MPC CONTAINER SHIPS AS

FINANCIAL REPORT
H1 2017

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MPC CONTAINER SHIPS

BUSINESS OVERVIEW AND CORPORATE DEVELOPMENT

MPC Container Ships AS (the “Company“, together with its subsidiaries the “Group”) was incorporated on 9 January 2017 as a private limited liability company under the laws of Norway. The Group's principal business activity is to invest in and operate maritime assets in the container shipping segment. As a dedicated owner and operator of container ships, the Group has a focus on feeder vessels, mainly between 1,000 and 3,000 TEU, that are chartered out to liner shipping companies and regional carriers.

In April 2017, the Company issued 20,000,000 new shares at a subscription price of NOK 42.63 per share in an initial private placement, resulting in gross proceeds of USD 100 million. In June 2017, the Company issued 15,000,000 new shares at a subscription price of NOK 43.00 per share in a second private placement. The respective gross proceeds were USD 76 million.

On 28 April 2017, the Company registered on the NOTC-list, operated by the Norwegian Securities Dealers Association. Subsequently, the Company uplisted to the Merkur Market at Oslo Stock Exchange on 31 May 2017 under the ticker MPCC-ME.

FLEET DEVELOPMENT

Until 30 June 2017, the Group has acquired nine vessels and taken over seven container vessels between 957 TEU and 2,741 TEU through wholly owned subsidiaries. Moreover, the Group holds a 50% interest in a joint venture that has taken over five 2,824 TEU container vessels via respective subsidiaries.

FLEET LIST

By the end of the second half of 2017, the fleet operated by the Group and, indirectly, joint venture investments consists of 12 container vessels:

Vessel Name	Stake	TEU	Built	Gear	Yard
AS Laetitia	100%	966	2007	Yes	Yangfan Group Co Ltd
AS Laguna	100%	966	2008	Yes	Yangfan Group Co Ltd
AS Fiona	100%	1,200	2003	No	Peene-Werft GmbH
AS Fortuna	100%	1,345	2009	Yes	Jiangsu Yangzijiang Shipbuilding Co Ltd
Rio Taku	100%	2,556	2004	Yes	Hyundai Heavy Industries Ulsan
Rio Thompson	100%	2,556	2004	Yes	Hyundai Heavy Industries Ulsan
AS Constantina	100%	2,742	2005	No	Aker MTW Werft GmbH
AS Carinthia	50%	2,824	2003	No	Hyundai Mipo Dockyard Co Ltd
Cardonia	50%	2,824	2003	No	Hyundai Mipo Dockyard Co Ltd
Carpathia	50%	2,824	2003	No	Hyundai Mipo Dockyard Co Ltd
Cordelia	50%	2,824	2003	No	Hyundai Mipo Dockyard Co Ltd
Cimbria	50%	2,824	2002	No	Hyundai Mipo Dockyard Co Ltd

HALF-YEAR RESULTS

FINANCIAL PERFORMANCE

The financial performance of the Group needs to be put in perspective, given that the Group is in the start-up phase of its operation. The first vessels were taken over by the company in April 2017.

The Group's vessels are chartered out on time charter contracts to global and regional liner shipping companies. Time charter revenues during H1 2017 were USD 1.2 million. The gross profit from vessel operations of the first half of 2017 was USD 0.1 million.

Financial income of USD 0.3 million is related to the joint venture investment.

The Group reports a loss before taxes of USD -0.4 million for H1 2017.

FINANCIAL POSITION

The Group's total assets amounted to USD 172.7 million at 30 June 2017. Non-current assets in the amount of USD 65.8 million comprise of vessels taken over and operated by the Group as well as the equity investments into a joint venture.

Total equity was USD 170.5 million at 30 June 2017 and the Group is free of financial liabilities.

CASH FLOW

During the first half of 2017, the Group generated a positive cash flow from operating activities of USD 0.5 million. The cash flow from investing activities into vessels and joint venture investments was USD -66.1 million. The positive cash flow from financing activities of USD 170.9 million is due to the net proceeds from two equity private placements completed in Q2 2017.

The total net change in cash and cash equivalents from 9 January 2017 through 30 June 2017 was USD 105.4 million.

Cash and cash equivalents as of 30 June 2017 are USD 105.4 million.

MARKET

CONTAINER MARKET UPDATE

The year 2016 was characterized by very challenging container shipping market conditions due to significant tonnage overcapacity, but improving fundamentals in late 2016 and early 2017 lay the groundwork for a robust market recovery at the end of Q1 2017 and a stabilization of charter and asset markets at above crisis levels in Q2 2017.

Charter rates started at historically low levels at the beginning of 2017 and experienced a sharp increase in March this year, on the back of improved supply and demand fundamentals plus a demand enhancement from liner companies ahead of the launch of new alliances. For example, charter rates for 2,750 TEU gearless vessels, as reported by Clarksons, increased from USD 6,150 per day in January 2017 to USD 9,000 to 10,000 per day in the second quarter of 2017.

Second hand prices for containerships experienced a similar uplift as charter rates during the first six months of 2017. Clarksons figures for 10-year old 2,750 TEU gearless container vessels went up from USD 5.75 million in January to USD 8.25 million in June 2017. Containership newbuilding prices at the same time only saw marginal increases for vessels below 3,000 TEU.

Container trade growth exceeded fleet supply growth in 2016, and container trade volumes have continued to show positive signs in the first half of 2017. Clarksons projects global container trade to grow by 5.1% in full year 2017, compared to 3.8% in 2016. Some of the main factors supporting stronger trade growth so far this year, especially in Intra-Asian and Mainlane trades, have been a surge in economic output in China and a steady recovery in the advanced economies. In addition, North-South volumes have improved relatively to previous expectations. Box freight rates had improved significantly during H2 2016 and remained above 2016 averages in H1 2017, despite continued volatility.

On the supply side, containership deliveries have totaled 0.5 million TEU so far in 2017. Demolition activity continued to be high in Q1 2017 after a record year of scrapping in 2016 and slowed down in Q2 2017 due to improved market conditions, leading to 0.3 million TEU of scrapping in the first half of 2017. The orderbook stood 2.8 million TEU or a historical low of 14% of the fleet at the end of Q2 and new orders were very limited in the first half of the year with just 0.04 million TEU. Overall, Clarksons projects containership fleet capacity to grow by around 3% in 2017 and 3-4% in 2018, leading to further improvements in the supply and demand balance. The idle containership capacity, a good indicator of tonnage oversupply, fell from 1.4 million TEU or 7% of the fleet at the start of 2017 to 0.5 million TEU (2.6% of the fleet) at the end of June 2017.

FORWARD-LOOKING STATEMENTS

Forward-looking statements presented in this report are based on various assumptions. The assumptions are subject to uncertainties and contingencies that are difficult or impossible to predict. MPC Container Ships AS cannot give assurances that expectations regarding the outlook will be achieved or accomplished.

RISK FACTORS

The Group is exposed to a variety of risks and a number of risk factors are described below. However, the description below is not exhaustive and the sequence of the risk factors is not set out according to their importance.

OPERATIONAL RISKS

Technical risks

The technical operation of a vessel has a significant impact on the vessels' economic life. Technical risks will always be present. There can be no guarantee that the parties tasked with operating a vessel or overseeing such operation perform their duties according to agreement or satisfaction, even if a monitoring system is established. Failure to adequately maintain the technical operation of a vessel may adversely impact the operating expenses and other costs of the portfolio investment and accordingly the potential realization values that can be obtained.

The timing and costs of repairs on the Group's ships are difficult to predict with certainty and may be substantial. Many of these expenses, such as dry-docking and certain repairs for normal wear and tear, are typically not covered by insurance. Large repair expenses and repair time may have a material adverse effect on the Group's business, financial condition, results of operation and liquidity.

Risk from unexpected technical restrictions in vessel availability may result in in decreased charter revenue.

Risk relating to accidents and pollution

The Group's vessels are subject to perils particular to marine operations, including capsizing, grounding, collision and loss and damage from severe weather or storms. The Group vessels may also be subject to other unintended accidents. Such circumstances may result in loss of or damage to the Group's vessels, damage to property, including other vessels and damage to the environment or persons. Such events may lead to the Group being held liable for substantial amounts by injured parties, their insurer and public governments. In the event of pollution, the Group may be subject to strict liability. Environmental laws and regulations applicable in the countries in which the Group operates have become more stringent in recent years. Such laws and regulations may expose the Group to liability for the conduct of or conditions caused by others, or for acts by the Group that were in compliance with all applicable laws at the time such actions were taken.

All vessels carry pollutants. Accordingly there will always be certain environmental risks and potential liabilities involved in the ownership of commercial shipping vessels.

Reliance on technical management of assets

The Group is responsible for the technical and navigational management of the vessels owned by the Group. The performance of technical services and crewing services is outsourced to specialized ship managers. Although the Group will monitor the performance of each sub-contractor, the Group is reliant on the performance of ship managers.

Risks related to maritime claims

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against one or more of the Group's vessels for unsatisfied debts, claims or damages (even based on doubtful reasons). The arrest or attachment of one or more of the Group's vessels could interrupt the cash flow from the charterer and/or the Group and require the Group to pay a significant amount of money to have the arrest lifted.

MARKET RISKS

Macroeconomic conditions

Changes in national and international economic conditions, including, for example interest rate levels, inflation, employment levels, may influence the valuation of real and financial assets. In turn, this may impact the demand for goods, services and assets globally and thereby the macro economy. The current macroeconomic situation is uncertain and there is a risk of negative developments. Such changes and developments – none of which will be within the control of the Group – may negatively impact the Group's investment activities, realization opportunities and overall investor returns.

Shipping markets

The demand for, and the pricing of the underlying assets are outside of the Group's control and depend, among other factors, on the global and regional economic and political conditions, global trade growth and the distance container cargo products are to be moved by sea. On the supply side there are uncertainties tied to ordering of new vessels and scope of future scrapping. The actual residual value of the vessels in the underlying investments, and/or their earnings after expiration of the fixed contract terms, may be lower than the Group estimates. Lower than expected charter rates will negatively impact the operating cash flow generated by the vessels owned by the Group.

Changes in scrap prices

The scrap value of a vessel is highly dependent on the price of steel which is subject to fluctuations.

Competition

The Group may be competing for appropriate investment and employment opportunities with other participants in the markets. It is possible that the level of such competition may increase, which may reduce the number of opportunities available to the issuer and/or adversely affect the terms upon which such transactions can be made by the issuer and may potentially result in the issuer not being able to obtain employment for its vessels or only find employment at rates which do not cover the Group's expenses.

LEGAL RISKS

Changes in legal framework

Changes in legal, tax and regulatory regimes within the relevant jurisdictions may occur during the life of the Group which may have an adverse effect on the Group.

Over the past 20 years, the shipping industry has faced various legislative changes affecting the industry. There is a possibility that new legislative changes will be proposed and ratified which could affect amongst others the economic lives of vessels and their earning potential.

Managers of alternative investment funds ("AIFS") are subject to a registration requirement or a license requirement (depending on the amount of assets under management) pursuant to directive 2011/61/EU on alternative investment fund managers and the Norwegian act on management of alternative investment funds of

20 June 2015 no. 28. Based on the nature of the operations of the Group and its governance structure, the Group is of the view that it is not an AIF and is not subject to these rules. If the Group should nonetheless be held to be an AIF this could result in increased costs for the Group.

Tax risks

Tax laws and regulations are highly complex and subject to interpretation. Consequently, the Group is subject to changing tax laws, treaties and regulations in and between countries in which it operates. The Group's income tax expense is based upon its interpretation of the tax laws in effect in various countries at the time that the expense was incurred. A change in these tax laws, treaties or regulations, or in the interpretation thereof, which is beyond the Group's control, could result in a materially higher tax expense or a higher effective tax rate on the Group's earnings. The vessel-owning companies are sought to be subject to the German or Dutch tonnage tax regime.

From time to time the Group's tax payments may be subject to review or investigation by tax authorities of the jurisdictions in which the Group operates from time to time. If any tax authority successfully challenges the Group's operational structure, intercompany pricing policies; or if the Group loses a material tax dispute in any country, or any tax challenge of the Group's tax payments is successful, its effective tax rate on its earnings could increase substantially and the Group's earnings and cash flows from operations could be materially adversely affected.

Risk relating to operations in foreign countries

It is expected that the Group's vessels will operate in a variety of geographic regions. Consequently, the Group may, indirectly through its underlying investments, be exposed to political risk, risk of piracy, corruption, terrorism, outbreak of war, overlapping and differing tax structures, managing an organization spread over various jurisdictions, unexpected changes in regulatory requirements and complying with a variety of foreign laws and regulations, amongst others. The business, financial condition and results of operations of the Group, indirectly, and its underlying investments directly, may accordingly be negatively affected if such risks materialize. Changes in the legislative, governmental and economic framework governing the activities of the shipping industry, could also have a material negative impact on the Group's results of operations and financial condition.

FINANCIAL RISKS

Liquidity risk

The Group is dependent on future cash flow in order to be able to meet its obligations as and when they fall due. The Group applies cash flow forecasting to ensure that the activities are adequately financed at all times.

Counterparty risks

The performance of an underlying portfolio investment depends heavily on its counterparties' ability to perform their obligations under, for instance, agreed charter parties. Default by a counterparty of its obligations under its agreements with an SPV may have material adverse consequences on the portfolio investment. The counterparty's financial strength will thus be very important.

Currency risk

Charter hire is normally payable in USD and the value of the vessels is normally denominated in USD. Thus, currency fluctuations may affect both the Group's and consequently the investors' return, book value and value adjusted equity of subsidiaries in other currencies than USD.

Interest rate risk

Any changes in the interest rate would directly affect the returns on the financed investments. Interest rate levels can also indirectly affect the value of the assets at the point of sale. This will impact the value of the Group's portfolio.

Hedging transactions

The Group may engage in certain hedging transactions which are intended to reduce the currency or interest rate exposure; however, there would normally be no obligation to enter into any such transactions. Any such hedging transaction may be imperfect, leaving the Group indirectly exposed to some risk from the position that was intended to be protected. The successful use of hedging strategies depends upon the availability of a liquid market and appropriate hedging instruments and there can be no assurance that the underlying subsidiaries will be able to close out a position when deemed advisable.

Risks related to insurance

Although the Group carries insurance to protect against most of the accident-related risks involved in the conduct of its business, risks may arise for which the Group is not adequately insured. Any particular claim may not be paid by the Group's insurance and any claims covered by insurance would be subject to deductibles, the aggregate amount of which could be material. Any uninsured or underinsured loss could harm the Group's business and financial condition and have a material adverse effect on the Group's operations. Furthermore, even if insurance coverage is adequate to cover the Group's losses, the Group may not be able to obtain a replacement ship in a timely manner in the event of a loss.

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the condensed financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting and give a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole. We also confirm that the interim management report includes a fair review of the development and performance of the business and the position of the Group and a description of risks and uncertainties.

Oslo, 15 September 2017

The Board of Directors of
MPC Container Ships AS

Ulf Holländer
Chairman

Dr. Axel Schroeder
Board member

Robert Knapp
Board member

Dr. Ottmar Gast
Board member

Darren Maupin
Board member

Constantin Baack
Managing Director

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in USD thousands	Note	H1 2017 (unaudited)
Charter revenues		1,223
Commissions		-47
Vessel voyage expenditures		-282
Vessel operation expenditures		-701
Ship management fees		-76
Gross profit		**116**
Administrative expenses		-362
Depreciation and impairment	8	-256
Other expenses		-1
Other income		2
Operating result (EBIT)		**-501**
Finance income	7	149
Finance costs		-85
Profit/Loss before income tax (EBT)		**-436**
Income tax expenses		0
Profit/Loss for the period		**-436**

Total comprehensive profit/loss	**12**
Diluted earnings - USD per share	**-0.01**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in USD thousands	Note	30 June 2017 (unaudited)
Assets		**172,738**
Non-current assets		65,822
Vessels	8	49,726
Investments in joint ventures	7	16,096
Current assets		106,916
Inventories		322
Trade and other receivables		1,217
Cash and cash equivalents	9	105,377
Equity and liabilities		**172,738**
Equity		170,496
Ordinary shares	11, 12	170,920
Share capital		40,836
Capital reserves		130,084
Retained earnings		-436
Other comprehensive income		12
Current liabilities		2,242
Provisions		874
Trade and other payables		964
Liabilities from income taxes		0
Other liabilities		404

CONDENSED STATEMENT OF CHANGES IN EQUITY

in USD thousands	Share capital (unaudited)	Share premium (unaudited)	Foreign currency effects (unaudited)	Retained earnings (unaudited)	Total equity (unaudited)
Incorporation	3				**3**
Share issuance	40,832	130,084			**170,916**
Result of the period				-436	**-436**
Other comprehensive income			12		**12**
Equity as at 30 June 2017	**40,836**	**130,084**	**12**	**-436**	**170,496**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

in USD thousands	Note	H1 2017 (unaudited)
Net income		-436
Net change in provisions		874
Net change in current assets		-1,539
Net change in current liabilities		1,368
Depreciation		256
Cash flow from operating activities		**522**
Purchase of vessels	8	-49,981
Purchase of long-term financial assets	7	-16,096
Cash flow from investing activities		**-66,077**
Net proceeds from share issuance	11	170,920
Cash flow from financing activities		**170,920**
Net change in cash and cash equivalents		105,377
Net foreign exchange differences		12
Cash and cash equivalents at beginning of period		0
Cash and cash equivalents at the end of period	**9**	**105,377**

NOTES

Note 1 - General information

MPC Container Ships AS (the “Company”) is a private limited liability company (*”aksjeselskap”)* incorporated and domiciled in Norway, with registered address at Dronning Mauds gate 3, 0250 Oslo, Norway and Norwegian enterprise number 918494316. The Company was incorporated on 9 January 2017 and operating activity commenced in April 2017, when the first vessels were acquired. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”). The principal activity of the Group is the investment in and operation of container vessels.

Note 2 - Basis of preparation

These interim consolidated financial statements of the Group are prepared in accordance with the accounting principles prescribed by International Financial Reporting Standards (IFRS) as adopted by the European Union. Theses condensed interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting. The interim financial statements are unaudited.

Financial statement classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset or liability is current when it is due less than one year or related to the operating cycle. Other assets are classified as non-current assets. Cash or cash equivalents are classified as current assets unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The income statement of the Group reported using the cost of sales method.

Basis of measurement

The consolidated financial statements were prepared on the basis of historical cost. They are based on the assumption of the going concern principle.

The Group’s financial year corresponds to the calendar year.

Basis of consolidation

The consolidated financial statements comprise the financial statements of MPC Container Ship AS and its subsidiaries as at 30 June 2017. The assets and liabilities, expenditure and income may only be included in the consolidated financial statements for subsidiaries over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidation of subsidiaries is carried out from the date at which the Group obtains the control over such companies and subsidiaries continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances, income and expenses, unrealized gains and losses as well as cash flows resulting from intercompany transactions are eliminated in full.

MPC Container Ship AS has included the subsidiaries listed in Note 5 in the consolidated financial statements.

Functional and presentation currency

The consolidated financial statements are presented in US Dollar (USD), which is the functional currency of the parent company of the Group. All financial information presented in USD has been rounded to the nearest USD, except as otherwise indicated.

New and amended standards and interpretations

Standards and interpretations that are issued but not yet effective are disclosed below. Only standards and interpretations that are applicable to the Group have been included and the Group reviews the impact of these changes on its financial statements. The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued.

- IFRS 9 – Financial instruments: Effective for annual periods beginning on or after 1 January 2018.
- IFRS 15 – Revenue from contracts with customers: Effective for annual periods beginning on or after 1 January 2018. The standard will supersede all current revenue recognition requirements under IFRS.
- IFRS 16 – Leases: Effective for annual periods beginning on or after 1 January 2019.

Note 3 - Significant accounting policies

Foreign currency translation

The consolidated financial statements are presented in USD, which is the functional currency of the parent company of the Group. In accordance with IAS 21, foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction.

Vessels and other property, plant and equipment

Fixed assets are stated at historical cost, less subsequent depreciation and impairment. For vessels purchased, these costs include capitalizable expenditures that are directly attributable to the acquisition of the vessels. Upon acquisition, each component of the vessels, with a cost significant to the total acquisition costs, is separately identified and depreciated over that component's useful life on a straight-line basis.

Depreciation is calculated on a straight-line basis over the useful life of the assets, taking residual values into consideration, and adjusted for impairment charges, if any. Residual values of the vessels are estimated as the lightweight tonnage of each vessel multiplied by scrap value per ton. Future depreciations are based on depreciation schedules including residual values. Expected useful lives of assets, and residual values, are reviewed at each balance sheet date and, where they differ significantly from previous estimates, depreciation calculations are altered accordingly.

Ordinary repairs and maintenance expenses are charged to the income statement as incurred. Costs related to dry-docking or other major overhauls are recognized in the carrying amount of the vessels. The recognition is made when the dry-docking has been performed and is depreciated based on estimated time to the next class renewal. The remaining costs that do not meet the recognition criteria are expensed as repairs and maintenance.

Vessels and other property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is derecognized.

Impairment of vessels

Vessels and other fixed assets are assessed for impairment indicators each reporting period. If impairment indicators are identified, the recoverable amount is estimated; and if the carrying amount exceeds its recoverable amount an impairment loss is recognized, i.e. the asset is written down to its recoverable amount. An asset's recoverable amount is calculated as the higher of the net realizable value and its value in use. The net realizable value is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of sale and the value in use is the present value of estimated future cash flows expected from the continued use of an asset.

Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint venture are accounted for using the equity method, where the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognized through profit and loss net of any reimbursement.

Trade and other payables

Trade and other payables represent non-interest bearing liabilities for goods and services provided to the Group prior to the reporting date. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Financial liabilities

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs, and have not been designated as at fair value through profit or loss.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Trade and other receivables

Trade receivables and other short-term receivables are measured at fair value upon initial recognition and subsequently measured at amortized cost.

Inventories

The Group values its inventories, which comprise mainly of lube oils and stores on board the vessels, at the lower of cost and net realizable value. They are accounted for on a first-in/first-out basis.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks, on hand and short-term deposits with a maturity of three months or less. Cash equivalents represent short term, liquid investments which are readily convertible into known amounts of cash with original maturities of three months or less.

Cash and cash equivalents are recorded at their nominal values. Liquid funds denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

The consolidated cash flow statement is prepared using the indirect method.

Share issuance

Costs related to share issuances are recognized directly in equity.

Revenue recognition

Revenue is recognized to the extent that it is probably that the economic benefits will flow to the Group and the revenues can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty.

Charter revenues from time charters are recognized on a straight-line basis over the rental periods of such charters, as services are performed.

Operating expenses

Operating expenses are accounted for on an accruals basis. Expenses are charged to the income statement, except for those incurred in the acquisition of an investment which are capitalized as part of the cost of the investment. Expenses arising on the disposal of investments are deducted from the disposal proceeds.

Taxes

The Company is subject to tax on its income in accordance with the general tax rules pertaining to companies tax resident in Norway.

The Company's vessel-owning subsidiaries are sought to be subject to the German or Dutch tonnage tax regime, i.e. taxable income is calculated as a lump sum depending on the net tonnage of the respective vessels, independent of the realized earnings. Income not derived from the operation of the vessels in international waters, such as financial income, is usually taxed according the ordinary taxation rules applicable in the resident country of each respective company.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilized.

Note 4 - Significant judgements, estimates and assumptions

The preparation of consolidated financial statements conforming to IFRS requires management to make judgments, estimates and assumptions that may affect assets, liabilities, revenues, expenses and information in notes to these financial statements. Estimates are management's best assessment based on information available at the date the financial statements are authorized for issue. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have significant effect on the amounts recognized in the consolidated financial statements:

- Asset deals: Significant judgement is required to determine if an equity transaction qualifies as a business combination. Management makes this determination based on whether the Group has acquired an "integrated set of activities and assets" as defined in IFRS 3 Business Combinations, by relevance to the acquisition of the underlying asset, the endorsement of ship management agreements, and inputs, processes applied to those inputs, and resulting outputs, that will be used to generate revenues. All current and completed transactions acquisitions of the Group have been considered as asset deals.
- Consolidation and joint arrangements: The Group has determined that it controls and consolidates its subsidiaries. The Group is owner of one investment in which it has a 50% ownership interest; the Group has determined that it has joint control over the investee and the ownership is shared with the joint venture partner.

Assumptions and estimation uncertainties

The following assumptions and estimation uncertainties can have a significant risk of resulting in a material adjustment to the carrying amounts of assets:

- Depreciation of vessels: Depreciation is based on estimates of the vessels' useful lives, residual values less scrapping costs and the depreciation method, which are reviewed by Management at each balance sheet date. Any changes in estimated useful lives and/or residual values impact the depreciation of the vessels prospectively.
- Impairment of vessels: Indicators of impairment of assets are assessed at each reporting date. The impairment assessments demand a considerable degree of estimation. Changes in circumstances and assumptions may significantly affect the estimated recoverable amounts, and a prolonged weak market may result in future impairment losses.

Note 5 - Segment information

The Group is organized in one reportable segment, i.e. the container shipping segment.

Note 6 - Group companies

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed in the table below:

Name	Principal activity	Country of incorporation	Equity interest	Initial consolidation
"AS LAGUNA" Schifffahrtsgesellschaft mbH & Co. KG	Ship-owning entity	Germany	100%	2017
"AS LAETITIA" Schifffahrtsgesellschaft mbH & Co. KG	Ship-owning entity	Germany	100%	2017
"AS ANGELINA" Schifffahrtsgesellschaft mbH & Co. KG	Ship-owning entity	Germany	100%	2017
"AS CLARA" Schifffahrtsgesellschaft mbH & Co. KG	Ship-owning entity	Germany	100%	2017
"AS CONSTANTINA" Schifffahrtsgesellschaft mbH & Co. KG	Ship-owning entity	Germany	100%	2017
"AS PAULINA" Schifffahrtsgesellschaft mbH & Co. KG	Ship-owning entity	Germany	100%	2017
"AS PETRONIA" Schifffahrtsgesellschaft mbH & Co. KG	Ship-owning entity	Germany	100%	2017
"AS FORTUNA" Schifffahrtsgesellschaft mbH & Co. KG	Ship-owning entity	Germany	100%	2017
"AS FIONA" Schifffahrtsgesellschaft mbH & Co. KG	Ship-owning entity	Germany	100%	2017
1. Bluewater OpCo GmbH	General partner entity	Germany	100%	2017
"AS ANGELINA" OpCo GmbH	General partner entity	Germany	100%	2017
"AS CLARA" OpCo GmbH	General partner entity	Germany	100%	2017
"AS CONSTANTINA" OpCo GmbH	General partner entity	Germany	100%	2017
"AS PAULINA" OpCo GmbH	General partner entity	Germany	100%	2017
"AS PETRONIA" OpCo GmbH	General partner entity	Germany	100%	2017
"AS FORTUNA" OpCo GmbH	General partner entity	Germany	100%	2017
"AS FIONA" OpCo GmbH	General partner entity	Germany	100%	2017

Note 7 - Interest in joint ventures

The Group has a 50% interest in 2. Bluewater Holding Schifffahrtsgesellschaft GmbH & Co. KG, Hamburg (Germany), a company owning five 2,824 TEU container vessels through fully owned subsidiaries.

Note 8 - Vessels

in USD thousands	Vessels	Total fixed assets
Acquisition of fixed assets	48,050	48,050
Capitalized dry-docking and other expenses	1,931	1,931
Disposal of fixed assets	-	-
Acquisition cost as of 30 June 2017	**49,981**	**49,981**
Accumulated depreciation	-256	-256
Accumulated impairment	-	-
Accumulated depreciation as of 30 June 2017	**-256**	**-256**
Carrying amount as of 30 June 2017	**49,726**	**49,726**
Depreciation method	*Straight-line*	
Useful life (vessels)	*25 years*	
Useful life (dry docks)	*5 years*	

As of 30 June 2017, the Group operates 7 vessels in full ownership and 5 vessels through a joint venture arrangement. In addition, two vessels have been acquired and takeover by the Company is expected after the balance sheet date.

Note 9 - Cash and cash equivalents

The fair value of cash and cash equivalents at 30 June 2017 is USD 105.4 million.

Bank deposits earn interest at floating rates based on applicable bank deposit rates.

Note 10 - Related party disclosure

The Group has entered into a corporate service agreement to purchase administrative corporate services from MPC Capital AG, and its subsidiaries.

The Company is responsible for the technical ship management of the vessels owned by the Group. Performance of technical ship management services is sub-contracted to Ahrenkiel Steamship GmbH & Co. KG, a subsidiary of MPC Capital AG, for the following vessels owned by the Group: “AS Laetitia”, “AS Laguna”, “Rio Taku” and “Rio Thompson”. In addition, technical management of the following vessels owned in a joint venture is sub-contracted to Ahrenkiel Steamship GmbH & Co. KG: “AS Carinthia”, “Cardonia”, “Carpathia”, “Cordelia” and “Cimbria”.

Commercial ship management of the vessels owned by the Group is contracted to Contchart Hamburg Leer GmbH & Co.KG, a subsidiary of MPC Capital AG.

The following table provides the total amount of service transactions that have been entered into with related parties for the relevant period:

in USD thousands	H1 2017
Ahrenkiel Steamship GmbH & Co. KG	64
Contchart Hamburg Leer GmbH & Co.KG	15
MPC Maritime Investments GmbH	16
MPC Capital AG	8

In order to secure vessel acquisition prior to the final establishment of MPC Container Ships AS, MPC Capital Beteiligungsgesellschaft mbH & Co. KG, a subsidiary of MPC Capital AG, temporarily warehoused “AS Laetitia”, “AS Laguna”, “Rio Taku” and “Rio Thompson” and delivered the vessels to the Group at cost.

All transactions with related parties are carried out at market terms.

Note 11 - Share capital

	Number of shares	Share capital (USD thousands)	Share premium (USD thousands)
30 June 2017	35,003,000	40.836	130.084

The share capital of the Company consists of 35,003,000 shares at 30 June 2017, with nominal value per share of NOK 10. All issued shares are of equal rights and are fully paid up.

Share issuance costs in H1 2017 amounted to USD 5.2 million.

Note 12 - Warrants

On 20 April 2017, the Company has issued 1,700,000 warrants to MPC Capital Beteiligungsgesellschaft mbH & Co. KG as the founding shareholder, corresponding to 8.5% of the shares issued in the private placement in April 2017. Under the same warrant agreement, on 19 June 2017, the Company has issued 421,046 additional warrants to MPC Capital Beteiligungsgesellschaft mbH & Co. KG considering the equity private placement in June 2017. The total number of independent subscription rights granted to founding shareholders is 2,121,046.

Each warrant gives the holders the right, but no obligation, to subscribe for one share in the Company at the exercise price of the NOK equivalent of USD 5.00 per share, given that the vesting conditions are met. Conditions for exercise are structured in three tranches: 1/3 of the warrants may be exercised at any time after the Company’s share price has exceed the NOK equivalent of USD 6.25, the next 1/3 of the warrants may be exercised at any time after the share price has exceed the NOK equivalent of USD 7.25 and the last 1/3 of the warrants may be exercised at any time after the share price has exceed the NOK equivalent of USD 8.25. The warrants are valid for a period of 5 years from 20 April 2017.

The warrants issued to the founding shareholder are recognized as equity instruments in accordance with IAS 32. For that reason, treatment in accordance with IAS 39 is not applicable.

Note 13 - Commitments

The Group has entered into agreements for the acquisition of two secondhand container vessels ("AS Angelina" and "AS Clara"). As of 30 June, the Group is committed to pay the purchase prices upon delivery of the vessels, which is expected for Q3 2017. Total commitments are USD 14.2 million.

See Note 14.

Note 14 - Subsequent events

On 4 July 2017, the Group took over "AS Clara", a 2006 built 2,742 TEU vessel. The purchase price was USD 8.8 million.

On 9 August 2017, the Group took over "AS Angelina", a 2007 built 2,127 TEU vessel. The purchase price was USD 5.4 million.

On 30 August 2017, the Group announced the acquisition of six container vessels in a portfolio transaction. The vessels will be taken over by the Group via wholly owned subsidiaries. The Company's commitment for investment in this fleet totals USD 57 million, including working capital and dry docking reserves.

On 31 August 2017, the Group took over "AS Fatima", a 2008 built 1,284 TEU vessel. The purchase price was USD 8.0 million.

On 7 September 2017, the Group took over "AS Floretta" and "AS Faustina", two 2007 built 1,284 TEU vessels. The purchase prices were USD 7.4 million per vessel.

On 8 September 2017, the Group took over "AS Fabrizia", a 2008 built 1,284 TEU vessels. The purchase price was USD 7.7 million.

On 8 September 2017, the Group completed the placement of a USD 100 million senior secured bond with a total borrowing limit of USD 200 million. The bond has a floating interest rate of LIBOR + 4.75%. The bonds are expected to be issued by the end of September 2017 with a 5-year maturity.