

Annual Report 2009



BELSHIPS

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FINANCIAL CALENDAR 2010

Annual General Meeting	22 April
Result for the 1st quarter	22 April
Result for the 2nd quarter	19 August
Result for the 3rd quarter	26 October

Belships – an introduction

Belships is a shipping company listed on the Oslo Stock Exchange, engaged in dry bulk, product tankers and technical operation of ships.

Product tank

Belships has a product tanker of 48 000 dwt chartered until 2014 with an option for an additional 3 years. Belships has an option to purchase the ship. The product tanker fleet transports refined petroleum products and vegetable oils, mainly between industrialized countries.

Dry cargo

Belships owns 50% of Elkem Chartering (EC) which is engaged in handysize and supramax dry bulk. During 2009, EC operated between 10 and 15 ships.

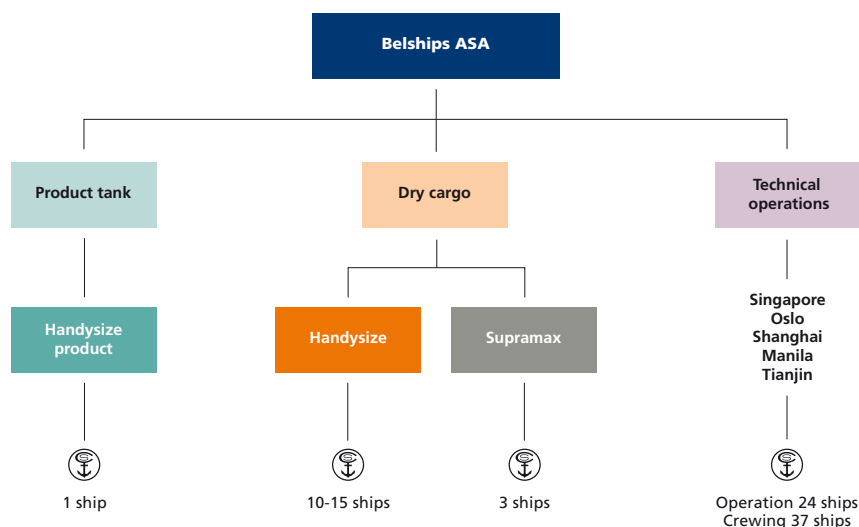
M/S Belstar, which is a supramax bulkship of 58000 dwt, was delivered to Belships from the Chinese shipyard Yangzhou Dayang in August 2009. In addition, Belships has 2 supramax vessels of about 58000 DWT for delivery at the same shipyard in 2010 and 2011.

The handysize/supramax dry bulk fleet mostly transports semifinished industry products and operates worldwide. The large bulk fleet mostly transports commodities such as coal, ore and grain.

Technical operations

Belships is engaged in substantial technical operation activities through Belships Management in Singapore and Oslo and in Tianjin and Shanghai in China. The companies handle technical maritime operation for both Belships' own ships and on behalf of other shipping companies.

The company in Tianjin and Shanghai handles crewing of ships with Chinese crews. In addition, Belships cooperates with a company in Manila regarding crewing.



FINANCIAL HIGHLIGHTS

USD 1 000	2009	2008
Operating income	52 526	84 969
Operating result	7 460	4 720
Net result for the year	8 227	-818
EBITDA	12 299	16 693
Total assets	102 659	92 194
Equity	52 407	44 127
Interest coverage ratio	11.42	0.37
Current ratio	% 302.03	189.75
Equity ratio	% 51.05	47.86
Earnings per share	USD 0.34	-0.03

*Caution Boat
Anderson Boat*

1738



N

NW

NE

W

E

SW

SE

S

Fig. 1. COMMON SCALE OF EQUAL

Directors' Report 2009

At the beginning of 2009, prospects in the dry market looked very poor. However, developments were far more positive than anticipated. Certainly, the rates did not reach the extreme levels that were seen in the first six months of 2008. After a strong recovery from approximately lay-up levels at the end of 2008, rates have risen throughout 2009 and are now at historically high levels.

The reason for this is above all that China has upheld its high demand for imported iron ore, but there has also been a growing demand for bulkers from other parts of the world.

Delivery of newbuildings was record-breaking, although at almost 40% below the expected.

Scrapping of older tonnage virtually stopped due to the high rates. Due to volatility in the market and greater uncertainty with respect to the future, Elkem Chartering reduced both its cargo and ship portfolios in the course of the year. The company nevertheless contributed good results.

The financial crises led to challenges relating to the long-term financing of Belships' newbuilding programme. It was necessary to sell two of five contracts before negotiations could be concluded on long-term financing for the remaining three ships. In August, the first ship, the M/S Belstar, was delivered, and entered at the same time its long-term time charter to Canadian charterers.

In October, Belships exercised its option to buy the M/S Belisland. The ship was resold upon delivery at a profit of USD 10 million.

The M/T Belaia continued on its charter throughout the year without any significant interruptions.

Belships Management (Singapore) also had a positive development in 2009.

FINANCIAL PERFORMANCE

In 2009 the Belships Group achieved an operating income of USD 52 526 000 (2008: USD 84 969 000). The consolidated operating result was USD 7 460 000 (USD 4 720 000). The operating result for 2009 includes a profit from the sale of the M/S Belisland of USD 10 million and an impairment of USD 3.8 million relating to the sale of two newbuilding contracts in the first half-year of 2009, while the operating result for 2008 included an impairment of USD 11.7 million relating to the above-mentioned newbuilding contracts. The reduction in operating income was in all essentials related to Elkem Chartering's handysize operations.

Profit before tax amounted to USD 7 356 000 (USD 1 321 000), while the profit after tax was USD 8 227 000 (USD -818 000). The year's tax income comprises primarily the effects of the Norwegian Supreme Court judgment concerning companies under the shipping tax regime and the Norwegian Government's package of measures. The Group had a positive cash flow from operations of USD 10 929 000 (USD 11 741 000).

The parent company achieved a profit for the year of NOK 46 371 000 (NOK -5 563 000). In the 2009 accounts, a dividend of NOK 30 000 000 was taken to

income in Belships ASA, which corresponds to the dividend from Elkem Chartering for the 2009 accounting year. In addition, a dividend of NOK 3 458 000 was received from subsidiaries. Belships ASA also received NOK 32 234 000 in group contributions from subsidiaries and paid NOK 20 million without tax effects to subsidiaries. At year-end, Belships ASA had an unrestricted equity of NOK 159.7 million.

The Board of Directors proposes that the profit for the year of NOK 46 371 000 should be allocated to other equity.

The annual accounts have been prepared on the going concern assumption in accordance with section 3-3 of the Norwegian Accounting Act and gives, in the opinion of the Board of Directors, a true and fair picture of the company's operations. The Board of Directors confirms that the premises for a going concern are present.

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS). The accounts give a true and fair view of the company's assets and liabilities, financial position and results overall. The Directors' Report gives a fair overview of the developments, the result of the business and the position of Belships ASA and the Group and describes the most central risks and uncertainty factors facing the enterprise.

ENVIRONMENT AND SAFETY

Belships gives high priority to minimising pollution from the company's vessels and the company focuses on constant improvements in safety as well as on preventing its operations from contaminating the environment. The company is making a determined effort to raise standards both at sea and on land. The pollution from vessels is regulated by a number of national and international environmental standards and certification schemes.

Belships fully complies with the requirements made in the areas of environment and safety.

ORGANISATION

The company's head office is located in Oslo. The bulk of the company's commercial and financial activities, as well as insurance, are handled from this office. Technical/maritime operations are managed from Singapore. Commercial activities in Singapore increased throughout the year. At the end of 2009, the Group had an office staff of 65. The number of employees on vessels under management was 409. The Group suffered no serious accidents in 2009 and the sickness absence rate was below 2%.

Belships aims to be a company with full equality between men and women, in the Board of Directors as well as in the company generally, with no discrimination based on gender. The company's office staff includes 29 women. The working environment is good in every company in the Belships Group.

FINANCIAL POSITION AND OTHER MATTERS

The company made impairment tests for its assets in compliance with IAS 36. The M/S Belstar newbuilding contracts have been assessed on the basis of observable market values for corresponding vessels and contracts today, taking into account the discounted value added of the charters acquired. The Board of Directors considers the counterparty risk of these charters to be moderate and has included this uncertainty in the required rates of return used. Based on these internal valuations, there is no need for write-downs of the M/S Belstar or the remaining newbuilding contracts at 31 December 2009.

At 31 December 2009, the Group's liquid reserves totalled USD 19.6 million against USD 47.6 million at the beginning of the year. The M/S Belstar was financed on delivery by a long-term mortgage loan of USD 22 million. At the same time, bridging loan of USD 20 million was repaid.

At year-end, a total of USD 31.4 million of the total newbuilding obligations of USD 77.6 million on the two remaining contracts had been paid. Of the remaining liability of USD 46.2 million, USD 44.0 million has been secured through long-term debt financing. Belships also has an outstanding bond loan of NOK 100 million (USD 17.5 million), which falls due for payment by 40% in July 2011, 30% in July 2012 and 30% in July 2013. Belships ASA is entitled to accumulate interest on the principal until the due date of the principal in 2013. The loan, excluding interest accrued, has been hedged against currency risks, and the unrealised gain from this amounted to USD 1.4 million at 31 December.

The Board of Directors will propose to the General Meeting that no dividend should be distributed in 2009.

At the end of 2009, Belships owned a total of 628 000 treasury shares at an average cost price of NOK 9.93. At the annual general meeting in 2009, new options totalling 82 000 were issued to employees at a price of NOK 6.95, to run from the ordinary general meeting in 2010 until the ordinary general meeting in 2011.

At year-end 2009, book value per share was NOK 12.18, while the book equity ratio was 51 %.

The company is exposed to financial market risks through changes in foreign exchange rates, interest rates, freight rates and oil prices. Such changes affect the value of the Group's assets, obligations and future cash flows. Efforts are constantly being made to reduce and control these risks. To reduce financial market risks, derivatives are used where appropriate. Belships only uses derivatives for the purpose of managing risks relating to developments in interest and exchange rates.

The company's income and expenses are essentially in USD. Belships' foreign exchange exposure is related to administration expenses in Norway and Singapore. However, in relation to the Group's cash flows, this exposure is limited and no hedging is therefore made.

Belships' strategy is to minimise exposures relating to fluctuations in cash flows due to changes in interest rate levels. An agreement on an interest rate cap on parts of the company's newbuilding debts has been signed.

Oil price developments affect the Group's earnings, as variations in the oil price will cause fluctuations in bunker prices. Over time, however, changes in bunker prices will be reflected in the rate level, and no hedging is therefore made for this.

There will always be a credit risk relating to the company's customers. Belships tries to ensure that all agreements are entered into with creditworthy parties and has historically incurred only minor losses.

CORPORATE GOVERNANCE

Belships' corporate governance is based on the principles and guidelines of the Norwegian Recommendation on Corporate Governance.

Good corporate governance is a prerequisite for cooperation based on trust between the company's owners, its Board of Directors and management, with a view to achieving the objective of competitive ability and profitability. All relevant parties must be confident that the company is soundly operated and that governing bodies have sufficient independence to be able to fulfil their functions well.

Considering the nature and scope of the company's operations, the Board believes it is reasonable and appropriate that the company only has one board committee: the Audit Committee. As more than 50% of the shareholders are represented in the Board of Directors, the company does not have a nomination committee.

Ship NORTE

WEST DEVIATION

EAST DEVIATION



NORTH

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N.b.E.

N.N.E.

N.E.b.N.

N.E.b.E.

E.N.E.

E.b.N.

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The Company pays its directors fees at market terms. In compliance with the provisions of section 6-16 a, see section 5-6 (3), of the Norwegian Public Limited Liability Companies Act, the Board of Directors will at the ordinary General Meeting present a statement of guidelines for the remuneration of the executive management for the coming accounting year. Pay and remuneration consist of fixed pay, bonuses, share options and a defined-benefit pension plan.

To ensure competitive power, Belships needs trust. Its directors, management and employees will therefore always strive to uphold and develop trust in the company. Belships' values and ethical guidelines are intended to safeguard good corporate ethics.

A high ethical standard and business code for all parts of Belships operations means that:

- national and international laws and regulations shall be complied with
- corruption and unethical conduct are unacceptable
- no person may exploit his/her position in the company to achieve personal advantages.

The Board is responsible for ensuring that issues relating to health, safety, the environment and society in general will be taken into consideration. Belships' subsidiary in Singapore, which is responsible for the technical operation of its own and other vessels, concentrates in particular on these issues.

OUTLOOK

Though it may seem as if the financial crisis is over, the general economic outlook is still uncertain. Developments in the Chinese imports of iron ore has significant influence on the bulk market. The same applies to the supply of newbuildings, which will be record-high also in 2010, with an anticipated capacity increase of 75 million dwt, taking into account expected delays and cancellations. This represents some 12 % of the world fleet.

Belships Management (Singapore) will operate a fleet of approximately the same size as in 2009, and earnings are still expected to be satisfactory.

Oslo, 23 March 2010



Asbjørn Larsen
Chairman of the Board



Christian Rytter jr.
Board member



Kjersti Ringdal
Board member



Henrik von Platen
Board member



Margarita Tidemand
Board member



Sverre J. Tidemand
Man. Director

Consolidated Statement of Comprehensive Income

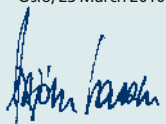
Note	1 January-31 December USD 1 000	Consolidated	
		2009	2008
	Operating income		
	Gross freight income	61 883	104 719
6	Voyage expenses	-13 442	-23 790
	Net freight income	48 441	80 929
	Other operating income	4 085	4 040
8	Total operating income	52 526	84 969
	Operating expenses		
9	Timecharterhire	-41 051	-57 579
	Operating expenses ships	-1 125	0
18	Salaries	-4 618	-6 256
10	Other general administrative expenses	-3 454	-4 441
15	Depreciations on fixed assets	-1 014	-273
15	Write-down on fixed assets	-3 825	-11 700
	Total operating expenses	-55 087	-80 249
	Operating result before sale of fixed assets	-2 561	4 720
15	Gain on sale of ship	10 021	0
	Operating result	7 460	4 720
	Financial income and expenses		
	Interest income	300	1 213
4	Other financial income	614	5 968
	Interest expenses	-1 040	-2 040
4	Currency exchange loss	-4 097	-3 354
24	Other financial items	4 119	-5 186
	Net financial items	-104	-3 399
	Result before taxes	7 356	1 321
23	Tax income/(expense)	871	-2 139
	Net result for the year	8 227	-818
	Comprehensive Income		
	Currency translation difference	0	0
	Total comprehensive income	8 227	-818
19	Earnings per share	0.34	-0.03
19	Diluted earnings per share	0.34	-0.03

Balance sheets

Consolidated

Note	Per 31 December USD 1 000	Consolidated	
		2009	2008
	FIXED ASSETS		
	Intangible assets		
23	Deferred tax assets	81	153
	Long-term charter parties	98	110
11	Goodwill	519	519
	Total intangible assets	698	782
	Tangible fixed assets		
15	Ships	40 327	0
15	Prepayment newbuilding contracts	31 650	35 574
15	Other fixed assets	2 694	2 999
	Total fixed assets	74 671	38 573
	Financial fixed assets		
12	Financial investments	837	823
24	Financial instruments	2 586	256
3	Other long-term receivables	257	145
	Total financial assets	3 680	1 224
	Total fixed assets	79 049	40 579
	CURRENT ASSETS		
3	Trade debtors	2 378	1 696
3	Other receivables	1 598	2 293
5	Bank deposits	19 634	47 626
	Total current assets	23 610	51 615
	Total assets	102 659	92 194
	EQUITY		
	Paid-in capital	28 572	28 519
	Retained earnings	23 835	15 608
20	Total equity	52 407	44 127
	LIABILITIES		
	Provision for liabilities		
14	Pension obligations	5 695	4 626
	Total provision for liabilities	5 695	4 626
	Other long-term liabilities		
3	Mortgage debt	19 034	0
3	Bond issue	17 536	16 100
	Other long-term liabilities	170	140
	Total other long-term liabilities	36 740	16 240
	Short-term liabilities		
3	Bridge financing on newbuildings	0	20 000
	Mortgage debt, current portion	1 834	0
23	Tax payable	160	2 086
	Public taxes and duties payable	330	513
	Trade creditors	1 530	801
3	Other short-term liabilities	3 962	3 801
	Total short-term liabilities	7 817	27 201
	Total liabilities	50 252	48 067
	Total equity and liabilities	102 659	92 194

Oslo, 23 March 2010



Asbjørn Larsen
Chairman of the Board



Christian Rytter jr.
Board member



Kjersti Ringdal
Board member



Henrik von Platen
Board member



Margarita Tidemand
Board member



Sverre J. Tidemand
Man. Director

Cash flow statements

Note	1 January-31 December USD 1 000	Consolidated	
		2009	2008
	FUNDS GENERATED FROM OPERATIONS		
	Operating result	7 460	4 720
	Interest income	300	1 213
	Interest expenses	-1 040	-2 040
	Other financial items	636	-2 572
15	Gain/loss on sale of fixed items	-10 021	0
15	Depreciations and write-down on fixed assets	4 839	11 973
15	Investments fixed assets *	-20 002	-186
15	Sale proceeds from fixed assets disposals *	29 322	0
	Tax payable	338	-1 338
13	Expensed share options to employees	53	63
	Difference between pension expenses and paid pension premium	398	299
	Change in bunkers, trade debtors and trade creditors	47	277
	Change in other short-term items	-1 401	-668
	Net cash flow from operations	10 929	11 741
	FUNDS GENERATED FROM INVESTING ACTIVITIES		
15	Prepayment newbuilding contracts	-40 464	-8 112
	Change in other investments	0	-423
	Net cash flow from investments	-40 464	-8 535
	FUNDS FLOW FROM FINANCING ACTIVITIES		
3	Repayment of long-term debt	-20 458	0
3	Proceeds from new loan	22 000	0
	Dividends paid	0	-4 762
	Sale/acquisition treasury shares	0	-63
	Net cash flow from financing	1 542	-4 825
	Net change in liquid reserves	-27 993	-1 619
	Cash and cash equivalents at 1 January	47 626	49 245
5	Cash and cash equivalents at 31 December	19 634	47 626
*)	<i>The company exercised its option and bought MIS Belisland in 2009. The ship was sold immediately. This is therefore presented in the Cash flow statements under Cash flow from operations and not under Cash flow from investments.</i>		

Statements of change in equity

Note	USD 1 000	Paid-in				Retained		Total equity
		Share capital	Treasury shares	Share premium reserves	Other paid-in equity	Other equity		
	At 31 December 2009							
	Equity as at 31 December 2008	6 722	-192	7 009	14 980	15 608	44 127	
	Net result for the period	0	0	0	0	8 227	8 227	
	Comprehensive Income							
	Currency translation difference	0	0	0	0	0	0	
	Total comprehensive income	0	0	0	0	8 227	8 227	
13	Expensed share options to employees	0	0	0	53	0	53	
	Equity as at 31 december 2009	6 722	-192	7 009	15 033	23 835	52 407	
	At 31 December 2008							
	Equity as at 31 December 2007	6 722	-207	7 009	14 917	21 140	49 581	
	Net result for the period	0	0	0	0	-818	-818	
	Comprehensive Income							
	Currency translation difference	0	0	0	0	0	0	
	Total comprehensive income	0	0	0	0	-818	-818	
13	Expensed share options to employees	0	0	0	63	0	63	
	Dividend paid	0	0	0	0	-4 762	-4 762	
	Sold treasury shares to employees	0	15	0	0	48	63	
	Equity as at 31 december 2008	6 722	-192	7 009	14 980	15 608	44 127	

Notes to the accounts

1	<p>General information</p> <p>Belships ASA is a public limited company registered in Norway. The company's main office is in Lilleakerveien 4, 0283 Oslo, Norway. The activity of the group is described in note 8. Copies of the consolidated accounts may be downloaded from www.belships.com, or by inquiry to the company's head office. These consolidated financial statements have been approved by the Board of Directors on 23 March 2010. All amounts in the notes are in USD 1 000 unless otherwise stated.</p>
2	<p>Summary of the most important accounting principles used</p> <p>A) Basis of preparation The group accounts of Belships ASA for the fiscal year 2009 have been prepared according to IFRS. The group accounts are based on the principles of historical cost accounts, with the exception of derivatives and shares, which are assessed at net realisable value. The group accounts have been prepared with uniform accounting principles for identical transactions and events under otherwise identical conditions.</p> <p>B) Consolidation principles The group accounts include Belships ASA and companies in which Belships ASA has a decisive influence. Decisive influence is normally achieved by the group owning more than 50 per cent of the shares in a company, with the group being able to exercise actual control over the company. The purchase method of accounting is used in accounting for consolidated enterprises. Companies bought or sold during the year are included in the group accounts from the time control was achieved and until control ceases. Jointly controlled enterprises are enterprises in which the group has joint control through a contract between the parties. The group accounts include jointly controlled enterprises according to the cost method from the time joint control was achieved and until the joint control ceases. Intercompany transactions and accounts, including internal profits, unrealised gains and losses are eliminated. Unrealised gains from transactions with affiliated companies or jointly controlled enterprises are eliminated with the group's share of the company/enterprise. Unrealised losses are likewise eliminated, but only to the degree that there is no indication of loss of value on the asset being sold internally.</p> <p>C) Currency transactions <i>Functional currency and reporting currency</i> Accounting transactions undertaken by respective group companies use the currency ordinarily used by the financial environment in which they operate (functional currency). The group accounts are presented in USD. The accounts for the units in the group which have a functional currency different from the group's reporting currency, convert their accounts into the reporting currency according to the following guidelines: <i>i)</i> Assets and debts are converted according to conversion rates on the balance sheet date <i>ii)</i> Income and costs are converted according to quarterly average conversion rates <i>Transactions in foreign currency</i> Transactions in foreign currency are converted at the rate at the time of the transaction. Monetary items in foreign currency are converted into USD (functional currency) using the rate on the balance sheet date. Non-monetary items which are measured at historical rates expressed in foreign currency, are converted into USD (functional currency) using the currency rate at the time of the transaction. Non-monetary items which are measured at market value expressed in foreign currency are converted at the currency rate on the date of valuation. Currency rate changes are charged continuously against income during the accounting period.</p> <p>D) Accounts receivable Accounts receivable are entered at acquisition cost with expected loss of value deducted.</p> <p>E) Tangible fixed assets Tangible fixed assets are measured at acquisition cost, with accumulated depreciation and write-downs deducted. When assets are sold or divested, capitalised value is deducted and any gains or losses are entered in the profit and loss account. Acquisition cost for tangible fixed assets is the purchase price, including taxes and charges and expenses directly related to preparing the asset for use. Expenses incurred after the asset has been put to use, such as running maintenance, are entered in the profit and loss account, whereas other expenses which are expected to create future financial gains are capitalised. Residual scrap value has been taken into account, and this is based on steel prices on the balance sheet date. Book value is compared to market value and utility value to assess the need for any further write-down compared to the ordinary depreciation plan. The depreciation period and method are assessed annually and are based on the management's estimates of the vessels' future economic life and residual value. The same applies to scrap value. In accordance with IFRS, the ships have been broken down into separate components when estimating depreciation. Based on the condition of the ship, the company's ships are written unit as the value of any part of the ship with a useful life other than 25 years is considered to be insignificant. Ordinary repair and maintenance costs are expensed as they accrue. Docking costs (class costs) are booked if certain criteria have been met. 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. See X) regarding treatment of loan expenses.</p> <p>F) Leasing <i>Financial leases</i> Leases in which the company assumes the better part of the risk and dividend associated with ownership of the asset, are financial leases. At the beginning of the lease, financial leases are entered at a sum equal to market value or the present value of the minimum lease sum, whichever is lower, with accumulated depreciation and write-downs deducted. When calculating the present value of the lease, the implicit interest rate cost in the lease is used, if it can be calculated. If not, the company's marginal loan interest rate is used. Expenses directly connected to the establishment of the lease are included in the cost price of the asset. The depreciation period is the same as for the company's other depreciable assets. If there is no reasonable certainty of the company assuming ownership when the lease expires, the asset is written off over the term of the lease or for the asset's financial service life, whichever is shortest. <i>Operational leases</i> Lease contracts in which the better part of the risk and dividend in associated with ownership of the asset are classified as operational lease contracts. Lease payments are classified as operating costs and entered using the straight line method over the contract period.</p>

G) Financial instruments

In accordance with IAS 39, "Financial instruments: Recognition and Measurement", financial instruments under the scope of IAS 39 are classified in the following categories: Financial assets at market value through profit or loss (held for trading purposes), available-for-sale financial assets, loans and receivables, held-to-maturity investments and other liabilities.

Financial assets with fixed or determinable cash flow which are not listed in an active market are classified as loans and receivables, with the exception of instruments which the group has identified as being at market value through profit or loss or as available for sale.

Investments held to maturity, loans and receivables and other liabilities are entered at amortised cost.

Financial instruments classified as available for sale and held for trading purposes are entered at market value, as observed in the market on the balance sheet date, without deductions for costs related to sale.

Gains or losses as a result of changes in market value of financial investments classified as available for sale are entered in Statement of Comprehensive Income until the investment is divested. At the time of divestment, the accumulated gain or loss on the financial instrument which was previously entered in Statement of Comprehensive Income is reversed, and gains or losses are entered in the profit and loss account.

H) Goodwill

i) Goodwill The difference between acquisition cost and market value of net identifiable assets at the time of acquisition is classified as goodwill.

Goodwill is capitalised at cost, with any accumulated write-downs deducted. Goodwill is not depreciated, but tested annually for impairment on the balance sheet date.

ii) Negative goodwill Negative goodwill when acquiring businesses is taken to income immediately at the time of acquisition.

I) Provisions

A provision is entered in the accounts when the company has a liability (statutory or self-imposed) as a result of a previous event and where it is likely (more likely than not) that there will be a financial settlement as a result of this liability and that the size of the sum can be reliably determined. If the effect is considerable, the provision is calculated by discounting down the expected future cash flow with a discount rate before tax which reflects the market's evaluation of the time-specific of money and, if relevant, risks specifically connected to the liability.

Provisions for loss-creating contracts are included when the group's expected income from a contract is lower than the inevitable costs which were incurred in discharging the obligations of the contract.

J) Equity

(i) Debt and equity Financial instruments are classified as debt or equity according to underlying financial reality.

Interest, dividend, gains and losses related to a financial instrument classified as debt, will be presented as cost or income.

(ii) Treasury shares When buying back own shares, the purchase price, including directly attributed costs, is entered as changes in equity. Treasury shares are presented as a reduction in equity. Loss or gains from transactions with treasury shares are not entered in the accounts.

(iii) Costs related to equity transactions Transaction costs directly related to equity transactions are charged directly against the equity after tax deductions.

K) Income recognition

Gains will be taken to income when it is likely that transactions will generate future financial gains which will accrue to the company and the size of the sum can be estimated in a dependable manner. If the company acquires ships on spot charters in the future, one voyage will be defined as starting after discharging from the preceding voyage if a new charter has been entered into. Pursuant to IAS 18, income is not allocated to offhire (vacant) days or ballast days if no charter exists. In such cases, income is earned when the cargo has been loaded and the voyage begins, continuing until the goods have been delivered. Voyage-related expenses in connection with off-hire periods are expensed currently. Revenues from time charter and bareboat charters accounted for as operating leases under IAS 17 are recognized on a straight-line basis over the rental periods of such charters, as service is performed. Losses from time or voyage charter are provided for in full when they become probable.

Income from interest is booked based on an effective interest method when it is earned.

Dividends from subsidiaries and jointly controlled enterprises are included in the income statement of Belships ASA, if the annual general meeting of these companies are held prior to reporting of the accounts of Belships ASA.

L) Employee benefits

Defined benefit pension schemes Through its own pension fund, Belships ASA offers its employees a defined benefit pension scheme.

Net liability is calculated with a basis in the present value of the future pension payments which the employee has earned on the balance sheet date, with the market value of the pension assets deducted. The discount rate is equal to the interest rate on a 10-year government bond extrapolated based on term to maturity. The calculations have been made by a qualified actuary, and is based on a straight line earning model. The introduction of a new defined benefit scheme or an improvement of the current defined benefit scheme entails changes in the pension liabilities. These are recognised in the profit and loss account in a straight line until the effect of the change has been earned.

The introduction of new schemes or changes in existing schemes with retroactive effect, resulting in the employees having earned a paid-up policy (or changes in a paid-up policy) are recognised in the profit and loss account immediately. Gains or losses related to curtailment of pension plans are recognised in the profit and loss account when they take place.

Actuarial gains and losses due to new information and changes in actuarial assumptions are recognised in the income statement when the net cumulative, not booked actuarial gains or losses for each scheme exceed, at the end of the preceding accounting year, 10% of the higher of pension commitments and the pension assets' market value on the same date. Such gains and losses are amortised over the remaining service period by using the corridor method.

M) Taxes on income

Tax expenses consist of tax payable and changes in deferred tax. Deferred tax/tax assets are calculated on all differences between accounting values and tax values of assets and liabilities, with the exception of:

- temporary differences relating to goodwill that is not tax deductible
- temporary differences related to investments in subsidiaries, affiliated companies or jointly controlled enterprises when the group controls when the temporary differences will be reversed, and that is not

expected to occur in the foreseeable future.

Deferred tax assets are entered in the accounts when it is likely that the company will have sufficient profit for tax purposes in subsequent periods that will enable the company to utilise the tax asset. Similarly, the company will reduce the deferred tax asset to the extent the company no longer regards it as being likely that it can utilize the deferred tax asset.

Deferred tax and deferred tax asset are measured on the basis of expected future tax rates for the companies in the group where temporary differences have occurred.

Deferred tax and deferred tax assets are entered at nominal value calculated with the tax rate in the actual tax regime and are classified as financial fixed assets (long-term liability) on the balance sheet. Tax payable and deferred tax are entered directly against equity to the extent the tax items relate to equity transactions.

Tonnage tax is classified as an operating expense and is entered under "Other operating expenses".

N) Write-down of assets

At the end of each quarter, tangible fixed assets are assessed for any possible decrease in value. The same applies when events or changes occur that may entail that the asset's balance-sheet value may not be recycled. In assessing the need for write-downs, assets are grouped at the lowest level at which there are identifiable and predominantly independent cash flows. Depreciation is calculated as the difference between the asset's book value and the value considered as recyclable. The recyclable value is the higher of the asset's net selling price and its utility value to the company. Utility value is calculated by discounting anticipated future cash flows from the asset. When it is assumed that the asset's value is lower than its book value, this is written down to the recyclable amount. The depreciation amount is registered as an expense at the line in the accounts corresponding to the asset in question.

Depreciation booked in earlier periods is reversed only in case of changes to the estimates used to determine the recyclable amount. However, the reversal amount may only be so high that book value after reversal at most corresponds to the value at which the asset would have been registered if it had not been written down earlier. Such reversals are entered in the income statement.

Financial assets classified as being available for sale are written down when there are objective indications that the asset has declined in value. The accumulated loss entered in Statement of Comprehensive Income (the difference between acquisition cost and current market value, with deduction of write-downs previously included in the result and any amortisation amounts) is removed from the Statement of Comprehensive Income and included in the profit and loss account. If the market value of a debt instrument classified as available for sale increases in a subsequent period, and the increase can objectively be linked to an event that took place after the write-down was included in the result, the write-down shall be reversed over the profit and loss account. Write-downs in the profit and loss account for an investment in an equity instrument shall not be reversed over the profit and loss account.

O) Events after the balance sheet date

New information after the balance sheet date regarding the company's financial position as of the balance sheet date is taken into consideration in the annual accounts. Events after the balance sheet date that do not affect the company's financial position as of the balance sheet date, but which will have an impact on the company's financial position in the future are discussed if significant.

P) Use of estimates in preparation of the annual accounts

Preparing the annual accounts in conformity with IFRS requires the management to use estimates and assumptions affecting the amounts reported in the accounts with notes. The management bases its assumptions and valuations on past experience and on miscellaneous other factors assumed to be reasonable and appropriate, all things considered. This applies in particular to pensions, share-based payments, deferred tax assets, write-down of fixed assets and the ship's residual scrap value. Future events can entail a change in these estimates. Estimates and the underlying assumptions are evaluated on a current basis. Changes in accounting estimates are entered in the period when the changes occur. If the changes also apply to future periods, the effect is distributed over the current and future periods and appear in the current note.

Pension benefits The costs of defined benefit pension plans are calculated by an actuary. Actuarial estimates include assumptions concerning discount rate, required rate of return, future wage growth, mortality rate and future pension changes.

Due to the time horizon of these schemes, the estimates are subject to great uncertainty.

Share-based remuneration The group uses estimates when calculating the value of share-based remuneration. These estimates are basically linked to share volatility, the assessment of any future dividends and the percentage of options expected to be exercised.

Deferred tax asset The deferred tax asset is only included if it can be established as probable that the asset can be realised through a future tax deduction. The probability of this is estimated by the management and the estimate is subject to uncertainties relating to the underlying assumptions for calculating future tax results.

Intangible assets and tangible fixed assets Impairment tests are made if there are indications that an asset's value has been reduced. Depreciation is only made if book value is lower than the asset's recoverable amount. Annual tests of value impairment are also carried out for assets that do not have limited useful life and assets that are not written off. Value is calculated based on estimated future cash flows. Estimating future cash flows will always be subject to uncertainty.

Remaining useful life is estimated on the date of the presentation of accounts. Impairment losses are booked as the difference between residual book value and recoverable amount.

Q) Share-based remuneration

Employees and management in Belships ASA received options to purchase company shares. Market value of the awarded options is measured at time of awarding and charged to expense over the vested period as a wage cost with corresponding increase in other paid-in equity.

R) Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits and other short-term and in particular liquid investments to be redeemed within 3 months. Cash and cash equivalents are booked at nominal values in the balance sheet. Frozen assets have been included.

S) Restricted deposits

Frozen assets include all assets deposited in separate accounts, which will be used to cover accrued taxes withheld for employees and deposits provided as security for certain guarantees.

T) 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.

U) Reporting by segments

Segment information is presented for business segments, which are the Group's primary reporting format.

A secondary reporting format with a basis in geographical area of operations will not be used, as the operation are worldwide and a divide by ports, customer tendency etc. does not make sense. The activities of the group are divided into strategic business units, separately organised and led.

The Belships group is divided into the business segments dry cargo, product tank and technical operations. Transactions between the business units are based on market conditions. Segment turnover, segment costs and segment results include transactions between segments. Transactions internally within the different segments are eliminated.

V) Related party transactions

Transactions with related parties are carried out at market terms. See note 19 for further information.

W) Cash flow statement

The cash flow statement has been prepared using the indirect method. Liquid assets includes cash, bank deposits (restricted and unrestricted) and other short-term investments which can be converted to cash within 3 months. For restricted deposits, see note 6.

X) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset, or to specific contracts are capitalized and included in the cost of that asset or contract when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. Other borrowing costs are recognized as an expense, using the effective interest method.

Y) Contingent assets

Contingent assets are only recognised if they are virtually certain.

Z) IFRSs and IFRICs issued but not yet effective

Amendments to IFRS 2 *Share-based payments*

The amendment to IFRS 2 provides more guidance on the accounting for group cash-settled share-based payment transactions. In addition, the definition of share based payment is somewhat modified. This amendment supersedes IFRIC 8 and IFRIC 11. This amendment is effective for annual periods beginning on or after 1 January 2010, but the amendment is not yet approved by the EU. The Group expects to apply the amendment as of 1 Jan. 2010.

IFRS 3 (revised) *Business Combinations* Compared to the existing IFRS 3, the revised IFRS 3 incorporates certain amendments and clarifications related to the use of the purchase method. This includes issues such as goodwill in business combinations achieved in stages, minority interests and contingent considerations. Transactions costs other than share and debt issuance costs will be expensed as incurred. The Group expects to implement IFRS 3 (R) as of 1 January 2010 if any business combinations take place.

IFRS 9 *Financial Instruments* IFRS 9 replaces the classification and measurement rules in IAS 39 *Financial Instruments - Recognition and measurement for financial instruments*. According to IFRS 9 financial assets with basic loan features shall be measured at amortised cost, unless one opts to measure these assets at fair value. All other financial assets shall be measured at fair value.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, but the standard is not yet approved by the EU. The Group expects to apply IFRS 9 as of 1 January 2013.

IAS 24 (revised) *Related Party Disclosures* *part 1*

The revised IAS 24 clarifies and simplifies the definition of a related party, compared to the current IAS 24. IAS 24 (R) is effective for annual periods beginning on or after 1 January 2011, but the revised standard is not yet approved by the EU. The Group expects to implement IAS 24 (R) as of 1 January 2011.

IAS 27 (revised) *Consolidated and Separate Financial Statements* The revised IAS 27 provides more guidance on accounting for changes in ownership interest in a subsidiary and the disposal of a subsidiary, compared to the current IAS 27. According to the revised standard the entity measures the interest retained in a former subsidiary at fair value upon loss of control of the subsidiary, and the corresponding gain or loss is recognized through profit and loss. The revised standard also includes a change in the requirements relating to the allocation of losses in a loss-making subsidiary. IAS 27 (R) requires total comprehensive income to be allocated between the controlling and the non-controlling party, even if this results in the non-controlling interest having a deficit balance. The Group plans to implement IAS 27 (R) as of 1 January 2010.

Amendments to IAS 39 *Financial Instruments - Recognition and measurement - Eligible Hedged Items*

The amended IAS 39 clarifies the principles for determining whether a hedged risk or portion of cash flows is eligible for designation for certain risks or components of the cash flow. The approved changes gives primarily additional guidance for hedging a one-sided risk (hedging with options) and hedging of inflation risk, but also clarifies that designated risks and cash flows must be identifiable and can be reliably measured. The Group plans to implement the amendments as of 1 January 2010.

Amendments to IFRIC 14 IAS 19 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction - Prepayments of a Minimum funding Requirement*

The amendment to IFRIC 14 intends to correct an unintended consequence of IFRIC 14 IAS 19 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. This amendment will allow entities to recognise a prepayment of pension contributions as an asset rather than an expense. The amendment is effective for annual periods beginning on or after 1 January 2011, but the amendment is not yet approved by the EU. The Group expects to implement the amendment as of 1 January 2011.

Beyond the effects mentioned above, it is not expected that implementation of the changes listed above will have any material effect on the consolidated accounts on the effective dates.

New and changed standards effective in 2009

In 2009, the Group has adopted the following new standards and changes:

IAS 1 *Presentation of the financial accounts* The revised standard makes a distinction between owner and non-owner changes in equity. The overview of changes in equity only shows transactions with owners, while non-owner changes are shown in the comprehensive income statement.

IAS 23 *Borrowing costs* The standard eliminates the option of expensing interest on bridge financing relating to production of a qualified asset. See Note 2 X) for further details.

IFRS 8 *Operating segments* The standard requires the Group to use a management approach to the identification of the segments. Implementation has not led to any changes in segment classification. See Note 2 U) for further comments.

3 Receivables and liabilities							
Receivables due later than 12 months						2009	2008
1	Loans to employees					197	113
	Other long-term receivables					60	32
	Total long-term receivables					257	145
Mortgage debt due later than 12 months							
	Repayment schedule	2010	2011	2012	2013	Subsequent	Total
	Bond issue	0	7 014	5 261	5 261	0	17 536
	Mortgage debt	1 833	1 833	1 833	1 833	11 702	19 034
	Other long-term liabilities	0	0	0	0	170	170
	Total	1 833	8 847	7 094	7 094	11 872	36 740

1 *The interest rate used for loans to employees is the same as the normal rate. The average interest rate in 2009 was 3.58%. The repayment period is five years.*

The M/S Belstar was delivered in August 2009. The vessel is financed through a long-term mortgage loan of USD 22 million. The loan is subject to certain conditions. The loan terms are primarily related to the vessel's market value, the insurance amount and minimum of equity and liquidity. All the covenants were met at 31 December 2009. The bridge loan of USD 20 million was settled in August. Of a total contractual obligation of USD 77.6 million on the two remaining newbuildings, USD 31.4 million has been paid and USD 44 million has been secured through long-term loan financing. The company has entered into an agreement on an interest rate cap on part of the newbuilding's future financing. The amount secured is USD 54.3 million. The interest rate cap is 6%.

In July 2006, the company issued a 5-year senior unsecured bond loan in the Norwegian market with a first tranche of NOK 100 million and a borrowing limit of NOK 200 million. The loan is listed on the Oslo Stock Exchange. The loan is interest-only during the whole period and interest is charged at NIBOR + 3.5%. In May, an agreement was entered into with the bondholders on part renewal of the term and on an option for Belships to pay the current coupon with new obligations (in-kind payment). This option was exercised in the last six months of the year, and interest accumulated in the period has been added to the original loan amount. The loan has been hedged against USD with a SWAP agreement. See Note 24. The loan is subject to certain conditions, which are essentially related to restrictions on the dividend that may be paid and to the main shareholder's intention of retaining a stake in Belships ASA of at least 50%. Hedge accounting is not used.

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. All current receivables and liabilities are due within 12 months.

4 Currency exchange gain/loss		7 Investments in jointly controlled companies		
The company achieved a net loss from the translation of balance sheet items to currencies other than USD of 3 483. This gain/loss is primarily connected with a bank deposit in Norwegian kroner and also with the bond loan and pension commitments, both in NOK.		The company owns 50% of Elkem Chartering AS. Elkem Chartering Holding AS owns the remaining 50% stake. 3 of 6 board members are nominated by Belships ASA. Significant matters must be approved by all board members. Consequently, the company is a jointly controlled company. The following main items from the company's profit and loss account and balance sheet have been included in the group's accounts according to the cost method:		
5 Bank deposits		2009	2008	
The Group's bank balance amounted to 19 634 at year-end. Of this, 11 800 belongs to the jointly controlled company. Restricted funds for withheld employee tax amounted to 98 at 31 December 2009. The company's objective is that surplus funds are to be invested where they will produce the best return. However, importance is placed on ensuring that most of the funds are available.		Current assets	14 165	22 751
		Fixed assets	559	679
		Short-term debt	3 273	4 982
		Long-term debt	67	0
		Equity	11 451	18 447
		Operating income	37 555	71 180
		Operating expenses	-35 777	-53 117
		Net financial items	700	314
		Net result	2 754	16 595
6 Specifications		Cash flow from operations	1 773	4 888
Other operating expenses	2009	Cash flow from investments	-49	-31
	2008	Cash flow from financing	0	0
Port expenses	3 221			
Bunkers expenses	7 562			
Commission	697			
Other voyage related expenses	1 961			
Total	13 442			

See note 9 on the company's future liabilities from leasing of ships.

8 Segment information

The Belships group is divided into the business segments dry cargo, product tank and technical operations. Transactions between the business units are based on market conditions. Segment turnover, costs and results include transactions between segments. Transactions internally within the different segments are eliminated. This amounts to 376 in 2009.

The company's balance sheet is in all essentials related to the company's dry bulk operations.

	Dry cargo	Product tank	Ship management	Administration	Total
2009					
Operating income	43 335	5 106	3 414	671	52 526
Operating expenses	-40 079	-4 445	-2 171	-3 553	-50 248
Depreciations	-4 545	0	-153	-141	-4 839
Operating result	-1 289	661	1 090	-3 023	-2 561
Gain on sale ship	10 021	0	0	0	10 021
Operating result	8 732	661	1 090	-3 023	7 460
Ship/Newbuilding contracts	71 977	0	0	0	71 977
Long-term liabilities	27 802	0	0	8 938	36 740
Investments	49	0	10	309	368
Cash flow from operations	4 917	661	1 058	-5 026	1 609
Cash flow from investments	-31 144	0	0	0	-31 144
Cash flow from financing	1 542	0	0	0	1 542
2008					
Operating income	75 581	5 347	3 610	431	84 969
Operating expenses	-56 755	-4 676	-2 539	-4 305	-68 275
Depreciations	-11 716	0	-151	-107	-11 974
Operating result	7 110	671	920	-3 981	4 720
Newbuilding contracts	35 574	0	0	0	35 574
Long-term liabilities	0	0	0	16 240	16 240
Investments	0	0	0	0	0
Cash flow from operations	17 580	671	914	-7 238	11 927
Cash flow from investments	-8 330	0	-52	-339	-8 721
Cash flow from financing	0	0	0	-4 825	-4 825

9 Operational lease**Operasjonell lease**

Belships has entered into a long-term charter party agreement with a purchase option with a Japanese shipping company for the 48 000 dwt product tanker M/T Belaia. The ship was delivered in March 2007. The average agreed rate is of approximately USD 13 250 per day during the charter period. The charter-agreement is considered as operational lease. The purchase option is based on marketvalue plus a margin at the date of signing the contract. The option can be exercised after March 2010. In light of the present ship prices, this option has a limited value. The ship is chartered out for five years to J. Lauritzen AS from delivery.

M/S Belstar and the two newbuildings are all chartered out for 10 years from delivery at fixed rates.

Elkem Chartering (EC) currently has 1 ship for a period exceeding 12 months.

	< 1 year	1-5 year	> 5 year
Liabilities related to long-term operational lease of ships	13 100	17 986	0
Claim to payment from chartered out ships	26 450	88 122	87 625

Lease obligations are nominal amounts and cover all operating leases.

10 Other general administrative expenses

	2009	2008
Office expenses	376	340
Furniture, office supplies	128	153
Subscription, donations etc.	294	79
Travelling, entertainment costs	511	174
Other services	860	730
Miscellaneous	1 285	2 965
Total	3 454	4 441

11 Goodwill

Goodwill relates to the acquisition of a 50 % stake in Elkem Chartering. Pursuant to IAS 36, an annual impairment test is made on the balance sheet date and, based on the company's earnings, no needs for depreciating capitalised goodwill have been found. Original goodwill amounted to 665. An impairment of 146 has subsequently been made, so the capitalised amount is 519.

12 Financial investments		
	2009	2008
Shares	356	520
Part in DIS-companies	118	124
Capital contribution Belships pension fund	364	179
Total	837	823

The shares are stated at fair value and are defined as "available for sale". Shares in DIS companies have been included pursuant to the equity method, where the pro rata share of the result has been added to the cost price.

The following companies are included in the consolidated accounts:	Business location	Main activity	Ownership/ voting percentage
Elkem Chartering AS	Oslo	Chartering	50 %
Belships Management AS	Oslo	Management	100 %
Belships Management (Singapore) Pte Ltd	Singapore	Technical management	100 %
Belships Supramax Singapore Pte Ltd	Singapore	Shipping	100 %
Belships Rederi AS	Oslo	Shipping	100 %
Belships Trading AS	Oslo	Shipping	100 %

Belships ASA is the formal owner of Belships Singapore Pte Ltd, but has no ownership rights in or control of the company. The company is therefore not included in the consolidated accounts pursuant to IAS 27. However, Belships ASA is entitled to a share of the company's earnings, limited upwards to USD 7.8 million. See also note 15.

13 Options to employees

During the 2009 annual general meeting, the board was authorised to issue up to 200 000 options to employees. The option price was 105% of closing price at the day of annual general meeting excluding resolved dividend. The authorization is valid for two years. In accordance with this authorisation, options for a total of 88 000 shares have been issued in 2009. The options can be exercised from the coming annual general meeting and until the annual general meeting in 2011.

During the 2008 annual general meeting, the board was authorised to issue up to 200 000 options to employees at a price of NOK 20.48 (excluding dividend). In accordance with this authorisation, options for a total of 82 000 shares was issued. No shares options awarded in 2008 have been exercised. Both option programs require a service period of 12 months before they can be exercised. The options can be exercised 12 to 24 months after being awarded. The option programs includes all employees in the parent company. The employees must work in the company at the time when the options were awarded in order to have a right to exercise them. The option's market value is calculated at award time and charged against income over the period until they can be exercised. 23 (7/12ths) have been charged to income in connection with the options program in 2009. The rest is charged in 2010. Additional 30 (5/12ths) have been charged to income in connection with the options program in 2008.

Inventory of options outstanding:	2009	2008
Options outstanding 1 January	82 000	82 000
Options awarded	88 000	82 000
Options exercised	0	-82 000
Options not exercised	0	0
Options outstanding 31 December	170 000	82 000

Market value of options estimated using the Black and Scholes options pricing model. The average market value of awarded options in 2009 was NOK 2.24 per share.

Exercise price for options exercised	NOK	13.11
Market value of shares at time of exercise	USD	34 562

The following forms the basis for the calculation:

Share price at the time the option was awarded The share price is set as equal to the stock exchange share price when the option was awarded.

Exercise price per option The exercise price was 105 % of the stock exchange market price when the option was awarded.

Volatility Historic volatility set as indication of future volatility. Expected volatility equals a historic volatility of 59 %.

Duration of options It is assumed that all employees will exercise their options when the service period has been completed. The term of the options is estimated at two years.

Dividend Estimated dividend per share is NOK 0 per year.

Risk free interest rate used as a basis for calculating options is equal to the interest rate on government bonds over the duration of the options, i.e. 4.5 per cent for 2009.

Decrease in the number of employees Expected reduction is 0.

14 Pensions

The company's employees are members of a separate pension fund. As of 31 December 2009, a total of 11 employees were members of the service pension scheme. The service pension scheme also includes 12 former employees.

The service pension scheme is defined as a "net scheme", which makes the company's liabilities independent from any changes in the liabilities of the National Insurance. The company has chosen to handle the service pension scheme as a defined benefit scheme.

The company's legal obligations are not affected by this accounting practice. In addition come those pension liabilities which the company pays as part of its daily operations. These relate to early retirement, pension to former board members and pension to persons who for various reasons have not been included in the service pension scheme. 7 people are included in these schemes. Pension assets are distributed as follows: 10% in real estate, 78% in bank, short bonds and money market funds, 18% in shares and unit trusts. The capital yield rate for 2009 was 6.47% (2008: -7.5%).

Annual pension costs are classified as salary and are calculated by an independent actuary. The basis for the calculation is shown below. The accumulated effect of estimate discrepancies beyond 10 % of gross pension funds or pension liabilities, whichever is higher, is amortised over the remaining contribution time.

Payroll tax is calculated from net capitalised pension liabilities included estimate discrepancy.

The company's pension scheme complies with the Norwegian act on compulsory pension for employees.

Assumptions	2009	2008
Discount rate	4.50 %	3.80 %
Future wage adjustment	4.50 %	3.75 %
Pension adjustment/G-adjustment	4.25 %	3.50 %
Return on pension plan assets	5.70 %	5.50 %
Average remaining earning period (number of years)	14.36	15.27
Voluntary 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)	460	510
Interest charge on accrued pension obligations	370	528
Amortization of unrecognized pension obligations	-51	47
Return on pension plan assets	-207	-251
Net pension expenses	572	834
Composition of the net pension obligations per 31 December		
1 Gross pension obligations	9 075	7 883
Pension plan assets	-3 743	-2 868
Net pension obligations	5 332	5 015
Not amortized plan / actuarial gain/(loss)	363	-389
Net pension obligations included in the balance sheet	5 695	4 626
1 Of which uncovered pension obligations	4 674	3 783
Changes in the present value of the defined benefit obligation		
1 January	-7 883	-10 926
Interest cost	-325	-487
Present value of the year's pension earnings (incl. social security tax)	-323	-410
Benefits paid	255	209
Actuarial (gains)/losses on obligation	830	1 162
Currency exchange gain/(loss)	-1 629	2 569
31 December	-9 075	-7 883
Changes in the fair value of plan assets		
1 January	2 868	3 982
Expected return	178	215
Benefits paid	260	144
Actuarial (gains)/losses	-178	-528
Currency exchange gain/(loss)	615	-945
31 December	3 743	2 868

15 Ships and other fixed assets	2009			2008	
	Prepayment newbuilding contracts	Ships	Other fixed assets	Prepayment newbuilding contracts	Other fixed assets
Cost per 1 January	47 274	0	4 356	39 162	4 240
Additions	40 464	60 196	368	8 112	186
Disposals	-40 563	-19 184	-209	0	-70
Anskaffelseskost pr. 31. desember	47 175	41 012	4 515	47 274	4 356
Depreciations per 1 January	0	0	2 607	0	2 360
Depreciations	0	617	329	11 700	273
Depreciation on capitalized dry docking costs	0	68	0	0	0
Disposals	15 525	0	-93	0	-26
Depreciations per 31 December	15 525	685	2 843	11 700	2 607
Book value per 31 December	31 650	40 327	1 673	35 574	1 749
Other fixed assets	0	0	1 022	0	5 075
Total book value per 31 December	31 650	40 327	2 694	35 574	6 824

Spesification of the group's ship

	Built year	Group share	Cost price	Booked value
Dry cargo				
M/S Belstar	2009	100 %	40 562	40 327

Belships Rederi AS originally had 5 newbuilding contracts, 2 of which were sold in 2009, with a settlement consisting of 50% of the cash flow from time charters with the charterer, limited upwards to USD 7.8 million. In 2008, these newbuildings were written down to discounted value of the expected cash flow. Under the wording of the sales contract in 2009, this is a contingent asset under IAS 37 that cannot be capitalised, as it is not certain that settlement will be made. The remaining capitalised value was therefore written down by USD 3.8 million in connection with the sale. Of the company's total debt of USD 77.6 million on the remaining newbuildings, USD 31.4 million has been paid. Financing for the newbuildings has been secured. M/S Belstar and the 2 newbuildings have been signed on 10-year time charters from delivery. The counterparty to the time charter agreements consider to be safe.

The company exercised its call option for the M/S Belisland in 2009. It was agreed at the same time to sell the vessel to Greek buyers. Delivery took place in the beginning of October and the gains amounted to some USD 10 million. The M/S Belstar was delivered from the yard in August and was signed up for a 10-year time-charter at a fixed rate. Some technical challenges emerged, for example relating to the vessel's cranes. Work is being done to find permanent solutions. Reference is made to Note 3 concerning the ship's financing. The company has carried out impairment tests on its assets in conformity with IAS 36. The M/S Belstar and the remaining newbuilding contracts have been assessed on the basis on observable market values and time charters concluded, which were discounted by 12% following a discretionary valuation of counterparty risk. The calculations are based on a 10-year period and with a required rate of return corresponding to the discount rate. Based on these internal valuations, there is as per today no need for impairment. The newbuilding contracts were entered into with the shipyard's co-owner, and the contracting partner is expected to clarify any problems that may arise with respect to the shipyard in connection with the deliveries.

A straight-line method of depreciation has been used for ships, based on 25 years of economic service life from the ship was new. Capitalised drydocking costs are depreciated during a period of 30 months.

Other fixed assets consist primarily of office premises in Singapore, cars, office furnishings and office equipment. For other fixed assets an amortisation period of 3 - 5 years is used, except of the office premises in Singapore in which an amortisation period of 57 years is used.

16 Contingencies

The company is currently engaged in talks with the Norwegian Tax Administration on the right to carry forward a loss of approximately NOK 110 million. The outcome of this discussion will not affect the 2009 income statement or balance sheet as the corresponding deferred tax asset is not entered in the books.

See also note 12 and 15 regarding sale of 2 newbuilding contracts.

Apart from this, the Board of Directors is not aware of any material disputes the company may be involved in at 31 December 2009.

17 Related parties

Belships rents offices from a company where Belships' main shareholder has an ownership interest. The rental agreement was renewed in 2007 and is in force for 10 years. The rental for 2009 amounted to 196. Belships shares office premises with companies controlled by the main shareholders and the jointly controlled company Elkem Chartering. The costs are divided in accordance with actual use.

The main shareholder in Belships is also a main shareholder in the shipbroker company Lorentzen & Stemoco AS. Belships is regularly doing business with this company.

Belships ASA executes accounting services for companies controlled by Belships main shareholders.

All the transactions are based on market terms.

18 Salaries, number of employees		
	2009	2008
Salaries	3 256	4 600
Social security tax	482	470
Pension expenses	572	834
Other allowances	308	352
Total	4 618	6 256

All employees in Belships ASA have been granted a bonus equal to a month's pay in 2009.

Average number of employees in 2009 was 39 (42 in 2008). Loans to employees are specified in note 3.

No loans have been paid to members of the management in the company.

Remuneration		Managing director	Management excluding man.dir.	Board members
2009	Salaries (incl. bonus)	245	562	0
	Pension expenses	21	57	0
	Other remuneration	42	83	80
2008	Salaries (incl. bonus)	260	596	0
	Pension expenses	22	48	0
	Other remuneration	52	105	90

Managing director and financial director have a right to early retirement at the age of 60.

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

Remuneration in accordance with the Accounting Act § 7-31b is presented in note 11 to the parent accounts.

For share options to the employees, see note 13. The Board members have not been awarded share options.

Fees to the auditor (excluding VAT) (Includes 50% of Elkem Chartering)			2009	2008
Remuneration for audit fees			107	124
Other assurance services			0	0
Assistance related to tax			27	15
Other assistance			41	34
Total			176	173

19 Earnings per share

The profit on ordinary activities per share was calculated as the ratio between the profit for the year, which accrues to regular shareholders (i.e. annual profit with dividend deducted) and the weighted average ordinary shares outstanding.

When calculating diluted earnings per share, the result is attributable to the shareholders and the number of weighted average outstanding shares are adjusted for share options. In "the denominator" all share options (see note 13) which are "in-the-money" and exercisable are taken into consideration. In the calculations, share options are considered as having been converted at the time they were awarded.

	2009	2008
Net result for the year	8 227	-818
Average number of weighted shares (excluding treasury shares)	24 224 000	24 224 000
Average number of options outstanding	85 500	82 000
Diluted average weighted number of shares (excluding treasury shares)	24 309 500	24 306 000
Earnings per share		
Ordinary	0.34	-0.03
Diluted	0.34	-0.03

20 Equity		
Belships ASA's 24 852 000 shares, each with a face value of NOK 2.00, was as of 31 December 2009 distributed among 650 shareholders. Each share has one vote.		
The company holds 628 000 treasury shares in total with an average cost price of NOK 9.93 as of 31 December 2009. Belships ASA has lent 50 000 of the company's own shares to ABG Sundal Collier Norge ASA (ASC) in connection with ASC' role as liquidity provider for the company's shares on Oslo Stock Exchange.		
At the annual general meeting in 2009 the board received authorisation to issue up to 2 million new shares. The authorisation has not been used and is valid to the next ordinary annual general meeting.		
The Board of Directors of Belships ASA will at the general meeting in April 2010 propose to not distribute dividend.		
Number of shares	2009	2008
Ordinary shares, issued and paid per 1 January	24 852 000	24 852 000
Share options exercised by employees	0	82 000
Hereof treasury shares	0	-82 000
Ordinary shares, issued and paid per 31 December	24 852 000	24 852 000
Dividend paid (NOK per share)	0.00	0.00
The 20 largest shareholders in Belships ASA at 31 December 2009		
	Number of shares	Percentage
1 Sonata AS	8 758 861	35.24 %
2 Canica AS	5 712 100	22.98 %
3 Rederiaktiebolaget Dalen	2 604 660	10.48 %
4 Longbow Limited	1 200 000	4.83 %
5 Consensio AS	1 059 832	4.26 %
6 Belships ASA	578 000	2.33 %
7 Otto Grieg Tidemand dødsbo	491 718	1.98 %
8 Viking Holding AS	261 000	1.05 %
9 Eastern Bulk Holding AS	197 000	0.79 %
10 Gemsco AS	197 000	0.79 %
11 Carlings AS	189 000	0.76 %
12 Torstein Søland	170 000	0.68 %
13 Jenssen & Co. AS	157 397	0.63 %
14 Sverre J. Tidemand	129 011	0.52 %
15 Atalanta AS	123 000	0.49 %
16 Tidships AS	113 897	0.46 %
17 Jasto Invest AS	100 000	0.40 %
18 Jovoko AS	100 000	0.40 %
19 John Tore Kristiansen	88 000	0.35 %
20 Olav Sætre	80 000	0.32 %
Total 20 largest shareholders	22 310 476	89.77 %
Other shareholders	2 541 524	10.23 %
Total number of shares	24 852 000	100.00 %
Number of shares owned by Board members in Belships ASA	Owned shares	Outstanding options
Asbjørn Larsen, <i>Chairman</i>	24 500	0
* Margarita Tidemand	12 953 167	0
Christian Rytter jr.	20 000	0
Other Board members	0	0
Management in Belships ASA		
* Sverre J. Tidemand, <i>Managing director</i>	12 953 167	20 000
* Jo Eric von Koss, <i>Financial director</i>	120 000	20 000
Stein H. Runsbeck, <i>Commercial director</i>	10 000	20 000
* Osvald Fossholm, <i>Financial manager</i>	20 000	20 000
* <i>Includes shares owned by family and companies with ownership of more than 50%, and shares owned by companies in which one has negative control.</i>		
<i>For changes in equity, see separate overview of changes in equity.</i>		

21 Subsequent events	22 Environmental issues
The Board is not aware of any material events after 31 December 2009.	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 see the Directors' report.

23 Taxes	2009	2008
Taxes payable (tax return)	-740	2 348
Change in deferred tax assets included in the Balance sheet	-131	-209
Total income tax expense (income)	-871	2 139
<p>The year's tax income consists primarily in effects relating to the Supreme Court judgment for companies under the shipping tax regime and the Government's package of measures, which means that Belships Rederi AS and Elkem Chartering AS will receive a tax refund of total USD 0.8 million.</p> <p>Calculation of deferred taxes is based on temporary differences between statutory books and tax values which exist at the end of the year.</p>		
Reconciliation of the year's income tax expense		
Result for the year before tax	7 356	1 321
Statutory tax rate	28 %	28 %
Estimated tax expense at statutory rate	2 060	370
Non tax deductible expenses	83	1 007
Non taxed shipping income in Norway and Singapore	-1 155	-3 077
Difference between Norwegian and foreign tax	0	150
Deferred tax assets not included in the Balance sheet	-1 820	3 689
Correction allocated tax previous year	-39	0
Total income tax expense (income)	-871	2 139
<p>Accordance with IAS 12 for treatment of taxes, tax reducing temporary differences and tax increasing temporary differences that are reversed, or can be reversed in the same period are assessed and the amount recorded net.</p> <p>As it is little probable that the company will have a profit for tax purposes in the near future, deferred tax assets related the main part of the total loss carry-forward has not been entered in the balance sheet. At 31 December, 2009 the company had a tax loss carry-forward of USD 62.4 million. However, there is some uncertainty concerning the right to carry forward approximately USD 19 million of this amount as talks are currently in progress with the Norwegian Tax Administration on the right to carry forward a corresponding amount.</p> <p>Future tax payable in the Group is expected to be low.</p>		
The shipping taxation scheme		
<p>The subsidiary Belships Trading AS withdrew from the shipping tax regime in 2009. The group incurred no tax payable on the withdrawal of Belships Trading AS. Within the Group, only one subsidiary in Elkem Chartering AS is included in this regime. The company has no tax payable within the regime.</p>		
Deferred tax per 31 December	2009	2008
Temporary differences		
Fixed assets	3	11
Deferred sales gain/(loss)	8 683	472
Write-down/accruals	6	-14 600
Pensions	-4 535	-3 471
Total temporary differences	4 157	-17 588
Tax loss carried forward	-62 365	-34 636
Net temporary differences	-58 209	-52 224
Deferred tax liabilities / (assets) before remuneration (28%)	-16 298	-14 623
Remuneration	-416	-343
Deferred tax liabilities / (assets)	-16 714	-14 966
Deferred tax assets included in the Balance sheet	-81	-153
Deferred tax assets not included in the Balance sheet	-16 633	-14 813

24 Financial market risk

Financial risk

Financial market risk is the risk of changes in foreign exchange rates, interest rates, freight rates and oil prices that may affect the value of the group's assets, obligations and future cash flows.

Work is constantly being done to reduce and control the various risks. When a risk factor is identified, measures are taken to reduce it. To reduce financial market risks, derivatives are used where appropriate. Derivatives are only used to hedge specific exposures. If the use of derivatives is considered appropriate, only well-known conventional derivative instruments are

considered, i.e. OTC agreements such as swaps, options and forward rate agreements. Derivative transactions are only made with recognised financial institutions. Credit risk relating to these derivatives is therefore limited.

Belships only uses derivatives to control risk connected with the development of interest and foreign exchange rates. Financial derivatives are not used to obtain financial revenues through fluctuating interest rates, nor are financial derivatives used when there is no underlying exposure.

24 Financial market risk (continued)

Interest rate risk

Belships' strategy is to limit exposures relating to fluctuations in cash flows due to changes in interest rate levels. Interest rate hedging of the company's loans is therefore being continuously assessed. Any agreement on interest rate hedging is based on developments in the interest market and internal analyses. The company has entered into agreements on an interest rate cap which covers 70 % of the company's total newbuilding liabilities. The interest rate is 6% and the agreements run from 2010 and 2011. The change in the market value of corresponding interest agreements in 2009 amounts to 923 and has been taken to income under Other financial items. The market value at year-end amounts to 1 179 and has been capitalised under Financial fixed assets.

The table below shows the company's sensitivity to potential changes in interest rate levels. The calculation takes into account all interest-bearing instruments.

The company's sensitivity to potential changes in interest rate levels

	2009	2008
Change in the interest rate level in basis points	-100/+100	-100/+100
Effect on result before tax	368/ -368	360/ -360

Average effective interest rate on debt (%)

	2009	2008
Mortgage debt	3.49	
Bond issue	4.86	7.58
Bridge financing newbuildings	1.91	3.97

Capital structure and equity capital

The company controls the capital based on book equity against total assets. The equity ratio is calculated by dividing book equity by total assets as follows:

	2009	2008
Total equity as at 31.12	52 407	44 127
Total assets	102 659	92 194
Equity as at 31.12	51 %	48 %

Net debt is defined as interest-bearing debt (short and long-term) and accounts payable less cash. Equity capital comprises paid-in share capital and retained earnings.

	2009	2008
Interest-bearing debt	38 404	36 100
Trade creditors	1 530	801
Cash reserves	-19 634	-47 626
Net debt	20 300	-10 725
Equity	52 407	44 127
Total equity and net debt	72 707	33 402
Debt ratio	39 %	-24 %

Liquidity risk

The company's solidity and financial position strengthened in 2009 because of the sale of the M/S Belisland and because long-term financing was secured for the M/S Belstar and the newbuildings. Of the total contractual obligations of USD 77.6 million on the two remaining newbuildings, USD 31.4 million has been paid.

Credit risk

There will always be a credit risk towards the company's customers. Belships tries to ensure that all agreements are entered into with creditworthy parties and has historically incurred only minor losses.

Exchange risk

USD is the currency used in group reports. The company's income and expenses are in all essentials in USD. Belships foreign exchange exposure is related to administration expenses in Norway and Singapore. In relation to the group's cash flows, this exposure is limited and no hedging is therefore made.

The parent company's bond loan is in NOK. The loan is hedged against USD with a SWAP agreement. The change in the market value of corresponding foreign exchange contracts in 2009 amounts to 3 308 and has been taken to income under Other financial items. The market value at year-end amounts to 1 407 and has been capitalised under Financial fixed assets.

The company does not use hedge accounting.

Establishing market value

Interest rate and currency swaps are included in the balance sheet at market value.

Effective 1 January 2009, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurements by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The interest swaps are valued by use of a level 2 valuation technique. During the reporting period ending 31 December 2009, there were no transfers between the different types of levels.

Market value is calculated by taking the net present value of future cash flows. For the above-mentioned derivatives, market value is confirmed by the financial institution the company has an agreement with. The following of the company's financial instruments have not been valued at market value: accounts receivable, other short-term receivables and long-term liabilities.

The capitalized value of accounts receivable and accounts payable corresponds approx. to market value as they are entered into on "normal" terms. Market value of long-term liabilities has been calculated by using the quoted market price or by using interest conditions for loans with a corresponding currency and credit risk. Market value of the bond loan deviates from capitalised value due to recognition of the commission, and also because the loan is quoted on the Oslo Stock Exchange and is consequently negotiable.

The market value was 254 higher than capitalized value at 31.12.09. For financial assets and liabilities recognised at capitalised value, market value has been calculated as the net present value of estimated cash flows discounted by the interest rate applying to corresponding assets and liabilities on the balance sheet date. This value corresponds approximately to market value.

Income statements

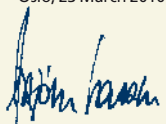
Note	1 January-31 December NOK 1 000	Belships ASA	
		2009	2008
	Operating income		
11	Other operating income	5 000	320
	Total operating income	5 000	320
	Operating expenses		
11	Salaries	-14 447	-10 309
12	Other general administrative expenses	-8 682	-3 582
2	Depreciations on fixed assets	-887	-381
	Total operating expenses	-24 016	-14 272
	Operating result	-19 016	-13 952
	Financial income and expenses		
9	Share dividends /group contribution	65 692	158 100
	Interest income from subsidiaries	5 227	3 502
	Other interest income	811	2 132
	Interest expenses	-3 175	-7 330
10	Other financial items	20 031	-154 179
10	Currency exchange gain/-loss	-23 199	27 332
	Net financial items	65 387	29 557
	Result before taxes	46 371	15 605
16	Tax expense	0	-21 168
	Net result for the year	46 371	-5 563
	Appropriations of net result		
	Transfer from/(to) other retained earnings	-46 371	5 563
	Total	-46 371	5 563

Balance sheets

Belshipp ASA

Note	Per 31 December NOK 1 000	Belshipp ASA	
		2009	2008
	FIXED ASSETS		
	Tangible fixed assets		
2	Other fixed assets	7 144	6 865
	Financial fixed assets		
9	Shares in subsidiaries	112 097	84 654
9	Shares in jointly controlled companies	11 000	11 000
	Capital contribution pension fund	2 100	1 250
	Intercompany balances	152 784	23 516
13	Other long-term receivables	1 137	1 287
	Total financial assets	279 118	121 707
	Total fixed assets	286 262	128 572
	CURRENT ASSETS		
4	Intercompany balances	155 548	97 194
	Other receivables	1 420	2 410
	Total receivables	156 968	99 604
5	Cash and bank deposits	19 835	133 593
	Total current assets	176 803	233 197
	Total assets	463 065	361 769
	EQUITY		
	Paid-in capital		
	Share capital	49 704	49 704
	Treasury shares	-1 256	-1 256
	Share premium reserve	53 151	53 151
	Other paid-in capital	101 839	101 531
	Total paid-in capital	203 438	203 130
	Retained earnings		
	Other equity	57 840	11 469
7	Total equity	261 278	214 599
	LIABILITIES		
	Provisions		
8	Pension obligations	24 864	23 321
	Other long-term liabilities		
13	Bond issue	101 300	112 678
	Intercompany balances	69 117	0
	Debt to jointly controlled companies	1 962	1 962
	Total other long-term liabilities	172 379	114 640
	Short-term liabilities		
	Public taxes and duties payable	1 426	924
	Trade creditors	1 057	637
	Provision for dividend	0	0
	Intercompany balances	0	4 385
	Other short-term liabilities	2 061	3 263
	Total short-term liabilities	4 544	9 209
	Total liabilities	201 787	147 170
	Total equity and liabilities	463 065	361 769

Oslo, 23 March 2010



Asbjørn Larsen
Chairman of the Board



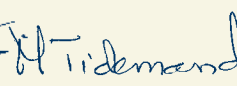
Christian Rytter jr.
Board member




Kjersti Ringdal
Board member



Henrik von Platen
Board member



Margarita Tidemand
Board member



Sverre J. Tidemand
Man. Director

Cash flow statements

Note	1 January - 31 December NOK 1 000	Belships ASA	
		2009	2008
	CASH GENERATED FROM OPERATIONS		
	Operating result	-19 016	-13 952
	Interest income	6 038	5 634
	Interest expenses	-3 175	-7 330
10	Gain/loss on exchange rate	-23 199	27 332
10	Other financial items	20 031	-154 179
2	Gain/ loss from sale of fixed assets	-80	-7
10	Write-down of long-term receivables	-7 708	0
10	Unrealised loss on currency swap	-13 303	13 303
2	Depreciations on fixed assets	887	799
	Write-down of shares in consolidated companies	0	62 000
3	Share options expensed	308	444
8	Difference between pension expenses and paid pension premium	3 043	2 208
	Change in trade debtors and trade creditors	420	519
	Change in other short-term items	-122 610	42 914
	Net cash flow from operations	-158 364	-20 315
	CASH FLOW FROM INVESTMENTS		
2	Investments in fixed assets	-1 784	-764
2	Sale proceeds from fixed tangible asset disposals	698	130
9	Share dividends /group contribution	65 692	158 100
9	Allocated group contribution to subsidiary	-20 000	0
	Change in other investments	0	-3 537
	Net cash flow from investments	44 606	153 929
	CASH FLOW FROM FINANCING		
	Proceeds from new loan	0	0
	Dividend paid (excluding treasury shares)	0	-24 142
	Sale/acquisition treasury shares	0	229
	Net cash flow from financing	0	-23 913
	Net change in liquid reserves	-113 758	109 701
	Cash and cash equivalents at 1 January	133 593	23 892
5	Cash and cash equivalents at 31 December	19 835	133 593

1 Accounting policies

The accounts are prepared in accordance with Norwegian Generally Accepted Accounting Principles. All amounts in the notes are in NOK 1 000 unless otherwise stated. The accounts form part of the consolidated accounts of Belships ASA. The consolidated accounts have been prepared in accordance with IFRS.

A) Classification of balance sheet items

Assets intended for long-term ownership or use are classified as fixed assets and others as current assets, with all accounts receivable within one year classified as current assets. Liabilities due within 12 months, are classified as short-term liabilities except for mortgage debt, which in full is classified as long-term liabilities. Current assets are reported at the lower of cost and net realisable value, while current liabilities are carried at the nominal value at drawdown date.

B) Taxes on income

Tax expenses consist of tax payable and changes in deferred tax. Deferred tax/tax assets are calculated on all differences between accounting values and tax values of assets and liabilities, with the exception of:

- temporary differences relating to goodwill that is not tax deductible
- temporary differences related to investments in subsidiaries, affiliated companies or jointly controlled enterprises when the group controls when the temporary differences will be reversed, and that is not expected to occur in the foreseeable future.

Deferred tax assets are entered in the accounts when it is likely that the company will have sufficient profit for tax purposes in subsequent periods that will enable the company to utilise the tax asset. The companies enter previously unentered deferred tax assets to the extent it has become likely that the company can utilise the deferred tax asset. Similarly, the company will reduce the deferred tax asset to the extent the company no longer regards it as being likely that it can utilize the deferred tax asset.

Deferred tax and deferred tax asset are measured on the basis of expected future tax rates for the companies in the group where temporary differences have occurred.

Deferred tax and deferred tax assets are entered at nominal value and are classified as financial fixed assets (long-term liability) on the balance sheet.

Tax payable and deferred tax are entered directly against equity to the extent the tax items relate to equity transactions.

C) Tangible fixed assets

Tangible fixed assets are measured at acquisition cost, with accumulated depreciation and write-downs deducted. When assets are sold or divested, capitalised value is deducted and any gains or losses are entered in the profit and loss account. Acquisition cost for tangible fixed assets is the purchase price, including taxes and charges and expenses directly related to preparing the asset for use. Expenses incurred after the asset has been put to use, such as running maintenance, are entered in the profit and loss account, whereas other expenses which are expected to create future financial gains are capitalised. Other fixed assets are depreciated at the rate equivalent used for tax purposes.

D) Investments in other companies

Investments in subsidiaries and jointly controlled companies are accounted for in the parent company using the cost method.

E) Accounts receivable

Accounts receivable are booked at nominal amount less expected loss.

F) Cash flow statement

The cash flow statement has been prepared using the indirect method. Liquid assets includes cash, bank deposits (restricted and unrestricted) and other short-term investments which can be converted to cash within 3 months.

G) Equity**(i) Treasury shares**

When acquiring treasury shares, the acquisition cost, including directly attributed costs, is entered as changes in equity. Treasury shares are presented as a reduction in equity. Loss or gains from transactions with treasury shares are not entered in the accounts.

(ii) Costs related to equity transactions

Transaction costs directly related to equity transactions are charged directly against the equity after tax deductions.

H) Employee benefits**Defined benefit pension schemes**

Through its own pension fund, Belships ASA offers its employees a defined benefit pension scheme.

Net liability is calculated with a basis in the present value of the future pension payments which the employee has earned on the balance sheet date, with the market value of the pension assets deducted. The discount rate is equal to the interest rate on a 10-year government bond with an additional to take into regard the term to maturity. The calculations have been made by a qualified actuary, and are based on a straight line earning model. The introduction of a new defined benefit scheme or an improvement of the current defined benefit scheme entails changes in the pension liabilities. These are recognised in the profit and loss account in a straight line until the effect of the change has been earned.

The introduction of new schemes or changes in existing schemes with retroactive effect, resulting in the employees having earned a paid-up policy (or changes in a paid-up policy) are recognised in the profit and loss account immediately. Gains or losses related to curtailment of pension plans are recognised in the profit and loss account when they take place.

Actuarial gains and losses are amortised over the remaining service period. The company's pension scheme complies with the Norwegian act on compulsory pension for employees.

I) Provisions

A provision is entered in the accounts when the company has a liability (statutory or self-imposed) as a result of a previous event, where it is likely (more likely than not) that there will be a financial settlement as a result of this liability and that the size of the sum can be reliably determined. If the effect is considerable, the provision is calculated by discounting down the expected future cash flow with a discount rate before tax which reflects the market's evaluation of the time-specific of money and, if relevant, risks specifically connected to the liability.

Provisions for loss-creating contracts are included when the group's expected income from a contract is lower than the inevitable costs which were incurred in discharging the obligations of the contract.

J) Income recognition

Gains will be taken to income when it is likely that transactions will generate future financial gains which

will be attributable to the company and the sum can be reliably estimated. Interest rate income is taken to income based on effective interest method according to when it is earned.

Dividend received from subsidiaries is normally accounted for in the same year as dividend has been accrued for in the subsidiary. If such dividend exceeds the prorata share of retained earnings after the acquisition of the shares, such excess portion represents repayment of capital and reduces the acquisition cost accordingly.

K) 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.

L) Transactions in foreign currency

Transactions in foreign currency are converted at the rate at the time of the transaction. Monetary items in foreign currency are converted into Norwegian kroner using the rate on the balance sheet date. Non-monetary items which are measured at historical rates expressed in foreign currency, are converted into Norwegian kroner using the currency rate at the time of the transaction.

Non-monetary items which are measured at market value expressed in foreign currency are converted at the currency rate on the balance sheet date. Currency rate changes are charged against income during the accounting period.

M) Contingent gains and losses

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

N) Related party transactions

Transactions with related parties are carried out at market terms. See note 14 for further information.

O) Events after the balance sheet date

New information after the balance sheet date regarding the company's financial position as of the balance sheet date is taken into consideration in the annual accounts. Events after the balance sheet date that do not affect the company's financial position as of the balance sheet date, but which will have an impact on the company's financial position in the future are revealed if significant.

P) Use of estimates in preparation of the annual accounts

The management has used estimates and assumptions that have affected assets, debt, income, costs and information on potential liabilities. This applies particularly to pension liabilities, share-based remuneration and evaluation of goodwill. Future events can entail a change in these estimates. Estimates and the underlying assumptions are evaluated on a current basis. Changes in accounting estimates are entered in the period when the changes occur. If the changes also apply to future periods, the effect is distributed over the current and future periods.

Q) Earnings per share

Earnings per share are calculated by dividing the net result by a weighted, average number of shares in the reporting period. Diluted earnings per share is calculated on the basis the dilution effect of issued options and convertible loans, if any.

R) Share-based remuneration

The employees in Belships ASA have received options to purchase shares in the company. The market value of the awarded options is measured at the time of award and charged to expense over the earning period as a wage cost with corresponding increase in retained earnings.

2 Fixed assets

	2009		2008	
	Non depreciable assets	Depreciable assets	Non depreciable assets	Depreciable assets
Cost per 1 January	4 070	15 535	4 020	15 121
Additions	0	1 784	50	714
Disposals	0	-1 206	0	-300
Cost per 31 December	4 070	16 113	4 070	15 535
Depreciations per 1 January	0	12 740	0	12 118
Depreciations	0	887	0	799
Disposals	0	-588	0	-177
Depreciations per 31 December	0	13 039	0	12 740
Total book value at 31 December	4 070	3 074	4 070	2 795

Depreciable assets include vehicles, office fixtures and furniture. These assets are depreciated over a 3-5 year period. Non depreciable assets include apartment and art. The apartment is owned by Belships ASA and Elkem Chartering AS by 50% each, and the profit or loss from any sale will be divided equally between the companies. Part of the previous year's write-offs are invoiced to subsidiaries and affiliated companies. The parent company's cost was 381.

3 Options to employees		
<p>During the 2009 annual general meeting, the board was authorised to issue up to 200 000 options to employees. The option price was 105% of closing price at the day of annual general meeting excluding resolved dividend. The authorization is valid for two years. In accordance with this authorisation, options for a total of 88 000 shares have been issued in 2009. The options can be exercised from the coming annual general meeting and until the annual general meeting in 2011.</p> <p>During the 2008 annual general meeting, the board was authorised to issue up to 200 000 options to employees at a price of NOK 20.48 (excluding dividend). In accordance with this authorisation, options for a total of 82 000 shares was issued. No shares options awarded in 2008 have been exercised. Both option programs require a service period of 12 months before they can be exercised. The options can be exercised 12 to 24 months after being awarded. The option programs includes all employees in the parent company. The employees must work in the company at the time when the options were awarded in order to have a right to exercise them.</p> <p>The option's market value is calculated at award time and charged against income over the period until they can be exercised. 135 (7/12ths) have been charged to income in connection with the options program in 2009. The rest is charged in 2010. Additional 173 (5/12ths) have been charged to income in connection with the options program in 2008.</p>		
Inventory of options outstanding		
	2009	2008
Options outstanding 1 January	82 000	82 000
Options awarded	88 000	82 000
Options exercised	0	-82 000
Options not exercised	0	0
<hr/>		
Options outstanding 31 December	170 000	82 000
Exercise price for options exercised	NOK	13.11
Market value of shares at time of exercise	NOK	241 900
<p>Market value of options estimated using the Black and Scholes options pricing model. The average market value of awarded options in 2009 was NOK 2.24 per share.</p> <p>The following forms the basis for the calculation: Share price at the time the option was awarded The share price is set as equal to the stock exchange share price when the option was awarded. Exercise price per option The exercise price was 105 % of the stock exchange market price when the option was awarded. Volatility Historic volatility set as indication of future volatility. Expected volatility equals a historic volatility of 59 %. Duration of options It is assumed that all employees will exercise their options when the service period has been completed. The term of the options is estimated at two years. Dividend Estimated dividend per share is NOK 0 per year. Risk free interest rate used as a basis for calculating options is equal to the interest rate on government bonds over the duration of the options, i.e. 4.5 per cent for 2009. Decrease in the number of employees Expected reduction is 0.</p>		

4 Intercompany balances		
Short-term receivables	2009	2008
Consolidated companies	125 525	34 145
Jointly controlled companies	30 023	63 049
<hr/>		
Total	155 548	97 194
<p>No interest is calculated on short-term intercompany accounts as these items are only considered as ordinary operating balances. Long-term intercompany balances are against subsidiaries, and interest is calculated at market terms and they fall due when the subsidiary's cash flow position allows for this.</p>		

5 Bank deposits		
<p>The company's bank balance amounted to 19 835 at year-end. Of this, 19 483 are funds that may be used without restrictions. Restricted funds for withholding tax for employees amounted to 352 at 31 December 2009. The company's objective is that surplus funds are to be invested where they will produce the best return. However, importance is attached to ensuring that most of the funds are available at any time.</p>		

6 Financial market risk		
<p>The functional currency for the company is USD while the financial statements are presented in NOK. Items in USD in the balance sheet are converted to NOK at currency rate NOK 5.7767 which was the rate at 31 December 2009 according to Norway's central bank. The company has limited own operating income. Income consists primarily of dividends and group contributions. The operating income and expenses of group companies are primarily in USD. A part of the income flow is currently translated into NOK to cover administration costs.</p> <p>The currency of the bond issue is NOK. The loan is hedged against USD by a SWAP agreement. The company does not use hedge accounting. A previous, unrealised loss amounted to 13 303 on the SWAP contract was reversed in 2009, as the market value of corresponding contracts had a positive development in the course of the year. See note 10. Other currency hedgings are not made, as the risk of loss is considered to be limited.</p> <p>There will always be a credit risk as regards the company's customers. Belshipp tries to ensure that all agreements are entered into with creditworthy parties and has historically incurred only minor losses.</p>		

7 Equity				Paid-in	Retained	Total
	Share capital	Treasury shares	Share premium res.	Other equity	Other equity	
Equity per 31 December 2008	49 704	-1 256	53 151	101 531	11 469	214 599
Sale of treasury shares to employees	0	0	0	308	0	308
Result for the year	0	0	0	0	46 371	46 371
Equity per 31 December 2009	49 704	-1 256	53 151	101 839	57 840	261 278

Belships ASA's 24 852 000 shares, each with a face value of NOK 2.00, was as of 31 December 2009 distributed among 650 shareholders. Each share has one vote.

The company holds 628 000 treasury shares in total with an average cost price of NOK 9.93 as of 31 December 2009. Belships ASA has lent 50 000 of the company's own shares to ABG Sundal Collier Norge ASA (ASC) in connection with ASC' role as liquidity provider for the company's shares on Oslo Stock Exchange.

At the annual general meeting in 2009 the board received authorisation to issue up to 2 million new shares. The authorisation has not been used and is valid to the next ordinary annual general meeting.

The Board of Directors of Belships ASA will at the general meeting in April 2010 propose to not distribute dividend.

Number of shares	2009	2008
Ordinary shares, issued and paid-in per 1 January	24 852 000	24 852 000
Share options exercised by employees	0	82 000
Hereof treasury shares	0	-82 000

Ordinary shares, issued and paid-in per 31 December	24 852 000	24 852 000
Dividend paid (NOK per share)	0.00	0.00

The 20 largest shareholders in Belships ASA at 31 December 2009

	Number of shares	Percentage
1 Sonata AS	8 758 861	35.24 %
2 Canica AS	5 712 100	22.98 %
3 Rederiaktiebolaget Dalen	2 604 660	10.48 %
4 Longbow Limited	1 200 000	4.83 %
5 Consensio AS	1 059 832	4.26 %
6 Belships ASA	578 000	2.33 %
7 Otto Grieg Tidemand dødsbo	491 718	1.98 %
8 Viking Holding AS	261 000	1.05 %
9 Eastern Bulk Holding AS	197 000	0.79 %
10 Gemsco AS	197 000	0.79 %
11 Carlings AS	189 000	0.76 %
12 Torstein Søland	170 000	0.68 %
13 Jenssen & Co. AS	157 397	0.63 %
14 Sverre J. Tidemand	129 011	0.52 %
15 Atalanta AS	123 000	0.49 %
16 Tidships AS	113 897	0.46 %
17 Jasto Invest AS	100 000	0.40 %
18 Jovoko AS	100 000	0.40 %
19 John Tore Kristiansen	88 000	0.35 %
20 Olav Sætre	80 000	0.32 %

Total 20 largest shareholders	22 310 476	89.77 %
Other shareholders	2 541 524	10.23 %

Total number of shares	24 852 000	100.00 %
------------------------	------------	----------

Number of shares owned by Board members in Belships ASA

	Owned shares	Outstanding options
Asbjørn Larsen, <i>Chairman</i>	24 500	0
* Margarita Tidemand	12 953 167	0
Christian Rytter jr.	20 000	0
Other Board members	0	0

Management in Belships ASA

* Sverre J. Tidemand, <i>Managing director</i>	12 953 167	20 000
* Jo Eric von Koss, <i>Financial director</i>	120 000	20 000
Stein H. Runsbek, <i>Commercial director</i>	10 000	20 000
* Osvald Fossholm, <i>Financial manager</i>	20 000	20 000

* Includes shares owned by family and companies with ownership of more than 50%, and shares owned by companies in which one has negative control.

8 Pensions			
	2009	2008	
Assumptions			
Discount rate	4.50 %	3.80 %	
Future wage adjustment	4.50 %	3.75 %	
Pension adjustment / G-adjustm.	4.25 %	3.50 %	
Return on pension plan assets	5.70 %	5.50 %	
Average remaining earning period (number of years)	14.36	15.27	
Voluntary 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)	1 991	2 302	
Interest on accrued pension obl.	2 047	2 694	
Amortization of pension obl.	122	752	
Return on pension plan assets	-1 117	-1 213	
Net pension expenses	3 043	4 535	
Composition of the net pension obligations			
Gross pension obligations	50 764	53 276	
Pension plan assets	-21 621	-20 075	
Net pension obligations	29 143	33 201	
Not amortized plan / actuarial gain / (loss)	-4 279	-9 880	
Net pension obligations included in the balance sheet	24 864	23 321	

The company's employees are members of a separate pension fund. As of 31 December 2009, a total of 11 employees and 9 former employees were members of the service pension scheme. The scheme is defined as a "net scheme", which makes the company's liabilities independent from any changes in the liabilities of the National Insurance. The company has chosen to handle the scheme as a defined benefit scheme. The company's legal obligations are not affected by this accounting practice.

In addition there are pension liabilities which the company pays as part of its daily operations. These relate to early retirement, pension to former board members and pension to persons who for various reasons have not been included in the service pension scheme. 2 people are included in these schemes.

Pension assets are distributed as follows: 10% in real estate, 72% in bank, short bonds and money market funds and 18% in shares and unit trusts. The capital yield rate for 2009 was 6.47% (2008: -7.50%).

Annual pension costs are calculated by an independent actuary. The basis for the calculation is shown above.

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

9 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 joint controlled companies									
1	Elkem Chartering AS	Oslo	30.10.02	11 000	50 %	680	5 478	340	11 000
Shares in subsidiaries									
2	Belships Management AS	Oslo	09.12.85	32 836	100 %	100	2	100	6 987
	Belships Man. (Singapore) Pte Ltd	Singapore	31.12.83	12 075	100 %	SGD 60	500	SGD 60	12 076
	Belships Rederi AS	Oslo	01.01.93	100	100 %	100	100	100	42 100
3	Belships Trading AS	Oslo	27.01.93	29 675	100 %	5 400	2 700	5 400	49 978
4	Belships Singapore Pte Ltd	Singapore	14.04.08	372	100 %	SGD 100	100 000	SGD 100	372
	Belships Supramax Sing. Pte Ltd	Singapore	18.06.09	443	100 %	SGD 100	100 000	SGD 100	443
	Chip Hwa Shipping Pte Ltd	Singapore	15.12.08	141	30 %	SGD 100	100 000	SGD 100	141
Total shares in subsidiaries									112 097
Total shares classified as fixed assets									123 097

- 1 In February 2010, Elkem Chartering AS decided to pay a dividend of NOK 60 million. Belships ASA's share will be NOK 30 million, and has been entered as earnings in 2009. See note 7 in the group accounts where the main items from the company's profit and loss account and balance sheet have been specified. Belships ASA's part of the company's equity was NOK 66 million as at 31 December 2009.
- 2 Three associated companies have been merged with the company during 2009.
- 3 Until 1 January 2009, the company was subject to tonnage tax, but chose to withdraw from this regime on the same date. Belships ASA has granted a group contribution to the company with no tax effects. The company has allocated a group contribution to Belships ASA of NOK 32 million with tax effects.
- 4 Belships ASA is the formal owner of Belships Singapore Pte Ltd, but has no ownership rights in or control of the company. However, Belships ASA is entitled to a share of the company's earnings, limited upwards to USD 7.8 million.

10 Other financial items			
	2009	2008	
1	Reversed write-down/(Write-down) financial current assets	7 708	-2 529
2	Reversed write-down/(Write-down) financial fixed assets	13 303	-150 903
	Other financial items	-980	-747
	Total	20 031	-154 179
Currency gain/(loss) in Income statement			
	2009	2008	
	Realized currency exchange gain	26 910	35 590
	Unrealized currency exchange gain	14	61 770
	Realized currency exchange loss	-44 917	-16 362
	Unrealized currency exchange loss	-5 206	-53 666
	Total	-23 199	27 332
1	<i>A previous write-down of 7 708 on receivable against a subsidiary was reversed in 2009.</i>		
2	<i>The company reversed in 2009 a previous unrealised loss on currency swap contract of 13 303.</i>		

11 Salaries, number of employees a.o.			
	2009	2008	
Salary expenses			
	Salaries	8 782	6 538
	Social security tax	1 675	1 442
	Pension expenses	3 043	4 535
	Other allowances	947	989
	Transferred to subsidiaries	0	-3 195
	Total	14 447	10 309

The company has previously allocated administration expenses to subsidiaries and related companies. From and including 2009, the company will invoice services performed. In 2009 the this was amounting to 5000. The average number of employees in 2009 was 11.

Remuneration	Managing director	Financial director	Commercial director	Financial manager
Salary	1 432	1 133	1 138	985
Bonus	110	95	95	88
Share options expensed	36	36	36	36
Pension expenses	132	135	134	91
Other allowances	229	139	135	138

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

Provision for bonus amounts to 683 in 2009 and is a discussion scheme. Any bonus are appointed by the Board at year-end. There exists no agreement for payments of severance. For share options to the employees, see note 3.

The Board members have not been awarded share options. The Board of Directors has received 506 in remuneration in 2009. (2008: 480).

Guidelines for the remuneration of the executive management of Belships ASA

In conformity with the provisions of section 6-16a of the Norwegian Public Limited Liability Companies Act, the Board of Directors has prepared the following statement on the company's guidelines for the remuneration of the executive management:

Belships will have a competitive bonus scheme to ensure that the company will have the necessary capacity and competence.

Belships will seek to have fixed salaries at market terms. There will also be a variable part (bonuses and share options), which will be evaluated annually.

Fees to the auditor (excluding VAT)	2009	2008
Remuneration for audit fees	315	315
Other assurance services	0	0
Assistance related to tax matters	140	51
Other assistance	189	143

Loans to employees

Loans to employees amounted to 1 137 as at 31 December 2009.

12 Other general administrative expenses		
	2009	2008
Office expenses	1 855	731
Furniture, office supplies	35	294
Subscription, donations etc.	1 539	91
Travelling, entertainment costs	1 692	1 209
Miscellaneous	3 561	1 257
Total	8 682	3 582

The company has previously allocated administration expenses to subsidiaries and related companies. From and including 2009, the company will invoice services performed.

13 Receivables and liabilities		
	2009	2008
Receivables due later than 12 months		
Capital contribution pension fund	0	500
Loans to employees	1 137	787
Total	1 137	1 287

1 *The interest rate is used for loans to employees is the same as the normal rate. The average interest rate in 2009 was 3.58%. The repayment period is five years.*

All short-term receivables and liabilities are due within 12 months.

Bond issue

In July 2006, the company issued a 5-year senior unsecured bond loan in the Norwegian market with a first tranche of NOK 100 million and a borrowing limit of NOK 200 million. The loan is listed on the Oslo Stock Exchange.

In May, an agreement was entered into with the bondholders on part renewal of the term and on an option for Belships to pay the current coupon with new obligations (in-kind payment). This option was exercised in the last six months of the year, and interest accumulated in the period has been added to the original loan amount. The loan is interest-only during the whole period and interest is charged at NIBOR + 3.5%. The loan is hedged against USD by a SWAP agreement. A previous, unrealised loss on the SWAP contract was reversed in 2009, as the market value of corresponding contracts had a positive development in the course of the year. The market value was NOK 8.1 million at yearend. See note 10. The loan is subject to certain conditions. These conditions are primarily related to restrictions on the amount of dividend payments and the major shareholder's intention to retain an ownership interest in Belships ASA of at least 50%.

14 Related parties		
Belships rents offices from a company where Belships' main shareholder has an ownership interest. The rental agreement was renewed in 2007 and is in force for 10 years. In the parent company, the rental for 2009 amounted to 1 230. Belships shares office premises with companies controlled by the main shareholders and the jointly controlled company Elkem Chartering. The costs are divided in accordance with actual use.		
The main shareholder in Belships is also a main shareholder in the shipbroker company Lorentzen & Stemoco AS. Belships is regularly doing business with this company.		
No loans or deposit securities are given to the company's shareholders or the management.		
All the transactions are based on market terms.		

15 Subsequent events		
No material events have taken place after 31 December 2009.		

16 Tax		
Calculation of deferred taxes is based on temporary differences between statutory books and tax values which exist at the end of the year.		
Deferred tax per 31 December	2009	2008
Write-down/accruals according to general accounting principles	0	-21 010
Pensions	-24 864	-23 321
Total	-24 864	-44 331
Tax loss carried forward	-205 300	-203 665
Net temporary differences	-230 164	-247 996
Deferred tax assets before remuneration (28%)	-64 446	-69 439
Remuneration	-2 401	-2 401
Deferred tax assets	-66 847	-71 840
Def. tax assets in Balance sheet	0	0
Def. tax assets not in Balance sh.	-66 847	-71 840

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

At 31 December, 2009 the company had a tax loss carry-forward of 205.3 million. However, there is some uncertainty concerning the right to carry forward approximately NOK 110 million of this amount as talks are currently in progress with the Norwegian Tax Administration on the right to carry forward a corresponding amount.

Based on the company's future income expectancy, deferred tax assets within the ordinary tax regime in Norway are not booked in the balance sheet.

Tax result for the year for Belships ASA		
	2009	2008
Result for the year before tax	46 371	15 605
Change in temporary differences	-19 467	18 039
Permanent differences / other	-28 539	55 141
Tax loss carried forward	0	-88 785
Tax basis for the year	-1 635	0
Taxes payable (28%)	0	0
Change def. tax assets in Bal. sheet	0	21 168
Total income tax expense	0	21 168
Reconciliation of tax expense	2009	2008
Result for the year before tax	46 371	15 605
Statutory tax rate	28 %	28 %
Est. tax expense at statutory rate	12 984	4 369
Permanent differences / other	-7 991	15 439
Expected tax expense	4 993	19 809
Def. tax assets not in Bal. sheet	-4 993	1 359
Actual tax expense	0	21 168
Effective tax percentage	0 %	136 %

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 2009, showing a profit of NOK 46 371 000 for the Parent Company and a profit of USD 8 227 000 for the Group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet, the statements of income, cash flows and changes in equity as well as the accompanying notes. The financial statements of the Group comprise the consolidated balance sheet, the consolidated statements of comprehensive income, cash flows and changes in equity as well as the accompanying notes. The regulations of the Norwegian Accounting Act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements of the Parent Company. IFRSs as adopted by the EU have been applied in the preparation of the financial statements of the Group. These financial statements and the Directors' report 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 laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. These auditing standards 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 of the Parent Company are prepared in accordance with laws and regulations and present fairly, in all material respects the financial position of the Company as of 31 December 2009, and the results of its operations, cash flows and changes in equity for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the financial statements of the Group are prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as of 31 December 2009, and the results of its operations, cash flows and changes in equity for the year then ended, in accordance with IFRSs as adopted by the EU
- the Company's management has fulfilled its duty to properly record and document the Company's accounting information as required by law and bookkeeping practice generally accepted in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with law and regulations.

Oslo, 23 March 2010
ERNST & YOUNG AS

Finn Ole Edstrøm
State Authorised Public Accountant (Norway)

Note: The translation to English has been prepared for information purposes only.



Dry bulk carriers

USD mill.	2009	2008
Income on T/C-basis	43.3	75.6
Operating result	8.7	7.1
Owned ships (per 31.12)	1.0	0.0
Chartered ships (per 31.12)	5.0	10.0

Handysize dry cargo ships have a loading capacity of between 10 000 and 40 000 dwt, and Supramax ships have a loading capacity of between 40 000 and 60 000 dwt. Panmax and Postpanmax ships have a loading capacity of between 60 000 and 100 000 dwt, while Capesize ships have a loading capacity of over 100 000 dwt.

The world's dry cargo fleet transports raw materials. The materials transported are coal, iron ore and other minerals in addition to grain and semi-finished goods such as steel, cement, fertilizer and timber. This shows that the main driving forces in the market are industrial demands for such raw materials, the world's grain trade, as well as the general global economic growth. The prospects for the dry cargo market were dismal at the beginning of 2009. The rates had fallen by more than 90% during the second half of 2008. China's imports, however, reached new heights during the first quarter of 2009 and were the reason why the dry cargo market grew. Increased demand for steel and iron ore was the main reason for the increase in imports, but imports of coal and steel products also contributed considerably.

Steel production outside China fell by 37% on an annual basis during the first quarter of 2009, and if one disregards China, the dry cargo trade fell by 9% from the fourth quarter of 2008 to the first quarter of 2009. Increased Chinese imports balanced the reduced activity in the rest of the world, however, and ineffective utilization of the dry cargo fleet contributed to an increase in the rates throughout the first quarter.

Driven by various stimulation packages, the increase continued in the demand for transportation

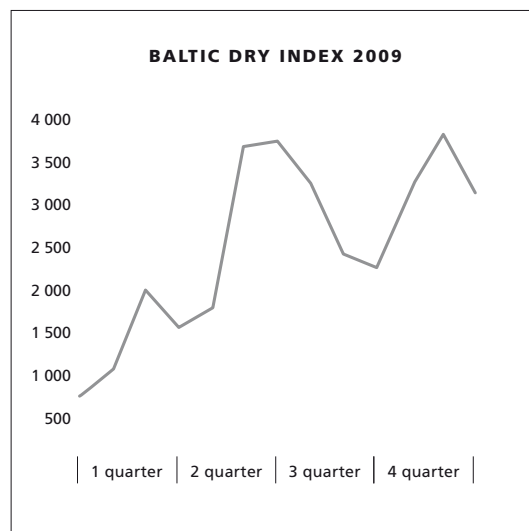
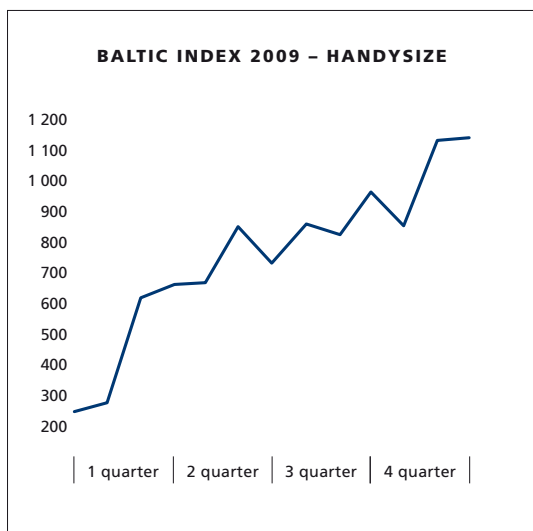
of dry cargo goods to China during the first half-year, and in the third quarter the volume of imports on an annual basis had increased to 893 million tons, which is an increase from 561 million tons the previous year. However, China's infrastructure was unable to handle the high activity and bottlenecks formed both in the loading and unloading ports. At times, more than 100 ships loaded with iron ore were waiting to discharge their cargo.

After a moderate increase in the rates in the first quarter, the rates for Capesize more than doubled in the second quarter to USD 47 000 per day, while the Panmax rates increased by approx. 85% to USD 18 000 per day. The Handymax segment experienced a more moderate increase of about 55% and reached a rate level of approximately USD 16 500 per day.

The first half-year also gave an historic peak in the number of newbuildings delivered, and the dry cargo fleet rose by 0.8% in just the second quarter of 2009.

While the market development during the first half-year was driven by China's increase in demand, especially for iron ore, Japan and the rest of Asia played a substantial role in the third quarter. The strong development in China's demand continued, but the most important factor for further positive rate development was Japan's increased imports. The country's steel production increased on an annual basis from 76 million tons in the second quarter to 97 million tons in the third quarter, and this created increased demand for iron ore and coal. Transport to China, Japan and the rest of Asia stood for more than 2/3 of the global ton-mile demand and the fleet's utilisation factor was back at 94%, compared with 89% at the end of 2008. This, combined with the inability of the harbours to handle increased traffic, was sufficient to absorb a rapidly increasing fleet.

The Capesize rates remained stable in the third quarter, while the spot rates for the remainder of the segments increased by an average of 20%. The Panmax rates reached a level of approximately USD 22 000 per day, while the Supramax rates ended



at approximately USD 20 000 per day. The fleet increased considerably during the quarter through a combination of a large number of newbuildings delivered and fewer scrapped ships. The increase in the fleet was 11% and that is the largest since 1981.

The positive development continued through the fourth quarter and all segments could report a continued increase in demand for dry cargo goods. The rates reached a level which was up by 400% in relation to the same quarter the previous year, but nevertheless 50% under the average for 2008. Belships realised two of its five newbuilding contracts in 2009. The first of the remaining newbuildings, M/S Belstar, was delivered in August and entered directly into a 10-year time charter. The two other newbuildings from the Yangzhou Dayang yard in China are expected to be delivered in the first half of 2010 and the first half of 2011 respectively. The ships have a cost price of approximately USD 39-40 million, and both are chartered out on 10-year time charters.

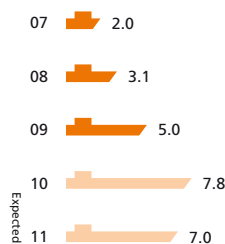
Belship's chartered-in Panmax ship, M/S Belisland, continued on its time charter up until the ship was sold in October 2009. Up to the sale the ship contributed with an operating result of approximately USD 0.7 million, while the sale yielded a gain of USD 10 million. In addition to M/S Belstar and the 2 newbuildings, Belships' engagement in dry cargo is concentrated on the ownership in Elkem Chartering (EC).

EC conducts commercial chartering activities with chartering-in of Handysize and Supramax bulk carriers, as well as entering into cargo contracts of both short and long duration. Overseas bulk transport for Elkem AS, such as shipping of coke from China and the US, and charcoal from Indonesia to Elkem's plants in Norway and Iceland, forms a part of EC's activity.

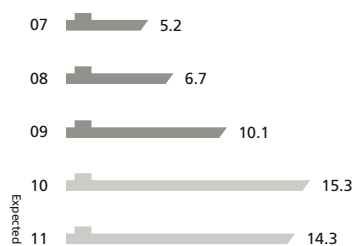
In 2009 EC achieved a turnover of NOK 637 million and an operating result of NOK 17 million. Throughout the year, EC operated between 10 and 15 ships. The Company's chartered-in ships transported approximately 4 million mts of cargo, with the emphasis on transport of fertiliser, corn, alumina, sugar and coal.

EC's Supramax ships M/S Legend Phoenix and M/S Pax Phoenix continued with their time charter and gave a solid contribution to EC's result.

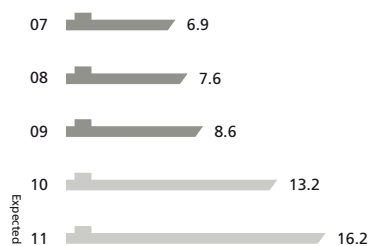
NEWBUILDINGS Handysize (10-40 000), m dwt



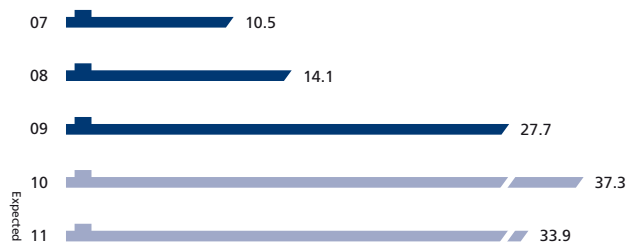
NEWBUILDINGS Supramax (40-60 000), m dwt



NEWBUILDINGS Panmax (60-100 000), m dwt



NEWBUILDINGS Capesize (100+), m dwt



Source: Marsoft

Belships Management

USD mill.	2009	2008
Income	3.4	3.6
Operating result	1.1	0.9
Number of ships (average)	23	22

The companies Belships Management (Singapore) Pte Ltd and Belships Management AS in Oslo represent the group's technical and maritime expertise within product tankers and dry cargo. The division of roles between the companies is that Singapore is in charge of the daily operation of the ships, whilst Belships Oslo is responsible for the insurance and casualty part.

Belships' objective is to work for quality at all levels. Belships Management Singapore has been ISO 9002-certified for several years and was also one of the first companies to fulfil Det Norske Veritas' SEP environmental standard (=Safety, Environment and Pollution). Belships Management Singapore and the subsidiaries Belships Tianjin (China) and Belships Shanghai undertake the technical management of bulk ships, while technical management is provided for tankers and product tankers through the company Belchem Singapore Pte Ltd. (Belchem) which is 40 % owned by Belships Management Singapore. Belships Management Singapore also has a joint venture company in Manila, in order to improve its access to qualified crew. At the end of the year 2009, Belships Management Singapore had the responsibility for manning 37 ships, and this activity forms an essential part of the company's total activity.

Throughout the year, Belships Management has had responsibility for the technical operation of 23 ships, five of them through Belchem. Three ships have been docked in connection with planned periodic docking.

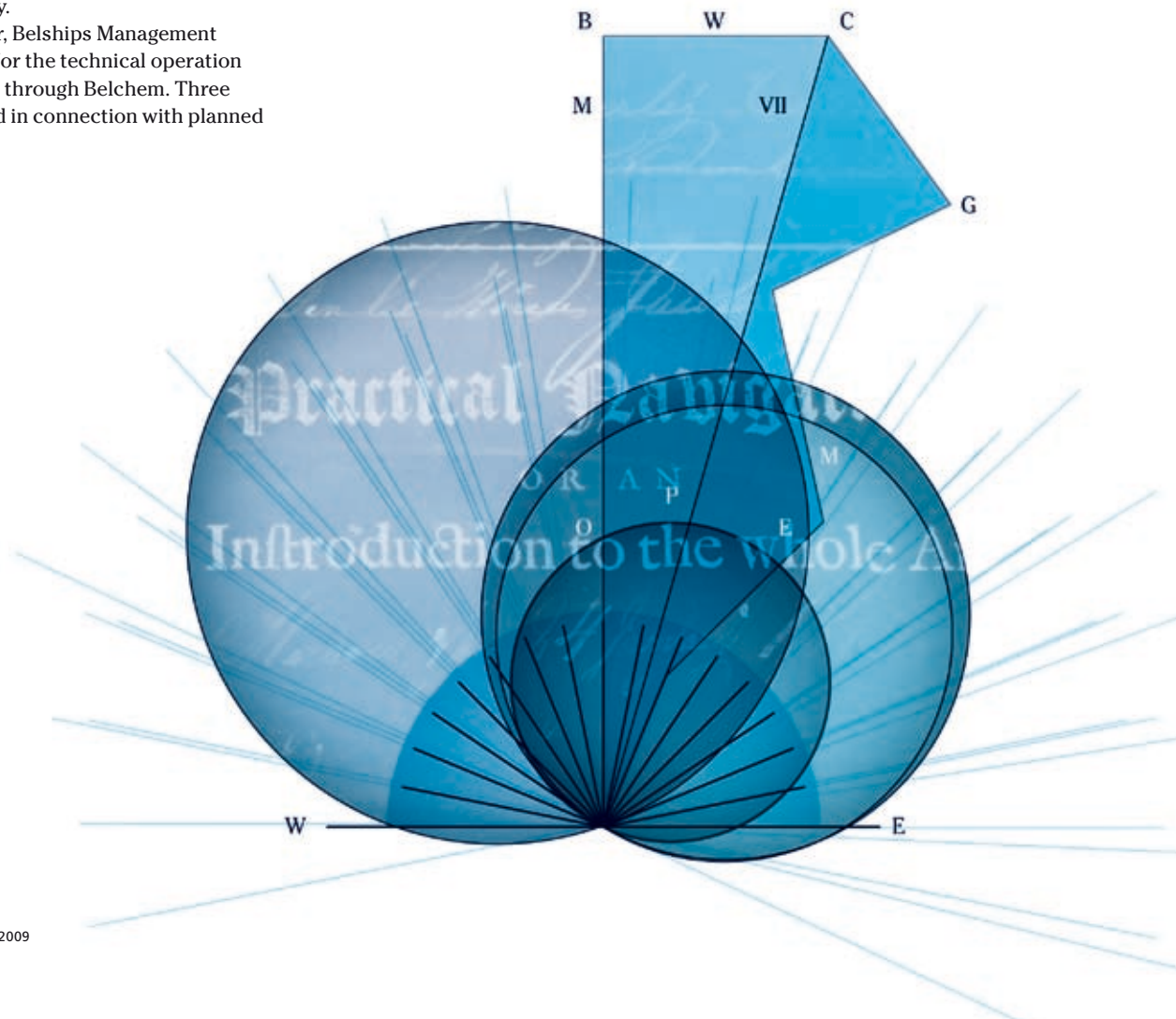
The operating expenses for ships under Belships Management are extremely competitive, but we still note a pressure on costs. In addition to the operation of the company's permanent fleet, the company has during the year had service assignments for a total of 110 ships which is an increase of 16 ships in relation to the previous year.

In compliance with the company's requirements for safety, quality and environment, the revision of the ISM Code Document of Compliance (DOC) and ISO 9001 and ISO 14001 was completed by Det Norske Veritas in April of 2009. Both Belships Management Singapore and Belchem Singapore are certified according to ISO 14001 in addition to ISO 9001 and the ISM Code. Revision of ISM and ISPS was performed during the year in accordance with the plan. The requirements established in MLC 2006 are expected to be implemented during 2010.

No serious personal injuries or pollution accidents took place in 2009. At the end of 2009, Belships Management Singapore had 29 employees on shore, while Belships Tianjin and Belships Shanghai had 15 and 6 employees respectively.

All ships underwent ISM and ISPS audits during the year. ISO 9001 and ISO 14001 audits were also carried out as scheduled on 3 ships.

No serious personal injuries or pollution accidents took place in 2008. At the end of 2008, Belships Management Singapore had 27 employees on land.



Product tank

USD mill.	2009	2008
Income on T/C-basis	5.1	5.3
Operating result	0.7	0.7
Chartered ships (per 31.12)	1.0	1.0

Medium Range (MR) product tanker (40 000 to 60 000 dwt) carry mainly refined petroleum products and vegetable oils in addition to some chemicals. The demand is cyclic with the OECD countries as the prime movers. The development in demand in Asia is also becoming steadily more significant for this segment.

In 2009 the tanker market experienced a dramatic fall in the rate levels. The fall was due to a combination of reduced demand for oil and the delivery of a large number of newbuilds. The product tanker market was at its weakest for many years. Here too, the rate fall was due to the growth of the fleet to a large degree, but reduced US imports also contributed to the negative development. The US is still the most important country for transport of petroleum products and a change in the country's demand has an immediate effect on the market. The development in demand in Asia, however, plays a steadily more important role in this market, too.

At the end of 2009, US imports of petroleum products were down by approximately 12% in relation to the year before. Refined products such as diesel and aviation fuel were down by 32% and 25% respectively.

From the time the market reached its peak level in the third quarter of 2008 to January 2009, the spot rates for MR tankships fell from approximately 30 000 per day to approximately 15 000 per day. The fall continued during 2009 to approximately USD 5 000 per day in April, which is on a level with the ships' operating costs. In the same month, negative rates were experienced on voyages from Singapore to Japan.

The market for oil tankers improved in the fourth quarter of 2009, but the product tanker market did not experience the same positive development. With the exception of short periods of increased activity in the Far East early in the autumn which gave a little lift in the rate level, the weak market continued. For the year as a whole, the rates ended at USD 9 700 per day, which is the lowest level since 1985, and almost USD 15 000 per day weaker than in 2008.

The second-hand value of product tankers fell during the year, and at the end of 2009 the value of MR tankers was down 50-60% from the top level in the third quarter of 2008. The MR fleet increased by approximately 8% in 2009, and at the beginning of 2010 the order book is at approximately 25% of the existing fleet, which is considerably down from the top level of 48% in 2007.

In 2007 Belships chartered in a product tanker, M/T Belaia, up to 2014 with the option of an extension of up to 3 years. The ship is chartered out up to 2012, which gives an annual net contribution of approximately USD 0.8 million. Belships has a purchase option on the ship which can be exercised after March 2010. Seen in the light of present shipping prices, the option has a limited value.

Due to the fleet growth we expect that the market for product tankers will remain weak in 2010.

Organisation

Belships ASA

Board of Directors

Asbjørn Larsen, *Chairman*

73, Master of Business Administration
Member of the board in Saga Fjordbase AS,
Selvaag Gruppen AS, Lundin Petroleum AB (Stockholm)
and GreenStream Network Oy (Helsinki).

Chris Rytter

55, Master of Business Administration
Managing director and part-owner in
L. Gill-Johannessen AS. Member of the board in
Nordea Fondene Norge AS and Anchor Secondary Ltd.

Henrik von Platen

58, Master of Business Administration
Vice President in Samco, Singapore.
Chairman of the board in Hawker Pacific Pty,
Australia and member of the board in Tschudi
Shipping Co. Chairman of the board in Intertanko's
Technical and Environmental Committee.

Margarita Tidemand

55, Bachelor in economics
Own business.

Kjersti Ringdal

54, Lawyer
Partner in law firm
Thommessen Krefting Greve Lund.

Management

Sverre J. Tidemand, *Managing director*

Jo Eric von Koss, *Financial director*

Stein H. Runsbech, *Commercial director*

Osvald Fossholm, *Financial manager*

Edwin Johansen, *Accounting manager*

Ove B. Staurset, *IT / Accounting manager*

Pål Stavn, *Accounting manager*

Tanya J. Sebastian, *Accounting*

Vigdis K. Tveiten, *Accounting*

Kathrine Stolp-Kaspersen, *Accounting*

Unni T. Hallen, *Secretary*

Belships Management (Singapore) Pte Ltd

(Ship management, Singapore)

Joel Ye Zhan Hua, *Managing director*

Yee Tuck Foo, *Senior general manager*

Anthony Sng, *Financial controller*

Elkem Chartering AS *(Handysize / supramax bulk)*

Jøel Baardson, *Managing director*

Ian Hillgaard, *Chartering manager*

Christer Abrahamsen, *Chartering*

Per S. Kleppe, *Operations manager*

Turid Hurlen, *Operations*

Kjetil Høntorp, *Operations*

Ellen Westlie, *Accounting manager*

Corporate governance

Good corporate governance is a condition for cooperation based on trust between the owners, the Board of Directors and the company's management, which will ensure that the best possible foundations are laid for attaining the objective of long-term growth. All interested parties must be confident that the company is soundly operated and that governing bodies have sufficient independence in the performance of their functions.

To ensure competitive power, Belships needs trust. Board members, management and employees will therefore always strive to uphold and develop trust in the company. Belships' values and ethical guidelines are intended to safeguard good corporate ethics.

OPERATIONS

The company's activities are shipping, charter brokerage and purchase and sale of vessels, offshore operations, participation in the exploration of and production for petroleum, trade and industry, as well as participation in companies of any nature with similar objectives.

SHARE CAPITAL AND DIVIDENDS

Belships aims to maximise the price for the company's share through an efficient and profitable management of the company's resources. A competitive rate of return is to be obtained through growth in the value of the company's shares and the payment of dividends that are proportionate to the company's results and prospects. Our clear objective is that the Belships share should represent an interesting and competitive investment opportunity.

The company keeps Oslo Stock Exchange, the share market and shareholders fully updated through interim reports, annual reports and press releases on important events. Belships regards timely and accurate information as essential for obtaining a price for the share that will reflect the company's underlying value and potential.

When increasing share capital through the issue of new shares for cash payment, the company's shareholders have a pre-emptive right of subscription. The Board of Directors will propose private placements or the issue of shares as consideration in connection with investments only when this will safeguard the long-term interests of existing shareholders.

GENERAL MEETING

The general meeting is the company's supreme authority. The general meeting elects the Board of Directors and the auditor. Pursuant to the Norwegian Limited Liability Companies Act, notice convening a general meeting must be sent no later than one week before the meeting is to be held. The general meeting must be held by 30 June. Shareholders are registered in the Shareholders' Register with address. All shareholders are entitled to attend the general meeting and must give notice of attendance two days before the meeting is held. The Board of Directors and the company's management attend general meetings.

ELECTION COMMITTEE AND AUDIT COMMITTEE

Considering the natural scope of the company's operations, the Board believes it is reasonable and appropriate that the company has one board committee: an audit committee. The committee consists of Chris Rytter (chairman), Kjersti Ringdal and Henrik von Platen.

As more than 50% of the shareholders are represented in the Board of Directors, the company does not believe there is a need for an election committee, other Board committees or a corporate assembly.

BOARD OF DIRECTORS – COMPOSITION AND INDEPENDENCE

The Board shall consist of 3-7 members. Board members are elected for a two-year period. The Board elects its chairman. Members may be re-elected after two years. Board appointments are communicated through notice of general meeting and the members are appointed by a majority. The members of the Board represent more than 50% of the shares in the company.

The Board is made up of directors with broad experience and knowledge of the sector. With the exception of one director, all directors are regarded as being independent of day-to-day management. They have no commercial interests relating to Belships or the managing director.

THE DUTIES OF THE BOARD OF DIRECTORS, RISK MANAGEMENT AND INTERNAL CONTROL

The duties of the Board is to supervise the work of the administration. This means that the Board must review and approve strategies and follow up the implementation of the resolutions adopted. Decisions of essential importance must be approved by the Board. The Board also appoints the managing director, determines his/her remuneration and the general framework for the group's wage level. The Board's duties comprise review and supervision of the group's internal control routines and risk management. The same applies to securing the company's integrity. Focus is on ensuring that the Board functions as a team of independent members.

The Board has great responsibility for safety, security, the environment and society in general. Our subsidiary in Singapore, which is responsible for the technical operation of its own and other vessels, concentrates in particular on these factors.

The Board of Directors meets at least six times a year and receives a monthly report on developments

in the company's operations. In addition, the Board of Directors is informed/consulted continuously on matters of special importance.

REMUNERATION OF DIRECTORS

Remuneration of directors is approved by the company's general meeting. The remuneration is granted after the end of the year of service. Directors have no options to buy shares in the company. The company endeavours to grant directors a remuneration based on market terms.

REMUNERATION TO OFFICERS

Remuneration to the managing director is approved by the Board of Directors on the Chairman's recommendations. Any bonus is granted after the conclusion of the accounting year. The managing director has an option to purchase shares. Details concerning the remuneration of the officers of the company are provided in a separate note to the accounts.

INFORMATION AND COMMUNICATION

The company keeps Oslo Stock Exchange, the share market and shareholders fully updated through interim reports, annual reports and press releases on important events. The company also has a website which is regularly updated.

Belships regards timely and accurate information as essential for obtaining a price for the share that will reflect the company's underlying value and potential.

AUDITOR

The company's auditor attends at least one Board meeting a year, normally in connection with the presentation of the annual accounts. In its meeting with the auditor, the Board of Directors focuses in particular on routines relating to the company's internal control as well as current accounting issues. The auditor also attends the company's general meeting and has access to the company's minutes of board and general meetings. The Board enters into annual engagements with the auditor. The company's auditor is Ernst & Young. Besides ordinary audits, Belships receives assistance from Ernst & Young in connection with accounting and tax issues. The auditing and counselling fees appear from the notes to the accounts.

The company's management meets the auditor regularly to discuss current tax and accounting matters.

The Board of Directors makes a continuous assessment of whether the audit is performed in a satisfactory manner.



The Belships Share

SHARE CAPITAL

Belships has a share capital of NOK 49 704 000 divided into 24 852 000 shares each with a nominal value of NOK 2. During the last years Belships' share capital has had a development as shown in the table below.

The general meeting of 24 April 2009 renewed the Board's authority to issue up to 2 million new shares. This authority was not used.

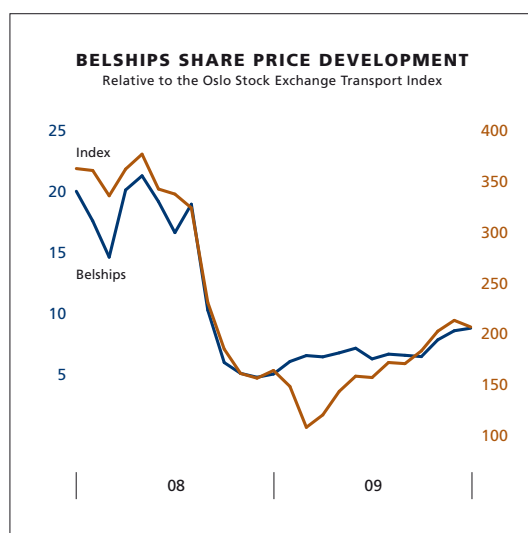
The company has acquired in total 628 000 shares at an average costprice of NOK 9.93.

At the annual general meeting in 2009 the employees were granted options to purchase a total of 88 000 shares at a price of NOK 6.95 between the annual general meeting in 2010 and the annual general meeting in 2011.

TRENDS IN SHARE PRICES AND LIQUIDITY

Belships is listed on the Oslo Stock Exchange Match list. To qualify for this list the share must on an average have had at least 10 trades per trading day. The Belships share has increased with 69% in 2008. By way of comparison the OBX index has increased 24% in 2009. 2 773 000 Belships shares are traded during 188 of the 253 trading days at the Oslo Stock Exchange.

The Tidemand family is the principal shareholder in Belships controlling approximately 60% of the shares in the company. Canica AS, which is controlled by Mr. Stein Erik Hagen, owns 23%. In January 2005 Belships entered into an agreement securing liquidity guarantee for the company's shares. This agreement was concluded with ABG Sundal Collier Norge ASA which will provide binding buying and selling prices for the share. The objective of this agreement is to promote trade in the company's shares within the framework of the liquidity guarantor scheme of the Oslo Stock Exchange.



SHARE CAPITAL DEVELOPMENT

Year	Type of change	Amount	Share par value	Number of shares	Share capital
1935	Founded	1 650 000	100.00	16 500	1 650 000
1968	Bonus issue	1 650 000	100.00	33 000	3 300 000
1989	Share split	0	10.00	330 000	3 300 000
1991	Bonus issue 1:1	3 300 000	10.00	660 000	6 600 000
	Share split 5:1	0	2.00	3 300 000	6 600 000
1993	Bonus issue 1:1	6 600 000	2.00	6 600 000	13 200 000
	Private placements	9 724 000	2.00	11 462 000	22 924 000
1994	Private placement	234 000	2.00	11 579 000	23 158 000
1995	Private placement	4 000 000	2.00	13 579 000	27 158 000
1996	Private placement	1 808 000	2.00	14 483 000	28 966 000
2000	Rights issue	20 000 000	2.00	24 483 000	48 966 000
2003	Private placement	212 000	2.00	24 589 000	49 178 000
2004	Private placement	344 000	2.00	24 761 000	49 522 000
2005	Private placement	182 000	2.00	24 852 000	49 704 000

Key financial figures

Consolidated

Per 31 December		Consolidated	
		2009	2008
USD 1 000			
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
	Operating income	52 526	84 969
	Operating result before sale of fixed assets	-2 561	4 720
	Operating result	7 460	4 720
	Result before taxes	7 356	1 321
	Net result for the year	8 227	-818
BALANCE SHEET			
	Fixed assets	79 049	40 579
	Current assets	23 610	51 615
	Total assets	102 659	92 194
	Equity	52 407	44 127
	Provisions	5 695	4 626
	Long-term liabilities	36 740	16 240
	Short-term liabilities	7 817	27 201
	Total equity and liabilities	102 659	92 194
LIQUIDITY			
1	Liquid reserves at 31 December	19 634	47 626
	EBITDA	12 299	16 693
	Interest expenses	-1 040	-2 040
2	Interest coverage ratio	11.42	0.37
3	Current ratio	% 302.03	189.75
4	Net result ratio	% 15.98	3.96
CAPITAL			
	Share capital at 31 December	6 722	6 722
	Equity ratio	% 51.05	47.86
5	Return on total assets	% 8.62	3.41
6	Return on equity	% 17.04	-1.75
KEY FIGURES SHARES			
	Market price at 31 December	USD 1.51	0.70
	Market price at 31 December	NOK 8.70	4.90
	Number of shares at 31 December	1 000 24 852	24 852
	Average number of weighted shares (excl. treasury shares)	1 000 24 224	24 224
	Earnings per share	USD 0.34	-0.03
	EBITDA per share	USD 0.51	0.69
	Price / earnings ratio	4.43	-20.73
	Price / EBITDA	2.97	1.02
1	<i>Bank deposits</i>		
2	<i>Result before taxes + interest expenses + unrealised currency exchange loss/(-gain) / interest expenses</i>		
3	<i>Current assets in percent of short-term liabilities</i>		
4	<i>Result before taxes + interest expenses / operating income</i>		
5	<i>Result before taxes + interest expenses / average total capital</i>		
6	<i>Net result for the year / average equity</i>		

Recovery in the dry bulk shipping market

As the global economy faced the deepest recession in modern history, a concerted effort to stimulate growth managed to bring back confidence and spending last year, requiring more goods to build new houses and infrastructure, generate electricity and feed the population. In particular, China and India continued their remarkable development, requiring increased imports from overseas for all sorts of dry bulk cargo such as iron ore, coal and grain.

NICOLAI HANSTEEN
CHIEF ECONOMIST
LORENTZEN & STEMOCO AS

The collapse of Lehman Brothers on September 15th 2008 unleashed a financial crisis still weighing down on the world economy. Access to finance remains strained, although interbank markets have reopened and capital markets have started to normalize. Fiscal policy has been designed at restoring confidence and growth with governments launching major public stimulus programs. Monetary policy has also been eased with central banks cutting interest rates to record levels and ensuring money flowing freely in the system again.

The collapse of Lehman Brothers on September 15th 2008 unleashed a financial crisis still weighing down on the world economy. Access to finance remains strained, although interbank markets have reopened and capital markets have started to normalize. Fiscal policy has been designed at restoring confidence and growth with governments launching major public stimulus programs. Monetary policy has also been eased with central banks cutting interest rates to record levels and ensuring money flowing freely in the system again.

Emerging countries have been the first to rebound economically. Particularly China, boosted by a large stimulus package and improved credit availability, officially grew by 8.7 percent in 2009. Offsetting reduced exports of manufactured goods such as to destinations in Europe and the United States, Chinese authorities targeted fiscal spending on new housing and infrastructure projects, boosting the construction sector. Business and consumer spending also continued to accelerate.

India was the other growth centre, expanding by 7.5 percent in 2009. In contrast to China, which is mainly export-driven, India is still domestically focused. However, because of the high economic growth in both countries, natural resources are depleting and becoming scarce commodities. In order to satisfy the demands from households and industries, China and India are shifting from being net exporters to net importers of most dry bulk commodities. Since those commodities are increasingly difficult to access from local and regional sources, China and India are buying the commodities from farther-away origins, requiring not only more volumes but also more tonnage to move the cargo.

Advanced economies are also recovering economically, although at a slower pace. Japan, about to be overtaken by China in gross domestic product, is suffering from adverse exchange rates hampering the export industry and the car manufacturing sector challenged by consumer distrust. Europe's recovery is gaining ground, underpinned by stronger sales to Asian emerging countries. The US industrial production is also on an upsurge, but consumer confidence needs to be restored before the growth becomes sustainable. As always, the shipping markets will be responsive to such changes. Indications are that import cargo volumes at US' container ports will be 25 percent higher during the first half of 2010 compared with the same period in 2009.

In terms of the dry bulk shipping market, 2009 was the first year since 1982 with contraction in cargo carriage. Total volumes of seaborne dry bulk cargo slipped below 3 billion tons, taking the volumes to pre-2007 levels.

However, while the volumes reduced by 6.2 percent to 2.9 billion tons, the tonnage requirements only fell by 0.8 percent to just under 400 million dwt. The reason was the shift to longer freight distances, necessitating more bulk carriers to service the trade. In addition, port congestion of bulk carriers severed throughout the year, as unexpected volumes of cargo overwhelmed the handling capacity in many loading and discharge ports.

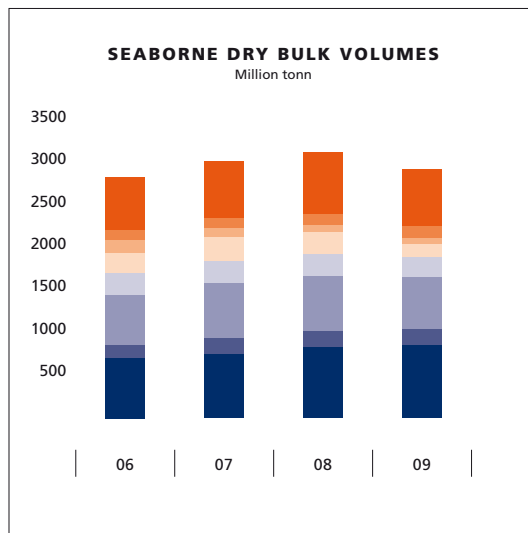
Because of the strength in tonnage demand from China and India, the dry bulk shipping market normalized probably faster than any other comparable market in 2009. By the spring of 2009, the dry bulk shipping market had started to function normally again, helped by the improvement in the letter of credit (LC) situation. Dry bulk carriers that had been laid up temporarily were re-employed in the market.

Although the dry bulk shipping market has fully normalized, the most pronounced risk prevailing is arguably the counterparty risk. Counterparties reneging on a contract pose a risk continuing to influence the risk willingness, or alternatively the risk averseness, in the market particularly given the volatility in shipping freight rates.

Shipping freight rates, the price of transporting dry bulk commodities, are set in highly competitive markets and depend on the demand and supply of tonnage. Freight rates have rebounded from the aftermath of the crisis last year. The extent to which the growth in the market will match the net influx will determine the strength in the charter markets and the freight rate levels, both in the spot market and the timecharter market.

During the last five years, China has accounted for:

- 17% of dry bulk volumes on a world-wide basis
- 33% of ton-mile demand, because of trade patterns
- 80% of dry bulk growth



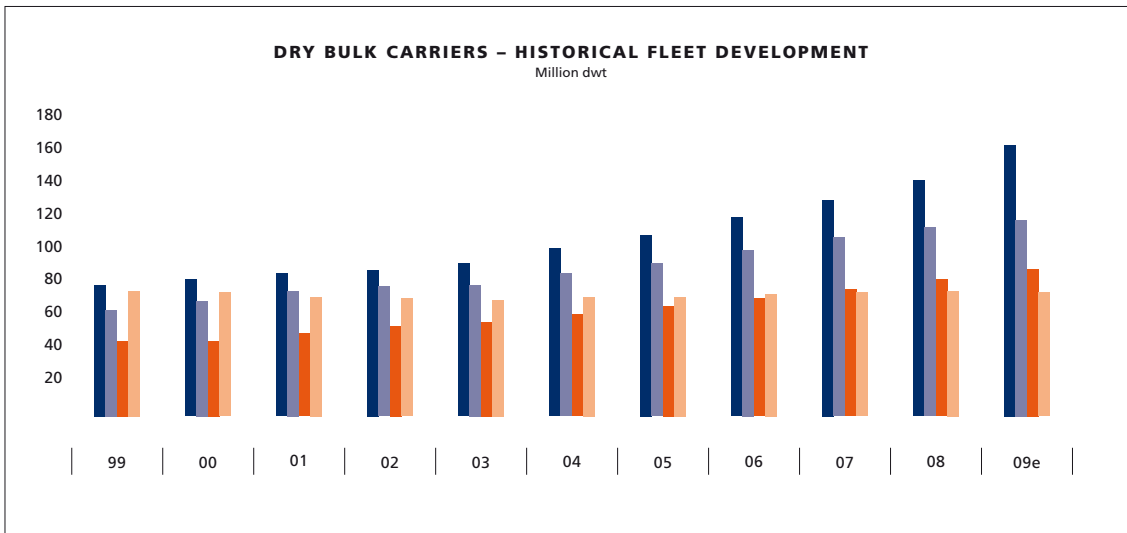
Other Soyabean Cement Steelproducts
Grain Steam coal Met coal Iron ore

That trend will surely continue in the short and medium-term future. The Chinese stimulus package of RMB 4 trillion, or roughly USD 585 bn, is directed in a big way towards infrastructure projects. In fact, some RMB 1.5 bn is channeled into the construction sector, underpinning the need for building material such as steel. China's apparent steel use in 2009 was 526 mill tons, almost half of the global steel use, according to World Steel. Meanwhile imports of iron ore increased to about 630 million tons on an annualized basis, compared to 440 million tons being discharged the previous year. China and India are also calling for more metallurgical coal into the blast furnaces and steam coal into the power plants. Not surprisingly, Asia is also the biggest growth factor in the grain market.

By the end of 2009, there were approximately 7300 dry bulk carriers active in the market ranging from Very Large Ore Carriers to Capesize Bulk Carriers, Panamax Bulk Carriers, Supramax/ Handymax Bulk Carriers and Handysize Bulk Carriers. In total, these vessels measured at 460 million dwt.

In comparison, there were 3000 bulk carriers on order, totaling 270 million dwt. As such, the order-book of contracted bulk carriers represent about 60

By the spring of 2009, the dry bulk shipping market had started to function normally again, helped by the improvement in the letter of credit (LC) situation.



■ Capesize ■ Panmax ■ Handymax ■ Handysize

percent of the existing fleet. Most of the orders are scheduled for delivery in 2010 and 2011, with orders also running into 2012 and 2013. An overwhelming majority of the ordered bulk carriers have been contracted at shipyards in Japan, South Korea, China and to a lesser extent in India and Vietnam.

However, financial constraints affecting new-building contracts and shipyards unable to perform satisfactory on the accepted orders will, to some extent, result in contracts being cancelled. In addition, contracts may also be deferred to a later delivery, thus stretching out the newbuilding schedule.

Demolition of ageing ships will also offset the influx of newbuilding deliveries. Market conditions, operating costs and vetting criteria are all factors influencing on the number of vessels exiting the active dry bulk market.

Both second-hand and newbuilding prices have reduced markedly and will be set in the market by factors such as access to funding, market assessments and the availability of new orders in the shipbuilding sector.

Nicolai Hansteen is Chief Economist with Lorentzen & Stemoco AS (L&S) in Oslo. Hansteen heads the consultancy work at L&S and covers the major shipping markets. Before he joined L&S in 2002, Hansteen worked as a financial analyst with Nordea Markets for six years, specializing in shipping and oil services. Hansteen has a MSc in Shipping, Trade & Finance from Cass Business School in London, in 1996.



Articles of association

Adopted by the statutory general meeting on
7 October 1935, last amended 13 May 2005

- §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 49 704 000 distributed between 24 852 000 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 procuracionem.
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

CAPE SIZE

Vessel exceeding 100 000 dwt

CHARTERER

Hirer of a vessel

CHARTER HIRE

Hire expenses for a ship

CHARTER PARTY

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

HANDY SIZE

Vessels between 10 000 and 40 000 dwt

INCOME ON T/C-BASIS

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

MEDIUM RANGE (MR)

Vessels between 40 000 and 60 000 dwt

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 / POSTPANMAX

Vessels between 60 000 and 100 000 dwt

POOL

A joint sailing agreement

PRODUCT

Refined oil products

SPOT MARKET

Markets for vessels operating on a tramp basis

SUPRAMAX

Vessels between 40 000 and 60 000 dwt

TIME CHARTER (T/C)

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

Fleet list

Per 31 December 2009								
	Ship	Ownership	Built year	Dwt	Employment	T/c-period Minimum	T/c-period Option	
1	PRODUCT TANK							
	MT Belaia		2007	48 673	T/C to 03/12	03/14	1+1+1 yr	
	SUPRAMAX BULK							
	M/S Belstar	100 %	2009	58 018	T/C to 08/19			
	Nybygg 3013	100 %	Delivery 05/10	58 000	T/C to 05/20			
	Nybygg 3030	100 %	Delivery 02/11	58 000	T/C to 02/21			
	ELKEM CHARTERING AS		50%					
	HANDYSIZE BULK							
	M/S Northern Light		2007	28 000	COA/Spot	2012	1+1 yr	
	M/S Rojarek Naree		2005	29 875	COA/Spot	12/10		
M/S Vinalines Fortuna		1991	26 369	COA/Spot	10/10			
SUPRAMAX BULK								
M/S Pax Phoenix		2001	50 236	T/C to 07/10	07/10	1 yr		
M/S Legend Phoenix		2002	50 209	T/C to 02/10	02/10			
1	<i>Purchase option</i>							

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