

THIS IS BELSHIPS

Belships is a shipping company with activities in three market segments:

*Handymax Bulk, directly and through Western Bulk Shipping
Panmax and Capesize Bulk, through Belships Trading
Handysize OBO and Product, through Belships Tankers*

Furthermore Belships has an important business in technical and crewing management of both own ships and ships owned by others.

Belships operates in geographic and market niches where the company's special expertise and fleet structure provides a competitive advantage. Furthermore Belships emphasises high quality of customer service provided and maintains close contact with cargo owners. It is the company's view that such focus increases the quality of the company's earnings. Belships is concerned to maintain a modern standardised fleet because this provides an optimal operation form which

contributes to strengthening Belships' competitiveness.

Belships has undergone considerable changes in recent years. Strategically and operationally the business has a simpler structure. This has provided good results both with regard to market position and profitability.

An active strategy towards the equity market has improved the liquidity of the Belships share to a much higher level than previously.

The largest shareholders in Belships are the families Stove Lorentzen and Grieg Tidemand, who own roughly 60% of the shares.

BELSHIPS MARKET AREAS			
	<u>Western Bulk Shipping/Carriers</u>	<u>Belships Trading</u>	<u>Belships Tankers</u>
Belships interests :	24%	70%	100%
Segment :	Handymax Bulk (35 - 50,000 dwt)	Panmax og Capesize Bulk (50 - 80,000 dwt and over 80,000 dwt)	Handymax OBO and Product tank (30 - 50,000 dwt)
Available fleet :	60 - 65 vessels	6 - 8 vessels (Panmax)	7 vessels (3 OBO, 4 Product)
Strategy :	Industrial shipping largely own vessels	Operator in large bulk, small proportion of own vessels	Flexibility, moderate proportion of own vessels
Market risk :	Low	High	Average

B O A R D O F D I R E C T O R S ' R E P O R T

In 1994 Belships obtained results which were slightly better than budgeted and which provide a good basis for the company's future development. The year can be characterised by a further development of the company's latest two business areas, panmax bulk and handysize product, and the consolidation of the remaining activities.

Main strategy

Belships concentrates its activities on the following:

- Maintaining direct investments in handymax bulk vessels, but also utilising fluctuations in the market through purchase and sale of tonnage. In addition Belships will maintain a strategic holding in Western Bulk Shipping.
- Further developing the company's activities and commercial expertise in large bulk through Belships Trading.
- Continuing to develop the company's product tanker business through Belships Tankers.
- Continuously improving systems for technical and maritime operation of vessels, both the company's own and others, through Northsouth Shipmanagement and Belships Management.

In the opinion of the Board Belships' strategy creates the conditions for a continued positive development in the company. Within the strategy adopted, the company has considerable flexibility in the choice of operational solutions.

Results

The group recorded a result after taxes in 1994 of NOK 52.1 million. The corresponding result in 1993 was NOK 79.7

million. The operating result before other items was NOK 17.4 million against NOK 29.1 million in 1993.

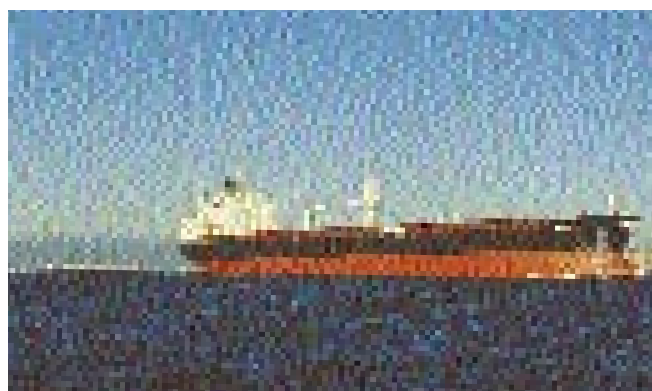
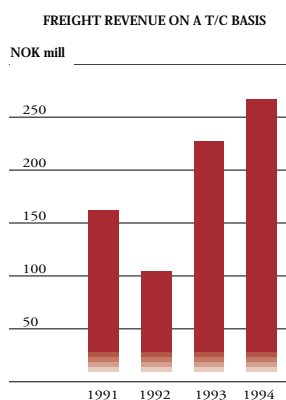
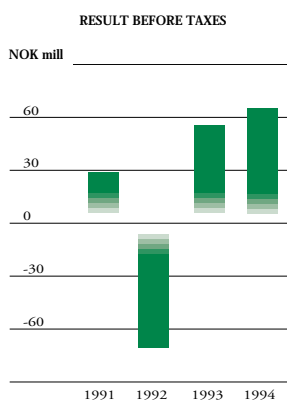
The group's net financial items were positive NOK 7.2 million against a negative figure of NOK 45.5 million in 1993. The substantial difference is due, in addition to lower interest expenses, mainly to the effect of changes in the exchange rate between the US dollar and Norwegian kroner on the group's mortgage debt. In 1993 the income statement was charged with NOK 28.6 million in unrealised foreign exchange losses, while in 1994 NOK 22.8 million was booked in unrealised gains. This means that during 1994 it has been possible to reverse parts of previous years' unrealised foreign exchange losses.

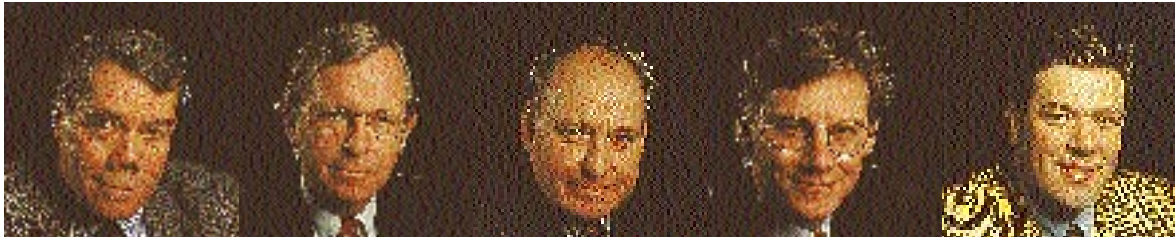
The results of Western Bulk Shipping were not satisfactory in spite of a relatively good market development towards the end of the year. The reasons were the low dollar exchange rate, high depreciation and a weak financial result.

In December Belships sold and delivered M/V Belisland to Western Bulk Shipping for USD 16,325,000. Due to the close relationship between seller and buyer, the value of the vessel was assessed by three independent brokers and the sale price was the average of their valuations.

Activities

After a weak start to the year the market for dry bulk vessels arose significantly in the second half-year. Demand growth was greater than expected, mainly due to considerable demand for coal and ore in Europe, as well as a continued high growth rate in Asia. The market for product tankers did not have the same positive development in 1994 and the year as a whole ended at the same level as 1993.





The Board of Belships consists of Asbjørn Larsen (Chairman), Sverre Jørgen Tidemand (Managing Director), Åsmund Simonsen, James Stove Lorentzen jr. and Stein Erik Hagen.

The market for handysize bulk vessels was relatively weak in the first part of the year, but tightened during the second half-year. Thanks to Western Bulk Carriers' market position and contract portfolio, earnings in the pool were satisfactory. Belships' own vessels in this segment achieved an average rate of USD 10,500 per day which was better than expected. Our holding in Western Bulk Shipping gave a negative result after tax of NOK 1.1 million.

The result from Belships Trading was significantly better than expected for the company's first full year of operation. Belships Trading managed to take advantage of the upturn in the panmax market in a flexible manner, and the company contributed a result before tax of NOK 2.2 million.

Belships Tankers recorded a result before tax of minus NOK 1.0 million. This is slightly weaker than expected and was mainly due to high docking costs on M/T Belgrace and a weaker market development than expected.

In line with the company's intention of increasing its investments in product tankers a bid was made to co-investors in M/T Belgrace in August to purchase their interests in the vessel. Belships increased its holding from 25% to 37%. The purchase price was settled in Belships shares at a price of NOK 30,-.

Belships' involvement in product tankers using chartered tonnage was at roughly the level as in the last part of 1993.

The operating companies Northsouth Shipmanagement and Belships Management (previously Belstove Management) recorded a result before taxes of NOK 6.4 million last year against NOK 7 million in 1993.

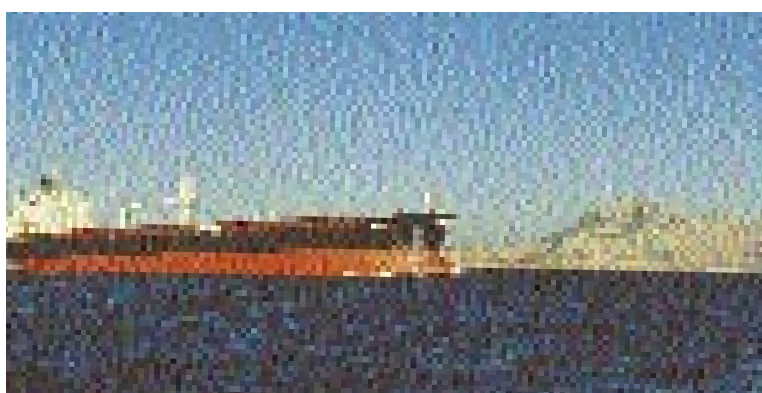
The oil company Pelican, which is owned 10.4% by Belships, produces oil and gas on the two fields Ula and Gyda in the North Sea. In 1994 Belships received a dividend from Pelican for 1993 of NOK 10.4 million. NOK 1.5 million of this has been taken to income in 1994 while NOK 8.9 million has been recorded as a reduction to the book value in the balance sheet. In 1995 Belships has received a dividend for 1994 of NOK 2.1 million. Production on the fields will probably decline in the coming years, and the contribution from Pelican will therefore be at a lower level in the future.

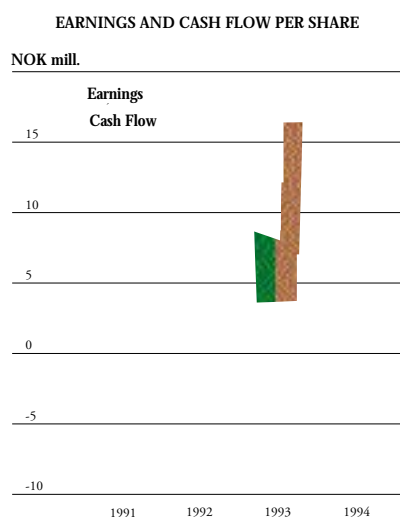
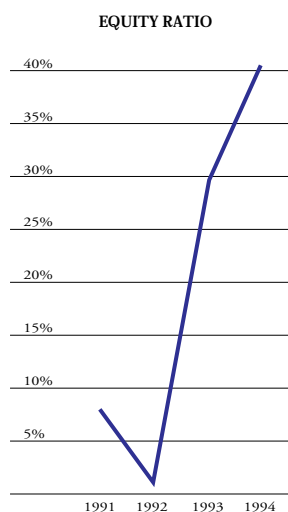
Belships enters 1995 with a modern and integrated fleet. It is the company's view that a modern fleet and quality at all levels creates a competitive advantage. The company is working continuously to raise the standard on board its vessels and on shore, particularly in term of protecting crews, vessels and the environment against pollution and other accidents. The operations at sea satisfy all national and international requirements. The company's activities on shore have not caused significant pollution in 1994.

At the end of the year the Belships group had 43 employees of whom 18 worked outside Norway. The working environment in the group's companies is considered to be good.

Future prospects

Belships expects a continued high level of activity and good rates in handymax and panmax bulk in 1995. The USA, Europe and Japan have entered a period of growth and this has stimulated the dry cargo market. For product tankers





company NOK 3.5 million in new equity.

In 1994 a share option scheme was established for the Board and employees of Belships. In total, options to purchase 143,000 shares at a price of NOK 32,- were issued. The options must be exercised in the period 19 May 1995 to 19 May 1997.

The liquidity and price development in the Belships share has generally been at a lower level in 1994 than in the previous year.

Liquidity is nevertheless above that

there are several indications that rates will also be at a higher level in 1995 than in 1994 and therefore reasons exist to expect an improvement in this segment as well.

Liquidity and financing

The Belships group's liquidity and financial position were considerably strengthened in 1994, due among other things to the sale of M/V Belisland. Interest-bearing debt was almost halved from NOK 343 million to NOK 181 million. The company also has a newbuilding liability of NOK 160 million of which NOK 38 million falls due for payment in 1995.

The sale of M/V Belisland provided Belships with a net amount of NOK 13 million after settling a short-term loan in US dollars and mortgage debt related to the vessel totalling NOK 94 million.

The group had a positive cash flow in 1994 of NOK 84 million against NOK 155 million in 1993. The reduction is largely due to lower sales gains.

Equity appropriations

In 1994 a placing of shares was made in connection with the purchase of 12% of M/T Belgrace. The issue raised the

which existed in the years prior to 1993. The Board will continue to work to improve the liquidity in the Belships share and to obtain an optimal pricing of the share in the market.

The Board proposes a dividend of NOK 0.55 per share for 1994.

The parent company's income statement shows a net income for the year of NOK 59.9 million. The Board proposes the following appropriations for 1994 (NOK million):

Dividend	6.4
Legal reserve	5.9
Undistributable reserve	(12.7)
Distributable reserve	60.8
Group relief transfer	(0.5)
Net result for the year	59.9

Details of remuneration to the Board members, managing director and auditor, as well as information on shareholder matters are set out in the notes to the accounts.

Oslo, 30 March 1995

Board of Directors of

BELSHIPS COMPANY LIMITED SKIBS-A/S

Asbjørn Larsen
Chairman

James Stove Lorentzen jr.

Stein Erik Hagen

Åsmund Simonsen

Sverre Jørgen Tidemand
Managing Director

FINANCIAL HIGHLIGHTS - CONSOLIDATED FIGURES

		1994	1993	1992
<i>Income Statement</i>				
Operating income	NOK 1,000	287,966	257,212	79,266
Operating result before other items	"	17,399	29,119	(10,826)
Operating result	"	57,080	100,703	(23,618)
Result before taxes	"	63,052	56,114	(75,119)
Net result for the year	"	52,069	79,715	(61,576)
<i>Balance sheet</i>				
Current assets	NOK 1,000	122,410	118,291	218,261
Fixed assets	"	557,784	665,119	587,714
Total assets	"	680,194	783,410	805,975
Short term liabilities	NOK 1,000	75,365	57,768	281,139
Long term liabilities (ex. deferred taxes)	"	304,491	480,463	472,407
Deferred taxes	"	18,663	10,944	37,611
Minority interests	"	894	(372)	0
Equity	"	280,781	234,607	14,818
Total liabilities and shareholders' equity	"	680,194	783,410	805,975
<i>Liquidity</i>				
Liquid reserves at 31 December	1) NOK 1,000	92,260	93,143	52,902
Cash flow	2) "	83,960	155,299	(55,134)
Interest expenses	"	(19,769)	(24,266)	(29,512)
Interest coverage ratio	3) "	4.19	3.27	(1.55)
Current ratio	4) %	162.42%	204.77%	77.63%
Net result ratio	5) "	28.76%	30.89%	-57.54%
<i>Capital</i>				
Share capital at 31 December	NOK 1,000	23,158	22,924	6,600
Equity ratio	%	41.28%	29.95%	1.84%*
Return on total assets	6) "	11.32%	10.11%	-5.08%*
Return on equity	7) "	20.21%	63.92%	-135.02%*
<i>Key figures-shares</i>				
Market price at 31 December	NOK	25.75	30.00	20.00 *
Shares at 31 December	Number	11,579,000	11,462,000	6,600,000 *
Average number of shares	"	11,520,500	9,031,000	6,600,000 *
Earnings per share	NOK	4.52	8.83	(9.33)
Cash flow per share	"	7.29	17.20	(8.35)
Dividend per share	"	0.55	0.50	0.00
Price/earnings ratio	"	5.70	3.40	(2.14)
Price/cash flow ratio	"	3.53	1.74	(2.39)

* Adjusted for bonus issues

1) Bank deposits

5) $\frac{\text{Result before taxes} + \text{interest expenses}}{\text{Operating income}}$

2) Net result for the year + depreciation and write down + change deferred taxes - minority interests

6) $\frac{\text{Result before taxes} + \text{interest expenses}}{\text{Average total capital}}$

3) $\frac{\text{Result before taxes} + \text{interest expenses}}{\text{Interest expenses}}$

7) $\frac{\text{Net result for the year}}{\text{Average equity}}$

4) Current assets in per cent of short-term liabilities

S T A T E M E N T O F I N C O M E
(All amounts in NOK 1,000)

Belships				Consolidated			
1992	1993	1994		Note	1994	1993	1992
			<i>Operating income and expenses:</i>				
48,865	133,548	97,639	Operating income	1	287,966	257,212	79,266
(25,654)	(55,604)	(37,297)	Charterhire expenses		(184,479)	(97,740)	(23,776)
(4,189)	(8,336)	(6,852)	Crew expenses		(7,843)	(14,092)	(11,098)
(13,728)	(30,450)	(20,083)	Other operating expenses		(21,492)	(41,701)	(17,037)
(6,983)	(10,286)	(9,661)	General administrative expenses	2	(34,878)	(35,615)	(15,616)
(10,670)	(26,491)	(19,218)	Ordinary depreciation vessels	6	(21,875)	(38,945)	(22,565)
(61,224)	(131,167)	(93,111)	Total operating expenses		(270,567)	(228,093)	(90,092)
(12,359)	2,381	4,528	Operating result before other items		17,399	29,119	(10,826)
(20,672)	(38,229)	52,226	Other items	3	39,681	71,584	(12,792)
(33,031)	(35,848)	56,754	Operating result		57,080	100,703	(23,618)
			<i>Financial income and expenses:</i>				
5,928	8,770	10,034	Share dividends	5	1,501	5,490	5,928
10,742	2,693	2,403	Interest income		3,810	5,003	11,344
(15,517)	(19,755)	(16,481)	Interest expenses		(19,769)	(24,266)	(29,512)
(35,222)	(23,953)	22,971	Currency exchange gain (loss)		22,847	(28,558)	(39,246)
179	(2,007)	(164)	Other financial items		(1,151)	(3,189)	(15)
(33,890)	(34,252)	18,763	Net financial items		7,238	(45,520)	(51,501)
0	0	0	Minority interests		(1,266)	931	0
(66,921)	(70,100)	75,517	Result before taxes		63,052	56,114	(75,119)
15,070	29,774	(15,587)	Taxes	9	(10,983)	23,601	13,543
(51,851)	(40,326)	59,930	Net result for the year		52,069	79,715	(61,576)
			<i>Appropriations of net result:</i>				
0	5,731	6,368	Dividends				
(38,934)	(32,177)	60,817	Distributable reserve				
(12,726)	(12,726)	(12,726)	Undistributable reserve				
0	0	5,993	Legal reserve				
(191)	(1,154)	(522)	Group relief transfer				
(51,851)	(40,326)	59,930	Total appropriations				

BALANCE SHEET AT 31 DECEMBER

(All amounts in NOK 1,000)

Belships				Consolidated			
1992	1993	1994		Note	1994	1993	1992
ASSETS							
<i>Current assets</i>							
30,543	51,312	49,733	Bank deposits	4	92,260	93,143	52,902
27,382	13,097	23,363	Intercompany balances		0	0	0
12,791	9,191	6,739	Other current assets		30,150	25,148	165,359
70,716	73,600	79,835	Total current assets		122,410	118,291	218,261
<i>Fixed assets</i>							
11,899	16,592	19,448	Intercompany balances		0	0	0
86,007	168,388	168,548	Shares in associated companies	5	120,610	135,696	45,892
53,352	37,240	28,708	Other shares	5	28,708	37,240	53,352
1,415	21,338	21,338	Shares in subsidiaries	5	0	0	0
261,778	258,582	176,766	Vessels	6	210,948	296,418	291,868
190,633	178,659	180,775	Newbuilding	6	180,775	178,659	190,633
3,351	6,250	7,330	Other fixed assets	6	16,743	17,106	5,969
608,435	687,049	602,913	Total fixed assets		557,784	665,119	587,714
679,151	760,649	682,748	Total assets		680,194	783,410	805,975
LIABILITIES AND SHAREHOLDERS' EQUITY							
<i>Short-term liabilities</i>							
12,718	21,078	6,296	Mortgage debt	7	7,640	23,613	266,397
0	0	37,576	Newbuilding commitments	7	37,576	0	0
8,372	16,358	16,691	Other short-term liabilities		30,149	34,155	14,742
21,090	37,436	60,563	Total short-term liabilities		75,365	57,768	281,139
<i>Long-term liabilities</i>							
255,730	282,839	144,098	Mortgage debt	7	173,242	318,951	281,776
190,631	157,547	122,088	Newbuilding commitments	7	122,088	157,547	190,631
0	0	5,434	Net pension obligations	8	4,121	0	0
0	0	0	Other long-term liabilities		5,040	3,965	0
39,566	9,792	23,772	Deferred taxes	9	18,663	10,944	37,611
485,927	450,178	295,392	Total long-term liabilities		323,154	491,407	510,018
0	0	0	Minority interests		894	(372)	0
<i>Shareholders' equity</i>							
6,600	22,924	23,158	Share capital		23,158	22,924	6,600
5,321	141,401	150,286	Legal reserve		150,286	141,401	5,321
50,904	38,178	25,452	Undistributable reserve		25,452	38,178	50,904
109,309	70,532	127,897	Distributable reserve/Group reserve		81,885	32,104	(48,007)
172,134	273,035	326,793	Total shareholders' equity	10	280,781	234,607	14,818
679,151	760,649	682,748	Total liabilities and shareholders' equity		680,194	783,410	805,975
Uncalled capital commitments 11							
Pledges and guarantee commitments 7, 12							

C A S H F L O W A N A L Y S I S

(All amounts in NOK 1,000)

Belships				Consolidated		
1992	1993	1994		1994	1993	1992
			<i>Funds generated from operations</i>			
(34,923)	8,776	50,927	Cash flow from operations *	53,219	35,582	(41,743)
(103,499)	34,230	8,946	Change in other current assets/short term liabilities	6,227	(234,718)	157,320
(138,422)	43,006	59,873	Net funds from operations	59,446	(199,136)	115,577
			<i>Funds flow from investments</i>			
(25,645)	(437,597)	(16,493)	Investment in fixed assets (incl. newbuildings)	(16,651)	(465,075)	(31,896)
111,378	407,075	128,188	Sale proceeds from fixed assets disposals	129,338	793,223	102,212
3,164	28,645	3,911	Changes in other investments	9,935	(85,549)	17,403
88,897	(1,877)	115,606	Net cash flow from investments	122,622	242,599	87,719
			<i>Funds flow from financing</i>			
(14,295)	(35,749)	(174,200)	Change in long-term liabilities	(180,093)	(18,611)	(265,059)
0	21,120	3,510	Payment of equity	3,510	21,120	0
0	(5,731)	(6,368)	Dividends	(6,368)	(5,731)	0
(14,295)	(20,360)	(177,058)	Net cash flow from financing	(182,951)	(3,222)	(265,059)
(63,820)	20,769	(1,579)	Net change in liquid reserve	(883)	40,241	(61,763)
94,363	30,543	51,312	Liquid reserves at 1 January	93,143	52,902	114,665
30,543	51,312	49,733	Liquid reserves at 31 December	92,260	93,143	52,902
			<i>*) This amount is arrived at as follows:</i>			
(66,921)	(70,100)	75,517	Result before taxes	63,052	56,114	(75,119)
6,704	(18,987)	(52,226)	(Gain)/loss from sale of fixed assets	(39,681)	(120,511)	12,792
13,968	72,526	8,940	Write-down of receivables, shares and vessels	8,940	64,237	0
11,269	26,491	19,218	Ordinary depreciation	21,875	39,739	23,164
(191)	(1,154)	(522)	Group relief transfer	0	0	0
0	0	0	Minority interests	1,266	(931)	0
248	0	0	Taxes payable	(2,233)	(3,066)	(2,580)
(34,923)	8,776	50,927	Cash flow from operations	53,219	35,582	(41,743)

NOTES TO THE FINANCIAL STATEMENT

Accounting Principles

The financial statement has been prepared in accordance with Norwegian generally accepted accounting principles. The most important accounting principles are set out below. All amounts in the notes are stated in NOK 1,000 unless otherwise stated.

a) Consolidation principles

The Belships group includes the parent company Belships and subsidiaries as referred to in note 5.

In the group accounts all intercompany balances, transactions, gains and losses are eliminated.

The cost of shares in subsidiaries is eliminated against equity in the subsidiary at the date of acquisition. The difference between cost of the shares and book equity at the time of acquisition is analysed and allocated to the book value of vessels and goodwill. Added value related to vessels is depreciated over the vessel's remaining lifetime. Cost in excess of fair value recorded as goodwill is depreciated on a straight line basis over ten years.

b) Participation in other companies

A significant part of Belships' activities relate to participation in limited partnerships. These investments are included in Belships corporate accounts and group accounts using the gross method, which means that assets, liabilities, income and expenses are included in the accounts in accordance with Belships ownership percentage. The companies included using this method are specified in note 11. Interests in jointly controlled limited companies of between 36% and 50% are also accounted for using the gross method. In addition the group's holding in Western Bulk Shipping AS (WBS) is included in accordance with the equity method.

c) Conversion of foreign company accounts

The accounts of foreign companies are converted to Norwegian kroner using the average exchange rate for the year with regard to the income statement, and the closing rate with regard to the balance sheet. Exceptions are made for vessels which are converted at historical rates and mortgage debt which is converted at the higher of the historical rate and closing rate. The conversion difference is in reality a foreign currency gain/(loss) and included under financial items.

d) Depreciable assets

Depreciable assets are included in the balance sheet at cost price less ordinary depreciation.

In the case of vessels ordinary depreciation is on a straight line basis over an economic life of 20 years for the vessel from new. No account is taken of the scrap value.

Rights and obligations for vessels on financial lease agreements where the company has an obligation to purchase the vessel for the remaining principal amount of the leasing obligations, are capitalised and classified as vessels and long-term debt. The interest element in the lease payment is included under interest expenses and the capital element in the lease payment is treated as an instalment on debt. Lease obligations represent the remaining part of the principal. Realised and unrealised foreign exchange gains and losses are included in the income statement in accordance with the principles for long-term debt. At 31 December 1994 the company has no leasing obligations.

Depreciation on office equipment and vehicles has been charged to the operating result as administration expenses.

e) Foreign currency

Current assets and short-term liabilities in foreign currencies, with the exception of the current portion of long-term liabilities, are translated into NOK at rates of exchange at closing date. Both realised and unrealised gains and losses are included under financial items in the income statement.

Long-term liabilities, and current portion of mortgage debt, are stated at the higher of historical or year end rates based on an individual assessment of each loan. Unrealised losses, reversals of prior years unrealised losses and realised gains are included under financial items in the income statement.

f) Proration of freight revenues

Income and expenses related to a vessel's voyages are accounted for on the percentage of completion basis.

g) Bunkers and other inventories

Inventories are valued at the lower of cost (FIFO) and market value.

b) Maintenance and classification costs

Actual expenses on repairs and maintenance, both current and in connection with classification, have until 1993 been charged to the operating result as incurred. From 1994 onwards a provision is made for accrued repair and maintenance expenses. The effect of the change has been charged to the operating result for 1994, but does not represent a significant amount.

i) Newbuilding contract

The newbuilding contract is recorded in the balance sheet at cost price. A corresponding obligation less advanced payments has been entered under long-term mortgage debt, since it is assumed that the vessel on delivery will be financed through a long-term mortgage loan corresponding to the booked liability. Instalments which fall for payment in 1995 have been classified as short-term liabilities.

j) Pensions

With effect from 1 January 1994 Belships introduced the new accounting standard for pensions. Net pension expenses now consist of the period's pensions earnings (including expected wage growth) and interest expenses on the obligation less the estimated return on pension funds. The calculation assumptions are set out in note 8. In accordance with the previous principle, continuing pension premiums are charged to operations. The change in accounting principle is regarded as a fundamental accounting reform, which means that the implementation effect is adjusted directly against equity with a total of NOK 3.8 million in the parent company and NOK 3.0 million in the group.

k) Taxes

The tax charge in the income statement consists both of tax payable for the period and the change in deferred tax. The change in deferred tax reflects future tax payable which arises as a result of the year's activities. Deferred tax is included as a long-term liability in the balance sheet. Deferred taxes represents the tax chargeable on this year's and previous years' results at the balance sheet date, and which falls due for payment in later periods. The nominal rate of 28% has been used in the calculation.

Note 1 Operating income

Belships				Consolidated		
1992	1993	1994		1994	1993	1992
48,865	133,548	97,524	Income on timecharterbasis	267,194	226,054	103,288
0	0	115	Other operating income	21,872	26,158	0
0	0	0	Share of result from associated companies	(1,100)	5,000	(24,022)
48,865	133,548	97,639	Total operating income	287,966	257,212	79,266

Other operating income relates to management fees.

The share of result from associated companies relates in its entirety to WBS.

Note 2 General administrative expenses

General administrative expenses in Belships include Board of Directors fees of NOK 315,000 and remuneration of NOK 989,000 to the Managing Director.

The auditor's remuneration for 1994 for Belships amounts to NOK 290,000.

Note 3 Other items

Other items relate to the sale of M/V Belisland.

Note 4 Bank deposits

Restricted deposits for taxes withheld for employees at 31 December 1994 amounts to NOK 1,614,390 in Belships.

Note 5 Shares

	Belships Group ownership	Comany's share capital	Number of shares owned	Par value in total	Book value
<i>Shares in associated companies:</i>					
Western Bulk Shipping AS *)	24%	400,052	3,203,013	96,090	168,548
<i>Other shares owned by parent company:</i>					
AS Pelican **)		125,000	130,000	13,000	26,100
Protector Forsikring AS		228,900	21,000	2,100	2,100
North East Maritime Corporation		775	100	100	100
Western Bulk Cargo Invest AS		50	8	8	8
Nordic American Shipping AS		21,730	10,000	50	400
Total shares owned by parent company					28,708
<i>Shares in consolidated companies:</i>					
Belships Management AS	100%	50	1	50	50
Northsouth Shipmanagement Pte Ltd	"	SGD 60	500	SGD 60	19,003
Belships Tankers AS	"	250	250	250	825
AS Belfri	"	150	200	150	302
AS Beloccean	"	100	100	100	0
AS Belgrace	"	50	50	50	50
Belstar AS	"	50	50	50	50
Western Bell AS	"	50	50	50	50
AS Bel-Argo	"	2,586	200	2,586	0
Belships Finans AS	"	50	50	50	50
Western Obo II AS	"	50	50	50	50
Western Avenir AS	"	50	50	50	50
Belships Trading AS	60%	1,400	840	840	840
Belships (Far East) Shipping Pte Ltd	50%	SGD 500		SGD 250	0
Western Obo AS	36%	50	18	18	18
Total shares in consolidated companies					21,338
Total					218,594

*) As reported under accounting principles the group's interest in WBS is included as an associated company using the equity method. The group balance sheet has thus been adjusted for the share of the results during the period of ownership. As a result of this the book value of the ownership in the group accounts is NOK 120.6 million against NOK 168.5 million in the parent company accounts. The share's market price at 31 December 1994 was NOK 36.50. The less value is considered to be temporary.

***) In 1994 Belships received NOK 10.4 million in dividend from AS Pelican. NOK 1.5 million of this has been taken to income. The remaining amount of NOK 8.9 million was recorded as a reduction of our investment in the balance sheet so that the book value of shares in Pelican AS corresponds to Pelican's equity adjusted for unamortised cost in excess of fair value at the time of acquisition.

Note 6 Vessels and other fixed assets

Belships			Consolidated	
Other fixed assets	Vessels		Vessels	Other fixed assets
6,371	517,433	Cost at 31 December 1993	567,676	15,029
1,001	15,492	Additions 1994	15,650	1,001
0	(147,543)	Retirements 1994	(157,354)	0
7,372	385,382	Cost at 31 December 1994	425,972	16,030
3,235	80,185	Accumulated depreciations at 31 December 1993	92,600	3,235
905	19,218	Depreciations/write-downs 1994	21,875	1,833
0	(71,562)	Retirements 1994	(80,226)	0
4,140	27,841	Accumulated depreciations at 31 December 1994	34,249	5,068
3,232	357,541	Book value at 31 December 1994	391,723	10,962
4,098	0	Non-depreciable fixed assets	0	5,781
7,330	357,541	Total book value at 31 December 1994	391,723	16,743

Additions and retirements of fixed assets over the last five years:

	1990		1991		1992		1993		1994	
	Investment	Sales	Investment	Sales	Investment	Sales	Investment	Sales	Investment	Sales
Belships										
Vessels	140,283	0	409,118	58,836	24,310	111,232	435,589	406,281	15,492	128,188
Other fixed assets	954	295	744	296	1,335	146	2,008	794	1,001	0
Consolidated										
Vessels	155,869	0	458,351	52,409	30,561	102,066	454,409	792,429	15,650	129,338
Other fixed assets	954	295	744	296	1,335	146	10,666	794	1,001	0

Vessels specification:

	Year built	Belships group ownership	Costprice	Book value	Estimated * market value
M/V Western Bell	1991	50%	70,858	56,686	76,050
M/V Belstar	1992	80%	138,059	122,811	127,088
M/T Belgrace	1984/87	37%	36,280	31,451	38,769
Total excl. newbuilding			245,197	210,948	241,907
Oshima Newbuilding 10184	1996	100%	180,775	180,775	179,140
Total incl. newbuilding			425,972	391,723	421,047

* Based on estimates from Lorentzen & Stemoco AS.

Note 7 Mortgage debt and off balance items

Belships			Consolidated			
Short-term	Long-term		Short-term	Long-term	Currency	Interest rate
1,975	39,206	M/V Western Bell	2,468	49,008	USD	Libor +1.500% 1)
3,293	85,741	M/V Belstar	3,763	97,990	USD	Libor +1.750% 2)
1,028	19,151	M/T Belgrace	1,409	26,244	USD	Libor +1.250%
37,576	122,088	Oshima newbuilding	37,576	122,088	JPY	3)
43,872	266,186		45,216	295,330		

Mortgage debt in USD is booked at a rate of 6.76 with the exception of mortgage debt on M/T Belgrace which is booked at the drawdown rate of 6.92. The newbuilding obligation in JPY is booked at a rate of 6.79. With regard to Belships' mortgage debt totalling NOK 310.1 million, security has been provided over vessels with a book value of NOK 357.5 million. For the group the vessels and mortgage debt had a book value of NOK 391.7 million and NOK 340.5 million respectively. All covenants related to the loans were fulfilled at 31 December 1994.

Belships has given a guarantee of DEM 3 million as security for fulfilment of the charterparty for M/V Western Guardian. In the group accounts the general partner are fully liable for the debt in the underlying limited partnerships. Reference is made to Note 11 regarding uncalled limited partnership capital.

The newbuilding contract has been entered into by Belships. The company is thus liable for the total newbuilding cost of the vessel.

Interest rate/currency hedging

- 1) Agreements have been signed on a LIBOR interest cap of 8.50% until January 1997.
- 2) Agreements have been signed on an interest floor/cap of LIBOR at 6.00%/8.00% until October 1997.
- 3) An agreement has been signed on long-term financing in USD of a newbuilding in Japan.

Charter obligation

Belships Tankers has chartered three handysize product vessels on time charter with a remaining duration of between 5 and 17 months. The average rate for the vessels is approximately USD 10,500 per day. In addition Belships has chartered in an OBO vessel, M/V Western Guardian, for one year with an option to extend until the end of 1997. The charter hire in 1995 is USD 10,767 per day increasing to USD 11,575 and 12,575 per day in 1996 and 1997 respectively.

Belships Trading has several vessels on time charter over varying periods. At the year-end four vessels were chartered for a period in excess of one year. The average rate for these vessels is approximately USD 10,000 per day. The company has also entered into freight contracts for 1995 which correspond to the employment of two vessels.

Note 8 Pension matters

Employees in the company are members of the company's own pension fund. At 31 December 1994 all the 25 Norwegian employees are members of the existing service pension scheme. In addition the service pension scheme includes 11 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, against the background of the new accounting standard's requirement to distinguish between benefit plans and contribution plans, 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 24 people are covered by these arrangements.

The company's pension scheme is over-funded. The over-funding has been assessed and it is assumed in the accounts that it will be utilised.

The pension expenses for the year have been calculated by an independent actuary based on the company's information at 1 January 1994. An adjustment has been made for any significant later changes.

Against the background of the development in interest rate levels in recent years, and in accordance with recommendation from the Oslo Stock Exchange, the assumptions set out below have been used.

Belships **Consolidated**

Assumptions

7.00%	Discount rate	7.00%
3.30%	Future wage adjustment	3.30%
2.50%	Pension adjustment/ G adjustment	2.50%
8.00%	Return on pension funds	8.00%
17.75 years/16.47 years	Average remaining earning period (31.12.94/01.01.94)	16.76 years/15.78 years
2%/0%	Voluntary departure before/after 45 years	2%/0%

Composition of the net pension costs

1994			1994
372		Present value of the year's pension earnings (incl. social security tax)	603
1,035		Interest charge on accrued pension obligations	1,478
(796)		Return on pension funds	(1,337)
611		Net pension costs	744

Composition of the net pension obligations

01.01.94		31.12.94		31.12.94		01.01.94	
16,436	17,339	Gross pension obligations	24,059	22,889			
(11,109)	(11,905)	Pension funds	(19,938)	(18,670)			
5,327	5,434	Actual and capitalised net pension obligations	4,121	4,219			

Note 9 Taxes

Belships			Consolidated	
1993	1994		1994	1993
0	0	Taxes payable	(2,233)	(3,066)
29,774	(15,587)	Changes in deferred taxes	(8,750)	26,667
29,774	(15,587)	Taxes	(10,983)	23,601

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

Deferred tax at 31 December

Deferred taxes are calculated based on timing differences existing between:

1993	1994		1994	1993
62,174	71,785	Accumulated tax reserve	85,336	73,261
81,318	115,844	Deferred sales gains	115,844	81,318
(45,317)	(28,371)	Accruals according to generally accepted accounting principles	(35,981)	(39,000)
0	(5,434)	Pension obligations	(4,121)	0
(31,270)	(22,957)	Tax loss carryforward	(48,457)	(44,561)
66,905	130,867	Net temporary differences	112,621	71,018
18,733	36,643	Deferred taxes (28%)	31,534	19,885
(8,941)	(12,871)	Remuneration carryforward: dividends	(12,871)	(8,941)
9,792	23,772	Deferred tax after remuneration	18,663	10,944

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

The oldest tax loss carryforward was established in 1992.

Movement in deferred taxes

Belships		Consolidated
9,792	Deferred taxes at 31 December 1993	10,944
(1,492)	Incorporation of new accounting standard regarding pensions	(1,031)
15,472	Changes deferred taxes	8,750
23,772	Deferred taxes at 31 December 1994	18,663

Tax result for 1994 for Belships

Below there is a spesification of the difference between result according to the financial statement and the taxable result.

Result before taxes	75,517
Permanent differences	(6,643)
Group relief transfer	522
Changes in timing differences	(61,083)
Taxable result	8,313
Remuneration used	(8,313)
Tax basis for the year	0

Note 10 Equity

The company's 11,579,000 shares with a nominal value of NOK 2.00 were distributed among 849 shareholders at 31 December 1994.

Changes in equity 1994

Belships

	Share capital	Legal reserve	Undistributable reserve	Distributable reserve/ Groupreserve	Equity
Balance at 31 December 1993	22,924	141,401	38,178	70,532	273,035
Share issues 1994	234	3,276	0	0	3,510
Result 1994	0	5,993	0	53,937	59,930
Transferred from undistributable reserve	0	0	(12,726)	12,726	0
Group relief from subsidiaries	0	0	0	522	522
Dividend accrued	0	0	0	(6,368)	(6,368)
Incorporation of pension obligations	0	(384)	0	(3,452)	(3,836)
Balance at 31 December 1994	23,158	150,286	25,452	127,897	326,793

Consolidated

Balance at 31 December 1993	22,924	141,401	38,178	32,104	234,607
Share issues 1994	234	3,276	0	0	3,510
Result 1994	0	5,993	0	46,076	52,069
Transferred from undistributable reserve	0	0	(12,726)	12,726	0
Dividend accrued	0	0	0	(6,368)	(6,368)
Incorporation of pension obligations	0	(384)	0	(2,653)	(3,037)
Balance at 31 December 1994	23,158	150,286	25,452	81,885	280,781

Note 11 Participation in limited partnership (Consolidated)

The following directly-owned partnerships are included on a proportionally consolidated basis:

Share (Incl. general partnership)	Belstar KS	Western Bell KS	Belgrace KS	Total
	80%	50%	37%	
Results	7,569	5,939	(1,692)	11,816
Current assets	3,630	6,640	1,178	11,448
Fixed assets	123,694	56,877	31,452	212,023
Short-term liabilities	6,897	4,031	4,230	15,158
Long-term liabilities	97,990	49,008	26,244	173,242
Committed capital	96,000	51,000	43,290	190,290
Paid in capital	48,000	25,000	29,757	102,757
Uncalled capital	48,000	26,000	13,533	87,533

K/S A/S Belocan has not been included in the above since the investment is considered insignificant in terms of the group. All committed capital in K/S A/S Belocan is paid-in.

Note 12 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 last year's annual report, 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.

ARTHUR ANDERSEN

TRANSLATION FROM NORWEGIAN

AUDITORS' REPORT FOR 1994

To the Annual General Meeting of
Belships Company Limited Skibs-A/S

Arthur Andersen & Co.
Statsautoriserte Revisorer

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0212 Oslo
22 92 80 00 Telefon
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Medlemmer av Norges Statsautoriserte
Revisorers Forening

We have audited the annual accounts of Belships Company Limited Skibs-A/S for 1994, showing net profit for the year of NOK 59,930,000 for the company and net profit for the year of NOK 52,069,000 for the group. The annual accounts, which consist of the Board of Directors' report, statement of income, balance sheet, cash flow analysis, notes and the corresponding consolidated financial statements, are the responsibility of the Board of Directors and the Managing Director.

Our responsibility is to examine the company's annual accounts, its accounting records and the conduct of its affairs.

We have conducted our audit in accordance with applicable laws, regulations and generally accepted auditing standards. We have performed the auditing procedures we considered necessary to determine that the annual accounts are free of material errors or omissions. We have examined, on a test basis, the accounting material supporting the financial statements, the appropriateness of the accounting principles applied, the accounting estimates made by management and the overall presentation of the annual accounts. To the extent required by generally accepted auditing standards we have also evaluated the company's asset management and internal controls.

The appropriation of net income for the year and equity transfers, as proposed by the Board of Directors, complies with the requirements of the Joint Stock Companies Act.

In our opinion, the annual accounts have been prepared in conformity with the Joint Stock Companies Act and present fairly the company's and the group's financial position as of 31 December 1994 and the result of its operations for the fiscal year in accordance with generally accepted accounting principles.

ARTHUR ANDERSEN & CO.

Morten Drake (sig.)

State Authorised Public Accountant (Norway)

Oslo,
30 March 1995

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M A N A G E M E N T R E P O R T

1994 was characterised by considerable growth in demand for large bulk vessels, particularly due to the upturn in the European and Japanese economies. At the end of 1995 the USA, Europe and Japan were experiencing growth. In addition the high rate of growth in South East Asia seems likely to continue.

This led during 1994 to a positive market development for all dry cargo segments. In the case of product tankers the growth factors were not sufficiently strong to provide the market with the same significant upturn.

1994 was the first full year of operation for Belships present structure. The year was characterised by growth in the panmax bulk and handysize product activities. The company has thus improved the balance between its various shipping activities.

The value of secondhand tonnage has risen slightly in most segments. Due to falling newbuilding prices there has been relatively limited potential for a rise in the value of newer vessels.

Lending institutions have shown interest in shipping facilities during 1994. Interest has been greatest for industrial shipping. The equity market has been difficult with little interest for shipping in general and bulk shipping in particular.

Norway's decision not to become a member of the European Union will have no immediate impact on Belships. A capital intensive business such as Belships is concerned, however, in the longer term that the cost of capital in Norway may become more expensive.

The introduction of the Oil Pollution Act in the USA

involves few problems for Belships. All vessels which call at American ports must have guarantee cover against pollution - a Certificate of Financial Responsibility (COFR). In Belships fleet only M/T Belgrace is so far affected by these rules. In order to provide the necessary guarantees Belships has joined a mutual association for this purpose.

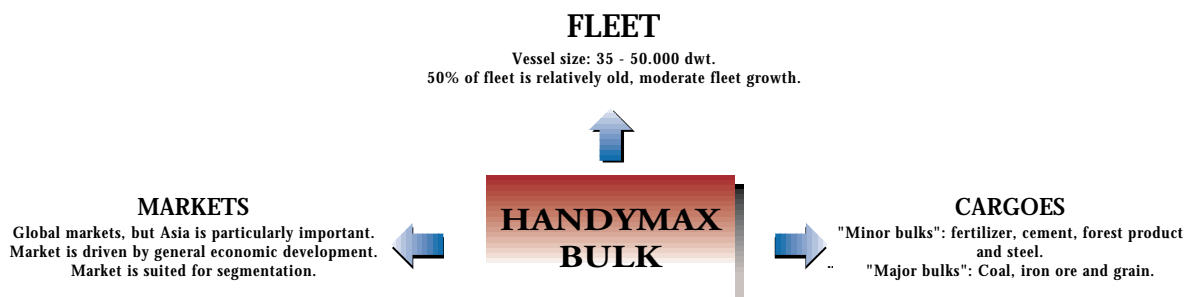
Handymax bulk

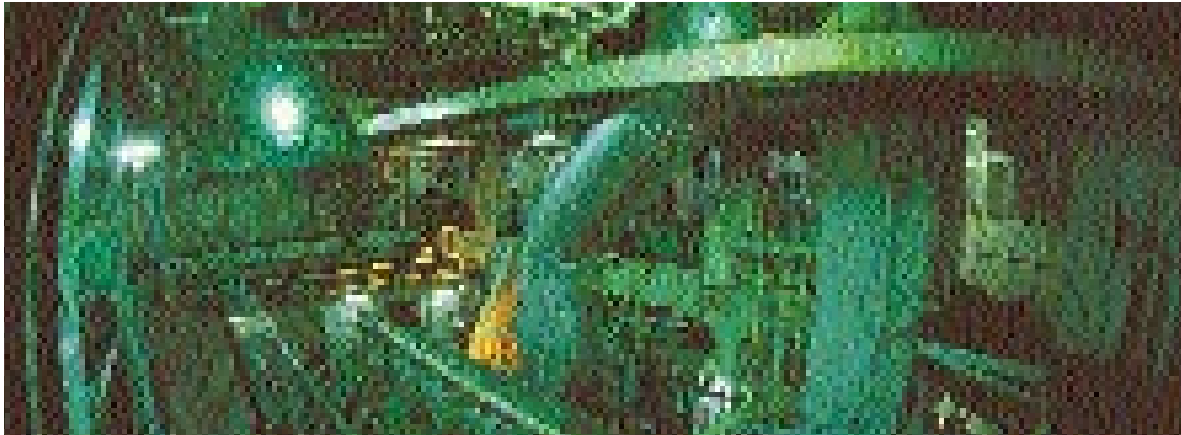
The handymax fleet transports all standard bulk cargoes such as coal, forest products, fertiliser, grain, steel and cement. The inclusion of investment goods (steel, cement, etc.) means that the handymax market is closely linked to general economic growth.

A significant part of the freight carried in the handymax market is transported to developing countries with the main emphasis on Asia. It is largely growth in this region which determines demand.

Handymax bulk is one of the markets within shipping which has the greatest liquidity and variety in trading patterns. The market therefore is well suited to segmentation - both geographically and in service terms. Demand for handymax tonnage is thus more stable than in most other shipping markets.

Belships is involved in the handymax bulk segment in two ways: through a 24% holding in Western Bulk and through its own vessels. This duality makes it possible to resolve the traditional conflict between industrial shipping and more asset play related activity: Western Bulk operates long term with considerable emphasis on contract shipping, while Belships is freer to exploit fluctuations in the market





through the purchase and sale of ships.

Belships' handymax bulk carriers sail in the Western Bulk pool. The company's strategic interest in Western Bulk Shipping gives us considerable influence over how our own ships are marketed. At the same time the connection with Western Bulk provides expertise and proximity to the market which suits our strategy. Western Bulk's independent access to the equity market gives Belships greater flexibility with regard to the purchase and sale of vessels.

During the first part of 1994 the handysize market was slightly weaker than in 1993. A rise in rates during the autumn led to the average rate for the year as a whole being roughly as in 1993. Belships' own handymax bulk carriers achieved on average T/C earnings of USD 10,500 per day.

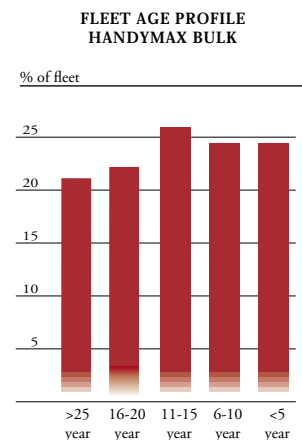
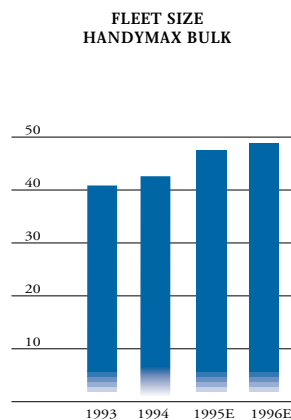
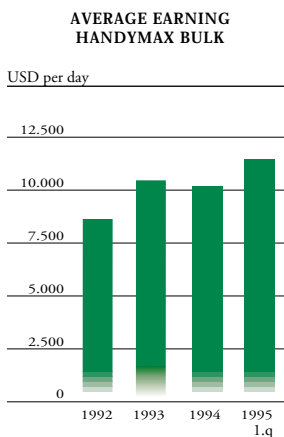
It was mainly a rise in grain transportation to China, higher steel production and the general economic upturn in Japan and Europe which led to increased demand in the dry cargo market. In the case of the handymax segment however the rise was less than for panamax and capesize vessels .

Developments in China have proved to be of particular importance for the handymax bulk market in recent years. While China had an extraordinary high level of steel imports in 1993, these decreased in 1994. This was partly compensated for by high grain imports.

In December Western Bulk signed an agreement to take over Jepsens Bulk Pool. This means that Western Bulk will take over an extensive portfolio of long-term contracts with a particularly strong position in the Pacific, Australia and New Zealand. The acquisition took place in January 1995.

In December Belships sold M/V Belisland, a 42,000 dwt bulk carrier built in 1985 to Western Bulk Shipping. The vessel has been renamed M/V Western Key.

According to Clarkson Research Studies the world handymax fleet increased by 6.2% to roughly 43.6 million dwt in 1994. Similar growth in the fleet is expected in the coming years with 7% and 4% respectively in 1995 and 1996. The market value of handymax bulk carriers has been rising in 1994.



It is primarily in countries enjoying rapid industrial growth, particularly in Asia, that demand for handymax tonnage is strongest. Contrary to tankers and larger bulk carriers, handymax bulk carriers are less dependent on general economic growth in the OECD countries. There are reasons to expect a continued high rate of growth in Asia in the coming years. However the political situation in Russia, China and India creates uncertainty which can have a negative impact on the market at times.

For 1995 the combination of the positive development in Asia, strong economic growth in the USA and Europe and growing optimism in Japan is expected to lead to strong demand for handysize bulk tonnage.

Panmax bulk

Panmax and capesize bulk carriers generally carry coal, grain, iron ore and other minerals. While the handysize segment is oriented towards investment goods, large bulk carriers are mainly engaged in raw materials transportation. Industrial countries' imports of coal and ore as well as East European and Asiatic imports of grain are therefore the main driving forces in this market.

Belships Trading's function is to develop the involvement of the Belships group in large bulk carriers. The company's strategy is based on the contract carrier principle, i.e. operating on the basis of freight contracts and charter tonnage. In time the business may also come to include tonnage owned by Belships.

Belships Trading gives priority to developing a relationship with industry through extensive contacts with shippers, trading houses and users. The company endeavours to maximise earnings through active arbitrage of individual cargoes and vessel position. Following the

establishment of Belships Trading in 1993, the ambitions in 1994 were to increase volume, establish new long-term customer relationships and build further on a contract pattern which reduces ballast periods. All these objectives were met.

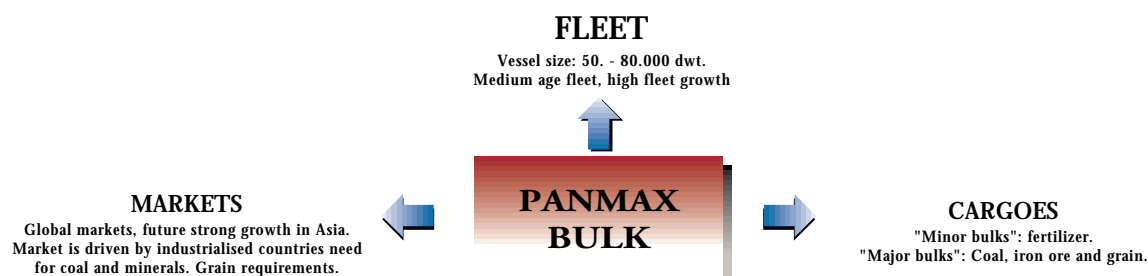
Cargo volumes increased by 275% in relation to 1993 when the company was in operation only for 9 months. The number of vessel days was approximately 1900 against some 500 in the previous year. During the year Belships Trading established several new contract relationships with considerable potential. The result for Belships Trading exceeded the budget for 1994 and must be characterised as good.

At the start of the year a weaker large bulk market was expected in 1994 due mainly to the level of newbuilding activity. The panmax fleet increased by 5.3% - more than estimated because fewer vessels than expected were scrapped in 1994.

In spite of the large increase in the fleet the market rose considerably towards the end of the year. Average earnings for the year were admittedly only 6% higher than in 1993 measured by the Baltic Freight Index (BIFFEX). But the development from October until the end of the year meant that the index was 70% higher at the year-end than one year earlier.

The main reason for the significant increase is that the rise in economic activity in the OECD area has been much stronger than expected. In particular, steel production in EU grew strongly, at the same time as ore stocks in EU countries were low. This led to a 28% increase in imports of iron ore by EU countries in 1994. Coal imports in Asia also showed good growth.

At the beginning of the year Belships Trading had positioned itself for a fall in the panmax market. The





company nevertheless managed to adapt to developments in a flexible manner. As the market tightened over the summer, the company took in several vessels on time charter and was in the position to respond to the strongly rising market during the autumn.

The market for large bulk carriers at the beginning of 1995 is at an all time high level. In 1995 we expect a continued high rate of newbuilding deliveries and a modest level of scrapping of older vessels. We expect that the fleet will grow by a net amount of approximately 5% during 1995. Together with a slightly lower rate of demand growth during the year we expect that this will lead to lower rates during 1995.

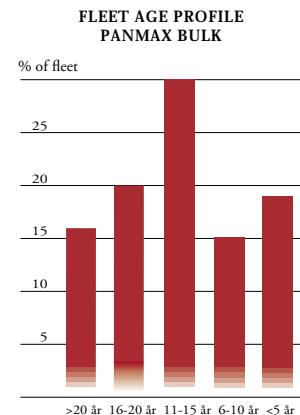
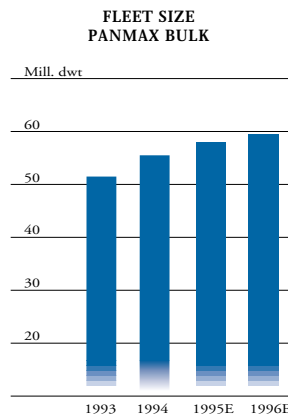
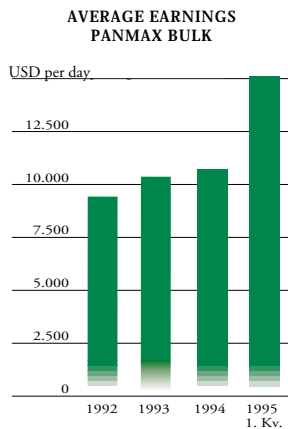
At the beginning of 1995 Belships Trading had two vessels on a one-year time charter with options for

extension. In addition the company has two vessels on time charter with a duration of up to one year. The company's ambitions for 1995 are to maintain a continued strong increase in the level of activity.

Belships increased its holding in Belships Trading from 1 January 1995 by 10% to 70%.

Handysize Product

The product market consists of vessels which carry sensitive cargoes, mainly refined petroleum products, and also vegetable oils and certain chemicals. This market is relatively cyclical with the demand for petroleum products in OECD countries as the most important driving force. Over time demand growth in Asia will be of increasing importance for this market as well.



The Belships group's expertise and operations in handysize product tankers are organised in the wholly-owned subsidiary Belships Tankers. The company strategy is to position itself for an upturn in the market with a gradual increase in exposure over time. In our opinion decisions as to the time for going in and out of the market with both owned and chartered tonnage are important success factors in the product tanker market. This is more relevant in product tankers than in dry cargo since the product market is very spot orientated and thus gives limited opportunities for contract coverage and market segmentation.

During 1994 both the time charter market for product tankers and the secondhand market for vessels improved over the year. The spot market did not show the same positive development and was particularly weak during the summer months. However the market strengthened somewhat towards the end of the year.

The time charter rate for a ship such as M/T Belgrace has risen during the period from the second quarter of 1993 to the second quarter of 1994 by roughly 20%. Since the summer rates have increased by a further 10%. Such an increase, viewed against the background of a flat spot market, signals in our opinion that market participants view the future with optimism.

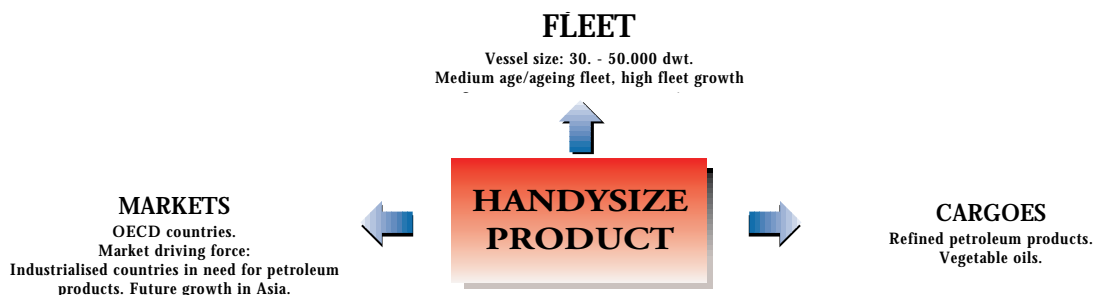
M/T Belgrace, which is Belships' own product tanker, was fixed on a time charter until May 1994 at a rate of USD 10,500 per day. The charterparty was subsequently extended for one year at USD 12,500 per day with an option for the

charterer for a further one year at USD 14,000 per day. The ship was docked in December 1994 and in this connection was offhire for 37 days. The docking costs amounted to more than NOK 8 million. The main reason for the expensive docking was to carry out a major upgrade of the vessel's ballast tanks. This was carried out because we believe it will extend the vessel's life time and thus increase its secondhand value.

M/V Western Guardian which is a chartered OBO vessel achieved average earnings of USD 11,900 per day which was slightly less than expected. This was mainly due to a weak dry cargo market in the Atlantic during the summer of 1994. For the first time there was a shortage of dry cargo transportation from the USA. This meant that OBO vessels achieved poor utilisation of their combination capacity. The situation improved towards the end of year with rising earnings in the last quarter.

Belships Tankers increased its involvement through chartering the product tanker M/T Mekhanik Ilchenko in October 1994 for a period of one year with an option for a further six months. The vessel is a sister vessel of M/T Mekhanik Yuryev which we have on time charter until May 1995 with an option for a six month extension. The time charter vessel M/T Torm Venture will be redelivered in the spring of 1995.

The three chartered product tankers sailed without significant problems in 1994. The vessels contributed a small profit, but earnings have not met the company's expectations.





In August Belships made an offer to participants in a Norwegian limited partnership which owns a product tanker similar to M/T Belgrace. Belships set a lower limit for its holding in the vessel of 50%. Since we only received acceptances for 20% the purchase was not implemented.

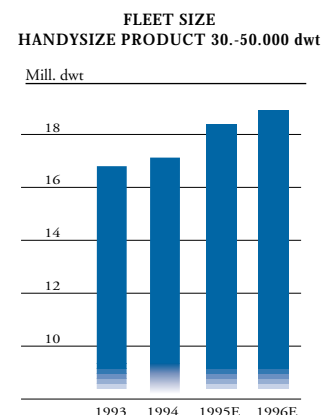
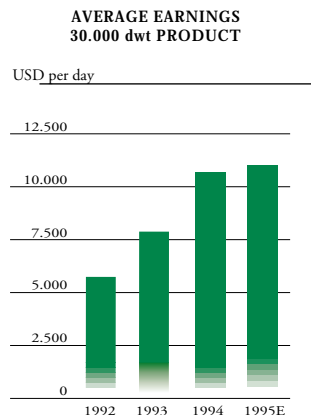
In future most observers expect further growth in demand for oil products. The main driving force continues to be economic growth in the OECD countries. In addition expected high economic growth in Asia, particularly China and India, will have an impact.

On the supply side it is difficult to establish a clear picture of the level of newbuilding activity in future. Many vessels which have been agreed for delivery in 1995 are being built in Eastern Europe, where deliveries are often delayed.

The relatively good market one expects in 1995 will lead to a limited level of scrapping of older product tankers. There are thus reasons to expect a further year with a marginal improvement in the tonnage balance in the product tanker market.

Operational management

The management companies Northsouth Shipmanagement (NSSM) in Singapore and Belships Management (formerly Belstove Management) in Oslo represent the Belships group's technical and maritime expertise. In the same manner as the Belships group is focused on the dry cargo and tanker markets, the management companies have built up expertise in the operation of vessels in the same segments. The division of roles between the two management companies is that all insurance and crewing with Norwegian officers is carried out by Belships Management, while technical management and operations,



as well as the remaining crewing is carried out by NSSM.

Belships' operating policy is based on high quality at all levels in order to satisfy both our customers and national and international rules. In order to maintain a high standard emphasis is placed on continuing maintenance of our vessels. NSSM was one of the first companies to establish quality assurance in its business through among others ISO 9002 certification and Det Norske Veritas SEP approval.

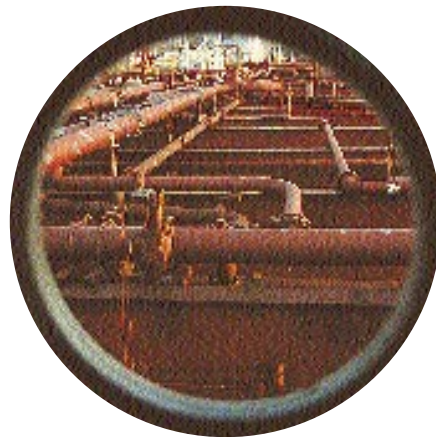
At the end of 1994 the management companies were responsible for 19 vessels. 16 of these were operated on behalf of external owners. Operations of the vessels in 1994 have been satisfactory with operating costs roughly as budgeted. Most vessels have been upgraded with regard to ballast tanks, cargo holds and decks, partly in order to satisfy new rules and partly in response to charterers' or owners' requirements for high standards. Most of the work has been carried out by the vessels' crews and

considerable amounts have been expended on tools and materials.

NSSM has a contract for construction supervision on a total of six handysize bulk carriers. These include Belships' own newbuilding which is to be delivered in 1996. All the vessels are being built in Japan.

In 1994 NSSM has undergone several external quality controls and personnel regularly undergo training courses. The majority of the officers and crews are recruited from the Philippines. Most undergo training and further education at the Norwegian Training Centre in Manila.

An additional two vessels under NSSM management obtained Det Norske Veritas SEP approval (Safety and Pollution Prevention) in 1994 and a total of six vessels now have this status. In the light of NSSM's pioneer work in Ship Quality Management Det Norske Veritas has already offered the company IMO's ISM Code certificate in spite of the fact that this is not obligatory until 1998.



ANALYTICAL INFORMATION

Freight revenues on a T/C basis

A shipping company's freight revenue will vary depending on its pattern of operation. If the shipping company itself acts as a cargo operator, it will also need to cover voyage expenses related to loading, discharging, bunkers etc. If the vessel is leased to others for a voyage or a specific time period, the shipping company will receive charter hire payments based on the hirer covering these expenses.

Freight revenues on a T/C basis express the profit contribution which remains after payment of voyage-related

expenses. The term thus represents a uniform and comparable income term, irrespective of whether the shipping company itself is a cargo operator or whether the vessel is chartered to others.

For a company's own vessels the term freight revenues on a T/C basis reflects the contribution which remains to cover the vessels' operating costs, interest and instalments. In the case of charter tonnage the corresponding contribution needs to cover charter hire on the vessel since the owner must itself pay operating expenses, interest and instalments.

<i>Result per segment 1994 (NOK million)</i>				
	<i>Freight revenues on a T/C-basis</i>		<i>Operating result before other items</i>	
	<i>1994</i>	<i>1993</i>	<i>1994</i>	<i>1993</i>
<i>Handymax bulk</i>	<i>57</i>	<i>117</i>	<i>16.2</i>	<i>42.5</i>
<i>Panmax bulk</i>	<i>113</i>	<i>64</i>	<i>4.0</i>	<i>-14.5</i>
<i>Handysize product</i>	<i>97</i>	<i>45</i>	<i>-0.5</i>	<i>6.1</i>
<i>Operating revenues Operating result</i>				
	<i>1994</i>	<i>1993</i>	<i>1994</i>	<i>1993</i>
<i>Management-companies</i>	<i>22</i>	<i>26</i>	<i>6.6</i>	<i>5.4</i>

The table above shows the company's revenue and operating result by segment in 1994.

The balance between Belships three shipping segments changed significantly during 1994. The reason for the decline in the handysize bulk segment was mainly that the vessels in Belships Far East were sold in 1993. These vessels accounted for freight revenue of NOK 38 million in 1993.

Based on the fleet managed by Belships at the year-end and the dollar exchange rate at 31.12.94, a USD 1,000 change in earnings per day would have the following effect on operating revenues for Belships on an annual basis:

Handymax bulk	NOK 7 million
Panmax bulk	NOK 5 million
Handysize product	NOK 5 million

This illustration is static to the extent that it does not take into account volume changes in Belships' activities during the year.

Foreign exchange

It is an objective for the company to maintain as low a foreign exchange risk as possible. Since the values of the vessels are determined in US dollars all mortgage debt is normally raised in the same currency.

Newbuilding 10184 from the Oshima yard is to be delivered at the beginning of 1996. The remaining contract liability is for JPY 2,351 million of which two interim instalments of JPY 559 million in total are to be paid during the second half of 1995. The remaining JPY 1,792 million falls due for payment on delivery. An agreement has been signed regarding long-term financing on delivery of the newbuilding. The loan will be raised in US dollars. An agreement has been signed with the lender which gives us the

right to hedge 65% of the contract price in the period prior to delivery. This is continuously assessed. On a change in the exchange rate between Japanese yen and Norwegian kroner of 0.1 the liability expressed in Norwegian kroner terms will change by NOK 2 million.

Belships' revenues and expenses are mostly in US dollars. Profit and loss account items in our Norwegian kroner accounts are therefore affected by changes in relationship between the US dollar and the Norwegian kroner.

Based on expected earnings in 1995 an increase of NOK 0.50 in the dollar exchange rate will improve the group's operating profit by approximately NOK 7 million. Foreign exchange losses on net debt will be around NOK 5 million. In addition the market value of the group's vessels will increase by approximately NOK 18 million. A stronger US dollar will thus have a positive effect on the group's earnings and net value expressed in Norwegian kroner.

Interest rates

All mortgage loans are in US dollars and are based on a floating interest rate. The group's financial expenses will thus vary with the development in the dollar interest rate.

Over the last year the dollar interest rate has been rising. In 1995, however, we expect only minor changes in short-term and long-term US dollar interest rates.

As insurance against a significant rise in interest rates, interest caps have been taken out on approximately 85% of the group's interest bearing debt at 31 December 1994. These agreement set limits on LIBOR of 8-8.5% over the next two years.

A change in interest rate levels in 1995 will, based on the above and the fact that the group's liquid assets represent approximately 30% of its interest bearing debt, have a limited effect on the group's net interest expenses.

Market values

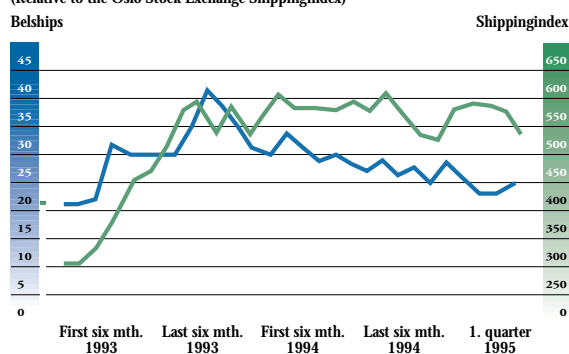
In addition to changes in the exchange rate between US dollars and Norwegian kroner the vessels' market values will be affected by changes in the market for buying and selling secondhand vessels. In the case of the group's fleet, a 10% change in market values will correspond to approximately NOK 25 million. The vessels owned indirectly through Western Bulk Shipping have not been included since this company's development in value will be reflected in the shares' market price which will also be affected by other external factors.

T H E B E L S H I P S S H A R E

Shareholder policy

Belships wishes to achieve pricing of the company's share which is as correct as possible through efficient and profitable management of the company's resources. A competitive return will be obtained through a rise in the value of the company's shares and payment of a dividend which reflects the company's results and future prospects.

SHAREPRICE DEVELOPMENT: THE BELSHIPS SHARE 1993-1994
(Relative to the Oslo Stock Exchange Shippingindex)



Belships is working to ensure that the company's share is an attractive and competitive investment alternative for both Norwegian and international investors. The company will keep shareholders, the stock market and the Oslo Stock Exchange continuously informed on developments through interim reports, annual reports and notices on important events. Belships also regularly give presentations for Norwegian and foreign investors. Belships considers timely and accurate information as essential for the share to achieve a pricing which reflects its underlying values and future prospects.

In the case of increases in share capital through the issue of new shares against cash, the company's shareholders will basically be given preferential subscription rights. The Board will propose placings of shares or the issue of shares as settlement in connection with investments only when this takes into account the long-term interests of existing shareholders.

Share capital

Belships' share capital is NOK 23,158,000 divided into 11,579,000 shares of NOK 2.00 par value. The share capital of Belships over the last four years has developed as follows:

Year	Type of change	Amount	Share par value	Number of shares	Share capital
1991	Bonus issue 1:1	3,300,000	10,00	660,000	6,600,000
	Share split 5:1		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 placings	9,724,000	2,00	11,462,000	22,924,000
1994	Private placing	234,000	2,00	11,579,000	23,158,000

In 1994 a private placing was made in connection with the takeover of an interest of 12% in the product tanker M/T Belgrace.

In 1994 a share option scheme was established for the Board and employees in Belships. Options were issued to purchase a total of 143,000 shares at a price of NOK 32. The options must be exercised in the period 19 May 1995 to 19 May 1997.

RISK

In connection with the introduction of the new tax system from 1 January 1992, a system was introduced to avoid double

taxation which adjusts the shares' opening value on sale, and thus affects sales gains or losses. This adjustment is called RISK (adjustment of the shares opening value with changes in the company's taxed capital). In the case of Belships the following RISK amounts have been established:

1992	NOK 0.00
1993	NOK -0.50
1994	NOK -0.55 (estimated)

The amounts apply from 1 January of the following year.

Shareholder structure

The 20 largest shareholders in Belships at 31 December 1994:

	Number of shares	Percentage of share capital
Sonata A/S	3,538,205	30.6%
Jasto A/S	1,911,812	16.5%
Consensio A/S	822,323	7.1%
UNI Storebrand Pluss	668,600	5.8%
Omega Investment Fund	334,000	2.9%
Otto Grieg Tidemand	225,002	1.9%
UNI Storebrand 1982	212,200	1.8%
Jeanette Basely	208,800	1.8%
UNI Storebrand Finans	153,900	1.3%
Atalanta A/S	123,000	1.1%
Tidinvest A/S	122,116	1.1%
Omega Fixed Income	81,400	0.7%
Colonial Shipping Invest AS	81,060	0.7%
Gjensidige Livsforsikringsselskap	80,000	0.7%
G, A, Treschow	79,889	0.7%
Jenssen & Co A/S	72,940	0.6%
Tidships A/S	67,371	0.6%
Arne Hellestø AS	66,400	0.6%
G-Kapital Gjensidige Fondforvaltning	60,000	0.5%
Analyseinvest AS	58,740	0.5%
Total 20 largest	8,967,758	77.5%

In aggregate the Grieg Tidemand and Stove Lorentzen families control approximately 60% of the shares.

At the end of 1994 the company had 849 shareholders. 11 of these had addresses outside Norway.

The corresponding figures for 1993 were 892 and 16.

Liquidity

During 1994 the Belships share had slightly weaker liquidity on the Oslo Stock Exchange than in the previous year. Liquidity was nevertheless much higher than in the years prior to 1993.

In 1994 shares equivalent to 40% of the share capital were traded. This corresponds to the number of shares outside the main shareholders' holdings. The main shareholders traded shares to a very limited extent in 1994. The number of stock exchange trading days on which the Belships share was traded increased from 180 days in 1993 to 221 in 1994.

The company will in future continue to work actively to further improve the liquidity of the Belships share.

Year	Turnover in NOK million	Turnover in shares	Number of transactions	Number of days traded
1991	34.2	501,000	90	58 of 259
1992	1.3	22,000	48	38 of 249
1993	293.4	7,748,000	2,057	180 of 252
1994	143.7	4,681,000	1,351	221 of 253

P R O D U C T T A N K E R S

The market for product tankers improved during 1994 and prospects for the coming two years are bright. Demand will increase, particularly in Asia, and growth in tonnage has been moderate, writes Even S. Engelstad in this article.

The development in the market for product tankers is a direct consequence of the development in the world's use of petroleum products. While total consumption shows a moderate and steady increase, there are considerable regional differences within this market: Petroleum consumption in the industrialised countries is more or less constant, while consumption in Asia is rising strongly.

The world's total consumption of petroleum products increased by approximately 1.5% in 1994 after a period of slightly lower growth. In the coming years, growth in line with last year is expected. Figure 1 shows the development in petroleum consumption since 1980.

Even though there is a clear relationship between economic development in different parts of the world and consumption of petroleum products, it is not the case that economic growth has the same overall effect on consumption of petroleum products. Whereas economic growth leads to significant increase in petroleum consumption in areas such as Asia and Latin America, the effect is less in highly industrialised parts of the world.

In the USA and Western Europe living standards have reached a level where continued economic growth will have a limited impact on what is already mature demand. In this regard Japan represents an exception since the country is a major

producer of industrial goods for other Asian countries. On the other hand in most of Africa there will not be any great increase in the consumption of petroleum products with economic growth, because this region generally continues to be economically underdeveloped.

Figure 2 shows expected economic growth estimated by the International Monetary Fund (IMF). It is worth noting that the high rate of economic growth is expected to continue in areas where the effect on consumption of petroleum products is highest, i.e. Asia and Latin America. Economic growth in these areas will probably be the strongest driving force on the demand side in the oil market in the coming years.

Expected economic growth in GNP (%) (fig.2)

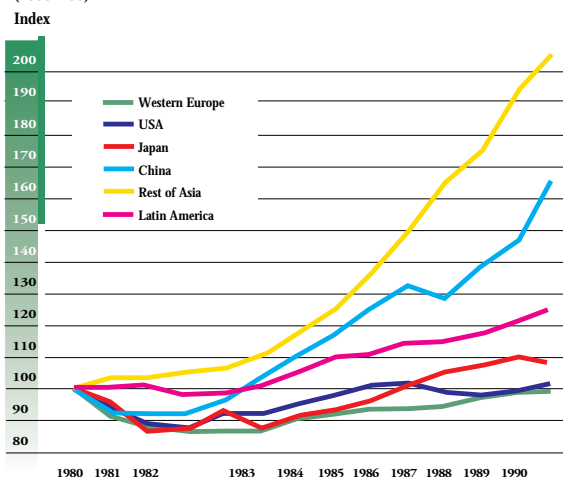
	1993	1994	1995	1996-99
Industrialised countries	1.3		2.7	2.7
Africa	1.0	3.3	4.5	4.5
Asia	8.5	8.7	7.3	7.4
Middle East	4.8	2.8	3.3	4.8
Latin America	3.4	2.8	3.3	4.8

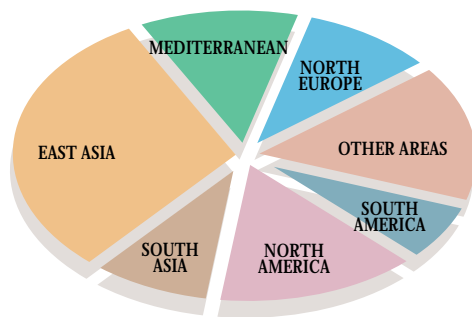
This development is further strengthened through the development in refinery capacity. As the table below shows, growth in the world's refinery capacity will mainly take place in countries which continue to experience industrial development. In the industrialised countries growth in refinery capacity is limited.

Existing and planned refinery capacity

	Existing	Planned
Europe	36.1 %	15.8 %
North America	22.7 %	3.5 %
Africa	3.7 %	6.5 %
Asia and Australasia	20.4 %	53.9 %
Middle East	6.7 %	10.8 %
Latin America	10.4 %	9.5 %
	100.0 %	100.0 %

DEMAND FOR PETROLEUM PRODUCTS (FIG. 1)
(1980=100)

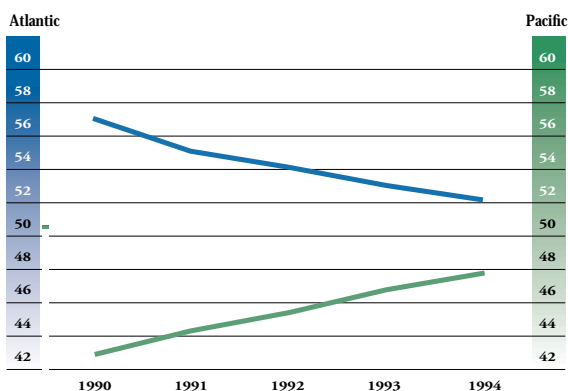




This summary emphasises the shift from Europe and North America to the rapidly growing Asian economies. The figures can, however, give an incorrect picture of future refinery capacity in the USA. Since, while there are limited plans to expand or build new capacity in the USA, American refineries are undergoing extensive upgrading. This will put them in a position to produce a higher proportion of "clean products" which will reduce the USA's need to import such products. At the same time this development will reduce the volume of surplus petroleum products for export.

The development in international trading in refined petroleum products is reflected in the employment of product tankers. In the autumn of 1994 close to 40% of the product tankers between 30,000 and 50,000 dwt which are operated commercially in international trade were employed in carrying cargoes to countries in South and East Asia. Two thirds of these cargoes had loading points within the same geographic region. This shows the importance played by trade within Asia alone in the total product tanker market. This importance will grow as consumption rises in the region. How strong growth will be will depend to some extent on how far products from new local refineries replace deliveries from refineries at greater distances.

TOTAL ANNUAL FREIGHT, PRODUCT TANKERS (FIG. 4)



In Asia vessels between 30,000 and 50,000 dwt, handymax product tankers, have the strongest position. 40% of the fleet in international trade in this size is engaged in product trades in Asia.

In the case of product tankers between 10,000 and 30,000 dwt, 22% are employed in carrying cargoes to South and East Asia while 40% are employed in Europe. For product tankers of more than 50,000 dwt, Asia represents 34%. The increasing importance of the markets in the Far East has naturally led to an increasing number of tankers operating in this area, which has led at times to over-capacity in product tanker tonnage in the Pacific.

Figure 4 shows the available fleet of product tankers in the Pacific and Atlantic in recent years. The increase in the Pacific can be clearly seen.

Product tankers also carry vegetable oils and molasses. World trade in these products is approximately 30 million tons. In addition to economic growth, the development in population also determines growth in this trade. In recent years growth has been around 5% and a corresponding rate is expected in the coming years.

The world fleet of product tankers consists of roughly 1,150 vessels totalling 43 million dwt. This is divided between vessels sizes as follows:

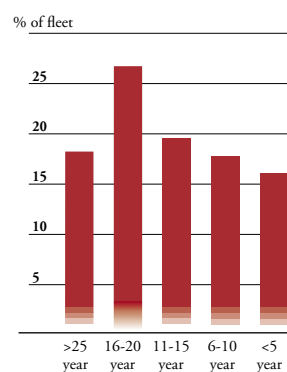
10 - 30,000 dwt	9.8 million dwt
30 - 50,000 dwt	17.2 million dwt
Above 50,000 dwt	16.0 million dwt

Chemical carriers and gas tankers can at times represent competition for handymax product tankers. This was the case in 1994 but the improvement in their respective markets reduced competition from these vessels somewhat. The expected development in the chemical markets means that these vessels will not represent a threat in 1995/96.

Figure 5 gives the summary of the age breakdown for product tankers between 30,000 and 50,000 dwt.

In general terms the age of product tankers is evenly distributed. However, roughly 16% of the fleet is more than 20

PRODUCT TANKER FLEET 30.-50.000 DWT, AGE PROFILE (FIG. 5)



years old and 6% of the fleet more than 25 years old. Even though product tankers, and particularly vessels owned by oil companies throughout their life time, are generally used longer than other tankers, there will be a need to replace roughly 3 million dwt of tonnage in the handymax segment in the next 5 to 7 years. At the same time there will be a need to replace 3.3 million tons in the smallest group of product tankers and roughly 0.8 million dwt among the largest product tankers. Overall the renewal requirements for the product tanker fleet in this period is roughly 7 million dwt.

Currently 4,7 million dwt of new product tankers are on order. The order book is as follows by vessel size:

10 - 30,000 dwt	0.6 million dwt
30 - 50,000 dwt	3.6 million dwt
Over 50,000 dwt	0.5 million dwt

In 1994 product tankers equivalent to 1.1 million dwt were delivered. At the same time 26 product tankers totalling 800,000 dwt were scrapped during 1994. This was less than in the previous year.

This gives the following tonnage balance for product tankers in 1994:

Newbuildings	1,100,000 dwt
Scrapping	800,000 dwt
Net fleet growth	300,000 dwt

The net fleet growth of 300,000 dwt in 1994 corresponds to roughly 0.7% of the fleet. With growth in demand of roughly 3.3% in 1994 the market balance for product tankers improved considerably over the year.

Even though the order books indicate that roughly 2.8 million dwt of product tankers is planned for delivery in 1995, experience from previous years suggests that many newbuildings will not be ready for delivery until 1996.

If one expects an actual increase in new tonnage of 2 million dwt and a scrapping age of 25 years, a forecast of the tonnage balance in 1995 would look as follows:

Newbuildings	2,000,000 dwt
Scrapping	1,100,000 dwt
Net fleet growth	900,000 dwt

Such net growth would represent 2% of the total fleet. Given the expected economic development in 1995 it is reasonable to assume growth in demand for product tankers around the same level as in 1994, i.e. at least 3%.

There are therefore reasons to expect a continued moderate positive development in the product tanker market. This assumes, however, that the rate of scrapping is as stated above. An improvement in rates for product tankers will naturally lead to some reluctance to scrap older vessels. Similarly the age composition of the fleet is now such that the scrapping rate will remain naturally high. There are also reasons to believe that tougher environmental requirements will make it less attractive to operate old tonnage.

Generally therefore there are grounds for believing that market prospects for product tankers over the next two years are relatively bright. For the period after 1997, much will depend on the level of new orders. A gradual improvement in the market during 1995 and 1996 may encourage many shipowners to order new vessels. If eagerness to place new orders can be restrained, there are good possibilities for a strong market over a longer period.

Even S. Engelstad is an independent shipping consultant based in Oslo.



F L E E T

At 31 December 1994

Vessel	Ownership	Type	Year of construction	Dwt	Operation	
<i>Tonnage owned</i>						
M/V WESTERN BELL	50%	Bulk	1991	42,000	Western Bulk Carriers	
M/V BELSTAR	80%	Bulk	1992	43,400	Western Bulk Carriers	
OSHIMA NEWBUILDING 10184	100%	Bulk	1996	47,300	Western Bulk Carriers	
M/T BELGRACE	37%	Product	1984/87	40,900	T/C to May 1995	
<i>Owned through Western Bulk Shipping AS</i>						
M/V NORBELLA	24%	Bulk	1982	45,500	Western Bulk Carriers	
M/V WESTERN SHORE	24%	Bulk	1984	43,700	Western Bulk Carriers	
M/V BELNOR	24%	Bulk	1984	42,200	Western Bulk Carriers	
M/V WESTERN TIGER	24%	Bulk	1984	37,200	Western Bulk Carriers	
M/V WESTERN AVENIR	24%	Bulk	1984	36,900	Western Bulk Carriers	
M/V WESTERN KEY	24%	Bulk	1985	42,100	Western Bulk Carriers	
OSHIMA NEWBUILDING 10185	24%	Bulk	1995	47,300	Western Bulk Carriers	
OSHIMA NEWBUILDING 10186	24%	Bulk	1996	47,300	Western Bulk Carriers	
TSUNEISHI NEWBUILDING 1065	14%	Bulk	1995	44,800	Western Bulk Carriers	
TSUNEISHI NEWBUILDING 1066	24%	Bulk	1996	44,800	Western Bulk Carriers	
<i>Chartered tonnage (CIP in excess of 12 months)</i>						
M/T MEKHANIK YURYEV	100%	Product	1987	29,900	Spot	
M/T MEKHANIK ILCHENKO	100%	Product	1986	29,900	Spot	
M/V WESTERN GUARDIAN	100%	OBO	1987	43,500	Western-OBO-Pool	
M/V VIKARA	70%	Bulk	1973	63,400	Belships Trading	
M/V BANTRY	70%	Bulk	1977	73,700	Belships Trading	
M/V BUNGA SRIGADING	70%	Bulk	1982	65,900	Belships Trading	
M/V MARQUESA	70%	Bulk	1993	70,300	Belships Trading	
<i>Vessels under commercial management</i>						
M/V WESTERN GALLANTRY		OBO	1987	43,500	Western-OBO-Pool	
M/V WESTERN GREETING		OBO	1987	43,500	Western-OBO-Pool	
Type	Owned tonnage	Owned through WBS	Chartered tonnage	Commercial management	Total vessels	Total Dwt
Handysize bulk	2.3	2.3		0.7	5.3	231,850
Panmax bulk			2.8	1.2	4.0	273,300
Product tank	0.4		2.0	0.6	3.0	100,700
OBO			1.0	2.0	3.0	130,500
Total	2.7	2.3	5.8	4.5	15.3	736,350

BOARD OF DIRECTORS AND MANAGEMENT

Board of Directors

Asbjørn Larsen, chairman	(0 shares)
Sverre Jørgen Tidemand	(4,034,933 shares)*
Stein Erik Hagen	(45,730 shares)*
James Stove Lorentzen jr.	(2,308,075 shares)*
Åsmund Simonsen	(14,988 shares)

Management

Sverre Jørgen Tidemand, Managing Director
James Stove Lorentzen jr., Commercial Director
Jo Eric von Koss, Finance Director

Belships Tankers:	Chartering Manager Terje Schau
Belships Trading:	Chartering Manager Einar Skogstad
Northsouth Shipmanagement:	Managing Director Egil R. Berntsen
Belships Management:	Insurance Director Alf Monsen
Finance/Accounting:	Financial Manager Osvald Fossholm

*) Includes shares owned directly and through controlled companies.

ARTICLES OF ASSOCIATION

Adopted by the statutory general meeting on 7 October 1935 as amended, lastly by the Board of Directors on 8 September 1994

§ 1

The name of the company is Belships Company Limited Skibsaksjeselskap.

§ 2

The registered office of the company is in Oslo.

§ 3

The object of the company is to conduct shipping operations, act as agents in the chartering, buying and selling of ships, engage in offshore petroleum operations, participate in exploration for and production of petroleum, manufacturing and trade and participate in companies of whatever kind having similar objects.

§ 4

The share capital of the company amounts to NOK 23,158,000.- divided into 11,579,000 shares of NOK 2.- each, fully paid and registered.

§ 5

The Board of the company consists of from three to seven directors, together with any deputies, as decided by the general meeting. The directors elect each year the Chairman of the Board.

Power of signature for the company is exercised by two directors jointly or by the chief executive officer alone if he is a director.

The Board may grant power of procuracy.

The chief executive officer is appointed by the Board of Directors.

§ 6

The ordinary general meeting deals with:

1. Adoption of the income statement and balance sheet.
 2. Employment of the year's profit or coverage of the year's loss in accordance with the adopted balance sheet, and the question of declaring dividends.
 3. Election of directors and the amount of their remuneration.
 4. Election of the auditor and the amount of his remuneration.
 5. Any other matters which pertain by law or these articles to the general meeting.
- Extraordinary general meetings will be held whenever considered necessary by the board of directors.

§ 7

The shares in the company shall be registered in the Norwegian Securities Registry. Dividends will be paid to those who are registered as shareholders on the day the dividends are declared. The notice of the general meeting may provide that shareholders who intend to participate in the general meeting, personally or by proxy, shall report to the company within a period ending not less than two days before the date of the general meeting, stating the number of shares they represent and naming their proxy if any and the number of shares represented by him.

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
COFR	Certificate of Financial Responsibility, a certificate of guarantee needed for all vessels which call at American ports covering pollution damage
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 50,000 dwt.
Handysize	Vessels between 10,000 and 50,000 dwt.
Income om T/C-basis	Freight income after deduction of all voyage related expenses such as loading - and discharging expenses, bunkers etc.
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 the agreed hire under this as a consequence
Operating expenses	Crew expenses and all expenses in connection with vessels technical operation including insurance.
Operator	The holder of a freight contract with a cargo shipper and/or the manager of tonnage
Panmax	Vessels between 50,000 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.
WBC-pool	The vessel managed by WBC as operator

B E L S H I P S I N 1 9 9 4

The company achieved a satisfactory result : NOK 52 million after taxes

The company further developed its business in panmax bulk and handysize product carriers

Bulk rates were rising towards the end of the year

Product tanker rates remained at a moderate level

M/V Belisland was sold to Western Bulk Shipping

The company's liquidity and financial position were considerably strengthened

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M A I N F I G U R E S

(NOK million)	1994	1993
Operating income	287.9	257.2
Operating result	57.1	100.7
Result for the year	52.1	79.7
Total assets	680.2	783.4
Equity	280.7	234.6
Earnings per share (NOK)	4.52	8.83
Cash flow per share (NOK)	7.29	17.20

F I N A N C I A L C A L E N D E R

Annual general meeting	23 May
Shares listed ex dividend	24 May
Payment of dividends	9 June
Results for first four months published	8 June
Results for second four months published	5 October

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1994

