



**BELSHIPS**

**QUARTER REPORT**  
**1<sup>ST</sup> JANUARY - 31<sup>ST</sup> MARCH 2002**

# 1ST QUARTER 2002

## FINANCIAL PERFORMANCE

In Q1 2002, Belships' operating income amounted to USD 5,040,000 (Q1 2001: USD 15,995,000). The company recorded an operating profit of USD 741,000 (USD 2,655,000), which includes gains from the sale of shares in Pelican AS totalling USD 1.8 million. The poor performance in Q1 is primarily due to a weak trend in the market for gas, product and dry bulk carriers. The fall in operating income is ascribable to reduced activity in dry bulk business, as well as the general deterioration in the market.

The result after tax for Q1 was a negative USD –136,000 (USD 1,698,000).

## SEGMENTAL RESULTS

The product carrier business achieved an operating profit of USD 177,000 in Q1 (USD 2,014,000). The fall in operating profit is primarily due to a weaker market. The gas carrier segment recorded an operating loss of USD –986,000 (USD 761,000) for Q1. The deterioration is largely ascribable to the weak market trend and high operating costs on two of the company's ships.

The Panmax/Capesize bulk business recorded an operating loss of USD –414,000 (USD –55,000) for Q1. Belships has a stake in the capesize ship M/S Belmaj, as well as a stake in the Cape International pool. Both commitments were affected by poor market conditions in Q1.

The Handymax bulk segment achieved an operating profit of USD 266,000 (USD 167,000) in Q1. The company's 50% share in Elkem Chartering AS is not included in the figures for Q1, as some formalities still remain before the transaction can be deemed completed. Elkem Chartering recorded an operating loss of USD –0.3 million for Q1.

Ship management companies recorded an operating profit of USD 89,000 (USD –10,000) in Q1.

## OPERATIONS

The market for product carriers was slower in Q1, which is reflected in the figures for the two OBO ships, M/S Belguardian and M/S Belgreeting, that operated in the spot market. M/S Belgrace was delivered on a time charter in January which lasted for the rest of the quarter. The ships sailed without any major interruptions.

The ships in the Gibson Gas Tankers fleet continued to

work on the same basis as before, with 3,000 m<sup>3</sup> ships on fixed time charters and 6,000 m<sup>3</sup> ships in the Veder pool. The charter for M/T Lanrick was extended by 12 months in Q1 at a rate that reflects the lower market, which in turn led to poorer results for the pool. M/T Traquair was off-hire for 38 days owing to periods in dry dock, whereas the other gas carriers operated without any major interruptions.

The time charter for M/S Belnor continued, while M/S Belmaj sailed in the Cape International pool. Quarterly results for the pool were unsatisfactory. Dry cargo ships sailed without any major interruptions.

The sales of M/S Belgallantry and shares in Pelican AS were completed in Q1.

## FINANCIAL POSITION AND OTHER MATTERS

Belships strengthened its financial position in Q1 through the sale of shares in Pelican AS and the OBO ship, M/S Belgallantry. Large parts of the sales revenue were used to repay loans.

On 31 March, liquid assets amounted to USD 9.3 million against USD 9.5 million at end-2001. Mortgage debt was reduced by USD 6.7 million in Q1 and totalled USD 57.2 million on 31 March. The equity ratio at the end of the period was 28.4% or NOK 7 per share excluding minority interests.

The market value of some of the company's ships is lower than the book value. This is largely due to limited liquidity in the market, as was the case at end-2001, which makes it difficult to determine the ships' actual value. In the company's view, there is no reason to write down the ships.

## OUTLOOKS

The growth in world trade will have a positive effect on demand for dry-cargo ships, which, combined with a sharply decreasing delivery rate for new ships in the second half of the year, makes for a healthier market outlook in this sector.

Rates for tankers are not expected to improve in the near future, and the outlook for gas carriers depends on whether there is renewed growth in the petrochemical industry.

Oslo, 7nd May 2002

The Board of BELSHIPS ASA

## Income statement

USD 1 000	2002	2001	2001
	Jan - Mar	Jan - Mar	Jan - Dec
Operating income	5 040	15 995	36 848
Charterhire expenses	-603	-8 397	-12 204
Operating expenses	-3 284	-3 098	-13 404
General administrative expenses	-917	-1 137	-4 913
Ordinary depreciations	-1 286	-1 302	-5 210
Total operating expenses	-6 090	-13 934	-35 731
Operating result before sale of fixed assets	-1 050	2 061	1 117
Gain on sales	1 791	594	594
Operating result	741	2 655	1 711
Share dividend and interest income	18	110	440
Interest expenses	-665	-863	-3 631
Net currency exchange gain/-loss	23	84	192
Other financial items	-226	-278	-385
Net financial items	-850	-947	-3 384
Result before taxes	-109	1 708	-1 673
Taxes	-27	-10	-171
Net result for the period	-136	1 698	-1 844
Minority share	-517	251	-863
Majority share	381	1 447	-981
Earnings per share	-0.01	0.07	-0.08

## Balance sheet

USD 1 000	2002	2001	2001
	31 Mar	31 Mar	31 Dec
<b>Assets</b>			
Intangible assets	3 050	3 153	3 050
Ship	70 649	76 253	73 555
Other fixed assets	1 083	3 746	3 925
Current assets	13 358	17 859	13 667
Total assets	88 140	101 011	94 197
<b>Equity and liabilities</b>			
Equity (excl. minority interests)	19 511	21 560	19 130
Minority interests	5 526	7 157	6 043
Long-term liabilities	58 221	68 643	64 892
Short-term liabilities	4 882	3 651	4 132
Total equity and liabilities	88 140	101 011	94 197

## Cash flow statement

	2002	2001	2001
USD 1000	Jan - Mar	Jan - Mar	Jan - Dec
<b>Cash generated from operations</b>			
Result before taxes	-109	1 708	-1 673
-Gain/+ loss from sale of fixed assets	-1 791	-594	-594
Ordinary depreciations	1 286	1 302	5 210
Depreciation on capitalised docking expenses	527	296	1 561
Taxes payable	27	10	68
Diff. between capital. pensions and paid in and drawn out	0	29	0
1 Change in bunkers, trade debtors and trade creditors	-614	773	1 677
2 Change in other short-term items	1 411	-928	660
Net cash flow from operations	737	2 596	6 909
<b>Cash flow from investments</b>			
Investments in fixed assets	-870	-290	-3 422
Sale proceeds from fixed assets disposals	6 551	4 094	4 457
Change in other investments	15	-106	-18
Net cash flow from investments	5 696	3 698	1 017
<b>Cash flow from financing</b>			
Received payments from raising new long-term debt	0	0	0
Repayment of long-term debt	-6 700	-7 602	-11 353
Share issue in consolidated company (minority share)	0	0	600
Net cash flow from financing	-6 700	-7 602	-10 753
Net change in liquid reserves	-268	-1 308	-2 827
Liquid reserves at start of period	9 551	12 378	12 378
Liquid reserves at end of period	9 284	11 070	9 551
<b>Calculation of cash flow statement</b>			
	(A)	(B)	(B-A)
	2002	2001	
	31 Mar	31 Dec	
1) <b>Change in bunkers, trade debtors and trade creditors</b>			
Bunkers	44	70	26
Trade debtors	2 336	872	-1 464
Trade creditors	-824	0	824
Total	1 556	942	-614
2) <b>Change in other short-term items</b>			
Other receivables	1 689	3 174	1 485
Public taxes and duties payable	-219	-354	-135
Other short-term liabilities	-3 839	-3 778	61
Total	-2 369	-958	1 411

## Key financial figures

		2002 31 Mar	2001 31 Mar	2001 31 Dec
Net cash flow	USD 1000	-268	-1 308	-2 827
Interest coverage ratio		0.80	2.88	0.49
Current ratio	%	273.48	489.15	330.74
Equity ratio	%	28.40	28.43	26.72
Earnings per share	USD	-0.01	0.07	-0.08
Cash flow per share	USD	-0.01	-0.05	-0.12

## Segment information

### 1st January - 31st March 2002

USD 1 000	Dry cargo	Gas	Product- tank	Ship management	Admin. a.o.	TOTAL
Freight income on t/c-basis	1 234	2 381	1 035	0	-5	4 645
Fees	17	0	74	301	3	395
<b>Total operating income</b>	<b>1 251</b>	<b>2 381</b>	<b>1 109</b>	<b>301</b>	<b>-2</b>	<b>5 040</b>
Charterhire expenses	-605	0	0	0	2	-603
Operating expenses	-372	-2 345	-623	58	-2	-3 284
General administrative expenses	-117	-226	-147	-270	-157	-917
Ordinary expenses	-303	-796	-187	0	0	-1 286
Op. res. before sale of fixes assets	-146	-986	152	89	-159	-1 050
Gain on sales	0	0	25	0	1 766	1 791
<b>Operating result</b>	<b>-146</b>	<b>-986</b>	<b>177</b>	<b>89</b>	<b>1 607</b>	<b>741</b>
Share dividend and interest income	0	1	11	1	5	18
Interest expenses	-243	-293	-45	0	-84	-665
Net currency exchange gain/-loss	0	0	0	-8	31	23
Other financial items	-105	-15	-4	-1	-101	-226
Net financial items	-348	-307	-38	-8	-149	-850
Result before taxes	-494	-1 293	139	81	1 458	-109
Operating income per 31 Mar-01	9 526	3 702	2 535	230	2	15 995
<b>Operating income per 31 Mar-02</b>	<b>1 251</b>	<b>2 381</b>	<b>1 109</b>	<b>301</b>	<b>-2</b>	<b>5 040</b>
Operating result per 31 Mar-01	112	761	2 014	-10	-222	2 655
<b>Operating result per 31 Mar-02</b>	<b>-146</b>	<b>-986</b>	<b>177</b>	<b>89</b>	<b>1 607</b>	<b>741</b>

## Segment information

1 Jan - 31 Mar 2002							1 Jan - 31 Mar 2001					
USD 1 000	Dry cargo	Gas	Product-tank	Ship mgmt	Adm. a.o.	Total	Dry cargo	Gas	Product-tank	Ship mgmt	Adm. a.o.	Total
Freight income on t/c-basis	1 234	2 381	1 035	0	-5	4 645	9 521	3 702	2 251	0	0	15 474
Fees	17	0	74	301	3	395	5	0	284	230	2	521
Total operating income	1 251	2 381	1 109	301	-2	5 040	9 526	3 702	2 535	230	2	15 995
Charterhire expenses	-605	0	0	0	2	-603	-8 397	0	0	0	0	-8 397
Operating expenses	-372	-2 345	-623	58	-2	-3 284	-585	-1 932	-682	104	-3	-3 098
Gen. admin. expenses	-117	-226	-147	-270	-157	-917	-129	-213	-230	-344	-221	-1 137
Ordinary depreciations	-303	-796	-187	0	0	-1 286	-303	-796	-203	0	0	-1 302
Op. result before sales	-146	-986	152	89	-159	-1 050	112	761	1 420	-10	-222	2 061
Gain on sales	0	0	25	0	1 766	1 791	0	0	594	0	0	594
Operating result	-146	-986	177	89	1 607	741	112	761	2 014	-10	-222	2 655

## Fleet list

As at 31 March 2002					
Ship	Ownership	Built year	Dwt	Operation	T/C-period
<b>Product tank/OBO</b>					
M/T Belgrace	63 %	1984/87	40 900	Spot	
M/S Belguardian	20 %	1987	43 500	Spot	
M/S Belgreeting	20 %	1987	43 500	Spot	
<b>Gas</b>					
M/T Lanrick	60 %	1992	3 215 <sup>1)</sup>	T/C to 04/03	
M/T Etrick	60 %	1991	3 215 "	T/C to 10/02	
M/T Traquair	60 %	1982	6 616 "	Pool	
M/T Yarrow	60 %	1982	6 568 "	Pool	
M/T Eldon	60 %	1982	6 077 "	Pool	
M/T Quentin	60 %	1977	2 280 "	Spot	
<b>Capesize bulk</b>					
M/S Belmaj	25 %	1990	149 516	Pool	
<b>Panmax bulk, chartered tonnage</b>					
Newbuilding		2003	76 000	Delivery 10/03	10/11
<b>Handymax bulk</b>					
M/S Belnor	100 %	1996	47 600	T/C to 02/03	
<i>1) Capacity in cubicmeter</i>					
<b>Number of ships</b>					
Type	Owned tonnage	Newbuilding	Commercial management	Total fleet	
Handysize product tank/ OBO	1.0		2.0	3.0	
Gas	3.6		2.4	6.0	
Capesize bulk	0.3		0.7	1.0	
Panmax bulk		1.0		1.0	
Handysize bulk	1.0			1.0	
<b>Total</b>	<b>5.9</b>	<b>1.0</b>	<b>5.1</b>	<b>12.0</b>	



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