



Annual Report 1994



SKIBSAKSJESELSKAPET
STORLI

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Financial Calendar

3 May 1995	Annual General Meeting
13 June 1995	Report for the first four months 1995
17 October 1995	Report for the first eight months 1995
February 1996	Preliminary results 1995

The Annual General Meeting will be held at the company's office, Conrad Mohrs veg 29, 5032 Minde, Norway on Wednesday 3 May 1995, at 3.00 p.m. Shareholders wishing to attend the Annual General Meeting should notify the company by Tuesday 25 April 1995, according to § 4 in the Articles of Association.

Skibsaksjeselskapet Storli

Storli is a major world-wide carrier of all types of chemicals. Storli's strategy is focused on ownership and management of chemical tankers and the chemical tank terminal Baytank in Houston.

Storli is a fully integrated shipping company, handling all related functions, such as ship management, operation and chartering. The company is one of the four leading players in the world-wide parcel tanker trade. Through its wholly owned subsidiary, Odfjell Tankers, the company operates a fleet of 41 chemical tankers, aggregating approx. 1.3 million dwt. Storli is the owner of 25 of these vessels. The fleet operates in world-wide trade, and is committed to the long-term shipping requirements of the petrochemical industry through Contracts of Affreightment with many of the world's chemical giants.

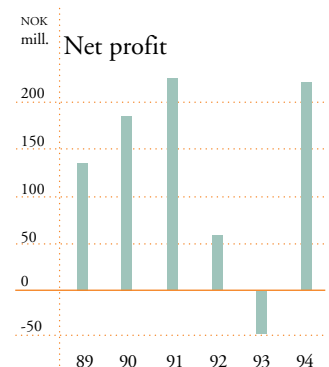
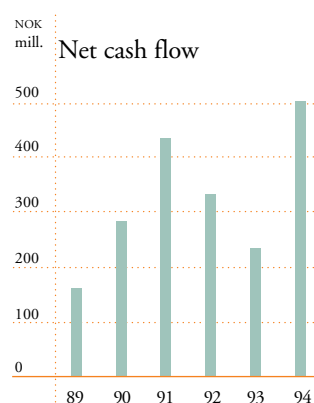
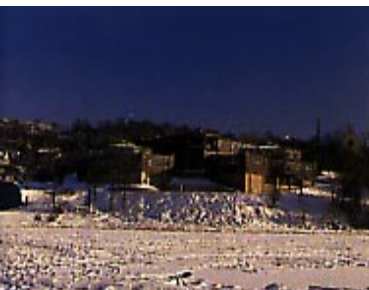
Our tank terminal, Baytank, has increasingly become an integrated part of our operation.

Our in-house Ship Management department is dedicated to meeting our customers stringent requirements as to quality. The vessels are operated by Norwegian senior officers with foreign crew.

Storli, founded in 1916 as a family business, went public in 1985 and obtained a listing on the Oslo Stock Exchange the following year. The share capital consists of both A- and B-shares. The total share capital amounts to NOK 218.5 mill.

Highlights 1994

- Net pre-tax profit of NOK 221.5 mill. (incl. a net currency gain of NOK 33.9 mill. related to balance sheet adjustments).
- Earnings per share of NOK 10.03 and cash flow per share of NOK 23.03.
- Net cash flow (excluding profit from sale of vessels) of NOK 503.2 mill.
- Improvements in the rates and volumes throughout the year.
- Delivery of M/T "BOW FLOWER" from Kværner Govan, Scotland
- Ordering of two advanced chemical tankers, each of 37,500 dwt. at Kværner Florø for delivery in 1997 with an option for 2 further vessels for delivery in 1998.
- SEP/ISO 9002 certification of main office, vessels and branch office.
- Establishment of an ADR-program for the Storli shares in the USA.



Key Figures/Financial Ratios

STORLI GROUP	Amount in	1994	1993	1992	1991	1990	1989
From Profit and Loss Statement							
Operating result	NOK mill.	259	91	88	321	336	237
Depreciation	NOK mill.	-284	-283	-274	-247	-230	-149
Profits from sale of assets	NOK mill.	0	0	0	56	121	119
Net financial items	NOK mill.	-37	-140	-28	-96	-148	-105
Net profit before taxes	NOK mill.	221	-49	60	225	188	131
From Balance Sheet							
Current assets	NOK mill.	1 245	1 181	1 187	951	894	754
Vessels and other fixed assets	NOK mill.	3 162	3 157	3 028	2 824	2 704	1 967
Total assets	NOK mill.	4 407	4 337	4 215	3 774	3 597	2 722
Current liabilities	NOK mill.	450	472	421	410	427	390
Long term liabilities	NOK mill.	2 653	2 696	2 552	2 149	1 906	1 123
Shareholders' equity *	NOK mill.	1 304	1 169	1 242	1 214	918	1 011
Total liabilities and shareholders' equity	NOK mill.	4 407	4 337	4 215	3 774	3 597	2 722
Profitability							
Earnings per share incl. profit from sale of assets (1)	NOK	10.03	-2.34	2.66	10.18	8.25	6.01
Earnings per share excl. profit from sale of assets (2)	NOK	10.03	-2.34	2.66	7.60	2.70	0.56
Cash flow per share incl. profit from sale of assets (3)	NOK	23.03	10.63	15.19	21.49	18.76	12.85
Cash flow per share excl. profit from sale of assets (4)	NOK	23.03	10.63	15.19	18.91	13.21	7.40
Return on total assets (5)	%	8.0%	2.6%	5.3%	11.1%	12.9%	11.3%
Return on equity (6)	%	17.9%	-4.1%	4.9%	18.1%	17.2%	13.6%
Financial Ratios							
Average number of shares	mill.	18.32	10.92	10.92	10.92	10.92	9.59
Net cash flow incl. profit from sale of assets (7)	NOK mill.	503	232	332	470	410	281
Net cash flow excl. profit from sale of assets (8)	NOK mill.	503	232	332	413	289	162
Interest-bearing debt	NOK mill.	2 550	2 673	2 499	1 947	1 797	1 375
Bank deposits and securities	NOK mill.	1 066	1 237	1 153	891	794	638
Debt repayment capability (9)		3.0	6.2	4.1	2.6	3.5	4.6
Current ratio (10)		2.8	2.5	2.8	2.3	2.1	1.9
Equity ratio (11)	%	30%	27%	29%	32%	26%	37%

Baybank (Houston) Inc. was not consolidated in 1989. Historical figures per share is adjusted for bonus issue 1:1 in 1994.

* - Figures prior to 1991: Book equity plus 72% of equity with deferred tax liability.

1. Net profit before taxes less minority interest divided by number of shares per 31.12.1994.

2. Net profit before taxes less minority interest less profit from sale of assets divided by number of shares per 31.12.1994.

3. Net profit before taxes plus depreciation less minority interest divided by number of shares per 31.12.1994.

4. Net profit before taxes plus depreciation less minority interest less profit from sale of assets divided by number of shares per 31.12.1994.

5. Net profit before taxes plus financial expenses divided by average balance of total assets.

6. Net profit before taxes divided by average book equity and minority interest.

7. Net profit before taxes plus depreciation less minority interest.

8. Net profit before taxes plus depreciation less minority interest less profit from sale of assets.

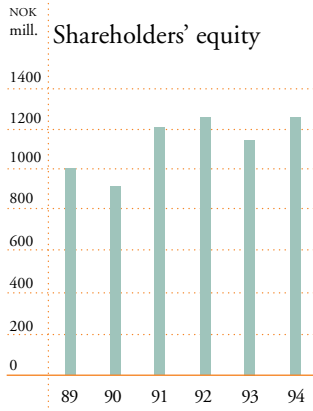
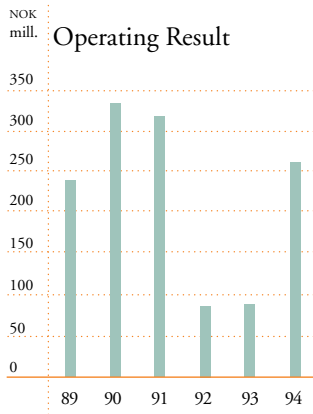
9. Interest-bearing debt less bank deposits and securities, divided by net cash flow (8).

10. Current assets divided by current liabilities.

11. Book equity plus minority interest divided by total assets.

The Board of Directors' Report

1994 was a good year for Storli. Earnings were substantially up as a result of greater demand for the transportation of chemicals following an upswing in the global economy, especially in Asia and Europe. The market improved steadily as the year progressed, and this was reflected both by higher volumes and by higher rates.



Group pre-tax profit came to NOK 221.5 mill. compared to a loss of NOK 49.4 mill. in 1993. The operating profit increased to NOK 258.8 mill. from NOK 90.6 mill. in 1993. T/C earnings rose by 17% compared with the previous year. Cash and liquid instruments at year-end totalled NOK 1,025.8 mill., corresponding, satisfactorily, to 40% of outstanding interest-bearing debt. At the same time, book equity amounted to NOK 1,304.3 mill. representing an increase of NOK 135.6 mill. over the previous year.

M/T "BOW FLOWER" - the first of six vessels on order - was delivered in July 1994.

World Economy/The Shipping Industry

The global economy improved in 1994. The OECD countries experienced economic growth of 2.8% compared with 1.9% in 1993. A particularly welcome development for the shipping industry was the economic recovery that took place in

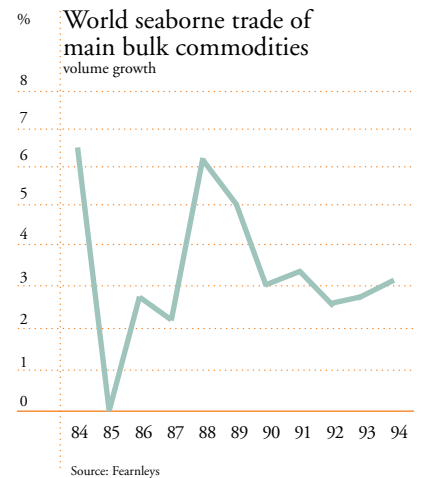
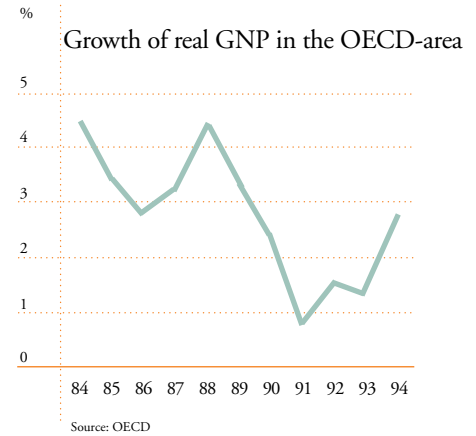
Germany, witnessing a growth of 2.8% in 1994 against a decline of 1.1% in 1993. The Japanese economy similarly showed progress, advancing from zero growth in 1993 to a growth rate of 1% in 1994.

Industrial production in the OECD-area rose by 3.4% in 1994, compared with a decline of 1% in 1993. In Japan and Germany the improvement was particularly marked, with industrial growth of 0.2% and 2.8% respectively in 1994, compared with a decline of 4.2% and 7.3% the preceding year.

Economic developments of the newly industrialised countries of Asia are gradually increasing in importance to the shipping industry. In these countries, GNP grew by between 6% and 10% in 1994, as did industrial production.

As 1995 commenced, the economies of the OECD countries, as well as those of the newly industrialised countries, were characterised by good and steady economic growth, which in turn should have a positive effect on demand for maritime freight services.

The total world fleet increased by 1.1% in 1994. The bulk fleet rose by 3.7%, while the supply of tankers fell by 1%. In 1994 newbuildings totalling 29.3 mill. dwt. were delivered, with tankers accounting for 10.2 mill. dwt. thereof. At year-end, total orders



*The Board of Directors of Skibsaksjeselskapet Storli.
From left: Per Ivar Gjørum, B.D. Odjell jr (Chairman), Terje Storeng, Jørgen Faye og Bjarte Kvåle.*



amounted to 70.6 mill. dwt., or 10.5% of the total fleet, with tankers accounting for 25.6 mill. dwt. thereof.

Expressed in physical volume terms, goods transported by sea increased by 3.1% in 1994, compared to 2.8% in 1993.

Both in terms of ship values and earnings, the market for large tankers again was disappointingly weak in 1994, while the market for product carriers and dry cargo showed some improvement over 1993.

In general, the outlook for the shipping industry in 1995 is good. Prospects for 1996 are also good provided the net supply of tonnage now does not increase too rapidly.

After the abolition of the classification fund as well as the contract depreciation allowance and, further, the termination of the earlier sales profit deferral possibility, we trust the Norwegian authorities will reintroduce contract depreciation and opening depreciation pertaining to newbuildings. This is very important in order to facilitate the renewal process of a generally ageing fleet. We have great expectations that this will be included in the so-called Maritime Report which will be presented to Parliament during the fall of 1995.

Chemical Tanker Market

Demand for transportation of chemicals is largely determined by developments in the world economy. The growth in both GNP and indus-

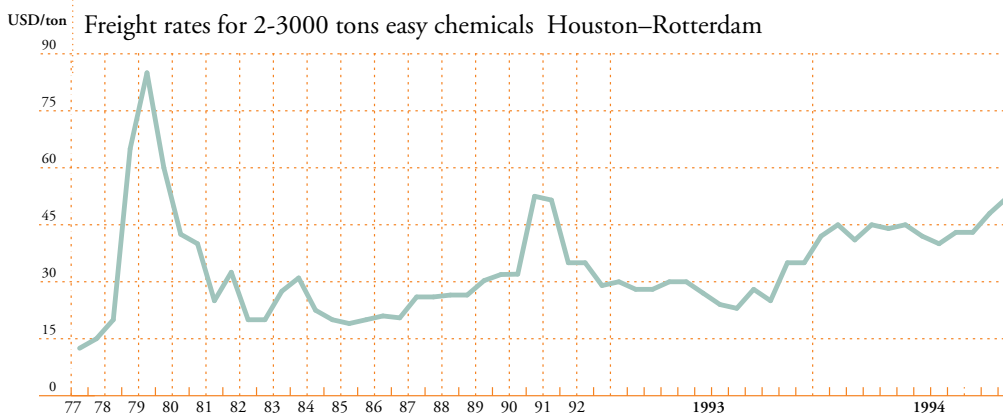
trial production therefore had a positive effect on the market in 1994, with a steady increase both in volume and rates throughout the year. Storli's vessels are engaged in world-wide trade, and the upswing in activity is reflected in all geographical areas. However, because of strong domestic consumption, exports of chemicals from the USA were slightly less than could have been hoped for. The improvement in earnings in 1994 was mainly due to higher volumes, although rates in most trades towards the end of the year began to rise appreciably.

The chemical tanker fleet remained stable in 1994 with new tonnage adding up to approximately 171,000 dwt., while about 22,000 dwt. were scrapped. Newbuilding orders at year-end amounted to 818,000 dwt. However, the lead time for delivery of chemical vessels is fairly long, and the above-mentioned fleet addition will be spread out over the next three years. Provided ships are scrapped when they are 25 years old, 385,000 dwt. will disappear from the market during the same period. This puts the estimated figure for net fleet growth at 433,000 dwt., or about 2.2% per year over each of the next three years.

Storli is well entrenched within the industry, with an 18.5% market share. The market structure amongst the main competitors is basically unchanged since last year, with the four largest operators still controlling about 60% of the chemical tanker fleet (above 10,000 dwt. in size).

Operations

At year-end 1994, the group operated 41 vessels which together totalled about 1.26 mill. dwt. During the year we transported about 9 mill. tons of cargo.



Source: Minde Chartering

The volume of business is spread over 355 different types of cargo. Altogether, our ships carried 3,800 separate lots, made 2,070 port calls, and passed through the Suez and Panama canals a total of 198 times.

Work is continuously in progress to improve the logistic functions, since better fleet utilization has a direct impact on the results.

Bunker prices increased throughout 1994, and the average price for the year was USD 84 per ton, compared with USD 67 per ton in 1993.

Storli's pool collaboration with National Chemical Carriers Ltd., Saudi Arabia, (NCC), further strengthened during the year, the long-term co-operation agreement having been extended for another 5-year period. NCC currently has nine vessels in the pool, and NCC will contribute three Kværner newbuildings to the pool during 1995 and 1997.

Fleet

On 7 July 1994, M/T "BOW FLOWER" became the latest addition to Storli's fleet, the first of six newbuildings to be delivered. This vessel of 37,500 dwt. has cargo tanks of homogenous, stainless steel, with a total of 52 segregated tanks. The vessel complies with the latest regulations, has performed satisfactorily since delivery, and incorporates qualities which will greatly improve efficiency.

After a swap with NCC, yard no. 308 at Kværner Govan is now wholly owned by Storli and, at the same time, yard no. 133 at Kværner Florø, will be owned by NCC. In September

1994 we ordered two further sister-vessels from Kværner Florø for delivery in May and November 1997. The total price for each vessel on delivery will be about USD 67 mill. Furthermore we have an option on an additional two vessels for delivery in 1998.



These delivery times seem well correlated with current positive market developments, and the above deliveries should further strengthen the company's position within our industry. We work closely with the yard during the building period and we monitor every aspect of the work done in order to ensure that the vessels meet the highest quality standards.

During 1994 we terminated the following time chartered vessels: "FOSSANGER", "SYLVAN ARROW", "SILVER HOLT" AND "SILVER HORN". At the same time, "BOW TRIDENT" (1992), "BOW TRIUMPH" (1992) and "BOW TRIGGER" (1993) entered on time charter to us. These are all sister vessels of 41,330 dwt. and owned by Mitsui OSK Lines. In addition, M/T "CHUY" (24,083 dwt/1983) was time chartered, while a number of vessels were chartered on a voyage basis during 1994. The two chemical tankers of 16,000 dwt. currently being built for Blue Flag Navigation have been further delayed, and will now only be delivered to Storli towards the end of 1995.

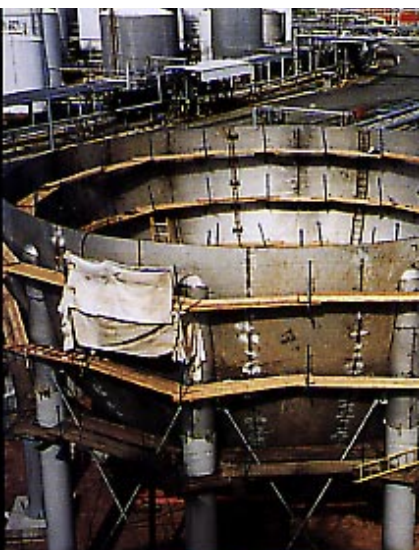
No second-hand tonnage was bought or sold by Storli in 1994. Our fleet is characterised by high quality in every respect. During the year, 10 vessels were dry-docked and all expenses have been charged to the accounts. In addition to ordinary docking work, the cargo tanks were re-coated, as were ballast tank areas, in order to

The newbuilding programme now consists of the following contracted deliveries:

Yard	Yard No.	Owner	Est. delivery	
Kværner Govan	307	NCC	January	1995
Kværner Florø	258	NCC	May	1995
Kværner Govan	308	Storli	July	1995
Kværner Florø	259	Storli	October	1995
Kværner Florø	132	Storli	May	1996
Kværner Florø	133	NCC	November	1996
Kværner Florø	134	Storli	May	1997
Kværner Florø	135	Storli	November	1997

ensure a longer lifetime. The vessels' cargo handling equipment was also upgraded to ensure compliance with new environmental requirements at all times. Altogether, the fleet was offhire 496 days, compared with 312 days in 1993.

In connection with OPA '90, the US Coast Guard (USCG) requires owners of tankers entering American waters after 28 December 1994 to be able to provide documentary evidence i.e. Certificate of Financial Responsibility (COFR), that a given sum of money is available for cleanup in the event of an oil spill. We obtained this certification through self-insurance by establishing a subsidiary in the USA which satisfied USCG OPA '90 regulations. This certificate calls for a guarantee of approximately USD 35 mill. However, the liability under the guarantee is basically covered under our existing insurance.



Tank Terminal Activities

Baytank made a profit of USD 1.3 mill. in 1994, which was a slight improvement on the preceding year. Baytank is primarily an export terminal, and the reduction in the throughflow of products out of U.S. Gulf had a negative effect on the results as well as resulting in lower utilization of tank rental capacity. However, this situation improved towards the end of the year.

In 1994 Baytank entered into a 10-year contract with PMI Trading Ltd., Mexico for the storage of Acetaldehyde. The contract involves the building of two new spherical tanks in

stainless steel at a cost of about USD 5.7 mill. Operational readiness is expected in May 1995.

Van Ommeren Tank Terminal Ningbo Co. Ltd., China where Storli has a 10% equity interest, became operational in June 1994. This investment represents our initial move into this geographical area. We are currently considering

other investments in this type of activity. In countries experiencing rapid economic development, investment in a chemical tank terminal may provide synergy especially in conjunction with import of chemicals.

Operations/ Safety/Environment

Storli's operations are based on a policy which demands quality at all levels in order to supply the best service in the market and at the same time comply with extensive national and international regulations. In February 1994 the company obtained accreditation of quality from Det Norske Veritas. This covers "SEP" (Safety and Environmental Protection) as well as compliance with ISO 9002. Half of our fleet has received certification of quality already, and the remainder will be certified by DNV during the course of 1995.

In November 1993, following increased international focus on safety at sea, a new international quality standard was formulated through IMO. The standard was described as "The ISM Code - International Safety Management Code" and was incorporated in SOLAS, chapter 9. All vessels over 500 grt are required by 1 July 1998 to meet the new standard. Storli already complies with this standard.

Storli is keenly aware of environmental issues and the prevention and containment of pollution at sea is a major Storli concern. In 1994 we had no accidents resulting in environmental consequences of any significance. Storli is satisfied with the increased focus on a quality operation. Furthermore, this is deemed to represent a competitive edge.

Organization

Our manning policy is central to the achievement of the company's quality operation. The training of personnel has the highest priority, and we are today fortunate in having a thoroughly professional team with long and valuable experience in operating chemical tankers.

We have leading Norwegian officers and Philippino crews. At present, 51 Norwegian junior officers are employed through our recru-

itment scheme. A further 39 persons have been taken on under our trainee officer and cadet scheme.

At year-end 1,407 persons were employed in the Group.

ACCOUNTS

Results

The Storli Group achieved a pre-tax profit of NOK 221.5 mill. compared with a loss of NOK 49.4 mill. in 1993. This result includes net foreign currency gains on balance sheet items amounting to NOK 33.9 mill. compared with a loss of NOK 36.1 mill. in 1993.

Freight rates were 17% higher than in 1993. Operating expenses expressed in NOK for comparable tonnage were at about the same level. However, docking expenses were higher as a greater number of vessels were dry-docked during the year. Also included in docking expenses are certain improvements, as well as investments towards cargo handling equipment to meet stricter environmental requirements set by national and international authorities. In line with company policy, docking expenses have been fully charged to the accounts.

Pension costs are included in the 1994 accounts on the basis of the new accounting standard which requires the inclusion of future, actuarially calculated pension commitments under the company's group pension scheme.

Foreign currency

The profit and loss account and balance sheet are influenced by the USD / NOK exchange rate. In 1994, the average exchange rate was NOK 7.05 against NOK 7.10 in 1993. This reduced the operating profit by about NOK 7 mill.

The company's current assets and debt are expressed in U.S.dollars. In 1994 the USD exchange rate fell from NOK 7.51 to NOK 6.76 at year-end. This change caused the reversal of a foreign currency loss of NOK 139.2 mill. previously charged against company mort-

gage debt. For the same reason, a foreign currency loss of NOK 105.4 mill. arose on the company's net current assets. Additionally, currency gains of NOK 5.5 mill. were realized on forward contracts. All of Storli's revenues are in USD. Ship values are similarly stated in USD. Consequently, it is Storli's policy to use the USD as its principal currency, and to try to reduce any and all other foreign currency exposure.

Liquidity

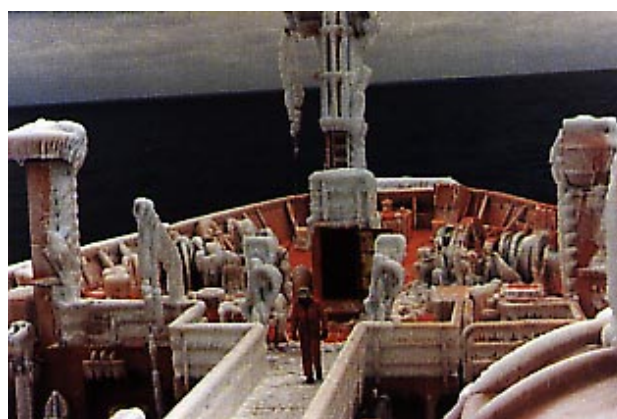
The company has substantial liquid reserves which totalled NOK 1,025.8 mill. at year-end. At the same time, the company's restricted bank deposits have been reduced by NOK 156.7 mill. which has been applied to repay debt. The overall improvement is due to a positive net cash flow from operations, reduced partly by a lower USD exchange rate at year-end. During the year, payments related to investments amounted to NOK 476.1 mill., while the company's total outstanding debt fell by NOK 126.3 mill.

Financing

During the year, financing was secured for all newbuildings to be delivered in the 1995/1997 period. In addition, a large part of the fleet was refinanced, resulting in more favourable borrowing terms and a better financial structure.

Equity base

At year-end the company had total book equity of NOK 1,304.3 mill. Because our fleet is



made up of special-purpose tonnage with only a limited turnover, we have adhered to our previous practice of making no value adjustments of equity. However, the Board is of the opinion that the market value of the fleet is considerably in excess of book value.

Profit for the year

Group pre-tax profit came to NOK 221.5 mill. After estimated deferred tax of NOK 59.4 mill. the profit for the year amounts to NOK 162 mill. The portion of profits attributable to minority interests is NOK 2.3 mill.

In 1994, the parent company had a profit of NOK 143.8 mill., and a further NOK 0.8 mill. will come in the form of a Group contribution. In line with the company's shareholder policy, the Board proposes a 15% dividend, corresponding to NOK 32.8 mill., for approval at the General Meeting. The Board further recommends an allocation of NOK 76.4 mill. towards free reserves and NOK 35.4 mill. towards statutory reserves.

Miscellaneous

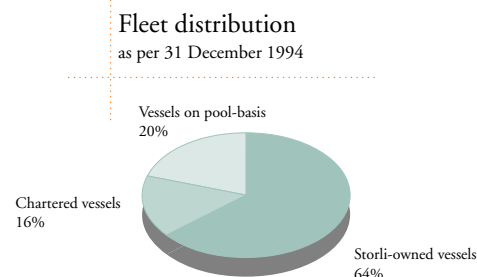
At year-end 1994 the company had 1,530 shareholders. The Chairman of the Board, along with companies under his control, owns 7,713,166 shares. No other shareholder owns 20% of the company, or more. Board member Terje Storeng owns 5,168 shares, while Board members Jørgen Faye and Per Ivar Gjærum own 300 and 60 shares, respectively. The Managing Director, along with companies under his control, owns 29,800 shares. The Auditor owns no shares in the company. Total remuneration to the Board of Directors amounted to NOK 375,000 for 1993. The Managing Director's salary was NOK 975,960 in 1994. The Auditor's fee amounted to NOK 727,500 in 1994, of which NOK 25,000 was for advisory services.

Prospects

Storli's strategy is firmly based on activities related to the distribution of chemicals. Strict regulations and an increasing focus on safety and the environment by customers, coastal states and classification societies etc. have erected ever higher barriers for those who wish to operate in this niche of the tanker market. And this in addition to the human skills that both land and sea-based personnel are required to have. It is also a capital-intensive industry, with high capital costs for newbuildings, presently compounded by the high price of stainless steel.

1994 witnessed encouraging developments in the market for our special-purpose vessels, significantly improving the underlying balance of supply and demand. The growth of the world economy is expected to continue in 1995 and 1996, and this should increase the demand for our services. The number of chemical tankers on order still remains moderate, with delivery spread over the next three-year period. These new vessels will serve both to replace and expand the fleet.

Our newbuilding programme fits in well with the cyclical developments of the market, and both the portfolio and the quality of Storli's fleet as well as the human resource is satisfactory. While taking a positive view of the future, the Board will continue to stress the importance of maintaining a strong balance sheet, a sound capital base and satisfactory liquidity.



Bergen 31 December 1994

15 February 1995

Terje Storeng

B.D. Odfjell jr.
Chairman of the Board

Jørgen Faye

Per Ivar Gjærum

Bjarte Kvåle

Bjørn Sjaastad
Managing Director

The Board of Directors of
Skibsaksjeselskapet Storli

Profit and Loss Statement

NOK 1 000	Note	Storli		Storli Group	
		1994	1993	1994	1993
Operating Income (Cost):					
Gross freight revenue		2 564 102	2 242 438	2 590 002	2 265 088
Voyage cost		(833 547)	(772 527)	(798 203)	(738 741)
Freight income time-charter basis		1 730 555	1 469 911	1 791 799	1 526 347
Distributed to participating owners		(396 335)	(362 602)	(410 702)	(375 070)
Result on a time-charter basis	2	1 334 220	1 107 309	1 381 097	1 151 277
Operating cost	3	(564 226)	(542 017)	(562 919)	(540 758)
Time-charter cost	4	(218 416)	(182 623)	(220 622)	(184 468)
Net Result from Vessels' Operation		551 578	382 669	597 556	426 051
Other income	5	19 665	23 669	167 612	176 153
Other cost	5	-	-	(125 337)	(131 745)
General and administrative cost	3	(93 879)	(93 692)	(96 947)	(96 435)
Depreciation	10	(262 411)	(260 047)	(284 108)	(283 389)
Operating Result		214 953	52 599	258 776	90 635
Financial Income (Cost):					
Interest received		59 794	56 114	61 341	56 791
Interest and fees paid		(101 894)	(133 141)	(126 836)	(160 660)
Other financial income (cost)		(11 195)	(753)	(11 195)	6 091
Currency gain (loss)	6	40 324	(43 202)	39 378	(42 239)
Net financial income (cost)		(12 971)	(120 982)	(37 312)	(140 017)
Net Result before Taxes		201 982	(68 383)	221 464	(49 382)
Taxes	18	(58 189)	18 257	(59 432)	18 022
Net Result for the Year		143 793	(50 126)	162 032	(31 360)
Revaluation and Adjustments:					
Dividend allocation		(32 773)	(16 386)	(32 773)	(16 386)
Contribution from subsidiaries		815	1 175	-	-
Legal reserve	15	(35 435)	(5 188)	(35 446)	(6 218)
General reserve	15	(76 400)	70 525	(91 467)	55 743
Minority interest, portion of result	13	-	-	(2 346)	(1 779)
Total		(143 793)	50 126	(162 032)	31 360

Balance Sheet

Assets

NOK 1 000	Note	Storli		Storli Group	
		1994	1993	1994	1993
Current Assets:					
Cash and bank deposits	7,22	813 546	976 057	852 352	993 879
Bonds etc.	22	173 411	48 537	173 411	48 537
Shares	8	9 258	6 493	9 275	6 511
Debtors	22	115 756	66 440	121 671	69 516
Bunkers etc.	22	31 879	21 666	32 134	21 842
Short term receivables	22	40 303	18 599	56 308	40 301
Total Current Assets		1 184 153	1 137 792	1 245 151	1 180 586
Fixed Assets:					
Bank deposits	9,22	31 095	187 750	31 095	187 750
Shares in subsidiaries	8	8 694	10 991	-	-
Other shares	8	3 718	3 718	3 720	3 720
Loans to subsidiaries	9	239 034	84 118	-	-
Other long term receivables	9,22	43 782	13 766	44 793	18 443
Deferred tax benefit	19	2 769	2 573	2 769	2 573
Vessels	10,11	2 170 550	1 974 869	2 170 550	1 978 852
Newbuildings	10,11	390 365	408 879	390 365	408 879
Tank terminal	10,11	-	-	483 961	518 723
Office equipment and cars	10,11	4 337	7 020	6 260	8 452
Real estate	10,11	21 754	22 171	28 550	29 246
Total Fixed Assets		2 916 098	2 715 855	3 162 063	3 156 638
Total Assets		4 100 251	3 853 647	4 407 214	4 337 224

Bergen 31 December 1994

15 February 1995

The Board of Directors of
Skibsaksjeselskapet Storli

Terje Storeng

B.D. Odfjell jr.
Chairman of the Board

Jørgen Faye

Per Ivar Gjørsum

Bjarte Kvåle

Bjørn Sjaastad
Managing Director

Liabilities and Shareholders' Equity

NOK 1 000	Note	Storli		Storli Group	
		1994	1993	1994	1993
Current Liabilities:					
Dividend allocation		32 773	16 386	32 773	16 386
Taxes payable		-	-	603	11
Employee taxes etc.	22	20 319	19 472	30 854	30 126
Mortgage debt due next year	12, 22	239 582	246 523	239 582	246 628
Creditors	22	38 364	25 764	41 981	31 081
Other short term liabilities	22	99 308	135 610	102 973	147 031
Due to subsidiaries	6	5 923	9 563	-	-
Total Current Liabilities		436 269	453 318	448 766	471 263
Long Term Liabilities:					
Deferred tax liabilities	19	317 299	258 914	317 619	259 017
Other long term liabilities	21	8 653	9 191	10 772	11 459
Mortgage debt	12	1 625 562	1 534 572	2 024 402	2 128 643
Mortgage debt newbuildings	12	286 435	297 366	286 435	297 366
Unrealized currency gain on mortgages		13 912	-	13 912	-
Total Long Term Liabilities		2 251 861	2 100 043	2 653 140	2 696 485
Total Liabilities		2 688 130	2 553 361	3 101 906	3 167 748
Minority interests	13			1 027	818
Shareholders' Equity:					
Share capital	14, 15	218 485	109 243	218 485	109 243
Legal reserve	15	43 365	7 930	45 614	9 235
Temporary restricted reserve	15	60 074	90 111	60 083	90 125
Total Undistributable Reserve		321 924	207 284	324 182	208 603
Distributable Reserve (General Reserve)	15	1 090 197	1 093 002	980 099	960 055
Total Shareholders' Equity	15	1 412 121	1 300 286	1 304 281	1 168 658
Total Liabilities and Shareholders' Equity		4 100 251	3 853 647	4 407 214	4 337 224
Secured liabilities	16	2 552 003	2 480 874	2 950 843	3 074 164
Guarantees	17	476 137	679 984	68 160	74 588

Cash Flow Statement

NOK 1 000	Storli		Storli Group	
	1994	1993	1994	1993
Cash from/used in operations:				
Net result for the year	143 793	(50 126)	162 032	(31 360)
Profit/loss from sale of fixed assets	-	6 833	(310)	-
Depreciation	262 411	260 047	284 108	283 389
Currency (gain) loss	(40 324)	43 202	(39 378)	42 239
Changes in deferred tax liability	58 189	(18 366)	58 406	(18 416)
Minority interests' portion of income	-	-	(2 346)	(1 779)
Cash generated by operations	424 069	241 590	462 512	274 073
Changes: - debtors/creditors	(36 716)	4 959	(41 255)	1 435
- other current assets/liabilities	(73 777)	41 140	(71 801)	50 466
Net current cash developments from operations A	313 576	287 689	349 456	325 974
Cash from/used on investments:				
Investment in fixed assets	(436 478)	(269 714)	(476 074)	(316 627)
Sale of fixed assets	-	788	969	788
Reduction (increase) long term receivables	(25 980)	(65 351)	130 305	(64 854)
Net change from investments B	(462 458)	(334 277)	(344 800)	(380 693)
Cash from/used on financing activities:				
New loans	1 005 178	222 584	1 038 978	223 300
Debt repayments	(763 300)	(200 141)	(932 300)	(202 759)
Currency adjustments	(115 062)	63 124	(111 601)	63 124
Dividend allocation	(16 386)	(10 924)	(16 386)	(10 924)
Contribution from subsidiaries	815	1 175	-	-
Net change from financing activities C	111 245	75 818	(21 309)	72 741
Net changes in funds (A+B+C)	(37 637)	29 230	(16 653)	18 022
Cash position 1/1	1 024 594	995 364	1 042 416	1 024 394
Cash position 31/12	986 957	1 024 594	1 025 763	1 042 416

Accounting Principles

1 ACCOUNTING PRINCIPLES

All items in the financial statement have been reported, valued and accounted for in accordance with the Companies Act and Generally Accepted Accounting Principles in Norway. During the last two years material changes in Norwegian GAAP have been implemented which have brought Norwegian GAAP more in line with the International Accounting Standards (IAS). The new accrued pension obligation standard has been implemented in 1994 and the effect on our accounts is shown in Note 21. The balance figures for 1993 have been recalculated accordingly. The financial statements according to IAS have been calculated and reported in Note 23.

a. Current assets

Current assets are valued at the lowest of historical and current cost.

b. Fixed assets - depreciation

Fixed assets are stated at cost less accumulated ordinary depreciation based upon the straight line method. Vessels are depreciated over 20 years.

c. Newbuildings

Newbuildings include payments made under the contracts together with interest and other costs directly associated with the newbuilding program.

d. Shares

Shares in public companies are classified as current assets and valued at the lowest of historical and current cost.

e. Limited partnerships etc.

Storli has only majority owned limited partnerships included in the accounts, and two wholly owned Isle of Man companies. These companies have been reported on a gross basis. Deferred tax and tax payable is treated as a part of Storli's tax and deferred tax and tax payable in the balance report. The following companies are included in Storli:

Odfjell Tankers KS	99%
Minde Chartering KS	92%
Slaney Shipping Company Limited	100%
West Coast Maritime Limited	100%

f. Pension and accrued pension liability

Storli's pension obligations are mainly covered through life insurance companies. The present value of the liability has been calculated based on actuarial principles. The difference between present value of the calculated liability and the pension premium fund is listed as long term liability. In addition we have made separate pension arrangements with some former employees. Uncovered pension liabilities are listed as long term liabilities in the balance sheet. The net effect of NOK 12 481 000 by implementing this new accounting standard is deducted from Storli's distributable reserve. Change in net pension liability is expensed in profit and loss account.

g. Taxes and deferred tax liabilities

Taxes are calculated based on the company financial result in the profit and loss statement and consists of taxes payable and deferred taxes. The calculation of deferred taxes are based on the temporary differences between the result in the profit and loss statement and the tax statement. Deferred taxes are listed as long term liability.

h. Foreign currency

All revenues are denominated in USD. Most of the costs are in foreign currencies. Current assets and liabilities are valued at year-end exchange rate. Long term receivables and liabilities are valued at the lowest/highest value of the historical versus the year-end exchange rate. Unrealized currency gain and loss within the same currency are valued on a portfolio basis.

i. Periodical costs

Storli's vessels are being drydocked normally every 30 month. All related costs are expensed in the period they occur.

j. Consolidation

The consolidated accounts consist of Skibsaksjeselskapet Storli and subsidiaries referred to in Note 8. Common accounting principles is applied to all companies in the Storli Group. Intra-Group transactions (receivables, liabilities etc.) have been eliminated. Foreign subsidiaries have been converted to NOK based on the rate of exchange prevailing at 31 December both with respect to the profit and loss account and balance sheet. Conversion differences are recorded directly to the equity.

2 RESULT ON A TIME-CHARTER BASIS:

Gross freight revenue represents freight earned for all vessels operated by Odfjell Tankers KS. Voyage costs are the related costs for the same vessels. Distributing to participating owners represents net earning paid to external participating owners. Result on a time-charter basis represents net earning for the Storli owned and time-chartered vessels.

3 OPERATING COST: (NOK 1 000)

Operating cost are related to the operation of the vessels and represents wages, repair, maintenance, insurance etc. for vessels owned by Storli. General and administrative cost for Storli is reported separately. Included is the following salaries; wages, social and pension costs:

	1994	1993
Storli	263 461	222 758
Subsidiaries	58 310	60 724
Storli Group	321 771	283 482

4 TIME-CHARTER COST:

Time-charter cost represents hire paid for vessels hired by Odfjell Tankers KS according to the fleet list on page 31.

5 OTHER INCOME AND OTHER COST:

Other income for the parent company represents management fee and our share of rental income for the partnership company; Conrad Mohrs veg 29. For the Storli Group other income also include external income from foreign subsidiaries. Other cost represents operating, general and administrative cost for the foreign subsidiaries.

6 CURRENCY GAIN (LOSS): (NOK 1 000)

The accounting policies with regards to the treatment of balance sheet items in foreign currencies is stated in Note 1.

	Storli		Storli Group	
	1994	1993	1994	1993
Repayment of debt	(14 921)	(16 288)	(11 732)	(16 288)
Forex contracts	5 496	(6 112)	5 496	(6 112)
Mortgage debt - long term receivables	155 386	(106 326)	150 979	(105 363)
Cash and bank deposits	(98 694)	73 294	(98 486)	73 294
Other current assets - liabilities	(6 943)	12 230	(6 879)	12 230
Currency gain (loss)	40 324	(43 202)	39 378	(42 239)

7 CASH AND BANK DEPOSITS:

NOK 4 878 mill. of tax withheld from employees is included in this item.

8 SHARES: (NOK 1 000)

Company name	Share capital	Our share	No. of shares	Nominal value	Market value	Cost	Book value	
							1994	1993
Shares (current):								
Norges Hypotekinstittutt AS							-	2 204
Nomadic Shipping AS	104 750	9.76%	1 022 000	10 220	9 402	9 258	9 258	4 289
Total shares (current)					9 402	9 258	9 258	6 493
Shares in subsidiaries:								
Odfjell Tankers AS	1 000	100%	1 000	1 000		970	970	970
Minde Chartering AS	100	100%	100	100		567	567	567
Odfjell Tankers (Far East) Ltd., Hong Kong						-	-	2 297
Odfjell Tankers (USA) Inc., Houston	USD 10	100%	1 000	USD 10		3	3	3
Odfjell Tankers BV, Rotterdam	NLG 60	100%	60	NLG 60		6 582	6 582	6 582
Odfjell Tankers (S) Pte Ltd., Singapore	SGD 100	100%	100 000	SGD 100		83	83	83
Odfjell Tankers (Japan) Ltd., Tokyo	JPY 10 000	100%	200	JPY 10 000		489	489	489
Slaney Shipping Company Ltd.	GBP 100.00	100%	100	GBP 100,00		1	-	-
West Coast Maritime Ltd.	GBP 100.00	100%	100	GBP 100,00		1	-	-
Total shares in subsidiaries						-	8 696	8 694

		Share capital	Our share	No. of shares		Nominal value	Market value	Cost	Book value	
									1994	1993
Other shares										
V.O.Tank Terminal Ningbo Co. Ltd., China	CNY	29 000	10%	29 000	CNY	2 900		3 542	3 542	3 542
Asian Chemical Tankers Pte Ltd., Singapore	SGD	100	50%	100	SGD	50		176	176	176
Shares in other companies								3 718	3 718	3 718
Total								21 672	21 670	21 202
Eliminated in the consolidated accounts									(8 677)	(10 973)
Group									12 993	10 229

Wholly owned companies indirectly owned through subsidiaries: Odfjell Tankers (Brasil) Representacoes Ltda., Sao Paulo and Baytank (Houston) Inc., Houston.

9 LONG TERM RECEIVABLES: (NOK 1 000)

		Storli	
		1994	1993
Bank deposits:			
The deposits serve as security for mortgage debt related to Baytank (Houston) Inc.	USD 4 600	31 095	187 750
Loans to subsidiaries:			
Odfjell Tankers (Japan) Ltd., Tokyo	JPY 45 695	3 107	559
Odfjell Tankers (USA) Inc., Houston	-	-	8 261
Odfjell Tankers (Far East) Ltd., Hong Kong	-	-	5 857
Baytank (Houston) Inc., Houston	USD 34 900	235 927	69 441
Storli's share of loans to subsidiaries in limited partnerships		-	-
Total Storli		239 034	84 118
Other long term receivables:			
Onshore and seagoing personnel		1 798	1 606
Storli's share of long term receivables in limited partnerships		11 314	11 831
Other		30 670	329
Total Storli		43 782	13 766

10 FIXED ASSETS: (NOK 1 000)

	Cost	Invested	Accumulated	Depreciation	Book
	1/1	(Sale)	depreciation	this year	value
		bokført verdi	prior years		31/12
Storli:					
Vessels and newbuildings	3 924 532	435 725	(1 540 784)	(258 558)	2 560 915
Office equipment and cars	18 353	621	(11 333)	(3 304)	4 337
Real estate	27 559	132	(5 388)	(549)	21 754
Total Storli	3 970 444	436 478	(1 557 505)	(262 411)	2 587 006
Subsidiaries:					
Vessels	5 517	-	(5 517)	-	-
Tank terminal	821 474	(14 164)	(302 751)	(20 598)	483 961
Office equipment and cars	6 082	1 333	(4 650)	(842)	1 923
Real estate	9 780	(22)	(2 705)	(257)	6 796
Total subsidiaries	842 853	(12 853)	(315 623)	(21 697)	492 680
Storli Group:					
Vessels and newbuildings	3 930 049	435 725	(1 546 301)	(258 558)	2 560 915
Tank terminal	821 474	(14 164)	(302 751)	(20 598)	483 961
Office equipment and cars	24 435	1 954	(15 983)	(4 146)	6 260
Real estate	37 339	110	(8 093)	(806)	28 550
Storli Group	4 813 297	423 625	(1 873 128)	(284 108)	3 079 686

11 INVESTMENT AND SALE OF FIXED ASSETS: (NOK 1 000)

Storli:	1990		1991		1992		1993		1994	
	I	S	I	S	I	S	I	S	I	S
Vessels and newbuildings	1 887 830	1 489 546	358 384	80 758	405 465	-	265 614	-	435 724	-
Office equipment and cars	6 833	-	4 324	163	1 857	478	2 880	788	622	-
Real estate	8 480	-	166	-	-	-	1 220	-	132	-
Total Storli	1 903 143	1 489 546	362 874	80 921	407 322	478	269 714	788	436 478	-
Subsidiaries:										
Vessels and newbuildings	8 393	-	-	-	-	2 876	-	-	-	-
Tank terminal	458 629	-	16 570	-	24 024	80	46 686	-	38 410	939
Office equipment and cars	6 231	-	478	-	790	302	227	-	1 186	30
Real estate	7 190	-	-	-	-	-	-	-	-	-
Total subsidiaries	480 443	-	17 048	-	24 814	3 258	46 913	-	39 596	969
Storli Group:										
Vessels and newbuildings	1 896 223	1 489 546	358 384	80 758	405 465	2 876	265 614	-	435 724	-
Tank terminal	458 629	-	16 570	-	24 024	80	46 686	-	38 410	939
Office equipment and cars	13 064	-	4 802	163	2 647	780	3 107	788	1 808	30
Real estate	15 670	-	166	-	-	-	1 220	-	132	-
Total Storli Group	2 383 586	1 489 546	379 922	80 921	432 136	3 736	316 627	788	476 074	969

12 MORTGAGE DEBT: (NOK 1 000)

	Storli:	Storli		Storli Group		
		1994	1993	1994	1993	
Short term:	USD	35 315	238 726	244 252	238 726	244 357
	NOK	-	856	2 271	856	2 271
Mortgage debt (short term)			239 582	246 523	239 582	246 628
Long term:	USD	238 849	1 614 617	1 522 772	2 013 457	2 116 843
	GBP	27 104	286 435	297 366	286 435	297 366
	NOK	-	10 945	11 800	10 945	11 800
Mortgage debt (long term)			1 911 997	1 831 938	2 310 837	2 426 009
Total mortgages:	USD	274 164	1 853 343	1 767 024	2 252 183	2 361 200
	GBP	27 104	286 435	297 366	286 435	297 366
	NOK	-	11 801	14 071	11 801	14 071
Total mortgage debt			2 151 579	2 078 461	2 550 419	2 672 637

13 MINORITY INTERESTS:

Managing Director owns 2 percent of the total 6 percent minority interest in Minde Chartering KS.

14 SHARE CAPITAL: (NOK 1 000)

	Storli	
	1994	1993
A-shares 14 873 760 each NOK 10	148 738	74 369
B-shares 6 974 752 each NOK 10	69 747	34 874
Total Share Capital	218 485	109 243

The B-shares are identical to the A-shares, except that the B-shares do not carry voting rights.

15 CHANGES IN SHAREHOLDERS' EQUITY: (NOK 1 000)

	Storli		Storli Group	
	1994	1993	1994	1993
Share capital				
Per 1/1	109 243	109 243	109 243	109 243
Bonus issue	109 242	-	109 242	-
Per 31/12	218 485	109 243	218 485	109 243
Legal reserve				
Per 1/1	7 930	2 742	9 235	3 017
Added(used) this year	35 435	5 188	36 379	6 218
Per 31/12	43 365	7 930	45 614	9 235
Temporary restricted reserve				
Per 1/1	90 111	120 148	90 125	120 949
Transferred to distributable reserve (20%)	(30 037)	(30 037)	(30 042)	(30 824)
Per 31/12	60 074	90 111	60 083	90 125
Distributable reserve (general reserve)				
Per 1/1	1 093 002	1 146 769	960 055	1 008 495
From temporary restricted reserve	30 037	30 037	30 042	30 824
From (to) profit and loss account	76 400	(70 525)	91 467	(55 743)
Bonus issue	(109 242)	-	(109 242)	-
Adjustment	-	(13 279)	7 777	(23 521)
Per 31/12	1 090 197	1 093 002	980 099	960 055
Total shareholders' equity	1 412 121	1 300 286	1 304 281	1 168 658

16 SECURED LIABILITIES: (NOK 1 000)

	Storli		Storli Group	
	1994	1993	1994	1993
Collateralised debt	2 153 163	2 075 334	2 552 003	2 668 624
Collateralised guarantees	398 840	405 540	398 840	405 540
Secured liabilities, total	2 552 003	2 480 874	2 950 843	3 074 164
Book value - assets pledged as collateral	2 358 464	2 514 501	3 326 386	2 967 864

17 GUARANTEES ON BEHALF OF: (NOK 1 000)

	Storli		Storli Group	
	1994	1993	1994	1993
Baytank (Houston) Inc., Houston	398 840	593 290	-	-
Other subsidiaries	9 648	12 616	-	-
Uncalled committed capital in limited partnerships	47 292	47 292	47 802	47 802
Other guarantees	20 357	26 786	20 357	26 786
Total guarantees	476 137	679 984	68 159	74 588

18 TAXES: (NOK 1 000)

Deferred taxes is calculated based on the temporary differences between book value and tax value including the tax loss carried forward (see specification below).

In accordance with the accounting standard for tax treatment, positive and negative temporary differences which are reversed or can be reversed within a given period is eliminated and recorded at net value. Deferred tax is calculated based on the temporary differences and carried forward tax losses.

In accordance with the accounting standard for tax treatment in relation to negative temporary differences which can not be settled must be classified as deferred taxes in the balance sheet. Below is a specification of the differences between the profit and loss statement before taxes and the basis for the tax calculation.

	Storli		Storli Group	
	1994	1993	1994	1993
Net result before taxes	201 982	(68 383)	221 464	(49 382)
Contribution from subsidiaries	815	1 175	-	-
Permanent differences *)	5 021	1 395	(4 923)	(16 481)
Changes in temporary differences	(5 608)	77 263	(5 999)	77 313
Utilisation of loss carried forward	(202 210)	(11 450)	(201 978)	(11 450)
Basis for tax calculation	0	0	8 564	0
Taxes payable:				
Norway	-	(111)	(4)	(158)
Abroad	-	-	(1 195)	(236)
Total taxes payable	-	(111)	(1 199)	(394)
Deferred taxes:				
Norway	(58 189)	18 368	(58 233)	18 426
Abroad	-	-	-	(10)
Total deferred taxes	(58 189)	18 368	(58 233)	18 416
Taxes	(58 189)	18 257	(59 432)	18 022

*) For the Storli Group this is mainly losses from foreign subsidiaries.

19 DEFERRED TAX LIABILITY: (NOK 1 000)

	Storli		Storli Group	
	1994	1993	1994	1993
Deferred Tax:				
Debt reserve	131 881	93 203	133 213	93 203
Loss on bonds etc.	(24 397)	-	(24 397)	-
Total short term items	107 484	93 203	108 816	93 203
Fixed assets	938 381	890 380	938 381	890 380
Vessels Classification Fund	138 901	174 079	138 901	174 079
Profit and loss account	206 692	258 365	206 692	258 365
Other long term temporary differences	21 657	(9 220)	21 657	(8 852)
Total long term items	1 305 631	1 313 604	1 305 631	1 313 972
Total temporary differences	1 413 115	1 406 807	1 414 447	1 407 175
Loss carried forward for tax purposes	(279 905)	(482 115)	(280 232)	(482 115)
Basis for calculation of temporary differences and loss carried forward	1 133 210	924 692	1 134 215	925 060
Tax rate	28%	28%	28%	28%
Deferred tax liability	317 299	258 914	317 619	259 017
Deferred tax benefit:				
Accrued pension liability	9 891	9 191	9 891	9 191
Tax rate	28%	28%	28%	28%
Deferred tax benefit	2 769	2 573	2 769	2 573

20 LOSS CARRIED FORWARD: (NOK 1 000)

When the loss carried forward is utilized, the deferred tax liability will increase by NOK 78 373 000. Loss carried forward which expires each year per 31 December:

	Storli		Storli Group	
	1994	1993	1994	1993
1994 – 1997	-	-	-	-
After 1998	279 905	482 115	279 905	482 115
Total	279 905	482 115	279 905	482 115

21 PENSION COST AND ACCRUED PENSION LIABILITY FOR STORLI: (NOK 1 000)

	Storli		Storli Group	
	1994	1993	1994	1993
Pension cost:				
Present value current year service cost	4 009	-	4 009	-
Interest cost on pension liabilities prior to 1994 3 874	-	3 874	-	-
Return on pension plan assets	(4 005)	-	(4 005)	-
Net periodic pension cost	3 878	-	3 878	-
Employees social expenses	88	-	88	-
Total periodic pension cost	3 966	-	3 966	-
Accrued pension liability:				
Actuarial present value of benefit obligation	71 056	65 946	71 056	65 946
Actuarial value of pension premium fund	(62 403)	(57 905)	(62 403)	(57 905)
Accrued pension liability	8 653	8 041	8 653	8 041
Accrued employers social cost	1 237	1 149	1 237	1 149
The above calculation is based on the following assumptions:				
Discount rate	6.00%		6.00%	
Asset return	7.00%		7.00%	
Inflation	2.50%		2.50%	

22 USD EXPOSURE FOR BANK DEPOSITS, RECEIVABLES AND DEBT: (NOK 1 000)

		Storli Group	
		1994	1993
Cash and bank deposits	USD 112 705	761 885	893 727
Bonds etc	USD 25 653	173 441	48 537
Debtors	USD 17 541	118 578	67 244
Short term receivables	USD 3 975	26 871	21 975
Long term bank deposits	USD 4 600	31 096	187 750
Other long term receivables	USD 1 704	11 519	13 472
Total	USD 166 178	1 123 390	1 232 705
Employee taxes etc.	USD (2 021)	(13 662)	(14 352)
Creditors	USD (1 081)	(7 313)	(6 646)
Other short term liabilities	USD (7 549)	(51 030)	(94 694)
Mortgage debt	USD (333 164)	(2 252 183)	(2 361 091)
Net USD liability Storli Group	USD (177 637)	(1 200 798)	(1 244 078)

23 **RESTATEMENT OF CONSOLIDATED PROFIT AND LOSS ACCOUNTS AND BALANCE SHEET TO REFLECT INTERNATIONAL ACCOUNTING STANDARDS (IAS): (NOK 1 000)**

Generally Accepted Accounting principles in Norway differs from International Accounting Standards particularly in relation to the treatment of foreign currencies.

		Storli Group	
Consolidated profit and loss account:	Comments	1994	1993
Result before taxes		221 464	(49 382)
Foreign currency adjustments	(IAS 21) 1	13 912	(7 000)
Taxes, payable and deferred	(IAS 12) 2	(59 432)	18 022
Minority interests		(2 346)	(1 779)
Results IAS		173 598	(40 139)
Balance Sheet:			
Shareholders equity less deferred tax liability		1 304 281	1 168 658
Foreign currency adjustments	(IAS 21)	13 912	-
Equity under IAS		1 318 193	1 168 658

Comments:

- 1 According to IAS 21 all foreign currency monetary items are translated at the closing rate of exchange.
- 2 Taxes payable and deferred tax is included in the profit and loss account. Taxes arising from differences in treatment between Norwegian Generally Accepted Accounting Principles and IAS have not been calculated.

Auditors' Report

We have audited the annual financial statements of Skibsaksjeselskapet Storli for 1994, showing a net income for the year of NOK 143 793 000 for the parent company and a consolidated net income for the year of NOK 162 032 000. The annual financial statements, which comprise the Board of Directors' report, the profit and loss accounts, the balance sheet, cash flow statement, notes to the accounts and consolidated accounts, are presented by the company's Board of Directors and its Managing director.

Our responsibility is to examine the company's annual financial statements, its accounting records and other related matters.

We have conducted our audit in accordance with relevant laws, regulations and Norwegian generally accepted auditing standards. We have performed those audit procedures which we have considered necessary to confirm that the annual financial statements are free of material misstatements. We have examined selected parts of the evidence supporting the accounts and assessed the accounting principles applied, the estimates made by the management and the content and presentation of the annual financial statements. To the extent required by Norwegian generally accepted auditing standards, we have reviewed the company's internal control and the management of its financial affairs.

The Board of Director's proposal for the allocation of the net income and transfers between equity accounts complies with the provisions of the Norwegian Joint-Stock Companies Act.

In our opinion, the annual financial statements have been prepared in accordance with the requirements of the Norwegian Joint-Stock Companies Act and present fairly the financial position of the company and group as of December 31st 1994 and the result of its operations for the year then ended, in conformity with Norwegian generally accepted accounting principles.

Bergen, March 10th 1995
ERNST & YOUNG-BERGEN AS

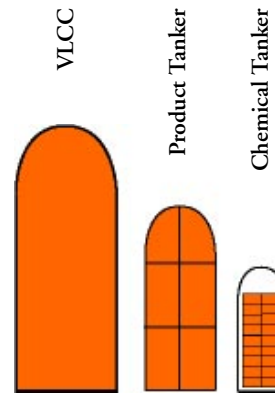
Inge Kr. Husby
State Authorized Public Accountant (Norway)

Chemical Tankers

A chemical tanker is one of the most demanding type of ship a shipbuilding yard can build. Such ships have a great number of independent cargo tanks with a variety of volume capacities in order to serve the demand for any cargo parcel size.

More and more chemical tankers have cargo tanks made of acid resistant stainless steel, although mild steel tanks coated with zinc or epoxy is often used in wing tanks and for easy chemicals. Double hull has been a standard in the industry for many years. The number of tanks in special built chemical tankers vary from around twenty in less sophisticated vessels up to more than fifty separate cargo tanks in the state-of-the art chemical tankers. All tanks have their own submerged cargo pump with separate cargolines.

Loading and discharging a chemical tanker is controlled by automatic systems and monitored by complex systems for safe cargohandling and environmental control. The most modern chemical tankers have unobstructed and simple cargo tank interior as well as smooth material for all parts which are in contact with the cargo, in order to facilitate safe and efficient gasfreeing and tankwashing. Furthermore there are facilities for heating and/or cooling of the cargo as well as tankdrying plants for rapid dehumidification of the cargotanks. Vapor return lines from each tank is used to avoid

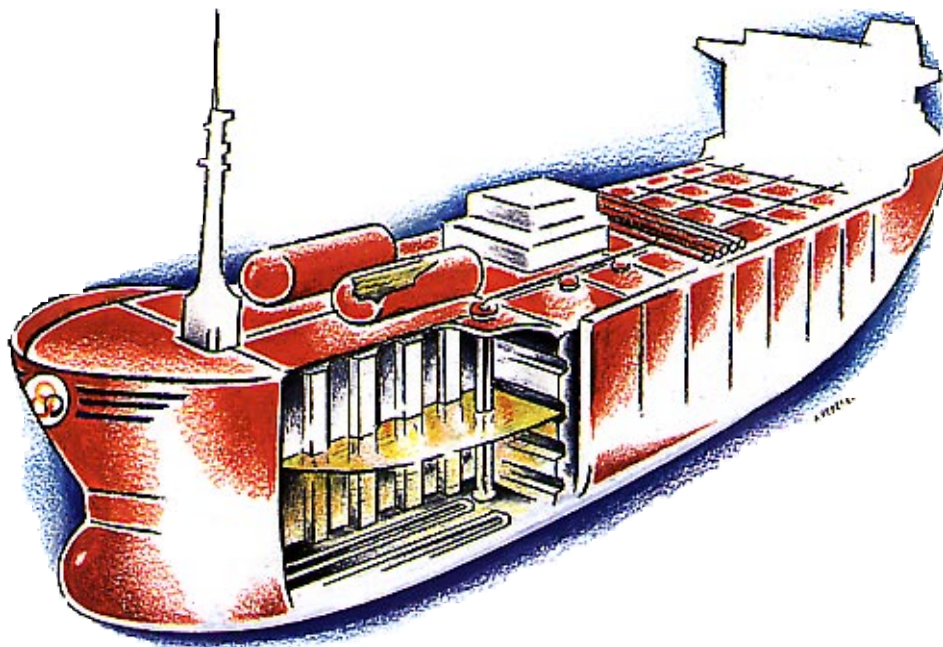


cargo vapor emission during loading.

Chemical tankers are governed by stringent international and national rules and regulations. Furthermore the ships are inspected by our customers and classification societies on a regular basis. This is not a new element but a requirement we have lived with for the last decades.

A sophisticated chemical tanker of approx. 37.000 dwt. with around 50 stainless steel cargo tanks cost almost as much as building a new VLCC. This is caused by the complexity of the vessel as well as the magnitude of tanks and equipment. To build a product tanker of comparable size will cost around one-half of a chemical tanker because of the easier structure and the fact that a product tanker only have a few coated tanks and segregations.

This industry was developed in the late 50's and early 60's and Storli was one of the pioneers in developing new and improved vessel design and quality requirements.



Corporate Structure

Operating philosophy

Transportation of chemicals impose great demands on the company's ship-based and on-shore personnel.

The strategy adopted by Storli is to operate as a fully intergrated shipowning company, incorporating all the functions required to ensure the efficient provision of our transportation services, at a high level of quality. By conducting the functions for Chartering, Ship Management and Operation ourselves, in addition to ownership, we ensure effective liaisons and common priorities throughout the scope of our activities.

The operation of chemical parcel tankers imposes an exceptional demand for effort and expertise on Ship Management as well as on the crew, thus great importance is attached to this part of the organisation. Most of our vessels are registered with the Norwegian International Ship Register (NIS). The vessels are manned by Norwegian senior officers and Philippino crew. All our officers and crew possess the necessary practical experience needed for working on chemical tankers.

Storli emphasizes the need to ensure that both qualified officers and crews are recruited. An important decision was made in 1990, when we established a system for recruiting and training of junior officers. 52 Norwegian officers participated in this scheme, and the number has increased since then.

In 1991 we also established a number of probationary and cadet positions, where a total of 23 persons were employed. During 1994 we recruited another 21 persons for new probationary positions.

The vessels regularly undergo comprehensive maintenance programs in order to ensure high standards of quality and a long life span. Our vessels are dry-docked every 30 months.

Minde Chartering undertakes the marketing, brokering and chartering of vessels operated by Odfjell Tankers. The company is represented in major shipping centres worldwide like Houston, Tokyo, Singapore, New Dehli, Riyadh, Rotterdam, Sao Paulo and Buenos Aires.

Odfjell Tankers is responsible for the operation of all vessels employed by the Group. Principal

duties involve the planning and implementation of the routing of the vessels, including coordination of the loading and discharging, cooperation with agents, ordering of bunkers, as well as freight and demurrage processing. The fleet is comprised of Storli's own vessels, pool-operated vessels owned by third parties, and chartered-in tonnage. Odfjell Tankers is the contractual partner with our customers as well as with most of the time-charter tonnage.

The Ship Management department is responsible for all functions regarding the operation of Storli's own vessels, as well as the nine vessels owned by our pool partner, National Chemical Carriers Ltd., Saudi Arabia. This includes crewing, technical operation and maintenance, purchasing and insurance. At year-end 1994 the Ship Management division was responsible for the operation of thirty vessels.



Management.

Behind from left: Jan Pedersen, Olav Tangerås, Bjørn Sjaastad (Managing Director), Åke H. Gregertsen and Gudmund Valen.

In front from left: Hans Lund and Atle Knutsen.

■ The Board of Directors

B.D. Odfjell jr. *Chairman*
 Jørgen Faye
 Per Ivar Gjærum
 Bjarte Kvåle
 Terje Storeng

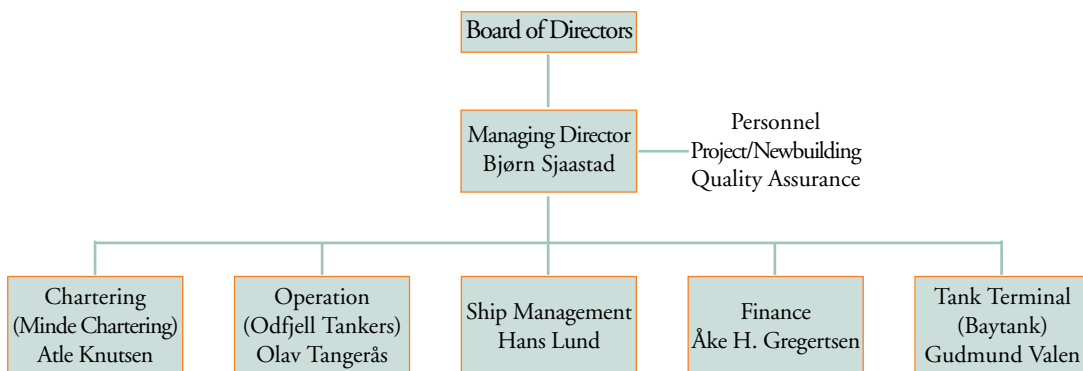
■ Management

Bjørn Sjaastad *Managing Director*
 Atle Knutsen *Director, Chartering*
 Olav Tangerås *Director, Operations*
 Hans Lund *Director, Ship Management*
 Åke H. Gregertsen *Director, Finance and Accounts*
 Gudmund Valen *Director, Baytank*
 Jan Pedersen *Director*



■ Number of employees as of 31 December 1994

Head office	138
Branch offices	60
Baytank	113
Vessel crew members:	
Norwegian	420
Foreign	676
Total	1,407



Baytank

Baytank is a tank terminal for the distribution and storage of bulk chemicals, strategically located at the entrance to the Houston ship channel, one of the major hubs of the world for the production and export of chemicals.



Baytank services both vessels, barges, rail-cars and trucks and is a state-of-the-art terminal designed in accordance with the highest standards of safety, quality and flexibility. Baytank is particularly unique with respect to its pressurized tanks, the nitrogen compensation system as well as an advanced vapour-return system. Baytank has permis-

sion to handle and store more than 600 different chemicals. The terminal is highly flexible with its deepwater docks with continuous concrete aprons. Baytank also has bunkering facilities.

The terminal consists of 65 tanks ranging in size from 350 cbm to 9,000 cbm, and has a total capacity aggregating 171,000 cbm. The tanks are made of stainless steel, or black steel protected with zinc or epoxy coatings. So far the total investment amounts to more than USD 100 million. Unused land, and the considerable investment already made in the Baytank terminal infrastructure, provide good opportunities for further expansion. Within the existing area Baytank has the potential storage capacity of about 350,000 cbm.

In 1994 a total of 366 ship-calls were logged at Baytank compared to 327 the previous year. One of the major events in 1994 was a 10 year agreement with PMI, a subsidiary of PEMEX, the largest government controlled company in Mexico. The agreement, for storage and distribution of Acetaldehyde, represents the first long term terminalling agreement a Mexican based company signed in the USA. The basis

for this project was a concurrent agreement made between PMI and Hoechst Celanese concerning the supply of Acetaldehyde. The result of this agreement is that the product, manufactured in Mexico by PEMEX, for the next 10 years will be shipped to Baytank for storage and further distribution by rail to various locations in the US. We are of the opinion that this agreement was one of the first projects attributable to the NAFTA agreement. The storage and handling agreement incorporates the construction of two new 2.500 metric tons stainless steel, spherical tanks as well as a dedicated system for vessel discharge and railcar loadings as an expansion of the current railcar handling facility. As of January 1995 the tanks are erected and the construction is 75% complete with planned startup in April 1995.

In addition to performing general terminal services, Baytank has an important function in our cargo consolidation programme to reduce vessel laytime in port. This increases vessel turnaround in port, which in turn enhances the productivity of our ships. Baytank also functions as a "home base" for our vessels. This is of great importance for our kind of operation, where the primary function is international cross-trading, which seldom, if ever, involves calls at Norwegian ports.

Baytank is in a strong position to meet future increased environmental and safety requirements, and in this context is expected to gain competitively in the future.

Baytank achieved the following result in 1994, compared with last year:

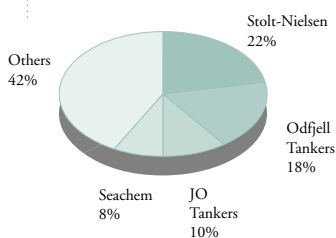
(USD MILL.)	1994	1993
Revenues	20.3	19.1
Expenses	(12.4)	(11.5)
Depreciation	(3.0)	(2.9)
Operation result	4.9	4.7
Net interest	(3.6)	(3.5)
Result	1.3	1.2

The Chemical Tanker Market

The parcel tanker market is a niche in the tanker trade and represents approx. 2% of the total tanker tonnage. The supply side, with vessels over 10,000 dwt., is dominated by a few, larger operators, particularly within the transoceanic routes. Odfjell Tankers is the world's second largest operator of chemical parcel tankers. The average age of the chemical tanker fleet is about 13 years, which is somewhat younger than the average age for the world fleet.

The chemical trade dates back to the late 50's and the early 60's and started off with smaller purpose-built tankers and larger converted tankers. Since then, the industry has increased tremendously and is today a mature and well regulated industry. Vessel sizes have increased from ships in the 4,000 dwt. class up to 40,000 dwt. capacity, and the degree of sophistication has improved considerably. At the same time the production areas have developed from being mainly a U.S. industry into a more or less global industry. Today's main centers of production are in the U.S., Europe, the Middle East and the Far East, which means that there is substantial cross trading.

The Chemical Tanker Market

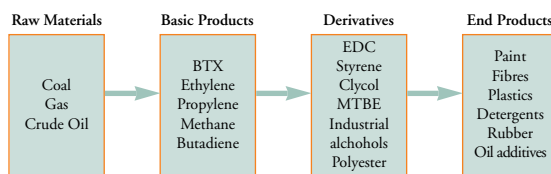


The basis for chemical production is either coal, gas or oil with the latter two being the major building blocks. Depending on the feedstocks and the refining processes, basic organic liquid chemicals and chemical gases are produced, which are again building blocks for the more sophisticated and complex chemicals. Organic chemicals like EDC, glycols, styrene and BTX-products

(benzene, toluene and xylene) are building blocks in the fiber, plastic and paint industries. Methanol is used as a basic raw material and as an additive to gasoline. MTBE is a product which is expected to experience strong growth in the future and used in gasoline to replace lead. Inorganic chemicals, which are mainly phosphoric and sulphuric acids, are used primarily in the fertilizer industry.

During 1994 the Group transported about 9 million tons of cargo, encompassing more than 350 different products, mainly within the cate-

Organic chemicals



gories of organic and inorganic chemicals, as well as vegetable oils. In addition, the Group transported a considerable volume of refined petroleum products.

The demand was influenced to a large extent by the growth in the world economy and the development in industrial production. Growth in activities for petrochemical products normally has a factor of 1,5-2 times that of the GNP growth. Demand is also influenced by regional production capacity and consumption, and also by significant variations in the prices of the products.

Parcel tankers are distinguished by a considerable number of tanks with independent loading and discharging systems, which enable the vessels to carry anywhere from 20 to 52 different cargoes at one and the same time. The tanks are made of either stainless steel, or black steel protected with zinc or epoxy coatings. Generally, vessels with tanks made of stainless steel are highly versatile for the carriage of "difficult" cargoes. The necessary requirements for segregation and tank sizes lead to high newbuilding costs, especially when compared with ordinary tankers of similar size.

The fleet is employed on a long-term industrial basis, typically under contract to major producers and traders within the chemical industries. In order to efficiently operate a substantial fleet, with a highly competent crew and land based organisation, control is basic. Moreover, quality requirements are a decisive factor.

The vessels operate in a worldwide network of services. The main trades comprise the USA to the Far East, Trans-Atlantic, USA/Europe to South America, the Arabian Gulf to the Far East and the Arabian Gulf to Europe, the Mediterranean and the USA.

Our pattern of trade closely resembles liner trade with some characteristics of spot trading, especially with regard to shipment of phosphoric acids and refined petroleum products.

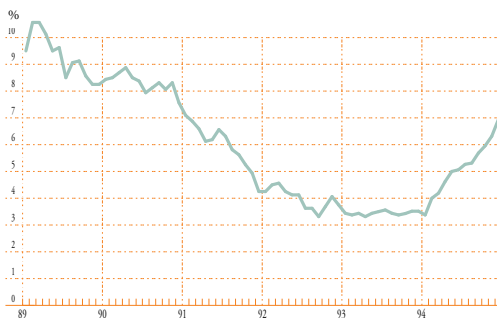
Analytical Information

Interest

The Storli Group's outstanding mortgage debt and liquidity reserves are USD based. The debt is fixed for short term periods through interest rate agreements. Changes in the floating LIBOR rates of 1% will influence net financial items in 1995 by NOK 11.2 mill., at a constant debt level.

USD LIBOR

6 months



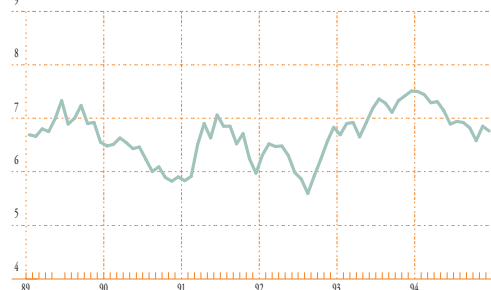
Rates of exchange

Storli is a USD based company. All revenues are denominated in USD and ship values are also expressed in USD. It therefore is Storli's policy to maintain USD as its principal currency, and to reduce all other currency risks. The different items of the profit and loss statement will be influenced by the exchange rate between USD and NOK. An increase of NOK 0.10 in the average exchange rate will, on an annual basis, improve the following figures by (NOK mill.):

Result on a time-charter basis:	+ 21.1
Net result from vessels' operation:	+ 12.7
Operating result:	+ 13.4
Net result before tax:	+ 11.4

Exchange Rate

USD/NOK



On the other hand, a stronger USD exchange rate compared to NOK translates into an unrealised currency loss on the USD denominated mortgage loans. According to generally accepted accounting standards this unrealised loss must be expensed, and can only to a limited extent be offset as compared to the corresponding unrealised gain on the Group's assets. Overall, this has a negative accounting effect. On the other hand a stronger USD exchange rate influences both the results as well as the real equity positively.

Freight rates

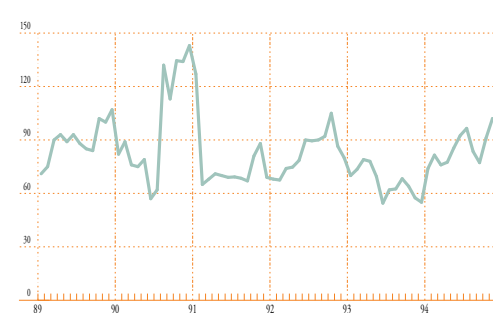
Storli's results are influenced by the freight rates. A change of USD 1,000 per day will, on an annual basis, will affect the results by approx. NOK 75 mill.

Bunkers

Bunkering costs represented about 34% of the voyage expenses in 1994. A variation in bunker prices of USD 1 per ton annually will lead to approx. NOK 2 mill. change in voyage expenses for the vessels where Storli has a direct economic interest.

Bunker Prices

380 cst Rotterdam



Financing

The average repayment profile of the mortgage debt related to the existing vessels (excl. newbuildings) is approx. 7 years. The newbuilding program is financed on a long term basis with an average repayment profile of approx. 15 years.

Shares/Shareholders' Overview

Shareholder policy

Storli's objective is to give a long-term competitive yield to its shareholders. The company emphasizes a friendly dividend policy for its shareholders, based upon the company's performance, current investment programmes as well as the tax situation. Return on capital will primarily be realized through share price developments.

Reporting of results

Storli attaches great importance to ensuring that essential information concerning the company's development is released without delay to our shareholders and the stock market. Storli issues interim reports of accounts on a four-month basis. The financial calendar for the next year is outlined on page 2.

Share price development

At the close of 1994, the price of Storli's A-shares was NOK 118.00, compared to the corresponding figure for 1993 of NOK 88.25. The increase in price was 33.7 per cent. B-share prices were NOK 114.00 and NOK 86.25 respectively, which was an increase of 32.2 per cent. During the same period the shipping-index on the Oslo Stock Exchange rose by 5.6 per cent. In 1994 the turnover totalled 9,113,868 shares, constituting 5,232,088 A-shares and 3,881,780 B-shares. Compared to the previous year, this represented a reduction of approx. 14%. In addition to being listed on the Oslo Stock Exchange, the Storli shares were traded on SEAQ International, which is a trading system for foreign shares on the London Stock Exchange. In October 1994 Storli initiated an ADR-program in the USA, which enables the shares to also be traded in the USA.

RISK-regulation

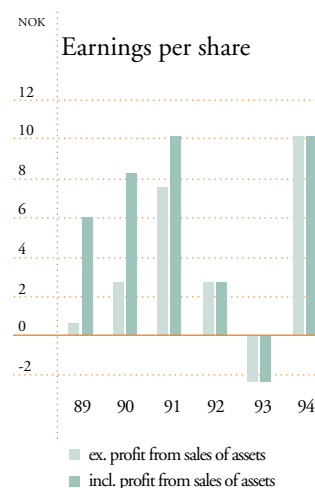
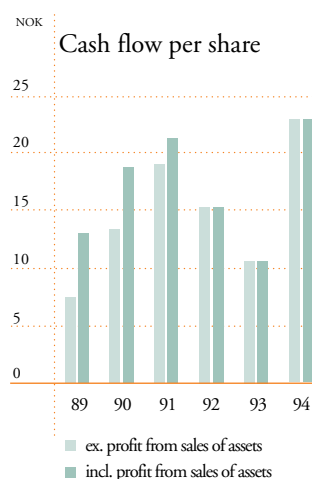
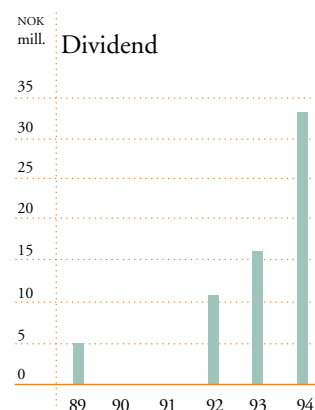
Calculated RISK-regulation as of 1 January 1995 for the Storli-shares amounted to minus NOK 1.50 per share.

Shareholders

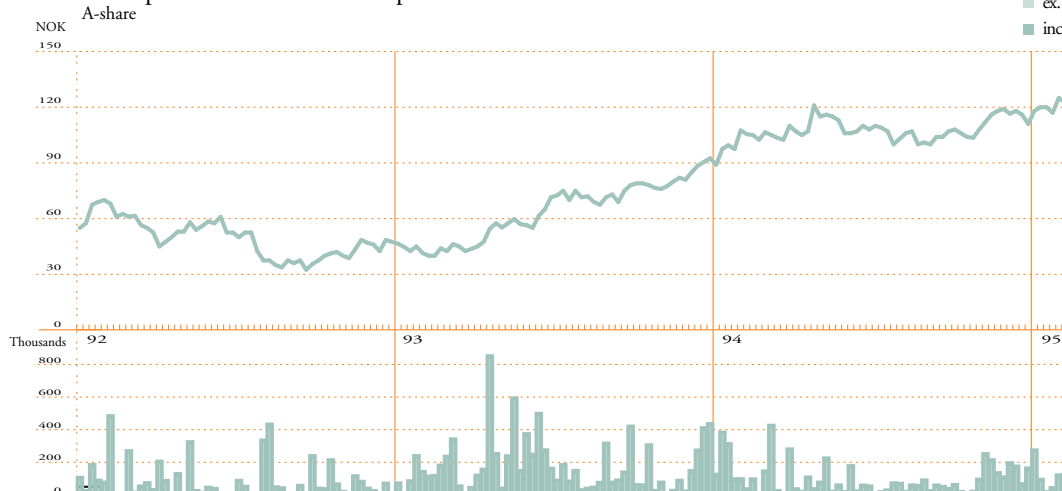
At the end of 1994 there were 1,201 holders of Storli A-shares, and 814 holders of Storli B-shares. Adjusted for shareholders owning both categories, the total number of shareholders was 1,530.

Foreign quota

Foreign investors are entitled to own up to one-third of the total number of A-shares and all of the B-shares in the company. At the close of 1994, 9.6 per cent of the A-shares and 23.5 per cent of the B-shares were owned by foreign investors, which is equivalent to 14.0 per cent of the total share capital. At the end of 1993 11.8 per cent of the shares were held by foreign investors.



Share price and volume development



Source: Delphi Economics

The 20 largest shareholders as per 31 December 1994

Name	A-shares	B-shares	Total	Percentage of votes	Percentage of shares
1 B.D. Odfjell jr. w/companies	7 429 872	283 294	7 713 166	49.95%	35.30%
2 Folketrygdfondet	517 600	609 000	1 126 600	3.48%	5.16%
3 Uni Storebrand	315 504	454 500	770 004	2.12%	3.52%
4 Aksjefondet Avanse	290 000	341 800	631 800	1.95%	2.89%
5 Aksjefondet Avanse Kapital	324 800	240 000	564 800	2.18%	2.59%
6 Gjensidige	352 104	176 200	528 304	2.37%	2.42%
7 Orkla	157 000	371 000	528 000	1.06%	2.42%
8 Kommunal Landspensjonskasse	246 400	255 000	501 400	1.66%	2.29%
9 Norsk Hydros Pensjonskasse	32 000	438 800	470 800	0.22%	2.15%
10 Svenska Handelsbanken	241 500	226 600	468 100	1.62%	2.14%
11 K-Vekst	340 100	35 000	375 100	2.29%	1.72%
12 Forenede	237 000	135 600	372 600	1.59%	1.71%
13 Odfjell Shipping (Bermuda) Ltd.	23 680	282 500	306 180	0.16%	1.40%
14 Chase Manhattan Bank	239 831	55 000	294 831	1.61%	1.35%
15 Skandinaviske Enskilda Banken	40 600	252 720	293 320	0.27%	1.34%
16 K-Holding	217 000	58 000	275 000	1.46%	1.26%
17 ABN AMRO Bank	107 800	163 400	271 200	0.72%	1.24%
18 Vital Forsikring	267 140	920	268 060	1.80%	1.23%
19 K-Avkastning	263 000	0	263 000	1.77%	1.20%
20 Ingeborg Berger, London	73 920	153 770	227 690	0.50%	1.04%
Total 20 largest shareholders	11 716 851	4 533 104	16 249 955	78.78%	74.38%

Shareholder distribution

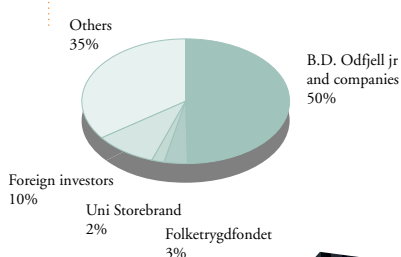
A-shares No. of shares	Shareholder		Share	
	No.	Percent	No.	Percent
1 – 1 000	883	73.0%	292 688	2.0%
1 001 – 5 000	197	16.3%	479 140	3.2%
5 001 – 50 000	97	8.0%	1 517 688	10.2%
50 001 – 100 000	12	1.0%	864 563	5.8%
>100 000	20	1.7%	11 719 681	78.8%
Total	1 209	100.0%	14 873 760	100.0%

B-shares No. of shares	Shareholder		Share	
	No.	Percent	No.	Percent
1 – 1 000	609	74.3%	146 484	2.1%
1 001 – 5 000	106	12.9%	265 996	3.8%
5 001 – 50 000	75	9.1%	1 297 290	18.6%
50 001 – 100 000	15	1.8%	979 998	14.1%
>100 000	15	1.8%	4 284 984	61.4%
Total	820	100.0%	6 974 752	100.0%

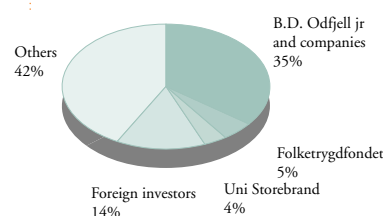
Share capital history - Skibsaksjeselskapet Storli

Year	Event	NOK	after event NOK
1916	Established	517 500	517 500
1969	Capitalisation bonus issue	382 500	900 000
1969	Merger with A/S Oljetransport	900 000	1 800 000
1981	Capitalisation bonus issue	1 800 000	3 600 000
1984	Capitalisation bonus issue	3 600 000	7 200 000
1985	Merger with Skibsaksjeselskapet Selje	3 320 000	10 520 000
1985	Merger with Odfjell Tankers & Terminals A/S	2 000 000	12 520 000
1985	Capitalisation bonus issue	6 260 000	18 780 000
1985	Public offering	9 390 000	28 170 000
1986	Capitalisation bonus issue	2 817 000	30 987 000
1988	Capitalisation bonus issue	6 197 400	37 184 400
1989	Capitalisation bonus issue	7 436 880	44 621 280
1989	International private placement	10 000 000	54 621 280
1990	Capitalisation bonus issue	54 621 280	109 242 560
1994	Capitalisation bonus issue	109 242 560	218 485 120

Shareholder structure A-shares
as per 31 December 1994



Shareholder structure A+B-shares
as per 31 December 1994



Fleet Overview – Odfjell Tankers

	Year built	DWT	CBM	Stainless steel CBM	No. of tanks
Storlis' vessels					
Bow Flower	1994	37 500	41 200	34 100	52
Bow Fortune	1975	28 060	34 756	21 136	43
Bow Sea	1978	28 060	34 756	21 136	43
Bow Sky	1977	28 060	34 756	21 136	43
Bow Spring	1976	28 060	34 756	21 136	43
Bow Star	1976	28 060	34 756	21 136	43
Bow Sun	1977	28 060	34 756	21 136	43
Bow Lady	1978	32 300	41 354	3 077	42
Bow Princess	1976	32 300	42 278	1 400	42
Bow Queen	1975	32 300	41 887	816	42
Bow Fighter	1982	35 100	41 193	6 353	34
Bow Heron	1979	35 100	42 107	5 884	31
Bow Lancer	1980	35 100	42 476	6 253	34
Bow Leopard	1988	40 263	47 593	-	29
Bow Lion	1988	40 263	47 593	-	29
Bow Panther	1986	40 263	47 593	-	29
Bow Eagle	1988	24 700	32 458	19 663	25
Bow Hunter	1983	23 077	25 002	21 009	28
Bow Pioneer	1982	23 077	25 002	21 009	28
Bow Mariner	1982	39 800	47 965	-	28
Bow Petros	1984	39 800	47 965	-	28
Bow Transporter	1983	39 800	47 965	-	28
Bow Saphir	1982	18 657	22 929	10 849	31
Bow Viking	1981	33 695	40 593	21 745	36
Owl Trader	1982	12 450	14 482	8 070	22
No. of vessels: 25		783 905			
Time-shared vessels					
Bow Gerd	1975	31 500	36 683	-	34
Bow Cedar	1969	21 723	22 972	17 842	26
Bow Trident	1992	41 330	48 746		20
Bow Trigger	1993	41 330	48 746		20
Bow Triumph	1992	41 330	48 746		20
Chuy	1983	24 083	28 765	14 244	27
No. of vessels: 6		201 296			
Vessels on management/pool-basis					
Ncc Riyad	1995	37 500	41 200	34 100	52
Ncc Jizan	1976	28 060	34 756	21 136	43
Ncc Jouf	1976	28 060	34 756	21 136	43
Ncc Madinah	1976	28 060	34 756	21 136	43
Ncc Najran	1976	28 060	34 756	21 136	43
Ncc Tihamah	1977	28 060	34 756	21 136	43
Ncc Yamamah	1977	28 060	34 756	21 136	43
Ncc Baha	1988	24 700	28 291	19 663	21
Ncc Arar	1982	23 077	25 002	21 009	28
Ncc Asir	1983	23 077	25 002	21 009	28
No. of vessels: 10		276 714			
Total no. of vessels: 41		1 261 915			
Newbuildings					
Yard no. 308	Govan	Storli	37 500	7/1995	
Yard no. 258	Florø	NCC	37 500	5/1995	
Yard no. 259	Florø	Storli	37 500	10/1995	
Yard no. 132	Florø	Storli	37 500	5/1996	
Yard no. 133	Florø	NCC	37 500	11/1996	
Yard no. 134	Florø	Storli	37 500	5/1997	
Yard no. 135	Florø	Storli	37 500	11/1997	
Option	Florø	Storli	37 500	5/1998	
Option	Florø	Storli	37 500	11/1998	

Glossary

ADR: American Depository Receipt - an exchange system for foreign shares in the USA.

BALLAST: A voyage with no cargo on board to get a ship in position for next loading port or dry docking.

BALLAST TANK: A tank that is filled with sea water when a vessel sails in ballast, or in order to provide stability

BARGING: Transfer of cargo to/from a ship from/to a barge.

BROKER: An independent intermediary who negotiates freight contracts between owners and charterers as well as the sale and purchase of vessels.

BUNKERS/BUNKERING: Fuel, to power a ship's engine. Bunkering is to take on board bunkers.

CAP: Condition Assessment Program, Det Norske Veritas' voluntary rating system for vessels describing and quantifying the standard of a vessel.

CHARTER PARTY (C/P): Agreement between a shipowner and a charterer, outlining terms and conditions governing the transportation. The agreement may be for one or several voyages, or for a certain period of time.

CHARTERER: May be the cargo owner, supplier or receiver of the cargo. It is the party paying for the transportation.

CLASSIFICATION SOCIETY: An independent international organization, e.g. Det Norske Veritas, controlling and verifying that the technical condition, the safety and quality of a vessel complies with its own rules, as well as those of national authorities.

COATING: Paint protecting the inside of a vessel's tanks. Usually epoxy or zinc based paints.

COFR: Certificate of Financial Responsibility. Certificate required by US Coast Guard for tonnage transporting chemicals or petroleum products in the U.S. economic zone (due to OPA 90). The certificate confirms that the owner can cover the full financial responsibility up to a specified maximum amount for any pollution caused by the owner's ships in US waters.

CONTRACT OF AFFREIGHTMENT (COA): An agreement between an owner and a charterer to transport given quantities of cargo during a given period of time. The owner is basically free to decide whichever vessel he will use.

DAILY COSTS: Expenses for crew as well as all other expenses directly connected with the running of the vessel, including insurance.

DEMURRAGE: Compensation paid by the charterer, supplier or receiver of the cargo for each day or pro rata for time spent in port during loading/discharging, in excess of the laytime stipulated in the Charter Party.

DOUBLE HULL: The ship has an inner and an outer hull. The distance between these two can be up to 2 meters. Such construction increases the safety during a possible grounding or collision. In this way leakage can be avoided. The double hull is also used for ballast.

DRY DOCK: Putting a vessel into a dry dock for inspection and repairs of underwater parts, and painting of vessel's bottom. Done on a regular basis.

FREIGHT RATE: Agreed transportation cost, stipulated either per metric ton of cargo, cubic meter of cargo or as a lump sum for the total cargo.

GATT: General Agreement on Tariffs and Trade. International free-trade agreement.

IMO: International Maritime Organization. The international UN advisory body on transport by sea.

INORGANIC CHEMICALS: Chemicals which molecular structure containing no carbon atoms (other than as part of a carbonate-group), and are derived from sources other than hydrocarbons, such as sulphuric acid, phosphoric acid and caustic soda.

ISM: International Safety Management Code. The first formalised initiative by IMO to provide a universal standard for the safety management systems of ships. Planned to be implemented by all countries by June 1998.

KNOT: A measure of the speed of the vessel. 1 knot= 1 nautical mile per hour, that is 1,85 km/h.

MARPOL: The International Conventions governing Marine Pollution Prevention. It is a part of IMO.

M/T: Motor Tanker.

NAFTA: North American Free Trade Agreement. Free trade common market consisting of Canada, the USA, Mexico and Chile.

NET REVENUE FROM SHIP OPERATION: Gross freight revenues minus voyage costs. Usually expressed in USD per day.

OECD: Organization for Economic Cooperation and Development, an information-gathering body. The 24 members are mainly industrialized countries in Western Europe, North America and the Asia/Pacific region.

OFF-HIRE: The time a vessel according to the charter party is not gainfully employed and not generating an income for its owner (e.g. time used for repairs).

OPA-90: The U.S. Oil Pollution Act of 1990. An American federal law that imposes far reaching requirements on shipping companies, vessels and crews when trading in US waters.

OPERATOR: A person in a shipping company whose duties amongst other things is to take care of the contact between the ship and the charterer, give instructions to the ship and the port agents concerning loading and discharging of cargo, arranging purchase of bunkers etc.

ORGANIC CHEMICALS: Chemicals containing carbon, and normally derived from hydrocarbon sources, usually either crude oil, natural gas or coal. Often referred to as petrochemicals. Can be further divided into aromatic hydrocarbons, alcohols and glycols, monomers and esters, phenols, halogenated compounds, ketones, and saturated hydrocarbons.

PARCEL TANKER: Tanker designed for the transportation of different cargoes simultaneously.

POOL: A cooperation between owners putting their vessels into a joint operation where net revenues are divided between the partners according to a predetermined key.

SEAQ: Stock Exchange Automated Quotation. System for purchase and sale of foreign shares, operated by the London Stock Exchange.

SEGREGATION: The division of a ship's cargo space into individual tanks.

SEP: Safety and Environmental Protection, classification system used by Det Norske Veritas.

SHIP MANAGEMENT: The administration of a vessel, including services like technical operation, maintenance, crewing and insurance.

SPOT RATE: Freight rate for a voyage agreed on the basis of current market level.

TIME CHARTER (T/C): The ship owner hires out a vessel complete with the crew for a fee, payable as a specific sum per day or a specific sum per dwt per month. The party that hires the vessel pays for bunkers, port and canal charges and any other voyage related costs.

TON: A gross registered ton is a volume of 100 cubic feet (2,83 cubic meters). Gross registered tonnage is basically the volume of the ship's closed areas, excluding the bridge, the galley and a few other rooms. Net registered tonnage is the gross tonnage less volumes needed for the operation of the ship (deck storage room, engine room etc), i.e. the volume available for cargo. A dead-weight ton (dwt) is a measure of the weight carrying capacity of the ship, and the total dwt is the weight of the cargo the ship can carry plus bunkers, fresh water, spare parts etc.

TRADE: The geographical area where a ship mainly trades.

TRADING DAYS: The number of days a ship is not off-hire.

VOYAGE CHARTER: The transportation of cargo from the port(s) of loading to the port(s) of discharge. Payment is normally per ton of cargo, and the ship owner pays for bunkers, port and canal charges and other voyage related costs.

VOYAGE COSTS: Expenses directly related to the voyage, such as bunkers, port charges, canal dues, etc.

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