



# **BELSHIPS**

## **REPORT 3RD QUARTER 2018**

26 October 2018

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Enterprise no: NO930776793MVA

**HIGHLIGHTS**

- Operating income of USD 8.3 m (Q2: USD 8.3 m)
- EBITDA of USD 3.2 m (USD 3.5 m)
- No impairment/impairment reversal
- Net result of USD 0.6 m (USD 0.9 m)
- Average TC-income (net) per ship per day Q3: USD 13 400 (Q2: 13 250)
- All ships operating normally – modern fleet – average age 5.2 years
- Contract coverage 100% for delivered ships – around USD 38 million fixed charter backlog
- The merger plan to be approved by the Extraordinary General Meeting

**3rd quarter 2018 results**

Belships operating income in 3rd quarter 2018 was USD 8.3 million (Q2: USD 8.3 million), while EBITDA amounted to USD 3.2 million (USD 3.5 million). The Group's operating result amounted to USD 1.8 million (USD 2.1 million), while net result for 3rd quarter 2018 was USD 0.6 million (USD 0.9 million).

**Fleet status**

Belships concentrates on the dry bulk market, with 6 modern Supramax/Ultramax in service. M/V Belstar, M/V Belnor and M/V 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/V Belforest, M/V Beloccean and M/V Belnippon are all on time charter to Cargill. In September the c/p's with Cargill for M/V Belforest and M/V Beloccean were extended until August and October 2019 at USD 13,500 and USD 12,000 daily respectively. Next open position will then be M/V Belnippon in February 2019.

All ships have sailed without significant off-hire. Technical management is handled by Belships Management (Singapore), with a total fleet of 10 ships under technical management.

**Newbuilding program**

Belships' remaining newbuilding program with Imabari Shipbuilding in Japan consists of one 63 000 dwt eco-design Ultramax bulk carrier on a long-term T/C-in agreement incl. purchase option for delivery within first half 2020.

**Financial and corporate matters**

As per 30 September the Group's cash totaled USD 5.3 million, which is unchanged from 30 June.

The mortgage debt as per 30 September was USD 24.5 million. Net lease obligation as at 30 June was USD 41.2 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 the 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 60%.

At the end of the 3rd quarter of 2018, the book value per share amounted to NOK 5.07 (USD 0.62), while the equity ratio was 29.6 %. 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 18 350 per day, whereas the Kamsarmax-index ended at USD 15 351 per day. The Supramax-index ended the quarter at USD 13 273 per day. As per

today the Cape index stands at USD 18 683 per day, Kamsarmax-index at USD 16 110 per day and Supramax-index at USD 13 319 per day. Baltic S&P Assessment's valuation of a 5-year old Supramax is currently USD 18.5 million.

### **Outlook**

After a slow start due to Chinese holidays, the Supramax market has risen slightly in October. There is more interest for period deals and for Far East delivery fixtures around USD 13-14,000 per day have been reported.

Belships' ships are fully covered until February 2019 when M/V Belnippon becomes open. The company is well positioned for a dry bulk market that we believe will be strengthening in 2019-20.

Belships' ships are chartered out on fixed rates to reputable counterparts, representing a future nominal gross hire of around USD 38 million.

Focus remains to continue developing Belships as an owner and operator of modern bulk carriers to reputable counterparts, building a portfolio of quality ships and robust charter parties that will generate distributable cash flows.

In today's Extraordinary General Meeting the merger with Lighthouse is expected to be approved. The Board of Directors believes this transaction will be in the best interest of all the shareholders and the company.

Following this transaction the combined entity will control a fleet of 16 dry bulk carriers and enhance its earnings potential with a combination of charter backlog and spot exposure. Complementing management activities create a complete in-house operational structure, ideally positioning Belships as a platform for further growth. The company will concentrate on the dry bulk market and expect to benefit from a fully in-house commercial and technical management.

26 October 2018  
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 2018	Q2 2018	YTD Q3 2018	Q3 2017	Q2 2017	YTD Q3 2017	2017
Freight revenue	<b>7 402</b>	7 231	<b>21 505</b>	5 808	5 538	16 712	22 646
Management fees	<b>890</b>	1 061	<b>3 008</b>	874	901	3 029	4 663
<b>Operating income</b>	<b>8 292</b>	8 292	<b>24 513</b>	6 682	6 439	19 741	27 309
T/C hire expenses	<b>-1 188</b>	-1 183	<b>-3 309</b>	0	0	0	0
Ship operating expenses	<b>-2 065</b>	-2 081	<b>-6 169</b>	-1 933	-1 925	-5 946	-8 175
Operating expenses ship management	<b>-996</b>	-823	<b>-2 702</b>	-722	-887	-2 468	-3 371
General and administrative expenses	<b>-893</b>	-674	<b>-2 391</b>	-499	-596	-1 761	-2 493
<b>Operating expenses</b>	<b>-5 142</b>	-4 761	<b>-14 571</b>	-3 154	-3 408	-10 175	-14 039
<b>Operating result (EBITDA)</b>	<b>3 150</b>	3 531	<b>9 942</b>	3 528	3 031	9 566	13 270
Depreciation and amortisation	<b>-1 373</b>	-1 393	<b>-4 219</b>	-1 149	-1 147	-3 412	-4 597
Reversal/impairment of ships	<b>0</b>	0	<b>1 269</b>	500	0	500	2 544
Effect on onerous contracts	<b>0</b>	0	<b>0</b>	0	234	397	397
<b>Operating result (EBIT)</b>	<b>1 777</b>	2 138	<b>6 992</b>	2 879	2 118	7 051	11 614
Interest income	<b>15</b>	20	<b>38</b>	5	5	18	26
Interest expenses	<b>-1 058</b>	-1 060	<b>-3 179</b>	-1 182	-1 186	-3 581	-4 735
Other financial items	<b>-57</b>	-38	<b>-20</b>	-60	-176	-313	-361
Currency gains/(-losses)	<b>-81</b>	-131	<b>-140</b>	72	7	110	114
<b>Net financial items</b>	<b>-1 181</b>	-1 209	<b>-3 301</b>	-1 165	-1 350	-3 766	-4 956
<b>Result before taxes</b>	<b>596</b>	929	<b>3 691</b>	1 714	768	3 285	6 658
Taxes	<b>-23</b>	-52	<b>-106</b>	-46	-38	-131	-294
<b>Net result</b>	<b>573</b>	877	<b>3 585</b>	1 668	730	3 154	6 364
Hereof non-controlling interests	<b>-7</b>	-4	<b>11</b>	16	13	34	60
Hereof majority interests	<b>580</b>	881	<b>3 574</b>	1 652	717	3 120	6 304
<b>Other comprehensive income</b>							
Actuarial gain/(loss) on defined benefit plans	<b>0</b>	0	<b>0</b>	0	0	0	-6
<b>Total comprehensive income</b>	<b>573</b>	877	<b>3 585</b>	1 668	730	3 154	6 358
Hereof non-controlling interests	<b>-7</b>	-4	<b>11</b>	16	13	34	60
Hereof majority interests	<b>580</b>	881	<b>3 574</b>	1 652	717	3 120	6 298
Earnings per share (US cent)	<b>1.22</b>	1.87	<b>7.66</b>	3.56	1.56	6.74	13.60
Diluted earnings per share (US cent)	<b>1.22</b>	1.87	<b>7.66</b>	3.56	1.56	6.74	13.60



## CONSOLIDATED BALANCE SHEET

*The quarterly figures are not audited*

### BELSHIPS ASA

USD 1 000		30 Sep 2018	30 Jun 2018	30 Sep 2017	31 Dec 2017
<b>ASSETS</b>	<i>Note</i>				
<b>Fixed assets</b>					
Ships	4	88 398	89 734	90 341	91 242
Prepaid timecharter hire		0	0	679	405
Other fixed assets		3 254	2 623	2 153	2 080
<b>Total fixed assets</b>		<b>91 652</b>	<b>92 357</b>	<b>93 173</b>	<b>93 727</b>
<b>Current assets</b>					
Short-term receivables		1 468	1 887	1 343	1 848
Prepaid timecharter hire		681	957	821	1 095
Cash and cash equivalents		5 276	5 400	7 874	5 459
<b>Total current assets</b>		<b>7 425</b>	<b>8 244</b>	<b>10 038</b>	<b>8 402</b>
<b>Total assets</b>		<b>99 077</b>	<b>100 601</b>	<b>103 211</b>	<b>102 129</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Paid-in capital		43 628	43 628	43 595	43 620
Retained earnings		-14 586	-15 166	-20 767	-17 589
Non-controlling interests		305	370	325	351
<b>Total equity</b>		<b>29 347</b>	<b>28 832</b>	<b>23 153</b>	<b>26 382</b>
<b>Long-term liabilities</b>					
Mortgage debt	3	19 336	20 557	27 220	22 999
Bareboat commitment	3	39 215	39 765	41 335	40 816
Pension obligations		475	504	566	530
Other long-term liabilities		1 463	1 467	1 658	1 466
<b>Total long-term liabilities</b>		<b>60 489</b>	<b>62 293</b>	<b>70 779</b>	<b>65 811</b>
<b>Short-term liabilities</b>					
Mortgage debt	3	5 000	5 000	5 000	5 000
Bareboat commitment	3	2 071	2 026	1 896	1 940
Other short-term liabilities		2 170	2 450	2 383	2 996
<b>Total short-term liabilities</b>		<b>9 241</b>	<b>9 476</b>	<b>9 279</b>	<b>9 936</b>
<b>Total equity and liabilities</b>		<b>99 077</b>	<b>100 601</b>	<b>103 211</b>	<b>102 129</b>

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

USD 1 000	YTD Q3 2018	YTD Q2 2018	2017
<b>Cash flow from operating activities</b>			
Net result before taxes	3 691	3 095	6 658
Adjustments to reconcile profit before tax to net cash flows:			
Effect on onerous contracts	0	0	-397
Depreciations on fixed assets	4 219	2 846	4 597
Reversal/impairment of ships	-1 269	-1 269	-2 544
Share-based compensation expense	8	8	0
Difference between pension exps and paid pension premium	-56	-29	-171
Net finance costs	3 301	2 120	4 956
Working capital adjustments:			
Change in trade debtors and trade creditors	-211	166	85
Change in other short-term items	-223	-687	-322
Interest received	38	23	26
Interest paid	-3 179	-2 121	-4 735
Income tax paid	-151	-95	-137
<b>Net cash flow from operating activities</b>	<b>6 168</b>	<b>4 057</b>	<b>8 016</b>
<b>Cash flow from investing activities</b>			
Payment of other investments	-369	-369	-271
<b>Net cash flow from investing activities</b>	<b>-369</b>	<b>-369</b>	<b>-271</b>
<b>Cash flow from financing activities</b>			
Repayment of long-term debt	-5 226	-2 992	-9 835
Dividend paid	-577	-577	0
Paid costs related to financing	-178	-178	-369
<b>Net cash flow from financing activities</b>	<b>-5 981</b>	<b>-3 747</b>	<b>-10 204</b>
Net change in cash and cash equivalents during the period	-183	-59	-2 459
Cash and cash equivalents at 1 January	5 459	5 459	7 918
<b>Cash and cash equivalents at end of period</b>	<b>5 276</b>	<b>5 400</b>	<b>5 459</b>



## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

The quarterly figures are not audited

USD 1 000

	Majority interest				Non-controll. interests	Total equity
	Share capital	Treasury shares	Share premium reserves	Other paid-in equity	Other equity	
<b>As at 30 September 2018</b>						
Equity as at 31 December 2017	14 272	-166	13 751	15 763	-17 590	26 382
Net result for the period	0	0	0	0	3 574	3 585
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	3 574	3 585
Dividend paid	0	0	0	0	-570	-570
Transactions non-controlling interests	0	0	0	0	0	-58
Net share-based payment	0	0	0	8	0	8
<b>Equity as at 30 September 2018</b>	<b>14 272</b>	<b>-166</b>	<b>13 751</b>	<b>15 771</b>	<b>-14 586</b>	<b>29 347</b>
<b>As at 30 June 2018</b>						
Equity as at 31 December 2017	14 272	-166	13 751	15 763	-17 590	26 382
Net result for the period	0	0	0	0	2 994	3 012
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	2 994	3 012
Dividend paid	0	0	0	0	-570	-570
Share-based payment expense	0	0	0	8	0	8
<b>Equity as at 30 June 2018</b>	<b>14 272</b>	<b>-166</b>	<b>13 751</b>	<b>15 771</b>	<b>-15 166</b>	<b>28 832</b>

## KEY FINANCIAL FIGURES

		YTD Q3 2018	YTD Q2 2018	2017
EBITDA	USD 1000	9 942	6 792	13 270
Interest coverage ratio		2.20	2.46	2.45
Current ratio	%	80.35	87.00	84.56
Equity ratio	%	29.62	28.66	25.83
Earnings per share	US cent	7.66	6.44	13.60
Earnings per share	NOK	0.63	0.53	1.12
Equity per share	USD	0.63	0.62	0.56
Equity per share	NOK	5.13	5.03	4.62
Number of issued shares (excluding treasury shares)		46 804 000	46 804 000	46 804 000
Average number of issued shares (excluding treasury shares)		46 804 000	46 804 000	46 804 000

## 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



## 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 2017.

With effect from 1 January 2018, the company implemented IFRS 15 – Revenue recognition and IFRS 9 – Financial instruments. All ships are chartered out on long-term fixed timecharter, accordingly no impact on implementation on IFRS 15. In the notes to the annual report additional breakdown on revenue will be provided for. IFRS 9 did not have any impact.

This report was approved by the Board of Directors on 26 October 2018.

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 2017.

**Note 2 Segment information**

USD 1 000					
January - September 2018					
	<i>Dry cargo</i>	<i>Technical managm.</i>	<i>Admini- stration</i>	<i>Group transacts.</i>	<i>Total</i>
Freight revenue	21 104	0	0	401	21 505
Management fees	0	3 311	631	-934	3 008
<b>Operating income</b>	<b>21 104</b>	<b>3 311</b>	<b>631</b>	<b>-533</b>	<b>24 513</b>
T/C hire expenses	-3 309	0	0	0	-3 309
Ship operating expenses	-6 701	0	0	532	-6 169
Operating expenses ship management	0	-2 702	0	0	-2 702
General and administrative expenses	-12	0	-2 380	1	-2 391
<b>Operating expenses</b>	<b>-10 022</b>	<b>-2 702</b>	<b>-2 380</b>	<b>533</b>	<b>-14 571</b>
<b>Operating result (EBITDA)</b>	<b>11 082</b>	<b>609</b>	<b>-1 749</b>	<b>0</b>	<b>9 942</b>
Depreciation and amortisation	-4 113	-46	-60	0	-4 219
Reversal/impairment of ships	1 269	0	0	0	1 269
<b>Operating result (EBIT)</b>	<b>8 238</b>	<b>563</b>	<b>-1 809</b>	<b>0</b>	<b>6 992</b>
Interest income	0	7	31	0	38
Interest expenses	-3 167	0	-12	0	-3 179
Other financial items	-138	-10	128	0	-20
Currency gains/(-losses)	-9	-46	-85	0	-140
<b>Net financial items</b>	<b>-3 314</b>	<b>-49</b>	<b>62</b>	<b>0</b>	<b>-3 301</b>
<b>Result before taxes</b>	<b>4 924</b>	<b>514</b>	<b>-1 747</b>	<b>0</b>	<b>3 691</b>
Taxes	0	-106	0	0	-106
<b>Net result</b>	<b>4 924</b>	<b>408</b>	<b>-1 747</b>	<b>0</b>	<b>3 585</b>
Hereof non-controlling interests	0	11	0	0	11
Hereof majority interests	4 924	397	-1 747	0	3 574



**Note 2 Segment information, continued**

USD 1 000

		2018				2017			
		Dry cargo	Techn. manag.	Admin/ Grp.tr.	Total	Dry cargo	Techn. manag.	Admin/ Grp.tr.	Total
Q1	Freight revenue	6 743	0	129	6 872	5 254	0	112	5 366
	Management fees	0	1 156	-99	1 057	0	1 300	-46	1 254
	<b>Operating income</b>	<b>6 743</b>	<b>1 156</b>	<b>30</b>	<b>7 929</b>	<b>5 254</b>	<b>1 300</b>	<b>66</b>	<b>6 620</b>
	T/C hire expenses	-938	0	0	-938	0	0	0	0
	Ship operating expenses	-2 201	0	178	-2 023	-2 206	0	118	-2 088
	Operating expenses ship management	0	-883	0	-883	0	-859	0	-859
	General and administrative expenses	-12	0	-812	-824	-6	0	-660	-666
	<b>Operating expenses</b>	<b>-3 151</b>	<b>-883</b>	<b>-634</b>	<b>-4 668</b>	<b>-2 212</b>	<b>-859</b>	<b>-542</b>	<b>-3 613</b>
	<b>Operating result (EBITDA)</b>	<b>3 592</b>	<b>273</b>	<b>-604</b>	<b>3 261</b>	<b>3 042</b>	<b>441</b>	<b>-476</b>	<b>3 007</b>
	Depreciation and amortisation	-1 420	-16	-17	-1 453	-1 090	-13	-13	-1 116
Q2	Reversal/impairment of ships	1 269	0	0	1 269	0	0	0	0
	Effect on onerous contracts	0	0	0	0	163	0	0	163
	<b>Operating result (EBIT)</b>	<b>3 441</b>	<b>257</b>	<b>-621</b>	<b>3 077</b>	<b>2 115</b>	<b>428</b>	<b>-489</b>	<b>2 054</b>
	Freight revenue	7 095	0	136	7 231	5 424	0	114	5 538
	Management fees	0	1 160	-99	1 061	0	1 070	-169	901
	<b>Operating income</b>	<b>7 095</b>	<b>1 160</b>	<b>37</b>	<b>8 292</b>	<b>5 424</b>	<b>1 070</b>	<b>-55</b>	<b>6 439</b>
	T/C hire expenses	-1 183	0	0	-1 183	0	0	0	0
	Ship operating expenses	-2 257	0	176	-2 081	-2 164	0	239	-1 925
	Operating expenses ship management	0	-823	0	-823	0	-887	0	-887
	General and administrative expenses	0	0	-674	-674	0	0	-596	-596
Q3	<b>Operating expenses</b>	<b>-3 440</b>	<b>-823</b>	<b>-498</b>	<b>-4 761</b>	<b>-2 164</b>	<b>-887</b>	<b>-357</b>	<b>-3 408</b>
	<b>Operating result (EBITDA)</b>	<b>3 655</b>	<b>337</b>	<b>-461</b>	<b>3 531</b>	<b>3 260</b>	<b>183</b>	<b>-412</b>	<b>3 031</b>
	Depreciation and amortisation	-1 357	-15	-21	-1 393	-1 109	-15	-23	-1 147
	Effect on onerous contracts	0	0	0	0	234	0	0	234
	<b>Operating result (EBIT)</b>	<b>2 298</b>	<b>322</b>	<b>-482</b>	<b>2 138</b>	<b>2 385</b>	<b>168</b>	<b>-435</b>	<b>2 118</b>
	Freight revenue	7 266	0	136	7 402	5 690	0	118	5 808
	Management fees	0	995	-105	890	0	975	-101	874
	<b>Operating income</b>	<b>7 266</b>	<b>995</b>	<b>31</b>	<b>8 292</b>	<b>5 690</b>	<b>975</b>	<b>17</b>	<b>6 682</b>
	T/C hire expenses	-1 188	0	0	-1 188	0	0	0	0
	Ship operating expenses	-2 243	0	178	-2 065	-2 109	0	176	-1 933
Q4	Operating expenses ship management	0	-996	0	-996	0	-722	0	-722
	General and administrative expenses	0	0	-893	-893	-2	0	-497	-499
	<b>Operating expenses</b>	<b>-3 431</b>	<b>-996</b>	<b>-715</b>	<b>-5 142</b>	<b>-2 111</b>	<b>-722</b>	<b>-321</b>	<b>-3 154</b>
	<b>Operating result (EBITDA)</b>	<b>3 835</b>	<b>-1</b>	<b>-684</b>	<b>3 150</b>	<b>3 579</b>	<b>253</b>	<b>-304</b>	<b>3 528</b>
	Depreciation and amortisation	-1 336	-15	-22	-1 373	-1 109	-15	-25	-1 149
	Reversal/impairment of ships	0	0	0	0	500	0	0	500
	<b>Operating result (EBIT)</b>	<b>2 499</b>	<b>-16</b>	<b>-706</b>	<b>1 777</b>	<b>2 970</b>	<b>238</b>	<b>-329</b>	<b>2 879</b>
	Freight revenue	0	0	0	0	5 822	0	112	5 934
	Management fees	0	0	0	0	0	1 741	-107	1 634
	<b>Operating income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5 822</b>	<b>1 741</b>	<b>5</b>	<b>7 568</b>
Q4	Ship operating expenses	0	0	0	0	-2 408	0	179	-2 229
	Operating expenses ship management	0	0	0	0	0	-903	0	-903
	General and administrative expenses	0	0	0	0	-37	0	-695	-732
	<b>Operating expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2 445</b>	<b>-903</b>	<b>-516</b>	<b>-3 864</b>
	<b>Operating result (EBITDA)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3 377</b>	<b>838</b>	<b>-511</b>	<b>3 704</b>
	Depreciation and amortisation	0	0	0	0	-1 143	-16	-26	-1 185
	Reversal/impairment of ships	0	0	0	0	2 044	0	0	2 044
	<b>Operating result (EBIT)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4 278</b>	<b>822</b>	<b>-537</b>	<b>4 563</b>


**Note 3 Mortgage debt/Bareboat obligation**

Mortgage debt as of 30 September 2018 was USD 24.5 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 41.3 million, of which USD 2.1 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.

**Note 4 Ships**

Belships has assessed its recoverable amount on its ships. As a result of an improved dry bulk market, a net reversal of a part of prior periods impairment amounting to USD 1.3 million have been recorded in the first quarter. The company has applied the same impairment model and assumptions as described in the annual report for 2017, however market related assumptions are updated to reflect the situation as of 30 September. With effect from 1 January 2018, the company has assessed the residual value to be zero.

**Note 5 Subsequent events - Merger**

On 4 October 2018 an extended stock exchange announcement was made regarding the merger between Belships Chartering AS, a wholly-owned subsidiary of Belships (as the assignee company) and LHS Holdco AS, LHS Holdco II AS, LHN Holdco 1 AS and LHN Holdco 2 AS (as the assigning companies), against issuance of consideration shares in the Company (the "Merger"). The merger plan and the share capital increase pertaining is expected to be approved by the general meeting held 26 October.

**20 LARGEST SHAREHOLDERS**

*Updated 23 October 2018*

Name	Number of shares	%
SONATA AS	31 747 492	67.05%
TIDSHIPS AS	5 020 432	10.60%
EITZEN REDERI AS	657 249	1.39%
BELSHIPS ASA	498 000	1.05%
AR FONDS AS	416 183	0.88%
AS TORINITAMAR	360 000	0.76%
NAGATSUKA TORU	330 000	0.70%
CHREM CAPITAL AS	320 000	0.68%
JOMAH AS	316 681	0.67%
JENSSEN & CO A/S	302 816	0.64%
CITIBANK, N.A. S/A BANKINTER S.A. C	273 547	0.58%
TIDINVEST II AS	269 651	0.57%
STEEN CARL ERIK	269 154	0.57%
JOVOKO AS	250 000	0.53%
SØLAND LIV	240 000	0.51%
JSL AS	236 180	0.50%
ASL HOLDING AS	225 000	0.48%
KIELLAND BERNHARD	200 000	0.42%
AR VEKST AS	198 995	0.42%
HKG HOLDING AS	168 117	0.36%
OTHER SHAREHOLDERS	5 052 503	10.64%
<b>TOTAL OUTSTANDING SHARES</b>	<b>47 352 000</b>	<b>100.00%</b>



## FLEET LIST

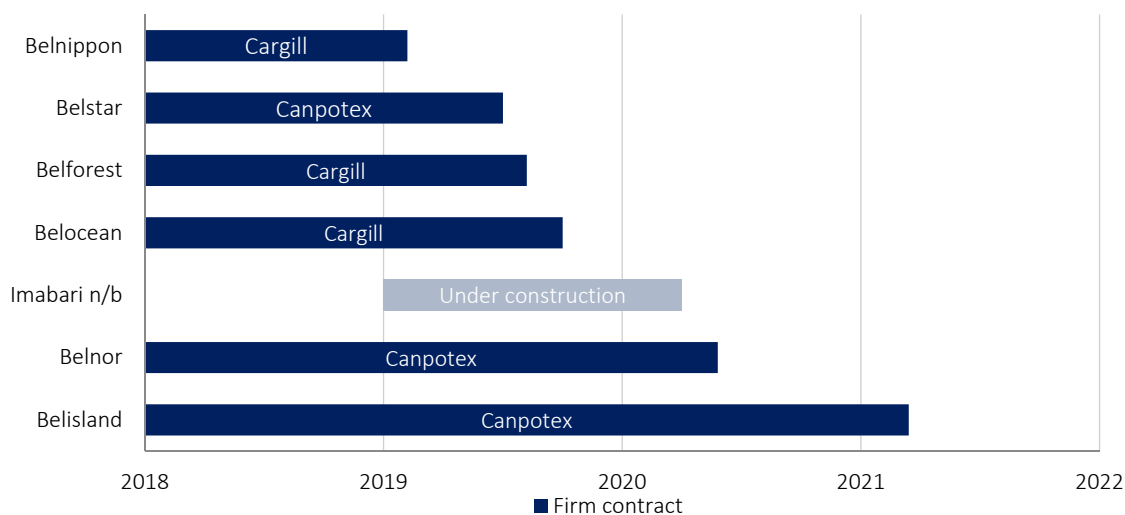
As at 30 September 2018

Ship	Ownership	Built year	Dwt	Employment	T/C-rate (net USD/day)
<b>Supramax</b>					
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 Beloceän	100 %	2011	58 018	T/C to 08/19	11 550
<b>Ultramax</b>					
M/S Belforest	BBC	2015	61 320	T/C to 08/19	13 000
M/S Belisland	BBC	2016	61 252	T/C to 03/21	17 300
M/S Belnippon	<sup>1</sup> TC	2018	63 000	T/C to 01/19	11 070
Imabari newbuilding	<sup>2</sup> TC	2020	63 000		

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

2) 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



One of the world's largest potash exporters, selling over 10 million tonnes of potash every year, representing about one-third of global capacity. Canpotex is a joint venture that is wholly owned by the two Saskatchewan potash producers, Mosaic and Nutrien.



Largest private US company in terms of revenue, with USD 109.7bn in revenues in 2017 and ~150,000 employees worldwide. Major business areas within agricultural services, crop and livestock, food, health and pharmaceuticals, and industrial and financial risk management.