



BELSHIPS

REPORT 2ND QUARTER 2008

2ND QUARTER 2008

RESULTS

Belships' operating income in the 2nd quarter of 2008 was USD 25,705,000 (2nd quarter 2007: USD 13,370,000). The company's operating profit totalled USD 4,884,000 (USD 2,847,000). This increase in operating profit is related to Elkem Chartering's handysize operations, which also contributed a positive profit development. Profit after tax in the 2nd quarter was USD 4,477,000 (USD 1,987,000). Profit after tax in the first half-year was USD 8,342,000 (USD 9,936,000). Last year's profit includes realised gain of USD 6.5 million upon terminating the charter party of M/S Belpareil. The half-yearly accounts for the period 1 January to 30 June 2008 have been prepared in accordance with IAS 34, Interim Financial Reporting. The information in the half-yearly report gives a true picture of the enterprise's and the Group's assets, liabilities, financial position and results as a whole and a true overview of the information required in section 5-6 fourth subsection of the Norwegian Securities Trading Act.

OPERATIONS

The rates for dry bulkers reached historic top levels in the 2nd quarter. The build-up of stocks, particularly in China, combined with the accumulation of ships in ports of loading and discharging was the main reason for this increase in rates. Towards the end of the quarter, the market fell back somewhat. The handysize operations of Elkem Chartering (EC) achieved good results, not least thanks to good capacity utilisation of the fleet in relation to the freight portfolio. The ship portfolio was somewhat strengthened during the quarter. The supramax vessels M/S Pax Phoenix and M/S Legend Phoenix continued on their respective time charters without any significant interruptions. The same applied to Belships' own tonnage, the M/S Belisland and the M/T Belaia. Delivery of the five newbuildings from Yangzhou Dayang in China has been pushed forward from one to three months. The first vessel will be delivered in May 2009.

FINANCIAL POSITION AND OTHER MATTERS

In May, USD 4.7 million was paid as a dividend to shareholders. At 30 June, the Group's liquidity reserves totalled USD 50.7, against USD 51.0 at 31 March. At the end of the 2nd quarter, the company had a debt of USD 20.0 million relating to the bridge financing of the company's newbuildings. In addition, Belships has a bond loan of NOK 100 million (USD 19.5 million). This loan has been hedged against currency risks and the unrealised gain from this totalled USD 4.0 million at 30 June. This amount has been booked under Other fixed assets. Both Belships and EC have organised their operations in such a way that estimated tax payable is limited. At the end of the 2nd quarter, book value per share amounted to NOK 10.88, while the book equity ratio was 48.6%. Charter parties for chartered tonnage have substantial values that are not reflected in the company's balance sheet.

OUTLOOK

For the first time in 3 years, the dry bulk market entered into a quieter period during the summer. This development may possibly have been caused by suspended industrial activity in China in connection with the Olympic Games. Most market observers expect a new squeeze in the fourth quarter. In EC, it seems that the good results from handysize operations will continue in the present quarter. A vessel on a long-time charter will be returned to the owner earlier than originally agreed and EC will in return receive a compensation of just over USD 7 million (Belships' share USD 3.5 million). This amount will be taken to income in the 3rd quarter. The M/S Belisland will be offhire for approximately one week in connection with periodic dry-docking in the 3rd quarter. The other vessels are expected to continue without any interruptions, thereby producing a contribution on a par with that of the 2nd quarter.

Oslo, 21 August, 2008

The Board of BELSHIPS ASA

Income statement

<i>Unaudited</i>	2008	2007	2008	2007	2007
<i>USD 1 000</i>	Apr - Jun	Apr - Jun	Jan - Jun	Jan - Jun	Jan - Dec
Operating income	25 705	13 370	47 266	32 237	67 004
Charterhire expenses	-18 695	-8 582	-34 219	-16 835	-40 635
Ship operating expenses	0	-358	0	-766	-1 624
General admin. expenses	-2 081	-1 383	-4 119	-2 768	-7 596
Depreciations	-45	-200	-86	-400	-678
Total operating expenses	-20 821	-10 523	-38 424	-20 769	-50 533
Operating res. before sale of fixed assets	4 884	2 847	8 842	11 468	16 471
Gain on sale of fixed assets	0	0	0	0	22 583
Operating result	4 884	2 847	8 842	11 468	39 054
Interest income	270	491	619	743	1 514
Interest expenses	-446	-541	-1 032	-1 083	-2 598
Currency exchange gain/(loss)	-295	-627	-1 349	-367	-2 047
Other financial items	106	470	1 326	968	2 691
Net financial items	-365	-207	-436	261	-440
Result before tax	4 519	2 640	8 406	11 729	38 614
Tax	-42	-653	-64	-1 793	-7 788
Net result of the period	4 477	1 987	8 342	9 936	30 826
Earnings per share (USD)	0.18	0.08	0.34	0.40	1.28
Diluted earnings per share (USD)	0.18	0.08	0.34	0.40	1.27

Balance sheet

<i>Unaudited</i>	2008	2007	2007
<i>USD 1 000</i>	30 Jun	30 Jun	31 Dec
ASSETS			
Fixed assets			
Intangible assets	4 685	5 380	4 431
Ship	0	13 719	0
1 Prepayment newbuilding contracts	39 162	39 162	39 162
Other fixed assets	8 668	1 856	6 372
Total fixed assets	52 515	60 117	49 965
Current assets			
Bunkers	981	2 028	2 023
Receivables	5 397	3 133	3 885
Cash deposits	50 664	20 419	49 245
Total current assets	57 042	25 580	55 153
Total assets	109 557	85 697	105 118
EQUITY AND LIABILITIES			
Equity			
Paid-in equity	28 471	28 417	28 441
Retained equity	24 768	532	21 140
Total equity	53 239	28 949	49 581
Liabilities			
Long-term tax payable	4 419	0	3 912
Mortgage debt	0	27 325	0
Bond issue	19 535	16 770	18 319
Bridge financing on newbuildings	20 000	0	20 000
Other long-term liabilities	193	0	181
Pensjon obligations	5 582	4 621	5 313
Total long-term liabilities	49 729	48 716	47 725
Mortgage debt, current portion	0	3 000	0
Other short-term liabilities	6 589	5 032	7 812
Total short-term liabilities	6 589	8 032	7 812
Total equity and liabilities	109 557	85 697	105 118

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

Cash flow statement

<i>Unaudited</i> <i>USD 1000</i>	2008 Jan - Jun	2007 Jan - Jun	2007 Jan - Dec
Cash generated from operations			
Operating result	8 842	11 468	39 054
Interest income	619	743	1 514
Interest expenses	-1 032	-1 083	-2 598
Other financial items	-23	601	643
Depreciations on fixed assets	86	400	678
Gain on sale of fixed assets	0	0	-22 583
Taxes paid	-677	-1 481	-1 431
Share options expensed	15	15	39
Difference between pension exps. and paid pension premium	0	0	369
Change in bunkers, trade debtors and trade creditors	2 607	-623	-1 625
Change in other short-term items	-1 897	806	1 817
Net cash flow from operations	8 540	10 846	15 877
Cash generated from investments			
Investments in fixed assets	0	-666	-41 450
Sale proceeds from fixed tangible assets disposals	0	0	36 254
Change in other investments	-2 296	48	-183
Net cash flow from investments	-2 296	-618	-5 379
Cash generated from financing			
Repayment of long-term debt	0	-1 500	-11 825
Prepayment newbuilding contracts	0	-39 162	0
New loan raised	0	20 000	20 000
Dividend paid	-4 762	-3 063	-3 344
Acquisition/sale treasury shares	-63	74	74
Net cash flow from financing	-4 825	-23 651	4 905
Net change in liquid reserves	1 419	-13 423	15 403
Liquid reserves at start of period	49 245	33 842	33 842
Liquid reserves at end of period	50 664	20 419	49 245

Change in equity

<i>Unaudited</i> <i>USD 1000</i>				Paid-in	Retained	
	Share capital	Treasury shares	Share premium reserves	Other paid-in equity	Other equity	Total equity
30 June, 2008						
Equity at January 1, 2008	6 722	-207	7 009	14 917	21 140	49 581
Dividend paid	0	0	0	0	-4 762	-4 762
Share options expensed	0	0	0	15	0	15
Sale/Acquisition treasury shares	0	15	0	0	48	63
Net result for the period	0	0	0	0	8 342	8 342
Equity at June 30, 2008	6 722	-192	7 009	14 932	24 768	53 239
30 June, 2007						
Equity at January 1, 2007	6 722	-229	7 009	14 878	-6 393	21 987
Dividend paid	0	0	0	0	-3 063	-3 063
Share options expensed	0	0	0	15	0	15
Sold treasury shares	0	22	0	0	52	74
Net result for the period	0	0	0	0	9 936	9 936
Equity at June 30, 2007	6 722	-207	7 009	14 893	532	28 949

Key financial figures

		2008	2007	2007
		30 Jun	30 Jun	31 Dec
EBITDA	USD 1000	8 928	11 868	39 732
Interest coverage ratio		10.45	12.17	16.65
Current ratio	%	865.72	318.48	706.00
Equity ratio	%	48.59	33.78	47.17
Earnings per share	USD	0.34	0.40	1.28
Earnings per share	NOK	1.74	2.45	6.93

Segment information

1 Jan – 30 Jun, 2008

<i>USD 1 000</i>	Dry cargo	Tank	Ship managem.	Admin. etc.	Total
Freight income	42 708	2 678	0	0	45 386
Fees	0	0	1 599	281	1 880
Total operating income	42 708	2 678	1 599	281	47 266
Charterhire expenses	-31 872	-2 347	0	0	-34 219
General administrative expenses	-1 213	0	-1 090	-1 816	-4 119
Depreciations	-13	0	-73	0	-86
Total operating expenses	-33 098	-2 347	-1 163	-1 816	-38 424
Operating result	9 610	331	436	-1 535	8 842
Interest income	183	0	2	434	619
Interest expenses	0	0	0	-1 032	-1 032
Currency exchange gain/(loss)	0	0	-12	-1 337	-1 349
Other financial items	-25	0	-5	1 356	1 326
Net financial items	158	0	-15	-579	-436
Result before tax	9 768	331	421	-2 114	8 406
Operating income at 30 Jun, 2007	29 518	1 583	936	200	32 237
Operating income at 30 Jun, 2008	42 708	2 678	1 599	281	47 266
Operating result at 30 Jun, 2007	12 279	97	312	-1 220	11 468
Operating result at 30 Jun, 2008	9 610	331	436	-1 535	8 842

Segment information

1 Jan – 31 Mar, 2008

<i>USD 1 000</i>	Dry cargo	Tank	Ship manag.	Adm. etc.	Total
Freight income	19 316	1 354	0	0	20 670
Fees	0	0	739	152	891
Total operating income	19 316	1 354	739	152	21 561
Charterhire expenses	-14 345	-1 179	0	0	-15 524
Ship operating expenses	0	0	0	0	0
General administrative exps.	-664	0	-539	-835	-2 038
Depreciations	-7	0	-34	0	-41
Operating result	4 300	175	166	-683	3 958

1 Apr – 30 Jun, 2008

<i>USD 1 000</i>	Dry cargo	Tank	Ship manag.	Adm. etc.	Total
Freight income	23 392	1 324	0	0	24 716
Fees	0	0	860	129	989
Total operating income	23 392	1 324	860	129	25 705
Charterhire expenses	-17 527	-1 168	0	0	-18 695
Ship operating expenses	0	0	0	0	0
General administrative exps.	-549	0	-551	-981	-2 081
Depreciations	-6	0	-39	0	-45
Operating result	5 310	156	270	-852	4 884

1 Jan – 31 Mar, 2007

	Dry cargo	Tank	Ship manag.	Adm. etc.	Total
Freight income	18 072	290	0	0	18 362
Fees	0	0	405	100	505
Total operating income	18 072	290	405	100	18 867
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
Operating result	9 146	4	92	-621	8 621

1 Apr – 30 Jun, 2007

	Dry cargo	Tank	Ship manag.	Adm. etc.	Total
Freight income	11 446	1 293	0	0	12 739
Fees	0	0	531	100	631
Total operating income	11 446	1 293	531	100	13 370
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
Operating result	3 133	93	220	-599	2 847

Fleet list

As at 30 June, 2008							
	Ship	Ownership	Built year	Dwt	Employment	T/C-period Minimum	T/C-period Option
1	Product carrier M/T Belaia		2007	48 000	T/C to 03/12	03/14	1+1+1 yrs
1	Panmax bulk M/S Belisland		2003	76 662	T/C to 03/10	08/11	1+1 yrs
	Supramax bulk						
	Newbuilding 3003	100 %	Delivery 05/09	58 000	T/C to 05/19		
	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 01/11	58 000	T/C to 01/21		
	Newbuilding 3036	100 %	Delivery 05/11	58 000	T/C to 05/16		
	<u>Elkem Chartering AS</u>	50 %					
	Handysize bulk						
	M/S Northern Light		2007	28 000	COA/Spot	2012	1+1 yrs
	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 Siam Star		1984	29 617	COA/Spot	06/08	
	M/S Nikat		1983	42 964	COA/Spot	08/09	
	M/S Taxiarhis P.		1985	39 013	COA/Spot	05/09	
	Supramax bulk						
	M/S Pax Phoenix		2001	50 236	T/C to 03/09	06/09	1+1 yrs
	M/S Legend Phoenix		2002	50 209	T/C to 02/10	02/10	
1	Purchase option						



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