BELSHIPS

ANNUAL REPORT 2013

We are excited about our journey over the coming years

DEAR READER

I am proud to present the annual report for Belships ASA, and to introduce you to a company with a long history, extensive experience, strong expertise and a promising future.

From its origin in 1918 and focus on specialized heavy lift ships, the company made a valuable contribution for the Allied forces during World War Two and during the Korean War. Later on the company also entered both the tanker- and the energy sector.

Today Belships ASA has developed into a pure dry bulk player with full concentration on one non-specialized asset type. The company has been listed on the Oslo Stock Exchange since 1937.

Our subsidiary, Belships Management (Singapore) Pte Ltd, has made its mark on one of the world's most challenging industries for over 30 years – an industry where clients manage valuable assets and demand the highest level of expertise and ability from their partners. We focus without compromise on strict risk management to minimize the hazards to both people and the environment and we appreciate the demands and challenges made by our esteemed clients.

Belships ASA outlined in 2013 a bold newbuilding program for eco-design Supramax bulk carriers to be built by Imabari Shipbuilding Group in Japan. It was designed to transform the business area into a state-of-the-art dry bulk service provider with high focus on fuel efficiency and emission control. Delivery is scheduled for 3 x 61,000 dwt ships from Q4 2015 until Q1 2017, where two ships will be owned by Belships ASA and one ship will be owned by a sister company of the shipbuilder.

One Imabari newbuilding will upon delivery be servicing Canpotex for the remaining charter period of either M/S Belstar of M/S Belnor. The charter rate will for the balance period be increased to reflect the expected bunker saving on account of the charterer.

Our corporate strategy is to provide our reputable clients a reliable transportation solution based on long term charters and partnership. We will have focus on growth in portfolio size and to diversify our customer base through a careful selection of counterparts.

We are excited about our journey over the coming years.

Bernt Ulrich Müller
Chief Executive Officer
Belships ASA

Financial highlights and Key financial figures consolidated accounts

FINANCIAL HIGHLIGHTS

USD 1 000		2013	2012
Operating income		**25 973**	25 895
Operating profit		**2 383**	1 908
Net result for the year		**-154**	-1 689
EBITDA		**9 334**	8 975
Total assets		**119 424**	117 044
Equity		**66 958**	52 789
Interest coverage ratio		**1.01**	0.43
Current ratio	%	**202.24**	84.40
Equity ratio	%	**56.07**	45.10
Earnings per share	USD	**0.00**	-0.07

Belships concentrates on the dry bulk market

DIRECTORS' REPORT 2013

THE DRY BULK MARKET

Dry bulk freight rates improved in 2013 from the low levels of 2012. Tonnage demand increased significantly, driven by a new record in Chinese dry bulk imports and a substantial recovery in global grain trade in the latter part of the year. The dry bulk fleet increase was comparatively less, thereby improving the utilization rate.

The seaborne transportation of dry bulk commodities measured in ton-miles rose by about 7% compared to the year before, but real demand for tonnage was up about 9% due to lower fleet productivity. China increased its dry bulk imports by 12%.

Iron ore imports went up more than 10% and coal imports by 17%. There was also a strong jump in imports of bauxite, nickel ore and manganese ore. Australia increased its market share in minerals exports, whereas Brazilian iron ore exports remained unchanged. Deliveries of newbuildings and scrapping of old ships amounted to 59 million dwt and 23 million dwt respectively. The dry bulk fleet increased by less than 8% on average from 2012 to 2013.

OPERATIONS

M/S Belstar, M/S Belnor and M/S Belocean continued in 2013 on their long-term charter parties to Canpotex Shipping Services Ltd. The company's tonnage is modern, and all ships operated satisfactorily without significant off-hire. The operating expenses were very close to budgeted levels.

Belships entered in 2013 into a newbuilding program for eco-design Supramax bulk carriers to be built by Imabari Shipbuilding Group in Japan. Delivery is scheduled for 3 x 61,000 dwt ships from Q4 2015 to Q1 2017, where two ships will be owned by the Group and one ship will be time chartered from a sister company of the shipbuilder.

As part of this arrangement M/T Belaia will be returned to the owners, which are closely related to Imabari Shipbuilding.

The subsidiary Belships Management (Singapore) Pte Ltd made a positive contribution from technical management services. The company expanded its customer base, and currently provides technical management for 20 ships, including Belships' own ships.

RESULTS

The Group had an operating income of USD 25 973 000 in 2013 (USD 25 895 000), giving a consolidated operating profit of USD 2 383 000 (USD 1 908 000). The figures include an impairment of ship values of USD 2.7 million. The figures for 2012 include an impairment of USD 5.0 million and reversal of pension commitments of USD 2.5 million The pre-tax result was USD 12 000 (USD -1 503 000), while net result for the Group was USD -157 000 (USD -1 689 000). The Group had a cash flow from operations (EBITDA) of USD 8 819 000 (USD 8 503 000).

The parent company's net result for the year was NOK -9 043 000 (NOK -26 947 000). The loss in 2012 includes impairment of shares in its subsidiary Belships Supramax Singapore Pte Ltd. The Board proposes the result for the year of NOK -9 043 000 to be allocated as follows:

THE BOARD'S PROPOSAL FOR ALLOCATION OF THE RESULT OF THE YEAR:

PROVISION FOR DIVIDEND	NOK -2 340 000
TRANSFER FROM OTHER RETAINED EARNINGS	NOK 11 383 000
TOTAL ALLOCATIONS	**NOK -9 043 000**

The annual accounts are presented on a going concern basis in accordance with § 3 – 3 of the Norwegian Accounting Act, and the Board considers that they give a true and accurate portrayal of the company's business. The Board considers that the conditions for a going concern are in place.

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The information in the accounts gives a true and accurate portrayal of the company's and the Group's assets, liabilities, financial position and results as a whole. The annual accounts give a fair view of the development, profit and overall financial position of Belships ASA and the Group, and describe the most significant risks and uncertainties facing the Group and the parent company.

SAFETY AND THE ENVIRONMENT

Belships aims to minimize environmental impact from its activity, and strives constantly to improve safety. Measures are taken to prevent the business polluting the environment. We work consciously to improve standards, on board and ashore. Pollution from ships is governed by a number of national and international environmental standards and certifications. Belships meets official requirements in terms of safety and the environment.

The newbuildings from Imabari Shipbuilding will have low emissions of pollutants and will be installed with ballast water treatment systems.

ORGANISATION

Belships is headquartered in Oslo, from where most of its commercial and financial business including insurance is handled. Technical management is handled from Singapore.

There has been no change within the senior management in 2013.

Commercial activities in Singapore were stable over the year. The Group employed 61 office staff at the end of 2013. Ships under management had 503 crewmembers on board. The sick leave was less than 2% in 2013. The Group was not subject to any serious accidents in 2013.

Belships aims to treat women and men equally, both on the Board and within the organization. No discrimination on the grounds of gender is tolerated. Of the company's office staff, 31 are women. The working environment at the various companies within the Group is considered to be good.

HENRIK VON PLATEN

It was with great sorrow that we received the news of Henrik von Platen's death on 9 Febuary 2014. Henrik served on the Board of Belships ASA from 2004 to his death. His contribution to the company was invaluable. Henrik's deep knowledge of the shipping industry, his integrity and wit was legendary to both the Board and the staff of Belships. He will be greatly missed.

FINANCIAL AND OTHER MATTERS

The Group has conducted impairment tests in line with IAS 36, valuing the M/S Belstar, M/S Belnor and M/S Belocean based on observable market values of equivalent ships and contracts today, and including the discounted added value of the charter parties entered into. The Board considers the counterparty risk as moderate, and this is reflected in the applied discount rates. These internal valuations indicated that there was a need for impairment of the company's ship investments with a total of USD 2.7 million. In the financial statement for 2013 the book value of M/S Belstar, M/S Belnor and M/S Belocean were reduced by USD 1.1 million, USD 0.8 million and USD 0.8 million, respectively.

Consolidated liquidity was USD 14.3 million as at 31 December 2013, against USD 10.2 million at the beginning of the year. Total mortgage debt had a balance of USD 47.9 million at the year end and was reduced by USD 5.2 million during 2013. In first quarter of 2014 Belships entered into a new term loan facility of USD 50 million for its three bulk carriers already in service. The new facility is secured for a period of 6 years from 5 March 2013, with annual instalments of USD 5 mill. The bond loan of NOK 33.3 million was redeemed at maturity in July 2013.

The Group's solvency and financial position is satisfactory. In July 2013 the share capital was increased by NOK 45 000 000 through an issue of 22 500 000 new shares. Subscription price was NOK 4.00 per share. By end of 2013 the book equity of the Belships share was NOK 8.60, while the book equity ratio was 56.1 %. The company has received offers for long term financing of the two newbuildings, but currently no offer has been accepted. Adjusted for this unfinanced capital expenditure and assuming 70% loan financing, the book equity ratio is reduced to 41.9 %.

Current activity is expected to generate sufficient liquidity to cover current debt through 2014. Belships aims to provide its shareholders with a competitive dividend yield. In view of the improved financial position, the Board will propose to the Annual General Meeting to pay a dividend of NOK 0.05 per share for 2013.

At the end of 2013 Belships held 548 000 treasury shares in total at an average cost of NOK 9.91 per share. In 2012 employees were granted options to purchase 200 000 shares at a price of NOK 4.91. The options can be exercised until the annual general meeting on 8 May 2014. In 2014 the employees have been granted options to purchase 200 000 shares at a price of NOK 6.47. These options can be exercised from 8 May 2014 until the annual general meeting in 2015.

The Belships' share value has increased by 46.5 per cent in the course of 2013. By comparison, the OBX increased by 22.7 per cent. A total of 4 891 000 shares were traded in 182 of the 251 trading days. 405 000 shares were traded in 2012 in 75 of the 251 trading days.

The Group is exposed to financial market risks due to changes in FX rates, interest rates, freight rates and oil prices. Such changes may affect the Group's assets and liabilities and its future cash flows. Belships is working continuously to manage these risks. To reduce financial market risks, we use derivatives when appropriate. There is also a risk for not obtaining long term finance for the two newbuildings, but this risk is considered to be low.

The Group's income and costs are mainly in USD. Belships' foreign exchange exposure is linked to administrative costs in Norway and in Singapore. Compared to the Group's cash flows, however, this exposure is limited. Belships' strategy is to limit the exposure in relation to cash flow fluctuations due to changes in interest rates. We have entered into a 5-year SWAP agreement that started in August 2013, covering about 40% of the present interest risk exposure related to the interest-bearing debt.

Fluctuating bunker prices will not affect the Group as the ships are fixed on long-term time charters where the charterers cover the fuel cost.
Belships aims to minimize counterpart risk by entering into long term contracts with the most reputable charterers.

The Group's limited tax cost is expected to continue as its ships are owned by Singaporean companies within the tonnage tax regime, while at the same time the group's Norwegian entities have considerable tax loss carried forward.

CORPORATE GOVERNANCE

Belships' corporate governance is based on the company's goals and strategy. The Company is listed on the Oslo Stock Exchange, and is subject to the Norwegian Accounting Act, the Securities Trading Act and the Public Limited Company Act.

With exception of establishing a election committee, Belships follows the Norwegian code of good corporate governance of 23 October 2012. Please see the separate statement of corporate governance that appears as a section of the annual report in its own right.

CORPORATE SOCIAL RESPONSIBILITY

Belships is a shipping company with global reach and close to a hundred years history. The Board is well aware of the direct and indirect impact Belships' activities have on the outside world as well as the company's shareholders. Belships is determined to create long term shareholder values and at the same time act as a responsible participant in the society.

The most important issues for our business and our shareholders in respect of Corporate Social Responsibility (CSR) are considered to be:

- Health and safety
- Environmental impact
- Anti-corruption

It is our policy to follow not only the standards, laws and regulations set by the national and international maritime industry as a minimum, but also the moral and ethical behavior as set by our culture. Belships reports on safety and environment in the annual report.

Belships does not tolerate any corrupt practices with our suppliers, customers or government entities affecting our business. We do pay attention to the working conditions and safety within our own operations.

Belships does not have any specific policy statements for the CSR area in place. Our strategy is to integrate sustainability on the matters mentioned above into all material business processes in order to ensure that Belships is a socially responsible enterprise.

OUTLOOK

The dry bulk market improved during 4th quarter, especially in the capesize segment. The current spot indices for capesize, panamax and supramax amount to USD 25 600, USD 9 000 and USD 12 600 per day respectively. Values increased in line with rates and according to the Baltic S&P Index, a five-year-old supramax is now priced at USD 26.3 million, up from USD 18.2 million one year ago.

From now on Belships will concentrate 100% on the dry bulk market.

Newbuilding prices for bulk carriers have tightened both in Japan and China, and the earliest delivery in Japan is now 1 half of 2017. Supramax contracts from Japan are today priced at about USD 32 million. The total seaborne trade of bulk commodities is expected to rise by 7% p.a. in 2014-15, while growth in dry bulk fleet adjusted for scrapping is estimated to be around 5% p.a. after many years of double-digit fleet growth. The capacity utilization is therefore expected to improve.

Belships' ships are sailing on long-term charter parties to a reputable counterpart, and short-term market fluctuations will not affect the company's earnings and cash flow. Existing charter parties represent future nominal revenues of USD 115 million.

Future focus will be to further develop Belships as a long term tonnage provider of modern bulk carriers to reputable charterers. We aim to build up a portfolio of ships and charters that will provide a steady return while minimizing the residual risk exposure through a duration spread.

OSLO, 20 MARCH 2014

BELSHIPS ASA

Sverre J. Tidemand
Chairman of the Board

Christian Rytter
Board member

Kjersti Ringdal
Board member

Sissel Grefsrud
Board member

Bernt Ulrich Müller
Chief Executive Officer

The annual report provides a true and fair overview

DIRECTORS' RESPONSIBILITY STATEMENT

The Board and Chief Executive Officer have today considered and approved the annual report and financial statements for the Belships group and its parent company Belships ASA for 2013.

The Board has based this declaration on reports and statements from the Group's chairman and Chief Executive Officer, on the results of the Group's activities and on other information that is essential to assess the Group's position, provided to the Board of the parent company under obligation by the Group's administration and subsidiaries.

To the best of our knowledge:

- the 2013 financial statements for the Group and parent company have been prepared in accordance with all applicable accounting standards
- the information provided in the financial statements gives a true and fair portrayal of the Group and parent company's assets, liabilities, profit and overall financial position as of 31 December 2013
- the annual report provides a true and fair overview of:
  - the development, profit and financial position of the Group and parent company
  - the most significant risks and uncertainties facing the Group and the parent company

OSLO, 20 MARCH 2014

BELSHIPS ASA

Sverre J. Tidemand
Chairman of the Board

Christian Rytter
Board member

Kjersti Ringdal
Board member

Sissel Grefsrud
Board member

Bernt Ulrich Müller
Chief Executive Officer

Consolidated Statements of Comprehensive Income

1 JANUARY – 31 DECEMBER / USD 1 000	NOTE	2013	2012
Operating income			
Freight income		**22 094**	22 032
Other operating income		**3 879**	3 863
Total operating income	4	**25 973**	**25 895**
Operating expenses			
Timecharterhire	5	**-4 660**	-4 380
Operating expenses ships	8	**-5 059**	-5 337
Payroll expenses	9	**-4 678**	-2 251
Other general administrative expenses	6	**-2 242**	-2 382
Depreciations on fixed assets	7	**-4 251**	-4 683
Impairment of ships	7	**-2 700**	-4 954
Total operating expenses		**-23 590**	**-23 987**
Operating profit		**2 383**	1 908
Financial income and expenses			
Interest income		**142**	103
Interest expenses	13	**-2 040**	-2 444
Currency exchange gain/(loss)		**208**	-198
Other financial items	8	**-681**	-872
Net financial items		**-2 371**	**-3 411**
Profit/(loss) before tax		**12**	**- 1 503**
Tax	12	**-166**	**-186**
Profit/(Loss) for the year		**-154**	**-1 689**
Hereof non-controlling interests		**60**	46
Hereof majority interests		**-214**	-1 735
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain/(loss) on defined benefit plans		**-3**	0
Total comprehensive income		**-157**	**-1 689**
Hereof non-controlling interests		**60**	46
Hereof majority interests		**-217**	-1 735
Earnings per share	11	**0.00**	-0.07
Diluted earnings per share	11	**0.00**	-0.07

Consolidated balance sheets

PER 31 DECEMBER / USD 1 000	NOTE	2013	2012
FIXED ASSETS			
Tangible fixed assets			
Ships	7	**95 424**	102 153
Newbuilding instalments	7	**5 650**	0
Other fixed assets	7	**2 162**	2 275
Total fixed assets		**103 236**	104 428
Financial fixed assets			
Financial investments	14	**459**	572
Other long-term receivables	13	**467**	485
Total financial assets		**926**	1 057
Total fixed assets		**104 162**	105 485
CURRENT ASSETS			
Trade debtors	13	**12**	53
Other receivables	13	**968**	1 302
Cash and cash equivalents	15	**14 282**	10 204
Total current assets		**15 262**	11 559
Total assets		**119 424**	117 044
EQUITY			
Paid-in capital		**43 305**	29 001
Retained earnings		**23 252**	23 469
Non-controlling interests		**401**	319
Total equity	20	**66 958**	52 789
LIABILITIES			
Provision for liabilities			
Pension obligations	17	**1 644**	2 176
Other long-term liabilities			
Mortgage debt	13	**42 460**	47 308
Financial instruments	22	**816**	1 075
Total other long-term liabilities		**43 276**	48 383

Short-term liabilities			
Current portion of mortgage debt	13	**5 138**	5 138
Bond issue	13	**0**	5 987
Tax payable	12	**58**	78
Public taxes and duties payable		**370**	386
Trade creditors		**562**	538
Other short-term liabilities	13	**1 419**	1 569
Total short-term liabilities		**7 546**	13 696
Total liabilities		**52 466**	64 255
Total equity and liabilities		**119 424**	117 044

OSLO, 20 MARCH 2014

BELSHIPS ASA

Sverre J. Tidemand
Chairman of the Board

Christian Rytter
Board member

Kjersti Ringdal
Board member

Sissel Grefsrud
Board member

Bernt Ulrich Müller
Chief Executive Officer

Consolidated cash flow statements

PER 31 DECEMBER / USD 1 000	NOTE	2013	2012
CASH FLOW FROM OPERATIONS			
Profit/(loss) before tax		**12**	-1 503
Adjustments to reconcile profit before tax to net cash flows:			
Depreciations on fixed assets	7	**4 251**	4 683
Impairment of ships	7	**2 700**	4 954
Share-based payment expense	16	**12**	8
Difference between pension expenses and paid pension premium	17	**-197**	-2 546
Finance income		**-350**	-103
Finance costs		**2 721**	3 514
Working capital adjustments:			
Change in trade debitors and trade creditors		**65**	-60
Change in other short-term items		**-362**	-251
		8 852	8 696
Interest received		**142**	103
Interest paid		**-2 040**	-2 444
Income tax paid		**-75**	-299
Net cash flow from operating activities		**6 879**	6 056
CASH FLOW FROM INVESTING ACTIVITIES			
Prepayment newbuilding contracts	7	**-5 650**	0
Paid out on purchase of other investments		**-221**	-168
Net cash flow from investing activities		**-5 871**	-168
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long-term debt	13	**-10 993**	-9 446
Share issue	20	**15 101**	0
Transaction costs on issue of shares	20	**-808**	0
Purchased stakes in Belships bond issue		**0**	-1 112
Net cash flow from financing activities		**3 300**	-10 558
Net change in cash and cash equivalents		**4 308**	-4 670
Cash and cash equivalents at 1 January		**10 204**	14 746
Change currency NOK deposits		**-230**	128
Cash and cash equivalents at 31 December		**14 282**	10 204
Restricted bank deposits	15	**109**	82

Consolidated statements of changes in equity

		MAJORITY INTERESTS						
					PAID IN	RETAINED		
USD 1000	NOTE	SHARE CAPITAL	TREASURY SHARES	SHARE PREMIUM RESERVES	OTHER EQUITY	OTHER EQUITY	NON-CONTROLLING INTEREST	TOTAL
As at 31 December 2013								
Equity as at 31 December 2012		6 722	-166	7 009	15 436	23 469	319	52 789
Net result for the year		0	0	0	0	-214	60	-154
Other comprehensive income		0	0	0	0	-3	0	-3
Total comprehensive income		**0**	**0**	**0**	**0**	**-217**	**60**	**-157**
Share issue	20	7 550	0	6 742	0	0	0	14 292
Share-based payment expense	16	0	0	0	12	0	0	12
Non-controlling interests transactions		0	0	0	0	0	22	22
Equity as at 31 December 2013		**14 272**	**-166**	**13 751**	**15 448**	**23 252**	**401**	**66 958**
As at 31 December 2012								
Equity as at 31 December 2011		6 722	-166	7 009	15 428	24 986	454	54 433
Effect IAS 19	17	0	0	0	0	218	0	218
Equity as at 1 January 2012		**6 722**	**-166**	**7 009**	**15 428**	**25 204**	**454**	**54 651**
Net result for the year		0	0	0	0	-1 735	46	-1 689
Other comprehensive income		0	0	0	0	0	0	0
Total comprehensive income		**0**	**0**	**0**	**0**	**-1 735**	**46**	**-1 689**
Share-based payment expense		0	0	0	8	0	0	8
Non-controlling interests		0	0	0	0	0	-181	-181
Equity as at 31 December 2012		**6 722**	**-166**	**7 009**	**15 436**	**23 469**	**319**	**52 789**

Notes to the consolidated accounts

NOTE 1
GENERAL INFORMATION

Belships is an owner/operator of dry bulk tonnage on long term charters to reputable customers. The company also had activities within product tank and ship management in 2013. The product tank activity was terminated in first quarter 2014.

Belships ASA is registered in Norway and listed on the Oslo Stock Exchange. The head office is located in Lilleakerveien 4 in Oslo, Norway.

Copies of the consolidated financial statements may be downloaded from www.belships.com, or by inquiry to the company's head office.

The consolidated financial statements have been approved by the Board on 20 March 2014.

All amounts in the notes are in USD 1 000 unless otherwise stated.

Belships has obtained approval from Oslo Stock Exchange and Norwegian tax authorities to publish its financial statements only in English.

NOTE 2
SUMMARY OF THE MOST IMPORTANT ACCOUNTING PRINCIPLES USED

A) BASIS OF PREPARATION

The consolidated financial statements of Belships ASA (the “Parent Company”), and all its subsidiaries (the “Group”), have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Group accounts have been prepared on a historical cost basis, except for derivatives and shares, which are assessed at net realisable value.
The Group accounts are presented with uniform accounting principles for identical transactions and events under otherwise identical conditions.

B) CONSOLIDATION PRINCIPLES

The Group accounts include Belships ASA and companies in which Belships ASA has a controlling position. Control is normally achieved by the Group owning more than 50 per cent of the shares and/or voting rights in a company, where the Group is 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 proportionate consolidation 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.

C) CURRENCY TRANSACTIONS

Functional currency and reporting currency
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:

- Assets and debts are converted according to conversion rates on the balance sheet date

- Income and costs are converted according to monthly average conversion rates

Transactions in foreign currency
Transactions in foreign currency are converted at the rate at time of the transaction. Monetary items in foreign currency are converted into functional currency using the rate at the balance sheet date. Non-monetary items which are measured at historical rates expressed in foreign currency, are converted into 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 profit and loss during the accounting period.

D) ACCOUNTS RECEIVABLE

Trade debtors have been booked at par value, less provision for losses on receivables. Provisions have been made in cases where it is unlikely that the Group will be able to recover the par value amount.

E) TANGIBLE FIXED ASSETS

Tangible fixed assets are measured at acquisition cost, net of accumulated depreciation and impairments losses. 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, are entered in the profit and loss account, whereas other expenses which are expected to create future financial gains are capitalised. An estimated docking element is recognised as a separate component of the ship for depreciation purposes on the first occasion a ship is booked in the accounts. The amount corresponds to the estimated docking costs for the period. The docking component is depreciated on a straight-line basis the over the period to the next planned drydocking. Residual value has been taken into account, and this is estimated based on steel value of the ship at the balance sheet date less estimated cost to demolish the ship. Book value is compared to market value and value in use to assess the need for any further impairment compared to the ordinary depreciation plan. The depreciation period and method are assessed annually and are based on the management’s estimates of the ships’ future economic life. The same applies to residual value.

In accordance with IFRS, the ships have been separated into components for depreciation purposes. The ships are depreciated as one unit, as the value of any part of the ship with a useful lifetime other than 25 years is considered to be insignificant.

Newbuilding contracts
Newbuilding contracts are recorded as a fixed asset based on instalments paid to the yard. Building supervision costs and project costs related to the newbuilding contracts are capitalised.

See section U) regarding treatment of borrowing costs.

F) LEASING

Financial leases
Leases, in which the company transfers substantially all risk and reward associated with ownership of the asset, are accounted for as financial leases. At the beginning of the lease, financial leases are entered at as sum equal it's market value or, if lower, the present value of the minimum lease sum, with accumulated depreciation and impairments 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.

Operational leases
Lease contracts that are not financial lease, are classified as operational lease contracts. Lease payments are classified as operating costs and entered using the straight line method over the contract period.

G) FINANCIAL INSTRUMENTS

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
- loans and receivables
- held to maturity investments
- other obligations

Financial assets with fixed or determinable cash flow which are not listed in an active market are classified as loans and receivables. Investments held to maturity, loans and receivables and other liabilities are entered at amortised cost.

H) PROVISIONS

A provision is recognised when the company has a liability (legal or constructive) 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 the expected future cash flow with a discount rate before tax which reflects the market's evaluation of the time value of money and, if relevant, risks specifically connected to the liability.
Provisions for onerous 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.

I) 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 treasury 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.

J) REVENUE RECOGNITION

Revenue is recognised when it is likely that the economic benefits which will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenues from time charter and bareboat charters accounted for as operational leases 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.

K) EMPLOYEE BENEFITS

Defined contribution pension scheme
From 1 April 2012 onwards all employees are member of the company's defined contribution scheme. The premium is charged as incurred by operations. Social security tax expense is recognized based on the pension plan payments.

In addition to this scheme there are pension liabilities, which the company pays as part of its daily operations (Defined benefit pension scheme). These relate to early retirement and pension to persons, that have not been included in the service pension scheme. Pension commitments are calculated by an independent actuary.

Actuarial gains and losses arising from changes in actuarial assumptions are charged and credited to equity through other comprehensive income in the period in which they arise.

L) 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 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 recognised 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 liabilities and deferred tax assets are measured on the basis of prevailing tax rates for the companies in the Group where temporary differences have occurred, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities 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.

In addition to companies subject to ordinary taxation in Norway, Singapore and China, the Group consists of one company within the shipping taxation scheme in Singapore. The deferred tax positions associated with the different tax regimes cannot be offset. A corresponding situation also applies to tax positions between jointly controlled operations and the rest of the Group. These cannot be offset.

M) IMPAIRMENT OF ASSETS

At the end of each quarter, every ship is 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 recovered. In assessing the need for impairments, assets are grouped at the lowest level at which there is identifiable and predominantly independent cash flows, which means per ship. Impairment is calculated as the difference between the asset's book value and the value considered as recoverable. The recoverable amount is the higher of the asset's net selling price and its value in use to the Group. Value in use 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, an impairment loss is recognised.

Impairment loss booked in earlier periods, except for goodwill, is reversed only in case of changes to the estimates used to determine the recoverable 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 impaired earlier. Such reversals are recorded in the profit and loss.

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 impairments 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 impairment was included in the profit and loss, the impairment loss will be reversed over the profit and loss account.

Impairment loss for an investment in an equity instrument will not be reversed over the profit and loss account.

N) 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 disclosed if significant.

O) SHARE-BASED PAYMENTS

Employees and management in Belships ASA received options to purchase company shares. Market value of the awarded options is measured at time of the award and charged to expense over the vesting period as a payroll cost with corresponding increase in other paid-in equity. The market value of the options granted is estimated using the Black and Scholes option pricing model.

P) 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 recognised at nominal values in the balance sheet. Restricted deposits have been included.

Q) RESTRICTED DEPOSITS

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

R) REPORTING BY SEGMENTS

Segment information is presented for operating 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 operations are worldwide and a divide by ports, customer tendency etc. does not make sense. The activities of the Group are divided into strategic operating units, separately organised and led.

The Belships Group is divided into the operating segments dry cargo, product tank and technical operations, which is how the information is presented to Management and the Board. 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.

S) RELATED PARTY TRANSACTIONS

Transactions with related parties are carried out at market terms. See note 10 for further information.

T) CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. Liquid assets include 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 15.

U) BORROWING COSTS

Borrowing costs are capitalized and included in the cost of a newbuilding 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.

V) CONTINGENT ASSETS AND OBLIGATIONS

Contingent liabilities are not recognised in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities in which the possibility of loss is considered remote.
Contingent assets are not recognised in the annual accounts but are disclosed if there is a certain probability that a significant benefit will be added to the Group.

W) CLASSIFICATION BALANCE SHEET

Current assets and short-term liabilities consist of items due within one year of the balance sheet date. The current portion of long-term debt is classified as a short-term item in the balance sheet. Investments in shares which are not considered strategic are classified as current assets; all other assets are classified as fixed assets.

X) IFRSS AND IFRICS ISSUED BUT NOT YET EFFECTIVE

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. The classification and measurement of financial liabilities under IFRS 9 is a continuation from IAS 39, with the exception of financial liabilities designated at fair value through profit or loss (Fair value option), where change in fair value relating to own credit risk shall be separated and shall be presented in other comprehensive income. For EU/EEA area this standard becomes effective from annual periods starting on or after 1 January 2015. The Group expects to apply IFRS 9 as of 1 January 2015.

IFRS 10 Consolidated Financial Statements
This standard replaces the portion of IAS 27 – Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. For EU/EEA area this standard becomes effective from annual periods starting on or after 1 January 2014. The Group expects to apply IFRS 10 as of 1 January 2014.

IFRS 11 Joint Arrangements
This standard replaces IAS 31 – Interest in Joint Ventures and SIC-13 – Jointly –controlled Entities – Non-monetary Contributions by Venturers. It removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The application of this standard will not have an impact on the financial position of the Group as the Group already uses the equity method. This standard becomes effective for annual periods beginning on or after 1 January 2014.

IFRS 12 Disclosures of interest in other entities
This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard becomes effective for annual periods beginning on or after 1 January 2014. The Group expects to apply IFRS 12 as of 1 January 2014.

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.

Z) NEW AND CHANGED STANDARDS EFFECTIVE IN 2013

In 2013, the Group has adopted the following new standards and changes:

- • IFRS 13 Fair Value Measurement – This standard established a single source of guidance under IFRS for all fair value measurements.
- • Amendment to IAS 19 Employee Benefits – The amendments to IAS 19 Employee Benefits, proposes major changes to the accounting for employee benefits, including the removal of the option for deferred recognition of changes in pension plan assets and liabilities (known as the “corridor approach”). The standard was implemented 1 January 2013, with an effect of USD 0.2 million. As the company has no deferred tax assets recognised in the balance sheet, the amount is entered directly to the equity.

Only IAS 19 had some effect in the consolidated accounts.

NOTE 3
USE OF ESTIMATES IN PREPARATION OF THE ANNUAL ACCOUNTS

Preparing the annual accounts in accordance with IFRS as adopted by EU requires the management to use estimates and assumptions affecting the amounts reported in the accounts with notes. The management assumptions and valuations are based on past experience and on miscellaneous other factors assumed to be reasonable and appropriate. This applies in particular to pensions, share-based payments, deferred tax assets, impairment of fixed assets and the ships' residual value. Future events can entail a change in these estimates. Estimates and the underlying assumptions are evaluated on an ongoing 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 appears in the current note.

PENSIONS

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.

Actuarial gains and losses arising from changes in actuarial assumptions are charged and credited to equity through other comprehensive income in the period in which they arise.

SHARE-BASED REMUNERATION

The Group uses estimates to establish the actual value of share-based remuneration, the basis on which it is charged to costs. These estimates are mainly based on how volatile shares are expected to be, what the potential future yield might be, and what proportion of options are expected to be exercised.

DEFERRED TAX ASSET

The deferred tax asset is only recognised 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.
Deferred tax assets are not recognised.

TANGIBLE FIXED ASSETS

The Group assess, at each reporting date, whether there are any indications that an asset may be impaired. Impairment is only made if carrying amount is higher than the asset's recoverable amount. Value in use is calculated based on estimated future cash flows. Estimating future cash flows will always be subject to uncertainty. Any changes in the required rate of return and the assessment of counterparty risk will also affect the value.

Remaining useful life is estimated on the date of the presentation of accounts. The useful life of the assets and the method of depreciation are evaluated yearly.

NOTE 4
SEGMENT INFORMATION

The Belships Group is divided into operating segments: dry bulk, product tank, and technical management, based on how the reporting to the Chief Operating Decision Maker is made.

Transactions between business units are based on market terms. The company's management uses each segment's operating results when assessing earnings. Segment sales, segment costs, and segment results include transactions between segments. Sales within the various segments are eliminated: 698 (2012: 706) in dry bulk, 133 (2012: 135) in product tank, -426 (2012: -432) in technical operations, and -405 (2012: -409) in administration.

Sales in the dry bulk segment is related to own ships which are chartered to Canpotex Shipping Services Ltd. Sales in the tanker segment was related to M/T Belaia which was chartered to J. Lauritzen AS. Except for these customers, the company had no other customers in either 2013 or 2012 where income accounted for more than 10% of the total turnover.

1 JANUARY – 31 DECEMBER 2013	DRY CARGO	PRODUCT TANK	TECHNICAL MANAGEMENT	ADMINISTRATION/ ELIMINATION	TOTAL
Operating income	17 189	4 541	4 001	242	25 973
Operating expenses	-5 535	-4 716	-3 706	-2 682	-16 639
Depreciations on fixed assets	-4 086	0	-57	-108	-4 251
Impairment of ships	-2 700	0	0	0	-2 700
Operating profit	4 868	-175	238	-2 548	2 383
Assets	103 335	776	3 959	11 353	119 423
Liabilities	49 690	55	430	2 291	52 467
Cash flow from operating activities	9 514	-174	246	-2 707	6 879
Cash flow from investing activities	-5 707	0	0	-164	-5 871
Cash flow from financing activities	-5 517	0	0	8 816	3 300

1 JANUARY - 31 DECEMBER 2012					
Operating income	17 304	4 362	3 912	317	25 895
Operating expenses	-5 805	-4 439	-3 613	-493	-14 350
Depreciations on fixed assets	-4 520	0	-63	-100	-4 683
Impairment of ships	-4 954	0	0	0	-4 954
Operating profit	2 025	-77	236	-276	1 908
Assets	103 769	73	3 992	9 210	117 044
Liabilities	54 744	121	427	8 963	64 255
Cash flow from operating activities	9 258	-4	5	-3 203	6 056
Cash flow from investing activities	-75	0	0	-93	-168
Cash flow from financing activities	-5 138	0	0	-5 420	-10 558

NOTE 5
LEASE AGREEMENTS

LEASE OBLIGATIONS

The product tanker M/T Belaia on 48 000 dwt has been leased on timecharter from a Japanese shipping company. The ship was redelivered first quarter 2014. Gross rate was USD 12 795 per day. The lease was treated as an operational lease. The ship was chartered to J. Lauritzen AS until redelivery to owner. Gross rate from charter was USD 13 000 a day.

CONTRACTED TIME CHARTER REVENUE

M/S Belstar, M/S Belnor and M/S Belocean are on 10-years time charters to Canpotex Shipping Services Ltd from time of delivery from yard in 2009, 2010 and 2011 respectively, at a gross rate of USD 16 415 per day. There is no option to charter beyond this period. Belships ASA has the option to sell maximum two of the Canpotex-vessels after 5 alternatively 7 years without obligation to continue the Charter. One of the two ordered newbuildings (see note 7) will be swapped with either Belnor or Belocean for the balance period of charterparty with Canpotex. New gross rate will be USD 17 300 per day.
The leases are treated as operational leases.

	< 1 YR	1-5 YR	> 5 YR
Obligations related to long-term operational lease of ships	908	0	0
Contractual payments from chartered out ships	18 432	71 495	25 477

Lease obligations are nominal amounts and cover all operating leases. The Group has no financial lease agreements.

NOTE 6
OTHER GENERAL ADMINISTRATIVE EXPENSES

OTHER GENERAL ADMINISTRATIVE EXPENSES	2013	2012
Office expenses	**400**	417
Furniture, office supplies	**161**	114
Travelling, entertainment costs	**195**	482
Other services	**471**	462
Insurance	**26**	58
30th Anniversary exps. in Belships Management (Singapore)	**211**	0
Other general administrative expenses	**778**	849
Total	**2 242**	2 382

NOTE 7
SHIPS AND OTHER FIXED ASSETS

	2013				2012			
	SHIPS				SHIPS			
	SHIPS EXCL. DRY DOCKING	CAPITAL. DRY DOCK. COSTS	TOTAL	OTHER FIXED ASSETS	SHIPS EXCL. DRY DOCKING	CAPITAL. DRY DOCK. COSTS	TOTAL	OTHER FIXED ASSETS
Cost per 1 January	118 756	1 424	**120 180**	**4 731**	118 756	1 350	120 106	4 878
Additions	0	57	**57**	**219**	0	74	74	98
Disposals	0	0	**0**	**-129**	0	0	0	-245
Cost per 31 December	118 756	1 481	**120 237**	**4 822**	118 756	1 424	120 180	4 731
Depreciations per 1 January	16 797	1 230	**18 027**	**3 249**	7 684	869	8 553	3 195
Depreciation for the year	3 966	120	**4 086**	**165**	4 159	361	4 520	163
Impairment	2 700	0	**2 700**	**0**	4 954	0	4 954	0
Disposals	0	0	**0**	**-72**	0	0	0	-109
Depreciations per 31 December	23 463	1 350	**24 813**	**3 342**	16 797	1 230	18 027	3 249
Book value per 31 December	95 293	131	**95 424**	**1 479**	101 959	194	102 153	1 482
Other fixed assets	0	0	**0**	**683**	0	0	0	793
Total book value per 31 December	95 293	131	**95 424**	**2 162**	101 959	194	102 153	2 275

SPESIFICATION OF THE GROUP'S SHIPS	BUILT YEAR	OWNERSHIP	COST PRICE	BOOK VALUE
M/S Belstar	2009	100 %	40 542	29 990
M/S Belnor	2010	100 %	39 893	31 874
M/S Belocean	2011	100 %	38 320	33 560

The three owned ships are engaged on time charter contracts for 10 years to Canpotex Shipping Services Ltd from time of delivery. The contracting party is considered to be solid. The ships have operated satisfactorily over the year. Reference is made to note 13 regarding financing of the ships.

IMPAIRMENT TESTS

Impairment tests for the company's assets are performed in accordance with IAS 36. The ships have been valued based on observable market values and the charter party agreements in place. The estimated market values were based upon two independent broker valuations. The calculations were made on the remaining 5.5 – 7 years of the timecharter-agreements and a weighted average cost of capital ratio (WACC) of 8%. In the calculation of the required rate of return, the risk-free interest rate was set at the 10-year LIBOR at 2%, and the margin was fixed at 4%, which is slightly above current bank conditions. The equity risk premium was set at 6%, which is the estimated additional return required by investors in order to invest in a market portfolio in relation to a risk-free interest rate. Based on these internal valuations, an impairment loss of total USD 2.7 million has been recognised during 2013 (USD 5 million in 2012).

In 2013 Belships entered into an agreement with Canpotex whereby it will swap one of the current charterparties on either M/S Belnor or M/S Belocean to one of the two newbuildings being delivered second half of 2015 and first half of 2016 respectively. This swap agreement may have some accounting implication, but is believed to be limited to potentially affecting the impairment assessment of the ship that transfers the charterparty. It is too early to make any concluding estimate of this until a decision has been made as to which charterparty is swapped and a thorough impairment assessment has been made in accordance with IFRS.

The table below shows sensitivity in the impairment tests.

SENSITIVITY ANALYSIS OF IMPAIRMENT TESTS OF THE SHIPS	BELSTAR	BELNOR	BELOCEAN
WACC increase with 1%:			
Change in market value of the ships (incl. c/p agreements)	-150	-183	-221
Market rate increase with 1%:			
Change in market value of the ships (incl. c/p agreements)	-203	-223	-245

NEWBUILDING CONTRACTS

Belships ASA has placed order for two newbuilding contracts for fuel efficient Supramax bulk carriers from Imabari Shipbuilding Co. Ltd. The ships will be delivered during the second half of 2015 and first half of 2016. Total newbuilding commitments amounts to USD 56.5 million of which USD 5.65 million was paid in June. Further payments are 10% on 5 June 2014, 10% on 30 September 2014 for the first newbuilding and 30 March 2015 for newbuilding no. 2, 10% at launching and the remaining 60% upon delivery.

CALCULATION OF DEPRECIATIONS

Depreciation is calculated on a straight line basis over the estimated useful life of the ships taking its residual value into consideration. The useful life of the ships has been estimated to 25 years. Residual value is estimated based on steel prices of the ships less cost to demolish and is reassessed every year-end. Dry docking has shorter useful lifetime and is depreciated until the next planned dry docking, typically 30 months.
Other assets have a useful life of 3-5 years, except for the office premises in Singapore in which the useful life is estimated at 57 years.

Reference is made to note 5 regarding contracted time charter incomes for the ships.

NOTE 8
SPECIFICATIONS OPERATING EXPENSES AND OTHER FINANCIAL ITEMS

	2013	2012
Operating expenses		
Crew expenses	**2 705**	2 877
Maintenance and spare parts	**1 204**	1 147
Insurance	**680**	785
Other operating expenses	**470**	528
Total operating expenses	**5 059**	5 337
Other financial items		
Net unrealised gain/(loss) on currency and interest swaps	**259**	-181
Premium on bond repayment	**-399**	-206
Borrowing costs	**-285**	-369
Other financial items	**-256**	-116
Total other financial items	**-681**	-872

NOTE 9
SALARIES, NUMBER OF EMPLOYEES

	2013	2012
Salaries	**3 614**	3 778
Social security tax	**577**	591
Pension expenses 1)	**338**	-2 262
Other allowances	**149**	144
Total	**4 678**	2 251

1) The amounts include annual cost related to the defined contribution scheme both in the parent company and in the subsidiaries abroad, and the effect of the termination of the defined benefit plan in 2012. See note 17 in Annual report for 2012 regarding change in pension scheme in the parent company in 2012.

Average number of employees in 2013 was 61 (60 in 2012). Loans to employees are specified in note 13.

Loans to members of the management amounted to 121 at yearend (93 in 2012).

REMUNERATION	CHIEF EXECUTIVE OFFICER	FINANCIAL DIRECTOR	COMMERCIAL DIRECTOR
2013			
Salaries (incl. bonus)	456	228	267
Pension expenses	11	11	11
Other remuneration	42	38	37
2012			
Salaries (incl. bonus)	433	224	262
Pension expenses	36	21	31
Other remuneration	34	27	27

Remuneration in accordance with the Accounting Act § 7-31b is presented in note 10 in the parent company accounts.

BONUS SCHEME

In 2012 the company introduced a new bonus scheme that applies to all employees in Norway and will be effective as of 2013. Bonus equivalent to one month salary is triggered, if the actual net result exceeds budgeted net result by minimum 20%. The bonus amount rises gradually until a ceiling of 6 months' salary, if the actual net result exceeds budgeted net result by minimum 120%. The scheme is discretionary where 50% of the bonus amount is allocated on pro rata basis and the remaining 50% is allocated based on a proposal from the Chief Executive Officer approved by the Chairman. No bonus are paid for 2013.

SHARE OPTIONS

The Chief Executive Officer has his own option agreement. For agreement details see note 16.

For share options to the employees, see note 16. The Board members have not been awarded share options.

ALLOWANCE TO THE BOARD

Board members are not awarded share options. The Board has received 102 in remuneration in 2013 (2012: 123), divided into 26 to the Chairman and 19 to each of the other members. Additional, 3 of the board members represent an audit committee and have received 14 in remuneration in 2013 (2012: 14), divided into 6 to the Chairman and 4 to each of the other members.

REMUNERATION TO THE AUDITOR (EXCLUDING VAT)	2013	2012
Remuneration for audit services	**73**	84
Other assurance services	**0**	4
Assistance related to tax	**11**	15
Other audit related assistance	**6**	40
Total	**90**	143

NOTE 10
RELATED PARTIES

The subsidiary Belships Management AS provides accounting services to Sonata AS which is owned by the chairman and his family. Fees amounted to 164 in 2013 (2012: 159).

All fees are in line with prevailing market rates.

No loans were issued or security provided with respect to the company's shareholders or associated parties. Certain members of the management have loans from the company. These totaled 121 as of 31 December 2013 (2012: 96).

NOTE 11
EARNINGS PER SHARE

Basic earnings per share is ratio between net profit of the year attributable to ordinary equity holders (i.e. net profit with dividend deducted) and the issued average number of shares outstanding during the period.
When calculating diluted earnings per share, net result attributable to ordinary equity holders and the number of issued average outstanding shares are adjusted for share options. In “the denominator” all share options (see note 16) 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.
The diluted earnings per share is equal to the basic earnings per share, as the Group’s profits before tax are negative.

AVERAGE NUMBER OF SHARES (EXCLUDING TREASURY SHARES)	2013	2012
Average number of issued shares	**33 679 000**	24 304 000
Average number of options outstanding	**233 000**	207 000
Diluted average issued number of shares	**33 912 000**	24 511 000

EARNINGS PER SHARE		
Total comprehensive income	**-157**	-1 689
Earnings per share	**0.00**	-0.07
Diluted earnings per share	**0.00**	-0.07

NOTE 12
TAXES

	2013	2012
Taxes payable	**166**	186

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

Reconciliation of the year's income tax expense		
Result for the year before tax	**12**	-1 503
Statutory tax rate (Norway)	**28 %**	28 %
Estimated tax expense at statutory rate	**3**	-421
Non tax deductible expenses	**88**	14
Non taxable income	**-435**	-838
Non taxed shipping income in Singapore	**-1 035**	-242
Difference between Norwegian and Singapore regional national tax	**101**	150
Tax effect of deferred tax asset not recorded in the balance sheet	**1 444**	1 523
Total income tax expense/(income)	**166**	186

In 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.

TAX LOSS CARRIED FORWARD

The Group had a tax loss carried forward of USD 57.6 million as at 31 December 2013 (2012: USD 60.6 million) in Norway. No deferred tax benefits are recognised in the balance sheet. The Group's revenue is generated mainly by companies in Singapore that are either within the national tonnage tax regime or are subject to regular national taxation. Dividends from these companies are nontaxable to the recipients. Taxable income subject to ordinary Norwegian taxation does not indicate any reporting of deferred tax benefits.
Tax losses that were disputed by the Norwegian Tax Administration was settled in favour of Belships by The Court of Appeal in June 2013. The tax loss carried forward amount for 2012 is altered according to this.

Future tax payable in the Group is expected to be low.

DEFERRED TAX PER 31 DECEMBER	2013	2012
Temporary differences		
Deferred sales gain/(loss)	**3 107**	4 245
Accruals	**-518**	-1 327
Pensions	**-1 567**	-2 021
Total temporary differences	**1 022**	897
Tax loss carried forward	**-57 576**	-60 591
Net temporary differences	**-56 555**	-59 695

Deferred tax assets before remuneration	**-15 270**	-16 714
Remuneration carried forward	**0**	-380
Deferred tax assets	**-15 270**	-17 095
Deferred tax assets recognised in the Balance sheet	**0**	0
Deferred tax assets not recognised in the Balance sheet	**-15 270**	-17 095
Tax rate applied	**27%**	28%

The general corporate income tax rate are from 1 January 2014 reduced from 28% to 27%.

NOTE 13
RECEIVABLES AND LIABILITIES

RECEIVABLES DUE LATER THAN 12 MONTHS	2013	2012
Loans to employees 1)	**364**	375
Other long-term receivables	**103**	110
Total long-term receivables	**467**	485

1) The average interest rate used for loans to employees was 2.75% in 2013 (2012: 2.50%). The repayment period is five years.

MORTGAGE DEBT

In first quarter 2014 Belships entered into a new long term financing agreement for M/S Belstar, M/S Belnor and M/S Belocean. The new loan facility of USD 50 million is secured for a period of 6 years. The following principal conditions applies to the loan: agreed interest rate is LIBOR pluss margin of 2.75%, minimum market value of the ships is 115% of the outstanding loan balance, minimum value adjusted equity on a consolidated basis is 25% and the Group shall at all times have available liquidity of at least USD 5 million or 6% of total interest bearing debt. Repayment schedule for this loan is shown below.

REPAYMENT SCHEDULE NEW LOAN	2014	2015	2016	2017	SUBSEQ.	TOTAL
Mortgage debt	3 750	5 000	5 000	5 000	31 250	50 000

In 2013 Belships had the following financing provided by two lenders:
Total mortgage debt at yearend amounted to 47 598. Ships with a book value of 95 293 was pledged as security for this debt. Interest expenses was in 2013 charged at LIBOR +2.95% margin. The following principal conditions applied to the loans: The market value of Belstar, Belnor and Belocean should amount to not less than 135%, 115% and 110% of the loan balance, respectively; the equity within the parent company which was acting as guarantor for the loans, should amount to not less than 35% or USD 15 million; and the Group should at all times have available liquidity of at least USD 5 million or 7% of the total debt, as well as satisfactory insurance cover. All the covenants were fulfilled as of 31 December 2013.

INTEREST AGREEMENTS

The Group had at yearend two interest agreements related to the mortgage debt. A swap at 2.205% with a duration of 5 years from August 2013, covering USD 25 million. In 2013, 188 was paid relating to this agreement. The Group also has a rate cap at 4.42% with duration of 4 years from May 2010, covering USD 14.7 million.

BOND ISSUE

Until maturity in July, Belships ASA had an unsecured bond loan in the Norwegian market. The loan was listed on Oslo Stock Exchange. Interest was charged at NIBOR +3.50%. Outstanding balance at maturity amounted to 5 476.

Hedge accounting is not used.

CURRENT RECEIVABLES AND SHORT-TERM LIABILITIES

Current receivables consist mainly of accrued 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.

NOTE 14
FINANCIAL INVESTMENTS

	2013	2012
Shares *	**306**	303
Prepaid pension costs	**76**	156
Other investments	**77**	113
Total	**459**	572

**) The shares are stated at fair value and are defined as "available for sale"*

THE FOLLOWING COMPANIES ARE INCLUDED IN THE CONSOLIDATED ACCOUNTS:	BUSINESS LOCATION	MAIN ACTIVITY	OWNERSHIP/ VOTING PERCENTAGE
Belships Management AS	Oslo	Management	100 %
Belships Management (Singapore) Pte Ltd	Singapore	Technical mgmt.	100 %
Belships Supramax Singapore Pte Ltd	Singapore	Shipping	100 %
Belships Chartering AS	Oslo	Shipping	100 %
Belships Management (Singapore) Pte Ltd			
Belships (Tianjin) Ship Management & Consultancy Co Ltd	China	Crewing	75 %
Belships (Shanghai) Shipmanagement Co Ltd	China	Crewing	80 %

NOTE 15
BANK DEPOSITS

The Group's bank balance amounted to 14 282 at year-end (2012: 10 204). Restricted funds for withheld employee tax amounted to 109 at 31 December 2013 (2012: 82). Belships objective is that surplus funds are available and invested in bank deposits.

NOTE 16
OPTIONS TO EMPLOYEES

At the 2013 annual general meeting, the Board was authorised to issue up to 200 000 options to employees. The option price is 105% of closing price on the day of the annual general meeting. The authorization is valid for two years. In accordance with this authorisation, options to buy 200 000 shares at NOK 6.47 was awarded in first quarter 2014. No options have been exercised.

At the 2012 annual general meeting, the Board was authorised to issue up to 200 000 options to employees. The option price was 105% of closing price on the day of the annual general meeting. The authorization is valid for two years. In accordance with this authorisation, options for a total of 200 000 shares have been issued. The options can be exercised from the annual general meeting in 2013 and until the annual general meeting in 2014.

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 include all employees in the parent company. The employees must work in the company at the time when the options can be exercised 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. In 2013, 12 have been charged to income in connection with the options program in 2012.

		2013		2012	
SUMMARY OF OUTSTANDING OPTIONS:		NUMBER	WEIGHTED AVER. EXERCISE PRICE	NUMBER	WEIGHTED AVER. EXERCISE PRICE
Outstanding 1 January		**266 000**		148 000	
Awarded		**0**		200 000	4.91
Exercised		**0**		0	
Not exercised		**-66 000**	**7.30**	-82 000	8.66
Outstanding 31 December		**200 000**		266 000	
Range of exercise prices at yearend	NOK	**4.91**		4.91 – 7.30	
Weighted average remaining contractual life at yearend	Year	**0.33**		1.67	

Market value of the options is estimated using the Black and Scholes options pricing model.

The average market value of awarded options in 2012 was NOK 0.52 per share, at grant date.

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 21%.
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: 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. 1.38% for 2012.
Decrease in the number of employees: Expected reduction is 0.

SHARE OPTION PLAN CHIEF EXECUTIVE OFFICER
In addition to the above share option plan the CEO has an own share option plan with the following conditions:
The right to subscribe for up to one million shares in Belships ASA at a subscription price of NOK 10

- • Of which 250 000 shares may be subscribed for if the company's market value exceeds NOK 500 000 000 (Sub-option A).
- • The remaining 750 000 shares may be subscribed for if the company's market value exceeds NOK 1 000 000 000 (Suboption B). Sub-option B is for 1 000 000 shares if Sub-option A is not exercised within the time allowed for Sub-option A.
- • The market value is the product of the volume-weighted closing price of the company's shares on the Oslo stock exchange in a 15-day period and the number of outstanding shares less treasury shares and/or shares Belships issues after the option agreement date.

Sub-option A expires 30 June 2014
Sub-option B expires 30 June 2016

Notes to the consolidated accounts

NOTE 17
PENSIONS

The company's employees were up to 31 March 2012 members of a separate pension fund. The company handled this scheme as a defined benefit scheme. The scheme was cancelled end of March 2012 and net commitments were transferred to an insurance company. This cancellation resulted in a USD 2.7 million cost reversal in the same year. From 31 March 2012 onwards, all employees are member of a defined contribution scheme, described more briefly in a separate chapter in this note. Actuarial gain amounting to 218 arising from change in actuarial assumptions was credited to equity in other comprehensive income in 2012.

In addition to this scheme there are pension liabilities, which the company pays as part of its daily operations. These relate to early retirement and pension to persons, that have not been included in the service pension scheme. 7 people are included in this scheme.

Pension commitments are calculated by an independent actuary. The basis for the calculation is shown below. The new mortality table (K2013) for Norway are used in the calculations.

Social security costs are recorded based on net pension obligation in the balance sheet included estimate discrepancy.

ASSUMPTIONS	2013	2012
Discount rate	**4.00 %**	3.90 %
Future wage adjustment	**3.75 %**	3.50 %
Pension adjustment/G-adjustment	**3.75 %**	3.25 %
Return on pension plan assets	**4.00 %**	4.00 %

COMPOSITION OF THE NET PENSION EXPENSES		
Present value of the year's pension earnings (incl. social security tax)	**0**	55
Interest charge on accrued pension obligations	**70**	93
Return on pension plan assets	**0**	2
Deviation from assumptions/plan	**0**	-2 696
Net pension expenses	**70**	-2 546

CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION		
1 January	**-2 177**	-8 689
Interest cost	**-70**	-93
Present value of the year's pension earnings (incl. social security tax)	**0**	-55
Benefits paid	**441**	121
Actuarial (gains)/losses on obligation	**3**	6 141
Currency exchange gain/(loss)	**159**	398
31 December	**-1 644**	-2 177

DEFINED CONTRIBUTION SCHEME

All the Norwegian employees are with effect from 1 April 2012 member of the company's defined contribution scheme. Annual payable cost is reflected in the income statements and the company does not have any future liabilities related to this scheme. Employees in the subsidiary Belships Management (Singapore) have a corresponding pension scheme.
Total costs related to these schemes amounted to 268 in 2013.

PENSION EXPENSES IN CONSOLIDATED ACCOUNTS	2013	2012
Pension expenses defined benefit plan	**70**	-2 546
Pension expenses defined contribution scheme	**268**	284
Net pension expenses in consolidated accounts	**338**	-2 262

NOTE 18
SUBSEQUENT EVENTS

M/T Belaia was redelivered to owners in first quarter 2014. The owners are closely related to Imabari Shipbuilding and will in return replace the redelivered ship with a new eco-design Supramax bulk carrier of 61,000 dwt for delivery Q1 2017 on long term lease incl. purchase options. The terms for this new lease agreement will be very close to the terms for the redelivered ship, except that the lease period will be for minimum 8 years plus 3 yearly options. Purchase option can be declared from end of year 4 onwards, starting at JPY 2.91 billion and decreasing annually by JPY 110 million.

In first quarter 2014 Belships entered into a new long term financing agreement for M/S Belstar, M/S Belnor and M/S Belocean. For further details, see note 13.

No further material events have taken place after 31 December 2013.

NOTE 19
ENVIRONMENTAL ISSUES

The company has not been charged any penalties due to breach of environmental rules and regulations, and is not committed to implement any specific actions in that respect. For further information see the Directors' report.

NOTE 20
EQUITY

Belships ASA increased its number of shares from 24 852 000 to 47 352 000 during a rights issue of 22 500 000 shares in 2013. The subscription price was of NOK 4 and the share issue contributed with NOK 85 182 000 in net cash after deduction of share issue costs. The number of shareholders as at 31 December 2013 was 492 (2012: 492). Each share has one vote and face value per share amounts to NOK 2.00.

TREASURY SHARES

The company holds 548 000 treasury shares in total with an average cost price of NOK 9.91 as of 31 December 2013. Belships ASA has lent 50 000 of the treasury 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.

AUTHORISATION TO ISSUE NEW SHARES

At the annual general meeting in 2013 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.

DIVIDEND

The Board of Belships ASA has proposed to the general meeting on 8 May 2014 to distribute a dividend of NOK 0.05 per share.

NUMBER OF SHARES	2013	2012
Ordinary shares, issued and paid-in per 1 January	**24 852 000**	24 852 000
Share issue	**22 500 000**	0
Ordinary shares, issued and paid-in per 31 December	**47 352 000**	24 852 000
Dividend paid (NOK per share)	**0**	0

THE 20 LARGEST SHAREHOLDERS IN BELSHIPS ASA AT 31 DECEMBER 2013		NUMBER OF SHARES	PERCENTAGE
1	Sonata AS	28 619 391	60.44 %
2	Tidships AS	6 201 058	13.10 %
3	Longbow Limited	2 308 680	4.88 %
4	Skandinaviska Enskilda Banken AB	987 419	2.09 %
5	Gemsco AS	920 590	1.94 %
6	Importer	621 493	1.31 %
7	Sverre J. Tidemand	582 782	1.23 %
8	Belships ASA	498 000	1.05 %
9	Carlings AS	400 000	0.84 %
10	Jasto AS	350 000	0.74 %
11	Jimba Invest AS	338 188	0.71 %
12	Tidinvest II AS	315 414	0.67 %
13	Jenssen & Co AS	302 816	0.64 %
14	Torstein Søland	300 000	0.63 %
15	Chrem Capital AS	270 000	0.57 %
16	Atalanta A/S	236 639	0.50 %
17	Carl Erik Steen	207 203	0.44 %
18	Achilles Finans AS	124 444	0.26 %
19	John Tore Kristiansen	119 000	0.25 %
20	Arne Risøy	103 495	0.22 %
	Total 20 largest shareholders	43 806 612	92.51 %
	Other shareholders	3 545 388	7.49 %
	Total number of shares	47 352 000	100.00 %

NUMBER OF SHARES OWNED BY BOARD MEMBERS IN BELSHIPS ASA	OWNED SHARES	OUTSTANDING OPTIONS
Sverre J. Tidemand *	29 438 812	0
Christian Rytter *	270 000	0
Other members	0	0

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

NUMBER OF SHARES OWNED BY THE MANAGEMENT IN BELSHIPS ASA	OWNED SHARES	OUTSTANDING OPTIONS*
Ulrich Müller, Chief Executive Officer **	0	120 000
Stein H. Runsbech, Commercial Director	40 000	66 000
Osvald Fossholm, Financial Director	0	66 000

**) Includes options awarded in 1st quarter 2014. Ref. note 16*
***) See note 16 for more information about separate share option plan.*

For changes in equity, see separate statement.

NOTE 21
CONTINGENCIES

The Board is not aware of any material disputes the company may be in involved in at 31 December 2013.

NOTE 22
FINANCIAL MARKET RISK

Financial market risk is considered to be 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.

Belships has a continuing focus on its risk exposure. Derivatives may be used to reduce financial market risk, but are only used to hedge specific exposures. When use of derivatives are 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 is only using derivatives to reduce or limit risk related to fluctuations in 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.

See note 8 for the specification of other financial items.

INTEREST RATE RISK

Belships strategy is to limit interest risk. Hedging of the company's debt is considered on an ongoing basis. Entering into interest rate hedging agreements are based on developments in the interest rate market and internal analysis.
The Group has entered into two hedging agreements related to the mortgage debt, an interest swap at 2.205% with duration of 5 years from August 2013, covering USD 25 million and an interest cap agreement at 4.42% with duration of 4 years from May 2010, covering USD 14.7 million. The market value of the these agreements amounts to -816 at year-end (2012: -1 075) and are recorded as long-term liability.
The table below shows the sensitivity related to changes in interest rate levels. The calculation includes total interest-bearing debt.

SENSITIVITY TO CHANGES IN INTEREST RATE LEVELS	2013	2012
Change in the interest rate level in basis points	**-100/+100**	-100/100
Effect on result before tax	**535/-535**	637/-637

AVERAGE EFFECTIVE INTEREST RATE ON DEBT (%)		
Mortgage debt	3.28	3.48
Bond issue	5.27	6.28

CAPITAL STRUCTURE AND EQUITY CAPITAL

The primary objective of the Group's capital management is to achieve best possible credit rating, and to maximize the shareholders values. The company controls the capital based on book equity to total assets. The company's goal is to maintain an equity capital ratio of at least 35%. The equity ratio is calculated by dividing the book equity to total assets as shown below:

	2013	2012
Total equity as at 31 December	**66 958**	52 789
Total assets	**119 424**	117 044
Equity ratio as at 31 December	**56 %**	45 %

The company has received offers for long term financing of the two newbuildings, but currently no offer has been accepted. Adjusted for this unfinanced capital expenditure and assuming 70% loan financing, the book equity ratio is reduced to 41.9 %.

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

	2013	2012
Interest-bearing debt	**47 598**	52 446
Trade creditors	**562**	538
Cash reserves	**-14 282**	-10 204
Net debt	**33 878**	42 780
Equity	**66 958**	52 789
Total equity and net debt	**100 836**	95 569
Net debt ratio	34 %	45 %

LIQUIDITY RISK

The Group's solvency and financial position is considered to be satisfactory. The debt ratio decreased in 2013 mainly due to payment of the bond loan and a rights issue conducted during the year. Total current assets is exceeding total short-term liabilities as at 31 December.

CREDIT RISK

There will always be a credit risk related to the Group's business. Belships monitors this risk and the strategy is to carefully select counterparts. Historical losses have been small. The Group's three owned ships are employed on long-term charter to Canpotex Shipping Services Ltd, which is considered to be solid and well reputable.
All accounts receivable in the balance sheet are due within 30 days from the balance sheet date.

CURRENCY RISK

The functional currency of all the consolidated companies is USD since the major part of revenues and costs are in USD. Belships currency exposure is related to administrative expenses in Norway, Singapore and China. This exposure is considered to be limited. A cash balance in NOK of approximately 30 millions at year end is hedging administrative expenses in NOK for a period of about two years.

The Group does not use hedge accounting.

ESTABLISHMENT OF MARKET VALUES

The valuation has the following classification of levels for measuring fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities.
Level 2: Valuation based on other observable factors, either directly (prices) or indirectly (derived from prices) than quoted prices included within level 1 of the asset or obligation.
Level 3: Valuation based on factors not taken from observable markets (not observable assumptions).

Interest rate and currency contracts are valued in accordance with the principles described as level 2.
There was no change in levels in 2013.

Fair value is defined as present value of future cash flows. For the above derivatives, fair value is confirmed by the financial institution, which is counterpart.

Following of the company's financial instruments are not valued at fair value: Accounts receivable, other current receivables and long-term debt. The book value of accounts receivable and accounts payable approximate their fair value as they are agreed to standard terms. The fair value of long-term debt is estimated by using quoted market prices or by using interest rates for debt with similar maturity and credit risk.

Financial assets and liabilities which are recognized at book value, fair value is defined as present value of estimated cash flows discounted at an interest rate applicable to similar liabilities and assets on the balance sheet date. This value approximately equals fair value.

SUMMARY OF FINANCIAL ASSETS AND OBLIGATIONS	LOANS AND RECEIVABLES 2013	LOANS AND RECEIVABLES 2012	CHANGE IN FAIR VALUE THROUGH PROFIT AND LOSS 2013	CHANGE IN FAIR VALUE THROUGH PROFIT AND LOSS 2012	AVAILABLE FOR SALE 2013	AVAILABLE FOR SALE 2012	TOTAL 2013	TOTAL 2012
Financial assets								
Bank deposits	**14 282**	9 202		1 002			**14 282**	10 204
Investments					**459**	572	**459**	572
Other long-term receivables	**467**	485					**467**	485
Trade debtors	**12**	53					**12**	53
Other receivables	**968**	1 302					**968**	1 302
Financial obligations								
Mortgage debt	**-47 598**	-52 446					**-47 598**	-52 446
Bond issue		-5 987					**0**	-5 987
Financial instruments			**-816**	-1 075			**-816**	-1 075
Trade creditors	**-562**	-538					**-562**	-538
Other short-term liabilities	**-1 789**	-1 955					**-1 789**	-1 955
Total	**-34 219**	-49 884	**-816**	-73	**459**	572	**-34 576**	-49 385

ASSETS AND OBLIGATIONS MEASURED AT FAIR VALUE	LEVEL 1 2013	LEVEL 1 2012	LEVEL 2 2013	LEVEL 2 2012	LEVEL 3 2013	LEVEL 3 2012	TOTAL 2013	TOTAL 2012
Bank deposits		1 002					**0**	1 002
Interest agreement			**-816**	-1 075			**-816**	-1 075
Financial investments					**459**	572	**459**	572
Total		1 002	**-816**	-1 075	**459**	572	**-357**	499

Belships ASA income statements

1 JANUARY – 31 DECEMBER / NOK 1 000	NOTE	2013	2012
Operating income			
Other operating income	10	**4 155**	4 302
Operating expenses			
Payroll expenses	10	**-12 218**	-2 690
Other general administrative expenses	11	**-6 247**	-6 681
Depreciation of fixed assets	2	**-633**	-581
Total operating expenses		**-19 098**	-9 952
Operating profit		**-14 943**	-5 650
Financial income and expenses			
Share dividends /group contribution		**0**	3 700
Interest income		**669**	518
Interest expenses	12	**-1 138**	-2 963
Interest expenses to subsidiaries	4	**0**	-752
Write-down of shares in subsidiary	8	**-1 100**	0
Other financial items	9	**5 996**	-20 944
Currency exchange gain/-loss	9	**1 473**	-856
Net financial items		**5 900**	-21 297
Profit/(Loss) before tax		**-9 043**	-26 947
Tax	16	**0**	0
Profit/(Loss) for the year		**-9 043**	-26 947
Appropriations of net result			
Dividends	6	**-2 340**	0
Transfer from/(to) other retained equity		**11 383**	26 947
Total		**9 043**	26 947

Belships ASA balance sheets

PER 31 DECEMBER / NOK 1 000	NOTE	2013	2012
FIXED ASSETS			
Tangible fixed assets			
Instalments newbuildings		**32 883**	0
Other fixed assets	2	**5 884**	5 658
Total tangible fixed assets		**38 767**	5 658
Financial fixed assets			
Shares in subsidiaries	8	**281 802**	327 978
Other shares and stakes		**1 049**	1 470
Other long-term receivables	12	**2 476**	2 366
Total financial assets		**285 327**	331 814
Total fixed assets		**324 094**	337 472
CURRENT ASSETS			
Other receivables		**1 630**	1 357
Cash and cash equivalents	5	**58 905**	33 658
Total current assets		**60 535**	35 015
Total assets		**384 629**	372 487
EQUITY			
Paid-in capital			
Share capital		**94 704**	49 704
Treasury shares		**-1 096**	-1 096
Share premium reserve		**93 333**	53 151
Other paid-in capital		**104 313**	104 239
Total paid-in capital		**291 254**	205 998
Retained earnings			
Other equity		**74 542**	84 730
Total equity	6	**365 796**	290 728
LIABILITIES			
Provisions and other long-term liabilities			
Pension obligations	7	**9 999**	13 328
Intercompany balances		**0**	30 687
Total provisions and other long-term liabilities		**9 999**	44 015

Short-term liabilities			
Bond issue, current portion	12	**0**	33 328
Public taxes and duties payable		**2 248**	2 151
Trade creditors		**1 473**	1 195
Intercompany balances		**2 569**	0
Provision of dividend	6	**2 340**	0
Other short-term liabilities		**204**	1 070
Total short-term liabilities		**8 834**	37 744
Total liabilities		**18 833**	81 759
Total equity and liabilities		**384 629**	372 487

OSLO, 20 MARCH 2014

BELSHIPS ASA

Sverre J. Tidemand
Chairman of the Board

Christian Rytter
Board member

Kjersti Ringdal
Board member

Sissel Grefsrud
Board member

Bernt Ulrich Müller
Chief Executive Officer

Belships ASA cash flow statements

1 JANUARY – 31 DECEMBER / NOK 1 000	NOTE	2013	2012
CASH GENERATED FROM OPERATIONS			
Profit/(loss) before tax		**-9 043**	-26 947
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of fixed assets	2	**633**	581
Gain/(loss) from sale of fixed assets	2	**11**	-101
Share-based payment transaction expense	3	**74**	43
Difference between pension exps. and paid pension premium	7	**-2 154**	-11 856
Change in pension contribution and premium fund	7	**403**	0
Finance income		**-8 138**	-4 218
Finance expenses		**2 238**	25 515
Working capital adjustments:			
Change in trade debtors and trade creditors		**278**	-635
Change in intercompany balances		**-28 118**	14 094
Change in other short-term items		**192**	-485
		-43 624	-4 009
Interest received		**669**	518
Interest paid		**-1 138**	-1 389
Net received other financial items		**8 823**	8 672
Net cash flow from operations		**-35 270**	3 792
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in fixed assets	2	**-1 200**	-516
Sale proceeds from fixed asset disposals	2	**330**	797
Dividends and group contribution received	8	**10 827**	3 700
Repayment share capital subsidiary	8	**34 248**	0
Instalment newbuildings	2	**-32 883**	0
Change in other investments		**-128**	-1 181
Net cash flow from investing activities		**11 194**	2 800
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment bond issue (net)	12	**-35 859**	-25 506
Purchased stakes in Belships bond issue		**0**	-6 191
Share issue	6	**85 182**	0
Net cash flow from financing activities		**49 323**	-31 697
Net change in cash and cash equivalents		**25 247**	-25 105
Cash and cash equivalents at 1 January		**33 658**	58 763
Cash and cash equivalents at 31 December	5	**58 905**	33 658
Restricted bank deposits	5	**661**	457

Notes to the Belships ASA accounts

NOTE 1
ACCOUNTING POLICIES

Belships is an owner and operator of dry bulk ships on long-term charter to reputable customers. The company also had activities within product tank and ship management in 2013. The product tank activity was terminated in first quarter 2014. Belships ASA is registered in Norway and listed on the Oslo Stock Exchange. The head office is located in Lilleakerveien 4 in Oslo, Norway.
The financial statements have been approved by the Board on 20 March 2014.
The accounts are prepared in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP). The accounts form part of the consolidated accounts of Belships ASA. The consolidated financial statements have been prepared in accordance with IFRS as adopted by EU.

All amounts in the notes are in NOK 1 000 unless otherwise stated.

Belships has obtained approval from Oslo Stock Exchange and Norwegian tax authorities to only publish its financial statements in English.

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. 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.
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 stated at cost, net of accumulated depreciation and accumulated impairment losses. 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 expenses directly related to preparing the asset for use. Expenses incurred after the asset has been put to use 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 declining balance method. Depreciation period and method are evaluated every year.

Newbuilding contracts
Newbuilding contracts are recorded as a fixed asset based on instalments paid to the yard. Building supervision costs and project costs related to the newbuilding contracts are capitalised.

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. For restricted deposits, see note 5.

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 contribution pension scheme
From 1 April 2012 onwards all employees are member of the company's defined contribution scheme. The premium is charged as

incurred by operations. Social security tax expense is recognized based on the pension plan payments.

In addition to this scheme there are pension liabilities, which the company pays as part of its daily operations (Defined benefit pension scheme). These relate to early retirement and pension to persons, that have not been included in the service pension scheme. Pension commitments are calculated by an independent actuary.

Actuarial gains and losses arising from changes in actuarial assumptions are charged and credited to equity through other comprehensive income in the period in which they arise.

I) PROVISIONS

A provision is entered in the accounts when the company has a liability (legal or constructive) 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 value 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) REVENUE 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 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) 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 currencies, 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.

L) CONTINGENT GAINS AND LOSSES

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

M) RELATED PARTY TRANSACTIONS

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

N) 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.

O) 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 an ongoing 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.

P) 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 are calculated on the basis the dilution effect of issued options and convertible loans, if any.

Q) 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 the award and charged to expense over the vesting period as a wage cost with corresponding increase in other paid-in equity. The market value of the options granted is estimated using the Black and Scholes option pricing model.

R) FINANCIAL INSTRUMENTS

Financial instruments are valued at lowest of cost and estimated fair value.

NOTE 2
FIXED ASSETS

	2013			2012		
	NON DEPRECIABLE ASSETS	DEPRECIABLE ASSETS	TOTAL	NON DEPRECIABLE ASSETS	DEPRECIABLE ASSETS	TOTAL
Cost per 1 January	4 093	15 940	20 033	4 093	16 787	20 880
Additions	0	1 200	1 200	0	516	516
Disposals	0	-784	-784	0	-1 363	-1 363
Cost per 31 December	4 093	16 356	20 449	4 093	15 940	20 033
Depreciations per 1 January	0	13 875	13 875	0	13 959	13 959
Depreciation for the year	0	633	633	0	581	581
Impairment (accumulated)	500	0	500	500	0	500
Disposals	0	-443	-443	0	-665	-665
Depreciations per 31 December	500	14 065	14 565	500	13 875	14 375
Book value at 31 December	3 593	2 291	5 884	3 593	2 065	5 658

Depreciable assets include vehicles, office furniture and office equipment. Depreciation period is 3-5 years. Non-depreciable assets include apartment and art, which is being tested for impairment annually.

Newbuilding contracts
Belships ASA has placed order for two newbuilding contracts for fuel efficient Supramax bulk carriers from Imabari Shipbuilding Co. Ltd. The ships will be delivered during the second half of 2015 and first half of 2016. Total newbuilding commitments amounts to USD 56.5 million of which USD 5.65 million was paid in June. Further payments are 10% on 5 June 2014, 10% on 30 September 2014 for the first newbuilding and 30 March 2015 for newbuilding no. 2, 10% at launching and the remaining 60% upon delivery.

NOTE 3
OPTIONS TO EMPLOYEES

At the 2013 annual general meeting, the Board was authorised to issue up to 200 000 options to employees. The option price is 105% of closing price on the day of the annual general meeting. The authorization is valid for two years. In accordance with this authorisation, options to buy 200 000 shares at NOK 6.47 was awarded in first quarter 2014. No options have been exercised.

At the 2012 annual general meeting, the Board was authorised to issue up to 200 000 options to employees. The option price was 105% of closing price on the day of the annual general meeting. The authorization is valid for two years. In accordance with this authorisation, options for a total of 200 000 shares have been issued. The options can be exercised from the annual general meeting in 2013 and until the annual general meeting in 2014.

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 include all employees in the parent company. The employees must work in the company at the time when the options can be exercised 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. 72 have been charged to income in connection with the options program in 2012.

SUMMARY OF OUTSTANDING OPTIONS	2013	2012
Outstanding 1 January	266 000	148 000
Awarded	0	200 000
Exercised	0	0
Not exercised	-66 000	-82 000
Outstanding 31 December	200 000	266 000

Market value of options estimated using the Black and Scholes options pricing model.
The average market value of awarded options in 2012 was NOK 0.51 per share.

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 21.4%.
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: 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. 1.38% for 2012.
Decrease in the number of employees: Expected reduction is 0.

SHARE OPTION PLAN CHIEF EXECUTIVE OFFICER

In addition to the above share option plan the CEO has an own share option plan with the following conditions:
The right to subscribe for up to one million shares in Belships ASA at a subscription price of NOK 10

- • Of which 250 000 shares may be subscribed for if the company's market value exceeds NOK 500 000 000 (Sub-option A).
- • The remaining 750 000 shares may be subscribed for if the company's market value exceeds NOK 1 000 000 000 (Suboption B). Sub-option B is for 1 000 000 shares if Sub-option A is not exercised within the time allowed for Sub-option A.
- • The market value is the product of the volume-weighted closing price of the company's shares on the Oslo stock exchange in a 15-day period and the number of outstanding shares less treasury shares and/or shares Belships issues after the option agreement date.

Sub-option A expires 30 June 2014
Sub-option B expires 30 June 2016

NOTE 4
INTERCOMPANY BALANCES

No interest is calculated on short-term intercompany accounts as these items are only considered as ordinary operating balances. Interest at market terms is calculated on long-term intercompany balances, and the balance fall due when the cash position allows it.

Notes to the Belships ASA accounts

NOTE 5
BANK DEPOSITS

The company's bank balance amounted to 58 905 at year-end. Restricted funds for withholding tax for employees amounted to 661 at 31 December 2013.

Belships objective is that surplus funds are available and invested in bank deposits.

Notes to the Belships ASA accounts

NOTE 6
EQUITY

	PAID-IN				RETAINED	
	SHARE CAPITAL	TREASURY SHARES	SHARE PREMIUM RESERVES	OTHER EQUITY	OTHER EQUITY	TOTAL
Equity per 31 December 2012	49 704	-1 096	53 151	104 239	84 730	290 728
Effect NRS6A 1	0	0	0	0	1 212	1 212
Equity per 1 january 2013	49 704	-1 096	53 151	104 239	85 942	291 940
Share issue	45 000	0	40 182	0	0	85 182
Share-based payment transac.	0	0	0	74	0	74
Remeasurements loss 2013	0	0	0	0	-17	-17
Provision for dividend	0	0	0	0	-2 340	-2 340
Result for the year	0	0	0	0	-9 043	-9 043
Equity per 31 December 2013	94 704	-1 096	93 333	104 313	74 542	365 796

1) Remaining not amortized estimate deviations amounted to 1 212 both at 31 December 2011 and at 31 December 2012. In line with NRS6A, the amount was booked to equity at 1 January 2013. See *note 7**.*

SHARE CAPITAL

Belships ASA increased its number of shares from 24 852 000 to 47 352 000 during a rights issue of 22 500 000 shares in 2013. The subscription price was of NOK 4 and the share issue contributed with NOK 85 182 000 in net cash after deduction of share issue costs. The number of shareholders as at 31 December 2013 was 492 (2012: 492). Each share has one vote and face value per share amounts to NOK 2.00.

TREASURY SHARES

The company holds 548 000 treasury shares in total with an average cost price of NOK 9.91 as of 31 December 2013. Belships ASA has lent 50 000 of the treasury 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.

AUTHORISATION TO ISSUE NEW SHARES

At the annual general meeting in 2013 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.

DIVIDEND

The Board of Belships ASA has proposed to the general meeting on 8 May 2014 to distribute a dividend of NOK 0.05 per share.

NUMBER OF SHARES	2013	2012
Ordinary shares, issued and paid-in per 1 January	**24 852 000**	24 852 000
Share issue	**22 500 000**	0
Ordinary shares, issued and paid-in per 31 December	**47 352 000**	24 852 000
Dividend paid (NOK per share)	**0**	0

THE 20 LARGEST SHAREHOLDERS IN BELSHIPS ASA AT 31 DECEMBER 2013		NUMBER OF SHARES	PERCENTAGE
1	Sonata AS	28 619 391	60.44 %
2	Tidships AS	6 201 058	13.10 %
3	Longbow Limited	2 308 680	4.88 %
4	Skandinaviska Enskilda Banken AB	987 419	2.09 %
5	Gemsco AS	920 590	1.94 %
6	Importer	621 493	1.31 %
7	Sverre J. Tidemand	582 782	1.23 %
8	Belships ASA	498 000	1.05 %
9	Carlings AS	400 000	0.84 %
10	Jasto AS	350 000	0.74 %
11	Jimba Invest AS	338 188	0.71 %
12	Tidinvest II AS	315 414	0.67 %
13	Jenssen & Co AS	302 816	0.64 %
14	Torstein Søland	300 000	0.63 %
15	Chrem Capital AS	270 000	0.57 %
16	Atalanta A/S	236 639	0.50 %
17	Carl Erik Steen	207 203	0.44 %
18	Achilles Finans AS	124 444	0.26 %
19	John Tore Kristiansen	119 000	0.25 %
20	Arne Risøy	103 495	0.22 %
	Total 20 largest shareholders	43 806 612	92.51 %
	Other shareholders	3 545 388	7.49 %
	Total number of shares	47 352 000	100.00 %

NUMBER OF SHARES OWNED BY BOARD MEMBERS IN BELSHIPS ASA	OWNED SHARES	OUTSTANDING OPTIONS
Sverre J. Tidemand *	29 438 812	0
Christian Rytter *	270 000	0
Other members	0	0

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

NUMBER OF SHARES OWNED BY THE MANAGEMENT IN BELSHIPS ASA	OWNED SHARES	OUTSTANDING OPTIONS *
Ulrich Müller, Chief Executive Officer **	0	120 000
Stein H. Runsbech, Commercial Director	40 000	66 000
Osvald Fossholm, Financial Director	0	66 000

**) Includes options awarded in 1st quarter 2014. Ref. note 3*
***) See note 3 for more information about separate share option plan.*

Notes to the Belships ASA accounts

NOTE 7
PENSIONS

The company's employees were up to 31 March 2012 members of a separate pension fund. The company handled this scheme as a defined benefit scheme. The scheme was cancelled end of March 2012 and net commitments were transferred to an insurance company. This cancellation resulted in a NOK 10.8 million cost reversal in the same year. From 31 March 2012 onwards, all employees are member of a defined contribution scheme, described more briefly in a separate chapter in this note.

In addition to this scheme there are pension liabilities, which the company pays as part of its daily operations. These relate to early retirement and pension to persons, that have not been included in the service pension scheme. 7 people are included in this scheme.

Pension commitments are calculated by an independent actuary. The basis for the calculation is shown below. The new mortality table (K2013) for Norway are used in the calculations.

Social security costs are recorded based on net pension obligation in the balance sheet included estimate discrepancy.

	2013	**2012**
Assumptions		
Discount rate	**4.00 %**	3.90 %
Future wage adjustment	**3.75 %**	3.50 %
Pension adjustment/G-adjustment	**3.75 %**	3.25 %
Return on pension plan assets	**4.00 %**	4.00 %
Composition of the net pension expenses		
Present value of the year's pension earnings (incl. social security tax)	**0**	311
Interest on accrued pension obligations	**423**	522
Return on pension plan assets	**0**	11
Deviation from assumptions/plan	**0**	-10 757
Net pension expenses	**423**	-9 913
Composition of the net pension obligations per 31 December		
Net pension obligations	**12 116**	12 116
Not amortized plan / actuarial gain / (loss)	**0**	1 212
Estimated deviation	**0**	-1 212
Actuarial gain / (loss)	**-2 134**	0
Remeasurements loss 2013	**17**	0
Net pension obligations included in the balance sheet	**9 999**	12 116

DEFINED CONTRIBUTION SCHEME

All the employees are with effect from 1 April 2012 member of the company's defined contribution scheme. Annual payable cost is reflected in the income statements and the company does not have any future liabilities related to this scheme. Total costs related to these schemes amounted to 443 in 2013 (2012: 602).

NET PENSION EXPENSES	**2013**	**2012**
Pension expenses defined benefit plan	**423**	-9 913
Pension expenses defined contribution scheme	**443**	602
Net pension expenses	**866**	-9 311

Notes to the Belships ASA accounts

NOTE 8 SHARES

	BUSINESS OFFICE	TIME OF PURCHASE	COST PRICE	OWNER-SHIP/ VOTING SHARE	COMPANY'S SHARE CAPITAL	NUMBER OF SHARES OWNED	PAR VALUE IN TOTAL	BOOK-VALUE
Shares in subsidiaries								
Belships Management AS 1)	Oslo	09.12.85	7 493	100 %	100	2	100	657
Belships Mgmt (Singapore) Pte Ltd	Singapore	31.12.83	12 075	100 %	SGD 60	500	SGD 60	12 076
Belships Supramax Singapore Pte Ltd 2)	Singapore	18.06.09	294 066	100 %	SGD 100	100 000	SGD 100	263 666
Belships Chartering AS 3)	Oslo	27.01.93	221 181	100 %	5 403	2 700	5 403	5 403
Total								281 802

1) The company has provided a group contribution of 6 330 in 2013.
2) The company completed a reduction in the share capital of SGD 7.4 million in 2013.
3) The company has provided a group contribution of 4 497 in 2013. The shares are written down with 1 100 in 2013.

NOTE 9
OTHER FINANCIAL ITEMS

OTHER FINANCIAL ITEMS	2013	2012
Guarantee commission 1)	**8 823**	9 022
Net unrealised gain/(loss) on currency agreements	**0**	2 463
Impairment loss on shares in subsidiary	**0**	-30 400
Premium at bond instalment	**-2 346**	-1 500
Other financial items	**-481**	-529
Total	**5 996**	-20 944

1) The company is acting as a guarantor for the mortgage debt in the subsidiary Belships Supramax Singapore. A guarantee fee of 3% of loan balance has being charged.

CURRENCY GAIN/(LOSS) IN INCOME STATEMENT	2013	2012
Realized currency exchange gain	**3 427**	2 121
Unrealized currency exchange gain	**0**	18
Realized currency exchange loss	**-1 954**	-2 995
Total	**1 473**	-856

NOTE 10
SALARIES, NUMBER OF EMPLOYEES

SALARY EXPENSES	2013	2012
Salaries	**8 703**	9 384
Social security tax	**1 813**	1 869
Pension expenses 1)	**866**	-9 311
Other allowances	**836**	748
Total	**12 218**	2 690

1) The amount in 2012 include annual cost related to the defined contribution scheme, and the effect of the termination of the defined benefit plan in 2012. Confer note 7 regarding change in pension scheme in 2012.

Belships has charged the subsidiary Belships Management AS with a management fee amounting to 4 155 in 2013 (2012: 4 302).

The average number of employees in 2013 was 8 (2012: 9).

REMUNERATION TO THE MANAGEMENT	CHIEF EXECUTIVE OFFICER	FINANCIAL DIRECTOR	COMMERCIAL DIRECTOR
Salary	2 683	1 342	1 571
Share-based payment transaction expense	21	12	12
Pension expenses	62	62	62
Other allowances	227	210	208

There exist no severance pay agreement.

BONUS SCHEME

The company introduced in 2012 a new bonus scheme that applies to all employees in Norway and was effective as from 2013. Bonus equivalent to one month salary is triggered if the actual net result exceeds budgeted net result by minimum 20%. The bonus amount rises gradually until a ceiling of 6 months' salary, if the actual net result exceeds budgeted net result by minimum 120%. The scheme is discretionary where 50% of the bonus amount is allocated on pro rata basis and the remaining 50% is allocated based on a proposal from the Chief Executive Officer approved by the Chairman. No bonus are paid for 2013.

SHARE OPTIONS

For information about share options, see note 3. The CEO has a separate option agreement that was approved in the Annual general meeting in June 2011. See note 3 for details of the agreement.

BOARD REMUNERATION

Board members are not awarded share options. The Board has received 600 in remuneration in 2013 (2012: 683), divided into 150 to the Chairman and 112 to each of the other members. Additional, 3 of the board members represent an audit committee and have received 83 in remuneration in 2013 (2012: 80), divided into 31 to the Chairman and 26 to each of the other members.

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 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)	2013	2012
Remuneration for audit services	**240**	240
Other assurance services	**0**	0
Assistance related to tax matters	**33**	58
Other audit related assistance	**36**	36

LOANS TO EMPLOYEES

Loans to employees amounted to 2 217 as at 31 December 2013. Of this, 736 to the management. See note 12 for further details.

NOTE 11
OTHER GENERAL ADMINISTRATIVE EXPENSES

	2013	2012
Office expenses	**1 612**	1 753
Other services	**1 092**	1 382
Data, office equipment a.o.	**543**	461
Communication, advertising	**424**	912
Travel expenses	**886**	1 093
Other general administrative expenses	**1 690**	1 080
Total	**6 247**	6 681

NOTE 12
RECEIVABLES AND LIABILITIES

Loans to employees amounted to 2 217 as at 31 December 2013 (2012: 2 090). The average interest rate used for loans to employees was 2.75% in 2013 (2012: 2.50%).

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

BOND ISSUE

Until maturity in July, Belships ASA had an unsecured bond loan in the Norwegian market. The loan was listed on Oslo Stock Exchange. Interest was charged at NIBOR +3.50%. Outstanding balance at maturity amounted to 33 514.

NOTE 13
SUBSEQUENT EVENTS

NEW LONG TERM FINANCING

In first quarter 2014 Belships entered into a new long term financing agreement for M/S Belstar, M/S Belnor and M/S Belocean. For further details, see note 13 in the consolidated accounts.

No further material events have taken place after 31 December 2013.

NOTE 14
FINANCIAL MARKET RISK

CURRENCY RISK

The functional currency of the company is USD and the presentation currency is NOK. Balance sheet items in USD are converted to NOK at currency rate of 6.0837, which was Norges Bank's exchange rate at 31 December 2013. The company's revenue has the recent years been limited. Revenues consist primarily of management fees, dividends and group contributions from subsidiaries. Operating revenues and expenses in this company are primarily in USD. A cash balance in NOK of approximately 30 millions at year end is hedging administrative expenses in NOK for a period of about two years.

Due to limited risk, no hedging agreement towards NOK has been concluded. The company does not use hedge accounting.

CREDIT RISK

There will always exist a credit risk related to the company's business. Belships monitors this risk and the strategy is to carefully select counterparts. Historical losses have been limited.

NOTE 15
RELATED PARTIES

The company performs management services for a subsidiary and receives fee for this. The fee amounted to 4 155 in 2013 (2012: 4 302).

The company receives a commission for acting as guarantor for mortgage debt in the subsidiary Belships Supramax Singapore Pte Ltd. This amounted to 8 823 in 2013 (2012: 9 022). Compare note 9.

All intercompany transactions have been conducted to market terms.

It has not been issued loans or provide security to shareholders or related parties.

Members of the management have loans from the company. This amounts to 736 per 31 December 2013 (2012: 536).

NOTE 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	2013	2012
Pensions	**-9 999**	-12 116
Pension plan assets	**463**	867
Impairment loss on fixed assets	**-500**	-500
Impairment loss on shares in subsidiaries abroad	**-30 400**	-30 400
Tax loss carried forward	**-226 109**	-212 155
Net temporary differences	**-266 545**	-254 304
Deferred tax assets before remuneration	**-71 967**	-71 205
Remuneration	**0**	-2 118
Deferred tax assets	**-71 967**	-73 323
Deferred tax assets in Balance sheets	**0**	0
Deferred tax assets not in Balance sheets	**-71 967**	-73 323
Tax rate applied	**27%**	28%

The general corporate income tax rate are from 1 January 2014 reduced from 28% to 27%.

In accordance with NGAAP, 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.

Deferred tax assets are not recorded in the balance sheet, as future utilization of tax losses cannot be reasonably assured.

As at 31 December 2013, Belships had a tax loss carry forward of 226 109. Tax losses that was disputed by the Norwegian Tax Administration was settled in favour of Belships by The Court of Appeal in June 2013. The tax loss carried forward amount for 2012 are altered according to this.

TAX RESULT FOR THE YEAR FOR BELSHIPS ASA	2013	2012
Result for the year before tax	**-9 043**	-26 947
Change in temporary differences	**-1 714**	15 457
Permanent differences / other	**-3 197**	-5 713
Tax basis for the year	**-13 954**	-17 203
Taxes payable (28%)	**0**	0
Total income tax expense	**0**	0

RECONCILIATION OF TAX EXPENSE	2013	2012
Result for the year before tax	**-9 043**	-26 947
Statutory tax rate	**28 %**	28 %
Estimated tax expense at statutory rate	**-2 532**	-7 545
Permanent differences / other	**-895**	-1 600
Expected tax expense	**-3 427**	-9 145
Change in deferred tax assets	**3 427**	9 145
Actual tax expense	**0**	0
Effective tax percentage	**0 %**	0 %

Statsautoriserte revisorer
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To the Annual Shareholders' Meeting of
Belships ASA

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Belships ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2013, the statements of income and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated statement of financial position as at 31 December 2013, the statements of comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of Belships ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statement on corporate governance

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statement on corporate governance concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, March 20, 2014
ERNST & YOUNG AS

Finn Ole Edstrøm
State Authorised Public Accountant (Norway)

Belships' values and ethical guidelines are intended to safeguard good corporate ethics

CORPORATE GOVERNANCE

Good corporate governance is a prerequisite for cooperation based on trust between the company's owners, its Board and management, with a view to achieving the objective of long-term growth.

All relevant parties must be confident that the company is soundly operated and that the corporate governance is well defined, fit for purpose and carried out with integrity and independence.

Belships competitiveness hinges on stakeholders and prospective customers trust in the company's integrity and ethical behavior. 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 business is operation, purchase and sale of ships as well as participation in companies with similar objectives. The company is listed on the Oslo Stock Exchange and is for the time being engaged in dry bulk and technical management of ships.

Share capital and dividends

Belships aims to maximize the value for the company's share through an efficient and profitable management of the company's resources. A competitive return is to be obtained through growth in the value of the company's shares and the payment of competitive dividends. 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 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.

Until the coming General Meeting (GM), the Board is entitled to acquire on behalf of the company 200 000 own shares and to issue 2 000 000 new shares under conditions determined by the GM.

Equal rights for shareholders and transactions with related parties/ negotiability of shares

The company has only one class of shares and the company's articles of association contain no limitations on voting rights. All shares carry equal rights and can be transferred freely.

In situations where the Board proposes that existing shareholders should waive their right to subscribe for shares, this will only be done where justified in light of the company's and the shareholders' interests. The justification shall be published in connection with the announcement of the increase in capital.

Belships provides limited management services to the company's principal shareholder. These services are provided at market terms. Any material transactions with closely related parties follow from sections 3-8 and 3-9 of the Norwegian Limited Liability Companies Act, and the agreements are adopted by the GM on the basis of a report submitted to the GM beforehand. The option programs are adopted by special authorization from the GM.

General Meeting

The GM is the company's supreme authority. The GM elects the Board and the auditor. Pursuant to the Limited Liability Companies Act, notice of GM must be sent to the shareholders no later than 21 days before the GM is to be held. The GM must be held by 30 June. Shareholders are registered in the Shareholders' Register with address. All shareholders are entitled to attend the GM and must give notice of attendance two days before the meeting is held. The Board, the company's management and the auditor attend GMs.

Election committee and audit committee

Considering the scope of the company's operations, the Board considers it reasonable and appropriate that the company should only have one board committee: the audit committee. The committee is made up of Christian Rytter (Chairman), Kjersti Ringdal and Sissel Grefsrud.

Members of the Board represent, directly and indirectly, more than 50 per cent of the shareholdings in Belships ASA. For this reason, no election committee has been established. The Board fulfills this role itself, and the work to review candidates for the Board is handled by ad hoc committees of the Board and chaired by the Chairman.

Board – composition and independence

The Board shall consist of 3-7 members. The Board elects its chairman. Members may be re-elected every two years. Board appointments are communicated through the notice of GM and the members are elected by majority vote.

The Board is made up of directors with broad experience and knowledge of the sector. Four directors are independent of day-to-day management. They have no commercial interests relating to Belships or its Chief Executive Officer.

The duties of the Board, risk management and internal control

The Board 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.

Strategic decisions or decisions of material importance must be approved by the Board. The Board also appoints the Chief Executive Officer and determines his/her remuneration and the general framework for the Group's wage level.

The Board has prepared rules of procedure for the Chief Executive Officer, which specify his responsibilities and the decisions that have to be approved by the Board. The Board's duties comprise the review and supervision of the Group's internal control procedures and risk management. The same applies to ensuring that the company's integrity is safeguarded.

Focus is on ensuring that the Board functions as a team of independent members. The Board has also prepared rules of procedure for the Board's audit committee, which is to support the Board in performing its duties relating to reporting, audit, internal control and overall risk management.

The Board has an overall responsibility for safety, security and the environment. Our subsidiary in Singapore, which is responsible for the technical operation of Belships own and other ships, concentrates in particular on these matters.

The Board meets at least six times a year and receives a monthly report on the company's operations. In addition, the Board is currently consulted on or informed about matters of special importance.

Remuneration of directors

Remuneration of directors is approved by the company's GM. The remuneration is granted at the end of the year of service. Directors have no options to buy shares in the company, nor do they receive compensation other than the Board fees. The company endeavors to grant directors a remuneration based on market terms.

Remuneration to officers

The Board prepares guidelines for the remuneration of officers, pursuant to the law, which are submitted to the GM. Remuneration to the Chief Executive Officer is approved by the Board on the Chairman's recommendations.

In 2012 the company introduced a new bonus scheme that applies to all employees in Norway and was effective as of 2013. The Chief Executive Officer has an option to purchase shares. Details concerning the remuneration of the company's officers are provided in a separate note to the accounts.

Information and communication

The company keeps Oslo Stock Exchange, the stock 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 prospects.

Company takeover

The Board has not prepared any principles for how to act in the event of a take-over bid. If such a bid should be made, the Board considers it important that shareholders are treated equally and that the company's operations are not unnecessarily disturbed. The Board's actions will take this into account in such a situation.

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 focuses in particular on procedures relating to the company's internal control as well as current accounting issues.

The Board and the auditor meet at least once a year without the Chief Executive Officer or other executives being present. The auditor also attends the company's GM and has access to the company's minutes of board and GMs. The Board reviews the auditor's engagement on an annual basis.

The company's auditor is Ernst & Young. Besides ordinary audits, Belships receives assistance from Ernst & Young in connection with accounting and taxissues within the field in which the auditor can assist under the rules of independence. The auditing and counseling fees appear from the notes to the accounts.

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

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