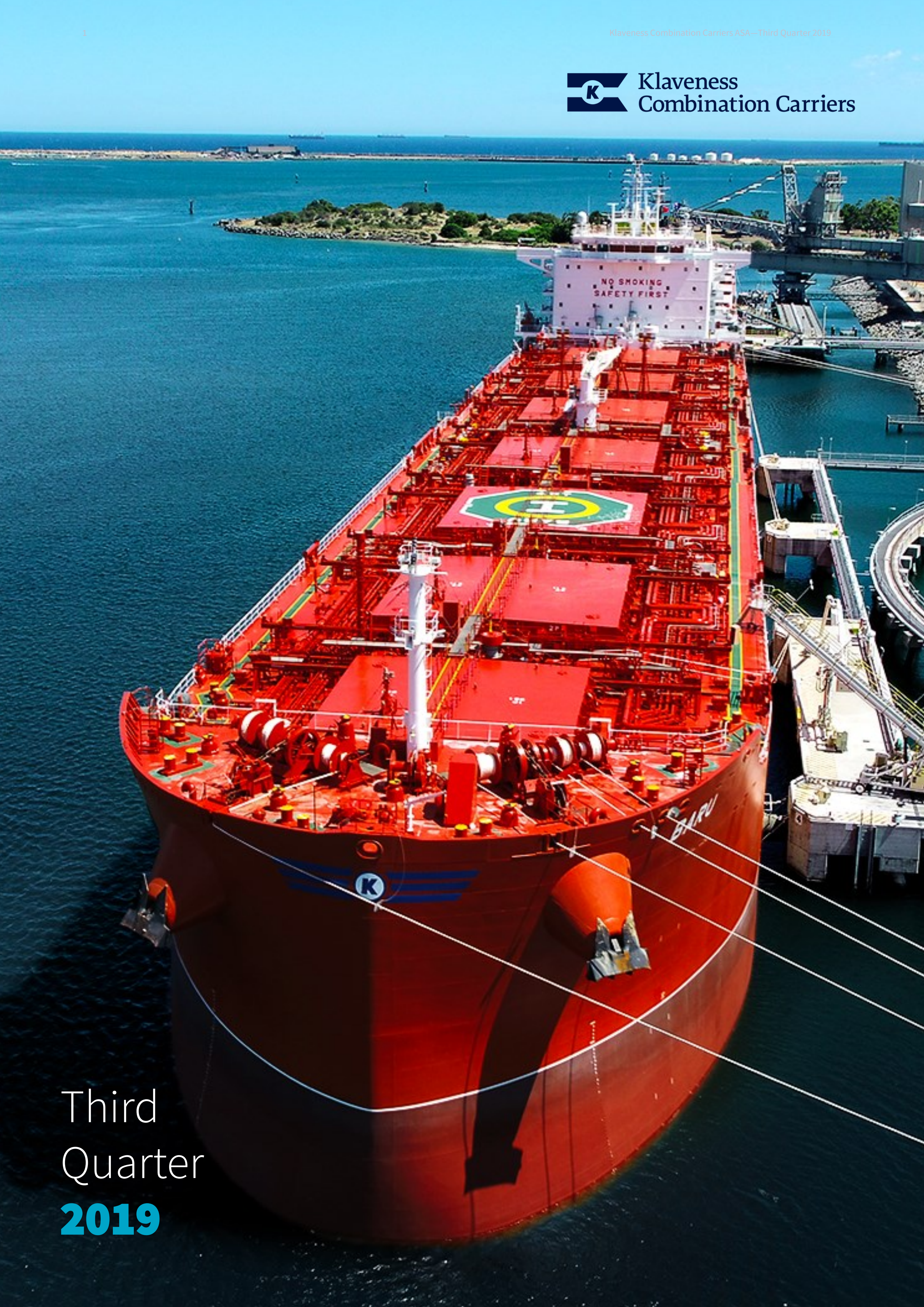
Klaveness Combination Carriers



Third Quarter 2019

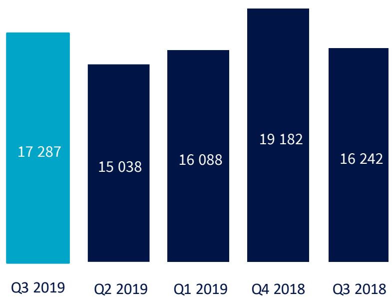
HIGHLIGHTS

- Both the CLEANBU and CABU fleet delivered strong earnings in Q3 supported by a healthy dry bulk market and efficient combination trading. The CLEANBU earnings ended at USD 22,802/day, 1.7 x market earnings of standard LR1-tankers, while the CABU earnings improved to USD 17,287/day, 1.7 x market earnings of standard MR-tankers.
- KCC delivered positive EBT in Q3 of USD 1.5 million. EBITDA improved by 84 % compared to Q2 2019 on the back of the higher CABU and CLEANBU earnings.
- KCC took delivery of the two CLEANBU vessels MV Barracuda and MV Barramundi in July and September, respectively and the vessels started combination trading in Q3 and early Q4.
- 2020 CABU contract discussions are progressing well, supported by a stronger tanker spot market and positive tanker market outlook for 2020. Around 70 % of the planned caustic soda capacity of the CABU fleet for 1st half 2020 is booked to date.
- The phase in of the new CLEANBU vessels is progressing well. Lead time from delivery to start of combination trading has been further reduced and the first switch from dry to Clean Petroleum Product cargo was successfully completed on MV Barracuda in October.
- KCC continues its policy of quarterly dividend payments and has announced dividend payments of USD 0.5 million (USD 0.01 per share)

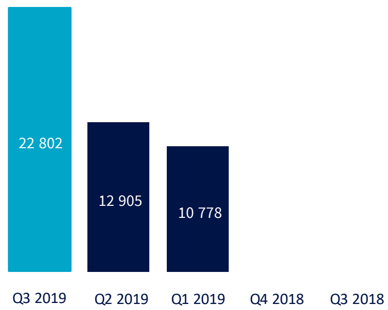
«We are pleased to report substantial TCE earnings improvements in Q3 with both KCC's CABU and CLEANBU vessels earning 1.7 times the comparable standard tanker vessels. We are especially pleased with the commercial and technical progress for the CLEANBU business with CLEANBU TCE earnings ending at around USD 22,800/day in Q3, proving the superior earning capacity of this new vessel type».

Engebret Dahm, CEO
Klaveness Combination Carriers ASA

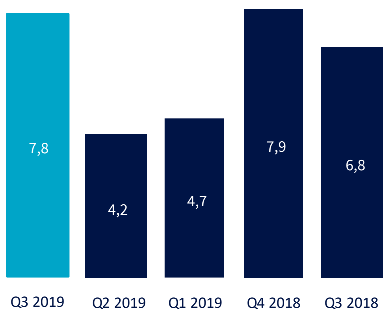
Average CABU TCE earnings ($/d)



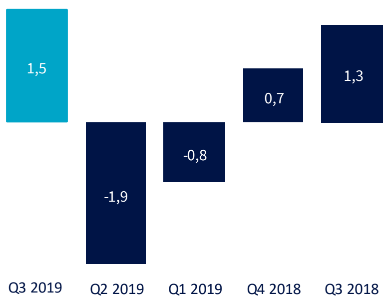
Average CLEANBU TCE earnings ($/d)



EBITDA (mUSD)



Profit/(loss) after tax (mUSD)



CONSOLIDATED FINANCIALS

Key Figures

(USD '000)	Q3 2019	Q3 2018	Q3 2019 YTD	Q3 2018 YTD
Net revenues from vessel operations	16 571	13 392	42 503	41 413
EBITDA (note 11)	7 764	6 786	16 726	22 842
EBITDA adjusted (note 11)	8 411	6 786	18 295	22 842
Profit/(loss) for the period	1 545	1 312	(1 139)	8 170
Earnings per share[1]	0.03	0.04	(0.03)	0.24
Total assets	453 002	287 400		
Equity	211 397	134 561		
Equity ratio	47 %	47 %		
ROCE adjusted (note 11)	4 %	4 %	4 %	8 %

	Q3 2019	Q3 2018	Q3 2019 YTD	Q3 2018 YTD
Average revenue per on-hire day (note 11)	18 127 $/d	16 242 $/d	16 312 $/d	16 790 $/d
Opex per day (note 11)	7 138 $/d	6 906 $/d	7 233 $/d	6 402 $/d
Onhire days	895	823	2 599	2 443
Off-hire days, scheduled	65	-	91	7
Off-hire days, unscheduled	4	7	68	12
% of days in main combination trades[2]	89 %	75 %	74 %	77 %
Utilisation[3]	91 %	97 %	92 %	96 %

FINANCIAL PERFORMANCE

Net revenues from operations of vessels were USD 16.6 million in Q3 2019, compared to USD 13.4 million in the same quarter last year. The average revenue per on-hire day of $ 18,127/day is $1,885/day higher than Q3 2018 and was positively impacted by a stronger dry bulk market and efficient combination trading. Two CABU vessels were docking this quarter with in total 65 off-hire days.

Operating expenses for the vessels increased from USD 5.7 million in Q3 2018 to USD 7.6 million in Q3 2019 due to delivery and the introduction of the CLEANBU vessels. Opex of $7,138/day for Q3 was slightly higher than Q3 last year ($6,906/d) due to higher opex for the newly delivered vessels. Operating expenses in Q3 were impacted by start-up expenses of USD 0.6 million related to the delivery of the 2nd and 3rd CLEANBU vessels. EBITDA for the period ended at USD 7.8 million up from USD 6.8 million in Q3 2018 and USD 4.2 million in Q2 2019.

Net result from financial items was negative USD 2.6 million in Q3 compared to negative USD 1.4 million for the same period last year, mainly due to higher interest-bearing debt following the delivery of the CLEANBU vessels and fair value changes of unrealized derivatives. While the non-cash fair value changes of derivatives (mainly interest rate swaps) were negative USD 0.5 million in Q3 2019, the same quarter last year had positive fair value changes of USD 0.5 million.

Net profit after tax for Q3 ended at USD 1.5 million compared to USD 1.3 million for the same period last year and up from a loss of USD 1.9 million in Q2 2019.

THE CABU BUSINESS

(USD/day) / # of days	Q3 2019	Q3 2018	Q3 2019 YTD	Q3 2018 YTD
Average revenue per on-hire day (note 2)	17 287 $/d	16 242 $/d	16 137 $/d	16 790 $/d
Opex per day (note 2)	6 741 $/d	6 906 $/d	6 758 $/d	6 402 $/d
Onhire days	758	823	2 353	2 443
Off-hire days, scheduled	65	0	91	7
Off-hire days, unscheduled	3	7	12	12
% of days in main combination trades[2]	87 %	75 %	73 %	77 %
Ballast days in % of total on-hire days	8 %	10 %	11 %	10 %
Utilisation[3]	89 %	97 %	93 %	96 %

The CABU vessels performed well also in Q3 2019 and average earnings ended at $17,287/day, the strongest quarter to date in 2019. Earnings were impacted by solid earnings on a higher number of caustic soda cargos, however lower than expected shipments under one caustic soda COA had negative impact. Number of days in the main CABU combination trades to Australia and Brazil were 87%, a considerable improvement compared to last quarter (61%) and Q3 last year (75%). Stronger dry bulk markets had positive earnings effects in Q3, but were partly offset by higher dry bulk relet losses and loss on FFA hedges.

Two CABU vessels went through periodic drydocking in Q3 and Ballast Water Treatment Systems were installed. Operating costs for the CABU fleet remained steady in line with expectations and $165/day below Q3 2018.

1 Earnings per share from operations. Based on average outstanding shares for the different periods.

2 % of days in main combination trades = number of days in combi trade from Far East/Middle East to Australia, US Gulf to Brazil and Middle East/India to South America as a percentage of total onhire days.

3 Utilization = (Operating days less waiting time less off-hire days)/operating days

THE CLEANBU BUSINESS

(USD/day) / # of days	Q3 2019	Q3 2018	Q3 2019 YTD	Q3 2018 YTD
Average revenue per on-hire day (note 2)	22 802 $/d	-	17 970 $/d	-
Opex per day (note 2)	9 126 $/d	-	10 705 $/d	-
Onhire days	136	-	246	-
Off-hire days, scheduled	-	-	-	-
Off-hire days, unscheduled	1	-	56	-
% of days in main combi pattern[1]	100 %	-	87 %	-
Ballast days in % of total on-hire days	0 %	-	29 %	-
Utilisation[2]	99 %	-	81 %	-

Average CLEANBU earnings ended at $22,802/day for the quarter positively impacted by a strong dry bulk market and efficient combination trading for the two CLEANBU vessels in operation. The phase-in of the CLEANBUs is making headway. The 2nd CLEANBU, MV Barracuda, completed its first successful dry/wet switch in early October after completing a shipment of alumina to the Middle East Gulf before loading a CPP cargo for Singapore. KCC took delivery of the 3rd CLEANBU, MV Barramundi, on 20 September and the vessel started combination trading in 2nd half of October after completing the first caustic soda introduction voyage.

Operating costs, excluding start-up costs for the two vessels delivered during the quarter, improved considerably in Q3. The operations of the first vessel, MV Baru, continued to improve, and delivery and start-up of the second and third CLEANBUs were more efficient compared to the first vessel.

CAPITAL AND FINANCING

The equity ratio for the Group was 47 % at the end of Q3, quite stable compared to last quarter (49%) and down from 53% at year-end 2018. Cash and cash equivalents were USD 67.5 million against USD 88.3 million as of 31 December 2018 and total assets were up by USD 119.1 million to USD 453.0 million. Delivery of the CLEANBUs impacts both the equity ratio, total assets and cash development.

Total interest-bearing debt ended at USD 225.5 million at the end of Q3, USD 19.3 million up compared to end of Q2 and an increase of USD 79.3 million compared to year-end 2018, mainly due to drawdown on mortgage debt in relation to delivery of the CLEANBU newbuilds. Bank financing has been secured for all three CLEANBU newbuilds with delivery in 2020. Discussions with respect to financing of the two remaining newbuilds with delivery in 2021 will be initiated during Q4 2019.

Net cash flow from operating activities was USD 11.0 million in Q3 both due to positive EBITDA and positive changes in working capital. Net cash flow from investments in Q3 relates to dry dock costs of two CABU Mark I vessels, yard installments mainly related to the two vessels delivered in Q3 and other costs related to the newbuilding program, in total negative USD 89.8 million. Net cash flow from financing activities was USD 23.5 million in Q3 2019, mainly due to drawdown of the bank loan for MV Barramundi. The drawdown of the bank loan for MV Barracuda was made in June. USD 0.5 million was paid as dividends to shareholders in Q3. Net change in liquidity hence amounted to USD 55.3 million.

FLEET

The fleet consists of nine CABU and three CLEANBU combination carriers of which, MV Baru, was delivered in January 2019, MV Barracuda was delivered at the end of July 2019 and MV Barramundi in September 2019. The company has another five CLEANBUs on order with estimated delivery in Q1 2020 to Q1 2021. KCC agreed with the shipyard in late September 2019 to postpone the declaration and delivery dates of four outstanding options and to add two options to contract additional CLEANBU vessels. The six individual fixed price options with expiry in the period between February 2020 and January 2021 have scheduled delivery dates in the period September 2021 to November 2022.

The CABU vessels are combination carriers transporting mainly caustic soda solution and all types of dry cargo. The main trade lanes are to/from the Far East, the Middle East, Australia, Brazil and North America. The CLEANBU vessels are designed to transport clean petroleum products in addition to caustic soda and dry bulk products, giving them a wider range of trading possibilities.

The construction of the CLEANBU vessels is progressing well and experience obtained from the operation of the three vessels delivered in 2019 has and will continue to be transferred to the remaining five vessels under construction. Experience transfer from MV Baru, the first vessel, has had positive impact on the phase-in of the second and third vessel, resulting in i.a. shorter lead-time from delivery to combination trading. MV Baru is currently at the yard to complete guarantee works and is scheduled to be back in full operation during second half of November after an estimated five weeks off-hire. Guarantee works will also be performed on MV Barracuda and MV Barramundi during November with estimated duration/off-hire of five to seven days each.

Two CABU vessels have been in for periodic drydocking during Q3. Ballast Water Treatment Systems (BWTS) have been installed on both vessels. Three vessels will go through periodic dry docking and install Ballast water treatment system in 2020.

1 % of days in main combination trades = number of days in combi trade from Far East/Middle East to Australia, US Gulf to Brazil and Middle East/India to South America as a percentage of total onhire days.

2 Utilization = (Operating days less waiting time less off-hire days)/operating days

MARKET DEVELOPMENT

Earnings of KCC's combination carriers are driven by the dry bulk, tanker and fuel markets. KCC is mainly influenced by the standard MR- and LR-product tankers and panamax/kamsarmax dry bulk markets as the capabilities of KCC's vessels correspond to these standard vessels. Due to the significantly lower ballasting of KCC's combination vessels compared to these standard vessels, KCC's earnings are also positively impacted by increasing fuel costs. Market freight rates in both dry and tanker markets incorporate the cost of extensive ballasting which KCC's vessels to a large degree are avoiding.

Dry bulk freight rates improved through Q3 and delivered the best dry bulk quarter since Q4 2010. Panamax rates increased from $9,500/day in Q2 to $16,000/day in Q3 due to healthy growth in panamax shipments of all major commodity groups and support from a strong capesize market. The effective vessel supply in the dry bulk market was curtailed due to scrubber fittings of primarily capesize vessels. The strong growth in panamax shipments of coal, iron ore and bauxite can partly be explained by panamaxes substituting capsize vessels because of rallying cape rates. In addition, the East Coast South America fronthaul trade increased by 16% in volumes year-on-year on the back of increased grain exports. The curtailment on the supply side due to scrubber installations is expected to persist in Q4 2019 and continue into 2020.

The tanker markets were fairly flat coming into October with spot earnings for MR-tankers of around $10,000/d[1]. The US imposed sanctions on a COSCOs subsidiary created uncertainty and charterers indiscriminately shunned tankers owned by COSCO in fear of running afoul of US sanctions. This created a surge in earnings in certain dirty trades, which again impacted the clean product tanker market with LR2 spot earnings rallying from a $10-20,000/day range during August and September to a peak of $75,000/day in mid-October. Both the crude and clean tanker markets have come down, but seem to have stabilized at relatively acceptable levels at the end of October and early November.

The effective supply in the tanker market will be curtailed by the scrubber installations in preparations for IMO2020, reducing the effective supply in 2020[2]. Most analysts expect a solid increase in demand for product tankers in 2020, typically around 6%, partly driven by the new IMO regulations. These positive expectations and the recent stronger spot tanker market support the period clean tanker TC-rates. 1-year TC rates are currently priced at high teens, very low 20s and mid 20s for MR, LR1 and LR2 respectively.

Crude prices rose 20% intraday to $72/bbl after the drone attack on Saudi oil installations on 14 September, the largest intraday surge since 1990. Saudi oil output recovered quickly and crude prices have been trading around $60/bbl for most of September and October and are priced fairly flat in the forward market. Supply and pricing of bunkers have also been quite volatile coming into Q4, as the markets are gearing up for IMO2020. Especially the supply of high Sulphur fuel oil (HSFO) in Singapore has been tight, creating large price spreads between various regions. The spreads between IMO 2020 compliant low sulphur fuel oil (VLSO) and HSFO are varying a lot between geographical regions due to differences in availability. We are seeing VLSO-HSFO spreads of about $220-300/mt in key bunkering ports, with prices fluctuating around $300/mt and $550/mt for HSFO and VLSO respectively. It is expected that the differing availability of IMO2020 compliant fuel will continue to be a large geographical price driver in Q4 and going into 2020.

Fig. 1: Product tanker market

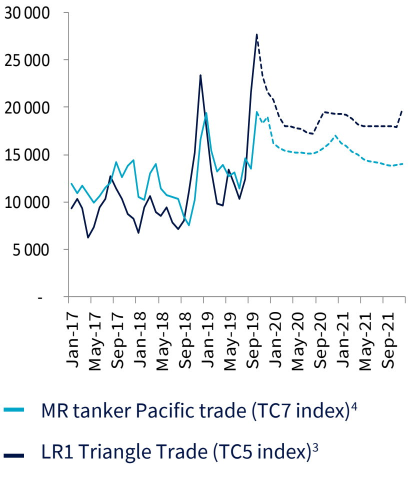


Fig. 2: Dry bulk market

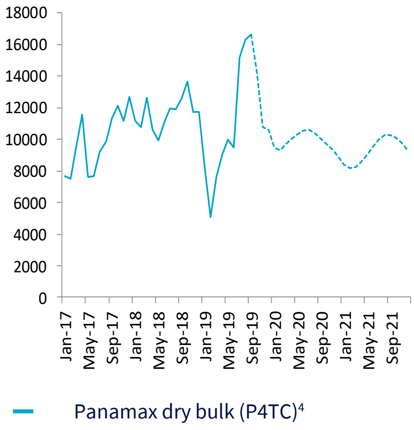
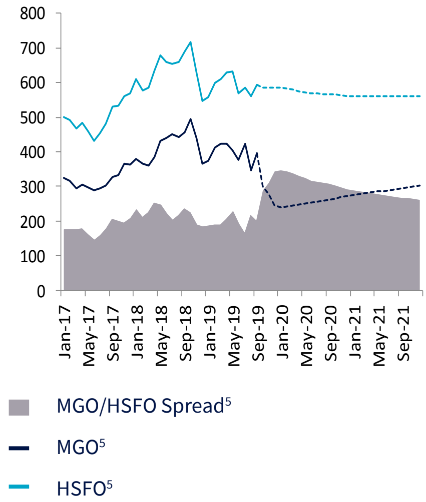


Fig. 3: Fuel market



1 Clarksons average MR Clean earnings

2 Clarksons

3 According to KCC triangular model with baltic exchange TC5 historical and FFA market levels.

4 TC7 and P4TC as per Baltic

5 Platts settled and futures curves

HEALTH, SAFETY AND ENVIRONMENT

HEALTH AND SAFETY

Safety is KCC's priority number one and to the Board's satisfaction there were no major incidents so far in 2019. There were two "medium injuries" in Q3 2019, accidents resulting in one fractured ankle and one broken palm bone. The two navigational incidents in Q3-2019 were related to CABU vessels grounding on sand banks in the Amazonas without any injuries or damage to the vessel.

HEALTH & SAFETY KPI'S	Q3 2019	Q3 2018	Q3 2019 YTD	Q3 2018 YTD
# of medium* injuries	2	1	5	3
# of major** injuries	-	-	-	-
# of navigational incidents	2	-	3	-
# of spills to the environment	-	-	-	-

** Medium = Medical treatment and repatriation, will return to work*

***Major = Severe injury or death*

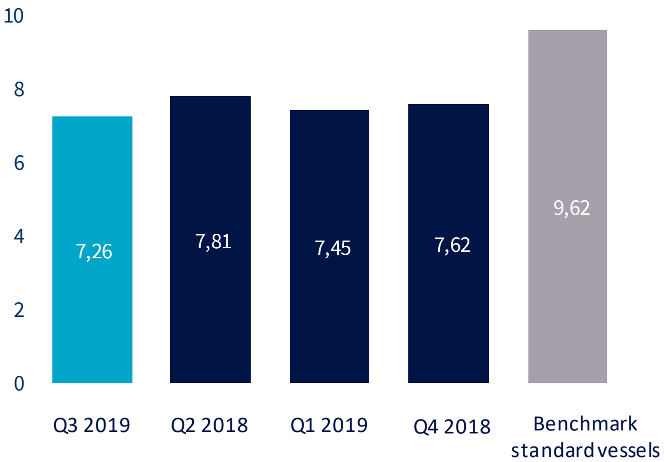
ENVIRONMENT

The operation of KCC's vessels has an impact on the environment. The company is taking all possible technical and operational precautions to protect the environment as a minimum complying with all requirements in the International Safety Management Code (ISM-code) and the MARPOL -convention.

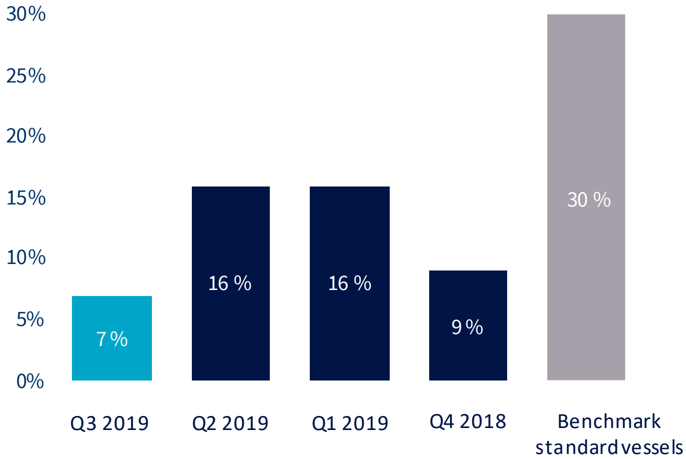
KCC's combination carriers are the most carbon efficient deep-sea shipping solution available today and have up to 40% less greenhouse gas (GHG) emissions on the same transport work as standard dry bulk and tanker vessels. This is mainly achieved by removing unnecessary emissions from ballasting through efficiently combining wet and dry cargoes. A typical bulker or tanker spends 30-40% of its time empty while still emitting GHG.

The CO_2 emission per ton transported per nautical mile expressed through the Energy Efficiency Operational Indicator (EEOI) has improved in Q3 as a consequence of delivery of the new and efficient CLEANBU vessels and better operational efficiency for the CABU fleet following increased number of caustic soda shipments and combination voyages. The ballast days in % of total on-hire days were also considerably lower in Q3 2019 compared to Q2.

CO_2 emission per ton transported cargo per nautical mile (EEOI)[1,2]



Ballast days in % of total onhire days[2]



1 *EEOI (Energy Efficiency Operational Index) is defined by IMO and represents CO2 emitted per transported cargo per nautical mile for a period of time (both fuel consumption at sea and in port included). In theory, this index will show the good energy efficiency for the combination carriers as we have a little degree of ballast, but we have also seen that the index is highly affected by one or two longer ballast legs since the fleet is relatively small. These variations are evident when we look at the historical numbers, but will most likely be more stable when we have more vessels in the fleet.*

2 *The EEOI and % ballast for "Benchmark standard vessels" are calculated based on standard vessels (Panamax dry, MR-tankers and LR1-tankers) making the same transportation work in the same trades as performed by KCC's CABU and CLEANBU vessels. The EEOI for "Benchmark standard vessels" is calculated as the weighted average of EEOI for the individual trades performed.*

OUTLOOK AND SUBSEQUENT EVENTS

Despite uncertain macroeconomic outlook with increasing trade tensions and the slowing down of the Chinese economy, the outlook for KCC's business for the balance of 2019 and 2020 is positive.

The Q4 earnings for the CABU vessels are expected to improve further, based on continued high caustic soda shipment volumes and an expected continued strong tanker market. The increase in caustic soda shipment volume in 2nd half relative to 1st half 2019 is likely lower than previously expected as firm shipments under one of the major COAs to Australia will be cancelled or postponed into 2020. Caustic soda shipment volume to Brazil under existing COAs, is however expected to be back to normal after Hydro over Q3 has successfully ramped up production at Alunorte in Brazil to around 85% of nameplate capacity. The number of caustic soda shipments in Q4 are expected to be in line with Q3 2019 (13 shipments). TC-equivalent earnings for the CABU fleet for 2019 is expected to be around USD 17,000/day.

The process of extending and renewing caustic soda contracts for 2020 is progressing well supported by a stronger tanker market and positive expectations for next year in the tanker market. To date, approximately 50 % of the planned CABU caustic soda cargo volume for 2020 has been fixed and for 1st half 2020, 70 % has been fixed. KCC's target is to conclude contracts for close to 100 % of the CABU fleet's caustic soda capacity for 1st half 2020 within the end of 2019.

The earnings outlook for the CLEANBU fleet in Q4 and 2020 is robust based on a good progress of the phase-in of the CLEANBU vessels and a strong tanker market backdrop. The CLEANBUs will, however, mostly trade spot in 2020 as combi-trades are developed and the CLEANBU vessels prove performance and build track record. Earnings are dependent on a continued successful trading of the CLEANBUs in efficient combination trades. Operating and start-up costs for the CLEANBUs are expected to be lower over the next quarters, however, there will continue to be start-up costs and phase-in time also for the three CLEANBUs delivering in 2020.

KCC's preparations for the forthcoming IMO 2020 regulations are advancing with ongoing cleaning of bunker tanks and early procurement and testing of compliant VLSO on all vessels. All vessels shall have completed all IMO 2020 preparations, including consumed all remaining HFO on board, within the middle of December 2019.

Oslo, 7 November 2019

The Board of Directors of

Klaveness Combination Carriers ASA

Lasse Kristoffersen **Chairman of the Board**	**Magne Øvreås** **Board member**	**Morten Skedsmo** **Board member**
Lori Wheeler Næss **Board member**	**Stephanie Sanvy Wu** **Board member**	**Engebret Dahm** **CEO**

INCOME STATEMENT

		Quarter ended		YTD		Year ended
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
USD'000	**Notes**	**30 Sep 2019**	**30 Sep 2018**	**30 Sep 2019**	**30 Sep 2018**	**31 Dec 2018**
Freight revenue	3	34 467	28 420	94 548	55 308	84 284
Charter hire revenue	3	68	788	649	16 933	17 540
Total revenues, vessels	3	**34 535**	**29 208**	**95 197**	**72 241**	**101 824**
Voyage expenses		(17 964)	(15 816)	(52 694)	(30 828)	(45 431)
Net revenues from operations of vessels		**16 571**	**13 392**	**42 503**	**41 413**	**56 393**
Operating expenses, vessels		(7 563)	(5 719)	(21 401)	(15 729)	(21 599)
Group commercial and administrative services	9	(1 041)	(832)	(3 369)	(2 594)	(3 618)
Tonnage tax		(24)	(27)	(98)	(103)	(119)
Other operating and administrative expenses		(179)	(28)	(910)	(144)	(300)
Operating profit before depreciation		**7 764**	**6 786**	**16 726**	**22 842**	**30 757**
			-			
Ordinary depreciation	4	(3 621)	(4 110)	(9 541)	(12 383)	(16 840)
Operating profit after depreciation		**4 143**	**2 676**	**7 185**	**10 459**	**13 917**
			-			
Finance income	7	2 561	670	3 631	2 970	2 234
Finance costs	7	(5 159)	(2 034)	(11 955)	(5 259)	(7 374)
Profit before tax		**1 545**	**1 312**	**(1 139)**	**8 170**	**8 777**
Income tax expenses		-	-	-	-	59
Profit after tax		**1 545**	**1 312**	**(1 139)**	**8 170**	**8 836**
Attributable to:						
Equity holders of the parent company		1 545	1 312	(1 139)	7 311	7 978
Non-controlling interests		-	-	-	858	858
Total		**1 545**	**1 312**	**(1 139)**	**8 170**	**8 836**
Earnings per Share (EPS):						
Basic and diluted, profit for the period attributable to ordinary equity holders of the parent		**0.03**	**0.04**	**(0.03)**	**0.24**	**0.23**

STATEMENT OF COMPREHENSIVE INCOME

USD '000	Quarter ended Unaudited 30 Sep 2019	Unaudited 30 Sep 2018	YTD Unaudited 30 Sep 2019	Unaudited 30 Sep 2018	Year ended Audited 31 Dec 2018
Profit/ (loss) of the period	**1 545**	**1 312**	**(1 139)**	**8 170**	**8 836**
Other comprehensive income to be reclassified to profit or loss					
Net movement fair value on cross-currency interest rate swaps (CCIRS)	(2 692)	-	(2 587)	-	-
Reclassification to profit and loss (CCIRS)	2 173	-	2 384	-	-
Net movement fair value on interest rate swaps	(72)	291	(764)	1 943	368
Net movement fair value FX hedge	-	-	(14)	-	(35)
Net movement fair value bunker hedge	(77)	-	570	-	(918)
Net movement fair value FFA hedge	(798)	-	(586)	-	970
Net other comprehensive income to be reclassified to profit or loss	**(1 466)**	**291**	**(997)**	**1 943**	**385**
Other comprehensive income/(loss) for the period, net of tax	**(1 466)**	**291**	**(997)**	**1 943**	**385**
Total comprehensive income/(loss) for the period, net of tax	**79**	**1 602**	**(2 135)**	**10 113**	**9 221**
Attributable to:					
Equity holders of the parent company	79	1 602	(2 135)	8 921	8 029
Non-controlling interests	-	-	-	1 192	1 192
Total	**79**	**1 602**	**(2 135)**	**10 113**	**9 221**

STATEMENT OF FINANCIAL POSITION

(Figures in USD '000)

ASSETS	Notes	Unaudited 30 Sep 2019	Audited 31 Dec 2018
Non-current assets			
Deferred tax asset		15	15
Vessels	4	317 414	167 037
Newbuilding contracts	5	47 058	59 877
Right of-use assets	4	1 872	-
Long-term financial assets	6	300	1 855
Total non-current assets		**366 659**	**228 786**
Current assets			
Short-term financial assets	6	679	464
Inventories		4 815	5 883
Trade receivables and other current assets		13 314	9 870
Short-term receivables from related parties		54	594
Cash and cash equivalents		67 481	88 263
Total current assets		**86 343**	**105 074**
TOTAL ASSETS		**453 002**	**333 859**

EQUITY AND LIABILITIES	Notes	Unaudited 30 Sep 2019	Audited 31 Dec 2018
Equity			
Share capital	8	5 725	4 863
Share premium		130 189	92 271
Other reserves		(946)	51
Retained earnings		76 428	80 901
Total equity		**211 397**	**178 086**
Non-current liabilities			
Mortgage debt	6	173 061	95 746
Long-term liabilities to related parties	6	-	36 000
Long-term financial liabilities	6	5 244	450
Long-term lease liabilities		1 497	-
Bond loan	6, 9	32 779	-
Total non-current liabilities		**212 581**	**132 196**
Current liabilities			
Short-term mortgage debt	6	16 936	12 200
Other interest bearing liabilities	6	2 676	2 172
Short-term financial liabilities	6	362	918
Short-term lease liabilities		402	-
Trade and other payables		7 402	7 601
Short-term debt to related parties		1 102	563
Tax liabilities		144	123
Total current liabilities		**29 024**	**23 577**
TOTAL EQUITY AND LIABILITIES		**453 002**	**333 859**

STATEMENT OF CHANGES IN EQUITY

(Figures in USD '000)

	Attributable to equity holders of the parent						
Unaudited 2019	**Share capital**	**Other paid in capital**	**Hedging reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Equity 1 January 2019	**4 863**	**92 271**	**51**	**80 901**	**178 086**	**-**	**178 086**
Profit (loss) for the period	-	-	-	(1 139)	**(1 139)**	-	**(1 139)**
Other comprehensive income for the period	-	-	(997)	-	**(997)**	-	**(997)**
Dividends	-	-	-	(3 335)	**(3 335)**	-	**(3 335)**
Capital increase (May 20, 2019)	862	37 918	-	-	**38 781**	-	**38 781**
Equity at 30 September 2019	**5 725**	**130 189**	**(946)**	**76 428**	**211 397**	**-**	**211 397**

Unaudited 2018	**Share capital**	**Other paid in capital**	**Hedging reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Equity 1 January 2018	**-**	**48 997**	**-**	**103 877**	**152 874**	**20 441**	**173 314**
Profit (loss) for the period	-	-	-	7 311	**7 311**	858	**8 170**
Other comprehensive income for the period	-	-	1 609	-	**1 609**	334	**1 943**
Bonus issue (establishment March 23, 2018)	142	(142)	-	-	**-**	-	**-**
Capital reduction	(13)	(35 987)	-	-	**(36 000)**	-	**(36 000)**
Dividends to non-controlling interests	-	-	-	-	**-**	(495)	**(495)**
Group contribution	-	-	-	(23 746)	**(23 746)**	-	**(23 746)**
Capital increase (April 30, 2018)	36	39 695	-	-	**39 731**	-	**39 731**
Acquisition of non-controlling interest (April 25, 2018)	-	-	-	(260)	**(260)**	(363)	**(623)**
Acquisition of non-controlling interest (April 30, 2018)	-	-	-	(6 956)	**(6 956)**	(20 775)	**(27 732)**
Bonus issue	3 684	(3 684)	-	-	**-**	-	**-**
Equity at 30 September 2018	**3 849**	**48 878**	**1 609**	**80 224**	**134 561**	**-**	**134 561**

Audited 2018	**Share capital**	**Other paid in capital**	**Hedging reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Equity 1 January 2018	**-**	**48 997**	**-**	**103 877**	**152 874**	**20 441**	**173 315**
Profit (loss) for the period	-	-	-	7 978	**7 978**	858	**8 836**
Other comprehensive income for the period	-	-	51	-	**51**	334	**385**
Bonus issue (establishment March 23, 2018)	142	(142)	-	-	**-**		**-**
Capital reduction	(13)	(35 987)	-	-	**(36 000)**	-	**(36 000)**
Capital increase (April 30, 2018)	36	39 695	-	-	**39 731**	-	**39 731**
Acquisition of non-controlling interest (April 25, 2018)	-	-	-	(260)	**(260)**	(363)	**(623)**
Acquisition of non-controlling interest (April 30, 2018)	-	-	-	(6 947)	**(6 947)**	(20 775)	**(27 723)**
Group contribution	-	-	-	(23 746)	**(23 746)**	-	**(23 746)**
Dividends to non-controlling interests	-	-	-	-	-	(495)	**(495)**
Bonus issue	3 684	(3 684)	-	-	-	-	-
Capital increase (October 10, 2018)	1 014	43 393	-	-	**44 407**	-	**44 407**
Equity at 31 December 2018	**4 863**	**92 271**	**51**	**80 901**	**178 086**	**-**	**178 086**

CASH FLOW STATEMENT

(Figures in USD '000)

		Quarter ended		YTD		Year ended
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Notes	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	31 Dec 2018
Profit before tax		1 545	1 312	(1 139)	8 170	8 777
Tonnage tax expensed		24	27	98	103	119
Ordinary depreciation	4	3 621	4 110	9 541	12 383	16 840
Amortization of upfront fees bank loans		89	36	243	145	228
Financial derivatives unrealised loss / gain (-)	6	2 478	(480)	3 597	(2 345)	(1 163)
Gain/loss on foreign exchange		(1 953)		(1 480)		-
Interest income	7	(502)	(180)	(1 597)	(625)	(1 071)
Interest expenses	7	2 514	1 972	7 080	5 016	6 972
Taxes paid for the period		-	-	(45)	-	-
Change in current assets		2 404	(4 450)	(2 118)	(3 279)	(2 070)
Change in current liabilities		278	1 300	(259)	(1 319)	(1 782)
Interest received	7	502	180	1 597	625	1 071
A: Net cash flow from operating activities		**10 999**	**3 828**	**15 517**	**18 874**	**27 920**
Acquisition of tangible assets	4	(2 803)	(236)	(3 789)	(1 783)	(2 817)
Installments and other cost on newbuilding contracts	5	(87 001)	(661)	(143 027)	(16 413)	(22 126)
Acquisition of subsidiaries, net of cash		-	-	-	863	863
Acquisition of non-controlling interest		-	-	-	(622)	-
B: Net cash flow from investment activities		**(89 804)**	**(897)**	**(146 816)**	**(17 955)**	**(24 080)**
Proceeds from mortgage debt	6	31 000	-	93 000	-	3 000
Net proceeds from bond loan and settlement shareholder loan	6	-	-	(630)	-	-
Transaction costs on issuance of loans	6	(949)	-	(1 403)	-	-
Repayment of mortgage debt	6	(3 481)	(2 887)	(10 012)	(8 662)	(10 528)
Interest paid	7	(2 525)	(1 990)	(6 390)	(4 982)	(7 103)
Repayment of financial lease liabilities		(99)	-	(278)	-	-
Capital increase April 30, 2018		-	-	-	12 000	12 000
Capital increase October 10, 2018		-	-	-	-	45 000
Capital increase May 20, 2019		-	-	40 096	-	-
Transaction costs on capital increase		-	-	(1 035)	-	(581)
Paid in capital for approved not registered capital increase		-	1 079	-	1 079	-
Acquisition of non-controlling interests		-	-	-	-	(622)
Group contribution/dividend		(480)	-	(3 334)	(9 958)	(9 958)
Dividends to non-controlling interests		-	-	-	(495)	(495)
C: Net cash flow from financing activities		**23 466**	**(3 798)**	**110 014**	**(11 018)**	**30 713**
Net change in liquidity in the period (A + B + C)		**(55 340)**	**(867)**	**(21 285)**	**(10 099)**	**34 552**
Cash and cash equivalents at beginning of period*		120 145	42 306	86 090	51 538	51 538
Cash and cash equivalents at end of period*		64 805	41 439	64 805	41 439	86 090
Net change in cash and cash equivalents in the period		**(55 340)**	**(867)**	**(21 285)**	**(10 099)**	**34 552**

* Cash and cash equivalents include drawn amount on overdraft facility.

Notes

01 Accounting policies

CORPORATE INFORMATION

Klaveness Combination Carriers ASA ("parent company/the Company/KCC") is a public limited liability company domiciled and incorporated in Norway. The parent company has its headquarter and registered office in Drammensveien 260, 0283 Oslo. The share is listed on Oslo Axess with ticker KCC.

The objectives of the Group is to provide transportation for drybulk, chemical and product tanker clients, as well as to develop new investment and acquisition opportunities that fit the Group's existing business platform. The Group has nine CABU vessels, that has capacity to transport caustic soda (CSS), floating fertilizer (UAN) and molasses as well as all dry bulk commodities. In addition, the Group has three CLEANBU vessels in operation and five CLEANBU newbuildings with estimated delivery between Q1-2020 and Q1-2021. The CLEANBUs are both full fledged LR1 product tankers and kamsarmax dry bulk vessels.

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 should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with IFRS, as adopted by the European Union.

NEW ACCOUNTING STANDARDS

The accounting policies adopted in preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements of the year ended 31 December 2018 except for the adoption of new accounting standards or amendments with effective date after 1 January 2019 (see description below).

IFRS 16 Leases, effective from 1 January 2019

The company adopted IFRS 16, Leases, with effect 1 January 2019. The new standard was applied using the modified retrospective method. On initial application of IFRS 16, the Company elected to use the following practical expedients:

- Lease contracts with a duration of less than 12 months will continue to be expensed to the income statement.
- Lease contracts for underlying assets of a low value will continue to be expensed to the income statement.

The Group has elected to use the exemptions proposed by the standard on lease contracts with a term of less than 12 months, and lease contracts for which the underlying asset is of low value. Lease payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Lease contracts which is not part of the exemptions are measured at the present value of remaining lease payments, discounted using the incremental borrowing rate. The right-of-use assets are measured at an amount equal to the lease liability.

There was no material impact of other new accounting standards adopted by the period, and further reference is given to the annual report for 2018.

02 Segment reporting

The Group is an owner and operator of combination carriers and operates mainly within the dry bulk shipping industry and the product tanker industry. Currently, the Group owns nine CABUs, three CLEANBUs on water and five CLEANBUs on order with expected deliveries through 2020 and 2021.

CABUs are from 72,456 dwt to 80,344 dwt and have the capacity to transport caustic soda solution (CSS), floating fertilizer (UAN) and molasses as well as all types of dry bulk commodities.

The CLEANBUs have approximately 82,500 dwt carrying capacity. The CLEANBUs are both full-fledged LR1 product tankers and Kamsarmax bulk carriers transporting clean petroleum products (CPP), heavy liquid cargoes such as CSS, UAN and molasses as well as all types of dry bulk products. The three CLEANBU vessels were delivered 10 January, 29 July and 20 September 2019.

Segment reporting includes financials for the two segments from delivery of the first CLEANBU vessel in January 2019. In 2018, the Group had only one segment and information on segment performance is found for the combination carriers segment and thus is equal to the Income Statement, Statement of Financial Position and Cash flow statement.

Operating income and operating expenses per segment Q3 2019 (USD'000)	CABU	CLEANBU	Total
Operating revenue, vessels	30 394	4 141	34 535
Voyage expenses	(17 013)	(951)	(17 964)
Total operating revenue	**13 381**	**3 190**	**16 571**
Operating expenses, vessels	(5 431)	(2 132)	(7 563)
Group administrative services	(748)	(293)	(1 041)
Tonnage tax	(20)	(4)	(24)
Ordinary depreciation	(2 807)	(814)	(3 621)
Other operating and administrative expenses	(128)	(50)	(179)
Total operating expenses	**(9 134)**	**(3 294)**	**(12 428)**
Operating profit/EBIT	**4 247**	**(104)**	**4 143**

Reconciliation of average revenue per onhire day Q3 2019 (USD'000)	CABU	CLEANBU	Total
Net revenues from operations of vessels	13 381	3 190	16 571
IFRS 15 adjustment*	(271)	(83)	(354)
Net revenue ex IFRS adjustment	13 110	3 107	16 217
Onhire days	758	136	895
Average revenue per onhire day ($/d)	**17 287**	**22 802**	**18 127**

Reconciliation of opex per day Q3 2019 (USD'000)	CABU	CLEANBU	Total
Operating expenses, vessels	5 431	2 132	7 563
Leasing cost previously presented as opex	151	21	172
Start up cost CLEANBU vessels	-	(647)	(647)
Operating expenses, vessels adjusted	5 582	1 506	7 088
Operating days	828	165	993
Opex per day ($/d)	**6 741**	**9 126**	**7 138**

* IFRS 15 adjustment: Revenue recognized from load-to-discharge and not from discharge-to-discharge, resulting in higher volatility in revenues from month to month.

Operating income and operating expenses per segment Q3 2019 YTD (USD'000)	CABU	CLEANBU	Total
Operating revenue, vessels	88 576	6 621	95 197
Voyage expenses	(50 585)	(2 109)	(52 694)
Total operating revenue	**37 991**	**4 512**	**42 503**
Operating expenses, vessels	(16 285)	(5 116)	(21 401)
Group administrative services	(2 843)	(526)	(3 369)
Tonnage tax	(87)	(10)	(97)
Ordinary depreciation	(7 732)	(1 809)	(9 541)
Other operating and administrative expenses	(677)	(233)	(910)
Total operating expenses	**(27 624)**	**(7 695)**	**(35 317)**
Operating profit/EBIT	**10 367**	**(3 183)**	**7 185**

Reconciliation of average revenue per onhire day Q3 2019 YTD (USD'000)	CABU	CLEANBU	Total
Net revenues from operations of vessels	37 991	4 512	42 503
IFRS 15 adjustment*	(30)	(83)	(113)
Net revenue ex IFRS adjustment	37 961	4 429	42 390
Onhire days	2 353	246	2 599
Average revenue per onhire day ($/d)	**16 137**	**17 970**	**16 312**

Reconciliation of opex per day Q3 2019 YTD (USD'000)	CABU	CLEANBU	Total
Operating expenses, vessels	16 285	5 116	21 401
Leasing cost previously presented as opex	321	50	371
Start up cost CLEANBU vessels	-	(1 569)	(1 569)
Operating expenses, vessels adjusted	16 606	3 597	20 202
Operating days	2 457	336	2 793
Opex per day ($/d)	**6 758**	**10 705**	**7 233**

03 Revenue from contracts with customers

Disaggregated revenue information

The Group has income from COAs (1-3 years), spot voyages and TC trips. Set out below is the disaggregation of the Group's revenue from contracts with customers. Prior to acquisition of KCC Chartering AS (KCCC) in end March 2018, KCCC distributed its net revenue to the Group as variable time charter revenue.

		Quarter ended		YTD		Year ended
Revenue types (USD'000)	Classification	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	31 Dec 2018
Revenue from COAs	Freight revenue	26 961	26 351	66 251	49 493	73 048
Revenue from spot voyages	Freight revenue	7 506	2 069	28 297	5 815	11 237
Revenue from TC contracts	Charter hire revenue	68	788	649	2 909	4 286
Revenue from TC contracts (KCC Chartering)	Charter hire revenue	-	-	-	13 349	13 253
Other revenue		-	-	-	675	-
Total revenue, vessels		**34 535**	**29 208**	**95 197**	**72 241**	**101 824**

* IFRS 15 adjustment: Revenue recognized from load-to-discharge and not from discharge-to-discharge, resulting in higher volatility in revenues from month to month.

04 Vessels

Vessels (USD '000)	30 Sep 2019	31 Dec 2018
Cost price 1.1	330 218	326 129
Delivery of newbuildings	155 847	-
Adjustment acquisition value newbuildings delivered	-	2 515
Additions (mainly upgrading and docking of vessels)	3 793	1 574
Costprice end of period	**489 858**	**330 218**
Acc. Depreciation 1.1	163 181	146 341
Depreciation for the period	9 263	16 840
Acc. Depreciation end of period	**172 444**	**163 181**
Carrying amounts end of period*	**317 414**	**167 037**
*) carrying value of vessels includes dry-docking		
No. of vessels	12	9
Useful life	25	20
Depreciation schedule	Straight-line	Straight-line

ADDITIONS

The CLEANBU vessels MV Barracuda and MV Barramundi were delivered from Jiangsu New Yangzi Shipbuilding Co. Ltd during the third quarter, respectively 29 July 2019 and 20 September 2019. The first CLEANBU vessel, MV Baru, was delivered in January 2019.

IMPAIRMENT ASSESSMENT

As per 30 September 2019, no impairment indicators are identified.

Right-of-use assets (USD '000)	30 Sep 2019	31 Dec 2018
Cost price 1.1	1 693	-
Addition of right-of-use assets	546	-
Disposals	(89)	
Costprice end of period	**2 150**	**-**
Acc. Depreciation 1.1	-	-
Depreciation	278	-
Acc. Depreciation end of period	**278**	**-**
Carrying amounts end of period	**1 872**	**-**

The Group adopted IFRS 16, Leases, with effect 1 January 2019. The new standard was applied using the modified retrospectivemethod, see note 1.

The Group has leasing agreements related to satelite communication and IT equipment onboard the vessels. A lease liability and right-of-use assets have been presented for these contracts which previously were reported as operating expenses.

05 Newbuildings

The Group has five combination carrier newbuildings on order at Jiangsu New Yangzi Shipbuilding Co., Ltd in China with delivery scheduled in the period 2020-2021. The contracts include options for further six vessels. For information of delivered vessels, see note 4.

Bank loans have been secured for the first three newbuildings with delivery in 2020 (note 6).

(USD '000)	30 Sep 2019	31 Dec 2018
Cost 1.1	59 877	37 751
Borrowing cost	954	867
Yard installments paid	134 220	19 151
Other capitalized cost	7 853	2 108
Delivery of newbuilings	(155 847)	-
Net carrying amount	**47 058**	**59 877**

CAPITAL COMMITMENT

The commitments related to the five newbuildings are set out below.

Remaining installments at 30 September 2019 (USD '000)	2019	2020	2021	Total
Combination carriers	4 650	120 900	65 100	190 650
Total commitments newbuildings	**4 650**	**120 900**	**65 100**	**190 650**

06 Financial assets and liabilities

The below tables present the Group's financing arrangements as per 30 September 2019. During the third quarter of 2019 the Group made a total USD 31 million in drawdowns under the USD 105 million DNB/SEB term loan facility. The drawdown was made in connection with the delivery of the third newbuild vessel MV Barramundi.

(USD '000) Mortgage debt	Description	Interest rate	Maturity	Carrying amount
Nordea/Danske Facility	Term loan, USD 100 mill	LIBOR + 2.3 %	March 2022	89 013
DNB/SEB Facility	Term loan, USD 105 mill	LIBOR + 2.3 %	December 2023	102 339
SEB/SR-Bank/SPV Facility	Term loan/RCF, USD 90.75 mill	LIBOR + 2.3 %	October 2025	-
Capitalized loan fees				(1 355)
Mortgage debt 30 September 2019				**189 997**

Bond loan (KCC03)	Face value NOK'000	Maturity	Carrying amount 30 Sep 2019 USD'000
Original loan amount	300 000	27.05.2021	35 370
Exchange rate adjustment			(2 369)
Capitalized expenses			(222)
Bond loan	**300 000**		**32 779**

(USD '000) Interest bearing liabilities	Fair value 30 Sep 2019	Carrying amount 30 Sep 2019	Carrying amount 31 Dec 2018
Mortgage debt	174 416	174 416	96 163
Capitalized loan fees	-	(1 355)	(417)
Intercompany interest bearing debt	-	-	36 000
Bond loan	33 404	35 370	-
Exchange rate adjustment bond loan	-	(2 369)	-
Capitalized expenses bond loan	-	(222)	-
Total non-current interest bearing liabilties	**207 820**	**205 840**	**131 746**
Mortgage debt, current	16 936	16 936	12 200
Overdraft facility (Secured)	2 676	2 676	2 172
Total interest bearing liabilities	**227 432**	**225 452**	**146 118**

MATURITY PROFILE TO FINANCIAL LIABILITIES AT 30 SEPTEMBER 2019

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. Interest bearing debt and unsecured debt includes interest payments and interest hedge.

(USD '000) Maturity profile financial liabilities at 30 Sep 2019	< 1 year	1-3 years	3-5 years	> 5 years	Total
Mortgage debt (incl interests)	24 670	104 949	83 216	-	212 834
Bond loan (incl interest)	2 464	36 834	-	-	39 297
Total	**27 133**	**141 782**	**83 216**	**-**	**252 131**

Loan facilities to be refinanced during the next 12 months are included in <1 year.

COVENANTS

As per 30 September 2019, the Group is in compliance with all financial covenants. On Group level financial covenants relates to minimum equity (USD 125 million), equity ratio (30%), and cash (USD 15 million). Financial covenants on KCC Shipowning Group level relates to minimum equity (USD 110 million) and equity ratio (30%), minimum cash (the higher of USD 10 million and 5 % of net interest-bearing debt) and net debt to operating profit of max 7x in 2020 and max 5x from 2021 onwards (no covenant in 2019, some facility agreements includes a loan margin adjustment based on net debt to operating profit ratio in 2019 and 2020). In addition, all secured loans contain minimum value clauses related to the value of the vessel compared to outstanding loan.

Financial assets (USD '000)	30 Sep 2019	31 Dec 2018
Financial instruments at fair value through OCI		
Interest rate swaps	-	322
Forward freight agreements	333	970
Financial instruments at fair value through P&L		
Forward freight agreements	504	-
Interest rate swaps	143	1 027
Financial assets	**979**	**2 319**
Current	679	464
Non-current	300	1 855

Financial liabilities (USD '000)	30 Sep 2019	31 Dec 2018
Financial instruments at fair value through OCI		
Cross-currency interest rate swap	202	-
Interest rate swaps	457	-
Fuel Hedge	348	918
FX Hedge (AUD/USD)	18	38
Financial instruments at fair value through P&L		
Interest rate swaps	2 196	412
Cross-currency interest swap	2 385	-
Financial liabilities	**5 606**	**1 368**
Current	362	918
Non-current	5 244	450

07 Financial items

(USD '000)	Quarter ended		YTD		Year ended
Finance income	**30 Sep 2019**	**30 Sep 2018**	**30 Sep 2019**	**30 Sep 2018**	**31 Dec 2018**
Interest received from related parties	-	-	-	-	114
Other interest income	502	180	1 641	625	927
Fair value changes interest rate swaps	-	480	-	2 345	1 163
Fair value changes in FFA	99	-	504	-	-
Gain on foreign exchange	1 953	10	1 480	-	-
Other financial income	7	-	7	-	-
Finance income	**2 561**	**670**	**3 631**	**2 970**	**2 234**

(USD '000)	Quarter ended		YTD		Year ended
Finance cost	**30 Sep 2019**	**30 Sep 2018**	**30 Sep 2019**	**30 Sep 2018**	**31 Dec 2018**
Interest paid to related parties*	-	642	202	963	1 605
Interest expenses mortgage debt	1 907	1 366	5 303	4 198	5 366
Interest expenses bond loan	563	-	1 530	-	-
Interest expenses bond loan	25	-	69	-	-
Amortization capitalized fees mortage debt	89	-	243	-	228
Other financial expenses	-	26	69	98	135
Loss on foreign exchange	-	-	-	-	40
Fair value changes interest rate swaps	2 577	-	4 539	-	-
Finance cost	**5 159**	**2 034**	**11 955**	**5 259**	**7 374**

*Interests on shareholder loan settled in January 2019.

08 Share capital, shareholders, dividends and reserves

Dividends of USD 0.5 million were paid to the shareholders in September.

09 Transactions with related parties

USD'000	Quarter ended 30 Sep 2019	Quarter ended 30 Sep 2018	YTD 30 Sep 2019	YTD 30 Sep 2018	Year ended 31 Dec 2018
G&A fee to Klaveness AS	559	628	1 789	1 121	1 966
Commercial management fee to Klaveness AS	407	204	1 333	1 366	1 349
Project management fee to Klaveness AS	-	-	-	107	107
Travel expenses and operating cost reinvoiced from Klaveness AS	74	-	246	-	195
Group commercial and administrative services	**1 041**	**832**	**3 369**	**2 594**	**3 617**

USD'000	Quarter ended 30 Sep 2019	Quarter ended 30 Sep 2018	YTD 30 Sep 2019	YTD 30 Sep 2018	Year ended 31 Dec 2018
Technical management fee to KSM* (reported as part of opex)	685	517	2 009	1 510	2 099
Crewing agency fee to KSM* (reported as part of opex)	245	159	700	566	746
Supervision fee to Klaveness AS (capitalised on newbuildings)	455	434	583	1 433	1 937
Interest cost to related parties (Klaveness Ship Holding AS)	-	642	202	963	1 605
Interest income from related parties	-	-	-	144	144
Total other transactions with related parties	**1 384**	**1 752**	**3 495**	**4 617**	**6 531**

* KSM refers to Klaveness Ship Management AS

10 Events after the balance sheet date

On 7 November, 2019 the Company's Board of Directors declared to pay a cash dividend to the Company's shareholders of USD 0.5million.

There are no other events after the balance sheet date that have material effect on the financial statement as of 30 September 2019.

11 Reconciliation of alternative performance measures

Non-GAAP financial alternative performance measures (APM) that are used in the third quarter report are consistent with those used in the second quarter report. Description and definitions of such measures are to be found in Klaveness Combination Carriers 2nd quarter report 2019, Note 11 (page 23) which was published on the company's homepage: https://www.combinationcarriers.com/investor-relations/#reports-presentation.

Reconciliation of EBITDA and EBITDA adjusted	Quarter ended		YTD		Year ended
USD'000	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	31 Dec 2018
Net revenues from operations of vessels	**16 571**	**13 392**	**42 503**	**41 413**	**56 393**
Operating expenses, vessels	(7 563)	(5 719)	(21 401)	(15 729)	(21 599)
Group commercial and administrative services	(1 041)	(832)	(3 369)	(2 594)	(3 618)
Tonnage tax	(24)	(27)	(98)	(103)	(119)
Other operating and administrative expenses	(179)	(28)	(910)	(144)	(300)
EBITDA	**7 764**	**6 786**	**16 726**	**22 842**	**30 757**
Start up costs CLEANBU vessels	647	-	1 569	-	-
EBITDA adjusted	**8 411**	**6 786**	**18 295**	**22 842**	**30 757**
EBITDA	**7 764**	**6 786**	**16 726**	**22 842**	**30 757**
Depreciation	(3 621)	(4 110)	(9 541)	(12 383)	(16 840)
EBIT	**4 143**	**2 676**	**7 185**	**10 459**	**13 917**
Start up costs CLEANBU vessels	647	-	1 569	-	-
EBIT adjusted	**4 790**	**2 676**	**8 755**	**10 459**	**13 917**

Reconciliation of average revenue per onhire day (TCE earnings)	Quarter ended		YTD		Year ended
USD'000	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	31 Dec 2018
Net revenues from operations of vessels	16 571	13 392	42 503	41 413	56 393
Offhire compensation	-	-	-	(675)	(675)
IFRS 15 adjustment*	(354)	(303)	(113)	276	373
Net revenue ex IFRS adjustment	16 217	13 089	42 390	41 014	56 091
Onhire days	895	823	2 599	2 443	3 224
Average revenue per onhire days ($/d) (TCE earnings)	**18 127**	**15 904**	**16 312**	**16 790**	**17 398**

Reconciliation of opex per day	Quarter ended		YTD		Year ended
USD'000	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	31 Dec 2018
Operating expenses, vessels	7 563	5 719	21 401	15 729	21 599
Leasing cost previously presented as opex	172		371		
Start up costs CLEANBU vessels	(647)	-	(1 569)	-	-
Operating expenses, vessels adjusted	7 088	5 719	20 203	15 729	21 599
Operating days	993	828	2 793	2 457	3 285
Opex per day ($/d)	**7 138**	**6 906**	**7 233**	**6 402**	**6 575**

Reconciliation of total assets to capital employed and return on capital employed (ROCE) calculation.	Quarter ended		YTD	YTD	Year ended
USD'000	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	31 Dec 2018
Total assets	453 002	287 508	453 002	287 508	333 859
Total liabilities	241 605	152 982	241 605	152 982	155 773
Total equity	211 397	131 700	211 397	131 700	178 086
Total interest-bearing debt	225 451	142 777	225 451	142 777	146 118
Capital employed	**436 848**	**274 477**	**436 848**	**274 477**	**324 204**
EBIT adjusted annualised	19 160	10 704	17 509	20 918	13 917
ROCE adjusted	**4 %**	**4 %**	**4 %**	**8 %**	**4 %**

* IFRS 15 adjustment: Revenue recognized from load-to-discharge and not from discharge-to-discharge, resulting in higher volatility in revenues from month to month.