BELSHIPS

Annual report 1999

Contents

Financial Calendar 2000

26 April: Annual general meeting
26 April: Result for the 1st quarter
21 August: Result for the 2nd quarter
9 November: Result for the 3rd quarter

Belships – an introduction

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

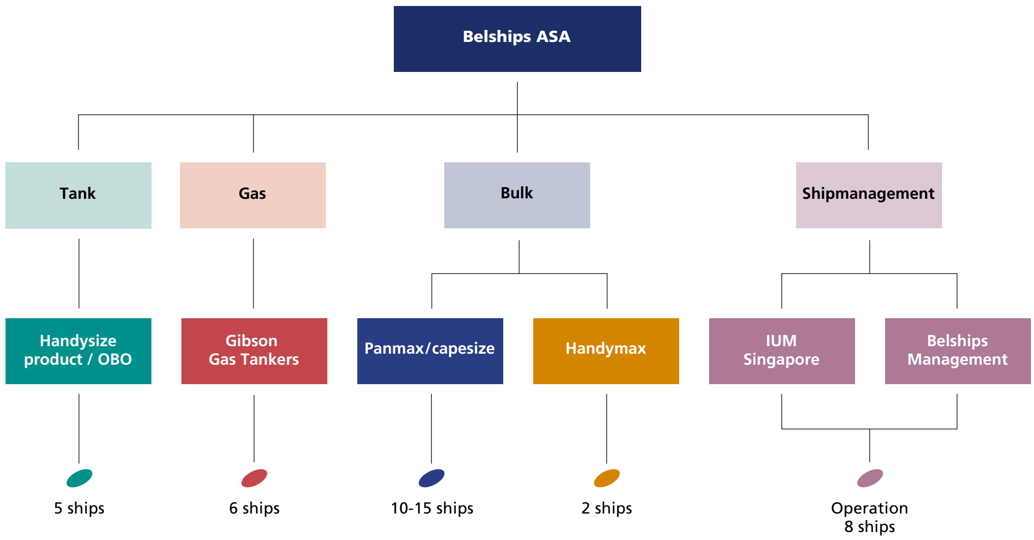
Handysize product tank
Belships has five product tankers of its own, of which four are managed by the wholly owned subsidiary Belships Tankers. The fleet carries refined petroleum products and vegetable oils, mainly between the industrialised countries.

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

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

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

Ship management
Belships is involved to a considerable extent in ship management through the companies IUM Singapore and Belships Management in Oslo. These companies are responsible for ship management both for Belships own ships and on behalf of other shipping companies.



Financial Highlights

USD 1 000		**1999**	1998	1997
Operating income		**39 059**	53 831	82 178
Operating result		**-1 636**	-6 486	-642
Net result for the year		**-6 196**	-21 436	-8 507
Cash flow		**-1 768**	-14 952	39
Total assets		**119 346**	134 827	181 662
Equity		**24 182**	28 755	66 497
Interest coverage ratio		**-0.25**	-2.05	0.05
Current ratio	%	**239.08**	187.03	197.20
Equity ratio	%	**20.26**	21.33	36.60
Earnings per share	USD	**-0.43**	-1.48	-0.59

Directors' report 1999

The combination of limited fleet growth and the end of the Asian crisis brought a turnaround in the dry bulk market during the second half of 1999.

Strong international growth impulses also improved up the market for small gas carriers and there were signs of a possible recovery in the product carrier market towards the end of the year.

On the other hand, spare shipyard capacity may create problems further ahead: 1999 brought a wave of newbuilding orders for dry bulk carriers (17,9 million dwt) and particular interest was shown in Panmax tonnage, which accounted for 52% of these orders. In contrast, the tanker market featured extensive scrapping activity, especially among the larger sizes, and the loss of the product carrier M/T Erika and resulting pollution of the French coastline may well trigger changes in the international regulatory framework for this type of vessel.

Financial performance

Belships generated operating income of USD 39.1 million (1998: USD 53.8 million) and an operating result of USD -1.6 million (USD -6.5 million). The drop in operating income is attributable to reduced panmax bulk and product carrier activity, while the improvement in the operating result is due to improvements in the dry bulk and gas carrier businesses.

The product carrier business generated an operating result of USD 0.4 million (USD -1.0 million), the gas carrier business an operating result of USD -1.5 million (USD –2.1 million), the panmax/capesize bulk business an operating result of USD -0.5 million (USD -2.3 million), the handymax bulk business an operating result of USD 1.2 million (USD 0.2 million) and the ship management business an operating result of USD -0.2 million (USD 0.4 million).

Net financial items came to USD –5.6 million (USD -17.7 million). Note that the 1998 figure includes the impact of a USD 8.3 million write-down of shares in Western Bulk Shipping.

Belships has chosen to prepare its accounts in USD with effect from 1 January 1999. All major transactions and balance sheet items are denominated in USD. Financial reporting in that currency will more accurately reflect the company's performance and status. Figures for previous years have been restated in USD.

The company previously made provisions for future dry-docking costs but this policy was changed in 1999, with dry-docking costs now being treated as prepayments and depreciated on a straight-line basis over the docking cycle. The USD 2.4 million impact of this policy change has been credited directly to reserves.

At the 1998 year-end Belships had accrued substantial deferred tax assets that were not included in the balance sheet. However, Norway's new Accounting Act now allows companies to capitalise deferred tax assets if they can be assumed to be recoverable on the basis of anticipated future earnings. Given the progress made in 1999 in terms of both earnings and values, taken together with the company's earnings projections, Belships has seen fit to capitalise deferred tax assets of NOK 20 million and USD 3.2 million in the parent company and group accounts respectively, equivalent to approximately one third of the estimated total tax losses.

In accordance with the Accounting Act §4-5, the preparation of accounts have been based on assumption of going concern.

LSTAR
OSLO

Operations

The product carrier market remained in the wear virtually throughout 1999, primarily on account of the rapid expansion of the world fleet outstripping growth in demand, but rates were showing signs of rallying by the end of the year. The Belships fleet of product carriers and combined carriers sailed in the spot market or on short time charters during the year.

The market for small gas carriers improved during the second half, with higher volumes, reduced waiting times and gradually improving rates. Gibson Gas Tankers, in which Belships has a 60% stake, implemented a major restructuring programme spanning both administration and crewing to bring down costs. This programme is almost complete and its results were in evidence in 1999 but are expected to have their full impact next year. The 6 000 cbm vessels continued to sail in the Veder pool, while the rest of the fleet was fixed on time charters.

The dry bulk carrier business comprises the handymax vessels M/S Belstar and M/S Belnor, the capesize vessel M/S Belmaj, the Panmax operator business at Belships Trading and various project development activities. The vessels were fixed on time charters of up to 12 months in duration and earnings improved steadily during the year in line with improvements in the freight market.

The operator business was reorganised during the year, with most marketing activities being transferred to Singapore to be closer to our most important customers. The rewards of this move are already being reaped in the form of a better operating result. However, a decrease in activity to limit risk exposure is putting a damper on results.

Belships' project development activities, which have been under way for several years and feature a special emphasis on India, yielded their first results late in 1999 when Belships signed a freight contract with Shell Coal International on the transportation of coal from Australia to India for approximately 17 years starting from 2002. The contract is for volumes equivalent to the capacity of two Panmax bulkers and is subject to the go-ahead being given for a new power station project in India; a final decision is expected this spring. Belships has also been involved in other smaller projects but without any significant results to date.

Through its 50% holding in IUM Singapore Belships is actively involved in the management of both its own and other vessels. The main feature of 1999 was the integration of the company with the rest of the IUM group. The ship management business is expected make a greater contribution to the group's earnings once the fruits of these labours begin to appear.

Environment and safety

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

Organisation

Belships' head office in Oslo handles the bulk of the group's commercial activities and insurance, while other ship management activities are based in Singapore. The group's marketing organisation for Handysize product carriers and large dry bulk carriers is also based in Singapore, while the gas carrier fleet is run from Edinburgh. The board believes in locating the group's operations wherever is most appropriate, in terms of both geography and legislation/taxation. At the end of 1999, 234 persons were employed in the group, 48 office staff and 186 seamen. Number of days absentee through illness have been low. There were no major accidents during the year.

Financial position and other matters

Belships' financial position was strengthened substantially in 1999. The sale of the holding in Western Bulk Shipping generated cash of around USD 7.5 million and the value of the fleet increased during the year. The group also worked on adjusting its loan agreements to lower tonnage values and the company's cash flow so that the entire group except for Gibson Gas Tankers complied with all the terms of its loan agreements at the year-end. The refinancing of Gibson Gas Tankers is expected to be completed this spring. M/S Belstar was refinanced in December by repaying the existing mortgage loan and taking out a new loan with another lender. This transaction generated a capital gain of USD 2.6 million which has been credited directly to reserves. The refinancing is bridge financing and will be replaced by a long-term agreement within the end of 2000.

At the year-end the group had liquid assets of USD 8.5 million (USD 6.3 million), an equity ratio of 20.3% and net assets of USD 1.67 per share.

The variance between the group’s cashflow and operating result, is mainly related to the cashflow from sale of the shares in Western Bulk Shipping and the difference between instalments paid on the mortgage debts and depreciations.

The fleet's market value was in line with its book value on 31 December, which is an improvement on a year earlier when its market value was USD 5 million below book.

To strengthen the company's liquidity and financial position the board will propose to the annual general meeting that the company should raise NOK 50 million through a new issue during the first half of this year. It is proposed that this issue should take the form of a rights issue, and the company's principal shareholders have agreed to underwrite the issue in full.

The parent company income statement shows a net result of NOK -28.7 million for the year. The board recommends that the whole of this loss to be covered by reserves.

OUTLOOK

The market outlook for the company's shipping operations is brighter than for some time.

The dry bulk market in particular looks promising in the short term thanks to the ongoing growth in shipping volumes, but high newbuilding activity could upset the market balance further ahead.

The product carrier business is expected to report slightly higher earnings in line with the decrease in newbuilding deliveries and increase in demand for oil products.

The gas carrier business is also expected to generate better earnings on the strength of more favourable market conditions and a vastly improved cost structure. Work to improve the strategic situation of this business and thus improve its profitability is ongoing.

The group's vessels are mainly employed by short-term engagements, and the results will correspondingly be influenced by market fluctuations.

Oslo, 29 March 2000
The Board of **Belships ASA**

Asbjørn Larsen
Chairman

Sverre Jørgen Tidemand
Managing director

Hans Peter Jebsen

James Stove Lorentzen

Chris Rytter jr.

Åsmund Simonsen

Income statement

Note	1 January-31 December USD 1 000	Consolidated **1999**	 1998	 1997
	Operating income			
	Gross freight income	**43 478**	64 711	97 575
	Voyage expenses	**-5 800**	-13 869	-18 616
	Net freight income	**37 678**	50 842	78 959
	Other operating income	**1 381**	2 989	3 219
2	Total operating income	**39 059**	53 831	82 178
	Operating expenses			
	Charterhire expenses	**-15 333**	-27 239	-53 197
9	Other operating expenses	**-14 065**	-17 241	-17 110
10	General administrative expenses	**-5 255**	-6 626	-7 472
3	Ordinary depreciations ships	**-6 042**	-7 997	-7 356
	Total operating expenses	**-40 695**	-59 103	-85 135
	Operating result before sale of ships	**-1 636**	-5 272	-2 957
	Gain/ loss on sale of ships	**0**	-1 214	2 315
	Operating result	**-1 636**	-6 486	-642
	Financial income and expenses			
	Share dividends	**0**	43	737
	Interest income	**409**	454	534
	Other financial income	**9**	76	142
	Interest expenses	**-6 275**	-7 448	-7 582
	Other financial expenses	**-327**	-1 033	-364
	Write-down financial assets	**0**	-8 324	0
	Currency exchange gain/ loss	**588**	-1 516	1 169
	Net financial items	**-5 596**	-17 748	-5 364
	Ordinary result before taxes	**-7 232**	-24 234	-6 006
13	Taxes on ordinary result	**10**	1 609	-1 327
12	Minority interests	**1 026**	1 189	-1 174
	Net result for the year	**-6 196**	-21 436	-8 507
	Earnings per share	**-0,43**	-1,48	-0,59
	Diluted earnings per share	**-0,42**	-1,48	-0,58

Balance sheet

Consolidated

Note	Per 31 December USD 1 000	Consolidated 1999	 1998	 1997
	FIXED ASSETS			
	Intangible assets			
13	Deferred tax assets	**3 153**	3 153	3 153
	Fixed assets			
3	Ships	**96 830**	107 544	137 675
3	Other fixed assets	**1 027**	2 310	2 529
	Total fixed assets	**97 857**	109 854	140 204
	Financial assets			
5	Shares in associated companies	**3**	3	17 629
5	Other shares	**2 307**	2 307	2 307
4	Other long-term debts	**830**	675	1 111
	Total financial assets	**3 140**	2 985	21 047
	Total fixed assets	**104 150**	115 992	164 404
	Current assets			
	Bunkers	**218**	269	606
4	Trade debtors	**1 737**	896	0
4	Other debtors	**4 725**	3 794	6 045
5	Shares	**0**	7 576	0
	Bank deposits	**8 516**	6 300	10 607
	Total current assets	**15 196**	18 835	17 258
	Total assets	**119 346**	134 827	181 662
	EQUITY			
	Share capital	**4 279**	4 279	4 279
	Other equity	**13 419**	16 966	53 164
	Total paid-in and retained equity	**17 698**	21 245	57 443
	Minority interests	**6 484**	7 510	9 054
12	Total equity	**24 182**	28 755	66 497
	LIABILITIES			
	Provision for liabilities			
8	Pension obligations	**842**	746	629
13	Deferred tax liability	**0**	0	1 839
	Total provisions	**842**	746	2 468
	Other long-term liabilities			
4	Mortgage debt	**87 966**	95 256	103 945
	Short-term liabilities			
13	Tax payable	**3**	161	110
	Public taxes and duties payable	**237**	283	370
4	Other short-term liabilities	**6 116**	9 626	8 272
	Total short-term liabilities	**6 356**	10 070	8 752
	Total liabilities	**95 164**	106 072	115 165
	Total equity and liabilities	**119 346**	134 827	181 662

Asbjørn Larsen
Chairman

Sverre J. Tidemand
Man. director / member

Hans Peter Jebsen
Member

James Stove Lorentzen
Member

Chris Rytter jr.
Member

Åsmund Simonsen
Member

Oslo, 29 March 2000
The Board of **Belships ASA**

Cash flow analysis

1 January - 31 December	Consolidated		
USD 1 000	**1999**	1998	1997
Funds generated from operations:			
Result before taxes	**-7 232**	-24 234	-6 006
- gain/ +loss from sale of fixed assets	**0**	1 214	-2 315
Write-down of receivables, shares and ships	**1 169**	8 324	62
Ordinary depreciations	**6 042**	7 997	7 356
Tax payable	**0**	162	135
Difference between capitalized pensions and paid in and drawn out	**136**	142	0
Change in bunkers, trade debitors and trade creditors	**-790**	-559	912
Change in other short-term items	**1 631**	-3 579	-9 553
Cash flow from operations	**956**	-10 533	-9 409
Funds flow from investment:			
Investments in fixed assets	**0**	-5 363	-28 248
Sale proceeds from fixed assets disposals	**4 985**	10 564	26 300
Change in other investments	**912**	11 436	2 272
Net cash flow from investments	**5 897**	16 637	324
Funds flow from financing:			
Received payments from raising new long-term debt	**688**	0	2 938
Repayment of long-term debt	**-5 325**	-10 411	0
Net cash flow from financing	**-4 637**	-10 411	2 938
Net change in liquid reserves	**2 216**	-4 307	-6 147
Liquid reserves at 1 January	**6 300**	10 607	16 754
Liquid reserves at 31 December	**8 516**	6 300	10 607

Calculation of cash flow analysis

Change in bunkers, trade debitors and trade creditors	(A)	(B)	Change (B-A)
Bunkers	**218**	269	51
Trade debitors	**1 737**	896	-841
Total	**1 955**	1 165	-790
Change in other short-term items			
Other receivables (short-term)	**4 725**	3 794	-931
Public taxes and duties payable	**-240**	-444	-204
Other short-term liabilities	**-6 116**	-10 926	-4 810
Shares (current assets)	**0**	7 576	7 576
Total	**-1 631**	0	1 631

Notes to the accounts

1 Accounting policies

The accounts have been prepared in accordance with Norwegian accounting regulations and standards. The company has amended several of its accounting policies in line with the new Accounting Act (Norway). The changes are detailed below and their impact on the accounts is disclosed in note 12. 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. The group accounts are prepared on the basis of uniform accounting policies, with subsidiaries applying the same policies as the parent company. Intercompany transactions, profit and balances are eliminated.

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

B) Investments in other companies

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

C) Financial current assets

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

D) Classification of balance sheet items

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

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

E) Depreciable assets

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

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

F) Leasing

The company distinguishes between financial and operating leases. Rights and obligations in respect of ships hired in on the basis of financial leases are included in the balance sheet under ships and long-term liabilities respectively. The interest element of rental payments is included under interest expenses and the capital element is treated as a reduction in the liability. The lease obligations are the remaining part of the principal.

G) Accounts receivable

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

H) Bunkers and other inventories

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

I) Accrual of freight income

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

J) Foreign exchange

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

K) Pensions

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

L) Tax

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

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

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 13.

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.

N) Classification and maintenance expenses
Belships amended its policy in this area in 1999 and now 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.

Previously the company made provisions for future periodic maintenance. The impact of this change in policy has been dealt with directly in reserves. See also note 12.

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

P) Related party transactions
Transactions with related parties are carried out at market terms. See note 14 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 analysis
The cash flow analysis has been prepared using the indirect method.

S) Changes in accounting policies
The company has amended a number of its accounting policies with effect from 1 January 1999 following the entry into force of the new Accounting Act (Norway). These changes are as follows:
– The company now capitalises periodic maintenance expenses. Previously provisions were made for future expenses. The impact of this change has been dealt with directly in reserves. See also note 12.
– Belships is now preparing its accounts in USD. All major transactions and balance sheet items are denominated in USD and so financial reporting in that currency will better reflect the company's performance and status. See note 12 for the impact of this change.
– The company has capitalised part of its deferred tax assets. See note 12.
– All mortgage debt is, in accordance to the Accounting Act, classified as long-term debt. Previously, mortgage debt due within 12 months was classified as short-term liability.
– Comparable figures in the Balance sheet are translated in accordance with the new accounting policies.

2 Reporting by segments

	Handysize product	Gas	Panmax/ Capesize bulk	Handymax bulk	Ship management	Admini-stration	Total
Operating income	5 318	11 686	15 827	5 421	554	253	39 059
Operating expenses	-3 832	-10 064	-15 932	-2 776	-751	-1 298	-34 653
Depreciation on ships	-1 044	-3 184	-383	-1 431	0	0	-6 042
Operating result	442	-1 562	-488	1 214	-197	-1 045	-1 636
Ships	14 068	47 172	5 852	29 738	0	0	96 830
Mortgage debt	14 213	31 895	4 000	27 200	0	10 658	87 966

Operating income per segment	**1999**	1998	1997
Handysize product	**5 318**	9 355	22 369
Gas	**11 686**	12 455	12 593
Panmax / capesize bulk	**15 827**	25 207	38 758
Handymax bulk	**5 421**	4 721	5 765
Ship management	**554**	2 057	2 511
Other operating income	**253**	36	182
Total operating income	**39 059**	53 831	82 178

3 Ships and other assets

	Goodwill	Other fixed assets	Total other fixed assets	Ships
Cost as at 31 December 1998	1 535	2 466	4 001	130 917
Additions 1999	0	125	125	0
Capitalized dry docking costs 1999	0	0	0	352
Disposals 1999	-767	-401	-1 168	-7 477
Cost as at 31 December 1999	768	2 190	2 958	123 792
Ordinary depreciation at 31 December 1998	943	971	1 914	22 397
Depreciation 1999	77	374	451	6 042
Depreciation on capitalized dry docking costs 1999	0	0	0	1 013
Disposals 1999	-278	0	-278	-2 490
Accumulated depreciation at 31 December 1999	742	1 345	2 087	26 962
Book value at 31 December 1999	26	845	871	96 830
Other fixed assets	0	156	156	0
Total book value at 31 December 1999	26	1 001	**1 027**	**96 830**

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

– Ships	25-30 years
– Goodwill	10 years
– Other fixed assets	3-5 years

The ships market value are in line with book value.

Specification of ships	Built year	Ownership	Costprice	Book value
Product tankers / OBO				
M/T Urai	1995	20 %	3 985	3 695
M/T Belgrace	1984/87	63 %	8 479	4 489
M/S Belguardian	1987	20 %	2 515	1 961
M/S Belgallantry	1987	20 %	2 515	1 961
M/S Belgreeting	1987	20 %	2 515	1 961
Capesize bulk				
M/S Belmaj	1990	25 %	6 764	5 852
Handymax bulk				
M/S Belnor	1996	100 %	22 893	18 730
M/S Belstar	1992	80 %	18 015	11 008
1 **Gas**				
M/T Lanrick	1992	60 %	11 410	9 787
M/T Ettrick	1991	60 %	11 442	9 815
M/T Eildon	1982	60 %	10 170	8 958
M/T Traquair	1982	60 %	9 890	7 701
M/T Yarrow	1982	60 %	11 135	9 496
M/T Quentin	1977	60 %	2 063	1 416
Total			123 791	96 830

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	1999	1998	1997
Other long-term receivables	**830**	675	1 111

All short-term receivables are due within 12 months.

	Mortgage debt	Currency	Fixed interest rate	Floating interest rate	Loan amount in USD
	M/S Belstar	USD		7.14 %	9 200
	M/S Belnor	USD	6.62 %		18 000
	M/S Belmaj	USD		6.52 %	4 000
	M/T Belgrace	USD		7.16 %	4 883
	M/T Urai	USD		7.52 %	4 329
	Anchor Holding	USD		6.67 %	10 658
	M/S Belguardian	USD	7.11 %		1 667
	M/S Belgallantry	USD	7.11 %		1 667
	M/S Belgreeting	USD	7.11 %		1 667
1	M/T Lanrick	GBP		6.25 %	10 101
1	M/T Ettrick	GBP		6.25 %	9 294
	M/T Yarrow, Eildon, Quentin	USD		6.44 %	12 500
	Total mortgage debt as at 31 December 1999				87 966

1) *Financial lease – The ships are financed in GBP by UK lease-agreements, and the currency risk between GBP and USD has not been hedged.*

Repayment schedule	2000	2001	2002	2003	2004	Thereafter	Total
Mortgage debt on ships	5 293	33 352	12 321	8 469	11 031	17 500	87 966

The current financing of MS Belstar expires in May 2000, but has in the accounts been assumed replaced by long-term financing.

In the consolidated accounts, ships and mortgage debt have a book value of USD 96,8 million and USD 88,0 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 1999, except for some covenants related to the loans in Gibson Gas Tankers. However, the lender has accepted this situation. The general partners are fully liable for the debt in the underlying limited partnerships. Reference is made to Note 7 regarding uncalled limited partnership capital.

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

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

5 Shares

For further specification of shares in jointly controlled companies and other shares, please see note 6 in the parent company.

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. In order to reduce the impact of fluctuation in the interest market, the company has entered into some hedging agreements. The credit risks are considered as low.

Taken into account the planned share issue, the liquidity risk is considered acceptable.

7 Participation in other companies

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

	Belstar KS 80 %	Belgrace KS 63 %	Belmaj KS 25 %	Total
Result	-1 188	-724	-493	-2 405
Fixed assets	11 880	6 019	5 354	23 253
Current assets	613	839	290	1 742
Committed capital	12 000	7 875	2 688	22 563
Paid-in capital	7 500	6 333	2 334	16 167
Uncalled capital	4 500	1 542	353	6 395
Long-term liabilities	10 138	4 994	4 000	19 132
Short-term liabilities	266	289	91	646

K/S A/S Belocean has not been included in the list above since the investment at 31.12.99 is considered immaterial for the Group. All committed capital in K/S A/S Belocean is paid-in.

8 Pensions

Employees in the company are members of the company's own pension fund. At 31 December 1999, 20 Norwegian employees are members of the existing service pension scheme. In addition the service pension scheme includes 14 former employees. The service pension scheme is defined as a net scheme which releases the company's liabilities from any changes in the National Insurance Fund. The company has, based upon the new accounting standard, chosen to treat the service pension scheme as a benefit plan. The company's legal obligation will not be affected by such accounting treatment.

In addition the company has uninsured pension obligations. This relates to early retirement pensions, pensions to former Board members and pensions to people who, for various reasons, have not been included in the service pension scheme. A total of 20 people are covered by these arrangements.

The pension calculations are prepared by an independant actuary.

The assumptions from 1998 have not been changed.

Assumptions	**1999**	1998	1997
Discount rate	**6.00 %**	6.00 %	7.00 %
Future wage adjustment	**3.30 %**	3.30 %	3.30 %
Pension adjustment/G-adjustment	**2.50 %**	2.50 %	2.50 %
Return on pension fund	**7.00 %**	7.00 %	8.00 %
Average remaining earning period	**15,10**	17.29	18.37
Volentary 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)	**189**	239	134
Interest charge on accrued pension obligations	**260**	270	250
Amortization of unrecognized pension obligations	**19**	53	0
Return on pension funds	**-190**	-210	-251
Net pension expenses	**278**	352	133

Composition of the net pension obligations	**31.12.99**	31.12.98	31.12.97
Gross pension obligations	**4 429**	4 889	3 725
Pension funds	**-2 858**	-3 169	-3 097
Not amortized plan/estimate on change	**-729**	-975	0
Net pension obligations	**842**	746	629
Of which net uncovered pension obligations	**2 022**	1 732	1 729

9 Other operating expenses

	1999	1998	1997
Crew expenses	**6 383**	7 585	6 788
Maintenance expenses	**5 472**	6 937	5 272
Insurance	**826**	1 065	1 477
Management fees	**378**	675	506
Other operating expenses	**1 006**	979	3 067
Total	**14 065**	17 241	17 110

10 Salaries, number of employees and loans to employees

	1999	1998	1997
Salaries	**2 369**	3 022	3 129
Social security tax	**277**	296	321
Pension expenses	**211**	278	313
Other allowances	**325**	362	355
Total	**3 182**	3 958	4 118

Average number of employees in 1999 was 48. Loans to employees at 31 December 1999 amounted to 25.

11 Earnings per share

	1999	1998	1997
Earnings per share	**-0,43**	-1,48	-0,59
Diluted earnings per share	**-0,42**	-1,48	-0,58

Diluted earnings per share is based on options to employees. See note 7 in Financial statement to the parent company.

12 Equity

Reclassification of equity as at 1 January due to new Accounting Act, and this year's movement.

		Share capital	Other equity	Minority interests	Total equity
	Equity as at 31 December 1998 in accordance with former legislation	4 279	26 059	7 864	38 202
1	Currency loss on ships	0	-14 692	0	-14 692
	Capitalisation of docking expenses	0	2 446	0	2 446
	Minority's share of capitalised docking expenses	0	0	-354	-354
	Deferred tax assets	0	3 153	0	3 153
	Equity as at 1 January 1999	4 279	16 966	7 510	28 755
2	Gain related to purchase of own debt	0	2 649	0	2 649
	Net result for the year	0	-6 196	0	-6 196
	Minority interests	0	0	-1 026	-1 026
	Equity as at 31 December 1999	4 279	13 419	6 484	24 182

1) *The effect of change in currency rates is recorded directly to other equity.*
2) *M/S Belstar was refinanced in December by repaying the existing mortgage loan and taking out a new loan with another lender. This transaction generated a capital gain of USD 2.6 million which has been credited directly to reserves.*

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

13 Taxes

	1999	1998	1997
Taxes payable	**10**	-162	-135
Changes in deferred taxes	**0**	1 771	-1 192
Taxes	**10**	1 609	-1 327

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	1999	1998	1997
Temporary differences on fixed assets	**9 313**	9 781	8 136
Deferred sales gains	**4 203**	5 523	7 167
Accruals according to generally accepted accounting principles	**-8 954**	-25 750	-11 106
Pension obligations	**-842**	-746	-629
Tax loss carryforward	**-35 393**	-21 424	-14 404
Net temporary differences	**-31 673**	-32 616	-10 836
Deferred tax liabilities / (assets) before remuneration (28%)	**-8 868**	-9 133	-3 034
Remuneration	**-1 226**	-977	-1 338
Deferred taxes Gibson Gas Tankers Ltd	**0**	0	1 760
Deferred tax liabilities / (assets)	**-10 094**	-10 110	-2 612
Deferred tax assets included in the Balance sheet	**-3 153**	-3 153	-3 153
Deferred tax liabilities included in the Balance sheet	**0**	0	1 839
Deferred tax assets not included the Balance sheet	**-6 941**	-6 957	-1 298

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

The Belships-group has capitalised part of its deferred tax assets. At the 1998 year-end the group had accrued substantial deferred tax assets that were not included in the balance sheet. However, the new Accounting Act now allows companies to capitalise deferred tax assets if they can be assumed to be recoverable on the basis of anticipated future earnings. Given the progress made in 1999 in terms of both earnings and values, taken together with the group's earnings projections, the Belships-group has decided to capitalise deferred tax assets of USD 3.2 million, equivalent to approximately one third of the estimated total deferred tax assets. The group's tax loss carryforward is mainly etablished during the last four 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 at time of entering the shipping taxation regime was -16 319. Tonnage tax amounting to 68 has been provided for as at 31 December 1999. Reference is made to note L) under Accounting principles.

14 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 1999 amounted to 218. 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.

15 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 annual report.

16 Contingencies

The board is not aware of any material disputed matters as at 31 December 1999.

Income statement

Note	1 January - 31 December NOK 1 000	Belships ASA **1999**	 1998
	Operating income		
	Gross freight income	**22 297**	22 898
	Voyage expenses	**-1 168**	-1 706
	Net freight income	**21 129**	21 192
	Other operating income	**581**	344
	Total operating income	**21 710**	21 536
	Operating expenses		
9	Other operating expenses	**-7 490**	-10 226
11	General administrative expenses	**-8 229**	-8 924
2	Ordinary depreciation ships	**-7 227**	-8 817
	Total operating expenses	**-22 946**	-27 967
	Operating result	**-1 236**	-6 431
	Financial income and expenses		
	Share dividends	**0**	2 630
	Interest income from subsidiaries	**5 490**	5 392
	Other interest income	**1 680**	959
	Interest expenses	**-15 873**	-15 239
	Other financial items	**-757**	111
6	Write-down financial assets	**-7 225**	-118 282
	Currency exchange gain/ -loss	**-10 746**	-7 116
	Net financial items	**-27 431**	-131 545
	Ordinary result before taxes	**-28 667**	-137 976
12	Taxes on ordinary result	**0**	0
	Net result for the year	**-28 667**	-137 976
	Earnings per share	**-1.98**	-9.53
	Diluted earnings per share	**-1.95**	-9.53

Balance sheet

Note	Per 31 December NOK 1 000	Belships ASA 1999	Belships ASA 1998
	FIXED ASSETS		
	Intangible assets		
12	Deferred tax assets	**20 000**	20 000
	Fixed assets		
2	Ships	**152 665**	160 653
2	Other fixed assets	**4 810**	5 595
	Total fixed assets	**157 475**	166 248
	Financial assets		
6	Shares in subsidiaries	**92 211**	105 526
6	Shares in associated companies	**288**	3 399
	Intercompany balances	**7 894**	7 144
6	Other shares	**14 885**	14 885
3	Other long-term debts	**4 786**	4 818
	Total financial assets	**120 064**	135 772
	Total fixed assets	**297 539**	322 020
	Current assets		
	Trade debtors	**2 094**	0
4	Intercompany balances	**141 265**	126 220
3	Other debtors	**6 232**	3 835
	Total receivables	**149 591**	130 055
	Shares	**0**	57 654
5	Bank deposits	**34 761**	6 776
	Total current assets	**184 352**	194 485
	Total assets	**481 891**	516 505
	EQUITY		
	Paid-in capital		
	Share capital	**28 966**	28 966
	Share premium reserve	**206 954**	206 954
	Total paid-in capital	**235 920**	235 920
	Retained capital		
	Other equity	**5 410**	33 152
7	Total equity	**241 330**	269 072
	LIABILITIES		
	Provisions		
8	Pension obligations	**4 678**	7 931
	Other long-term liabilities		
3	Mortgage debt	**229 232**	212 822
	Short-term liabilities		
	Public taxes and duties payable	**1 896**	2 154
	Other short-term liabilities	**4 755**	24 526
	Total short-term liabilities	**6 651**	26 680
	Total liabilities	**240 561**	247 433
	Total equity and liabilities	**481 891**	516 505

Asbjørn Larsen
Chairman

Sverre J. Tidemand
Man. director / member

Hans Peter Jebsen
Member

James Stove Lorentzen
Member

Chris Rytter jr.
Member

Åsmund Simonsen
Member

Oslo, 29 March 2000
The Board of **Belships ASA**

Belships ASA

Cash flow analysis

1 January - 31 December	Belships ASA	
NOK 1 000	**1999**	1998
Funds generated from operations		
Result before tax	**-28 668**	-137 976
– gain/ +loss from sale of fixed assets	**6 076**	-41
Write-down of receivables, shares and ships	**2 560**	118 283
Ordinary depreciations	**7 227**	8 817
Difference between capitalized pensions and paid in and drawn out	**-3 253**	1 239
Change in bunkers, trade debitors and trade creditors	**-2 844**	-868
Change in other short-term items	**20 183**	-50 591
Cash flow from operations	**1 281**	-61 137
Funds flow from investment		
Investments in fixed assets	**-530**	-1 038
Sale proceeds from fixed assets disposals	**155**	1 830
Change in other investments	**9 744**	56 446
Net cash flow from investments	**9 369**	57 238
Funds flow from financing		
Received payments from raising new long-term debt	**16 410**	7 579
Repayment of long-term debt	**0**	-9 620
Group relief transfer	**925**	1 660
Net cash flow from financing	**17 335**	-381
Net change in liquid reserves	**27 985**	-4 280
Liquid reserves at 1 January	**6 776**	11 056
Liquid reserves at 31 December	**34 761**	6 776

Calculation of Cash Flow Analysis

Change in bunkers, trade debitors and trade creditors	(A)	(B)	Change (B-A)
Trade debitors	**2 094**	0	-2 094
Intercompany balances (long-term)	**7 894**	7 144	-750
Total	**9 988**	7 144	-2 844
Change in other short-term items			
Other receivables (short-term)	**147 497**	130 055	-17 442
Public taxes and duties payable	**-1 896**	-2 154	-258
Other short-term liabilities	**-4 755**	-24 526	-19 771
Shares (current assets)	**0**	57 654	57 654
Total	**140 846**	161 029	20 183

Notes to the accounts

1 Accounting Principles

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

2 Fixed assets

	Ship	Other fixed assets	Total fixed assets
Cost at 31 December 1998	181 710	11 980	193 690
Additions 1999	0	530	530
Disposals 1999	0	-303	-303
Cost at 31 December 1999	181 710	12 207	193 917
Accumulated depreciation at 31 December 1998	21 057	7 489	28 546
Ordinary depreciation 1999	7 227	1 063	8 290
Depreciation on capitalized dry docking expenses	761	0	761
Disposals 1999	0	-148	-148
Accumulated depreciation at 31 December 1999	29 045	8 404	37 449
Book value at 31 December 1999	152 665	3 803	156 468
Other fixed assets	0	1 007	1 007
Total book value at 31 December 1999	152 665	4 810	157 475

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	**1999**	1998
Other long-term receivables	**4 786**	4 818

All short-term receivables are due within 12 months.

Belships (Far East) Shipping (Pte) Ltd
Belships receivable of USD 3.5 million has in previous years been written down in full in the company accounts, since there is uncertainty whether Belships (Far East) will be able to repay the amount due. The write-down has been eliminated at group level. As reported in former annual reports, the company is negotiating with the authorities in Norway and Singapore as to the tax residence of Belships (Far East). The outcome of the negotiations has not yet been determined, but it is not expected that the company will incur further taxes payable.

Mortgaged assets	Currency	Interest rate	Loan balance
M/S Belnor	USD	6.62 %	144 000
Shares in Gibson Gas Tankers Ltd	USD	Floating	85 232
Total mortgage debt at 31 December 1999			229 232

Repayment schedule	2000	2001	2002	2003	2004	Thereafter	Total
Mortgage debt Belnor	4 800	8 000	12 000	12 000	12 000	95 200	144 000
Other mortgage debt	1 232	84 000	0	0	0	0	85 232

All covenants were fulfilled as at 31 December 1999.

Belships has provided the following security for companies within the group:
– Belstar AS' stake of uncalled capital in Belstar KS
– Belgrace AS' stake of uncalled capital in Belgrace KS
– Belmaj AS' stake of uncalled capital in Belmaj KS

Belships ASA

4 Intercompany balances

Receivables	**1999**	1998
Consolidated companies	**141 265**	126 220
Jointly controlled companies	**4 076**	3 131
Total	**145 341**	129 351

5 Restricted deposits

In connection with financing of Belnor and Belgrace, USD 1.8 million are provided as restricted deposit.

Restricted deposits for taxes withheld for employees amounted to 530 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								
	Belships (Far East) Shipping Pte Ltd	Singapore	09.01.84	1 055	50%	SGD 500	250 000	SGD 250	0
1	Beltrader Shipping Ltd.	Bermuda	15.03.96	17 962	49%	USD 12	5 880	USD 6	269
	Western Obo AS	Oslo	07.09.87	18	36%	50	18	18	18
	Palmiere Shipping Co Ltd	Cypros	17.10.97	1	20%	CYP 1	20	CYP 20	1
	Total shares in associated companies								288
	Shares in consolidated companies								
	Belships Management AS	Oslo	09.12.85	50	100%	50	1	50	50
	Belships Tankers AS	Oslo	18.08.88	825	"	250	250	250	825
	Belcargo AS	Oslo	22.09.77	301	"	150	200	150	301
	AS Belocean	Oslo	29.07.82	100	"	100	100	100	0
	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
2	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	6 675	"	1 400	1 400	1 400	6 675
	Belships Tankers Far East Pte Ltd	Singapore	01.03.97	462	"	SGD 100	100 000	SGD 100	462
	Belships Trading Asia Pte Ltd	Singapore	10.09.98	458	"	SGD 100	100 000	SGD 100	458
3	Gibson Gas Tankers Ltd.	Edinburgh	06.12.96	98 624	60%	GBP 100	60 000	GBP 60	73 078
	IUM Singapore Pte Ltd	Singapore	31.12.83	9 501	50%	SGD 60	250	SGD 30	9 501
	Total shares in consolidated companies								92 211
	Other shares								
	AS Pelican	Høvik	21.09.92	50 310	10,4%	25 000	130 000	130	14 358
	Greenshields Shipping Ltd.	Isle of Man	04.04.97	527	2,4%	USD 316	75 000	USD 7,5	527
	Total other shares								14 885
	Total shares classified as fixed assets								107 384

It is assumed that other shares' market value are in line with book value.

1) *Shares in Beltrader Shipping Ltd are written down by 3 111 in 1999.*

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

3) *Belships has as from December 1999, an option to sell 40% of the shares back to Anchor Holding Plc at cost price plus accumulated interest. The option has to be declared by 6 April 2000. 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

Reclassification of equity as at 1 January due to new Accounting Act, and this year's movement.

	The share capital	Legal reserve	Share premium reserve	Other equity	Total
Equity as at 31 December 1998 (former legislation)	28 966	217 150	0	0	246 116
Transfer of legal reserve	0	-217 150	206 954	10 196	0
Equity as at 31 December 1998 (new legislation)	28 966	0	206 954	10 196	246 116
Capitalisation of docking expenses	0	0	0	2 956	2 956
Deferred tax assets	0	0	0	20 000	20 000
Equity as at 1 January 1999	28 966	0	206 954	33 152	269 072
Group relief transfer	0	0	0	926	926
Net result for the year	0	0	0	-28 668	-28 668
Equity as at 31 December 1999	28 966	0	206 954	5 410	241 330

The company's 14 483 000 shares with a nominal value NOK 2,- were held by 545 shareholders at 31 December 1999.

Options
All the employees have until the next annual general meeting an option to purchase 167 000 shares in Belships ASA at NOK 5.50 per share.

Authority to issue shares
At the general meeting on 20 May 1999 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 1999	Number of shares	Percentage
1	Sonata AS	3 822 015	26.39%
2	Jasto AS	2 250 002	15.54%
3	Enskilda Securities/ Anchor Holding	904 000	6.24%
4	Jasto Invest AS	626 895	4.33%
5	Consensio A/S	626 894	4.33%
6	Odin Maritim	575 300	3.97%
7	Gill-Johannessen AS	447 500	3.09%
8	Tidemand, Otto Grieg	337 681	2.33%
9	Tidinvest AS	306 376	2.12%
10	G-Fondspar 2020	275 034	1.90%
11	Tine Pensjonskasse	270 000	1.86%
12	Banque Degroof	184 000	1.27%
13	Caiano Invest AS	177 500	1.23%
14	G-Fondspar 2005	152 207	1.05%
15	G-Fondspar 2010	139 985	0.97%
16	Atalanta AS	123 000	0.85%
17	G-Fondspar 2015	122 577	0.85%
18	Bratrud, Gudmund Joar	117 500	0.81%
19	Svakstrøm AS	100 000	0.69%
20	Jenssen & Co. AS	93 101	0.64%
	Total 20 largest shareholders	11 651 567	80.46%

Board members' number of shares in Belships ASA	
Asbjørn Larsen, *Chairman*	2 500
Åsmund Simonsen	588
Sverre Jørgen Tidemand *	4 684 992
James Stove Lorentzen *	2 917 478
Hans Peter Jebsen	0
Chris Rytter jr.*	0

* *Includes shares owned by family and companies with ownership by Board member more than 50%. Shares owned by companies in which Board member has negative majority are also included. Chris Rytter jr. is managing director and 33 % owner of Gill-Johannessen AS which owns 447 500 shares in Belships ASA.*

Belships ASA

8 Pensions

Assumptions	1999	1998
Discount rate	**6.00 %**	6.00 %
Future wage adjustment	**3.30 %**	3.30 %
Pension adjustment / G-adjustment	**2.50 %**	2.50 %
Return on pension fund	**7.00 %**	7.00 %
Average remaining earning period	**15.10**	18.43
Volentary retirement before / after 45 years	**2 % / 0 %**	2 % / 0 %
Composition of the net pension expenses		
Present value of the year's pension earnings (incl. social security tax)	**1 516**	1 710
Interest charge on accrued pension obligations	**1 962**	1 483
Amortization of unrecognized pension obligations	**148**	307
Return on pension funds	**-1 518**	-879
Net pension expenses	**2 108**	2 621

Composition of the net pension obligations	31.12.99	31.12.98
Gross pension obligations	**33 374**	27 356
Pension funds	**-22 866**	-13 308
Not amortized plan / estimate on change	**-5 830**	-6 117
Net pension obligations	**4 678**	7 931
Of which net uncovered pension obligations	**14 116**	11 333

See note 8 in the consolidated accounts for more details about pensions. In the parent company 7 Norwegian employees are members of the existing service pension scheme as at 31 December 1999. In addition the service pension scheme includes 13 former employees. 14 people are not included in the service pension scheme and receive their pension from Belships ASA.

As at 1 January 1999 the pension funds held by subsidiary Belships Management AS were transferred to Belships ASA. In total, funds amounted to 4 405 were transferred.

9 Other operating expenses

	1999	1998
Crew expenses	**3 410**	3 687
Maintenance expenses	**2 469**	3 827
Insurance	**-915**	810
Management fees	**1 461**	1 474
Other operating expenses	**1 065**	428
Total	**7 490**	10 226

10 Related parties

See note 14 in the consolidated accounts for more details. The rental of offices for 1999 amounted to 656.

11 Salaries, number of the employees a.o.

Salary expenses	1999	1998
Salaries	**3 420**	3 953
Social security tax	**615**	685
Pension expenses	**921**	826
Other allowances	**716**	685
Transferred to consol. companies	**-2 182**	-2 374
Total	**3 490**	3 775

Average number of employees in 1999 was 7.

Remuneration	Managing Director	Board
Salary	946	0
Pension expenses	63	0
Other allowances	111	375
Options	12 000	0

Managing director has a right to early retirement at the age of 60.

Auditor

The auditor's remuneration for 1999 is expected to amount to 230. Consulting fees to the auditor amounted to 75.

Loans to employees

Loans to employees amounted to 72 as at 31 December 1999.

12 Taxes

	1999	1998
Taxes payable	**0**	0
Changes in deferred taxes	**0**	0
Taxes	**0**	0

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	1999	1998
Temporary diff. on fixed assets	**65 541**	65 541
Deferred sales gains	**33 621**	42 027
Accruals according to generally accepted accounting principles	**-86 883**	-195 869
Pension obligations	**-4 678**	-7 931
Tax loss carryforward	**-211 270**	-97 015
Net temporary differences	**-203 669**	-193 247
Deferred tax liabilities / (assets) before remuneration (28%)	**-57 027**	-54 109
Remuneration	**-9 805**	-7 438
Deferred tax liabilities / (assets)	**-66 832**	-61 547
Def. tax assets incl. in Bal.sheet	**-20 000**	-20 000
Def. tax assets not incl. in Bal. sheet	**-46 832**	-41 547

In Belships ASA NOK 20 million are capitalised as deferred tax assets. The tax loss carryforward is mainly etablished during the last four years. See note 13 in the consolidated accounts for more details about taxes.

Tax basis for the year result for Belships ASA	1999	1998
Result before taxes	**-28 667**	-137 976
Change in temp. differences	**-100 012**	102 056
Permanent differences	**85**	54
Group relief transfer	**925**	1 660
Tax basis for the year	**-127 669**	-34 206

Auditor's report

To the Annual Shareholders' Meeting of Belships ASA

We have audited the annual financial statements of Belships ASA as of 31 December 1999, showing a loss of NOK 28 667 000 for the parent company and a loss of USD 6 196 000 for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the loss. The financial statements comprise the balance sheet, the income statement and cash flow analysis, the accompanying notes and the consolidated accounts. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

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

In our opinion,

– the financial statements have been prepared in accordance with law and regulations and present the financial position of the Company and of the Group as of 31 December 1999, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
– the Company's management has fulfilled its obligation in respect of registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
– the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the loss is consistent with the financial statements and comply with law and regulations.

ARTHUR ANDERSEN & CO.

Morten Drake

State Authorised Public Accountant (Norway)

Oslo, 29 March 2000

(Translation from Norwegian)

Management report

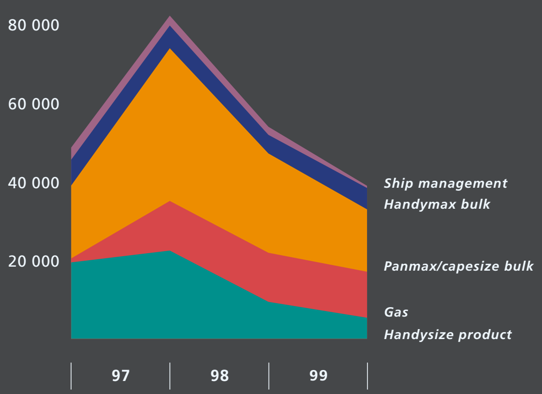
The dry bulk market rallied in 1999. The recovery began – and was most marked – in the capesize segment but there was also a substantial increase in rates in the panmax and handymax segments.The product carrier market remained in the doldrums in 1999, but rates were showing signs of rallying by the end of the year.

Rates for small gas carriers remained weak in the first half of the year but outstripped expectations during the summer and held up through to the year-end.

Large bulk activity represented 41% of operating income (47% in 1998). Gas represented 30% (23%), product tankers 14% (17%), handymax bulk 14% (9%) and shipmanagement 1% (3%).

OPERATING INCOME

USD 1000



Panmax/Capesize bulk

USD mill.	**1999**	1998	1997
Income on T/C basis	**15.8**	25.2	38.8
Operating result	**-0.5**	-2.3	-3.5
Ship days	**2 904**	3 954	3 750
Cargo carried (mill. tonnes)	**4.1**	5.2	5.6

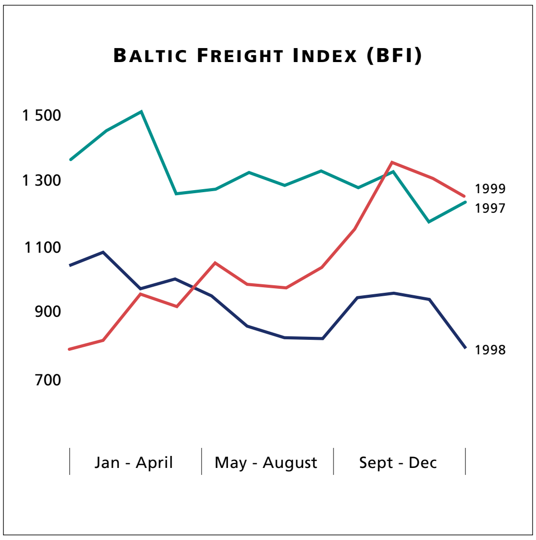
Panmax (55-80 000 dwt) and Capesize (80 000 dwt+) dry bulk carriers carry mainly raw materials (such as coal, iron ore and other minerals) and grain. Most modern Panmax vessels have a capacity of more than 70 000 dwt and are standardised rather than specialised vessels. Demand for dry bulk tonnage depends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

The dry bulk market rallied in 1999. The recovery began - and was most marked - in the Capesize segment but there was also a substantial increase in rates in the Panmax and Handymax segments. The Biffex combined Panmax/Capesize index climbed from just over 800 in January to 1 350 in October when separate indices were introduced for each segment.

CAPESIZE

The Baltic Capesize Index doubled in 1999 to end the year at the levels seen before the Asian crisis kicked in. The market bottomed out in the first quarter when the second-hand value of Belships' Capesize bulker M/S Belmaj was down to USD 16 million. The summer brought signs of a stronger market, but it was only when Belgian company Bocimar fixed 30 vessels at rising rates that we saw final confirmation of the recovery.

Second-hand tonnage values climbed 20-30% during the year. The improvement in the Capesize segment is attributable primarily to an increase in demand brought on by higher steel production in Asia. Europe did not perform as well but here too there are positive signs.



M/S Belmaj was fixed on a charter to SK Shipping in South Korea at USD 9 000/day until September 1999 and then on a 12-month charter to Bocimar at USD 11 250/day. The vessel operated without any major problems. Running costs, excluding dry-docking costs, averaged USD 4 200/day, which was USD 500/day lower than in 1998. The vessel has Filipino officers and crew and dry-docked in China for 18 days at a total cost that was less than budgeted.

PANMAX

Last year's annual report was pessimistic about the market outlook in 1999 due to continued fleet growth. We also anticipated subdued demand on account of high grain stocks and continued weak economic growth in Japan and the rest of Asia. As a result we began the year with limited exposure to this market, with just one vessel on a time charter and few freight contracts.

Activity was extremely sluggish during the first quarter, with rates holding down at the low levels seen at the end of 1998, and so our fears for the market appeared to be warranted. However, the market rallied strongly in the second quarter, with the Biffex index gaining almost 200 points to hit 1 100, and there was another surge between mid-August and November, with the index soaring to 1 350.

During the first quarter we decided to exploit the low rates and realise a gain on a contract entered into in 1998. Later in the year, just before the market began to tighten, we fixed two vessels on 12-month time charters with 12-month extension options.

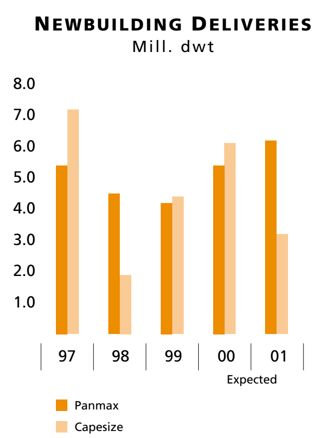
Although Belships Trading was less busy than in 1998, earnings were better.

At the year-end Belships had three vessels hired in on time charters of more than six months in duration, two of them with extension options. Two of the ships have been chartered out with profitable margins. During the second half of 1999, several contracts were fixed for year 2000. Some of the contracts have already been releted. We expanded our customer base with further freight contracts and expanded our trading operation, so laying the foundations for continued growth this year.

We expect the market to peak during the spring 2000 and then gradually lose ground. The impact of stronger demand in Asia has already been discounted in rates, the fleet is continuing to expand and little older tonnage will be scrapped with today's high rates. The most important variable in the Panmax market is the grain trade: production in the key importing countries is high, stocks are high and prices are historically low, which means that only a marginal increase in grain shipments on a ton-mile basis is anticipated. The exception is the Middle East, but this will impact on the market only at regional level.

The world order book for Panmax bulkers currently stands at around 160 vessels for delivery in 2000-2002. The Panmax fleet grew from 1073 vessels or 71.7 mdwt at the beginning of 1999 to 1 090 vessels or 73.3 mdwt at the end of the year, equating to an 2.2% increase in dwt terms. The order book is equivalent to 16% of the current fleet, with the equivalent of 7.4% of the current fleet due to be delivered in 2000. Only 4.2% of the fleet has passed the 25-year mark, while 12.3% is between 20 and 25 years old.

After several years of work Belships has signed a contract with Shell Coal International to ship coal from Australia to India in connection with a new power station project. The contract runs for around 17 years and will employ freight capacity equivalent to two dry bulkers. The contract is subject to the go-ahead being given for the power plant project; a final decision is expected this spring.



Gas

USD mill.	**1999**	1998	1997
Income on T/C basis	**11.6**	12.5	12.6
Operating result	**-1.5**	-2.1	3.0
Owned ships (per 31.12.)	**6**	6	6

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

Belships has a 60% stake in the Scottish company Gibson Gas Tankers Ltd (GGT), which owns and operates a fleet of six gas carriers of 2-7 000 cbm. The fleet carries primarily petrochemical gasses (such as propylene and vinyl chloride monomer) and liquefied petroleum gasses (such as propane and butane). GGT is a fully integrated shipping company with 11 employees handling the chartering, operation and 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 gasses cooled to as low as -48°C and condensed under pressure into a concentrated liquid form.

Rates for small gas carriers remained weak in the first quarter but outstripped expectations during the summer and held up through to the year-end, bringing the year as a whole into line with 1998.

The 3 000 cbm gas carriers have largely been fixed on 12-month time charters and so there will always be a slight time lag before rates reflect improvements in the market, but higher rates are expected when the charters come up for renegotiation.

The 6-7 000 cbm gas carriers continued to sail in a pool managed by the Anthony Veder group, and this arrangement has now been extended until February 2001. The market for the three GGT vessels in the pool - M/T Yarrow, M/T Eildon and M/T Traquair - was difficult again in 1999, with lower rates in Europe and practically no transatlantic market at all. The average pool-income received by the results from the pool in 1999 amounted to USD 199 514, USD 191 841 and USD 211 026 per month respectively. M/T Eildon was 34 days off-hire for repairs following major hull damage that necessitated dry-docking in West Africa. However, some of the loss of earnings is covered by insurance.

M/T Ettrick was fixed on a time charter at USD 177 500/month until September 1999 which was then extended to September 2000 at USD 163 250/month.

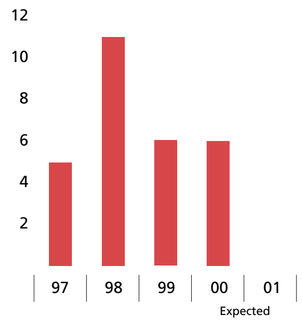
M/T Lanrick's time charter to Anthony Veder was extended by 12 months in March 1999, with the hire increased from USD 168 500/month to USD 185 000/ month.

M/T Quentin sailed in the European spot market until September, generating earnings of USD 85 333/ month. This improvement on 1998 was due to a good summer market and better utilisation of the vessel's facilities. In September the Quentin was fixed on a 12-month time charter to Kosan Tankers at USD 97 037/month, which was above spot market rates at that time.

1999 brought a major cost-cutting programme involving the replacement of British middle-ranking officers and Sri Lankan junior officers with officers from Latvia and Russia. Other vessel running costs were also reduced somewhat. GGT's offices in Edinburgh were sold and the company will move into new rented premises in early summer 2000. The company's administrative expenses were also cut in 1999.

High newbuilding deliveries in 1998 and 1999 were not matched by growth in demand, thus undermining the market. The low newbuilding deliveries expected in 2000 and 2001 and the general upswing in the European and Asian economies give grounds to hope for an upturn in the gas carrier market. Consolidation in the larger gas carrier segments also bodes well for the small gas carrier market in the longer term.

NEWBUILDING DELIVERIES
Number of ships



Handysize products

USD mill.	**1999**	1998	1997
Income on T/C basis	**5.3**	9.3	22.2
Operating result	**0.4**	-1.0	0.5
Owned ships (per 31.12.)	**1.4**	1.9	2.2
T/C ships	**0**	0	3

Handysize product carriers (35-55 000 dwt) carry mainly refined petroleum products, vegetable oils and various chemicals. Demand is cyclical and fuelled primarily by the OECD countries, though demand in Asia is coming to play an ever more important role.

The product carrier market remained in the doldrums in 1999 as low imports into Asia and stock drawdowns in the USA and Europe combined with the expansion of the world fleet to undermine rates.

There was a sharp drop in volumes shipped from the Persian Gulf to India, where three new refineries with a total capacity of 1.1 million barrels per day opened during the year. This key trade had previously been covered largely by modern tankers with capacities in excess of 50,000 cbm that were then forced onto the open market to seek alternative employment, worsening an already poor market. Higher bunker fuel prices in the second half of the year further eroded earnings in the segment.

A mild winter in the USA, high crude oil imports, high capacity utilisation at refineries and a major influx of new tonnage resulted in a weak winter market in the Atlantic and Caribbean. Soaring oil prices brought lower oil imports and so a drop in refinery activity, but the shortage of freshly processed products did not lead to a substantial increase in trade since needs were met by drawing down existing stocks.

The world fleet continued to expand in 1999, growing by 0.95 million dwt or 3.3%. 43 product carriers were on order at the year-end, equivalent to 1.72 million dwt or 6% of the existing fleet.

M/T Belgrace sailed in the spot market during the year, primarily in the Far East, and functioned satisfactorily in technical terms. The reluctance of oil companies and terminal operators to accept vessels more than 15 years old has reduced the flexibility of vessels above this age. T/C income averaged USD 8 861/day in 1999 and running costs USD 5 200/day. The vessel spent two days off-hire.

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

Market conditions led to the OBO carriers M/S Belguardian, M/S Belgreeting and M/S Belgallantry operating exclusively in the tanker market in 1999. Their ability to switch between clean and dirty products was exploited to the full during the year.

M/S Belguardian shipped dirty products in the Far East on a time charter to BP until October and then sailed in the spot market. The vessel dry-docked in China in February and spent a total of 24 days off-hire.

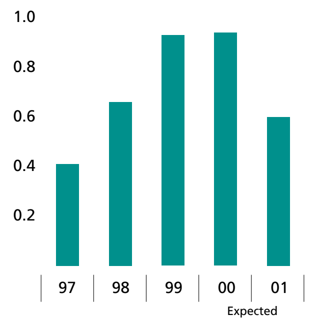
M/S Belgreeting operated mainly in the spot market and carried a wide range of clean and dirty products. The vessel dry-docked in January and was off-hire for 18 days.

M/S Belgallantry operated in the spot market, with the exception of a short time charter to BP from March to July, sailing mainly in the Far East.

T/C income for the OBO vessels averaged USD 10 343/day and running costs USD 5 500/day.

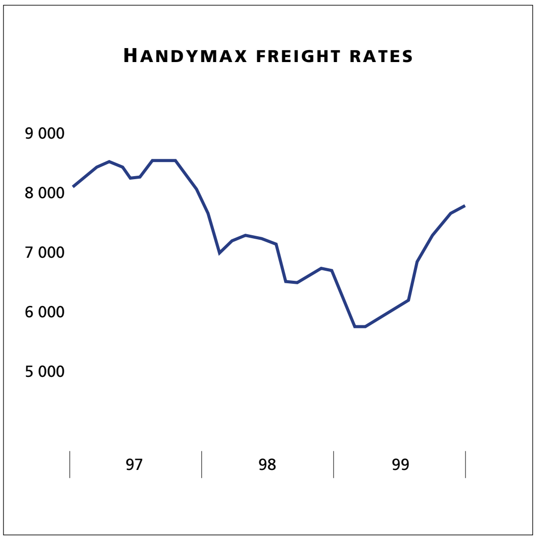
Demand is forecast to pick up this year. Coupled with fewer newbuilding deliveries, this leads us to expect better earnings for our product carriers than in 1999.

Newbuilding Deliveries
Mill. dwt



Handymax bulk

USD mill.	**1999**	1998	1997
Income on T/C-basis	**5.4**	4.7	5.8
Operating result	**1.2**	0.2	1.8
Share WBS	**0.0**	0.0	-1.4
Owned ships	**1.8**	1.8	1.8



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

The handymax bulk market picked up in 1999. Like the rest of the dry bulk market it profited from strong economic growth in key Asian and Western European markets. The design and flexibility of Handymax vessels have traditionally made for a wide range of employment options in terms of both cargoes and trading patterns, which meant that handymax rates were not as hard hit by the Asian crisis as panmax and capesize rates and therefore did not enjoy the same recovery in 1999.

Demand surged during the year to 1997 levels. Growth in the traditional market for handymax bulk cargoes helped to normalise the overall market balance, and freight rates for trades from the Atlantic to the Pacific were again higher than the corresponding return rates. Average income for handymax bulkers increased by about 20% to USD 7 750/day, which is on a par with the average for the last four years. Rates climbed particularly strongly towards the end of the year.

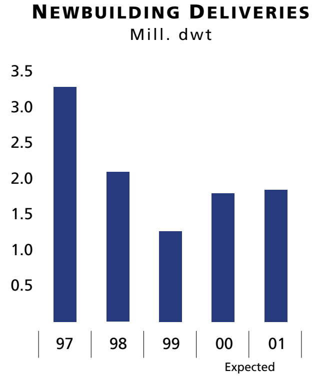
The handysize fleet contracted in 1999, with a drop in newbuilding orders serving to halve the world order book in the last two years. This should lay the foundations for a stronger market, but there are signs that orders are rising again, which could upset the apple cart. One major change on the newbuilding side in 1999 was the arrival of the first orders for handymax vessels in excess of 50 000 dwt, with these larger vessels accounting for over 60% of the newbuildings due for delivery in 2000 and over 75% of those due for delivery in 2001 and 2002.

We believe that an increase in grain shipments and robust demand for traditional semi-finished goods like steel, fertilisers and timber will provide a basis for a more buoyant market, but growth will be hampered by not only higher newbuilding activity but also market-specific factors such as stiffer competition from Panmax bulkers and containerships.

Belships had interests in two Handymax bulk carriers at the year-end, M/S Belnor (100%) and M/S Belstar (80%). The holding in Western Bulk Shipping ASA was sold for NOK 57.7 million in March 1999 (the accounting impact of this transaction was dealt with in the 1998 accounts).

M/S Belnor was employed on short time charters during the year, with T/C income averaging USD 7 500/day and running costs USD 2 900/day. The vessel spent 13 days off-hire for scheduled drydock.

M/S Belstar also spent the year on time charters, with T/C income averaging USD 7 500/day and running costs USD 2 900/day. The vessel did not spend any time off-hire.



Ship management

USD mill.	**1999**	1998	1997
Income	**0.6**	2.1	2.5
Operating result	**-0.2**	0.4	0.1
Number of ships (average)	**8**	13	17

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

Belships aims to provide a high-quality service at every level. IUM 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.

1999 saw IUM Singapore working actively to develop its working relationship with new partner IUM AS in Grimstad. The two are now working closely together on crewing, purchasing and the integration of communications systems. Considerable effort has also gone into marketing the two companies under a single IUM banner. Work on various projects is ongoing and it is hoped that the group can report progress in this area during the year.

The IUM group is responsible for the management of more than 50 vessels, including eight in Singapore. The company also has an agency operation in Singapore and takes on crewing duties on behalf of other shipping companies.

IUM Singapore managed to reduce operating costs both on land and at sea during the year. The devaluation of the Phillipine Peso in 1997/98 has helped to reduce crew costs. The combination of low price rises, a strong USD, lower insurance premiums and cost-conscious shipowners has kept vessel running costs at low levels in a weak freight market.

Key financial figures

	USD 1 000		**1999**	1998	1997
	Income statement				
	Operating income		**39 059**	53 831	82 178
	Operating result before sale of ships		**-1 636**	-5 272	-2 957
	Operating result		**-1 636**	-6 486	-642
	Result before taxes		**-7 232**	-24 234	-6 006
	Net result for the year		**-6 196**	-21 436	-8 507
	Balance sheet				
	Fixed assets		**104 150**	115 992	164 404
	Current assets		**15 196**	18 835	17 258
	Total assets		**119 346**	134 827	181 662
	Equity		**24 182**	28 755	66 497
	Provisions (ex. deferred taxes)		**842**	746	629
	Deferred taxes		**0**	0	1 839
	Long-term liabilities		**87 966**	95 256	103 945
	Short-term liabilities		**6 356**	10 070	8 752
	Total equity and liabilities		**119 346**	134 827	181 662
	Liquidity				
1	Liquid reserves at 31 December		**8 516**	6 300	10 607
2	Cash flow		**-1 768**	-14 952	39
	Interest expense		**-6 275**	-7 448	-7 582
3	Interest coverage ratio		**-0.25**	-2.05	0.05
4	Current ratio	%	**239.08**	187.04	179.31
5	Net result ratio	%	**-0.02**	-0.31	0.02
	Capital				
	Share capital at 31 December		**4 279**	4 279	4 279
	Equity ratio	%	**20.26**	21.33	35.54
6	Return on total assets	%	**0.00**	-0.03	0.00
7	Return on equity	%	**-0.06**	-0.12	-0.03
	Key figures shares				
	Market price at 31 December	USD	**0.51**	0.46	2.14
	Number of shares at 31 December	1 000	**14 483**	14 483	14 483
	Average number of shares	1 000	**14 483**	14 483	14 483
	Earnings per share	USD	**-0.43**	-1.48	-0.59
	Cash flow per share	USD	**-0.12**	-1.03	0.00
	Price/ earnings ratio		**-1.20**	-0.31	-3.65
	Price/ cash flow ratio		**-4.20**	-0.45	797.61

1 Bank deposits
2 Net result for the year + depreciation and write-down + change deferred taxes – minority interests + unrealised currency exchange loss
3 Result before taxes + interest expense + unrealised currency exchange loss / interest expense
4 Current assets in percent of short-term liabilities
5 Result before taxes + interest expense/ operating income
6 Result before taxes + interest expense/ average total capital
7 Net result for the year/ average equity

The Belships share

Shareholder policy

Belships wants to obtain the most appropriate price for the company's shares by effective and profitable management of the company's resources. A competitive yield is to be obtained by increasing the value of the company's shares and a dividend distribution that is in relation to the company's results and future prospects. Our clear objective is that the Belships share will be an interesting and competitive investment option. The company keeps the Oslo Stock Exchange, the share market and shareholders continuously informed through interim reports, annual reports and notifications of important developments. Belships regards up-to-date and accurate information as necessary for the share to obtain a price that reflects the company's underlying value and future prospects. When there is an increase in share capital with an issue of new shares for a cash payment, the company's shareholders will have pre-emption rights to the new issue. The board will propose a private placement or share issue as a settlement in connection with investments only when this takes account of existing shareholders' long-term interests.

Risk

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

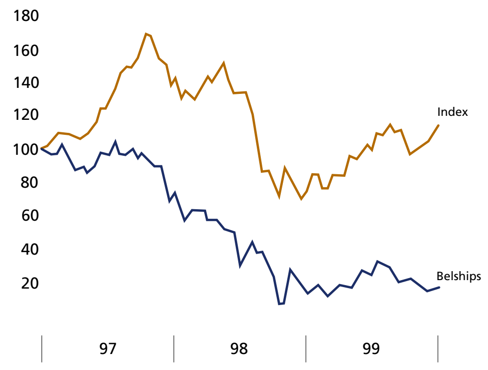
per 1 January 2000 (estimate)	0.00 NOK
per 1 January 1999	0.00 NOK
per 1 January 1998	0.00 NOK
per 1 January 1997	-0.30 NOK
per 1 January 1996	-0.50 NOK
per 1 January 1995	-0.55 NOK
per 1 January 1994	-0.50 NOK
per 1 January 1993	-1.00 NOK

The share capital

Belships' share capital amounts to NOK 28 966 000 divided into 14 483 000 shares with a face value of NOK 2.00. The development of Belships' share capital in recent years is shown in the table below.

At the general meeting on 20 May 1999 the board received authorisation to issue up to 4 million new shares. This authorisation has not been used. At the same annual general meeting the board received authorisation to issue up to 250 000 share options to employees. In total, options to purchase 167 000 shares at NOK 5,50 per share have been issued. The options must be declared before the next annual general meeting.

Belships' Share Price Development Relative to the Oslo Stock Exchange Shippingindex



Share price performance and liquidity

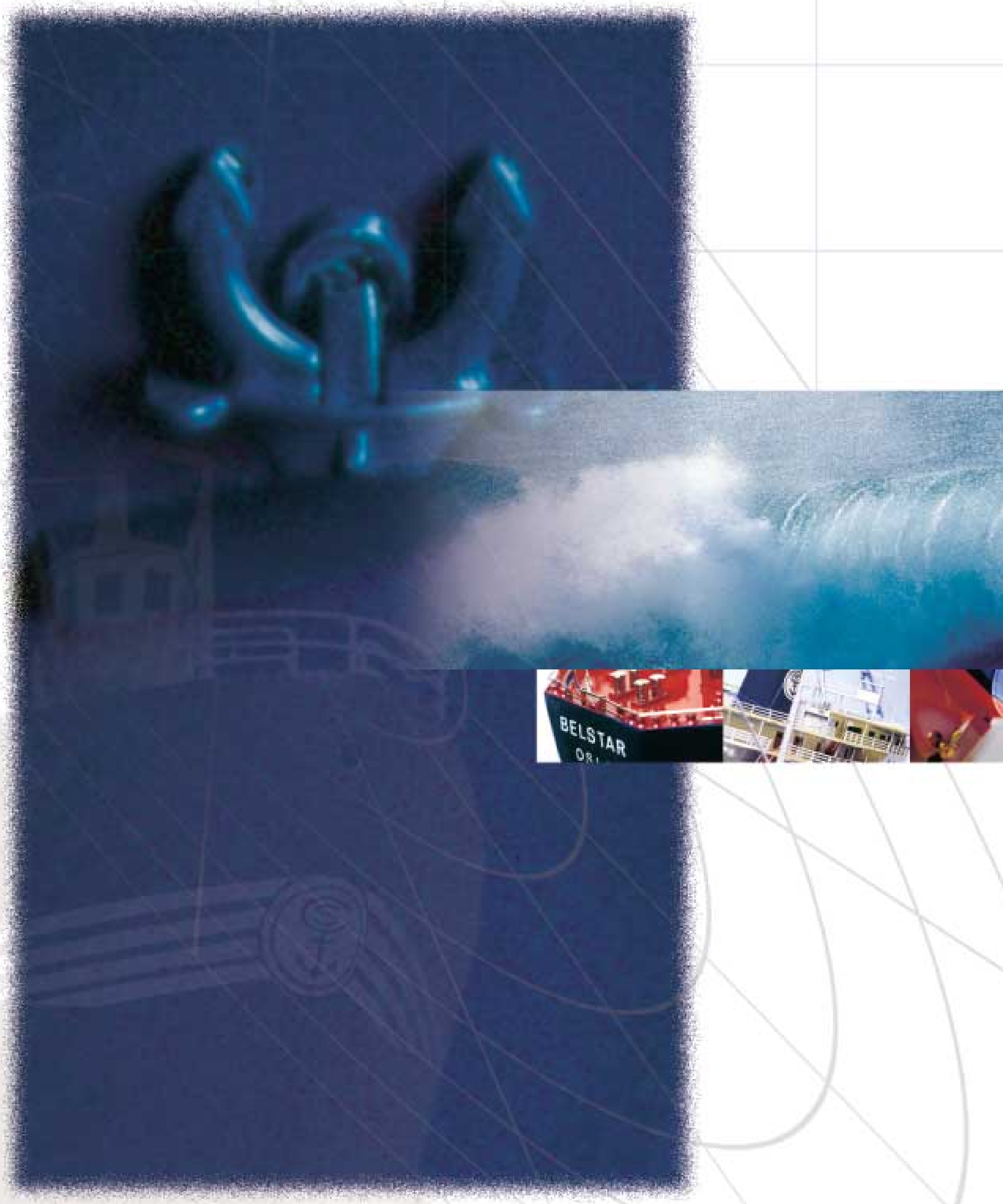
Throughout 1999 the price performance of the Belships share has been positive, but the traded volume low. We consider that the performance of the Belships share does not reflect the underlying value of the company and we will increase our efforts so that the company's share obtains a more accurate price on the market and the share becomes an interesting and competitive investment option. The volume traded during the course of the year corresponds to 6.8% of the company's shares. The main shareholders percentage at 31 December 1999 was 59%, which is the same as at the end of 1998. The number of market days on which the Belships share was traded was 77 in 1999 compared with 84 in 1998.

As the market value of the company is below NOK 300 million, the Belships share was quoted on the SMB list as from January 2000.

Year	Turnover NOK mill.	Turnover in shares	Number of transactions	Number of days traded
1995	65.6	2 694 000	761	192 of 251
1996	138.7	6 489 000	797	211 of 250
1997	63.3	3 137 000	405	152 of 250
1998	18.6	1 926 000	179	84 of 251
1999	4.2	988 000	196	77 of 252

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


BELSTAR

Fleet list

Per 31 December 1999 Ship	Ownership	Built year	Dwt	Operation	Options
Product tank / OBO					
M/T Belgrace	63%	1984/87	40 900	Spot	
M/T Urai	20%	1995	28 500	B/B to 09/10	
M/S Belguardian	20%	1987	43 500	Spot	
M/S Belgallantry	20%	1987	43 500	Spot	
M/S Belgreeting	20%	1987	43 500	Spot	
Gas					
M/T Lanrick	60%	1992	3 215 cbm	T/C to 04/01	
M/T Ettrick	60%	1991	3 215 cbm	T/C to 10/00	
M/T Traquair	60%	1982	6 616 cbm	Pool	
M/T Yarrow	60%	1982	6 568 cbm	Pool	
M/T Eildon	60%	1982	6 077 cbm	Pool	
M/T Quentin	60%	1977	2 280 cbm	T/C to 09/00	
Capesize bulk					
M/S Belmaj	25%	1990	149 516	T/C to 09/00	
Panmax bulk, chartered tonnage					
M/S Mui Kim		1989	68 774	T/C to 12/00	
M/S Nol Aldebaran		1984	66 822	T/C to 08/00	08/01
M/S Nol Altair		1983	66 764	T/C to 09/00	09/01
Handymax bulk					
M/S Belnor	100%	1996	47 600	T/C to 04/00	
M/S Belstar	80%	1992	43 400	T/C to 03/00	
Ships under commercial management					
M/T Magnolia		1983	84 656	T/C to 07/00	

Number of ships

Type	Owned tonnage	External management	Chartered tonnage	Commercial management	Total fleet
Handysize product tank / OBO	1.4	0.8		2.8	5.0
Gas	3.6			2.4	6.0
Capesize bulk	0.3			0.7	1.0
Panmax bulk			3.0		3.0
Handysize bulk	1.8			0.2	2.0
Aframax				1.0	1.0
Total	7.1	0.8	3.0	7.1	18.0

Organisation

BELSHIPS ASA

BOARD OF DIRECTORS
Asbjørn Larsen, *Chairman*
Sverre Jørgen Tidemand
James Stove Lorentzen
Åsmund Simonsen
Hans Peter Jebsen
Chris Rytter jr.

MANAGEMENT
Sverre Jørgen Tidemand, *Managing director*
Jo Eric von Koss, *Financial director*
Einar Skogstad, *Commercial director*

FINANCE / ACCOUNTING
Osvald Fossholm, *Financial manager*
Edwin Johansen, *Accounting manager*

BELSHIPS TRADING AS
(PANMAX / CAPESIZE BULK)

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

BELSHIPS TANKERS AS
(HANDYSIZE PRODUCT)

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

BELSHIPS MANAGEMENT AS
(INSURANCE)

Trine L. Kjellsby, *Insurance manager*

BELSHIPS TRADING ASIA PTE LTD
(PANMAX / CAPESIZE BULK, SINGAPORE)

Anders Zorn, *Commercial director*

BELSHIPS TANKERS FAR EAST PTE LTD
(TANK, SINGAPORE)

Terje Schau, *Managing director*

BELSHIPS (INDIA)
(REPRESENTATIVE)

Lalit Badhwar, *Managing director*

GIBSON GAS TANKERS LTD
(GAS, EDINBURGH)

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

IUM SINGAPORE PTE LTD
(SHIPMANAGEMENT, SINGAPORE)

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

Articles of Association

Adopted by the statutory general meeting on 7 October 1935, last amended 20 May 1999

§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 28 966 000 distributed between 14 483 000 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

Biffex
Baltic International Freight Futures Exchange (London) – Exchange for trading future contracts based on the index of dry bulk freight-rates

Capesize
Vessel exceeding 80 000 dwt

Charterer
Hirer of a vessel

Charterhire
Hire expenses for a ship

Charterparty
An agreement to hire a vessel

Dry bulk
Cargo as grain, coal, ore or steel

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

Handymax
Vessels between 35 000 and 55 000 dwt

Handysize
Vessels between 10 000 and 55 000 dwt

Income on T/C-basis
Freight income after deduction of all voyage related expenses such as loading- and discharging expenses, bunkers etc.

LPG vessels
Vessels for transportation of liquid gas 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 80 000 dwt

Pool
A joint sailing agreement

Product
Refined oilproducts

Spot market
Markets for vessels operating on a tramp basis

Time Charter (T/C)
An agreement to let a vessel which is manned and ready for operation for an agreed period

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