



BELSHIPS

REPORT PER 30 SEPTEMBER 2002

3RD QUARTER 2002

FINANCIAL PERFORMANCE

Belships recorded a third-quarter operating income of USD 4,492,000 (third quarter 2001: USD 6,595,000) and a third-quarter operating result of USD -1,260,000 (USD -166,000). The gas carrier market continued its negative development in the period and accounted for the majority of the negative operating result. The product carrier and large bulk markets were also weak, but the operating results in these segments were close to the break-even point.

The group generated a post-tax result of USD -1,947,000 (USD -778,000) in the third quarter and USD -3,587,000 (USD 391,000) in the first three quarters of the year. Minority interests in Gibson Gas Tankers accounted for USD -1,636,000 of the result, making Belships' share USD -1,951,000.

SEGMENTAL RESULTS

The product carrier business generated an operating result of USD -80,000 (USD 967,000) in the third quarter, the gas carrier business an operating result of USD -1,084,000 (USD -567,000) and the dry bulk business an operating result of USD -222,000 (USD -580,000). The company's stake in Elkem Chartering AS is not included in the third-quarter figures as the formal transfer of shares took place on 31 October 2002. The ship management business generated an operating result of USD 186,000 (USD 164,000).

OPERATIONS

The product carrier market was weak in the third quarter, which can be attributed in part to the fear of a war against Iraq. Following a docking, M/T Belgrace operated in the spot market in the Far East, as did the OBO ship M/S Belguardian, which also underwent a routine docking in July. The OBO ship M/S Belgreeting operated in the Atlantic.

The rates for small gas carriers continued to fall during the summer, and in addition the vessels in the Veder pool had long waiting times for cargo, adding up to very poor results for Gibson Gas Tankers. As a result the decision was made to dissolve the pool. In the near

future the gas carriers will be assigned time charters. The dry bulk market showed a marked improvement during September, especially in the Atlantic and on routes to the East. This improvement has gradually been mirrored throughout the rest of the world. The main factors behind this development are relatively few new dry bulk carriers and strong demand from China. The third-quarter results for our dry bulk activity do not reflect this market situation because these improvements only appeared at the end of the period.

FINANCIAL POSITION AND OTHER INFORMATION

Liquid assets at the end of the third quarter totalled USD 7.2 million, compared to USD 8.6 million at the end of the previous quarter, while mortgage debt was reduced from USD 56.3 million to USD 55.8 million. Shareholders' equity at the end of the period was equivalent to 26.1% of assets, or NOK 5.24 per share excluding minority interests.

Belships ASA's total outlay in connection with the acquisition of shares and share issue in Elkem Chartering AS totalled NOK 11 million. Belships' stake in the company is 50%.

The market value of some of the company's ships is lower than their book value, it being difficult to calculate the ships' real value due to the limited liquidity in the market. The value of the ships was not written down in the period.

OUTLOOK

The market for product carriers is uncertain, but the operating results are expected to be about the same for the remainder of the year. It is doubtful whether the gas carrier market will improve in the near future, but a seasonal upswing is expected around the new year.

The results for the fourth quarter are expected to reflect the improved rates for dry bulk activities. As already mentioned, the development in China is of great importance for demand, and although it appears to be sustainable for the time being, there is every reason to follow the developments very carefully.

Oslo, 5 November 2002

The Board of BELSHIPS ASA

Income statement

<i>USD 1 000</i>	2002	2001	2002	2001	2001
	Jul - Sep	Jul - Sep	Jan - Sep	Jan - Sep	Jan - Dec
Operating income	4 492	6 595	14 435	30 196	36 848
Charterhire expenses	-627	-1 013	-1 752	-10 577	-12 204
Operating expenses	-2 673	-3 304	-8 937	-9 610	-13 404
General administrative expenses	-1 241	-1 142	-3 110	-3 481	-4 913
Ordinary depreciations	-1 211	-1 302	-3 758	-3 907	-5 210
Total operating expenses	-5 752	-6 761	-17 557	-27 575	-35 731
Operating result before sale of fixed assets	-1 260	-166	-3 122	2 621	1 117
Gain/(Loss) on sales	0	0	1 483	594	594
Operating result	-1 260	-166	-1 639	3 215	1 711
Share dividend, interest income	9	-15	87	255	440
Interest expenses	-600	-928	-1 652	-2 822	-3 631
Net currency exchange gain/(-loss)	-62	207	133	203	192
Other financial items	-8	164	-432	-383	-385
Net financial items	-661	-572	-1 864	-2 747	-3 384
Result before taxes	-1 921	-738	-3 503	468	-1 673
Taxes	-33	-40	-84	-77	-171
Net result for the period	-1 954	-778	-3 587	391	-1 844
Minority share	-554	-404	-1 636	-304	-863
Majority share	-1 400	-374	-1 951	695	-981
Earnings per share	-0.08	-0.03	-0.15	0.02	-0.08

Balance sheet

<i>USD 1 000</i>	2002	2001	2001
	Per 30 Sep	Per 30 Sep	Per 31 Dec
Assets			
Intangible assets	3 050	3 153	3 050
Ships	67 113	74 992	73 555
Other fixed assets	991	3 880	3 925
Current assets	11 510	15 024	13 667
Total assets	82 664	97 049	94 197
Equity and liabilities			
Equity (excl. minority interests)	17 179	20 805	19 130
Minority interests	4 407	6 602	6 043
Long-term liabilities	56 941	65 749	64 892
Short-term liabilities	4 137	3 893	4 132
Total equity and liabilities	82 664	97 049	94 197

Cash flow statement

	2002	2001	2001
USD 1000	Jan - Sep	Jan - Sep	Jan - Dec
Cash generated from operations			
Result before taxes	-3 503	467	-1 673
- gain/+ loss on sale of fixed assets	-1 483	-594	-594
Ordinary depreciations	3 758	3 907	5 210
Depreciations on capitalised docking expenses	1 551	916	1 561
Taxes payable	84	77	68
1 Change in bunkers, trade debtors and trade creditors	-502	288	1 677
2 Change in other short-term items	343	656	660
Net cash flow from operations	248	5 717	6 909
Cash flow from investments			
Investments in fixed assets	-2 130	-2 255	-3 422
Sale proceeds from fixed assets disposals	7 542	4 094	4 457
Change in other investments	172	-286	-18
Net cash flow from investments	5 584	1 553	1 017
Cash flow from financing			
Received payments from raising new long-term debts	0	0	0
Repayment of long-term debts	-8 152	-10 494	-11 353
Share issue in consolidated company (minority share)	0	600	600
Net cash flow from financing	-8 152	-9 894	-10 753
Net change in liquid reserves	-2 320	-2 624	-2 827
Liquid reserves at start of period	9 551	12 378	12 378
Liquid reserves at end of period	7 231	9 754	9 551
Calculation of cash flow statement			
	(A)	(B)	(B-A)
	2002	2001	
	30 Sep	31 Dec	
1) Change in bunkers, debtors and creditors			
Bunkers	311	70	-241
Trade debtors	2 156	872	-1 284
Trade creditors	-1 022	0	1 022
Total	1 444	942	-502
2) Change in other short-term items			
Other receivables	1 813	3 174	1 361
Public taxes and duties payable	-248	-354	-106
Other short-term liabilities	-2 866	-3 778	-912
Total	-1 301	-958	343

Key financial figures

		2002 Per 30 Sep	2001 Per 30 Sep	2001 Per 31 Dec
Cash flow	USD 1000	-2 320	-2 624	-2 827
Interest coverage ratio		-1.20	1.09	0.49
Current ratio	%	278.22	385.92	330.74
Equity ratio	%	26.11	28.24	26.72
Earnings per share	USD	-0.15	0.03	-0.08
Cash flow per share	USD	-0.09	-0.11	-0.12

Segmental results

1st January - 30th September 2002

USD 1 000	Dry cargo	Gas	Product-carriers	Ship-management	Admin. a.o.	TOTAL
Net freight income	3 825	6 500	2 654	0	0	12 979
Management fee	201	0	183	1 060	12	1 456
Total operating income	4 026	6 500	2 837	1 060	12	14 435
Charterhire expenses	-1 752	0	0	0	0	-1 752
Operating expenses	-1 113	-6 285	-1 716	182	-5	-8 937
General administrative expenses	-569	-738	-419	-884	-500	-3 110
Ordinary depreciations	-909	-2 338	-511	0	0	-3 758
Operating result before sales	-317	-2 861	191	358	-493	-3 122
Gain/(Loss) on sales	0	-320	37	0	1 766	1 483
Operating result	-317	-3 181	228	358	1 273	-1 639
Share dividend/ interest income	5	0	27	5	50	87
Interest expenses	-429	-883	-117	0	-223	-1 652
Net currency exchange gain/(-loss)	0	0	-1	-33	167	133
Other financial items	-122	-25	6	-2	-289	-432
Net financial items	-546	-908	-85	-30	-295	-1 864
Result before taxes	-863	-4 089	143	328	978	-3 503
Operating income per 30 Sep'01	13 178	9 614	6 376	926	101	30 195
Operating income per 30 Sep'02	4 026	6 500	2 837	1 060	12	14 435
Operating result per 30 Sep'01	-363	264	3 618	248	-553	3 214
Operating result per 30 Sep'02	-317	-3 181	228	358	1 273	-1 639

Segmental results

Jan - Mar 2002

USD 1 000	Dry cargo	Gas	Product-carriers	Ship-mgmt	Adm. a.o.	Total
Net freight income	1 234	2 381	1 035	0	-5	4 645
Management fee	17	0	74	301	3	395
Total operating income	1 251	2 381	1 109	301	-2	5 040
Charterhire expenses	-605	0	0	0	2	-603
Operating expenses	-372	-2 345	-623	58	-2	-3 284
General admin. expenses	-117	-226	-147	-270	-157	-917
Ordinary depreciations	-303	-796	-187	0	0	-1 286
Operat. result before sales	-146	-986	152	89	-159	-1 050
Gain/(Loss) on sales	0	0	25	0	1 766	1 791
Operating result	-146	-986	177	89	1 607	741

Jan - Mar 2001

USD 1 000	Dry cargo	Gas	Product-carriers	Ship-mgmt	Adm. a.o.	Total
Net freight income	9 521	3 702	2 251	0	0	15 474
Management fee	5	0	284	230	2	521
Total operating income	9 526	3 702	2 535	230	2	15 995
Charterhire expenses	-8 397	0	0	0	0	-8 397
Operating expenses	-585	-1 932	-682	104	-3	-3 098
General admin. expenses	-129	-213	-230	-344	-221	-1 137
Ordinary depreciations	-303	-796	-203	0	0	-1 302
Operat. result before sales	112	761	1 420	-10	-222	2 061
Gain/(Loss) on sales	0	0	594	0	0	594
Operating result	112	761	2 014	-10	-222	2 655

Apr - Jun 2002

USD 1 000	Dry cargo	Gas	Product-carriers	Ship-mgmt	Adm. a.o.	Total
Net freight income	1 229	2 323	891	0	0	4 443
Management fee	47	0	100	313	0	460
Total operating income	1 276	2 323	991	313	0	4 903
Charterhire expenses	-432	0	0	0	-90	-522
Operating expenses	-371	-2 086	-579	59	-3	-2 980
General admin. expenses	-115	-232	-130	-288	-187	-952
Ordinary depreciations	-303	-796	-162	0	0	-1 261
Operat. result before sales	55	-791	120	84	-280	-812
Gain/(Loss) on sales	0	-320	12	0	0	-308
Operating result	55	-1 111	132	84	-280	-1 120

Apr - Jun 2001

USD 1 000	Dry cargo	Gas	Product-carriers	Ship-mgmt	Adm. a.o.	Total
Net freight income	2 220	3 207	1 582	0	0	7 009
Management fee	63	0	198	329	7	597
Total operating income	2 283	3 207	1 780	329	7	7 606
Charterhire expenses	-1 167	0	0	0	0	-1 167
Operating expenses	-435	-2 132	-730	16	2	-3 279
General admin. expenses	-274	-209	-210	-250	-188	-1 131
Ordinary depreciations	-303	-796	-204	0	0	-1 303
Operat. result before sales	104	70	636	95	-179	726
Gain/(Loss) on sales	0	0	0	0	0	0
Operating result	104	70	636	95	-179	726

Jul - Sep 2002

USD 1 000	Dry cargo	Gas	Product-carriers	Ship-mgmt	Adm. a.o.	Total
Net freight income	1 362	1 796	728	0	6	3 892
Management fee	138	0	10	447	5	600
Total operating income	1 500	1 796	738	447	11	4 492
Charterhire expenses	-715	0	0	0	88	-627
Operating expenses	-368	-1 854	-514	65	-2	-2 673
General admin. expenses	-336	-280	-142	-326	-157	-1 241
Ordinary depreciations	-303	-746	-162	0	0	-1 211
Operat. result before sales	-222	-1 084	-80	186	-60	-1 260
Gain/(Loss) on sales	0	0	0	0	0	0
Operating result	-222	-1 084	-80	186	-60	-1 260

Jul - Sep 2001

USD 1 000	Dry cargo	Gas	Product-carriers	Ship-mgmt	Adm. a.o.	Total
Net freight income	1 352	2 705	1 915	0	0	5 972
Management fee	17	0	146	368	92	623
Total operating income	1 369	2 705	2 061	368	92	6 595
Charterhire expenses	-1 013	0	0	0	0	-1 013
Operating expenses	-437	-2 266	-691	148	-58	-3 304
General admin. expenses	-196	-210	-200	-352	-185	-1 143
Ordinary depreciations	-303	-796	-203	0	0	-1 302
Operat. result before sales	-580	-567	967	164	-151	-167
Gain/(Loss) on sales	0	0	0	0	0	0
Operating result	-580	-567	967	164	-151	-167

Fleet list

Per 30 September 2002					
Ship	Owner-ship	Built year	Dwt	Operation	T/C-period
Product carriers/OBO					
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	
Gas					
M/T Lanrick	60 %	1992	3 215 ¹⁾	T/C to 09/03	
M/T Etrick	60 %	1991	3 215 "	T/C to 10/03	
M/T Traquair	60 %	1982	6 616 "	T/C to 11/03	
M/T Yarrow	60 %	1982	6 568 "	Spot	
M/T Eldon	60 %	1982	6 077 "	Spot	
Capesize bulk					
M/S Belmaj	25 %	1990	149 516	Pool	
Panmax bulk, chartered tonnage					
Newbuilding		2003	76 000	Delivery 10/03	10/11
Handymax bulk					
M/S Belnor	100 %	1996	47 600	Spot	
1) Capacity in cbm					
Number of ships					
Type	Owned tonnage	Newbuilding	Commercial management	Total fleet	
Handysize product carriers/ OBO	1.0		2.0	3.0	
Gas	3.0		2.0	5.0	
Capesize bulk	0.3		0.7	1.0	
Panmax bulk		1.0		1.0	
Handysize bulk	1.0			1.0	
Total	5.3	1.0	4.7	11.0	



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