Annual Report 1997

ODFJELL

CONTENT

FINANCIAL CALENDAR

6 May 1998	Annual General Meeting
6 May 1998	Report 1st Quarter 1998
17 August 1998	Report 2nd Quarter 1998
26 October 1998	Report 3rd Quarter 1998
Mid February 1999	Preliminary results for 1998

Financial information on Odfjell can also be found on Internet at: http://www.huginonline.com/Norway/ODF/

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the company's office, Conrad Mohrs veg 29, 5032 Minde, Norway on Wednesday 6 May 1998, at 3.00 p.m. Shareholders wishing to attend the Annual General Meeting should notify the company by Thursday 30 April 1998, according to § 4 in the Articles of Association.

Front page: The aft section of our latest newbuilding ready for being welded together with the bow section.

Head office - Bergen, Norway

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bulker division turned the unit

third.

By Lucy Hine *Australian Enterprise*

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company has been very
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BATES BERGEN

STORLI BECOMES ODFJELL

Internationally the transportation company Storli ASA is primarily known through its wholly owned subsidiary Odfjell Tankers AS. The change is a part of streamlining the company structure, and contributes to a common group-profile.

Odfjell is a major world-wide carrier of all types of chemicals. The company focuses on ownership and operation of chemical tankers and chemical storage and distribution facilities. The company operates a fleet of 58 chemical tankers, aggregating approx. 1.7 mill. tdw. In 1997 the company had a turnover of approx. NOK 3.9 billion and has 1,666 employees. Odfjell ASA is listed on the Oslo Stock Exchange.

ODFJELL

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TELEPHONE +47 55 27 00 00, TELEFAX +47 55 28 47 41

Bergen - Houston - Rotterdam - Nanjing - Tokyo - Singapore - Sydney - Durban - Buenos Aires - Sao Paulo - San Antonio, Chile - Riyadh - Dubai - Mumbai

ODFJELL - A BRIEF PRESENTATION

Odfjell's business is firmly anchored in the long term transport of chemicals in a worldwide market. The company has a market share of more than 20%. The fleet is committed to the long-term shipping requirements of the petrochemical industry. The vessels transport organic chemicals, acids, alcohols, vegetable oils and petroleum products.

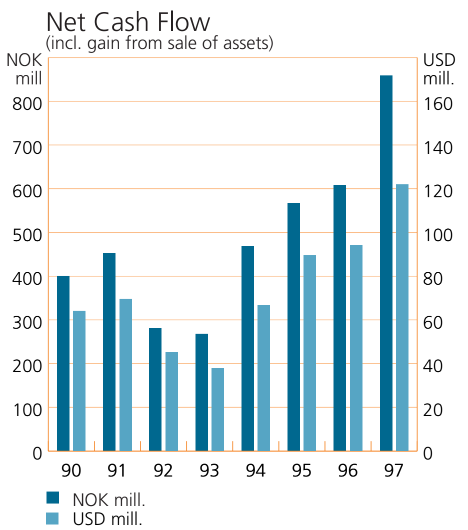
As a fully integrated shipping company, Odfjell is handling all related functions, such as ship management, operation and chartering. In the deep sea chemicals tanker market a fleet of 50 vessels is operated, aggregating approx. 1.6 million dwt. Odfjell is the owner of 29 of these vessels. Odfjell is also involved in regional transportation of chemicals. A fleet of 6 vessels operates in the Caribbean and on the West Coast of South-America. Further, we are developing an operation in Asia, out of Singapore, which currently operates 2 vessels.

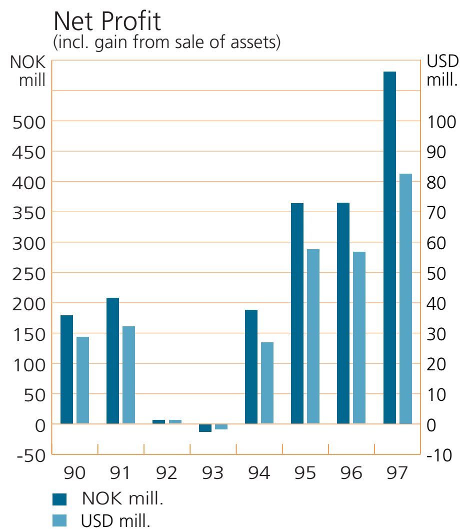
Odfjell Terminals is also an integrated part of the operation. Baytank in Houston, US is the largest terminal with a total storage capacity of 190.000 cbm. In addition, we have ownership interest in terminals in Dalian and Ningbo in the People's Republic of China.

Odfjell is dedicated to meeting the customers' stringent requirements as to quality and safety and operations are governed by high standards, often in excess of what is required by national and international regulations. Odfjell, founded in 1916, was one of the pioneers in the development of the chemical tanker trade in the late 1950's. The company has been listed on the Oslo Stock Exchange since 1986.

HIGHLIGHTS

- Net profit before currency gain(loss), extraordinary items and taxes of NOK 614 mill. Gain on sale of assets of NOK 227 mill. is included. Net cashflow of NOK 892 mill.
- Earnings per share of NOK 26.57 and cashflow per share of NOK 39.32.
- Sale of "BOW FORTUNE" (1975/28,060) and her sister vessel "BOW STAR" (1976). Sale of "BOW SUN" (1977/28,060) to a 50/50 joint venture company.
- Delivery of the newbuildings M/T "BOW FAITH" and M/T "BOW CARDINAL" (both 37,250) from Kværner Florø, Norway.
- Ordering of two 37,250 tdw. chemical tankers at Kværner Florø with delivery in 1999 and four 6,000 tdw. chemical tankers at Stocznia Szczecinka S.A. in Poland with delivery in 1998 and 1999.
- Acquisition of Andino Chemical Tankers. Start up of Odfjell Tankers Asia.
- Expansions at the chemical storage terminals Baytank in Houston and VOTTN in Ningbo, China.
- Change of name from Storli ASA to Odfjell ASA.





KEY FIGURES/FINANCIAL RATIOS

ODFJELL GROUP	Amount in	1997	1996	1995	1994	1993	1992	1991	1990
From Profit and Loss Statement									
Operating result	NOK mill.	518	487	465	259	91	88	321	336
Depreciation	NOK mill.	-278	-247	-205	-284	-283	-274	-247	-230
Profits from sale of assets	NOK mill.	227	0	0	0	0	0	56	121
Net financial items	NOK mill.	-131	-123	-101	-77	-98	-113	-106	-157
Net profit (1)	NOK mill.	581	365	364	188	-13	7	208	179
From Balance Sheet									
Current assets	NOK mill.	1 994	1 575	1 434	1 245	1 181	1 187	951	894
Vessels and other fixed assets	NOK mill.	5 214	3 830	3 599	3 162	3 157	3 028	2 824	2 704
Current liabilities	NOK mill.	505	293	321	210	225	191	174	240
Long term liabilities	NOK mill.	3 975	2 867	3 157	2 893	2 943	2 782	2 385	2 439
Shareholders' equity *	NOK mill.	2 728	2 245	1 555	1 304	1 169	1 242	1 214	918
Total balance	NOK mill.	7 208	5 405	5 033	4 407	4 337	4 215	3 774	3 597
Profitability									
Earnings per share incl. profit from sale of assets (2)	NOK	26,58	16,52	16,56	8,48	-0,69	0,26	9,41	7,84
Earnings per share excl. profit from sale of assets (3)	NOK	16,17	16,52	16,56	8,48	-0,69	0,26	6,82	2,29
Cash flow per share incl. profit from sale of assets (4)	NOK	39,32	27,82	25,94	21,48	12,28	12,80	20,72	18,35
Cash flow per share excl. profit from sale of assets (5)	NOK	28,91	27,82	25,94	21,48	12,28	12,80	18,14	12,81
Return on total assets (6)	%	12,9 %	11,0 %	11,8 %	7,2 %	3,4 %	4,0 %	10,6 %	12,7 %
Return on equity (7)	%	23,3 %	19,2 %	25,5 %	15,2 %	-1,1 %	0,6 %	19,5 %	18,6 %
Financial Ratios									
Average number of shares	mill.	21,85	21,85	21,85	21,85	21,85	21,85	21,85	21,85
Equity pr. share (8)	NOK	125	103	71	60	54	57	56	42
Net cash flow incl. profit from sale of assets (9)	NOK mill.	859	608	567	469	268	280	453	401
Net cash flow excl. profit from sale of assets (10)	NOK mill.	632	608	567	469	268	280	396	280
Interst-bearing debt	NOK mill.	3 975	2 859	2 739	2 564	2 673	2 499	1 947	1 797
Bank deposits and securities	NOK mill.	1 603	1 318	1 275	1 066	1 237	1 153	891	794
Debt repayment capability (11)		3,8	2,5	2,6	3,2	5,4	4,8	2,7	3,6
Current ratio (12)		4,0	5,4	4,5	5,9	5,2	6,2	5,5	3,7
Equity ratio (13)	%	38%	42%	31%	30%	27%	29%	32%	26%

Historical figures per share have been adjusted for bonus issues. We have not calculated earnings per share fully diluted because it would constitute less than 1% of the share capital if converted in 1998.

* - Figures for 1990: Book equity plus 72% of equity with deferred tax liability.

1. Net profit before currency gain (-loss), extraordinary items and taxes, but after currency gain (-loss) on forward exchange contracts.
2. Net profit less minority interest divided by number of shares per 31.12.1997.
3. Net profit less minority interest less profit from sale of assets divided by number of shares per 31.12.1997.
4. Net profit plus depreciations less minority interest divided by number of shares per 31.12.1997.
5. Net profit plus depreciations less minority interest less profit from sale of assets divided by number of shares per 31.12.1997.
6. Net profit plus financial expenses divided by average balance of total assets.
7. Net profit divided by average book equity and minority interest.
8. Equity divided by number of shares per 31.12.1997.
9. Net profit plus depreciation less minority interest.
10. Net profit plus depreciation less minority interest less profit from sale of assets.
11. Interest-bearing debt less bank deposits and securities, divided by net cash flow (10).
12. Current assets divided by current liabilities.
13. Book equity plus minority interest divided by total assets.

REPORT OF THE BOARD OF DIRECTORS

Odfjell's business is firmly anchored in the long term transport of chemicals in a worldwide market. The year 1997 was a good year for the company, both with regard to results and future positioning.

Despite a declining spot market throughout 1997, the market for chemical carriers was quite satisfactory, though the level of earnings was somewhat lower than the previous year. A stronger USD/NOK rate of exchange together with positive cost developments resulted in an increase in operating profits compared to 1996. Additionally, profits from the sale of vessels in 1997 further contributed to the year's good results.

An important strategic area for Odfjell is fleet development. We aim to achieve this through gradual renewal while retaining our share of the market. In 1997 we took delivery of two 37,250-tdw advanced chemical tankers from Kværner Florø. At the same time, we ordered two further sister ships for delivery in 1999. During the year, two of our older vessels were sold and chartered back to the company for a period of 10 years. Additionally, one of our vessels was sold to a joint venture company for regional transportation of sulphuric acid in Chile. Odfjell has a 50% interest in this company.

One feature of Odfjell's strategy is to expand the product range we offer to our customers. In this context, a central factor is investment in regional transport, feeder services and vessel ownership in the Far East. These activities were commenced in 1997 with the help of two chartered vessels, and four smaller chemical tankers are now on order for delivery in 1998 and 1999. In the autumn of 1997, we purchased Andino Chemical Tankers, a company with its main area of operations in the Caribbean. This company operates six smaller chemical tankers, three of which they own themselves.

Our terminal operations have continued to expand during 1997, with expansions at Baytank, in Ningbo, and in Dalian where we are now in the final phase before becoming operational.

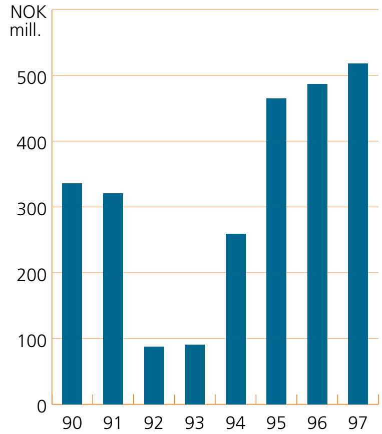
On 9 February 1998, an extraordinary meeting of shareholders resolved to change the company's name from Storli ASA to Odfjell ASA. Our operations already are marketed under the name of Odfjell Tankers, and it is expected that this change will simplify and improve the company's profile and identity.

Consolidated profits before currency gains (-losses), extraordinary items and taxes in 1997 came to NOK 614 million compared to NOK 363 million in 1996, including gains of NOK 227 million (0) from the sale of vessels. Operating profits increased to NOK 518 million from NOK 487 million in 1996, while the yield on equity rose from 19.2% in 1996 to 23.3% in 1997. The company's cash position is very good. Cash and liquid instruments amount to NOK 1,599 million, corresponding to about 40% of the outstanding interest-bearing debt. Book equity was NOK 2,728 million, an increase of NOK 483 million since the end of 1996, with the ratio of book equity amounting to 38% at the end of the year. Gross investments in 1997 amounted to NOK 1,459 million.

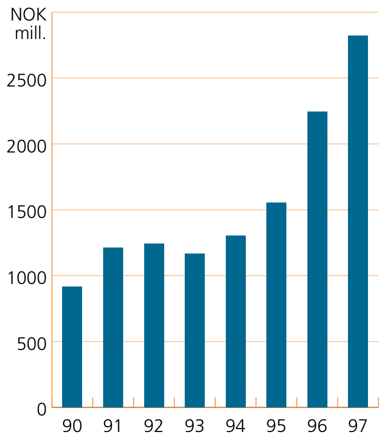
WORLD ECONOMY AND THE SHIPPING INDUSTRY

Growth in the OECD countries was positive also in 1997. GDP rose by 3% compared to 2.8% in 1996. This growth is in line with average annual growth over the past ten years. Industrial production is expected to have increased by 4.6% compared to 2.1% in 1996.

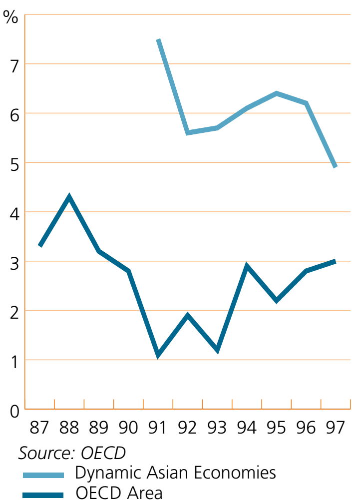
Operating Result



Shareholders' Equity



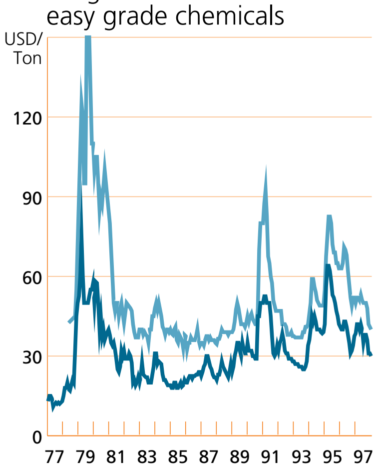
Growth of real GDP



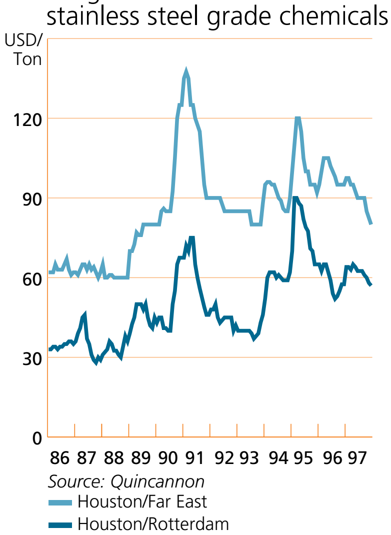
Economic growth in the recently industrialised nations in the Far East has become important for the shipping industry. After a long period of strong growth, several of these countries suffered a setback in 1997. It is difficult at this time to estimate the extent of such setbacks, and it is also difficult to predict what impact it will have on developments in the immediate future. The estimated growth in GDP in these countries was between 5% and 8% in 1997, and for most of them, this was weaker than the previous year. Growth in industrial production was also lower.

In terms of physical volume, goods transported by sea in 1997 increased by 4.4%, an increase from 3,7% in 1996.

Freight rates - 3000 tons easy grade chemicals



Freight rates - 1000 tons stainless steel grade chemicals



OPERATIONS

Odfjell's global transportation operations now consist of three integrated areas of activity:

- A global sailing pattern, with a fleet of 50 vessels, 29 of which are Odfjell-owned, and 21 are chartered, including 12 owned by National Chemical Carriers (NCC).
- Regional sailing patterns, with a fleet of 8 smaller vessels, 3 of which are Odfjell-owned and 5 chartered.
- Terminals in the USA and China.

Core activity is concentrated on a global sailing pattern with large vessels and represents 85% of our total capital assets. The other areas of activity enjoy the advantages of synergy and thus contribute towards supporting our overall market position and efficiency.

Global sailing pattern

The company experienced a somewhat weaker market in 1997 than in the previous year. Earnings on a time charter basis for comparable tonnage was reduced by 5.7% in comparison to 1996. Our contract coverage was about 53% in 1997 and earnings were to a limited degree affected by short-term developments in spot rates. The spot market declined steadily throughout 1997, due in part to a reduction in economic activity in a number of countries in the Far East along with a relatively high rate of delivery of new tonnage. Our sailing pattern covers most of the important areas of the world and was stable as compared to 1996.

The chemical tanker trade is global. While increasing their domestic production capacity, the large US and European producers are also establishing themselves internationally. Moreover, the production of chemicals in the Middle East has increased substantially. The demand for transportation for chemicals is largely determined by the state of development of national economies. The growth in both GDP and industrial production has resulted in rising consumption as well as in increased transportation of chemicals.

The core fleet of chemical tankers over 10,000 tdw increased by about 8% in 1997. Scrapping was insignificant. At the turn of the year, newbuilding orders amounted to somewhat more than 19% of the existing fleet, identical to last year. However, lead time for delivery of this type of vessel is long, and fleet additions will be spread evenly over the next three years. If vessels are scrapped when 25 years old, we expect that the net increase will amount to about 5% p.a. over the next three years. However, the rate of delivery suggests that the net growth rate in 1998 will be slightly higher, on par with 1997.

A number of advanced product tankers have been contracted for and delivered in 1997. These can also carry easy chemicals, but they had only a slight impact on our market during 1997. We expect this development to continue. In a very good market, with large volumes of easy chemicals, such vessels will be in a position to compete for cargoes of easy chemicals.

On the supply side, the chemical tanker market remains stable compared to 1996, with the five largest operators controlling about 70% of the chemical tanker fleet in the 10,000 tdw. and larger size. Odfjell's market position is good, with a market share of about 20%.

Operations

At the end of 1997, Odfjell was operating a fleet of 50 vessels. In total, we carried 11.3 million tons of cargo distributed over 5,200 consignments. Volume increased by 5% compared to 1996 and spread over more than 400 customers and 370 different types of cargo. Our vessels made 2,367 port calls and passed through the Suez and Panama canals a total of 216 times. Volumes and rates are spread over spot and contract cargoes, with developments varying substantially, particularly within short time frames. In addition, our results are influenced by our own efficiency and fleet utilisation.

Bunker prices have been high also in 1997, varying between USD 84 and USD 108 per ton. The average price in 1997 was about USD 94 per ton, a reduction of USD 11 per ton compared to 1996.

In 1997, we operated 12 vessels for our pool partner National Chemical Carriers Ltd (NCC). Odfjell is entrusted with the marketing, operation, maintenance and manning of these vessels which are operated under time charters in separate pools each of similar types of ships. Each vessel receives its relative share of pool earnings based on the actual number of days on hire.

Fleet development

In 1997, Odfjell took delivery of the newbuildings "BOW FAITH" in April and "BOW CARDINAL" in October. The vessels are performing well and have contributed towards consolidating our market position. The ships are part of a series of advanced chemical tankers contracted at Kværner, Florø. All the vessels are 37,250 tdw with cargo tanks primarily in homogenous, acid-resistant steel, with a total of 48 to 52 segregations. The number of sister ships has now reached 13, with the delivery of four vessels still remaining, all of which are to be owned by Odfjell.

Yard no.	Estimated delivery
136	April 1998
137	October 1998
138	April 1999
139	October 1999

Each vessel will cost about USD 71 million.

As part of our fleet renewal programme, in 1997 we sold "BOW FORTUNE" (28,060/1975) and her sister ship "BOW STAR" (1976). These vessels were delivered to the buyers on 19 August and 28 October respectively. On the same date, the vessels were chartered back to the company for a period of 10 years.

On 16 December 1997, "BOW SUN" (28,060/1977) was sold to a joint venture company owned 50% by Odfjell and 50% by a wholly owned subsidiary of Compania SudAmericana de Vapores S.A. in Chile. The vessel will be used to transport sulphuric acid along the coast of Chile.

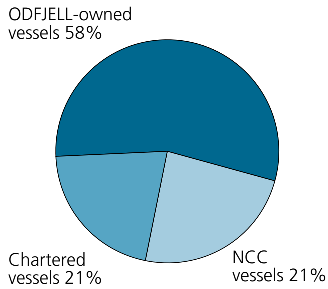
The chartered vessels "BOW GERD" (31,500/75) and "LADY INA" (31,500/75) were handed back in January/February 1997. In April, we chartered "BATTERY PARK" (15,000/91) and in July "BOW TRIBUTE" (41,330/97), thus renewing the chartered element of our fleet as well.

Regional sailing patterns

Odfjell Tankers Asia

In recent years we have experienced increased growth in the transportation of sophisticated chemicals both to and from south-east Asia and the Far East, requiring us to call at more ports in this area. This creates a need to transship cargo as well as to provide better quality transshipment tonnage. In addition, smaller tonnage is required to enable us to provide an efficient service to an increasing number of ports with depth restrictions.

Fleet Distribution



In view of this, we have resolved to invest in our own transshipment tonnage and to establish a regional service in the south-east Asia/Far East region. This activity will be managed from Singapore and, in 1997 we expanded our organisation to take care of both our own and any chartered tonnage. In January 1997, we entered into an agreement with Stocznia Szczecinska S.A., Poland, to build four advanced 6,000 tdw chemical tankers. All cargo tanks in these vessels will be constructed of acid-resistant steel and 14 segregations. Cost price per vessel will be about USD 21 million and delivery will commence in the second half of 1998 as follows:

Yard no.	Estimated delivery
579-I/1	September 1998
579-I/2	February 1999
579-I/3	June 1999
579-I/4	October 1999

In order to start operations in this area, in 1997 we chartered the "AIGRAN D" (10,000/97) and "ILARIA D" (9,500/94) on a medium-term basis. Both are high-quality vessels with acid-resistant steel cargo tanks. The vessels were delivered to us on 24 July and 17 August 1997 respectively.

Andino Chemical Tankers

With effect from 1 November 1997 we purchased the chemical tanker company Andino Chemical Tankers Inc. (ACT). This company's activity is concentrated on the transportation of chemicals in the US Gulf, the Caribbean, and along the west coast of Central and South America. Its fleet consists of the chemical tankers "ANTISANA" (8,192/1989), "GORGONILLA" (8,192/1989) and "UNIVERSAL APOLLO" (6,291/1981). The company has also chartered the "ANDINO PARK" (9,013/1989), "TAMA CARIBBEAN" (7,003/1980) and "TAMA ANDINO" (6,986/1980) on a medium-term period.

In 1997 «BOW FAITH» was named Ship of the Year in Norway. From left: Grete Knudsen, Minister of Trade and Industry, Asle B. Strønen, Skipsrevyen, Bjørn Lillelien, Kværner Florø, Captain Jan Pedersen, «BOW FAITH», Per R. Sævik, Norwegian Shipowners' Assoc., Bjørn Sjaastad, Odfjell and Birger Skår, Norske Skipsverft.

These vessels are all operated out of Houston, Texas, in the United States, with the assistance of Chemical Tankers of America Inc. as general agents for ACT. Odfjell has also taken over this company. Andino Chemical Tankers had a total turnover in 1997 of about USD 31 million. Odfjell's total gross investment amounted to about USD 40 million. The results of ACT is included in the accounts on a gross basis as from the acquisition date.

This acquisition is part of our increased involvement in business areas closely related to our own core activities in the intercontinental market for transportation of chemicals by sea. Andino Chemical Tankers' fleet, customer base and contract portfolio all fit in well with our other transport patterns in the region.

Terminals

In a large and global business such as ours, synergy exists between the operation of ships and the operation of terminals. This is particularly true in newly industrialised countries where the infrastructure is often inadequate. By investing in tank terminals in these regions, we are able to enter the market at an early stage. In addition, such facilities lead to increased transport volumes, which in turn will affect the utilisation and profitability of our vessels This synergy will be clearly apparent to our customers, as well.

Baytank - Houston, USA

The upswing experienced by Baytank continued in 1997 and resulted in a profit of USD 5.4 million compared to USD 4.6 million in 1996, an increase of 17%. The terminal started the year with six new tanks corresponding to a capacity increase of 17%. Expansion continued in 1997 with the construction of seven new tanks in Bay 6 with a total storage capacity of 35,000 cbm. This work is expected to be completed in May 1998. It represents a further increase in capacity of 19% and will result in improved utilisation of earlier infrastructural investments. There is still considerable scope for further expansion at Baytank.

DMTTC - Dalian, China

In order to participate in the continued growth of the Chinese economy, we are constructing a new terminal in Dalian in North China. In the first stage of its construction, the terminal will have a capacity of about 60,000 cbm distributed over 35 tanks. Total investment at this first stage will amount to around USD 30 million. With its 44% share, Odfjell is the principal shareholder and responsible for the terminal's technology, development and operations. The terminal will become operative during April 1998.

VOTTN - Ningbo, China

1997 was the third full year of operations for the Ningbo terminal, where the company has established itself as a terminal of high technical standards. So far the market for terminal services in this region remains spot-oriented, and business in 1997 was poor. Odfjell owns 12.5% of this terminal, and our share of the 1997 result amounted to minus USD 127,000. The terminal capacity was increased from a 24,400 cbm to 65,450 cbm, and the work was completed in the autumn of 1997.

VOPAK - Zhuhai, China

Odfjell will participate in a large, new tank terminal in Zhuhai, China together with Van Ommeren and Pakhoed. Zhuhai is strategically located in South China not far from Hong Kong. Total investment in the first phase is approx. USD 100 mill. and include tanks for storage of chemicals, LPG as well as petroleum products. Odfjell will participate with 5%.

OPERATIONS/ SAFETY/ENVIRONMENT

Odfjell's objectives are based on a stable, long-term operations policy for the safe and efficient transportation of chemicals and to maintain an overall high standard of services in order to meet our customers' requirements. Both national and international regulations impose increasingly stringent demands requiring higher standards in the manning of our vessels, the technology used, and in the administration of our organisation.

Our maintenance policy is based on a long-term, regular and preventative maintenance programme. Our ships are normally docked every 30 months. At the same time, maintenance work is carried out continuously while at sea. In 1997, 13 of our vessels were off-hire for a total of 333 days for docking purposes. In 1996, we docked 11 vessels with a total off-hire period of 309 days.

In order to continue to improve the overall quality of our services, we have established a quality system that also includes organisational matters.

In February 1994 we received our quality accreditation from Det norske Veritas, and all our ships have been certified. This system encompasses SEP (Safety and Environmental Protection), as well as compliance with ISO 9002. Vital to the quality programme is the way in which we deal with non-conformities. Through SAFIR reporting (Safety and Improvement Reporting) we register all non-conformities, identifying the cause and implementing corrective measures. This quality programme is an effective tool for improving efficiency and profitability.

In November 1993, increased international focus on safety at sea resulted in a new international quality standard being drawn up by IMO. This standard is called "The ISM Code - International Safety Management Code". As from 1 July 1998 all tankers and bulk vessels over 500 grt in the world-wide fleet must have their own procedures for an operative quality system that satisfies this standard. Odfjell's fleet has approval in accordance with this ISM Code. The introduction of the ISM Codes makes it more difficult to operate substandard tonnage - a positive development indeed.

Odfjell supports increased safety and quality controls both by the authorities and by customers. During 1997, DNV carried out 28 inspections of the quality systems used on our vessels and we ourselves completed 26 internal audits. In 1997, our customers carried out 106 inspections of our vessels, 39 by CDI (Chemical Distribution Institute) and 67 by OCIMF (Oil Companies International Marine Forum). In addition, inspections are conducted by the classification companies and port states. Careful supervision by the industry itself and by the authorities will continue to be an advantage for us, providing the company with a competitive edge.

Odfjell is keenly aware of environmental issues, and the prevention and containment of pollution at sea is a major concern. Our vessels were not involved in any accidents with any significant environmental impact in 1997. The work environment, both ashore and onshore is good.

ORGANISATION

Odfjell attaches great importance to having a manning policy that enables us at all times to have qualified staff on board our ships as well as on land. Our ships are manned mainly by Norwegian officers with long experience in operating chemical tankers. When hiring our Philippine crew members, emphasis is placed on the importance of continuity and experience. The new revised qualification convention (STCW 1995) stresses the importance of this.

Industrial shipping requires high quality leadership, both on land and at sea. As part of our organisational development programme we started in 1997 a management training programme for our ships' masters. Currently we are focusing on effective use of new information technology, a vital factor for us when we consider the distances that separate us from our customers, our vessels and our overseas offices.

We have recently resolved to merge the operations and chartering departments at our head office in Bergen. This will contribute towards strengthening customer focus, focus on timecharter result and improving our utilisation of resources. At the same time, Odfjell will be setting up a special group to concentrate on business development and planning. These changes will come into effect during the first half of 1998.

At the turn of the year, a total of 1,667 people were employed in the Group.

SHIPPING TAXATION

During 1997 the company implemented the necessary organisational and corporate structural changes in order to qualify for the new tax regime for shipping companies in Norway. This new system came into effect from 1 January 1996.

Briefly, these changes called for the transfer of all vessels previously owned by the parent company to shipowning subsidiaries. All employees in the Group in Norway are now employees of the parent company. As a fully integrated shipping company, Odfjell ASA provides operational, chartering, ship management and administrative services for the shipowning companies in the Group.

The main principle of the new tax rules is that shipping companies are to pay tax on the distributed dividends and on net financial revenues of the shipowning companies. In addition, a tonnage tax is levied on both owned and chartered tonnage. In 1997 this latter tax amounted to NOK 2.9 for our company. Earnings linked to internal services provided to the shipowning companies within the Group are also considered taxable income.

In the 1996 accounts, deferred tax amounting to NOK 409 million was listed as income in connection with the change to the new tax rules for shipping companies. Deferred tax is booked as income with the understanding that the companies in the Group qualifying for this arrangement will remain within the scheme in the future and the present value of deferred tax is therefore estimated to be close to zero.

The company is awaiting the final tax assessment for 1996 based on the new tax rules.

FINANCES

Profit

The Group's net result before currency gains (-losses), extraordinary items and taxes amounted to NOK 614 million. The result includes gains from the sale of ships amounting to NOK 227 million. After currency losses of NOK 166 million, an extraordinary income of NOK 122 million related to the implementation of the new principle of periodic maintenance, and estimated net positive taxes for 1997, the year's result shows a profit of NOK 571 million.

Time charter rates are about 5.7% lower than last year. Operating costs in NOK for comparable tonnage were on par with 1996, though docking costs were somewhat lower.

Accounting principles

With effect from 1997, the Group has changed its accounting principles for recording docking costs, bringing the Group into line with other large listed shipping companies. Instead of charging docking expenses to current operating costs when the docking took place, as was the case earlier, these expenses are now capitalised and written off over time up to the next docking. The net one-time impact of this change amounts to NOK 122 million, an amount credited to extraordinary items.

Foreign currency

The USD/NOK rate of exchange has a significant impact on the company's profit and loss statement and balance sheet. In 1997, the average rate was NOK 7.05, a substantial increase over NOK 6.45 the previous year. This has had a considerable positive effect on our operating results.

The company's current assets and debts are expressed in USD. During 1997, the USD/NOK rate rose from NOK 6.44 to 7.32 at the end of the year. This change resulted in a foreign currency loss of NOK 302 million on the company's long-term debt, while the foreign currency gain on net current assets amounted to NOK 168 million. In addition, net currency losses of NOK 33 million were realised on forward contracts entered into to hedge certain of the company's operating expenses.

All of Odfjell's revenues are in USD. Similarly, the value of the ships is given in USD. Consequently, it is our policy to use the USD as our principal currency, thus reducing all other currency exposure.

Liquidity

The company's liquid reserves have continued to increase in 1997. At the turn of the year, these amounted to NOK 1,599 million, compared to NOK 1,313 million at the end of the previous year. This increase is due to a positive net cash flow from operations, and to a higher USD/NOK rate of exchange. In 1997, payments relating to investments amounted to NOK 1,628 million, while interest-bearing debts amounted to NOK 3,971 million, an increase of NOK 1,112 million.

In the management of the free liquidity, the company uses highly liquid interest bearing instruments with limited credit risk as well as USD deposits with highly rated financial institutions. These placements are generally made for interest periods that coincide with the interest periods on the company's long-term loans.

Financing

The company's financing structure is stable and long-term. The lending institutions are recognised Norwegian and international shipping banks with whom we have long-term relations. The financing, which also covers our newbuilding programme, is mainly arranged on an unsecured basis, and also on favourable terms in other respects. The average loan period is just over seven years.

Equity base

At the end of the year, the Group's total book equity amounted to NOK 2,728 million, resulting in an equity ratio of 38%. As our fleet is made up of special-purpose ships with only a limited second-hand market, we have adhered to our earlier practice of making no value adjustments to equity. However, we are of the opinion that the fleet's market value exceeds its book value. This was evidenced through sales realised in 1997.

Parent company profit for the year

In 1997, the parent company made a profit of NOK 1,402.0 million. This figure includes a sales gain of NOK 1,333.4 million resulting from the changed corporate structure in connection with the conversion to the new tax regime. This gain is eliminated in the consolidated accounts. The results also reflects the new functions of the parent company as a fully integrated management company for the shipowning companies. This is inline with the new tax system for shipping companies in Norway. The parent company is also the borrower for most of the loans from the financial institutions. In line with the company's shareholder policy, the Board proposes that the General Meeting approve a dividend of NOK 4.0 per share, equivalent to NOK 87.4 million, compared to NOK 65.5 million in 1996. The company has received contributions from subsidiaries amounting to NOK 0.2 million. The Board recommends allocating NOK 1,128.4 million to general reserves and NOK 186.4 million to statutory reserves.

IT SYSTEMS YEAR 2000

The company is in the process of ascertaining what steps need be taken to modify Odfjell's IT systems in its office organisation and on board its ships to deal with problems related to the year 2000, and how much this will cost. At the present time there is no reason to believe that such modifications will subject Odfjell to substantial expenditure.

«BOW CLIPPER » in transit through the Panama Canal.

MISCELLANEOUS

At the end of the year, the company had 1,694 shareholders. The Chairman of the Board and companies under his control own a total of 7,600,885 shares. No other shareholders own 20% or more of the company. Board members Terje Storeng, Jørgen Faye and Per Ivar Gjærum own 3,168, 300, and 60 shares respectively. The President together with the companies under his control owns 29,800 shares. The company's auditor holds no shares in the company. A convertible loan amounting to NOK 25.0 million from company directors and executives is outstanding. This loan gives the right of conversion on 30 April 1998, 30 April 1999, and 28 April 2000 at the rate of NOK 125.00, 130.00 and 135.00 respectively. The conversion price must be adjusted for dividends paid out subsequent to the 1995 financial year.

Total remuneration to the Board of Directors in 1997 amounted to NOK 962,626. The President's remuneration in 1997 amounted to NOK 1,851,712. The auditor's fee for 1997 amounted to NOK 1,096,625.00, of which NOK 326,625.00 was for advisory services.

The Board of Directors of Odfjell ASA. From left: Per Ivar Gjærum, Terje Storeng, B.D. Odfjell jr. (Chairman), Jørgen Faye and Bjarte Kvåle.

PROSPECTS

Odfjell's strategy is firmly established. The company's exposure is related to the global demand for transportation of chemicals. The underlying balance between supply and demand for chemical carriers remained favourable in 1997, though somewhat weaker than the previous year. The market declined during the 4th quarter of 1997, primarily as a result of reduced demand from some Far East countries. On the demand side, prospects for 1998 are more uncertain than earlier as a result of the situation in Asia, and any impact this will have on the global economy. We expect somewhat lower growth in 1998 compared to the previous year.

The number of chemical tankers on order amounts to about 19% of the existing fleet. This growth will be spread evenly over the next three years, though the rate will be somewhat higher in 1998. Provided scrapping continues at the present rate, we expect the tonnage balance in 1998 to equal the 1997 level. However, the rate of scrapping will be decisive for the market balance. In this context, the stricter quality requirements from customers and government authorities alike may have a significant effect. A weaker market may also increase the disposal of tonnage.

Our newbuilding programme will give us an annual fleet growth of about 4% and appears to be well adjusted to market developments.

The company has good contract coverage for 1998, though the level of freight rates is slightly lower than in 1997. Based on present volumes, we expect a lower, but nevertheless satisfactory result for the current year.

Bergen, 31 December 1997
2 March 1998

The Board of Directors of Odfjell ASA

Per Ivar Gjærum

B.D.Odfjell jr.
Chairman of the Board

Bjarte Kvåle

Jørgen Faye

Terje Storeng

Bjørn Sjaastad
President

PROFIT AND LOSS STATEMENT

NOK 1.000			ODFJELL	ODFJELL GROUP	
Operating income (cost):	Note	1997	1996	1997	1996
Gross freight revenue		-	3 294 526	3 648 756	3 327 804
Voyage cost		-	(1 043 301)	(1 132 915)	(996 599)
Freight income time-charter basis		-	2 251 225	2 515 841	2 331 205
Time-charter cost	2	-	(794 000)	(924 027)	(815 516)
Operating cost	3	-	(729 936)	(743 161)	(728 422)
Net result from vessels' operation		-	**727 289**	**848 654**	**787 267**
Other income	4	125 633	20 158	208 874	192 243
Other cost	4	-	-	(151 692)	(135 990)
General and administrative cost	3	(110 618)	(106 355)	(109 708)	(110 052)
Operating result before depreciaton		**15 015**	**641 092**	**796 128**	**733 468**
Depreciation	9	(3 968)	(222 380)	(278 455)	(246 898)
Operating result		**11 047**	**418 712**	**517 673**	**486 570**
Financial income (cost):					
Interest received		158 813	79 485	88 492	81 222
Interest and fees paid	8	(151 493)	(186 331)	(229 848)	(208 725)
Other financial items		104 986	8 356	9 975	4 337
Net financial items		**112 306**	**(98 490)**	**(131 382)**	**(123 166)**
Net result after financial items		**123 353**	**320 222**	**386 291**	**363 404**
Gain(loss) on sale of fixed assets		1 333 479		227 471	
Net result before currency gain(loss), extraordinary items and taxes		**1 456 832**	**320 222**	**613 762**	**363 404**
Currency gain (loss)	5	(32 576)	(8 304)	(166 433)	(7 802)
Extraordinary items	13	-		122 390	
Taxes	18	(22 236)	407 394	1 289	404 726
Net result for the year		**1 402 020**	**719 312**	**571 008**	**760 328**

Revaluation and adjustments:			
Dividend allocation		(87 394)	(65 546)
Contribution from subsidiaries		158	-
Legal reserve	15	(186 382)	(106 959)
General reserve	15	(1 128 402)	(546 807)
Total		**(1 402 020)**	**(719 312)**

BALANCE SHEET

ASSETS

NOK 1.000		ODFJELL		ODFJELL GROUP	
Current assets:	**Note**	**1997**	**1996**	**1997**	**1996**
Cash and bank deposits	6,21	140 595	1 086 968	1 481 574	1 118 727
Bonds etc	21	-	194 667	117 237	194 667
Shares	7	4 200	4 200	4 217	4 217
Bunkers etc.	21	9 826	44 617	42 304	44 955
Short term receivables	21	32 879	184 206	348 278	212 610
Total current assets		**187 500**	**1 514 658**	**1 993 610**	**1 575 176**
Fixed assets:					
Shares in subsidiaries	7	3 204 135	8 927	-	-
Other shares	7	46 988	46 988	46 988	46 988
Loans to subsidiaries	8	2 928 629	243 257	-	-
Other long term receivables	8,20,21	27 654	43 621	125 599	60 922
Vessels	9,10	-	3 092 480	4 149 006	3 092 480
Newbuildings	9,10	88 864	39 322	133 464	39 322
Goodwill	9,10	-	-	57 904	-
Tank terminal	9,10	-	-	627 230	524 170
Office equipment and cars	9,10	10 222	8 178	16 148	10 452
Real estate	9,10	52 104	49 639	57 882	55 679
Total fixed assets		**6 358 596**	**3 532 412**	**5 214 221**	**3 830 013**
Total assets		**6 546 096**	**5 047 070**	**7 207 831**	**5 405 189**

Bergen, 31 December 1997
2 March 1998
The Board of Directors of Odfjell ASA

Per Ivar Gjærum

B.D. Odfjell jr.
Chaiman of the Board

Bjarte Kvåle

Jørgen Faye

Terje Storeng

Bjørn Sjaastad
President

LIABILITIES AND SHAREHOLDERS' EQUITY

NOK 1.000		ODFJELL		ODFJELL GROUP	
Current liabilities:	Note	1997	1996	1997	1996
Dividend allocation		87 394	65 546	87 394	65 546
Taxes payable	18	-	1 916	14 075	14 366
Employee taxes etc.	21	20 057	25 340	20 793	26 159
Other short term liabilities	21	111 999	170 087	382 402	186 951
Due to subsidiaries		69 795	22 784	-	-
Total current liabilities		**289 245**	**285 673**	**504 664**	**293 022**
Long term liabilities:					
Deferred tax liabilities	19	30 618	6 466	4 275	6 466
Convertible loan	11,12	25 000	25 000	25 000	25 000
Long term liabilities	12	2 862 871	2 448 135	3 946 166	2 835 916
Total long term liabilities		**2 918 489**	**2 479 601**	**3 975 441**	**2 867 382**
Total liabilities		**3 207 734**	**2 765 274**	**4 480 104**	**3 160 404**
Shareholders' equity:					
Share capital	14,15	218 485	218 485	218 485	218 485
Legal reserve	15	380 032	193 650	368 301	194 105
Total undistributable reserve		**598 517**	**412 135**	**586 786**	**412 590**
Distributable reserve (general reserves)	**15**	**2 739 845**	**1 869 661**	**2 140 941**	**1 832 195**
Total shareholders' equity	**15,19**	**3 338 362**	**2 281 796**	**2 727 727**	**2 244 785**
Total liabilities and shareholders' equity		**6 546 096**	**5 047 070**	**7 207 831**	**5 405 189**
Secured liabilities	16	658 065	676 310	1 053 129	1 024 232
Guarantees	17	500 270	463 121	61 580	72 743

CASH FLOW STATEMENT

NOK 1.000	Note	ODFJELL 1997	ODFJELL 1996	ODFJELL GROUP 1997	ODFJELL GROUP 1996
Result before taxes		1 424 256	311 918	569 719	355 602
Taxes		-	-	-	(1 817)
Profit from sale fixed assets		(1 436 742)	-	(227 471)	-
Depreciation		3 968	222 380	278 455	246 898
Inventory (increase) decrease		34 791	(8 823)	2 651	(8 876)
Debtors (increase) decrease		131 212	(20 002)	(42 120)	(20 002)
Creditors increase (decrease)		(58 089)	(36 311)	(44 012)	(54 535)
Difference in pension cost and pension premium paid		(6 700)	(11 529)	(6 700)	(11 529)
Foreign currency fluctuation		31 433	44 511	241 932	44 511
Other short term assets-liability items		67 955	(16 179)	148 853	(19 299)
Change in dry-docking principle		-	-	(122 390)	-
Net cash from operation activities		**192 084**	**485 965**	**798 917**	**530 953**
Cash flow from investing activities:					
Sale of fixed assets		449	-	276 407	-
Investment in fixed assets		(97 703)	(432 149)	(1 458 992)	(489 739)
Investment in trading shares		(1 816)	(42 550)	-	(42 550)
Changes in long term liabilities		-	-	(64 677)	-
Loan to subsidiaries		(1 349 827)	1 917	-	-
Reduction in secured bank deposit		-	58 144	-	58 144
Net cash flow from investing activities		**(1 448 897)**	**(414 638)**	**(1 247 262)**	**(474 145)**
Cash flow from financial activities:					
New long term debt		984 858	2 572 620	984 858	2 588 744
Repayment long term debt		(808 647)	(2 509 353)	(193 460)	(2 516 906)
Dividend		(65 545)	(43 697)	(65 545)	(43 697)
Net cash flow from financial activities		**110 666**	**19 570**	**725 853**	**28 141**
Effect of foreign currency fluctuation		**5 107**	**20 689**	**7 909**	**20 689**
Net change in liquid assets		(1 141 040)	111 586	285 417	105 638
Cash balance per 01.01		1 281 635	1 170 049	1 313 394	1 207 756
Cash balance per 31.12		**140 595**	**1 281 635**	**1 598 811**	**1 313 394**

NOTES TO FINANCIAL STATEMENT

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.

a. Consolidation

The consolidated accounts consist of Odfjell ASA and subsidiaries referred to in the notes. Common accounting principles are applied to all companies in the Odfjell Group. Intercompany transactions have been eliminated.

Foreign subsidiaries have been converted to NOK based on the rate of exchange at year end with respect to the balance sheet and average exchange rate for the profit and loss account.

b. Classification of balance sheet items

Assets and liabilities related to the operation of the companies are classified as current assets and liabilities. Assets for long term use are classified as fixed assets. First year instalment of debt is included in long term debt.

c. Revenue and voyage related expenses recognition

Total revenues and voyage related expenses are accounted for on the percentage of completed voyage basis.

d. Periodical maintenance costs

With effect from 1997 drydocking cost is capitalised and the cost is depreciated over the period until the next drydocking. This period is normally 30 months. When purchasing or building vessels a portion of the cost price is capitalised accordingly, representing the drydocking element. This item is classified as Vessels.

e. Pension and accrued pension liability

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 fund is included under long term assets or long term liabilities. In addition we have made seperate pension arrangements with some former employees between the age of 65 to 67 years. Uncovered pension liabilites are calculated and included in the above calculation. Change in net pension liability is expensed in the profit and loss account.

f. Debt issue costs

Debt issue costs are expensed in the year the debt is incurred.

g. Taxes and deferred tax liabilities

Taxes are calculated based on the financial result and consist of taxes payable and deferred taxes. The calculation of deferred taxes is based on the temporary differences between the result in the profit and loss statement and the tax statement.
Deferred taxes are estimated based on a net present value calculation except for the part of the Group which does not qualify under the new Norwegian tax scheme for shipping companies where we have used a nominal tax rate for calculating deferred taxes.
A tonnage tax for our own tonnage is included in operating costs.

h. Public contribution

Public contribution from the Norwegian Maritime Directorate related to the reimbursement system for Norwegian seamen is posted in our accounts as a reduction of operating cost.

i. Current assets

Current assets are valued at the lower of historical cost and market value.

j. Foreign currency

Assets and liabilities are valued at year end exchange rate.

k. Shares

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

l. Fixed assets - depreciation

Fixed assets including goodwill are depreciated over their estimated useful lives, based upon the straight line method.

m. Newbuilding contracts

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

n. Cash flow statement

The cash flow statement is based on the indirect method.

o. Financial instruments

The company uses different financial instruments to reduce its exposure to foreign exchange and interest rate fluctuation.

The following accounting principles apply:

Currency instruments
The result of foreign exchange contracts and currency options is being accounted for consistent with the underlying nature of the hedged transactions.

Interest instruments
The result of interest rate swap contracts is amortized over the contract period.

p. Related parties

Information about the related parties of the Odfjell Group and transactions between them is supplied in connection with the respective items in the financial statements.

q. Area of activity

The company is a fully integrated shipping company with ship management, operation and chartering functions. The tank terminal activity represents a limited part of turnover and assets, and is an integrated part of the total activity of the company.

r. Activity under common control

The Company owns 50 % of the joint venture company Odfjell & Vapores Ltd. and the balance is owned by Compania Sud Americana de Vapores S.A..
Odfjell & Vapores Ltd. is controlled jointly by both parties and our 50 % share has been incorporated in the consolidated accounts on a gross basis.

s. Comparable figures

The activities of the parent company have changed in 1997 as a consequence of changes made in order to comply with the new tax system for shipping companies in Norway. The vessels were sold to subsidiaries and the parent company functions as a fully intergrated management company for the shipowning companies. We have chosen not to issue comparable figures for 1996.

2 TIME-CHARTER COST: (NOK 1.000)

	ODFJELL GROUP	
Time-charter cost represents hire paid for the time-charter vessels.	**1997**	**1996**
National Chemical Carriers Ltd. Co.	633 117	560 110
Other TC-vessels	290 910	255 406
Total time-charter cost	**924 027**	**815 516**

3 SALARIES, WAGES AND SOCIAL AND PENSION COST:

Salaries, wages and social and pension costs are included in operating - and general and administrative cost with NOK 411,8 mill. in 1997 and NOK 356,9 mill. in 1996.

4 OTHER INCOME AND OTHER COST:

Other income for the parent company represents management fee and rental income from real estate. For the Odfjell Group other income also includes external income from foreign subsidiaries. Other cost represents operating, general and administrative cost for the foreign subsidiaries.

5 CURRENCY GAIN (LOSS): (NOK 1.000)

	ODFJELL		ODFJELL GROUP	
	1997	**1996**	**1997**	**1996**
Repayment of long term debt	(1 575)	9 233	(9 896)	9 233
Forward exchange contracts	(4 083)	1 166	(33 112)	1 166
Long term receivables and debt	(30 768)	(44 511)	(291 657)	(44 511)
Cash and bank deposits	5 106	20 689	128 582	20 689
Other current assets and liabilities	(1 256)	5 119	39 650	5 621
Currency gain (loss)	**(32 576)**	**(8 304)**	**(166 433)**	**(7 802)**

6 CASH AND BANK DEPOSITS:

Included in this item is NOK 14,4 mill. of tax withheld from employees.

7 SHARES: (NOK 1.000)

Company name:		Share capital	Our share	Number of shares		Nominal value	Market value	Cost	Book value 1997	1996
Shares (current):										
Nomadic Shipping AS		104 750	0	522 000		5 220	7 047	4 200	4 200	4 200
Other shares (current)								17	17	17
Total shares (current)							**7 047**	**4 217**	**4 217**	**4 217**
Shares in subsidiaries:										
Odfjell Shipholding AS		3 200 000	95%	6 080		3 040 000		3 040 000	3 040 000	50
Odfjell Tankers AS		42 050	98,52%	41 430		41 430		153 392	153 392	
Odfjell Chartering AS		100	100%	100		100		567	567	567
Odfjell Insurance AS		50	100%	50		50		100	100	100
Odfjell Tankers Komplementar ASA		1 000	100%	1 000		1 000		970	970	970
Odfjell & Vapores Ltd., Bermuda	USD	12	50%	60	USD	6		39	39	75
Odfjell Tankers (Brasil) -										
Representacoes Ltda., Sao Paulo	BRC	2 600	100%	26	BRC	2 600		88	88	-
Odfjell Tankers (Japan) Ltd., Tokyo	JPY	10 000	100%	200	JPY	10 000		489	489	489
Odfjell Tankers (S) Pte Ltd., Singapore	SGD	100	100%	100 000	SGD	100		83	83	83
Odfjell Tankers (USA) Inc., Houston	USD	10	100%	1 000	USD	10		3	3	3
Odfjell Tankers Asia Pte. Ltd. Singapore	SGD	0,002	100%	2	SGD	0,002		-	0	-
Odfjell Tankers BV, Rotterdam	NLG	60	100%	60	NLG	60		6 581	6 581	6 581
Chemical Tankers (Delaware) Inc., Houston	USD	1	100%	1	USD	1		7	7	7
Chemical Tankers of America Inc., Houston	USD	1	100%	100	USD	1		1 816	1 816	-
Slaney Shipping Company Ltd., Isle of Man	GBP	0,1	100%	100	GBP	100		-	-	1
West Coast Maritime Ltd., Isle of Man	GBP	0,1	100%	100	GBP	100		-	-	1
Total shares in subsidiaries								**3 204 135**	**3 204 135**	**8 927**

(Note 7)

Company name	Share capital	Our share	Number of share	Nominal value	Market value	Cost	Book value 1997	Book value 1996
Other shares:								
V.O.Tank Terminal Ningbo Co. Ltd., China	CNY 57 000	12,5%	71 250	CNY 7 125		7 464	7 464	7 464
Dalian Marine Tank Terminal Company, China	USD 14 000	44%	6 160 000	USD 6 160		39 524	39 524	39 524
Shares in other companies						**46 988**	**46 988**	**46 988**
Total						**3 255 340**	**3 255 340**	**60 132**
Eliminated in the consolidated accounts							(3 204 135)	(8 927)
Odfjell Group							**51 205**	**51 205**

Wholly owned companies indirectly owned through subsidiaries: Odfjell Chemical Tankers AS, Slaney Shipping Company Ltd., (Isle of Man), West Coast Maritime Ltd., (Isle of Man), Andino Chemical Tankers Inc., Panama, Odfjell Tankers Guaranty Company, Houston, Baytank (Houston) Inc..

8 LONG TERM RECEIVABLES: (NOK 1.000)

		ODFJELL 1997	ODFJELL 1996
Loans to subsidiaries:			
Odfjell Tankers (Japan) Ltd., Tokyo	JPY 35.725	2 001	1 965
Baytank (Houston) Inc., Houston	USD 37.200	272 161	241 292
Odfjell Shipholding AS	USD 354.807	2 595 765	
Odfjell & Vapores Ltd., Bermuda	USD 8.024	58 702	
Total		**2 928 629**	**243 257**
Other long term receivables:			
Staff		1 391	807
Pension fund		24 310	18 446
Others		1 953	24 368
Total		**27 654**	**43 621**

Interest received from loans to companies within the Group amounted to NOK 155,7 mill.

9 FIXED ASSETS: (NOK 1.000)

Odfjell:	Cost 01.01	Invested (sale) book value	Accumulated depreciation prior years	Depreciation this year	Book value 31.12
Vessels and newbuildings	5 332 523	(3 042 938)	(2 200 721)	-	88 864
Periodical maintenance costs	-	-	-	-	-
Goodwill	-	-	-	-	-
Tank terminal	-	-	-	-	-
Office equipment and cars	24 644	4 821	(16 466)	(2 777)	10 222
Real estate	57 417	3 656	(7 778)	(1 191)	52 104
Total Odfjell	**5 414 584**	**(3 034 461)**	**(2 224 965)**	**(3 968)**	**151 190**
Subsidiaries:					
Vessels and newbuildings	-	4 265 298	-	(240 594)	4 024 704
Periodical maintenance costs	-	168 902	-	-	168 902
Goodwill	-	62 220	-	(4 316)	57 904
Tank terminal	880 614	130 856	(356 444)	(27 796)	627 230
Office equipment and cars	9 076	5 189	(6 802)	(1 537)	5 926
Real estate	9 978	(18)	(3 938)	(244)	5 778
Total subsidiaries	**899 668**	**4 632 447**	**(367 184)**	**(274 487)**	**4 890 444**
Odfjell Group:					
Vessels and newbuildings	5 332 523	1 222 360	(2 200 721)	(240 594)	4 113 568
Periodical maintenance costs	-	168 902	-	-	168 902
Goodwill	-	62 220	-	(4 316)	57 904
Tank terminal	880 614	130 856	(356 444)	(27 796)	627 230
Office equipment and cars	33 720	10 010	(23 268)	(4 314)	16 148
Real estate	67 395	3 638	(11 716)	(1 435)	57 882
Total Odfjell Group	**6 314 252**	**1 597 986**	**(2 592 149)**	**(278 455)**	**5 041 634**

Depreciation periods: Vessels 25 years, periodical maintenance cost 2.5 years, tank terminals 40 years, office equipment and cars 5-10 years, real estate 50 years and goodwill 5-10 years. A longer depreciation period for goodwill is based on a separate evaluation of the underlying activities.

10 INVESTMENT AND SALE OF FIXED ASSETS: (NOK 1.000)

	1993		1994		1995		1996		1997	
	I	S	I	S	I	S	I	S	I	S
Odfjell:										
Vessels and newbuildings	265 614	-	435 724	-	542 326	-	429 940	-	88 864	3 696 528
Periodical maintenance costs	-	-	-	-	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-	-	-	-	-
Tank terminal	-	-	-	-	-	-	-	-	-	-
Office equipment and cars	2 880	788	622	-	4 074	1 161	2 209	-	5 246	449
Real estate	1 220	-	132	-	29 726	-	-	-	3 593	-
Total Odfjell	**269 714**	**788**	**436 478**	**-**	**576 126**	**1 161**	**432 149**	**-**	**97 703**	**3 696 977**
Subsidiaries:										
Vessels and newbuildings	-	-	-	-	-	-	-	-	4 819 998	334 154
Periodical maintenance costs	-	-	-	-	-	-	-	-	168 902	-
Goodwill	-	-	-	-	-	-	-	-	62 220	-
Tank terminal	46 686	-	38 410	939	50 307	-	54 345	-	60 811	-
Office equipment and cars	227	-	1 186	30	358	4	1 451	144	5 160	84
Real estate	-	-	-	-	35	-	185	-	-	-
Total	**46 913**	**-**	**39 596**	**969**	**50 700**	**4**	**55 981**	**144**	**5 117 091**	**334 238**
Odfjell Group:										
Vessels and newbuildings	265 614	-	435 724	-	542 326	-	429 940	-	1 321 962	275 874
Periodical maintenance costs	-	-	-	-	-	-	-	-	168 902	-
Goodwill	-	-	-	-	-	-	-	-	62 220	-
Tank terminal	46 686	-	38 410	939	50 307	-	54 345	-	60 811	-
Office equipment and cars	3 107	788	1 808	30	4 432	1 165	3 660	144	10 406	533
Real estate	1 220	-	132	-	29 761	-	185	-	3 593	-
Odfjell Group	**316 627**	**788**	**476 074**	**969**	**626 826**	**1 165**	**488 130**	**144**	**1 627 894**	**276 407**

11 CONVERTIBLE LOAN:

The convertible loan issued in May 1995 of NOK 25 mill. from the Board of' Directors and Management can be converted to shares per 30 April 1998, 30 April 1999 and 28 April 2000 at the rate of NOK 125, NOK 130 and NOK 135 per share respectively. The conversion rate will be adjusted for paid-out dividend and adjustments according to the guidelines by the Norwegian Society of Financial Analysts related to share issues, bonus issues, etc.

12 LONG TERM DEBT: (NOK 1.000)

	ODFJELL	ODFJELL GROUP
Long term debt	**2 887 871**	**3 971 166**
Repayment schedule :		
1998	108 513	113 452
1999	108 513	113 452
2000 and following years	2 670 845	3 744 262

13 EXTRAORDINARY ITEMS:

In connection with changes in the accounting principles for treatment of dry-docking cost from a direct cost charging principle to a method of capitalisation and subsequent depreciation of such cost (see note 1d.), an extraordinary income in connection with the implementation of the new accounting principle arises. The implementation effect amounts to NOK 122 millions. The purchase price of the vessels is divided in one amount which is depreciated over the lifetime of the vessel and one amount which is expensed during the period up to the next dry-docking. Cost related to subsequent dry-dockings are capitalised and expensed over the period until the next dry-docking.

14 SHARE CAPITAL: (NOK 1.000)

			ODFJELL 1997	ODFJELL 1996
A Shares	14.873.760	each NOK 10	148 738	148 738
B Shares	6.974.752	each NOK 10	69 747	69 747
Total A and B Shares	21.848.512	each NOK 10		
Total Share Capital			**218 485**	**218 485**

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)

	ODFJELL		ODFJELL GROUP	
Share capital	**1997**	**1996**	**1997**	**1996**
Per 1 January	218 485	218 485	218 485	218 485
Per 31 December	218 485	218 485	218 485	218 485
Legal reserve				
Per 1 January	193 650	86 691	194 105	87 097
Added(used) this year	186 382	106 959	174 196	107 008
Per 31 December	380 032	193 650	368 301	194 105
Distributable reserve (general reserve)				
Per 1 January	1 869 661	1 292 817	1 832 195	1 219 406
From temporary restricted reserve	-	30 037	-	30 050
From (to) profit and loss account	1 128 402	546 807	309 225	584 189
Adjustment on equity in subsidiaries			(479)	(1 450)
New tax system for shipping companies	(258 218)	-	-	-
Per 31 December	**2 739 845**	**1 869 661**	**2 140 941**	**1 832 195**
Total shareholders equity	**3 338 362**	**2 281 796**	**2 727 727**	**2 244 785**

New tax system for shipping companies

In connection with the new tax system for shipping companies in Norway, Odfjell established new shipowning companies by the end of 1996. As a result of the transitional provisions a portion of the tax-related revenue for the Group was transferred to these new companies without accounting effect. The Norwegian tax authorities have noted that this would imply that revenue taxed within the new tax system was transfered to companies outside the new tax system. Consequently, we have adjusted opening balances of equity accordingly in the companies concerned.

16 SECURED LIABILITIES: (NOK 1.000)

	ODFJELL		ODFJELL GROUP	
	1997	**1996**	**1997**	**1996**
Collateralized debt	658 065	676 310	1 053 129	1 024 232
Secured liabilities, total	658 065	676 310	1 053 129	1 024 232
Book value - assets pledged as collateral	784 682	817 375	1 411 912	1 266 948

17 GUARANTEES ON BEHALF OF: (NOK 1.000)

	ODFJELL		ODFJELL GROUP	
	1997	**1996**	**1997**	**1996**
Baytank (Houston) Inc.	437 040	389 238	0	0
Other subsidiaries	1 650	1 650	0	0
Uncalled committed capital in limited partnerships	0	47 292	0	47 802
Other guarantees	61 580	24 941	61 580	24 941
Total guarantees	**500 270**	**463 121**	**61 580**	**72 743**

18 TAXES: (NOK 1.000)

Deferred taxes are 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 are eliminated and recorded at net value. Deferred tax is calculated based on the temporary differences and tax losses carried forward.
Below is a specification of the differences between the profit and loss statement before taxes and the basis for the tax calculation.

	ODFJELL		ODFJELL GROUP	
	1997	1996	1997	1996
Net result before taxes	1 424 251	311 918	569 717	355 602
Permanent differences	(1 436 360)	(2 085)	359	(2 085)
Changes in temporary differences	90	1 461 816	90	1 461 816
Reversal prior year temporary differences	-	(1 473 706)	-	(1 473 706)
Current year result from companies in the Group qualifying under the new tax scheme	-	(290 617)	(538 374)	(290 617)
Basis for tax calculation	**(12 019)**	**7 326**	**31 792**	**51 010**
Taxes payable:				
Norway	1 916	(1 915)	1 476	(1 960)
Abroad	-	-	(2 378)	(2 623)
Total taxes payable	**1 916**	**(1 915)**	**(902)**	**(4 583)**
Deferred taxes:				
Norway	(24 152)	409 309	2 191	409 309
Abroad	-	-	-	-
Total deferred taxes	(24 152)	409 309	2 191	409 309
Taxes	**(22 236)**	**407 394**	**1 289**	**404 726**

19 DEFERRED TAX LIABILITY - BENEFIT: (NOK 1.000)

	ODFJELL		ODFJELL GROUP	
Deferred Tax:	1997	1996	1997	1996
Loss on bonds etc.	-	(1 035)	-	(1 035)
Total short term items	-	(1 035)	-	(1 035)
Fixed assets	3 363	3 078	3 363	3 078
Other long term temporary differences	94 083	-	-	-
Accrued Pension Fund	27 738	21 048	27 738	21 048
Total long term items	**125 184**	**24 126**	**31 101**	**24 126**
Total temporary differences	125 184	23 091	31 101	23 091
Loss carried forward for tax purposes	(15 834)	-	(15 834)	-
Basis for calculation of temporary differences and loss carried forward	109 350	23 091	15 267	23 091
Tax rate	28%	28%	28%	28%
Deferred tax liability	**30 618**	**6 466**	**4 275**	**6 466**

Deferred tax related to the ship owning activity.
Odfjell qualifies under the new tax scheme for Norwegian shipping companies with effect from 1 January 1996.

A net present value tax calculation based on the new regulations results in deffered tax being close to zero, given the following assumptions:
- The company remains under the new tax scheme.
- Payment of dividend is decided annually based on Group results and taking the company's investment requirements and future prospects into consideration.

20 PENSION COST AND ACCRUED PENSION LIABILITY: (NOK 1.000)

	ODFJELL	
Pension cost:	**1997**	**1996**
Present value current year service cost	8 311	7 540
Interest cost on pension liability prior to 1996	4 370	4 071
Return on pension plan assets	(6 318)	(5 414)
Amortization	205	(4 240)
Net periodic pension cost	6 568	1 957
Employees social expenses	926	276
Total periodic pension cost	**7 494**	**2 233**

Accrued pension liability:		
Actuarial present value of benefit obligation	(83 725)	(77 694)
Actuarial value of pension premium fund	97 753	83 487
Unrecognized gain -(loss)	10 281	12 653
Accrued pension funds -(liability)	24 309	18 446
Accrued employers social cost	3 428	2 601

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%
Salary progression	2,50%	2,50%
Pension indexation	2,50%	2,50%

Pension cost has been calculated on the basis of the actuarial standard and according to generally accepted accounting principles in Norway. Changes in the pension fund amounts to NOK 6,7 mill. and has been used to reduce the pension cost.
As of 31 December 1997 the pension plan included 673 persons.

21 USD EXPOSURE BANK DEPOSITS, RECEIVABLES AND DEBT: (NOK 1.000)

			ODFJELL GROUP	
			1997	**1996**
Cash and bank deposits	USD	193 037	1 412 259	1 054 338
Bonds etc	USD	16 025	117 237	194 662
Short term receivables	USD	34 062	249 198	156 713
Other long term receivables	USD	9 654	70 629	16 430
Total receivables	**USD**	**252 778**	**1 849 322**	**1 422 143**
Employee taxes etc.	USD	(2 532)	(18 524)	(18 143)
Other short term liabilities	USD	(26 203)	(191 701)	(196 988)
Long term debt	USD	(537 865)	(3 935 022)	(2 824 050)
Total liabilities	**USD**	**(566 600)**	**(4 145 247)**	**(3 039 181)**
Net liabilities	**USD**	**(313 822)**	**(2 295 925)**	**(1 617 038)**

22 OFF BALANCE SHEET TRANSACTIONS:

The company makes use of different financial instruments and derivatives to reduce its currency exposure and interest risk on its long term debt.

Currency forward contracts

At year end the company had forward contracts for sale of USD 55 mill against NOK maturing in 1998 and sale of USD 50 mill against NOK maturing in 1999. Average forward rates are 7,17 in 1998 and 7,41 in 1999. The company also had forward contracts for sale of USD 21 mill. against JPY, NLG and SGD, maturing in 1998. The hedge-portfolio also includes cylinder-options. If the company exercises the put of the cylinder-options then the currency hedge including forward contract amounts to a sale of USD 90 mill. in 1998 at an average rate of 7,14 and USD 115 mill. in 1999 at an average rate of 7,33. Correspondingly, if the calls of the cylinder-options are exercised, then the currency hedge including forward contract amounts to a sale of USD 125 mill. in 1998 at an average rate of 7,31 and USD 180 mill. in 1999 at an average rate of 7,69.

Interest Rate Agreements

During 1997 the company entered into two fixed interest rate contracts of USD 50 mill and USD 25 mill. expiring in 2007 and 2008.

23 REVOLVING CREDIT FACILITY:

Availibility under revolving credit facilities amounts to USD 10 mill. per 31.12.97.

24 NOTE 24 RELATED PARTIES:

Odfjell ASA share offices in Brazil with a company controlled by the Chairman of the Board/main shareholder B. D. Odfjell jr. The Chairman's family also has ownership interest in companies in South America which also acts as ship agents with Odfjell ASA as one of many customers. The services are priced at market terms.

In connection with the merger of Odfjell Tankers KS and Odfjell Chartering KS in 1997, the 6% minority interest in Odfjell Chartering KS was purchased with effect from 01.01.97. The sellers were members of management including the President with 2% minority interest. The aggregate purchase price amounted to NOK 18.000.000

ERNST & YOUNG

Statsautoriserte revisorer
Ernst & Young AS

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Ansvarlige partnere:
Dag Døskeland, Tore Fyllingen, Bjørn Gravdal, Tom W. Horne
Inge Kr. Husby, Odd Monsen, Karl Erik Svanevik,
Medlemmer av Norges Statsautoriserte Revisorers Forening

Advokat/siv.øk. Espen Ommedal
Medlem av Den Norske Advokatforening (MNA)

To the Shareholders Meeting of
Odfjell ASA

AUDITOR'S REPORT FOR 1997

We have audited the annual financial statements of Odfjell ASA for 1997, showing a net income for the year of NOK 1 402 020 000 for the parent company and a consolidated net income for the year of NOK 571 008 000. The annual financial statements, which comprise the Board of Directors' report, the profit and loss account, 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 management and the content and presentation of the annual financial statements. To the extent required by Norwegial 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 Desember 31st 1997 and the result of its operations for the financial year, in confirmity with Norwegian generally accepted accounting principles.

Bergen, March 26th 1997
ERNST & YOUNG AS

Karl Erik Svanevik
State Authorized Public Accountant (Norway)

Note: The translation into English has been prepared for purpose of information only.

Alta, Arendal, Bergen, Bodø, Bø, Drammen, Egersund, Finnsnes, Hammerfest, Harstad, Holmestrand, Horten, Kongsberg, Kragerø, Kristiansand, Larvik, Levanger, Lillehammer, Mo i Rana, Moss, Narvik, Notodden, Oslo, Otta, Porsgrunn/Skien, Sandefjord, Sandnessjøen, Sortland, Stavanger, Tromsø, Trondheim, Tønsberg, Vikersund, Ålesund

ANALYTICAL INFORMATION

Freight rates

Odfjell's results are influenced by the freight rates. A change of USD 1,000 per day for our deep sea fleet and USD 500 per day for our regional fleet will, on an annual basis, affect the results by approx. NOK 103 mill.

Rates of exchange

Odfjell is a USD based company. All revenues are denominated in USD and ship values are also expressed in USD. Odfjell therefore has a 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 improve the net result before tax and any hedging instruments by approx. NOK 19 mill.

On the other hand, a stronger USD/NOK exchange rate translates into a currency loss on the USD denominated loans and currency gain on the Group's current assets. Overall, due to a net debt position, 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.

Interest

The Group's long-term debt is in USD. Only a small portion is fixed for long term periods through interest rate agreements. Liquidity reserves are also USD based. Changes in the floating LIBOR rates of 1% will influence net financial items by approx. NOK 27 mill., given a constant debt level and excluding any hedging instruments.

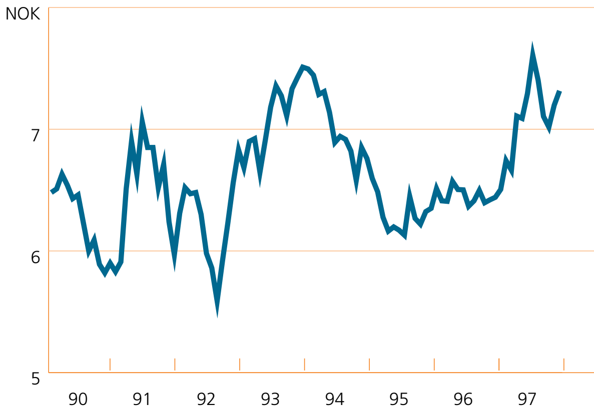
Bunkers

Bunkering costs represented close to 40% of the voyage expenses in 1997. A variation in bunker prices of USD 1 per ton annually will lead to approx. NOK 2.5 mill. change in voyage expenses for the vessels where Odfjell has a direct economic interest.

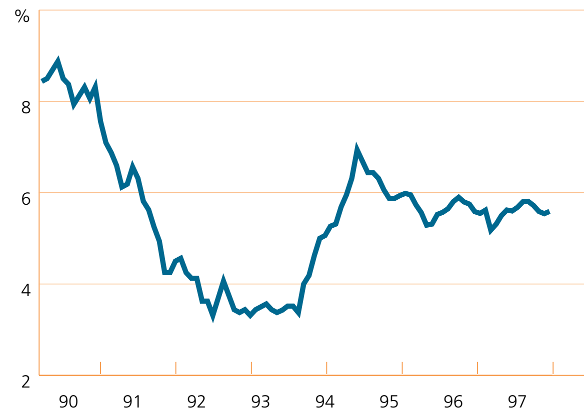
Financing

The company's financing structure is stable and long-term. The lending institutions are recognised Norwegian and international shipping banks with whom we have long-term relations. The financing, which also covers our newbuilding programme, is mainly arranged on an unsecured basis, and on favourable terms also in other respects. The average loan period is just over seven years.

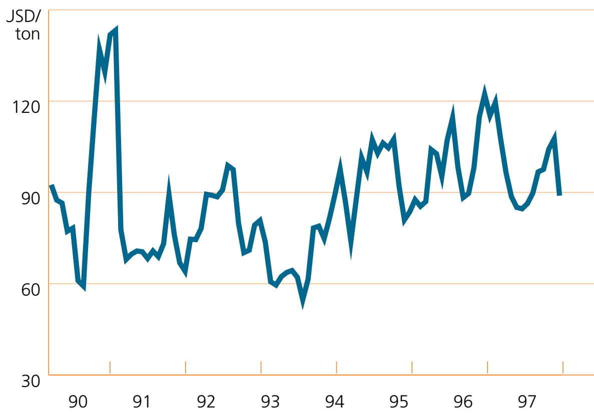
Exchange Rate (USD / NOK)



USD Libor (6 months)

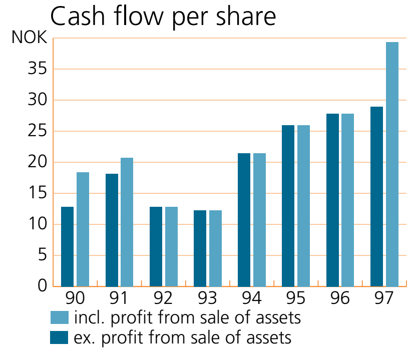


Bunker prices (380 cst Rotterdam)

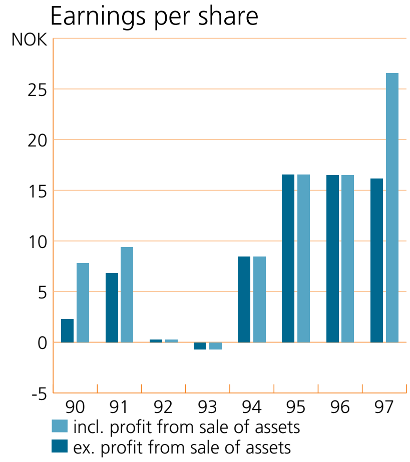


SHAREHOLDER INFORMATION

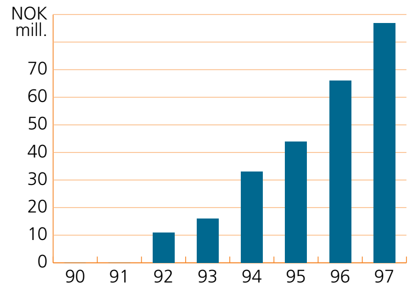
Cash flow per share



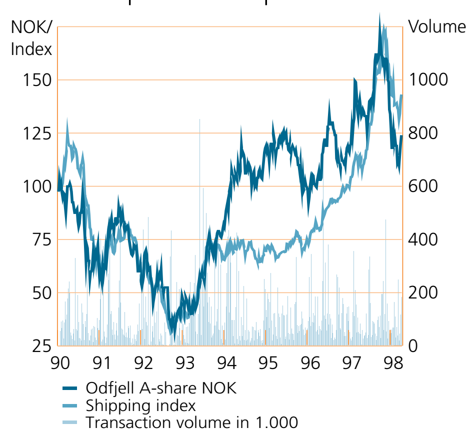
Earnings per share



Dividend



Share price development



SHAREHOLDER POLICY

Odfjell's objective is to give a long-term competitive yield to it's shareholders. The company emphasises a friendly dividend policy for its shareholders, based upon the company's performance, current investment programs as well as the tax situation. Return on capital will, over time, primarily be realised through share price developments.

REPORTING OF RESULTS

Odfjell attaches great importance to ensuring that essential information concerning the company's development is released without delay to our shareholders and the stock market through interim reports on a quarterly basis. The financial calendar for the next year is outlined on the inside of the front cover page.

SHARE PRICE DEVELOPMENT

At the close of 1997, the price of Odfjell's A-shares was NOK 129.00, compared to the corresponding figure for 1995 of NOK 124.00. The increase in price was 4 per cent. B-share prices were NOK 125.00 and NOK 120.00 respectively, which was an increase of 4,2 per cent. During the same period the shipping-index on the Oslo Stock Exchange rose by 39.8 per cent. During 1997 the highest price of the Odfjell A-share was NOK 175 and the lowest price was NOK 116. Corresponding figures for the B-share was a high of NOK 170 and a low of NOK 114. In 1997 the turnover totalled 11,443,523 shares, constituting 7,733,259 A-shares and 3,710,264 B-shares. Compared to the previous year, this represented a reduction of approx. 20%. During 1997 the Odfjell A-share was traded at the Oslo Stock Exchange 242 out of 250 trading days. In addition to being listed on the Oslo Stock Exchange, the Odfjell shares were traded on SEAQ International, which is a trading system for foreign shares on the London Stock Exchange.

In 1994 an ADR-program for the Odfjell share was established in the USA, which enables the shares to be traded in USD.

RISK-REGULATION

The following RISK-regulation has been established for the Odfjell-share:

Per 1 January 1998	negative	NOK 4.00 per share (calculated)
Per 1 January 1997	negative	NOK 3.00 per share
Per 1 January 1996	negative	NOK 2.00 per share
Per 1 January 1995	negative	NOK 1.50 per share
Per 1 January 1994	negative	NOK 2.49 per share
Per 1 January 1993		NOK 0.00 per share

According to the Norwegian tax reform made effective 1 January 1992, the purchase price for shares acquired prior to 1 January 1989 can be adjusted upwards to NOK 61.64 for the A-share and NOK 59.45 for the B-share respectively.

SHAREHOLDERS

At the end of 1997 there were 1,373 holders of Odfjell A-shares, and 628 holders of Odfjell B-shares. Adjusted for shareholders owning both categories, the total number of shareholders was 1,598.

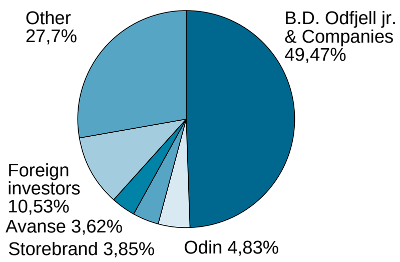
FOREIGN QUOTA

According to § 1 of Norway's Maritime Act foreign investors are entitled to own up to 40% of the total number of A-shares and all of the B-shares in the company. At the close of 1997, 10.5 per cent of the A-shares and 27.7 per cent of the B-shares were owned by foreign investors, which is equivalent to 16.0 per cent of the total share capital. At the end of 1996 17.7 per cent of the shares were held by foreign investors.

The 20 largest shareholders as per 31 December 1997

NAME		A-SHARES	B-SHARES	TOTAL	PERCENT OF VOTES	PERCENT OF SHARES
1	B.D. Odfjell jr. & controlled companies	7 357 591	243 294	7 600 885	49,47%	34,79%
2	Odin-fondene	718 035	1 140 291	1 858 326	4,83%	8,51%
3	Storebrand	572 604	565 600	1 138 204	3,85%	5,21%
4	Folketrygdfondet	533 600	513 500	1 047 100	3,59%	4,79%
5	Avanse-fondene	539 000	502 300	1 041 300	3,62%	4,77%
6	Chase Manhattan Bank	255 020	566 100	821 120	1,71%	3,76%
7	Kommunal Landspensjonskasse	417 000	280 700	697 700	2,80%	3,19%
8	Gjensidige	59 054	400 500	459 554	0,40%	2,10%
9	Svenska Handelsbanken	191 500	238 300	429 800	1,29%	1,97%
10	Norsk Hydros Pensjonskasse	0	418 800	418 800	0,00%	1,92%
11	Vital Forsikring	296 590	51 920	348 510	1,99%	1,60%
12	Odfjell Shipping (Bermuda) Ltd.	23 680	282 500	306 180	0,16%	1,40%
13	ABN AMRO Bank	123 800	168 400	292 200	0,83%	1,34%
14	Ingeborg Berger	73 920	153 770	227 690	0,50%	1,04%
15	Storebrand Spar	126 200	92 700	218 900	0,85%	1,00%
16	Samvirke Forsikring	0	187 000	187 000	0,00%	0,86%
17	Morgan Guaranty Trust Co.	31 190	95 400	126 590	0,21%	0,58%
18	Boston Safe Dep. & Trust	114 574	0	114 574	0,77%	0,52%
19	Statoils Pensjonskasse	60 800	49 700	110 500	0,41%	0,51%
20	Aksjefondet Handelsbanken Norge	90 800	15 500	106 300	0,61%	0,49%
Total 20 largest shareholders		**11 584 958**	**5 966 275**	**17 551 233**	**77,89%**	**80,33%**
Other shareholders		3 288 802	1 008 577	4 297 379	22,11%	19,67%
Total		**14 873 760**	**6 974 852**	**21 848 612**	**100,00%**	**100,00%**
Foreign shareholders		1 566 505	1 931 846	3 498 351	10,53%	16,01%

Shareholder structure A-shares
per. 31 December 1997



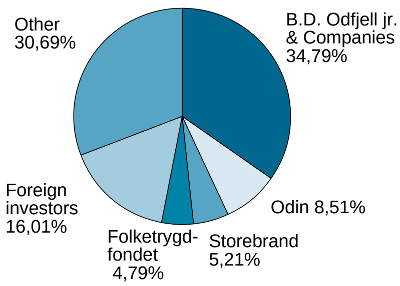
DISTRIBUTION

	A-SHARES			
	SHAREHOLDERS		SHARES	
NUMBER OF SHARES	NUMBER	PERCENT	NUMBER	PERCENT
1 - 1.000	1 022	74,4%	329 752	2,2%
1.001 - 5.000	219	16,0%	540 616	3,6%
5.001 - 50.000	100	7,3%	1 681 355	11,3%
50.001 - 100.000	18	1,3%	1 310 473	8,8%
100.001 -	14	1,0%	11 011 564	74,0%
Total	**1 373**	**100,0%**	**14 873 760**	**100,0%**
	B-SHARES			
1 - 1.000	500	79,6%	109 223	1,6%
1.001 - 5.000	58	9,2%	139 564	2,0%
5.001 - 50.000	45	7,2%	801 040	11,5%
50.001 - 100.000	7	1,1%	461 670	6,6%
100.001 -	18	2,9%	5 463 255	78,3%
Total	**628**	**100,0%**	**6 974 752**	**100,0%**

SHARE CAPITAL HISTORY

YEAR	EVENT	AMOUNT NOK	SHARE CAPITAL 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+B shares
per. 31 December 1997



CORPORATE STRUCTURE

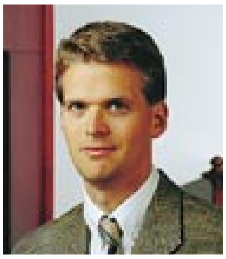
Jan Didrik Lorentz

Gudmund Valen

Åke H. Gregertsen

Atle Knutsen

Bjørn Sjaastad



Jarle Haugsdal

ORGANISATIONAL STRUCTURE

The Board of Directors

President

Business Development

Quality Assurance

Accounting/Finance/IT

Personell

Chartering/Operation

Ship Management

Tank Terminals

Short Sea, Far East

CORPORATE STRUCTURE

Odfjell ASA

Shipowning Companies:
- Odfjell Shipholding AS
- Odfjell Chemical Tankers AS
- Slaney Shipping Company Ltd.
- West Coast Maritime Ltd.
- Andino Chemical Tankers Inc.
- Odfjell Tankers Asia Pte. Ltd.

Chartering/Operation:
- Odfjell Tankers AS
- Odfjell Tankers (USA) Inc.
- Odfjell Tankers B.V.
- Odfjell Tankers (Japan) Ltd.
- Odfjell Tankers (Singapore) Ltd.
- Odfjell Tankers (Brasil) Ltd.
- Chemical Tankers of America Inc.
- Other Marketing Offices

Tank Terminals:
- Baytank (Houston) Inc.
- Dalian Marine Tank Terminal Co. Ltd. (44%)
- VOTT Ningbo (12.5%)
- VOPAK Zhuhai (5%)

Management

Bjørn Sjaastad, President

Atle Knutsen, Senior Vice President, Chartering/Operations

Jan Didrik Lorentz, Senior Vice President, Ship Management

Jarle Haugsdal, Senior Vice President, Accounting/Finance/IT

Gudmund Valen, Senior Vice President, Far East

Åke H. Gregertsen, Senior Vice President, Tank Terminals

Board of Directors

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

Employees

Number of employees as of 31 December 1997:

Head office	161
Branch offices	224
Baytank	114
Vessel crew members:	
- Norwegian	510
- Foreign	658
Total	1.667

Deckarea.

CHEMICAL TRANSPORTATION

Yard no. 136 under construction in the enclosed dry-dock at Kværner Florø.

Chemical tankers primarily transport organic and inorganic chemicals. Total global volume is estimated at approximately 60 million metric tonnes per year. In addition the transport of vegetable oils, alcohols, molasses and lubricating oils amounts to 40 - 45 million tonnes per year. The major services end in the Far East, India, Middle East and South America from the US and Europe. In addition there is a considerable bilateral trade between the US and Europe. Seagoing transport from the Arabian Gulf to destinations both in the East and in the West is increasing as new production capacity is being developed in this area. Over the last years there has also been a large production increase in the Far East, and a considerable share of this volume goes to overseas markets.

THE WORLD'S CHEMICAL TANKER FLEET

Chemical transport has experienced a strong growth since its start in the late 1950s. The chemical tanker fleet in Odfjell's segment, the so-called core chemical fleet, today consists of close to 300 vessels in the size range 10,000 DWT to 50,000 DWT, with a total capacity of approximately 7.9 million DWT. In addition to the core chemical fleet, there is also a fleet of dedicated vessels of about 1.2 million DWT, and the so-called swing tonnage of 5-7 million DWT. The swing tonnage mostly transports clean petroleum products, but when this market is slow some vessels may also enter the market for transportation of easy chemicals. The swing tonnage mainly operates in the spot-segment of our market.

CHEMICAL TANKERS

A chemical tanker is a complex and costly vessel to build. It has a large number of independent storage tanks of varying capacity to enable carriage of various parcel sizes. The most advanced chemical tankers have tanks of acid-proof stainless steel, which enables the shipment of the most demanding cargoes. For many years we have utilised double hull vessels, and this has now become an industry standard. A sophisticated chemical tanker is further characterised by many segregations, well-developed systems for tank cleaning, ample cooling and heating capacity, and a very high operational efficiency.

The loading and discharge of a chemical tanker are automated processes, monitored by control systems for safe cargo handling and environmental protection. The most modern ships have tanks with even internal surfaces for safe and efficient tank cleaning and vapour removal. In addition the vessels have equipment for heating and cooling of cargo and equipment for swift drying of tanks. Vapour-return lines reduce gas emissions during loading and discharge.

Chemical tankers are being monitored by strict international and national regulations. In addition the vessels are inspected by customers and classification societies. Additional new requirements for safety and environmental cargo handling will be implemented through the ISM code which will come into effect during the course of 1998

FLEET DEVELOPMENT

The core segment of the chemical tanker fleet has grown at an average rate of 6-8% annually in the most recent years. A fleet capacity corresponding to 19% of the existing fleet will be delivered in the next three years. Virtually no vessels have been scrapped the last years, except for a few that have suffered total loss. As the chemical tanker fleet is relatively young (average vessel-age today is 12.2 years), no planned reductions through large-scale scrapping will take place for some years to come. Historical data indicate that a vessel normally will be scrapped at an age of about 25 years, with variations due to construction quality and levels of maintenance. The amount of scrapping however will also be affected by the owners' expectations of future earnings.

SUPPLY-SIDE STRUCTURE

The chemical tanker market is characterised by a considerable supply-side concentration, with few large and a greater number of small operators. The five largest operators alone control 70% of the total capacity within the core segment. The development seems to move towards more concentration, e.g. through our acquisition of Andino Chemical Tankers. Several small and medium-sized operators seem to be in a vulnerable position, with a limited contract portfolio and a heavy financial burden as a result of ambitious contracting programmes. For these reasons we may expect a further concentration on the supply side.

THE MARKET POSITION OF ODFJELL TANKERS

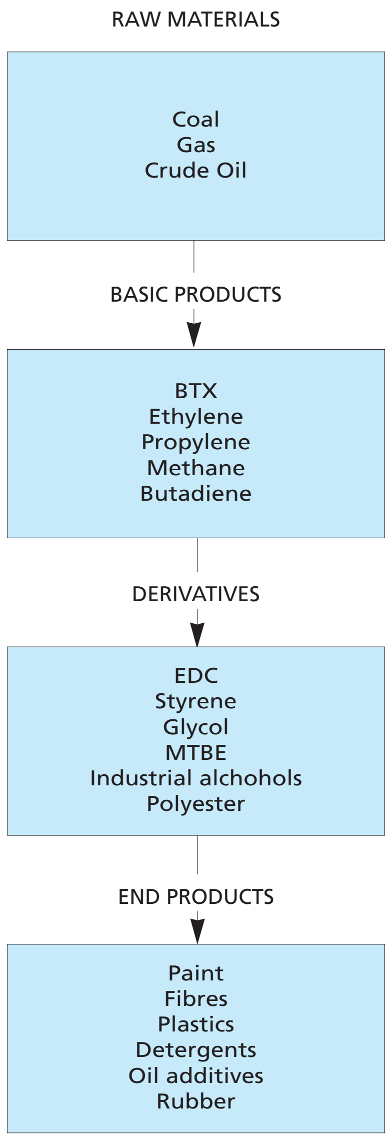
Odfjell Tankers' participation in chemical transport dates back almost 40 years. The market position of the company during this period has been cultivated through close co-operation with customers, development of sailing patterns, establishing overseas marketing offices, and the construction of a fleet adapted to market demands. Regular services and a well-balanced contract portfolio are key development factors and are crucial for the efficient utilisation of a large fleet. Odfjell Tankers' current contract coverage is 55 - 60%.

Odfjell Tankers is one of only two chemical tanker operator with services covering all continents. This gives us a unique market profile, and our world-wide service pattern enables us to handle global distribution. Odfjell also has ownership and alliances within tank terminals, which enable the company to offer a wide range of distribution services. In addition we are currently developing a regional fleet of small vessels in the Far East, which will enhance our level of service and efficiency in this region. The chemical industry is clearly demanding a wider range of services, which in the future will further strengthen our market position.

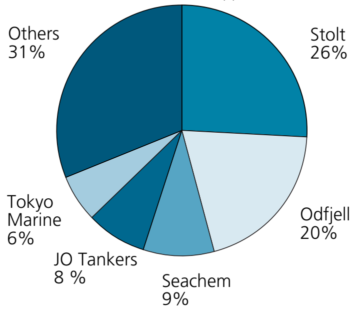
RESULT FACTORS

Our industry is strongly affected by both supply and demand, which together determine the market freight rates. However, this freight level is only one factor contributing to the bottom-line result. Well-developed service patterns, favourable contract coverage, and a high utilisation factor together with a flexible and efficient fleet may be just as important in order to obtain the optimal result. The combination of optimal cargo transport and efficient fleet utilisation are key factors in a positive company result.

ORGANIC CHEMICALS



The Chemical Tanker Market
(Vessels over 10.000 tdw. total approx. 7,8 mill. tdw.)



OPERATING PHILOSOPHY AND SAFETY

Odfjell's strategy is to operate as a fully integrated 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 Operations ourselves, in addition to ownership, we ensure effective liaisons and common priorities throughout the scope of our activities.

Connecting 20 km. of stainless steel piping.

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 primarily manned by Norwegian officers and Philippine crew. All our officers and crew possess the necessary practical experience needed for working on chemical tankers.

RECRUITMENT

Odfjell emphasises the need to ensure that both qualified officers and crews are recruited. For many years the company has had its own system for recruiting and training of junior officers. This program is expanded as the size of our fleet has increased.

In addition we also established in 1991 a number of probationary and cadet positions to secure ample resources. By the end of 1997 a total of 100 persons were included in this program or in other recruitment positions.

TECHNICAL OPERATION

The vessels maintenance programs are based on high standards of quality and a long life span. The program is certified by the classification societies as Planned Maintenance System (PMS). Corrosion protection and maintenance of the inner structure of the ballast tanks and void space are planned based on thorough evaluations, and carried out normally at the dry-dockings every 30th month.

The Ship Management department is responsible for all functions regarding the technical operation of Odfjell's own vessels, as well as the twelve vessels owned by National Chemical Carriers Ltd.. This includes crewing, technical operation and maintenance, purchasing and insurance. At year-end 1997 the ship management division was responsible for the operation of fourty-one vessels. For many years we have had a close co-operation with Mare Maritime in Greece. Currently 11 of the easy chemical vessels are operated by Mare.

SAFETY

Certification of the vessels operating systems are carried out according to ISO 9002 and DNV's Safety and Environmental Protection (SEP). The newbuildings are certified after the initialisation period is finished. This program, which involve all our vessels, was finished during 1996. The certification meets the standard of the IMO/Solas ISM Code which will have to be implemented on vessels above 500 grt. by 1 July 1998. During 1997 DNV made inspections of our quality system onboard all of our vessels. In addition we carried out internal audits.

CONTINOUS IMPROVEMENTS

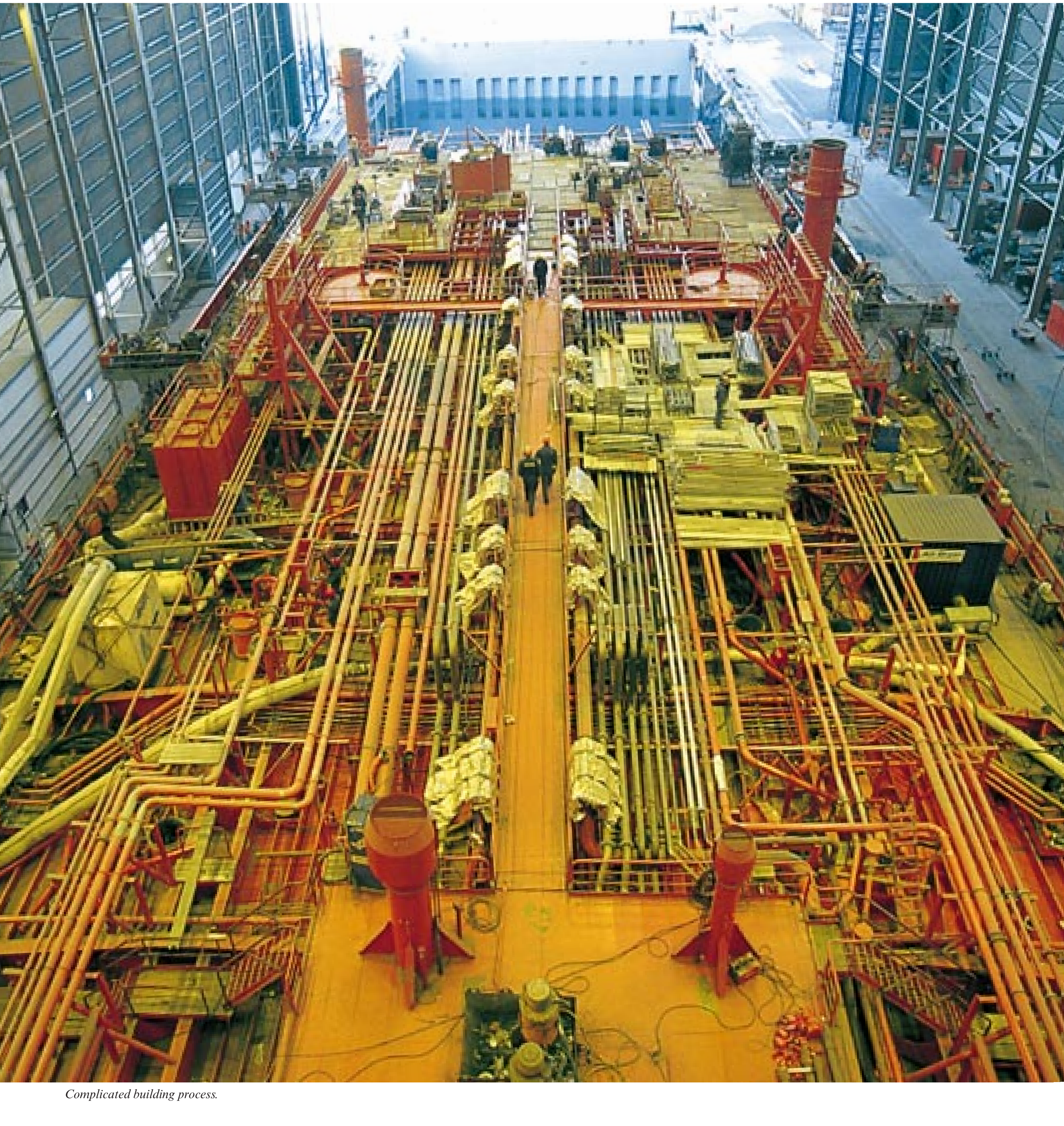
Formal reports from the vessels and in our onshore organisation (SAFIR reports) is established in order to transfer experience related to critical situations, accidents, variances, and possible improvements. Important corrective measures can be issued by our Quality Board which consists of the top management of the company. We regard this system as an important tool in our work towards increasing the safety level.

COMMUNICATION

Most communication between the vessels and land based organisation is done through E-mail.

INSPECTIONS

During 1997 a total of 106 inspections of our vessels have been made by our customers. All vessels have had inspections by CDI (Chemical Distribution Institute) and by OCIMF (Oil Companies International Marine Forum). In addition classification societies, flag states and port state control carry out inspections on our vessels. The CDI inspections are carried out by approved inspectors which adhere to common standards approved by the customers. These inspections are increasingly accepted by our customers.



Complicated building process.

ODFJELL TANKERS ASIA

Model of our 6.000 tdw. newbuildings.

The Asia-Pacific region has for a long time been important to our world-wide chemical tanker operation. We have had own representative offices in Tokyo and Singapore since 1975. Through these offices we are expanding our chemical tanker operations in the Asia-Pacific region.

The offices in Tokyo and Singapore are manned by marketing, chartering and operational personnel, covering the region for our global trading-routes and services connecting Asia-Pacific with North-America, South-America, Europe, Africa and the Middle East. With the increasing chemical activity in China, we also opened a marketing office in Nanjing in the autumn of 1997.

In addition to the above, we registered and started a new company, and in fact a new chemical tanker operation, in Singapore in 1997; Odfjell Tankers Asia Pte. Ltd. This company will own the four 6,000 tdw. chemical tankers which we are building in Poland for delivery in 1998 and 1999. The company is already operative with two modern 10,000 tdw. stainless steel chemical tankers on time-charter, trading in this region.

Transhipment operation outside Korea.

From 1 January 1998, Odfjell Tankers Asia Pte. Ltd. has been designated as an Approved International Shipping Enterprise (AIS) by the Singapore Ministry of Finance.

The purpose of having a decentralised shipping operation in Singapore, is to perform as a feeder operation for the deep-sea chemical tankers employed

«AIGRAN D.», «BOW FLOWER» and «ILARIA D.».

on our Inter-Continental routes, and also cater for the growing petro-chemical trade within the Asia-Pacific region. Rationalisation and cargo consolidation are becoming more and more important in this region as we experience several new ports with bulk liquid handling facilities being introduced every year.

The ongoing globalisation of the petrochemical industry, with special emphasis on the large and growing population in Asia, combined with the hydrocarbon resources available, were important factors in our decision to expand our chemical tanker operation. We are, to a great extent, dealing with the same multinational corporations which we do business with and have Contract of Affreightment with in the rest of the world. These corporations' requirements for quality, reliability and service will be the same in Asia, and Odfjell Tankers Asia has therefore an important role to play in the handling and the distribution of petrochemicals in the Asia-Pacific region.

ANDINO CHEMICAL TANKERS

«GORGONILLA».

In November 1997 we purchased Andino Chemical Tankers Inc. (ACT); a chemical tanker owning company. The gross investment totalled USD 40 mill. The company's core business is transportation of bulk liquid chemicals in areas such as the U.S Gulf, Caribbean, Central America and the west coast of South America. The acquisition of ACT reflects Odfjell's increased focus on similar or associated businesses related to our own core activities within the areas of intercontinental (deep sea) markets for seaborn transportation of chemicals.

ACT started it's business in 1971 and has for several years maintained a strong market presence within its trading area. Through the purchase of ACT, we have considerably strengthened our total market position in South America, and we can now offer our customers regular sailings to both the east and the west coast. South America is an important market for Odfjell, and the economical development of ACT's activities. In addition, there are obvious synergy effects between ACT's and Odfjell's other activities including the Baytank terminal in Houston, Texas.

The fleet consists of the ACT-owned chemical carriers "ANTISANA" (8.192/1989), "GORGONILLA" (8.192/1989) and "UNIVERSAL APOLLO" (6.291/1981) and the time charter vessels "ANDINO PARK" (9.013/1989), "TAMA CARIBBEAN" (7.003/1980) and "TAMA ANDINO" (6.986/1980). The total fleet capacity is 45.677 dwt and the average vessel age is 12 years. The ships have a large number of segregations and the majority of the tanks are stainless steel. The operating systems are certified according to the ISO 9002 and the SEP standard and by that also meet the ISM code requirement.

ACT has contract coverage in excess of 50 %. Several of the company's customers are also existing customers of Odfjell Tankers AS. The company's customer base and contract portfolio complements our own deep sea transportation pattern in this region. In 1997 the company carried about 800.000 tonnes of cargo distributed over more than 1000 parcels. The volume was made up of more than 200 different types of cargoes and by approximately 40 customers. The total turnover for 1997 was about USD 31 mill.

ACT's activities are managed on a decentralised basis with a board consisting of three key Odfjell employees. The ships are operated out of Houston, Texas by Chemical Tankers of America Inc. (CTA), a company which was also acquired by Odfjell effective November 1. 1997. CTA which is the general agent for ACT, is a company of 15 employees and is responsible for marketing, operations, ship management and certain other administrative tasks.

TANK TERMINALS

The tank terminal Baytank.

For a large and global business there are synergy between the operation of ships and the operation of terminals. Investment in tank terminals in newly industrialised countries, where the infrastructures are often inadequate, provides an opportunity to enter the market at an early point. In addition, such investments will produce increased transport volumes, which in turn will have an impact on the utilisation and profitability of the vessels. Customers will also experience considerably synergy.

The main task for a chemical terminal is to receive, store and ship chemicals. The chemicals are transported in and out from the terminal by either trucks, rail cars, barges or ships. Most products are stored in tanks until it is shipped out, but the terminals also do direct moves usually between rail cars and ships. By extending our services to include operation of terminals, we are able to provide our customers a full logistic service. Currently Odfjell has terminal investments in USA and China.

BAYTANK - HOUSTON, USA

Baytank is strategically located at the entrance of 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 unique with respect to its pressurised tanks, the nitrogen compensation system as well as an advanced vapour return system. Baytank has permission to handle and store more than 600 different chemicals. The terminal is highly flexible with its deepwater docks with continous concrete aprons. Baytank also has bunkering facilities.

The terminal consists of 71 tanks ranging in size 350 cbm to 9,000 cbm, and has a total capacity aggregating 190,000 cbm. The tanks are made of stainless steel, or black steel protected with zinc or epoxy coatings. So far the total investments amounts to more than USD 140 mill. Unused land, and the considerable investment already made in the Baytank terminal infrastructure, provide good opportunities for further extensions. Within the existing area Baytank has the potential storage capacity of about 350,000 cbm.

In 1997 Baytank started construction of seven new tanks of which three will be in stainless steel. This new capacity is planned to come into operation mid 1998, and will represent 20 percent in capacity. Total investment is about USD 15 million.

In addition to performing general terminal services, Baytank has an important function in our cargo consolidation program to reduce vessel laytime in port, which in turn enhances the productivity of our ships. Baytank also function as a “home base” for Odfjell Tankers in the US Gulf area. This synergy concept was confirmed through several joint transportation-terminal operations during 1997.

Baytank has implemented its own TQM system and is ISO 9002 certified. In accordance with Odfjell’s philosophy, safety and environmental issue have the highest priority. Baytank improved overall safety records in 1997 with 52%. Safety and environmental issues will continue to have the highest focus also in 1998.

Sponsored by two of our major customers in the petrochemical industry, Baytank aim at becoming a Responsible Care Partner in 1998. The Responsible Care status is a trademark in the US petrochemical industry for companies who are committed to focus on safety and environmental issues beyond current regulations.

Overall the US petrochemical industry were able to maintain the high activity level from 1996 and satisfactory financial results. Baytank also continued the positive trend by increasing profit for the fourth consecutive year. Total throughput decreased somewhat mainly due to fewer direct barge to ship transfers, but activity through ships, rail cars and trucks increased.

Baytank made a profit of USD 5.3 mill. in 1997 compared to USD 4.5 mill. in 1996. The increase in operating revenue is due to the expansion in capacity, improved assets utilisation and efficiency. The focus on safety has reduced number of errors and increased overall quality of operation.

Baytank achieved the following result in 1997, compared with the last three years:

(USD MILL.)	1997	1996	1995	1994
Revenue	27,2	25,7	23,2	20,3
Expenses	(14,6)	(14,2)	(13,6)	(12,4)
Depreciation	(3,9)	(3,6)	(3,2)	(3,0)
Operation result	8,7	7,9	6,4	4,9
Net interest	(3,4)	(3,3)	(3,5)	(3,6)
Result	5,3	4,6	2,9	1,3

DMTTC - DALIAN, P. R. CHINA

In order to participate in the future growth in China, the company decided to construct a terminal in Dalian in the Northern part of China. In the future Dalian is expected to become an important point of consolidation for our shipping activities in the Far East.

The Chinese authorities have selected Dalian as one of four main ports to benefit considerable investment in infrastructure. Its favourable geographical location will make it possible to serve as a centre for distribution of chemicals to northern and mid-China, as well as an important point of transit in a growing Inter Far East market.

In the first phase the terminal will have a capacity of approx. 60,000 cbm in 35 tanks. Total investment for this first phase is USD 30 mill. The start up of the operation will take place in April 1998 instead of late 1998 due to interference in construction caused by cold weather.

The terminal is being built under strict quality and environmental requirements with regards to safety and efficiency. Odfjell is the main shareholder with 44% and is also managing the construction and operation of the new terminal. In addition to Odfjell, the other participants are Dalian Port Authority, Mitsui & Co, Ltd. and Van Ommeren.

VOTTN - NINGBO, P. R. CHINA

The Chinese economy continue to be strong with a growth of about 8% in 1997, but the turmoil in the Far East economies have had a negative effect on the terminal activities in China. The reduced trade margins made both Chinese and international customer put pressure on the price level for storage and distribution. In addition, during the last couple of years the total storage capacity have increased considerably.

The tank terminal in Ningbo started operation in 1994, and has succeeded in establishing itself as a terminal of high standards. The capacity was increased in 1997 from 24,400 cbm. to 65,450 cbm. Odfjell's share of the terminal is 12.5 %.

In Ningbo the total storage capacity has more than doubled over the past two years. The slowdown in the chemical import together with the increased capacity in 1997 have resulted in a negative result for 1997. The net result for Odfjell share was minus USD 127,000 compared to a positive result of USD 134,000 in 1996.

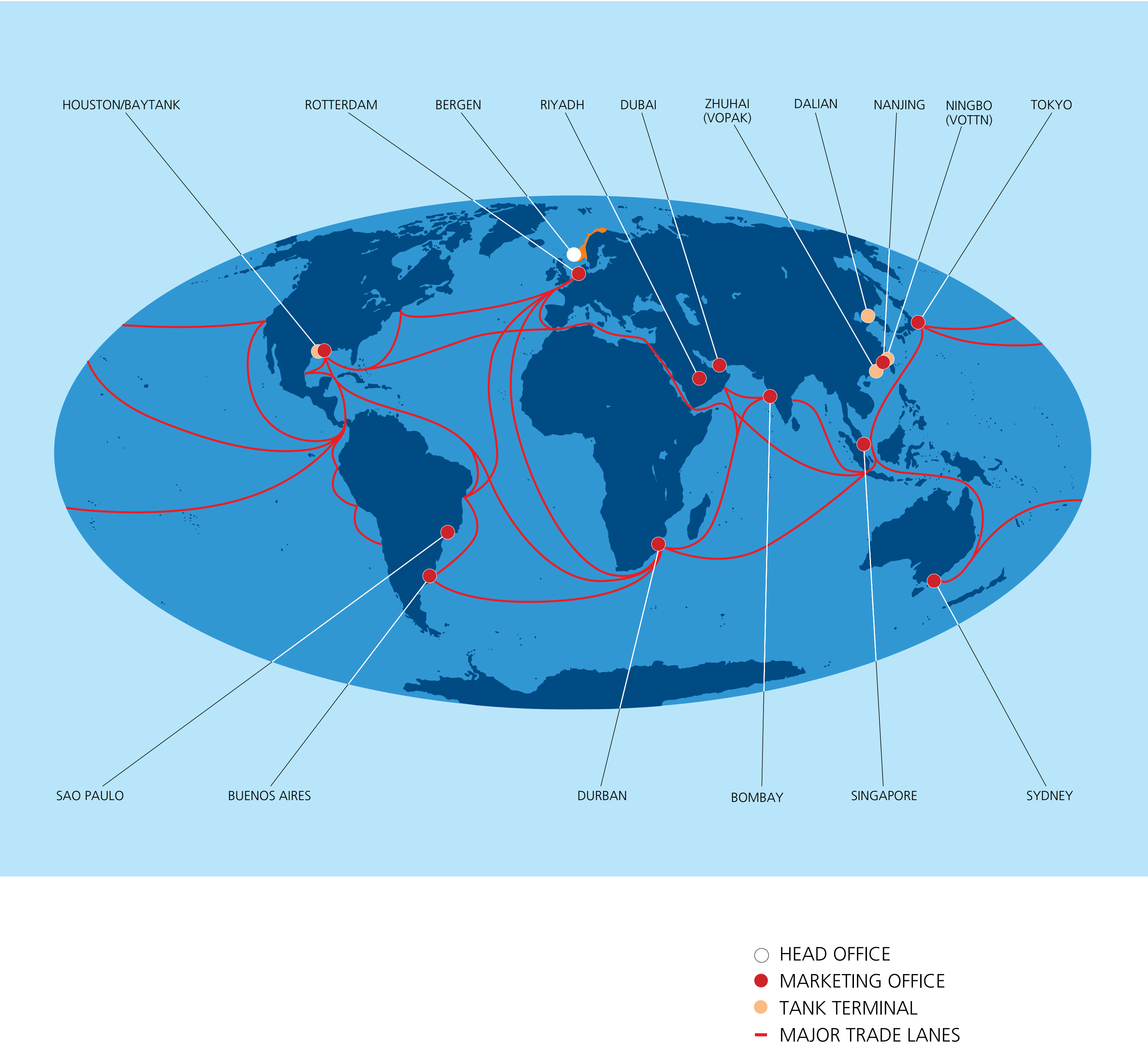
Our US office at the tank terminal Baytank.

FLEET OVERVIEW
31 December 1997

DEEP SEA		YEAR BUILT	TDW	CBM	STAINLESS STELL CBM	NUMBER OF TANKS
OWNED:	Bow Cardinal	1997	37 250	41 200	34 100	52
	Bow Cedar	1996	37 250	41 200	34 100	52
	Bow Clipper	1995	37 250	41 200	34 100	52
	Bow Fagus	1995	37 250	41 200	34 100	52
	Bow Faith	1997	37 250	41 200	34 100	52
	Bow Flower	1994	37 250	41 200	34 100	52
	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 Sun (50 %)	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 Hunter	1983	23 077	25 002	21 009	28
	Bow Pioneer	1982	23 077	25 002	21 009	28
	Bow Eagle	1988	24 700	32 458	19 663	25
	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
	Bow Explorer	1975	31 500	36 683	-	34
	Owl Trader	1982	12 450	14 482	8 070	22
TIME-CHARTERED:	NCC Jubail	1996	37 250	41 200	34 100	52
	NCC Riyad	1995	37 250	41 200	34 100	52
	NCC Mekka	1995	37 250	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
	Bow Fortune	1975	28 060	34 756	21 136	43
	Bow Star	1976	28 060	34 756	21 136	43
	Bow Trader	1969	21 723	22 972	17 842	26
	Bow Triton	1997	41 330	48 746	-	20
	Bow Tribute	1995	41 330	48 746	-	20
	Bow Trident	1992	41 330	48 746	-	20
	Bow Trigger	1993	41 330	48 746	-	20
	Bow Triumph	1992	41 330	48 746	-	20
	Battery Park	1991	15 000	18 022	13 306	21
	Number of vessels: 50		**1 595 742**	**1 886 009**	**779 489**	
ON ORDER:	Yard no. 136	4/1998	37 250			
	Yard no. 137	10/1998	37 250			
	Yard no. 138	4/1999	37 250			
	Yard no. 139	10/1999	37 250			
	Number of newbuildings: 4		**149 000**			

SHORT SEA		YEAR BUILT	TDW	CBM	STAINLESS STELL CBM	NUMBER OF TANKS
OWNED:	Antisana	1989	8 192	9 899	5 777	22
	Gorgonilla	1989	8 192	9 899	5 777	22
	Universal Apollo	1981	6 291	6 742	3 504	22
TIME-CHARTERED:	Andino Park	1989	9 013	9 568	9 568	15
	Tama Andina	1980	6 986	7 536	4 408	20
	Tama Caribbean	1980	7 003	7 520	4 408	20
	Aigran D.	1997	10 000	10 944	10 944	24
	Ilaria D.	1994	9 500	10 926	10 926	20
	Number of vessels: 8		**65 177**	**73 034**	**55 312**	
ON ORDER:	Yard no. 579-I/1	9/1998	6 000			
	Yard no. 579-I/2	2/1999	6 000			
	Yard no. 579-I/3	6/1999	6 000			
	Yard no. 579-I/4	10/1999	6 000			
	Number of newbuildings: 4		**24 000**			

TRADELANES


HOUSTON/BAYTANK
ROTTERDAM
BERGEN
RIYADH
DUBAI
ZHUHAI (VOPAK)
DALIAN
NANJING
NINGBO (VOTTN)
TOKYO
SAO PAULO
BUENOS AIRES
DURBAN
BOMBAY
SINGAPORE
SYDNEY
HEAD OFFICE
MARKETING OFFICE
TANK TERMINAL
MAJOR TRADE LANES

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: The party paying for the transportation. It may be the cargo owner, supplier or receiver of the cargo.

CLASSIFICATION SOCIETY:
An independent international organisation, 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 oil products in the US 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 and 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 vessels 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 Organisation. The international UN advisory body on transport by sea.

INORGANIC CHEMICALS: Chemicals which molecular structure contain 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.

ISMC: 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: Organisation for Economic Co-operation and Development, an information-gathering body. The 24 members are mainly industrialised 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 US 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, and 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 several different cargoes simultaneously.

POOL: A co-operation between owners putting their vessels into a operation where net revenues are divided 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.

STCW: International convention on standards of training, certification and watchkeeping.

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 deadweight 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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