



**BELSHIPS**

**REPORT 3RD QUARTER 2007**

## 3RD QUARTER 2007

### RESULTS

Belships operating income in the 3rd quarter of 2007 was USD 15,323,000 (3rd quarter 2006: USD 13,748,000). The company's operating result was USD 2,720,000 (USD 2,384,000). This increase in operating income and the positive profit performance are primarily related to Elkem Chartering's Handysize operations.

Profit after tax in the 3rd quarter was USD 2,060,000 (USD 1,238,000).

The report for the 3rd quarter was submitted in conformity with IAS (International Accounting Standard) 34, and consistent accounting principles were applied in relation to the accounts submitted at 31 December 2006.

### OPERATIONS

The dry bulk market went from record to record during the 3rd quarter. The upswing in rates was particularly pronounced for large vessels, while the volatility for the Handysize vessels was slighter, as usual. The strong growth in China continued to drive the market and, in addition, grain exports from the USA increased substantially.

Elkem Chartering continues developing its operations in the Far East. The strong market makes it a challenge to manage the cargo/ship portfolio optimally. The M/S Belisland, the M/T Belaia and Elkem Chartering's two Handymax vessels continued on their respective time charters without any material interruptions.

### TAX ISSUES

In the budget, the Norwegian Government presented a proposal for a new shipping tax system. There is some uncertainty as to the final outcome of this, as the Norwegian Parliament is currently examining the proposal, but for Belships' part, tax payable due to the transitional rules will be very limited. The company will come to a

final decision on the choice of fiscal regime in the course of the 1st quarter of 2008.

### FINANCIAL POSITION AND OTHER MATTERS

The company's solidity and financial position were strengthened in the course of the 3rd quarter.

At 30 September, the Group's liquid reserves were USD 22.2 million, against USD 20.4 million at 30 June. The company's mortgage debt was USD 30.3 million at the end of the 3rd quarter. In addition, the company has a bond loan of NOK 100 million (USD 18.2 million). This loan has been hedged against currency risk, and the unrealised gain from this amounted to USD 2.6 million at 30 September. The amount has been booked under other fixed assets.

At the end of the 3rd quarter, book value per share amounted to NOK 6.73, while the book equity ratio was 33.3%.

The market value of the of the company's fixed assets is substantially higher than their book value.

The M/S Belnor was delivered to new owners in the beginning of October. The sale produced a profit of USD 22.5 million, which will be taken to income in the 4th quarter. Through this sale, the company's liquidity was strengthened by approximately USD 36 million.

### OUTLOOK

There is little reason to expect a weakening of the market in the near future, though it cannot be ruled out that disturbances in the financial market and the development in the energy-prices may bring about a financial setback. Elkem Chartering is expected to produce results on a line with the previous quarter also during the last quarter of the year. The same applies to Belships own-controlled tonnage.

Oslo, November 8, 2007

The Board of BELSHIPS ASA

## Income statement

<i>USD 1 000</i>	2007	2006	2007	2006	2006
	Jul - Sep	Jul - Sep	Jan - Sep	Jan - Sep	Jan - Dec
<b>Operating income</b>	<b>15 323</b>	13 748	<b>47 560</b>	37 313	51 315
Charterhire expenses	-10 611	-9 620	-27 446	-26 971	-36 346
Ship operating expenses	-562	-309	-1 328	-961	-1 282
General admin. expenses	-1 336	-1 200	-4 104	-3 589	-5 777
Depreciations	-94	-235	-494	-717	-876
<b>Total operating expenses</b>	<b>-12 603</b>	-11 364	<b>-33 372</b>	-32 238	-44 281
<b>Operating result</b>	<b>2 720</b>	2 384	<b>14 188</b>	5 075	7 034
Interest income	203	355	946	559	967
Other financial income	1	-115	48	1 103	1 132
Interest expenses	-805	-553	-1 888	-778	-1 377
Currency exchange gain/(loss)	-1 115	-119	-1 482	194	252
Other financial items	1 601	42	2 522	-73	-590
<b>Net financial items</b>	<b>-115</b>	-390	<b>146</b>	1 005	384
<b>Result before tax</b>	<b>2 605</b>	1 994	<b>14 334</b>	6 080	7 418
Tax	-545	-756	-2 338	-990	-1 391
<b>Net result of the period</b>	<b>2 060</b>	1 238	<b>11 996</b>	5 090	6 027
Earnings per share	<b>0.08</b>	0.05	<b>0.48</b>	0.20	0.25
Diluted earnings per share	<b>0.08</b>	0.05	<b>0.48</b>	0.20	0.25

## Balance sheet

<i>USD 1 000</i>	2007	2006	2006
	Sep 30	Sep 30	Dec 31
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	5 625	5 661	6 061
Ship	0	14 284	14 119
1 Newbuilding contracts	39 162	0	0
Other fixed assets	5 671	1 148	1 322
Total fixed assets	<b>50 458</b>	21 093	21 502
<b>Current assets</b>			
2 Assets held for sale	13 670	0	0
Bunkers	2 681	2 120	1 311
Receivables	3 286	1 920	1 733
Cash deposits	22 169	33 532	33 842
Total current assets	<b>41 806</b>	37 572	36 886
<b>Total assets</b>	<b>92 264</b>	58 665	58 388
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Paid-in equity	28 430	28 475	28 380
Retained equity	2 331	-6 930	-6 393
Total equity	<b>30 761</b>	21 545	21 987
<b>Liabilities</b>			
Mortgage debt	20 000	8 825	8 825
Bond issue	18 198	15 857	15 807
Pensjon obligations	5 011	3 770	4 247
Total long-term liabilities	<b>43 209</b>	28 452	28 879
2 Mortgage debt, current portion	10 325	3 000	3 000
Other short-term liabilities	7 969	5 668	4 522
Total short-term liabilities	<b>18 294</b>	8 668	7 522
<b>Total equity and liabilities</b>	<b>92 264</b>	58 665	58 388

1 Total commitments related to the newbuildings amount to USD 195,8 mill., of which USD 39,2 mill. are paid-in.

2 M/S Belnor was delivered to new owners in October. In accordance with IFRS5 the ship was classified as "Asset held for sale" per September 30. The current portion of mortgage debt is related to the vessel and was settled when the vessel was sold.

## Cash flow statement

<i>USD 1000</i>	2007	2006	2006
	Jan - Sep	Jan - Sep	Jan - Dec
<b>Cash generated from operations</b>			
Result before tax	14 334	6 080	7 418
Depreciations	494	717	876
Payable tax	-1 606	-2 061	-2 061
Share option expensed	28	48	56
Difference between pension exps. and paid pension premium	0	0	323
Change in bunkers, trade debtors and trade creditors	-1 282	774	441
Change in other short-term items	1 948	241	-218
Net cash flow from operations	13 916	5 799	6 835
<b>Cash generated from investments</b>			
Investments in fixed assets	-1 778	0	-236
Prepayment newbuilding contracts	-39 162	0	0
Sale proceeds from fixed tangible assets disposals	0	0	0
Change in other investments	101	-95	-32
Net cash flow from investments	-40 839	-95	-268
<b>Cash generated from financing</b>			
Repayment of long-term debt	-1 500	-3 000	-3 000
New loan raised	20 000	15 857	15 807
Dividend paid	-3 324	0	0
Acquisition/sale treasury shares	74	-256	-759
Net cash flow from financing	15 250	12 601	12 048
Net change in liquid reserves	-11 673	18 305	18 615
Liquid reserves at start of period	33 842	15 227	15 227
Liquid reserves at end of period	22 169	33 532	33 842

## Change in equity

<i>USD 1000</i>				Paid-in	Retained	Total
	Share capital	Acq./sale treasury shares	Share premium reserves	Other paid-in equity	Other equity	
<b>Jan - Sep 2007</b>						
Equity at January 1, 2007	6 722	-229	7 009	14 878	-6 393	21 987
Dividend paid	0	0	0	0	-3 324	-3 324
Share options expensed	0	0	0	28	0	28
Sale of treasury shares to employees	0	22	0	0	52	74
Net result for the period	0	0	0	0	11 996	11 996
Equity at September 30, 2007	6 722	-207	7 009	14 906	2 331	30 761
<b>Jan - Sep 2006</b>						
Equity at January 1, 2006	6 722	-63	7 009	14 822	-11 827	16 663
Acquisition treasury shares	0	-63	0	0	-193	-256
Share options expensed	0	0	0	48	0	48
Net result for the period	0	0	0	0	5 090	5 090
Equity at September 30, 2006	6 722	-126	7 009	14 870	-6 930	21 545

## Key financial figures

		<b>2007</b>	2006	2006
		<b>Sep 30</b>	Sep 30	Dec 31
EBITDA	USD 1000	<b>14 682</b>	5 792	7 910
Interest coverage ratio		<b>9.38</b>	8.57	6.20
Current ratio	%	<b>228.52</b>	433.46	490.37
Equity ratio	%	<b>33.34</b>	36.73	37.66
Earnings per share	USD	<b>0.48</b>	0.20	0.25

## Segment information

### The period January 1 - September 30, 2007

<i>USD 1 000</i>	Dry cargo	Tank	Ship manag.	Admin. etc.	TOTAL
Freight income	42 384	2 943	0	0	45 327
Fees	0	0	1 928	305	2 233
<b>Total operating income</b>	<b>42 384</b>	<b>2 943</b>	<b>1 928</b>	<b>305</b>	<b>47 560</b>
Charterhire expenses	-24 842	-2 604	0	0	-27 446
Ship operating expenses	-1 253	-177	102	0	-1 328
General administrative expenses	-907	0	-1 060	-2 137	-4 104
Depreciations	-465	0	-29	0	-494
<b>Total operating expenses</b>	<b>-27 467</b>	<b>-2 781</b>	<b>-987</b>	<b>-2 137</b>	<b>-33 372</b>
<b>Operating result</b>	<b>14 917</b>	<b>162</b>	<b>941</b>	<b>-1 832</b>	<b>14 188</b>
Interest income	285	0	6	655	946
Other financial income	0	0	0	48	48
Interest expenses	-482	0	0	-1 406	-1 888
Currency exchange gain/(loss)	0	0	-5	-1 477	-1 482
Other financial items	-13	0	0	2 535	2 522
<b>Net financial items</b>	<b>-210</b>	<b>0</b>	<b>1</b>	<b>355</b>	<b>146</b>
<b>Result before tax</b>	<b>14 707</b>	<b>162</b>	<b>942</b>	<b>-1 477</b>	<b>14 334</b>
Operating income at Sep 30, 2006	35 846	0	1 178	289	37 313
<b>Operating income at Sep 30, 2007</b>	<b>42 384</b>	<b>2 943</b>	<b>1 928</b>	<b>305</b>	<b>47 560</b>
Operating result at Sep 30, 2006	6 285	0	461	-1 672	5 074
<b>Operating result at Sep 30, 2007</b>	<b>14 917</b>	<b>162</b>	<b>941</b>	<b>-1 832</b>	<b>14 188</b>

## Segment information

### January 1 - March 30, 2007

<i>USD 1 000</i>	Dry cargo	Tank	Ship manag.	Adm. etc.	Total
Freight income	18 072	290	0	0	18 362
Fees	0	0	405	100	505
<b>Total operating income</b>	<b>18 072</b>	<b>290</b>	<b>405</b>	<b>100</b>	<b>18 867</b>
Charterhire expenses	-7 998	-255	0	0	-8 253
Ship operating expenses	-400	-31	23	0	-408
General administrative exps.	-328	0	-336	-721	-1 385
Depreciations	-200	0	0	0	-200
<b>Operating result</b>	<b>9 146</b>	<b>4</b>	<b>92</b>	<b>-621</b>	<b>8 621</b>

### January 1 - March 30, 2006

	Dry cargo	Ship manag.	Adm. etc.	Total
Freight income	10 209	0	0	10 209
Fees	0	326	94	420
<b>Total operating income</b>	<b>10 209</b>	<b>326</b>	<b>94</b>	<b>10 629</b>
Charterhire expenses	-8 218	0	0	-8 218
Ship operating expenses	-346	29	0	-317
General administrative exps.	-352	-255	-669	-1 276
Depreciations	-216	-2	-8	-226
<b>Operating result</b>	<b>1 077</b>	<b>98</b>	<b>-583</b>	<b>592</b>

### April 1 - June 30, 2007

<i>USD 1 000</i>	Dry cargo	Tank	Ship manag.	Adm. etc.	Total
Freight income	11 446	1 293	0	0	12 739
Fees	0	0	531	100	631
<b>Total operating income</b>	<b>11 446</b>	<b>1 293</b>	<b>531</b>	<b>100</b>	<b>13 370</b>
Charterhire expenses	-7 426	-1 156	0	0	-8 582
Ship operating expenses	-343	-44	29	0	-358
General administrative exps.	-344	0	-340	-699	-1 383
Depreciations	-200	0	0	0	-200
<b>Operating result</b>	<b>3 133</b>	<b>93</b>	<b>220</b>	<b>-599</b>	<b>2 847</b>

### April 1 - June 30, 2006

	Dry cargo	Ship manag.	Adm. etc.	Total
Freight income	11 223	0	0	11 223
Fees	0	455	94	549
<b>Total operating income</b>	<b>11 223</b>	<b>455</b>	<b>94</b>	<b>11 772</b>
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
<b>Operating result</b>	<b>2 439</b>	<b>207</b>	<b>-548</b>	<b>2 098</b>

### July 1 - September 30, 2007

<i>USD 1 000</i>	Dry cargo	Tank	Ship manag.	Adm. etc.	Total
Freight income	12 866	1 360	0	0	14 226
Fees	0	0	992	105	1 097
<b>Total operating income</b>	<b>12 866</b>	<b>1 360</b>	<b>992</b>	<b>105</b>	<b>15 323</b>
Charterhire expenses	-9 418	-1 193	0	0	-10 611
Ship operating expenses	-510	-102	50	0	-562
General administrative exps.	-235	0	-384	-717	-1 336
Depreciations	-65	0	-29	0	-94
<b>Operating result</b>	<b>2 638</b>	<b>65</b>	<b>629</b>	<b>-612</b>	<b>2 720</b>

### July 1 - September 30, 2006

	Dry cargo	Ship manag.	Adm. etc.	Total
Freight income	13 251	0	0	13 251
Fees	0	397	101	498
<b>Total operating income</b>	<b>13 251</b>	<b>397</b>	<b>101</b>	<b>13 749</b>
Charterhire expenses	-9 620	0	0	-9 620
Ship operating expenses	-331	22	0	-309
General administrative exps.	-321	-260	-619	-1 200
Depreciations	-210	-3	-23	-236
<b>Operating result</b>	<b>2 769</b>	<b>156</b>	<b>-541</b>	<b>2 384</b>

## Fleet list

At September 30, 2007						
Ship	Owner-Ship	Built year	Dwt	Operation	T/C-period minimum	Option period
1	<b>Product tanker</b>					
	M/T Belaia	2007	48 000	T/C to 03/12	03/14	1+1+1 yr
1	<b>Panmax bulk</b>					
	M/S Belisland	2003	76 662	T/C to 08/08 (+1 yr)	08/11	1+1 yr
2	<b>Handymax bulk</b>					
	M/S Belnor	100 %	1996	47 600	T/C to 08/08	
	Newbuilding 3003	100 %	Delivery 09/09	58 000	T/C to 09/19	
	Newbuilding 3013	100 %	Delivery 03/10	58 000	T/C to 03/20	
	Newbuilding 3026	100 %	Delivery 09/10	58 000	T/C to 09/15	
	Newbuilding 3030	100 %	Delivery 03/11	58 000	T/C to 03/21	
	Newbuilding 3036	100 %	Delivery 09/11	58 000	T/C to 09/16	
	<u>Elkem Chartering AS</u>	50 %				
	<b>Handysize bulk</b>					
	M/S Northern Light		2007	28 000	COA/Spot	2012
	M/S Lena		1983	34 070	COA/Spot	09/08
	M/S Nipha Naree		1984	33 025	COA/Spot	09/08
	M/S Thamisa Naree		1982	34 072	COA/Spot	08/09
	M/S Kanok Naree		1985	33 024	COA/Spot	07/09
	M/S Kritika Naree		1982	34 072	COA/Spot	09/09
	M/S Urana Naree		1983	33 055	COA/Spot	07/09
	M/S Darin Naree		1984	30 898	COA/Spot	08/09
	M/S Asian Hope		2005	18 829	COA/Spot	12/07
	M/S Siam Star		1984	29 617	COA/Spot	06/09
	M/S Nikat		1983	42 964	COA/Spot	08/09
	<b>Handymax bulk</b>					
	M/S Pax Phoenix		2001	50 236	T/C to 12/08	06/09
	M/S Legend Phoenix		2002	50 209	T/C to 02/10	02/10
1	Purchase option					
2	Sold with delivery in 4th quarter 2007					



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