



BELSHIPS

REPORT AS AT 31 AUGUST 1999

INTERIM REPORT FOR THE SECOND FOUR-MONTH PERIOD OF 1999

FINANCIAL PERFORMANCE

In the second four-month period of 1999, Belships recorded an operating profit of USD 0.2 million, compared to a loss of USD 1.6 million in the first four-month period. The improvement is due to a positive profit development in all segments.

The group's operating income increased from USD 10.8 million in the first four-month period to USD 11.9 million in the second four-month period. The total operating income for the first eight months of the year was USD 22.7 million, compared to USD 38.3 million for the same period in 1998. The decline is due to reduced activity in Belships Trading and Belships Tankers.

For the second four-month period, the net loss after tax was USD 1.6 million, compared to a net loss after tax of USD 3.0 million in the first four-month period. The net loss after tax for the first eight months of the year was USD 4.6 million, compared to a net loss after tax of USD 6.7 million for the same period in 1998.

OPERATING RESULTS FOR THE SEGMENTS

Product Tankers recorded an operating profit of USD 0.2 million in the second four-month period, compared to a breakeven in the first four-month period. Gas had an operating loss of USD 0.2 million, compared to an operating loss of USD 0.6 million in the previous four-month period. Panmax/Capesize reached breakeven in the second four-month period, compared to an operating loss of USD 0.5 million in the first four-month period. Handymax Bulk also showed improvement in the second four-month period, with an operating profit of USD 0.5 million, compared to an operating loss of USD 0.1 million in the previous period. Ship Management recorded an operating loss of USD 0.1 million, which is comparable to the results of the first four-month period.

OPERATIONS

The product tanker market was stable during the second four-month period, but at a low rate level.

The capesize ship Belmaj was docked during this period and was fixed on a timecharter until September 2000 at an improved rate.

The gas market is still weak, but due to lower operating and administrative expenses, the results have improved slightly.

The panmax operation Belships Trading shows better results due to improvements in the ship and cargo portfolio. The handymax ships Belnor and Belstar also

show improved results. The dry bulk carrier market has picked up since the first four-month period.

During the reporting period, Belships signed a contract with Shell Coal International to carry coal from Australia to India in connection with a new power plant project. This contract is commencing in 2002 for a period of up to 17 years and represents a volume of 0.5-1.5 million tonnes annually. It is expected that the contract will employ the equivalent of at least 2 panmax bulk ships. The contract was signed with the provision that the project is actually realised; the final decision on this is expected during the first half of 2000.

The second-hand values of the company's product tanker and dry bulk carrier ships have increased since the first four-month period, whereas the gas ship values have fallen.

OUTLOOK

The positive trend in Asia will lead to an improved market balance for the product tankers and dry bulk carriers. The handymax market has steadily gained strength throughout the summer and autumn. We expect this to continue through a small volume of new tonnage and increased demand from Asia.

Economic cycles in the countries surrounding the Atlantic Basin are decisive for our gas ships. A stronger growth in Europe combined with a cooling down of the US economy will contribute to an increase in demand.

The company is actively working towards further reducing operating expenses.

FINANCIAL POSITION AND OTHER INFORMATION

During the first four-month period, Belships liquidity and financial position was improved considerably through the sale of the shares in Western Bulk Shipping.

The situation has been stable during the second four-month period and at the end of the period Belships had liquidity assets of USD 8.6 million, compared to USD 9.2 million at the end of the first four-month period. The mortgage debt was reduced from USD 91.5 million to USD 90.7 million during the period.

The company's fleet has an estimated market value of approximately USD 4 million below its book value. The shortfall in market value is comparable to the previous period and no extraordinary write-downs have been made, since the drop in value is considered to be temporary.

Oslo, 8 October 1999

The Board of Directors of BELSHIPS ASA

Statement of income

USD 1 000	1999	1999	1998	1998	1998
	05/01-08/31	01/01-08/31	05/01-08/31	01/01-08/31	01/01-12/31
Operating income	11 891	22 663	15 947	38 312	53 831
Charterhire expenses	-3 597	-7 054	-7 219	-19 959	-27 239
Operating expenses	-4 561	-9 409	-5 816	-11 783	-17 241
General administrative expenses	-1 831	-3 515	-2 142	-4 241	-6 626
Ordinary depreciation ships	-1 696	-4 036	-2 590	-5 181	-7 997
Total operating expenses	-11 685	-24 014	-17 767	-41 164	-59 102
Operating result before sale of ship:	206	-1 351	-1 820	-2 852	-5 271
Sale of ships	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-1 214</u>
Operating result	206	-1 351	-1 820	-2 852	-6 485
Share dividend and interest income	116	202	130	276	496
Interest expenses	-2 037	-4 229	-2 409	-4 749	-7 448
Currency exchange gain/ -loss	-179	327	294	-255	-1 516
Other financial items	109	7	-37	-123	-9 280
Net financial items	<u>-1 991</u>	<u>-3 693</u>	<u>-2 022</u>	<u>-4 851</u>	<u>-17 748</u>
Net result after financial items	-1 785	-5 044	-3 842	-7 703	-24 233
Minority interests	263	485	633	1 211	1 189
Result before taxes	-1 522	-4 559	-3 209	-6 492	-23 044
Taxes	<u>-86</u>	<u>-88</u>	<u>-62</u>	<u>-197</u>	<u>1 609</u>
Net result for the period	-1 608	-4 647	-3 271	-6 689	-21 434

Balance sheet

USD 1 000	1999	1999
	31 August	1 January
Assets		
Other fixed assets	4 396	5 296
Ships	98 059	107 544
Current assets	13 302	18 834
Total assets	115 757	131 674
Shareholders' equity and liabilities		
Shareholders' equity	13 091	17 738
Minority interests	7 024	7 864
Long-term liabilities	86 929	92 430
Short-term liabilities	8 713	13 642
Total shareholders' equity and liabilities	115 757	131 674

Key Financial Figures

		1999	1998
		31 August	31 Dec.
Cash flow	USD 1000	-1 423	-14 950
Interest coverage ratio		-0.16	-1.89
Current ratio	%	152.67	138.06
Equity ratio	%	11.31	13.47
Earnings per share	USD	-0.32	-1.48

Segment information

1 January - 31 August 1999

USD 1 000	Product tankers	Gas	Panmax/ Capesize bulk	Handymax bulk	Ship management	Admin. a.o.	TOTAL
Income on timecharter basis	3 127	7 898	7 758	2 918	0	74	21 775
Ship management fees	338	0	0	58	396	96	888
Total operating revenue	3 465	7 898	7 758	2 976	396	170	22 663
Charterhire expenses	0	0	-7 054	0	0	0	-7 054
Operating expenses	-1 792	-5 866	-86	-1 515	-119	-31	-9 409
General administrative expenses	-765	-733	-810	-38	-416	-753	-3 515
Ordinary depreciation ships	-705	-2 122	-255	-954	0	0	-4 036
Operating result	203	-823	-447	469	-139	-614	-1 351
Share dividend/ interest income	42	0	16	8	5	131	202
Interest expenses	-754	-1 343	-176	-1 420	0	-536	-4 229
Currency exchange gain/ -loss	4	674	0	0	0	-351	327
Other financial items	34	0	-12	-1	-1	-13	7
Net financial items	-674	-669	-172	-1 413	4	-769	-3 693
Minority interests	0	485	0	0	0	0	485
Result before taxes	-471	-1 007	-619	-944	-135	-1 383	-4 559
Operating income as at 08/31/1998	7 036	8 193	18 557	3 017	1 509	0	38 312
Operating income as at 08/31/1999	3 465	7 898	7 758	2 976	396	170	22 663
Operating result as at 08/31/1998	-49	-1 428	-1 066	67	425	-801	-2 852
Operating result as at 08/31/1999	203	-823	-447	469	-139	-614	-1 351

Segment information

1 January - 30 April 1999

USD 1 000	Product tankers	Gas	Panmax/ Capesize bulk	Handymax bulk	Ship management	Admin. a.o.	TOTAL
Income on timecharter basis	1 597	3 772	3 570	1 384	0	0	10 323
Ship management fees	172	0	0	29	222	26	449
Total operating revenue	1 769	3 772	3 570	1 413	222	26	10 772
Charterhire expenses	0	0	-3 427	-23	0	-7	-3 457
Operating expenses	-946	-2 947	-157	-776	-21	0	-4 847
General administrative expenses	-392	-385	-321	-15	-228	-344	-1 685
Ordinary depreciation ships	-457	-1 092	-128	-663	0	0	-2 340
Operating result	-26	-652	-463	-64	-27	-325	-1 557
Share dividend/ interest income	14	0	6	3	1	62	86
Interest expenses	-389	-676	-91	-720	0	-316	-2 192
Currency exchange gain/ -loss	3	650	0	0	1	-148	506
Other financial items	-9	1	-6	0	-4	-84	-102
Net financial items	-381	-25	-91	-717	-2	-486	-1 702
Minority interests	0	222	0	0	0	0	222
Result before taxes	-407	-455	-554	-781	-29	-811	-3 037

1 May - 31 August 1999

USD 1 000	Product tankers	Gas	Panmax/ Capesize bulk	Handymax bulk	Ship management	Admin. a.o.	TOTAL
Income on timecharter basis	1 530	4 126	4 188	1 535	0	74	11 453
Ship management fees	167	0	0	29	174	68	438
Total operating revenue	1 697	4 126	4 188	1 564	174	142	11 891
Charterhire expenses	0	0	-3 627	23	0	7	-3 597
Operating expenses	-845	-2 919	72	-739	-97	-32	-4 560
General administrative expenses	-374	-348	-489	-24	-189	-407	-1 831
Ordinary depreciation ships	-248	-1 030	-127	-291	0	0	-1 696
Operating result	230	-171	17	533	-112	-290	207
Share dividend/ interest income	28	0	10	5	3	70	116
Interest expenses	-365	-667	-86	-700	0	-219	-2 037
Currency exchange gain/ -loss	1	24	0	0	-1	-202	-178
Other financial items	43	-1	-7	0	3	71	109
Net financial items	-293	-644	-83	-695	5	-280	-1 990
Minority interests	0	263	0	0	0	0	263
Result before taxes	-63	-552	-66	-162	-107	-570	-1 520

Fleet list

As at 31 August 1999					
Ship	Ownership	Built year	Dwt	Operation	Redelivery
Product tankers/ OBO					
M/T Belgrace	63 %	1984/87	40 900	Spot	
M/T Urai	20 %	1995	28 500	B/B to 09/10	
M/S Belguardian	20 %	1987	43 500	T/C to 10/99	
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 04/00	
M/T Etrrick	60 %	1991	3 215 "	T/C to 10/00	
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	
Capesize bulk					
M/S Belmaj	25 %	1990	149 516	T/C to 09/00	
Panmax bulk, chartered tonnage					
M/S Mui Kim		1989	68 774	T/C to 12/99	12/99
M/S Nol Aldebaran		1984	66 822	T/C to 03/00	08/01
M/S Nol Altair		1983	66 764	T/C to 08/01	08/01
Handymax bulk					
M/S Belnor	100 %	1996	47 600	T/C to 11/99	
M/S Belstar	80 %	1992	43 400	T/C to 12/99	
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	External management	Chartered tonnage	Commercial management	Total fleet
Handysize product tankers/ 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



BELSHIPS

Lilleakerveien 4. P.O.Box 23 Lilleaker, N-0216 Oslo, Norway
 Telephone +47 22 52 76 00. Fax +47 22 52 77 90. Telex Oslo 76050
 E-mail administration@belships.no. Internet www.huginonline.no/BEL/
 Enterprise no. NO 930 776 793 MVA