



**BELSHIPS**

**REPORT PER 30 JUNE 2002**

## 2ND QUARTER 2002

### FINANCIAL PERFORMANCE

Belships recorded operating income of USD 4,903,000 (2001: USD 7,606,000) and an operating result of USD -1,121,000 (USD 726,000) in the second quarter. The drop in earnings was due mainly to a weak gas carrier market but also to difficult product carrier and large bulker markets. The fall in operating income was due to the general market situation and lower levels of activity in the bulk business.

The group generated a post-tax result of USD -1,498,000 (USD -529,000) in the second quarter and USD

-1,633,000 (USD 1,168,000) in the first half of the year. Minority interests, which are related to the ownership in Gibson Gas Tankers, accounted for USD -1,082,000 of the first-half result, making Belships' share USD -551,000.

### SEGMENTAL RESULTS

The product carrier business generated an operating result of USD 132,000 (USD 636,000) in the second quarter, the gas carrier business an operating result of USD -1,111,000 (USD 70,000) and the dry bulk business an operating result of USD 55,000 (USD 104,000). The company's 50% stake in Elkem Chartering AS is not included in the second-quarter figures as a number of formalities need to be completed before the transaction can be finalised. Elkem Chartering generated an operating result of USD -300,000. The ship management business generated an operating result of USD 84,000 (USD 95,000).

### OPERATIONS

The product carrier market was boosted by substantial imports of gasoline into the USA from Europe. This buoyed rates in the Atlantic but the Pacific market remained weak.

The M/T Belgrace completed a short time charter and was then dry-docked in China where the 1984-built vessel underwent a condition assessment programme that resulted in extensive steel replacement work. This long period off-hire had a negative impact on the second-quarter results.

One of the two OBO carriers operated under a time charter in the Atlantic for most of the quarter while the other operated in the spot market in Asia.

The dry bulk market was largely weak but prone to considerable volatility, especially for Capesize tonnage. The M/S Belnor continued under its time charter at a fixed rate while the M/S Belmaj sailed in the Cape International pool, which reported poor results.

The market for small gas carriers deteriorated further during the quarter and earnings for the three 6,000 cbm vessels in the Anthony Veder pool were extremely poor. The two 3,200 cbm vessels continued on their time charters. The 1976-built 2,300 cbm M/T Quentin was sold for USD 1 million and transferred to its new owners, triggering a loss for accounting purposes of USD 0.3 million.

### FINANCIAL POSITION AND OTHER INFORMATION

Belships' financial position did not change significantly during the second quarter. The group had liquid assets of USD 8.6 million on 30 June, down from USD 9.3 million on 31 March, while its mortgage debt was reduced from USD 57.2 million to USD 56.3 million. Shareholders' equity at the end of the period was equivalent to 27.6% of assets or NOK 5.65 per share excluding minority interests.

The market value of some of the company's vessels is below their book value. It is difficult to determine the actual value of the vessels due to the market's limited liquidity. The vessels' values have not been written down in the accounts.

### OUTLOOK

As few bulkers are due to be delivered over the next 18-24 months, any increase in demand is expected to result in higher rates.

The situation is the reverse in the product carrier market, where substantial deliveries of crude and product carrier newbuildings will put pressure on rates unless there is substantial growth in demand.

The market for small gas carriers is believed to be close to bottoming out but it is uncertain when the market will begin to recover.

Oslo, 20th August 2002

The Board of BELSHIPS ASA

## Income statement

<i>USD 1 000</i>	2002	2001	2002	2001	2001
	Apr - Jun	Apr - Jun	Jan - Jun	Jan - Jun	Jan - Dec
Operating income	<b>4 903</b>	7 606	<b>9 943</b>	23 601	36 848
Charterhire expenses	<b>-522</b>	-1 167	<b>-1 125</b>	-9 564	-12 204
Operating expenses	<b>-2 981</b>	-3 279	<b>-6 264</b>	-6 306	-13 404
General administrative expenses	<b>-952</b>	-1 131	<b>-1 869</b>	-2 339	-4 913
Ordinary depreciations	<b>-1 261</b>	-1 303	<b>-2 547</b>	-2 605	-5 210
Total operating expenses	<b>-5 716</b>	-6 880	<b>-11 805</b>	-20 814	-35 731
Operating result before sale of fixed assets	<b>-813</b>	726	<b>-1 862</b>	2 787	1 117
Gain/(Loss) on sales	<b>-308</b>	0	<b>1 483</b>	594	594
Operating result	<b>-1 121</b>	726	<b>-379</b>	3 381	1 711
Share dividend, interest income	<b>60</b>	160	<b>78</b>	270	440
Interest expenses	<b>-387</b>	-1 030	<b>-1 052</b>	-1 894	-3 631
Net currency exchange gain/(-loss)	<b>172</b>	-88	<b>195</b>	-4	192
Other financial items	<b>-198</b>	-270	<b>-424</b>	-548	-385
Net financial items	<b>-353</b>	-1 228	<b>-1 203</b>	-2 176	-3 384
Result before taxes	<b>-1 474</b>	-502	<b>-1 582</b>	1 205	-1 673
Taxes	<b>-24</b>	-27	<b>-51</b>	-37	-171
Net result for the period	<b>-1 498</b>	-529	<b>-1 633</b>	1 168	-1 844
Minority share	<b>-565</b>	-151	<b>-1 082</b>	100	-863
Majority share	<b>-933</b>	-378	<b>-551</b>	1 068	-981
Earnings per share	<b>-0.06</b>	-0.02	<b>-0.07</b>	0.05	-0.08

## Balance sheet

<i>USD 1 000</i>	2002	2001	2001
	Per 30 Jun	Per 30 Jun	Per 31 Dec
<b>Assets</b>			
Intangible assets	<b>3 050</b>	3 153	3 050
Ships	<b>67 972</b>	75 685	73 555
Other fixed assets	<b>988</b>	3 952	3 925
Current assets	<b>13 314</b>	17 083	13 667
Total assets	<b>85 324</b>	99 873	94 197
<b>Equity and liabilities</b>			
Equity (excl. minority interests)	<b>18 578</b>	21 181	19 130
Minority interests	<b>4 961</b>	7 006	6 043
Long-term liabilities	<b>57 445</b>	67 430	64 892
Short-term liabilities	<b>4 340</b>	4 256	4 132
Total equity and liabilities	<b>85 324</b>	99 873	94 197

## Cash flow statement

	2002	2001	2001
<i>USD 1000</i>	<b>Jan - Jun</b>	<b>Jan - Jun</b>	<b>Jan - Dec</b>
<b>Cash generated from operations</b>			
Result before taxes	-1 582	1 205	-1 673
- gain/+ loss on sale of fixed assets	-1 483	-593	-594
Ordinary depreciations	2 547	2 605	5 210
Depreciations on capitalised docking expenses	1 092	591	1 561
Taxes payable	51	37	68
1 Change in bunkers, trade debtors and trade creditors	-224	1 680	1 677
2 Change in other short-term items	-183	-878	660
Net cash flow from operations	218	4 647	6 909
<b>Cash flow from investments</b>			
Investments in fixed assets	-1 319	-1 320	-3 422
Sale proceeds from fixed assets disposals	7 542	4 094	4 457
Change in other investments	242	-397	-18
Net cash flow from investments	6 465	2 377	1 017
<b>Cash flow from financing</b>			
Received payments from raising new long-term debts	0	0	0
Repayment of long-term debts	-7 652	-8 694	-11 353
Share issue in consolidated company (minority share)	0	600	600
Net cash flow from financing	-7 652	-8 094	-10 753
Net change in liquid reserves	-969	-1 070	-2 827
Liquid reserves at start of period	9 551	12 378	12 378
Liquid reserves at end of period	8 582	11 308	9 551
<b>Calculation of cash flow statement</b>	(A)	(B)	(B-A)
	2002	2001	
	Jan - Jun	Jan - Dec	
1) <b>Change in bunkers, debtors and creditors</b>			
Bunkers	54	70	16
Trade debtors	1 548	872	-676
Trade creditors	-437	0	437
Total	1 166	942	-224
2) <b>Change in other short-term items</b>			
Other receivables	3 129	3 174	45
Public taxes and duties payable	-225	-354	-129
Other short-term liabilities	-3 679	-3 778	-99
Total	-775	-958	-183

## Key financial figures

		2002 Per 30 Jun	2001 Per 30 Jun	2001 Per 31 Dec
Cash flow	USD 1000	<b>-969</b>	-1 070	-2 827
Interest coverage ratio		<b>-0.69</b>	1.64	0.49
Current ratio	%	<b>306.77</b>	401.39	330.74
Equity ratio	%	<b>27.59</b>	28.22	26.72
Earnings per share	USD	<b>-0.07</b>	0.05	-0.08
Cash flow per share	USD	<b>-0.04</b>	-0.04	-0.12

## Segmental results

### 1st January - 30th June 2002

<i>USD 1 000</i>	Dry cargo	Gas	Product carriers	Ship- management	Admin. a.o.	TOTAL
Net freight income	2 463	4 704	1 926	0	0	9 093
Management fee	63	0	174	613	0	850
<b>Total operating income</b>	<b>2 526</b>	<b>4 704</b>	<b>2 100</b>	<b>613</b>	<b>0</b>	<b>9 943</b>
Charterhire expenses	-1 037	0	0	0	-88	-1 125
Operating expenses	-745	-4 431	-1 202	117	-3	-6 264
General administrative expenses	-232	-458	-277	-558	-344	-1 869
Ordinary depreciations	-606	-1 592	-349	0	0	-2 547
Operating result before sales	-94	-1 777	272	172	-435	-1 862
Gain/(Loss) on sales	0	-320	37	0	1 766	1 483
<b>Operating result</b>	<b>-94</b>	<b>-2 097</b>	<b>309</b>	<b>172</b>	<b>1 331</b>	<b>-379</b>
Share dividend/ interest income	4	0	26	4	44	78
Interest expenses	-235	-584	-82	0	-151	-1 052
Net currency exchange gain/(-loss)	0	0	-1	-31	227	195
Other financial items	-117	-25	-6	-1	-275	-424
Net financial items	-348	-609	-63	-28	-155	-1 203
Result before taxes	-442	-2 706	246	144	1 176	-1 582
Operating income per 30 Jun'01	11 809	6 909	4 315	559	9	23 601
<b>Operating income per 30 Jun'02</b>	<b>2 526</b>	<b>4 704</b>	<b>2 100</b>	<b>613</b>	<b>0</b>	<b>9 943</b>
Operating result per 30 Jun'01	216	831	2 650	85	-401	3 381
<b>Operating result per 30 Jun'02</b>	<b>-94</b>	<b>-2 097</b>	<b>309</b>	<b>172</b>	<b>1 331</b>	<b>-379</b>

## Segmental results

### Jan - Mar 2002

<i>USD 1 000</i>	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

	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

<i>USD 1 000</i>	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

	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

## Fleet list

Per 30th June 2002					
Ship	Owner-ship	Built 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 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 Eildon	60 %	1982	6 077 "	Pool	
<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 11/02	
1) Capacity in cbm					
<b>Number of ships</b>					
Type	Owned tonnage	Newbuilding	Commercial management	Total fleet	
Handysize product carriers/ OBO	1.0		2.2	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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