



BELSHIPS

REPORT 4TH QUARTER 2018

27 February 2019

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**HIGHLIGHTS**

- Operating income of USD 36.8 m (Q4 2017: USD 42.3 m)
- EBITDA of USD 5.8 m (USD 8.6 m)
- Net result of USD 14.2 m (USD 16.0 m)
- All ships operating normally – modern fleet – average age 5 years
- USD 30 million fixed charter backlog
- Efficient utilization of ships trading in the spot market
- The merger with Lighthouse effective from 10 December

The merger between Belships and the Lighthouse companies was completed at 10 December 2018. This merger constitutes a reverse acquisition under IFRS. Comparative figures for 2017 and figures up until 10 December 2018 reflect information from the Lighthouse group only. From 10 December 2018 legacy Belships is incorporated at fair value. Since legacy Belships is the legal acquirer, financial statements are prepared based on legacy Belships accounting principles. Based on above comparative financial information referred to relates to historical financial information from Lighthouse Group. EPS is calculated based on actual outstanding shares in Belships ASA.

4th quarter 2018 results

Belships operating income in 4th quarter 2018 was USD 36.8 million (Q4 2017: USD 42.3 million), while EBITDA amounted to USD 5.8 million (USD 8.6 million). The Group's operating result amounted to USD 16.0 million (USD 17.0 million), while net result for 4th quarter 2018 was USD 14.2 million (USD 16.0 million). The figures for 4th quarter 2018 includes purchase bargain gain of USD 12.8 million, while 4th quarter 2017 includes impairment reversal of USD 9.5 mill.

Fleet status

Belships concentrates on the dry bulk market, with 15 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, M/S Beloccean and M/S Belnippon are all on time charter to Cargill, an A-rated world leader within agricultural services. Next open position will be M/S Belnippon in March. The remaining 9 ships are operated in the spot market by Belships' subsidiary Lighthouse Navigation in Bangkok. Lighthouse Navigation had on average 18 vessels on charter during 2018.

All ships have sailed without significant off-hire. The technical management for the Lighthouse ships is still in the process of being transferred to Belships Management (Singapore). Currently 3 ships are transferred and the remaining 6 ships will soon follow. When this transfer is completed, technical management for all ships is handled by Belships Management (Singapore).

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 31 December the Group's cash totaled USD 32.0 million. The mortgage debt as per 31 December was USD 107.0 million, while net lease obligation was USD 40.8 million. In addition Belships has a long-term loan facility of SGD 2 million, secured by the lease agreement for our Singapore office. As at 31 December all loan covenants are met.



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 40%.

At the end of the 4th quarter of 2018, the book value per share amounted to NOK 6.16 (USD 0.71), while the equity ratio was 42.1 %.

Market highlights

The Capesize-index ended the 4th quarter at USD 14 797 per day, whereas the Kamsarmax-index ended at USD 12 002 per day. The Supramax-index ended the quarter at USD 11 030 per day.

During January the Baltic Dry Index has fallen severely, and as per today the Cape index stands at USD 5 873 per day, Kamsarmax-index at USD 6 834 per day and Supramax-index at USD 7 933 per day. Baltic S&P Assessment's valuation of a 5-year old Supramax is currently USD 18.5 million.

Outlook

The dry bulk market has been severely hit by the US-China trade tension, in conjunction with a string of additional negative factors like cyclone season in Australia, swine flu outbreak in China and most recently, the deadly dam collapse at a Vale mine in Brazil. The normal slowdown before Chinese New Year in February has put additional pressure on activity and freight rates.

5 of Belships' ships are on long-term charter, and the remaining 10 ships are all operated in the spot market. The market for Supramax/Ultramax has seen a rapid improvement after Chinese New Year and we expect this to continue, especially when the US-China trade tension eventually comes to an end.

Belships' charter coverage represents a future nominal gross hire of around USD 30 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. The Company now controls a fleet of 16 dry bulk carriers and aim to 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.

27 February 2019

THE BOARD OF BELSHIPS ASA

Peter Frølich, Chairman

Frode Teigen

Sverre Jørgen Tidemand

Sissel Grefsrud

Carl Erik Steen

Birthe Cecilie Lepsøe

Jorunn Seglem

Ulrich Müller
CEO



CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The quarterly figures are not audited

BELSHIPS ASA

USD 1 000		Q4 2018	Q4 2017	2018	2017
Gross freight revenue	Note	38 147	41 708	127 735	120 932
Voyage expenses		-2 964	-464	-5 902	-8 304
Net freight revenue	2	35 183	41 244	121 833	112 628
Management fees		1 621	1 059	4 865	4 133
Operating income	2	36 804	42 303	126 698	116 761
Share of result from j/v and assoc. comp.		1 030	1 122	2 012	2 444
T/C hire expenses		-23 298	-29 983	-80 014	-88 363
Ship operating expenses		-4 516	-2 518	-20 890	-10 218
Operating expenses ship management		-420	0	-420	0
General and administrative expenses		-3 746	-2 282	-7 837	-5 976
Operating expenses		-30 950	-33 661	-107 149	-102 113
Operating result (EBITDA)		5 854	8 642	19 549	14 648
Depreciation and amortisation	4	-2 691	-1 118	-7 813	-5 330
Reversal impairment of ships	4	0	9 474	0	9 474
Purchase bargain gain	3	12 849	0	12 849	0
Operating result (EBIT)		16 012	16 998	24 585	18 793
Interest income		35	6	56	2
Interest expenses		-1 535	-750	-4 754	-2 949
Other financial items		6	-5	-351	-224
Currency gains/(-losses)		-77	8	-94	0
Net financial items		-1 571	-741	-5 143	-3 171
Result before taxes		14 441	16 257	19 442	15 622
Taxes		-228	-265	-247	-264
Net result		14 213	15 992	19 195	15 358
Hereof non-controlling interests		372	1 781	1 026	413
Hereof majority interests		13 841	14 211	18 169	14 945
Other comprehensive income					
Actuarial gain/(loss) on defined benefit plans		-9	0	-9	0
Exchange differences		13	44	53	176
Total comprehensive income		14 217	16 036	19 239	15 534
Hereof non-controlling interests		386	1 825	1 058	514
Hereof majority interests		13 831	14 211	18 181	15 019
Earnings per share		0.11		0.20	
Diluted earnings per share		0.11		0.20	

**CONDENSED CONSOLIDATED STATEMENTS
OF FINANCIAL POSITIONS****BELSHIPS ASA**

USD 1 000		31 Dec 2018	31 Dec 2017
NON-CURRENT ASSETS			
Intangible assets	Note 3	10 444	42
Ships	4	230 425	125 731
Property, plant, and equipment		2 363	286
Investment in JV and associated companies		1 939	2 149
Restricted cash		282	214
Total non-current assets		245 453	128 422
CURRENT ASSETS			
Bunker inventory		4 230	3 391
Short-term receivables		11 897	14 879
Cash and cash equivalents		32 034	14 690
Total current assets		48 161	32 961
Total assets		293 614	161 383
EQUITY AND LIABILITIES			
Equity			
Paid-in capital		96 870	31 951
Retained earnings		23 738	5 557
Non-controlling interests		3 174	6 567
Total equity		123 782	44 075
Long-term liabilities			
Mortgage debt	5	94 513	66 000
Bareboat commitment	5	38 653	0
Pension obligations		735	143
Other long-term liabilities		2 711	36 396
Total long-term liabilities		136 613	102 540
Short-term liabilities			
Mortgage debt	5	12 500	0
Bareboat commitment	5	2 119	0
Other short-term liabilities		18 602	14 768
Total short-term liabilities		33 219	14 768
Total equity and liabilities		293 614	161 383



CONSOLIDATED CASH FLOW STATEMENTS

BELSHIPS ASA

USD 1 000

2018

2017

Cash flow from operating activities

Net result before taxes	19 442	15 622
Adjustments to reconcile profit before tax to net cash flows:		
Purchase bargain gain	-12 849	0
Depreciations on fixed assets	7 813	5 330
Reversal/impairment of ships	0	-9 474
Share-based compensation expense	5	0
Difference between pension exps and paid pension premium	-81	0
Share of result from j/v and assoc. companies	-2 012	-2 444
Net finance costs	5 143	3 171
Change in other short-term items	483	-651
Interest received	56	2
Interest paid	-4 754	-2 949
Income tax paid	-264	-399

Net cash flow from operating activities	12 982	8 207
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Cash flow from investing activities

Payment of ships	-19 430	-6 731
Distribution and capital reduction from joint ventures	2 340	0
Net cash contribution from merger	6 709	0
Payment of other investments	0	-45

Net cash flow from investing activities	-10 381	-6 776
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Cash flow from financing activities

Proceeds from long-term debt	19 750	4 000
Paid-in capital	0	5 500
Repayment of long-term debt	-4 161	-10 000
Dividend to non-controlling interests	-846	-1 200

Net cash flow from financing activities	14 743	-1 700
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Net change in cash and cash equivalents during the period	17 344	-269
Cash and cash equivalents at 1 January	14 690	14 959

Cash and cash equivalents at end of period	32 034	14 690
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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

USD 1 000

	Majority interest				Other equity	Non-controll. interests	Total equity
	Share capital	Treasury shares	Share premium reserves	Other paid-in equity			
As at 31 December 2018							
Equity as at 31 December 2017	27 598	-166	4 519	0	5 557	6 567	44 075
Consideration shares compl. of merger	14 272	0	13 647	0	0	0	27 919
Restructuring as part of the merger	0	0	0	37 000	0	-4 451	32 549
Net result for the period	0	0	0	0	18 169	1 026	19 195
Other comprehensive income	0	0	0	0	12	32	44
Total comprehensive income	0	0	0	0	18 181	1 058	19 239
Equity as at 31 December 2018	41 870	-166	18 166	37 000	23 738	3 174	123 782
As at 31 December 2017							
Equity as at 31 December 2016	27 598	-166	4 519	0	-3 888	6 154	34 217
Capital increase	0	0	0	0	-5 500	0	-5 500
Net result for the period	0	0	0	0	14 945	413	15 358
Other comprehensive income	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	14 945	413	15 358
Equity as at 31 December 2017	27 598	-166	4 519	0	5 557	6 567	44 075

The merger between the Belships Group and the Lighthouse Group was completed on 10 December 2018, with Belships ASA as the legal acquirer. The merger constitutes a reverse acquisition under IFRS, with continuation of financial statements of the Lighthouse Group (accounting acquirer), with one adjustment to adjust retroactively legal capital paid-in from Belships as the legal acquirer, which also issued the consideration shares in the merger. Restructuring as part of the completion of the merger reflects certain conditions in the merger plan completed prior to effective date of the merger. Shareholder loans amounting to USD 35.5 million was transferred from the previous owner (Kontrari AS) to Belships Lighthouse AS and Lighthouse Navigation Ltd contributed a dividend in kind.

KEY FINANCIAL FIGURES (Non-GAAP measures)

		2018
EBITDA	USD 1000	19 549
Interest coverage ratio		5.17
Current ratio	%	144.98
Equity ratio	%	42.16
Earnings per share	USD	0.20
Earnings per share	NOK	1.76
Equity per share	USD	0.71
Equity per share	NOK	6.16
Number of issued shares (excluding treasury shares)		174 569 993
Average number of issued shares (excl. treasury shares)		94 850 830

Definition of Non-IFRS financial measures

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

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

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

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

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

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

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



NOTES TO THE CONSOLIDATED ACCOUNTS

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.

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

Impact of the merger between Belships and Lighthouse Group

On 6 July 2018, Belships announced that the Company's largest shareholder, Sonata, had accepted an offer from Kontrari and Kontrazi (being companies controlled by Frode Teigen and family) relating to a contemplated sale of 14,285,714 shares (30.2%) in the Company from Sonata to Kontrari. The Share Sale was followed by a merger between certain subsidiaries of Kontrari and Kontrazi, and Belships Lighthouse AS (former Belships Chartering AS), a wholly-owned subsidiary of Belships, with consideration in Belships shares.

The Lighthouse Group are holding companies established for the purpose of owning shares in:

- Lighthouse Shipholding (100 % owned), which through its wholly-owned subsidiaries, owns a fleet of five Ultramax size dry bulk carriers built in 2015 and 2016.
- Lighthouse Shipholding II (100 % owned), which through its wholly-owned subsidiaries, owns four Supramax dry bulk carriers built in 2006-2008.
- Lighthouse Navigation (50,01 % owned), through its subsidiaries and investments in joint ventures, provides commercial management of the vessels in addition to customised transportation services for dry bulk charterers in the handy-size and supramax-size markets.

Belships and Kontrari signed a Merger Plan on 4 October 2018, pursuant to which Belships Lighthouse AS assumed the assets, rights and obligations of the Lighthouse Companies against issuance of shares in Belships. The Merger was completed as a statutory triangular merger pursuant to and in accordance with Norwegian Law, whereby Belships Lighthouse was the surviving company and Belships keeps its name and continued to be listed on the Oslo Stock Exchange.

The Company, with reference to applicable accounting framework, assessed that the Merger constitutes a reverse acquisition under IFRS. As such, in accordance with IFRS 3 Business Combination, the Lighthouse Companies comprises the acquirer for accounting purposes ("Accounting Acquirer"), and Belships comprises the acquiree for accounting purposes ("Accounting Acquiree"). Financial statements of the Group are based on Belships' accounting principles but as if Lighthouse had acquired Belships, and comparative financial information are retrospectively adjusted to reflect the continuation of the accounting acquirer's financial statements (with one exception as described under the condensed consolidated statement of changes in equity).

As no consolidated financial statements historically have been prepared for the Lighthouse Companies as a group, no accounting principles under IFRS exist. Consequently, Belships' accounting principles as described in the annual report for 2017 is applied in the preparation of the financial statements for the merged companies with except for implementation of IFRS 9 Financial Instruments and IFRS 15 Revenue recognition as described below;

With effect from 1 January 2018, the company implemented IFRS 15 – Revenue recognition. For the Groups vessels operating on long-term fixed time charter the implementation of IFRS 15 have no impact except for requirements for further break downs in the notes.

For vessels on voyage, the new standard requires Belships to recognize revenue from each freight service (performance obligation) in customer contracts over the period from load port to discharge port. The new standard has been implemented using the modified retrospective approach, which requires the recognition of the initially cumulative implementation effect to the opening balance of equity as at 1 January 2018. Belships has not identified a material impact to the financial statement when implementing the new standard. As a



result, no cumulative adjustment is recorded against equity and the revenues and voyage expenses in 2018 would have been the same if reported under the past revenue recognition policies.

Implementation of IFRS Financial instrument did not have any impact.

With effect from 1 January 2019, Belships will adopt IFRS 16 Leases, where lessees no longer distinguish between finance leases and operating leases. Instead, for material lease contracts exceeding 12 months where Belships is the lessee, Belships will recognize a lease liability reflecting future lease payments and a right of use asset. Belships will recognize interest expense on the lease liability and the right of use asset will be depreciated. Straight-lining of depreciation and interest charges on the lease liability will result in a higher total charge to profit or loss in the initial periods, due to the unwinding of interest on the lease liability.

Belships has one vessel currently accounted for as operating lease in.

This report was approved by the Board of Directors on 27 February 2019.

Note 2 Segment information

BELSHIPS ASA

USD 1 000		January - December 2018				
	<i>Ship - L/T charter</i>	<i>Ship - spot</i>	<i>Lighthouse Navigation</i>	<i>Ship managm.</i>	<i>Admin. & group trs.</i>	<i>Total</i>
Gross freight revenue	2 586	42 541	81 991	0	617	127 735
Voyage expenses	0	-4 196	-1 705	0	0	-5 902
Net freight revenue	2 586	38 345	80 286	0	617	121 833
Management fees	0	0	5 103	388	-627	4 865
Operating income	2 586	38 345	85 389	388	-10	126 698
Share of res. from j/v and assoc. comp.	0	0	2 012	0	0	2 012
T/C hire expenses	-403	0	-79 610	0	0	-80 014
Ship operating expenses	-726	-20 164	0	0	0	-20 890
Operating expenses ship management	0	0	0	-420	0	-420
General and administrative expenses	0	-1 604	-5 309	0	-925	-7 837
Operating expenses	-1 129	-21 768	-82 907	-420	-925	-107 149
Operating result (EBITDA)	1 457	16 577	2 482	-32	-935	19 549
Depreciation and amortisation	-634	-7 071	-81	-5	-22	-7 813
Purchase bargain gain	0	0	0	0	12 849	12 849
Operating result (EBIT)	823	9 506	2 401	-37	11 892	24 585
Interest income	0	2	28	1	24	56
Interest expenses	-354	-4 400	0	0	0	-4 754
Other financial items	0	-359	0	-1	7	-351
Currency gains/(-losses)	0	4	-19	18	-96	-94
Net financial items	-354	-4 753	9	17	-64	-5 143
Result before taxes	469	4 753	2 410	-20	11 828	19 442
Taxes	0	0	-235	-12	0	-247
Net result	469	4 753	2 175	-31	11 828	19 195
Hereof non-controlling interests	0	0	1 008	18	0	1 026
Hereof majority interests	469	4 753	1 167	-49	11 828	18 169


Note 2 Segment information, continued
BELSHIPS ASA

USD 1 000		Q4 - 2018				
	Ship - L/T charter	Ship - spot	Lighthouse Navigation	Ship managm.	Admin. & group trs.	Total
Gross freight revenue	2 586	11 761	23 613	0	187	38 147
Voyage expenses	0	-2 556	-408	0	0	-2 964
Net freight revenue	2 586	9 205	23 205	0	187	35 183
Management fees	0	0	1 430	388	-197	1 621
Operating income	2 586	9 205	24 635	388	-10	36 804
Share of result from j/v and assoc. comp.	0	0	1 030	0	0	1 030
T/C hire expenses	-403	0	-22 895	0	0	-23 298
Ship operating expenses	-726	-3 790	0	0	0	-4 516
Operating expenses ship management	0	0	0	-420	0	-420
General and administrative expenses	0	-824	-1 998	0	-924	-3 746
Operating expenses	-1 129	-4 614	-23 863	-420	-924	-30 950
Operating result (EBITDA)	1 457	4 591	772	-32	-934	5 854
Depreciation and amortisation	-634	-2 011	-19	-5	-22	-2 691
Reversal/impairment of ships	0	0	0	0	0	0
Purchase bargain gain	0	0	0	0	12 849	12 849
Operating result (EBIT)	823	2 580	753	-37	11 893	16 012

USD 1 000		Q4 - 2017				
	Ship - L/T charter	Ship - spot	Lighthouse Navigation	Ship managm.	Admin. & group trs.	Total
Gross freight revenue	0	7 476	34 000	0	232	41 708
Voyage expenses	0	312	-776	0	0	-464
Net freight revenue	0	7 788	33 224	0	232	41 244
Management fees	0	0	1 291	0	-232	1 059
Operating income	0	7 788	34 515	0	0	42 303
Share of result from j/v and assoc. comp.	0	0	1 122	0	0	1 122
T/C hire expenses	0	0	-29 983	0	0	-29 983
Ship operating expenses	0	-2 518	0	0	0	-2 518
Operating expenses ship management	0	0	0	0	0	0
General and administrative expenses	0	-384	-1 898	0	0	-2 282
Operating expenses	0	-2 902	-30 759	0	0	-33 661
Operating result (EBITDA)	0	4 886	3 756	0	0	8 642
Depreciation and amortisation	0	-1 099	-19	0	0	-1 118
Reversal/impairment of ships	0	9 474	0	0	0	9 474
Purchase bargain gain	0	0	0	0	0	0
Operating result (EBIT)	0	13 261	3 737	0	0	16 998

**Note 3 Business combination**

The Merger as described in note 1 is considered to constitute a reverse acquisition. Management has performed a preliminary purchase price allocation ("PPA") on Belships as the Accounting Acquiree, where the assets, liabilities and contingent liabilities/obligations of Belships are recorded at fair value.

For the purpose of the preliminary PPA, the purchase price (the fair value of the consideration transferred) has been calculated based on the quoted market price of the Belships Share as at 10 December 2018 and the agreed relative valuation of Belships and the Lighthouse Companies. In the preliminary PPA, the fair value of the consideration has been allocated to the identifiable assets, liabilities and contingent liabilities of Belships.

The excess/less values identified in this preliminary PPA may change when further and more complete information regarding the assets and liabilities acquired is available. The values allocated to the identified tangible and intangible assets and liabilities may change in the final PPA.

Based on the preliminary PPA, the fair value of the Accounting Acquiree is as follows:

Fair value of the consideration transferred (NOK)	236 760
Fair value of the consideration transferred (USD)	27 919
Fair value of net identifiable assets (USD 1000)	
Book value of book equity (10 December 2018)	28 600
Fair value adjustment vessels	6 075
Fair value adjustment vessel contracts	3 423
Goodwill	2 670
Total fair value of assets acquired and liabilities assumed	40 768
Total equity consideration	27 919
Bargain purchase gain	12 849

The acquisition method is used for accounting of the business combination. As the fair value of consideration transferred is less than the fair value of net identifiable assets, the Merger constituted a bargain purchase gain. According to IFRS 3, the management has reassessed the valuation of the assets acquired and the liabilities assumed and concluded that the values constitute the best estimate available, and consequently, a bargain purchase gain amounting to USD 12.8 million is concluded to exist. One argument that a bargain purchase exists is the very low trade volume in the Belships Share (liquidity discount) due to a controlling shareholder. The value of the acquired net assets is supported by negotiated pricing between independent, willing and well-informed parties. None of the parties involved in the Merger was in a distressed financial situation. The most important part of the net identifiable assets is the value of ships, which is supported by three independent broker estimates and second-hand transactions for similar ships involving non-distressed parties. Further, fair value of the contracts is supported by external observable market rates that have been compared with the fixed charter rates in the customer contract. The Goodwill relates to Belships Management Singapore Pte Ltd in Singapore.

If the merger had taken place at the beginning of the year, the ordinary result before taxes for 2018 would have been USD 19.7 million and operating revenue USD 30.3 million higher. Total transaction costs amounted to USD 2.2 million.

**Note 4 Ships**

Belships has assessed its recoverable amount on its ships, although impairment indicators exists as of 31 December 2018, no impairment is recorded. Vessels from Legacy Belships was initially recorded at fair value on 10 December as a consequence of the merger (see note 3). On the Legacy Lighthouse vessels no impairment was recorded, and the book value of the vessels was also supported in the exchange ratio of the merger. In 2017 a reversal of impairment amounting to USD 9.5 million was recorded on Legacy Lighthouse vessels.

The useful life, which is considered as the economic life of the ships, has been estimated to 25 years. Residual value is estimated based on steelprices of the ships.

Note 5 Mortgage debt/Bareboat obligation

Mortgage debt as of 31 December 2018 was USD 107.1 million, of which USD 12.5 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 31 December was USD 40.8 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 6 Related parties

Kontrari, which is owned by board member Frode Teigen and his family, provided Belships with consultancy services in 2018. Fees amounted to USD 210 thousand.

The subsidiary Belships Management AS provides accounting services to Sonata AS, which is owned by the board member Sverre J. Tidemand and his family. Fees amounted to USD 10 thousand for December 2018 (2017: 130).

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 amounted to 34 (51) as at 31 December 2018.

In accordance with the authorisation given to the Board at last Annual general meeting, options to buy 200 000 shares at NOK 5.36 was awarded to employees in Belships Oslo in December 2018. No options have been exercised. Market value of the options amounted to NOK 1.80 per share and calculated cost amounting to 5 was accounted for in profit and loss. The options can be exercised unto the date of the next AGM.

Note 7 Subsequent events

No material events have taken place after 31 December 2018.

**Note 8 Main shareholders as at 21 February 2019**

Name	Number of shares	%
KONTRARI AS	82 990 933	47.39%
KONTRAZI AS	37 463 265	21.39%
SONATA AS	17 461 778	9.97%
LGT BANK AG	11 853 828	6.77%
TIDSHIPS AS	5 020 432	2.87%
PERSHING LLC	3 530 838	2.02%
UBS SWITZERLAND AG	3 003 782	1.72%
CLEARSTREAM BANKING S.A.	1 635 678	0.93%
KBC BANK NV	1 591 508	0.91%
EITZEN REDERI AS	657 249	0.38%
BELSHIPS ASA	498 000	0.28%
AR FONDS AS	416 183	0.24%
AS TORINITAMAR	360 000	0.21%
NAGATSUKA	330 000	0.19%
CHREM CAPITAL AS	320 000	0.18%
JOMAHO AS	316 620	0.18%
JENSSEN & CO A/S	302 816	0.17%
STEEN	269 154	0.15%
CITIBANK, N.A.	256 174	0.15%
JOVOKO AS	250 000	0.14%
OTHER SHAREHOLDERS	6 589 755	3.76%
TOTAL OUTSTANDING SHARES	175 117 993	100.00%

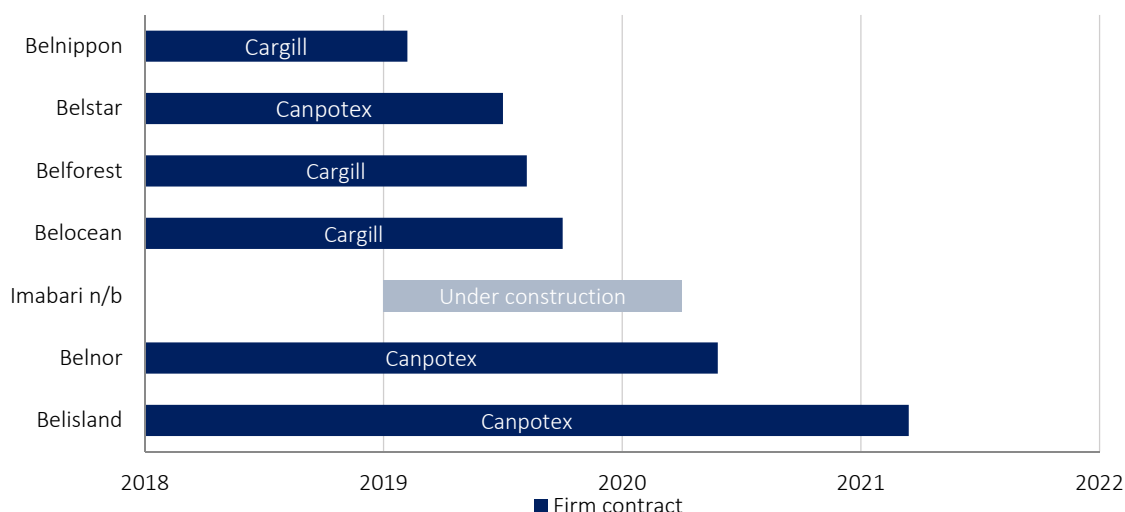
FLEET LIST*As at 31 December 2018*

Ship	Ownership	Built year	Dwt	Employment	T/C-rate (net USD/day)
Supramax					
M/S Belstar	100 %	2009	58 018	T/C to 06/19	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 08/19	11 550
M/S Eastern Light	100 %	2006	50 223	Spot	
M/S Pacific Light	100 %	2007	50 198	Spot	
M/S Bering Light	100 %	2008	50 292	Spot	
M/S Orient Light	100 %	2008	50 292	Spot	
Ultramax					
M/S Belforest	BBC	2015	61 320	T/C to 05/19	12 994
M/S Belisland	BBC	2016	61 252	T/C to 03/21	17 300
M/S Belnippon	¹ TC	2018	63 000	T/C to 03/19	12 000
M/S Belpareil	100 %	2015	63 200	Spot	
M/S Belsouth	100 %	2015	63 200	Spot	
M/S Belinda	100 %	2016	63 200	Spot	
M/S Belmont	100 %	2016	63 200	Spot	
M/S Atlantic Light	100 %	2016	63 200	Spot	
Imabari newbuilding	² 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.