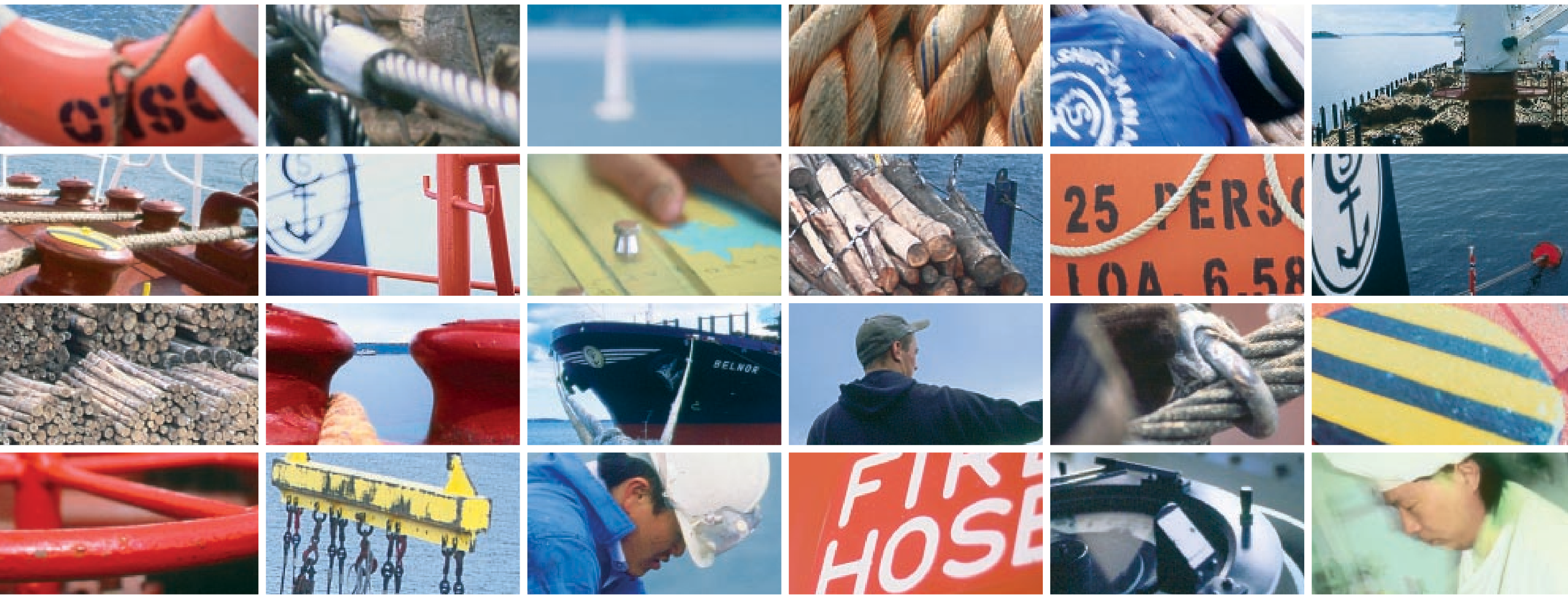
Annual report 2002



BELSHIPS

Contents

FINANCIAL CALENDAR 2003

Annual general meeting	6 May
Result for the 1st quarter	6 May
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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.

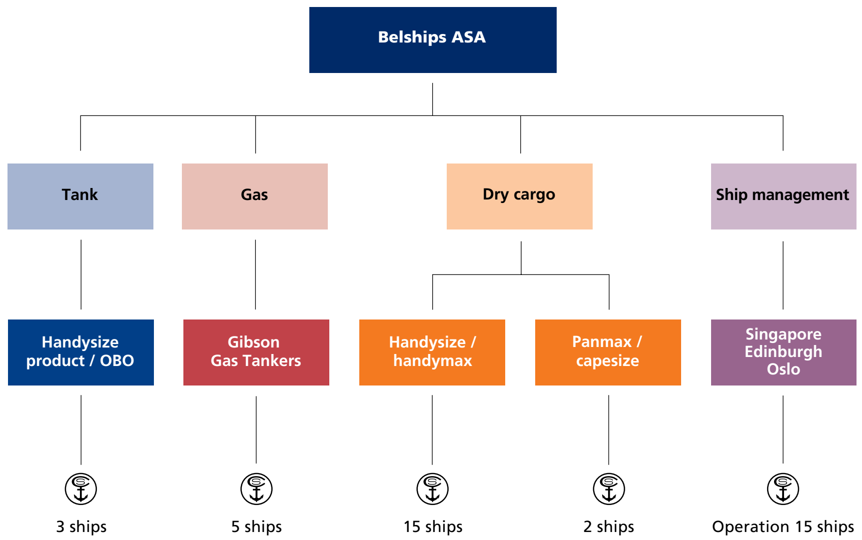
Handysize product tank
Belships has three product tankers of its own, which are managed by the wholly owned subsidiary Belships Tankers. The fleet carries refined petroleum products, mainly between the industrialised countries.

Gas
Belships owns 60% of Gibson Gas Tankers, based in Edinburgh. The company owns 5 gas tankers of between 2 000 and 7 000 cbm. The ships carry industrial and petroleum gasses such as butane, propane, etc.

Handysize/Handymax dry cargo
Belships owns 50% of Elkem Chartering (EC), which is engaged both in the handysize and the handymax segment. At year-end EC operated a fleet of 14 T/C ships. Belships has one wholly owned handymax dry cargo ship. The handysize/handymax fleet carries mainly commodities for industry and is operating worldwide.

Panmax and capesize dry cargo
Belships has a stake in a capesize dry cargo vessel, which operates in a pool managed by Bocimar. In August 2003, Belships will take delivery of a panmax newbuilding on timecharter for a period of minimum 8 years. The panmax/capesize fleet carries mainly commodities such as coal, ore and grain, worldwide.

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



FINANCIAL HIGHLIGHTS

USD 1 000		**2002**	2001	2000
Operating income		**22 273**	36 848	57 243
Operating result		**-2 720**	1 711	1 559
Net result for the year		**-4 742**	-1 844	-3 269
Cash flow		**-4 038**	-2 827	3 862
Total assets		**80 986**	94 197	108 395
Equity		**20 431**	25 173	26 418
Interest coverage ratio		**-1.35**	0.49	0.30
Current ratio	%	**274.62**	330.74	356.44
Equity ratio	%	**25.23**	26.72	24.37
Earnings per share	USD	**-0.19**	-0.08	-0.16

Directors' report 2002

The anticipated upswing in the dry bulk market commenced in the second half of the year. Belships substantially increased its exposure to this segment through the acquisition of a 50% stake in Elkem Chartering.

FINANCIAL PERFORMANCE

The group generated operating income of USD 22 273 000 (2001: USD 36 848 000) and an operating result of USD -2 720 000 (USD 1 711 000). The drop in operating income was due primarily to lower levels of activity at the Panmax/Capesize dry bulk and product carrier businesses but also to an extremely weak gas carrier market. Belships sold its shares in oil company Pelican AS in 2002, which resulted in a gain of USD 1 766 000 in the group accounts. The group's net result for the year was USD -4 742 000 (USD -1 844 000), of which USD -2 104 000 was attributable to minority interests in Gibson Gas Tankers and USD -2 638 000 to Belships itself.

The parent company generated an operating result of NOK 12 728 000 (NOK 1 875 000) and a net result for the year of NOK 48 113 000 (NOK -24 073 000) after gains of NOK 21 214 000 on the sale of shares in oil company Pelican AS. The net result was also significantly affected by the depreciation of the USD against the NOK, which resulted in foreign exchange gains for accounting purposes of NOK 48 363 000. The board recommends that the whole of the result be transferred to other equity.

The annual accounts have been prepared on a going concern basis in accordance with § 3-3 of the Financial Reporting Act (Norway).

SEGMENTAL RESULTS

The product carrier business generated an operating result of USD 458 000 (USD 3 994 000), the gas carrier business an operating result of USD -4 018 000 (USD -826 000), the dry bulk business an operating result of USD -243 000 (USD -839 000) and the ship management business an operating result of USD 312 000 (USD 102 000).

OPERATIONS

The market for product carriers was relatively weak in 2002 but improved towards the end of the year due to the strike in Venezuela and fears of war in Iraq. The two OBO carriers M/S Belguardian and M/S Belgreeting and the product carrier M/T Belgrace were all employed in the spot market or on short time charters in 2002. In February 2003 an agreement was reached on the sale of the group's stake in the OBO carriers with effect from 28 February 2003, which will result in gains of around USD 0.5 million for accounting purposes in the first quarter of 2003.

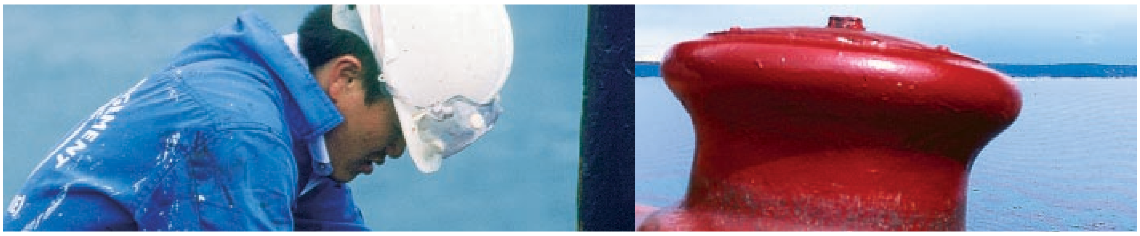
The anticipated upswing in the dry bulk market arrived in the second half of the year due to decreasing newbuilding deliveries and growth in China boosting world trade. China's increased imports of ore and reduced exports of coal to meet its own needs, has caused longer transportationdistances for the import of coal to other countries in the region and have had a substantial positive impact on the dry bulk market.

As part of the company's strategy of focusing more on the dry bulk market and building up a more long-term cargo base in this segment, Belships acquired a 50% stake in Elkem Chartering (EC) with effect from 31 October 2002. EC is primarily active in the Handysize segment in the Atlantic but also has a Handymax operation based in the Indian Ocean. In 2002 the company transported around 3.2 million tons of cargo and generated freight income of USD 43 million. It operated an average of 15-20 vessels during the year and had a fleet of 14 T/C vessels at the year-end.

Belships' wholly owned Handymax bulker M/S Belnor operated under a time charter until November and was employed in the spot market for the balance of the year. The Capesize bulker M/S Belmaj sailed in a pool managed by Bocimar throughout the year. Rates in this segment were weak during the first half but rallied strongly during the last few months of the year. An inherent time lag means that the upswing in the rates will not impact fully on the results until 2003.

The expansion of the cargo base in the Panmax segment suffered a setback in 2002 by increasing uncertainty about the start-up of the long-term contract of affreightment in India. If the project is now realised, we would expect the terms to need to be renegotiated. Work on alternatives on the cargo side in this segment is continuing and we are optimistic about the possibilities.

The market for small gas carriers, to which Belships is exposed through its holding in Gibson Gas Tankers (GGT), went from bad to worse in 2002. The vessels sailing in the pool run by Anthony Veder were hit hard by this in the form of weak rates and lengthy idle periods between cargoes. The financial burden on GGT made it necessary to abandon the pool and seek employment for the vessels on time charters. This work is largely complete and will improve earnings, although results will remain weak.



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 is therefore working actively on raising standards both at sea and on dry land. Environmental standards for ships is covered by a range of national and international environmental regulations and certification schemes. Belships meets all applicable environmental and safety standards, 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 409 employees at the year-end: 38 office staff and 371 seafaring personnel. Absence through illness was extremely low during the year and there were no serious occupational injuries.

FINANCIAL POSITION AND OTHER MATTERS

At the year-end the group had liquid assets of USD 5.5 million (USD 9.5 million) and its mortgage debt had been reduced by USD 8.7 million to USD 55.2 million. The book value of the group's net assets (excluding minority interests) amounted to NOK 4.68 per share and an equity ratio of 25.2% at 31 December 2002.

Broker valuation indicate that the market value of some of Belships' vessels is below their book value. Estimates of discounted future cash flows from the vessels, however make extraordinary write-offs unneccessary.

OUTLOOK

The economic outlook and the threat of war mean that the future is uncertain. Nevertheless we expect the dry bulk market to yield satisfactory earnings in the future. High newbuilding deliveries in the product carrier market have now been offset by growth in the scrapping of older vessels.

Gibson Gas Tankers is dependent on a general increase in market rates to be able to fully service its debt. If earnings over the next few years reflect the historical average, the company will be in a position to service both its debt and its equity.

Oslo, 25 March 2003
The board of Belships ASA

Asbjørn Larsen
Chairman

Sverre Jørgen Tidemand
Managing director

Axel Stove Lorentzen

Chris Rytter jr.

Åsmund Simonsen

Income statement

Note	1 January-31 December USD 1 000	Consolidated **2002**	 2001	 2000
	Operating income			
	Gross freight income	**24 344**	39 008	69 104
	Voyage expenses	**-4 120**	-4 347	-13 249
	Net freight income	**20 224**	34 661	55 855
	Other operating income	**2 049**	2 187	1 388
2	Total operating income	**22 273**	36 848	57 243
	Operating expenses			
	Charterhire expenses	**-4 564**	-12 204	-31 702
9	Other operating expenses	**-10 056**	-11 843	-11 815
10	General administrative expenses	**-4 676**	-4 913	-4 831
3	Depreciations on fixed assets and intangible assets	**-7 181**	-6 771	-7 240
	Total operating expenses	**-26 477**	-35 731	-55 588
	Operating result before sale of ships	**-4 204**	1 117	1 655
2,5	Gain/(-loss) on sale	**1 484**	594	-96
	Operating result	**-2 720**	1 711	1 559
	Financial income and expenses			
	Share dividends, interest income	**252**	440	527
	Interest expenses	**-2 124**	-3 631	-5 982
	Other financial items	**-389**	-385	-310
	Currency exchange gain /(-loss)	**320**	192	971
	Net financial items	**-1 941**	-3 384	-4 794
	Result before taxes	**-4 661**	-1 673	-3 235
14	Taxes	**-81**	-171	-34
	Net result for the year	**-4 742**	-1 844	-3 269
12	Hereof minority interests	**-2 104**	-863	-178
	Hereof majority interests	**-2 638**	-981	-3 091
11	Earnings per share	**-0.19**	-0.08	-0.16
11	Diluted earnings per share	**-0.19**	-0.08	-0.16

Balance sheet

Note	Per 31 December USD 1 000	Consolidated 2002	2001	2000
	FIXED ASSETS			
	Intangible assets			
14	Deferred tax assets	**3 124**	3 050	3 153
3	Goodwill	**366**	0	0
	Total intangible assets	**3 490**	3 050	3 153
	Fixed assets			
3	Ships	**65 495**	73 555	81 061
3	Other fixed assets	**681**	820	1 394
	Total fixed assets	**66 176**	74 375	82 455
	Financial assets			
5	Shares	**342**	3 058	2 310
4	Other long-term receivables	**482**	47	46
	Total financial assets	**824**	3 105	2 356
	Total fixed assets	**70 490**	80 530	87 964
	CURRENT ASSETS			
	Bunkers	**428**	70	291
4	Trade debtors	**2 934**	872	2 328
4	Other receivables	**1 622**	3 174	5 434
	Bank deposits	**5 513**	9 551	12 378
	Total current assets	**10 496**	13 667	20 431
	Total assets	**80 986**	94 197	108 395
	EQUITY			
	Paid-in capital	**16 492**	19 130	20 112
	Retained capital	**0**	0	0
	Minority interests	**3 939**	6 043	6 306
12	Total equity	**20 431**	25 173	26 418
	LIABILITIES			
	Provision for liabilities			
8	Pension obligations	**1 532**	947	876
	Other long-term liabilities			
4	Mortgage debt	**54 441**	63 945	75 294
	Other long-term debt	**760**	0	75
	Total long-term debt	**55 201**	63 945	75 369
	Short-term liabilities			
14	Tax payable	**85**	79	69
	Public taxes and duties payable	**244**	275	216
	Trade creditors	**1 053**	329	391
4	Other short-term liabilities	**2 440**	3 450	5 056
	Total short-term liabilities	**3 822**	4 132	5 732
	Total liabilities	**60 555**	69 024	81 977
	Total equity and liabilities	**80 986**	94 197	108 395

Oslo, 25 March 2003
The board of **Belships ASA**

Asbjørn Larsen
Chairman

Sverre J. Tidemand
Man. director / member

Axel Stove Lorentzen
Member

Chris Rytter jr.
Member

Åsmund Simonsen
Member

Cash flow statement

	1 January-31 December			Consolidated
	USD 1 000	**2002**	2001	2000
	Funds generated from operations			
	Result before taxes	**-4 661**	-1 673	-3 235
	– gain/ +loss from sale of fixed assets	**-1 484**	-594	40
	Depreciations on fixed assets and intangible assets	**7 181**	6 771	7 240
	Taxes payable	**81**	68	34
	Difference between pension expenses and paid in and drawn out	**269**	0	116
1	Change in bunkers, trade debitors and trade creditors	**-1 695**	1 677	-664
2	Change in other short-term items	**518**	660	-1 333
	Cash flow from operations	**208**	6 909	2 198
	Funds flow from investment			
	Investments in fixed assets	**-2 198**	-3 422	-2 008
	Sale proceeds from fixed assets disposals	**7 543**	4 457	10 531
	Change in other investments	**-848**	-18	-462
	Net cash flow from investments	**4 497**	1 017	8 061
	Funds flow from financing			
	Received payments from raising new long-term debt	**760**	0	833
	Repayment of long-term debt	**-9 504**	-11 353	-12 736
	Share issue in consolidated company (minority share)	**0**	600	0
	Share issue	**0**	0	5 506
	Net cash flow from financing	**-8 744**	-10 753	-6 397
	Net change in liquid reserves	**-4 038**	-2 827	3 862
	Liquid reserves at 1 January	**9 551**	12 378	8 516
	Liquid reserves at 31 December	**5 513**	9 551	12 378

CALCULATION OF CASH FLOW STATEMENT

1	**Change in bunkers, trade debitors and trade creditors**	(A)	(B)	Change (B-A)
	Bunkers	**428**	70	-358
	Trade debitors	**2 934**	872	-2 062
	Trade creditors	**-1 053**	-329	725
	Total	**2 308**	613	-1 695
2	**Change in other short-term items**			
	Other receivables	**1 622**	3 174	1 553
	Public taxes and duties payable	**-329**	-354	-25
	Other short-term liabilities	**-2 440**	-3 450	-1 010
	Total	**-1 148**	-630	518

Notes to the accounts

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 and debts to bring them in line with 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 five years. Investments in subsidiaries and associates are reported using the cost method in the parent company accounts.

Minority interests are computed as part of booked equity in the subsidiaries adjusted for market values at time of acquisition and presented as a part of the consolidated equity. Minority shareholders' share of the result is included in accordance with the entity method.

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 value at drawdown date.

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.

In accordance with new preliminary Norwegian accounting regulations (NRS) regarding Write-down of fixed assets, fixed assets are written down if estimates of discounted future cash flows are lower than booked values.

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. Tonnage tax is classified as an operating expense and included in other operating expenses.

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 in the income statement.

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 splitted in 4 segments: dry cargo, gas, handysize product 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. Liquid assets includes cash, bank deposits and other short-term investments which can be converted to cash within 3 months.

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

	Dry cargo	Gas	Product tank	Ship management	Administration	Total
2002						
Operating income	8 099	8 705	4 053	1 403	13	22 273
Operating expenses	-7 130	-9 319	-2 960	-1 091	-1 008	-21 508
Depreciations	-1 212	-3 084	-673	0	0	-4 969
Result before sale of fixed assets	-243	-3 698	420	312	-995	-4 204
Gain/(-loss) on sales	0	-320	38	0	1 766	1 484
Operating result	-243	-4 018	458	312	771	-2 720
Ships	20 870	38 026	6 599	0	0	65 495
Mortgage debt	15 325	26 600	3 616	0	8 900	54 441
2001						
Operating income	15 225	12 016	8 008	1 209	390	36 848
Operating expenses	-14 852	-9 658	-3 794	-1 107	-1 110	-30 521
Depreciations	-1 212	-3 184	-814	0	0	-5 210
Result before sale of fixed assets	-839	-826	3 400	102	-720	1 117
Gain/(-loss) on sales	0	0	594	0	0	594
Operating result	-839	-826	3 994	102	-720	1 711
Ships	22 070	42 567	8 918	0	0	73 555
Mortgage debt	19 725	28 000	5 720	0	10 500	63 945
2000						
Operating income	36 113	12 445	7 992	628	65	57 243
Operating expenses	-34 031	-9 204	-4 389	-789	-1 158	-49 571
Depreciations	-1 814	-3 184	-1 019	0	0	-6 017
Result before sale of fixed assets	268	57	2 584	-161	-1 093	1 655
Gain/(-loss) on sales	-96	0	0	0	0	-96
Driftsresultat	172	57	2 584	-161	-1 093	1 559
Ships	23 217	44 753	13 091	0	0	81 061
Mortgage debt	21 175	30 429	12 203	0	11 487	75 294

3 Ships and other fixed assets

	Ships	Other fixed assets	Total fixed assets	Goodwill
Cost as at 31 December 2001	106 325	2 477	108 802	0
Additions 2002	0	32	32	366
Capitalized dry docking costs 2002	2 166	0	2 166	0
Disposals 2002	-5 721	-52	-5 773	0
Cost as at 31 December 2002	102 770	2 457	105 227	366
Depreciations at 31 December 2001	32 770	1 798	34 568	0
Depreciations	4 969	217	5 186	0
Depreciation on capitalized dry docking costs	1 994	0	1 994	0
Disposals	-2 458	-79	-2 537	0
Depreciations at 31 December 2002	37 275	1 936	39 211	0
Book value at 31 December 2002	65 495	521	66 016	366
Other fixed assets	0	160	160	0
Total book value at 31 December 2002	65 495	681	66 176	366

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

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

Broker valuation indicate that the market value of some of Belships' vessels are below their book value. Estimates of discounted future cash flows from the vessels, however make extraordinary write-offs unneccessary at 31 December 2002.

Specification of ships	Built year	Ownership	Cost price	Book value
Dry cargo				
M/S Belmaj	1990	25 %	6 895	4 694
M/S Belnor	1996	100 %	23 104	16 176
1 **Gas**				
M/T Lanrick	1992	60 %	11 970	8 640
M/T Ettrick	1991	60 %	11 760	8 427
M/T Eildon	1982	60 %	11 328	7 301
M/T Traquair	1982	60 %	11 270	6 325
M/T Yarrow	1982	60 %	11 864	7 333
Product tank / OBO				
M/T Belgrace	1984/87	63 %	9 464	3 933
M/S Belguardian	1987	20 %	2 761	1 333
M/S Belgreeting	1987	20 %	2 661	1 333
Total			103 076	65 495

1 *The ships are included 100% in the financial statement, and 40% at minority interests.*

4 Receivables and liabilities

Receivables due later than 12 months	**2002**	2001	2000
Other long-term receivables	**482**	47	46

All short-term receivables are due within 12 months.

Mortgage debt	Currency	Loan amount in USD
M/S Belnor	USD	12 150
M/S Belmaj	USD	3 175
M/T Belgrace	USD	2 016
Anchor Holding	USD	8 900
M/S Belguardian	USD	800
M/S Belgreeting	USD	800
GGT-ships	USD	26 600
Total mortgage debt as at 31 December 2002		54 441

Repayment schedule	2003	2004	2005	2006	2007	Thereafter	Total
Mortgage debt on ships	5 579	6 062	5 550	30 350	6 900	0	54 441

Interest rates on mortgage debts have been fixed on a short term basis (3-12 months) between 2.27% and 3.49% inclusive margin at the year-end.

In the consolidated accounts, ships and mortgage debt have a book value of USD 65.5 million and USD 54.4 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 2002. Gibson Gas Tankers has for the year 2003 reached an agreement with the lender to harmonize the repayment schedule with the company's results.

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 has entered into an eight-years timecharter of a Panmax bulk carrier for delivery during the third quarter of 2003 at a fixed rate of appx. USD 10 000/day. Elkem Chartering has for the time being 6 vessels om timecharter for a period of more than 12 months. 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. In 2002 the company sold it's stake in the oil production company Pelican AS with a profit of 1 766.

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. Due to limited use of interest hedging agreements the company is exposed to fluctuations of the interest market. See note 4.

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:

	Belgrace KS 63%	Belmaj KS 25%	Total
Result	382	-291	91
Fixed assets	3 933	4 694	8 627
Current assets	576	334	910
Committed capital	9 052	3 218	12 270
Paid-in capital	7 280	2 956	10 236
Uncalled capital	1 772	262	2 034
Long-term liabilities	2 016	3 175	5 191
Short-term liabilities	37	56	93

8 Pensions

Employees in the company are members of the company’s own pension fund. At 31 December 2002, 15 Norwegian employees are members of the existing service pension scheme. In addition the service pension scheme includes 12 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 NRS regarding pension expenses, 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 16 people are covered by these arrangements.

The pension calculations are prepared by an independant actuary.

Accumulated effects of actuarial gains/losses in excess of 10% of the higher of gross pensions assets and pension obligations, are amortized over the average remaining service period. Social security costs is recorded based on net pension obligation in the balance sheet.

Except of an increase in the G-adjustment from 2.5% to 3.0%, the assumptions from 2001 have not been changed.

Assumptions	**2002**	2001	2000
Discount rate	**6.00%**	6.00%	6.00%
Future wage adjustment	**3.30%**	3.30%	3.30%
Pension adjustment/G-adjustment	**3.00%**	2.50%	2.50%
Return on pension fund	**7.00%**	7.00%	7.00%
Average remaining earning period (number of years)	**15.16**	15.65	15.75
Voluntary retirement before / after 45 years	**2% / 0%**	2% / 0%	2% / 0%
Composition of the net pension expenses			
Present value of the year’s pension earnings (incl. social security tax)	**201**	141	159
Interest charge on accrued pension obligations	**231**	209	208
Amortization of unrecognized pension obligations	**40**	3	2
Return on pension funds	**-178**	-167	-167
Net pension expenses	**293**	186	202

Composition of the net pension obligations	**31.12.02**	31.12.01	31.12.00
Gross pension obligations	**5 512**	3 745	3 775
Pension funds	**-3 061**	-2 515	-2 522
Not amortized plan / actuarial gain/(loss)	**-919**	-283	-377
Net pension obligations	**1 532**	947	876

9 Other operating expenses

	2002	2001	2000
Crew expenses	**4 926**	5 464	6 659
Maintenance expenses	**2 983**	4 153	2 882
Insurance	**786**	717	726
Management fees	**311**	416	504
Other operating expenses	**1 049**	1 093	1 044
Total	**10 056**	11 843	11 815

10 Salaries, number of employees and loans to employees

	2002	2001	2000
Salaries	**1 992**	2 115	2 075
Social security tax	**219**	194	205
Pension expenses	**293**	303	202
Other allowances	**658**	704	942
Total	**3 162**	3 316	3 424

Average number of employees in 2002 was 40 (37 in 2001). Loans to employees at 31 December 2002 amounted to 58. See note 11 in the parent company's account for information about allowances to the managing director.

Fees to the auditor	2002	2001	2000
Remuneration for auditor services	**91**	82	87
Other fees	**1**	10	18

11 Earnings per share

	2002	2001	2000
Earnings per share	**-0.19**	-0.08	-0.16
Diluted earnings per share	**-0.19**	-0.08	-0.16

Earnings per share are calculated as result for the year (-4 742) divided by average number of shares during the year (24 483 000). Diluted earnings per share is based on options to employees. See note 7 in Financial statement to the parent company.

12 Equity

		Paid-in	Retained		
	Share capital	Share premium res.	Other equity	Minority interests	Total equity
Equity as at 31 December 2001	6 610	12 520	0	6 043	25 173
Result for the year	0	-2 638	0	-2 104	-4 742
Equity as at 31 December 2002	6 610	9 882	0	3 939	20 431

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

13 Subsequent events

In February 2003 an agreement was concluded regarding sale of the company's stake in Bel Obo Shipping Ltd. The sale is effective from 28 February 2003, and a gain of about USD 0.5 million will be recorded in the first quarter of 2003.

Consolidated

14 Taxes

	2002	2001	2000
Taxes payable	**81**	68	34
Changes in deferred taxes	**0**	103	0
Taxes	**81**	171	34

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	2002	2001	2000
Temporary differences on fixed assets	**5 230**	4 873	5 771
Deferred sales gains	**2 473**	2 391	3 039
Accruals according to generally accepted accounting principles	**-10 432**	-5 948	-8 187
Pension obligations	**-1 532**	-947	-876
Tax loss carried forward	**-42 000**	-35 008	-33 321
Net temporary differences	**-46 261**	-34 639	-33 574
Deferred tax liabilities / (assets) before remuneration (28%)	**-12 953**	-9 699	-9 401
Remuneration	**-41**	-1 089	-1 108
Deferred tax liabilities / (assets)	**-12 994**	-10 788	-10 509
Deferred tax assets included in the Balance sheet	**-3 124**	-3 050	-3 153
Deferred tax assets not included the Balance sheet	**-9 870**	-7 738	-7 356

In accordance with generally accepted accounting principles for taxes, 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 with the group's earnings projections, the Belships-group has decided to capitalise deferred tax assets of USD 3.1 million, equivalent to 23% of the estimated total deferred tax assets. The group's tax loss carryforward is mainly etablished during the last seven 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 December 2002. Tonnage tax amounting to 26 has been provided for as at 31 December 2002, and are included in other operating expenses in the Income statement. Tax financial loss carried forward within the shipping taxation regime amounts to 1 023 at 31 December 2002. Reference is made to note L) under Accounting policies.

15 Related parties

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 2002 amounted to 192. The main shareholders in Belships are main shareholders in the shipbroker company Lorentzen & Stemoco AS. Belships is regularly doing business with this company. The transactions are based on market terms.

No loans or deposit securities are given to the company's shareholders, the management or related parties.

16 Environmental issues

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 Directors' report.

17 Contingencies

The Board is not aware of any material contingent liabilities as at 31 December 2002.

Income statement

Note	1 January-31 December NOK 1 000	Belships ASA **2002**	 2001	 2000
	Operating income			
	Gross freight income	**38 182**	36 071	30 646
	Voyage expenses	**-2 251**	-1 722	-1 319
	Net freight income	**35 931**	34 349	29 327
	Other operating income	**46**	0	250
	Total operating income	**35 977**	34 349	29 577
	Operating expenses			
	Timecharter hire	**-20 519**	-9 256	0
9	Other operating expenses	**-8 664**	-13 223	-10 218
11	General administrative expenses	**-6 686**	-5 655	-7 375
2	Depreciations on fixed assets	**-8 594**	-7 981	-7 988
	Total operating expenses	**-44 463**	-36 115	-25 581
	Operating result before sale of fixed assets	**-8 486**	-1 766	3 996
6	Gain on sale of ships/shares	**21 214**	3 641	0
	Operating result	**12 728**	1 875	3 996
	Financial income and expenses			
	Share dividends	**7 565**	2 748	469
	Interest income from subsidiaries	**5 545**	6 499	6 943
	Other interest income	**1 081**	1 758	2 738
	Interest expenses	**-5 614**	-13 643	-17 774
	Other financial items	**-3 317**	-2 511	-188
6	Write-down financial current assets	**0**	-19 205	-40 000
6	Write-down financial fixed assets	**-18 238**	0	0
3	Currency exchange gain/ -loss	**48 363**	-3 594	-20 021
	Net financial items	**35 385**	-27 948	-67 833
	Result before taxes	**48 113**	-26 073	-63 837
12	Taxes	**0**	2 000	0
	Net result for the year	**48 113**	-24 073	-63 837
	Earnings per share	**1.97**	-0.98	-3.14
	Diluted earnings per share	**1.97**	-0.98	-3.14

Balance sheet

Note	Per 31 December NOK 1 000	Belships ASA 2002	 2001	 2000
	FIXED ASSETS			
	Intangible assets			
12	Deferred tax assets	**22 000**	22 000	20 000
	Fixed assets			
2	Ships	**130 598**	138 578	144 677
2	Other fixed assets	**3 903**	4 340	4 372
	Total fixed assets	**134 501**	142 918	149 049
	Financial assets			
6	Shares in subsidiaries	**97 035**	115 730	107 785
6	Shares in associated companies	**40 284**	18	288
3	Intercompany balances	**13 753**	5 819	7 500
6	Other shares	**527**	20 033	14 885
3	Other long-term debts	**300**	384	5 010
	Total financial assets	**151 899**	141 984	135 468
	Total fixed assets	**308 400**	306 902	304 517
	Current assets			
	Bunkers	**1 201**	0	0
	Trade debtors	**832**	0	21
4	Intercompany balances	**80 560**	92 081	134 515
3	Other receivables	**6 492**	7 987	9 745
	Total receivables	**89 085**	100 068	144 281
5	Liquid reserves	**10 353**	51 308	46 207
	Total current assets	**99 438**	151 376	190 488
	Total assets	**407 838**	458 278	495 005
	EQUITY			
	Paid-in capital			
	Share capital	**48 966**	48 966	48 966
	Share premium reserve	**151 888**	151 888	175 961
	Total paid-in capital	**200 854**	200 854	224 927
	Retained capital			
	Other equity	**48 113**	0	0
7	Total equity	**248 967**	200 854	224 927
	LIABILITIES			
	Provisions			
8	Pension obligations	**8 948**	6 682	5 783
	Other long-term liabilities			
3	Mortgage debt	**146 508**	242 100	255 653
	Short-term liabilities			
	Public taxes and duties payable	**908**	2 475	1 908
	Trade creditors	**311**	171	311
	Other short-term liabilities	**2 196**	5 996	6 423
	Total short-term liabilities	**3 415**	8 642	8 642
	Total liabilities	**158 871**	257 424	270 078
	Total equity and liabilities	**407 838**	458 278	495 005

Belships ASA

Oslo, 25 March 2003
The board of **Belships ASA**

Asbjørn Larsen *Chairman*	Sverre J. Tidemand *Man. director / member*	Axel Stove Lorentzen *Member*	Chris Rytter jr. *Member*	Åsmund Simonsen *Member*

Cash flow statement

	1 January - 31 December	Belships ASA		
	NOK 1 000	**2002**	2001	2000
	Cash generated from operations			
	Result before tax	**48 113**	-26 073	-63 837
	– gain/ +loss from sale of fixed assets	**-21 214**	-120	-125
	Write-down of receivables, shares and ships	**18 238**	19 205	40 000
	Depreciations on fixed assets	**8 595**	7 981	7 988
	Difference between pension expenses and paid in and drawn out	**2 266**	1 563	1 105
1	Change in bunkers, trade debitors and trade creditors	**-1 893**	21	2 073
2	Change in other short-term items	**7 649**	24 987	-34 772
	Cash flow from operations	**61 754**	27 564	-47 568
	Cash flow from investment			
	Investments in fixed assets	**-176**	-2 739	-635
	Sale proceeds from fixed assets disposals	**41 207**	345	444
	Change in other investments	**-48 148**	-6 516	-15 119
	Net cash flow from investments	**-7 117**	-8 910	-15 310
	Cash flow from financing			
	Received payments from raising new long-term debt	**0**	0	26 421
	Repayment of long-term debt	**-95 592**	-13 553	0
	Share issue	**0**	0	47 241
	Dividend received	**0**	0	469
	Group relief transfer	**0**	0	193
	Net cash flow from financing	**-95 592**	-13 553	74 324
	Net change in liquid reserves	**-40 955**	5 101	11 446
	Liquid reserves at 1 January	**51 308**	46 207	34 761
	Liquid reserves at 31 December	**10 353**	51 308	46 207

CALCULATION OF CASH FLOW STATEMENT

1	**Change in bunkers, trade debitors and trade creditors**	(A)	(B)	Change (B-A)
	Bunkers	**1 201**	0	-1 201
	Trade debitors	**832**	0	-832
	Trade creditors	**-311**	-171	140
	Total	**1 722**	-171	-1 893
2	**Change in other short-term items**			
	Other receivables	**87 052**	100 068	13 016
	Public taxes and duties payable	**-908**	-2 475	-1 567
	Other short-term liabilities	**-2 196**	-5 996	-3 800
	Total	**83 948**	91 597	7 649

Notes to the accounts

Belships ASA

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

	Ships	Other fixed assets	Total fixed assets
Cost as at 31 December 2001	183 592	12 350	195 942
Additions 2002	0	152	152
Cost as at 31 December 2002	183 592	12 502	196 094
Depreciations at 31 December 2001	45 014	9 017	54 031
Depreciations	7 227	614	7 841
Depreciation on capitalized dry docking costs	753	0	753
Depreciations as at 31 December 2002	52 994	9 631	62 625
Book value at 31 December 2002	130 598	2 871	133 469
Other fixed assets	0	1 032	1 032
Total book value at 31 December 2002	130 598	3 903	134 501

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	2002	2001	2000
Intercompany balances	**13 753**	5 819	7 500
Other long-term receivables	**300**	384	5 010

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.

Mortgage debt	Currency	Loan balance NOK 1 000
M/S Belnor	USD	84 564
Anchor Holding	USD	61 944
Total mortgage debt at 31 December 2002		146 508

For Belships ASA's total mortgage debt of 146 508, security is held in the form of ship and shares amounting to a book value of 222 864.

Repayment schedule	2003	2004	2005	2006	2007	Thereafter	Total
Mortgage debt Belnor	6 960	6 960	6 960	5 568	5 568	52 548	84 564
Other mortgage debt	0	0	6 960	6 960	48 024	0	61 944

The parent company has until primo 2005, entered into fixed interest rate agreements which secure the interest rate on the mortgage debt to not exceed 6% p.a. The loan agreements have certain covenants. The covenants are mainly related to M/S Belnor's market value, insurance values and shares. All the covenants were fulfilled at 31 December 2002. Currency exchange gain unrealised was amounting to NOK 44.1 million as at 31 December 2002.

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	2002	2001	2000
1	Consolidated companies	**80 560**	92 081	134 515
	Associated companies	**1 614**	1 465	2 669
	Total	**82 174**	93 546	137 184

1 *Accumulated write-downs of receivables on subsidiaries are amounting to 74 430.*

5 Restricted deposits

In connection with financing of M/S Belnor, USD 0.5 million is provided as a restricted deposit.

Restricted deposits for taxes withheld for employees amounted to 581 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
	Shares in associated companies								
	Elkem Chartering AS	Oslo	30.10.02	11 000	50 %	680	5 478	340	11 000
	Belships(Far East) Shipping Pte Ltd	Singapore	09.01.84	1 055	50 %	SGD 500	250 000	SGD 250	0
	Western Obo AS	Oslo	07.09.87	18	36 %	50	18	18	18
1	Bel Obo Shipping Ltd	Liberia	31.03.02	29 266	20 %	USD 9 000	1 800 000	USD 1 800	29 266
	Total shares in associated companies								40 284
	Shares in consolidated companies								
	Belships Management AS	Oslo	09.12.85	50	100%	50	1	50	50
	Belships Man. (Singapore) Pte Ltd	Singapore	31.12.83	12 075	"	SGD 60	500	SGD 60	12 075
	Belships Tankers AS	Oslo	18.08.88	825	"	250	250	250	825
	Belcargo AS	Oslo	22.09.77	301	"	150	200	150	301
	Belstar AS	Oslo	31.08.92	50	"	50	50	50	50
	Belships Bulk AS	Oslo	29.11.90	50	"	50	50	50	50
	Belships Bulk Management AS	Oslo	15.06.93	4 469	"	2 586	200	2 586	0
	Belships Finans AS	Oslo	02.11.92	50	"	50	50	50	50
	Western Obo II AS	Oslo	07.07.87	50	"	50	50	50	50
1	Belships Rederi AS	Oslo	01.01.93	50	"	50	50	50	50
	North East Maritime Corp. AS	Oslo	21.10.93	611	"	1 000	1 000	1 000	611
	Belships Trading AS	Oslo	27.01.93	19 675	"	2 700	2 700	2 700	19 675
	Labaco Pte Ltd	Singapore	01.09.01	247	"	SGD 50	50 000	SGD 50	247
2	Gibson Gas Tankers Ltd	Edinburgh	06.12.96	106 785	60%	GBP 1 145	686 959	GBP 687	63 000
	Total shares in consolidated companies								97 034
	Other shares								
	Greenshields Shipping Ltd.	Isle of Man	04.04.97	527	2,4%	USD 316	75	USD 7.5	527
	Total other shares								527
	Total shares classified as fixed assets								137 845

1 *Belships Rederi AS, which is wholly owned by Belships ASA, owns 100% of the shares in Belgrace AS, Belmaj AS, Belanina AS. The companies are included in the consolidated accounts and are under the tax system for shipping activities. The 20% stake in Bel Obo Shipping Ltd. was transferred from Belships Rederi AS to Belships ASA, effective from 21.03.02. In February 2003, the sale of all of the shares in Bel Obo Shipping Ltd was agreed, effective from 28.02.03.*

2 *Belships shares in GGT have been written off with 18 283 in 2002.*
Belships has until 31 March 2007, 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	
	Share capital	Share premium res.	Other equity	Total
Equity as at 31 December 2001	48 966	151 888	0	200 854
Result for the year	0	0	48 113	48 113
Equity as at 31 December 2002	48 966	151 888	48 113	248 967

The company's 24 483 000 shares with a nominal value NOK 2.00 were held by 431 shareholders at 31 December 2002.

Options

Options equal to 398 000 shares have been issued to employees and board members at NOK 6.50, 5.00 and 4.00 per share. The options at NOK 6.50 and Nok 5.00 are expiring at the date of the annual general meeting in 2003. The options at NOK 4.00 are declarable prior to the annual general meeting in 2004.

Authority to issue shares

At the general meeting on 7 May 2002 the board received 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 31 December 2002	Number of shares	Percentage
1	Sonata AS	10 001 461	40.85 %
2	Jasto Invest AS	5 151 348	21.04 %
3	Rederiaktiebolaget Dalen	1 274 000	5.20 %
4	Longbow Limited	1 200 000	4.90 %
5	Consensio AS	1 059 832	4.33 %
6	Enskilda Securities, s/a Anchor Holding plc	904 000	3.69 %
7	Tidinvest AS	606 376	2.48 %
8	Tine Pensjonskasse	540 000	2.21 %
9	Otto Grieg Tidemand	450 681	1.84 %
10	Caiano AS	274 500	1.12 %
11	Part Invest AS	164 000	0.67 %
12	Jenssen & Co. AS	157 397	0.64 %
13	Atalanta AS	123 000	0.50 %
14	Tidships AS	113 897	0.47 %
15	Carlings AS	100 000	0.41 %
16	Colonial Shipping Invest AS	88 060	0.36 %
17	Treschow dødsbo Gerhard Aage	79 889	0.33 %
18	Sverre Tidemand	79 011	0.32 %
19	Landesbank Schleswig-Holstein	76 100	0.31 %
20	Regent AS	65 500	0.27 %
	Total 20 largest shareholders	22 509 052	91.94 %

	Number of shares owned by the Board members in Belships ASA	Owned shares	Options
	Asbjørn Larsen, chairman	4 500	30 000
	Åsmund Simonsen	2 588	28 000
*	Sverre J. Tidemand	12 660 901	30 000
*	Axel Stove Lorentzen	5 161 088	10 000
	Chris Rytter jr.	0	28 000

* Includes shares owned by family and companies with ownership by a Board member of more than 50%. Shares owned by companies in which a Board member has negative majority are also included.

8 Pensions

Assumptions	**2002**	2001	2000
Discount rate	**6.00%**	6.00%	6.00%
Future wage adjustment	**3.30%**	3.30%	3.30%
Pension adjustment / G-adjustment	**3.00%**	2.50%	2.50%
Return on pension fund	**7.00%**	7.00%	7.00%
Average remaining earning period (number of years)	**15.16**	15.65	15.75
Voluntary retirement before / after 45 years	**2% / 0%**	2% / 0%	2% / 0%
Composition of the net pension expenses			
Present value of the year's pension earnings (incl. social security tax)	**1 602**	1 276	1 411
Interest charge on accrued pension obligations	**1 758**	1 789	1 735
Amortization of unrecognized pension obligations	**327**	20	20
Return on pension funds	**-1 421**	-1 505	-1 484
Net pension expenses	**2 266**	1 580	1 682

Composition of the net pension obligations	**31.12.02**	31.12.01	31.12.00
Gross pension obligations	**36 646**	32 177	31 300
Pension funds	**-21 304**	-22 641	-22 321
Not amortized plan / estimate on change	**-6 394**	-2 854	-3 196
Net pension obligations	**8 948**	6 682	5 783

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 2002. In addition the service pension scheme includes 9 former employees. 16 people are not included in the service pension scheme and receive their pension from Belships ASA.

9 Other operating expenses

	2002	2001	2000
Crew expenses	**3 727**	4 128	3 651
Maintenance expenses	**1 765**	2 211	1 641
Insurance	**1 004**	920	751
Management fees	**1 551**	1 756	1 727
Other operating expenses	**617**	4 208	2 448
Total	**8 664**	13 223	10 218

10 Related parties

See note 15 in the consolidated accounts for more details. The rental of offices amounted to 444 in 2002.

11 Salaries, number of the employees a.o.

Salary expenses	2002	2001	2000
Salaries	**3 599**	3 723	3 679
Social security tax	**749**	725	688
Pension expenses	**2 266**	1 602	1 682
Other allowances	**464**	200	643
Transferred to subsidiaries	**-2 764**	-2 768	-2 048
Total	**4 315**	3 482	4 644

Average number of employees in 2002 was 7.

Remuneration	Man. director	The Board
Salary	937	0
Pension expenses	127	0
Other allowances	149	375
Share options	30 000	126 000

Managing director has a right to early retirement at the age of 60. Belships has a commitment to pay an annual early retirement pension of 70% of the salary as from the date of retirement until the age of 67.

Fees to the auditor	2002	2001	2000
Tax credit on dividend received	**210**	220	220
Other fees	**6**	77	64

Loans to employees
Loans to employees amounted to 300 as at 31 December 2002.

12 Taxes

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	2002	2001	2000
Temporary differences on fixed assets	**36 633**	43 860	51 087
Deferred sales gains	**17 214**	21 517	26 897
Accruals according to generally accepted accounting principles	**-146 958**	-127 967	-127 683
Pension obligations	**-8 948**	-6 682	-5 783
Tax loss carried forward	**-191 430**	-215 851	-206 193
Net temporary differences	**-293 489**	-285 123	-261 675
Deferred tax liabilities / (assets) before remuneration (28%)	**-82 177**	-79 834	-73 269
Remuneration	**-283**	-10 088	-9 805
Deferred tax liabilities / (assets)	**-82 460**	-89 922	-83 074
Deferred tax assets included in the Balance sheet	**-22 000**	-22 000	-20 000
Deferred tax assets not included in the Balance sheet	**-60 460**	-67 922	-63 074

In Belships ASA NOK 22 million are capitalised as deferred tax assets. See note 14 in the consolidated accounts for more details about taxes. The profit from the sale of the shares in Pelican is taxfree and is therefore included in the line of permanent differences.

Tax basis for the year result for Belships ASA	2002	2001	2000
Result before taxes	**48 113**	-26 074	-63 837
Change in temporary differences	**32 788**	16 337	55 817
Permanent differences / other	**-21 460**	77	32
Group relief transfer and dividend	**0**	0	193
Reduction of tax loss carried forward	**-24 421**	0	0
Tax basis for the year	**35 020**	-9 660	-7 795
Reduction of tax credit on dividend received	**-35 020**	0	0
Taxes payable	**0**	0	0

Belships ASA

Auditor's report

TO THE ANNUAL GENERAL MEETING IN BELSHIPS ASA

We have audited the annual financial statements of Belships ASA as of 31.12.02, showing a profit of NOK 48 113 000 for the parent company and a loss of USD 4 742 000 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 allocation of the result. The financial statements comprise the balance sheet, the statements of income and cash flows, 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 2002, 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 duty to properly register and document the 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 allocation of the result is consistent with the financial statements and comply with law and regulations.

ERNST & YOUNG AS
Eirik Tandrevold
State Authorised Public Accountant (Norway)

Oslo, 25 March 2003
(Translation from Norwegian)

Organisation

Belships ASA

Board of Directors
Asbjørn Larsen, *chairman*
Sverre J. Tidemand
Axel Stove Lorentzen
Åsmund Simonsen
Chris Rytter jr.

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

Finance/accounting
Osvald Fossholm, *Financial manager*
Edwin Johansen, *Accounting manager*

Belships Trading AS *(Panmax / capesize bulk)*
Tor Lauritzsen, *Operations manager*

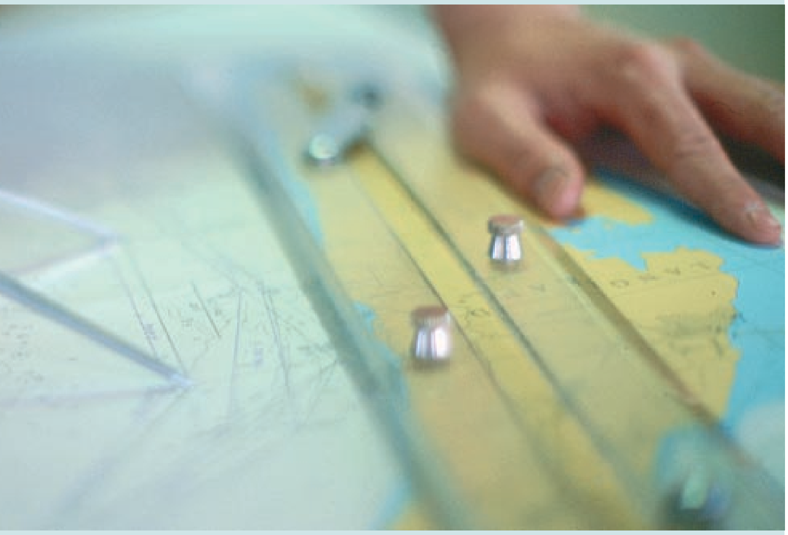
Belships Tankers AS *(Handysize product)*
Per S. Kleppe, *Chartering manager*
Ove B. Staurset, *Accounting manager*

Belships Management (Singapore) Pte Ltd
(Ship management, Singapore)
Joel Ye Zhan Hua, *Man. director*
Ng Eng Huat, *Technical director*
Anthony Sng, *Financial manager*

Belships (India) *(Representative)*
Lalit Badhwar, *Man. director*

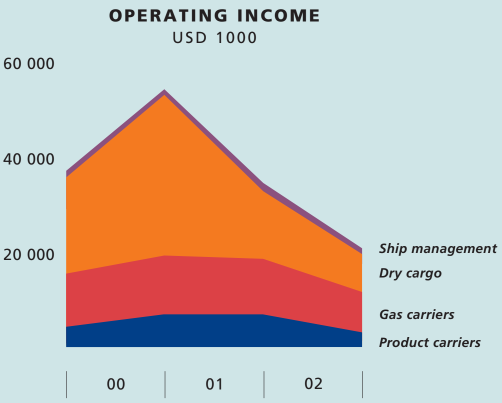
Elkem Chartering AS *(Handysize/handymax bulk)*
Jøel Baardson, *Man. director*
Ian Hillgaar, *Chartering manager*
Kjell Bergesen, *Operations manager*
Ellen Westlie, *Accounting manager*

Gibson Gas Tankers Ltd *(Gas, Edinburgh)*
Chris Spencer, *Man. director*
Stuart Rae, *Financial manager*



The dry caro market experienced a significant upswing in the 2. half of 2002. The market for small gas carriers went from bad to worse in 2002. The market for product carriers was relatively weak in 2002, but improved towards the end of the year.

Dry cargo business accounted for 36% of operating income (41% in 2001), the gas carrier business for 39% (33%), the product carrier business for 18% (22%) and the ship management business for 7% (3%).



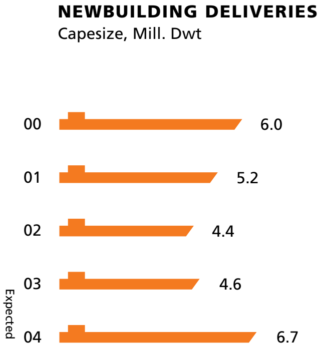
Dry bulk carriers

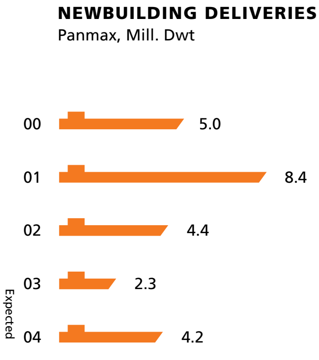
USD mill.	**2002**	2001	2000
Income on T/C basis	**8.1**	15.2	36.1
Operating result	**-0.2**	-0.9	0.1
Owned ships (per 31.12.)	**1.3**	1.3	1.3
Chartered ships (per 31.12)	**14.7**	0.7	2.7

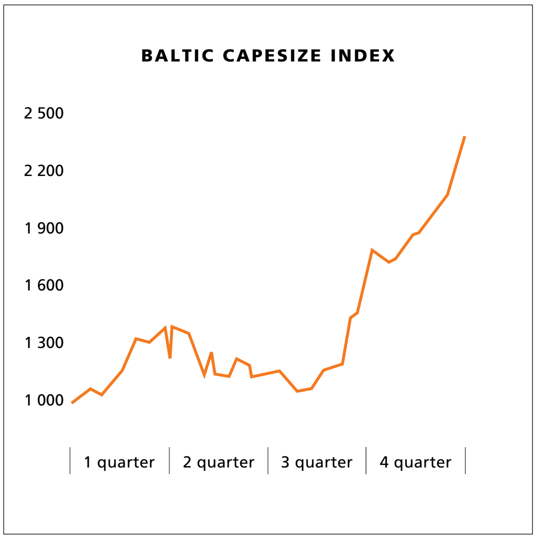
Handysize bulkers have a capacity of 20-35 000 dwt, Handymax 35-55 000 dwt, Panmax 55-90 000 dwt and Capesize over 90 000 dwt. Most modern Panmax vessels have a capacity of more than 70 000 dwt and are standardised rather than specialised vessels.

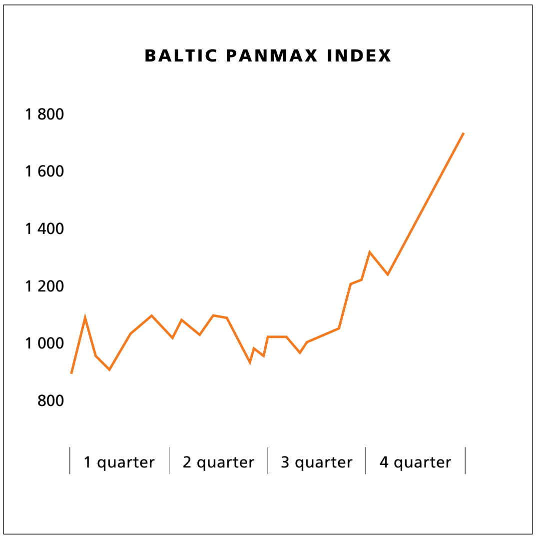
The world's dry bulk fleet carries mainly raw materials (such as coal, iron ore and other minerals), grain and semi-finished goods (such as steel, cement, fertilisers and timber). This means that the main drivers in the market are the need for raw materials in industry, the world grain trade and global economic growth.

The dry bulk market remained weak at the beginning of 2002 but rates began to climb during the summer and continued climbing with increased vigour during the rest of the year. The Baltic Dry Index (BDI) gained more than 180% from the end of July to the end of December. This upswing in the dry bulk market had been anticipated due to a substantial decrease in newbuilding deliveries. Normally factors like economic growth, high investment activity and increased consumption are needed for a strong dry bulk market, especially for Panmax and Capesize tonnage which carries mainly iron ore and coal. However, there was a fundamental shift in the dry bulk market in 2002. The market rallied despite the absence of strong growth in the USA and Europe, thanks to growth of 25% in Chinese steel production. This surge







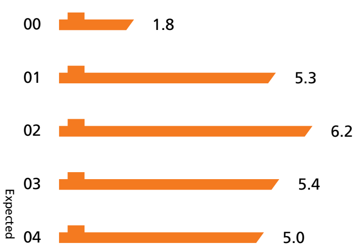


in steel production reflects the country's economic growth. Besides domestic production, imports of finished steel grew by 23 million tons during the first nine months of the year, and China overtook the USA as the world's largest importer. This contributed to record steel output in Japan as well, despite its weak economy. Cargoes of steel from the Baltic Sea and the Black Sea to China were important for the Handymax market. Foreign interest in investing in China is currently high, and the expansion of the country's infrastructure is continuing apace. This activity is generating employment and income and has led to a substantial increase in consumption – for example, sales of cars were around 50% up in 2002.

As part of the company's strategy of focusing more on the dry bulk market and building up a more long-term cargo base in this segment, Belships acquired a 50% stake in Elkem Chartering (EC) with effect from 31 October 2002 for accounting purposes. This acquisition established a cooperation between Belships ASA and Elkem ASA. EC is active in the Handysize and Handymax segments. Its Handysize fleet operates primarily in the Atlantic, transporting mainly aluminium, cement and sugar. The company has also brought in three modern Handymax vessels on long-term charters, which operate in a pool run by Setaf Saget in Paris.

EC generated freight income of USD 43 million and transported 3.2 million tons of cargo on 145 fixtures in 2002. The company operated an average of 15-20 vessels and activity grew during the year. Work on building up EC as an industrial player continued in 2002. Cooperation with the previous principal shareholder Elkem ASA was further developed, and work on building up the company as an independent

NEWBUILDING DELIVERIES
Handymax, Mill. dwt



player with a portfolio of contracts of affreightment from large industrial companies was stepped up. Belships' share of Elkem Chartering's profits was USD 368 000.

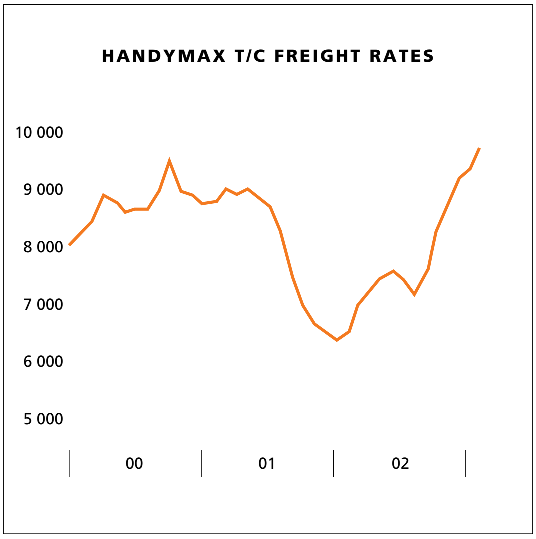
Belships' Capesize vessel M/S Belmaj continued in the pool managed by Bocimar in 2002 and generated average earnings of USD 8 100/day. The vessel functioned satisfactorily throughout the year, with running costs (excluding dry-docking costs) of around USD 4 500/day. The vessel was dry-docked in China during the year, resulting in 19 days off-hire, at a cost of just over USD 500 000. Belships also has a small stake in the Cape International pool, which resulted in a loss of USD 945 000 in 2002. However, it returned a profit during the first two months of 2003 and is expected to continue to do so in the months ahead.

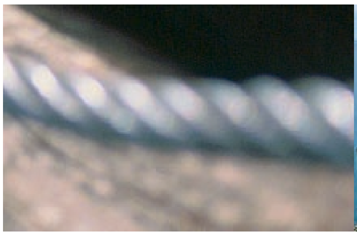
An estimated 26 Capesize newbuildings or 4.12 million dwt are due to be delivered in 2003 and a further 35 in 2004. About 1.5 million dwt is expected to be scrapped in each of these years and so the Capesize fleet is not expected to increase significantly in the immediate future.

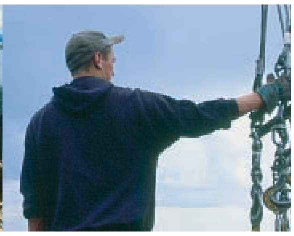
The Baltic Panmax Index (BPI) rose from around 850 to around 1 700 during the year. Activity at the Panmax operation Belships Trading was low during the year and will remain low until a new cargo base has been established. The uncertainty about whether the contract for the transportation of coal to India would materialise did not lessen during the year. Belships has entered into a long-term charter with a purchase option for a Panmax newbuilding due to be delivered in the third quarter of 2003.

The Handysize market also rallied strongly in the second half. The Baltic Handymax Index (BHMI) rose from around 6 800 to around 10 000 during the year, and time charter rates for Handymax vessels rose from USD 6 500/day to around USD 9 000/day. The M/S Belnor – which constituted the company's exposure to the Handymax bulk segment in 2002 alongside Elkem Chartering – generated earnings of USD 8 000/day, with running costs (excluding dry-docking costs) of USD 2 700/day.

The upswing in the dry bulk market has continued since the year-end. How the market fares in the future depends not least on developments in China and so one key success factor will be the ability to predict future trends in the Chinese economy. The general outlook for the global economy is resulting in considerable uncertainty.







Gas carriers

USD mill.	**2002**	2001	2000
Income on T/C basis	**8.7**	12.0	12.4
Operating result	**-4.0**	-0.8	0.1
Owned ships (per 31.12.)	**5**	6	6

Small gas carriers (below 10 000 cbm) carry butane, propane, propylene and other petrochemical gases on short and medium trades. Most vessels feature refrigeration facilities that allow gases to be condensed and carried in liquid form. Semi-refrigerated vessels dominate the market in Europe while pressure-type vessels dominate the market in the Far East, although pressure-type vessels have also entered the European market in recent years and impacted on the LPG market. Demand depends primarily on the general state of the global 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 five gas carriers of 3-7 000 cbm. The fleet carries primarily petrochemical gases (such as propylene and vinyl chloride monomer) and liquefied petroleum gases (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 crewing (other than the fleet's British officers). GGT's vessels are all semi-refrigerated and so they can carry gases cooled to as low as -48°C and condensed under pressure into a concentrated liquid form.

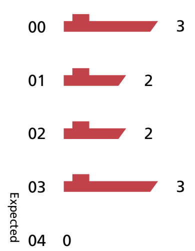
GGT's earnings were substantially down in 2002. The market continued to deteriorate and demand for LPG and petrochemical gases was low, especially in the USA and Europe, with fleet growth, high stocks and falling product prices. There was an increase in the general level of activity in January and February but this was only temporary and did not result in higher rates. The market deteriorated further during the spring and summer, and for the first time in five years vessels had idle time combined with significant ballast time and low rates. This applied to both the LPG market and the market for petrochemical gases. The downturn in 2002 was largely a result of the generally weak global economy, which had a particular impact on demand for petrochemical gases. High stocks, fleet growth and mild winter weather also undermined the LPG market.

However, there was an upswing in demand for petrochemical gases like ethylene and propylene in the third quarter due to a poorly balanced product market and production stoppages. The last two months of the year brought increased activity on long-haul petrochemical trades, resulting in full fleet utilisation in the 15 000 cbm segment. This increased activity did it self not have any immediate positive effects on smaller gas carriers but did lead to a slight increase in rates when combined with local European weather and production problems.

The M/T Lanrick had her charter renewed for six months in March at a rate of USD 155 000/month and was then employed on a 12-month charter at USD 150 000/month plus a share of any profits. The M/T Ettrick had her charter renewed in October for another 12 months at a rate of USD 165 000/month.

The three 6 000 cbm carriers M/T Traquair, M/T Yarrow and M/T Eildon continued to sail in a pool managed by Anthony Veder until September but this arrangement was abandoned in September due to poor results. While in the pool, the three vessels generated T/C income of USD 137 000/month, USD 134 000/month and USD 128 000/month respectively, which was 34% down on 2001. Gibson Gas Tankers assumed commercial responsibility for the vessels with effect from September. The M/T Traquair was fixed on a 12-month charter at a rate of USD 185 000/month. The M/T Yarrow was fixed on a short charter through to January 2003 at a rate of USD 170 000/month and then on a five-month charter from January 2003 at a rate of USD 205 000/month with a 2 x 3 month extension option. The M/T Eildon was operated in the spot market until December and then fixed on a three-month charter at a rate of USD 190 000/month.

NEWBUILDING DELIVERIES
Semi-refridgerated ships
(not ethylen)



The M/T Traquair was dry-docked during the first quarter for her fourth special survey. The cost of USD 1 million was in line with budget. The M/T Lanrick underwent her second special survey in May. The cost was in line with budget. Operational dead-time was reduced substantially in 2002 and, with the exception of the M/T Eildon, the vessels' running costs were in line with budget.

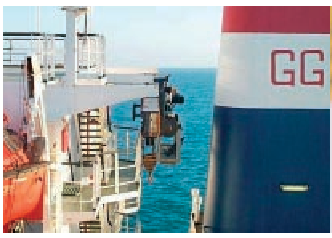
The M/T Quentin operated in the spot market until being sold in June for USD 1 million. Gibson Gas Tankers still has responsibility for the technical operation of the vessel.

Owners of gas carriers saw reduced demand from the oil majors in 2002, especially for older tonnage, as a direct result of the wrecking of the M/T Erika in 2001 and the M/T Prestige in 2002.

Newbuilding deliveries over the last three years have included a reduced number of semi-refrigerated vessels and a substantial increase in the number of pressure-type vessels. The order book for semi-refrigerated vessels has shrunk, and deliveries of pressure-type vessels have also declined. As mentioned above, the wrecking of the M/T Erika has had ramifications in terms of charterers' requirements for older tonnage. The criteria for oil company approval have become much more exacting and resulted in increased operating costs, due in part to the need for a Condition Assessment Programme (CAP) for vessels over 20 years old and an increased number of inspections. 2002 brought signs of higher scrapping activity but not enough to impact significantly on the market.

The year saw extensive consolidation of the small gas carrier segment. In April the Tarquin fleet of 11 modern semi-refrigerated carriers of between 4 500 and 8 000 cbm was sold to members of the Unigas and Kosan Tankers pools.





Handysize product carriers

USD mill.	**2002**	2001	2000
Income on T/C basis	**4.1**	8.0	8.0
Operating result	**0.5**	4.0	2.6
Owned ships (per 31.12.)	**1**	1.2	1.4
T/C-ships	**2**	2.8	3.6

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, although demand in Asia is coming to play an ever more important role

The market remained generally weak well into 2002 but improved towards the end of the year. The combination of high oil prices and weak economic growth led to reduced demand for oil. The situation was particularly unfavourable in the industrialised world: demand in the OECD fell by almost 2% from mid-2001 to mid-2002 and the total volume of oil shipped fell by more than 3%.

Exports of oil from the former Soviet Union (FSU) grew by around 15% from summer 2001 to summer 2002. This oil was mainly destined for Western Europe and replaced oil previously imported from the Middle East. This change in trading patterns resulted in shorter shipping distances and so had a negative impact on the market.

The drop in overall demand for products in the USA towards the end of 2001 continued into the first quarter of 2002 but demand picked up again in the second quarter. Uncertainty about developments in the conflict with Iraq set their stamp on 2002 but did not have any tangible impact in the form of changes in trading patterns or marked stockpiling of products.

Most oil exported by Venezuela heads to the USA. When all exports ceased due to the extensive strike in Venezuela, this forced importers to look for supplies from other areas. Both crude and products were shipped in from the Continent, the Mediterranean, the Middle East and the Far East, and the increase in ton-miles boosted the market towards the end of the year. There was also an increased need for products in Japan due to the temporary shutdown of nuclear reactors, as well as substantial exports of products from South Korea and high levels of activity to and from India.

The wrecking of the M/T Prestige off the coast of Portugal has fuelled the debate about the transportation of heavy oils on single-hulled vessels. Spain and Portugal have already banned such vessels from coastal waters and the European Commission has tabled proposals to ban all transportation of specific heavy oils on single-hulled vessels to and from European ports with immediate effect. Proposals for accelerating the phasing out of all single-hulled tonnage for the transportation of all types of oil will also be tabled.

The ships operated by Belships are double-hulled, with the exception of the M/T Belgrace which has a double bottom but not double sides. However, the vessel will not be affected directly by any immediate ban on single-hulled vessels in Europe as the vessel carries only clean refined products.

The anticipated growth in tonnage in our segment in 2002 did not materialise, due primarily to the scrapping of tankers between 10 000 and 60 000 dwt, which hit its highest level since 1984. The average age of the tonnage scrapped was 28 years. Newbuilding deliveries were lower than scrapping activity and so there was a reduction in the supply of tonnage in the segment. The order book currently stands at around 13 million dwt, equivalent to around 21% of the fleet. In 2003 around 6 million dwt is expected to be delivered and around 4 million dwt is likely to be scrapped, which translates into a net increase of around 2 million dwt or 3% of the fleet.

The M/T Belgrace carried refined oil products in the Far East throughout the year. The vessel was employed in the spot market except for a four-month time charter from mid-May. The vessel was dry-docked for extensive class-related work during the summer and underwent the necessary repairs and improvements to obtain a CAP 2 classification from Det Norske Veritas. The work was carried out at the Nantong yard in China and resulted in a total of 54 days off-hire. The vessel functioned satisfactorily in technical terms, with running expenses of USD 4 500/day and average T/C income of USD 10 700/day over the year as a whole.

The M/S Belgallantry was sold and handed over to the new owners on 25 February 2002 after operating under a time charter at a rate of USD 17 000/day. The M/T Mandalay was brought in on a time charter in November 2001 to replace the M/S Belgallantry while in dry dock and was returned on 25 March 2002.

The M/S Belguardian and M/S Belgreeting carried clean refined oil products for most of the year.

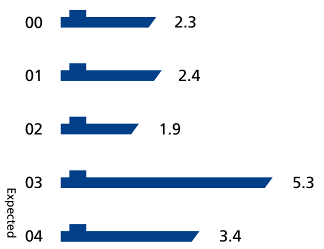
However, the M/S Belguardian began the year carrying heavy oil from the US Gulf to the Far East before spending the rest of the year in the spot market in the Middle and Far East. The vessel was dry-docked for class-related work in June/July at the Guangzhou yard and spent a total of 26 days off-hire, including cleaning and positioning.

The M/S Belgreeting began the year with a voyage from the Middle East to West Africa and then continued on a voyage from West Africa to the US Gulf. The vessel was employed in the spot market in the Caribbean and Atlantic until May and was then fixed on a time charter over the summer before returning to the Caribbean at the beginning of September. After brief employment in the Caribbean the vessel returned to the Far East where she was employed for the rest of the year.

The three OBO carriers had average running costs (excluding dry-docking costs) of USD 6 000/day and generated average T/C income of USD 9 700/day.

In 2003 the market will be affected by uncertainty related to the war in Iraq in the short term but in the slightly longer term the tanker market will be dependent on the general state of the global economy.

NEWBUILDING DELIVERIES
Mill. dwt



Belships Management

USD mill.	**2002**	2001	2000
Income	**1.4**	1.2	0.6
Operating result	**0.3**	0.1	-0.2
Number of ships (average)	**10**	10	8

Belships Management (Singapore) Pte Ltd in Singapore and Belships Management AS in Oslo are home to the group's technical and maritime expertise within the product tanker and drycargo segment. 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 Management 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.

2002 was a good year for Belships Management. The company managed ten vessels throughout the year: one product tanker and nine dry bulkers. There were no significant problems with the technical operation of these vessels. Four were dry-docked for scheduled maintenance within budget and two were dry-docked for the repair of damage sustained. All dry-docking costs were in line with budget. Eight vessels spent no time off-hire while two spent time off-hire while damage was repaired.

Running costs for vessels under our management have been stable, with a little pressure on pay and other costs. Favourable exchange rates also played a role in 2002. The appreciation of the USD in 2003 would have a positive impact on results. Besides the operation of the above fleet, the company provided services for a total of 47 other vessels during the year.

As part of the drive to increase the recruitment base for seafaring personnel, a crewing company called SNC Management Co Ltd was set up in Shanghai in conjunction with Cosco Shanghai Manning Co Ltd in 2001. In 2002 the company entered into contracts for the crewing of two further vessels with Chinese crews and work is continuing on building up activity at the company. The same applies to Belships Management's other operations.

In line with the company's safety, quality and environmental policies, Belships Singapore developed an integrated management system in 2002 and was accredited under ISO 9001:2000 (quality management system) and ISO 14001:1996 (environmental management system) by Det Norske Veritas.

The M/T Belgrace and M/S Belmaj underwent integrated audits of the implementation of the ISM Code, ISO 9001:2000 and ISO 14001:1996 on board. The other vessels are expected to be certified within the next two years. All six vessels undergoing an Safety Management Certificate (SMC) audit as required by the ISM Code were approved. There were no serious pollution incidents in 2002.

The company had 13 employees at the end of the year.

The Belships Share

SHAREHOLDER POLICY

Belships wants to obtain the optimum 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 related 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 equity 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:

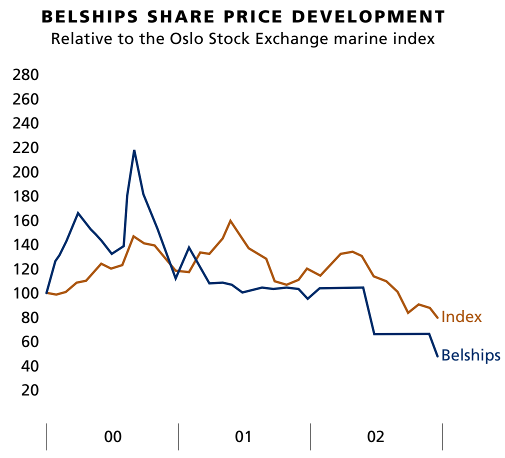
per 1 January 2003 (estimate)	1.43 NOK
per 1 January 2002	0.00 NOK
per 1 January 2001	0.00 NOK
per 1 January 2000	-0.39 NOK
per 1 January 1999	0.00 NOK
per 1 January 1998	0.00 NOK
per 1 January 1997	-0.30 NOK
per 1 January 1996	-0.50 NOK
per 1 January 1995	-0.55 NOK
per 1 January 1994	-0.50 NOK
per 1 January 1993	-1.00 NOK

The alternative entry value as at 1 January 1992 is 34.13.

THE SHARE CAPITAL

At the general meeting on 7 May 2002 the board received an extension of the authorization to issue up to 4 million new shares. This authorization has not been utilized.

Options of in total 398 000 shares have been issued to employees and board members at NOK 6.50, 5.00



and 4.00 per share. The options at NOK 6.50 and NOK 5.00 are expiring at the date of the annual general meeting in 2003. The options at NOK 4.00 are declarable until the annual general meeting in 2004.

SHARE PRICE PERFORMANCE AND LIQUIDITY

Throughout 2002 the development in shareprice performance and trading volume of the Belships share has been negative. The main reason for this is, in our opinion, mainly due to the general downturn in the world economy, which was reflected in the stockmarket.

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 2002 corresponds to about 0.4% of the company's shares. The main shareholders percentage at 31.12.02 was 77% and at the same level as last year. The number of market days on which the Belships share was traded was 8 in 2002 compared with 57 in 2001.

Year	Turnover NOK mill.	Turnover in shares	Number of transactions	Number of days traded
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
2001	6.3	1 543 826	123	57 of 249
2002	0.2	99 500	24	8 of 249

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

Key financial figures

	USD 1 000		**2002**	2001	2000
	INCOME STATEMENT				
	Operating income		**22 273**	36 848	57 243
	Operating result before sale of fixed assets		**-4 204**	1 117	1 655
	Operating result		**-2 720**	1 711	1 559
	Result before taxes		**-4 661**	-1 673	-3 235
	Net result for the year		**-4 742**	-1 844	-3 269
	BALANCE SHEET				
	Fixed assets		**70 490**	80 530	87 964
	Current assets		**10 496**	13 667	20 431
	Total assets		**80 986**	94 197	108 395
	Equity		**20 431**	25 173	26 418
	Provisions		**1 532**	947	876
	Long-term liabilities		**55 201**	63 945	75 369
	Short-term liabilities		**3 822**	4 132	5 732
	Total equity and liabilities		**80 986**	94 197	108 395
	LIQUIDITY				
1	Liquid reserves at 31 December		**5 513**	9 551	12 378
	Cash flow		**-4 038**	-2 827	3 862
	Interest expense		**-2 124**	-3 631	-5 982
2	Interest coverage ratio		**-1.35**	0.49	0.30
3	Current ratio	%	**274.59**	330.74	356.44
4	Net result ratio	%	**-11.39**	5.31	4.80
	CAPITAL				
	Share capital at 31 December		**6 610**	6 610	6 610
	Equity ratio	%	**25.23**	26.72	24.37
5	Return on total assets	%	**-2.90**	1.93	2.41
6	Return on equity	%	**-20.80**	-7.15	-12.92
	KEY FIGURES SHARES				
	Market price at 31 December	USD	**0.29**	0.40	0.51
	Number of shares at 31 December	1 000	**24 483**	24 483	24 483
	Average number of shares	1 000	**24 483**	24 483	20 316
	Earnings per share	USD	**-0.19**	-0.08	-0.16
	Cash flow per share	USD	**-0.16**	-0.12	0.19
	Price/ earnings ratio		**-1.48**	-5.31	-3.16
	Price/ cash flow ratio		**-1.74**	-3.46	2.67

1 *Bank deposits*
2 *Result before taxes + interest expense + unrealised currency exchange loss/(-gain) / interest expense*
3 *Current assets in percent of short-term liabilities*
4 *Result before taxes + interest expense/ operating income*
5 *Result before taxes + interest expense/ average total capital*
6 *Net result for the year/ average equity*

Fleet list

As at 31 December 2002 Ship	Ownership	Built year	Dwt	Operation	T/c-period
Product carriers / OBO					
M/T Belgrace	63%	1984/87	40 900	Spot	
M/S Belguardian	20%	1987	43 500	Spot	
M/S Belgreeting	20%	1987	43 500	Spot	
Gas					
M/T Lanrick	60%	1992	3 215 cbm	T/C to 10/03	
M/T Ettrick	60%	1991	3 215 cbm	T/C to 10/03	
M/T Traquair	60%	1982	6 616 cbm	T/C to 11/03	
M/T Yarrow	60%	1982	6 568 cbm	T/C to 06/03	
M/T Eildon	60%	1982	6 077 cbm	T/C to 03/03	
Capesize bulk					
M/S Belmaj	25%	1990	149 516	Pool	
Panmax bulk					
Newbuilding		2003	76 000	Delivery 08/03	08/11
Handymax bulk					
M/S Belnor	100%	1996	47 600	Spot	
Elkem Chartering AS	50 %				
Handysize bulk					
Boontrika Naree		1990	27 881	T/C to 02/03	01/04
Dania Portland		1986	27 000	T/C to 07/03	12/03
Boris Livanov		1986	23 950	Spot	03/04
Yarmouth		1985	29 462	Spot	03/03
Vera Maretskaya		1984	24 105	Spot	03/04
Maria I. A.		1984	37 593	T/C to 07/03	09/03
Sergey Lemeshev		1983	24 105	Spot	03/04
Anangel Eagle		1983	34 070	T/C to 02/03	10/04
Calypso N.		1983	33 009	T/C to 04/03	12/05
Anangel Power		1982	34 111	Spot	10/04
Anna Prima		1980	38 510	Spot	10/03
Handymax bulk					
Belpareil		2003	52 961	Pool	07/10
Pax Phoenix		2001	50 236	Pool	11/08
Legend Phoenix		2002	50 209	Pool	07/07

NUMBER OF SHIPS

Type	Owned tonnage	Chartered tonnage	Commercial management	Total fleet
Handysize product tank / OBO	1.0		2.0	3.0
Gas	3.0		2.0	5.0
Capesize bulk	0.3		0.7	1.0
Panmax bulk		1.0*		1.0
Handysize / Handymax bulk	1.0	14.0		15.0
Total	5.3	15.0	4.7	25.0

** Delivery 3rd quarter 2003*


BELNOR

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.

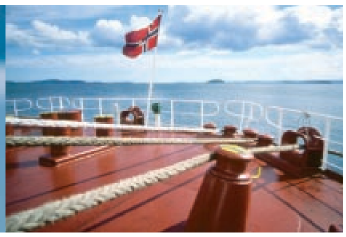
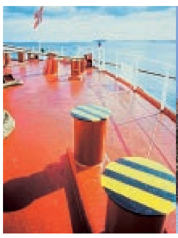
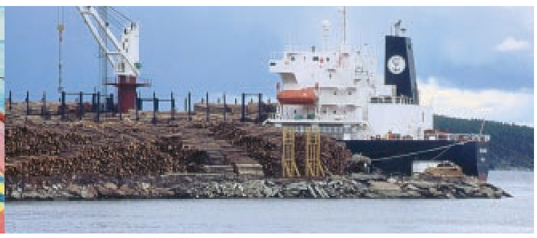
§6 An ordinary general meeting of the company shall be held before the end of June each year. The ordinary general meeting shall consider and decide on the following matters:

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 90 000 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 refrigirated 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 90 000 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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