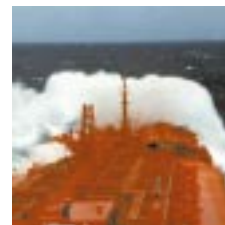




Annual Report  
1999





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## FINANCIAL CALENDAR

10 May 2000 Annual General Meeting

10 May 2000 Interim report for the first quarter 2000

16 August 2000 Interim report for the second quarter 2000

2 November 2000 Interim report for the third quarter 2000

13 February 2001 Preliminary year-end results 2000

Supplementary information on Odfjell can be found on the Internet at:  
<http://www.odfjell.no>

## ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 3 pm at the company's office at Conrad Mohrs veg 29, Minde, 5073 Bergen, Norway on Wednesday 10 May 2000. Shareholders wishing to attend the Annual General Meeting must notify the company by Wednesday 3 May 2000 as set out in article 4 of the company's Memorandum and Articles of Association.

*www.odfjell.no*



## ODFJELL - A PROFILE

Odfjell is a leading player in the global market of transporting chemicals and related logistical services. Originally set up in 1916, the company helped pioneer the development of the chemical tanker trade in the middle of the 1950s. Odfjell is run on a long-term industrial basis, with a focus on customer needs and regulatory requirements at every stage of the operation. Priority has been given to further developing the company's integrated logistical services, both globally and regionally. Today Odfjell owns and operates chemical tankers, tank terminals and tank containers.

### GLOBAL TRADE-LANES

The intercontinental transportation of chemicals and other liquids is our core business and as one of only two operators we provide a worldwide service. Our operations are fully integrated, with dedicated functions for technical management, operation and chartering. Odfjell currently controls around 19% of the world intercontinental chemical tanker fleet. Our fleet consists of 49 vessels with a total capacity of about 1.6 million dwt and generated a turnover of NOK 3 294 million in 1999.

### REGIONAL TRADE-LANES

Odfjell has 19 vessels with a total capacity of 0.16 million dwt dedicated to regional trade-lanes. Six vessels are currently operating in the US Gulf, the Caribbean and along the west coast of South America. In Asia, eight vessels are operating out of Singapore. Through our joint-venture with Flumar, five vessels are operating in South America. The objectives are to serve the growing regional markets and to ensure more efficient fleet utilisation through our transshipment activities. Regional trade-lanes generated a turnover of NOK 522 million in 1999.

### TANK TERMINALS

Odfjell has direct investments in a wholly owned tank terminal in the USA as well as partially owned terminals in China, and also works closely with six terminals in South America through associated companies. Terminal operation brings substantial synergies with our transportation activities and improves quality control throughout the transport chain. Our tank terminal operations also open up opportunities to develop new markets where the infrastructure for carrying chemicals has been limited to date. Our terminal business generated a turnover of NOK 251 million in 1999.

### TANK CONTAINERS

Odfjell transports chemicals and liquids in tank containers through the Hoyer-Odfjell BV joint venture company. Having started operating on 1 January 1999, this company serves the global market and plays an important role in Odfjell's broad range of integrated transportation services. The tank container operation is still under development and the fleet of tank containers operated by the jointventure company have during the year grown from 2 600 to about 3 500 units. Our share of the turnover was NOK 234 million in 1999.

# HIGHLIGHTS

## FINANCIAL PERFORMANCE

Turnover: NOK 4 301 million  
 Operating profit: NOK 285 million  
 Group profit: NOK 201 million  
 Cash flow: NOK 593 million

## VESSELS

Delivery of the newbuilding, M/T Bow Fortune (37 500 dwt), from Kværner Florø, Norway. Total investment: USD 70 million.

Delivery of four newbuildings, the M/T Bow Master, the M/T Bow Sailor, the M/T Bow Pilot and the M/T Bow Mate (all 6 000 dwt) from Stocznia Szczecinska SA, Poland. Delivered January through October 1999. Total investment: USD 83 million.

Sale of the M/T Bow Sky (built 1977, 28 060 dwt) and the M/T Bow Explorer (built 1975, 31 500 dwt). Net sales gain: NOK 132 million.

Ordering of two 37 500 dwt chemical tankers at Kværner Florø with delivery in September 2001 and June 2002. Contract value is USD 55 million per ship.

Through the acquisition of 50 per cent of Flumar, Odfjell established a regional

activity in South America. The company operates five vessels.

## TANK TERMINALS

Construction start a 10% capacity increase at Odfjell Terminals (Baytank) Inc, Houston with expected completion by mid 2000. Total storage capacity after expansion: 253 000 m<sup>3</sup>. Total investment: USD 17 million.

## TANK CONTAINERS

Hoyer-Odfjell BV (50% stake) became operational on 1 January 1999. The fleet of tank containers in intercontinental trade has during the year grown from 2 600 to 3 500 units.

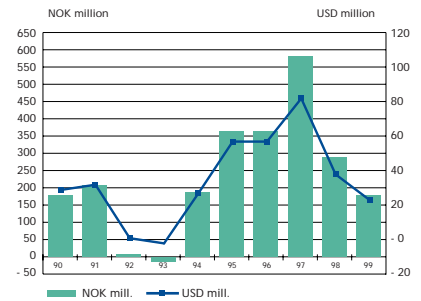
## ORGANISATION

Change of name of our regional activity in the US Gulf and the Caribbean; from Andino Chemical Tankers to Odfjell Tankers Americas.

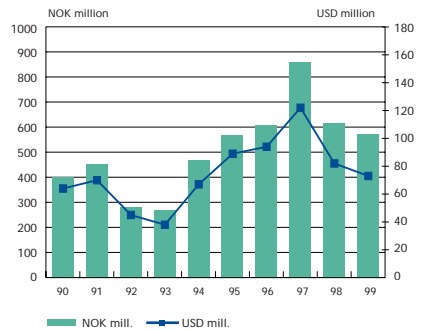
## CONSOLIDATION

On 18 February 2000 Odfjell and Ceres Hellenic signed an agreement to merge the activities of Odfjell and Seachem. The agreement is subject to due diligence and the approval by Odfjell's General Meeting.

## NET PROFIT (incl. gains from sale of assets)



## NET CASH FLOW (incl. gains from sale of assets)



Headquarter,  
Bergen, Norway

## KEY FIGURES/FINANCIAL RATIOS

ODFJELL GROUP	Numbers in	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
<b>From Profit and Loss Statement</b>											
Operating revenues	NOK mill.	4 301	4 021	3 858	3 520	3 192	2 758	2 441	2 265	2 622	2 527
Operating result before depreciation and profit from sale	NOK mill.	677	719	796	734	670	543	374	362	511	444
Depreciation	NOK mill.	-391	-328	-278	-247	-205	-284	-283	-274	-247	-230
Profit from sale of assets	NOK mill.	132	97	227	0	0	0	0	0	56	121
Net financial items	NOK mill.	-215	-172	-131	-123	-101	-77	-98	-113	-106	-157
Realised currency gain (loss)	NOK mill.	-22	-28	-33	1	0	5	-6	32	-7	0
Net profit (1)	NOK mill.	179	289	581	365	364	188	-13	7	208	179
<b>From Balance Sheet</b>											
Current assets	NOK mill.	2 257	2 080	1 994	1 575	1 434	1 245	1 181	1 187	951	894
Vessels and other fixed assets	NOK mill.	7 156	6 244	5 214	3 830	3 599	3 162	3 157	3 028	2 824	2 704
Current liabilities	NOK mill.	571	536	505	293	321	210	225	191	174	240
Long term liabilities	NOK mill.	6 018	4 923	3 975	2 867	3 157	2 893	2 943	2 782	2 385	2 439
Shareholders' equity *	NOK mill.	2 825	2 864	2 728	2 245	1 555	1 304	1 169	1 242	1 214	918
Total balance	NOK mill.	9 413	8 323	7 208	5 405	5 033	4 407	4 337	4 215	3 774	3 597
<b>Profitability</b>											
Earnings per share incl. profit from sale of assets (2)	NOK	8,20	13,23	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	2,17	8,77	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	26,12	28,26	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	20,09	23,80	28,91	27,82	25,94	21,48	12,28	12,80	18,14	12,81
Return on total assets (6)	%	5,7	7,3	12,9	11,0	11,8	7,2	3,4	4,0	10,6	12,7
Return on equity (7)	%	6,3	10,3	23,3	19,2	25,5	15,2	-1,1	0,6	19,5	18,6
Return on capital employed (8)	%	5,9	8,0	15,3	14,1	16,1	9,5	3,4	3,4	15,1	17,1
<b>Financial Ratios</b>											
Average number of shares	mill.	21,85	21,85	21,85	21,85	21,85	21,85	21,85	21,85	21,85	21,85
Equity per share (9)	NOK	129	131	125	103	71	60	54	57	56	42
Net cash flow incl. profit from sale of assets (10)	NOK mill.	571	617	859	608	567	469	268	280	453	401
Net cash flow excl. profit from sale of assets (11)	NOK mill.	439	520	632	608	567	469	268	280	396	280
Interest-bearing debt	NOK mill.	6 020	4 918	3 971	2 861	2 741	2 564	2 673	2 499	1 947	1 797
Bank deposits and securities	NOK mill.	1 748	1 619	1 603	1 318	1 275	1 066	1 237	1 153	891	794
Debt repayment capability (12)		9,7	6,4	3,8	2,5	2,6	3,2	5,4	4,8	2,7	3,6
Current ratio (13)		4,0	3,9	4,0	5,4	4,5	5,9	5,2	6,2	5,5	3,7
Equity ratio (14)	%	30	34	38	42	31	30	27	29	32	26
<b>Other</b>											
Employees		1 743	1 667	1 667	1 711	1 550	1 407	1 333	1 363	1 387	1 418
Volume shipped, global trade-lanes	1 000 tons	11 037	11 619	11 326	10 764	9 882	8 923	8 592	8 327	9 266	9 964
Number of products shipped, global trade-lanes		404	389	368	360	364	355	301	350		
Number of lots shipped, global trade-lanes		4 669	5 306	5 356	4 824	4 497	3 792	3 727	3 665		
Harbour calls, global trade-lanes		2 606	2 486	2 367	2 095	2 275	2 070	2 311	2 245		
Number of vessels within global trade-lanes		50	49	50	48	47	41	44	39	39	44
Number of vessels within regional trade-lanes		13	9	8	-	-	-	-	-	-	-
Total deadweightton, fleet within global trade-lanes	1 000 tons	1 613	1 567	1 596	1 528	1 477	1 262	1 306	1 179	1 179	1 369
Total deadweightton, fleet within regional trade-lanes	1 000 tons	103	71	65	-	-	-	-	-	-	-
Tank terminals (tank capacity)	1 000 m <sup>3</sup>	354	315	255	214	195	171	171	150	150	150
Tank containers (units)		3 500	-	-	-	-	-	-	-	-	-

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 2000.

\* - 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 realised currency gain (loss).
2. Net profit less minority interest divided by number of shares per 31.12.1999.
3. Net profit less minority interest less profit from sale of assets divided by number of shares per 31.12.1999.
4. Net profit plus depreciation less minority interest divided by number of shares per 31.12.1999.
5. Net profit plus depreciation less minority interest less profit from sale of assets divided by number of shares per 31.12.1999.

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. Operating result plus profit from sales of assets divided by average book equity plus net interest-bearing debt.
9. Equity divided by number of shares per 31.12.1999.
10. Net profit plus depreciation less minority interest.
11. Net profit plus depreciation less minority interest less profit from sale of assets.
12. Interest-bearing debt less bank deposits and securities, divided by net cash flow (11).
13. Current assets divided by current liabilities.
14. Book equity plus minority interest divided by total assets.

## THE DIRECTORS' REPORT

In 1999 Odfjell ASA's consolidated profit amounted to NOK 201 million (before exchange rate gains/losses, extraordinary items and tax), compared with NOK 317 million in 1998. Although 1999 was characterised by a falling market for the transport of chemicals, the company's good contract coverage and strong focus on efficient fleet utilisation had a positive effect in these circumstances. The company used 1999 to position itself - by further development of the company's intercontinental fleet of chemical tankers, substantial regional growth in its Asian activities and the signature of a joint-venture agreement in South America. The company's tank container business also experienced strong growth in 1999, and profit performance continues to improve in the terminalling sector. Odfjell ASA is intensifying its focus on integrated transport solutions, although deep sea chemical tankers will continue to dominate. The company's financial position enables us to implement stable and long-term action plans. All aspects of our business require high quality - vessels, terminals, organisational systems and human expertise.

An important part of Odfjell's business is on-going fleet development. The company aims to gradually renew the fleet while retaining its relative market share. This is mandatory so as to safeguard market positions and long-term earnings. Investments in state-of-the-art chemical tankers and related logistic services are highly capital-intensive. An extensive newbuilding programme was initiated in 1994, and in 1999 Odfjell took delivery of yet another Kværner vessel. In addition to Bow Century, which was delivered in January 2000, we will take delivery of the remaining two vessels in this series in 2001 and 2002. Odfjell's operating and maintenance policy is based on a long-term, regular and preventive maintenance programme. Odfjell makes stringent demands, often more stringent than the regulations the company is required to operate under.

Regional transport is an important part of the Odfjell strategy. The company has its own regional activities in growth areas such as Asia, the Caribbean and Central America, as well as in South America, where we entered into a joint venture in 1999 with the owners of the Brazilian shipping company Flumar Transportes Fluviais e Marítimos S/A. Odfjell offers and performs regional services for the same customers that use our intercontinental sailings. Through transshipment, the regional trade-lanes also contribute to the efficient consolidation of Odfjell's loading and unloading operations.

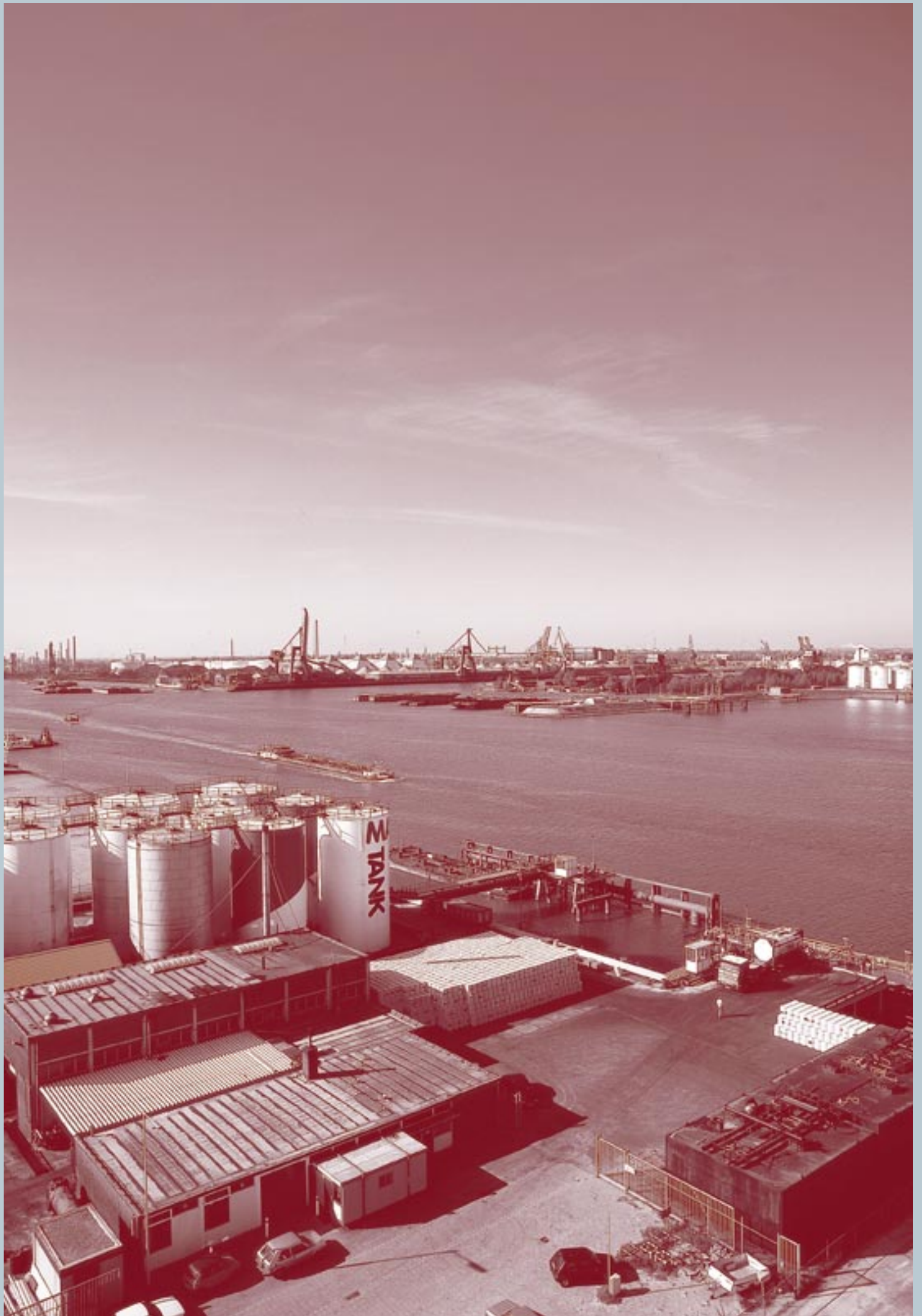
Transshipment makes the deep sea fleet's port calls in the global trade-lanes more economical.

Tank terminals are a central element in an integrated transport system. Odfjell aims to invest in terminals where there is potential for a good rate of return, and where there are substantial synergies with the transport business. Investment in tank terminals is also important towards the development of chemical markets in recently industrialised countries.

The operation of tank containers represents a supplement to chemical-tanker transport, and is an extension of the transport chain. Hoyer-Odfjell is responsible for the transport of chemicals and other liquids in tank containers. This company has been operating for one year and is already a significant player in its market. Hoyer-Odfjell's main objective in the initial phase was global expansion, with a view to obtaining economies of scale. This entailed substantial investments in personnel, organisation and new equipment. Our further strategy entails capturing a greater share of the market.

Odfjell attaches importance to developing and fostering long-term customer relationships. We focus on excellent, demanding collaboration with our customers, whose needs are the driving force behind the development of our whole range of services. In order to handle our customers' increased need of integrated logistics services, Odfjell will

*Rotterdam:  
The main transition and gateway port for the European petrochemical industry to the world markets and a main port for Odfjell. During 1999 Odfjell had 126 calls and transferred a total of 2.8 mill tons of cargo. Odfjell has had own operations office in Rotterdam since 1971.*



continue to invest substantial resources in the development of new IT solutions.

### 1999 RESULT

Of a consolidated profit of NOK 201 million (NOK 317 million in 1998), before exchange rate gains/losses, extraordinary items and tax, NOK 132 million relates to gains from the sale of vessels (NOK 97 million in 1998). The operating profit was NOK 417 million (NOK 488 million in 1998) while the cash flow was NOK 593 million. Extensive deep-sea chemical tanker deliveries and only minor tonnage disposals constitute the main reason for the low level of earnings. There was moderate growth in the global economy, and most of the Asian downturn of 1997 and 1998 was reversed.

The market price of bunker fuel oil increased considerably in 1999, particularly in the second half of the year, with a highly negative impact on the voyage-related expenses. The highest and lowest prices were USD 134 and USD 52 per ton respectively. The average fuel price in 1999 was USD 91 per ton, an increase of USD 26 per ton or 40 per cent compared with 1998.

Costs relating to the operation and maintenance of our vessels were stable in 1999. The building up of regional activities, and the tank container business caused an 18 per cent increase in administration costs compared with the previous year.

The USD/NOK exchange rate has a great impact on Odfjell's income statement and balance sheet. The average rate for 1999 was USD/NOK 7.80, up from 7.54 the previous year, which had a positive effect on the operating result. The group realised a net exchange loss on forward contracts of NOK 22 million. Forward contracts are made to hedge the company's operating costs. Current assets and liabilities are in USD. In 1999 the exchange rate rose from USD/NOK 7.60 to 8.04 at year-end, which resulted in an exchange rate loss of NOK 145 million relating to balance sheet adjustments.

The parent company recorded a loss for the year of NOK 24.3 million. In accordance with the tax scheme for shipping companies, the parent

company functions as a fully integrated management company for all the ship-owning companies in the group. The parent company is also the borrower of the major part of group loans.

The directors propose to the General Meeting that a dividend of NOK 4 per share be declared – a total of NOK 87.4 million. The dividends and the loss of the parent company will be covered by reserve equity in the amount of NOK 111.7 million. Distributable equity was NOK 2 912 million per 31.12.1999.

The accounts have been prepared on the assumption of a going concern.

### FINANCIAL MATTERS

All of our income being USD, the company's policy is to keep USD as its currency and reduce other currency risks.

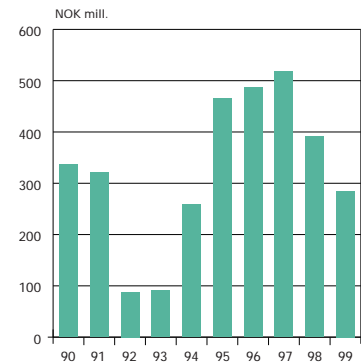
Odfjell's cash liquidity is good. At year-end, distributable liquid assets amounted to NOK 1 748 million, or about 29 per cent of interest-bearing debt. The interest-bearing debt was NOK 6 018 million, an increase of NOK 1 100 million. Payments relating to investments amounted to NOK 1 325 million in 1999. At year-end undrawn credit facilities were NOK 402 million.

As part of our liquid assets management, we invest in interest-bearing securities with high liquidity and low credit risk and in financial institutions with high creditworthiness. In general, our investments are made on a fixed-interest basis for approximately the same period as the company's long-term borrowings. To some degree we use external financial management. Assets under external management are split between international shares and international bonds with high ratings.

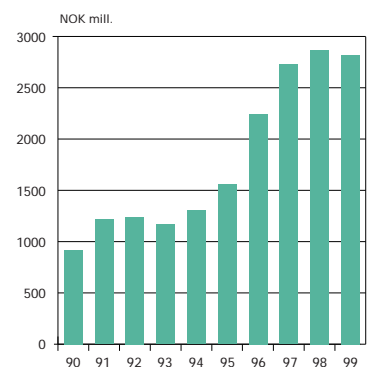
The group has a stable, long-term financial structure with borrowings from recognised Norwegian and international shipping banks. Most of the debt is organised on an unsecured basis and on favourable conditions. The currency is USD, and interest is predominantly based on Libor. At year-end the average loan period for interest-bearing debt was a little over 5.5 years.

At year-end total book equity was NOK 2 825 million, corresponding to NOK 129 per share, which gives an equity ratio of 30 per cent. Return on

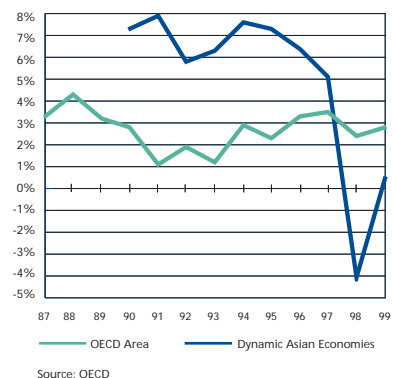
### OPERATING RESULT



### SHAREHOLDERS' EQUITY

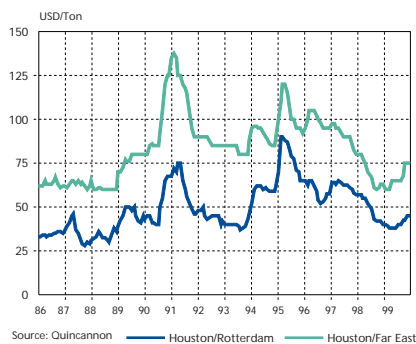


### GROWTH OF REAL GDP



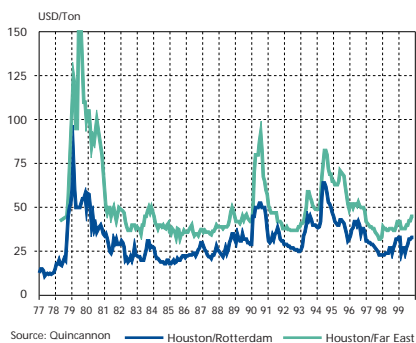
### FREIGHT RATES

1 000 tons stainless steel grade Chemicals

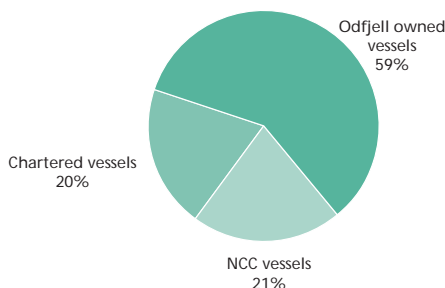


### FREIGHT RATES

3 000 tons easy grade Chemicals



### FLEET DISTRIBUTION (Global trade-lanes)



equity was 6.3 per cent as against 10.3 per cent in 1998. Since our vessels are special tonnage with limited turnover, we have, as in previous years, not calculated value adjusted shareholders' equity.

### BUSINESS AREAS

Since Odfjell is a global player, its results are dependent upon developments in the global economy. In 1999 the OECD countries had a GDP growth of 2.8 per cent, compared with 2.4 per cent the year before. Growth in Europe improved, the USA remained stable at a high level, while growth in Japan went from negative to slightly positive. Growth in South Korea progressed from minus six per cent in 1998 to plus 10 per cent in 1999. The estimated growth in sea-borne trade is 0.1 per cent for 1999, as against a drop of 0.7 per cent in 1998.

Economic growth in the recently industrialised Asian countries is important for the shipping industry. After the great setback of 1998, most countries in this region have witnessed a considerable growth in GDP and manufacturing output. The growth is mainly due to exports. Most of the structural problems that triggered the Asian crisis, however, remain unresolved. Nevertheless, prospects are deemed positive. The same evaluation applies to Brazil and the other South American countries.

Odfjell now has four integrated business areas:

- Global trade-lanes
- Regional trade-lanes
- Tank terminals
- Tank containers

Odfjell's core business is concentrated around the global trade-lanes with large deep sea chemical tankers. These represent about 83 per cent of our total fixed assets. The other business areas represent synergies and make a positive contribution towards underpinning our total market position and efficiency. Odfjell's increasing integration of services will also become a positive contributor in a market with ever-increasing customer demands as regards efficiency, regularity, flexibility and competitiveness.

### GLOBAL TRADE-LANES

Activity in the global trade-lanes represents 77 per cent of the turnover and 70 per cent of the profit for 1999, including sales gains. Odfjell's trade-lanes, which cover all important areas of the world, were stable compared to the previous year. The market turned weaker in 1999. Contract renewals during the year were concluded on falling rates.

Lower volume, fewer and smaller consignments and a greater number of port calls led to less effective operations and reduced earnings per day. In the second half of the year, the upturn of the spot-market meant charterers tried to utilise spare volume under existing contracts of affreightment rather than turning to the spot market. Volume transported under contract accounted for about 55 per cent in 1999.

At the end of 1999 Odfjell operated a fleet of 49 vessels in its global trade-lanes. Of these vessels 21 were chartered by the company, and it owned the other 28. Twelve of the chartered vessels were owned by our long-term partner National Chemical Carriers Ltd. Co., Saudi Arabia (NCC). In marketing and operational terms NCC's tonnage is run by Odfjell. The vessels are operated under time charters in separate pools made up of similar types of vessels. Each vessel receives a variable time charter hire according to its relative share of the pool's earnings, based on the number of on-hire days. In the course of the year NCC took over the technical operation of three of the vessels. The remaining nine vessels remain with Odfjell.

In 1999 the company transported 11.0 million tonnes of cargo by 4 669 consignments for more than 400 customers. There was a 4.9 per cent reduction in volume from 1998, while the number of consignments fell by 12.0 per cent. Altogether 404 different types of cargo were shipped. The fleet made a total of 2 606 port calls and 243 canal passages during 1999.

The world's core fleet of chemical tankers over 10 000 dwt increased by about nine per cent in 1999. An insignificant amount of tonnage was scrapped. At year-end the order book accounted for about 14 per cent of the existing fleet. However, delivery periods for our type of vessels are long. In 2000,

2001 and 2002, the gross fleet increase based upon the existing order book will be seven, two and two per cent per year respectively. If vessels are scrapped after 25 years, this would constitute about three per cent of the fleet per year for the next three years.

In May 1999 we took delivery of Bow Fortune, which is the twelfth in a series of 15 sophisticated chemical tankers ordered from the Kværner Group. Each vessel is about 37 500 dwt with cargo tanks made mainly of stainless steel and with 47 to 52 segregations. In addition to Bow Century, which was delivered in January 2000 there remain two vessels in the series scheduled for delivery in 2001 and 2002 respectively. As part of the company's renewal programme, Bow Sky (28 060 dwt/1977) and Bow Explorer (31 500 dwt/1975) were sold in May/June 1999. The net gain from the sales was NOK 132 million. The "Bow Sky" was chartered for six years.

In general Odfjell's vessels are dry-docked every 30 months. Continuous maintenance is also carried out while voyaging. In 1999 we dry-docked eight of our vessels, giving a total off-hire time of 192 days. In 1998 we dry-docked ten vessels, with a total off-hire time of 242 days. The satisfactory prices obtained on the sale of older vessels indicates that our maintenance policy pays off in this context as well.

On a global basis, a number of state-of-the-art product tankers, which can carry commodity chemicals, were delivered in 1999. These had a limited impact on the chemical tanker market in 1999. We expect the same to continue. The supply-side structure of the chemical tanker market is stable, the five biggest operators having about 62 per cent of the fleet over 10 000 dwt at their disposal. On the demand side we are witnessing a considerable amount of mergers and integration amongst our charterers. Odfjell's market position is satisfactory and fairly stable, with a market share of about 19 per cent.

#### REGIONAL TRADE-LANES

Our activity in the regional trade-lanes accounted for 12 per cent of total turnover in 1999. The result accounts

for about one per cent of the company's total result for 1999.

At the end of 1999 Odfjell operated a total of 19 vessels in this business segment, 12 of which we own.

#### • The Far East

In the course of the year we increased our Far East business from two to eight vessels. The company's investment in regional tonnage is based upon its strategy of participating in the Far East growth, mainly in the area between Japan/South Korea, Singapore and Australia/New Zealand. Demand for regional transport is increasing due to the start-up of new chemical production units. By combining our intercontinental transport with regional trade-lanes we can also offer integrated services. Transshipment is also a prerequisite for the efficiency of our deep sea fleet, and makes it possible to service an increasing number of out-ports which place physical limitations on larger vessels.

Odfjell runs its regional business in the Far East from Singapore. The core of the fleet is a series of four state-of-the-art chemical tankers delivered by Stocznia Szczecinska S.A during 1999 at a total cost of approximately USD 83 million. The new vessels are 6 000 dwt each and all their tanks are stainless steel with 14 segregations. In addition to this, four new sophisticated chemical tankers were chartered in on a long-term basis.

• Central America and the Caribbean  
Through Odfjell Tankers Americas we offer regular sailings in areas around the Gulf of Mexico, the Caribbean, Central America, and the west coast of South America. Our fleet consists of six vessels from 6 000 dwt to 11 500 dwt and is managed from Houston. There are synergies between this business and our other activities. These include Odfjell Terminals (Baytank) in Houston, which is particularly important for the consolidation of cargo both for Odfjell's global trade-lanes and for its regional activity. Such regional activity also strengthens our position in South America, and the associated terminals on this continent.

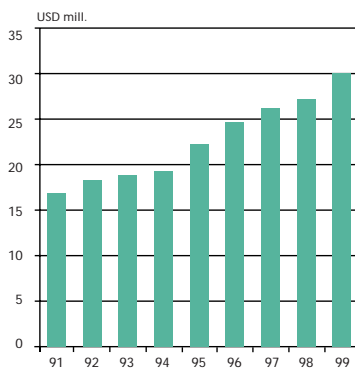
In this business area we transported 1.2 million tonnes of cargo in 1999, in 1 230 consignments. This represented an increase in volume of 27 per cent in relation to 1998, while the number of consignments fell by five per cent. Contract coverage was 67 per cent.

• South America

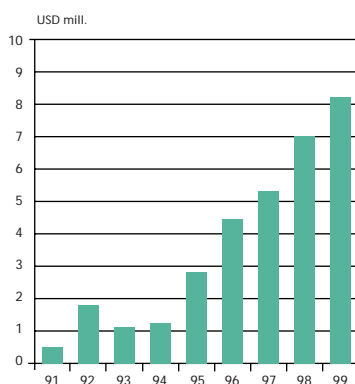
In 1999 Odfjell signed an agreement for the acquisition of 50 per cent of the Brazilian shipping company Flumar. This company was formed in 1974 and is one of the leading Brazilian operators of chemical tankers and LPG ships. Flumar operates three chemical tankers and two LPG ships, mainly sailing along the Brazilian coast. Four of the ships fly the Brazilian flag and have Brazilian crews. Two of these are chemical tankers and one is an LPG ship under separate ownership.

Both Odfjell and Flumar derive benefit from their respective market positions, complementing and reinforcing the range of services on offer to customers in this region. There is substantial growth potential in Brazil in the production and trade of chemicals. Flumar's annual turnover is approximately USD 35 million. The acquisition represented an investment of approximately USD 10 million for Odfjell.

ODFJELL TERMINALS (BAYTANK) TOTAL INCOME



ODFJELL TERMINALS (BAYTANK) NET PROFIT



TANK TERMINALS

Tank terminals accounted for six per cent of total turnover and 31 per cent of the result for 1999. In addition to the terminal in Houston, the company is also owner of tank terminals in China.

Odfjell Terminals (Baytank), Houston is the world's biggest privately owned terminal as regards stainless steel storage capacity. It is also our most important terminal, both in terms of size, financial scope and location. Moreover it represents substantial synergies with our shipping business. The terminal continued to improve its performance in 1999 with a profit increase of 29 per cent to USD 8.5 million as opposed to USD 6.6 million in 1998. In 1998 seven new storage tanks came into operation, a capacity increase of 19 per cent and, orders representing a further capacity increase of 10 per cent were placed in 1999,

scheduled for completion in mid-2000, when total storage capacity will become 253 000 cubic metres. Investments in capacity increases in 1998-2000 amount to USD 32 million, and such expansion is highly profitable, leading to better utilisation of the previous heavy infrastructure investments. The terminal still has a considerable amount of unused area for development.

Odfjell aims to expand its terminal business in China. The tank terminal DMTTC in Dalian (North China) was put into operation in April 1998. Total investments for the first phase amounted to USD 30 million. Our own equity interest is 44 per cent. Odfjell was responsible both for construction and for technology, and is in charge of the operation of the terminal. We made a positive start as regards capacity utilisation and activity. However, price levels were low in the initial phase, which led to a negative result for 1999. Our share of the result was a loss of USD 330 000.

1999 was a difficult year for the VOTTN terminal in Ningbo (Central-Eastern China), which experienced low utilisation and activity. Odfjell's equity interest is 12.5 per cent and its share of the year's result was a loss of USD 74 000, which is a slight improvement on the previous year.

Odfjell will participate with a five per cent stake in a planned terminal in Zhuhai (South China). The estimated total investment framework is USD 56 million for the first phase. Our share of the investment will thus be USD 2.8 million.

TANK CONTAINERS

Our tank-container activity accounted for five per cent of turnover in 1999 and minus two per cent of the result. This activity is run through Hoyer-Odfjell, which is owned on a 50/50 basis by Odfjell and Hoyer. The joint company has been in operation for one year and already has a market share of six per cent. Through Hoyer-Odfjell we are now able to offer our customers more integrated and cost-efficient transport solutions.

The company headquarter is in Rotterdam. The business is also based

upon a network of separate branch offices and agencies.

Hoyer-Odfjell's main goal in the initial phase has been to expand globally, to build critical mass, thereby achieving economies of scale. During the year the number of tank containers increased from 2 600 to 3 500. The container market for the transport of chemicals was weak in 1999.

#### HEALTH, SAFETY AND ENVIRONMENT

Odfjell's policy is to maintain and further develop the company's position as a supplier of high-quality and environmentally friendly transport services, involving low risks. Stringent environmental and safety requirements underlie all our operations. In 1999 there were no accidents involving substantial injury or environmental damage. A total of 36 injuries leading to absence beyond the day of the injury were reported on vessels. This corresponds to 5.3 injuries per million hours (H-factor = 5.3).

The company utilises the "Safety and Improvement Reporting" (SAFIR) reporting system to deal with non-compliance and its causes.

During 1999 Det Norske Veritas audited and renewed Odfjell's Document of Compliance and carried out regular inspections and certificate renewals on 20 of the company's vessels. We also carried out 36 internal audits. The company's customers conducted 150 inspections of our vessels. Of these 43 were conducted by the Chemical Distribution Institute (CDI) and 107 by the Oil Companies International Marine Forum (OCIMF). In addition there were inspections by the classification societies and port authorities. Even though costly, Odfjell welcomes this close follow-up on the part of the industry and authorities

Follow-up on quality, environment and safety is also strongly in focus when it comes to our terminal activities. With the support of two of its most important customers Odfjell Terminals (Baytank) was the first terminal in the USA to become a partner in the "Responsible Care<sup>®</sup>," programme. This programme is the Chemical Manufacturers Association's way of

bestowing recognition on enterprises that have distinguished themselves by applying environmental and safety standards in excess of current regulations.

#### HUMAN RESOURCES AND ORGANISATION

Odfjell's activities are very complex, both in technological and organisational terms. Its ships performs all over the world, at great distances from headquarter, which demands insight, expertise and decisiveness throughout the Group. It is very important that Odfjell has a human resources policy ensuring that we always have skilled and highly qualified personnel on board our ships and ashore. The company aims to build and develop a homogenous corporate culture cutting across cultural and geographical boundaries in the organisation. This includes both our employees working on board the ships, and ashore in our international business.

Our ships have Norwegian officers in the main, experienced in the operation of complicated tankers. We have Filipino crews, recruited on the basis of continuity and experience. We have a long-term crewing policy in which we attach great importance to on-board training and specialist courses. We have an extensive recruitment programme for both young officers and trainees. At the end of 1999 there were a total of 126 Norwegians undergoing training or in recruitment posts.

At year-end the group employed 1 670 persons.

#### INFORMATION TECHNOLOGY

Odfjell firmly believes in the importance of the efficient use of information technology. Good communication solutions link the headquarter, branch offices and ships. A new IT system for operation and chartering was also introduced during the course of the year. The transfer to the year 2000 presented no problems.

One of the major challenges in the years ahead is the establishment of IT solutions that ensure optimum integration with our customers and our suppliers, allowing them direct access to parts of our IT systems. Among other

things this will make it possible to order transport jobs electronically and enable a continuous exchange of information regarding the status of such assignments.

#### SHAREHOLDERS

At year-end the company had 1 584 shareholders. Odfjell Holding ApS owned 6 078 623 shares (27.82%). No other shareholder held 20% or more of the company. The Chairman of the Board, B.D. Odfjell jr, and close related parties owned 1 549 262 shares. The other directors, Terje Storeng, Jørgen Faye and Per Ivar Gjørnum held 18 168, 2 800 and 60 shares respectively at year-end. The Managing Director, together with companies controlled by him, held 45 800 shares. The auditor had no shares in the company. The company has a convertible loan of NOK 24,5 million. This extension from the Board and key employees carries the right of conversion into B-shares at 28 April 2000 at a price of NOK 122 per share.

Information about remuneration of the Board, Managing Director and Auditor is given in note 3 to the accounts (page 20).

#### PURCHASE OF OWN SHARES

An extraordinary general meeting on 8 February 1999 authorised the board of directors to acquire up to 10 per cent of the company's share capital. This authorisation expires on 30 June 2000. Per 14.03.2000 the company owned 232 500 A-shares and 601 600 B-shares at an average price of NOK 120 per share. This constitutes 3.8 per cent of the company's share capital. The shares were purchased in February/March 2000.

#### COMPANY STRUCTURE

In order to optimise the capital structure of the subsidiaries it was decided, at the end of 1999, to reduce the share capital of the subsidiary Odfjell Shipholding AS (OSH) and to merge OSH with its three subsidiaries. Also decided was a transfer of some ships to our Singapore subsidiary. These moves are expected implemented during first half of 2000, with no net effect on the group's capital structure.

#### CONSOLIDATION

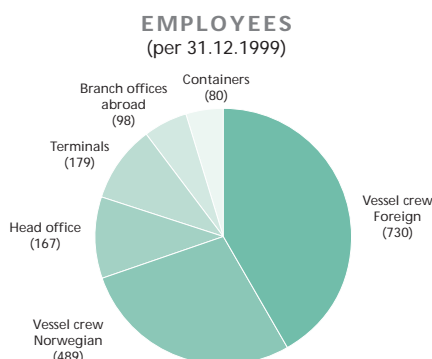
On 18 February 2000 Odfjell and Ceres Hellenic signed an agreement to merge the activities of Odfjell and Seachem. This agreement was motivated by a joint desire for greater consolidation of the industry, thereby improving overall services to customers, extending trade-lanes and leading to better utilisation of the combined fleet. This transaction means that Odfjell will take over 9 chemical tankers, 4 newbuilding contracts as well as the pool company Seachem. The other 12 Ceres-controlled chemical tankers and the 4 future newbuildings will be employed by Odfjell on a pool basis. In all, the Odfjell investment is approximately USD 360 million. Odfjell will, as part of this transaction make a private placement with Ceres at NOK 208 per share, totalling about NOK 1 billion. The company will thus maintain its sound financial position. This transaction prices Odfjell at approximately NOK 4.6 billion.

After the merger the combined company will be one of the world's leading operators of "deep sea" chemical tanker tonnage. The headquarter for the merged business will be Bergen. Activities in the companies' international offices will be co-ordinated. The group's turnover is expected to increase from about NOK 4.3 billion to about NOK 5.5 billion in the first year following the merger. Book equity will increase to about NOK 3.8 billion and the total balance sheet of the company will increase to about NOK 11.1 billion.

The agreement is subject to due diligence that includes the inspection of assets and the approval by Odfjell's General Meeting. The share issue prospectus is being prepared and will be scheduled for consideration by the General Meeting on 10 May 2000.

#### OUTLOOK

The supply of tonnage is decisive for the market balance. The large influx of new capacity during recent years now seems slowing down. The extent of scrapping and downgrading of vessels will affect the market balance. The current difficult market may in itself precipitate the disposal of tonnage and lead to



restructuring and consolidation.

On account of the continued delivery of tonnage we expect poor results in 2000. From next year on we expect a considerably lower growth on the supply side which, combined with the effect of consolidation, and with positive growth estimates for the global economy, leads the Board of Directors expect an improvement in profits from 2001.



The Board of Directors of Odfjell ASA: Terje Storeng, Bjarte Kvåle, B. D. Odfjell jr. (chairman), Per Ivar Gjørørum and Jørgen Faye

Bergen, 14 March 2000

The Board of Directors of Odfjell ASA

Per Ivar Gjørørum

B.D. Odfjell jr.  
Chairman

Bjarte Kvåle

Jørgen Faye

Terje Storeng

Bjørn Sjaastad  
President/CEO

## PROFIT AND LOSS STATEMENT

ODFJELL ASA			(NOK 1 000)	ODFJELL GROUP			
1999	1998	1997	Operating revenues (-expenses):	Note	1999	1998	1997
			Gross freight revenue		4 046 409	3 787 745	3 648 756
			Voyage expenses		(1 502 758)	(1 183 342)	(1 132 915)
			Freight revenue time-charter basis		2 543 651	2 604 403	2 515 841
			Time-charter expenses	2	(1 010 699)	(1 085 958)	(924 027)
			Operating expenses	3,21	(770 403)	(737 666)	(743 161)
			<b>Net profit from vessel operation</b>		<b>762 550</b>	<b>780 779</b>	<b>848 654</b>
128 637	125 546	125 633	Other revenue		254 996	233 297	208 874
-	-	-	Other expenses	2	(128 718)	(114 595)	(97 575)
(116 246)	(112 740)	(110 618)	General and administrative expenses	3	(212 310)	(180 250)	(163 825)
			<b>Operating profit before depreciation,</b>				
<b>12 391</b>	<b>12 806</b>	<b>15 015</b>	<b>Gain (-loss) on sale of fixed assets</b>		<b>676 517</b>	<b>719 232</b>	<b>796 128</b>
(7 231)	(5 016)	(3 968)	Depreciation	4,5	(391 477)	(328 363)	(278 455)
(31)	(45)	1 333 479	Gain (-loss) on sale of fixed assets		131 718	97 326	227 471
<b>5 130</b>	<b>7 746</b>	<b>1 344 526</b>	<b>Operating result</b>		<b>416 759</b>	<b>488 194</b>	<b>745 144</b>
			<b>Financial income (-expenses):</b>				
209 512	217 882	158 813	Interest income	6,13	104 936	104 349	88 492
(233 834)	(235 042)	(151 493)	Interest and fees paid	6	(327 073)	(274 337)	(229 848)
(94)	3 463	104 986	Other financial items	6	6 661	(1 541)	9 975
<b>(24 416)</b>	<b>(13 697)</b>	<b>112 306</b>	<b>Net financial items</b>		<b>(215 476)</b>	<b>(171 528)</b>	<b>(131 382)</b>
			<b>Net profit before currency gains (-losses),</b>				
<b>(19 286)</b>	<b>(5 951)</b>	<b>1 456 832</b>	<b>extraordinary items and taxes</b>		<b>201 283</b>	<b>316 666</b>	<b>613 762</b>
(14 079)	(2 590)	(32 576)	Currency gains (-losses)	7	(167 035)	(88 658)	(166 433)
-	-	-	Extraordinary items	8	-	-	122 390
9 022	(147)	(22 236)	Taxes	9	4 673	(9 197)	1 289
<b>(24 343)</b>	<b>(8 688)</b>	<b>1 402 020</b>	<b>Net profit for the year</b>		<b>38 921</b>	<b>218 812</b>	<b>571 008</b>
			<b>Allocation:</b>				
(87 394)	(87 394)	(87 394)	Proposed dividend	10			
			I Earnings per share (NOK)	22	1,78	10,01	26,13
			II Earnings per share (NOK)	22	8,20	13,23	26,58

## ASSETS AS PER 31.12.

ODFJELL ASA			(NOK 1 000)		ODFJELL GROUP		
1999	1998	1997	Fixed assets:	Note	1999	1998	1997
-	-	-	Deferred tax asset	9	4 206	-	-
-	-	-	Goodwill	4,11	82 807	49 894	57 904
57 475	58 287	52 104	Real estate	5,11	83 400	65 718	57 882
-	-	-	Vessels	5,11,21	5 852 828	4 932 386	4 149 006
-	-	88 864	Newbuildings	5,11	81 580	302 381	133 464
-	-	-	Tank terminal	5,11	894 738	806 801	702 575
18 165	13 763	10 222	Office equipment and cars	5,11	32 981	19 424	16 148
3 395 805	3 395 755	3 204 135	Investment in subsidiaries and associates	12	-	-	-
136 181	50 780	46 988	Other shares	12	-	-	-
2 399 679	4 153 934	2 928 629	Loans to subsidiaries	13	-	-	-
22 118	20 004	27 654	Other long-term receivables	14,15,16	123 916	123 970	125 599
<b>6 029 423</b>	<b>7 692 524</b>	<b>6 358 596</b>	<b>Total fixed assets</b>		<b>7 156 456</b>	<b>6 300 574</b>	<b>5 242 578</b>
			<b>Current assets:</b>				
18 072	68 450	32 879	Short-term receivables	14,16	450 353	429 587	350 338
7 854	10 055	9 826	Bunker fuel	16	58 678	33 790	42 304
38 621	-	4 200	Investment in shares	16,17	38 640	17	4 217
554 990	-	-	Bonds and certificates	16,18	555 006	401 907	117 237
1 053 714	89 919	140 595	Cash and bank deposits	16,19	1 154 321	1 220 129	1 491 997
<b>1 673 251</b>	<b>168 424</b>	<b>187 500</b>	<b>Total current assets</b>		<b>2 256 997</b>	<b>2 085 430</b>	<b>2 006 093</b>
<b>7 702 674</b>	<b>7 860 948</b>	<b>6 546 096</b>	<b>Total assets</b>		<b>9 413 453</b>	<b>8 386 004</b>	<b>7 248 671</b>

## LIABILITIES AND SHAREHOLDERS' FUNDS AS PER 31.12.

ODFJELL ASA			(NOK 1 000)	ODFJELL GROUP			
1999	1998	1997	Paid in equity	Note	1999	1998	1997
218 485	218 485	218 485	Share capital	10,20	218 485	218 485	218 485
<b>218 485</b>	<b>218 485</b>	<b>218 485</b>	<b>Total paid in equity</b>		<b>218 485</b>	<b>218 485</b>	<b>218 485</b>
2 912 225	3 023 878	3 119 877	Other equity	10,20	2 606 772	2 642 733	2 505 736
<b>2 912 225</b>	<b>3 023 878</b>	<b>3 119 877</b>	<b>Total earned equity</b>		<b>2 606 772</b>	<b>2 642 733</b>	<b>2 505 736</b>
<b>3 130 710</b>	<b>3 242 363</b>	<b>3 338 362</b>	<b>Total shareholders' funds</b>		<b>2 825 257</b>	<b>2 861 218</b>	<b>2 724 221</b>
			<b>Long-term liabilities:</b>				
21 743	30 765	30 618	Deferred tax liability	9	-	4 816	4 275
24 500	25 000	25 000	Convertible loan	3,14	24 500	25 000	25 000
4 259 080	4 256 000	2 862 871	Long-term debt	14,16	5 993 096	4 949 176	3 990 045
<b>4 305 323</b>	<b>4 311 765</b>	<b>2 918 489</b>	<b>Total long-term liabilities</b>		<b>6 017 596</b>	<b>4 978 992</b>	<b>4 019 320</b>
			<b>Current liabilities:</b>				
-	-	-	Taxes payable	9	4 348	8 655	902
14 488	12 898	20 057	Employee taxes payable	16	15 267	13 571	20 793
87 394	87 394	87 394	Dividend payable	10	87 394	87 394	87 394
124 178	135 822	111 999	Other short-term liabilities	16	463 591	436 174	396 041
40 581	70 706	69 795	Loan payable to subsidiaries	13	-	-	-
<b>266 641</b>	<b>306 820</b>	<b>289 245</b>	<b>Total current liabilities</b>		<b>570 601</b>	<b>545 794</b>	<b>505 130</b>
<b>4 571 964</b>	<b>4 618 585</b>	<b>3 207 734</b>	<b>Total liabilities</b>		<b>6 588 196</b>	<b>5 524 786</b>	<b>4 524 450</b>
<b>7 702 674</b>	<b>7 860 948</b>	<b>6 546 096</b>	<b>Total liabilities and shareholders' funds</b>		<b>9 413 453</b>	<b>8 386 004</b>	<b>7 248 671</b>
-	-	-	Liabilities secured by mortgages	23	517 318	190 000	1 053 129
1 170 085	699 985	500 270	Guarantees	24	64 552	61 252	61 580

Bergen, 14 March 2000  
The Board of Directors of Odfjell ASA

Per Ivar Gjerum

B.D. Odfjell jr.  
Chairman

Bjarte Kvåle

Jørgen Faye

Terje Storeng

Bjørn Sjaastad  
President/CEO

## CASH FLOW STATEMENT

ODFJELL ASA			(NOK 1 000)	ODFJELL GROUP		
1999	1998	1997	Cash flow from operating activities	1999	1998	1997
( 33 365)	( 8 542)	1 424 256	Net profit for the year before taxes	34 248	228 005	569 719
-	-	-	Taxes paid	( 4 348)	( 2 190)	-
31	45	(1 436 742)	(Gain) loss on sale of fixed assets	(131 718)	( 97 325)	(227 471)
7 231	5 016	3 968	Depreciation	391 492	328 363	278 455
-	-	-	Depreciation of capitalised dry-docking cost	129 125	135 321	-
2 201	( 229)	34 791	Inventory (increase) decrease	(24 888)	8 514	2 651
-	-	131 212	Trade debtors (increase) decrease	(31 748)	30 486	(42 120)
17 991	(1 922)	( 58 089)	Trade creditors increase (decrease)	37 912	(14 922)	(44 012)
6 832	8 302	( 6 700)	Difference in pension cost and pension premium paid	6 832	8 302	( 6 700)
16 531	15 410	31 433	Exchange rate fluctuations	153 393	5 715	241 932
(47 972)	(11 874)	67 955	Other short-term accruals principal items	( 1 485)	( 67 059)	159 276
-	-	-	Change in dry-docking accounting principle	-	-	(122 390)
<b>( 30 520)</b>	<b>6 206</b>	<b>192 084</b>	<b>Net cash from operating activities</b>	<b>558 815</b>	<b>563 210</b>	<b>809 340</b>
<b>Cash flow from investing activities:</b>						
1 191	89 294	449	Sale of fixed assets	148 181	114 459	276 407
(12 041)	(15 215)	( 97 703)	Investment in fixed assets	(1 324 567)	(1 483 564)	(1 458 992)
(124 072)	(195 412)	( 1 816)	Investment in trading shares	( 38 621)	( 3 792)	-
( 8 946)	( 652)	-	Changes in long-term liabilities	( 6 778)	-	( 64 677)
1 478 006	(1 134 912)	(1 349 827)	Loans to subsidiaries	-	-	-
<b>1 334 138</b>	<b>(1 256 897)</b>	<b>(1 448 897)</b>	<b>Net cash flow from investing activities</b>	<b>(1 221 785)</b>	<b>(1 372 897)</b>	<b>(1 247 262)</b>
<b>Cash flow from financing activities:</b>						
299 498	1 286 325	984 858	New long-term debt	776 758	852 582	984 858
( 500)	-	( 808 647)	Payment of long-term debt	( 5 765)	-	(193 460)
83	83	-	Group contribution	-	-	-
( 87 394)	( 87 394)	( 65 545)	Dividends	( 87 394)	( 87 394)	( 65 545)
<b>211 687</b>	<b>1 199 014</b>	<b>110 666</b>	<b>Net cash flow from financing activities</b>	<b>683 599</b>	<b>765 188</b>	<b>725 853</b>
<b>3 479</b>	<b>1 001</b>	<b>5 107</b>	<b>Effect of exchange rate fluctuations</b>	<b>66 662</b>	<b>57 301</b>	<b>7 909</b>
<b>1 518 784</b>	<b>( 50 676)</b>	<b>(1 141 040)</b>	<b>Net change in liquid assets</b>	<b>87 291</b>	<b>12 802</b>	<b>295 840</b>
89 920	140 596	1 281 635	Cash balances as per 01.01	1 622 036	1 609 234	1 313 394
<b>1 608 704</b>	<b>89 920</b>	<b>140 595</b>	<b>Cash balances as per 31.12</b>	<b>1 709 327</b>	<b>1 622 036</b>	<b>1 609 234</b>

Cash balances include bank deposits, fixed deposits and investments in bonds and certificates.

Availability under credit facilities as per 31 December 1999 of NOK 401.8 million is not included in the cash balance.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. ACCOUNTING PRINCIPLES

All items in the financial statements have been reported, valued and accounted for in accordance with the Accounting 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.

Foreign subsidiaries have been converted to NOK based on the average rate of exchange for the profit and loss account and the rate of exchange prevailing at the date of the balance sheet for the balance items. Other equity is being adjusted with the differences due to conversion differences.

The Odfjell Group is using the acquisition method when consolidating subsidiaries acquired.

Identified excess values have been allocated to those assets to which the value relates. The excess values is depreciated over the assets estimated economic life. Excess values not traceable to material assets have been classified as goodwill. Goodwill is amortised based on an individual economic evaluation of the underlying activity. Inter-company transactions have been eliminated.

### 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 costs

Total revenues and voyage related costs are accounted for on the percentage-of-completion voyage basis.

### d. Periodic maintenance costs

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 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 the 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 separate pension arrangements with some former employees between the ages of 65 to 67 years. Uncovered pension liabilities are calculated and included in the above calculation. The change in net pension liability is expensed in the profit and loss account.

### f. Debt issuance costs

Debt issuance 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. Public contribution received in relation to the newbuilding program is used to reduce the cost price.

### i. Current assets

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

### j. Quoted investment shares

Quoted investment shares are being included in an investment portfolio where book value equals the market value.

### k. Foreign currency

Current assets, long-term receivables and liabilities are valued at the year-end exchange rate.

### 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 prepared using the indirect method.

### o. Financial instruments

The Company uses various financial instruments to reduce its exposure to foreign exchange and interest rate fluctuations. The following accounting principles apply:

#### *Foreign currency instruments:*

The result of foreign exchange contracts and currency options is accounted for in accordance with the underlying nature of the hedged transactions.

#### *Interest rate instruments:*

The result of interest rate swap contracts is amortised over the contract period and is accounted for as an increase / decrease of the interest cost.

### 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. Activity under common control

Our share of the common control activity in the accounts of Odfjell ASA is based on the cost method. In Odfjell Group accounts it is based on the Gross method.

## 2 TIME-CHARTER EXPENSES (NOK 1 000)

Time-charter expenses:	ODFJELL GROUP		
	1999	1998	1997
National Chemical Carriers Ltd. Co.	550 574	602 412	633 117
Other TC-tonnage	460 125	483 546	290 910
<b>Total time-charter expenses</b>	<b>1 010 699</b>	<b>1 085 958</b>	<b>924 027</b>

## 3 SALARIES, NUMBER OF EMPLOYEES, BENEFITS AND LOANS TO EMPLOYEES (NOK 1 000)

ODFJELL ASA			Salaries and other employee expenses:	ODFJELL GROUP		
1999	1998	1997		1999	1998	1997
74 967	70 539	73 796	Salaries	409 412	374 007	341 493
10 167	9 688	11 053	Social expenses	56 862	51 201	52 893
7 074	8 040	4 347	Pension cost	8 584	9 977	6 568
2 905	3 060	2 276	Other benefits	10 586	9 855	9 528
<b>95 113</b>	<b>91 327</b>	<b>91 472</b>	<b>Total salaries expense</b>	<b>485 444</b>	<b>445 040</b>	<b>410 482</b>
185	178	170	Average number of employees for the accounting year	1 726	1 682	1 741

The salaries expense is included in the following accounts:

ODFJELL ASA			Salaries and other employee expenses:	ODFJELL GROUP		
1999	1998	1997		1999	1998	1997
-	-	-	Operating expenses	297 359	267 988	247 408
-	-	-	Other expenses	51 117	45 199	44 725
97 542	93 179	94 494	General and administrative expenses	139 423	133 555	122 650

Compensation and Benefits to:	President/CEO	Board of Directors
Salary	1 361 183	1 176 869
Pension cost	64 065	145 209
Other benefits	74 779	22 799

Odfjell ASA issued in May 1995 a convertible loan of NOK 25 million from the Board of Directors and management. The loan can be converted to B-shares per 28.04.00 at the rate of NOK 122 after having been adjusted for paid-out dividend from 1995. The adjustment will also be in accordance with guidelines by the Norwegian Society of Financial Analysts related to share issues, bonus issues, and stock splits.

The interest rate for the loan is 8% per annum and the loan is due in full no later than 15.06.00. The loan with its convertible rights is distributed as follows:

Board of Directors (5)	NOK	7.5 mill.
President/CEO	NOK	2.0 mill.
Management (24)	NOK	15.0 mill.
<b>Total convertible loan</b>	<b>NOK</b>	<b>24.5 mill.</b>

Loans to employees amount to NOK 11.3 mill. The loans are primarily secured by property mortgages. Interest rates vary from 0-6% per annum.

Remuneration for:	ODFJELL GROUP		
	1999	1998	1997
Auditing	736	751	770
Consulting	475	305	327

#### 4 INTANGIBLE FIXED ASSETS (NOK 1 000)

ODFJELL GROUP:	Cost 01.01.	Invest- ment	Accumulated		Book value 31.12
			amortisation prior years	Amortisation this year	
Goodwill	62 220	45 470	( 12 326)	( 12 557)	82 807

##### Amortization period:

Goodwill is normally amortised over a period of 5 to 10 years. A longer amortisation period is based on an individual evaluation of the underlying activities.

#### 5 FIXED ASSETS (NOK 1 000)

ODFJELL ASA:	Cost 01.01.	Invest- ment	Accumulated			Book value 31.12.
			Sale book value	depreciation prior years	Depreciation this year	
Real estate	68 520	1 417	-	( 10 233)	( 2 229)	57 475
Office equipment and cars	22 721	10 625	( 1 221)	( 8 958)	( 5 002)	18 165
<b>Total Odfjell ASA</b>	<b>91 241</b>	<b>12 042</b>	<b>( 1 221)</b>	<b>( 19 191)</b>	<b>( 7 231)</b>	<b>75 640</b>

##### ODFJELL GROUP:

Real estate	79 810	19 892	-	( 13 834)	( 2 468)	83 400
Tank terminals	1 119 733	194 888	-	( 379 908)	( 39 975)	894 738
Vessels and newbuildings	7 647 579	1 013 387	( 6 346)	(2 562 302)	( 329 165)	5 763 153
Periodic maintenance	301 164	143 247	( 8 710)	( 135 321)	( 129 125)*	171 255
Office equipment and cars	38 584	21 316	( 472)	( 19 135)	( 7 312)	32 981
<b>Total Odfjell Group</b>	<b>9 186 870</b>	<b>1 392 730</b>	<b>( 15 528)</b>	<b>(3 110 500)</b>	<b>( 508 045)</b>	<b>6 945 527</b>

##### Depreciation periods:

Real estate: 50 years; tank terminals: 40 years; vessels: 25 years; periodic maintenance cost: 2.5 years; office equipment and cars: 5-10 years.

\*) Periodic maintenance is expensed as an operating expense.

#### 6 FINANCIAL INCOME AND FINANCIAL EXPENSES (NOK 1 000)

ODFJELL ASA			ODFJELL GROUP		
1999	1998	1997	1999	1998	1997
201 275	212 960	155 723	-	-	-
8 236	4 921	3 090	104 936	104 349	88 492
-	3 554	103 263	184	3 432	9 975
<b>209 511</b>	<b>221 435</b>	<b>262 076</b>	<b>105 120</b>	<b>107 781</b>	<b>98 467</b>
83	83	-	-	-	-
233 750	234 958	149 672	324 877	274 336	227 899
94	91	98	2 196	4 973	1 950
<b>233 927</b>	<b>235 132</b>	<b>149 770</b>	<b>327 073</b>	<b>279 309</b>	<b>229 849</b>
-	-	-	6 477	-	-
-	-	-	<b>6 477</b>	-	-

## 7 CURRENCY GAINS (LOSSES) (NOK 1 000)

ODFJELL ASA				ODFJELL GROUP		
1999	1998	1997		1999	1998	1997
( 929)	29 070	( 1 575)	Instalments long-term debt	( 929)	( 63 576)	( 9 896)
-	( 19 667)	( 4 083)	Forward exchange contracts	( 22 092)	( 27 651)	( 33 112)
( 20 015)	( 13 278)	( 30 768)	Long-term accounts receivable and debt	( 225 586)	( 74 774)	( 291 657)
3 479	1 001	5 106	Cash and bank deposits	66 662	57 301	128 582
3 386	284	( 1 256)	Other current assets and current liabilities	14 910	20 043	39 650
<b>( 14 079)</b>	<b>( 2 590)</b>	<b>( 32 576)</b>	<b>Total currency gains (losses)</b>	<b>( 167 035)</b>	<b>( 88 657)</b>	<b>( 166 433)</b>

## 8 EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES (NOK 1 000)

	ODFJELL GROUP		
	1999	1998	1997
Changes in the accounting principle for treatment of dry-docking cost from the direct cost charge method to the capitalization and depreciation method.	-	-	122 390

## 9 TAXES (NOK 1 000)

ODFJELL ASA				ODFJELL GROUP		
1999	1998	1997	Taxes:	1999	1998	1997
-	-	1 916	Taxes payable, Norway	( 1 170)	( 2 833)	1 476
-	-	-	Taxes payable, Foreign	( 3 178)	( 5 822)	( 2 378)
9 022	( 147)	( 24 152)	Change in deferred tax, Norway	9 022	( 147)	2 191
-	-	-	Change in deferred tax, Foreign	-	( 394)	-
<b>9 022</b>	<b>( 147)</b>	<b>( 22 236)</b>	<b>Total tax expense</b>	<b>4 674</b>	<b>( 9 196)</b>	<b>1 289</b>
-	-	-	Tonnage tax (Expensed as an operating expense)	5 551	5 571	3 076

ODFJELL ASA				ODFJELL GROUP		
1999	1998	1997	Spesification for deferred taxes /(deferred tax assets):	1999	1998	1997
3 706	3 880	3 363	Fixed assets	3 706	3 880	3 363
10 470	18 265	27 738	Pension fund	10 470	18 265	27 738
94 967	96 436	94 083	Other long-term temporary differences	2 293	3 760	-
( 31 490)	( 8 707)	( 15 834)	Tax-loss carried forward	( 31 490)	( 8 707)	( 15 834)
<b>77 653</b>	<b>109 874</b>	<b>109 350</b>	<b>Net temporary differences</b>	<b>( 15 021)</b>	<b>17 198</b>	<b>15 267</b>
28 %	28 %	28 %	Tax rate	28 %	28 %	28 %
<b>21 743</b>	<b>30 765</b>	<b>30 618</b>	<b>Deferred tax asset</b>	<b>( 4 206)</b>	<b>4 816</b>	<b>4 275</b>
<b>Temporary differences, within the shipping tax system:</b>						
-	-	-	Negative balance for taxed income	2 655 605	2 658 613	2 664 529
-	-	-	Accumulated non-taxable income	508 046	676 375	670 095
-	-	-	<b>Net temporary differences</b>	<b>3 163 651</b>	<b>3 334 988</b>	<b>3 334 624</b>
<b>21 743</b>	<b>30 765</b>	<b>30 618</b>	<b>Total deferred tax (deferred tax asset)</b>	<b>( 4 206)</b>	<b>4 816</b>	<b>4 275</b>

### Deferred tax within the Norwegian shipping tax system:

The company qualifies under the tax scheme for shipping companies.

Given the below mentioned assumptions, the deferred tax is close to zero based on a net present value calculation:

- The company continues under the shipping tax system.
- Payment of dividend is decided annually based upon Group results and taking into account the Company's investment requirements and future prospects.

## 10 EQUITY (NOK 1 000)

Recalculation of the equity per 1 January 1999 due to the new Accounting Act.

ODFJELL ASA:	Share capital	Legal reserve	General reserve	Other equity	Total equity
Equity 31 December 1998 based on the previous act	218 485	380 032	2 643 846	-	3 242 363
Legal reserve transferred to other equity	-	( 380 032)	-	380 032	-
General reserve transferred to other equity	-	-	(2 643 846)	2 643 846	-
<b>Equity 31 December 1998 in accordance with the new accounting act</b>	<b>218 485</b>	<b>-</b>	<b>-</b>	<b>3 023 878</b>	<b>3 242 363</b>
Net profit for the year	-	-	-	( 24 343)	( 24 343)
Proposed dividend	-	-	-	( 87 394)	( 87 394)
Group contribution received from subsidiaries	-	-	-	83	83
<b>Equity 31 December 1999</b>	<b>218 485</b>	<b>-</b>	<b>-</b>	<b>2 912 225</b>	<b>3 130 710</b>

ODFJELL GROUP:	Share capital	Legal reserve	General reserve	Other equity	Total equity
Equity 31 December 1998 based on the previous act	218 485	404 209	2 238 523	-	2 861 218
Legal reserve transferred to other equity	-	( 404 209)	-	404 209	-
General reserve transferred to other equity	-	-	(2 238 523)	2 238 523	-
<b>Equity 31 December 1998 in accordance with the new accounting act</b>	<b>218 485</b>	<b>-</b>	<b>-</b>	<b>2 642 733</b>	<b>2 861 218</b>
Year's result	-	-	-	38 921	38 921
Changes in the exchange differences	-	-	-	12 513	12 513
Proposed dividend	-	-	-	( 87 394)	( 87 394)
<b>Equity 31 December 1999</b>	<b>218 485</b>	<b>-</b>	<b>-</b>	<b>2 606 772</b>	<b>2 825 257</b>

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

ODFJELL ASA:	1995		1996		1997		1998		1999	
	Inv.	Sale	Inv.	Sale	Inv.	Sale	Inv.	Sale	Inv.	Sale
Real estate	29 726	-	-	-	3 593	-	7 448	-	1 417	-
Vessels and newbuildings	542 326	-	429 940	-	88 864	3 696 528	-	88 864	-	-
Office equipment and cars	4 074	1 161	2 209	-	5 246	449	7 767	430	10 624	1 191
<b>Total Odfjell ASA</b>	<b>576 126</b>	<b>1 161</b>	<b>432 149</b>	<b>-</b>	<b>97 703</b>	<b>3 696 977</b>	<b>15 215</b>	<b>89 294</b>	<b>12 041</b>	<b>1 191</b>

ODFJELL GROUP:	1995		1996		1997		1998		1999	
Real estate	29 761	-	185	-	3 593	-	9 400	620	19 892	-
Tank terminals	50 307	-	54 345	-	60 811	-	84 147	-	81 255	-
Vessels and newbuildings	542 326	-	429 940	-	1 321 962	275 874	1 250 553	113 409	1 013 387	146 518
Periodical maintenance costs	-	-	-	-	168 902	-	130 436	-	143 247	-
Office equipment and cars	4 432	1 165	3 660	144	10 406	533	9 028	430	21 316	1 663
Goodwill	-	-	-	-	62 220	-	-	-	45 470	-
<b>Total Odfjell Group</b>	<b>626 826</b>	<b>1 165</b>	<b>488 130</b>	<b>144</b>	<b>1 627 894</b>	<b>276 407</b>	<b>1 483 564</b>	<b>114 459</b>	<b>1 324 567</b>	<b>148 181</b>

## 12 SUBSIDIARIES AND JOINT VENTURES (NOK 1 000)

Subsidiaries and activities under common control are included in the parent company accounts based on the cost method. The subsidiaries have been consolidated in the Group accounts. Activities under common control are included in the Group figures on a gross basis.

Company	Registered office	Share	Book value
<b>Subsidiaries:</b>			
Odfjell Shipholding AS	Norway	95 %	3 040 000
Odfjell Tankers AS	Norway	99 %	153 392
Odfjell Tankers Komplementar ASA	Norway	100 %	970
Odfjell Chartering AS	Norway	100 %	567
Odfjell Insurance AS	Norway	100 %	100
Odfjell Projects AS	Norway	100 %	100
Odfjell Tankers Asia Pte. Ltd., Singapore	Singapore	100 %	191 520
Odfjell Tankers (Singapore) Pte Ltd.	Singapore	100 %	82
Odfjell Tankers (USA) Inc., Houston	USA	100 %	3
Chemical Tankers of America Inc., Houston	USA	100 %	1 816
Chemical Tankers (Delaware) Inc., Houston	USA	100 %	7
Odfjell Tankers (Netherlands) B.V., Rotterdam	Netherlands	100 %	6 581
Odfjell Tankers (Japan) Ltd., Tokyo	Japan	100 %	489
Odfjell Tankers (Brasil) - Representacoes Ltda., Sao Paulo	Brazil	100 %	89
Naviera Latino Americana S. A.	Argentina	99 %	89
<b>Total shares in subsidiaries</b>			<b>3 395 805</b>
<b>Other shares:</b>			
Odfjell y Vapores, S. A. Chile	Chile	49 %	3 793
Odfjell & Vapores Ltd., Bermuda	Bermuda	50 %	38
Dalian Marine Tank Terminal Company Co. Ltd., Kina	China	44 %	39 525
V.O.Tank Terminal Ningbo Co. Ltd., Kina	China	12,5 %	7 463
Hoyer - Odfjell B. V.	Netherlands	50 %	57 266
Hoyer - Odfjell T/C Equipment Services B. V.	Netherlands	50 %	28 096
<b>Total shares in other companies</b>			<b>136 181</b>

Wholly-owned companies owned indirectly through subsidiaries: Odfjell Chemical Tankers AS, Bow Flower & Clipper AS, Odfjell Tankers Americas AS, Odfjell Tankers Guaranty Company, Houston and Odfjell Terminals (Baytank) Inc., Houston. Directly and indirectly, the companies Odfjell Shipholding AS, Odfjell Tankers AS and Naviera Latino American S.A are owned 100 % by the Group.

## 13 OUTSTANDING LOANS TO SUBSIDIARIES AND JOINT VENTURES (NOK 1 000)

Loans to subsidiaries:	ODFJELL ASA				
		1999	1998	1997	
Odfjell Shipholding AS	USD	258 164	2 074 608	3 760 530	2 595 765
Odfjell Tankers Asia Pte. Ltd., Singapore	SGD	1 975	9 555	89 354	-
Odfjell Terminals (Baytank) Inc., Houston	USD	36 452	292 931	280 198	272 161
Odfjell Tankers (Japan) Ltd., Tokyo	JPY	35 725	2 811	2 394	2 001
Odfjell & Vapores Ltd., Bermuda	USD	2 461	19 774	21 458	58 702
<b>Total loans to subsidiaries</b>			<b>2 399 679</b>	<b>4 153 934</b>	<b>2 928 629</b>

## 14 RECEIVABLES AND DEBT (NOK 1 000)

ODFJELL ASA				ODFJELL GROUP		
1999	1998	1997	Long-term receivables:	1999	1998	1997
11 255	2 315	1 391	Employees	11 255	2 315	1 391
9 176	16 008	24 310	Pension funds	9 176	16 008	24 310
1 687	1 681	1 953	Other	103 485	105 647	99 898
<b>22 118</b>	<b>20 004</b>	<b>27 654</b>	<b>Total long-term receivables</b>	<b>123 916</b>	<b>123 970</b>	<b>125 599</b>

ODFJELL ASA				ODFJELL GROUP		
1999	1998	1997	Receivables with a maturity later than 1 year:	1999	1998	1997
<b>23 010</b>	<b>21 550</b>	<b>27 687</b>	<b>Total receivables with a maturity later than 1 year</b>	<b>108 710</b>	<b>113 664</b>	<b>122 587</b>

ODFJELL ASA				ODFJELL GROUP		
1999	1998	1997	Long-term liabilities with a maturity later than 5 years:	1999	1998	1997
<b>904 050</b>	<b>864 500</b>	<b>3 501 637</b>	<b>Total long-term liabilities with a maturity later than 5 years</b>	<b>2 227 154</b>	<b>1 800 182</b>	<b>3 543 613</b>

Repayment schedule:

ODFJELL ASA			ODFJELL GROUP		
<b>4 283 580</b>		<b>Long-term interest-bearing debt per 31.12.99:</b>	<b>6 017 596</b>		
		Repayment schedule:			
24 500		2000	106 682		
-		2001	82 182		
803 600		2002	885 782		
2 189 810		2003	2 271 992		
1 265 670		2004 and thereafter	2 670 958		

The average term of the Company's long-term interest-bearing debt is 5.5 years.

Average interest rate:

ODFJELL ASA				ODFJELL GROUP		
1999	1998	1997	Average interest rate:	1999	1998	1997
5,87 %	6,26 %	6,59 %	Liabilities to financial institutions	5,66 %	6,04 %	6,59 %
-	-	-	Bonds due	3,24 %	3,48 %	-
8,00 %	8,00 %	8,00 %	Convertible loans	8,00 %	8,00 %	8,00 %

### Convertible loan:

The convertible loan of NOK 24.5 million from the Board of Directors and management can be converted to B-shares per 28.04.00 at the rate of NOK 122,- after having been adjusted for paid-out dividends from 1995. The conversion rate is also adjusted according to the guidelines by the Norwegian Society of Financial Analysts related to share issues, bonus issues and stock splits.

## 15 PENSION COSTS AND ACCRUED LIABILITIES (NOK 1 000)

Odfjell ASA has a collective pension plan for its employees through a life insurance company. Odfjell ASA also has a pension obligation which is not covered by the collective pension plan in relation to an early retirement agreement and additional pension benefits.

The pension obligation covers 663 employees, of whom 48 received pension benefits in 1999.

The retirement age is 65 for office employees. The collective pension plan covers 66% of the salary level at retirement (limited to 12G). With less than 30 years employment at the time of retirement, a pro-rata deduction in benefit will be made. From 65 to 67 the coverage will be paid as part of Odfjell ASA's current operating expenses. From the age of 67 the pension will be paid through the collective pension plan.

The retirement age is 60 for sailing personnel. Payment will be made through the age of 67. As of the age of 67 the pension will be settled by the public social security office. The collective pension agreement is being coordinated with the Pension insurance for seafarers and is based on 60% of salary and 30 years employment. During the pension payment period the pension payment will be adjusted in accordance with the regulation of Social security base amount.

The collective pension plan is accounted for in accordance with the generally accepted accounting principles in Norway for pensions. Changes in the pension obligation due to changes in the actuarial assumptions and differences between expected and real return on pension plan assets is accounted for over the remaining average period.

	ODFJELL ASA		
	1999	1998	1997
<b>Pension costs:</b>			
Present value current year service cost	9 368	8 926	8 311
Interest cost on accrued pension liability	5 460	5 107	4 370
Return on pension plan assets	( 6 819)	( 6 827)	( 6 318)
Implementation effect new pensions	-	2 588	-
Amortised effect of changes in assumptions and pension plans, and differences between actual and estimated return on pension plan assets	575	183	205
<b>Net pension cost</b>	<b>8 584</b>	<b>9 977</b>	<b>6 568</b>
Social security tax	1 210	1 407	926
<b>Periodic pension cost</b>	<b>9 794</b>	<b>11 384</b>	<b>7 494</b>
<b>Accrued pension liability:</b>			
Estimated present value of benefit obligation	( 103 634)	( 96 987)	( 83 725)
Estimated value of pension fund	102 907	103 025	97 753
Unamortised effect of changes in assumptions and pension plans, and differences between actual and estimated return on pension plan assets	9 903	9 970	10 281
<b>Net pension fund (liability)</b>	<b>9 176</b>	<b>16 008</b>	<b>24 309</b>
Estimated employers' social cost	1 294	2 257	3 428
<b>The above calculation is based on the following assumptions:</b>			
Discount rate	6,00 %	6,00 %	6,00 %
Expected return on assets	7,00 %	7,00 %	7,00 %
Inflation	2,50 %	2,50 %	2,50 %
Adjustment of wages	2,50 %	2,50 %	2,50 %
Pension indexation	2,50 %	2,50 %	2,50 %

## 16 FINANCIAL MARKET RISK (NOK 1 000)

### Balance sheet items:

Currency exposure in USD - cash balances, receivables and liabilities

ODFJELL ASA					ODFJELL GROUP					
	1999	1998	1997	Receivables:		1999	1998	1997		
USD	297 077	2 387 313	4 062 186	2 926 628	Other long-term receivables	USD	10 751	86 395	100 715	70 629
USD	789	6 340	-	25 879	Short-term receivables	USD	42 411	340 815	289 180	249 198
USD	62 706	503 910	-	-	Bonds and certificates	USD	62 709	503 926	401 907	117 237
USD	127 478	1 024 413	48 161	71 052	Cash balance	USD	136 667	1 098 256	1 131 009	1 412 259
<b>USD</b>	<b>488 050</b>	<b>3 921 976</b>	<b>4 110 347</b>	<b>3 023 559</b>	<b>Total receivables</b>	<b>USD</b>	<b>252 538</b>	<b>2 029 392</b>	<b>1 922 811</b>	<b>1 849 322</b>
					<b>Liabilities:</b>					
USD	( 530 000)	( 4 259 080)	( 4 256 000)	( 2 853 240)	Long-term liabilities	USD	( 737 463)	( 5 926 252)	( 4 853 079)	( 3 935 022)
USD	( 13 075)	( 105 070)	( 97 188)	( 42 514)	Other short-term liabilities	USD	( 32 737)	( 263 074)	( 238 244)	( 191 701)
USD	-	-	-	-	Employee taxes payable	USD	( 2 090)	( 16 795)	( 14 843)	( 18 524)
<b>USD</b>	<b>( 543 075)</b>	<b>( 4 364 150)</b>	<b>( 4 353 188)</b>	<b>( 2 895 754)</b>	<b>Total liabilities</b>	<b>USD</b>	<b>( 772 290)</b>	<b>( 6 206 121)</b>	<b>( 5 106 166)</b>	<b>( 4 145 247)</b>
<b>USD</b>	<b>( 55 025)</b>	<b>( 442 174)</b>	<b>( 242 841)</b>	<b>127 805</b>	<b>Net liabilities</b>	<b>USD</b>	<b>( 519 752)</b>	<b>( 4 176 729)</b>	<b>( 3 183 355)</b>	<b>( 2 295 925)</b>

### Off-balance sheet items:

The Company makes use of various financial instruments and derivatives to reduce its foreign currency exposure, interest rate risk on long-term debt and bunkers price fluctuations.

#### i) Foreign currency instruments/derivatives

Portfolio per 31 December 1999:

##### USD against NOK:

	Year 2000	Year 2000	Year 2001-2003	Year 2001-2003
Hedging instruments	USD million	Rate	USD million	Rate
Forward sale contracts	350	8,09	50	7,70
Put options purchased	15	7,52	50	7,70
Call options written	30	8,13	100	8,07

##### USD against EURO:

	Year 2000	Year 2001
Hedging instruments	USD million	Rate
Forward sale contracts	39	1,10

#### ii) Interest Rate Agreements/derivatives

The Company did not have a portfolio per 31 December 1999.

#### iii) Bunker fuel instruments/derivatives

The Company did not have a portfolio per 31 December 1999.

## 17 FINANCIAL CURRENT ASSETS - MARK TO MARKET VALUE (NOK 1 000)

	Cost price			Book value		
ODFJELL GROUP:	1999	1998	1997	1999	1998	1997
<b>Total financial current assets</b>	<b>32 163</b>	<b>-</b>	<b>4 200</b>	<b>38 640</b>	<b>-</b>	<b>4 200</b>

## 18 BONDS AND CERTIFICATES (NOK 1 000)

<b>ODFJELL ASA:</b>	<b>Currency</b>	<b>Book value</b>	<b>Market value</b>	<b>Average interest rate</b>
Bonds and certificates issued/guaranteed by the government:	USD	43 839	43 839	6,71
	CAD	1 616	1 616	6,37
	DKK	4 946	4 946	5,49
	EURO	33 293	33 293	5,22
	JPY	11 224	11 224	1,63
Bonds and certificates issued/guaranteed by financial institutions	USD	460 071	460 071	6,66
<b>Total bonds and certificates</b>		<b>554 990</b>	<b>554 990</b>	

<b>ODFJELL GROUP:</b>	<b>Currency</b>	<b>Book value</b>	<b>Market value</b>	<b>Average interest rate</b>
Bonds and certificates issued/guaranteed by the government:	USD	43 839	43 839	6,71
	CAD	1 616	1 616	6,37
	DKK	4 946	4 946	5,49
	EURO	33 293	33 293	5,22
	JPY	11 224	11 224	1,63
Bonds and certificates issued/guaranteed by financial institutions	USD	460 087	460 087	6,66
<b>Total bonds and certificates</b>		<b>555 006</b>	<b>555 006</b>	

Bonds and certificates issued/guaranteed by financial institutions have an interest rate adjustment primarily every third month. Bonds and certificates issued/guaranteed by the government have an interest rate adjustment from one to five years.

## 19 CASH AND BANK DEPOSITS

Included in this item is NOK 8.9 million of withholding tax relating to employees in Odfjell ASA.

## 20 SHARE CAPITAL AND INFORMATION TO SHAREHOLDERS (NOK 1 000)

Share capital:	Number of shares	ODFJELL ASA			
		Nominal value	1999	1998	1997
A-Shares	14 873 760	10	148 738	148 738	148 738
B-Shares	6 974 752	10	69 747	69 747	69 747
<b>Total share capital</b>	<b>21 848 512</b>		<b>218 485</b>	<b>218 485</b>	<b>218 485</b>

All shares have the same rights in the Company, but B-shares have no right to vote.

### 20 Largest shareholders per 31 december 1999:

NAME	A-SHARES	B-SHARES	TOTAL	PERCENT OF VOTES	PERCENT OF SHARES
1 Odfjell Holding ApS	6 061 623	17 000	6 078 623	40,75 %	27,82 %
2 Odin-fondene	432 335	1 739 191	2 171 526	2,91 %	9,94 %
3 Norchem Shipping AS	1 304 368	243 294	1 547 662	8,77 %	7,08 %
4 Folketrygdfondet	533 600	513 500	1 047 100	3,59 %	4,79 %
5 Kommunal Landspensjonskasse	444 650	315 700	760 350	2,99 %	3,48 %
6 State Street Bank & Trust Co.	259 428	464 600	724 028	1,74 %	3,31 %
7 Storebrand	304 004	203 800	507 804	2,04 %	2,32 %
8 Chase Manhattan Bank	459 514	44 490	504 004	3,09 %	2,31 %
9 Odfjell Shipping (Bermuda) Ltd	137 300	362 700	500 000	0,92 %	2,29 %
10 Avanse-fondene	130 500	326 800	457 300	0,88 %	2,09 %
11 Svenska Handelsbanken	218 200	235 300	453 500	1,47 %	2,08 %
12 Norsk Hydros Pensjonskasse	-	418 800	418 800	0,00 %	1,92 %
13 ABN AMRO Bank	203 800	198 400	402 200	1,37 %	1,84 %
14 Leif Høegh & Co Shipping	141 500	154 200	295 700	0,95 %	1,35 %
15 Skagen-fondene	258 500	-	258 500	1,74 %	1,18 %
16 Ingeborg Berger	96 620	153 770	250 390	0,65 %	1,15 %
17 K-fondene	220 800	16 200	237 000	1,48 %	1,08 %
18 Gjensidige NOR	12 500	218 800	231 300	0,08 %	1,06 %
19 Mathilda A/S	135 801	77 568	213 369	0,91 %	0,98 %
20 Bank Leu	108 400	90 000	198 400	0,73 %	0,91 %
<b>Total 20 largest shareholders</b>	<b>11 463 443</b>	<b>5 794 113</b>	<b>17 257 556</b>	<b>77,07 %</b>	<b>78,99 %</b>
Other shareholders	3 410 317	1 180 639	4 590 956	22,93 %	21,01 %
<b>Total</b>	<b>14 873 760</b>	<b>6 974 752</b>	<b>21 848 512</b>	<b>100,00 %</b>	<b>100,00 %</b>
Foreign shareholders	8 470 631	1 876 391	10 347 022	56,95 %	47,36 %

### Shares owned by The Board of Directors, President/CEO and top management (including related parties):

	A-SHARES	B-SHARES	TOTAL
Chairman of the Board of Directors, Bernt Daniel Odfjell Jr.	1 304 968	244 294	1 549 262
Member of the Board of Directors, Jørgen Faye	184	2 616	2 800
Member of the Board of Directors, Per Ivar Gjærum	52	8	60
Member of the Board of Directors, Terje Storeng	17 640	528	18 168
President/CEO	42 800	3 000	45 800
Senior Vice President, Chartering and Operation	2 928	584	3 512
Senior Vice President, Finance/Accounting/IT	1 000	-	1 000
Senior Vice President, Regional Sailings, Asia	6 400	5 480	11 880
Senior Vice President, Tank Terminals	11 000	-	11 000

## 21 PUBLIC CONTRIBUTIONS

In relation to the newbuilding program in Norway the Company has received NOK 8.9 million in public contribution.

Odfjell ASA has received a public contribution of NOK 6.0 million from the Norwegian Maritime Directorate in connection with the reimbursement system for Norwegian seamen.

## 22 EARNINGS PER SHARE

I: Net profit for the year divided by the number of shares per 31.12.1999

II: Net profit before currency gains (losses), extraordinary items and taxes, but after realised currency gains (losses), and minus the minority interest, divided by the number of shares per 31.12.1999

We have not calculated fully-diluted earnings per share because the dilution effect would constitute less than 1% of the share capital if converted in 2000.

## 23 LIABILITIES SECURED BY MORTGAGES (NOK 1 000)

ODFJELL ASA			ODFJELL GROUP		
1999	1998	1997	1999	1998	1997
-	-	-	517 318	190 000	1 053 129
-	-	-	517 318	190 000	1 053 129
-	-	-	742 165	258 051	1 411 912

## 24 GUARANTEES (NOK 1 000)

ODFJELL ASA			ODFJELL GROUP		
1999	1998	1997	1999	1998	1997
469 202	448 875	437 040	-	-	-
638 396	192 013	1 650	-	-	-
62 487	59 097	61 580	64 552	61 252	61 580
<b>1 170 085</b>	<b>699 985</b>	<b>500 270</b>	<b>64 552</b>	<b>61 252</b>	<b>61 580</b>

## 25 RELATED PARTIES

Odfjell ASA share offices in Brazil with a company controlled by the Chairman of the Board, B. D. Odfjell Jr. The Chairman's family also has an ownership interest in companies in South America which also act as ship agents for Odfjell ASA as one among many customers. The services are priced at market terms.

To the Annual Shareholders' Meeting of  
Odfjell ASA

**Ansvarlige partnere i Bergen:**

Dag Døskeland, Tore Fyllingen, Bjørn Gravdal, Tom W. Horne,  
Inge Kr. Husby, Odd Monsen, Karl Erik Svanevik,  
Medlemmer av Den norske Revisorforening

\*

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

## Auditor's report for Odfjell ASA

We have audited the annual financial statements of the Odfjell ASA as of 31 December, 1999, showing a loss of NOK 24 343 000 for the parent company and a profit of NOK 38 921 000 for the Group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the coverage of the loss. The financial statements comprise the balance sheet, the income and cash flow statements, the accompanying notes and the Group accounts. These financial statements are the responsibility of the Company's Board of Directors and the Managing Director. Our responsibility is to express an opinion on the financial statements and on other information as required by the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and generally accepted auditing principles. These principles require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by Management, as well as evaluating the overall financial statement presentation. To the extent required by law and generally accepted auditing principles, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements are prepared in accordance with Norwegian law and regulations and present fairly, in all material respects, the financial position of the Company and of the Group as of 31 December, 1999, and the results of its operations and cash flows for the year then ended, in accordance with generally accepted accounting principles
- the company's management fulfilled its duty to properly register and document the accounting information in accordance with Norwegian law and generally accepted accounting principles
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss are consistent with the financial statements and comply with Norwegian law and regulations

Bergen 14th. March  
**ERNST & YOUNG AS**



Karl Erik Svanevik  
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only

## ANALYTICAL INFORMATION

### FREIGHT RATES

Odfjell's earnings are affected by changes in 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 impact on bottom-line profit with approximately NOK 104 million over the year as a whole.

### EXCHANGE RATES

All group revenues are denominated in US dollars, as are ship values. As such, Odfjell has a policy of maintaining the US dollar as its principal currency and of reducing its exposure to all other currencies. The various items in the profit and loss account are affected by changes in the USD/NOK exchange rate. For example, a NOK 0.10 rise in the average exchange rate will increase profit before tax and any hedging positions by around NOK 14 million over the year as a whole. Including hedging positions, a NOK 0.10 rise in the average exchange rate will increase profit before tax by around NOK 4 million.

On the other hand, a stronger dollar rate translates into currency losses on USD-denominated loans and currency gains on current assets. Given the company's net debt position, this has a negative overall impact on the accounts. However, a stronger dollar has a positive impact both on bottom-line profit and equity.

### INTEREST

The group's long-term debt is denominated in USD, with the largest portion based on short-term floating interest rates. Cash and marketable securities are mainly denominated in USD. Assuming a constant level of debt (and excluding any hedging positions), a 1% change in floating interest rates will have a NOK 42 million impact over the year.

### BUNKERS

Bunkering costs accounted for just over 33% of voyage costs in 1999. An increase or decrease in average bunker prices of USD 10 per ton per year will result in a NOK 33 million increase or reduction in voyage costs for those vessels in which Odfjell has a direct economic interest.

### FINANCING

The company has a stable long-term debt structure. The lending institutions are recognised Norwegian and international shipping banks with whom we enjoy long-term relationships. Financing is generally provided on an unsecured basis and on favourable terms. The average term of the company's loans is five and a half years.

*Singapore:  
The main centre for  
petrochemical production in  
Asia Pacific and one of the  
fastest growing areas of  
Odfjell's business operation.  
Singapore represents one of  
the most important ports both  
as to loading, discharging and  
transshipment of chemicals.*

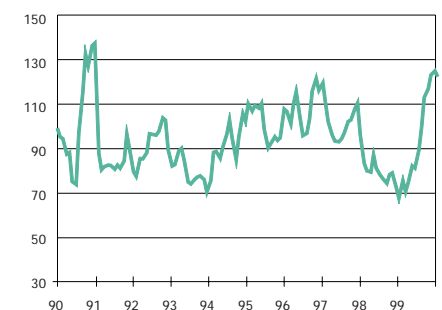
EXCHANGE RATE  
(USD/NOK)

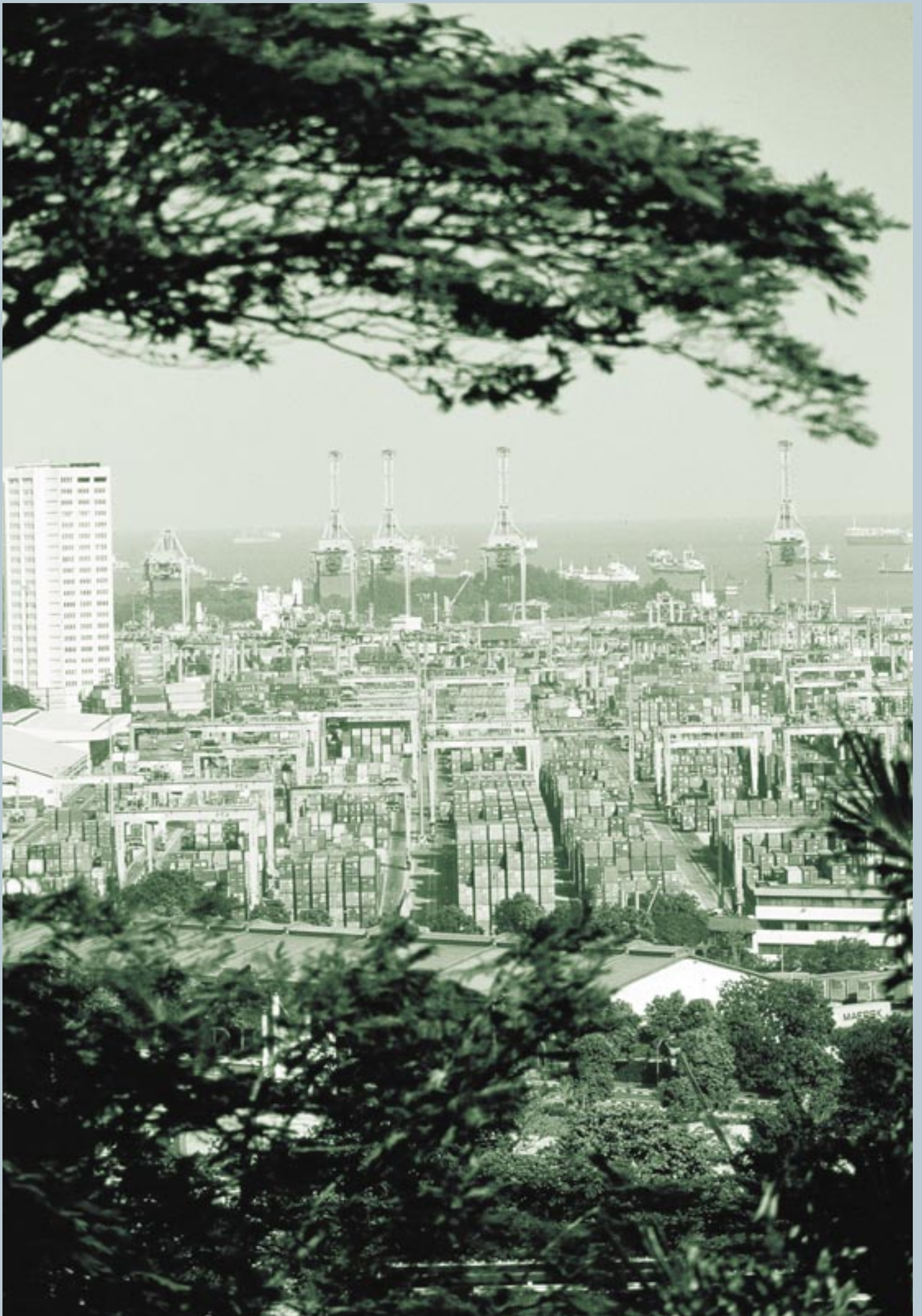


USD LIBOR  
(6 months)



BUNKER PRICES  
(3,5% Barges Rotterdam)





## SHAREHOLDER INFORMATION

### SHAREHOLDER POLICY

Odfjell's stated aim is to provide a competitive long-term return for its shareholders. The company emphasises a shareholder-friendly dividend policy based on its financial performance, current capital expenditure programmes and tax matters. However, the increase in share price over time will likely account for most of the return on shareholders' investments in the company.

### SHARE PERFORMANCE

The Odfjell A-shares were trading at NOK 101 at the 1999 year-end, which represented a 74% increase from NOK 58 a year earlier. B-shares were trading at NOK 95 at the year-end, a increase of 53% from NOK 62 a year earlier. By way of comparison, the Oslo Stock Exchange shipping index increased by 48% during the year. The A-shares peaked at NOK 118 and fell to NOK 60 at its lowest point during the year. Corresponding figures for the B-shares were NOK 110 and NOK 60.

### TRADING VOLUMES

A total of 17 658 921 Odfjell shares were traded during the year, spread over

12 786 770 A-shares and 4 872 151 B-shares and representing a 16.3% increase on 1998. The A-shares were traded on the Oslo Stock Exchange on 225 out of 251 trading days during the year. In addition to being listed on the Oslo Stock Exchange, Odfjell's shares traded on SEAQ International, a trading system for foreign shares on the London Stock Exchange. The ADR programme set up in the USA in 1994 enables Odfjell B-shares to be traded in USD.

### SHAREHOLDERS

At the end of 1999 there were 1357 holders of Odfjell A-shares and 614 holders of Odfjell B-shares. Taking account of shareholders owning both categories, the total number of shareholders was 1584.

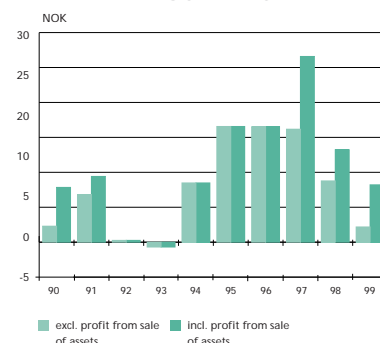
### FOREIGN OWNERSHIP

57.0% of the company's A-shares and 26.9% of its B-shares were held by foreign investors at year-end, equivalent to 47.4% of total share capital, up from 46.6% at the 1998 year-end.

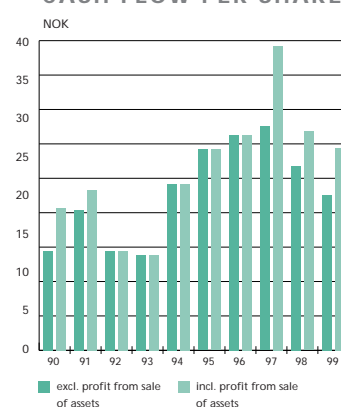
### THE 20 LARGEST SHAREHOLDERS AS PER 31 DECEMBER 1999

NAME	A-SHARES	B-SHARES	TOTAL	PERCENT OF VOTES	PERCENT OF SHARES
1 Odfjell Holding ApS	6 061 623	17 000	6 078 623	40,75 %	27,82 %
2 Odin-fondene	432 335	1 739 191	2 171 526	2,91 %	9,94 %
3 Norchem Shipping AS	1 304 368	243 294	1 547 662	8,77 %	7,08 %
4 Folketrygdfondet	533 600	513 500	1 047 100	3,59 %	4,79 %
5 Kommunal Landspensjonskasse	444 650	315 700	760 350	2,99 %	3,48 %
6 State Street Bank & Trust Co.	259 428	464 600	724 028	1,74 %	3,31 %
7 Storebrand	304 004	203 800	507 804	2,04 %	2,32 %
8 Chase Manhattan Bank	459 514	44 490	504 004	3,09 %	2,31 %
9 Odfjell Shipping (Bermuda) Ltd	137 300	362 700	500 000	0,92 %	2,29 %
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17 K-fondene	220 800	16 200	237 000	1,48 %	1,08 %
18 Gjensidige NOR	12 500	218 800	231 300	0,08 %	1,06 %
19 Mathilda A/S	135 801	77 568	213 369	0,91 %	0,98 %
20 Bank Leu	108 400	90 000	198 400	0,73 %	0,91 %
<b>Total 20 largest shareholders</b>	<b>11 463 443</b>	<b>5 794 113</b>	<b>17 257 556</b>	<b>77,07 %</b>	<b>78,99 %</b>
Other shareholders	3 410 317	1 180 639	4 590 956	22,93 %	21,01 %
<b>Total</b>	<b>14 873 760</b>	<b>6 974 752</b>	<b>21 848 512</b>	<b>100,00 %</b>	<b>100,00 %</b>
Foreign shareholders	8 470 631	1 876 391	10 347 022	56,95 %	47,36 %

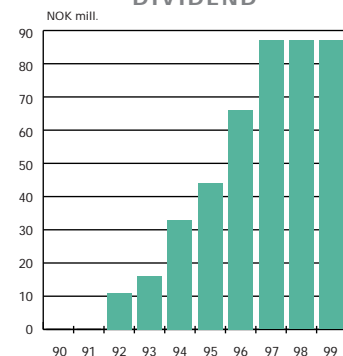
### EARNINGS PER SHARE



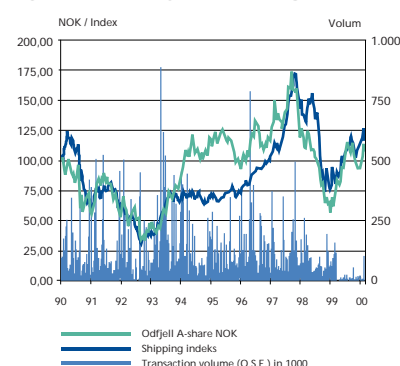
### CASH FLOW PER SHARE



### DIVIDEND



### SHARE PRICE DEVELOPMENT



## SHAREHOLDER DISTRIBUTION

NUMBER OF SHARES	SHAREHOLDERS		SHARES	
	NUMBER	PERCENT	NUMBER	PERCENT
<b>A-SHARES</b>				
1 - 1 000	1 011	74,5%	326 386	2,2%
1 001 - 5 000	215	15,8%	509 502	3,4%
5 001 - 50 000	100	7,4%	1 647 671	11,1%
50 001 - 100 000	11	0,8%	809 121	5,4%
100 001 -	20	1,5%	11 581 080	77,9%
<b>TOTAL</b>	<b>1 357</b>	<b>100,0%</b>	<b>14 873 760</b>	<b>100,0%</b>
<b>B-SHARES</b>				
1 - 1 000	489	79,6%	107 771	1,5%
1 001 - 5 000	56	9,1%	130 841	1,9%
5 001 - 50 000	49	8,0%	902 567	12,9%
50 001 - 100 000	5	0,8%	356 718	5,1%
100 001 -	15	2,4%	5 476 855	78,5%
<b>TOTAL</b>	<b>614</b>	<b>100,0%</b>	<b>6 974 752</b>	<b>100,0%</b>

## 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

## OWN SHARES

An extraordinary general meeting on 8 February 1999 authorised the board of directors to acquire up to 10% of the company's share capital at a minimum price of NOK 10 (i.e. par value) and a maximum price of NOK 300 per share. This authorisation expires on 30 June 2000.

## INVESTOR RELATIONS

Odfjell attaches great importance to ensuring that shareholders receive swift, relevant and objective information about the company. The aim is to provide shareholders with a good understanding of the company's activities and prospects so that they are in the best possible position to assess the share's trading price and underlying values. Information is primarily distributed through quarterly interim reports, the annual report and various presentations in Norway and abroad. All reports and press releases, together with a detailed

description of the company and its activities, are available on Odfjell's website at: <http://www.odfjell.no>

The financial calendar for 2000 is outlined on page 2.

## RISK ADJUSTMENTS

The following RISK adjustments have been set for the Odfjell-share:

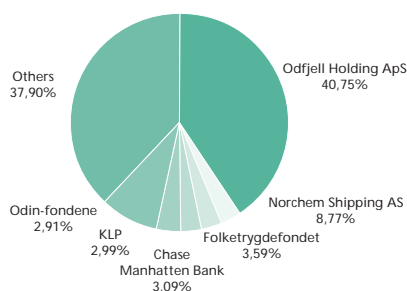
1 January 2000	minus NOK 4.00 per share
1 January 1999	minus NOK 4.00 per share
1 January 1998	minus NOK 4.00 per share
1 January 1997	minus NOK 3.00 per share
1 January 1996	minus NOK 2.00 per share
1 January 1995	minus NOK 1.50 per share
1 January 1994	minus NOK 1.25 per share
1 January 1993	NOK 0.00 per share

In accordance with the Norwegian tax reform which came into force on 1 January 1992, the price paid for shares acquired prior to 1 January 1989 may be adjusted upwards to NOK 61.64 for A-shares and NOK 59.45 for B-shares.

## SHAREHOLDER STRUCTURE

### A-SHARES

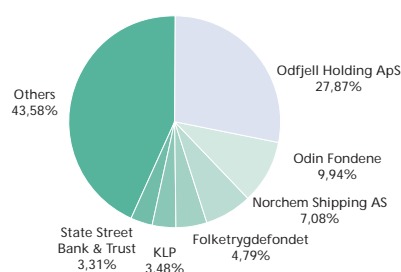
(Per 31.12.99)



## SHAREHOLDER STRUCTURE

### A+B SHARES

(Per 31.12.99)



## THE CHEMICAL MARKET

Petrochemicals have become a part of modern day life, and in many ways we are now dependent on such products. The petrochemicals sector has seen solid growth, and the world-wide use of chemicals has increased considerably. While the industrial nations have been the driving forces behind this growth, developing economies around the world also account for major increases in consumption.

Historically, the production of petrochemical products has been based in the USA and Europe. However, production capacity has been growing in the Far East, South America, South Africa and particularly the Arabian Gulf where Saudi Arabia plays a leading role. These areas tend to produce commodity type chemicals, whilst the production of specialist petrochemicals is generally concentrated in highly industrialised countries.

The industry originated in areas which had the natural resources needed to produce petrochemicals. Also today most of the industry is located in such places. Historically, much of the petrochemical production has been coal-based. Naphtha is another raw material that is widely used, particularly in the Far East. Nevertheless, the most commonly used and most competitive raw materials are derived from natural gas. These days most new plants are built in areas where natural gas is readily available, which is why we are seeing major increases in production capacity around the Arabian Gulf.

North America, Europe and Japan are the main petrochemicals markets and these mature economies are the driving force behind the consumption of chemicals. The Far East is one of the areas where growth has been higher than average over the last few years, with annual growth figures in this sector up to 15%. However, the recent economic downturn in this region has led to excess capacity and downward pressure on prices, a situation which is expected to continue

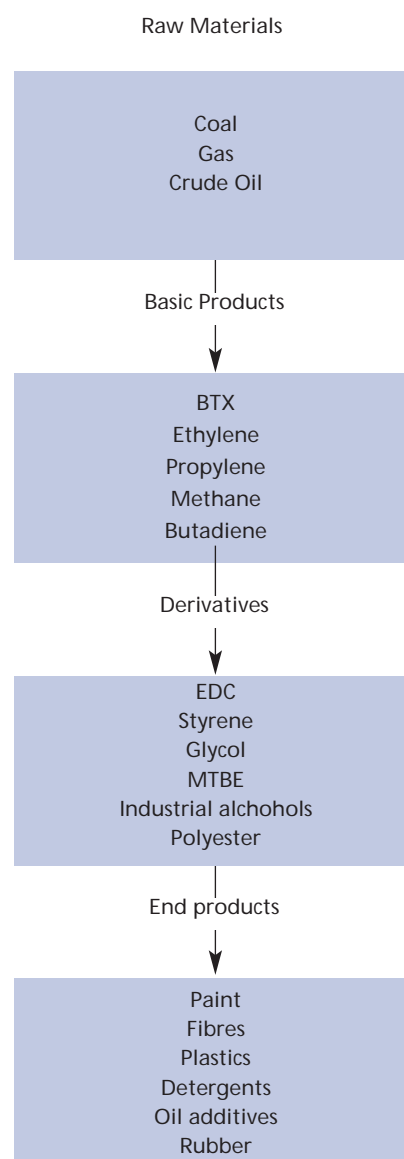
as more production facilities come on stream.

The petrochemical business is truly international; with production world-wide, global consumption, and new emerging markets. The last few years have seen the main producers globalising their operations to ensure that they benefit from the most optimal and financially viable supply chain. While there may have been room in the past for many players and logistical inefficiencies, these days the industry is moving rapidly towards optimisation through a sharper focus on costs and operational efficiency. We are now seeing the concentration of larger and global players and the marginalisation of companies that do not add value for their contractual partners.

As a result, the petrochemical industry is looking for service partners with the ability to provide a wide range of logistics solutions to carry chemical products from production facilities to end-customers. Today, a true logistics partner must be global both in its operations and the range of services it provides, and Odfjell is more than qualified for the job.

*Houston: U.S. is the centre for the worlds' petrochemical industry and Houston is the main transition point for chemicals in the U.S. Odfjell is established with its own storage facilities in Bayport since 1983 to participate in the storage market as well as being an important link in the total logistics chain. Houston is an important port for consolidation of loading and discharge operations in the U.S. Gulf and Odfjell had a total of 2.5 mill tons transiting through the port during 1999.*

## ORGANIC CHEMICALS





## GLOBAL TRADE-LANES

Odfjell provides the petrochemical industry with a world-wide network of shipping services and transports chemicals on a global basis. The services are marketed through Odfjell Tankers. Operating through offices at 14 central locations around the world, the company commands a market share of around 19% in the 10 000 to 40 000 dwt chemical tanker segment. The head office for commercial and operational activities are based in Bergen, Norway. Global trade-lanes are so-called deep-sea trade on intercontinental routes (e.g. between the USA and the Far East) and around-the-world-routes.

A chemical tanker has to accommodate the different needs and requirements for the particular trade the ship is intended for. These requirements are related to the various segments of chemicals and liquids as well as sailing patterns. Vessels serving the global deep-sea trade-lanes can thus be classified as follows:

1. Vessels with 20-30 coated tanks
2. Vessels with 30-40 stainless steel and coated tanks
3. Vessels with 40-50 stainless steel tanks

The vessels in the 1st category are frequently referred to as swing tonnage as they carry clean petroleum products, vegetable oils, caustic soda or commodity-type chemicals. This type of tonnage generally carries unsophisticated chemicals out of the US Gulf and the Arabian Gulf to the Far East. Return cargoes tend to be vegetable oils and clean petroleum products. This type of tonnage will shift away from the petrochemical market when demand for the transportation of clean petroleum products is strong, which tends to have a positive impact on freight rates for chemical tankers.

The vessels in the 2nd category carry products requiring more sophisticated product handling in stainless steel or coated tanks. These products are normally shipped in smaller quantities and may need tanks that can handle corrosive substances or possess other special features. These vessels can also carry full cargoes of phosphoric or sulfuric acid

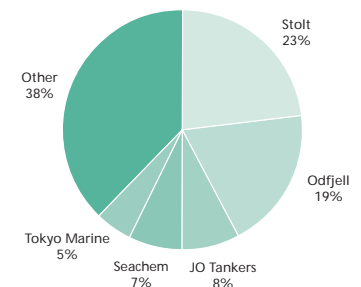
used in the fertilizer and mining industries.

The vessels in the 3rd category can handle the most sophisticated chemicals, and are designed to accommodate the needs for the transport of small consignments and at high frequencies. The cargoes in this category not only require stainless steel stowage, but may also have special handling requirements in terms of temperature and pressure during transit. Odfjell has increasingly invested in this latter type of vessels.

A global and long-term operator needs access to an efficient mix of vessels to meet current and changing market requirements. The more sophisticated and expensive the vessels are, the more important it is to secure a high degree of utilization to ensure a reasonable time-charter return.

Odfjell's strategy involves adopting a proactive approach to consolidating loading and unloading operations. Investing in and operating regional trade-lanes and tank terminals play an important role in this respect. Odfjell Terminals (Baytank) in Houston plays a key role in our strategy of ensuring that time in port in the US Gulf is spent more efficiently. Using Odfjell Terminals in Houston as the hub for our regional trade-lanes in the US Gulf area, the Caribbean and Central America also improves the efficiency of our global services to and from this area. Similarly, our strategy in the Far East is to improve our efficiency by using our own

**THE CHEMICAL TANKER MARKET**  
(Vessels over 10 000 dwt, total approximately 8.8 millioner dwt)





transshipment tonnage in the region and consolidating at terminals where Odfjell is a partner.

Several years of cooperation with tank terminals associated with the group has enabled Odfjell to improve its consolidation and efficiency in South America. In a move to obtain similar results at other ports around the world, Odfjell is looking to cooperate with terminals where we can best achieve our long-term goals.

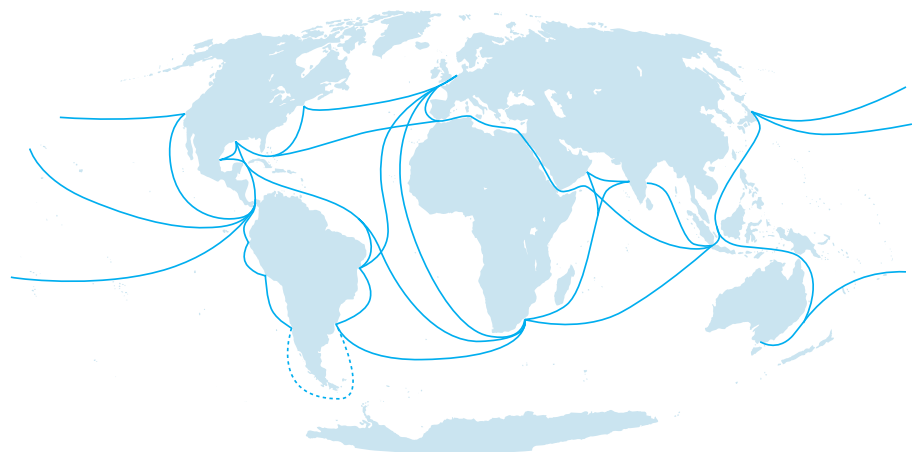
Odfjell has adopted a proactive approach to developing and setting technical standards for chemical tankers. Over the years the company has worked closely with national and international regulatory bodies and organizations to improve safety and quality standards in the industry. Odfjell's stated aim is to provide its customers with a global service through a fleet that meets or exceeds customers' requirements for technical and operational quality and efficiency.

Odfjell carries around 400 different generic products every year, ranging from the finest wines and spirits to corrosive acids, and from vegetable oils to general commodity-type petrochemicals such as Methanol. Frequent sailings to all the main destinations used by the

industry mean that the chemical parcel tankers offer a unique and flexible service whereby customers can choose between small shipments of 100-150 tons and full cargoes of around 40 000 tons. The combination of so-called contract of affreightments and spot cargoes enables customers to plan the regularity of their shipments either to meet required delivery schedules or to take advantage of sudden price changes in the market.

Over the last four years Odfjell has taken delivery of 13 new state-of-the-art 37 500 dwt chemical tankers, with two new vessels still to come. These newbuildings are part of the company's policy of investing in highly sophisticated tonnage.

Odfjell offers a worldwide shipping service with frequent sailings on all main trading routes. The main routes run from the USA to Europe, the Far East, South America, and to the Indian subcontinent/Middle East via South Africa. Similarly, trade routes originating in the Arabian Gulf, with shipments to Europe, the USA and the Far East are also important. The main trade routes of the Odfjell fleet are illustrated by the below world map.



## REGIONAL TRADE-LANES

In addition to intercontinental trade routes, there are also large volumes of chemicals traded in short-sea trades, in which vessels up to 15 000 dwt normally are employed. Most short-sea trade is based around Northwest Europe, the Mediterranean, the Caribbean, the US Gulf, Central America and the Far East.

Short-sea tankers are designed in much the same way as deep-sea tankers, normally comprising up to about 30 tanks, some of which are stainless steel while others are coated. Vessels that handle more sophisticated products have generally all tanks made of stainless steel. The vessels generally trade on very short hauls, ranging from less than a day to five or six days. Most of this trade involves distributing products from local production sites to surrounding markets. Short-sea vessels also perform transshipment services for deep-sea vessels when it is more efficient to transship cargoes or ports cannot be accessed due to physical limitations.

Odfjell is, to a large extent, offering short-sea services to the same customer base as the deep sea fleet is serving. The development of new chemical industry in Asia has created demand for high quality short-sea shipping services in this area. Caribbean, Central and South America are targeted as growth areas for the chemical industry, strengthening the basis for the regional trades in this area.

Odfjell's short-sea vessel operations also serves to consolidate loading and unloading operations for the deep-sea fleet, thereby limiting the amount of time spent in port by the deep-sea fleet. Regional trade is gaining in importance for Odfjell, and the company has established a presence in the Caribbean, Central and South America and in the Far East.

### US GULF/CARIBBEAN/CENTRAL AMERICA

Odfjell Tankers Americas (OTA), a wholly owned subsidiary, is offering scheduled services with a minimum of monthly sailings to all major destinations around the US Gulf/Caribbean as well as the countries along the West Coast of South America. The fleet consists of six vessels ranging from 6 000 dwt to 11 500 dwt and operates out of Houston.

There are obvious synergy's between OTA's operations and Odfjell's other operations. Odfjell Terminals (Baytank) in Houston is the US Gulf hub for consolidating loads for the vessels in the company's global trade-lanes as well as for vessels in OTA's regional operations.

### SOUTH AMERICA

Odfjell own 50 per cent of the Brazilian shipping company Flumar. This company was formed in 1974 and is one of the leading Brazilian operators of chemical tankers and LPG ships, mainly sailing along the Brazilian coast.

The joint venture company Odfjell y Vapores operates a regional trade along the Chilean coast, transporting primarily sulphuric acids.

The regional services puts Odfjell and the associated terminals in South America in an even stronger position.

### THE FAR EAST

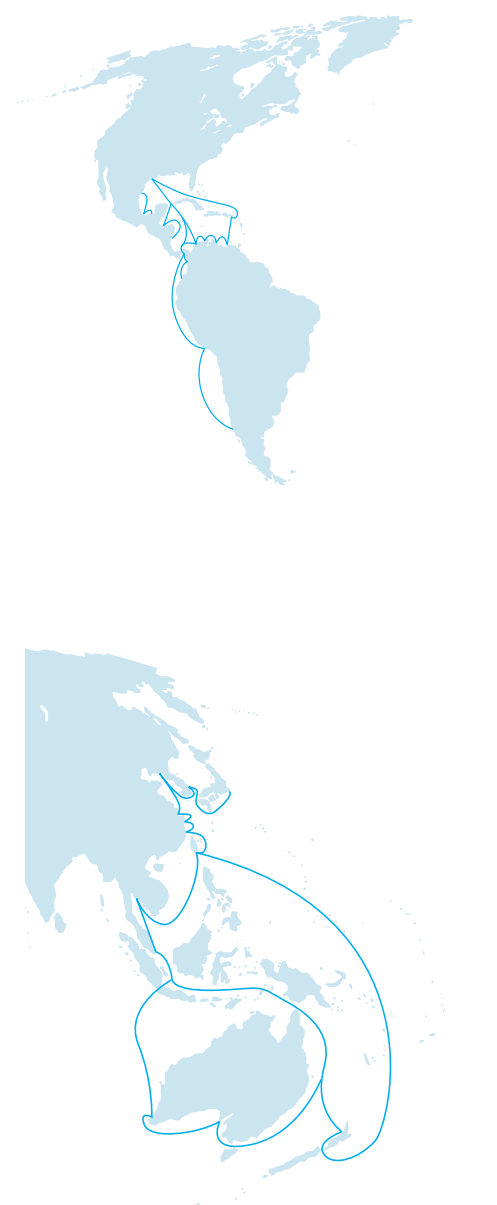
The Far East service operates out of Singapore through Odfjell Tankers Asia, a wholly owned subsidiary. In the course of the year the business increased and Odfjell Tankers Asia took delivery of seven new ships. All these ships are sophisticated fully stainless steel chemical tankers.

Four of the new ships, all of 6 000 dwt, are owned by Odfjell Tankers Asia and were built in Poland. The three other ships, two of 8 600 dwt and one of 11 750 dwt, were built in Japan and chartered in on a long-term basis.

During 1999 Odfjell Tankers Asia re-delivered two time-chartered 10 000 dwt ships to their owners, and the commercial operation of one 12 450 dwt ship was transferred from Odfjell's deep-sea fleet to Odfjell Tankers Asia.

Odfjell Tankers Asia are consequently, at the end of 1999, operating a fleet of eight chemical tankers, of which seven ships are built in 1999.

During 1999 two new regular services were introduced, one service from South East Asia to Australia and back, and one service from North East Asia to



New Zealand and back. The services within South East Asia, within North East Asia, and between these two regions were further developed.

The Far East regional operation will expand and grow during the next years and establish Odfjell as one of the most important players in bulk chemical transportation in Asia, both in the field of regional distribution and sophisticated transshipment operation.



## TANK CONTAINERS

Our tank container activity is run through Hoyer-Odfjell whose activities centre round the transport of chemicals and other liquids in tank containers. The company has been in operation for one year and is an important player in its market. Through Hoyer-Odfjell we are now able to offer our customers more integrated and cost-efficient transport solutions. Tank containers is primarily being used in transportation of chemicals and liquids in small quantities and to locations with limited infrastructure. Future growth in the market for tank containers is expected to be considerable.

The tank containers business are attended to by a joint venture with Hoyer GmbH in Germany. Hoyer-Odfjell's head office is in Rotterdam, but the tank container business is based on a network of separate branch offices, as well as agencies in less important countries. Activities in the branch offices have, as far as practically possible, been integrated with Odfjell's existing activities. The purpose of this was to co-ordinate marketing, making it easier for us as a supplier of logistic services to provide our customers with integrated and cost-effective transport solutions.

The main goal of Hoyer-Odfjell in the initial phase is to expand and become global, thereby achieving economies of scale. Substantial investments in personnel, organisation and equipment have thus been made in the company. The number of tank containers increased during the year from 2 600 to about 3 500. There was a corresponding increase in activity in the form of the number of loading operations, so the degree of utilisation of the tank containers has remained at the same level.

As for most other transport markets, 1999 was a relatively weak year for the tank container sector. The continuous growth of the 1990s came to an abrupt halt as a result of the Asian crisis and a subsequent fall in trade and demand for transport services. As a new player, therefore, Hoyer-Odfjell has been faced with a relatively difficult market with pressure on rates and earning capacity. However, future growth in demand for tank container services is expected to be

considerable, the greatest potential being in transport to and from Asia and Latin America.

Hoyer-Odfjell focuses strongly on safety, quality and environmental protection. The company is therefore ISO9002/14001 and SQAS certified and also has a contingency plan that meets the most stringent of the market's requirements.

Hoyer-Odfjell's strategy for the years ahead is to capture a steadily increasing share of the market.

## TANK TERMINALS

As an important part of the supply chain, tank terminals for chemicals provide a link between land transportation and ocean shipping. As such, terminals are a natural extension of traditional shipping services. A tank terminal receives, stores and distributes various organic and inorganic chemicals, vegetable oils, alcoholic beverages, molasses and lubricating oils. Goods normally enter and leave terminals by ship, barge, rail, truck and tank container.

In addition to providing general terminal services, Odfjell Terminals plays an important role in our cargo consolidation programme to reduce the time our ships spend in port. Our investment in terminals is thus guided by the potential for realising synergies between Odfjell's shipping and storage operations, and by our aim of offering a complete logistical package to our customers. Newly industrialised countries with inadequate infrastructure also provide opportunities to invest in new terminals which, in turn, will have an impact on the volume of chemicals shipped in bulk.

### ODFJELL TERMINALS (BAYTANK) - HOUSTON, USA

Baytank is strategically located at the entrance of the Houston ship channel, one of the major international hubs for the production and export of chemicals. Servicing ships, barges, rail wagons, trucks and tank containers, the Baytank terminal was built by Odfjell in 1983 and has gradually been expanded ever since. It is a state-of-the-art terminal designed to comply with the highest standards for safety, quality and flexibility. Baytank is unique in many ways, including now operating pressurised tanks and advanced vapour return systems.

By mid 2000, the terminal comprises 88 tanks ranging from 350 m<sup>3</sup> to 9 000 m<sup>3</sup> and has a total capacity of 253 000 m<sup>3</sup>. 61 tanks are constructed from mild steel or have epoxy/zinc coatings, with the remaining 27 constructed from stainless steel, giving a total stainless steel capacity of 63 000 m<sup>3</sup>. As such, Baytank has the largest stainless steel storage capaci-

ty of any privately owned terminal in the world. The terminal's unused land and existing infrastructure both provide good opportunities for further expansion, with potential storage capacity of around 350 000 m<sup>3</sup> in the existing area. The current expansion phase which is complete by mid 2000, has nine new stainless steel tanks and one carbon steel tank with a total capacity of 22 500 m<sup>3</sup>.

Baytank is the hub for Odfjell's global and regional trade-lanes to and from the US Gulf. The realisation of synergies has been prioritised and the company's joint transportation and terminal contracts have helped in this respect. The benefits of such services to our customers as well as to our own overall efficiency are many, and we will continue our joint marketing efforts and operations in the years to come.

Odfjell's policy is to give top priority to safety and the environment, and the terminal is ISO 9002 certified. Baytank has been a Responsible Care® partner since 1998, and was the first US terminal to enter this programme. Responsible Care® is a trademark in the US petrochemical industry administered by the Chemical Manufacturers Association for companies which demonstrate a commitment to safety and the environment over and above current regulations.

### DMTTC - DALIAN, CHINA

Dalian Marine Tank Terminal Co. Ltd. started operations in 1998 and during 1999 has had a operational and commercial performance above expectations.



The Chinese authorities have selected Dalian as one of four main ports to benefit from considerable investment in infrastructure and, as such, the port is set to become a centre for the distribution of chemicals to the northern and central provinces, as well as an important point of transit for the growing inter-regional trade in the Far East.

The terminal has 35 tanks with a capacity of 60 000 m<sup>3</sup>, constructed in compliance with stringent quality and environmental requirements. With a 44% stake, Odfjell is the main shareholder and is also responsible for management, operations and commercial activities at the terminal. Dalian Port Authority, Mitsui & Co. Ltd. and Vopak are the other shareholders in the company.

#### VOTTN - NINGBO, CHINA

This tank terminal started operations in 1994 and has managed to establish itself as a terminal with high standards.

Located close to Shanghai, Ningbo is a key port for importing chemicals to the central east coast of China. The terminal services vessels, barges, rail wagons and trucks and currently has a capacity of 65 000 m<sup>3</sup>. Odfjell has a 12.5% stake in the terminal, with the other partners being Vopak, Helm AG and local partners.

#### ZHUHAI, CHINA

Odfjell is one of the partners (5% stake) in a major new tank terminal planned for construction in Zhuhai, with the other partners being Vopak and the local port authority. Sited on the Pearl River Delta not far from Hong Kong and Guangzhou, Zhuhai is strategically located to serve southern China. The first phase of construction is planned with 60 000 m<sup>3</sup> of storage capacity for chemicals, as well as substantial capacity for LPG and petroleum products. The

final decision on starting construction depends on a positive development of the market in this region of China.

#### ASSOCIATED TERMINALS - SOUTH AMERICA

Odfjell has for many years worked closely with terminals in South America, owned privately by the Odfjell family. Six chemical terminals spread across Brazil, Argentina and Chile have a 35% share of the chemical storage market in South America. Where possible and practicable, shipping and storage solutions are marketed jointly, ensuring that we create a package that is as comprehensive as possible for our customers. The three Brazilian terminals are located in Santos, Rio Grande and São Luís. In Argentina, the group has two terminals, one in Buenos Aires and the other a new state-of-the-art terminal in Campana, about 80 km up the Parana River from Buenos Aires. The Chilean terminal is located in San Antonio.



## SHIP MANAGEMENT

Odfjell is a fully integrated company incorporating all the functions required to ensure the provision of reliable high-quality transportation services to its customers. Owning vessels and taking responsibility for chartering, operations and ship management ensure effective co-ordination and common priorities across all our operations. As ships account for around 83% of our total fixed assets, it is vital that the fleet is managed and operated efficiently.

### TECHNICAL OPERATION

Our fleet maintenance programme aims to ensure safe and efficient operation, a long useful life and high second-hand values. Ship maintenance is managed through our computerised Planned Maintenance System which is certified by Det Norske Veritas (DNV). The corrosion protection and maintenance of the inner structure of tanks and void space is based on thorough assessments and schedules, and is normally carried out during dry-docking every 30 months.

The ship management division is responsible for all functions relating to the operation of Odfjell's own vessels, as well as nine vessels owned by National Chemical Carriers Ltd Co in Saudi Arabia. This includes crewing, technical operation and maintenance, purchasing, safety and insurance. Currently our ship management division is responsible for 44 vessels. We have also worked closely with Mare Maritime SA Co in Greece for many years and 10 of the vessels transporting commodity-type chemicals are currently operated by Mare.

### CREW

The safe operation of chemical tankers depends on highly qualified officers and crew. Most of our vessels are registered with the Norwegian International Ship Register and are manned primarily by Norwegian officers and Filipino crew with many years' experience of chemical tankers.

Odfjell attaches considerable importance to recruiting both qualified officers and crews and, as part of this strategy,

has developed its own system for recruiting and training junior officers. In recent years this system has been expanded to include a number of probationary and cadet positions. At any given time around 100 employees are normally working as trainees or cadets.

*Picture from Pusan: In addition to being the most important port for petrochemical imports and exports in South Korea, Odfjell uses Ulsan as the main transshipment port in the northern part of Asia*





## SAFETY, QUALITY AND ONGOING IMPROVEMENT

DNV performs ISM inspections of our vessels' quality systems. In addition, Odfjell carries out regular internal audits of each and every ship. Customers also make inspections through the Chemical Distribution Institute and the Oil Companies International Marine Forum in addition to the inspections carried out by various classification societies, flag states and port states.

Formal procedures are adhered to by the company's vessels and offices when reporting critical situations, accidents, non-conformances and possible improvements, with the Safety and Improvement Reporting system playing a key role in this context. Our quality assurance board can also take action on important issues. We view this system as an effective tool in our work to increase safety and to prevent injuries, damage and losses.

## COMMUNICATION

An in-house IT network provides ship-to-shore communication and the electronic exchange of databases. All vessels and offices are connected to this system, thus ensuring swift communication and the rapid exchange of the information needed to operate and manage our vessels efficiently and safely.



# THE BOARD OF DIRECTORS, ORGANISATION AND MANAGEMENT

## THE BOARD OF DIRECTORS

### B. D. ODFJELL JR.

Born 1938. Chairman of the Board. He has been with the company since 1963. Member of the founding family of the company.

### JØRGEN FAYE

Born 1926. Board Member since 1990. He has held various management positions in banking and before retiring he was Deputy Managing Director of Bergen Bank (which later through a merger became Den norske Bank).

### PER IVAR GJÆRUM

Born 1948. Board Member since 1986. Associate Professor and Vice-Rector at the Norwegian School of Economics and Business Administration, Bergen, Norway.

### BJARTE KVÅLE

Born 1948. Board Member since 1988. Previously he has held management positions in shipping companies. Currently he is working as a management consultant and private investor.

### TERJE STORENG

Born 1949. Board Member since 1994. He is the Managing Director of A/S Rederiet Odfjell, a privately held company of the Odfjell family.

## ORGANISATION

### THE BOARD OF DIRECTORS

#### PRESIDENT/CEO

*Business Development and Planning • Quality Assurance • Finance/Accounting/IT • Personnel*

Global trade-lanes  
(Chartering/Operation)

Regional Trade-lanes Asia  
(Chartering/Operation/ShipManagement)

Ship Management

Tank Terminals

Tank Containers

## MANAGEMENT

### BJØRN SJAASTAD president/CEO

Born 1957. Mr. Sjaastad has been with the company since 1989 and has held his position since 1990. He is also President of the Norwegian Shipowners Association.

### ATLE KNUTSEN

senior vice president, chartering/operations  
Born 1950. Mr. Knutsen has been with the company for over 25 years. He has held various management positions abroad and has been in current position since 1994.

### JAN DIDRIK LORENTZ

senior vice president, ship management  
Born 1947. Mr. Lorentz joined Odfjell in 1996. Previous position: Regional Manager for Det Norske Veritas (DNV).

### JARLE HAUGSDAL

senior vice president, finance/accounting/IT  
Born 1961. Before joining Odfjell in 1996, Mr. Haugsdal held a similar position with another major shipping company.

### JAN HAMMER

senior vice president, business development and planning  
Born 1957. Mr. Hammer has been with the company since 1985. He has previously held various management positions within Odfjell, both in chartering and terminal activities.

### GUDMUND VALEN

senior vice president, regional trade-lanes Asia  
Born 1939. Mr. Valen has been with the company since 1966. He has held various senior management positions within Odfjell, both in chartering and terminal activities.

### ÅKE H. GREGERTSEN

senior vice president, tank terminals  
Born 1955. Mr. Gregertsen has been with the company since 1991. He previously held the position as Director of Finance/Accounting.

## HEALTH, SAFETY AND THE ENVIRONMENT

Odfjell's environmental strategy is to maintain and develop the company's position as a supplier of high-quality environmentally efficient transportation services involving low environmental risks. Given that the company adopts a long-term approach to providing global transportation services for the chemical industry, a conscientious HSE (health, safety and the environment) programme is vital for ensuring long-term profitability, stable employment and a safe working environment.

Odfjell is part of the supply chain that extends from the production of chemicals to their consumption. Customers demand effective environmental systems and initiatives as part of their own efforts in this respect. We are also subject to various handling requirements for chemicals initiated by the authorities, investors, employees and other partners. Our environmental policy is based around preventive actions to reduce the environmental risk of the chemicals that we transport and store together with focus on high energy efficiency.

### ORGANISATION

Odfjell's quality assurance board is the company's highest governing body for environmental issues and comprises members of senior management who discuss ongoing quality and environmental matters, non-conformance reports, audits and statistics on accidents and the management of the company's operations. Odfjell has opted to delegate the further governance and execution of its environmental policy to the management teams of the group's various divisions and subsidiaries. Furthermore, the company's active involvement in national and international regulatory bodies and committees reflects its view that it is important to contribute to the further development of regulations that require sound environmental standards and high levels of safety.

### FLEET

Ocean-going transport is very energy-efficient compared to other forms of transport. The efficiency of the Odfjell fleet has been further improved through

our newbuilding programme, with CO<sub>2</sub> emissions per nautical mile and dead-weight ton falling by around 7% between 1997 and 1998. During 1999 an additional reduction of close to two percent has been achieved. This was largely thanks to the delivery of newbuildings and the sale of older vessels. One of the newest vessels is fitted with an "intelligent main engine" where a computer monitors and automatically optimises combustion in terms of energy consumption and emissions of carbon and nitrogen oxides. The company also employs a diesel engine specialist to optimise all engines with a view to reducing energy consumption.

Speed and bunker fuel consumption are systematically followed up, with any deviation being analysed and reported. This gives the personnel in charge an incentive to ensure that the machinery remains in good condition and that fuel consumption is minimised. Modern self-polishing anti-fouling paint ensures that the smoothness of the hull is fully maintained between dry-docking. Older ships which have been coated with paint containing tin are gradually being phased out. Propellers are polished during dry-docking and when otherwise appropriate.

The procedures set out in the company's Safety Management System are adhered to when dealing with solid waste and oily discharge water from the engine room, waste from the galley, and water used to clean the tanks. This system is approved by Det Norske Veritas as part of the company's overall quality assurance certification programme.





Equipment for handling waste and residues is renewed as new requirements are issued. Odfjell works with reputable suppliers to develop improved systems to recover oil which can then be used to generate power onboard. All ships feature approved sewerage purification installations.

The latest additions to our fleet are fitted with optimised discharge pumps and tank-wells designed to minimise cargo residues in the tanks after unloading. All liquids used to clean the tanks are approved in accordance with environmental standards. Gases are not emitted into the atmosphere during loading as the vessels are equipped with pipe systems that return vapour to onshore tanks. Each cargo tank is also fitted with a separate ventilating system with pressure and vacuum control valves to prevent gas emissions while products are in transit.

The company's Safety and Improvement Reporting system is used to report onboard HSE matters and plays an important and valuable role in company analyses and the transfer of experience. For ships which are managed by Odfjell the number of reported injury cases causing lost workdays were 36. This means 1.2 per ship, or 5.3 per million worked hours (Lost Time Injury Frequency = 5.3). It is our aim to further improve the LTIF. This will be achieved through focus on reporting and follow up, and the active use of the Protection and Environmental Committee on board.

Odfjell prioritises co-operation with suppliers, research institutions, classification societies and shipyards on the development of new and more environmentally friendly vessels.

#### TANK TERMINALS

Odfjell's focus on the use of the best possible systems and technology when constructing and upgrading its terminals ensures that it is well placed to meet future challenges in terms of environmental and safety issues as well as profitability. Tank terminals are fitted with effective pressure-control systems to prevent the evaporation of gases to the air. Further, special tank bottoms with leak detection devices and liners in the tank bays prevents ground contamination in case of any accidents. Each terminal has its own environmental committee which reviews procedures and potential areas for improvement.

Odfjell Terminals (Baytank) is a Responsible Care® partner. This is a recognition from the Chemical Manufacturers Association of companies that have gained distinction in the petrochemical industry for their commitment to environmental standards and safety over and above current regulations. This is an ongoing focus area for our operations.

#### FUTURE PLANS

We are committed to pursuing a proactive environmental policy. Odfjell's environmental profile will be developed as a strong competitive advantage in the market, to society in general and when recruiting new employees.

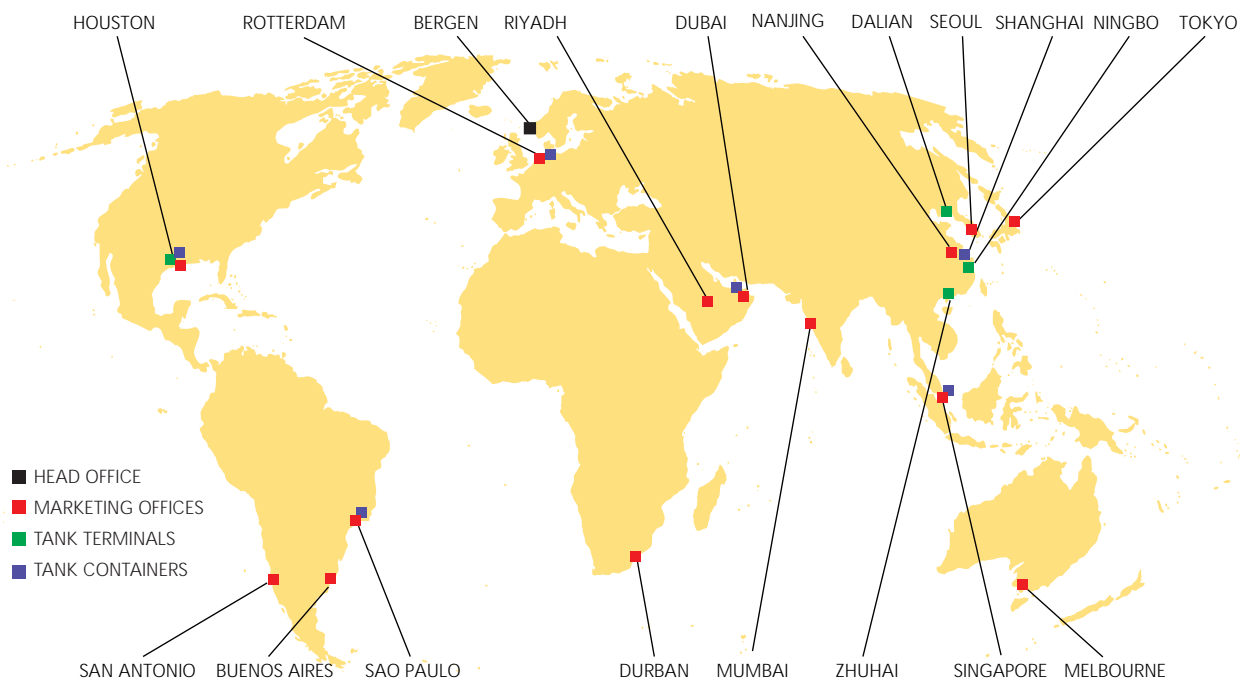
## FLEET AND TERMINAL OVERVIEW

GLOBAL TRADE LANES		YEAR BUILT	DWT	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS	
<b>OWNED:</b>	Bow Century	2000	37 500	40 500	40 500	47	
	Bow Fortune	1999	37 500	40 500	40 500	47	
	Bow Flora	1998	37 500	40 500	40 500	47	
	Bow Cecil	1998	37 500	40 500	40 500	47	
	Bow Faith	1997	37 500	41 200	34 100	52	
	Bow Cardinal	1997	37 500	41 200	34 100	52	
	Bow Cedar	1996	37 500	41 200	34 100	52	
	Bow Fagus	1995	37 500	41 200	34 100	52	
	Bow Clipper	1995	37 500	41 200	34 100	52	
	Bow Flower	1994	37 500	41 200	34 100	52	
	Bow Sea	1978	28 060	34 756	21 136	43	
	Bow Andes (50 %)	1977	28 060	34 756	21 136	43	
	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 Saphir	1982	18 657	22 929	10 849	31	
	Bow Viking	1981	33 695	40 593	21 745	36	
	Bow Fighter	1982	35 100	41 193	6 353	34	
	Bow Lancer	1980	35 100	42 476	6 253	34	
	Bow Heron	1979	35 100	42 107	5 884	31	
	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 Petros	1984	39 800	47 965	-	28	
	Bow Transporter	1983	39 800	47 965	-	28	
	Bow Mariner	1982	39 800	47 965	-	28	
	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	
	<b>TIME-CHARTERED/POOL:</b>	NCC Jubail	1996	37 500	41 200	34 100	52
		NCC Riyad	1995	37 500	41 200	34 100	52
		NCC Mekka	1995	37 500	41 200	34 100	52
		NCC Tihamah	1977	28 060	34 756	21 136	43
		NCC Yamamah	1977	28 060	34 756	21 136	43
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 Asir		1983	23 077	25 002	21 009	28	
NCC Arar		1982	23 077	25 002	21 009	28	
NCC Baha		1988	24 700	28 291	19 663	21	
Bow Sky		1977	28 060	34 756	21 136	43	
Bow Spring		1976	28 060	34 756	21 136	43	
Bow Saturn		1976	28 060	34 756	21 136	43	
Bow Merkur		1975	28 060	34 756	21 136	43	
Bow Triton		1997	41 330	48 746	-	20	
Bow Triumph		1997	41 330	48 746	-	20	
Bow Tribute		1995	41 330	48 746	-	20	
Bow Trigger		1993	41 330	48 746	-	20	
Bow Trident		1992	41 330	48 746	-	20	
<b>Number of vessel: 50</b>			<b>1 667 319</b>	<b>1 955 850</b>	<b>902 271</b>		
<b>ON ORDER:</b>		Yard no. 142	9/2001	37 500			
		Yard no. 143	6/2002	37 500			
	<b>Number of newbuildings: 2</b>			<b>75 000</b>			

Continues on next page

REGIONAL TRADE LANES		YEAR BUILT	DWT	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS	
<b>OWNED:</b>	Bow Mate	1999	6 046	7 036	7 036	14	
	Bow Pilot	1999	6 046	7 036	7 036	14	
	Bow Sailor	1999	6 046	7 036	7 036	14	
	Bow Master	1999	6 046	7 036	7 036	14	
	Owl Trader	1982	12 450	14 482	8 070	22	
	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	
	Angelim (50 %)	1985	10 259	10 136	6 500	18	
	Aracuria (50 %)	1984	10 259	10 159	6 500	18	
	Jatai (50 %, LPG)	1979	4 452	4 031	-	3	
	<b>TIME-CHARTERED/POOL:</b>	Bow de Silver	2000	11 500	12 500	12 500	20
		Bow de Jin	1999	11 500	12 500	12 500	20
Yau Ru		1999	8 500	9 300	9 300	20	
Gui Zhen		1999	8 500	9 300	9 300	20	
Fairchem Yone		1995	11 668	12 542	12 542	20	
Holland Park		1983	9 306	9 655	4 978	21	
Tama Andina		1980	6 986	7 536	4 408	20	
Aragas (50 %, LPG)		1983	9 300	8 026	-	5	
Jacaranda		1978	9 970	9 924	5 877	17	
<b>Number of vessels: 20</b>			<b>171 509</b>	<b>184 775</b>	<b>135 677</b>		

TANK TERMINALS	LOCATION	STAKE	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS
Odfjell Terminals (Baytank) Inc.	Houston, USA	100 %	230 929	44 512	78
DMTTC (Dalian)	Dalian, China	44 %	59 700	5 750	35
VOTTN (Ningbo)	Ningbo, China	12.5 %	62 250	7 900	36
Project (Zhuhai)	Zhuhai, China	5 %	60 000	1 500	28



# 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.

**DEADWEIGHT TON (DWT):** A measure of the weight carrying capacity of the ship. The total dwt is the weight of the cargo the ship can carry plus bunkers, fresh water, spare parts etc.

**DEEP-SEA:** Sea-borne trade that moves on intercontinental trade routes.

**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.

**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.

**LIBOR:** London Interbank Offered Rate

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

**M/T:** Motor Tanker.

**MTBE:** Methyl tert butyl ether. Used as additive in gasoline.

**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.

**NIS:** Norwegian International Ship Register

**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.

**PETROCHEMICALS:** See organic chemicals.

**POOL:** A co-operation between owners putting their vessels into a operation where net revenues are divided according to a predetermined key.

**SEAO:** 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.

**SHORT-SEA:** Sea-borne trade that moves on regional trade routes (not intercontinental).

**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.

**TANK CONTAINER:** A 25 m<sup>3</sup> cylindrical tank within a standard 20 feet container frame. Suitable for transportation on container vessels as well as trucks and rail cars designed for container transportation.

**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.

**TRADE:** The geographical area where a ship mainly trades.

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

**TRANSSHIPMENT:** Transfer of cargo to/from a ship from/to another ship. For example, cargo from a vessel within global trade-lanes to a ship within regional trade bound for final destination/harbor.

**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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