



BELSHIPS

REPORT AS AT 30 APRIL 1999

INTERIM REPORT FOR THE FIRST FOUR MONTHS OF 1999

FINANCIAL PERFORMANCE

The first four months of the year Belships recorded gross income of USD 10.8 million (1998: USD 22.4 million), an operating result of USD -1.6 million (USD -1.0 million) and a net result of USD -3.0 million (USD -3.4 million).

This is the first period for which Belships has submitted accounts denominated in USD. This is expected to provide a better reflection of the company's operations and position since all material transactions, assets and liabilities are denominated in USD. Accounting figures for previous periods have been restated to aid comparison.

The introduction of Norway's new Financial Reporting Act at the start of the year has not had any major effects, except for changing the accounting treatment of dry-docking costs. Such costs were previously offset against provisions for future costs, but are now being treated as prepayments and charged against profit on a straight-line basis through to the next dry-docking. The USD 2.0 million impact of this change in accounting policy has been credited directly to shareholders' equity.

The reduction in the group's turnover is primarily attributable to lower activity in the Panmax dry bulk carrier market and the sale of two product carriers during the second half of 1998.

The product carrier business recorded an operating result of USD -0.03 million (USD -0.50 million), the gas carrier business an operating result of USD -0.70 million (USD -0.60 million), the Panmax/Capesize dry bulk carrier business an operating result of USD -0.50 million (USD 0.10 million), the Handymax dry bulk carrier business an operating result of USD -0.10 million (USD 0.10 million) and the ship management business an operating result of USD -0.02 million (USD 0.20 million).

OPERATIONS

The product carrier market was more stable during the period than for a number of years, with a major refinery fire on the US West Coast

generating increased activity and boosting freight rates. Meanwhile the activity in the gas carrier market fell back after a seasonal upturn early in the year, with rates generally unchanged.

However, the period may have marked the end of several years of falling freight rates in the dry bulk carrier market: after a poor start to the year, rates rose sharply during the South American grain season. Coupled with indications that the Asian Crisis may be tailing off, this brought a fresh air of optimism in the segment. In addition, the group has already begun to reap the rewards of the reorganisation of the Belships Trading ship management operation at the start of the year.

OUTLOOK

Belships does not anticipate any major changes in the product carrier market, with the return of demand growth in the Far East being counteracted by a high number of newbuilding deliveries. The gas carrier market is not expected to improve much either, but it is hoped that the cost cutting efforts at Gibson Gas Tankers, both onshore and at sea, will begin to have an impact towards the end of the year. There are probably grounds for some optimism about the outlook for the dry bulk market based on a recovery expected in the Far East and the reduction in the world fleet seen in 1998 and so far in 1999.

FINANCIAL POSITION AND OTHER INFORMATION

Belships' cash flow and financial position improved substantially during the period due to the disposal of its stake in Western Bulk Shipping. The group's liquid assets climbed from USD 6.3 million to USD 9.2 million during the period and its secured debt was cut from USD 95.3 million to USD 91.5 million. The equity/assets ratio stood at 12.3% at the period-end.

The market value of the company's fleet remains approximately USD 5 million below its book value but has not been written down as the fleet is considered to be a long-term investment.

Oslo, 17 June 1999
The Board of Directors of BELSHIPS ASA

Statement of income

USD 1 000	1999	1998	1998
	01/01-04/30	01/01-04/30	01/01-12/31
Operating income	10 772	22 365	53 831
Charterhire expenses	-3 457	-12 740	-27 239
Operating expenses	-4 848	-5 967	-17 241
General administrative expenses	-1 684	-2 099	-6 626
Ordinary depreciation ships	-2 340	-2 591	-7 997
Total operating expenses	-12 330	-23 396	-59 102
Operating result before sale of ships	-1 557	-1 032	-5 271
Sale of ships	0	0	-1 214
Operating result	-1 557	-1 032	-6 485
Share income and interest income	86	146	496
Interest expenses	-2 192	-2 340	-7 448
Currency exchange gain/ -loss	506	-549	-1 516
Other financial items	-102	-86	-9 280
Net financial items	-1 702	-2 828	-17 748
Net result after financial items	-3 259	-3 860	-24 233
Minority interests	222	578	1 189
Result before taxes	-3 037	-3 282	-23 044
Taxes	-2	-135	1 609
Net result for the period	-3 039	-3 417	-21 434

Balance sheet

USD 1 000	1999	1999
	30 April	1 January
Assets		
Other fixed assets	5 472	5 296
Ships	100 745	107 544
Current assets	13 218	18 834
Total assets	119 435	131 674
Shareholders' equity and liabilities		
Shareholders' equity	14 699	17 738
Minority interests	7 642	7 864
Long-term liabilities	88 333	92 430
Short-term liabilities	8 761	13 642
Total shareholders' equity and liabilities	119 435	131 674

Key Financial Figures

		1999 30 April	1998 31 Dec.
Cash flow	USD 1000	-1 426	-14 950
Interest coverage ratio		-0.62	-1.89
Current ratio	%	150.88	138.06
Equity ratio	%	12.31	13.47
Earnings per share	USD	-0.21	-1.48

Segment information

At 30 April 1999	Product	Gas	Panmax/ Capesize bulk	Handymax bulk	Ship management	Admin. a.o.	TOTAL
USD 1 000	tankers						
Income on timecharter basis	1 598	3 772	3 570	1 384	0	0	10 324
Ship management fee	172	0	0	29	222	25	448
Total operating revenue	1 770	3 772	3 570	1 413	222	25	10 772
Charterhire expenses	0	0	-3 427	-23	0	-7	-3 457
Operating expenses	-946	-2 947	-157	-776	-22	0	-4 848
General administrative expenses	-392	-385	-321	-15	-228	-343	-1 684
Ordinary depreciation ships	-457	-1 092	-128	-663	0	0	-2 340
Operating result	-25	-652	-463	-64	-28	-325	-1 557
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	-406	-455	-554	-781	-30	-811	-3 037
Operating income as at 04/30/98	4 205	4 220	11 639	1 492	719	90	22 365
Operating income as at 04/30/99	1 770	3 772	3 570	1 413	222	25	10 772
Operating result as at 04/30/98	-503	-577	67	112	246	-377	-1 032
Operating result as at 04/30/99	-25	-652	-463	-64	-28	-325	-1 557

Fleet list

At 30 April 1999					Time of
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 07/99	
M / S Belgallantry	20 %	1987	43 500	T/C to 09/99	
M / S Belgreeting	20 %	1987	43 500	Spot	
Gas					
M / T Lanrick	60 %	1992	3 215 1)	T/C to 04/00	
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 10/99	
Panmax bulk, chartered tonnage					
M / S Mui Kim		1989	68 774	T/C to 08/99	10/99
Handymax bulk					
M / S Belnor	100 %	1996	47 600	T/C to 09/99	
M / S Belstar	80 %	1992	43 400	Spot	
Ships 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			1.0		1.0
Handysize bulk	1.8			0.2	2.0
Aframax				1.0	1.0
Total	7.1	0.8	1.0	7.1	16.0



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