



BELSHIPS

REPORT 3RD QUARTER 2017

26 October 2017

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**HIGHLIGHTS**

- Operating income of USD 6.7 m (Q2: USD 6.4 m)
- EBITDA of USD 3.5 m (USD 3.0 m)
- Net result of USD 1.7 m (USD 0.7 m)
- All ships operating normally – modern fleet – average age 5.1 years
- Contract coverage 100% for delivered ships – around USD 51 million fixed charter

Third quarter 2017 results

Belships operating income in 3rd quarter 2017 was USD 6.7 million (Q2: USD 6.4 million), while EBITDA amounted to USD 3.5 million (USD 3.0 million). The Group's operating result amounted to USD 2.9 million (USD 2.1 million), while net result for 3rd quarter 2017 was USD 1.7 million (USD 0.7 million). The figures for third quarter includes impairment reversal of USD 0.5 million.

Fleet status

Belships concentrates on the dry bulk market, with 5 x modern Supramax/Ultramax in service. M/S Belstar, M/S Belnor and M/S Belisland have continued the long-term contracts to Canpotex of 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. M/S Belforest and M/S Belocean are both on time charter to Cargill. M/S Belforest was extended to Cargill for 11-13 months effective from 1st October, whereas M/S Belocean will be open in January. All ships have sailed without significant off-hire. Technical management is handled by Belships Management (Singapore), with a total fleet of 12 ships under technical management.

Newbuilding program

Belships' remaining newbuilding program with Imabari Shipbuilding in Japan includes one 63 000 dwt eco-design Ultramax bulk carrier on a long-term T/C-in agreement incl. purchase option for delivery in January 2018 and another sister vessel on a similar scheme within first half 2020.

Financial and corporate matters

As per 30 September the Group's cash totaled USD 7.9 million compared to USD 7.4 million as per 30 June.

The mortgage debt as per 30 September was USD 32.5 million. Net lease obligation as at 30 September was USD 43.2 million. In addition Belships has a long-term loan facility of SGD 2 million, secured by the lease agreement for our Singapore office. Net lease obligation and mortgage debt were reduced by USD 1.7 million in 3rd quarter.

Hedging the Group's interest exposure on bank loan is considered on an ongoing basis. The hedging level of interest rate exposure is currently around 70%.

At the end of the 3rd quarter of 2017, the book value per share amounted to NOK 3.90 (USD 0.49), while the equity ratio was 22.4%. Added value related to the long-term charter party for M/S Belisland is not reflected in the balance sheet.

Market highlights

The Capesize-index ended the 3rd quarter at USD 18 725 per day, whereas the Panamax-index ended at USD 10 509 per day. The Supramax-index ended the quarter at USD 11 430 per day. As per today the Cape index stands at USD 22 145 per day, Panamax-index at USD 13 223 per day and Supramax-index at USD 12 550 per day. Baltic S&P Assessment's valuation of a 5-year old Supramax is currently USD 16.9 million.

Outlook

China's iron ore imports surged 11% y/y in September to 103 million tonnes. YTD figures are currently up 7.1% to 817 million tonnes according to Fearnleys, implying that last year's record of 1.02 billion tonnes is within reach at the current pace.

In addition to the increasing Chinese demand for overseas high-grade iron ore and coal, the grain market has contributed significantly with increased demand for corn and soy crop from US Gulf and East Coast South America.

In January the company will take delivery of a 63 000 dwt eco-design newbuilding from Imabari Shipbuilding and intend to find cover for this open position within November-December. Belships also have M/S Beloceano coming open around year end and the company will be in a beneficial position if the market, as traditionally, continues to strengthen in Q4.

Belships' vessels are chartered out on fixed rates to reputable counterparts, representing a future nominal gross hire of around USD 51 million.

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

Oslo, 26 October 2017
THE BOARD OF BELSHIPS ASA

Sverre Jørgen Tidemand, Chairman

Christian Rytter

Kjersti Ringdal

Sissel Grefsrud

Carl Erik Steen

CEO Ulrich Müller
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The quarterly figures are not audited

BELSHIPS ASA

USD 1 000		Q3 2017	Q2 2017	YTD Q3 2017	Q3 2016	Q2 2016	YTD Q3 2016	2016
Freight revenue	Note	5 808	5 538	16 712	5 377	5 505	15 828	21 338
Management fees		874	901	3 029	1 064	850	2 978	4 077
Operating income	2	6 682	6 439	19 741	6 441	6 355	18 806	25 415
Ship operating expenses		-1 933	-1 925	-5 946	-2 399	-1 803	-6 084	-8 197
Operating expenses ship management		-722	-887	-2 468	-850	-907	-2 688	-3 405
General and administrative expenses		-499	-596	-1 761	-558	-623	-1 846	-2 533
Operating expenses		-3 154	-3 408	-10 175	-3 807	-3 333	-10 618	-14 135
Operating result (EBITDA)		3 528	3 031	9 566	2 634	3 022	8 188	11 280
Depreciation and amortisation		-1 149	-1 147	-3 412	-1 325	-1 312	-3 973	-4 901
Net impairment of ships		500	0	500	0	0	-13 823	-13 823
Loss on sale of ship/effect on onerous contracts		0	234	397	217	346	-1 724	-1 463
Operating result (EBIT)		2 879	2 118	7 051	1 526	2 056	-11 332	-8 907
Interest income		5	5	18	1	4	6	13
Interest expenses		-1 182	-1 186	-3 581	-1 285	-1 272	-3 552	-4 833
Other financial items		-60	-176	-313	103	-487	-1 086	-761
Currency gains/(-losses)		72	7	110	42	87	296	69
Net financial items		-1 165	-1 350	-3 766	-1 139	-1 668	-4 336	-5 512
Result before taxes		1 714	768	3 285	387	388	-15 668	-14 419
Taxes		-46	-38	-131	-42	-25	-94	-174
Net result		1 668	730	3 154	345	363	-15 762	-14 593
Hereof non-controlling interests		16	13	34	13	-4	15	53
Hereof majority interests		1 652	717	3 120	332	367	-15 777	-14 646
Other comprehensive income								
Actuarial gain/(loss) on defined benefit plans		0	0	0	0	0	0	-39
Total comprehensive income		1 668	730	3 154	345	363	-15 762	-14 632
Hereof non-controlling interests		16	13	34	13	-4	15	53
Hereof majority interests		1 652	717	3 120	332	367	-15 777	-14 685
Earnings per share (US cent)		3.56	1.56	6.74	0.74	0.78	-33.68	-31.18
Diluted earnings per share (US cent)		3.56	1.56	6.74	0.74	0.78	-33.68	-31.18



CONSOLIDATED BALANCE SHEET

The quarterly figures are not audited

BELSHIPS ASA

USD 1 000		30 Sep 2017	30 Jun 2017	30 Sep 2016	31 Dec 2016
ASSETS	<i>Note</i>				
Fixed assets					
Ships		90 341	90 810	93 905	93 009
Prepaid timecharter hire		679	850	0	1 500
Other fixed assets		2 153	2 125	3 615	1 974
Total fixed assets		93 173	93 785	97 520	96 483
Current assets					
Short-term receivables		1 343	1 455	1 270	1 211
Prepaid timecharter hire		821	650	0	0
Cash and cash equivalents		7 874	7 394	8 352	7 918
Total current assets		10 038	9 499	9 622	9 129
Total assets		103 211	103 284	107 142	105 612
EQUITY AND LIABILITIES					
Equity					
Paid-in capital		43 595	43 625	43 616	43 620
Retained earnings		-20 767	-22 419	-24 980	-23 887
Non-controlling interests		325	429	373	411
Total equity		23 153	21 635	19 009	20 144
Long-term liabilities					
Mortgage debt	3	27 220	28 441	32 104	30 883
Bareboat commitment	3	41 335	41 845	43 288	42 811
Financial instruments		157	242	841	323
Pension obligations		566	563	720	648
Other long-term liabilities		1 501	1 427	1 407	1 407
Total long-term liabilities		70 779	72 518	78 360	76 072
Short-term liabilities					
Mortgage debt	3	5 000	5 000	5 000	5 000
Bareboat commitment	3	1 896	1 857	1 733	1 778
Other short-term liabilities		2 383	2 274	3 040	2 618
Total short-term liabilities		9 279	9 131	9 773	9 396
Total equity and liabilities		103 211	103 284	107 142	105 612

**CONSOLIDATED CASH FLOW STATEMENTS***The quarterly figures are not audited***BELSHIPS ASA**

USD 1 000	YTD Q3 2017	YTD Q3 2016	2016
Cash flow from operating activities			
Net result before taxes	3 285	-15 668	-14 419
Adjustments to reconcile profit before tax to net cash flows:			
Loss on sale of ship/effect on onerous contracts	-397	1 077	1 463
Depreciations on fixed assets	3 412	3 973	4 901
Net impairment of ships	-500	13 823	13 823
Share-based compensation expense	-25	27	31
Difference between pension exps. and paid pension premium	-134	-150	-210
Net finance costs	3 766	4 336	5 512
Working capital adjustments:			
Change in trade debtors and trade creditors	269	-101	-212
Change in other short-term items	-472	265	-241
Interest received	18	6	13
Interest paid	-3 581	-3 552	-4 833
Income tax paid	-67	-127	-118
Net cash flow from operating activities	5 574	3 909	5 710
Cash flow from investing activities			
Payment on newbuilding	0	-20 485	-20 531
Sale of ship (net sales amount)	0	23 637	23 637
Payment of other investments	-275	-1 740	-1 923
Net cash flow from investing activities	-275	1 412	1 183
Cash flow from financing activities			
Repayment of long-term debt	-5 108	-21 752	-6 491
Proceeds from new loan	0	16 950	0
Paid costs related to financing	-253	-199	-484
Net cash flow from financing activities	-5 361	-5 001	-6 975
Net change in cash and cash equivalents during the period	-63	320	-82
Cash and cash equivalents at 1 January	7 918	7 993	7 993
Change currency NOK deposits	19	39	7
Cash and cash equivalents at end of period	7 874	8 352	7 918



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

The quarterly figures are not audited

BELSHIPS ASA

USD 1 000

	Majority interest						
	Paid-in				Retained		
	Share capital	Treasury shares	Share premium reserves	Other paid-in equity	Other equity	Non-controlling interests	Total equity
As at 30 September 2017							
Equity as at 31 December 2016	14 272	-166	13 751	15 763	-23 887	411	20 144
Net result for the period	0	0	0	0	3 120	34	3 154
Other comprehensive income	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	3 120	34	3 154
Non-controlling interest transactions	0	0	0	0	0	-120	-120
Share-based payment expense	0	0	0	-25	0	0	-25
Equity as at 30 September 2017	14 272	-166	13 751	15 738	-20 767	325	23 153
As at 30 September 2016							
Equity as at 31 December 2015	14 272	-166	13 751	15 732	-9 203	445	34 831
Net result for the period	0	0	0	0	-15 777	15	-15 762
Other comprehensive income	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	-15 777	15	-15 762
Non-controlling interest transactions	0	0	0	0	0	-87	-87
Share-based payment expense	0	0	0	27	0	0	27
Equity as at 30 September 2016	14 272	-166	13 751	15 759	-24 980	373	19 009

KEY FINANCIAL FIGURES

BELSHIPS ASA

		YTD Q3 2017	YTD Q3 2016	31 Dec 2016
EBITDA	USD 1000	9 566	8 188	11 280
Interest coverage ratio		1.97	-3.19	-1.84
Current ratio	%	108.18	98.45	97.16
Equity ratio	%	22.43	17.74	19.07
Earnings per share	US cent	6.74	-33.68	-31.18
Earnings per share	NOK	0.54	-2.71	-2.69
Equity per share	USD	0.49	0.41	0.43
Equity per share	NOK	3.94	3.27	3.71
Number of issued shares (excluding treasury shares)		46 804 000	46 804 000	46 804 000
Average number of issued shares (excl. treasury shares)		46 804 000	46 804 000	46 804 000

**NOTES TO THE CONSOLIDATED ACCOUNTS****Note 1 Accounting principles**

These interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". They do not include all of the information required for full annual financial reporting, and should be read in conjunction with the consolidated financial statements of Belships for the year ended 31 December 2016.

This report was approved by the Board of Directors on 26 October 2017.

The accounting policies adopted are consistent with those followed in the preparation of the Company's and the Group's annual financial statements for the year ended 31 December 2016.

Note 2 Segment information**BELSHIPS ASA**

USD 1 000

January - September 2017

	<i>Dry cargo</i>	<i>Technical managm.</i>	<i>Admini- stration</i>	<i>Group transacts.</i>	<i>Total</i>
Freight revenue	16 368	0	0	344	16 712
Management fees	0	3 345	562	-878	3 029
Operating income	16 368	3 345	562	-534	19 741
Ship operating expenses	-6 479	0	0	533	-5 946
Operating expenses ship management	0	-2 468	0	0	-2 468
General and administrative expenses	-8	0	-1 754	1	-1 761
Operating expenses	-6 487	-2 468	-1 754	534	-10 175
Operating result (EBITDA)	9 881	877	-1 192	0	9 566
Depreciation and amortisation	-3 308	-43	-61	0	-3 412
Reversal of impairment	500	0	0	0	500
Loss sale ship/effect onerous contracts	397	0	0	0	397
Operating result (EBIT)	7 470	834	-1 253	0	7 051
Interest income	0	13	5	0	18
Interest expenses	-3 460	0	-121	0	-3 581
Other financial items	-146	-9	-158	0	-313
Currency gains/(-losses)	-16	-78	204	0	110
Net financial items	-3 622	-74	-70	0	-3 766
Result before taxes	3 848	760	-1 323	0	3 285
Taxes	0	-131	0	0	-131
Net result	3 848	629	-1 323	0	3 154
Hereof non-controlling interests	0	34	0	0	34
Hereof majority interests	3 848	595	-1 323	0	3 120



Note 2 Segment information, continued

BELSHIPS ASA

USD 1 000

		2017				2016			
		<i>Dry cargo</i>	<i>Techn. manag.</i>	<i>Admin/ Grp.tr.</i>	<i>Total</i>	<i>Dry cargo</i>	<i>Techn. manag.</i>	<i>Admin/ Grp.tr.</i>	<i>Total</i>
Q1	Freight revenue	5 254	0	112	5 366	4 857	0	89	4 946
	Management fees	0	1 300	-46	1 254	0	1 176	-112	1 064
	Operating income	5 254	1 300	66	6 620	4 857	1 176	-23	6 010
	Ship operating expenses	-2 206	0	118	-2 088	-2 052	0	170	-1 882
	Operating expenses ship management	0	-859	0	-859	0	-931	0	-931
	General and administrative expenses	-6	0	-660	-666	-3	0	-662	-665
	Operating expenses	-2 212	-859	-542	-3 613	-2 055	-931	-492	-3 478
	Operating result (EBITDA)	3 042	441	-476	3 007	2 802	245	-515	2 532
	Depreciation and amortisation	-1 090	-13	-13	-1 116	-1 314	-12	-10	-1 336
	Net impairment of ships	0	0	0	0	-13 823	0	0	-13 823
Q2	Loss on sale ship/effect on onerous contracts	163	0	0	163	-2 287	0	0	-2 287
	Operating result (EBIT)	2 115	428	-489	2 054	-14 622	233	-525	-14 914
	Freight revenue	5 424	0	114	5 538	5 389	0	116	5 505
	Management fees	0	1 070	-169	901	0	957	-107	850
	Operating income	5 424	1 070	-55	6 439	5 389	957	9	6 355
	Ship operating expenses	-2 164	0	239	-1 925	-1 979	0	176	-1 803
	Operating expenses ship management	0	-887	0	-887	0	-907	0	-907
	General and administrative expenses	0	0	-596	-596	-18	0	-605	-623
	Operating expenses	-2 164	-887	-357	-3 408	-1 997	-907	-429	-3 333
	Operating result (EBITDA)	3 260	183	-412	3 031	3 392	50	-420	3 022
Q3	Depreciation and amortisation	-1 109	-15	-23	-1 147	-1 284	-15	-13	-1 312
	Loss on sale ship/effect on onerous contracts	234	0	0	234	346	0	0	346
	Operating result (EBIT)	2 385	168	-435	2 118	2 454	35	-433	2 056
	Freight revenue	5 690	0	118	5 808	5 260	0	117	5 377
	Management fees	0	975	-101	874	0	1 178	-114	1 064
	Operating income	5 690	975	17	6 682	5 260	1 178	3	6 441
	Ship operating expenses	-2 109	0	176	-1 933	-2 576	0	177	-2 399
	Operating expenses ship management	0	-722	0	-722	0	-850	0	-850
	General and administrative expenses	-2	0	-497	-499	-5	0	-553	-558
	Operating expenses	-2 111	-722	-321	-3 154	-2 581	-850	-376	-3 807
Q4	Operating result (EBITDA)	3 579	253	-304	3 528	2 679	328	-373	2 634
	Depreciation and amortisation	-1 109	-15	-25	-1 149	-1 284	-13	-28	-1 325
	Net impairment of ships	500	0	0	500	0	0	0	0
	Loss on sale ship/effect on onerous contracts	0	0	0	0	217	0	0	217
	Operating result (EBIT)	2 970	238	-329	2 879	1 612	315	-401	1 526
	Freight revenue	0	0	0	0	5 397	0	113	5 510
	Management fees	0	0	0	0	0	1 186	-87	1 099
	Operating income	0	0	0	0	5 397	1 186	26	6 609
	Ship operating expenses	0	0	0	0	-2 289	0	176	-2 113
	Operating expenses ship management	0	0	0	0	0	-717	0	-717
Q4	General and administrative expenses	0	0	0	0	-21	0	-666	-687
	Operating expenses	0	0	0	0	-2 310	-717	-490	-3 517
	Operating result (EBITDA)	0	0	0	0	3 087	469	-464	3 092
	Depreciation and amortisation	0	0	0	0	-897	-13	-18	-928
	Loss on sale ship/effect on onerous contracts	0	0	0	0	261	0	0	261
	Operating result (EBIT)	0	0	0	0	2 451	456	-482	2 425

Note 3 Mortgage debt/Bareboat obligation

Mortgage debt as of 30 September 2017 was USD 32.5 million, of which USD 5.0 million is classified as current. Arrangement fee and other transaction costs related to the mortgage debt, were initially recorded as a reduction of the debt in the balance sheet, and are subsequently amortized over the loan period in accordance with the amortized cost principle.

Net bareboat obligation as at 30 September was USD 43.2 million, of which USD 1.9 million is classified as current. The bareboat obligation is related to M/S Belforest and M/S Belisland. These two ships are included in the balance sheet as financial leases.

Definition of Non-IFRS financial measures

Current ratio - is defined as total current assets, divided by total current liabilities

EBITDA - is defined as operating result adjusted for depreciation and amortization, other gains/(losses), interest income, interest expenses and other financial items

EBIT - is defined as operating result adjusted for interest income, interest expenses and other financial items

Equity ratio - is equal to shareholders' equity including non-controlling interest, divided by total assets

Interest coverage ratio - is equal to earnings before interest and taxes (EBIT), divided by interest expenses

20 LARGEST SHAREHOLDERS

Updated 20 October 2017

Name	Number of shares	%
SONATA AS	31 747 492	67.05%
TIDSHIPS AS	5 080 432	10.73%
EITZEN REDERI AS	806 134	1.70%
BELSHIPS ASA	498 000	1.05%
CARLINGS AS	400 000	0.84%
TIDINVEST II AS	315 414	0.67%
JENSSEN & CO A/S	302 816	0.64%
NAGATSUKA TORU	270 000	0.57%
CHREM CAPITAL AS	270 000	0.57%
STEEN CARL ERIK	269 154	0.57%
JOVOKO AS	250 000	0.53%
SØLAND LIV	240 000	0.51%
ASL HOLDING AS	225 000	0.48%
JSL AS	221 191	0.47%
Danske Bank A/S	219 028	0.46%
HKG HOLDING AS	208 779	0.44%
AR VEKST AS	203 995	0.43%
KIELLAND BERNHARD	200 000	0.42%
FINANSPLAN AS	168 360	0.36%
AR FONDS AS	159 500	0.34%
Other shareholders (596)	5 296 705	11.17%
Total outstanding shares	47 352 000	100.00%



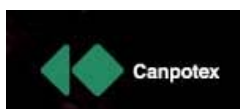
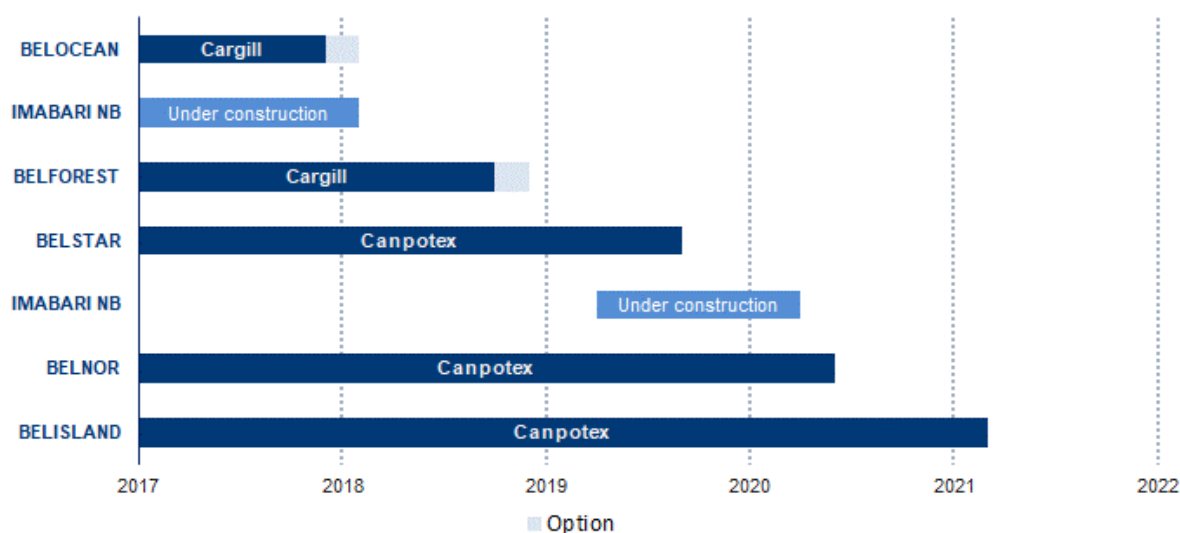
FLEET LIST

As at 30 September 2017

Ship	Owner-ship	Built year	Dwt	Employment	Option period	T/C-rate (net USD/day)
Supramax						
M/S Belstar	100 %	2009	58 018	T/C to 08/19		16 000
M/S Belnor	100 %	2010	58 018	T/C to 05/20		16 000
M/S Belocean	100 %	2011	58 018	T/C to 11/17	+2 mo	7 700
Ultramax						
M/S Belforest	BBC	2015	61 320	T/C to 09/18	+2 mo	9 986
M/S Belisland	BBC	2016	61 252	T/C to 03/21		17 300
Imabari newbuilding	¹ TC	2018	63 000			
Imabari newbuilding	² TC	2020	63 000			

- 1) Delivery January 2018 for long-term lease with purchase option. Charter period is eight years with three annual renewal options. Purchase option may be exercised at the end of year 4 to JPY 3.01 billion, with an annual decrease of JPY 110 million.
- 2) Delivery during 1st half of 2020 for long-term lease with purchase option. Charter period is eight years with two annual renewal options.

CHARTER COVERAGE



Canpotex was established in 1972 by three Canadian potash producers: Agrium, Mosaic and PotashCorp. Potash is a very effective fertilizer allowing farmers to increase crop production. Canpotex manages transportation and has invested in 5,400 specialized railcars and two port terminals. Canpotex has supplied over 220 million tons of potash since 1972 to customers in countries like Australia, Brazil, China, India, Indonesia and Japan.



Founded in 1865, Cargill is the world's largest privately owned company. The company is an active producer and a supplier in industries as diverse as agriculture, oil, shipping and heavy industry. Cargill's ocean transportation business, headquartered in Geneva, operates one of the world's largest dry bulk charter fleets with over 550 ships under their control at any one time, calling nearly 1,000 ports worldwide and shipping more than 220 million metric tons of dry bulk cargo each year.