



**BELSHIPS**

**REPORT 1ST QUARTER 2001**

# 1ST QUARTER 2001

## FINANCIAL PERFORMANCE

Belships recorded operating income of USD 15,995,000 (2000: USD 16,261,000) and an operating result of USD 2,655,000 (USD 155,000). The higher operating result was due primarily to a strong product carrier market, although the other segments also generated better results. The net result for the period was USD 1,698,000 (USD -1,305,000), the improvement being due partly to the higher operating result and partly to a reduction in the interest payable on USD-denominated debt.

## SEGMENTAL RESULTS

The product carrier business generated an operating result of USD 2,014,000 (USD 225,000) after a capital gain of USD 594,000 on the sale of our 20% interest in the M/T Urai during the period. The gas carrier business recorded an operating result of USD 761,000 (USD -263,000) due to both higher earnings and lower operating costs. The Panmax/Capesize bulk business generated an operating result of USD -55,000 (USD 75,000) and the Handymax bulk business an operating result of USD 167,000 (USD 375,000), the reduction being due primarily to the sale of the M/S Belstar in the fourth quarter. The ship management business recorded an operating result of USD -10,000 (USD -19,000).

## OPERATIONS

The product carrier M/T Belgrace and two of the combined OBO carriers operated in the spot market throughout the period, while the M/S Belgallantry was fixed on a 12-month time charter at a rate of USD 17,000/day in February. The scheduled dry-docking of the M/S Belguardian was brought forward to January for technical reasons, resulting in the vessel being off-hire for 22 days. The M/T Belgrace and the M/S Belgreeting will both be dry-docked during the second quarter. At Gibson Gas Tankers, the 3,200 cbm vessels continued on their time charters while the 6,000 cbm vessels operated in the pool managed by Dutch company Anthony Veder.

The Panmax operation Belships Trading has not taken on any new long-term commitments, but the parent

company entered into an eight-year time charter with a Japanese company in February for a 76,000 dwt Panmax bulk carrier for delivery during the second half of 2003 at a fixed rate of around USD 10,000/day. Belships also has two one-year extension options at slightly higher rates and an option to purchase the vessel at agreed prices after the fifth year.

The M/S Belmaj sailed in the Capesize pool managed by Belgian company Bocimar throughout the period, while the M/S Belnor was dry-docked during February before beginning a two-year time charter at a rate of USD 9,000/day.

## FINANCIAL POSITION AND OTHER MATTERS

The higher earnings during the period boosted Belships' financial position. The company has not entered into any long-term interest rate hedging contracts and has therefore benefited fully from the fall in interest rates seen so far this year. In March the two gas carriers financed in GBP were refinanced in USD and the company's mortgage debt is now entirely denominated in USD. Belships' liquid assets fell from USD 12.4 million to USD 11.1 million during the period and its mortgage debt was reduced by USD 7.5 million to USD 67.8 million, with USD 3.4 million of this reduction being down to the sale of the M/T Urai. Shareholders' equity at the end of the period was equivalent to 28.4% of assets or NOK 7.84 per share excluding minority interests. The fleet's market value is about the same as the book value.

## OUTLOOK

The product carrier market looks set to hold up well, albeit not at the same high levels as seen early this year. Belships has much of its capacity in this segment covered for most of 2001. The gas market is expected to be unchanged or slightly better during the rest of the year, but the outlook is subject to considerable uncertainty. The dry bulk carrier market has held up better than anticipated despite substantial newbuilding deliveries. If the current fears about economic growth, especially in the USA, are realised, this may lead to a drop in demand for bulk carriers and so a decrease in rates.

Oslo, 3rd May 2001

The Board of BELSHIPS ASA

## Income statement

|                                       | 2001        | 2000        | 2000        |
|---------------------------------------|-------------|-------------|-------------|
| USD 1 000                             | 01/01-03/31 | 01/01-03/31 | 01/01-12/31 |
| Operating income                      | 15 995      | 16 261      | 57 243      |
| Charterhire expenses                  | -8 397      | -9 818      | -31 702     |
| Operating expenses                    | -3 098      | -3 609      | -13 038     |
| General administrative expenses       | -1 137      | -1 175      | -4 831      |
| Ordinary depreciations ships          | -1 302      | -1 504      | -6 017      |
| Total operating expenses              | -13 934     | -16 106     | -55 588     |
| Operating result before sale of ships | 2 061       | 155         | 1 655       |
| Gain/-loss on sale of ships           | 594         | 0           | -96         |
| Operating result                      | 2 655       | 155         | 1 559       |
| Share dividends, interest income      | 110         | 43          | 527         |
| Interest expenses                     | -863        | -1 469      | -5 982      |
| Currency exchange gain/-loss          | 84          | -27         | 971         |
| Other financial items                 | -278        | 1           | -310        |
| Net financial items                   | -947        | -1 452      | -4 794      |
| Result before taxes                   | 1 708       | -1 297      | -3 235      |
| Taxes                                 | -10         | -8          | -34         |
| Result                                | 1 698       | -1 305      | -3 269      |
| Hereof minority interests             | -251        | 154         | 178         |
| Hereof majority interests             | 1 447       | -1 151      | -3 091      |
| Earnings per share                    | 0.07        | -0.08       | -0.16       |

## Balance sheet

|                                   | 2001    | 2000    | 2000    |
|-----------------------------------|---------|---------|---------|
| USD 1 000                         | 03/31   | 03/31   | 12/31   |
| <b>Assets</b>                     |         |         |         |
| Intangible assets                 | 3 153   | 2 835   | 3 153   |
| Ships                             | 76 253  | 95 385  | 81 061  |
| Other fixed assets                | 3 746   | 3 511   | 3 750   |
| Current assets                    | 17 859  | 14 782  | 20 431  |
| Total assets                      | 101 011 | 116 513 | 108 395 |
| <b>Equity and liabilities</b>     |         |         |         |
| Equity (excl. minority interests) | 21 560  | 16 546  | 20 112  |
| Minority interests                | 7 157   | 6 330   | 6 306   |
| Long-term liabilities             | 68 643  | 87 702  | 76 245  |
| Short-term liabilities            | 3 651   | 5 935   | 5 732   |
| Total equity and liabilities      | 101 011 | 116 513 | 108 395 |

## Cash flow statement

|  | 2001        | 2000        | 2000        |
|--|-------------|-------------|-------------|
| USD 1000   | 01/01-03/31 | 01/01-03/31 | 01/01-12/31 |
| <b>Funds generated from operations</b>                         |             |             |             |
| Result before taxes  | 1 708       | -1 297      | -3 235      |
| -gain/ + loss from sale of fixed assets                        | -594        | 0           | 40          |
| Ordinary depreciations   | 1 302       | 1 504       | 6 017       |
| Depreciations on capitalised docking expenses                  | 296         | 366         | 1 223       |
| Tax payable  | 10          | 8           | 34          |
| Diff. between capital. pensions and paid-in and drawn out      | 29          | 34          | 116         |
| 1 Change in bunkers, trade debtors and trade creditors         | 773         | 602         | -664        |
| 2 Change in other short-term items                             | -928        | -421        | -1 333      |
| Cash flow from operations                                      | 2 596       | 796         | 2 198       |
| <b>Funds flow from investments</b>                             |             |             |             |
| Investments in fixed assets                                    | -290        | -426        | -2 008      |
| Sale proceeds from fixed assets disposals                      | 4 094       | 0           | 10 531      |
| Change in other investments                                    | -106        | 924         | -462        |
| Net cash flow from investments                                 | 3 698       | 498         | 8 061       |
| <b>Funds flow from financing</b>                               |             |             |             |
| Received payments from raising new long-term debt              | 0           | 0           | 833         |
| Repayment of long-term debt                                    | -7 602      | -1 106      | -12 736     |
| Share issue  | 0           | 0           | 5 506       |
| Net cash flow from financing                                   | -7 602      | -1 106      | -6 397      |
| Net change in liquid reserves                                  | -1 308      | 188         | 3 862       |
| Liquid reserves at beginning of period                         | 12 378      | 8 516       | 8 516       |
| Liquid reserves at end of period                               | 11 070      | 8 704       | 12 378      |
| <b>Calculation of cash flow statement</b>                      |             |             |             |
|  | (A)         | (B)         | (B-A)       |
|  | 2001        | 2000        |             |
|  | 01/01-03/31 | 01/01-12/31 |             |
| 1) <b>Change in bunkers, trade debtors and trade creditors</b> |             |             |             |
| Bunkers  | 19          | 291         | 272         |
| Trade debtors  | 1 827       | 2 328       | 501         |
| Total  | 1 846       | 2 619       | 773         |
| 2) <b>Change in other short-term items</b>                     |             |             |             |
| Other receivables (short-term)                                 | 4 281       | 5 434       | 1 153       |
| Public taxes and duties payable                                | -186        | -285        | -99         |
| Other short-term liabilities                                   | -3465       | -5 447      | -1 982      |
| Total  | 630         | -298        | -928        |

## Key financial figures

|                         |          | 2001<br>03/31 | 2000<br>03/31 | 2000<br>12/31 |
|-------------------------|----------|---------------|---------------|---------------|
| Cash flow               | USD 1000 | 2 917         | 225           | 1 777         |
| Interest coverage ratio |          | 2.88          | 0.14          | 0.30          |
| Current ratio           | %        | 489.15        | 249.06        | 356.44        |
| Equity ratio            | %        | 28.43         | 19.63         | 24.37         |
| Earnings per share      | USD      | 0.07          | -0.08         | -0.16         |
| Cash flow per share     | USD      | 0.12          | 0.02          | 0.09          |

## Segment information

01/01 - 03/31/01

| USD 1 000                             | Produkt tank | Gas          | Panmax/<br>Capesize<br>bulk | Handymax<br>bulk | Ship-<br>management | Adm. a.o.   | TOTAL         |
|---------------------------------------|--------------|--------------|-----------------------------|------------------|---------------------|-------------|---------------|
| Net freight income                    | 2 251        | 3 702        | 8 831                       | 690              | 0                   | 0           | 15 474        |
| Other operating income                | 284          | 0            | 0                           | 5                | 230                 | 2           | 521           |
| <b>Total operating income</b>         | <b>2 535</b> | <b>3 702</b> | <b>8 831</b>                | <b>695</b>       | <b>230</b>          | <b>2</b>    | <b>15 995</b> |
| Charterhire expenses                  | 0            | 0            | -8 397                      | 0                | 0                   | 0           | -8 397        |
| Operating expenses                    | -682         | -1 932       | -328                        | -257             | 104                 | -3          | -3 098        |
| General admin. expenses               | -230         | -213         | -65                         | -64              | -344                | -221        | -1 137        |
| Ordinary depreciations                | -203         | -796         | -96                         | -207             | 0                   | 0           | -1 302        |
| Operating result before sale of ship: | 1 420        | 761          | -55                         | 167              | -10                 | -222        | 2 061         |
| Gain on sale of ships                 | 594          | 0            | 0                           | 0                | 0                   | 0           | 594           |
| <b>Operating result</b>               | <b>2 014</b> | <b>761</b>   | <b>-55</b>                  | <b>167</b>       | <b>-10</b>          | <b>-222</b> | <b>2 655</b>  |
| Share dividends/ interest income      | 28           | 0            | 4                           | 6                | 5                   | 67          | 110           |
| Interest expenses                     | -161         | -139         | -71                         | -294             | 0                   | -198        | -863          |
| Currency exchange gain/-loss          | 0            | 256          | 0                           | 0                | -3                  | -169        | 84            |
| Other financial items                 | -3           | -250         | -2                          | 0                | 4                   | -27         | -278          |
| Net financial items                   | -136         | -133         | -69                         | -288             | 6                   | -327        | -947          |
| Result before taxes                   | 1 878        | 628          | -124                        | -121             | -4                  | -549        | 1 708         |
| Operating income per 03/31/00         | 1 350        | 3 177        | 9 666                       | 1 924            | 133                 | 11          | 16 261        |
| <b>Operating income per 03/31/01</b>  | <b>2 535</b> | <b>3 702</b> | <b>8 831</b>                | <b>695</b>       | <b>230</b>          | <b>2</b>    | <b>15 995</b> |
| Operating result per 03/31/00         | 225          | -263         | 75                          | 375              | -19                 | -238        | 155           |
| <b>Operating result per 03/31/01</b>  | <b>2 014</b> | <b>761</b>   | <b>-55</b>                  | <b>167</b>       | <b>-10</b>          | <b>-222</b> | <b>2 655</b>  |

## Segment information

| 01/01 - 03/31/01             |                |        |               |               |               |              |        | 01/01 - 03/31/00 |        |               |               |               |              |        |  |
|------------------------------|----------------|--------|---------------|---------------|---------------|--------------|--------|------------------|--------|---------------|---------------|---------------|--------------|--------|--|
| USD 1 000                    | Prod.-<br>tank | Panm./ |               |               | Ship<br>mgmt. | Adm.<br>a.o. | Total  | Prod.-<br>tank   | Panm./ |               |               | Ship<br>mgmt. | Adm.<br>a.o. | Total  |  |
|                              |                | Gas    | Cape.<br>bulk | H.max<br>bulk |               |              |        |                  | Gas    | Cape.<br>bulk | H.max<br>bulk |               |              |        |  |
| Net freight income           | 2 251          | 3 702  | 8 831         | 690           | 0             | 0            | 15 474 | 1 231            | 3 177  | 9 666         | 1 902         | 0             | 0            | 15 976 |  |
| Other operating income       | 284            | 0      | 0             | 5             | 230           | 2            | 521    | 119              | 0      | 0             | 22            | 133           | 12           | 286    |  |
| Total operating income       | 2 535          | 3 702  | 8 831         | 695           | 230           | 2            | 15 995 | 1 350            | 3 177  | 9 666         | 1 924         | 133           | 12           | 16 262 |  |
| Charterhire expenses         | 0              | 0      | -8 397        | 0             | 0             | 0            | -8 397 | 0                | 0      | -9 215        | -603          | 0             | 0            | -9 818 |  |
| Operating expenses           | -682           | -1 932 | -328          | -257          | 104           | -3           | -3 098 | -620             | -2 407 | -67           | -532          | 44            | -27          | -3 609 |  |
| Gen. admin. expenses         | -230           | -213   | -65           | -64           | -344          | -221         | -1 137 | -251             | -237   | -213          | -56           | -196          | -222         | -1 175 |  |
| Ordinary depreciations       | -203           | -796   | -96           | -207          | 0             | 0            | -1 302 | -254             | -796   | -96           | -358          | 0             | 0            | -1 504 |  |
| Op. result before sale ships | 1 420          | 761    | -55           | 167           | -10           | -222         | 2 061  | 225              | -263   | 75            | 375           | -19           | -237         | 156    |  |
| Gain on sale of ships        | 594            | 0      | 0             | 0             | 0             | 0            | 594    | 0                | 0      | 0             | 0             | 0             | 0            | 0      |  |
| Operating result             | 2 014          | 761    | -55           | 167           | -10           | -222         | 2 655  | 225              | -263   | 75            | 375           | -19           | -237         | 156    |  |

## Fleet list

| At 31st March 2001<br>Ship              | Owner-<br>ship   | Built<br>year | Dwt                  | Operation                | T/C-period     |
|---|------------------|---------------|----------------------|--------------------------|----------------|
| <b>Product carriers/OBO</b>             |                  |               |                      |                          |                |
| M/T Belgrace                            | 63 %             | 1984/87       | 40 900               | Spot                     |                |
| M/S Belguardian                         | 20 %             | 1987          | 43 500               | Spot                     |                |
| M/S Belgallantry                        | 20 %             | 1987          | 43 500               | T/C to 02/02             |                |
| M/S Belgreeting                         | 20 %             | 1987          | 43 500               | Spot                     |                |
| <b>Gas</b>                              |                  |               |                      |                          |                |
| M/T Lanrick                             | 60 %             | 1992          | 3 215 <sup>1)</sup>  | T/C to 04/02             |                |
| M/T Ettrick                             | 60 %             | 1991          | 3 215 "              | T/C to 10/01             |                |
| M/T Traquair                            | 60 %             | 1982          | 6 616 "              | Pool                     |                |
| M/T Yarrow                              | 60 %             | 1982          | 6 568 "              | Pool                     |                |
| M/T Eildon                              | 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>   |                  |               |                      |                          |                |
| M/S Peter S.                            |                  | 1984          | 66 822               | Spot                     | 09-11/01       |
| M/S Vita Trader                         |                  | 1983          | 66 764               | T/C to 09-11/01          | 09-11/01       |
| Newbuilding                             |                  | 2003          | 76 000               | Delivering 10/03         | 10/11          |
| <b>Handymax bulk</b>                    |                  |               |                      |                          |                |
| M/S Belnor                              | 100 %            | 1996          | 47 600               | T/C to 02/03             |                |
| <b>Ship under commercial management</b> |                  |               |                      |                          |                |
| M/T Magnolia                            |                  | 1983          | 84 656               | Spot                     |                |
| M/T Sibeia                              |                  | 1981          | 88 723               | Spot                     |                |
| 1) Capacity in cbm                      |                  |               |                      |                          |                |
| <b>Number of ships</b>                  |                  |               |                      |                          |                |
| Type                                    | Owned<br>tonnage | Newbuilding   | Chartered<br>tonnage | Commercial<br>management | Total<br>fleet |
| Handysize product carriers/ OBO         | 1.2              |               |                      | 2.8                      | 4.0            |
| Gas                                     | 3.6              |               |                      | 2.4                      | 6.0            |
| Capesize bulk                           | 0.3              |               |                      | 0.7                      | 1.0            |
| Panmax bulk                             |                  | 1.0           | 2.0                  |                          | 3.0            |
| Handysize bulk                          | 1.0              |               |                      |                          | 1.0            |
| Aframax                                 |                  |               |                      | 2.0                      | 2.0            |
| Total                                   | 6.1              | 1.0           | 2.0                  | 7.9                      | 17.0           |



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