

Annual report 2000



**BELSHIPS**

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## FINANCIAL CALENDAR 2001

Annual general meeting	3 May
Result for the 1st quarter	3 May
Result for the 2nd quarter	20 August
Result for the 3rd quarter	8 November

# Belships – an introduction

**Belships is a shipping company quoted on the Oslo Stock Exchange and is active in the product tank, gas and dry cargo markets.**

## Handysize product tank

Belships has five product tankers of its own, of which four are managed by the wholly owned subsidiary Belships Tankers. The fleet carries refined petroleum products, mainly between the industrialised countries.

## Gas

Belships owns 60% of Gibson Gas Tankers, based in Edinburgh. The company owns 6 gas tankers of between 2 000 and 7 000 cbm. The ships carry industrial and petroleum gasses such as butane, propane, etc.

## Panmax and capesize dry cargo

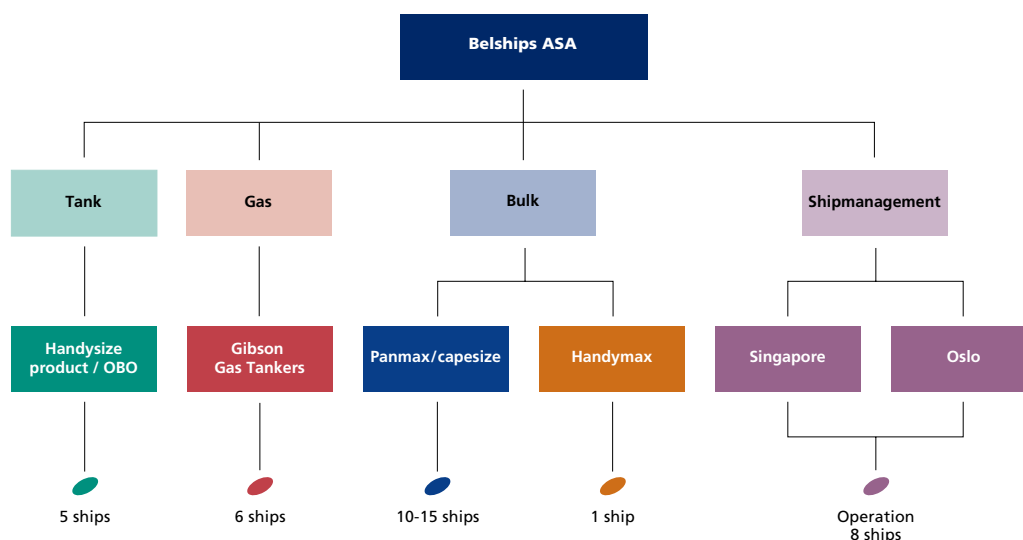
Through the wholly owned subsidiary Belships Trading there is considerable involvement as an operator in the panmax dry cargo market. The company takes cargo positions and covers them with chartered ships. The panmax fleet mainly carries commodities such as coal, ore and grain all over the world. Belships also has an ownership stake in a capesize ship.

## Handymax dry cargo

Belships owns one handymax dry cargo ship. The handymax dry cargo fleet carries mostly semi-finished goods for industry and operates all over the world.

## Ship management

Belships is involved in ship management through Belships Management in Singapore and in Oslo. The companies are responsible for ship management both for Belships own ships and on behalf of other shipping companies.



## FINANCIAL HIGHLIGHTS

USD 1 000	2000	1999	1998
Operating income	<b>57 243</b>	39 059	53 831
Operating result	<b>1 559</b>	-1 636	-6 486
Net result for the year	<b>-3 269</b>	-7 222	-22 625
Cash flow	<b>1 777</b>	-1 768	-14 952
Total assets	<b>108 395</b>	119 346	134 827
Equity	<b>26 418</b>	24 182	28 755
Interest coverage ratio	<b>0.30</b>	-0.25	-2.05
Current ratio	% <b>356.44</b>	239.08	187.03
Equity ratio	% <b>24.37</b>	20.26	21.33
Earnings per share	USD <b>-0.16</b>	-0.50	-1.56

The tanker market strengthened significantly during the year: first crude carrier rates picked up and then, towards the end of the year, product carrier rates increased to heights not seen for over a decade.

**The dry bulk market also prospered: Panmax rates increased rapidly at the beginning of the year to peak in March while Capesize rates climbed steadily right through to October before falling back at the end of the year. Meanwhile small gas carrier rates improved during the first half, weakened during the autumn and then recovered again right at the end of the year.**

### FINANCIAL PERFORMANCE

Belships generated operating income of USD 57 243 000 (1999: USD 39 059 000), the increase due to generally higher rates and greater Panmax bulk activity. The group's operating result was USD 1 559 000 (USD -1 636 000) thanks to particularly strong earnings growth at the product carrier and gas carrier businesses. The group's net result for the year was USD -3 269 000 (USD -7 222 000).

The parent company accounts show a net result for the year of NOK -63.8 million. The board recommends the loss to be covered by other equity with NOK 5.4 million and share premium reserves with NOK 58.4 million.

The annual accounts have been prepared on a going concern basis in accordance with §4-5 of the Financial Reporting Act (Norway).

### SEGMENTAL RESULTS

The product carrier business generated an improved operating result of USD 2 584 000 (USD 442 000), the gas carrier business an operating result of USD 57 000 (USD -1 562 000), the Panmax/Capesize bulk business an operating result of USD -1 770 000 (USD -488 000), the Handymax bulk business an operating result of USD 1 942 000 (USD 1 214 000) and the ship management business an operating result of USD -161 000 (USD -197 000).

### FLEET AND OPERATIONS

The group's product carriers operated in the spot market throughout the year and so their earnings were boosted by the increase in spot rates, especially towards the end of the year.

The group's small gas carriers followed the same operating pattern as in 1999: the 3 200 cbm vessels sailed on time charters while the 6 000 cbm vessels continued in the pool managed by Dutch company Anthony Veder. The market for these vessels gained in strength through to September when the price gap for gas products between Europe and Asia closed and so reduced the need for long-distance shipments. Not until December did demand begin to pick up again.

The Handymax bulkers M/S Belnor and M/S Belstar operated on time charters through the whole year.

The Capesize bulker M/S Belmaj completed its time charter in November and then joined a pool managed by Belgian company Bocimar. The market improved until the autumn, with rates then weakening.

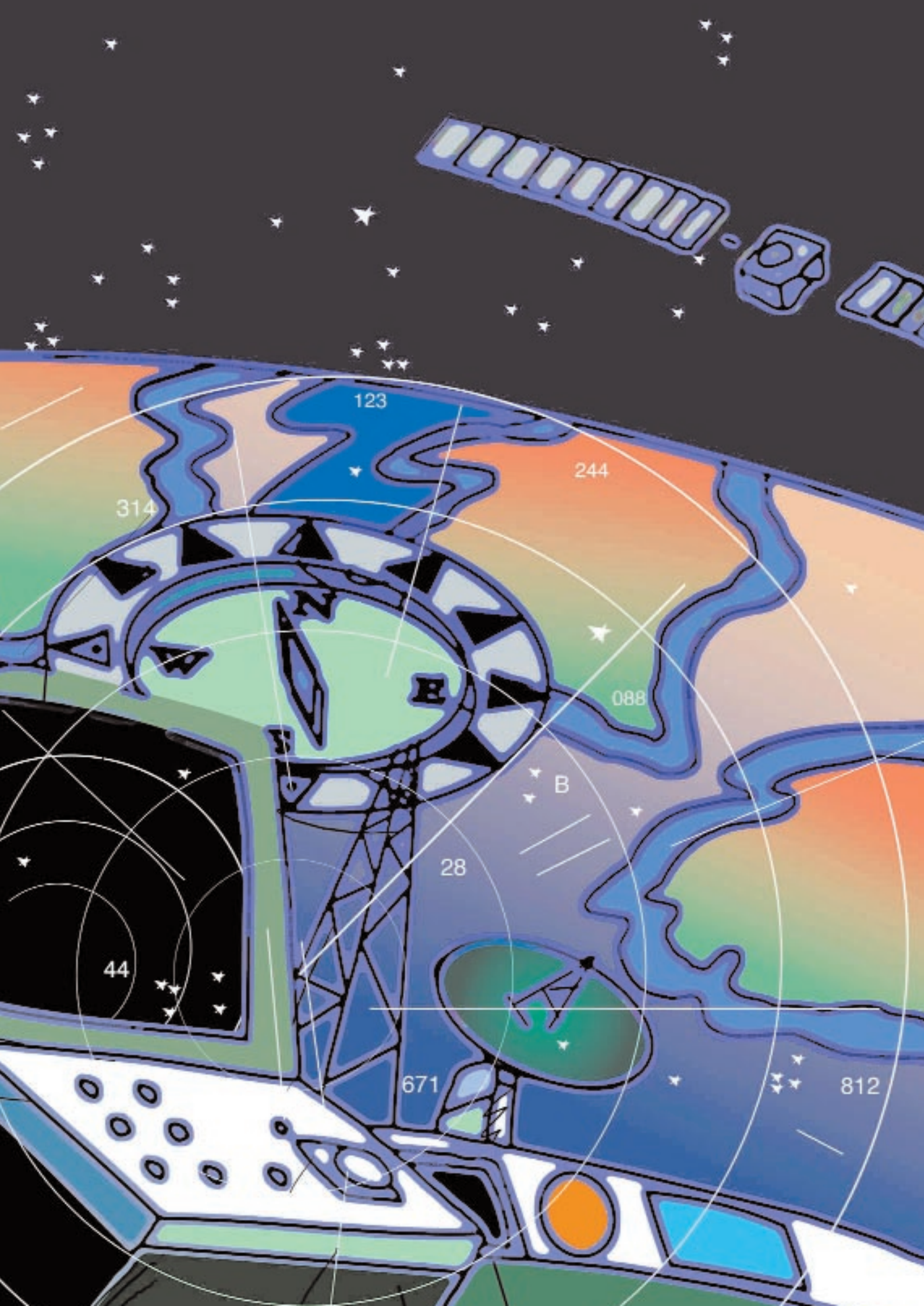
After virtually breaking even during the first quarter, the Panmax operation Belships Trading saw its results worsen substantially.

The long-term contract for the transportation of coal from Australia to India on which the company had been working for several years was finally concluded in August 2000. However, late in the year a dispute between the producer and purchaser of the power this coal is to produce cast a degree of uncertainty over the









future progress of this project. In case of cancelling the contract, it is not expected that the company will incur material expenses.

Belships acquired the remaining 50% of the shares in the technical management operation in Singapore during the year. The company has now been renamed Belships Management (Singapore) Pte Ltd.

The oilcompany Pelican (Belships share approx. 10%) got official approval as a participant in several new licenses on the Norwegian continental shelf. Through this, it is hoped to build up added value.

#### **ENVIRONMENT AND SAFETY**

Belships gives high priority to minimising pollution from its vessels and focuses on continual improvement in the safety and environmental performance of its operations. The group has therefore embarked on an active drive to raise standards both at sea and ashore. Belships meets all applicable environmental and safety standards, both national and international, and the companies in the group offer a good working environment.

#### **ORGANISATION**

Belships' head office in Oslo handles the bulk of the group's commercial activities and insurance while other technical management activities are based in Singapore, except in the case of the gas carrier fleet which is run from Edinburgh. The group had 222 employees at the year-end: 43 office staff and 179 seafaring personnel. Absence through illness was low during the year and there were no serious occupational injuries.

#### **FINANCIAL POSITION AND OTHER MATTERS**

Belships' financial position was strengthened during the year. A NOK 50 million rights issue was completed during the second quarter and the terms of all loan agreements have now been adjusted to the company's earnings.

At the year-end the group had liquid assets of USD 12.4 million (USD 8.5 million) and its mortgage debt had been reduced by USD 12.6 million to USD 75.4 million, USD 8.8 million of this reduction relating to the sale of the M/S Belstar. The group had net assets (excluding minority interests) of NOK 7.30 per share and an equity ratio of 24.4%.

The fleet's market value was in line with book value at the year-end, which is an improvement on a year earlier when its market value was estimated to be below book.

#### **OUTLOOK**

The outlook for the global economy and the demand for freight services are more uncertain than for several years.

High panmax and handymax newbuilding deliveries are scheduled for 2001 and 2002 and so it

seems likely that rates in these segments will fall.

Consequently the M/S Belstar was sold in December and the M/S Belnor was in February 2001 fixed on a two-year time-charter.

The economic slowdown will undermine demand growth in the tanker market but this may be offset by more stringent quality and safety requirements. Belships has entered into a number of forward freight agreements and a time charter for 2001 covering much of its capacity.

There is also uncertainty about the market outlook for the gas carrier fleet. The time charter for one of the 3 200 cbm vessels was extended in January 2001 for one year from March 2001 at a higher rate than for the previous year.

Oslo, 26 March 2001  
The Board of **Belships ASA**



**Asbjørn Larsen**  
Styreformann



**Sverre Jørgen Tidemand**  
Adm. direktør



**James Stove Lorentzen**



**Chris Rytter jr.**



**Åsmund Simonsen**

# Income statement

Note	1 January-31 December USD 1 000	Consolidated		
		2000	1999	1998
	<b>Operating income</b>			
	Gross freight income	69 104	43 478	64 711
	Voyage expenses	-13 249	-5 800	-13 869
	Net freight income	55 855	37 678	50 842
	Other operating income	1 388	1 381	2 989
2	Total operating income	57 243	39 059	53 831
	<b>Operating expenses</b>			
	Charterhire expenses	-31 702	-15 333	-27 239
9	Other operating expenses	-13 038	-14 065	-17 241
10	General administrative expenses	-4 831	-5 255	-6 626
3	Ordinary depreciations ships	-6 017	-6 042	-7 997
	Total operating expenses	-55 588	-40 695	-59 103
	Operating result before sale of ships	1 655	-1 636	-5 272
2	Gain/ loss on sale of ships	-96	0	-1 214
	Operating result	1 559	-1 636	-6 486
	<b>Financial income and expenses</b>			
	Share dividends, interest income	527	409	497
	Interest expenses	-5 982	-6 275	-7 448
	Other financial items	-310	-318	-957
	Write-down financial assets	0	0	-8 324
	Currency exchange gain/ loss	971	588	-1 516
	Net financial items	-4 794	-5 596	-17 748
	Result before taxes	-3 235	-7 232	-24 234
14	Taxes	-34	10	1 609
	Net result for the year	-3 269	-7 222	-22 625
12	Hereof minority interests	178	1 026	1 189
	Hereof majority interests	-3 091	-6 196	-21 436
11	Earnings per share	-0.16	-0.50	-1.56
11	Diluted earnings per share	-0.16	-0.49	-1.56





# Balance sheet

Consolidated

Note	Per 31 December USD 1 000	Consolidated		
		2000	1999	1998
	<b>FIXED ASSETS</b>			
	<b>Intangible assets</b>			
14	Deferred tax assets	3 153	3 153	3 153
	<b>Fixed assets</b>			
3	Ships	81 061	96 830	107 544
3	Other fixed assets	1 394	1 027	2 310
	Total fixed assets	82 455	97 857	109 854
	<b>Financial assets</b>			
5	Shares	2 310	2 310	2 310
4	Other long-term debts	46	830	675
	Total financial assets	2 356	3 140	2 985
	Total fixed assets	87 964	104 150	115 992
	<b>Current assets</b>			
	Bunkers	291	218	269
4	Trade debtors	2 328	1 737	896
4	Other debtors	5 434	4 725	3 794
5	Shares	0	0	7 576
	Bank deposits	12 378	8 516	6 300
	Total current assets	20 431	15 196	18 835
	Total assets	108 395	119 346	134 827
	<b>EQUITY</b>			
	Pain-in capital	20 112	17 698	21 245
	Retained capital	0	0	0
	Minority interests	6 306	6 484	7 510
12	Total equity	26 418	24 182	28 755
	<b>LIABILITIES</b>			
	<b>Provision for liabilities</b>			
8	Pension obligations	876	842	746
	<b>Other long-term liabilities</b>			
4	Mortgage debt	75 294	87 966	95 256
	Other long-term debt	75	0	0
	Total long-term debt	75 369	87 966	95 256
	<b>Short-term liabilities</b>			
14	Tax payable	69	3	161
	Public taxes and duties payable	216	237	283
4	Other short-term liabilities	5 447	6 116	9 626
	Total short-term liabilities	5 732	6 356	10 070
	Total liabilities	81 977	95 164	106 072
	Total equity and liabilities	108 395	119 346	134 827
4	Pledges			

  
Asbjørn Larsen  
Chairman

  
Sverre J. Tidemand  
Man. director / member

  
James Stove Lorentzen  
Member

  
Chris Rytter jr.  
Member

  
Åsmund Simonsen  
Member

Oslo, 26 March 2001  
The Board of Belships ASA

# Cash flow statement

1 January-31 December USD 1 000	Consolidated		
	2000	1999	1998
<b>Funds generated from operations</b>			
Result before taxes	-3 235	-7 232	-24 234
- gain/ +loss from sale of fixed assets	40	0	1 214
Write-down of receivables, shares and ships	0	1 169	8 324
Ordinary depreciations	6 017	6 042	7 997
Depreciations on capitalised docking expenses	1 223	0	0
Tax payable	34	0	162
Difference between capitalized pensions and paid in and drawn out	116	136	142
Change in bunkers, trade debtors and trade creditors	-664	-790	-559
Change in other short-term items	-1 333	1 631	-3 579
Cash flow from operations	2 198	956	-10 533
<b>Funds flow from investment</b>			
Investments in fixed assets	-2 008	0	-5 363
Sale proceeds from fixed assets disposals	10 531	4 985	10 564
Change in other investments	-462	912	11 436
Net cash flow from investments	8 061	5 897	16 637
<b>Funds flow from financing</b>			
Received payments from raising new long-term debt	833	688	0
Repayment of long-term debt	-12 736	-5 325	-10 411
Share issue	5 506	0	0
Net cash flow from financing	-6 397	-4 637	-10 411
Net change in liquid reserves	3 862	2 216	-4 307
Liquid reserves at 1 January	8 516	6 300	10 607
Liquid reserves at 31 December	12 378	8 516	6 300
<b>CALCULATION OF CASH FLOW STATEMENT</b>			
<b>Change in bunkers, trade debtors and trade creditors</b>	(A)	(B)	(B-A)
Bunkers	291	218	-73
Trade debtors	2 328	1 737	-591
Total	2 619	1 955	-664
<b>Change in other short-term items</b>			
Other receivables (short-term)	5 434	4 725	-709
Public taxes and duties payable	-285	-240	45
Other short-term liabilities	-5 447	-6 116	-669
Total	-298	-1 631	-1 333

## 1 Accounting policies

**The accounts have been prepared in accordance with Norwegian accounting regulations and standards. All amounts in the notes are in USD 1 000 unless otherwise stated.**

### A) Basis of consolidation

The group accounts include the parent company Belships ASA and the subsidiaries listed in note 6 in the parent company account. The group accounts are prepared on the basis of uniform accounting policies, with subsidiaries applying the same policies as the parent company. Inter-company transactions, profit and balances are eliminated.

The cost to the parent company of shares in a subsidiary is offset against the subsidiary's equity at the time of acquisition. Any difference between the cost of the shares and the net book value of the subsidiary's assets at the time of acquisition is allocated to the relevant assets to bring them up to market value. Any part of the premium/ discount that cannot be allocated to specific assets in this way is reported as goodwill and amortised on a straight-line basis over ten years. Investments in subsidiaries and associates are reported using the cost method in the parent company accounts.

### B) Investments in other companies

Some of Belships' activities relate to investments in limited partnerships. These investments are included in the parent company and group accounts using the proportional consolidation method, which means that assets, liabilities, income and expenses are included in the accounts line by line on the basis of Belships' percentage interest in each partnership. The partnerships accounted for using this method are listed in note 7. Holdings of between 20% and 50% in jointly controlled limited companies (joint ventures) are also included in the accounts on the basis of proportional consolidation.

### C) Financial current assets

Financial current assets are carried at the lower of cost and net realisable value.

### D) Classification of balance sheet items

Assets intended for long-term ownership or use are classified as fixed assets and others as current assets, with all accounts receivable within one year classified as current assets. Liabilities due within 12 months, are classified as short-term liabilities except for mortgage debt, which in full is classified as long-term liabilities.

Current assets are reported at the lower of cost and net realisable value, while current liabilities are carried at the nominal amount received when taken on.

### E) Depreciable assets

Depreciable assets are recorded in the balance sheet at cost less depreciation on a straight-line basis over their estimated useful economic life. Vessels other than gas carriers are depreciated on a straight-line basis over 25 years from new, and gas carriers over 30 years. No account is taken of their residual scrap value. Direct maintenance of tangible fixed assets is charged directly against profit under operating expenses, while upgrades and improvements are added to the cost of the asset and depreciated accordingly.

Depreciation of goodwill is charged against operating result under other operating expenses. Depreciation of office equipment and vehicles is charged against operating result under administrative expenses.

### F) Leasing

The company distinguishes between financial and operating leases. Rights and obligations in respect of ships hired in on the basis of financial leases are included in the

balance sheet under ships and long-term liabilities respectively. The interest element of rental payments is included under interest expenses and the capital element is treated as a reduction in the liability. The lease obligations are the remaining part of the principal.

### G) Accounts receivable

Trade and other accounts receivable are included in the balance sheet at their nominal value less a provision for anticipated bad debts determined on the basis of a case-by-case assessment.

### H) Bunkers and other inventories

Inventories are carried at the lower of cost and net realisable value on a first-in/first-out basis less an allowance for obsolescence.

### I) Accrual of freight income

Income and expenses relating to voyages in progress at the year-end are recognised on the basis of the number of days the voyage lasts each side of the year-end.

### J) Foreign exchange

Monetary items denominated in other currency than USD are translated at the closing rates of exchange. Both realised and unrealised exchange gains/losses are included in the income statement under financial items.

### K) Pensions

The company capitalises its pension obligations/assets in line with the relevant Norwegian Accounting Standard. Net pension expenses comprise the pension benefits accrued during the period adjusted for projected future wage growth, interest payable on the pension obligations and the estimated return on pension scheme assets. The assumptions behind these calculations are detailed in note 8.

### L) Tax

The tax charge in the income statement comprises both the tax payable for the period and the change in deferred tax. Deferred tax is calculated as 28% of temporary timing differences between values for accounting and tax purposes and tax losses brought forward at the end of the year. Temporary timing differences that reverse or may reverse during the same period are offset and reported net. Deferred tax on premiums over book value paid on the acquisition of subsidiaries is ignored.

The present value of deferred tax relating to temporary timing differences at companies covered by Norway's special tax scheme for shipowning companies is considered immaterial as the company does not expect the taxable income that these differences represent to materialise in the foreseeable future. This assessment is based on the company's liquid assets, its dividend policy, the fleet's market value, the distributable taxed equity in those parts of the group not covered by the new tax scheme, and the company's intention to continue that part of its business covered by the scheme. The operating results of the companies within the shipping taxation scheme are not subject to taxation before such results are distributed as dividend. Net financial income is subject to taxation on the current year.

Deferred tax assets which are assumed to be recoverable on the basis of anticipated future earnings, are capitalized in the balance sheet.

Further details can be found in note 14.



## Accounting policies (continued)

### M) Translation of the accounts of foreign companies

The income statements of subsidiaries which are not booked in USD are translated into USD at the average rates of exchange, and the monetary items in their balance sheets at the closing rates. Ships and other fixed assets are translated into USD to historical rates. Differences arising from translation to USD are booked as currency exchange gain or loss.

### N) Classification and maintenance expenses

Belships capitalises periodic maintenance expenses. Classification-related upgrades and improvements in connection with the dry-docking of vessels are capitalised and depreciated over the period through to the next classification/dry-docking (30 months on average). When vessels are purchased and newbuildings are delivered, a proportion of the price paid is deducted and capitalised as classification expenses. When vessels are sold, capitalised expenses are charged against profit as part of the capital gain/loss on the sale. Other maintenance expenses are charged directly against profit.

### O) Reporting by segments

The specification by segments is in accordance with the company's internal reporting. The activity is split in 5 segments: handysize product, gas, panmax/ capesize bulk, handymax bulk and ship management.

### P) Related party transactions

Transactions with related parties are carried out at market terms. See note 15 for further information.

### Q) Contingent gains and losses

Provisions are made for contingent losses deemed probable and quantifiable. Contingent gains are not recognised.

### R) Cash flow statement

The cash flow statement has been prepared using the indirect method.

### S) Result per share

Result per share is calculated by dividing the consolidated result by a weighted, average number of shares in the reporting period.

## 2 Segment information

	Handysize product	Gas	Panmax/ Capesize bulk	Handymax bulk	Ship management	Admini- stration	Total
Operating income	7 992	12 445	29 887	6 226	628	65	57 243
Operating expenses	-4 389	-9 204	-31 274	-2 757	-789	-1 158	-49 571
Depreciation on ships	-1 019	-3 184	-383	-1 431	0	0	-6 017
Result before loss on sale of ships	2 584	57	-1 770	2 038	-161	-1 093	1 655
Loss on sale of ships	0	0	0	-96	0	0	-96
Operating result	2 584	57	-1 770	1 942	-161	-1 093	1 559
Ships	13 091	44 753	5 416	17 801	0	0	81 061
Mortgage debt	12 203	30 429	3 775	17 400	0	11 487	75 294
<b>Operating income per segment</b>					<b>2000</b>	<b>1999</b>	<b>1998</b>
Handysize product					<b>7 992</b>	5 318	9 355
Gas					<b>12 445</b>	11 686	12 455
Panmax / capesize bulk					<b>29 887</b>	15 827	25 207
Handymax bulk					<b>6 226</b>	5 421	4 721
Ship management					<b>628</b>	554	2 057
Other operating income					<b>65</b>	253	36
Total operating income					<b>57 243</b>	39 059	53 831

<b>3 Ships and other assets</b>				
	Goodwill	Other fixed assets	Total other fixed assets	Ships
Cost as at 31 December 1999	768	2 190	2 958	123 792
Additions 2000	300	255	555	110
Capitalized dry docking costs 2000	0	0	0	1 909
Disposals 2000	-768	-321	-1 089	-18 255
<b>Cost as at 31 December 2000</b>	<b>300</b>	<b>2 124</b>	<b>2 424</b>	<b>107 556</b>
Ordinary depreciation at 31 December 1999	742	1 345	2 087	26 962
Depreciation	111	186	297	6 017
Depreciation on capitalized dry docking costs	0	0	0	1 221
Disposals	-853	-295	-1 148	-7 705
<b>Accumulated depreciation at 31 December 2000</b>	<b>0</b>	<b>1 236</b>	<b>1 236</b>	<b>26 495</b>
<b>Book value at 31 December 2000</b>	<b>300</b>	<b>888</b>	<b>1 188</b>	<b>81 061</b>
Other fixed assets		206	206	
<b>Total book value at 31 December 2000</b>	<b>300</b>	<b>1 094</b>	<b>1 394</b>	<b>81 061</b>
All depreciable assets are depreciated on a straight line basis. The economic lifetime is estimated as follows:				
– Ships	25-30 years			
– Goodwill	10 years			
– Other fixed assets	3-5 years			
The ships market value are in line with book value.				
<b>Specification of ships</b>				
	Built year	Ownership	Costprice	Book value
<b>Product tankers / OBO</b>				
M/T Urai	1995	20 %	3 996	3 500
M/T Belgrace	1984/87	63 %	8 849	4 347
M/S Belguardian	1987	20 %	2 513	1 748
M/S Belgallantry	1987	20 %	2 513	1 748
M/S Belgreeting	1987	20 %	2 513	1 748
<b>Capesize bulk</b>				
M/S Belmaj	1990	25 %	6 764	5 416
<b>Handymax bulk</b>				
M/S Belnor	1996	100 %	22 893	17 801
<b>Gass</b>				
M/T Lanrick	1992	60 %	11 606	9 429
M/T Ettrick	1991	60 %	11 442	9 275
M/T Eildon	1982	60 %	10 170	8 203
M/T Traquair	1982	60 %	10 315	7 277
M/T Yarrow	1982	60 %	11 919	9 321
M/T Quentin	1977	60 %	2 063	1 248
<b>Total</b>			<b>107 556</b>	<b>81 061</b>

<sup>1</sup> The ships are included 100% in the financial statement, and 40% at minority interests.

#### 4 Receivables and liabilities

Receivables due later than 12 months	2000	1999	1998
Other long-term receivables	46	830	675

All short-term receivables are due within 12 months.

Mortgage debt	Currency	Loan amount in USD
M/S Belnor	USD	17 400
M/S Belmaj	USD	3 775
M/T Belgrace	USD	4 379
M/T Urai	USD	3 423
Anchor Holding	USD	11 487
M/S Belguardian	USD	1 467
M/S Belgallantry	USD	1 467
M/S Belgreeting	USD	1 467
1 M/T Lanrick	GBP	9 362
1 M/T Ettrick	GBP	8 567
M/T Yarrow, Eildon, Quentin	USD	12 500

Total mortgage debt as at 31 December 2000 75 294

1 *Financial lease – The ships are financed in GBP by UK lease-agreements, and the currency risk between GBP and USD has been hedged. The lease-agreements are refinanced in first quarter 2001. For further details, see note 13.*

Repayment schedule	2001	2002	2003	2004	2005	Thereafter	Total
Mortgage debt on ships	7 230	19 044	7 919	9 037	31 900	164	75 294

Interest rates on mortgage debts have been fixed on a short term basis (3-6 months) between 6.62% and 8.40% inclusive margin at the year-end.

In the consolidated accounts, ships and mortgage debt have a book value of USD 75.3 million and USD 81.1 million respectively. The loan agreements have certain covenants. The covenants are mainly related to the ships' market value, insurance values, and minimum working capital. All the covenants were fulfilled at 31 December 2000. The general partners are fully liable for the debt in the underlying limited partnerships. Reference is made to Note 7 regarding uncalled limited partnership capital.

#### Current receivables and short-term liabilities

Current receivables consist mainly of earned, not received freight revenues, and receivables related to operation of the ships. Other short term liabilities mainly include short term liability related to the ordinary operation of the ships.

#### Charter obligations

Belships had at year-end, no ships chartered for periods in excess of 12 months.

#### 5 Shares

For further specification of shares, please see note 6 in the parent company accounts.

#### 6 Financial market risk

The market risk is mainly related to operation of own and chartered ships. The company's transaction currency is USD, which means that income and expenses are created in that currency. Consequently, the currency risk is limited. The credit risk, as well as the liquidity risk are considered as low.



## 7 Participation in other companies

The following companies are jointly controlled companies and are included on a proportionally consolidated basis:

	Belstar KS 80 %	Belgrace KS 63 %	Belmaj KS 25 %	Total
Result	-504	1 312	187	995
Fixed assets	0	4 347	5 416	9 763
Current assets	1 959	1 337	502	3 798
Committed capital	0	7 119	2 429	9 548
Paid-in capital	0	5 725	2 110	7 835
Uncalled capital	0	1 393	319	1 712
Long-term liabilities	0	4 379	3 775	8 154
Short-term liabilities	320	83	12	415

## 8 Pensions

Employees in the company are members of the company's own pension fund. At 31 December 2000, 17 Norwegian employees are members of the existing service pension scheme. In addition the service pension scheme includes 13 former employees. The service pension scheme is defined as a net scheme which releases the company's liabilities from any changes in the National Insurance Fund. The company has, based upon the new accounting standard, chosen to treat the service pension scheme as a benefit plan. The company's legal obligation will not be affected by such accounting treatment.

In addition the company has uninsured pension obligations. This relates to early retirement pensions, pensions to former Board members and pensions to people who, for various reasons, have not been included in the service pension scheme. A total of 19 people are covered by these arrangements.

The pension calculations are prepared by an independent actuary.

The assumptions from 1999 have not been changed.

Assumptions	2000	1999	1998
Discount rate	6.00 %	6.00 %	6.00 %
Future wage adjustment	3.30 %	3.30 %	3.30 %
Pension adjustment/G-adjustment	2.50 %	2.50 %	2.50 %
Return on pension fund	7.00 %	7.00 %	7.00 %
Average remaining earning period	15.75	15.10	17.29
Voluntary retirement before / after 45 years	2 % / 0 %	2 % / 0 %	2 % / 0 %
<b>Composition of the net pension expenses</b>			
Present value of the year's pension earnings (incl. social security tax)	159	189	239
Interest charge on accrued pension obligations	208	260	270
Amortization of unrecognized pension obligations	2	19	53
Return on pension funds	-167	-190	-210
Net pension expenses	202	278	352
<b>Composition of the net pension obligations</b>			
	31.12.00	31.12.99	31.12.98
1 Gross pension obligations	3 775	4 429	4 889
Pension funds	-2 522	-2 858	-3 169
Not amortized plan/estimate on change	-377	-729	-975
Net pension obligations	876	842	746
1 Of which net uncovered pension obligations	1 796	2 022	1 732

**9 Other operating expenses**

	2000	1999	1998
Crew expenses	<b>6 659</b>	6 383	7 585
Maintenance expenses	<b>4 105</b>	5 472	6 937
Insurance	<b>726</b>	826	1 065
Management fees	<b>504</b>	378	675
Other operating expenses	<b>1 044</b>	1 006	979
Total	<b>13 038</b>	14 065	17 241

**10 Salaries, number of employees and loans to employees**

	2000	1999	1998
Salaries	<b>2 075</b>	2 369	3 022
Social security tax	<b>205</b>	277	296
Pension expenses	<b>202</b>	278	352
Other allowances	<b>942</b>	325	362
Total	<b>3 424</b>	3 249	4 032

Average number of employees in 2000 was 43. Loans to employees at 31 December 2000 amounted to 42. Expected remuneration to the auditor for 2000 amounts to 87.

**11 Earnings per share**

	2000	1999	1998
Earnings per share	<b>-0.16</b>	-0.50	-1.56
Diluted earnings per share	<b>-0.16</b>	-0.49	-1.56

Result per share is calculated as result for the year (-3 269) divided to average number of shares during the year (20 316 000). Diluted earnings per share is based on options to employees. See note 7 in Financial statement to the parent company.

**12 Equity**

	Share capital	Paid-in Share premium res.	Retained Other equity	Minority interests	Total equity
Equity as at 31 December 1999	4 279	13 419	0	6 484	24 182
Share issue (net)	2 331	3 174	0	0	5 505
Result for the year	0	-3 091	0	-178	-3 269
Equity as at 31 December 2000	6 610	13 502	0	6 306	26 418

Please see the equity note in the parent company accounts for further information regarding share capital, share options a.o.

**13 Subsequent events**

The ships owned by Gibson Gas Tankers are refinanced in the 1st quarter 2001 by a fleet-loan of USD 29 million financed by SE-banken.

Belships has entered into an 8 years charterparty for chartering a panmax bulker of 76 000 dwt to be delivered in 2nd half 2003. The charter rate is fixed at appr. USD 10 000 throughout the whole period. Belships has further option to extend the period by 2x1 year at somewhat higher rates, after the 5th year. Belships has option to purchase the ship at a fixed price.

14 Taxes	2000	1999	1998
Taxes payable	34	10	-162
Changes in deferred taxes	0	0	1 771
<b>Taxes</b>	<b>34</b>	<b>10</b>	<b>1 609</b>

Calculation of deferred taxes is based on temporary differences existing between statutory books and tax values which exist at the end of the year.

Deferred tax as at 31 December	2000	1999	1998
Temporary differences on fixed assets	5 773	9 313	9 781
Deferred sales gains	3 039	4 203	5 523
Accruals according to generally accepted accounting principles	-8 187	-8 954	-25 750
Pension obligations	-876	-842	-746
Tax loss carried forward	-33 268	-35 393	-21 424
<b>Net temporary differences</b>	<b>-33 519</b>	<b>-31 673</b>	<b>-32 616</b>
Deferred tax liabilities / (assets) before remuneration (28%)	-9 385	-8 868	-9 133
Remuneration	-1 108	-1 226	-977
<b>Deferred tax liabilities / (assets)</b>	<b>-10 493</b>	<b>-10 094</b>	<b>-10 110</b>
Deferred tax assets included in the Balance sheet	-3 153	-3 153	-3 153
Deferred tax assets not included the Balance sheet	-7 340	-6 941	-6 957

In accordance with generally accepted accounting principles for taxes, is tax reducing temporary differences and tax increasing temporary differences that are reversed, or can be reversed in the same period are assessed and the amount recorded net.

The Belships-group has capitalised part of its deferred tax assets. Given the progress made in 2000 in terms of both earnings and values, taken together with the group's earnings projections, the Belships-group has decided to maintain the capitalised deferred tax assets of USD 3.2 million, equivalent to approximately one third of the estimated total deferred tax assets. The group's tax loss carryforward is mainly established during the last five years.

The net present value of deferred tax liabilities associated with temporary timing differences under the shipping taxation scheme is considered to be immaterial. This consideration is based on the company's liquidity reserves, dividend policy, the ships market value and free equity in the part of the group which are outside the new system and the intention to continue the shipping taxation activity.

#### The shipping taxation scheme

Temporary differences amount to -16 319 at 31.12.00. Tonnage tax amounting to 87 has been provided for as at 31 December 2000. Tax financial loss carried forward within the shipping taxation regime amounts to 1 911 at 31.12.00. Reference is made to note L) under Accounting policies.

15 Related parties
<p>Belships rents offices from a company where Belships' main shareholders have a controlling interest. The rental agreement was renewed in 1997 and is in force for 10 years. The rental for 2000 amounted to 218. The main shareholders in Belships are main shareholders in the shipbroker company Lorentzen &amp; Stemoco AS. Belships is regularly doing business with this company. The transactions are based on market terms.</p> <p>No loans or deposit securities are given to the company's shareholders, the management or related parties.</p>

16 Environmental issues
<p>The company has not been charged any penalties due to breach of environmental rules and regulations and is not committed to implement any specific actions in that respect. For further information related to environmental matters, please see the annual report.</p>

17 Contingencies
<p>The board is not aware of any material disputed matters as at 31 December 2000.</p> <p>The company will receive a refund from Den Norske Krigsforsikring in 2001. The amount of such refund is not considered to be material and will be accounted for in 2001.</p>



# Income statement

Note	1 January - 31 December NOK 1 000	Belships ASA		
		2000	1999	1998
	<b>Operating income</b>			
	Gross freight income	<b>30 646</b>	22 297	22 898
	Voyage expenses	<b>-1 319</b>	-1 168	-1 706
	Net freight income	<b>29 327</b>	21 129	21 192
	Other operating income	<b>250</b>	581	344
	<b>Total operating income</b>	<b>29 577</b>	21 710	21 536
	<b>Operating expenses</b>			
9	Other operating expenses	<b>-10 979</b>	-7 490	-10 226
11	General administrative expenses	<b>-7 375</b>	-8 229	-8 924
2	Ordinary depreciation ships	<b>-7 227</b>	-7 227	-8 817
	<b>Total operating expenses</b>	<b>-25 581</b>	-22 946	-27 967
	<b>Operating result</b>	<b>3 996</b>	-1 236	-6 431
	<b>Financial income and expenses</b>			
	Share dividends	<b>469</b>	0	2 630
	Interest income from subsidiaries	<b>6 943</b>	5 490	5 392
	Other interest income	<b>2 738</b>	1 680	959
	Interest expenses	<b>-17 774</b>	-15 873	-15 239
	Other financial items	<b>-188</b>	-757	111
6	Write-down financial assets	<b>-40 000</b>	-7 225	-118 282
	Currency exchange gain/ -loss	<b>-20 021</b>	-10 746	-7 116
	<b>Net financial items</b>	<b>-67 833</b>	-27 431	-131 545
	<b>Result before taxes</b>	<b>-63 837</b>	-28 667	-137 976
12	Taxes	<b>0</b>	0	0
	<b>Net result for the year</b>	<b>-63 837</b>	-28 667	-137 976
	Earnings per share	<b>-3.14</b>	-1.98	-9.53
	Diluted earnings per share	<b>-3.14</b>	-1.95	-9.53

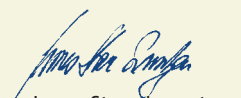
# Balance sheet

# Belships ASA

Note	Per 31 December NOK 1 000	Belships ASA		
		2000	1999	1998
	<b>FIXED ASSETS</b>			
	<b>Intangible assets</b>			
12	Deferred tax assets	20 000	20 000	20 000
	<b>Fixed assets</b>			
2	Ships	144 677	152 665	160 653
2	Other fixed assets	4 372	4 810	5 595
	Total fixed assets	149 049	157 475	166 248
	<b>Financial assets</b>			
6	Shares in subsidiaries	107 785	92 211	105 526
6	Shares in associated companies	288	288	3 399
	Intercompany balances	7 500	7 894	7 144
6	Other shares	14 885	14 885	14 885
3	Other long-term debts	5 010	4 786	4 818
	Total financial assets	135 468	120 064	135 772
	Total fixed assets	304 517	297 539	322 020
	<b>Current assets</b>			
	Trade debtors	21	2 094	0
4	Intercompany balances	134 515	141 265	126 220
3	Other debtors	9 745	6 232	3 835
	Total receivables	144 281	149 591	130 055
	Shares	0	0	57 654
5	Bank deposits	46 207	34 761	6 776
	Total current assets	190 488	184 352	194 485
	Total assets	495 005	481 891	516 505
	<b>EQUITY</b>			
	<b>Paid-in capital</b>			
	Share capital	48 966	28 966	28 966
	Share premium reserve	175 961	206 954	206 954
	Total paid-in capital	224 927	235 920	235 920
	<b>Retained capital</b>			
	Other equity	0	5 410	33 152
7	Total equity	224 927	241 330	269 072
	<b>LIABILITIES</b>			
	<b>Provisions</b>			
8	Pension obligations	5 783	4 678	7 931
	<b>Other long-term liabilities</b>			
3	Mortgage debt	255 653	229 232	212 822
	<b>Short-term liabilities</b>			
	Public taxes and duties payable	1 908	1 896	2 154
	Other short-term liabilities	6 734	4 755	24 526
	Total short-term liabilities	8 642	6 651	26 680
	Total liabilities	270 078	240 561	247 433
	Total equity and liabilities	495 005	481 891	516 505
3	Pledges			

  
Asbjørn Larsen  
Chairman

  
Sverre J. Tidemand  
Man. director / member

  
James Stove Lorentzen  
Member

  
Chris Rytter jr.  
Member

  
Åsmund Simonsen  
Member

Oslo, 26 March 2001  
The Board of Belships ASA

# Cash flow statement

1 January - 31 December NOK 1 000	Belships ASA		
	2000	1999	1998
<b>Funds generated from operations</b>			
Result before tax	<b>-63 837</b>	-28 668	-137 976
– gain/ +loss from sale of fixed assets	<b>-125</b>	6 076	-41
Write-down of receivables, shares and ships	<b>0</b>	2 560	118 283
Ordinary depreciations	<b>7 227</b>	7 227	8 817
Depreciations on capitalised docking expenses	<b>761</b>	0	0
Difference between capitalized pensions and paid in and drawn out	<b>1 105</b>	-3 253	1 239
Change in bunkers, trade debtors and trade creditors	<b>2 073</b>	-2 844	-868
Change in other short-term items	<b>5 228</b>	20 183	-50 591
Cash flow from operations	<b>-47 568</b>	1 281	-61 137
<b>Funds flow from investment</b>			
Investments in fixed assets	<b>-635</b>	-530	-1 038
Sale proceeds from fixed assets disposals	<b>444</b>	155	1 830
Change in other investments	<b>-15 119</b>	9 744	56 446
Net cash flow from investments	<b>-15 310</b>	9 369	57 238
<b>Funds flow from financing</b>			
Received payments from raising new long-term debt	<b>26 421</b>	16 410	7 579
Repayment of long-term debt	<b>0</b>	0	-9 620
Share issue	<b>47 241</b>	0	0
Dividend received	<b>469</b>	0	0
Group relief transfer	<b>193</b>	925	1 660
Net cash flow from financing	<b>74 324</b>	17 335	-381
Net change in liquid reserves	<b>11 446</b>	27 985	-4 280
Liquid reserves at 1 January	<b>34 761</b>	6 776	11 056
Liquid reserves at 31 December	<b>46 207</b>	34 761	6 776
<b>CALCULATION OF CASH FLOW STATEMENT</b>			
<b>Change in bunkers, trade debtors and trade creditors</b>	(A)	(B)	(B-A)
Trade debtors	<b>21</b>	2 094	2 073
Total	<b>21</b>	2 094	2 073
<b>Change in other short-term items</b>			
Other receivables (short-term)	<b>144 260</b>	147 497	3 237
Public taxes and duties payable	<b>-1 908</b>	-1 896	12
Other short-term liabilities	<b>-6 734</b>	-4 755	1 979
Total	<b>135 618</b>	140 846	5 228

# Notes to the accounts

## 1 Accounting Principles

As the accounting principles for the parent company are same as for the group, please see note 1 in the consolidated accounts. Investments in subsidiaries and jointly controlled companies are accounted for in the parent company using the cost method. All amounts in the notes are in NOK 1 000 unless otherwise stated.

## 2 Fixed assets

	Ship	Other fixed assets	Total fixed assets
Cost at 31 December 1999	181 710	12 207	193 917
Additions	0	635	635
Disposals	0	-863	-863
Cost at 31 December 2000	181 710	11 979	193 689
Accumulated depreciation at 31 December 1999	29 045	8 404	37 449
Ordinary depreciation	7 227	754	7 981
Depreciation on capitalized dry docking expenses	761	0	761
Disposals	0	-544	-544
Accumulated depreciation at 31 December 2000	37 033	8 614	45 647
Book value at 31 December 2000	144 677	3 365	148 042
Other fixed assets	0	1 007	1 007
Total book value at 31 December 2000	144 677	4 372	149 049

All depreciable assets are depreciated on a straight line basis. The economic lifetime is estimated as follows:

- Ships 25-30 years
- Other fixed assets 3-5 years

## 3 Receivables and liabilities

Receivables due later than 12 months	2000	1999	1998
Other long-term receivables	5 010	4 786	4 818

All short-term receivables are due within 12 months.

### Belships (Far East) Shipping (Pte) Ltd

Belships receivable of USD 3.4 million has in previous years been written down in full in the company accounts, since there is uncertainty whether Belships (Far East) will be able to repay the amount due. The write-down has been eliminated at group level. As reported in former annual reports, the company is negotiating with the authorities in Norway and Singapore as to the tax residence of Belships (Far East). The outcome of the negotiations has not yet been determined, but it is not expected that the company will incur further taxes payable.

### Mortgaged assets

	Currency	Loan balance
M/S Belnor	USD	153 990
Shares in Gibson Gas Tankers Ltd	USD	101 663
Total mortgage debt at 31 December 2000		255 653

Repayment schedule	2001	2002	2003	2004	2005	Thereafter	Total
Mortgage debt Belnor	8 850	13 275	13 275	13 275	105 315	0	153 990
Other mortgage debt	9 416	92 247	0	0	0	0	101 663

Interest rates on mortgage debts in the parent company have been fixed on a short term basis (3-6 months) at the year-end. All covenants were fulfilled as at 31 December 2000.

Belships has provided the following security for companies within the group:

- Belgrace AS' stake of uncalled capital in Belgrace KS
- Belmaj AS' stake of uncalled capital in Belmaj KS

#### 4 Intercompany balances

Receivables		2000	1999	1998
1	Consolidated companies	<b>134 515</b>	141 265	126 220
	Jointly controlled companies	<b>2 669</b>	4 076	3 131
	<b>Total</b>	<b>137 184</b>	145 341	129 351

1 Write-down on receivables against consolidated companies amounts to 40 000.

#### 5 Restricted deposits

In connection with financing of Belnor, USD 1.0 million is provided as a restricted deposit.

Restricted deposits for taxes withheld for employees amounted to 579 at yearend.

#### 6 Shares

	Business office	Time of purchase	Costprice	Ownership/ Voting share	Company's share capital	Number of shares owned	Par value in total	Book value
<b>Shares in associated companies</b>								
	Singapore	09.01.84	1 055	50%	SGD 500	250 000	SGD 250	0
	Bermuda	15.03.96	17 962	49%	USD 12	5 880	USD 6	269
	Oslo	07.09.87	18	36%	50	18	18	18
	Cyprus	17.10.97	1	20%	CYP 1	20	CYP 20	1
	Total shares in associated companies							288
<b>Shares in consolidated companies</b>								
	Oslo	09.12.85	50	100%	50	1	50	50
	Singapore	31.12.83	12 075	"	SGD 60	500	SGD 60	12 075
	Oslo	18.08.88	825	"	250	250	250	825
	Oslo	22.09.77	301	"	150	200	150	301
	Oslo	29.07.82	100	"	100	100	100	0
	Oslo	31.08.92	50	"	50	50	50	50
	Oslo	29.11.90	50	"	50	50	50	50
	Oslo	15.06.93	4 469	"	2 586	200	2 586	0
	Oslo	02.11.92	50	"	50	50	50	50
	Oslo	07.07.87	50	"	50	50	50	50
1	Oslo	01.01.93	50	"	50	50	50	50
	Oslo	21.10.93	611	"	1 000	1 000	1 000	611
	Oslo	27.01.93	19 675	"	2 700	2 700	2 700	19 675
	Singapore	01.03.97	462	"	SGD 100	100 000	SGD 100	462
	Singapore	10.09.98	458	"	SGD 100	100 000	SGD 100	458
2	Edinburgh	06.12.96	98 624	60%	GBP 100	60 000	GBP 60	73 078
	Total shares in consolidated companies							107 785
<b>Other shares</b>								
	Høvik	21.09.92	50 310	10,4%	25 000	130 000	130	14 358
	Isle of Man	04.04.97	527	2,4%	USD 316	75	USD 7,5	527
	Total other shares							14 885
	Total shares classified as fixed assets							122 958

1 Belships Rederi AS, which is wholly owned by Belships ASA, owns 100% of the shares in Belgrace AS, Belmaj AS, Belanina AS and 20% of Bel Obo Shipping Ltd. The companies are included in the consolidated accounts and are under the tax system for shipping activities.

2 Belships has until 31 January 2002, an option to sell 40% of the shares back to Anchor Holding Plc at cost price plus accumulated interest. Anchor Holding Plc has a similar call option to purchase the shares at same terms. As a consequence, Belships has shown GGT as a 60% subsidiary in the Financial statements.



7 Equity	Paid-in		Retained	Total
	Share capital	Share premium res.	Other equity	
Equity as at 31 December 1999	28 966	206 954	5 410	241 330
Share issue (net)	20 000	27 241	0	47 241
Group relief transfer	0	193	0	193
Result for the year	0	-58 427	-5 410	-63 837

Equity as at 31 December 2000	48 966	175 961	0	224 927
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The company's 24 483 000 shares with a nominal value NOK 2,- were held by 611 shareholders at 31 December 2000.

#### Options

It is not issued any share options to the member of the Board or employees at year-end.

#### Authority to issue shares

At the general meeting on 26 April 2000 the board received prolonged authorisation to issue up to 4 million new shares. The authorisation has not been used and is only valid to the next Annual general meeting.

#### The 20 largest shareholders in Belships at 4 January 2001

	Number of shares	Percentage
1 Sonata AS	7 732 214	31.58%
2 Jasto Invest AS	5 014 927	20.48%
3 Consensio A/S	1 059 832	4.33%
4 Enskilda Securities / Anchor Holding Plc	904 000	3.69%
5 Gill-Johannessen AS	897 500	3.67%
6 Odin Maritim	872 607	3.56%
7 Tidinvest AS	606 376	2.48%
8 Otto Grieg Tidemand	580 681	2.37%
9 Tine Pensjonskasse	540 000	2.21%
10 Verdipapirfondet Avanse 2020	397 611	1.62%
11 Verdipapirfondet Avanse 2010	292 192	1.19%
12 Caiano Invest AS	272 500	1.11%
13 Suveren Lars Hansen AS	200 000	0.82%
14 Rederiaktiebolaget Dalen	174 000	0.71%
15 Banque Degroof	171 000	0.70%
16 Svakstrøm AS	170 000	0.69%
17 Analyseinvest AS	169 000	0.69%
18 Jenssen & Co. AS	157 397	0.64%
19 Part Invest AS	150 000	0.61%
20 Bjørn Sandbech	142 000	0.58%
Total 20 largest shareholders	20 503 837	83.75%

#### Board members' number of shares in Belships ASA

Asbjørn Larsen, chairman	4 500
Åsmund Simonsen	2 588
* Sverre Jørgen Tidemand	9 291 654
* James Stove Lorentzen	5 055 508
Chris Rytter jr.	0

\* Includes shares owned by family and companies with ownership by Board member more than 50%. Shares owned by companies in which Board member has negative majority are also included. Chris Rytter jr. is managing director and 33 % owner of Gill-Johannessen AS which owns 897500 shares in Belships ASA.

<b>8 Pensions</b>			
<b>Assumptions</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
Discount rate	<b>6.00 %</b>	6.00 %	6.00 %
Future wage adjustment	<b>3.30 %</b>	3.30 %	3.30 %
Pension adjustment / G-adjustment	<b>2.50 %</b>	2.50 %	2.50 %
Return on pension fund	<b>7.00 %</b>	7.00 %	7.00 %
Average remaining earning period	<b>15.75</b>	15.10	18.43
Voluntary retirement before / after 45 years	<b>2 % / 0 %</b>	2 % / 0 %	2 % / 0 %
<b>Composition of the net pension expenses</b>			
Present value of the year's pension earnings (incl. social security tax)	<b>1 411</b>	1 516	1 710
Interest charge on accrued pension obligations	<b>1 735</b>	1 962	1 483
Amortization of unrecognized pension obligations	<b>20</b>	148	307
Return on pension funds	<b>-1 484</b>	-1 518	-879
Net pension expenses	<b>1 682</b>	2 108	2 621
<b>Composition of the net pension obligations</b>			
	<b>31.12.00</b>	31.12.99	31.12.98
1 Gross pension obligations	<b>31 300</b>	33 374	27 356
Pension funds	<b>-22 321</b>	-22 866	-13 308
Not amortized plan / estimate on change	<b>-3 196</b>	-5 830	-6 117
Net pension obligations	<b>5 783</b>	4 678	7 931
1 Of which net uncovered pension obligations	<b>13 913</b>	14 116	11 333

See note 8 in the consolidated accounts for more details about pensions. In the parent company 7 Norwegian employees are members of the existing service pension scheme as at 31 December 2000. In addition the service pension scheme includes 13 former employees. 19 people are not included in the service pension scheme and receive their pension from Belships ASA.

<b>9 Other operating expenses</b>			
	<b>2000</b>	<b>1999</b>	<b>1998</b>
Crew expenses	<b>3 651</b>	3 410	3 687
Maintenance expenses	<b>2 402</b>	2 469	3 827
Insurance	<b>751</b>	-915	810
Management fees	<b>1 727</b>	1 461	1 474
Other operating expenses	<b>2 448</b>	1 065	428
Total	<b>10 979</b>	7 490	10 226

<b>10 Related parties</b>	
	See note 15 in the consolidated accounts for more details. The rental of offices amounted to 757 in 2000.

<b>11 Salaries, number of the employees a.o.</b>			
<b>Salary expenses</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
Salaries	<b>3 679</b>	3 420	3 953
Social security tax	<b>688</b>	615	685
Pension expenses	<b>1 682</b>	2 108	2 621
Other allowances	<b>643</b>	716	685
Transferred to consol. companies	<b>-2 048</b>	-2 182	-2 374
<b>Total</b>	<b>4 644</b>	4 677	5 570
Average number of employees in 2000 was 7.			
<b>Remuneration</b>	<b>Managing Director</b>		<b>Board</b>
Salary		972	0
Pension expenses		71	0
Other allowances		122	375
Managing director has a right to early retirement at the age of 60.			
<b>Auditor</b>			
The auditor's remuneration for 2000 is expected to amount to 220.			
Consulting fees to the auditor amounted to 64.			
<b>Loans to employees</b>			
Loans to employees amounted to 368 as at 31 December 2000.			

<b>12 Taxes</b>			
The company has not had payable taxes for the past 3 years.			
Calculation of deferred taxes is based on temporary differences existing between statutory books and tax values which exist at the end of the year.			
<b>Deferred tax as at 31 December</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
Temporary differences on fixed assets	<b>51 087</b>	65 541	65 541
Deferred sales gains	<b>26 897</b>	33 621	42 027
Accruals according to generally accepted accounting principles	<b>-127 683</b>	-86 883	-195 869
Pension obligations	<b>-5 783</b>	-4 678	-7 931
Tax loss carried forward	<b>-205 724</b>	-211 270	-97 015
<b>Net temporary differences</b>	<b>-261 206</b>	-203 669	-193 247
Deferred tax liabilities / (assets) before remuneration (28%)	<b>-73 138</b>	-57 027	-54 109
Remuneration	<b>-9 805</b>	-9 805	-7 438
<b>Deferred tax liabilities / (assets)</b>	<b>-82 943</b>	-66 832	-61 547
Deferred tax assets included in the Balance sheet	<b>20 000</b>	20 000	20 000
Deferred tax assets not included in the Balance sheet	<b>-62 943</b>	-46 832	-41 547
In Belships ASA NOK 20 million are capitalised as deferred tax assets. The tax loss carried forward is mainly established during the last five years. See note 14 in the consolidated accounts for more details about taxes.			
<b>Tax basis for the year result for Belships ASA</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
Result before taxes	<b>-63 837</b>	-28 667	-137 976
Change in temporary differences	<b>55 817</b>	-100 012	102 056
Permanent differences / other	<b>32</b>	85	54
Group relief transfer and dividend	<b>662</b>	925	1 660
<b>Tax basis for the year</b>	<b>-7 326</b>	-127 669	-34 206

# Auditor's report

## TO THE ANNUAL SHAREHOLDERS' MEETING OF BELSHIPS ASA

We have audited the annual financial statements of Belships ASA as of 31 December 2000, showing a loss of NOK 63 837 000 for the parent company and a loss of USD 3 091 000 for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the loss. The financial statements comprise the balance sheet, the income statement and cash flow analysis, the accompanying notes and the consolidated accounts. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and auditing standards and practices generally accepted in Norway. Those standards and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements have been prepared in accordance with law and regulations and present the financial position of the Company and of the Group as of 31 December 2000, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the Company's management has fulfilled its obligation in respect of registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the loss is consistent with the financial statements and comply with law and regulations.

ARTHUR ANDERSEN & CO.

Morten Drake

State Authorised Public Accountant (Norway)

Oslo, 26 March 2001

(Translation from Norwegian)

# Organisation

## Belships ASA

### Board of Directors

Asbjørn Larsen, *chairman*  
Sverre Jørgen Tidemand  
James Stove Lorentzen  
Åsmund Simonsen  
Chris Rytter jr.

### Management

Sverre Jørgen Tidemand, *Man. director*  
Jo Eric von Koss, *Financial director*  
Einar Skogstad, *Commercial director*

### Finance/accounting

Osvold Fossholm, *Financial manager*  
Edwin Johansen, *Accounting manager*

## Belships Trading AS (*Panmax / capesize bulk*)

James Stove Lorentzen, *Managing director*  
Tor Lauritzen, *Operations manager*  
Dag Storheill, *Operations*  
Ove B. Staurset, *Accounting manager*

## Belships Tankers AS (*Handysize product*)

Stein H. Runsbech, *Chartering manager*  
Per S. Kleppe, *Chartering*  
Tor Lauritzen, *Operations manager*  
Dag Storheill, *Operations*  
Ove B. Staurset, *Accounting manager*

## Belships Management AS (*Insurance*)

Trine L. Kjellsby, *Insurance manager*

## Belships Management (Singapore) Pte Ltd

(*Ship management, Singapore*)

James Stove Lorentzen, *Managing director*  
Yap Soon Huat, *Technical manager*  
Anthony Sng, *Financial manager*

## Belships Trading Asia Pte Ltd

(*Panmax / capesize bulk, Singapore*)

Anders Zorn, *Commercial director*

## Belships Tankers Far East Pte Ltd

(*Tank, Singapore*)

Terje Schau, *Managing director*

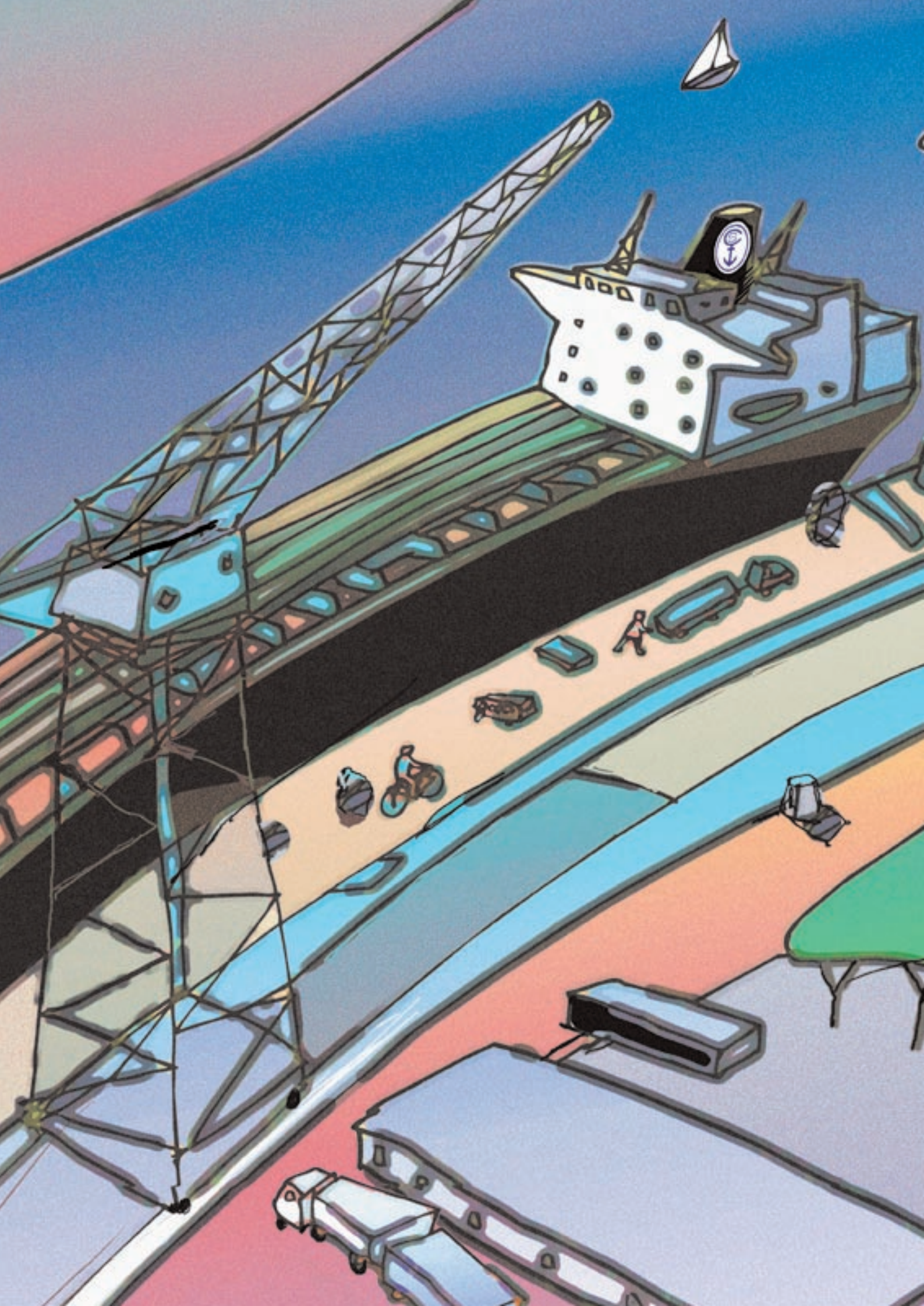
## Belships (India) (*Representative*)

Lalit Badhwar, *Managing director*

## Gibson Gas Tankers Ltd (*Gas, Edinburgh*)

Chris Spencer, *Managing director*  
Stuart Rae, *Financial manager*





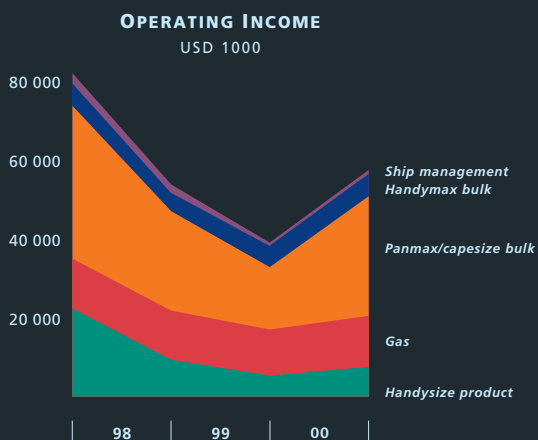


## Management report

The dry bulk market had a good year.

Panmax rates grew sharply until March and then held steady for the rest of the year while Capesize rates climbed steadily right through to October before falling back at the end of the year. The product carrier market rallied strongly, with rates hitting heights not seen for over a decade in the fourth quarter. Meanwhile small gas carrier rates improved gradually during the first half, weakened during the autumn and then recovered again right at the end of the year.

The Panmax/Capesize bulk business accounted for 52% of operating income (1999: 41%), the gas carrier business for 22% (30%), the product carrier business for 14% (14%), the Handymax bulk business for 11% (14%) and the ship management business for 1% (1%).



## Panmax /capesize bulk

USD mill.	2000	1999	1998
Income on T/C basis	29.9	15.8	25.2
Operating result	-1.8	-0.5	-2.3
Ship days	3 983	2 904	3 954
Cargo carried (mill. tonnes)	6.8	4.1	5.2

**Panmax (55-80 000 dwt) and Capesize (over 80 000 dwt) dry bulk carriers carry mainly raw materials (such as coal, iron ore and other minerals) and grain. Most modern Panmax vessels have a capacity of more than 70 000 dwt and are standardised rather than specialised vessels. Demand for dry bulk tonnage depends on the need for raw materials in industry and the need to transport grain.**

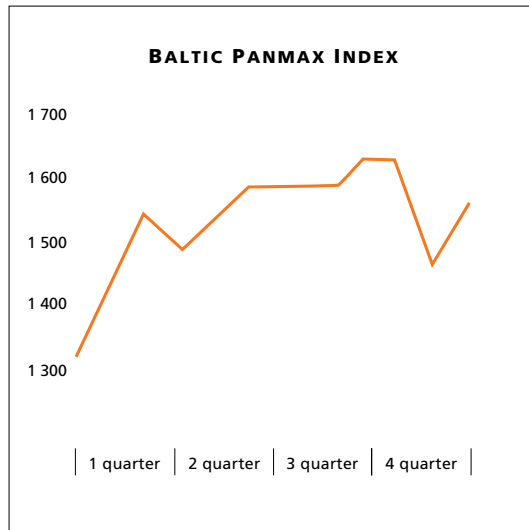
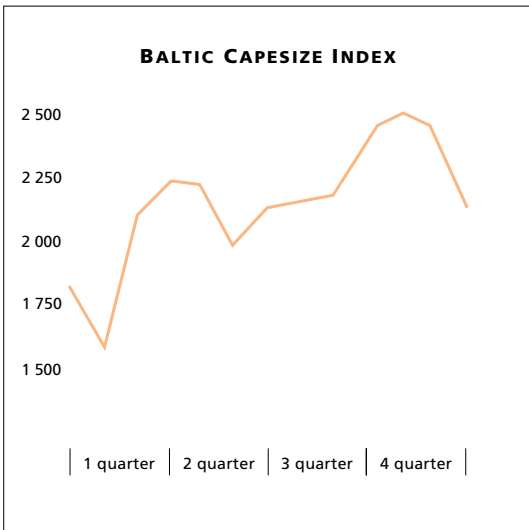
The dry bulk market had a good year: Panmax rates grew sharply until March and then held steady for the rest of the year while Capesize rates climbed steadily right through to October before falling back at the end of the year.

### CAPE SIZE

The Baltic Capesize Index began the year at around 1 800 but climbed to 2 550 in October and ended the year at 2 200 – and this coming after a 100% gain in 1999. The market's strong performance is largely attributable to a record year for the steel industry, with steel production up no less than 7.75% on 1999 and iron ore imports up 11.5%, both to their highest ever levels. In addition energy coal imports climbed 8.4% to an all-time high. The year brought strong economic growth in the USA, China, India, Europe and most of the key Asian economies other than Japan, but the Japanese steel industry still had a record year thanks to exports to faster-growing markets.

The M/S Belmaj operated under a one-year charter to Bocimar at USD 11 250/day until October and then became a fully-fledged member of the Bocimar pool. The vessel's earnings in November and December were extremely high but are expected to fall with effect from the second quarter of 2001 due to lower steel prices, which have triggered a drop in steel production and so reduced the need for ore shipments.

The M/S Belmaj operated satisfactorily throughout the year. Running costs (excluding dry-docking costs) came to USD 4 500/day, which was in line with budget and USD 300 higher than in 1999.



**PANMAX**

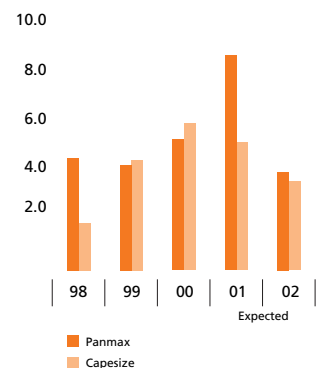
In last year's annual report we predicted that the market would peak during the spring and then gradually lose ground. The Baltic Panamax Index began the year at 1,350 and climbed quickly to 1,600 in mid-March before holding at around this level for the rest of the year, bar a brief dip to 1,400. The Panmax market was boosted by the strong market for steel and energy coal in the same way as the Capesize market but Panmax rates did not follow Capesize rates down at the end of the year

Belships Trading began the year with four contracts and four vessels on time charters. The portfolio was reasonably well balanced in terms of cargo and tonnage commitments but not in terms of geographical exposure, since we had three backhaul (from the Pacific to the Atlantic) contracts and only one fronthaul (from the Atlantic to the Pacific) contract. T/C rates for backhaul contracts climbed by 73% while fronthaul rates climbed by just 30% and so for long periods rates were higher for shipments originating in the Pacific than those starting in the Atlantic. This is a highly unusual situation and created major problems for Belships Trading. To meet our backhaul commitments we had to charter vessels at rates that gained 50% during the year, carry the cargoes at a loss and then cope with the problem of having expensive tonnage in the Atlantic where the market had not climbed nearly as far. This also meant that the vessels we already had on time charters could not generate sufficient earnings to offset the losses on these freight contracts. This is the second time that this has happened in only a few years and so there is reason to believe that we have been seeing a fundamental change in Panmax trading patterns. As a result we have not renewed any backhaul contracts for 2001 and have only four cargoes outstanding from

contracts entered into in previous years. We are starting 2001 with four vessels on time charters, all running for less than nine months, and so Belships Trading's exposure has been substantially reduced.

Given a bulging Panmax order book and signs of a global economic slowdown, we are expecting the market to deteriorate from the summer onwards. We have not taken any new contracts because this outlook is already largely discounted in freight rates, and T/C- and spot rates are still too high. We believe it far too risky to accept new contracts at these low levels because we would not be able to count on making up losses during the first few months later in the year.

**NEWBUILDING DELIVERIES**  
Mill. dwt



USD mill.	2000	1999	1998
Income on T/C basis	12.4	11.6	12.5
Operating result	0.1	-1.5	-2.1
Owned ships (per 31.12.)	6	6	6

**Small gas carriers (below 10 000 cbm) carry butane, propane, propylene and other petrochemical gasses on short and medium trades. Most vessels feature refrigeration facilities that allow gasses to be condensed and carried in liquid form. Demand depends primarily on the general state of the world economy but also on temporary marginal factors in the chemical industry.**

Belships has a 60% stake in the Scottish company Gibson Gas Tankers Ltd (GGT), which owns and operates a fleet of six gas carriers of 2-7 000 cbm. The fleet carries primarily petrochemical gasses (such as propylene and vinyl chloride monomer) and liquefied petroleum gasses (such as propane and butane). GGT is a fully integrated shipping company with ten employees handling the chartering, operation and technical management of its vessels. There is also a subsidiary in Sri Lanka responsible for sourcing of non-officer crew.

GGT's vessels are all semi-refrigerated and so they can carry gasses cooled to as low as -48°C and condensed under pressure into a concentrated liquid form.

Rates for small gas carriers climbed gradually during the first half of the year and, rather surprisingly, on into the summer months. The market then tumbled from September through to the end of November, due mainly to lower shipments of liquefied propylene and ethylene from the Far East to Europe, full stocks, a temporary surplus of tonnage in Northern Europe and a mild autumn. However, the market picked up again in December due to bad weather, with rates returning to the levels seen during the second quarter. Taken over the year as a whole, rates were higher than in 1999.

The 3 000 cbm carriers M/T Ettrick and M/T Lanrick were fixed on one-year time charters at rates reflecting the upturn in the market.

The 6-7 000 cbm carriers continued to sail in a pool managed by the Anthony Veder group, and this arrangement has now been extended until the end of 2001. Earnings for the three GGT vessels in the pool – the M/T Yarrow, M/T Eildon and M/T Traquair – were an average of 12% up on 1999. Even with a marginal transatlantic market, an increase in ethylene and propylene shipments from the Far East to Europe led to a significantly tighter market during the summer. However, the market fell back during the autumn to leave the vessels in the pool without employment for a considerable number of days. The three GGT vessels generated average pool earnings of USD 224 000/month, USD 216 000/month and USD 237 000/month respectively.

The year's results were boosted by the major cost-cutting programme launched in 1999, which included replacing British middle-ranking officers and Sri Lankan junior officers with officers from Latvia and Russia.

Other vessel running costs were in line with budget.

GGT's offices in Edinburgh were sold in 1999 and the company moved into new rented premises in early summer 2000.

The M/T Yarrow's earnings were affected not only by market developments but also by an extended spell in dry-dock in September and a further dry-docking due to rudder damage.

The M/T Eildon had no operational problems during the year and her earnings were as budgeted.

The M/T Ettrick was fixed on a time charter at USD 163 250/month until October 2000 which was then extended to October 2001 at USD 205 000/month. The vessel spent 15 days off-hire for an unscheduled dry-docking due to rudder damage.

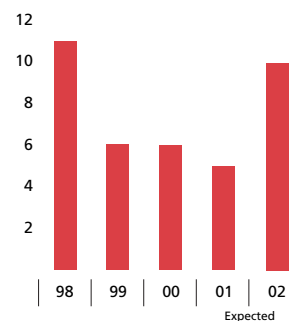
The M/T Lanrick's time charter to Anthony Veder was renewed in March 2000 for another 12 months, with the hire increased from USD 159 000/month to USD 185 000/month. This vessel's earnings too were affected by an unscheduled dry-docking due to rudder damage, resulting in 20 days off-hire.

The M/T Quentin sailed under a 12-month charter to Kosan Tankers at USD 97 250/month through to September. The charter was not extended due to the weak market and so the vessel operated in the spot market until the end of December when she was fixed on a two-month time charter at USD 128 500/month.

The vessel's earnings were on average 10% up on 1999.

High newbuilding deliveries in 1998 and 1999 partially undermined the demand growth seen in the year 2000 but the market was clearly stronger than in previous years despite the setback in the autumn. The limited number of semi-refrigerated newbuildings due for delivery in 2001 and the general development in the European and Asian economies give grounds to hope for a continued upturn in the gas carrier market. Consolidation in the larger gas carrier segments also bodes well for the small gas carrier market.

**NEWBUILDING DELIVERIES**  
Number of ships



# Handysize product

USD mill.	2000	1999	1998
Income on T/C basis	8.0	5.3	9.3
Operating result	2.6	0.4	-1.0
Owned ships (per 31.12.)	1.4	1.4	1.9

**Handysize product carriers (35-50 000 dwt) carry mainly refined petroleum products, vegetable oils and various chemicals. Demand is cyclical and fuelled primarily by the OECD countries, though demand in Asia is coming to play an ever more important role.**

The product carrier market rallied after two years in the doldrums, with freight rates climbing strongly during the year.

Much of the increase can be attributed to events in the wake of the M/T Erika disaster in December 1999. Under pressure from public opinion, charterers have begun to make more stringent requirements of older tankers, so making it harder for older low-quality vessels to find employment and boosting demand for modern tonnage. Fuel oil trades have often been viewed as a handy fallback for older tankers, enabling them to find work despite a shortfall in quality, but the picture has changed over the last year as fuel oil trades have come to be seen as requiring more modern vessels of a higher quality. The result has been a substantial increase in demand for modern vessels.

Extensive international arbitrage activity gave freight rates a further boost. Arbitrage trades between Southeast Asia and the Atlantic basin during the fourth quarter brought a surge in demand for tonnage due to the long shipping distances involved.

The world fleet grew by a moderate 0.65 million dwt or 2.7% during the year but the world order book filled rapidly during the year to stand at 144 vessels or 5.38 million dwt, equivalent to 17.5% of the existing fleet.

The M/T Belgrace sailed in the spot market in the Far East throughout the year and generated average T/C income of USD 14 700/day and running costs (excluding dry-docking costs) of USD 4 650/day. The vessel dry-docked in China in May and spent a total of 20 days off-hire. The vessel functioned satisfactorily in technical terms.

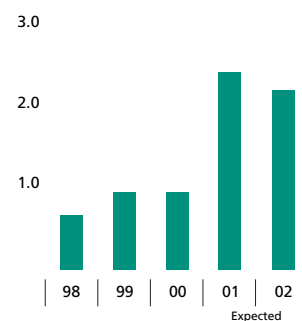
The M/T Urai continued on its 12-year bareboat charter to Russian oil company Lukoil.

The OBO carriers M/S Belgallantry, M/S Belgreeting and M/S Belguardian were employed exclusively in the transportation of oil during the year, all three operating in the spot market. The M/S Belgallantry and M/S Belgreeting carried refined products on Far Eastern and transpacific trades while the M/S Belguardian spent much of the year on transatlantic and interregional trades in the West.

T/C income for the OBO carriers averaged USD 16 100/day and running costs USD 5 600/day. None dry-docked during the year and all functioned satisfactorily in technical terms. Hydraulic, ballast and bunker lines were upgraded during the year due to corrosion.

Crude oil price volatility during the year 2000 created strong regional price imbalances. There are reasons to believe that the imbalance will be less pronounced in 2001 and consequently we do not believe that intercontinental arbitrage will remain open for similar extended periods in 2001. This situation, combined with a belief of reduced economical growth, creates a climate for reduced demand for tanker tonnage. We do, however, expect a continued healthy tanker market, albeit at reduced levels compared to 2001.

**NEWBUILDING DELIVERIES**  
Mill. dwt



# Handymax bulk

USD mill.	2000	1999	1998
Income on T/C-basis	6.2	5.4	4.7
Operating result	1.9	1.2	0.2
Owned ships (per 31.12)	1.0	1.8	1.8

**Handymax dry bulk carriers (35-55 000 dwt) carry mainly raw materials (such as coal, iron ore and other minerals), grain and semi-finished goods (such as steel, cement, fertilisers and timber). Demand is closely related to the general state of the global economy and, in particular, growth in the newly industrialised countries.**

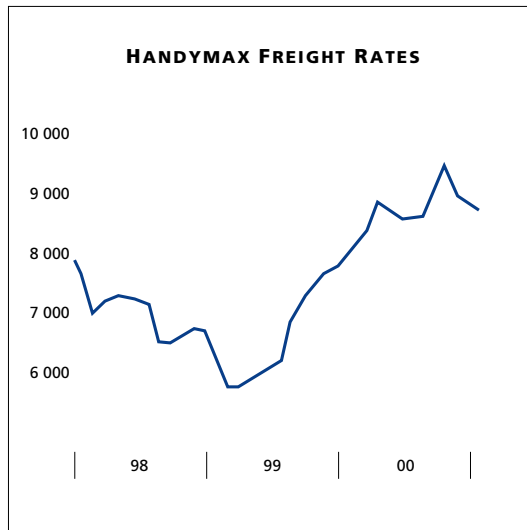
The year brought substantial growth in world steel production and so a stronger freight market, with T/C rates for Handymax bulkers climbing from USD 7 000/day to USD 9 500/day. Rates climbed steadily from the beginning of the year until the end of the third quarter and levelled off in the fourth.

The main reason for the stronger freight market was the upswing in the world economy, especially in the USA. Demand continued to rise during the year thanks to growth in the traditional markets for Handymax bulk tonnage. Shipments of steel products grew by around 6% and average shipping distances also increased. The transportation of grain by sea climbed sharply at the beginning of the year due to the drought in the Middle East and North Africa. Shipments of timber products grew by 3.5% and shipments of cement and cement clinker by 2%.

Despite a healthy freight market and rising new-building prices, there was little change in the value of Handymax bulkers, largely because the market was expecting high newbuilding deliveries in 2001 and so further increases in value were considered unlikely.

Belships had in 2000 interests in two Handymax bulk: the M/S Belnor (100%) and the M/S Belstar (80%).

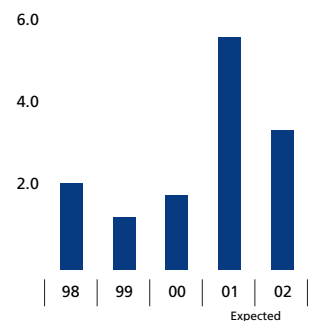
The M/S Belnor was employed on time charters throughout the year, generating average T/C income of USD 9 100/day and running costs of USD 2 500/day. The vessel was not off-hire during the year.



The M/S Belstar also spent the year on time charters and generating average T/C income of USD 8 450/day and running costs of USD 2 950/day. The vessel spent 10 days off-hire for a scheduled dry-docking in March.

We expect demand for dry bulk tonnage to increase in 2001 but high newbuilding deliveries will result in a slightly weaker freight market. For this reason M/S Belstar was sold in December, and in February 2001, M/S Belnor was fixed for a time-charter for 2 years at USD 9 000/day.

**NEWBUILDING DELIVERIES**  
Mill. dwt





# Ship management

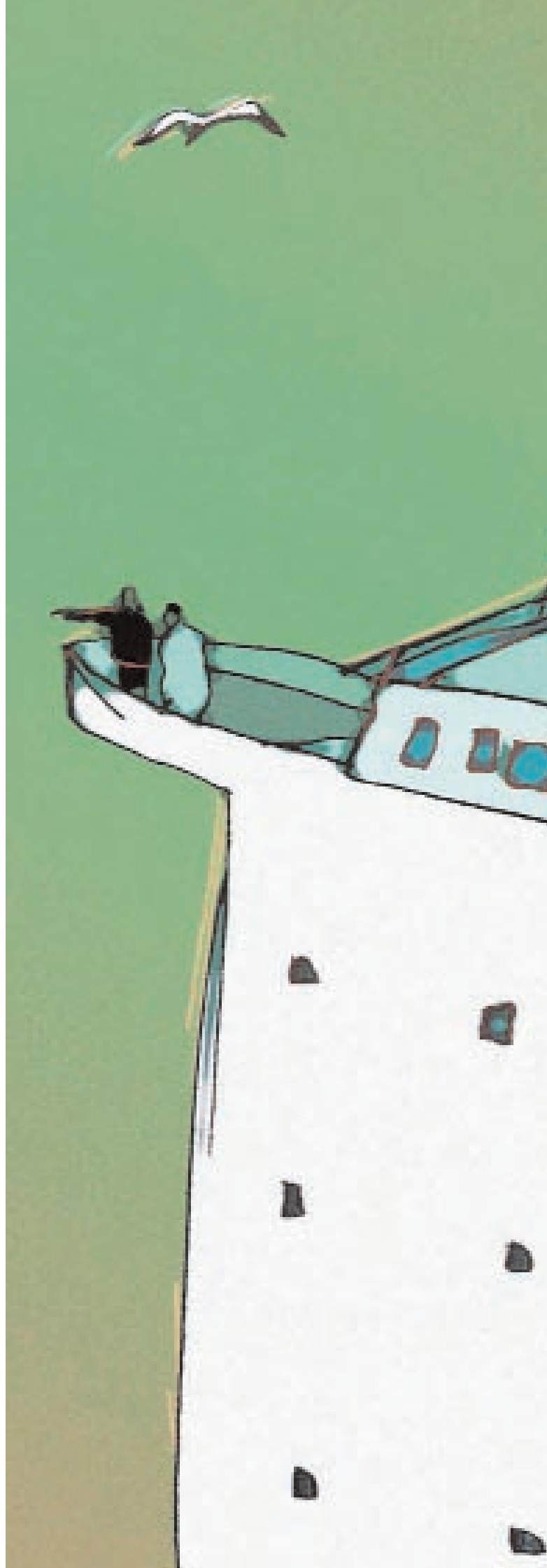
USD mill.	2000	1999	1998
Income	0.6	0.6	2.1
Operating result	-0.2	-0.2	0.4
Number of ships (average)	8	8	13

**Belships Management (Singapore) Pte Ltd in (Belships Singapore) and Belships Management AS in Oslo are home to the group's technical and maritime expertise. Both companies focus on tankers and bulkers in line with the rest of the group and have amassed substantial management expertise in these segments. Belships Singapore handles the day-to-day operation of the vessels while Belships Oslo deals with insurance and accidents.**

Belships aims to provide a high-quality service at every level. Belships Singapore has been accredited under ISO 9002 for several years and was one of the very first companies to be certified under the Det Norske Veritas Safety, Environment and Pollution (SEP) Standard.

Belships and IUM Shipmanagement in Grimstad decided to part company during the year. Although their 18-month partnership ran smoothly, both parties gradually realised that they were contributing little to each other's businesses. Belships had been working alongside IUM on two major projects for some time but these failed to materialise and it was decided to abandon the partnership. Belships therefore acquired the remaining 50% of the shares in Belships Singapore with effect from 1 October 2000.

Otherwise the year brought no major problems and good results were achieved. We are currently responsible for the management of seven vessels but expect this to increase to ten during the spring. Running costs for vessels under our management are stable, with a little pressure on pay and other costs. A strong US dollar will help to put a damper on cost growth but we expect to see a tighter insurance market in the years ahead.



# The Belships share

## SHAREHOLDER POLICY

Belships wants to obtain the most appropriate price for the company's shares by effective and profitable management of the company's resources. A competitive yield is to be obtained by increasing the value of the company's shares and a dividend distribution that is in relation to the company's results and future prospects. Our clear objective is that the Belships share will be an interesting and competitive investment option. The company keeps the Oslo Stock Exchange, the share market and shareholders continuously informed through interim reports, annual reports and notifications of important developments.

Belships regards up-to-date and accurate information as necessary for the share to obtain a price that reflects the company's underlying value and future prospects. When there is an increase in share capital with an issue of new shares for a cash payment, the company's shareholders will have pre-emption rights to the new issue. The board will propose a private placement or share issue as a settlement in connection with investments only when this takes account of existing shareholders' long-term interests.

## RISK

The following RISK amounts have been established: The alternative entry value as at 1 January 1992 is 34.13.

pr. 1. januar 2001 (estimate)	0.00 kroner
pr. 1. januar 2000	-0.39 kroner
pr. 1. januar 1999	0.00 kroner
pr. 1. januar 1998	0.00 kroner
pr. 1. januar 1997	-0.30 kroner
pr. 1. januar 1996	-0.50 kroner
pr. 1. januar 1995	-0.55 kroner
pr. 1. januar 1994	-0.50 kroner
pr. 1. januar 1993	-1.00 kroner

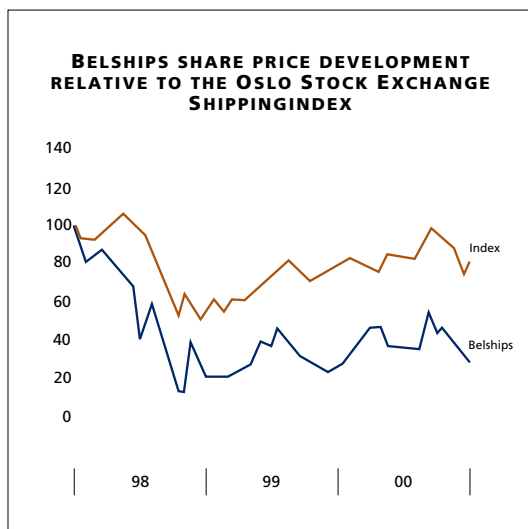
## THE SHARE CAPITAL

Belships' share capital was in June 2000 increased by NOK 20 000 000 from NOK 28 966 000 to 48 966 000. Share price was NOK 5,00 per share. Including this share issue total number of shares amounts to 24 483 000 shares with a face value of NOK 2.00. The development of Belships' share capital in recent years is shown in the table below.

At the general meeting on 26 April 2000 the board received an extension and the authorization to issue up to 4 million new shares. This authorization has not been used. At the same annual general meeting, the board received authorization to issue up to 114 000 share options

## SHARE CAPITAL DEVELOPMENT

Year	Type of change	Amount	Share par value	Number of shares	Share capital
1935	Founded	1 650 000	100.00	16 500	1 650 000
1968	Bonus issue	1 650 000	100.00	33 000	3 300 000
1989	Share split	0	10.00	330 000	3 300 000
1991	Bonus issue 1:1	3 300 000	10.00	660 000	6 600 000
	Share split 5:1	0	2.00	3 300 000	6 600 000
1993	Bonus issue 1:1	6 600 000	2.00	6 600 000	13 200 000
	Private placements	9 724 000	2.00	11 462 000	22 924 000
1994	Private placement	234 000	2.00	11 579 000	23 158 000
1995	Private placement	4 000 000	2.00	13 579 000	27 158 000
1996	Private placement	1 808 000	2.00	14 483 000	28 966 000
2000	Private placement	20 000 000	2.00	24 483 000	48 966 000



to employees and 54 000 share options to the board members for final approval at the next annual general meeting. The options must be declared within 1 to 2 years after the date of this general meeting.

## SHARE PRICE PERFORMANCE AND LIQUIDITY

Throughout 2000 the development in shareprice performance and trading volume of the Belships share has been positive. The main reason for this improvement is, in our opinion, mainly due to improved liquidity caused by the share issue and improved results. However, we consider that the performance of the Belships share does not reflect the underlying value of the company and we will increase our efforts so that the company's share obtains a more accurate price and becomes an interesting and competitive investment option. The volume traded during 2000 corresponds to about 10,0% of the company's shares. The main shareholders percentage at 31.12 was 59%, which is the same as at the end of 1999. The number of market days on which the Belships share was traded was 86 in 2000 compared with 77 in 1999.

Year	Turnover NOK mill.	Turnover in shares	Number of transactions	Number of days traded
1996	138.7	6 489 000	797	211 of 250
1997	63.3	3 137 000	405	152 of 250
1998	18.6	1 926 000	179	84 of 251
1999	4.2	988 000	196	77 of 252
2000	15.6	2 164 121	551	86 of 251

# Key financial figures

	USD 1 000	2000	1999	1998
<b>Income statement</b>				
	Operating income	<b>57 243</b>	39 059	53 831
	Operating result before sale of ships	<b>1 655</b>	-1 636	-5 272
	Operating result	<b>1 559</b>	-1 636	-6 486
	Result before taxes	<b>-3 235</b>	-7 232	-24 234
	Net result for the year	<b>-3 269</b>	-7 222	-22 625
<b>Balance sheet</b>				
	Fixed assets	<b>87 964</b>	104 150	115 992
	Current assets	<b>20 431</b>	15 196	18 835
	Total assets	<b>108 395</b>	119 346	134 827
	Equity	<b>26 418</b>	24 182	28 755
	Provisions	<b>876</b>	842	746
	Long-term liabilities	<b>75 369</b>	87 966	95 256
	Short-term liabilities	<b>5 732</b>	6 356	10 070
	Total equity and liabilities	<b>108 395</b>	119 346	134 827
<b>Liquidity</b>				
1	Liquid reserves at 31 December	<b>12 378</b>	8 516	6 300
2	Cash flow	<b>1 777</b>	-1 768	-14 952
	Interest expense	<b>-5 982</b>	-6 275	-7 448
3	Interest coverage ratio	<b>0.30</b>	-0.25	-2.05
4	Current ratio	% <b>356.44</b>	239.08	187.04
5	Net result ratio	% <b>4.80</b>	-2.45	-31.18
<b>Capital</b>				
	Share capital at 31 December	<b>6 610</b>	4 279	4 279
	Equity ratio	% <b>24.37</b>	20.26	21.33
6	Return on total assets	% <b>2.41</b>	-0.75	-10.61
7	Return on equity	% <b>-12.92</b>	-27.28	-47.51
<b>Key figures shares</b>				
	Market price at 31 December	USD <b>0.51</b>	0.51	0.46
	Number of shares at 31 December	1 000 <b>24 483</b>	14 483	14 483
	Average number of shares	1 000 <b>20 316</b>	14 483	14 483
	Earnings per share	USD <b>-0.16</b>	-0.50	-1.56
	Cash flow per share	USD <b>0.09</b>	-0.12	-1.03
	Price/ earnings ratio	<b>-3.16</b>	-1.03	-0.29
	Price/ cash flow ratio	<b>5.81</b>	-4.20	-0.45
1	<i>Bank deposits</i>			
2	<i>Net result for the year + depreciation and write-down + change deferred taxes – minority interests + unrealised currency exchange loss/(-gain)</i>			
3	<i>Result before taxes + interest expense + unrealised currency exchange loss/(-gain) / interest expense</i>			
4	<i>Current assets in percent of short-term liabilities</i>			
5	<i>Result before taxes + interest expense/ operating income</i>			
6	<i>Result before taxes + interest expense/ average total capital</i>			
7	<i>Net result for the year/ average equity</i>			

# Fleet list

As at 31 December 2000 Ship	Ownership	Built year	Dwt	Operation	T/c- period
<b>Product carriers / OBO</b>					
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	Spot	
M/S Belgallantry	20%	1987	43 500	T/C to 02/02	
M/S Belgreeting	20%	1987	43 500	Spot	
<b>Gas</b>					
M/T Lanrick	60%	1992	3 215 cbm	T/C to 04/01	
M/T Ettrick	60%	1991	3 215 cbm	T/C to 10/01	
M/T Traquair	60%	1982	6 616 cbm	Pool	
M/T Yarrow	60%	1982	6 568 cbm	Pool	
M/T Eildon	60%	1982	6 077 cbm	Pool	
M/T Quentin	60%	1977	2 280 cbm	T/C to 03/01	
<b>Capesize bulk</b>					
M/S Belmaj	25%	1990	149 516	Pool	
<b>Panmax bulk, chartered tonnage</b>					
M/S Peter S		1984	66 822	Spot	09-11/01
M/S Vita Trader		1983	66 764	T/C to 09-11/01	09-11/01
<b>Handymax bulk</b>					
M/S Belnor	100%	1996	47 600	T/C to 02/01	
<b>Ships under commercial management</b>					
M/T Magnolia		1983	84 656	Spot	
M/T Sibeia		1981	88 723	Spot	
<b>Number of ships</b>					
Type	Owned tonnage	External management	Chartered tonnage	Commercial management	Total fleet
Handysize product tank / 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			2.0		2.0
Handysize bulk	1.0				1.0
Aframax				2.0	2.0
Total	6.3	0.8	2.0	7.9	17.0





# Articles of Association

**Adopted by the statutory general meeting on 7 October 1935,  
last amended 26 April 2000**

- §1 The name of the company is Belships ASA. The company is a public limited company.
- §2 The company's registered business office is in Oslo.
- §3 The objective of the company is shipping, charter brokerage and purchase and sale of vessels, offshore operations, participation in the exploration for and the production of petroleum, trade and industry as well as participation in companies of any sort with similar objectives.
- §4 The company's share capital is NOK 48 966 000 distributed between 24 483 000 registered, fully paid-up shares with a nominal value of NOK 2.
- §5 The company's board consists of three (3) to seven (7) members, possibly with deputies depending on the decision of the general meeting. Each year the board elects a chairman among the board members.  
The company is bound by the joint signatures of two (2) members of the board or by the signature of the managing director alone provided that he/she is a member of the board.  
The board may authorise others to sign on behalf of the company per procurationem.  
The managing director is appointed by the board.
- §6 An ordinary general meeting of the company shall be held before the end of June each year. The ordinary general meeting shall consider and decide on the following matters:  
1. Approval of the annual accounts and the annual report, including the distribution of dividends.  
2. Other matters which are required by law or the Articles of Association to be dealt with by the general meeting.
- §7 The company's shares shall be registered with the Norwegian Central Securities Depository (VPS).  
Dividends are to be disbursed to persons registered as shareholders on the day that the dividend is agreed upon.  
In the notice of the general meeting, it may be decided that shareholders who wish to take part in the general meeting, either in person or by proxy, must notify the company to this effect by a deadline of up to two (2) days before the general meeting, stating the number of shares they represent, and where appropriate who will be acting as proxy and on behalf of how many shares.



# Terms and expressions

## **Capesize**

Vessel exceeding 80 000 dwt

## **Charterer**

Hirer of a vessel

## **Charterhire**

Hire expenses for a ship

## **Charterparty**

An agreement to hire a vessel

## **Dry bulk**

Cargo as grain, coal, ore or steel

## **Dwt**

Dead weight tons – The maximum weight a vessel can carry as cargo and stores

## **Handymax**

Vessels between 35 000 and 55 000 dwt

## **Handysize**

Vessels between 10 000 and 55 000 dwt

## **Income on T/C-basis**

Freight income after deduction of all voyage related expenses such as loading- and discharging expenses, bunkers etc.

## **LPG vessels**

Vessels for transportation of liquid gas refrigerated to minus 48 degrees Celcius.

## **OBO-carriers**

Vessels for carrying oil and oil products or drycargo as grain, coal and ore (Oil - Bulk - Ore)

## **Off-hire**

The period during which a vessel is temporarily out of operation in relation to the terms of the relevant charterparty with a loss of agreed hire under this as a consequence

## **Operating expenses**

Crew expenses and all expenses in connection with vessel's technical operation including insurance

## **Operator**

The holder of a freight contract with a cargo shipper and/or the manager of tonnage

## **Panmax**

Vessels between 55 000 and 80 000 dwt

## **Pool**

A joint sailing agreement

## **Product**

Refined oilproducts

## **Spot market**

Markets for vessels operating on a tramp basis

## **Time Charter (T/C)**

An agreement to let a vessel which is manned and ready for operation for an agreed period

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