



**BELSHIPS**

**REPORT 2ND QUARTER 2000**

## 2ND QUARTER 2000

### FINANCIAL PERFORMANCE

Belships recorded operating income of USD 30.3 million in the first half of the year: USD 16.2 million in the first quarter and USD 14.1 million in the second. The second quarter brought an increase in rates in all the segments in which Belships operates; the decrease in the company's operating income was attributable to lower activity in Panmax bulk. Belships generated an operating result of USD -0.4 million in the second quarter, compared with USD 0.2 million in the first. The second-quarter result was reduced by USD 0.8 million in costs relating to a charterparty dispute for chartered in tonnage. Belships generated a pre-tax result of USD -0.8 million in the second quarter, compared with USD -1.3 million in the first. The company has two vessels financed in GBP and so the appreciation of the USD against the GBP in the second quarter enabled the company to recognise an exchange gain of USD 1.0 million.

The product carrier business generated an operating result of USD -0.1 million in the second quarter, compared with USD 0.2 million in the first. The second-quarter result includes the costs relating to the aforementioned charterparty dispute. The gas carrier business generated an operating result of USD 0.2 million in the second quarter, compared with USD -0.3 million in the first, while the Panmax/Capesize dry bulk business generated an operating result of USD -0.8 million in the second quarter, compared with USD 0.1 million in the first. The Handymax dry bulk business generated an operating result of USD 0.4 million in the second quarter, the same as in the first, and the ship management business recorded a zero operating result in the second quarter, also the same as in the first.

### OPERATIONS

The dry bulk market was largely unchanged in the second quarter. The Handymax bulkers M/S Belnor and M/S Belstar continued on their time charters, with the former's charter being extended to the end of the year at an unchanged rate.

The Capesize bulker Belmaj also continued on its charter, which runs until the autumn.

The Panmax operation Belships Trading performed poorly in the second quarter as anticipated due to freight contracts having been concluded in prior periods. This is expected to continue for the rest of the year if the dry bulk market remains relatively strong.

The product carrier market rallied in the second quarter. All our vessels operate in the spot market (other than the M/T Urai which is sailing on a bareboat charter) and so earnings improved.

Gibson Gas Tankers posted improved results in the second quarter. The M/S Ettrick's time charter was extended by its Spanish charterer by one year at a rate of USD 205,000 per month from October, compared with USD 163,250 for the previous period. The 6,000 cbm vessels in the Veder pool also generated better earnings.

### FINANCIAL POSITION AND OTHER MATTERS

Belships' liquid assets increased from USD 8.5 million on 31 December 1999 to USD 12.2 million on 30 June 2000 and the mortgage debt dropped from USD 88.0 million to USD 85.7 million. Shareholders' equity at the end of the quarter was equivalent to 23.1% of assets and USD 0.86 or NOK 7.65 per share excluding minority interests. Belships strengthened its equity base through a NOK 50 million rights issue in the second quarter. The total number of shares after this share issue is amounting to 24.483.000.

The estimated market value of the fleet at the end of the second quarter was USD 1.7 million above its book value, an improvement since April when its market value was USD 1.3 million above its book value.

### OUTLOOKS

We are expecting better results during the second half of the year on account of the higher earnings we are seeing, particularly in the product and gas carrier markets.

The final decision on the long-term freight contract the company has entered into is now expected shortly and will be of great importance to Belships.

Oslo, 21 August 2000

The Board of BELSHIPS ASA

## Income statement

	2000	2000	1999	1999
USD 1 000	04/01-06/30	01/01-06/30	01/01-06/30	01/01-12/31
Operating income	14 066	<b>30 328</b>	16 997	39 059
Charterhire expenses	-8 707	<b>-18 525</b>	-5 291	-15 333
Operating expenses	-3 038	<b>-6 647</b>	-7 057	-14 065
General administrative expenses	-1 270	<b>-2 446</b>	-2 636	-5 255
Ordinary depreciation	-1 472	<b>-2 976</b>	-3 027	-6 042
Total operating expenses	-14 487	<b>-30 594</b>	-18 011	-40 695
Operating result	-421	<b>-266</b>	-1 014	-1 636
Share income and interest income	109	<b>152</b>	152	409
Interest expenses	-1 460	<b>-2 929</b>	-3 172	-6 275
Currency exchange gain/loss	1 146	<b>1 119</b>	245	588
Other financial items	-211	<b>-210</b>	5	-318
Net financial items	-416	<b>-1 868</b>	-2 770	-5 596
Result before taxes	-837	<b>-2 134</b>	-3 784	-7 232
Taxes	0	<b>-8</b>	-66	10
Result after taxes	-837	<b>-2 142</b>	-3 850	-7 222
Hereof minority interests	300	<b>-94</b>	364	1 026

## Balance sheet

	2000	1999	1999
USD 1 000	30 June	30 June	31 Dec.
<b>Assets</b>			
Intangible assets	<b>3 153</b>	3 153	3 153
Ships	<b>94 371</b>	99 068	96 830
Other fixed assets	<b>3 466</b>	4 396	4 167
Current assets	<b>18 392</b>	13 302	15 196
Total assets	<b>119 382</b>	119 919	119 346
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity (ex. minority interests)	<b>21 158</b>	17 527	17 698
Minority interests	<b>6 390</b>	6 903	6 484
Long-term debt	<b>86 523</b>	86 929	88 808
Short-term debt	<b>5 311</b>	8 560	6 356
Total shareholders' equity and liabilities	<b>119 382</b>	119 919	119 346

## Key financial figures

		2000	1999
		30 June	31 Dec.
Cash flow	USD 1000	-285	-1 768
Interest coverage ratio		-0.11	-0.25
Current ratio	%	346.30	239.08
Equity ratio	%	23.07	20.26
Earnings per share	USD	-0.14	-0.43

## Segment information

### Period 01/01 - 06/30/00

USD 1 000	Product tankers	Gas	Panmax/ Capesize bulk	Handymax bulk	Ship- management	Admin. a.o.	TOTAL
Freight income on t/c-basis	2 823	6 378	17 217	3 271	0	0	29 689
Fees	257	0	23	43	272	45	640
<b>Total income</b>	<b>3 080</b>	<b>6 378</b>	<b>17 240</b>	<b>3 314</b>	<b>272</b>	<b>45</b>	<b>30 329</b>
Charterhire expenses	-818	0	-17 124	-583	0	0	-18 525
Operating expenses	-1 241	-4 362	-225	-909	90	0	-6 647
General administrative expenses	-435	-464	-405	-287	-391	-464	-2 446
Ordinary depreciations	-477	-1 592	-192	-715	0	0	-2 976
<b>Operating result</b>	<b>109</b>	<b>-40</b>	<b>-706</b>	<b>820</b>	<b>-29</b>	<b>-419</b>	<b>-265</b>
Share income and interest income	18	0	37	17	4	76	152
Interest expenses	-512	-904	-146	-953	0	-414	-2 929
Currency exchange gain/loss	0	1 179	-112	0	-1	53	1 119
Other financial items	-1	0	-15	-164	-1	-29	-210
<b>Net financial items</b>	<b>-495</b>	<b>275</b>	<b>-236</b>	<b>-1 100</b>	<b>2</b>	<b>-314</b>	<b>-1 868</b>
<b>Result before taxes</b>	<b>-386</b>	<b>235</b>	<b>-942</b>	<b>-280</b>	<b>-27</b>	<b>-733</b>	<b>-2 133</b>
Operating income as at 06/30/99	2 599	5 924	5 819	2 232	297	128	16 997
<b>Operating income as at 06/30/00</b>	<b>3 080</b>	<b>6 378</b>	<b>17 240</b>	<b>3 314</b>	<b>272</b>	<b>45</b>	<b>30 329</b>
Operating result as at 06/30/99	152	-617	-335	352	-104	-461	-1 013
<b>Operating result as at 06/30/00</b>	<b>109</b>	<b>-40</b>	<b>-706</b>	<b>820</b>	<b>-29</b>	<b>-419</b>	<b>-265</b>

## Segment information

### Period 01/01 - 03/31/00

USD 1 000	Product tankers	Gas	Panmax/ Capesize bulk	Handymax bulk	Ship- management	Admin. a.o.	TOTAL
Freight income on t/c-basis	1 231	3 177	9 666	1 902	0	0	15 976
Fees	119	0	0	22	133	12	286
<b>Total operating income</b>	<b>1 350</b>	<b>3 177</b>	<b>9 666</b>	<b>1 924</b>	<b>133</b>	<b>12</b>	<b>16 262</b>
Charterhire expenses	0	0	-9 215	-603	0	0	-9 818
Operating expenses	-620	-2 407	-67	-532	44	-27	-3 609
General administrative expenses	-251	-237	-213	-56	-196	-222	-1 175
Ordinary depreciations	-254	-796	-96	-358	0	0	-1 504
<b>Operating result</b>	<b>225</b>	<b>-263</b>	<b>75</b>	<b>375</b>	<b>-19</b>	<b>-237</b>	<b>156</b>
Share income and interest income	7		19	6	2	10	44
Interest expenses	-256	-457	-78	-486	0	-192	-1 469
Currency exchange gain/loss	0	205	0	0	0	-232	-27
Other financial items	-4	0	-6	0	0	11	1
<b>Total financial items</b>	<b>-253</b>	<b>-252</b>	<b>-65</b>	<b>-480</b>	<b>2</b>	<b>-403</b>	<b>-1 451</b>
<b>Result before taxes</b>	<b>-28</b>	<b>-515</b>	<b>10</b>	<b>-105</b>	<b>-17</b>	<b>-640</b>	<b>-1 295</b>

### Period 04/01 - 06/30/00

USD 1 000	Product tankers	Gas	Panmax/ Capesize bulk	Handymax bulk	Ship- management	Admin. a.o.	TOTAL
Freight income on t/c-basis	1 592	3 201	7 551	1 369	0	0	13 713
Fees	138	0	23	21	138	33	353
<b>Total operating income</b>	<b>1 730</b>	<b>3 201</b>	<b>7 574</b>	<b>1 390</b>	<b>138</b>	<b>33</b>	<b>14 066</b>
Charterhire expenses	-818	0	-7 909	20	0	0	-8 707
Operating expenses	-621	-1 955	-158	-377	46	27	-3 038
General administrative expenses	-184	-227	-191	-231	-195	-242	-1 270
Ordinary depreciations	-223	-796	-96	-357	0	0	-1 472
<b>Operating result</b>	<b>-116</b>	<b>223</b>	<b>-780</b>	<b>445</b>	<b>-11</b>	<b>-182</b>	<b>-421</b>
Share income and interest income	11	0	18	12	2	66	109
Interest expenses	-256	-447	-68	-467	0	-222	-1 460
Currency exchange gain/loss	0	974	-112	0	-1	285	1 146
Other financial items	3	0	-9	-164	0	-41	-211
<b>Total financial items</b>	<b>-242</b>	<b>527</b>	<b>-171</b>	<b>-619</b>	<b>1</b>	<b>88</b>	<b>-416</b>
<b>Result before taxes</b>	<b>-358</b>	<b>750</b>	<b>-951</b>	<b>-174</b>	<b>-10</b>	<b>-94</b>	<b>-837</b>

## Fleet list

As at 30 June 2000 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 /T U rai	20 %	1995	28 500	B/B to 09/10	
M /S Belguardian	20 %	1987	43 500	Spot	
M /S Belgallantry	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 04/01	
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 "	T/C to 09/00	
<b>Capesize bulk</b>					
M /S Belmaj	25 %	1990	149 516	T/C to 09-11/00	
<b>Panmax bulk, chartered tonnage</b>					
M /S Mui Kim		1989	68 774	T/C to 12/00	12/00
M /S Nol Aldebaran		1984	66 822	Spot	08-09/01
M /S Nol Altair		1983	66 764	T/C to 08-10/01	08-10/01
<b>Handymax bulk</b>					
M /S Belnor	100 %	1996	47 600	T/C to 11/00-01/01	
M /S Belstar	80 %	1992	43 400	T/C to 10-12/00	
<b>Ship under commercial management</b>					
M /T M agnolia		1983	84 656	Spot	
<i>1) Capacity in cbm</i>					
<b>Number of ships</b>					
Type	Owned tonnage	External management	Chartered tonnage	Commercial management	Total fleet
Handysize product carriers/OBO	1.4	0.8		2.8	5.0
Gas	3.6			2.4	6.0
Capesize bulk	0.3			0.7	1.0
Panmax bulk			3.0		3.0
Handysize bulk	1.8			0.2	2.0
Aframax				1.0	1.0
Total	7.1	0.8	3.0	7.1	18.0



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