



BELSHIPS

REPORT 1ST QUARTER 2015

7 May 2015

**HIGHLIGHTS**

- Operating income of USD 5.0 m (USD 6.1 m)
- EBITDA of USD 2.2 m (USD 2.1 m)
- Net result of USD -2.0 m (USD 0.3 m)
- Impairment of ship values included with USD -2.2 m (USD 0.0 m)
- All vessels operating normally – modern fleet – average age 4.4 years.
- Contract coverage 100% for delivered vessels – USD 92 million fixed charter backlog.

First quarter 2015 results

Belships operating income in 1st quarter 2015 was USD 5,013,000 (Q1 2014: USD 6,079,000), while EBITDA amounted to USD 2,213,000 (USD 2,121,000). The decrease in operating income is mainly related to M/T Belaia, which was redelivered in the beginning of March 2014 and dry-docking of M/S Belnor. The Group's operating result amounted to USD -1,037,000 (USD 1,124,000), while total comprehensive income for 1st quarter 2015 was USD -1,986,000 (USD 295,000). The decrease in operating result is mainly explained by impairment of ships.

Impairment tests of the company's assets were performed in accordance with IAS 36. The ships and charterparties are valued based on observable market values. Based on these valuations and assumptions, the ships' book value has been adjusted by USD 2.2 million in the 1st quarter, in addition to ordinary depreciation of USD 1.1 million.

The accounts for 1st quarter of 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting and are consistent with the principles applied in the annual accounts for 2014 and relevant changes to IFRS effective from 1 January 2015. The interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

Fleet status

M/S Belstar, M/S Belnor and M/S Beloceen have continued the long-term contracts to Canpotex of Canada. Canpotex is one of the world's largest exporters of potash, a fertilizer product imported in large volumes by countries such as China, India and Brazil. Net time charter rate is USD 16,000 per day, which is a favorable rate in the present market.

M/S Belnor was in drydock in March, after 5 years in service. Total off-hire inclusive deviation was 19 days. Otherwise the ships have sailed without significant off-hire, and operating expenses for 1st quarter 2015 are close to budget. Technical management is handled by Belships Management (Singapore) with a total fleet of 20 ships under technical management.

Newbuilding program

Belships newbuilding program with Imabari Shipbuilding in Japan includes 2 x 61.000 dwt eco-design Supramax bulk carriers for delivery in September 2015 and 2nd quarter 2016. In addition Belships has signed a long-term lease agreement incl. purchase option for a slightly larger sister vessel with delivery 1st quarter 2017.

Financial and corporate matters

31 March the Group's cash totaled USD 6.1 million compared to USD 8.1 million as per 31 December 2014.

The mortgage debt balance as at 31 March was USD 45.0 million and was reduced by USD 1.3 million during the quarter. Third instalment for the second newbuilding amounting to USD 2.8 million was paid in March and was financed by the Group's surplus liquidity. Remaining newbuilding



commitment amounts to USD 39.6 million. Belships has established a loan facility covering 70% of the lower of contract price and market value at the time of delivery. 70% of contract price equals remaining newbuilding commitment.

In August 2011 Belships entered into an interest rate swap agreement with 2 years forward start at 2.2% with a remaining duration of 3.5 years covering USD 20 million, reducing by USD 5 million per year. Hedging the Group's interest exposure is considered on an ongoing basis. The long-term interest rate is at a historical low level. Belships expects only a modest increase in the interest rate level for the coming 3-5 years. The hedging level of interest rate exposure is currently around 24%.

At the end of the 1st quarter of 2015, the book value per share amounted to NOK 10.90, while the equity ratio was 55.8%.

Market highlights

The Capesize-index ended the first quarter at USD 4,415 per day, whereas the Panamax-index ended at USD 4,780 per day. The Supramax-index ended the quarter at USD 6,797 per day. As per today the Cape index stands at USD 4,532/day, Panamax-index at USD 5,246/day and Supramax-index at USD 6,533/day.

The dry bulk market is close to historical low levels after a long period of high fleet deliveries as well as weaker demand growth. This has resulted in a strong pressure on rates and asset prices in all dry bulk sectors. Buyers turn their attention to Japanese tonnage, adding pressure to asset prices for Chinese built tonnage. Another factor is the strengthening of USD against JPY, leading to more sales candidates from Japanese owners.

With rapidly declining iron ore prices Chinese domestic production has become unprofitable and can no longer compete with cheaper imports. China produced 206 million tons of iron ore in 2014, compared with 314 million tons in 2013. China's 4,000 mines are mostly small-scale operation with higher production costs than the big four iron ore producers in Australia and Brazil. The likely effect for shipping is that China will import more of its iron ore, helping to absorb some of the tonnage overcapacity.

Chinese steam coal imports fell back sharply in 2014 as coal lost market share in the electricity mix. However, coal will still be important for China. Indian imports of coal will continue to grow and Marsoft predicts that the combined imports of China and India will bring about positive growth for the coal trade.

Strategy

Belships is concentrating 100% on the dry bulk market, with 3 x 58,000 dwt Supramax in service and 3 x Supramax newbuildings under construction by Imabari Shipbuilding in Japan for delivery from September 2015 until 1st quarter 2017. The newbuildings will be actively marketed for long-term employment at a time closer to delivery, but Belships is in preliminary discussions with a few carefully selected charterers.

Outlook

The supply side is quickly adjusting to lower demand and during first quarter approx. 9 million dwt of dry bulk tonnage has been scrapped, including 45 capesizes. We have also seen conversions of capesize contracts to tankers and container vessels, and increased slippage can be expected as many owners try to postpone deliveries. Fearnley Securities claims that 63% of the dry bulk orderbook is to be delivered from Chinese yards, out of which about 1/3 from private independent shipyards. Many yards are in a challenging situation with high working capital needs and no new orders.

Rates and ship values have fallen to historical low levels and are probably close or at bottom of the cycle. Current second hand prices offer a low cash break-even level for most ship types, and many ships are being inspected by prospective buyers.

Belships vessels are chartered out long-term on a fixed rate to a reputable counterpart, and short term market fluctuations will therefore not affect the Group's cash flow. The charter parties represent a future nominal gross hire of USD 92 million.

Focus will be to further develop Belships as an owner/operator of modern bulk carriers to reputable counterparts. Our ambition is to build a portfolio of quality vessels and robust charter parties that will generate distributable cash flows.

Oslo, 7 May 2015
THE BOARD OF BELSHIPS ASA

Sverre Jørgen Tidemand, Chairman

Christian Rytter

Kjersti Ringdal

Sissel Grefsrud

Carl Erik Steen

Questions should be directed to:

Ulrich Müller, CEO
+47 22 52 76 15



CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

BELSHIPS ASA

USD 1 000		Q1 2015 (unaudited)	Q1 2014 (unaudited)	2014
	Note			
Freight revenue		3 874	5 098	17 912
Management fees		1 139	981	4 167
Operating income	1	5 013	6 079	22 079
Time-charter hire		0	-804	-804
Ship operating expenses		-1 222	-1 384	-5 434
Operating expenses ship management		-888	-922	-3 741
General and administrative expenses		-690	-848	-3 540
Operating expenses		-2 800	-3 958	-13 519
Operating result (EBITDA)		2 213	2 121	8 560
Depreciation and amortization		-1 050	-997	-4 274
Impairment of ships		-2 200	0	-3 200
Operating result (EBIT)		-1 037	1 124	1 086
Interest income		2	9	124
Interest expenses		-441	-499	-1 961
Other financial items		-285	-355	-277
Currency gains/(-losses)		-194	42	-550
Net financial items		-918	-803	-2 664
Result before taxes		-1 955	321	-1 578
Taxes		-31	-26	-23
Net result		-1 986	295	-1 601
Hereof non-controlling interests		33	7	80
Hereof majority interests		-2 019	288	-1 681
Other comprehensive income				
Actuarial gain/(loss) on defined benefit plans		0	0	-99
Total comprehensive income		-1 986	295	-1 700
Hereof non-controlling interests		33	7	80
Hereof majority interests		-2 019	288	-1 780
Earnings per share (US cent)		-4.24	0.63	-3.42
Diluted earnings per share (US cent)		-4.24	0.63	-3.42



CONSOLIDATED BALANCE SHEETS

BELSHIPS ASA

USD 1 000		Q1 2015 (unaudited)	Q1 2014 (unaudited)	2014
ASSETS	<i>Note</i>			
Fixed assets				
Ships		86 746	94 640	88 920
Newbuilding instalments	2	16 950	5 650	14 125
Other fixed assets		2 181	3 074	2 345
Total fixed assets		105 877	103 364	105 390
Current assets				
Trade debtors		112	122	44
Other receivables		886	1 104	967
Cash and cash equivalents		6 091	16 690	8 064
Total current assets		7 089	17 916	9 075
Total assets		112 966	121 280	114 465
EQUITY AND LIABILITIES				
Equity				
Paid-in capital		43 581	43 305	43 563
Retained earnings		19 061	23 540	21 080
Non-controlling interests		441	408	408
Total equity		63 083	67 253	65 051
Long-term liabilities				
Mortgage debt	3	39 430	44 437	40 651
Interest rate swap		520	711	515
Pension obligations		976	1 620	1 138
Total long-term liabilities		40 926	46 768	42 304
Short-term liabilities				
Current portion of mortgage debt	3	5 000	5 000	5 000
Trade creditors		1 652	484	381
Other short-term liabilities		2 305	1 775	1 729
Total short-term liabilities		8 957	7 259	7 110
Total equity and liabilities		112 966	121 280	114 465

**CONSOLIDATED CASH FLOW STATEMENTS****BELSHIPS ASA**

USD 1 000	Q1 2015	Q1 2014	2014
Cash flow from operating activities			
Net result before taxes	-1 955	321	-1 578
Adjustments to reconcile profit before tax to net cash flows:			
Depreciations on fixed assets	1 050	997	4 274
Impairment of ships	2 200	0	3 200
Share-based compensation expense	18	0	259
Difference between pension expenses and paid pension premium	-70	0	-262
Net finance costs	918	803	2 664
Working capital adjustments:			
Change in trade debtors and trade creditors	1 203	-188	-213
Change in other short-term items	387	-496	-90
Interest received	2	9	124
Interest paid	-441	-499	-1 961
Income tax paid	-44	0	-35
Net cash flow from operating activities	3 268	947	6 382
Cash flow from investing activities			
Prepayment newbuilding contracts	-2 825	0	-8 475
Payment of other investments	-1 051	-188	-898
Net cash flow from investing activities	-3 876	-188	-9 373
Cash flow from financing activities			
Repayment of long-term debt	-1 250	-47 911	-51 662
Proceeds from new loan	0	50 000	49 425
Payment of transaction costs related to new loan	0	-493	0
Dividend paid to shareholders	0	0	-393
Net cash flow from financing activities	-1 250	1 596	-2 630
Net change in cash and cash equivalents during the period	-1 858	2 355	-5 621
Cash and cash equivalents at 1 January	8 064	14 282	14 282
Change currency NOK deposits	-115	53	-597
Cash and cash equivalents at end of period	6 091	16 690	8 064



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

BELSHIPS ASA

USD 1 000

(Unaudited)	Majority interest						Total equity
	Paid-in				Retained		
	Share capital	Treasury shares	Share premium reserves	Other paid-in equity	Other equity	Non-controlling interests	
As at 31 March 2015							
Equity as at 31 December 2014	14 272	-166	13 751	15 707	21 079	408	65 051
Net result for the period	0	0	0	0	-2 019	33	-1 986
Other comprehensive income	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	-2 019	33	-1 986
Share-based payment expense	0	0	0	18	0	0	18
Equity as at 31 March 2015	14 272	-166	13 751	15 725	19 060	441	63 083
As at 31 March 2014							
Equity as at 31 December 2013	14 272	-166	13 751	15 448	23 252	401	66 958
Net result for the period	0	0	0	0	288	7	295
Other comprehensive income	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	288	7	295
Equity as at 31 March 2014	14 272	-166	13 751	15 448	23 540	408	67 253

KEY FINANCIAL FIGURES

BELSHIPS ASA

		Q1 2015	Q1 2014	2014
EBITDA	USD 1000	2 213	2 121	8 560
Interest coverage ratio		-2.08	1.70	0.37
Current ratio	%	79.14	246.81	127.64
Equity ratio	%	55.84	55.45	56.83
Earnings per share	US cent	-4.24	0.63	-3.42
Earnings per share	NOK	-0.34	0.04	-0.25
Equity per share	NOK	10.90	8.60	10.33
Number of issued shares (excluding treasury shares)		46 804 000	46 804 000	46 804 000
Average number of issued shares (excluding treasury shares)		46 804 000	46 804 000	46 804 000

**NOTES TO THE CONSOLIDATED ACCOUNTS***The figures are not audited***Note 1 Segment information****BELSHIPS ASA****USD 1 000****January - March 2015**

	<i>Dry cargo</i>	<i>Technical managm.</i>	<i>Admini- stration</i>	<i>Group transactions</i>	<i>Total</i>
Freight revenue	3 806	0	0	68	3 874
Management fees	0	1 177	137	-175	1 139
Operating income	3 806	1 177	137	-107	5 013
Ship operating expenses	-1 328	0	0	106	-1 222
Operating expenses ship management	0	-888	0	0	-888
General and administrative expenses	-2	0	-689	1	-690
Operating expenses	-1 330	-888	-689	107	-2 800
Operating result (EBITDA)	2 476	289	-552	0	2 213
Depreciation and amortization	-1 026	-10	-14	0	-1 050
Impairment of ships	-2 200	0	0	0	-2 200
Operating result (EBIT)	-750	279	-566	0	-1 037
Interest income	0	1	1	0	2
Interest expenses	-441	0	0	0	-441
Other financial items	-71	-4	-210	0	-285
Currency gains/(-losses)	2	14	-210	0	-194
Net financial items	-510	11	-419	0	-918
Result before taxes	-1 260	290	-985	0	-1 955
Taxes	0	-31	0	0	-31
Net result	-1 260	259	-985	0	-1 986
Hereof non-controlling interests	0	33	0	0	33
Hereof majority interests	-1 260	226	-985	0	-2 019


Note 1 Segment information, continued
BELSHIPS ASA

USD 1 000	2015				2014				
Q1	Dry cargo	Techn. manag.	Admin/ Grp.tr.	Total	Dry cargo	Product tank	Techn. manag.	Admin/ Grp.tr.	Total
Freight revenue	3 806	0	68	3 874	4 233	774	0	91	5 098
Management fees	0	1 177	-38	1 139	0	0	1 016	-35	981
Operating income	3 806	1 177	30	5 013	4 233	774	1 016	56	6 079
Time-charter hire	0	0	0	0	0	-804	0	0	-804
Ship operating expenses	-1 328	0	106	-1 222	-1 493	0	0	109	-1 384
Operating expenses ship management	0	-888	0	-888	0	0	-922	0	-922
General and administrative expenses	-2	0	-688	-690	-11	-10	0	-827	-848
Operating expenses	-1 330	-888	-582	-2 800	-1 504	-814	-922	-718	-3 958
Operating result (EBITDA)	2 476	289	-552	2 213	2 729	-40	94	-662	2 121
Depreciation and amortization	-1 026	-10	-14	-1 050	-964	0	-12	-21	-997
Impairment of ships	-2 200	0	0	-2 200	0	0	0	0	0
Operating result (EBIT)	-750	279	-566	-1 037	1 765	-40	82	-683	1 124

Note 2 Newbuilding contracts

Belships ASA has placed order for two newbuilding contracts for fuel efficient Supramax bulk carriers from Imabari Shipbuilding Co. Ltd. The ships will be delivered during 3rd quarter 2015 and first half of 2016. Total newbuilding cost amounts to USD 56.5 million.

Remaining instalments	%	USD mill. per ship	Scheduled due date Hull S-K085	Scheduled due date Hull S-K086
#4: Launching	10 %	2.83	3 months before delivery	3 months before delivery
#5: Delivery	60 %	16.95	Sep 2015	Mar/Apr 2016
Total paid instalments (USDm)			8.48	8.48
Total remaining instalments (USDm)			19.78	19.78

Note 3 Mortgage debt

Mortgage debt as of 31 March 2015 was USD 45.0 million, of which USD 5.0 million is classified as current. Arrangement fee and other costs related to drawdown of the new loan is recorded as a reduction of debt in the balance sheet and amortized over the loan period in accordance with the amortized cost principle.



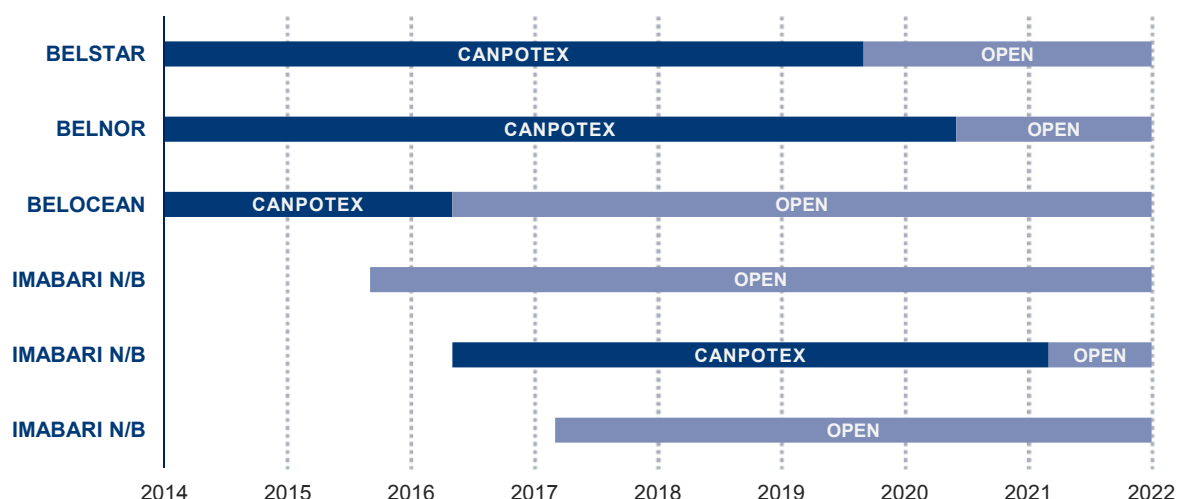
FLEET LIST

As at 31 March 2015

Ship		Ownership	Built year	Dwt	Employment	T/C-rate (net USD/day)
Supramax						
M/S Belstar	1	100 %	2009	58 018	T/C to 08/19	16 000
M/S Belnor	1	100 %	2010	58 018	T/C to 05/20	16 000
M/S Belocean	1	100 %	2011	58 018	T/C to 03/21	16 000
Ultramax						
Imabari newbuilding	2	100 %	2015	61 000		
Imabari newbuilding	2	100 %	2016	61 000		
Imabari newbuilding	3	T/C	2017	63 000		

- 1) In case of any sale, Belships has an option to cancel two of the three time charter parties after respectively 5 and 7 years from the ships were delivered.
- 2) Belships has signed an agreement with Canpotex Shipping Services Ltd to replace M/S Belnor or M/S Belocean with one of the newbuildings. The rate will be adjusted to USD 17,300/day net with effect from the date of delivery and until the expiry of the existing c/p period.
- 3) Delivery during 1st quarter of 2017 for long-term lease with purchase option. Charter period is eight years with three annual renewal options. Purchase option may be exercised at the end of year 4 to JPY 3.01 billion, with an annual decrease of JPY 110 million.

CHARTER COVERAGE



Canpotex was established in 1972 by three Canadian potash producers: Agrium, Mosaic and PotashCorp. Canpotex manages transportation and has invested in 5,000 specialized railcars and two port terminals. Canpotex has supplied over 185 million mt of potash since 1974 to customers in countries like Australia, Brazil, China, India, Indonesia and Japan.

**BELSHIPS**

20 LARGEST SHAREHOLDERS

As at 30 April 2015

Name	Number of shares	%
SONATA AS	28 856 030	60.94%
TIDSHIPS AS	6 201 058	13.10%
TIDEMAND SVERRE JØRGEN	2 891 462	6.11%
SKANDINAVISKA ENSKIL A/C CLIENTS ACCOUNT	987 419	2.09%
GEMSCO AS	537 058	1.13%
BELSHIPS ASA	498 000	1.05%
CARLINGS AS	400 000	0.84%
TIDINVEST II AS	315 414	0.67%
IMPORTER AS	305 001	0.64%
JENSSEN & CO A/S	302 816	0.64%
CHREM CAPITAL AS	270 000	0.57%
KONTRARI AS	250 000	0.53%
NAGATSUKA TORU	250 000	0.53%
SØLAND LIV	240 000	0.51%
GRANADA MANAGEMENT A	220 000	0.46%
STEEN CARL ERIK	207 203	0.44%
KIELLAND BERNHARD	200 000	0.42%
JSL AS	175 000	0.37%
ASL HOLDING AS	175 000	0.37%
SØLAND TORSTEIN c/o T. Sølund Taktek	130 000	0.27%
OTHER SHAREHOLDERS	3 940 539	8.32%
Total outstanding shares	47 352 000	100.00%

**BELSHIPS**

Lilleakerveien 4, P.O.Box 23, Lilleaker, N-0216 Oslo, Norway
Tel: +47 22 52 76 00 chartering@belships.no www.belships.com
Enterprise no: NO930 776 793MVA