



BELSHIPS

REPORT 1ST QUARTER 2006

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FINANCIAL PERFORMANCE

Belships recorded an operating income in the first quarter 2006 of USD 11,792,000 (first quarter 2005: USD 19,311,000). The company's operating result totalled USD 592,000 (USD 2,783,000). The decrease in operating income was chiefly due to a lower level of activity and a reduction in rates.

The result after taxes was USD 506,000 (USD 1,894,000) for the first quarter.

OPERATIONS

The dry bulk market moved sideways or declined slightly in the first quarter, but the rates for Handymax ships in the Far East remained firm, despite significant newbuilding deliveries precisely in this area.

Elkem Chartering (EC) largely completed the rebalancing of its portfolio by returning tonnage, at the same time as future cargo obligations will increase.

EC Handymax vessels continued on their respective charters without any operational interruptions and their performance was on a line with that of the preceding quarter.

M/S Anangel Express made a positive contribution. Belships' own tonnage, the M/S Belnor and the M/S Belisland, also sailed on their time charters without any operational interruptions and with results as anticipated.

FINANCIAL POSITION AND OTHER INFORMATION

The company's equity and financial position are sound. At 31 March, the group had liquid assets of USD 12.7 million against USD 15.3 million at 31 December 2005. The company's mortgage debt totalled USD 13.3 million at the end of the first quarter and has been reduced by USD 1.5 in the course of the period. Book value per share is NOK 4.55 and the book equity ratio at 31 March was 45.1%. The market value of the M/S Belnor is substantially higher than her book value.

OUTLOOK

As EC's handysize operation now has little expensive tonnage, we expect that contributions will again be positive. The M/S Anangel Express will be returned to her owner in the course of May.

The M/S Belisland, the M/S Belnor and EC's Handymax vessels will continue to generate good earnings throughout the year thanks to their long-term charters.

The product tanker is due to be delivered in the course of May next year and will be delivered with its 5-year charter. The market outlook is unchanged from the preceding quarter. We expect a decline in rates in the course of the summer, with probably no material reversal of this level in the autumn.

Oslo, 27 April 2006

The Board of BELSHIPS ASA

Income statement

	2006	2005	2005
<i>USD 1 000</i>	1 Jan-30 Mar	1 Jan-30 Mar	1 Jan-31 Dec
Operating income	11 792	19 311	67 837
Charterhire expenses	-9 381	-14 444	-52 469
Operating expenses ships	-317	-240	-1 077
General administrative expenses	-1 276	-1 652	-5 857
Depreciations	-226	-192	-980
Total operating expenses	-11 200	-16 528	-60 383
Operating result before sale of fixed assets	592	2 783	7 454
Gain on sale	0	0	182
Operating result	592	2 783	7 636
Share dividend, interest income	80	54	382
Interest expenses	-113	-150	-711
Currency exchange gain/(loss)	99	182	-504
Other financial items	10	-26	-204
Net financial items	76	60	-1 037
Result before tax	668	2 843	6 599
Taxes	-162	-949	-2 674
Net result for the period	506	1 894	3 925
Earnings per share	0,02	0,08	0,16
Diluted earnings per share	0,02	0,08	0,16

Balance sheet

	2006	2005	2005
<i>USD 1 000</i>	Per 31 Mar	Per 31 Mar	Per 31 Dec
ASSETS			
Fixed assets			
Intangible assets	6 511	7 134	6 561
Ship	14 703	15 126	14 919
Other fixed assets	1 185	1 066	1 053
Total fixed assets	22 399	23 326	22 533
Current assets			
Bunkers	1 374	1 387	1 795
Receivables	1 574	3 343	2 050
Cash deposits	12 687	27 360	15 227
Total current assets	15 635	32 090	19 072
Total assets	38 034	55 416	41 605
EQUITY AND LIABILITIES			
Equity			
Paid-in equity	28 439	28 373	28 439
Retained earnings	-11 270	2 266	-11 776
Total equity	17 169	30 639	16 663
Liabilities			
Mortgage debt	10 325	11 675	11 825
Pension obligations	3 750	3 547	3 478
Total long-term liabilities	14 075	15 222	15 303
Mortgage debt, current portion	3 000	3 150	3 000
Other short-term liabilities	3 790	6 405	6 639
Total short-term liabilities	6 790	9 555	9 639
Total equity and liabilities	38 034	55 416	41 605

Cash flow statement

<i>USD 1000</i>	2006	2005	2005
	1 Jan-31 Mar	1 Jan-31 Mar	1 Jan-31 Dec
Cash generated from operations			
Result before tax	668	2 843	6 599
Gain/(loss) from sale of fixed assets	0	0	-182
Depreciations	226	192	980
Payable tax	-12	-1 131	-3 160
Difference between pension exps. and paid pension premium	0	0	283
Change in bunkers, trade debtors and trade creditors	226	255	449
Change in other short-term items	-2 177	-2 732	-1 077
Net cash flow from operations	-1 070	-573	3 892
Cash generated from investment			
Investments in fixed assets	0	0	-475
Sale proceeds from fixed tangible assets disposals	0	0	257
Change in other investments	30	23	-351
Net cash flow from investments	30	23	-569
Cash generated from financing			
Repayment of long-term debt	-1 500	-1 575	-1 575
Paid dividend	0	0	-15 822
Net share issue/ acquired own shares	0	0	-184
Net cash flow from financing	-1 500	-1 575	-17 581
Net change in liquid reserves	-2 540	-2 125	-14 258
Liquid reserves at start of period	15 227	29 485	29 485
Liquid reserves at end of period	12 687	27 360	15 227

Change in equity

	Share capital	Acquisition treasury shares	Share premium reserves	Paid-in	Retained	Total equity
				Other paid-in capital	Other equity	
31 March 2006						
Equity as at 1 Jan 2006	6 722	-63	7 009	14 771	-11 776	16 663
Net result	0	0	0	0	506	506
Equity as at 31 Mar 2006	6 722	-63	7 009	14 771	-11 270	17 169
31 March 2005						
Equity as at 1 Jan 2005	6 693	0	6 909	14 771	372	28 745
Net result	0	0	0	0	1 894	1 894
Equity as at 31 Mar 2005	6 693	0	6 909	14 771	2 266	30 639

Key financial figures

		2006	2005	2005
		31 Mar	31 Mar	31 Dec
EBITDA	USD 1000	818	2 975	8 616
Interest coverage ratio		6.04	18.74	10.99
Current ratio	%	230.27	335.85	197.86
Equity ratio	%	45.14	55.29	40.05
Earnings per share	USD	0.02	0.08	0.16

Segment information

1 January - 31 March 2006

<i>USD 1 000</i>	Dry cargo	Ship mgmt.	Admin. etc.	TOTAL
Freight income	11 372	0	0	11 372
Fees	0	326	94	420
Total operating income	11 372	326	94	11 792
Charterhire expenses	-9 381	0	0	-9 381
Ship operating expenses	-346	29	0	-317
General administrative expenses	-352	-255	-669	-1 276
Depreciations	-216	-2	-8	-226
Operating result before sale of fixed assets	-10 295	-228	-677	-11 200
Operating result	1 077	98	-583	592
Share dividend/ interest income	54	1	25	80
Interest expenses	-113	0	0	-113
Currency exchange gain/(loss)	0	-2	101	99
Other financial items	-3	0	13	10
Net financial items	-62	-1	139	76
Result before tax	1 015	97	-444	668
Operating income per 31 Mar 2005	18 884	290	137	19 311
Operating income per 31 Mar 2006	11 372	326	94	11 792
Operating result per 31 Mar 2005	3 603	62	-882	2 783
Operating result per 31 Mar 2006	1 077	98	-583	592

Segment information

1 Jan - 31 Mar 2006					1 Jan - 31 Mar 2005			
<i>USD 1 000</i>	Dry cargo	Ship-mgmt.	Adm. etc.	Total	Dry cargo	Ship-mgmt.	Adm. etc.	Total
Freight income	11 372	0	0	11 372	18 884	0	0	18 884
Fees	0	326	94	420	0	290	137	427
Total operating income	11 372	326	94	11 792	18 884	290	137	19 311
Charterhire expenses	-9 381	0	0	-9 381	-14 444	0	0	-14 444
Ship operating expenses	-346	29	0	-317	-271	31	0	-240
General administrative exps	-352	-255	-669	-1 276	-374	-259	-995	-1 628
Depreciations	-216	-2	-8	-226	-192	0	-24	-216
Operating result	1 077	98	-583	592	3 603	62	-882	2 783

Fleet list

As at 31 March 2006						
Ship	Owner-ship	Built year	DWT	Operation	T/C-period minimum	Option period
Product carriers						
Newbuilding		2007	48 000	T/C to 01/12	01/14	1+1+1 yr
Panmax bulk						
M/S Belisland		2003	76 662	T/C to 08/08	08/11	1+1 yr
Handymax bulk						
M/S Belnor	100 %	1996	47 600	T/C to 08/08		
<u>Elkem Chartering AS</u>	50 %					
Handysize bulk						
Newbuilding		2007	28 000		2012	1+1 yr
M/S Anangel Eagle		1983	34 070	COA/Spot	04/06	
M/S Calypso N.		1983	33 009	COA/Spot	10/06	
M/S Anangel Power		1982	34 111	COA/Spot	04/06	
M/S Goldenstar		2001	28 383	COA/Spot	06/06	
M/S Century Forest		1999	31 762	COA/Spot	01/07	
M/S Nipha Naree		1984	33 025	COA/Spot	09/08	
M/S Parnassos		1984	40 907	COA/Spot	08/06	
Handymax bulk						
M/S Belpareil		2003	52 961	T/C to 01/08	12/09	1+1+1 yr
M/S Pax Phoenix		2001	50 236	T/C to 03/07	07/08	1+1+1 yr
M/S Legend Phoenix		2002	50 209	T/C to 02/07	02/07	1+1+1 yr
Panmax bulk						
M/S Anangel Express		1982	61 537	T/C to 04/06	04/06	



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