



BELSHIPS

REPORT 2ND QUARTER 2001

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FINANCIAL PERFORMANCE

Belships recorded operating income of USD 7,606,000 (2000: USD 14,066,000) in the second quarter of 2001. Operating income for the first six months totalled USD 23,601,000 (USD 30,328,000). The company's operating profit in the second quarter was USD 725,000 (USD -421,000), while operating profit for the first six months was USD 3,381,000 (USD -266,000). The fall in operating income in the second quarter compared with the first quarter is due primarily to reduced activity in the company's Panmax operation. Profit performance essentially reflects the general market trends.

The second-quarter net result totalled USD -530,000 (USD -837,000), while the net result for the first six months was USD 1,168,000 (USD -2,142,000).

SEGMENTAL RESULTS

The product carrier business generated an operating profit of USD 636,000 (USD -116,000) in the second quarter. Operating profit for the first six months totalled USD 2,650,000 (USD 109,000). This six-month result include, as previously reported, a capital gain of USD 595,000 on the first-quarter sale of the M/T Urai.

The gas carrier business recorded an operating profit of USD 70,000 (USD 223,000) in the second quarter, while the operating result for the first six months was USD 831,000 (USD -40,000).

The Panmax/Capesize bulk business generated an operating result of USD -155,000 (USD -780,000) in the second quarter, with an operating result for the first six months of USD -209,000 (USD -706,000).

The Handymax bulk business, which now consists solely of the M/S Belnor, recorded a second-quarter operating profit of USD 259,000 (USD 445,000), and an operating profit of USD 426,000 (USD 820,000) for the first six months.

The ship management business recorded an operating profit of USD 95,000 (USD -11,000) for the second quarter and an operating profit of USD 85,000 (USD -29,000) for the first six months.

OPERATIONS

The M/S Belgallantry continued on its time charter in the second quarter, while the two other OBO carriers and the M/T Belgrace operated in the spot market. The scheduled dry-docking of the M/S Belgreeting was brought forward to the second quarter for technical reasons, resulting in the vessel being off-hire for 23 days. The Belgrace was also off-hire for 7 days because of dry-docking.

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 the Dutch company A. Veder.

The Panmax operation Belships Trading carried out its previous commitments on both the shipping and cargo sides, but no new contracts were signed during the second quarter.

The M/S Belmaj sailed in the Capsize pool managed by Belgian company Bocimar throughout the period, while the M/S Belnor continued on its time charter.

FINANCIAL POSITION AND OTHER MATTERS

Belships has financed its fleet entirely in USD and all loan contracts have been entered into with short-term interest periods. As a consequence, Belships continued to benefit throughout the second quarter from the current fall in interest rates. The company is keeping under consideration the option to enter interest rate hedging contracts.

At 30 June, Belships' liquid assets had risen to USD 11.3 million from USD 11.1 million at the end of the first quarter, and mortgage debt was cut by USD 1.2 million during the second quarter to USD 66.6 million at 30 June. Shareholders' equity at 30 June was equivalent to 28% of assets or NOK 8.08 per share excluding minority interests.

The fleet's estimated market value is USD 2.5 million under book value. Based on the company's accounting principles, it is not considered necessary to reduce the ships book value.

In second quarter Belships participated in a share issue in the oilcompany Pelican AS. Belships shareholding remained unchanged at 10.4% after the share issue. Pelican AS has experienced a positive development in 2001.

OUTLOOK

The product carrier market weakened in the second quarter and there is considerable uncertainty as to whether this represents a downturn from the positive developments seen in this segment.

Trends in the gas carrier market were also negative and the third-quarter results are expected to be poorer than for the first two quarters.

The dry bulk market is showing a weakening trend, caused by substantial deliveries of new tonnage as well as falling demand. We expect the market for this type of vessel to continue along these lines.

Oslo, 20th August 2001

The Board of BELSHIPS ASA

Income statement

USD 1 000	2001 Apr - Jun	2001 Jan - Jun	2000 Jan - Jun	2000 Jan - Dec
Operating income	7 606	23 601	30 328	57 243
Charterhire expenses	-1 167	-9 564	-18 525	-31 702
Operating expenses	-3 279	-6 306	-6 647	-13 038
General administrative expenses	-1 131	-2 339	-2 446	-4 831
Ordinary depreciation on ships	-1 303	-2 605	-2 976	-6 017
Total operating expenses	-6 880	-20 814	-30 594	-55 588
Operating result before sale of ships	726	2 787	-266	1 655
Gain/-loss on sale of ships	0	594	0	-96
Operating result	726	3 381	-266	1 559
Share dividend, interest income	160	270	152	527
Interest expenses	-1 030	-1 894	-2 929	-5 982
Net currency exchange gain/-loss	-88	-4	1 119	971
Other financial items	-270	-548	-210	-310
Net financial items	-1 228	-2 176	-1 868	-4 794
Result before tax	-502	1 205	-2 134	-3 235
Taxes	-27	-37	-8	-34
Result	-529	1 168	-2 142	-3 269
Hereof minority interests	151	-100	-94	178
Hereof majority interests	-378	1 068	-2 236	-3 091
Earnings per share (majority interest)	-0.02	0.04	-0.14	-0.15

Balance sheet

USD 1 000	2001 30 Jun	2000 30 Jun	2000 31 Dec
Assets			
Intangible assets	3 153	3 153	3 153
Ships	75 685	94 371	81 061
Other fixed assets	3 952	3 466	3 750
Current assets	17 083	18 392	20 431
Total assets	99 873	119 382	108 395
Equity and liabilities			
Equity (excl. minority interests)	21 181	21 158	20 112
Minority interests	7 006	6 390	6 306
Long-term liabilities	67 430	86 523	76 245
Short-term liabilities	4 256	5 311	5 732
Total equity and liabilities	99 873	119 382	108 395

Cash flow statement

	2001	2000	2000
USD 1000	Jan - Jun	Jan - Jun	Jan - Dec
Funds generated from operations			
Result before taxes	1 205	-2 134	-3 235
-Gain/+ loss on sale of fixed assets	-594	0	40
Ordinary depreciation on ships	2 605	2 976	6 017
Depreciation on capitalised dry docking costs	591	639	1 223
Tax payable	37	8	34
Diff. between capital. pension and paid-in and drawn out	0	0	116
1 Change in bunkers, trade debtors and trade creditors	1 680	1 184	-664
2 Change in other short-term items	-878	-1 710	-1 333
Net flow from operations	4 647	963	2 198
Funds flow from investments			
Investments in fixed assets	-1 320	-1 157	-2 008
Sale proceeds from fixed assets disposals	4 094	0	10 531
Change in other investments	-397	689	-462
Net cash flow from investments	2 377	-468	8 061
Funds flow from financing			
Received payments from raising new long-term debt	0	0	833
Repayment of long-term debt	-8 694	-2 287	-12 736
Share issue in consolidated companies (minority interest)	600	0	0
Share issue	0	5 506	5 506
Net cash flow from financing	-8 094	3 219	-6 397
Net change in liquidity reserves	-1 070	3 714	3 862
Liquid reserves at beginning of period	12 378	8 516	8 516
Liquid reserves at end of period	11 308	12 230	12 378
Calculation of cash flow statement			
	(A)	(B)	(B-A)
	2001	2000	
	30 Jun	31 Dec	
1) Change in bunkers, trade debtors and creditors			
Bunkers	110	291	181
Trade debtors	828	2 328	1 500
Total	939	2 619	1 680
2) Change in other short-term items			
Other receiveables (short-term)	4 836	5 434	598
Public taxes and duties payable	-139	-285	-146
Other short-term liabilities	-4 117	-5 447	-1 330
Total	580	-298	-878

Key financial figures

		2001 30 Jun	2000 30 Jun	2000 31 Dec
Cash flow	USD 1000	3 777	-285	1 777
Interest coverage ratio		1.64	-0.11	0.30
Current ratio	%	401.39	346.30	356.44
Equity ratio	%	28.22	23.07	24.37
Earnings per share (majority interest)	USD	0.04	-0.14	-0.15
Cash flow per share	USD	0.15	-0.02	0.09

Segment information

Jan - Jun 2001

USD 1 000	Product tank	Gas	Panmax/ Capesize bulk	Handymax bulk	Ship management	Adm. a.o.	TOTAL
Net freight income	3 833	6 909	10 205	1 536	0	0	22 483
Other operating income	482	0	34	34	559	9	1 118
Total operating income	4 315	6 909	10 239	1 570	559	9	23 601
Charterhire expenses	0	0	-9 564	0	0	0	-9 564
Operating expenses	-1 412	-4 064	-352	-597	120	-1	-6 306
General admin. expenses	-440	-422	-341	-133	-594	-409	-2 339
Ordinary depreciations	-407	-1 592	-192	-414	0	0	-2 605
Operating result before sale of ship:	2 056	831	-210	426	85	-401	2 787
Gain on sale of ships	594	0	0	0	0	0	594
Operating result	2 650	831	-210	426	85	-401	3 381
Share dividends/ interest income	53	56	23	11	8	119	270
Interest expenses	-279	-592	-125	-543	0	-355	-1 894
Currency exchange gain/-loss	2	256	0	0	0	-262	-4
Other financial items	-8	-300	-4	-1	11	-246	-548
Net financial items	-232	-580	-106	-533	19	-744	-2 176
Result before taxes	2 418	251	-316	-107	104	-1 145	1 205
Operating income per 30 Jun '00	3 080	6 378	17 240	3 314	272	45	30 329
Operating income per 30 Jun '01	4 315	6 909	10 239	1 570	559	9	23 601
Operating result per 30 Jun '00	109	-40	-706	820	-29	-419	-265
Operating result per 30 Jun '01	2 650	831	-210	426	85	-401	3 381

Segment information

Jan - Mar 2001

USD 1 000	Prod.- tank	Panm./				Adm. etc.	Total
		Gas	Cape. bulk	H.max bulk	Ship mgmt.		
Net freight income	2 251	3 702	8 831	690	0	0	15 474
Other operating income	284	0	0	5	230	2	521
Total operating income	2 535	3 702	8 831	695	230	2	15 995
Charterhire expenses	0	0	-8 397	0	0	0	-8 397
Operating expenses	-682	-1 932	-257	-257	104	-3	-3 027
Gen. admin. expenses	-230	-213	-136	-64	-344	-221	-1 208
Ordinary depreciations	-203	-796	-96	-207	0	0	-1 302
Op. result before sale ships	1 420	761	-55	167	-10	-222	2 061
Gain on sale of ships	594	0	0	0	0	0	594
Operating result	2 014	761	-55	167	-10	-222	2 655

Jan - Mar 2000

USD 1 000	Prod.- tank	Panm./				Adm. etc.	Total
		Gas	Cape. bulk	H.max bulk	Ship mgmt.		
Net freight income	1 231	3 177	9 666	1 902	0	0	15 976
Other operating income	119	0	0	22	133	12	286
Total operating income	1 350	3 177	9 666	1 924	133	12	16 262
Charterhire expenses	0	0	-9 215	-603	0	0	-9 818
Operating expenses	-620	-2 407	-67	-532	44	-27	-3 609
Gen. admin. expenses	-251	-237	-213	-56	-196	-222	-1 175
Ordinary depreciations	-254	-796	-96	-358	0	0	-1 504
Op. result before sale ships	225	-263	75	375	-19	-237	156
Gain on sale of ships	0	0	0	0	0	0	0
Operating result	225	-263	75	375	-19	-237	156

Apr - Jun 2001

USD 1 000	Prod.- tank	Panm./				Adm. etc.	Total
		Gas	Cape. bulk	H.max bulk	Ship mgmt.		
Net freight income	1 582	3 207	1 374	846	0	0	7 009
Other operating income	198	0	34	29	329	7	597
Total operating income	1 780	3 207	1 408	875	329	7	7 606
Charterhire expenses	0	0	-1 167	0	0	0	-1 167
Operating expenses	-730	-2 132	-95	-340	16	2	-3 279
Gen. admin. expenses	-210	-209	-205	-69	-250	-188	-1 131
Ordinary depreciations	-204	-796	-96	-207	0	0	-1 303
Op. result before sale ships	636	70	-155	259	95	-179	726
Gain on sale of ships	0	0	0	0	0	0	0
Operating result	636	70	-155	259	95	-179	726

Apr - Jun 2000

USD 1 000	Prod.- tank	Panm./				Adm. etc.	Total
		Gas	Cape. bulk	H.max bulk	Ship mgmt.		
Net freight income	1 592	3 201	7 551	1 369	0	0	13 713
Other operating income	138	0	23	21	138	33	353
Total operating income	1 730	3 201	7 574	1 390	138	33	14 066
Charterhire expenses	-818	0	-7 909	20	0	0	-8 707
Operating expenses	-621	-1 955	-158	-377	46	27	-3 038
Gen. admin. expenses	-184	-227	-191	-231	-195	-242	-1 270
Ordinary depreciations	-223	-796	-96	-357	0	0	-1 472
Op. result before sale ships	-116	223	-780	445	-11	-182	-421
Gain on sale of ships	0	0	0	0	0	0	0
Operating result	-116	223	-780	445	-11	-182	-421

Fleet list

As at 30 Jun 2001					
Ship	Ownership	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 Belgallantry	20 %	1987	43 500	T/C to 02/02	
M/S Belgreeting	20 %	1987	43 500	Spot	
Gas					
M/T Lanrick	60 %	1992	3 215 ¹⁾	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	
Capesize bulk					
M/S Belmaj	25 %	1990	149 516	Pool	
Panmax bulk, chartered tonnage					
M/S Peter S.		1984	66 822	Spot	09-11/01
M/S Vita Trader		1983	66 764	Spot	09-11/01
Newbuilding		2003	76 000	Delivering 10/03	10/11
Handymax bulk					
M/S Belnor	100 %	1996	47 600	T/C to 02/03	
Ship under commercial management					
M/T Sibeia		1981	88 723	T/C to 07/03	
<i>1) Capacity in cubic meter</i>					
Number of ships					
Type	Owned tonnage	Newbuilding	Chartered tonnage	Commercial management	Total 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				1.0	1.0
Total	6.1	1.0	2.0	6.9	16.0



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