



Songa Bulk ASA  
Financial Report H1 2019

—

# CONTENTS

SONGA BULK .....	3
FIRST HALF YEAR 2019 FINANCIAL HIGHLIGHTS .....	3
FIRST HALF YEAR 2019 EVENTS.....	3
SUBSEQUENT EVENT.....	3
FIRST HALF YEAR 2019 RESULTS.....	4
FORWARD-LOOKING STATEMENTS .....	4
FINANCIAL INFORMATION.....	5
CONDENSED STATEMENT OF COMPREHENSIVE INCOME .....	5
CONDENSED STATEMENT OF FINANCIAL POSITION.....	6
CONDENSED STATEMENT OF CHANGES IN EQUITY .....	7
CONDENSED STATEMENT OF CASH FLOWS .....	8
NOTES .....	9
RESPONSIBILITY STATEMENT.....	11

# SONGA BULK

## First Half Year 2019 Highlights, Events and Results

---

### FIRST HALF YEAR 2019 FINANCIAL HIGHLIGHTS

- The Company reports a net loss of \$0.3 million in H1 2019 compared to net loss of \$1.6 million in H1 2018.

### FIRST HALF YEAR 2019 EVENTS

- On 4 January 2019 the Company distributed a cash dividend of NOK 2.25 per share to the shareholders, equalling a total distribution of \$9.3 million.
- On 29 January a total of 23 820 shares of Star Bulk were distributed to the shareholders in connection with the dividend resolution on 6 July 2018, the share capital reduction resolved on 5 June 2018 and the extraordinary dividend resolved on 3 October 2018. These shares were distributed to shareholders that did not submit the representation and warranties letter within the initial deadline dates for distributions but have submitted such letter prior to 18 January 2019.
- On 16 April 2019 Songa Bulk ASA and Axxis Geo Solutions AS (AGS) entered into a joint merger plan, pursuant to which Songa Bulk will assume all assets, rights and obligations of AGS against issuance of shares in Songa Bulk to existing shareholders in AGS.

### SUBSEQUENT EVENTS:

On 2 July 2019, the completion of the Merger between Songa Bulk ASA and Axxis Geo Solutions AS was registered with the Norwegian Register of Business Enterprises. As approved by Songa Bulk's annual general meeting on 16 May 2019, conditional on completion of the Merger, the following also took effect:

New company name: Axxis Geo Solutions ASA

The Company's shares will from and including 3 July 2019 be listed on Oslo Axess with the new company name and the new ticker "AGS". The Company's new website is <http://www.axxisgeo.com/>. The ISIN number is unchanged.

**FIRST HALF YEAR 2019 RESULTS**

in \$ thousands		
Financial performance	H1 2019	H1 2018
Loss from continuing operations	-100	-100
Loss from discontinued operations	-211	-1 493
Net loss	-311	-1 593
Financial position	30 June 2019	31 December 2018
Total assets	627	11 187
Cash and cash equivalents	522	10 570
Total equity	488	799
Cash flow statement	H1 2019	H1 2018
Net cash flow from operating activities from discontinued operations	-346	9 462
Net cash flow from investing activities from discontinued operations	-	-30 781
Net cash flow from financing activities from discontinued operations	-9 702	-3 586
Net change in cash and cash equivalents from discontinued operations	-10 048	-24 904

**Financial performance**

Net loss in H1 2019 was \$0.3 million, compared to a loss of \$1.6 million in H1 2018. Except for a small amount for general and administrative expenses, being the cost of owning and operating an empty company, all items are considered being results from discontinued operation and classified accordingly.

**Financial position**

The Company's total assets amounted to \$0.6 million at 30 June 2019, down from \$11.2 million at 31 December 2018, mainly through distribution of dividends.

**Cash flow**

Cash and cash equivalents at the end of H1 2018 were \$0.5 million, down from \$10.6 million on year end 2018.

**FORWARD-LOOKING STATEMENTS**

Forward-looking statements presented in this report are based on various assumptions. The assumptions were reasonable when made but are subject to uncertainties and contingencies that are difficult or impossible to predict. Songa Bulk ASA cannot give assurances that expectations regarding the outlook will be achieved or accomplished.

# FINANCIAL INFORMATION

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

in \$ thousands	Note	H1 2019 (Unaudited)	H1 2018 (Unaudited)
General and administrative expenses		100	100
<b>Total operating expenses</b>		<b>100</b>	<b>100</b>
<b>Operating loss</b>		<b>-100</b>	<b>-100</b>
<b>Loss before taxes</b>		<b>-100</b>	<b>-100</b>
Tax expense		-	-
<b>Loss from continuing operations</b>	4	<b>-100</b>	<b>-100</b>
<b>Loss from discontinued operations</b>		<b>-211</b>	<b>-1 493</b>
<b>Net loss</b>		<b>-311</b>	<b>-1 593</b>
<b>Total comprehensive loss</b>		<b>-311</b>	<b>-1 593</b>
<b>Basic and diluted earnings from discontinued operations – \$ per share</b>		<b>-0.009</b>	<b>-0.044</b>
<b>Total basic and diluted earnings – \$ per share</b>		<b>-0.009</b>	<b>-0.044</b>

## CONDENSED STATEMENT OF FINANCIAL POSITION

in \$ thousands	Note	30 June 2019 (Unaudited)	31 December 2018 (Unaudited)
Other receivables		15	70
Financial assets through profit or loss		90	548
Cash and cash equivalents		522	10 570
<b>Total current assets</b>		<b>627</b>	<b>11 187</b>
<b>TOTAL ASSETS</b>		<b>627</b>	<b>11 187</b>
Share capital		121	121
Accumulated profit		367	678
<b>Total equity</b>	<b>3</b>	<b>488</b>	<b>799</b>
Trade payables		-	100
Income taxes payable		-	211
Dividends payable		-	9 702
Other liabilities		139	375
<b>Total current liabilities</b>		<b>139</b>	<b>10 388</b>
<b>Total liabilities</b>		<b>139</b>	<b>10 388</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>627</b>	<b>11 187</b>

## CONDENSED STATEMENT OF CHANGES IN EQUITY

in \$ thousands	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Incorporation	3	-	-	-	3
Share issuance 4 November 2016	9 082	65 188	-	-	74 270
Share issuance costs	-	-1 432	-	-	-1 432
Warrants issued to employees	-	-	400	-	400
Net loss 2016	-	-	-	-2 036	-2 036
<b>Equity 31 December 2016</b>	<b>9 085</b>	<b>63 756</b>	<b>400</b>	<b>-2 036</b>	<b>71 205</b>
Share issuance 31 January 2017	600	4 400	-	-	5 000
Share issuance 17 February 2017	11 935	88 311	-	-	100 246
Share issuance costs	-	-2 848	-	-	-2 848
Warrants issued to employees	-	-	174	-	174
Net profit 2017	-	-	-	388	388
<b>Equity 31 December 2017</b>	<b>21 620</b>	<b>153 619</b>	<b>574</b>	<b>-1 648</b>	<b>174 165</b>
Dividend 22 March 2018	-	-3 586	-	-	-3 586
Dividend 6 July 2018	-	-150 033	-574	-393	-151 000
Share capital reduction 17 August 2018	-21 499	-	-	-	-21 499
Extraordinary dividend 3 October 2018	-	-	-	-10 446	-10 446
Extraordinary dividend 19 December 2018	-	-	-	-9 321	-9 321
Net profit 2018	-	-	-	22 486	22 486
<b>Equity 31 December 2018</b>	<b>121</b>	<b>-</b>	<b>-</b>	<b>678</b>	<b>799</b>
Net loss H1 2019	-	-	-	-311	-311
<b>Equity 30 June 2019</b>	<b>121</b>	<b>-</b>	<b>-</b>	<b>367</b>	<b>488</b>

## CONDENSED STATEMENT OF CASH FLOWS

in \$ thousands	H1 2019	H1 2018
	(Unaudited)	(Unaudited)
Profit before taxes	-311	-1 593
Depreciation	-	4 654
Change in inventories	-	-1 986
Net change in trade receivables/payables	-100	2 183
Change in financial liabilities at fair value through profit or loss	-	-490
Net change in other current items	65	7 189
<b>Net cash flow from operating activities from discontinued operations*</b>	<b>-346</b>	<b>9 462</b>
Purchase of vessels	-	-28 355
Dry docking paid	-	-2 426
<b>Net cash flow from investment activities from discontinued operations</b>	<b>-</b>	<b>-30 781</b>
Paid dividends	-9 702	-3 586
<b>Net cash flow from financing activities from discontinued operations</b>	<b>-9 702</b>	<b>-3 586</b>
<b>Net change in cash and cash equivalents</b>	<b>-10 048</b>	<b>-24 904</b>
Cash and bank deposits at beginning of period	10 570	41 017
<b>Cash and bank deposits at end of period</b>	<b>522</b>	<b>16 113</b>

\*included in the net cash flow from operating activities from discontinued operations is \$100 thousand in operating expenses from continuing operations.

# NOTES

## Note 1 Accounting policies

These interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting.

The condensed interim financial reporting should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with IFRS, as adopted by the EU.

## New or amendments to standards

The following new or amendments to standards and interpretations have been issued and become effective in years beginning on or after 1 January 2019, assuming European Union adoption: IFRS 16 – Leases.

IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term (less than 12 months) and low-value leases.

Songa Bulk ASA has made a preliminary assessment showing no material effects at implementation of the standard.

## Note 2 Share capital and shareholders

As at 30 June 2019, the Company's share capital consists of 35 860 000 shares, each at a nominal value of NOK 0.02789. All issued shares are fully paid.

## Note 3 Discontinued operation

*Financial information relating to the discontinued operation:*

	H1 2019	H1 2018
Operating income	-	29 942
Operating expenses	258	20 415
Operating profit (-loss)	-258	9 527
Net financial income (-expenses)	47	-11 019
Loss before taxes	-211	-1 493
Tax expense	-	-
<b>Net loss of discontinued operation</b>	<b>-211</b>	<b>-1 493</b>

#### Note 4 Financial instruments

Set out below is a comparison by category for carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements. The estimated fair value amounts of the financial instruments have been determined using appropriate market information and valuation techniques.

In USD	30 June 2019		31 December 2018	
	Carrying amount	Fair value	Carrying amount	Fair Value
<i>Financial assets:</i>				
Other receivables*	15	15	68	68
Financial assets through profit or loss	90	90	548	548
Cash and cash equivalents	522	522	10 570	10 570
<i>Financial liabilities:</i>				
Trade payables	-	-	100	100
Income taxes payable	-	-	211	211
Dividends payable	-	-	9 702	9 702
Other current liabilities	139	139	375	375

\*The difference between the balance sheet item other receivables and other receivables in the table above is prepaid expenses which are not considered a financial instrument.

#### *Fair value estimation*

The different levels for fair value estimation have been defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable input for the asset or liability

Fair value equals carrying value for all financial instruments. Cash and cash equivalents and financial assets through profit or loss are valued at level 1.

#### Note 5 Related party transactions

The Company has purchased corporate services from Arne Blystad AS under the corporate service agreement as mentioned in the annual report for 2018.

# RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year 2019, which has been prepared in accordance with IAS 34 Interim Financial reporting gives a true and fair view of the Company's consolidated assets, liabilities, financial position and result of operations, and that the first half 2019 report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Lysaker, August 29, 2019

Rolf Rønningen  
Chairman

Jogeir Romestrand  
Board member

Njål Sævik  
Board member

Vibeke G Fængsrud  
Board member

Fredrik Platou  
Board member

Eirin M. Inderberg  
Board member

Nina Skage  
Board member