



BELSHIPS

REPORT 2ND QUARTER 2006

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RESULTS

Belships recorded an operating income in the second quarter of 2006 of USD 11,772,000 (second quarter 2005: USD 16,460,000). The company's operating result amounted to USD 2,098,000 (USD 2,477,000). In the second quarter of 2006, Belships (Far East) won a tax dispute in Singapore and this produced a contribution to Belships ASA's result of USD 1.9 million, of which USD 1.2 million has been included in other financial income, while the remaining amount has been booked as a tax cost reduction.

Profit after tax in the second quarter was USD 3,345,000 (USD 855,000)

OPERATIONS

Generally the market for dry bulk ships was stable in the second quarter, with the exception of handysize and handymax ships, for which the rate level increased. The anticipated weakening of the rate level failed to materialise due to the continued high growth rate in the Far East. In addition, we saw a surprisingly strong growth in US imports of cement and steel, something which particularly affect the smaller ships.

In the course of the quarter, Elkem Chartering (EC) obtained a better portfolio balance and this led to improved results.

The handymax ships in EC continued on their charters without operational interruptions and with results on a line with those of the preceding quarter.

Belships own tonnage, the M/S Belnor and the M/S Belisland, also sailed on their charters without operational interruptions and with results as anticipated.

FINANCIAL POSITION AND OTHER MATTERS

The company's solidity and financial position were

strengthened in the course of the second quarter. At 30 June, the Group's liquid reserves totalled USD 15.0 million, against 12.7 million at 31 March. The company's mortgage debts were USD 13.3 million at the end of the second quarter. Book value per share amounted to NOK 5.06 and the book equity ratio at 30 June was 49.8%. The market value of the M/S Belnor is substantially higher than her book value.

Belships acquired in the second quarter 58,000 own shares at an average cost of NOK 6.87 per share and now owns 258,000 own shares.

In June, the company decided to issue a new unsecured senior bond loan in the Norwegian market with a first tranche of NOK 100 million and a borrowing limit of NOK 200 million.

OUTLOOK

The dry bulk market has shown substantial strength so far in the third quarter, and with EC's current ship portfolio, we expect satisfactory results from the company's Handysize operations. EC has good contractcover for 2006 and 2007.

The M/S Belnor, the M/S Belisland and EC's Handymax ships continue on their respective charters and will generate good results.

There is now growing optimism in the market for dry bulk ships. So far, we have not seen any signs of the usual summer weakening in the market, and this could be an indication that also the second half of the year will be good. It is remarkable that demand has developed so strongly that the market has, without difficulties, been able to absorb the high number of new buildings, in a historic perspective, without any significant scrapping of older tonnage.

Oslo, 11 August 2006

The Board of BELSHIPS ASA

Income statement

<i>USD 1 000</i>	2006	2005	2006	2005	2005
	Apr - Jun	Apr - Jun	Jan - Jun	Jan - Jun	Jan - Dec
Operating income	11 772	16 460	23 565	35 783	67 837
Charterhire expenses	-7 970	-12 496	-17 351	-26 940	-52 469
Ship operating expenses	-335	-272	-652	-512	-1 077
General admin. expenses	-1 113	-1 022	-2 389	-2 686	-5 857
Depreciations	-256	-193	-482	-385	-980
Total operating expenses	-9 674	-13 983	-20 874	-30 523	-60 383
Op. result before sale of fixed assets	2 098	2 477	2 691	5 260	7 454
Gain on sale	0	0	0	0	182
Operating result	2 098	2 477	2 691	5 260	7 636
Share dividend, interest income	124	86	204	140	382
Other financial income	1 218	0	1 218	0	7
Interest expenses	-112	-230	-225	-380	-711
Currency exchange gain/(loss)	214	-665	313	-483	-504
Other financial expenses	-125	-64	-115	-88	-211
Net financial items	1 318	-873	1 394	-811	-1 037
Result before tax	3 416	1 604	4 085	4 449	6 599
Tax	-71	-749	-234	-1 698	-2 674
Net result of the period	3 345	855	3 851	2 751	3 925
Earnings per share	0.13	0.03	0.15	0.11	0.16
Diluted earnings per share	0.13	0.03	0.15	0.11	0.16

Balance sheet

<i>USD 1 000</i>	2006	2005	2005
	Per 30 Jun	Per 30 Jun	Per 31 Dec
ASSETS			
Fixed assets			
Intangible assets	5 911	7 034	6 561
Ship	14 486	14 974	14 919
Other fixed assets	1 129	1 100	1 053
Total fixed assets	21 526	23 108	22 533
Current assets			
Bunkers	1 150	1 781	1 795
Receivables	3 378	2 412	2 050
Cash deposits	15 015	14 201	15 227
Total current assets	19 543	18 394	19 072
Total assets	41 069	41 502	41 605
EQUITY AND LIABILITIES			
Equity			
Paid-in equity	28 420	28 464	28 439
Retained equity	-7 970	-12 845	-11 776
Total equity	20 450	15 619	16 663
Liabilities			
Mortgage debt	10 325	11 675	11 825
Pensjon obligations	3 898	3 474	3 478
Total long-term liabilities	14 223	15 149	15 303
Mortgage debt, current portion	3 000	3 150	3 000
Other short-term liabilities	3 396	7 584	6 639
Total short-term liabilities	6 396	10 734	9 639
Total equity and liabilities	41 069	41 502	41 605

Cash flow statement

<i>USD 1000</i>	2006	2005	2005
	Jan - Jun	Jan - Jun	Jan - Dec
Cash generated from operations			
Result before tax	4 085	4 449	6 599
Gain/(loss) from sale of fixed assets	0	0	-182
Depreciations	482	385	980
Payable tax	-2 061	-2 179	-3 160
Difference between pension exps. and paid pension premium	0	0	283
Change in bunkers, trade debtors and trade creditors	1 443	102	449
Change in other short-term items	-2 596	-133	-1 077
Net cash flow from operations	1 352	2 624	3 892
Cash generated from investments			
Investments in fixed assets	0	-218	-475
Sale proceeds from fixed tangible assets disposals	0	0	257
Change in other investments	0	-234	-351
Net cash flow from investments	0	-452	-569
Cash generated from financing			
Repayment of long-term debt	-1 500	-1 575	-1 575
Paid dividend	0	-15 822	-15 822
Net share issue/ acquired own shares	-65	-58	-184
Net cash flow from financing	-1 565	-17 455	-17 581
Net change in liquid reserves	-213	-15 283	-14 258
Liquid reserves at start of period	15 227	29 485	29 485
Liquid reserves at end of period	15 015	14 202	15 227

Change in equity

	Share capital	Acquisition treasury shares	Share premium reserves	Paid-in	Retained	Total equity
				Other paid-in equity	Other equity	
30 June 2006						
Equity per 1 Jan 06	6 722	-63	7 009	14 771	-11 776	16 663
Acquisition treasury shares	0	-19	0	0	-45	-64
Net result for the period	0	0	0	0	3 851	3 851
Equity per 30 Jun 06	6 722	-82	7 009	14 771	-7 970	20 450
30 June 2005						
Equity per 1 Jan 05	6 693	0	6 909	14 771	372	28 745
Share issue	29	0	100	0	0	129
Acquisition treasury shares	0	-37	0	0	-146	-183
Paid dividend	0	0	0	0	-15 823	-15 823
Net result for the period	0	0	0	0	2 751	2 751
Equity per 30 Jun 05	6 722	-37	7 009	14 771	-12 846	15 619

Key financial figures

		2006 Per 30 Jun	2005 Per 30 Jun	2005 Per 31 Dec
EBITDA	USD 1000	3 173	5 645	8 616
Interest coverage ratio		17.76	13.98	10.99
Current ratio	%	305.55	171.36	197.86
Equity ratio	%	49.79	37.63	40.05
Earnings per share	USD	0.15	0.11	0.16

Segment information

Period 1 Jan - 30 Jun 2006

<i>USD 1 000</i>	Dry cargo	Ship mgmt	Admin. etc.	TOTAL
Freight income	22 595	0	0	22 595
Fees	0	781	189	970
Total operating income	22 595	781	189	23 565
Charterhire expenses	-17 351	0	0	-17 351
Ship operating expenses	-713	50	11	-652
General administrative expenses	-583	-521	-1 285	-2 389
Depreciations	-432	-5	-45	-482
Operating result before sale of fixed assets	-19 079	-476	-1 319	-20 874
Operating result	3 516	305	-1 130	2 691
Share dividend/ interest income	84	3	117	204
Other financial income	0	0	1 218	1 218
Interest expenses	-195	0	-30	-225
Currency exchange gain/(loss)	0	3	310	313
Other financial items	2	0	-117	-115
Net financial items	-109	6	1 497	1 394
Result before tax	3 407	311	367	4 085
Operating income per 30 Jun 2005	34 967	551	265	35 783
Operating income per 30 Jun 2006	22 595	781	189	23 565
Operating result per 30 Jun 2005	6 454	115	-1 309	5 260
Operating result per 30 Jun 2006	3 516	305	-1 130	2 691

Segment information

Jan - Mar 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 exps.	-352	-255	-669	-1 276
Depreciations	-216	-2	-8	-226
Operating result	1 077	98	-583	592

Apr - Jun 2006

<i>USD 1 000</i>	Dry cargo	Ship mgmt.	Admin. etc.	Total
Freight income	11 223	0	0	11 223
Fees	0	455	94	549
Total operating income	11 223	455	94	11 772
Charterhire expenses	-7 970	0	0	-7 970
Ship operating expenses	-367	21	11	-335
General administrative exps.	-231	-266	-616	-1 113
Depreciations	-216	-3	-37	-256
Operating result	2 439	207	-548	2 098

Jan - Mar 2005

	Dry cargo	Ship mgmt.	Admin. etc.	Total
	18 884	0	0	18 884
	0	290	137	427
	18 884	290	137	19 311
	-14 444	0	0	-14 444
	-271	31	0	-240
	-374	-259	-995	-1 628
	-192	0	-24	-216
	3 603	62	-882	2 783

Apr - Jun 2005

	Dry cargo	Ship mgmt.	Admin. etc.	Total
	16 083	0	0	16 083
	0	262	115	377
	16 083	262	115	16 460
	-12 496	0	0	-12 496
	-300	28	0	-272
	-242	-236	-544	-1 022
	-193	0	0	-193
	2 852	54	-429	2 477

Fleet list

As at 30 June 2006						
Ship	Owner-ship	Built year	Dwt	Operation	T/C-period minimum	Option period
Product tank						
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		
Elkem Chartering AS	50 %					
Handysize bulk						
Newbuilding		2007	28 000		2012	1+1 yr
M/S Anangel Eagle		1983	34 070	COA/Spot	06/06	
M/S Calypso N.		1983	33 009	COA/Spot	10/06	
M/S Anangel Power		1982	34 111	COA/Spot	08/06	
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	
M/S Thamisa Naree		1982	34 072	COA/Spot	08/09	
M/S Kanok Naree		1985	33 024	COA/Spot	07/09	
M/S Kutika Naree		1982	34 072	COA/Spot	09/09	
M/S Urana Naree		1983	33 055	COA/Spot	07/09	
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



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