 204	15 485

AS AT 31 DECEMBER 2014	< 1 YR	1-5 YR	> 5 YR
Contractual payments from chartered out ships	17 520	69 733	9 578

Lease obligations are nominal amounts.

NOTE 6
OTHER GENERAL ADMINISTRATIVE EXPENSES

OTHER GENERAL ADMINISTRATIVE EXPENSES	2015	2014
Office expenses	**197**	251
Furniture, office supplies	**82**	92
Travelling, entertainment costs	**86**	93
Other services	**228**	264
Other general administrative expenses	**175**	366
Total administrative expenses Norwegian companies	**767**	1 066

Notes to the consolidated accounts

NOTE 7
SHIPS AND OTHER FIXED ASSETS

	2015					2014				
		Ships					Ships			
	New-buildings	Ships excl. dry dock	Capital. costs dry dock	Total	Other fixed assets	New-buildings	Ships excl. dry dock	Capital. costs dry dock	Total	Other fixed assets
Cost per 1 January	14 125	118 756	954	119 710	4 896	5 650	118 756	1 481	120 237	4 821
Additions	22 600	26 734	2 755	29 489	71	8 475	0	823	823	75
Disposals	-28 250	0	0	0	-47	0	0	-1 350	-1 350	0
Cost per 31 Desember	**8 475**	**145 490**	**3 709**	**149 199**	**4 920**	**14 125**	**118 756**	**954**	**119 710**	**4 896**
Depreciations per 1 Jan.	0	30 467	324	30 791	3 490	0	23 463	1 350	24 813	3 342
Depreciation for the year	0	3 817	764	4 581	105	0	3 803	324	4 127	148
Impairment	5 750	26 097	0	26 097	0	0	3 200	0	3 200	0
Disposals	-1 500	0	0	0	-30	0	0	-1 350	-1 350	0
Deprec. as at 31 Dec.	**4 250**	**60 381**	**1 088**	**61 469**	**3 566**	**0**	**30 466**	**324**	**30 790**	**3 490**
Book value per 31 Dec.	**4 225**	**85 109**	**2 621**	**87 730**	**1 355**	**14 125**	**88 290**	**630**	**88 920**	**1 406**
Other fixed assets	0	0	0	0	320	0	0	0	0	471
Total book value at 31 Dec	**4 225**	**85 109**	**2 621**	**87 730**	**1 675**	**14 125**	**88 290**	**630**	**88 920**	**1 877**

SPESIFICATION OF THE GROUP'S SHIPS	BUILT YEAR	OWNERSHIP	COST PRICE	BOOK VALUE
Supramax				
M/S Belstar	2009	100 %	40 542	23 229
M/S Belnor	2010	100 %	39 893	26 090
M/S Belocean	2011	100 %	38 320	14 000
Ultramax				
M/S Belforest	2015	B/B	26 734	24 411

The three supramax ships were in 2015 engaged on time charter contracts for 10 years to Canpotex Shipping Services Ltd from time of delivery. The counterparty risk is considered to be low. The ships have operated satisfactorily over the year. Reference is made to note 13 regarding financing of the ships. M/S Belforest a 61,000 dwt Ultramax bulk carrier was delivered from Imabari Shipbuilding in Japan on 25 September 2015 and was at time of delivery sold and leased back for a period of 12 years with purchase options from year 3 onwards. The ship is financed by mortgage debt. The transaction is considered as a financial lease. The ship was at time of delivery chartered to Cargill for 10-14 months.

IMPAIRMENT TESTS

Impairment tests for the company's assets are performed in accordance with IAS 36. Due to the decling dry bulk market (charter rates/vessel values), Belships has had several impairment indicators in 2015, accordingly impairment tests have been performed every quarter. The ships, newbuildings and charterparties have been valued based on observable market values. The estimated market values were based upon two independent broker valuations. The calculations were made on the remaining 4 – 6 years of the timecharter-agreements and a weighted average cost of capital ratio (WACC) of 8%. In the calculation of the required rate of return, the risk-free interest rate was set at the 10-year LIBOR at 2%, and the margin was fixed at 4% which is approximately equal to margin on external loan and implicit interest on the lease agreement. The equity risk premium was set at 6%, which is the estimated additional return required by investors in order to invest in a market portfolio above a risk-free interest rate. Based on these internal valuations, an impairment loss of total USD 31.8 million has been recognised during 2015 (USD 3.2 million in 2014).
For ships/newbuildings where the Group has entered into sale & leaseback agreements, the implied price in the agreement has also been taken into consideration in the impairment test.
The Company's impairment model has taken into consideration market expectations of future development in the dry bulk market. If the market continue to further detoriate, or the period until recovery is prolonged, additional impairment can be expected.

The table below shows sensitivity in the impairment tests.

SENSITIVITY ANALYSIS OF IMPAIRMENT TESTS OF THE SHIPS	BELSTAR	BELNOR	BELOCEAN	BELFOREST
WACC increase with 1%:				
Change in market value of the ships (incl. c/p agreements)	-181	-249	0	-2
Market rate increase 5% and ship values increase 2.5%:				
Change in market value of the ships (incl. c/p agreements)	-68	-105	350	600

If the general charter rate increase more than expected in the company's impairment model, this will have a negative impact on the net present value on ships currently trading on long favorable charters, but partly offset by an increase in underlying broker values on the Company's ships. For ships without a long favorable charter, an increase in market value will have positive effect. If the general charter rate decrease more than expected, this will have a negative impact and additional impairment based on underlying broker values.

NEWBUILDING

M/S Belisland, a 61 000 dwt Ultramax bulk carrier, was delivered 15 March 2016. Total newbuilding commitment amounted to USD 28.3 million of which USD 8.48 million was paid at year-end. Further payment of USD 2.83 million was made 1 February 2016 and the remaining USD 16.95 million was made upon delivery. At time of delivery the ship was sold to a Japanese counterpart and leased back for a period of 15 years with purchase options from year 5 onwards. The transaction is considered as a financial lease. The company is not aware of any pledges on the ship. The newbuilding is chartered to Canpotex for 5 years. The newbuilding contract is impaired with USD 4.25 million according to market value at corresponding ships as per yearend.
The newbuilding contract for M/S Belforest was in Q2 2015 impaired with USD 1.5 million according to market value.

CALCULATION OF DEPRECIATIONS

Depreciation is calculated on a straight line basis over the estimated useful life of the ships taking its residual value into consideration. The useful life, which is also considered as the economic life of the ships, has been estimated to 25 years. Residual value is estimated based on steel prices of the ships less cost to demolish and is reassessed every year-end. Dry docking has shorter useful lifetime and is depreciated until the next planned dry docking, typically 30-60 months.
Other assets have a useful life of 3-5 years, except for the office premises in Singapore in which the useful life is estimated at 57 years.

Reference is made to note 5 regarding contracted time charter incomes for the ships.

NOTE 8
SPECIFICATIONS OPERATING EXPENSES AND OTHER FINANCIAL ITEMS

	2015	2014
Ship operating expenses		
Crew expenses	**3 121**	2 780
Maintenance and spare parts	**1 426**	1 229
Insurance	**675**	646
Other ship operating expenses	**495**	779
Total ship operating expenses	**5 717**	**5 434**
Operating expenses ship management		
Administration costs	**2 448**	2 599
General & selling expenses	**622**	684
Fixed costs	**625**	458
Total operating expenses ship management	**3 694**	**3 741**
Other financial items		
Net unrealised gain/(loss) on interest swaps	**-87**	314
Borrowing costs	**-426**	-483
Other financial items	**-161**	-108
Total other financial items	**-674**	**-277**

NOTE 9
SALARIES, NUMBER OF EMPLOYEES

	2015	2014
Salaries	**1 303**	1 522
Social security tax	**260**	293
Pension expenses	**142**	203
Other allowances	**228**	457
Total payroll expenses Norwegian companies	**1 933**	2 474

Average number of office staff in 2015 was 63 (62 in 2014) of which 8 in the Norwegian companies.

Loans to employees are specified in note 13. Loans to members of the management amounted to 62 at yearend (94 in 2014).

REMUNERATION	**CHIEF EXECUTIVE OFFICER**	**FINANCIAL DIRECTOR**	**COMMERCIAL DIRECTOR**
2015			
Salaries (incl. bonus)	362	178	209
Pension expenses (defined contribution)	19	19	19
Other remuneration	64	23	24
2014			
Salaries (incl. bonus)	490	221	259
Pension expenses (defined contribution)	24	24	24
Other remuneration	38	32	40

Remuneration in accordance with the Accounting Act § 7-31b is presented in note 10 in the parent company accounts.

BONUS
No bonus scheme was adopted for 2015. Nor for 2016.

SHARE OPTIONS
The Chief Executive Officer has a separate option scheme. For details see note 16.
For share options to the employees, see note 16. The Board members have not been awarded share options.

ALLOWANCE TO THE BOARD
The Board has received 79 in remuneration in 2015 (2014: 99), divided into 19 to the Chairman and 15 to each of the other members. Additional, 3 of the board members represent an audit committee and have received 11 in remuneration in 2015 (2014: 14), divided into 5 to the Chairman and 3 to each of the other members. The remunerations are paid in NOK.

THE GROUP'S FEES TO THE AUDITOR (EXCLUDING VAT)	2015	2014
Remuneration for audit services	**65**	83
Other assurance services	**0**	14
Assistance related to tax	**11**	8
Other audit related assistance	**14**	21
Total	**89**	126

NOTE 10
RELATED PARTIES

In connection with the waiver the Group received on the Mortgage debt on 29 December 2015, Sonata issued an on-demand guarantee amounting to USD 5 million to the lender. The guarantee carries an interest of 5%.

The subsidiary Belships Management AS provides accounting services to Sonata AS, which is owned by the chairman and his family. Fees amounted to 128 in 2015 (2014: 159).

All fees are in line with prevailing market rates.

No loans were issued or security provided with respect to the company's shareholders or associated parties. Certain members of the management have loans from the company. These totaled 62 as of 31 December 2015 (2014: 94).

NOTE 11
EARNINGS PER SHARE

Basic earnings per share is the ratio between net result of the year attributable to ordinary equity holders (i.e. net profit with dividend deducted) and the issued average number of shares outstanding during the period.
When calculating diluted earnings per share, net result attributable to ordinary equity holders and the number of issued average outstanding shares are adjusted for share options. In "the denominator" all share options (see note 16) which are "in-the-money" and exercisable are taken into consideration. In the calculations, share options are considered as having been converted at the time they were awarded.
The diluted earnings per share is equal to the basic earnings per share, as the Group's result before tax are negative.

AVERAGE NUMBER OF SHARES (EXCLUDING TREASURY SHARES)	2015	2014
Average number of issued shares	**46 804 000**	46 804 000
Average number of options outstanding	**400 000**	200 000
Diluted average issued number of shares	**47 204 000**	47 004 000

EARNINGS PER SHARE		
Net result for the year	**-30 150**	-1 601
Earnings per share (US cent)	**-64.42**	-3.42
Diluted earnings per share (US cent)	**-64.42**	-3.42

NOTE 12
TAXES

	2015	2014
Income tax expense	**177**	23

In accordance with IAS 12 for treatment of taxes, tax reducing temporary differences and tax increasing temporary differences that are reversed, or can be reversed in the same period and jurisdiction are assessed and the amount recorded net.

RECONCILIATION OF THE YEAR'S INCOME TAX EXPENSE	2015	2014
Result for the year before tax	**-29 973**	-1 578
Statutory tax rate (Norway)	**27 %**	27 %
Estimated tax expense at statutory rate	**-8 093**	-426
Non tax deductible expenses	**8 596**	4
Non taxable income	**0**	-110
Non taxed shipping income in Singapore	**-1 202**	-79
Difference between Norwegian and Singapore regional national tax	**-49**	22
Refund income tax in China	**0**	-106
Tax effect of deferred tax asset not recorded in the balance sheet including exchange rate effect	**925**	718
Total income tax expense/(income)	**177**	23

TAX LOSS CARRIED FORWARD

The Group had a tax loss carried forward of USD 47.7 million as at 31 December 2015 (2014: USD 48.8 million) in Norway. No deferred tax benefits are recognised in the balance sheet. The Group's revenue is generated mainly by companies in Singapore that are either within the national tonnage tax regime or are subject to regular national taxation. Dividends from these companies are nontaxable to the recipients. Taxable income subject to ordinary Norwegian taxation does not indicate any reporting of deferred tax benefits.

Future tax payable in the Group is expected to be low.

DEFERRED TAX PER 31 DECEMBER	2015	2014
Temporary differences		
Deferred sales gain/(loss)	**0**	2 034
Accruals	**297**	-67
Pensions	**-796**	-1 138
Total temporary differences	**-499**	829
Tax loss carried forward	**-47 689**	-48 793
Net temporary differences	**-48 188**	-47 964
Deferred tax assets (27%)	**-13 011**	-12 950
Deferred tax assets recognised in the Balance sheet	**0**	0
Deferred tax assets not recognised in the Balance sheet	**-13 011**	-12 950

Calculation of deferred taxes is based on temporary differences between statutory books and tax values which exist at the end of the year.

NOTE 13
RECEIVABLES AND LIABILITIES

RECEIVABLES DUE LATER THAN 12 MONTHS	2015	2014
Loans to employees 1)	**195**	285
Other long-term receivables	**5**	19
Total long-term receivables	**200**	304

1) The average interest rate used for loans to employees was 2.72% in 2015 (2014: 2.63%). The repayment period is five years.

MORTGAGE DEBT

In 2014 Belships entered into a new long-term financing agreement for M/S Belstar, M/S Belnor and M/S Belocean. The loan facility of USD 50 million is secured for a period of 6 years. The following principal conditions applies to the loan: agreed interest rate is LIBOR pluss margin of 2.75%, minimum market value of the ships is 110% of the outstanding loan balance, minimum value adjusted equity on a consolidated basis is 25% and the Group shall at all times have available liquidity of at least USD 5 million or 6% of total interest bearing debt.
The ship values dropped significantly towards the end of the year. In order to avoid breach of loan covenants, Belships received a waiver from ship mortgage lender in December 2015. Main revised terms in the waiver period until 1 January 2017 are as follows: Minimum cash USD 4 million, minimum value 90%, increase in margin of 0.25% and on-demand guarantee from main shareholder of USD 5 million. All the covenants were fulfilled as of 31 December 2015. The market value of the ships were 96% of the outstanding loan balance at year-end.

BAREBOAT COMMITMENT

Belships ASA entered on 25 September 2015 into a sale and lease back agreement for M/S Belforest. The bareboat period is 12 years with purchase options from year 3 onwards. The transaction is considered as a financial lease.

REPAYMENT SCHEDULE	2016	2017	2018	2019	SUBSEQ	TOTAL
Mortgage debt	5 000	5 000	5 000	5 000	21 250	41 250
Obligation under finance leases	688	764	845	932	18 580	21 809
Total	**5 688**	**5 764**	**5 845**	**5 932**	**39 830**	**63 059**

NEWBUILDING COMMITMENT

M/S Belisland, a 61 000 dwt Ultramax bulk carrier, has been under construction at Imabari Shipbuilding in Japan and was delivered 15 March 2016. Total newbuilding commitment amounted to USD 28.3 million of which USD 8.48 million was paid at year-end. Further payment of USD 2.83 million was made 1 February 2016 and the remaining USD 16.95 million was paid upon delivery. The ship was at time of delivery sold to a Japanese counterpart and leased back for a period of 15 years with purchase options from year 5 onwards. The transaction is considered as a financial lease. The newbuilding contract is impaired with USD 4.25 million.

INTEREST SWAP AGREEMENTS

In August 2011 Belships entered into a floating to fixed interest rate swap agreement with 2 years forward start at 2.2% with a remaining duration of 3.5 years covering USD 15 million, reducing by USD 5 million per year. Another interest swap agreement with forward start in September 2015 was entered into in June 2015 at a rate of 1.9% and with a duration of 5 years covering USD 20 million, reducing by USD 2 million per year.
Hedging the Group's interest exposure is considered on an ongoing basis. Hedge accounting is not used.

CURRENT RECEIVABLES AND SHORT-TERM LIABILITIES

Current receivables consist mainly of accrued revenues, and receivables related to operation of the ships. Other short term liabilities mainly include short term liability related to the ordinary operation of the ships. All current receivables and liabilities are due within 12 months.

NOTE 14
INVESTMENTS AND GROUP COMPANIES

	2015	2014
Shares 1)	**152**	161
Prepaid pension costs	**0**	4
Total	**152**	165

1) The shares are stated at fair value and are defined as "available for sale"

THE FOLLOWING COMPANIES ARE INCLUDED IN THE CONSOLIDATED ACCOUNTS:	BUSINESS LOCATION	MAIN ACTIVITY	OWNERSHIP/ VOTING PERCENTAGE
Belships Management AS	Oslo	Management	100 %
Belships Management (Singapore) Pte Ltd	Singapore	Technical management	100 %
Belships Supramax Singapore Pte Ltd	Singapore	Shipping	100 %
Belships Chartering AS	Oslo	Shipping	100 %
Belships Management (Singapore) Pte Ltd			
Belships (Tianjin) Ship Management & Consultancy Co Ltd	China	Crewing	75 %
Belships (Shanghai) Shipmanagement Co Ltd	China	Crewing	60 %

NOTE 15
BANK DEPOSITS

The Group's bank balance amounted to 7 993 at year-end (2014: 8 064). Restricted cash amounts to 1 996, of which 1 450 (2014: 0) relates to deposit/guarantee related to external loan, USD 458 (2014: 511) to swap clearing account and USD 88 (2014: 94) relates to withholding tax employees.

NOTE 16
OPTIONS TO EMPLOYEES

At the Annual general meeting (AGM) in 2014, the Board was authorised to issue up to 200 000 share options to employees. The option price was 105% of closing price on the day of the AGM. The authorization is valid for two years. In accordance with this authorisation, options to buy 200 000 shares at NOK 5.89 was awarded in first quarter 2015. No options have been exercised.
At the AGM in 2015, the Board was authorised to issue up to 200 000 share options to employees. The option price is 105% of closing price on the day of the AGM. The authorization is valid for two years. In accordance with this authorisation, options to buy 200 000 shares at NOK 3.89 was awarded in August 2015.

Both option programs require a service period of 12 months before they can be exercised. The options can be exercised 12 to 24 months after being awarded. The option programs include all employees in the parent company. The employees must be employed in the company at the time when the options can be exercised in order to have a right to exercise them.

SUMMARY OF OUTSTANDING OPTIONS	2015	2014
Outstanding 1 January	**200 000**	200 000
Awarded	**200 000**	200 000
Exercised	**0**	0
Not exercised	**0**	-200 000
Outstanding 31 December	**400 000**	200 000

Market value of options estimated using the Black and Scholes options pricing model. For the options awarded in 2014 and 2015 the market value per share was NOK 1.33 and NOK 0.75 respectively. The market value of outstanding share options are calculated at time of award and charged against profit & loss over the period until they can be exercised. In 2015 the calculated costs amounted to 17 and 8 for the 2014- and 2015-options respectively.

The following forms the basis for the calculation:
Share price at the time the option was awarded: The share price is set as equal to the stock exchange share price when the option was awarded.
Exercise price per option: The exercise price was 105 % of the stock exchange market price when the option was awarded.
Volatility: Historic volatility set as indication of future volatility. Expected volatility equals a historic volatility of 39.0%.
Duration of options: It is assumed that all employees will exercise their options when the service period has been completed. The term of the options is estimated at two years.
Dividend: Estimated dividend per share is NOK 0 per year.
Risk free interest rate: Interest rate used as a basis for calculating options is equal to the interest rate on government bonds over the duration of the options, i.e. 0.65% for 2015.
Decrease in the number of employees: Expected reduction is 0.

SHARE OPTION PLAN CHIEF EXECUTIVE OFFICER

In addition to the above share option plan the CEO has an own share option plan with the following conditions:
The right to subscribe for up to 2 million shares in Belships ASA at a subscription price of NOK 7.00, of which:

- 500 000 shares may be subscribed for if the company's market value exceeds NOK 500 million (Sub-option A).
- The remaining 1.5 million shares may be subscribed for if the company's market value exceeds NOK 1 billion (Sub-option B). Sub-option B is for 2 million shares if Sub-option A is not exercised within the time allowed for Sub-option A.

The market value is the product of the volume-weighted closing price of the company's shares on the Oslo stock exchange in a 15-day period and the number of outstanding shares less treasury shares and/or shares Belships issues after the option agreement date. Sub-option A expires 30 June 2016, while sub-option B expires 30 June 2018.

NOTE 17
PENSIONS

DEFINED CONTRIBUTION SCHEME

All the employees are member of the company's defined contribution scheme. Annual payable cost is reflected in the income statements and the company does not have any future liabilities related to this scheme. Total costs related to these schemes amounted to 120 in 2015 (2014: 148). Pension costs in Singapore is reclassified as operating expenses ship management and amounted to 227 in 2015 (2014: 207).

DEFINED BENEFIT SCHEME

In addition to defined contribution scheme, the company has unfunded pension liabilities which are covered through the daily operations. These relate to early retirement and pension to persons, that have not been included in the defined contribution scheme. There are 7 retired persons included in this scheme.
Pension commitments are calculated by an independent actuary. The basis for the calculation is shown below. The new mortality table (K2013) for Norway is used in the calculations.
Social security costs are recorded based on net pension obligation in the balance sheet included estimate discrepancy.

ASSUMPTIONS	2015	2014
Discount rate	**2.70 %**	2.30 %
Future wage adjustment	**2.50 %**	2.75 %
Pension adjustment/G-adjustment	**2.50 %**	2.75 %
Return on pension plan assets	**2.70 %**	2.30 %

CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION		
1 January	**-1 138**	-1 644
Interest cost	**-21**	-55
Benefits paid	**226**	417
Actuarial (gains)/losses on obligation	**-23**	-99
Currency exchange gain/(loss)	**160**	243
31 December	**-796**	-1 138

PENSION EXPENSES IN CONSOLIDATED ACCOUNTS	2015	2014
Pension expenses defined benefit scheme	**21**	55
Pension expenses defined contribution scheme	**120**	148
Net pension expenses in consolidated accounts	**141**	203

NOTE 18
SUBSEQUENT EVENTS

SALE AND LEASE BACK AGREEMENT FOR M/S BELISLAND

Belships ASA entered in February 2016 into a sale and lease back agreement with a Japanese counterpart for M/S Belisland. The ship was delivered 15 March 2016 and was at time of delivery sold and leased back for a period of 15 years with purchase options from year 5 onwards.

TIMECHARTER CONCLUDED FOR M/S BELOCEAN

M/S Belocean ended her charter with Canpotex on 25 February 2016. The ship was replaced by the newbuilding M/S Belisland at a net rate of USD 17,300 per day with effect from time of delivery 15 March until the expiry of the remaining 5 year period. Cargill, Geneva, has from end of February charter M/S Belocean for 10-15 months at an average net rate of USD 3,750 per day.

POSTPONE DELIVERY OF THE T/C-SHIP

Belships has reached an agreement to postpone the delivery of the t/c-ship. The ship will be delivered in Q1 2018 instead of Q1 2017 as previously agreed.

No further material events have taken place after 31 December 2015.

Notes to the consolidated accounts

NOTE 19
ENVIRONMENTAL ISSUES

The company has not been charged any penalties due to breach of environmental rules and regulations, and is not committed to implement any specific actions in that respect. For further information see the Directors' report.

NOTE 20
EQUITY

SHARE CAPITAL
Belships ASA's 47 352 000 shares, each with a face value of NOK 2.00, was as of 31 December 2015 distributed among 451 shareholders (2014: 456). Each share has one vote.

TREASURY SHARES
The company holds 548 000 treasury shares in total with an average cost price of NOK 9.91 as of 31 December 2015. Belships ASA has lent 50 000 of the treasury shares to ABG Sundal Collier Norge ASA (ASC) in connection with ASC' role as liquidity provider for the company's shares on Oslo Stock Exchange.

AUTHORISATION TO ISSUE NEW SHARES
At the Annual general meeting in 2015 the Board received authorisation to issue up to 4.7 million new shares. The authorisation has not been used and is valid to the next ordinary Annual general meeting.

DIVIDEND
The Board of Directors of Belships ASA will at the general meeting on 28 April 2016 propose to not distribute dividend (2015: 0).

NUMBER OF SHARES	2015	2014
Ordinary shares, issued and paid-in per 1 January	**47 352 000**	47 352 000
Share issue	**0**	0
Ordinary shares, issued and paid-in per 31 December	**47 352 000**	47 352 000
Dividend paid (NOK per share)	**0.00**	0.05

THE 20 LARGEST SHAREHOLDERS IN BELSHIPS ASA AT 31 DECEMBER 2015		NUMBER OF SHARES	PERCENTAGE
1	Sonata AS	28 856 030	60.94 %
2	Tidships AS	6 201 058	13.10 %
3	Sverre J. Tidemand	2 891 462	6.11 %
4	Skandinaviska Enskilda Banken AB	987 419	2.09 %
5	Gemsco AS	537 058	1.13 %
6	Belships ASA	498 000	1.05 %
7	Carlings AS	400 000	0.84 %
8	Tidinvest II AS	315 414	0.67 %
9	Granada Management AS	315 000	0.67 %
10	Jenssen & Co A/S	302 816	0.64 %
11	Chrem Capital AS	270 000	0.57 %
12	Kontrari AS	250 000	0.53 %
13	Toru Nagatsuka	250 000	0.53 %
14	Liv Søland	240 000	0.51 %
15	ASL Holding AS	225 000	0.48 %
16	JSL AS	211 000	0.45 %
17	Carl Erik Steen	207 203	0.44 %
18	Bernhard Kielland	200 000	0.42 %
19	ABG Sundal Collier ASA (market-making)	179 602	0.38 %
20	Torstein Søland	130 000	0.27 %
Total 20 largest shareholders		43 467 062	91.80 %
Other shareholders		3 884 938	8.20 %
Total number of shares		**47 352 000**	**100.00 %**

NUMBER OF SHARES OWNED BY BOARD MEMBERS IN BELSHIPS ASA	OWNED SHARES	OUTSTANDING OPTIONS
Sverre J. Tidemand *	31 747 492	0
Christian Rytter *	270 000	0
Carl Erik Steen	207 203	0
Other members	0	0

**) Includes shares owned by family and companies with ownership of more than 50%, and shares owned by companies in which one has negative control.*

NUMBER OF SHARES OWNED BY THE MANAGEMENT IN BELSHIPS ASA	OWNED SHARES	OUTSTANDING OPTIONS
Ulrich Müller, Chief Executive Officer *	0	120 000
Stein H. Runsbech, Commercial Director	40 000	66 000
Osvald Fossholm, Financial Director	0	66 000

**) See note 16 for more information about separate share option plan.*

For changes in equity, see separate statement.

NOTE 21
CONTINGENCIES

The Board is not aware of any material disputes the company may be in involved in at 31 December 2015.

NOTE 22
FINANCIAL MARKET RISK

Financial market risk is considered to be the risk of changes in foreign exchange rates and interest rates that may affect the value of the Group's assets, obligations and future cash flows.

Belships has a continuing focus on its risk exposure. Derivatives may be used to reduce financial market risk, but are only used to hedge specific exposures. When use of derivatives are considered appropriate, only well-known conventional derivative instruments are considered, i.e. OTC agreements such as swaps, options and forward rate agreements. Derivative transactions are only made with renowned financial institutions. Credit risk relating to these derivatives is therefore limited.

Belships is only using derivatives to reduce or limit risk related to fluctuations in interest and foreign exchange rates.
Financial derivatives are not used to obtain financial revenues through fluctuating interest rates, nor are financial derivatives used when there is no underlying exposure.

See note 8 for the specification of other financial items.

INTEREST RATE RISK

The long-term interest rate is at a historical low level. Belships strategy is to manage interest risk. Hedging the Group's interest exposure is considered on an ongoing basis. Entering into interest rate hedging agreements are based on developments in the interest rate market and internal analysis.

In August 2011 Belships entered into an interest rate swap agreement with 2 years forward start at 2.2% with a remaining duration of 3 years covering USD 15 million, reducing by USD 5 million per year. The market value of the agreement amounts to -295 at yearend (2014: -515). Another interest swap agreement with forward start was entered into in June 2015 at a rate of 1.9% and with a duration of 5 years covering USD 20 million, reducing by USD 2 million per year. Market value of this agreement amounts to -307 at yearend.
The hedging level of interest rate exposure is currently around 70%. The market value of the agreements are recorded as long-term liability.
The Group has in 2015 and in Q1 2016 entered into two financial lease agreements, which also limit the interest rate exposure as the interest rate is fixed throughout the period.

The table below shows the sensitivity related to changes in interest rate levels. The calculation includes total interest-bearing debt.

SENSITIVITY TO CHANGES IN INTEREST RATE LEVELS	2015	2014
Change in the interest rate level in basis points	**-100/+100**	-100/100
Effect on result before tax	**438/-438**	480/-480

AVERAGE EFFECTIVE INTEREST RATE ON DEBT (%)		
Mortgage debt	**3.10**	3.25

CAPITAL STRUCTURE AND EQUITY CAPITAL

The primary objective of the Group's capital management is to achieve best possible credit rating, and to maximize the shareholders values. The company's goal is to maintain an equity capital ratio of at least 35%. The equity ratio is calculated by dividing the book equity to total assets as shown below:

	2015	2014
Total equity as at 31 December	**34 831**	65 051
Total assets	**103 248**	114 465
Equity ratio as at 31 December	**34 %**	57 %

Net debt is defined as interest-bearing debt (short and long-term) and accounts payable less cash. Equity comprises paid-in share capital and retained earnings.

	2015	2014
Interest-bearing debt	**63 264**	45 651
Trade creditors	**380**	381
Cash reserves	**-7 993**	-8 064
Net debt	**55 651**	37 968
Equity	**34 831**	65 051
Total equity and net debt	**90 482**	103 019
Net debt ratio	**62 %**	37 %

LIQUIDITY RISK

The Group's solvency and financial position is considered to be satisfactory. The debt ratio increased in 2015 mainly due to delivery of new ship and payment of instalments to the shipyard during the year. Total current assets is exceeding total short-term liabilities as at 31 December.

CREDIT RISK

There will always be a credit risk related to the Group's business. Belships monitors this risk and the strategy is to carefully select counterparts. Historical losses have been small. The Group's ships are employed on long-term charter to Canpotex Shipping Services Ltd and to Cargill, which is considered to be solid and reputable counterparts.
There is no class of financial assets that is past due and/or impaired except for trade receivables. All accounts receivable in the balance sheet are due within 30 days from the balance sheet date.

CURRENCY RISK

The functional currency of all the consolidated companies is USD since the major part of revenues and costs are in USD. Belships currency exposure is related to administrative expenses in Norway, Singapore and China. This exposure is considered to be limited. At year end the Group had a cash balance in NOK of approximately 3.8 million (2014: NOK 12 million). Belships has no currency hedge agreements as at 31 December 2015.
The company does not use hedge accounting.

FAIR VALUE MEASUREMENTS

The valuation has the following classification of levels for measuring fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities.
Level 2: Valuation based on other observable factors, either directly (prices) or indirectly (derived from prices) than quoted prices included within level 1 of the asset or obligation.
Level 3: Valuation based on factors not taken from observable markets (not observable assumptions).

There was no change in levels in 2015. Interest swap and currency exchange contracts are valued in accordance with the principles described as level 2. Fair value is defined as present value of future cash flows. For the above derivatives, fair value is confirmed by the financial institution, which is counterpart. The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts. The long-term liabilities have floating interest rate with a fixed margin. The margin is considered not to have significantly changed since drawing date, thus carrying amount is considered a reasonable estimate of fair value.

SUMMARY OF FINANCIAL ASSETS AND OBLIGATIONS *	LOANS AND RECEIVABLES		CHANGE IN FAIR VALUE THROUGH PROFIT AND LOSS		AVAILABLE FOR SALE		TOTAL	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Financial assets								
Investments					**152**	165	**152**	165
Financial instruments				13			**0**	13
Other long-term receivables	**200**	304					**200**	304
Trade debtors	**4**	44					**4**	44
Other receivables	**1 269**	967					**1 269**	967
Bank deposits	**7 993**	8 064					**7 993**	8 064
Financial obligations								
Mortgage debt	**-41 250**	-46 250					**-41 250**	-46 250
B/B commitment	**-22 497**						**-22 497**	0
Financial instruments			**-602**	-515			**-602**	-515
Trade creditors	**-380**	-381					**-380**	-381
Other short-term liabilities	**-1 847**	-1 681					**-1 847**	-1 681
Total	**-56 508**	-38 934	**-602**	-502	**152**	165	**-56 959**	-39 271

**) The figures express both book value and fair value as these are identical.*

ASSETS AND OBLIGATIONS MEASURED AT FAIR VALUE	LEVEL 1		LEVEL 2		LEVEL 3		TOTAL	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Forward exchange contracts				13			**0**	13
Financial investments					**152**	165	**152**	165
Mortgage debt			**-41 250**	-46 250			**-41 250**	-46 250
B/B commitment			**-22 497**				**-22 497**	0
Interest agreement			**-602**	-515			**-602**	-515
Total			**-64 349**	-46 752	**152**	165	**-64 197**	-46 587

Belships ASA income statements

1 JANUARY – 31 DECEMBER/ NOK 1 000	NOTE	2015	2014
Operating income			
Freight income	2	**6 457**	0
Other operating income	10	**3 986**	3 857
Total operating income		**10 443**	3 857
Operating expenses			
Ship operating expenses	9	**-3 922**	0
Payroll expenses	10	**-15 581**	-15 589
Other general administrative expenses	11	**-5 671**	-6 089
Depreciation of fixed assets	2	**-2 914**	-611
Impairment of fixed assets	2	**-48 357**	0
Total operating expenses		**-76 446**	-22 289
Operating result		**-66 003**	-18 432
Financial income and expenses			
Share dividend	8	**17 496**	2 481
Interest income		**120**	451
Interest expenses	12	**-6 223**	-28
Interest expense on loan to subsidiary	4	**-150**	-93
Other financial items	9	**7 842**	9 858
Currency exchange gain/-loss	9	**10 806**	-4 684
Net financial items		**29 891**	7 985
Net result before tax		**-36 111**	-10 447
Income tax expense	16	**0**	0
Net result for the year		**-36 111**	-10 447
Appropriations of net result:			
Transfer from/(to) other retained earnings		**36 111**	10 447
Total		**36 111**	10 447

Belships ASA balance sheets

AS AT 31 DECEMBER/ NOK 1 000	NOTE	2015	2014
FIXED ASSETS			
Tangible fixed assets			
Ship	2	**215 036**	0
Instalments newbuildings	2	**37 218**	84 880
Other fixed assets	2	**5 329**	5 716
Total tangible fixed assets		**257 584**	90 596
Financial fixed assets			
Shares in subsidiaries	8	**241 518**	281 802
Other shares and stakes		**141**	165
Other long-term receivables	12	**1 764**	2 161
Total financial assets		**243 422**	284 128
Total fixed assets		**501 006**	374 724
CURRENT ASSETS			
Other receivables		**4 904**	1 019
Cash and cash equivalents	5	**35 922**	27 859
Total current assets		**40 826**	28 878
Total assets		**541 832**	403 602
EQUITY			
Paid-in capital			
Share capital		**94 704**	94 704
Treasury shares		**-1 096**	-1 096
Share premium reserve		**93 333**	93 333
Other paid-in capital		**106 463**	106 240
Total paid-in capital		**293 404**	293 181
Retained earnings			
Other equity		**27 044**	63 358
Total equity	6	**320 448**	356 539
LIABILITIES			
Long-term liabilities			
Bareboat commitment	12	**190 586**	0
Pension obligations	7	**7 008**	8 458
Financial instruments	14	**2 400**	0
Intercompany balances	4	**5 764**	5 538
Total long-term liabilities		**205 758**	13 996
Short-term liabilities			
Bareboat commitment, current portion	12	**6 060**	0
Public taxes and duties payable		**1 392**	2 419
Trade creditors		**788**	699
Intercompany balances	4	**6 126**	29 947
Other short-term liabilities		**1 260**	2
Total short-term liabilities		**15 626**	33 067
Total liabilities		**221 384**	47 063
Total equity and liabilities		**541 832**	403 602

OSLO, 18 MARCH 2016
BELSHIPS ASA

Sverre J. Tidemand Chairman of the Board	Christian Rytter Board member	Kjersti Ringdal Board member
Sissel Grefsrud Board member	Carl Erik Steen Board member	Bernt Ulrich Müller Chief Executive Officer

Belships ASA cash flow statements

1 JANUARY – 31 DECEMBER/ NOK 1 000	NOTE	2015	2014
CASH GENERATED FROM OPERATIONS			
Net result before tax		**-36 111**	-10 447
Adjustments to reconcile result before tax to net cash flows:			
Depreciation of fixed assets	2	**2 914**	611
Impairment of tangible fixed assets	2	**48 357**	0
Gain/loss from sale of fixed assets		**0**	6
Share-based payment transaction expense	3	**223**	1 927
Difference between pension expenses and paid pension premium	7	**-1 654**	-2 278
Change in pension contribution and premium fund		**24**	438
Finance income		**-36 264**	-12 790
Finance expenses		**6 373**	4 805
Working capital adjustments:			
Change in trade debitors and trade creditors		**89**	-774
Change in intercompany balances		**-23 594**	32 916
Change in other short-term items		**-2 519**	569
Interest received		**120**	451
Interest paid		**-19**	-121
Net other financial items		**-8 355**	5 174
Net cash flow from operations		**-50 416**	20 487
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in fixed assets	2	**-88**	-443
Sale proceeds from fixed asset disposals	2	**51 235**	665
Dividends/Group contribution received	8	**17 496**	2 481
Repayment share capital subsidiary	8	**40 284**	0
Instalments newbuildings	2	**-45 567**	-51 997
Bareboat hire paid		**-5 278**	0
Change in other investments		**397**	101
Net cash flow from investing activities		**58 479**	-49 193
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid to shareholders		**0**	-2 340
Net cash flow from financing activities		**0**	-2 340
Net change in cash and cash equivalens		**8 063**	-31 046
Cash and cash equivalents at 1 January		**27 859**	58 905
Cash and cash equivalents at 31 December	5	**35 922**	27 859
Restricted bank deposits	5	**4 812**	4 500

Notes to the Belships ASA accounts

NOTE 1
ACCOUNTING POLICIES

Belships is an owner and operator of dry bulk ships on long-term charter to reputable customers. Belships ASA is registered in Norway and listed on the Oslo Stock Exchange. The head office is located in Lilleakerveien 4 in Oslo, Norway.

The financial statements have been approved by the Board on 18 March 2016.

The accounts are prepared in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP). The accounts form part of the consolidated accounts of Belships ASA. The consolidated financial statements have been prepared in accordance with IFRS as adopted by EU.

All amounts in the notes are in NOK 1 000 unless otherwise stated.

Belships has obtained approval from Oslo Stock Exchange and Norwegian tax authorities to only publish its financial statements in English.

A) CLASSIFICATION OF BALANCE SHEET ITEMS

Assets intended for long-term ownership or use are classified as fixed assets and others as current assets, with all accounts receivable within one year classified as current assets. Liabilities due within 12 months, are classified as short-term liabilities. Current assets are reported at the lower of cost and net realisable value, while current liabilities are carried at the nominal value at drawdown date.

B) TAXES ON INCOME

Tax expenses consist of tax payable and changes in deferred tax. Deferred tax/tax assets are calculated on all differences between accounting values and tax values of assets and liabilities.

Deferred tax assets are entered in the accounts when it is likely that the company will have sufficient profit for tax purposes in subsequent periods that will enable the company to utilise the tax asset. The companies enter previously unentered deferred tax assets to the extent it has become likely that the company can utilise the deferred tax asset. Similarly, the company will reduce the deferred tax asset to the extent the company no longer regards it as being likely that it can utilize the deferred tax asset.
Deferred tax and deferred tax asset are measured on the basis of expected future tax rates for the companies in the group where temporary differences have occurred.
Deferred tax and deferred tax assets are entered at nominal value and are classified as financial fixed assets (long-term liability) on the balance sheet.
Tax payable and deferred tax are entered directly against equity to the extent the tax items relate to equity transactions.

C) TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses. When assets are sold or divested, capitalised value is deducted and any gains or losses are entered in the profit and loss account. Acquisition cost for tangible fixed assets is the purchase price, including expenses directly related to preparing the asset for use. Expenses incurred after the asset has been put to use are entered in the profit and loss account, whereas other expenses which are expected to create future financial gains are capitalised. Other fixed assets are depreciated at the declining balance method. Depreciation period and method are evaluated every year.

Newbuilding contracts
Newbuilding contracts are recorded as a fixed asset based on instalments paid to the yard. Building supervision costs and project costs related to the newbuilding contracts are capitalised.

D) INVESTMENTS IN OTHER COMPANIES

Investments in subsidiaries and jointly controlled companies are accounted for in the parent company using the cost method.

E) ACCOUNTS RECEIVABLE

Accounts receivable are booked at nominal amount less expected loss.

F) CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. Liquid assets includes cash, bank deposits (restricted and unrestricted) and other short-term investments which can be converted to cash within 3 months. For restricted deposits, see note 5.

G) EQUITY

(i) Treasury shares
Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference

between the carrying amount and the consideration, if reissued, is recognised in share premium. Share options exercised during the reporting period are fulfilled with treasury shares.

(ii) Costs related to equity transactions
Transaction costs directly related to equity transactions are charged directly against the equity after tax deductions.

H) EMPLOYEE BENEFITS

Defined contribution pension scheme
All employees are member of the company's defined contribution scheme. The premium is charged as incurred by operations. Social security tax expense is recognized based on the pension plan payments.

Defined benefit pension scheme
The company has unfunded pension liabilities. These relate to early retirement and pension to persons, that have not been included in the service pension scheme. Pension obligations are estimated by an independent actuary.

Actuarial gains and losses arising from changes in actuarial assumptions are charged and credited to equity through other comprehensive income in the period in which they arise.

I) PROVISIONS

A provision is entered in the accounts when the company has a liability (legal or constructive) as a result of a previous event, where it is likely (more likely than not) that there will be a financial settlement as a result of this liability and that the size of the sum can be reliably determined. If the effect is considerable, the provision is calculated by discounting down the expected future cash flow with a discount rate before tax which reflects the market's evaluation of the time value of money and, if relevant, risks specifically connected to the liability.
Provisions for loss-creating contracts are included when the group's expected income from a contract is lower than the inevitable costs which were incurred in discharging the obligations of the contract.

J) REVENUE RECOGNITION

Gains will be taken to income when it is likely that transactions will generate future financial gains which will be attributable to the company and the sum can be reliably estimated. Interest rate income is taken to income based on effective interest method according to when it is earned.
Dividend received from subsidiaries is accounted for in the same year as dividend has been accrued for in the subsidiary. If such dividend exceeds the prorata share of retained earnings after the acquisition of the shares, such excess portion represents repayment of capital and reduces the acquisition cost accordingly.

K) TRANSACTIONS IN FOREIGN CURRENCY

Transactions in foreign currency are converted at the rate at the time of the transaction. Monetary items in foreign currency are converted into Norwegian kroner using the rate on the balance sheet date. Non-monetary items which are measured at historical rates expressed in foreign currencies, are converted into Norwegian kroner using the currency rate at the time of the transaction. Non-monetary items which are measured at market value expressed in foreign currency are converted at the currency rate on the balance sheet date. Currency rate changes are charged against income during the accounting period.

L) CONTINGENT GAINS AND LOSSES

Provisions are made for contingent losses deemed probable and quantifiable. Contingent gains are not recognised.

M) RELATED PARTY TRANSACTIONS

Transactions with related parties are carried out at market terms. See note 15 for further information.

N) EVENTS AFTER THE BALANCE SHEET DATE

New information after the balance sheet date regarding the company's financial position as of the balance sheet date is taken into consideration in the annual accounts. Events after the balance sheet date that do not affect the company's financial position as of the balance sheet date, but which will have an impact on the company's financial position in the future are revealed if significant.

O) USE OF ESTIMATES IN PREPARATION OF THE ANNUAL ACCOUNTS

The management has used estimates and assumptions that have affected assets, debt, income, costs and information on potential liabilities. This applies particularly to pension liabilities, share-based remuneration. Future events can entail a change in these estimates. Estimates and the underlying assumptions are evaluated on an ongoing basis. Changes in accounting estimates are entered in the period when the changes occur. If the changes also apply to future periods, the effect is distributed over the current and future periods.

P) EARNINGS PER SHARE

Earnings per share are calculated by dividing the net result by a weighted, average number of shares in the reporting period. Diluted earnings per share are calculated on the basis the dilution effect of issued options and convertible loans, if any.

Q) SHARE-BASED REMUNERATION

The employees in Belships ASA have received options to purchase shares in the company. The market value of the awarded options is measured at the time of the award and charged to expense over the vesting period as a wage cost with corresponding increase in other paid-in equity. The market value of the options granted is estimated using the Black and Scholes option pricing model.

R) FINANCIAL INSTRUMENTS

Financial instruments are valued at lowest of cost and estimated fair value.

Notes to the Belships ASA accounts

NOTE 2
FIXED ASSETS

	2015							2014		
		Ship			Other fixed assets			Other fixed assets		
	New-building	Ship excl. dry dock. costs	Capital. dry dock. costs	Total ships	Deprec. assets	Non deprec. assets	Total other fixed assets	Deprec. assets	Non deprec. assets	Total other fixed assets
Cost price										
As at 1 January	84 880	0	0	0	16 799	4 093	20 892	16 356	4 093	20 449
Additions	190 169	228 067	7 678	235 745	68	20	88	443	0	443
Disposals	-219 528	0	0	0	0	0	0	0	0	0
As at 31 December	**55 521**	228 067	7 678	**235 745**	16 867	4 113	**20 980**	16 799	4 093	**20 892**
Depreciations										
As at 1 January	0	0	0	0	14 676	0	14 676	14 065	0	14 065
Depreciation for the year	0	2 056	384	2 440	475	0	475	611	0	611
Impairment (accumul.)	30 088	18 269	0	18 269	0	500	500	0	500	500
Disposals	-11 785	0	0	0	0	0	0	0	0	0
As at 31 December	**18 303**	20 325	384	**20 709**	15 151	500	**15 651**	14 676	500	**15 176**
Book value at 31 Dec.	**37 218**	207 742	7 294	**215 036**	1 716	3 613	**5 329**	2 123	3 593	**5 716**

NEWBUILDING

M/S Belisland, a 61 000 dwt Ultramax bulk carrier, has been under construction at Imabari Shipbuilding in Japan and was delivered 15 March 2016. Total newbuilding commitment amounts to USD 28.3 million (NOK 248.9 million) of which USD 8.48 million (NOK 74.6 million) was paid at year-end. Further payment of USD 2.83 million (NOK 24.9 million) was made 1 February 2016 and the remaining USD 16.95 million (NOK 149.3 million) was made upon delivery. The ship was at time of delivery sold to a Japanese counterpart and leased back for a period of 15 years with purchase options from year 5 onwards. The transaction is considered as a financial lease. The company is not aware of any pledges on the ship. The newbuilding is chartered to Canpotex for 5 years. The newbuilding contract was impaired with 30 088 according to market value at year-end. See note 7 in the consolidated accounts regarding impairment.

SHIP

M/S Belforest, a 61,000 dwt Ultramax bulk carrier was delivered on 25 September 2015 and at same time sold and leased back for a period of 12 years with purchase options from year 3 onwards. The transaction is considered as a financial lease. The ship is financed by mortgage debt. The ship was from delivery chartered to Cargill for a 10-14 month period at charter rate of around USD 8,000 per day.

The ship is impaired with 18 269 according to the market value. See note 7 in the consolidated accounts regarding impairment.

OTHER FIXED ASSETS

Depreciable assets include vehicles, office furniture and office equipment. Depreciation period is 3-5 years. Non-depreciable assets include apartment and art, which is being tested for impairment annually.

NOTE 3
OPTIONS TO EMPLOYEES

At the Annual general meeting (AGM) in 2014, the Board was authorised to issue up to 200 000 share options to employees. The option price was 105% of closing price on the day of the AGM. The authorization is valid for two years. In accordance with this authorisation, options to buy 200 000 shares at NOK 5.89 was awarded in first quarter 2015. No options have been exercised.
At the AGM in 2015, the Board was authorised to issue up to 200 000 share options to employees. The option price is 105% of closing price on the day of the AGM. The authorization is valid for two years. In accordance with this authorisation, options to buy 200 000 shares at NOK 3.89 was awarded in August 2015.

Both option programs require a service period of 12 months before they can be exercised. The options can be exercised 12 to 24 months after being awarded. The option programs include all employees in the parent company. The employees must be employed in the company at the time when the options can be exercised in order to have a right to exercise them.

SUMMARY OF OUTSTANDING OPTIONS	2015	2014
Outstanding 1 January	**200 000**	200 000
Awarded	**200 000**	200 000
Exercised	**0**	0
Not exercised	**0**	-200 000
Outstanding 31 December	**400 000**	200 000

Market value of options estimated using the Black and Scholes options pricing model. For the options awarded in 2014 and 2015 the market value per share was NOK 1.33 and NOK 0.75 respectively. The market value of outstanding share options are calculated at time of award and charged against profit and loss over the period until they can be exercised. In 2015 the calculated costs amounted to 147 and 76 for the 2014- and 2015-options respectively.

The following forms the basis for the calculation:
Share price at the time the option was awarded: The share price is set as equal to the stock exchange share price when the option was awarded.
Exercise price per option: The exercise price was 105 % of the stock exchange market price when the option was awarded.
Volatility: Historic volatility set as indication of future volatility. Expected volatility equals a historic volatility of 39.0%.
Duration of options: It is assumed that all employees will exercise their options when the service period has been completed. The term of the options is estimated at two years.
Dividend: Estimated dividend per share is NOK 0 per year.
Risk free interest rate: Interest rate used as a basis for calculating options is equal to the interest rate on government bonds over the duration of the options, i.e. 0.65% for 2015.
Decrease in the number of employees: Expected reduction is 0.

SHARE OPTION PLAN CHIEF EXECUTIVE OFFICER

In addition to the above share option plan the CEO has an own share option plan with the following conditions:
The right to subscribe for up to 2 million shares in Belships ASA at a subscription price of NOK 7.00, of which:

- 500 000 shares may be subscribed for if the company's market value exceeds NOK 500 million (Sub-option A).
- The remaining 1.5 million shares may be subscribed for if the company's market value exceeds NOK 1 billion (Sub-option B). Sub-option B is for 2 million shares if Sub-option A is not exercised within the time allowed for Sub-option A.

The market value is the product of the volume-weighted closing price of the company's shares on the Oslo stock exchange in a 15-day period and the number of outstanding shares less treasury shares and/or shares Belships issues after the option agreement date. Sub-option A expires 30 June 2016, while sub-option B expires 30 June 2018.

NOTE 4
INTERCOMPANY BALANCES

No interest is calculated on short-term intercompany accounts as these items are only considered as ordinary operating balances. 150 are paid to a subsidiary related to long-term intercompany accounts of 5 764 at yearend.

Interest at market terms is calculated on long-term intercompany balances, and the balance fall due when the cash position allows it.

NOTE 5
BANK DEPOSITS

The company's bank balances amounted to 35 922 at year-end. Restricted funds for withholding tax for employees amounted to 773 at 31 December 2015. Other restricted deposits amounts to 4 039.

NOTE 6
EQUITY

	PAID-IN				RETAINED	
	SHARE CAPITAL	TREASURY SHARES	SHARE PREMIUM RESERVES	OTHER EQUITY	OTHER EQUITY	TOTAL
Equity per 31 December 2014	94 704	-1 096	93 333	106 240	63 358	**356 538**
Actuarial (gains)/losses on obligation	0	0	0	0	-203	**-203**
Share-based payments	0	0	0	223	0	**223**
Result for the year	0	0	0	0	-36 111	**-36 111**
Equity per 31 December 2015	94 704	-1 096	93 333	106 463	27 044	**320 448**

SHARE CAPITAL

Belships ASA's 47 352 000 shares, each with a face value of NOK 2.00, was as of 31 December 2015 distributed among 451 shareholders (2014: 456). Each share has one vote.

TREASURY SHARES

The company holds 548 000 treasury shares in total with an average cost price of NOK 9.91 as of 31 December 2015. Belships ASA has lent 50 000 of the treasury shares to ABG Sundal Collier Norge ASA (ASC) in connection with ASC' role as liquidity provider for the company's shares on Oslo Stock Exchange.

AUTHORISATION TO ISSUE NEW SHARES

At the Annual general meeting in 2015 the Board received authorisation to issue up to 4.7 million new shares. The authorisation has not been used and is valid to the next ordinary Annual general meeting.

DIVIDEND

The Board of Directors of Belships ASA will at the general meeting on 28 April 2016 propose to not distribute dividend (2015: 0).

THE 20 LARGEST SHAREHOLDERS IN BELSHIPS ASA AT 31 DECEMBER 2015		NUMBER OF SHARES	PERCENTAGE
1	Sonata AS	28 856 030	60.94 %
2	Tidships AS	6 201 058	13.10 %
3	Sverre J. Tidemand	2 891 462	6.11 %
4	Skandinaviska Enskilda Banken AB	987 419	2.09 %
5	Gemsco AS	537 058	1.13 %
6	Belships ASA	498 000	1.05 %
7	Carlings AS	400 000	0.84 %
8	Tidinvest II AS	315 414	0.67 %
9	Granada Management AS	315 000	0.67 %
10	Jenssen & Co A/S	302 816	0.64 %
11	Chrem Capital AS	270 000	0.57 %
12	Kontrari AS	250 000	0.53 %
13	Toru Nagatsuka	250 000	0.53 %
14	Liv Søland	240 000	0.51 %
15	ASL Holding AS	225 000	0.48 %
16	JSL AS	211 000	0.45 %
17	Carl Erik Steen	207 203	0.44 %
18	Bernhard Kielland	200 000	0.42 %
19	ABG Sundal Collier ASA (market-making)	179 602	0.38 %
20	Torstein Søland	130 000	0.27 %
Total 20 largest shareholders		43 467 062	91.80 %
Other shareholders		3 884 938	8.20 %
Total number of shares		**47 352 000**	**100.00 %**

NUMBER OF SHARES OWNED BY BOARD MEMBERS IN BELSHIPS ASA	OWNED SHARES	OUTSTANDING OPTIONS
Sverre J. Tidemand *	31 747 492	0
Christian Rytter *	270 000	0
Carl Erik Steen	207 203	0
Other members	0	0

\) Includes shares owned by family and companies with ownership of more than 50%, and shares owned by companies in which one has negative control.

NUMBER OF SHARES OWNED BY THE MANAGEMENT IN BELSHIPS ASA	OWNED SHARES	OUTSTANDING OPTIONS
Ulrich Müller, Chief Executive Officer *	0	120 000
Stein H. Runsbech, Commercial Director	40 000	66 000
Osvald Fossholm, Financial Director	0	66 000

*) See note 3 for more information about separate share option plan.

Notes to the Belships ASA accounts

NOTE 7
PENSIONS

DEFINED CONTRIBUTION SCHEME

All the employees are member of the company's defined contribution scheme. Annual payable cost is reflected in the income statements and the company does not have any future liabilities related to this scheme. Total costs related to this scheme amounted to 968 in 2015 (2014: 930).

DEFINED BENEFIT SCHEME

In addition to defined contribution scheme, the company has unfunded pension liabilities which are covered through the daily operations. These relate to early retirement and pension to persons, that have not been included in the defined contribution scheme. There are 7 retired persons included in this scheme.
Pension commitments are calculated by an independent actuary. The basis for the calculation is shown below. The new mortality table (K2013) for Norway is used in the calculations.

Social security costs are recorded based on net pension obligation in the balance sheet included estimate discrepancy.

	2015	2014
Assumptions		
Discount rate	**2.70 %**	2.30 %
Future wage adjustment	**2.50 %**	2.75 %
Pension adjustment/G-adjustment	**2.50 %**	2.75 %
Return on pension plan assets	**2.70 %**	2.30 %
Composition of the net pension obligations per 31 December		
Net pension obligations as at 1 January	**8 458**	9 999
Interest on accrued pension obligations	**174**	347
Employer benefits paid	**-1 827**	-2 625
Actuarial (gains)/losses on obligation	**203**	737
Net pension obligations as at 31 December	**7 008**	8 458

NET PENSION EXPENSES	2015	2014
Pension expenses defined benefit scheme	**174**	347
Pension expenses defined contribution scheme	**968**	930
Total pension expenses	**1 142**	1 277

NOTE 8
SHARES

	BUSINESS OFFICE	TIME OF PURCHASE	COST PRICE	OWNER-SHIP/ VOTING SHARE	COMPANY'S SHARE CAPITAL	NUMBER OF SHARES OWNED	PAR VALUE	BOOK-VALUE
Shares in subsidiaries								
Belships Management AS	Oslo	09.12.85	7 493	100 %	100	2	TNOK 50	657
Belships Management (Singapore) Pte Ltd 1)	Singapore	31.12.83	12 075	100 %	TSGD 60	60 000	SGD 1	12 076
Belships Supramax Singapore Pte Ltd 2)	Singapore	18.06.09	253 782	100 %	MSGD 58.5	58.5 mill.	SGD 1	223 382
Belships Chartering AS	Oslo	27.01.93	221 181	100 %	5 403	2 700	TNOK 2	5 403
Total								241 518

1) *The company has provided dividend of 17 496 in 2015*

2) *The subsidiary completed a reduction in the share capital of SGD 6.6 million equivalent NOK 40.3 million in 2015.*

NOTE 9
SPECIFICATIONS

SHIP OPERATING EXPENSES	2015	2014
Crew expenses	**-2 071**	0
Maintenance and spare parts	**-129**	0
Insurance	**-397**	0
Management fee	**-482**	0
Other ship operating expenses	**-844**	0
Total ship operating expenses	**-3 922**	0

OTHER FINANCIAL ITEMS	2015	2014
Guarantee commission 1)	**10 901**	10 237
Financing costs	**-1 951**	0
Other financial items	**-1 108**	-379
Total other financial items	**7 842**	9 858

1) The company is acting as a guarantor for the mortgage debt in the subsidiary Belships Supramax Singapore. A guarantee fee of 3% of loan balance has being charged.

CURRENCY GAIN/(LOSS) IN INCOME STATEMENT	2015	2014
Realised currency exchange gain	**26 598**	798
Unrealised currency exchange gain	**0**	306
Realised currency exchange loss	**-15 792**	-5 788
Total	**10 806**	-4 684

NOTE 10
SALARIES, NUMBER OF EMPLOYEES

SALARY EXPENSES	2015	2014
Salaries	**10 505**	9 590
Social security tax	**2 096**	1 843
Pension expenses	**1 142**	1 277
Other allowances	**1 837**	2 879
Total	**15 581**	15 589

Belships was charging the subsidiary Belships Management AS with a management fee amounting to 3 986 in 2015 (2014: 3 858).

The average number of employees in 2015 was 8 (2014: 8).

REMUNERATION TO THE MANAGEMENT	CHIEF EXECUTIVE OFFICER	FINANCIAL DIRECTOR	COMMERCIAL DIRECTOR
Salary	2 916	1 438	1 685
Share-based payment transaction expense	23	13	13
Pension expenses (defined contribution)	156	156	156
Other allowances	489	172	180

There exist no severance pay agreement.

SHARE OPTIONS

For information about share options, see note 3. The CEO has a separate option scheme that was approved in the annual general meeting in May 2015. See note 3 for details.

BOARD REMUNERATION

Board members are not awarded share options. The Board has received 643 in remuneration in 2015 (2014: 624), divided into 161 to the Chairman and 120 to each of the other members. Additional, 3 of the board members represent an audit committee and have received 90 in remuneration in 2015 (2014: 86), divided into 34 to the Chairman and 28 to each of the other members.

GUIDELINES FOR THE REMUNERATION OF THE EXECUTIVE MANAGEMENT OF BELSHIPS ASA

In conformity with the provisions of section 6-16a of the Norwegian Public Limited Liability Companies Act, the Board has prepared the following statement on the company's guidelines for the remuneration of the executive management:

- Belships will have a competitive bonus scheme to ensure that the company will have the necessary capacity and competence.
- Belships will seek to have fixed salaries at market terms. There will also be a variable part (bonuses and share options), which will be evaluated annually.

FEES TO THE AUDITOR (EXCLUDING VAT)	2015	2014
Remuneration for audit services	**220**	260
Other assurance services	**0**	90
Assistance related to tax matters	**51**	4
Other audit related assistance	**111**	130

LOANS TO EMPLOYEES

Loans to employees amounted to 1 719 as at 31 December 2015 (2014: 2 116). Of this, 548 to the management. See note 12 for details.

NOTE 11
OTHER GENERAL ADMINISTRATIVE EXPENSES

	2015	2014
Office expenses	**1 584**	1 579
Other services	**1 702**	1 434
Data, office equipment a.o.	**661**	579
Communication, advertising	**346**	380
Travel expenses	**691**	585
Other general administrative expenses	**687**	1 532
Total	**5 671**	6 089

NOTE 12
RECEIVABLES AND LIABILITIES

BAREBOAT COMMITMENT

Belships ASA entered on 25 September 2015 into a sale and lease back agreement for M/S Belforest. The bareboat period is 12 years with purchase options from year 3 onwards. The transaction is considered as a financial lease. See note 13 in the consolidated accounts for repayment schedule.

NEWBUILDING COMMITMENT

M/S Belisland, a 61 000 dwt Ultramax bulk carrier, has been under construction at Imabari Shipbuilding in Japan and was delivered 15 March 2016. Total newbuilding commitment amounted to USD 28.3 million (NOK 248.9 million) of which USD 8.48 million (NOK 74.6 million) was paid at year-end. Further payment of USD 2.83 million (NOK 24.9 million) was made 1 February 2016 and the remaining USD 16.95 million (NOK 149.3 million) was paid upon delivery. The ship was at time of delivery sold to a Japanese counterpart and leased back for a period of 15 years with purchase options from year 5 onwards. The transaction is considered as a financial lease.

INTEREST SWAP AGREEMENT

In June 2015 Belships entered into an interest swap agreement with forward start in September 2015 at a rate of 1.9% and with a duration of 5 years covering USD 20 million, reducing by USD 2 million per year.

LOANS TO EMPLOYEES

Loans to employees amounted to 1 719 as at 31 December 2015 (2014: 2 116). The average interest rate used for loans to employees was 2.72% in 2015 (2014: 2.63%). The repayment period is five years.

All short-term receivables and liabilities are due within 12 months.

NOTE 13
SUBSEQUENT EVENTS

SALE AND LEASE BACK AGREEMENT FOR M/S BELISLAND

Belships ASA entered in February 2016 into a sale and lease back agreement with a Japanese counterpart for M/S Belisland. The ship was delivered 15 March 2016 and was at time of delivery sold and leased back for a period of 15 years with purchase options from year 5 onwards.

TIMECHARTER CONCLUDED FOR M/S BELOCEAN

M/S Belocean entered her charter with Canpotex on 25 February 2016. The ship will be replaced by the newbuilding M/S Belisland at a net rate of USD 17,300 per day with effect from time of delivery around 15 March until the expiry of the remaining 5 year period. Cargill, Geneva, has from end of February charter M/S Belocean for 10-15 months at an average net rate of USD 3,750 per day.

POSTPONE DELIVERY OF THE T/C-SHIP

Belships has reached an agreement to postpone the delivery of the t/c-ship. The ship will be delivered in Q1 2018 instead of Q1 2017 as previously agreed.

No further material events have taken place after 31 December 2015.

NOTE 14
FINANCIAL MARKET RISK

CURRENCY RISK

The functional currency of the company is USD and the presentation currency is NOK. Balance sheet items in USD are converted to NOK at currency rate of 8.8090, which was Norges Bank's exchange rate at 31 December 2015 (2014: 7.4332). The company's revenue has the recent years been limited. Revenues consist primarily of management fees, dividends and group contributions from subsidiaries. Operating revenues and expenses in the subsidiaries are primarily in USD. The income and expenses related to the ship are in USD. At year end the company had a cash balance in NOK of approximately 3.8 million (2014: NOK 12 million).

To hedge payments of the administrative expenses in Norway, the company entered in December 2014 into 2 forward contracts to sell USD corresponding NOK 10 million at a currency rate of USD 7.5122 in June 2015 and further to sell USD corresponding NOK 10 million at a currency rate of USD 7.5222 in December 2015. The net loss related to these hegdings amounted to 1 538 in 2015.

Due to limited risk, no further hedging agreement towards NOK has been concluded.

The company does not use hedge accounting.

INTEREST SWAP AGREEMENT

An interest swap agreement with forward start in September 2015 was entered into in June 2015 at a rate of 1.9% and with a duration of 5 years covering USD 20 million, reducing by USD 2 million per year. Market value of this agreement amounts to -2 400 at year-end. The market value of the agreement are recorded as long-term liability.

CREDIT RISK

There will always exist a credit risk related to the company's business. Belships monitors this risk and the strategy is to carefully select counterparts. Historical losses have been limited.

Notes to the Belships ASA accounts

NOTE 15
RELATED PARTIES

The company performs management services for a subsidiary and receives fee for this. The fee amounted to 3 986 in 2015 (2014: 3 858).

The company receives a commission for acting as guarantor for mortgage debt in the subsidiary Belships Supramax Singapore Pte Ltd. This amounted to 10 901 in 2015 (2014: 10 238). See note 9.

All intercompany transactions have been conducted to market terms.

In connection with the waiver the Group received on the mortgage debt on 29 December 2015, Sonata issued an on-demand guarantee amounting to USD 5 million to the lender. The guarantee carries an interest of 5%. Except for this, it has not been issued loans or provided security to or from shareholders or related parties.

Members of the management have loans from the company. These amounts to 548 per 31 December 2015 (2014: 702).

NOTE 16
TAX

TAX RESULT FOR THE YEAR FOR BELSHIPS ASA	2015	2014
Result for the year before tax	**-36 111**	-10 447
Change in temporary differences	**-11 323**	-1 102
Permanent differences / other	**-17 555**	-2 394
Tax basis for the year	**-64 989**	-13 943
Taxes payable (27%)	**0**	0
Total income tax expense	**0**	0

In accordance with NGAAP, tax reducing temporary differences and tax increasing temporary differences that are reversed, or can be reversed in the same period are assessed and the amount recorded net.

RECONCILIATION OF TAX EXPENSE	2015	2014
Result for the year before tax	**-36 111**	-10 447
Statutory tax rate	**27 %**	27 %
Estimated tax expense at statutory rate	**-9 750**	-2 821
Permanent differences / other	**-4 740**	-646
Expected tax expense	**-14 490**	-3 467
Change in deferred tax assets	**14 490**	3 467
Actual tax expense	**0**	0
Effective tax percentage	**0 %**	0 %

DEFERRED TAX PER 31 DECEMBER	2015	2014
Pensions	**-7 008**	-8 458
Pension plan assets	**0**	24
Interest swap	**-2 400**	0
Temporary differences fixed assets	**12 296**	0
Impairment loss on fixed assets	**-500**	-500
Impairment loss on shares in subsidiaries abroad	**-30 400**	-30 400
Tax loss carried forward	**-305 051**	-240 052
Net temporary differences	**-333 062**	-279 386
Deferred tax assets (27%)	**-89 927**	-75 434
Deferred tax assets in Balance sheets	**0**	0
Deferred tax assets not in Balance sheets	**-89 927**	-75 434

Calculation of deferred taxes is based on temporary differences between statutory books and tax values which exist at the end of the year. Deferred tax assets are not recorded in the balance sheet, as future utilization of tax losses cannot be reasonably assured.

Building a better working world

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To the Annual Shareholders' Meeting of
Belships ASA

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Belships ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2015, the statements of income and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated statement of financial position as at 31 December 2015, the statements of comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of Belships ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, March 18, 2016
ERNST & YOUNG AS

Jon-Michael Grefsrød

Jon-Michael Grefsrød
State Authorised Public Accountant (Norway)

Belships' values and ethical guidelines are intended to safeguard good corporate ethics

CORPORATE GOVERNANCE

Good corporate governance is a prerequisite for cooperation based on trust between the company's owners, its Board and management, with a view to achieving the objective of long-term growth.

All relevant parties must be confident that the company is soundly operated and that the corporate governance is well defined, fit for purpose and carried out with integrity and independence.

Belships competitiveness hinges on stakeholders and prospective customers trust in the company's integrity and ethical behavior. Board members, management and employees will therefore always strive to uphold and develop trust in the company. Belships' values and ethical guidelines are intended to safeguard good corporate ethics.

Operations

The company's business is operation, purchase and sale of ships as well as participation in companies with similar objectives. The company is listed on the Oslo Stock Exchange and is for the time being engaged in dry bulk and technical management of ships.

Share capital and dividends

Belships aims to maximize the value for the company's share through an efficient and profitable management of the company's resources. A competitive return is to be obtained through growth in the value of the company's shares and the payment of competitive dividends. When increasing share capital through the issue of new shares for cash payment, the company's shareholders have normally a pre-emptive right of subscription.

The Board will propose private placements or the issue of shares as consideration in connection with investments only when this will safeguard the long-term interests of existing shareholders.

Until the coming General Meeting (GM), the Board is entitled to acquire on behalf of the company 200 000 own shares and to issue 4 700 000 new shares under conditions determined by the GM.

Equal rights for shareholders and transactions with related parties

The company has only one class of shares and the company's articles of association contain no limitations on voting rights. All shares carry equal rights and can be transferred freely.

In situations where the Board proposes that existing shareholders should waive their right to subscribe for shares, this will only be done where justified in light of the company's and the shareholders' interests. The justification shall be published in connection with the announcement of the increase in capital.

Belships provides limited management services to the company's principal shareholder. These services are provided at market terms. Any material transactions with closely related parties follow from sections 3-8 and 3-9 of the Norwegian Limited Liability Companies Act, and the agreements are adopted by the GM on the basis of a report submitted to the GM beforehand. The option programs are adopted by special authorization from the GM.

General Meeting

The GM is the company's supreme authority. The GM elects the Board and the auditor. Pursuant to the Limited Liability Companies Act, notice of GM must be sent to the shareholders no later than 21 days before the GM is to be held. The GM must be held by 30 June. Shareholders are registered in the Shareholders' Register with address. All shareholders are entitled to attend the GM and must give notice of attendance two days before the meeting is held. The Board, the company's management and the auditor attend GMs.

Election committee and audit committee

Considering the scope of the company's operations, the Board considers it reasonable and appropriate that the company should only have one board committee: the audit committee. The committee is made up of Christian Rytter (Chairman), Kjersti Ringdal and Sissel Grefsrud.

Members of the Board represent, directly and indirectly, more than 50 per cent of the shareholdings in Belships ASA. For this reason, no election committee has been established. The Board fulfills this role itself, and the work to review candidates for the Board is handled by ad hoc committees of the Board and chaired by the Chairman.

Board – composition and independence

The Board shall consist of 3-7 members. The Board elects its chairman. Members may be re-elected every two years. Board appointments are communicated through the notice of GM and the members are elected by majority vote.

The Board is made up of directors with broad experience and knowledge of the sector. Four directors are independent of day-to-day management, the majority shareholder and major business connections. Three directors own shares in the company.

The duties of the Board, risk management and internal control

The Board supervise the work of the administration. This means that the Board must review and approve strategies and follow up the implementation of the resolutions adopted.

Strategic decisions or decisions of material importance must be approved by the Board. The Board also appoints the Chief Executive Officer and determines his/her remuneration and the general framework for the Group's wage level.

The Board has prepared rules of procedure for the Chief Executive Officer, which specify his responsibilities and the decisions that have to be approved by the Board. The Board's duties comprise the review and supervision of the Group's internal control procedures and risk management. The same applies to ensuring that the company's integrity is safeguarded.

Focus is on ensuring that the Board functions as a team of independent members. The Board has also prepared rules of procedure for the Board's audit committee, which is to support the Board in performing its duties relating to reporting, audit, internal control and overall risk management.

The Board has an overall responsibility for safety, security and the environment. Our subsidiary in Singapore, which is responsible for the technical operation of Belships own and other ships, concentrates in particular on these matters.

The Board meets at least six times a year and receives a monthly report on the company's operations. In addition, the Board is consulted on or informed about matters of special importance.

Remuneration of directors

Remuneration of directors is approved by the company's GM. The remuneration is granted at the end of the year of service. Directors have no options to buy shares in the company, nor do they receive compensation other than the Board fees. The company endeavors to grant directors a remuneration based on market terms.

Remuneration to officers

The Board prepares guidelines for the remuneration of officers, pursuant to the law, which are submitted to the GM. Remuneration to the Chief Executive Officer is approved by the Board on the Chairman's recommendations.

In 2012 the company introduced a bonus scheme that applies to all employees in Norway and was effective as of 2013. The Chief Executive Officer has an option to purchase shares. Details concerning the remuneration of the company's officers are provided in a separate note to the accounts.

Information and communication

The company keeps Oslo Stock Exchange, the stock market and shareholders fully updated through interim reports, annual reports and press releases on important events. The company also has a website, which is regularly updated. Belships regards timely and accurate information as essential for obtaining a price for the share that will reflect the company's underlying value and prospects.

Company takeover

The Board has not prepared any principles for how to act in the event of a take-over bid. If such a bid should be made, the Board considers it important that shareholders are treated equally and that the company's operations are not unnecessarily disturbed. The Board's actions will take this into account in such a situation.

Auditor

The company's auditor attends at least one Board meeting a year, normally in connection with the presentation of the annual accounts. In its meeting with the auditor, the Board focuses in particular on procedures relating to the company's internal control as well as current accounting issues.

The Board and the auditor meet at least once a year without the Chief Executive Officer or other executives being present. The auditor also attends the company's GM and has access to the company's minutes of board and GMs. The Board reviews the auditor's engagement on an annual basis.

The company's auditor is Ernst & Young. Besides ordinary audits, Belships receives assistance from Ernst & Young in connection with accounting and tax issues within the field in which the auditor can assist under the rules of independence. The auditing and counseling fees appear from the notes to the accounts.

The company's management meets the auditor regularly to discuss current tax and accounting issues.

The Board makes a running assessment of whether the audit is performed in a satisfactory manner.

Strong commitment to customers and quality creates value

CORPORATE SOCIAL RESPONSIBILITY

Belships main contribution to society is to grow a long-term, sustainable value-creating business for our stakeholders. Our aim is to ensure that our business practices as well as investments are sustainable, and contribute to long-term economic, environmental and social development.

Belships has a clearly defined vision and mission statement and a set of core values, which we believe will ensure that the Company grows a value-creating and sustainable business.

Vision
Strong commitment to customers and quality creates value.

Mission
We are an ambitious global organization with focus on:
– Safety & environment
– Customers
– Quality
– People

Core values
– Respect
– Commitment
– Sincerety & Honesty

Our core values are reflected in everything we do. They are an integrated part of how we conduct our business.

Belships has identified the Company's material sustainability issues and their potential impact on our business. With reference to the Norwegian Accounting Act section 3-3c, the following chapters present how Belships integrates the most material sustainability issues into its business strategies and processes.

1. Environment

International shipping contributes significantly to global emissions of greenhouse gases (GHG) through consumption of bunkers. Although international shipping is a significant contributor to global emissions, it produces substantially less emissions per unit distance when carrying a shipment than other methods of transportation.

Belships recognizes its environmental responsibility and strive to comply with and maintain high standards in order to reduce the environmental impact from its operations. The Company is focusing on reducing bunkers consumption, which is the main source of the shipping sector's emissions of CO_2, NOX and SOX.

Belships ambition is to optimize bunker consumption and the company conducts improvement projects and testing aimed at reducing its environmental impact, including hull cleaning and propeller polishing in addition to testing of fuel additives for improved combustion, both aimed at reducing fuel consumption and air pollution.

Belships are further certified with Environmental Management Systems Certificate ISO 14001 as well as ISO 9001:2000. The certificates are issued by the classification society and establish environmental standards and implementation routines. Continuous efforts are made in order to reduce the general waste produced by the vessels and to dispose of waste onshore in a controlled manner at approved port waste reception facilities. The fleet complies with the IMO recommendations on waste management.

Pollution by invasive species carried with ballast water has become an important issue. The Company's newbuildings will have ballast water treatment systems in place. Belships is actively preparing for the expected implementation of stricter regulations on ballast water treatment entering into force.

Belships is closely monitoring the development of all environmental regulation. The Company will continue to comply with all legislation and follow best practices to minimize the Company's impact on the environment.

2. Human and Labour rights

It is Belships policy to integrate attention to human and labor rights into its existing business processes. In practice, a large part of the human and labor rights agenda is covered by the Company's health and safety efforts. The health and safety of our employees is a key priority for Belships. As an international and multi-local industrial employer, the Company respects international and local legislation, including the provision of the International Labor Organization's Maritime Labor Convention of 2006 (the "MLC"). The MLC is widely known as the "seafarers' bill of rights", and sets out seafarers' right to decent working conditions, including elements such as minimum age of seafarers, payment of wages, hours of work or rest, onboard medical care, paid annual leave and freedom of association.

Belships values its employees as a key resource. The Company will continue to focus on attracting and keeping the best qualified and motivated employees. As a global organization, Belships has a diversified working environment in which employment, promotions, responsibility and job enrichment are based on qualifications and abilities and not on gender, age, race and political or religious views The Company does not tolerate discrimination in any form.

Belships aims to continuously provide and enhance healthy, high-quality working conditions, both onshore and onboard vessels. Crewing and technical management are handled by Belships' subsidiaries in Singapore and China. These companies also have external customers and offer ship management-services to ship owners worldwide. A dedicated and well-trained ship- and onshore team is monitoring the health, safety, environment and quality performance.

Belships' goal is to run the operations of the Company with zero fatal accidents. This goal was achieved in 2015.

Attracting and retaining qualified seafarers remains an area of strategic importance for Belships. The objective is to strengthen Belships' brand and image. To ensure a continued recruitment of dedicated and qualified officers, Belships is engaged in training of seafarers and education of cadets and has 160 cadet positions onboard the Company's vessels. The Company will further develop the crewing strategy and the implementation of crew welfare initiatives in order to meet the Company's ambition of maintaining the officers' retention rate at a high level and maintaining a challenging and motivating work place, thus creating top performing vessels.

Belships faces same challenges as other shipping companies when it comes to piracy. Piracy is still a challenge for the shipping industry and cannot be solved by the Company or the shipping industry alone. It must be dealt with by the international community and relevant authorities of UN working together. To create a secure environment in which our crew feels safe, the company has adopted a best management-practice consistent with the industry standards and under suggestion by Intertanko and Oil Companies International Marine Forum to deter piracy. All of our vessels are registered with the EU Naval Force (Maritime security centre) which co-ordinates vessel's transit schedules with the appropriate naval vessels in the Gulf of Aden and Somali basin. Depending on the present conditions and individual risk factors for the particular vessel, preventive measures are evaluated for each transit in accordance with Belships' piracy policy. There were no incidents of attempted hijackings of Belships-vessels in 2015.

3. Anti-corruption

Belships has defined a set of core values being reflected in everything the Company does, and are an integrated part of how the Company does its business.

Belships believes that corruption prevents well-functioning business processes and curbs economic development. Corruption or corrupt behavior is not accepted by the Company. Belships focuses on transparency in its business practices, supports free enterprise and competes in a fair and ethical manner.