



BDO Stoy Hayward
Chartered Accountants

Legend

Gibson Gas Tankers Limited

Report and Financial Statements

Year Ended

31 December 2002



GIBSON GAS TANKERS LIMITED

Annual report and financial statements for the year ended 31 December 2002

Contents

Page:

1	Report of the directors
3	Report of the independent auditors
5	Consolidated profit and loss account
6	Consolidated statement of total recognised gains and losses
7	Consolidated balance sheet
8	Company balance sheet
9	Consolidated cash flow statement
10	Notes forming part of the financial statements

Directors

S.J. Tidemand (Chairman)
H.G.A. von Platen
C.D. Spencer-Payne
S.H. Runsbech

Secretary and registered office

G.S. Rae, Carmelite, 50 Victoria Embankment, Blackfriars, London EC4Y 2LS

Company number

894207

Auditors

BDO Stoy Hayward, Ballantine House, 168 West George Street, Glasgow G2 2PT

GIBSON GAS TANKERS LIMITED

Report of the directors for the year ended 31 December 2002

The directors present their report together with the audited group financial statements for the year ended 31 December 2002.

Results and dividends

The group profit and loss account is set out on page 5 and shows the result for the year.

The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

The group's principal activity is the owning, operation and management of liquid petroleum and chemical gas tankers.

Turnover fell significantly in the year to US\$9,631,000.

The directors are disappointed with the result for the year, but the group intends to pursue its existing operations and has no immediate plans for developing other business activities.

Directors

The directors of the company during the year were:

S.J. Tidemand (Chairman)
H.G.A. von Platen
C.D. Spencer-Payne
S.H. Runsbech
R.J.P. Morton

No director had any beneficial interest in the share capital of the company. R.J.P. Morton resigned on 18 June 2003.

GIBSON GAS TANKERS LIMITED

Report of the directors for the year ended 31 December 2002

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable the directors to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This report was approved by the Board on 19 June 2003.

By order of the board



G.S. Rae
Secretary

GIBSON GAS TANKERS LIMITED**Report of the independent auditors**

To the members of Gibson Gas Tankers Limited

We have audited the financial statements of Gibson Gas Tankers Limited for the year ended 31 December 2002 on pages 5 to 24 which have been prepared under the accounting policies set out on pages 10 to 12.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed

GIBSON GAS TANKERS LIMITED**Report of the independent auditors**

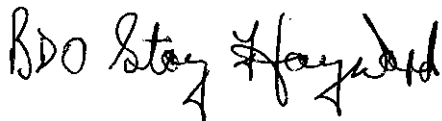
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental uncertainty – going concern

In forming our opinion we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the uncertainty over the adequacy of future funding of the Group. Due to the significance of the fact that the preparation of the financial statements on the going concern basis assumes the successful conclusion of this matter, we consider that these disclosures should be brought to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2002 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
Glasgow

19 June 2003

GIBSON GAS TANKERS LIMITED**Consolidated profit and loss account for the year ended 31 December 2002**

	Note	2002 US\$'000	2001 US\$'000
Turnover	2	9,631	12,708
Cost of sales		(13,198)	(13,524)
Gross loss		(3,567)	(816)
Administrative expenses		(1,139)	(1,283)
Exceptional items		(82)	440
Operating loss	5	(4,788)	(1,659)
Profit on disposal of tangible fixed assets		426	-
Interest receivable	6	4	82
Interest payable and similar charges	7	(1,141)	(1,470)
Loss on ordinary activities before taxation		(5,499)	(3,047)
Taxation on loss on ordinary activities	8	-	-
Retained loss for the year	20	(5,499)	(3,047)

All amounts relate to continuing activities.

The notes on pages 10 to 24 form part of these financial statements.

GIBSON GAS TANKERS LIMITED

Consolidated statement of total recognised gains and losses for the year ended 31 December 2002

	2002 US\$'000	2001 US\$'000
Loss for the year	(5,499)	(3,047)
Currency translation differences on foreign currency net investments	(22)	(69)
	<hr/>	<hr/>
Total recognised gains and losses	(5,521)	(3,116)
	<hr/>	<hr/>

The notes on pages 10 to 24 form part of these financial statements.

GIBSON GAS TANKERS LIMITED

Consolidated balance sheet at 31 December 2002

	Note	2002 US\$'000	2001 US\$'000
Fixed assets			
Tangible assets	10(a)	37,535	42,357
Current assets			
Stocks	12	120	124
Debtors	13	1,044	1,231
Cash at bank and in hand		405	416
		<u>1,569</u>	<u>1,771</u>
Creditors: amounts falling due within one year	14	<u>(6,128)</u>	<u>(4,223)</u>
Net current (liabilities)		<u>(4,559)</u>	<u>(2,452)</u>
Total assets less current liabilities		32,976	39,905
Creditors: amounts falling due after more than one year	15	(24,350)	(25,758)
Net assets		<u>8,626</u>	<u>14,147</u>
Capital and reserves			
Called up share capital	19	1,693	1,693
Share premium account	20	4,343	4,343
Profit and loss account	20	<u>2,590</u>	<u>8,111</u>
Equity shareholders' funds	21	<u>8,626</u>	<u>14,147</u>

The notes on pages 10 to 24 form part of these financial statements.

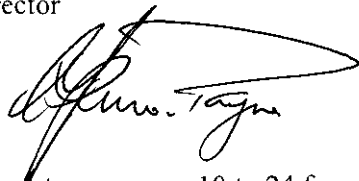
GIBSON GAS TANKERS LIMITED

Company balance sheet at 31 December 2002

	Note	2002 US\$'000	2001 US\$'000
Fixed assets			
Investments	11(b)	5	5
Current assets			
Debtors	13	21,671	21,748
Cash at bank		-	-
		<u>21,671</u>	<u>21,748</u>
Creditors: amounts falling due			
Within one year	14	<u>(37)</u>	<u>(39)</u>
Net current assets		<u>21,634</u>	<u>21,709</u>
Total assets less current liabilities		21,639	21,709
Creditors: amounts falling due			
After more than one year	15	-	-
Net assets		<u>21,639</u>	<u>21,714</u>
Capital and reserves			
Called up share capital	19	1,693	1,693
Share premium account	20	4,343	4,343
Other reserves	20	376	376
Profit and loss account	20	15,227	15,302
Equity shareholders' funds		<u>21,639</u>	<u>21,714</u>

The financial statements were approved by the Board on 19 June 2003.

C.D. Spencer-Payne
Director



The notes on pages 10 to 24 form part of these financial statements.

GIBSON GAS TANKERS LIMITED

Consolidated cash flow statement for the year ended 31 December 2002

	Note	2002 US\$'000	2001 US\$'000
Net cash inflow from operating activities	24	1,090	3,241
Returns on investments and servicing of finance			
Interest received	4	82	
Interest paid	(1,244)	(1,297)	
Interest element of finance lease rentals	(1)	(49)	
		(1,241)	(1,264)
Taxation			
Corporation tax paid	-	-	-
		-	-
Capital expenditure			
Payments to acquire tangible fixed assets	(1,325)	(2,123)	
Receipts from sales of tangible fixed assets	970	3	
		(355)	(2,120)
Cash (outflow) before financing		(506)	(143)
Financing			
Proceeds from issue of share capital	-	1,500	
Loans received	1,900	29,000	
Loans repaid	(1,400)	(13,500)	
Capital element of finance lease rentals	(5)	(17,658)	
		495	(658)
(Decrease) in cash	26	(11)	(801)

The notes on pages 10 to 24 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention, on the going concern basis and combine the information given by the financial statements of Gibson Gas Tankers Limited and all of its subsidiary undertakings and are in accordance with applicable accounting standards.

Going concern

There is significant uncertainty as to the availability of sufficient cash resources to meet the instalment of the bank loan of US\$1,500,000 due on 31 March 2004 and shareholder loans of US\$1,000,000 due on 31 December 2003 by the wholly owned subsidiary George Gibson & Company Limited. Should the instalment of the bank loan not be paid then the full balance outstanding on the loan at that date, which is guaranteed by Gibson Gas Tankers Limited, would become repayable and the bankers would be entitled to appoint a receiver. The directors will be taking steps to ensure that the necessary financial resources are put in place by 31 December 2003 and 31 March 2004 to meet these payments.

Whilst inherent uncertainty remains until the successful completion of negotiations relating to the financial arrangements, the directors are confident of the Group's ability to continue in operational existence and, accordingly, they consider that the going concern basis of preparation continues to be appropriate. The financial statements do not include any adjustments that would result if the going concern basis of preparation became no longer appropriate.

Basis of preparation

The financial statements of the company and certain of its subsidiary undertakings have their reporting currency in US Dollars in consideration of the fact that the majority of the group's earnings and the valuation of its assets are made in US Dollars. Consequently, these financial statements have been prepared in US Dollars.

The translation of the financial statements from Sterling to US Dollars has been prepared as follows:

Company: Fixed assets have been translated at the rate ruling at date of acquisition. Assets and liabilities in non-US Dollar currencies have been translated at the rate ruling at the balance sheet date. Share capital and share premium have been translated at the rate ruling at 31 December 1990.

Subsidiaries: The financial statements of subsidiary undertakings in non-US Dollar currencies are translated at the rate ruling at the balance sheet date. Exchange differences in the opening net investment in these subsidiary undertakings are dealt with through reserves.

As permitted by Section 230 of the Companies Act 1985, the company does not present its own profit and loss account.

The following principal accounting policies have been applied:

Goodwill

Goodwill arising on acquisition of subsidiary undertakings is written off against reserves in the year in which it arises.

1 Accounting policies (continued)

Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets over their expected useful lives and, in the case of ships, to estimated scrap value, mainly as follows:

Ships	-	25 years straight line basis
Tenant's improvements	-	over five years
Motor vehicles	-	25% reducing balance basis
Office furniture and equipment	-	15% reducing balance basis
Computer equipment	-	20% straight line basis

Dry-docking expenses

Dry-docking expenses for each ship are capitalised as a fixed asset and amortised over the subsequent period until the next scheduled dry-docking. This period is normally 2½ years.

Previously, a provision was made annually towards the anticipated costs of each ship's next scheduled dry-docking.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and

the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Cost represents purchase invoice cost.

Foreign currencies

Assets and liabilities and trading results in foreign currencies are translated at the rates of exchange ruling at the end of the accounting period. Exchange differences in the opening net investments in the subsidiary undertakings and on the results for the period are dealt with through reserves.

Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value. Current asset investments are stated at the lower of cost and net realisable value.

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (continued)

1 Accounting policies (continued)

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pensions

Certain employees not eligible to enter the former defined benefit scheme have defined contribution schemes. The company makes contributions which are charged to the profit and loss account in the year they become payable.

2 Turnover

Turnover represents amounts receivable from worldwide ship operating.

3 Employees

Total staff costs of the group (including directors) consist of:	2002 US\$'000	2001 US\$'000
Wages and salaries	3,587	3,762
Social security costs	50	47
Other pension costs	39	45
	<hr/>	<hr/>
	3,676	3,854
	<hr/>	<hr/>

The average monthly number of employees (including directors) during the year was as follows:

	2002 Number	2001 Number
Administration	13	13
Seagoing	100	104
	<hr/>	<hr/>
	113	117
	<hr/>	<hr/>

GIBSON GAS TANKERS LIMITED**Notes forming part of the financial statements for the year ended 31 December 2002 (continued)****4 Directors**

	2002	2001
	US\$'000	US\$'000
Directors' emoluments consist of:		
Emoluments	146	113
Pension contributions towards defined contribution schemes	11	10

One director was a member of the company's defined contribution pension scheme (2001 - one)
 Directors' emoluments have been translated at the rate ruling at the year end.

5 Operating loss

This is arrived at after charging/(crediting):

	2002	2001
	US\$'000	US\$'000
Depreciation of tangible fixed assets		
- owned by the group	5,599	4,954
- held under finance leases	4	338
Auditors' remuneration	28	24
Operating lease charges:		
- land and buildings	28	28
Exceptional item included in operating loss:		
Foreign exchange loss/(gains)	82	(440)

6 Interest receivable

	2002	2001
	US\$'000	US\$'000
Bank interest	4	82

7 Interest payable and similar charges

	2002	2001
	US\$'000	US\$'000
On bank loans and overdrafts	1,140	1,616
On finance leases	1	(146)
	1,141	1,470

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (continued)

8 Taxation

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2002 US\$'000	2001 US\$'000
Loss on ordinary activities before tax	(5,499)	(3,047)
Loss on ordinary activities at the standard rate of corporation Tax in the UK of 30% (2001 – 30%)	(1,649)	(914)
Expenses not deductible for tax purposes	2	2
Depreciation in excess of capital allowances	1,786	1,039
Short term timing differences	-	(25)
Group relief	-	(14)
Utilisation of losses	(164)	(260)
Losses unutilised	25	172
Current tax charge for period	-	-

9 Loss attributable to the members of the parent company

	2002 US\$'000	2001 US\$'000
Dealt with in the financial statements of the parent company	(75)	(604)
Retained by subsidiary undertakings	(5,424)	(2,443)
	(5,499)	(3,047)

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (continued)

10 Tangible assets

(a) Group

	Ships US\$'000	Deferred dry-docking expenses US\$'000	Vehicles and equipment US\$'000	Total US\$'000
<i>Cost</i>				
At 1 January 2002	79,951	3,418	212	83,581
Additions	-	1,319	6	1,325
Disposals	(5,716)	(1,256)	-	(6,972)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	74,235	3,481	218	77,934
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 January 2002	(39,827)	(1,309)	(88)	(41,224)
Charge for the year	(4,087)	(1,478)	(38)	(5,603)
On disposals	5,532	896	-	6,428
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	(38,382)	(1,891)	(126)	(40,399)
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net Book Value</i>				
At 31 December 2002	35,853	1,590	92	37,535
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2001	40,124	2,109	124	42,357
	<hr/>	<hr/>	<hr/>	<hr/>

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (continued)

The net book value of, and depreciation charge for the year on, tangible fixed assets includes assets held under hire purchase contracts as follows:

	2002 US\$'000	2001 US\$'000
<i>Net book value</i>		
Motor vehicles	13	17
	<hr/>	<hr/>
	2002 US\$'000	2001 US\$'000
<i>Depreciation charged</i>		
Motor vehicles	4	6
	<hr/>	<hr/>

11 Fixed asset investments

(a) Group

	Other investments US\$'000
<i>Cost</i>	
At 1 January 2002 and 31 December 2002	13
<i>Provision for diminution in value</i>	
At 1 January 2002 and 31 December 2002	(13)
	<hr/>
	-
	<hr/>

An option exists over the other investments which is exercisable at the purchasers option. The investment has been valued at the option price of \$2.

Notes forming part of the financial statements for the year ended 31 December 2002 (continued)

An option exists over the other investments which is exercisable at the purchasers option. The investment has been valued at the option price of \$2.

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (continued)

11 Fixed asset investments continued

Details of the subsidiary undertakings, all of which are wholly-owned at the balance sheet date, are as follows:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
George Gibson & Company Limited	* Scotland	Ordinary	Shipping
Galle Investments Limited	* Bermuda	Ordinary	Corporate holdings
Fort Shipping Limited	Sri Lanka	Ordinary	Crew management
Fort Shipping Offshore Private Limited	Sri Lanka	Ordinary	Crew management
Gas Shipping and Transport (Jersey) Limited	Jersey	Ordinary	Non-trading
Gibson Liquid Gas Limited	Scotland	Ordinary	Non-trading

* Direct subsidiary undertakings of Gibson Gas Tankers Limited.

12 Stocks

	Group		Company	
	2002 US\$'000	2001 US\$'000	2002 US\$'000	2001 US\$'000
Raw materials and consumables	120	124	-	-

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (continued)

13 Debtors

	Group		Company	
	2002	2001	2002	2001
	US\$'000	US\$'000	US\$'000	US\$'000
Trade debtors	927	736	-	-
Amounts due from group undertakings	-	-	21,665	21,745
Other debtors	65	386	6	3
Prepayments and accrued income	52	109	-	-
	<u>1,044</u>	<u>1,231</u>	<u>21,671</u>	<u>21,748</u>

All amounts shown under debtors fall due for payment within one year.

14 Creditors: amounts falling due within one year

	Group		Company	
	2002	2001	2002	2001
	US\$'000	US\$'000	US\$'000	US\$'000
Bank loan	3,150	2,250	-	-
Shareholders' loans	1,000	-	-	-
Trade creditors	1,234	850	-	-
Taxation and social security	18	18	18	18
Net obligations under finance leases	10	7	-	-
Other creditors	450	293	-	-
Accruals and deferred income	266	805	19	21
	<u>6,128</u>	<u>4,223</u>	<u>37</u>	<u>39</u>

15 Creditors: amounts falling due after more than one year

	Group		Company	
	2002	2001	2002	2001
	US\$'000	US\$'000	US\$'000	US\$'000
Bank loan	23,450	25,750	-	-
Shareholders' loans	900	-	-	-
Net obligations under finance leases	-	8	-	-
	<u>24,350</u>	<u>25,758</u>	<u>-</u>	<u>-</u>

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (continued)

16 Analysis of borrowings

Loans:

	Group		Company	
	2002	2001	2002	2001
	US\$'000	US\$'000	US\$'000	US\$'000
Repayable:				
- between two and five years	21,350	23,000	-	-
- within one and two years	3,000	2,750	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	24,350	25,750	-	-
- within one year	4,150	2,250	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total borrowings	28,500	28,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Secured on ships	26,600	28,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

At 31 December 2002 the outstanding balance on the bank loan of \$26,600,000 was repayable by instalments, with the final instalment due in March 2006. Interest is payable at 1.5% over LIBOR. The loan is secured over the fleet of ships owned and operated by George Gibson and Company Limited supported by a guarantee from Gibson Gas Tankers Limited.

17 Financial commitments

Finance leases:

	Group		Company	
	2002	2001	2002	2001
	US\$'000	US\$'000	US\$'000	US\$'000
Obligations payable:				
Within one year	10	7	-	-
Between one to two years	-	8	-	-
Between two and five years	-	-	-	-
After five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	10	15	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

The finance lease creditor is secured on the assets held under the finance lease agreement.

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (continued)

18 Provisions for liabilities and charges

Deferred taxation

	2002 US\$'000	2001 US\$'000
Accelerated capital allowances	3,407	3,440
Losses	(4,363)	(4,282)
	<hr/>	<hr/>
Asset not recognised	(956)	(842)
	<hr/>	<hr/>

The policy for recognition of deferred tax assets and liabilities is disclosed in note 1.

19 Called up share capital

	Authorised		Allotted, called up and fully paid	
	2002 US\$'000	2001 US\$'000	2002 US\$'000	2001 US\$'000
1,144,932 Ordinary shares of £1 each	1,693	1,693	1,693	1,693
	<hr/>	<hr/>	<hr/>	<hr/>

20 Reserves

	Group US\$	Company US\$
<i>Profit and loss account</i>		
At 1 January 2002	8,111	15,302
Transfer for the year	(5,499)	(75)
Foreign currency translation	(22)	-
	<hr/>	<hr/>
At 31 December 2002	2,590	15,227
	<hr/>	<hr/>

The cumulative amount of negative goodwill credited to reserves is US\$159,000. This negative goodwill has been eliminated as a matter of accounting policy and would be credited to the profit and loss account in the event of subsequent disposal.

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (continued)

20 Reserves (continued)

Share premium account

	Group US\$	Company US\$
At 1 January 2002 and 31 December 2002	4,343	4,343

Other reserves

At 1 January 2002 and 31 December 2002	-	376
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21 Reconciliation of movements in group shareholders' funds

	2002 US\$'000	2001 US\$'000
Loss for the financial year	(5,499)	(3,047)
New share capital subscribed	-	1,500
Other recognised gains and losses relating to the year	(22)	(69)
	(5,521)	(1,616)
Opening shareholders' funds	14,147	15,763
Closing shareholders' funds	8,626	14,147

22 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

The total pension contributions of the group paid for the year amounted to the equivalent of US\$49,000 (2001 - US\$45,000).

23 Contingent liabilities

The company is a party to a value added tax group election and is jointly and severally liable for the value added tax of the members of the group.

The company has informed the directors of its subsidiary undertaking, George Gibson & Company Limited, that it will make available the finance necessary for its continued operation.

The company has guaranteed the borrowings of its subsidiary company from SE Banken.

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (continued)

24 Reconciliation of operating loss to net cash inflow from operating activities

	2002 US\$'000	2001 US\$'000
Operating loss	(4,788)	(1,659)
Depreciation of tangible fixed assets	5,603	5,292
Foreign exchange translation	60	(623)
Decrease/ (increase) in stocks	4	(5)
Decrease in debtors	187	85
Increase in creditors	24	151
Net cash inflow from operating activities	1,090	3,241

25 Reconciliation of net cashflow to movement in net debt

	2002 US\$'000	2001 US\$'000
Decrease in cash in the year	(11)	(801)
Capital element of finance leases	5	17,658
Translation differences	-	255
Loans	(500)	(15,500)
Change in net debt	(506)	1,612
Opening net debt	(27,599)	(29,211)
Closing net debt	(28,105)	(27,599)

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (continued)

26 Analysis of changes in net debt

	At 01/01/02 US\$'000	Cash flows US\$'000	Other changes US\$'000	At 31/12/02 US\$'000
Cash in hand and at bank	416	(11)	-	405
Debt due within one year	(2,250)	(500)	(1,400)	(4,150)
Debt due after one year	(25,750)	-	1,400	(24,350)
Finance leases	(15)	5	-	(10)
		(495)		
Total	(27,599)	(506)	-	(28,105)

27 Ultimate parent company

The directors regard Belships ASA, a company incorporated in Norway, as the company's ultimate parent company.

Belships ASA is the parent undertaking of the largest and smallest group of which the company is a member, and for which group accounts are drawn up. Copies of Belships ASA accounts may be obtained from its registered office.