



BELSHIPS

Report as at 31 August 1998

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Financial performance

The first eight months of the year saw Belships ASA turnover of NOK 290.0 million (1997: NOK 376.9 million), an operating result of NOK -16.7 million (NOK 1.3 million) and a net result of NOK -89.8 million (NOK 107.7 million).

The company's results for the period include the impact of unrealised currency losses on the company's mortgage debt totalling NOK 52.7 million (NOK 95.4 million). The charge is attributable to the appreciation of the US dollar from NOK 7.33 on 31 December 1997 to NOK 7.83 on 31 August 1998.

The reduction in the company's turnover is attributable to generally lower earnings for the company's ships and a reduction in activity in the product tanker market.

Product tankers recorded an operating result of NOK 1.1 million (NOK 7.4 million), gas tankers an operating result of NOK -9.2 million (NOK 8.5 million), panmax/capesize dry bulk carriers an operating result of NOK -8.0 million (NOK -8.5 million), handymax dry bulk carriers an operating result of NOK 2.2 million (NOK -0.6 million) and ship management an operating result of NOK 3.2 million (0.8 million). Note that this year's handymax figure is not comparable with last year's figure, which included the company's share of the NOK -9.8 million net result at Western Bulk Shipping ASA (WBS).

Operations

The product tanker market was affected by low rates and moderate activity during the second four months of the year. This reflects the large stocks of both petrol and intermediate distillates in the Atlantic Basin combined with lower consumption in Asia.

The gas tanker market was also weak with lower rates throughout the period.

The dry bulk carrier market performed as expected with a seasonal downturn. The Asian financial crisis resulted in increased exports into the Atlantic region, which in turn led to a reversal of the normal trading pattern. As a player in the panmax market, Belships Trading was badly affected by this change, leading to poor results.

As reported previously, discussions have been entered into with Wilh. Wilhelmsen ASA regarding the sale of the

company's shares in Western Bulk Shipping ASA in the amount of NOK 26.50 per share. However, Board of Directors of the buyer did not approve the sale and consequently Belships must continue the search for a satisfactory solution.

Outlook

Recent weeks have seen a reduction in stocks of oil and oil products, largely due to a cut in oil production in the OPEC countries. So long as the decline in demand does not become too great on account of the financial difficulties in Asia, a better balance in oil stocks ought to bring about an improvement in the product tanker market towards the end of the year.

When it comes to the gas tanker market, we expect to see the usual seasonal upswing as winter approaches, but we do not anticipate any fundamental change in the overall market balance.

The large dry bulk carrier market has tightened in recent weeks. There are also signs of some improvement in handymax rates. This should mean that the disparity between supply and demand is not as great as many feared. However, the situation in Asia makes it unlikely that there will be a fundamental turnaround in the market in the immediate future.

Financial position and other information

Belships cash and financial position deteriorated during the first eight months of the year due to the company's poor results and drops in tanker and bulk carrier values. The company recorded a negative cash flow of NOK 18.7 million during the period, with liquid assets dropping to NOK 43.4 million on 31 August.

In anticipation of a final clarification, the Board of Directors has resolved not to effect a write down on booked value on the shares in WBS. A write down from NOK 37.65 per share to NOK 26.50 would reduce the result with NOK 35.7 million. In early September, Belships sold off part of its share in the product tanker Belanja, thereby releasing about NOK 20 million in cash.

For more information, contact financial director Jo Eric von Koss on +47 22 52 76 00.

Oslo, 6 October 1998
The Board of Directors of BELSHIPS ASA

Statement of income

	1998	1998	1998	1997	1997
NOK 1 000	1/5-31/8	1/1-30/4	1/1-31/8	1/1-31/8	1/1-31/12
Operating income	121 169	168 854	290 023	376 922	581 822
Charterhire expenses	-54 901	-96 188	-151 089	-223 872	-376 635
Operating expenses	-44 148	-45 049	-89 197	-87 554	-121 140
General administrative expenses	-16 257	-15 844	-32 101	-34 205	-52 903
Ordinary depreciation ships	-17 178	-17 180	-34 358	-29 972	-47 623
Total operating expenses	-132 484	-174 261	-306 745	-375 603	-598 301
Operating result before sale of ships	-11 315	-5 407	-16 722	1 319	-16 479
Gains from sale of ships	0	0	0	0	36 632
Operating result	-11 315	-5 407	-16 722	1 319	20 153
Share dividend and interest income	984	1 104	2 088	7 460	8 992
Interest expenses	-18 282	-17 666	-35 948	-34 951	-53 678
Currency exchange gain/ -loss	-40 841	-11 838	-52 679	-95 424	-70 122
Other financial items	-283	-647	-930	-1 421	-1 567
Net financial items	-58 422	-29 047	-87 469	-124 336	-116 375
Net result after financial items	-69 737	-34 454	-104 191	-123 017	-96 222
Minority interests	10 519	5 377	15 896	15 654	4 313
Result before taxes	-59 218	-29 077	-88 295	-107 363	-91 909
Taxes	-540	-1 002	-1 542	-351	-9 725
Net result for the period	-59 758	-30 079	-89 837	-107 714	-101 634

Balance sheet

	1998	1997	1997
NOK 1 000	31/8	31/8	31/12
Assets			
Current assets	94 470	139 111	126 506
Ships	868 359	870 514	898 186
Other fixed assets	161 924	166 646	158 964
Total assets	1 124 753	1 176 271	1 183 656
Liabilities and shareholders' equity			
Current liabilities	96 345	117 499	132 301
Long term liabilities	801 037	743 090	718 251
Minority interests	30 614	35 167	46 508
Shareholders' equity	196 757	280 515	286 596
Total liabilities and shareholders' equity	1 124 753	1 176 271	1 183 656

Key Financial Figures

		1998	1997	1997
		31/8	31/8	31/12
Cash flow	NOK 1000	-18 696	22 298	21 523
Interest coverage ratio		0.01	0.66	0.59
Current ratio	%	98.05	118.40	95.62
Equity ratio	%	17.49	23.84	24.21
Earnings per share	NOK	-6.20	-7.44	-7.02

Segment information

As at 31 August 1998			Panmax/ Capesize	Handymax	Technical		
NOK 1 000	Product tanker	Gas	bulk	bulk	management	Adm. a.o.	TOTAL
Income on timecharter basis	48 368	62 021	140 484	22 399	0	0	273 272
Fees	4 892	0	0	439	11 420	0	16 751
Total operating income	53 260	62 021	140 484	22 838	11 420	0	290 023
Charterhire expenses	-13 102	0	-137 987	0	0	0	-151 089
Operating expenses	-23 112	-50 015	-4 151	-12 085	-660	826	-89 197
General administrative expenses	-6 425	-6 556	-4 484	-205	-7 545	-6 886	-32 101
Ordinary depreciation ships	-9 499	-14 662	-1 867	-8 330	0	0	-34 358
Operating result	1 122	-9 212	-8 005	2 218	3 215	-6 060	-16 722
Share dividend and interest income	440	0	252	52	134	1 210	2 088
Interest expenses	-8 743	-9 750	-1 835	-11 728	0	-3 892	-35 948
Currency exchange gain/ -loss	-12 071	-20 774	217	-14 449	-216	-5 386	-52 679
Other financial items	-124	0	-210	-4	-4	-588	-930
Net financial items	-20 498	-30 524	-1 576	-26 129	-86	-8 656	-87 469
Minority interests	0	15 896	0	0	0	0	15 896
Result before taxes	-19 376	-23 840	-9 581	-23 911	3 129	-14 716	-88 295
Operating income as at 31/08/97	107 851	64 606	161 454	30 295	12 171	545	376 922
Operating income as at 31/08/98	53 260	62 021	140 484	22 838	11 420	0	290 023
Operating result as at 31/08/97	7 357	8 535	-8 588	-630	831	-6 186	1 319
Operating result as at 31/08/98	1 122	-9 212	-8 005	2 218	3 215	-6 060	-16 722

Fleet list

As at 31 August 1998					Time of
Ship	Ownership	Built year	Dwt	Operation	redelivery
Product tanker/ OBO					
M/T Belanja	49 %	1995	28 500	Sold 09/98	
M/T Belgrace	63 %	1984/87	40 900	Spot	
M/T Beltrader	49 %	1983	40 520	Spot	
M/S Belguardian	20 %	1987	43 500	T/C to 01/99	
M/S Belgallantry	20 %	1987	43 500	Spot	
M/S Belgreeting	20 %	1987	43 500	Spot	
Gas					
M/T Lanrick	60 %	1992	3 215 1)	T/C to 04/99	
M/T Ettrick	60 %	1991	3 215 "	T/C to 10/99	
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	T/C to 12/99	
Panmax bulk, chartered tonnage					
M/S Henza	100 %	1988	70 227	Spot	05/99
M/S Humber	100 %	1982	70 870	Spot	09/99
Handymax bulk					
M/S Belnor	100 %	1996	47 600	Spot	
M/S Belstar	80 %	1992	43 400	Spot	
Ship under commercial management					
M/T Magnolia		1983	84 656	T/C to 07/00	
1) Capacity in cbm.					
Number of ships					
Type	Owned tonnage	Chartered tonnage	Commercial management	Available fleet	
Handysize product tanker/ OBO	2.2		3.8	6.0	
Gas	3.6		2.4	6.0	
Capesize bulk	0.3		0.7	1.0	
Panmax bulk		2.0		2.0	
Handysize bulk	1.8		0.2	2.0	
Aframax			1.0	1.0	
Total	7.9	2.0	8.1	18.0	



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