

INTERIM FINANCIAL STATEMENTS 1H 2015
KLAVENESS SHIP HOLDING CONSOLIDATED

26.08.2015

KEY FIGURES

USD '000	FULL YEAR		
	1H 2015 unaudited	1H 2014 unaudited ¹	2014 audited
Key financials			
Gross operating revenues	60 170	64 026	127 372
EBITDA	30 827	28 864	62 569
Profit/(loss) before tax (inc. minority interests)	5 767	6 614	17 342
Profit/(loss) before tax (excl. minority interests)	4 392	5 964	15 004
Total assets	610 499	621 034	621 020
Equity ratio	48 %	45 %	46%
NIBD/EBITDA	3.6	4.1	3.9
Cash and bank deposits	76 031	67 775	81 690

Klaveness Ship Holding AS ("KSH") was established 31 May 2005 and is fully owned by Rederiaksjeselskapet Torvald Klaveness. Klaveness Ship Holding AS is located in Oslo, Norway, and is the holding company of the ship owning activities in Torvald Klaveness. The consolidated interim financial statements of KSH as of 30.06.2015 comprises of KSH and its subsidiaries.

HIGHLIGHTS IN THE FIRST HALF OF 2015

Klaveness Ship Holding AS and subsidiaries (the Group) delivered a positive result and maintained a high solidity and satisfying liquidity in the first half of 2015. The Group achieved an EBITDA of USD 30.8 million (1H14: USD 28.9 million) and a Net profit before tax was USD 5.8 million (1H14: USD 6.6 million). Cash flow from operations was USD 32.0 million (1H14: USD 23.2 million). The balance sheet remains solid with a book equity including minority interest of USD 293.8 million at year-end corresponding to an equity ratio of 48 percent.

The Group has refinanced two loan facilities in the first quarter of 2015. One secured reducing revolving credit facility (RCF) of USD 75 million and one term loan facility of USD 140 million. The RCF replaced the capacity of an existing RCF and term loans for MV Balto, MV Balchen and MV Baldock, and the USD 140 million term loan replaced the capacity of existing loans for MV Bangor and MV Barcarena and secured financing for all the newbuildings.

The market for the Group's specialised vessels remained satisfactory in the first half of 2015. The Cabu earnings remained stable despite weak dry bulk markets due to a satisfactory operational performance and a strong tanker market. The Group's fleet of selfunloading bulk carriers also performed well in the first half of 2015 although earnings in the first quarter were influenced by seasonal weather related delays. As the forecast has been reduced somewhat, an impairment of USD 2.2 million has been recognised. The earnings for the container vessels continued to be affected by a weak timecharter market, although a slight improvement in rates was seen in the market. All eight container vessels were employed on short terms contracts at rates above operating expenses.

NEWBUILDING PROGRAM

As of 30 June 2015, the Group has a newbuilding programme consisting of three identical combination carriers (Zhejiang OuHua Shipbuilding Co. Ltd in China) and two identical kamsarmax bulk carriers (Jiangsu Yangzijiang Shipbuilding Co. Ltd. in China). The combination carriers are scheduled for delivery in 2016 and 2017, and the kamsarmax vessels in 2016.

As of 30 June 2015 no new vessels have been delivered nor employed, and the scheduled deliveries are according to plan.

¹ 1H 2014 is restated to IFRS

GENERAL INFORMATION

The interim condensed financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union and are based on IAS 34 Interim Financial Reporting.

The interim condensed financial statements of the Group are based on the same accounting principles as the consolidated financial statements of the Group for the year ended 31 December 2014.

NET RESULT AND FINANCIAL POSITION AT 30 JUNE 2015

Operating revenues for the first half of 2015 were USD 60.2 million (1H14: USD 64 million) and operating costs amounted to USD 25.6 million (1H14: USD 28.8 million). EBITDA was USD 30.8 million (1H14: USD 28.9 million) and net financial items were negative by USD 6.6 million (1H14: USD -6.7 million). Net profit before tax was USD 5.8 million (1H14: USD 6.6 million), whereof USD 1.4 million (1H14: 0.7 million) was minority interests related to external investors in some of the Cabu and container companies.

The result was impacted by impairment on one of the selfunloader vessels of USD 2.2 million. In first half 2014, a reversal of impairment of USD 1.5 million related to the container vessels was recognised.

Total assets decreased by USD 10.5 million in the first half of 2015 from USD 621 million to USD 611 million. Fixed assets decreased by USD 14.3 million including investments of USD 4.2 million in drydocking and an impairment of USD 2.2 million on selfunloader vessels. Cash and bank deposits were USD 76.0 million by the end of June 2015, increased from USD 67.8 million at end June 2014. The cash flow from operating activities was USD 32 million in the first half of 2015, while cash flow from investing activities was negative by USD 11.2 million. The latter consists mainly of investments in newbuildings and drydockings. The cash flow from financing activities was negative by USD 26.3 million and consists of payback of existing loans in connection with establishment of new credit lines and loan structure.

Total equity increased by USD 5.2 million in the first half of 2015. The book equity ratio was by the end of June 48%, up from 46% at year-end 2014.

Interest-bearing debt decreased by USD 12.3 million during the first half of 2015 and amounted to USD 303.8 million at the end of June 2015.

BUSINESS SEGMENTS

By the end of June 2015 the fleet consisted of six Cabu vessels, five selfunloaders and eight container vessels. In addition, Klaveness Ship Holding on a consolidated basis had two Kamsarmax and three Cabu vessels under construction.

Cabu: Cabu earnings strengthened slightly in the first half of 2015 compared to 2014. Weak market earnings in dry bulk trades were offset by positive effects from a strong tanker market and satisfactory operational performance. Cargo volumes under the long term cargo contracts with the alumina industry were stable. Two vessels drydocked and passed intermediary survey during the 2nd quarter.

Selfunloader: The selfunloader earnings were influenced negatively by repositioning costs and bad weather in the first quarter, but improved again in the second quarter. One of the selfunloader vessels, "MV Balder", performed a scheduled drydocking in Turkey and installed an EnergoProFin propeller and upgraded its exhaust gas cleaning system (EGCS). The upgrades are expected to increase the vessels earnings potential by improving performance and reducing fuel cost.

Container: The earnings for the container vessels continued to be negatively affected by a weak timecharter market in the first half of 2015. Timecharter rates improved in the first quarter but then softened again in the second quarter. The market outlook is still uncertain and the liner operators are still committed to short timecharters. All eight container vessels are employed on short terms contracts at rates above operating expenses.

MAIN RISKS

Operational risks are mainly related to the operation of vessels under the management of Klaveness Ship Management AS (sister company). The Group's vessels are on technical management to Klaveness Ship Management AS which ensures compliance with IMO, flag and port state regulations. Quality and safety audits are performed regularly and the crew and officers on-board are trained to ensure that regulatory requirements are met.

Operational risks are managed through quality assurance procedures and systematic training of seafarers and land based employees. All vessels sailing through piracy exposed areas take necessary steps to mitigate the risk of such attacks. Operational risks are also covered by insurance where relevant to cover loss of assets, revenues and contract commitments. The vessels are insured for loss of hire, protection and indemnity (P&I) and complete loss (hull and machinery). The latter is aligned with vessel values. The financial impact of a total loss of a vessel will not be material for the Group.

Ownership of vessels involves risks related to vessel values, future vessel employment, revenues and costs. These risks are partly managed through time charter contracts and contracts of affreightment covering a large part of the vessel capacity.

The Group's revenue and costs are denominated primarily in US Dollar (USD) which is the functional currency of most entities in the Group. No direct currency hedge has been made towards the small portion of costs incurred in foreign currencies. Fluctuations in USD against NOK may affect the company's tax payable, which will be calculated and paid in NOK. This effect is considered to be limited. The bonds issued in NOK are partly hedged with a cross currency interest rate swap, reducing the total currency and interest exposure of the Group.

The Group has long term interest bearing debt that is exposed to floating interest rate. In order to hedge the risk, the Group has entered into interest rate swaps.

At the end of 2015, the Group had five new-buildings on order, whereof four have had steel cutting in 2015. Risk of delays and failure of the yards to deliver exists. Klaveness has dedicated on-site personnel who supervise the building processes. Tier one Chinese banks provide refund guarantees.

EVENTS AFTER THE BALANCE SHEET DATE

There have been no other major transactions or events subsequent to the closing date that would have a negative impact on the evaluation of the financial position at 30 June 2015 of Klaveness Ship Holding AS.

Klaveness Ship Holding AS

Consolidated Income Statement

Year ended 31
December

USD '000	Note	Unaudited 1H 2015	Unaudited 1H 2014	Audited 2014
Operating revenue, vessels	Note 2	60 189	60 645	123 993
Gain from sale of fixed assets		-	3 381	3 381
Other operating revenue		(19)	0	(2)
Total operating revenue		60 170	64 026	127 372
Operating expenses, vessels	Note 2	(25 600)	(28 797)	(55 098)
Loss from sale of assets		(186)	(3 076)	(3 076)
Group administrative services		(3 106)	(2 336)	(5 369)
Tonnage tax		(32)	(127)	(213)
Other operating and administrative expenses		(419)	(825)	(1 047)
EBITDA		30 827	28 864	62 569
Ordinary depreciation	Note 3	(16 189)	(17 109)	(34 266)
Impairment loss (-) / reversal	Note 3, 4	(2 280)	1 538	1 538
EBIT		12 359	13 294	29 842
Finance income		1 152	438	3 156
Finance costs		(7 743)	(7 117)	(15 656)
Profit before tax		5 767	6 614	17 342
Income tax expenses	Note 7	6 995	(50)	(1 843)
Profit after tax		12 762	6 564	15 499
Attributable to:				
Equity holders of the parent company		11 386	5 914	13 162
Non-controlling interests		1 375	650	2 338
Total		12 762	6 564	15 499
Earnings per share - basic and diluted (USD)		11,39	5,91	13,16

Klaveness Ship Holding AS

Consolidated Statement of Other Comprehensive Income

USD '000	Note	Unaudited 1H 2015	Unaudited 1H 2014	Audited 2014
Net profit/ (loss)		12 762	6 564	15 499
<i>Other comprehensive income to be reclassified to profit or loss</i>				
Net movement fair value on interest rate swaps		(173)	(251)	(213)
Net movement fair value on cross-currency interest rate swap		(4 514)	(2 432)	(18 392)
Reclassification to profit and loss		3 844	798	15 118
Income tax effect		228	509	942
Net other comprehensive income to be reclassified to profit or loss		(615)	(1 376)	(2 546)
<i>Other comprehensive income not to be reclassified to profit or loss</i>				
Net other comprehensive income not to be reclassified to profit or loss		-	-	-
<hr/>				
Other comprehensive income/(loss) for the period, net of tax		(615)	(1 376)	(2 546)
<hr/>				
Total comprehensive income/(loss) for the period, net of tax		12 147	5 188	12 954
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Attributable to:				
Equity holders of the parent company		10 771	4 538	10 616
Non-controlling interests		1 375	650	2 338
Total		12 147	5 188	12 954

Klaveness Ship Holding AS

Consolidated Balance Sheet Statement

USD '000	Note	As at 30 June		As at 31
		Unaudited 1H 2015	Unaudited 1H 2014	Audited 2014
ASSETS				
Non-current assets				
Deferred tax asset		8 845	738	6 308
Vessels	Note 3	463 198	489 827	477 515
Newbuilding contracts	Note 4	34 770	27 517	27 725
Financial assets		0	0	13
Other long-term receivables		1 760	0	1 920
Total non-current assets		508 573	518 083	513 481
Current assets				
Inventories		2 283	1 597	1 992
Accounts receivable		29	477	867
Receivables from related parties		4 357	5 578	7 327
Prepaid expenses		1 536	2 076	790
Other short-term receivables		17 691	25 448	14 874
Cash and cash equivalents		76 031	67 775	81 690
Total current assets		101 926	102 951	107 539
TOTAL ASSETS		610 499	621 034	621 020

Klaveness Ship Holding AS

Consolidated Balance Sheet Statement

USD '000	Note	As at 30 June		As at 31
		Unaudited 1H 2015	Unaudited 1H 2014	Audited December 2014
EQUITY AND LIABILITIES				
Equity				
Share capital		1 817	1 817	1 817
Share premium		16 861	16 861	16 861
Other paid-in capital		5 585	5 585	5 585
Other reserves		-3 165	-1 381	-2 550
Retained earnings		251 444	235 512	243 622
Equity attributable to equity holders of the parent		272 541	258 394	265 334
Non-controlling interests		21 369	21 988	21 592
Total equity		293 910	280 382	286 926
Non-current liabilities				
Mortgage debt	Note 5	185 735	193 246	195 988
Bond loans	Note 6	73 746,035	96 503	78 138
Financial liabilities		26 847	5 609	22 286
Total non-current liabilities		286 328	295 358	296 412
Current liabilities				
Short-term mortgage debt	Note 5	17 504	33 003	20 671
Accounts payable		260	1 294	1 245
Current debt to related parties		885	1 537	1 525
Tax payable	Note 7	491	483	6 977
Tonnage tax payable		244	324	213
Other current liabilities		10 876	8 654	7 051
Total current liabilities		30 260	45 294	37 682
TOTAL EQUITY AND LIABILITIES		610 499	621 034	621 020

Klaveness Ship Holding AS

Consolidated Statement of Changes in Equity

Unaudited	Attributable to equity holders of the parent							
	Share capital	Share premium	Other paid in capital	Hedging reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 31 December 2013/ 1 January 2014	1 817	16 861	5 585	(4)	233 796	258 055	21 009	279 064
Profit (loss) for 1 January - 30 June					5 914	5 914	650	6 564
Other comprehensive income for the year				(1 376)		(1 376)		(1 376)
Total comprehensive income for the year				(1 376)	5 914	4 538	650	5 188
Payments to non-controlling interests							(3 006)	(3 006)
Change in minority interest					(3 335)	(3 335)	3 335	0
Other changes					(863)	(863)		(863)
Equity at 30 June 2014	1 817	16 861	5 585	(1 381)	235 512	258 394	21 988	280 382
Profit (loss) for the year					13 162	13 162	2 338	15 499
Other comprehensive income for the year				(2 546)		(2 546)		(2 546)
Total comprehensive income for the year				(2 546)	13 162	10 616	2 338	12 954
Payments to non-controlling interests							(5 090)	(5 090)
Other changes					(3 335)	(3 335)	3 335	0
Equity at 31 December 2014	1 817	16 861	5 585	(2 550)	243 622	265 336	21 592	286 926
Profit (loss) for the year					11 386	11 386	1 375	12 762
Other comprehensive income for the year				(615)		(615)		(615)
Total comprehensive income for the year				(615)	11 386	10 771	1 375	12 147
Payments to non-controlling interests						0	(1 598)	(1 598)
Group contribution with tax effect					(2 415)	(2 415)	0	(2 415)
Group contribution without tax effect					(1 262)	(1 262)	0	(1 262)
Currency effect group contribution					113	113		113
Equity at 30 June 2015	1 817	16 861	5 585	(3 165)	251 444	272 542	21 369	293 910

Hedging reserve

The reserve contains total net changes in the fair value of financial instruments recognized to fair value with changes through OCI.

Klaveness Ship Holding AS

Consolidated Statement of Cash Flows

USD '000	Note	Unaudited 1H 2015	Unaudited 1H 2014	Audited 2014
Profit before tax		5 767	6 614	17 342
Net gain/loss fixed assets		186	(304)	(304)
Ordinary depreciation	Note 4	16 189	17 109	34 266
Impairment loss/ reversal	Note 4, 5	2 280	(1 538)	(1 538)
Interest income		(171)	0	(146)
Interest expenses		6 151	0	12 115
Taxes paid for the period		(475)	0	(714)
Change in receivables		1 151	2 853	(5 550)
Change in current liabilities		2 200	(1 138)	(2 801)
Change in other working capital		(1 491)	(408)	180
Interest received		171	0	146
A: Net cash flow from operating activities		31 957	23 188	52 995
Acquisition of tangible assets	Note 4	(4 195)	(3 412)	(7 788)
Installments and cost on newbuilding contracts	Note 5	(7 045)	(86 258)	(87 246)
Payment received disposal of vessels		0	4 920	4 920
Payment received sale of newbuilding contracts		0	3 766	3 766
Investment in short term bond		0	(15 000)	0
Sale of subsidiaries, net of cash		0	0	0
B: Net cash flow from investment activities		(11 240)	(95 984)	(86 349)
Proceeds from mortgage debt		59 679	51 500	65 500
Proceeds from bond loan		0	67 328	67 161
Transaction costs on issuance of loans		(408)	(1 320)	(1 320)
Repayment of mortgage debt		(72 790)	(42 263)	(65 997)
Cash proceeds from buy back bond loans		0	(17 417)	(18 763)
Repayment of debt to the yard		0	(13 783)	(13 783)
Interest paid		(6 151)	0	(12 115)
Cash proceeds from issuing of shares		0	0	0
Cash proceeds from issuing of shares non-controlling interests		0	0	0
Group contribution		(5 047)	0	0
Dividends to non-controlling interests		(1 598)	(3 006)	(5 090)
C: Net cash flow from financing activities		(26 315)	41 039	15 593
Net change in liquidity in the period (A + B + C)		(5 598)	(31 757)	(17 761)
Net foreign exchange difference		(61)	(79)	(161)
		(5 659)	(31 837)	(17 922)
Cash and cash equivalents at beginning of period		81 690	99 612	99 612
Cash and cash equivalents at end of period		76 031	67 775	81 690
Net change in cash and cash equivalents in the period		(5 659)	(31 837)	(17 922)
Undrawn facilities		156 501	41 500	41 500

CORPORATE INFORMATION

Klaveness Ship Holding AS ("parent company"/KSH) is a private limited company domiciled and incorporated in Norway. The parent company has headquarter and is registered in Drammensveien 260, 0212 Oslo. Klaveness Ship Holding's consolidated interim financial statements for the second half of 2015 include the parent company and its subsidiaries (referred to collectively as the Group) and associated companies.

ACCOUNTING POLICIES

The interim condensed financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union and are based on IAS 34 *Interim Financial Reporting*.

The interim condensed financial statements of the Group are based on the same accounting principles as the consolidated financial statements of the Group for the year ended 31 December 2014.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Preparing financial statements in conformity with IFRS requires the management to make judgments, use of estimates and assumptions which affect the application of the accounting policies and the reported amounts of assets and liabilities, revenues and expenses.

The estimates are based on the actual underlying business, its present and forecast profitability over time, and expectations about external factors such as freight rates, interest rates, foreign exchange rates, oil prices and more which are outside the Group's and

parent company's control. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods. Changes in accounting estimates are recognized in the period the changes occur. When changes to estimates also affect future periods the effect is distributed between of the current and future periods.

Significant estimates and assumptions

Management has made estimates and assumptions which have significant effect on the amounts recognized in the financial statements. In general, accounting estimates are considered significant if:

- the estimates require assumptions about matters that are highly uncertain at the time the estimates are made
- different estimates could have been used
- changes in the estimates have a material impact on Klaveness Ship Holding's financial position

Carrying amount of vessels, residual value, depreciation and impairment

In addition to the purchase price, the carrying amount of vessels is based on management's assumptions of useful life and residual value of the vessels. Useful life may change due to change in technological developments, competition, environmental and legal requirements, freight rates and steel prices.

The residual value of the vessel is calculated as the light displacement of the vessel multiplied with the estimated steel prices minus the estimated cost in connection with the scrapping. Residual values are challenging to estimate given the long lives of the vessels, the uncertainty as to future economic conditions and the future price of steel, which is considered as the main determinant of the residual price.

When value in use calculations are performed, management estimates the expected future cash flows from the assets or cash-generating unit (defined in the section of “judgments”) and determines a suitable discount rate in order to calculate the present value of those cash flows. This will be based on management’s evaluations, including estimating future performance, revenue generating capacity, and assumptions of future market conditions and appropriate discount rates. Changes in circumstances and management’s evaluation and assumptions may give rise to impairment losses. While management believes that the estimates of future cash flows are reasonable, different assumptions regarding such cash flows could materially affect the evaluations.

On a quarterly basis, management assesses indicators of impairment for non-financial assets and whether the assumptions in the value in use calculations are reasonable. Recoverable amount is set as the highest of broker values and value in use. If carrying value exceeds the estimated recoverable amount, an impairment is recognized. Impairments are reversed in a later period if the recoverable amount exceeds the carrying amount.

Onerous contracts

At each reporting date, management assesses if there are contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received. A provision is recorded by estimating the present obligation under the contract.

The recognition of deferred tax assets

Deferred tax assets are only recognized if it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

Judgments

In the process of applying Klaveness Ship Holding’s accounting policies, management has made the following judgments which have significant effect on the amounts recognized in the financial statements.

Impairment

The Group has defined the fleet of combination carriers (Cabu) as one cash generating unit (“CGU”), due to the Group’s operational strategy to manage the fleet as a portfolio and thereby optimizing the portfolio’s cash flow and the earnings for the entire Group. The Cabu vessels are sister vessels. For selfunloader vessels the Group has defined that each vessel is a separate CGU as the cash flows from these vessels can be separated on an individual level.

Consolidation of Banasol Inc and Banastar Inc

The Group owns 50 % of Banasol Inc and 50 % of Banastar Inc. The remaining shares are owned by one shareholder, Veronica Co Ltd. The entities own one vessel each; MV Banasol and MV Banastar. Management has assessed the investments against control criterias in IFRS 10 whether the Group has rights to direct the relevant activities. The management is of the opinion that power is embedded in one or more contractual arrangements for the main activities; chartering activity and ship-owning activity. The assessment shows that all elements of control are present. The Group is considered to control the entities Banasol Inc and Banastar Inc which have been consolidated as subsidiaries into the Group’s financial statements.

Note 2 - Segment reporting

The operating segments are reported in a manner consistent with the internal financial reporting provided to the executive management (chief operating decision-maker).

The financial reporting is divided into the following five operating segments:

- Combination Carriers (Cabu)
- Selfunloader vessels (SUL)
- Container vessels
- Dry bulk investments
- Other/administration

All segments have worldwide activities. The Group operates in an open international market where the various geographical areas are connected. The fleet has the flexibility to operate in all markets and are employed in a comprehensive pattern inside and between the regions in order to optimize income. Consequently, the Group's operating shipping activities are not attributed to specific geographical markets.

Cabus are specialized vessels constructed to carry caustic soda and dry bulk. The Group owns six Cabu vessels which participate in a pool operated by Cabu Chartering AS (sister company). The Group has three Cabu newbuildings under construction scheduled for delivery in 2016 and 2017.

SUL vessels are specialized bulk carriers equipped with a conveyor belt for discharging the cargo. The Group owns five SUL vessels which are part of a co-sailing pool managed by Canadian Steamship Lines Inc. (CSL).

The Container vessels are standard vessels which are operated on short term time-charter (TC) agreements. The Group owns eight container vessels.

The Group has invested in two 82,000 dwt standard dry bulk newbuilding contracts with delivery in 2015 and 2016.

The remaining of the Group's activities, eliminations and intra group transactions are shown in the "other/administration" column. The Group's administration costs and other shared costs have been allocated to segments. Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

Information regarding the Group's reportable segments is presented below. Interest income and interest expense have not been allocated to segments, as the financing is managed on a group basis.

Income statement by segments 1 January - 30 June 2015

(USD'000)	Combination carriers	Selfunloader vessels	Container vessels	Dry bulk investments	Other/admin	Total consolidated
Operating revenue, vessels	24 142	23 791	12 256	0	0	60 189
Gain from sale fixed assets	0	0	0	0	0	0
Other operating revenue	(2)	(11)	(6)	0	0	(19)
Total operating revenue	24 140	23 780	12 250	0	0	60 170
Operating expenses, vessels	(7 360)	(7 890)	(10 325)	(24)	0	(25 600)
Loss from sale fixed assets	0	0	0	(186)	0	(186)
Group administrative services	(787)	(395)	(1 176)	(269)	(478)	(3 106)
Ordinary depreciation	(5 501)	(6 235)	(4 452)	0	0	(16 189)
Impairment	0	(2 280)	0	0	0	(2 280)
Tonnage tax	(29)	29	(32)	0	0	(32)
Other operating and adm expenses	(105)	(26)	4	(19)	(274)	(419)
Total operating expenses	(13 783)	(16 798)	(15 981)	(498)	(752)	(47 811)
Operating profit/EBIT	10 358	6 982	(3 731)	(498)	(752)	12 359

Balance sheet by segments 1 January - 30 June 2015

(USD '000)	Combination carriers	Selfunloader vessels	Container vessels	Dry bulk investments	Other/admin	Total consolidated
ASSETS						
Vessels	95 101	162 654	205 444	0	0	463 198
Newbuilding contracts	26 257	0	0	8 513	0	34 770
Other non-current assets	1 302	273	558	0	5 072	7 205
Total non-current assets	122 659	162 927	206 002	8 513	5 072	505 173
Cash	26 291	8 416	2 211	1 211	37 901	76 031
Current assets	8 193	6 777	6 231	2 367	2 167	25 736
Total current assets	34 484	15 193	8 442	3 579	40 068	101 766
TOTAL ASSETS	157 144	178 120	214 444	12 092	45 140	606 939
EQUITY AND LIABILITIES						
Total equity	97 650	128 866	110 022	11 643	(57 918)	290 263
Interest bearing debt	46 949	46 076	92 710	0	0	185 735
Bond loans	0	0	0	0	73 746	73 746
Other non-current financial liabilities	0	0	0	0	26 847	26 847
Total non-current liabilities	46 949	46 076	92 710	0	100 593	286 328
Short-term interest bearing debt	8 000	0	9 504	0	0	17 504
Other current liabilities	4 544	3 178	2 208	448	2 465	12 844
Total current liabilities	12 544	3 178	11 712	448	2 465	30 348
TOTAL EQUITY AND LIABILITIES	157 144	178 120	214 444	12 092	45 140	606 939
Capital expenditure Vessels	(2 044)	(2 141)	(10)	0	0	(4 195)
Capital expenditure NB	(3 606)	0	0	(2 670)	0	(6 276)
Cash from operation	13 815	13 356	711	(498)	(752)	26 632

Cash from operation is reported excluding capital expenditures on newbuildings and acquisition of second hand vessels, as this is considered not part of normal operation, and including minority interests.

Income statement by segments 1 January - 30 June 2014

(USD'000)	Combination carriers	Selfunloader vessels	Container vessels	Dry bulk investments	Other/admin	Total consolidated
Operating revenue, vessels	26 455	23 200	10 971	0	19	60 645
Gain from sale fixed assets	0	0	0	3 381	0	3 381
Other operating revenue	0	0	0	0	0	0
Total operating revenue	26 455	23 200	10 971	3 381	19	64 026
Operating expenses, vessels	(8 422)	(9 042)	(11 457)	0	124	(28 797)
Loss from sale fixed assets	(3 076)			0	0	(3 076)
Group administrative services	(484)	(465)	(1 259)	(300)	172	(2 337)
Ordinary depreciation	(6 586)	(6 584)	(4 022)	0	83	(17 109)
Impairment	0	0	(289)	0	1 828	1 539
Other operating and adm expenses	0	0	0	0	(953)	(953)
Total operating expenses	(18 568)	(16 091)	(17 027)	(300)	1 253	(50 732)
Operating profit/EBIT	7 887	7 109	(6 056)	3 081	1 272	13 294

Balance sheet by segments 1 January - 30 June 2014

(USD '000)	Combination carriers	Selfunloader vessels	Container vessels	Dry bulk investments	Other/admin	Total consolidated
ASSETS						
Vessels	103 141	175 076	211 610	0	0	489 827
Newbuilding contracts	21 774	0	0	5 743	0	27 517
Other non-current assets	307	0	176	2 288	2 655	5 426
Total non-current assets	125 222	175 076	211 786	8 031	2 655	522 770
Cash	21 799	17 244	5 875	4 622	18 235	67 775
Current assets	8 179	6 750	0	0	15 559	30 489
Total current assets	29 978	23 995	5 875	4 622	33 794	98 264
TOTAL ASSETS	155 200	199 071	217 661	12 653	36 449	621 034
EQUITY AND LIABILITIES						
Total equity	80 317	151 623	102 248	12 621	(66 427)	280 381
Interest bearing debt	56 381	34 758	102 108	0	0	193 246
Bond loans	0	0	0	0	96 503	96 503
Other non-current financial liabilities	0	0	0	0	5 609	5 609
Total non-current liabilities	56 381	34 758	102 108	0	102 112	295 358
Short-term interest bearing debt	14 687	8 812	9 504	0	0	33 003
Other current liabilities	3 815	3 878	3 801	32	764	12 291
Total current liabilities	18 502	12 691	13 305	32	764	45 294
TOTAL EQUITY AND LIABILITIES	155 200	199 071	217 661	12 653	36 449	621 034
Capital expenditure Vessels	(152)	(2 724)	(2 732)	0	0	(5 608)
Capital expenditure NB	(21 462)	0	(61 153)	(2 770)	0	(85 385)
Cash from operation	14 321	10 969	(4 766)	3 081	1 189	24 794

Cash from operation is reported excluding capital expenditures on newbuildings and acquisition of second hand vessels, as this is considered not part of normal operation, and including minority interests.

Income statement by segments 1 January - 31 December 2014

(USD'000)	Combination carriers	Selfunloader vessels	Container vessels	Dry bulk investments	Other/admin	Total consolidated
Operating revenue, vessels	53 218	47 510	23 265	0	0	123 993
Gain from sale fixed assets	0	0	0	3 381	0	3 381
Other operating revenue	0	0	0	0	(2)	(2)
Total operating revenue	53 218	47 510	23 265	3 381	(2)	127 372
Operating expenses, vessels	(16 028)	(17 316)	(22 025)	0	271	(55 098)
Loss from sale fixed assets	(3 076)	0	0	0	0	(3 076)
Group administrative services	(1 109)	(1 007)	(2 598)	(506)	(149)	(5 369)
Ordinary depreciation	(12 364)	(13 668)	(8 341)	0	107	(34 266)
Impairment	0	0	1 538	0	0	1 538
Other operating and adm expenses	0	(100)		(500)	(660)	(1 260)
Total operating expenses	(32 577)	(32 091)	(31 427)	(1 006)	(431)	(97 530)
Operating profit/EBIT	20 641	15 420	(8 162)	2 375	(433)	29 842

Balance sheet by segments 1 January - 31 December 2014

(USD '000)	Combination carriers	Selfunloader vessels	Container vessels	Dry bulk investments	Other/admin	Total consolidated
ASSETS						
Vessels	98 598	168 968	209 949	0	0	477 515
Newbuilding contracts	21 946	0	0	5 779	0	27 725
Other non-current assets	0	0	13	1 920	6 308	8 241
Total non-current assets	120 544	168 968	209 962	7 699	6 308	513 481
Cash	24 586	15 965	2 186	4 194	34 759	81 690
Current assets	8 874	8 807	5 043	2 663	463	25 849
Total current assets	33 460	24 772	7 229	6 856	35 222	107 539
TOTAL ASSETS	154 004	193 740	217 191	14 555	41 530	621 020
EQUITY AND LIABILITIES						
Total equity	92 747	137 275	106 229	14 555	(63 880)	286 926
Interest bearing debt	50 535	47 850	97 603	0	0	195 988
Bond loans	0	0	0	0	78 138	78 138
Other non-current financial liabilities	772	0	0	0	21 514	22 286
Total non-current liabilities	51 307	47 850	97 603	0	99 652	296 412
Short-term interest bearing debt	6 342	4 826	9 504	0	0	20 672
Other current liabilities	3 608	3 789	3 856	0	5 758	17 011
Total current liabilities	9 950	8 615	13 360	0	5 758	37 682
TOTAL EQUITY AND LIABILITIES	154 004	193 740	217 191	14 555	41 530	621 020
Capital expenditure Vessels	(1 419)	(3 109)	(3 260)	0	0	(7 788)
Capital expenditure NB	(21 462)	0	(61 150)	(2 770)	0	(85 382)
Cash from operation	31 586	25 978	(4 619)	2 375	(540)	54 780

Cash from operation is reported excluding capital expenditures on newbuildings and acquisition of second hand vessels, as this is considered not part of normal operation, and including minority interests.

Note 3 - Vessels

30.06.2015	Selfun-loaders	Combination carriers	Container	Total vessels *)
Cost price 1.1	242 748	206 666	254 318	703 732
Additions (mainly upgrading and docking of vessels)	2 141	2 044	10	4 195
Disposals	-20	-40	-63	-124
Costprice 30.06	244 869	208 670	254 265	707 803

Acc. Depreciation 1.1	70 120	108 068	10 243	188 431
Depreciation for the year	6 235	5 501	4 452	16 188
Acc. depreciation 30.06	76 355	113 569	14 695	204 619

Acc. impairment losses 1.1	3 660	0	34 126	37 786
Impairment for the year	2 200	0	0	2 200
Acc. impairment losses 30.06	5 860	0	34 126	39 986

Carrying amounts 30.06.2015	162 654	95 101	205 444	463 198
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No. of vessels	5	6	8
Useful life	20	20	25
Depreciation schedule	Straight-line	Straight-line	Straight-line

*) carrying value of vessels includes dry-docking

30 June 2014	Selfun-loaders	Combination carriers	Container	Total vessels *)
Cost price 1.1	244 437	244 758	161 157	650 352
Delivery of newbuildings	0	0	88 308	88 308
Additions (mainly upgrading and docking of vessels)	2 724	152	2 732	5 608
Disposals	-3 428	-8 201	0	-11 629
Costprice 30.06	243 733	236 709	252 197	732 639

Acc. Depreciation 1.1	61 298	113 618	2 338	177 254
Depreciation for the year	6 543	6 543	4 022	17 108
Reclass/disposal	-2 844	-171	101	-2 914
Acc. depreciation 30.06	64 997	119 990	6 461	191 448

Acc. impairment losses 1.1	3 660	13 578	32 266	49 504
Impairment for the year	0	0	1 538	1 538
Impairment reclassified from newbuildings	0	0	322	322
Disposal	0	0	0	0
Acc. impairment losses 30.06	3 660	13 578	34 126	51 364

Carrying amounts 30.06.2014	175 076	103 141	211 610	489 827
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No. of vessels	5	6	8
Useful life	20	20	25
Depreciation schedule	Straight-line	Straight-line	Straight-line

*) carrying value of vessels includes dry-docking

2014	Selfun-loaders	Combination carriers	Container	Total vessels*
Cost price 1.1	244 437	244 758	161 157	650 352
Delivery of newbuildings	0	0	88 308	88 308
Additions (mainly upgrading and docking of vessels)	3 109	1 419	5 230	9 758
Disposals	-4 798	-39 511	-377	-44 686
Costprice 31.12	242 748	206 666	254 318	703 732

Acc. Depreciation 1.1	61 298	113 618	2 338	177 254
Depreciation for the year	13 620	12 364	8 282	34 266
Reclass/disposal	-4 798	-17 914	-377	-23 089
Acc. depreciation 31.12	70 120	108 068	10 243	188 431

Acc. impairment losses 1.1	3 660	13 578	32 266	49 504
Impairment for the year	0	0	-1 538	-1 538
Impairment reclassified from newbuildings	0	0	3 398	3 398
Disposal	0	-13 578	0	-13 578
Acc. impairment losses 31.12	3 660	0	34 126	37 786

Carrying amounts 31.12.2014	168 968	98 598	209 949	477 515
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No. of vessels	5	6	8
Useful life	20	20	25
Depreciation schedule	Straight-line	Straight-line	Straight-line

*) carrying value of vessels includes dry-docking

Disposals of vessels

The Group has not disposed of any vessels in 2015.

Impairment assessment

The Group has performed an impairment test where the value in use is calculated using estimated cash flows.

The estimated cash flows are based on management's best estimate and reflect the Group's expectations of the market in the different segments. The net present value of future cash flows is based on a pre-tax weighted average cost of capital (WACC) of 8.5 % in 2014 (2013: 8.5 %) Cash flows are estimated over the remaining life of the vessel, with an estimated residual value at the end of the economic life based on USD 400 per light displacement ton. If vessels are planned for sale, estimated salesprice is based on average 10-years salesprice of identical vessel types of same age. From 2019 and onwards, the cash flows are based on a zero-growth scenario, however an escalating factor of an in average 2.6 % inflation rate has been included for all operating expenses for all years until scrapping/sale.

Container vessels

The Group has calculated value in use of each vessel by discounting expected future cash flows. Recoverable amount has been calculated by weighing different scenarios in line with the Groups business strategy. Dependent on how the market develops, the different scenarios include 1) ownership of the vessels over the remaining lifetime; 2) sale of vessels in five years; and 3) sale of the vessels in ten years. The management is of the opinion that this method will take into account uncertainties in the estimates used in the cash flow model and the fact that shipping is a cyclical industry.

Recoverable amount has been set as the highest of estimated value in use and broker values. Recoverable amount has been compared to booked values. No impairment has been recognized at 30 June 2015. (2014: reversal of USD 1.5 million).

Combination carriers

Cash flow projections for the cabu vessels over the remaining economic life of the vessels show a net present value which is higher than the booked value of the fleet (considered as one cash generating unit). Broker values are obtained, however the valuation is based on standard dry bulk vessels so that specialized features of the cabu vessels are not taken into account. No impairment has been recognized for the cabu vessels at 30 June 2015 (2014: 0).

Selfloaders

Cash flow projections for the selfloader vessels over the remaining economic life of the vessels show a net present value which is higher than the booked value of each vessel (considered as one cash generating unit) except one. Broker values are obtained, however the valuation is based on standard dry bulk vessels so that specialized features of the selfloader vessels are not taken into account. An impairment of USD 2.2 million has been recognized for the selfloader vessels in 2015 due to reduced forecast on revenue.

The below summarizes the total impairment cost/reversal:

Impairment loss (-)/ reversal	30.06.2015	30.06.2014	2014
Impairment of vessels	(2 200)	1 538	(1 860)
Reversal impairment newbuildings	0	0	3 398
Total impairment loss (-) / reversal	(2 200)	1 538	1 538

Note 4 - Newbuildings

As of 30 June 2015, the Group has a newbuilding programme consisting of construction of three identical combination carriers (Zhejiang OuHua Shipbuilding Co. Ltd in China) and two identical kamsarmax bulk carriers (Jiangsu Yangzijiang Shipbuilding Co. Ltd. in China). The combination carriers are scheduled for delivery in 2016 and 2017, and the kamsarmax vessels in 2016.

The kamsarmax newbuildings are part of a larger newbuilding program where the building process is managed by Klaveness Ship Management (sister company).

As of 30 June 2015 no new vessels have been delivered nor employed.

30.06.2015

Investments in newbuildings	Combination			Total
	Container	carriers	Kamsarmax	
Cost 1.1	0	21 946	5 779	27 725
Borrowing cost	0	346	113	459
Yard installments paid	0	3 606	2 670	6 276
Other capitalized cost	0	360	(49)	311
Net carrying amount at 30.06.2015	0	26 258	8 513	34 770

30.06.2014

Investments in newbuildings	Combination			Total
	Container	carriers	Kamsarmax	
Cost 1.1	23 015	0	5 340	28 355
Borrowing cost	927	0	0	927
Yard installments paid	61 153	21 462	2 770	85 385
Other capitalized cost	876	312	303	1 491
Impairment loss (-)/reversal	3 398	0	0	3 398
Sale of newbuilding contracts	0	0	-2 670	-2 670
Transferred to vessels under operation	-89 369	0	0	-89 369
Net carrying amount at 31 December	0	21 774	5 743	27 517

2014

Investments in newbuildings	Combination			Total
	Container	carriers	Kamsarmax	
Cost 1.1	23 015	0	5 340	28 355
Borrowing cost	927	0	0	927
Yard installments paid	61 153	21 462	2 770	85 385
Other capitalized cost	876	484	339	1 699
Impairment loss (-)/reversal	3 398	0	0	3 398
Sale of newbuilding contracts	0	0	-2 670	-2 670
Transferred to vessels under operation	-89 369	0	0	-89 369
Net carrying amount at 31 December	0	21 946	5 779	27 725

Note 5 - Interest bearing debt and financial instruments

The below table presents the Group's carrying amount of interest bearing debt by non-current and current portions for the interim period ending 30 June 2015 and full year ended 31 December 2014. All debt except for the bond loans (NOK) are denominated in USD, ref note 7 for further information on bond loans.

As of 30 June 2015, the Group had a total of USD 303.8 million in interest bearing debt (incl capitalized fees, interest hedge and currency hedge) of which USD 286.3 million was classified as non-current debt and USD 17.5 million was classified as current debt. An overview of the loan facilities in the Group is presented below. Mortgage debt are subject to an interest rate of 3M LIBOR plus a margin of in range 0.7-3.25.

The Group has refinanced two loan facilities in the first quarter of 2015. One secured reducing revolving credit facility (RCF) of USD 75 million and one term loan facility of USD 140 million.

The RCF has a tenor of 6 years and will replace the capacity of the existing RCF and the term loans for MV Balto, MV Balchen and MV Baldock. The new RCF will be secured in all five selfunloader vessels. T Klaveness Shipping AS, Klaveness Selfunloaders AS and Klaveness Ship Holding AS will be joint borrowers.

The new term loan facility has a tenor of 7 years and will replace the capacity of the term loan for MV Bangor and MV Barcarena's share of the existing RCF and secure financing for all the newbuildings. T.Klaveness Shipping AS, Klaveness Bulk AS and Cabu Bangor

Mortgage debt	Description	Maturity	Carrying amount	Fair value
Barry/Baro/Bardu/Banak	DnB/USD 54.6 mill	March 2019	25 667	27 854
Balao/Ballenita	SEB/USD 30.158 mill	June 2018	28 855	31 769
Balsa/Baleares	DnB/Danske Bank/USD 35 mill	Sept 2018	47 692	53 661
Term Loan Facility	Nordea/Danske Bank, USD 140 mill.	April 2022	12 423	13 292
Revolving Credit Facility	DNB/SEB, USD 75 mill.	January 2021	46 076	55 620
Banasol	SEB, USD 12 mill.	April 2018	7 917	8 560
Banastar	SEB, USD 12 mill.	April 2018	7 916	8 560
Bantry	Danske Bank, USD 18.9 mill.	March 2017	13 706	14 503
Bakkedal	Nordea, USD 16 mill.	September 2021	12 989	14 929
Mortgage debt 30 June 2015			203 240	228 746

30 June 2015 - Interest bearing debt	Non-current	Current	Total
Mortgage debt	186 647	17 504	204 151
Transaction costs mortgage debt	(912)	-	(912)
Bond loan	74 873	-	74 873
Transaction costs bond loan	(1 127)	-	(1 127)
Cross currency interest rate swap	26 847	-	26 847
Total interest bearing debt	286 329	17 504	303 833

30 June 2014 - Interest bearing debt	Non-current	Current	Total
Mortgage debt	193 246	33 003	226 249
Transaction costs mortgage debt	-	-	-
Bond loan	96 503	-	96 503
Transaction costs bond loan	-	-	-
Cross currency interest rate swap	5 609	-	5 609
Total interest bearing debt	295 358	33 003	328 361

2014 - Interest bearing debt	Non-current	Current	Total
Mortgage debt	196 592	20 671	217 263
Transaction costs mortgage debt	(604)	-	(604)
Bond loan	79 409	-	79 409
Transaction costs bond loan	(1 271)	-	(1 271)
Cross currency interest rate swap	21 544	-	21 544
Total interest bearing debt	295 670	20 671	316 341

The Group has undrawn committed borrowing facilities available at 30 June, for which all conditions have been met, as follows:

30 June 2015	Credit		Drawn up		Available	
	NOK mill	USD mill	NOK mill	USD mill	NOK mill	USD mill
Revolving credit facility		75		46		29
Term loan Facility		140		12		128
Bond loan KSH01	500		300		200	
Buy back KSH01			(100)			
Bond loan KSH02	600		400		200	
Buy back KSH01			(10)			
Total	1 100	215	590	58	400	157

30 June 2014	Credit		Drawn up		Available	
	NOK mill	USD mill	NOK mill	USD mill	NOK mill	USD mill
Revolving credit facility		42		0		42
Bond loan KSH01	500		300		200	
Buy back KSH01			(100)			
Bond loan KSH02	600		400		200	
Buy back KSH01			(10)			
Total	1 100	42	590	0	400	42

2014	Credit		Drawn up		Available	
	NOK mill	USD mill	NOK mill	USD mill	NOK mill	USD mill
Revolving credit facility		42		0		42
Bond loan KSH01	500		300		200	
Buy back KSH01			(100)			
Bond loan KSH02	600		400		200	
Buy back KSH01			(10)			
Total	1 100	42	590	0	400	42

Hedging

The Group has entered into interest rate swap agreements designated as cash flow hedges to partly hedge interest rate exposure related to the Group's long term mortgage debt. The purpose of these interest rate swaps is to limit the interest rate exposure related to the loans. When interest rate swaps qualify for hedge accounting, the fair value movement is recognised in other comprehensive income until realization of the hedged transaction. Fair value of interest rate swaps which qualify for hedge accounting is USD 159k (liability) as per 30.06.2015 (2014: USD 13k (asset)).

To hedge the Group's bond loans, the Group has entered into three cross currency interest rate swap agreements. The interest rate and currency swap agreements are designated as cash flow hedges and are effective hedging instruments. Changes in fair value are recognised in other comprehensive income.

Covenants

Existing credit facilities impose restrictions which may limit or prohibit the ability for some of the entities in the Group to incur additional indebtedness, sell shares in subsidiaries, commit to new capital expenditure, pay dividends, engage in mergers and demergers or purchase and sell vessels without the consent of lenders (non-financial covenants). In addition, lenders may accelerate the maturity of the indebtedness under financing agreements and foreclose upon the collateral securing the indebtedness upon the occurrence of certain events of defaults. Various debt agreements of the Group contain covenants which require the compliance of certain financial covenants. With regards to such covenants, the Group has to maintain a minimum market value of the vessels relative to outstanding loan amount, in the range 110-130 %, minimum equity on Group level of USD 125 mill, a minimum equity ratio of 30 %, maximum gearing ratio measured by net interest-bearing debt/EBITDA of 5.0 and a minimum free cash position of USD 10 mill. Certain cross-default exists.

The Group was in compliance with these covenants at 30 June 2015 and 31 December 2014.

Securities

As a security for the mortgage debt, the company has included a first priority security in all vessels, and insurances in the vessels and assignment of the earnings of the vessels in favour of the debtors.

Book value of collateral, mortgaged and leased assets	30 June 2015	30 June 2014	2014
Vessels	463 198	489 827	477 515
Total book value of collateral, mortgaged and leased assets	463 198	489 827	477 515

Note 6 - Bond loans

The Group entered into two bond agreements in May 2013 and in March 2014.

The bond loans are listed on Nordic ABM and has a bullet structure with no repayment until maturity in respectively May 2018 and March 2020. Bond loans are subject to an interest rate of 3M NIBOR plus a margin of 4.25 and 4.75. Both bond loans are issued by Klaveness Ship Holding AS.

As the Group's base currency is USD, cross currency interest rate swaps (CCIRS) from NOK to USD, and from floating to fixed interest rate of the range 6,01% - 6,39 %, has been entered into. The CCIRS covers 100 % of the NOK 300 mill bond and 75 % of the NOK 400 mill bond at 30 June 2015.

The bond entered into in May 2013 has a borrowing limit of NOK 500 million and bond entered into in March 2014 has a borrowing limit of NOK 600 million.

Covenants are described in note 5.

Bond loan	Face value NOK'000	Year of maturity	Carrying amount (USD'000)		
			30.06.2015	30.06.2014	2014
KSH01					
Original loan amount	300 000	08.05.2018	52 250	52 250	52 250
Buy back	(100 000)		(17 417)	(17 417)	(17 417)
Exchange rate adjustment			(9 452)	(2 187)	(7 915)
Capitalized expenses			(448)	0	(423)
			24 933	32 646	26 495
KSH02					
Original loan amount, fixed	300 000	20.03.2020	50 500	50 500	50 500
Original loan amount, unfixed	100 000	20.03.2020	16 828	16 828	16 828
Buy back	(10 000)		(1 355)	(1 355)	(1 355)
Exchange rate adjustment			(16 480)	(2 313)	(13 482)
Capitalized expenses			(679)	197	(848)
			48 813	63 857	51 643
Debt as of reporting period	590 000		73 746	96 503	78 138

Note 7 - Tax payable

The group mainly operates in the Norwegian tonnage tax regime which exempt ordinary tax on shipping income, instead a tonnage tax fee is payable based on the size of the vessel. The fee is recognized as an operating expense. Financial income is taxable according to the Norwegian tonnage tax regime based on the company tax rate in Norway on 27 %. Tax expense for H1-2015 has been estimated based on expected taxation on financial items of 27 % .

In H1-2015 the Group has reversed an accrual for payable tax recorded in 2014 amounting to mUSD 5.3, which resulted in net tax income for H1-2015 amounting to mUSD 7.0. The reversal related to an adjustment in taxable income which was intended to be offset through group contribution. The reversal does not have any cash flow impact.

Note 8 - Transactions with related parties

The ultimate owner of the Klaveness Ship Holding AS Group is Rederiaksjeselskapet Torvald Klaveness (RASTK), which owns 100 % of the shares in Klaveness Ship Holding AS.

The Group has undertaken several agreements and transactions with related parties in the RASTK Group. The level of fees are based on market terms and are in accordance with the arm's length principle.

Klaveness AS delivers services to the Group performed by corporate functions like management, legal, accounting & controlling, risk management and commercial management. In 2014 these services were performed by AS Klaveness Chartering (KC).

Klaveness Ship Management AS delivers ship management services for all of the vessels in the Group. Ship Management fees cover services like technical management, crewing management, IT and energy management. For the newbuildings in the Group, Klaveness Ship Management performs supervision and project management services.

USD'000				
Supplier	Type of agreement	30.06.2015	30.06.2014	2014
Klaveness AS (sister company)	Business administration fee	(2 804)	(2 334)	(4 717)
Klaveness AS (sister company)	Commercial management fee	(302)	(42)	(652)
Klaveness AS (sister company)	IT fee	(266)	(277)	(562)
Klaveness Ship Management AS (sister company)	Ship Mangement fee	(2 822)	(2 897)	(5 727)

Note 9 - Contingent liabilities

Regular claims are made against the Group as a result of its ordinary operations. Provisions are made in the financial statements whenever the probable outcome of these disputes are expected to be in disfavour of the Group.

Note 10 - Events after the balance sheet date

There are no events that have a material effect on the financial statement after 30 June 2015.