

Gibson Gas Tankers Limited

Report and Financial Statements

Year Ended

31 December 1999



GIBSON GAS TANKERS LIMITED

Annual report and financial statements for the year ended 31 December 1999

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Directors

S.J. Tidemand (Chairman)
J.S. Daun
H. von Platen
J.S. Lorentzen
C.D. Spencer-Payne

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 1999

The directors present their report together with the audited group financial statements for the year ended 31 December 1999.

Results and dividends

The group profit and loss account is set out on page 4 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 activities during the year were the ownership and international operation of refrigerated liquid petroleum and chemical gas ships.

Turnover for the year amounted to US\$12,171,000.

The group intends to pursue its existing operations and the directors have no immediate plans for developing other business activities.

Year 2000

An internal review was carried out of the potential impact on financial information and operating systems which indicated that the change over to the new millenium would not cause any major disruption or involve significant cost to the group. The change over has passed without any problems arising but the directors continue to monitor the position.

Directors

The directors of the company during the year were:

S.J. Tidemand (Chairman)

J.S. Daun

H. von Platen

J.S. Lorentzen

S. Runsbech (appointed 1 June 1999, resigned 17 September 1999)

C.D. Spencer-Payne (appointed 17 September 1999)

E.R. Berntsen (resigned 12 March 1999)

No director had any beneficial interest in the share capital of the company.

GIBSON GAS TANKERS LIMITED

Report of the directors for the year ended 31 December 1999

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 28 April 2000.

By order of the Board



G.S. Rae
Secretary

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

To the members of Gibson Gas Tankers Limited

We have audited the financial statements on pages 4 to 24 which have been prepared under the accounting policies set out on pages 9 to 11.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

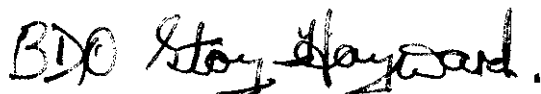
Basis of opinion

We conducted our audit in accordance with 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the affairs of the company and the group as at 31 December 1999 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



*Chartered Accountants
and Registered Auditors*

28 April 2000

GIBSON GAS TANKERS LIMITED

Consolidated profit and loss account for the year ended 31 December 1999

	Note	1999 US\$'000	1998 As restated US\$'000
Turnover	2	12,171	13,085
Cost of sales		(13,759)	(14,389)
Gross loss		(1,588)	(1,304)
Administrative expenses		(1,239)	(1,500)
Exceptional items		594	(458)
Operating loss	5	(2,233)	(3,262)
Profit on disposal of tangible fixed assets		185	-
Interest receivable	6	43	77
Interest payable and similar charges	7	(1,929)	(2,375)
Loss on ordinary activities before taxation		(3,934)	(5,560)
Taxation on loss on ordinary activities	8	-	-
Retained loss for the year	20	(3,934)	(5,560)

All amounts relate to continuing activities.

The notes on pages 9 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 1999**

	1999	1998
	US\$'000	As restated US\$'000
Loss for the year	(3,934)	(5,560)
Currency translation differences on foreign currency net investments	(30)	(70)
	<hr/>	<hr/>
Total recognised gains and losses	(3,964)	(5,630)
	<hr/>	<hr/>

The notes on pages 9 to 24 form part of these financial statements.

GIBSON GAS TANKERS LIMITED

Consolidated balance sheet at 31 December 1999

	Note	1999	1998
		US\$'000	As restated US\$'000
Fixed assets			
Tangible assets	10(a)	48,823	54,034
Current assets			
Stocks	12	123	155
Debtors	13	1,129	1,022
Cash at bank and in hand		<u>1,415</u>	<u>798</u>
		2,667	1,975
Creditors: amounts falling due within one year	14	<u>(2,427)</u>	<u>(2,357)</u>
Net current assets/(liabilities)		<u>240</u>	<u>(382)</u>
Total assets less current liabilities		49,063	53,652
Creditors: amounts falling due after more than one year	15	<u>(31,895)</u>	<u>(32,520)</u>
Net assets		<u>17,168</u>	<u>21,132</u>
Capital and reserves			
Called up share capital	19	193	193
Share premium account	20	4,343	4,343
Profit and loss account	20	<u>12,632</u>	<u>16,596</u>
Equity shareholders' funds	21	<u>17,168</u>	<u>21,132</u>

The notes on pages 9 to 24 form part of these financial statements.

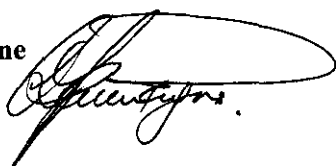
GIBSON GAS TANKERS LIMITED

Company balance sheet at 31 December 1999

	Note	1999 US\$'000	1998 US\$'000
Fixed assets			
Tangible assets	10(b)	-	901
Investments	11(b)	<u>836</u>	<u>836</u>
		836	1,737
Current assets			
Debtors	13	34,520	34,988
Cash at bank		<u>1</u>	<u>2</u>
		34,521	34,990
Creditors: amounts falling due within one year	14	<u>(202)</u>	<u>(894)</u>
Net current assets		<u>34,319</u>	<u>34,096</u>
Total assets less current liabilities		35,155	35,833
Creditors: amounts falling due after more than one year	15	<u>(12,500)</u>	<u>(12,500)</u>
Net assets		<u>22,655</u>	<u>23,333</u>
Capital and reserves			
Called up share capital	19	193	193
Share premium account	20	4,343	4,343
Other reserves	20	376	376
Profit and loss account	20	17,743	18,421
Equity shareholders' funds		<u>22,655</u>	<u>23,333</u>

The financial statements were approved by the Board on 28 April 2000.

C.D. Spencer-Payne
Director



The notes on pages 9 to 24 form part of these financial statements.

GIBSON GAS TANKERS LIMITED

Consolidated cash flow statement for the year ended 31 December 1999

	Note	1999	1998
		US\$'000	As restated US\$'000
Net cash inflow (outflow) from operating activities	24	2,375	(193)
Returns on investments and servicing of finance			
Interest received		43	77
Interest paid		(1,022)	(583)
Interest element of finance lease rentals		(1,131)	(1,537)
		(2,110)	(2,043)
Taxation			
Corporation tax paid		-	-
		-	-
Capital expenditure			
Payments to acquire tangible fixed assets		(283)	(792)
Receipts from sales of tangible fixed assets		1,086	-
		803	(792)
Cash inflow (outflow) before financing		1,068	(3,028)
Financing			
Loans repaid		-	-
Capital element of finance lease rentals		-	-
		-	-
Increase (decrease) in cash		1,068	(3,028)

The notes on pages 9 to 24 form part of these financial statements.

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 1999

1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards. In preparing these financial statements, the group has adopted Financial Reporting Standard 12 "Provisions, Contingent Liabilities and Contingent Assets" which has led to a prior year adjustment, (see accounting policy for dry-docking expenses).

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.

Basis of accounting and consolidation

The financial statements have been prepared under the historical cost convention and combine the information given by the financial statements of Gibson Gas Tankers Limited and all of its subsidiary undertakings.

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

Goodwill

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

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
Motor vehicles	- 25% reducing balance basis
Office furniture and equipment	- 15% reducing balance basis
Computer equipment	- 20% straight line basis

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 1999 (*Continued*)

1 Accounting policies (continued)

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.

Taxation

Provision is made for deferred taxation only to the extent that, in the opinion of the directors, a liability is expected to arise in the foreseeable future.

Unutilized advance corporation tax payable on dividends is set off against deferred taxation in the balance sheet to the extent that it can be recovered on the reversal of timing differences. Advance corporation tax not foreseeably recoverable is written off to profit and loss account.

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.

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.

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 1999 (Continued)

1 Accounting policies (continued)

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 hire and ship operating.

3 Employees

Staff costs (including directors) consist of:

	1999 US\$'000	1998 US\$'000
Wages and salaries	2,560	2,935
Social security costs	53	69
Other pension costs	46	44
	<u>2,659</u>	<u>3,048</u>

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

	1999 Number	1998 Number
Administration	15	15
Seagoing	32	44
	<u>47</u>	<u>59</u>

4 Directors

Directors' emoluments consist of:

	1999 US\$'000	1998 US\$'000
Emoluments	85	368
Pension contributions towards defined contribution schemes	3	-

One director was a member of the company's defined contribution pension scheme (1998 - nil)

Directors' emoluments have been translated at the rate ruling at the year end.

GIBSON GAS TANKERS LIMITED**Notes forming part of the financial statements for the year ended 31 December 1999 (Continued)****5 Operating loss**

This is arrived at after charging/(crediting):

	1999 US\$'000	1998 As restated US\$'000
Depreciation of tangible fixed assets		
- owned by the group	3,244	3,148
- held under finance leases	1,349	1,349
Auditors' remuneration	25	25
	<hr/>	<hr/>
Exceptional item included in operating loss:		
Foreign exchange (gains)/losses	(594)	458
	<hr/>	<hr/>

6 Interest receivable

	1999 US\$'000	1998 US\$'000
Bank interest	43	77
	<hr/>	<hr/>

7 Interest payable and similar charges

	1999 US\$'000	1998 US\$'000
On bank loans and overdrafts	804	860
On finance leases	1,125	1,515
	<hr/>	<hr/>
	1,929	2,375
	<hr/>	<hr/>

8 Taxation

No taxation charge arises for the year due to losses incurred.

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 1999 *(Continued)*

9 Loss attributable to the members of the parent company

	1999 US\$'000	1998 As restated US\$'000
Dealt with in the financial statements of the parent company	(678)	(1,047)
Retained by subsidiary undertakings	(3,256)	(4,513)
	<hr/>	<hr/>
	(3,934)	(5,560)
	<hr/>	<hr/>

GIBSON GAS TANKERS LIMITED

 Notes forming part of the financial statements for the year ended 31 December 1999 (*Continued*)

10 Tangible assets
(a) Group

	Land and buildings US\$'000	Ships US\$'000	Deferred dry-docking expenses US\$'000	Vehicles and equipment US\$'000	Total US\$'000
Cost					
At 1 January 1999, as previously reported	928	80,200	-	310	81,438
Prior year adjustment	-	(348)	1,044	-	696
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 1999, restated	928	79,852	1,044	310	82,134
Translation adjustment	-	-	-	(1)	
Additions	-	-	224	59	283
Disposals	(928)	-	-	(148)	(1,076)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	-	79,852	1,268	220	81,340
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 January 1999, as previously reported	(27)	(27,425)	-	(285)	(27,737)
Prior year adjustment	-	29	(392)	-	(363)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 1999, restated	(27)	(27,396)	(392)	(285)	(28,100)
Translation adjustment	-	-	-	1	1
Charge for the year	-	(4,140)	(434)	(19)	(4,593)
On disposals	27	-	-	148	175
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	-	(31,536)	(826)	(155)	(32,517)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value					
At 31 December 1999	-	48,316	442	65	48,823
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1998	901	52,456	652	25	54,034
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of ships includes an amount of US\$25,318,000 (1998 - US\$26,518,000 in respect of ships held under finance leases.

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 1999 (*Continued*)

10 Tangible fixed asset (continued)

(b) Company

	Land and buildings US\$'000
<i>Cost</i>	
At 1 January 1999	928
Disposals	(928)
	<hr/>
At 31 December 1999	-
	<hr/>
<i>Depreciation</i>	
At 1 January 1999	(27)
On disposals	27
	<hr/>
At 31 December 1999	-
	<hr/>
<i>Net book value</i>	
At 31 December 1999	-
	<hr/>
At 31 December 1998	901
	<hr/>

11 Fixed asset investments

(a) Group

	Other investments US\$'000
<i>Cost</i>	
At 1 January 1999 and 31 December 1999	13
<i>Provision for diminution in value</i>	
At 1 January 1999 and 31 December 1999	(13)
	<hr/>
	-
	<hr/>

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

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 1999 (*Continued*)

11 Fixed asset investments continued

(b) Company

	1999 US\$'000	1998 US\$'000
Subsidiary undertakings	836	836
Investment in subsidiary undertakings		
Cost	Shares US\$'000	
At 1 January 1999 and 31 December 1999	836	
Provision in diminution in value		
At 1 January 1999 and 31 December 1999	-	
Net book value		
At 31 December 1999	836	
At 31 December 1998	836	
Other investments	US\$'000	
Cost		
At 1 January 1999 and 31 December 1999	13	
Provision for diminution in value		
At 1 January 1999 and 31 December 1999	(13)	
	-	

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

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 1999 (Continued)

11 Fixed asset investments continued

(b) Company 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
Anchor Gas Tankers Limited	* Scotland	Ordinary	Non-trading
Gibson Liquid Gas Limited	Scotland	Ordinary	Non-trading

* Direct subsidiary undertakings of Gibson Gas Tankers Limited.

12 Stocks

	Group		Company	
	1999 US\$'000	1998 US\$'000	1999 US\$'000	1998 US\$'000
Raw materials and consumables	123	155	-	-

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 1999 (Continued)

13 Debtors

	Group		Company	
	1999	1998	1999	1998
	US\$'000	US\$'000	US\$'000	US\$'000
Trade debtors	869	902	-	-
Amounts due from group undertakings	-	-	34,519	34,988
Other debtors	219	72	1	-
Prepayments and accrued income	41	48	-	-
	<u>1,129</u>	<u>1,022</u>	<u>34,520</u>	<u>34,988</u>

14 Creditors: amounts falling due within one year

	Group		Company	
	1999	1998	1999	1998
	US\$'000	US\$'000	US\$'000	US\$'000
Bank overdraft	-	451	-	451
Trade creditors	1,206	585	-	-
Amounts due to parent undertaking	77	14	-	-
Taxation and social security	15	23	15	23
Corporation tax	-	-	-	-
Net obligations under finance leases	-	-	-	-
Other creditors	241	303	-	-
Accruals and deferred income	888	981	187	420
	<u>2,427</u>	<u>2,357</u>	<u>202</u>	<u>894</u>

15 Creditors: amounts falling due after more than one year

	Group		Company	
	1999	1998	1999	1998
	US\$'000	US\$'000	US\$'000	US\$'000
Bank loan	12,500	12,500	12,500	12,500
Net obligations under finance leases	19,395	20,020	-	-
	<u>31,895</u>	<u>32,520</u>	<u>12,500</u>	<u>12,500</u>

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 1999 (Continued)

16 Analysis of borrowings

Borrowings, defined as bank loans and overdrafts payable, are as follows:

	Group		Company	
	1999	1998	1999	1998
	US\$'000	US\$'000	US\$'000	US\$'000
Repayable:				
- after five years	-	2,500	-	2,500
- between two and five years	10,000	7,500	10,000	7,500
- within one and two years	2,500	2,500	2,500	2,500
	<hr/>	<hr/>	<hr/>	<hr/>
	12,500	12,500	12,500	12,500
- within one year	-	451	-	451
	<hr/>	<hr/>	<hr/>	<hr/>
Total borrowings	12,500	12,951	12,500	12,951
	<hr/>	<hr/>	<hr/>	<hr/>
Secured on ships	12,500	12,500	12,500	12,500
	<hr/>	<hr/>	<hr/>	<hr/>

The bank loan of US\$12,500,000 is repayable by instalments commencing in May 2001, with the final instalment in November 2004. Interest is payable at 1% over LIBOR. The loan is secured over certain ships of the group.

17 Financial commitments

Finance lease commitments

The rental commitments under finance lease agreements at 31 December 1999 were:

	Group		Company	
	1999	1998	1999	1998
	US\$'000	US\$'000	US\$'000	US\$'000
Obligations payable:				
Within one year	-	-	-	-
Between two and five years	19,395	20,020	-	-
After five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	19,395	20,020	-	-
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Finance lease creditors totalling US\$19,395,000 (1998 - US\$20,020,000) are secured by mortgages over certain of the group's ships.

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 1999 (Continued)

18 Provisions for liabilities and charges

Group

	1999	1998
	US\$'000	As restated US\$'000
Deferred taxation	-	-
Ships surveys	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

Deferred taxation

	1999		1998	
	Unprovided US\$'000	Provided in accounts US\$'000	Unprovided US\$'000	Provided in accounts US\$'000
Accelerated capital allowances	-	6,324	-	5,721
Finance leases	-	446	-	1,107
Other timing differences	-	-	-	(301)
Losses	-	(6,770)	-	(6,527)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Ship surveys:

At 1 January 1999, as previously reported
Prior year adjustment

1999
US\$'000
968
(968)

At 1 January 1999, as restated
Transfer to profit and loss account

-
-

At 31 December 1999

-

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 1999 (Continued)

19 Called up share capital

	Authorised		Allotted, called up and fully paid	
	1999 US\$'000	1998 US\$'000	1999 US\$'000	1998 US\$'000
100,000 Ordinary shares of £1 each	193	193	193	193

20 Reserves

	Group US\$	Company US\$
<i>Profit and loss account</i>		
At 1 January 1999, as previously reported	15,295	18,421
Prior year adjustment	1,301	-
At 1 January 1999, as restated	16,596	18,421
Transfer for the year	(3,934)	(678)
Foreign currency translation	(30)	-
At 31 December 1999	12,632	17,743

The profit and loss account of the group includes gains on translation of long-term monetary items. The inclusion of these gains represents a departure from the statutory requirement that only realised profit may be included in the profit and loss account. The directors consider that this accounting treatment, which is in accordance with SSAP 20, is necessary in order for the financial statements to present a true and fair view. Unrealised gains on these long-term monetary items included for the year amounted to US\$625,000 (1998 losses - US\$229,000). The cumulative amount of unrealised gains included in profit and loss account reserves at 31 December 1999 is US\$2,772,000 (1998 - US\$2,147,000).

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.

Share premium account

At 1 January 1999 and 31 December 1999	4,343	4,343
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Other reserves

At 1 January 1999 and 31 December 1999	-	376
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GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 1999 (*Continued*)

21 Reconciliation of movements in group shareholders' funds

	1999 US\$'000	1998 As restated US\$'000
Loss for the financial year	(3,934)	(5,560)
Other recognised gains and losses relating to the year	(30)	(70)
	<hr/>	<hr/>
	(3,964)	(5,630)
Opening shareholders' funds, as restated	21,132	26,762
	<hr/>	<hr/>
Closing shareholders' funds	17,168	21,132
	<hr/>	<hr/>

22 Pension

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\$46,000 (1998 - US\$44,000).

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.

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 1999 (*Continued*)

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

	1999 US\$'000	1998 As restated US\$'000
Operating loss	(2,233)	(3,262)
Depreciation of tangible fixed assets	4,593	4,497
Foreign exchange translation	(655)	160
Decrease in stocks	32	48
Increase in debtors	(107)	(511)
Increase (decrease) in creditors	745	(1,125)
Net cash inflow (outflow) from operating activities	2,375	(193)

25 Reconciliation of net cashflow to movement in net debt

	1999 US\$'000	1998 US\$'000
Increase (decrease) in cash in the year	1,068	(3,028)
Translation differences	625	(228)
Change in net debt	1,693	(3,256)
Opening net debt	(32,173)	(28,917)
Closing net debt	(30,480)	(32,173)

GIBSON GAS TANKERS LIMITED

Notes forming part of the financial statements for the year ended 31 December 1999 *(Continued)*

26 Analysis of changes in net debt

	At 01/01/99 US\$'000	Cash flows US\$'000	Other changes US\$'000	At 31/12/99 US\$'000
Cash in hand, at bank	798	617	-	1,415
Bank overdrafts	(451)	451	-	-
		<hr/> 1,068		
Debt due after one year	(12,500)	-	-	(12,500)
Finance leases	(20,020)	-	625	(19,395)
	<hr/> (32,173)	<hr/> 1,068	<hr/> 625	<hr/> (30,480)
Total	<hr/> (32,173)	<hr/> 1,068	<hr/> 625	<hr/> (30,480)

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.