



NTA 1998.
The new
shipping company's
first financial year.

ANNUAL REPORT



N&T ARGONAUT

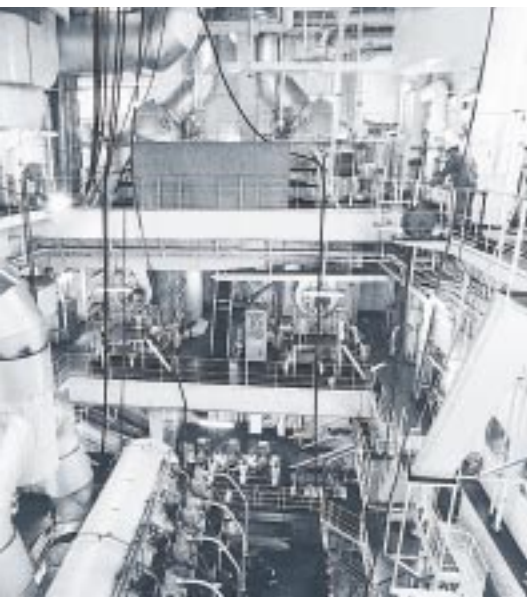


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NTA to do business and is of vital importance to the Company's future growth.

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ANNUAL MEETING

The Annual Meeting of Shareholders will take place at 4 p.m. on Thursday, April 22, 1999 at the Stockholm City Conference Center (Norra Latin), Drottninggatan 71 B, Stockholm, Sweden.

INFORMATION SCHEDULE FOR 1999

Interim Report for the first quarter: April 22, 1999
Interim Report for the first half: August 19, 1999
Interim Report for the first nine months: October 28, 1999
Year-End Report, 1999 Results: February 2000

NTA's financial reports and current press releases are also available on our Web site: www.ntargonaut.com

The photos above, from the left, show: 2. The VLCCs Argo Athena and Argo Medea. 3. Anders Berg, President and CEO, visiting the Argo Medea at a shipyard in Bahrain. 4. The deck of the Nord Baltic. Below, from the left: 1. The engine room of the Argo Medea. 3. The NTA flag being raised for the first time at the Company's headquarters on Skeppsbron in Stockholm's Old Town on May 18, 1998. 4. NTA's Operations Department. 6. The Nord Baltic at the port of Gothenburg, Sweden.

Photos and illustrations: Cover and pages 5 and 47, Bruno Ehrns. Page 15, Åke E:son Lindman. Pages 7, 8, 11, 19, 23, 51 and 52, Reijo Ruster. Page 20, FotoFlite. Pages 55–57, Ulf Johansson.

This is a translation of the NTA Annual Report 1998. Translation: Victor Kayfet, SCAN EDIT, San Francisco.

1998 in brief

- The merger between Nordström & Thulin AB and Argonaut AB was legally implemented in February 1998. Their operations moved together to Skeppsbron in Stockholm on May 18, when the NTA flag was also raised for the first time.
- NTA discontinued its passenger ferry and dry bulk operations in order to focus entirely on tanker operations.
- The market for VLCCs and Suezmax vessels was stable during the first three quarters, but was weaker during the fourth quarter of 1998. The market for Aframax tonnage was weak.
- Income before nonrecurring items and taxes SEK 44 M. Net asset value SEK 10 per share. Liquidity about SEK 900 M. Adjusted equity/assets ratio 30 percent.
- In March, NTA acquired the VLCC Argo Medea, built in 1993. In December, it purchased the Aframax vessel North Pacific, built in 1986. The vessel is time-chartered out until the end of 2001.
- NTA extended the depreciation period for its vessels from 20 to 25 years.
- Taken together with the 1998 nonrecurring writedown of vessel values, this will improve reported earnings by about SEK 140 M for 1999 and about SEK 150 M annually thereafter.
- The merger between Nordström & Thulin and Argonaut will result in cost savings of about SEK 25 M during 1999.



This is NTA

BUSINESS CONCEPT

NTA is one of the world's leading tanker companies, with a well-structured fleet of modern tankers. Its mission is to pursue tanker shipping, shipbroking and trade in ships. The Company's goal is to achieve long-term value growth by means of profitable chartering as well as the purchase and sale of ships.

STRATEGY

To achieve its established goals, NTA will operate a modern tanker fleet with good competitive strength, focusing on large and medium-sized tanker tonnage. The fleet will be structured in such a way as to cover a broader range of the seagoing transport needs of major oil companies. NTA will provide its clients with efficient and safe shipments.

Because of NTA's business orientation, its earnings may vary sharply over time. Long-term growth in net asset value will have higher priority than short-term return on equity. It is therefore important to view the Group's trend of earnings in a long-term perspective.

Although crude oil shipments are necessary to satisfy energy demand and thereby promote economic growth, the shipping business involves certain risks. However, the new Group controls a high-quality modern fleet, which is operated by highly trained and professional crews. In addition to regular inspections by public agencies and classification societies, the fleet also undergoes continuous monitoring from all the major oil companies.

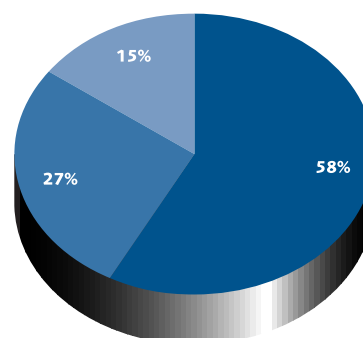
The core business of a shipping company is to charter and manage its own fleet. With their know-how and contact networks, the Chartering and Operations departments will account for a very important part of NTA's business.

ORGANIZATIONAL STRUCTURE AND MANAGEMENT

The headquarters of NTA occupies the offices at Skeppsbron 34 in Stockholm used by Nordström & Thulin since 1898.

Dr. Helmut Sohmen assumed the post of Chairman of the Board on February 18, 1998. On the same date, Anders Berg was appointed President and CEO.

DISTRIBUTION OF THE TANKER FLEET BY MARKET VALUE



- ULCC/VLCC (8 vessels and 1 newbuilding)
- Suezmax (3 vessels and 2 newbuildings)
- Aframax (5 vessels)

FINANCIAL RATIOS

	DECEMBER 31, 1998
Net asset value per share, SEK	10
Net asset value per share, USD	1.20
Adjusted equity/assets ratio, %	30
Adjusted total assets, SEK billion	6.6
Market capitalization, SEK billion	1.0

LARGEST SHAREHOLDERS AS OF DECEMBER 30, 1998

	% OF VOTING POWER	% OF SHARE CAPITAL
Simbel Investment AB ¹⁾	19.3	13.9
Osiris Investment AB ²⁾	18.1	5.1
Aswan Investment AB ²⁾	11.4	3.2
AMF Pensionsförsäkrings AB	5.0	5.4
Odin Fondene	4.2	9.3
Euroclear	3.4	2.6
National Judicial Board for		
Public Lands and Funds	2.5	1.4
J. Capel Nominees Ltd	1.9	2.0
Chase Manhattan Bank	1.3	3.7
Praktikertjänst AB	1.3	3.6
Ronald Bergman	1.3	0.4
LKAB	1.1	3.2

1) A company closely associated with the Sohmen family.

2) Indirectly owned by trusts established by the Sohmen family.

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NTA is well equipped for the future

We had great hopes for the first financial year of the new shipping company N&T Argonaut. The merger of Nordström & Thulin and Argonaut in February 1998 had proceeded successfully, followed by the smooth consolidation of the two operations in one new organizational structure, with headquarters on Skeppsbron in Stockholm. The external and internal conditions appeared good. The tanker market was relatively strong in the first half of 1998, despite the economic turbulence in Asia. The Company's decision to withdraw from the ferry business and divest part of its bulk carrier fleet were seen as preparations for moving strongly forward. Despite of all this, 1998 must be described as disappointing.

During the latter part of the year, maritime shipping markets were more directly impacted by economic developments in the world. The crisis in the Far East and in other regions led, among other things, to lower consumption, negative growth figures, postponements of infrastructure investments, reduced energy use and fear of deflation. International shipping was obviously adversely affected by these events. It is difficult to foresee when the Asian economic crisis will end. Certain positive trends are discernible, but most observers believe that a genuine improvement will not occur before early in 2000.

The world economy has nevertheless benefited from the strong growth of the U.S. economy, which is stronger today than at any time during the past 40 years.

The major European economies by contrast are weakening. The positive effects of further economic integration related to the introduction of the common currency are not yet visible and unemployment remains at a high level.

Looking ahead at the rest of 1999, NTA is in a good position to meet the challenges surrounding us.

- The adjustment of vessel book values in 1998, as well as the transition to a 25-year depreciation period, will improve NTA's future reported earnings by about SEK 150 M annually. The writedown of these book values has no negative effect on the Company's liquidity, adjusted equity/assets ratio, net asset value or future tax situation. However, it has a positive impact on future dividend-paying capacity and return on shareholders' equity.
- NTA is phasing out its loss-making dry bulk operations and has made provisions in the 1998 financial statements for the estimated discontinuation expenses.
- The efficiency-raising measures implemented in 1998 will result in cost savings of about SEK 25 M during 1999.

NTA's management will continue to ensure that the interests of the Company, and thereby of all its shareholders, are protected. But as the example of a number of other shipowning companies proves, market forces are not easy to defeat. However, we operate from a solid financial base and with proven expertise. I am therefore confident that NTA's future results will reflect its underlying strengths.

In closing, I would like to thank the Company's management and staff for their efforts during a year that was not easy either in operational or commercial terms.

– Helmut Sohmen





NTA

RGO MEDEA

“We will continue to expand our tanker operations.”

Has the merger between N&T and Argonaut gone as expected?

I think it has gone well and it feels as if we have achieved stability. In purely legal terms, the merger was implemented in February 1998. In May, we moved in under the same roof on Skeppsbron in Stockholm. Here we have close ties to the sea and a wonderful old milieu. It felt right.

How has the internal organization worked—any culture clashes?

Different corporate cultures always arise. There were no extreme differences with us. It was essential to regard this as a merger, not as a takeover. All employees had to feel equal in value. Most important of all is that the new company, NTA, will now create its own corporate culture.

Do you see the merger as completed?

Not entirely. Some fine-tuning is now underway. What is happening at the same time is that the company's focus of operations is changing. Today we are concentrating our operations exclusively on tankers and crude oil shipping. During 1998, we decided to discontinue dry bulk operations. This will occur during 1999. The estimated total discontinuation cost was set aside as a provision in the 1998 income statement. For this reason, dry bulk operations should not affect our 1999 earnings.

In terms of earnings, how would you characterize 1998?

As it turned out, the decline in demand that many people were expecting arrived late in the year. Until September, we had a relatively good market for VLCCs and Suezmax vessels. However, Aframax vessels had a rather difficult market all year, clearly worse than during 1997.

Late in 1998, we took several of our large vessels out of service for technical upgrading, which meant fewer revenue days than normally.

Together with the weakened tanker market, this contributed to fourth quarter earnings that were substantially worse than during the first three quarters.

Overall, however, 1998 income from tanker operations was somewhat better than in 1997: about SEK 80 M.

The dry bulk market steadily deteriorated during 1998, resulting in a loss of nearly SEK 40 M for the year.

As a result, operating income from our day-to-day business ended up at about SEK 40 M.

Nineteen ninety-nine has begun well, with an upturn in freight rates. Your comments?

The main reason is that the demand for shipping services is heavier than expected. This is due to greater Middle Eastern exports from the Gulf to the United States and Europe, resulting in an increase in average shipping distances.

Production in North America has declined relatively sharply. Today's output is nearly 500,000 barrels lower than a year ago. The fact that oil is instead being imported from the Middle East is equivalent to an increased shipping demand of about 20 VLCCs.

In the North Sea over the past two years, oil output has not increased at all. At times, it has even declined.

This redistribution is due to historically very low oil prices. It is not profitable to produce oil in small marginal fields in the U.S. and Canada, where flexible production expenses are higher than today's crude oil prices. In the North Sea, low oil prices mean not being able to afford a 100 percent capacity utilization.

In other words, oil prices are of major importance in assessing the future tanker market. We believe that low oil prices are going to last well into the future. This is why we expect Middle Eastern oil producers to continue trying to increase their share of the total market at the expense of producers in North America and the North Sea, which means heavier demand for shipping capacity.

Why will we continue to see low oil prices?

The reason is that production capacity is substantially larger than demand, among other things due to Iraq's increased oil exports. We can achieve balance between supply and demand and rising crude oil prices only when the economies of the Far East stabilize and we once again have strong growth there. Oil consumption will then increase sharply, at which time oil prices should climb while demand for oil shipping services increases.

So the outlook is favorable both in the short and long term?

Yes, it looks rather interesting. I think analysts have underestimated some of these positive factors. This is the reason why today we have a better market than most people thought we would have.

What factors may adversely affect the tanker market in the long term?

Because of the Asian crisis, we saw currency depreciations in South Korea and Japan. These countries, which account for 75 percent of the world's shipyard production, thereby

achieved better competitiveness. They managed to attract new customers with lower newbuilding prices. This has resulted in a large number of newbuildings for delivery over the next two years.

Why did NTA decide to write down the book value of its vessels?

As a consequence of falling newbuilding prices, the market value of tankers fell greatly. Over the past year, this resulted in a lower and lower net asset value. Shipbrokers' vessel valuations, which indicate a fall of 30 percent, are nevertheless very uncertain because there have been very few transactions involving modern tanker tonnage. During the same period, newbuilding prices have fallen by 10–15 percent.

In light of this, the Board of Directors felt it was proper to write down the book value of NTA's vessels by about SEK 600 M. This writedown does not affect the Company's good liquidity, nor its adjusted equity/assets ratio. Instead, it is an adjustment of our accounts to a lower price level.

NTA also changed its depreciation period from 20 to 25 years.

Today there is a general perception that the economic and technical service life of vessels is about 25 years. Besides, a number of major international tanker shipping companies have used a 25-year depreciation period for the past couple of years. The change makes NTA more comparable with these companies.

What will be the consequences of these two measures?

They are expected to improve NTA's reported operating income by about SEK 140 M in 1999 and by about SEK 150 M annually thereafter, once all the newbuildings have been delivered. This, in turn, means greater chances of paying the shareholders a dividend.

Is NTA a large enough tanker company?

Today NTA is one of the major international tanker companies. At the same time, we have a very small share of the total market. One of the problems in our industry is that shipping companies are too small. On the customer side, the situation is different. Oil companies are getting bigger and bigger and are thereby gaining greater control of the market.

For this reason, I am convinced that we will see a desire for consolidation on the shipping company side. It will occur by means of new mergers or the establishment of effective revenue pools, where different owner companies put their vessels into a common commercial pool.

Today both methods of consolidation are underway in various types of constellations, and I am completely convinced that this trend will continue over the next few years.

NTA has a strong main shareholder. What importance does that have?

Our main shareholder also controls one of the world's largest maritime transport groups, World-Wide Shipping. We have well-developed communications with them in the commercial,

operative and technical fields. This means that today we have collaborative arrangements where we utilize NTA's and World-Wide Shipping's tonnage to take care of major transport contracts.

It is also a huge source of strength for NTA to have a main shareholder that is totally familiar with the fluctuations that exist in international shipping.

How do you maintain contact with NTA's operations outside Sweden?

NTA's operations are international, and I personally am inclined toward a hands-on approach. With more than 25 years of experience in the industry, I have built up a broad network of contacts in the international shipping market. It is extremely important to maintain these contacts and develop relationships with our customers, who are located all over the globe.

It is also essential to have a concrete understanding of our own operations. This is why I visit our vessels, of course. The shipboard crew is a natural part of the Company and they must feel that they are participants in its operations. I also visit our ship managers, the companies responsible for crewing and technical operation of our vessels.

What use does NTA have for new information technology (IT) tools?

We have invested heavily in new IT systems. This is essential in order to distribute technical information to our customers in a simple, efficient way. On our Web site (www.ntargonaut.com), the positions of our vessels are also updated. We are de facto among the leaders in the shipping industry when it comes to taking advantage of the Internet to distribute information.

IT is also important as a way of supplying shareholders, the media, analysts and stockbrokers with information. We have about 23,000 shareholders. E-mail and Web pages enable us to communicate with these interested parties quickly and inexpensively.

Internally, we use IT for communications with our vessels. Using e-mail instead of a telephone, fax or telex is far cheaper and more efficient. Via satellite links, we can reach our vessels wherever they are.

What important decisions must be made within the next two years?

The most essential is to continue concentrating and expanding our tanker operations. We should actively explore opportunities for further consolidation and pooling in the industry. We must also continue to ensure that our vessels are run in a technically and operatively professional way, so that NTA will maintain the good reputation that we enjoy in the market today.



Factors that influence the tanker market

What is the impact of the Asian crisis on the tanker market? When the world's economic growth rate slows, this leads to stagnating energy consumption, which in turn causes a drop in demand for shipping services and thus lower freight rates. But the balance between supply and demand in the tanker market is not affected by the economic situation alone. Political, technical and geographic factors also influence developments.

DEMAND

The rate of economic growth influences energy consumption

Total energy consumption rises along with world economic growth. At a given economic growth rate, the percentage increase in energy consumption is lower in more highly developed economies. But because these economies consume large quantities of energy, their consumption is larger in absolute numbers.

The percentage of oil in the total energy consumption mix is another important factor. Countries with well-developed infrastructures and large number of vehicles have high per capita oil consumption.

In the short term, weather is important. A cold winter in the United States and Europe results in greater oil consumption. As a rule, political decisions in the form of changes in oil and automotive fuel taxation affect oil consumption more than price changes by oil producers. This is because in many cases, most of the consumer price consists of taxes. In Sweden, for example, 77 percent of the price of gasoline consists of various taxes.

In the long term, low oil prices lead to higher consumption

When OPEC took control of oil prices in the early 1970s, the result was sharp price increases. Higher oil prices led to heavier investments and research in the offshore oil and gas industry. The goal was to develop new technology to produce oil in new areas geographically close to consumers. This resulted in lower oil prices. Today we have lower prices in real terms than at any time in the past 50 years.

Shipping distances affect demand

Shipping distances are a fundamental factor affecting the demand for seagoing oil shipments. During the 1980s and 1990s, shipping distances decreased sharply because of new and increasing oil production in areas close to consumers, such as the North Sea, Alaska, Mexico and South America. Today shipping distances are once again increasing, because

low oil prices are giving oil from the Middle East a larger share of the total market due to low production costs in that region.

Changes in stocks affect demand

The demand for maritime shipping services is subject to seasonal fluctuations, which are influenced by changes in the stored stocks held by oil companies. At the beginning of the summer and winter seasons, when consumption peaks, their oil reserves are well-filled. Changes in these stocks are also used as a way to take advantage of oil price variations.

SUPPLY

The age structure of the vessel fleet

The size of the global tanker fleet is determined by the economic and technical service life of individual vessels and by newbuilding activity. The technical service life of a vessel is about 25 years. Since the first oil crisis in 1973-74, for many years the economic service life has been crucial. Today, however, 47 percent of the active fleet of vessels exceeding 200,000 dwt in size is 20 years old or older. For technical reasons, a substantial proportion of these vessels will therefore be forced out of service, even if the tanker market is strong.

Freight rates determine the pace of scrapping

Prevailing freight rates and expectations for the future are the primary factors that determine the proportion of vessels that are sent for scrapping. The age and technical standard of vessels are only secondary factors.

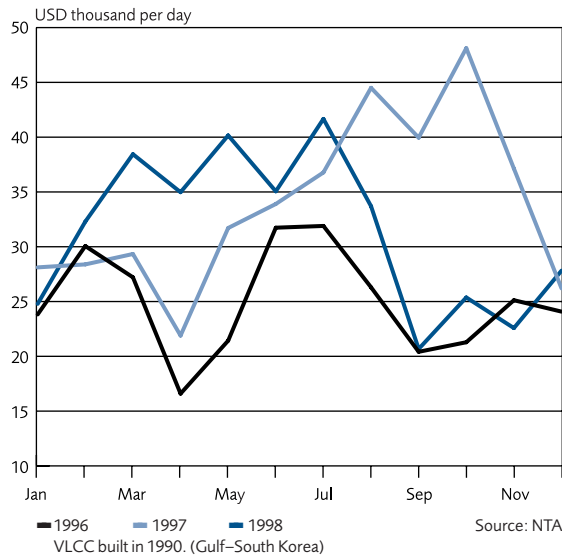
High scrap prices in a weak freight market will accelerate scrapping activity.

Strong freight rates increase newbuilding activity

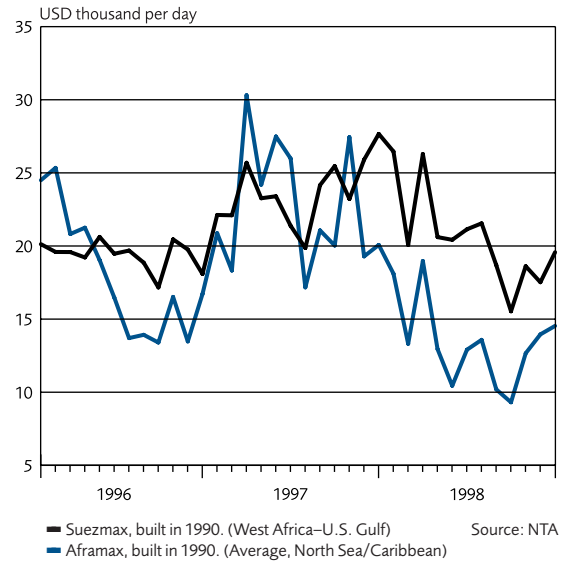
Newbuilding activity is highly dependent on how strong the prevailing freight rates are and on the shipping companies' expectations for the future. If these companies are optimistic, high prices at shipyards are rarely an obstacle to newbuilding orders. But even in a weak freight market, newbuilding activity may be high if vessel prices are low and future prospects are positive.

Newbuilding prices are dependent on the available global shipyard capacity and the future work load at shipyards. Because these yards are large workplaces of great regional and socio-economic importance, they are often subsidized. Access to investment capital and interest rates are other factors that affect vessel prices and newbuilding activity.

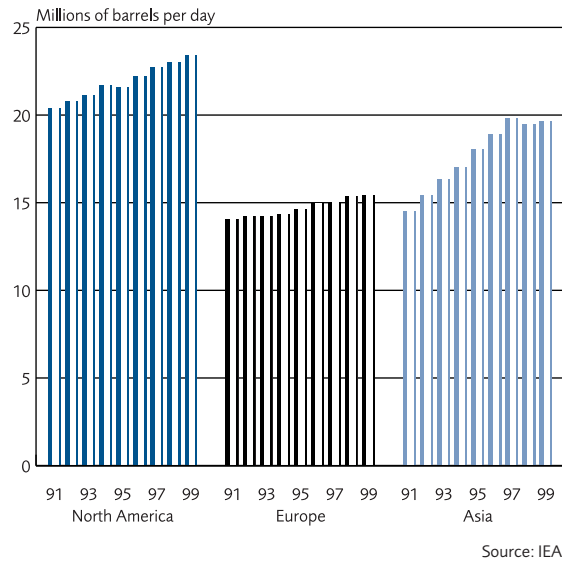
VLCC FREIGHT RATES



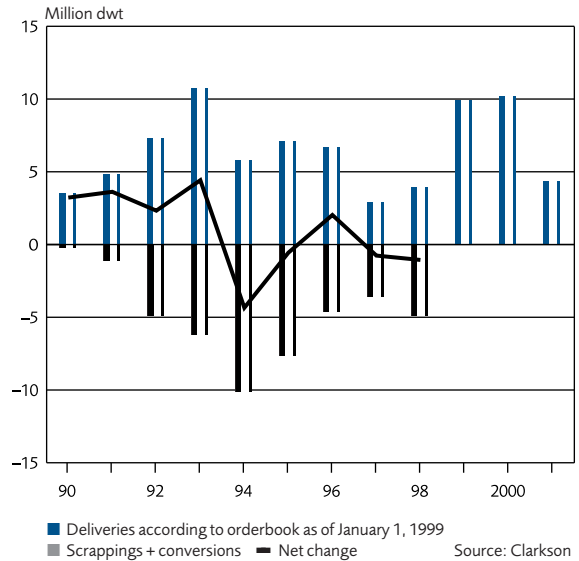
SUEZMAX AND AFRAMAX FREIGHT RATES



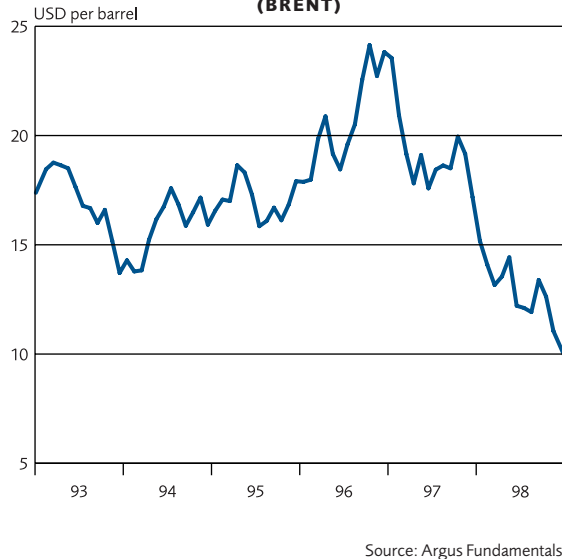
DEMAND FOR OIL



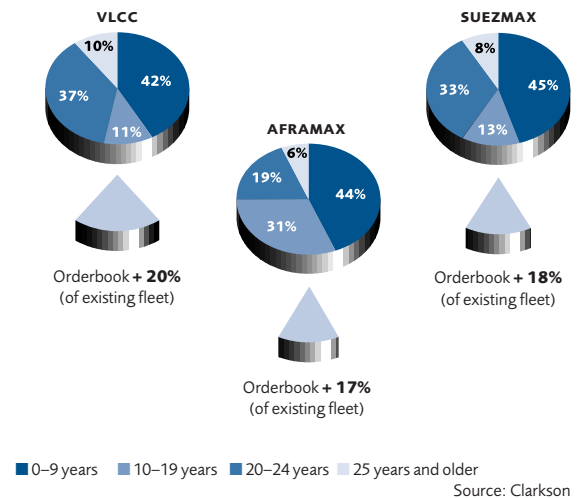
GLOBAL VLCC FLEET



CRUDE OIL PRICE (BRENT)



AGE DISTRIBUTION OF THE GLOBAL VLCC, SUEZMAX AND AFRAMAX FLEET, JANUARY 1, 1999



Tanker market reverses after a four-year upturn

- Average net revenue fell somewhat in 1998.
- Stagnating oil consumption, due to the Asian crisis, was offset by growing oil reserves.
- In real terms, oil prices fell to the lowest point in the past 50 years.
- Newbuilding prices fell by around 10–15 percent.

SHARPLY VARYING

FREIGHT RATES DURING 1998

After a four-year upturn, the tanker market weakened somewhat during 1998. This was especially true of the four final months of the year, which caused the annual average to be slightly lower than in 1997. For VLCC tonnage, freight rates fell by about 30 percent during September–December 1998, compared to the first eight months. The market downturn was caused by the Asian economic crisis, which led to slower growth in oil consumption, and by a somewhat larger global tanker fleet in active service. Declining oil reserves also contributed to the market downturn during the fourth quarter. However, during 1998 the rate decline was no more than 5–10 percent compared to 1997. Net revenue for modern VLCCs averaged USD 32,000 per day, down USD 2,000 per day, which was still a profitable freight rate for NTA's vessels.

For Suezmax tonnage, freight rates fell from USD 25,000 to just above USD 22,000 per day.

Aframax tonnage was more adversely affected, with a rate downturn of about 25 percent. The weakening market was primarily due to a larger supply of vessels. As a result of falling crude oil prices, Venezuela and the North Sea – important loading areas for Aframax tonnage – showed a weak production trend and lost market share to oil produced in the Middle East.

PERIOD MARKET DOMINATED

BY SHORT-TERM CONTRACTS

Activity in the period market remained low for the VLCC segment. A few vessels were hired out for varying periods of time at market-related rates decided retroactively each month. During the summer, some vessels were being paid USD 32,000–37,000 per day for 6–12 months of employment. Toward the end of 1998, period market rates fell. Two VLCC newbuildings scheduled for delivery in 2000 were hired out for five years at just below USD 30,000 per day.

For Suezmax tonnage, too, the period market was very limited, with few contracts. Most of the year, rates were in the USD 23,000–24,000 per day range for one year of employment. Late in 1998, rates fell to around USD 21,000 per day.

For Aframax tonnage, the period market was somewhat more active. Early in 1998, around USD 20,000 per day was being paid for 1–2 years' employment. After that, rates gradually fell toward the end of the year, with contracts being signed for around USD 14,000–16,000 per day.

SLOWER GROWTH IN DEMAND

In recent years, world oil consumption has risen by about 2.5 per cent annually. This trend slowed abruptly due to the Asian crisis. During 1998, total demand for oil rose by 0.4 percent. Consumption declined in Japan and South Korea, two important countries for tanker shipping. For the second consecutive year, oil output was larger than consumption, which led to a sharp fall in oil prices and growing oil stocks. During the second and third quarters of 1998, oil stocks grew to levels that were higher than for many years. This was reflected by strong freight rates, with net revenue levels of around USD 37,000 per day during the period March–August.

SHARP FALL IN OIL PRICES

Because of depressed oil prices, spot market oil was cheaper than oil sold from the companies' stocks for delivery one month later. Because the price differential covered the costs of storage charges and interest, oil companies found it profitable to maintain large stocks. The warm winter in the United States and Europe that followed in the wake of El Niño was another factor that depressed oil prices and held back demand. The price of Brent oil fell from more than USD 17 per barrel in December 1997 to just above USD 10 per barrel in December 1998. In real terms, oil prices have not been lower during the past 50 years.

During the spring, oil producing countries tried to stop the slide in prices by imposing restrictions on output. Meanwhile Iraq increased its oil production in 1998 by nearly 1 million barrels per day compared to 1997. Despite output restrictions of 1.5–2 million barrels per day from other OPEC countries, crude oil prices continued to fall until year-end.

MANY TANKERS

APPROACHING 25-YEAR MARK

The cargo capacity of the global tanker fleet increased by 1.5 percent during 1998. VLCC and Suezmax tonnage declined marginally: 13 VLCCs were delivered and 18 were scrapped or converted. The Aframax fleet expanded by 7 percent.

Despite a relatively strong tanker market, scrappings of VLCC tonnage increased, especially late in the year. Many



vessels are now approaching the end of their technical service life. In light of the existing orderbook and the stricter standards being imposed by public agencies and oil companies, more and more shipowners are choosing to scrap older tonnage. The alternative is to invest large sums in repairs for a brief extension of vessel service life.

The age distribution of the tanker fleet remains very skewed for VLCC and Suezmax tonnage. At the end of 1998, their average age was 14.4 and 13.7 years, respectively. Of all VLCCs, 47 percent were 20 years old or older, as were 41 percent of the Suezmax vessels. Starting in 1999, considerably more vessels than previously will pass the 25-year mark. International rules prescribe that vessels reaching this age must limit their cargo intake for environmental reasons, either by installing separate ballast tanks or by limiting cargo intake in such a way that their cargo tanks are in hydrostatic balance.

The global Aframax fleet has a more uniform age distribution. Its average age is 12.5 years and only 25 percent of these vessels are 20 years old or older.

LOWER VESSEL PRICES

The Asian crisis hit South Korea and Japan during the autumn of 1997 and weakened the currencies of both countries. The Korean won lost half its value by early 1998, then slowly regained strength. By year-end, the won was still about 25 percent weaker than before the crisis started. For the Japanese yen, the changes were slower and less dramatic. The currency was at its weakest during the summer of 1998. Because these two countries are the leading shipbuilding nations in the world and vessel contracts are usually signed in USD, currency declines affect newbuilding prices, which in turn influence second-hand vessel prices. The uncertain financial position of some shipyards also made it more difficult for them to finance their day-to-day operations. To persuade shipping companies that had made newbuilding orders to increase their advance payments, shipyards had to cut their prices further. The result was that newbuilding prices fell by 10–15 percent during 1998. The price of a VLCC fell from about USD 80 M to about USD 72 M, a Suezmax from about USD 52 M to about USD 44 M and an Aframax from about USD 41 M to about USD 35 M.

These downturns also led to a 10–30 percent fall in second-hand vessel prices: the older the vessel, the bigger the price fall. It is worth stressing that extremely few sales of larger and more modern tonnage took place, and that second-hand prices consist of estimates by ship brokerage firms. It is therefore difficult to assign prices to an entire vessel fleet on the basis of these estimates.

CONTINUED NEWBUILDING ORDERS

Falling newbuilding prices attracted continued new orders, albeit at a slower pace than in 1997. Orders for new VLCCs totaled 31, and the total orderbook rose from 71 to 85 vessels, equivalent to 20 percent of the total VLCC fleet. Orders for new Suezmax and Aframax vessels totaled 21 and 32 respectively, and at the end of 1998 the orderbook comprised around 17 percent of the existing fleet in these vessel segments.

WEAKENED

DRY BULK MARKET

The Capesize market fell by more than 30 percent during 1998, down from an average of USD 14,500 per day in 1997 to just below USD 10,000 per day in 1998. The market bottomed out in July, with net revenue levels of just above USD 6,000 per day. After that, freight rates recovered to USD 10,000–11,000 per day. Early in 1999, rates had again slid to USD 5,000–6,000 per day. Capesize tonnage is highly dependent on the Asian markets and has therefore been hard hit by the Asian crisis.

FUTURE PROSPECTS

– SEVERAL POSITIVE FACTORS

Despite a growing orderbook, there are several factors that indicate a positive but still turbulent trend in the tanker market over the next few years. Current low oil prices are contributing to faster growth in the world economy. This may lead to faster recovery in the crisis-plagued economies of Asia. The International Energy Agency (IEA) predicts that during 1999, world oil consumption will increase by 1.1 million barrels per day, or 1.5 percent. During 1998, the increase was 0.3 million barrels per day.

Even more noteworthy is that low oil prices are changing the geographic location of oil production, both short-term and long-term. This will lead to longer shipping distances. Many low-output wells in the United States, Canada and elsewhere have production costs that exceed today's oil prices, and they consequently risk closure. During 1998, U.S. oil output declined by more than 300,000 barrels per day. Given prevailing oil prices, production is certain to continue falling in 1999. During the first quarter of 1999, the reduction is nearly 500,000 barrels per day. This is equivalent to the shipping capacity of 18 VLCCs if this oil instead comes from the Middle East. In addition, high maintenance costs for offshore oil production may lead to decreases in output. Investments will instead move to regions with lower costs for development and production of oil, especially the Middle East. For the first time since the early 1970s, several countries in this region have invited foreign oil companies to develop oil production. In the long term, there will thus be a reduction in oil production investments in areas close to consumers, while the oil-producing countries in the Middle East may regain market share they have lost since the early 1980s. For the tanker industry, this means longer shipping distances and thus also a greater need for tonnage, especially in the VLCC and Suezmax segments.

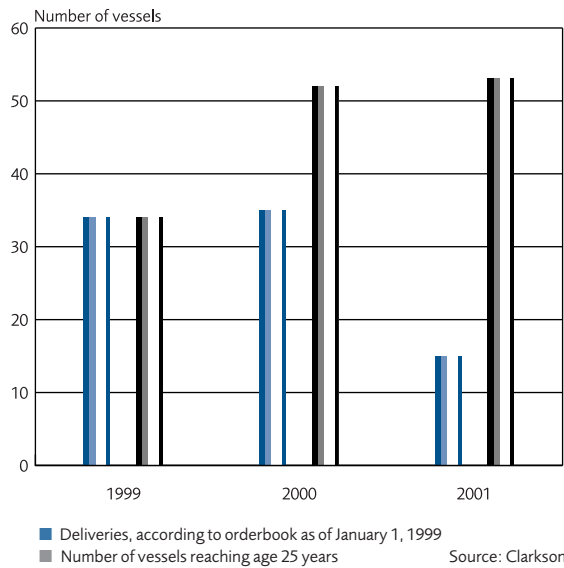
CURRENCY RATES AND ORDER BOOKINGS AT SHIPYARDS CAUSING UNCERTAINTY

An agreement within OPEC to restrict output in order to raise oil prices is a short-term threat to the tanker market. However, the biggest threat comes on the supply side and from shipyards. A weakening of the Japanese yen and the Korean won, while shipyards have lower order bookings, may lead to further price falls for newbuildings. Low interest rates, an ample supply of risk capital, and low newbuilding prices may lead to increased orders.

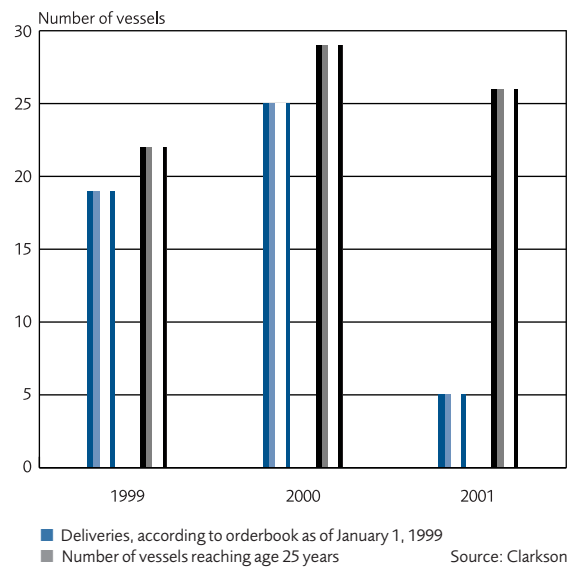
MANY VESSELS REACHING CRITICAL AGE

On the supply side, a large number of VLCCs and Suezmax vessels will reach the critical age of 25 years. For safety and environmental reasons, part of the cargo space in these vessels must be modified, reducing their cargo capacity. During the next four years, 163 VLCCs and 100 Suezmax vessels will end up in this situation, or 39 percent and 34 percent of the existing fleets, respectively.

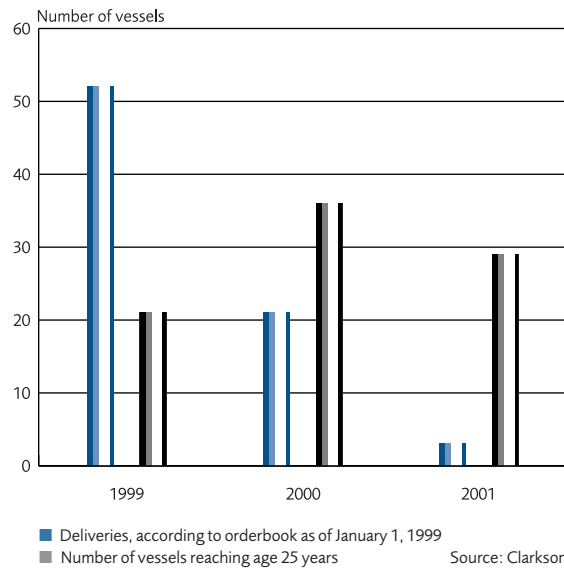
**THE GLOBAL VLCC FLEET
DELIVERIES/VESSELS REACHING AGE 25 YEARS**



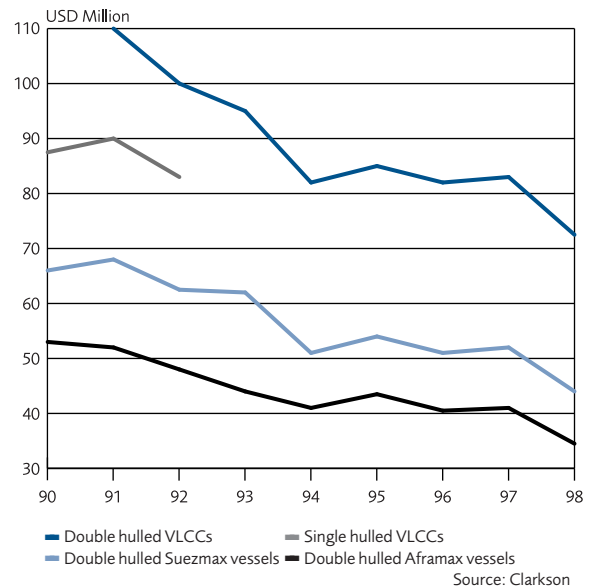
**THE GLOBAL SUEZMAX FLEET
DELIVERIES/VESSELS REACHING AGE 25 YEARS**



**THE GLOBAL AFRAMAX FLEET
DELIVERIES/VESSELS REACHING AGE 25 YEARS**



NEWBUILDING PRICES



Teamwork and quick decisions

A VLCC normally has 350–355 effective trading days per year. To achieve favorable freight agreements and maximize trading days, both a vessel and the various departments of the company that owns and runs it must adhere to a detailed schedule. This kind of teamwork is based not only on experience and knowledge, but also on creativity, timing and intuition. But it is not always possible to follow an agreed schedule. Join the Argo Hebe for a trip marked by various events that required a more flexible management response.

On October 1, the VLCC Argo Hebe was en route with a cargo of oil from West Africa to Kaohsiung, Taiwan.

The voyage was projected to take 25 days. In a Daily Noon Report from the captain of the vessel, NTA's Operations Department in Stockholm was informed of poor weather conditions. This is a relatively common occurrence when rounding the Cape of Good Hope, as the operating officers knew that from their own previous experience as chief mates or captains of vessels. The department, which continuously tracks vessel performance, responded by forewarning the charterer and the harbor in Taiwan of the expected delay. But the weather got even worse as the vessel approached Taiwan.

Excerpt from

Daily Noon Report, October 24

"Wind speed: 40 knots on port bow. Swell: Force 9. Vessel speed: 6.4 knots. Trying to deviate around typhoon BABS. Estimated arrival at port of discharge now further delayed to October 26, 2300 hours local time."

The rough weather caused some damage to the Argo Hebe. When the vessel arrived in Taiwan, the port of discharge was closed. The vessel was forced to wait at sea. When the weather finally improved, she went in and unloaded her cargo of oil. On November 13, 17 days behind schedule, the Argo Hebe sailed again, setting her course toward the Gulf via Singapore.

In search of new cargoes

Late in October, 30 days before the Argo Hebe was expected to arrive in the Gulf, the NTA Chartering Department in Stockholm began looking for new cargo assignments. The department, which both charters out NTA's own vessels and brokers cargoes for outside shipping companies, is active 24 hours a day. It maintains contacts with clients by telephone, fax, telex and the Internet. Things happen fast. Freight rate negotiations may take two minutes or one week. New events are quickly communicated to other NTA staffers.

At that time the market was weak, but with an upward

trend. Developments largely depended on whether and when the UN would approve a new agreement to allow crude oil exports from Iraq. Negotiations on this "Food and Medicine for Oil" agreement had been underway for some time.

The aim of the Chartering Department was that the Argo Hebe should take a long voyage to Europe or the United States. That would yield good earnings. The department made telephone contacts and sent out bids. There would be a two-day loading opportunity in Kuwait and Saudi Arabia during November 28–30. This meant that Chartering had to be absolutely certain of the Argo Hebe's position thirty days ahead. If the vessel arrived too late, there was a risk of a major financial setback.

Suddenly Chartering received new information about the weather situation via the Operations Department. It was uncertain when discharging would be completed in Taiwan. The Chartering Department had to hold off for the time being.

Repairs needed

When the westbound Argo Hebe passed Singapore on November 19, two inspectors went on board to assess the storm damage. It turned out to be so extensive that the vessel would later need to stop in Dubai, United Arab Emirates, for repairs. The Chartering Department realized that the vessel could not arrive on time for the above-mentioned cargo loading dates. This was not considered a setback, however, because the market was still weak, with a small supply of cargoes. Furthermore, the UN had not given its approval for Iraqi exports.

On November 28, the Argo Hebe arrived at Khor Fakkan on the Gulf of Oman. A week earlier, the Operations Department had purchased bunkers, which were now pumped on board for 12 hours from a barge. Immediately afterward, the vessel passed through the Strait of Hormuz into the Gulf. On November 30, the Argo Hebe arrived at Jebel Ali in Dubai for four days of repairs. The Operations Department bought another 4,500 cubic meters of bunkers at a favorable price. The fuel was pumped on board a couple of days later.

Time running out

Early in December, the Chartering Department was informed that the Argo Hebe would be ready to load a cargo in the Gulf on December 12. It resumed marketing of the vessel's position. But the market was still weak and offered only cargoes to the Far East.

NTA also approached charterers that loaded oil in Iraq. There was great uncertainty. UN approval might come within a day, or in two weeks. There was a growing risk that





the Argo Hebe would not find any cargo without a long waiting period. Tension mounted at the Chartering Department. Then the UN and Iraq reached an agreement, and there would be a number of cargoes to be loaded in Iraq within 10 days.

After contacts with five different charterers, NTA focused its resources on one oil company. Negotiations heated up. After an hour of intensive information exchanges, an agreement was reached. On December 6, only six days before the Argo Hebe would be ready for a new voyage, the agreement was confirmed. Loading would occur on December 17 at Mina al Bakr, Iraq.

The cargo was intended for a long voyage to Europe, but the charterer had an option for discharge in the Red Sea. Options of this type are common. It is a way for oil companies to increase their flexibility and control the levels of their various oil reserves worldwide. But the option involved a potential risk; a voyage from the Gulf to the Red Sea yields a far lower voyage profit. On the other hand, if against all odds the option was exercised, the chances of finding a cargo from the Red Sea were considered favorable. Since the ballast voyage would then be short, the next voyage would yield a correspondingly better return.

With a confirmed agreement, the Operations Department now carried out a number of routine tasks. A compilation of the various clauses in the chartering contract was sent to the captain of the Argo Hebe by e-mail. During a follow-up call, all unclear points were straightened out. NTA's agent in Mina al Bakr was contacted and contracted. All costs for the port visit–pilotage, tugboats and use of terminals–were clarified and paid in advance.

Barber Ship Management, the vessel's technical manager –responsible for its operation and shipboard personnel–was informed about the contract. Finally the charterer's extensive voyage order was checked and sent to the captain. It contained more practical details, including how to perform loading into the tanks and specific safety details.

From the captain's log,

December 10

“Summoned all officers to review voyage order and allocation of duties. Chief Mate instructed to plan maintenance work for a future long voyage west. Also received navigation warning that light buoys on inbound ship channel to Mina al Bakr are turned off.”

Rumors of air strikes

As the Argo Hebe entered the Iraqi loading port of Mina al Bakr on December 16, the Ship Operations Department of NTA was contacted by Barber Ship Management's office in Dubai. They had picked up rumors that the U.S. and Britain intended to carry out bombings in Iraq during the coming night, December 17. Through contacts with agency offices in the region, the Operations Department sought additional background on the rumors. At the last minute, it obtained insurance coverage for war risks.

From the captain's log,

December 16

“NTA Operations announced Iraq may be attacked coming night. UN Security Council will decide at 2200 hours. Decided to continue toward terminal but make preparations to interrupt voyage at short notice. Informed all officers.”

During the night, the rumors were verified. The technical manager in Dubai was the first to inform the Operations Department of the situation, at 2 a.m. First the operations officer in Stockholm phoned the captain of the Argo Hebe, then the head of NTA's Chartering Department. A decision about whether to load oil in Iraq now had to be made on the basis of facts established at that time.

The vessel was moored at the loading terminal, a “sea island,” and could not depart without the assistance of a tugboat. The distance to the area where the bombings were occurring was more than 400 kilometers (250 miles). The danger that the NTA vessel might be affected was considered extremely small. The terminal owner, which in this case was the Iraqi government, announced that it wanted to start loading. There was also an important legal aspect to take into account. If a cargo was pumped into the vessel, the shipping company would be in a joint interest situation with the charterer. With no cargo, there was a risk that the freight agreement would be cancelled, which might cause the charterer to sue the shipping company. The decision, which the captain of the Argo Hebe made jointly with the head of Chartering and the operating officer at 2:30 a.m., was to connect the hoses.

Loading began. Meanwhile five UN inspectors arrived on board the Argo Hebe. They wanted to leave Iraq when it departed.

On the morning of December 17, the charterer informed NTA's Operations Department that the U.S. Navy was urging all ships to leave Iraq. To verify this information, the technical manager in Dubai contacted both the local U.S. Navy command and the UN office in nearby Bahrain. They replied that the recommendation did not apply to sea islands, but only to vessels inside ports. Loading of oil continued.

Just before departure, another Stockholm-controlled VLCC arrived at the quay and moored on the opposite side of the terminal. This vessel took on the five UN inspectors, who now wanted to stay, pending further developments. The loading operation at Mina al Bakr was completed. On the morning of December 20, the Argo Hebe dropped its moorings and headed out.

Unexpected situation again

On December 21, the Chartering Department received an unexpected message from the charterer: the Red Sea option was being exercised. The cargo would therefore be discharged at Ain Sukhna, Egypt. This would give the Chartering Department only nine days to find a new cargo in the region.

From the captain's log,

December 25

“Calm. Following wind, force 2 on port railing. Swell force 2. Christmas lunch for everyone on board except those on watch. Good spirits, but a bit of homesickness.”

Environmental and safety standards

Environmental and safety standards focus primarily on vessels and their design, equipment and operation, but they also apply to shipboard employees: their formal qualifications, education, further training and practical drills.

Environmental standards for international maritime shipping are stipulated mainly by the UN International Convention for the Prevention of Pollution from Shipping (MARPOL). This convention is administered by the International Maritime Organization (IMO), an agency within the United Nations.

Maritime shipping is also regulated by regional, national and local standards. For example, the Baltic Sea Convention applies to the Baltic and its littoral states. The U.S. Oil Pollution Act of 1990 (OPA -90) applies to all vessels that visit United States ports or territorial waters.

Charterers can establish commercial standards or provide commercial incentives, often in the form of discounts on port fees, to persuade shipping companies to go beyond the applicable rule systems in taking steps to protect the environment.

What environmental issues are the most important to maritime shipping?

- Environmental impact on water (oil spills, toxic substances in hull paint, ballast water management, waste management).
- Impact on air and atmosphere (exhaust gas emissions from engines, petroleum gas emissions from cargoes, halon gas emissions, noise pollution).

How are today's tankers different from those built ten years ago?

From an environmental standpoint, one major difference is that large tankers today are built with double hulls. The sides and bottoms of the tanks that carry cargo oil are completely separated from the vessel's surroundings by tanks that can only carry ballast water or are kept empty. Cargo oil and ballast systems are totally separated, so ballast water can never be contaminated by cargo oil residues.

The equipment components, monitoring systems and alarm systems for preventing oil spills are far more extensive and reliable today than ten years ago.

Stronger vessel hulls mean less risk of leakage due to cracking. Today many vessels are also built with closed systems for recovering petroleum gases during crude oil loading.

Today's engines provide better fuel economy and produce smaller exhaust emissions.

From a safety perspective, the main developments over the past ten years have been systems and equipment that improve operating safety, maneuverability, navigation and communications.

How does the NTA environmental organization look?

Active environmental management is indispensable in enabling NTA to do business and is of vital importance to the Company's future growth. It is a naturally integrated, essential element of NTA's daily fleet management work. The head of the Fleet Management and Operations organization has a staff of two fleet inspection superintendents, one safety superintendent and one quality assurance coordinator at his disposal.

What happens when ships are scrapped?

Few production facilities in the world are likely to be as environmentally sound from a recycling standpoint as large tankers, which consist of more than 90 percent steel.

What are the procedures for cleaning tanks?

NTA's tankers mainly carry crude oil. Aside from the high pressure rinsing and recirculation of cargo oil after discharging (crude oil washing), no further cleaning of tanks is necessary between cargoes. The tiny remaining quantities of oil residue stay inside the cargo tank system and are mixed with the next cargo.

If additional cleaning is necessary during ballast voyages to the next port because the quality of the next cargo is sensitive to mixing, this is done with high-pressure water rinsing in the same closed systems as crude oil washing. The residues after rinsing are collected in "slop tanks."

How does NTA meet the standards of the ISM Code?

Since July 1, 1998, the International Safety Management (ISM) Code, which aims at minimizing the risk of errors that may result in damage to people, property and the environment, has stipulated that all tanker companies and their vessels in international traffic must introduce a Safety Management System (SMS) based on quality assurance principles.

All NTA vessels and the organizations that handle their technical operation and crewing have well-developed and certified safety management systems that fully comply with the standards of the ISM Code.

How do day-to-day safety inspections operate?

First, NTA conducts its own inspections of vessels and makes follow-ups and related improvements. Second, both the organizations in charge of direct technical operation of the vessels and NTA's own Fleet Management monitoring organization have safety inspection superintendents who provide back-up and regularly keep track of the shipboard organization on each vessel.

Regular outside inspections are performed by classification societies and the authorities from each vessel's flag state. There are also random inspections by port state agencies and the inspection departments of charterers, especially the major oil companies.



Six-year financial summary of NTA

	1998	1997	1996	1995	1994	1993
Income statements (SEK M)						
Vessel operating revenue	1,415	887	644	592	566	778
Profit on sale of vessels	-	56	-	-	-	59
Items affecting comparability	-715	-	-	-	-	-
Operating income	-559	256	37	-46	-56	97
Financial items	-113	-108	-129	-109	-106	-188
Income after financial items	-672	148	-92	-155	-161	-91
Income before taxes	-673	148	-92	-155	-161	-91
Taxes	133	-3	-	-	21	-13
Income for the year after taxes	-541	144	-92	-155	-140	-104
Balance sheets (SEK M)						
Total assets	6,311	3,194	2,799	2,883	3,581	4,021
Fixed assets	4,991	2,570	2,254	2,351	2,793	3,336
Current assets	1,320	624	545	532	788	685
Shareholders' equity	2,421	1,087	831	898	1,149	1,047
Long-term interest-bearing liabilities	3,195	1,700	1,601	1,624	2,027	2,493
Short-term interest-bearing liabilities	223	158	163	188	183	254
Non-interest-bearing liabilities	472	249	204	173	222	227
Financial ratios—profitability						
Return on capital employed, %	Neg	10.5	2.2	0.7	0.1	3.8
Return on shareholders' equity, %	Neg	15.0	Neg	Neg	Neg	Neg
Other financial ratios						
Interest cover, times	Neg	2.0	0.4	0.1	0.2	0.5
Net loan liabilities, SEK M	2,416	1,392	1,325	1,405	1,534	2,179
Debt/equity ratio, times	1.4	1.7	2.1	2.0	1.9	2.6
Equity/assets ratio, %	38	34	30	31	32	26
Risk capital ratio, %	39	34	30	31	32	26
Adjusted equity/assets ratio, %	30	43	40	36	33	36
Acid-test ratio, times	1.9	1.6	1.4	1.4	1.9	1.4
Cash earnings, SEK M	410	271	71	24	59	43
Investments, SEK M	2,598	190	0	37	26	18

	1998	1997	1996	1995	1994	1993
Per share data¹⁾						
Shareholders' equity, SEK	11.66	10.33	7.90	8.53	10.91	13.60
Net asset value, SEK	10	17	13	11	12	22–23
Income before taxes, SEK	-3.34	1.40	-0.87	-1.47	-1.91	-1.35
Income after taxes, SEK	-2.68	1.37	-0.87	-1.47	-1.91	-1.35
Cash earnings per share, CEPS	2.03	2.57	0.67	0.23	0.80	0.66
Dividend, SEK	0	0	0	0	0	0
Yield, SEK	0	0	0	0	0	0
Year-end market price, SEK	5.00	13.60	13.54	9.97	13.37	21.21
Market price/net asset value, %	50	78	104	91	112	91–97
Price/earnings ratio, full tax, times	Neg	10	Neg	Neg	Neg	Neg
Miscellaneous						
Average number of employees	77²⁾	22	22	23	27	28
Number of shares outstanding at year-end	207,608,861	105,268,196	105,268,196	105,268,196	105,268,196	65,792,623
Average number of shares during the year	201,617,490	105,268,196	105,268,196	105,268,196	73,358,774	65,792,623

1) All figures have been adjusted for share issues.

2) At year-end the number of employees was 50.

DEFINITIONS

Return on capital employed: Income after financial items plus interest expenses and similar expense items as a percentage of average total assets minus non-interest-bearing liabilities.

Return on shareholders' equity: Income after taxes as a percentage of average shareholders' equity, adjusted for new share issues implemented. Income after financial items has taken into account minority share of income.

Interest cover: Income after financial items plus interest expenses and similar expense items, divided by interest expenses and similar expense items.

Net loan liabilities: Interest-bearing liabilities minus cash, bank deposits and short-term investments.

Debt/equity ratio: Interest-bearing liabilities divided by shareholders' equity, including minority share.

Equity/assets ratio: Shareholders' equity including minority share as a percentage of total assets.

Risk capital ratio: Shareholders' equity plus deferred tax liability and minority share, as a percentage of total assets.

Adjusted equity/assets ratio: For method of calculation, see page 26.

Acid-test ratio: Current assets excluding inventories, divided by current liabilities including proposed dividend.

Cash earnings: Income after financial items, excluding profit on sale of ships and items affecting comparability, plus depreciation and minus taxes paid.

Equity per share: Shareholders' equity divided by the total number of shares.

Net asset value: For method of calculation, see page 27.

Cash earnings per share (CEPS): Cash earnings divided by the average number of shares outstanding.

Yield: Dividend as a percentage of the market price of one share on the balance sheet date.

Market price: Last price paid for one share on the Stockholm Stock Exchange on December 30. It is a weighted average of NTA's two types of shares.

Price/earnings ratio: Market price divided by income per share after taxes.

Group financial review

ADJUSTED BALANCE SHEET, DECEMBER 31, 1998

In order to analyze the financial flexibility and stamina of a shipping company, it is necessary to make certain adjustments in its formal balance sheet. Based on the formal balance sheet on pages 34 and 35, the following adjustments have been made to provide a more complete picture of NTA's total commitments:

- The Company's remaining obligations for the three contracted newbuildings, totaling SEK 952 M (USD 118 M), have been added to the balance sheet. This takes into account that a certain portion of these investments is expected to be paid in cash.
- The estimated deficit value of NTA's vessels and newbuildings, SEK 411 M, plus other deficits of SEK 65 M, for a total of SEK 476 M, have been subtracted from NTA's assets and shareholders' equity. A deficit calculation based on outside market assessments is reported under "Net asset value" on the next page.
- NTA's deferred tax liability of SEK 43 M has been added to shareholders' equity. This is because NTA's accumulated unutilized tax loss carry forwards, which currently amount to approximately SEK 1,000 M, greatly exceed the deferred tax liability.

After carrying out the above adjustments, the adjusted equity/assets ratio amounts to 30 percent.

Adjusted balance sheet

SEK M	ADJUSTED DEC 31, 1998	FORMAL DEC 31, 1998
Assets		
Vessels	5,349	4,352
Advance payments on vessel contracts	–	456
Other fixed assets	183	183
Cash, bank deposits and		
Short-term investments	797	1,002
Other current assets	318	318
Total assets	6,647	6,311
Shareholders' equity and liabilities		
Shareholders' equity	1,988	2,421
Minority share	7	7
Shareholders' equity		
including minority share	1,995	2,428
Provisions and Long-term liabilities	4,011	3,242
Current liabilities	641	641
Total shareholders' equity and liabilities	6,647	6,311
Equity/assets ratio, %	30	38

ADJUSTED INCOME STATEMENT

Adjusted 1998 income statement

NTA's financial statements follow the Swedish Annual Accounts Act (1995:1554) as well as the recommendations of the Swedish Financial Accounting Standards Council. The Council's recommendation RR 4 stipulates that items affecting comparability should be reported as part of operating income. NTA's items affecting comparability, which totaled SEK –715 M, were related to a writedown of the book value of tankers plus a provision for the discontinuation of dry bulk operations. In the Company's opinion, a fairer picture of NTA's earnings capacity would be achieved if these items were reported after "Income after financial items." In the adjusted income statement below, this has been done.

Adjusted 1997 income statement

To facilitate the analysis of 1998 results, an adjusted income statement for 1997 has been prepared; see below. It is based on the following assumptions:

- The acquisition of Nordström & Thulin took place on January 1, 1997.
- The share of income in Argonaut reported in the financial statements of Nordström & Thulin has been eliminated.
- Depreciation has been carried out on the reported surplus in the acquisition of Nordström & Thulin.

Adjusted income statement

SEK M	ADJUSTED 1998	FORMAL 1998	ADJUSTED 1997
Vessel operating revenue	1,415	1,415	2,008
Profit on sale of vessels	–	–	77
Voyage costs and			
operating expenses	–800	–800	–1,170
Depreciation	–367	–367	–399
Gross income	248	248	516
Administrative expenses	–92	–92	–129
Items affecting comparability	–	–715	–
Operating income	156	–559	387
Financial items	–113	–113	–192
Income after financial items	43	–672	195
Items affecting comparability	–715	–	–
Minority share	–1	–1	–3
Income before taxes	–673	–673	192

NET ASSET VALUE

Net asset value per share was SEK 10 as of December 31, 1998 (pro forma, including the acquisition of Nordström & Thulin in the consolidated financial statements, on December 31, 1997: SEK 19). The table below summarizes the structure of net asset value.

Deficits are the difference between the book value of each vessel/newbuilding contract and the valuations of vessels and newbuilding contracts that have been carried out. The valuations can be seen on page 29. The remainder of NTA's deficit consists of the difference between market interest rates and obligations according to fixed interest rate swap contracts.

In the valuation of USD-based assets and liabilities, the exchange rate of USD 1 = SEK 8.06 on the balance sheet date (December 31, 1997: SEK 7.87) was used.

Net asset value

SEK M	DEC 31, 1998	PRO FORMA DEC 31, 1997
Shareholders' equity according to balance sheet	2,421	2,922
Deferred tax liability	43	163
Shareholders' equity including deferred tax liability	2,464	3,085
Estimated deficits and surpluses:		
• vessels	-296	926
• newbuilding contracts	-115	-
• other deficits	-65	-476
Net asset value	1,988	4,011
Number of shares	207,608,861	207,608,861
Net asset value:		
SEK/share	10	19
USD/share	1.20	2.40

Change in net asset value, SEK/share

Net asset value, Dec 31, 1997, pro forma		19.30
Change, approximate:		
• income for the year, 1998, excluding items affecting comparability and change in deferred tax liability	0.20	
• change in value of vessels	-9.20	
• change in value of newbuilding contracts	-0.60	
• other changes	-0.10	-9.70
Net asset value, Dec 31, 1998		9.60

BREAK-EVEN LEVELS, 1999

Break-even from an income standpoint includes depreciation, interest expenses and operating expenses. Among operating expenses are provisions for future dry dockings. Depreciation is based on a 25-year service life.

Break-even from a liquidity standpoint includes principal payments, interest payments and operating expenses, which include actual payments the year that dry docking occurs.

The following average freight rates are required for each respective type of vessel in order to achieve break-even from an income and a liquidity standpoint, respectively, during 1999.

Break-even levels, 1999

USD/DAY	INCOME	LIQUIDITY	AVERAGE NET REVENUE 1998
VLCC	22,700	24,400	29,800
ULCC	13,200	13,200	26,000
Suezmax ¹⁾	17,100	18,100	20,300
Aframax	13,700	15,500	15,800

1) Including newbuildings.

SENSITIVITY ANALYSIS

Four important factors that affect the earnings of NTA are freight rates, the USD exchange rate, interest rates and vessel prices.

The following tables illustrate how the full-year income and net asset value of the Group are affected by changes in these factors.

The effects are based on the chartering situation, interest rate exposures, the USD exchange rate and vessel prices at the beginning of 1999.

Impact on income statement, full-year basis

	SEK M	SEK/SHARE
Net revenue, +/- USD 1,000/day		
VLCC/ULCC	+/- 21	+/- 0.10
Suezmax	+/- 10	+/- 0.05
Aframax	+/- 9	+/- 0.04
USD interest rate, +/- 1%	-/+ 6	-/+ 0.03

Impact on net asset value

	SEK M	SEK/SHARE
Exchange rate for USD 1, +/- SEK 0.50	+/- 122	+/- 0.60
Vessel prices including newbuildings, +/- 10%	+/- 530	+/- 2.55

FINANCIAL RISK

Through its international, capital-intensive operations, NTA is exposed to various kinds of financial risk – foreign exchange risk, interest rate risk, credit risk and liquidity and borrowing risks.

These types of risk are managed under a financial policy established by the Board of Directors. The purpose of this policy is to control and minimize financial risks as much as possible.

Foreign exchange risk

NTA's revenues and expenses, as well as assets and liabilities, are mainly USD-based. To illustrate this, a calculation has been made of the Group's adjusted income statement and balance sheet (page 26) in USD terms, as presented in the tables on the next page.

Balance sheet

USD M ¹⁾	DEC 31, 1998 ADJUSTED
Assets	
Vessels	664
Other fixed assets	23
Cash, bank deposits and Short-term investments	99
Other current assets	39
Total assets	825
Shareholders' equity and liabilities	
Shareholders' equity incl. minority share	248
Provisions and Long-term liabilities	498
Current liabilities	79
Total shareholders' equity and liabilities	825

1) SEK 8.06 = USD 1 as of December 31, 1998.

Income statement

USD M ¹⁾	1998 ADJUSTED
Vessel operating revenue	178
Voyage costs and operating expenses	-101
Depreciation	-46
Gross income	31
Administrative expenses	-12
Operating income	19
Financial items	-14
Income after financial items	5
Items affecting comparability	-90
Income before taxes	-85

1) Average 1998 exchange rate: SEK 7.95 = USD 1.

Transaction exposure

This exposure consists of the net amount of NTA's future revenues and payments in USD in relation to SEK, which is the currency of NTA's financial statements. The Company does not hedge any USD surpluses and deficits against SEK.

Translation exposure

This exposure refers to the impact of exchange rate changes in the NTA financial statements when translating the equity of foreign subsidiaries to SEK.

Generally no actions are taken to protect shareholders' equity against exchange rate changes.

Interest rate risk

Interest rate risk refers to the risk of adverse effects on the Group's earnings due to changes in market interest rates.

NTA's interest-bearing liabilities mainly consist of vessel loans. At year-end, these amounted to USD 417 M. The average fixed-interest period is currently about two years. Net interest exposure at year-end was about USD 75 M, or about 18 per cent of outstanding borrowing. Net interest rate exposure is defined as outstanding borrowing minus loans with interest rate swaps and minus liquid assets denominated in USD.

Credit risk

A credit risk occurs in financing operations both in connection with investment of liquid assets and in the form of counterparty risks in derivative transactions. To limit the financial credit risk, the financial policy established by the Board contains a list of approved counterparties and credit limits for these. Financial derivative instruments are used only to achieve the desired interest exposures on net indebtedness.

Liquidity and borrowing risks

Liquidity and borrowing risks refer to the risk that refinancing of loans will be costly or difficult, for example when market values of vessels are declining. In response to these risks, NTA's objective is always to maintain good liquidity as well as relatively long-term borrowing.

As of December 31, 1998, available liquidity amounted to SEK 898 M after subtracting SEK 115 M in restricted funds and confirmed lines of credit amounting to SEK 10 M. NTA's liquidity is invested in bank deposits and treasury bills. The average maturity period of its liquid assets is less than six months.

At year-end, the average maturity period of NTA's interest-bearing vessel loans was about five years.

Financing

Vessel financing occurs mainly via syndicated bank loans.

Collateral for these loans mainly consists of mortgages on the vessels. The loan agreements include terms that are normal for the shipping industry concerning the market value of its vessels compared to loans outstanding, known as minimum value clauses. In addition, there are certain minimum requirements related to NTA's financial position.

TAX SITUATION

The Parent Company's unutilized tax loss carry forwards following the 1999 tax assessment are estimated at about SEK 1,000 M.

MARKET VALUE AND EMPLOYMENT OF VESSELS**Value of vessels**

Prices of VLCCs in the second-hand market fell by an average of about 10–15 percent during 1998. For Suezmax and Aframax vessels, the downturn was more than 30 percent and 40 percent, respectively. Prices of newbuilding contracts declined by about 10–15 percent.

NTA received appraisals from the independent ship brokerage firms of P.F. Bassøe A/S Co, R.S. Platou Ship-brokers a.s. and Seascope Shipping Ltd. The valuations of newbuilding contracts are NTA's own estimates. Based on these valuations, the value of NTA's fleet totaled about USD 657 M or SEK 5,296 M.

It is important to stress that during 1998, there were

only a few sales transactions involving modern tonnage. Valuations therefore varied sharply between different ship-broking firms. During the autumn, for example, only two modern VLCCs were sold, which occurred by means of a forced sale.

Employment

During 1998, the VLCC fleet was mainly employed in the spot market. This also applied to the Suezmax and Aframax fleet.

At the beginning of 1999, 12 percent of the VLCC fleet was chartered out for the year. The corresponding figures for the Suezmax and Aframax fleet were 19 percent and 40 percent, respectively.

Market value and employment of vessels

	DELIVERY	DWT	AVERAGE VALUATION, USD M	EMPLOYMENT	OWNERSHIP %
ULCC					
Kraka	1978	358,000	12.7	spot	100
VLCC					
Argo Athena	1990	286,000	39.7	spot	100
Argo Elektra	1990	286,000	39.3	spot	100
Argo Hebe	1990	286,000	39.3	spot	100
Argo Pallas	1991	286,000	41.4	T/C 05-99	100
Argo Thetis	1992	286,000	43.3	spot	100
Argo Daphne	1992	286,000	43.3	T/C 05-99	100
Argo Medea	1993	286,000	45.1	spot	100
Hull 5123	2000	298,000	72.5		100
Total VLCC fleet		2.300,000	363.9		
SUEZMAX					
Nord Jahre Transporter	1989	142,000	27.8	spot	95
Nord Jahre Target	1990	142,000	29.8	spot	95
Nord Jahre Traveller	1990	142,000	29.8	T/C 10-99	95
Hull 5136 (Nord Hope)	1999	158,000	44.0		100
Hull 5137 (Nord Horn)	1999	158,000	44.0		100
Total Suezmax fleet		742,000	175.4		
AFRAMAX					
Nord Baltic	1986	107,000	16.9	spot	100
Nord Ocean	1986	107,000	16.9	spot	T/C ¹⁾
North Pacific	1986	107,000	16.9	T/C 10-01	100
Nord Jahre Princess	1991	97,000	22.5	T/C 02-02	95
Nord Jahre Progress	1991	97,000	22.5	spot	95
Total Aframax fleet		515,000	95.7		
CAPESIZE					
United Respect	1989	149,000	16.0	spot	T/C ¹⁾
Less outside participations:					
Suezmax and Aframax			-6.6		
Total market value			657.1		

1) NTA has an option to purchase 100 percent of the vessel.

Report of the Directors

The Board of Directors and the President of N&T Argonaut AB (publ) herewith present their Annual Report on the operations of the Group and the Parent Company for 1998.

In connection with the acquisition of Nordström & Thulin AB, the Company's business name was changed from Argonaut AB to N&T Argonaut AB. The abbreviation NTA is used in the text. Comparative figures for 1997 refer to the operations of NTA before the acquisition of Nordström & Thulin AB, which occurred at the beginning of 1998.

EARNINGS AND REVENUE

Income before taxes

During 1998, the income of the NTA Group before taxes amounted to SEK -673 M (SEK 148 M). This included items affecting comparability totalling SEK -715 M (SEK 0 M). The items affecting comparability consisted of a nonrecurring writedown of the book value of vessels amounting to SEK -605 M and the estimated cost of discontinuing dry bulk operations, SEK -110 M. Income from day-to-day operations during the year, excluding items affecting comparability, amounted to SEK 42 M (SEK 148 M).

Nonrecurring writedown of vessel values

Primarily as a consequence of falling prices for newbuildings, market values of tankers declined sharply during 1998. Falling vessel valuations were reflected during the year in a gradual decline in net asset value, which was mentioned in the Company's quarterly reports to the market.

In light of this, the Board of Directors decided to adjust the book value of NTA's fleet downward by USD 75 M or SEK 605 M, thereby adapting the Company's formal accounting to a lower price level. This downward adjustment is being charged to 1998 earnings.

As mentioned above, NTA's net asset value was adjusted continuously during 1998. Consequently, the writedown in book values does not further affect reported net asset value or the adjusted equity/assets ratio. Nor does the writedown affect available liquidity in NTA.

Discontinuation of dry bulk operations

As a consequence of continuing poor prospects for the dry bulk market, it was decided in 1998 to discontinue involvement in this sector. This decision will focus NTA's operations entirely on tankers. The phase-out of the Company's two remaining Capesize vessels is estimated to be concluded in 1999. The cost of discontinuing dry bulk operations is estimated to SEK 110 M and is being reserved for in the 1998 net income.

The income of the NTA Group was distributed as follows:

Income before taxes

SEK M	1998	1997
Tankers	80	76
Dry bulk vessels	-36	-
Profit on sale of vessels	-	55
Other nonrecurring items	-2	17
Income before items affecting comparability and taxes	42	148
Nonrecurring writedown in book values of vessels	-605	-
Discontinuation of dry bulk operations	-110	-
Income before taxes	-673	148

Income after taxes

After reversal of a deferred tax liability of SEK 133 M, the NTA Group's income after taxes during 1998 amounted to SEK -541 M (SEK 144 M).

Revenue

Revenue during 1998 amounted to SEK 1,415 M (SEK 887 M).

CASH EARNINGS

Cash earnings totaled SEK 410 M (1997: SEK 271 M). Cash earnings per share (CEPS) were equivalent to SEK 2.03 (SEK 2.57).

CEPS is defined as income after financial items, excluding profit on sale of vessels and items affecting comparability, plus depreciation and minus taxes paid, divided by the average number of shares outstanding.

NET ASSET VALUE

At the end of 1998, net asset value was estimated at about SEK 10 per share (USD 1.20), compared to SEK 17 (USD 2.20) at the end of 1997. On December 31, 1997, the corresponding pro forma value, including the acquisition of Nordström & Thulin AB, was about SEK 19 (USD 2.40).

Net asset value was based on valuations by the three independent shipbroking firms of P.F. Bassøe AS & Co., R.S. Platou Shipbrokers a.s. and Seascope Shipping Ltd. The valuation of newbuilding contracts is NTA's own estimate.

A change of 10 percent in the market value of the fleet would affect net asset value by about SEK 2.55 (USD 0.30) per share.

During 1998, newbuilding prices fell by 10-15 percent and vessel values in the second-hand market fell by about 30 percent. The main cause of this sharp decline in the value of second-hand tonnage was falling newbuilding prices. In addi-

tion, there is some uncertainty about the trend of freight rates during 1999, due to the increased number of new tanker deliveries that will occur.

It is important to stress that during 1998, there were only a few sales transactions involving modern tonnage. Valuations therefore varied sharply between different shipbroking firms. During the autumn, only a forced sale of two modern VLCCs occurred.

FINANCIAL POSITION

On December 31, 1998, the NTA Group's available liquidity amounted to SEK 898 M (SEK 452 M), including overdraft facilities and confirmed lines of credit totaling SEK 10 M (SEK 0 M) and after subtracting SEK 115 M (SEK 16 M) in restricted funds. At year-end, the visible equity/assets ratio was 38 percent (34 percent). Adjusted equity/assets ratio, which takes into account the market value of the fleet and commitments related to the current newbuilding program, amounted to 30 percent (43 percent).

CAPITAL EXPENDITURES

Group capital expenditures during the year totaled SEK 2,598 M (SEK 190 M), including SEK 1,788 M for the acquisition of Nordström & Thulin AB. The acquisition of Nordström & Thulin was financed mainly by an issue of 17,091,536 new Series A shares and 86,416,718 new Series B shares in N&T Argonaut AB. After the new share issue, the remaining shares have been purchased for an estimated price of SEK 24 M.

In March, NTA acquired the M/T Argo Medea, a VLCC built in 1993, from a company in the World-Wide Shipping group. Consideration was paid in the form of 9,226,259 Series A shares and 19,532,323 Series B shares. The reported acquisition value was SEK 523 M.

During the autumn of 1997, companies in the Argonaut Group, companies in the Nordström & Thulin Group and companies associated with the World-Wide Shipping group jointly signed newbuilding contracts for two identical VLCCs with the Daewoo Shipyard in South Korea, with delivery in the first quarter of the year 2000. The contract reference numbers are Hull 5123 and Hull 5161, respectively. Following the merger between Argonaut and Nordström & Thulin, NTA owned 70 percent of the contract for Hull 5123 and 30 percent of the contract for Hull 5161. The remaining shares were owned by the World-Wide Shipping group. During the period, NTA made partial payments of SEK 64 M for shares in these VLCCs.

In September, NTA and the World-Wide Shipping group swapped shares in the two contracts. As a result, NTA now owns all shares in Hull 5123 and the World-Wide Shipping group owns all shares in Hull 5161. Because these contracts are identical, there was no cash payment between the parties.

In December, NTA acquired the 107,000 dwt Aframax vessel M/T North Pacific, built in 1986, for about USD 20 M. The vessel is long-time-chartered to the Finnish-owned oil group Neste until the end of the year 2001. The time-charter contract returns a satisfactory surplus.

The construction of the two Suezmax vessels is continuing as planned. Delivery is expected to occur during April and May 1999. Delivery of the VLCC newbuilding is expected early in 2000.

DIVESTMENTS

During the first quarter of 1998, the Company sold the dry bulk cargo vessel M/S Nord Sea. This divestment had no effect on earnings but had a positive effect of about SEK 30 M on liquidity.

In addition, NTA sold its holdings in the passenger ferry company EstLine and the Gotland ferries M/S Nord Gotlandia and M/S Graip. The discontinuation of its ferry traffic yielded a capital gain of SEK 16 M and an effect of about SEK 30 M on liquidity. The Group is retaining its previous partial financing of ferries operating on Baltic Sea routes by means of interest-bearing loans plus loan guarantee obligations.

NET REVENUES AND EMPLOYMENT OF VESSELS

During 1998, the NTA fleet was mainly employed in the spot market. Two VLCCs, the Argo Pallas and Argo Daphne, are currently time-chartered out until May 1999 with an option for the charterer to extend the contract for six more months. One Suezmax vessel, the Nord Jahre Traveller, is time-chartered out until October 1999. The Aframax vessels Nord Jahre Princess and North Pacific are chartered out until February 2000 and October 2001, respectively. The other vessels in the NTA fleet are employed in the spot market.

During 1998, the Company's VLCCs underwent maintenance at shipyards and technical upgrading. Meanwhile certain dry dockings were brought forward in time. Compared to a normal year and based on average net revenue, this caused a revenue loss in the range of SEK 25 M during 1998.

Average net revenue

USD/DAY	JAN-DEC 1998	JAN-DEC 1997
VLCC	29,800	33,700
ULCC	26,000	25,200
Suezmax	20,300	21,400 ¹⁾
Aframax	15,800	20,000 ¹⁾
Capesize	10,300	13,000 ¹⁾

1) These vessels, controlled by the Nordström & Thulin Group, were not part of NTA's operations in 1997.

PARENT COMPANY

Revenue during the report period amounted to SEK 858 M (SEK 854 M). Income before taxes was SEK -671 M (SEK 15 M) and after taxes SEK -671 M (SEK 16 M). This income included items affecting comparability totaling SEK -1,100 M. Available liquidity amounted to SEK 73 M (SEK 111 M) at year-end.

THE TANKER MARKET

After a four-year upturn, tanker freight rates fell somewhat during 1998. The downturn during the last four months of the year helped lower average rates during the year to less than during 1997. The reason was slower growth in oil consumption, primarily due to the Asian economic crisis. A somewhat larger global tanker fleet in active service also contributed to the lower rates.

During 1998, average freight rates for VLCCs and Suezmax vessels fell by approximately 5-10 percent and 10-15 percent, respectively. Aframax tonnage suffered a rate

downturn of about 25 percent. The period market for VLCCs and Suezmax tonnage was characterized by continued low activity, and the contracts that were signed were almost exclusively for 6–12 months. For Aframax tonnage, however, the period market was somewhat more active, with contracts for up to two years.

In recent years, world oil consumption has risen by an average of 2.5 percent annually. In the wake of the Asian crisis, this trend slowed abruptly. The upturn was only 0.4 percent in 1998. Above all, consumption declined in Japan and South Korea, two important countries for tanker shipping. Demand during 1998 can be summarized as follows: a strong first half characterized by high oil production and low oil prices, and a second half characterized by falling oil production, but not enough to push up oil prices. Oil shipments declined both in terms of volume and shipping distances.

Newbuilding prices for a VLCC fell during 1998 from about USD 80 M to USD 72 M, for a Suezmax from about USD 52 M to USD 44 M, and for an Aframax from about USD 41 M to USD 35 M. Falling newbuilding prices continued to attract new orders, although at a slower pace than the year before.

During 1998, the global VLCC and Suezmax fleets changed marginally, while Aframax tonnage increased by 7 percent.

TRANSACTIONS WITH CLOSELY ASSOCIATED PARTIES

Companies and trusts closely associated with the Helmut Sohmen family control 22 percent of the capital and 49 percent of the voting power in NTA since the merger in February 1998. Under a charter party negotiated in August 1993, well before the Helmut Sohmen family interests became associated as shareholders of Nordström & Thulin AB, that company chartered in the dry bulk vessel World Nord for a five-year period commencing in January 1995. The charter party provides for a redelivery to the vessel's owners at the end of 1999.

EMPLOYEES AND PERSONNEL EXPENSES

An account is provided in Note 3.

OTHER EVENTS

The merger with Nordström & Thulin AB

The offer to the shareholders of Nordström & Thulin was accepted to such an extent that NTA's holding in Nordström & Thulin amounted to 99.5 percent of the shares and 99.8 percent of the voting power. NTA applied for compulsory redemption of the remaining shares. NTA has now been granted preferential rights to the shares in Nordström & Thulin that are subject to compulsory redemption. This means that NTA is now registered as the owner of all shares in Nordström & Thulin. The compulsory redemption procedure is not expected to be completed until late 1999 at the earliest.

The shares of Nordström & Thulin were delisted from the Stockholm Stock Exchange and the Oslo Stock Exchange on March 31.

After the merger with Nordström & Thulin and the acquisition of the M/T Argo Medea (see "Capital expenditures"), the total number of shares in NTA amount to

207,608,861, divided into 41,385,828 Series A shares and 166,223,033 Series B shares.

Nordström & Thulin is consolidated in the NTA Group's financial statements effective from January 1, 1998.

NTA on the A list

Beginning in September 1997, NTA shares were registered on the O list of the Stockholm Stock Exchange. Since April 29, 1998, these shares have been registered on the A list.

Board of Directors and Management

After the merger with Nordström & Thulin, Board members Ronald Bergman, Anders Lindström and Per Slettengren as well as deputy member Lennart Öquist resigned in connection with the Annual Meeting in April. Elected as new members were John Gray, Stephen Pan and Bo Marking, with Björn Ersman as a deputy member.

Late in 1998, Björn Ersman resigned as Executive Vice President. Johan Klemming was appointed the new Executive Vice President of the Company.

The work of the Board

During 1998, the Board made decisions at its regular meetings and through written confirmations.

At its meeting in December 1998, the Board adopted a work program, which states among other things that the Board will meet at least three times per year. The program also provides rules on the participation of deputy members in the Board's work. At the same meeting, the Board also adopted a written instruction for the President and CEO.

The Board has not established special committees.

The important matters that the Board dealt with during 1998 are largely presented in this Report of the Directors and elsewhere in the Annual Report.

Year 2000 readiness disclosure

Over a long period, NTA has analyzed how to manage the problems that the transition to the year 2000 will involve for all computerized equipment, especially on board the Company's vessels. All systems that are essential to operating safety will be year 2000-ready and tested before the summer of 1999. In addition, the Company has developed an emergency plan for unforeseeable events in connection with the millennium shift.

The Group's work in providing information to the stock market will not be affected by the millennium shift.

PROPOSED ALLOCATION OF EARNINGS

According to the consolidated balance sheet, the Group's accumulated deficit as of December 31, 1998 amounted to SEK 608,409 K. No provisions to restricted reserves are proposed in the consolidated accounts.

The Board of Directors and the President propose that the accumulated deficit in the Parent Company, SEK 654,489,857, be withdrawn from the statutory reserve.

PROPOSED DIVIDEND FOR 1998

NTA's Board of Directors proposes to the Annual Meeting that no dividend be paid for the 1998 financial year.

EVENTS AFTER THE END OF THE FINANCIAL YEAR**Vessel depreciation period is extended**

In February 1999, the Board of Directors decided to extend the depreciation period for NTA's vessels from 20 to 25 years. This better reflects their economic and technical service life. Several shipping companies are already applying this longer depreciation period. The change, taken together with the nonrecurring writedown in vessel values, is expected to result in an improvement in NTA's operating income in the range of about SEK 140 M for 1999 and about SEK 150 M annually thereafter, when all newbuildings have been delivered.

OUTLOOK FOR THE FUTURE

Continued low oil prices are expected to have a positive effect on global oil trade. Low oil prices are having an impact on the many low-production oil wells in such countries as the United States and Canada, where the cost of production is currently higher than the market price. As a consequence, many wells are being closed in those countries that have high production costs. Equivalent oil must also be obtained from other more remote areas. These longer distances increase the need for shipping capacity.

On the supply side, a large number of VLCCs and Suezmax vessels will reach the critical age of 25 years, when vessels must undergo an extensive classification. The shipping company must then decide either on major investments to extend vessel service life by five years or decide on scrapping. During the next four years, 163 VLCCs and 100

Suezmax vessels will reach the age of 25 years. This is equivalent to 35–40 percent of the existing fleet.

Counterbalancing this are the short-term threats of an agreement within OPEC on production restrictions aimed at raising oil prices, plus the growing orderbook at shipyards. At year-end 1998, the orderbook for VLCCs amounted to approximately 20 percent of the existing fleet, while the corresponding figure for Suezmax and Aframax vessels was 17 percent.

EARNINGS IN 1999

There is a positive tone in the tanker market in early 1999, with first quarter freight rates being about 10 percent above the average freight rate during 1998 for NTA's VLCC fleet. Turbulence in the freight market later during the year cannot be ruled out, however.

The Board's decision to extend the depreciation period for the Company's vessels from 20 to 25 years is expected to yield an improvement of about SEK 140 M in NTA's reported operating income for 1999.

The merger between Argonaut and Nordström & Thulin is expected to provide a cost saving of about SEK 25 M during 1999.

Otherwise the reader is referred to the following balance sheets and income statements plus notes and statements of changes in financial position, which are an integral part of this annual report.

Stockholm, February 23, 1999



Helmut Sohmen
Chairman



John Gray



Bo Marking



Stephen Pan



Lars Trane



Anders Berg
President and CEO

Balance sheets

SEK K	NOTE	GROUP		PARENT COMPANY	
		1998	1997	1998	1997
ASSETS					
Fixed assets					
Tangible fixed assets					
Buildings	9	28,406	–	–	–
Vessels	10	4,351,805	2,337,211	–	–
Equipment	11	5,576	2,045	2,194	2,034
Advance payments on vessel contracts	12	455,592	189,497	–	–
Total tangible fixed assets		4,841,379	2,528,753	2,194	2,034
Financial fixed assets					
Holdings in Group companies	13	–	–	1,522,828	660,780
Receivables from Group companies	14	–	–	1,351,800	1,167,582
Holdings in and receivables from associated companies	15	17,413	37,870	–	–
Other long-term securities holdings	16	3,582	3,570	3,570	3,570
Other long-term receivables	17	128,362	72	150	71
Total financial fixed assets		149,357	41,512	2,878,348	1,832,003
Total fixed assets		4,990,736	2,570,265	2,880,542	1,834,037
Current assets					
Inventories etc.					
Inventories		18,761	21,733	14,553	21,733
Voyages in progress		71,872	81,065	59,653	81,065
Total inventories etc.		90,633	102,798	74,206	102,798
Current receivables					
Accounts receivables		29,825	10,944	26,482	10,420
Receivables from Group companies		–	–	41,033	43,551
Receivables from associated companies		1,608	–	–	–
Other receivables		124,473	37,603	30,153	36,670
Prepaid expenses and accrued income		71,599	5,253	33,751	3,205
Total current receivables		227,505	53,800	131,419	93,846
Short-term investments	19	9,718	–	–	–
Cash and bank deposits	18, 19	992,180	466,864	177,541	126,478
Total current assets		1,320,036	623,462	383,166	323,122
Total assets		6,310,772	3,193,727	3,263,708	2,157,159

SEK K	NOTE	GROUP 1998	GROUP 1997	PARENT COMPANY 1998	PARENT COMPANY 1997
SHAREHOLDERS' EQUITY					
AND LIABILITIES					
Shareholders' equity	20				
Restricted equity					
Share capital		519,022	263,170	519,022	263,170
Restricted reserves/Legal reserve		2,510,059	954,101	2,330,242	752,130
Total restricted equity		3,029,081	1,217,271	2,849,264	1,015,300
Unrestricted equity					
Accumulated losses/profit brought forward		-67,586	-274,192	16,080	-
Net profit/loss for the year		-540,823	144,215	-670,570	16,080
Total unrestricted equity		-608,409	-129,977	-654,490	16,080
Total shareholders' equity		2,420,672	1,087,294	2,194,774	1,031,380
Liabilities					
Provisions					
Provisions for pensions, FPG/PRI		42,448	-	-	-
Other provisions for pensions	23	39,112	-	-	-
Deferred tax liability		42,629	-	-	-
Total provisions		124,189	-	-	-
Long-term liabilities					
Long-term liabilities to credit institutions	21	2,870,156	1,700,461	-	-
Other long-term liabilities		247,519	75,741	-	-
Long-term liabilities to Group companies		-	-	322,000	-
Minority share		7,070	-	-	-
Total long-term liabilities		3,124,745	1,776,202	322,000	-
Current liabilities					
Current liabilities to credit institutions		222,572	158,482	-	-
Accounts payable		56,319	41,973	8,306	18,855
Current liabilities to Group companies		-	-	590,733	1,006,962
Tax liabilities		50,646	51,989	50,646	48,778
Other current liabilities		43,695	595	9,583	387
Accrued expenses and prepaid income	22	267,934	77,192	87,666	50,797
Total current liabilities		641,166	330,231	746,934	1,125,779
Total liabilities		3,890,100	2,106,433	1,068,934	1,125,779
Total shareholders' equity and liabilities		6,310,772	3,193,727	3,263,708	2,157,159
Assets pledged					
	23	3,710,176	1,907,250	105,141	15,936
Contingent liabilities					
	23	555,780	-	2,149,995	1,858,943

Income statements

SEK K	NOTE	GROUP		PARENT COMPANY	
		1998	1997	1998	1997
Net sales					
Vessel operating revenue	1	1,415,043	886,781	857,633	853,940
Profit on sale of vessels	2	–	55,585	19,800	–
Vessel expenses					
Voyage costs	2	-322,881	-220,947	-195,349	-211,185
Operating expenses	2	-476,513	-253,457	-706,192	-641,931
Depreciation on vessels	10	-367,400	-182,070	–	–
Gross income		248,249	285,892	-24,108	824
Administrative expenses	3, 4	-92,653	-30,005	-52,089	-22,510
Items affecting comparability	5	-715,000	–	-1,100,000	–
Operating income		-559,404	255,887	-1,176,197	-21,686
Income from financial investments					
Income from participations in Group companies	6	12,658	–	539,521	92,946
Income from other receivables related to Group Companies		–	–	–	16,635
Income from other receivables and securities		30,663	17,105	103	47
Other interest income and similar income items		54,068	23,110	9,345	5,320
Interest expenses and similar expense items	7	-210,472	-148,549	-43,342	-78,126
Income after financial items		-672,487	147,553	-670,570	15,136
Minority share in income for the year		-906	34	–	–
Income before taxes		-673,393	147,587	-670,570	15,136
Taxes on income for the year		–	-3,372	–	944
Change in deferred tax liability	8	132,863	–	–	–
Other taxes		-293	–	–	–
Income for the year		-540,823	144,215	-670,570	16,080

Statements of changes in financial position

SEK K	GROUP		PARENT COMPANY	
	1998	1997	1998	1997
Operating income before depreciation and items affecting comparability excluding profit on sale of vessels	525,532	382,568	-95,137	-21,503
Net interest income	-128,625	-118,414	-1,561	-10,970
Foreign exchange differences	3,167	-	-32,085	-46,516
Other financial items	-412	-7,025	-351	-685
Dividends on shares	12,787	17,105	449,076	70,993
Taxes	132,570	-3,372	-	944
Minority share	-906	34	-	-
Cash earnings before changes in working capital	544,113	270,896	319,942	-7,737
Change in inventories	9,001	3,955	7,180	2,665
Change in voyages in progress	9,193	-51,857	21,412	-53,305
Change in current receivables	22,053	-2,436	-37,573	-19,141
Change in current liabilities	-13,114	-31,971	-378,845	925,961
Cash earnings before investments	571,246	188,587	-67,884	848,443
Investments in subsidiaries	-800,385	-	-	-
Investments in vessel contracts	-69,960	-	-	-
Investments in vessels	-697,931	-189,497	-522,720	-
Investments in equipment	-3,640	-154	-1,020	-154
Investments in shares	-	-750	-1,788,110	-800
Sale of shares etc.	-	450	381,610	450
Sale of vessels	492,020	105,536	542,520	-
Sale of equipment	1,485	-	-	-
Change in long-term receivables	181,383	-37,846	-649,297	-793,324
Cash earnings after investments	-325,782	66,326	-2,104,901	54,615
New share issue	1,833,964	-	1,833,964	-
Change in loans outstanding	-729,636	-157,399	-	-
Change in long-term liabilities	-228,745	75,741	322,000	-2,000
Translation differences	-14,767	43,536	-	-
Change in liquid assets	535,034	28,204	51,063	52,615

Accounting principles and notes

CONSOLIDATED AND PARENT

COMPANY FINANCIAL STATEMENTS

Where amounts are given in the running text, a figure before a parenthesis refers to the 1998 financial statements and figures in parentheses refers to the 1997 financial statements. Where not otherwise indicated, amounts are in thousands of Swedish kronor (SEK K). In translating USD amounts, the exchange rate of SEK 8.06 on the balance sheet date and the average rate of SEK 7.95 per USD 1 have been used.

ACCOUNTING PRINCIPLES

The Company follows the regulations in the Swedish Annual Accounts Act (1995:1554) as well as the recommendations of the Swedish Financial Accounting Standards Council.

Valuation principles etc.

Assets and liabilities have been valued at acquisition values, unless otherwise stated below.

Inventories

Inventories have been valued according to Recommendation RR 2 of the Swedish Financial Accounting Standards Council concerning the reporting of inventories and have been booked according to the first-in first-out (FIFO) principle at acquisition value or net realizable value, whichever was lower.

Voyages in progress

Voyages in progress on the balance sheet date are valued at estimated freight revenue less estimated voyage costs, then income is distributed between respective years in proportion to the number of sailing days during each year.

Receivables

After individual valuations, receivables have been booked at the amounts expected to be received.

Dry docking expenses

Allocations are made for projected future dry docking expenses.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies have been translated to Swedish kronor according to the exchange rates prevailing on the balance sheet date, in compliance with Recommendation No. 7 of the Swedish Accounting Standards Board. Exchange rate differences on short-term receivables and liabilities are included in operating income, while differences in financial receivables and liabilities are reported among financial items.

Unrealized exchange gains on long-term receivables and liabilities are allocated in the accounts of Swedish-based

Group companies in a foreign exchange reserve. In the consolidated accounts, foreign exchange differences on long-term receivables and liabilities between Group companies are reported as part of shareholders' equity.

As of December 31, 1998, the Company had no future contracts outstanding in foreign currencies.

Newbuilding contracts

Newbuilding contracts are reported at amounts equivalent to construction expenditures plus interest on invested capital.

Depreciation principles for fixed assets

In keeping with the recommendation issued by the Swedish Shipowners' Association concerning depreciation of vessels, the Company depreciates its vessels taking into account their estimated service life. Through 1998, depreciation occurred over a 20-year period, equivalent to an annual depreciation of 5 percent. In February 1999, the Board of Directors decided to extend the depreciation period to 25 years, equivalent to an annual depreciation of 4 percent. This better reflects the economic service life of the Company's vessels. A number of shipping companies are already applying this longer depreciation period.

Depreciation is based on acquisition value minus an estimated scrap value (USD 100 per ton of scrap).

Equipment is depreciated at 20 percent annually.

Buildings are depreciated at 2 percent annually.

Principles of consolidation

The Company follows Recommendation RR 1:96 of the Swedish Financial Accounting Standards Council. The consolidated financial statements include those companies in which the Parent Company directly or indirectly holds shares equivalent to more than 50 percent of voting power.

The balance sheets and income statements of foreign subsidiaries have been translated to Swedish kronor according to the current method of accounting. This means that all items in the balance sheets have been translated at the exchange rates prevailing on the balance sheet date and all items in the income statements at the average exchange rate for the year. Translation differences that arise are reported directly as part of shareholders' equity in the balance sheet.

In the consolidated balance sheet, untaxed reserves are apportioned between restricted equity and deferred taxes to the extent there are no loss carry forwards against which to offset withdrawals from untaxed reserves.

Associated companies

Companies in which the Group has a shareholding equivalent to between 20 and 50 percent of voting power are

classified in the financial statements as associated companies.

The Company applies the equity method of accounting. Under this method, shares in associated companies are reported at acquisition cost, plus or minus the value of the Group's share in the income of these associated companies. Shares in profits earned after acquisition of associated companies, which have not yet been realized by means of dividends, are allocated to the equity reserve, which is part of the Group's restricted equity.

Financial leasing contracts

The Company applies Recommendation RR 6 of the Swedish Financial Accounting Standards Council on the reporting of leasing agreements. Vessels controlled through contracts that are classified as financial leasing contracts are reported in the balance sheet under the heading "Vessels" and the commitment to pay future leasing charges under the heading "Other liabilities."

At the beginning of the leasing period, the vessel is reported in the balance sheet at its net realizable value, or at the current value of the leasing charges according to the contract if these are lower. The vessel is depreciated according to the above-described principles of depreciation. At the beginning of the leasing period, an amount as large as the vessel's reported asset value is reported as a liability. The leasing charge reduces the reported liability, after subtracting interest.

The finance charge, or interest, consists of the difference between the sum of the agreed leasing charges and the reported liability. Interest is allocated over the life of the contract in such a way that for each reporting period, an amount is charged that corresponds to the actual interest expense calculated on the basis of the liability reported during each respective period.

In the statement of changes in financial position, transactions related to financial leasing contracts have not been included in cash earnings.

NOTE 1. VESSEL OPERATING REVENUE OF THE GROUP

	1998	1997
Chartered tonnage	324,497	–
Spot market tonnage	1,073,982	883,507
Other vessel operating revenue	16,564	3,274
	1,415,043	886,781

NOTE 2. PURCHASES AND SALES BETWEEN GROUP COMPANIES

A capital gain of 19,800 (–) on the sale of a vessel arose in the Parent Company when it sold the vessel to a Group company. The Parent Company's voyage costs included agent fees of 4,461 (–) to Group companies, and its operating expenses included charter hires of 706,610 (657,161) to Group companies.

NOTE 3. EMPLOYEES AND PERSONNEL EXPENSES

Average number of employees

	1998	OF WHOM, MEN	1997	OF WHOM, MEN
Parent Company, Sweden	39	18	18	11
Subsidiaries, Sweden	37	23	4	1
Subsidiaries, Luxembourg	1	1	–	–
Group total	77 ¹⁾	42	22	12

1) At year-end, the number of employees was 50.

Wages, salaries, other remuneration and payroll fees

	1998	1998	1997	1997
	WAGES, SALARIES AND OTHER REMUNERATION	PAYROLL FEES	WAGES, SALARIES AND OTHER REMUNERATION	PAYROLL FEES
<i>Parent Company</i>				
Board	798		325	
(of which, Chairman of the Board)	(–)		(75)	
President and Executive Vice President	4,874		1,564	
Other employees	23,120		6,846	
Payroll fees		14,973		6,390
(of which, supplementary pension expenses)		(8,845)		(2,771)
<i>Subsidiaries</i>				
President	228			
Other employees	17,868		952	
Payroll fees		18,593		387
(of which, supplementary pension expenses)		(12,194)		(49)
Group total	46,888	33,566	9,687	6,777

Of the Parent Company's supplementary pension expenses, 922 (1,090) were related to the category Board, President and Executive Vice President, and in subsidiaries 3,772 (–). The Company's outstanding pension commitments to these persons amounted to 0 (–) and in subsidiaries 17,372 (–). No bonuses were paid.

Of wages, salaries and other remuneration in subsidiaries, 395 (–) was related to an employee in Luxembourg. Payroll fees of 45 (–) were paid on this remuneration.

President and CEO

The current President and CEO assumed his position on February 18, 1998. He received a salary of 3,112. Aside from pension benefits according to the ITP occupational pension plan for salaried employees in industry, he is entitled, or may be obliged if so requested, to retire at age 60 with 75 percent of his salary as a pension until age 65. After he turns 65, his pension would be 60 percent of his final salary. The President and CEO is also entitled to an unchanged salary for five years, but only until his retirement, if his employment ends due to dismissal by the employer. In other cases, no severance pay will be disbursed. During this period, he is obliged to subtract income received from another employer.

The former Executive Vice President

The former Executive Vice President has a contract with 18 months notice of dismissal from the Company.

NOTE 4. DEPRECIATION

Administrative expenses included depreciation on buildings and equipment totaling:

	1998	1997
Group	2,517	196
Parent Company	366	183

NOTE 5. ITEMS AFFECTING COMPARABILITY

	GROUP 1998	GROUP 1997	PARENT COMPANY 1998	PARENT COMPANY 1997
Writedown of shares in Group company	–	–	635,000	–
Writedown of receivables from Group company	–	–	465,000	–
Writedown of tankers	604,500	–	–	–
Discontinuation of dry bulk operations	110,500	–	–	–
	715,000	–	1,100,000	–

NOTE 6. INCOME FROM FINANCIAL INVESTMENTS

	GROUP 1998	GROUP 1997	PARENT COMPANY 1998	PARENT COMPANY 1997
<i>Income from holdings in Group companies</i>				
Dividends	–	–	448,973	70,946
Discontinuation of Group companies	12,658	–	90,548	–
Reversals of writedowns	–	–	–	22,000
	12,658	–	539,521	92,946
<i>Income from other receivables in Group companies</i>				
Interest income from Group companies	–	–	–	14,635
Reversals of writedowns	–	–	–	2,000
	–	–	–	16,635
<i>Income from other securities and receivables classified as long-term assets</i>				
Capital gains	12,314	–	–	–
Dividends	129	17,105	103	47
Interest income	18,196	–	–	–
Foreign exchange differences	24	–	–	–
	30,663	17,105	103	47
<i>Other interest income and similar income items</i>				
Other interest income	49,365	23,110	9,241	5,320
Foreign exchange differences	4,452	–	–	–
Other financial income	251	–	104	–
	54,068	23,110	9,345	5,320
<i>Interest expenses and similar expense items</i>				
Interest expenses from Group companies	–	–	–13,827	–11,986
Other interest expenses	–208,751	–141,524	–14,076	–19,128
Foreign exchange differences, Group companies	–	–	–15,087	–46,516
Other foreign exchange differences	–1,309	–	–	–
Other items	–412	–7,025	–352	–496
	–210,472	–148,549	–43,342	–78,126

NOTE 7. INTEREST EXPENSES AND SIMILAR EXPENSE ITEMS

"Other interest expenses" included the estimated interest portion of the year's pension expenses. This interest expense is 4.9 percent of average liability for FPG/PRI pensions and 3.0 percent for other pensions. The interest expense in the consolidated financial statements was 3,135 (–). In 1997, the corresponding interest expense was reported in the accounts of the N&T Group, which was acquired on January 1, 1998.

NOTE 8. TAXES

The taxes reported in the consolidated financial statements consisted of the change in deferred tax liability resulting from the year's appropriations in the financial statements of Group companies as well as depreciation and writedowns of surplus values in the consolidated financial statements. In addition, taxes were paid on reported shareholders' equity in foreign subsidiaries.

The Parent Company's unutilized tax loss carry forwards following the 1999 tax assessment are estimated at about SEK 1 billion.

NOTE 9. BUILDINGS, GROUP

	1998	1997
<i>Accumulated acquisition value</i>		
On January 1	–	–
Acquisition of N&T Group	32,807	–
	32,807	–
<i>Accumulated depreciation</i>		
On January 1	–	–
Acquisition of N&T Group	–3,745	–
Depreciation for the year	–656	–
	–4,401	–
Residual value on December 31	28,406	–
Assessed value, tax purposes	14,018	–

NOTE 10. VESSELS, GROUP

	1998	1997
<i>Accumulated acquisition value</i>		
On January 1	3,476,707	3,160,583
Acquisition of N&T Group	3,591,967	–
Investments	697,931	–
Divestments	–933,061	–141,815
Translation differences for the year	152,881	457,939
	6,986,425	3,476,707
<i>Accumulated depreciation</i>		
On January 1	–1,139,496	–911,712
Acquisition of N&T Group	–1,075,255	–
Divestments	441,041	91,156
Depreciation for the year	–367,400	–182,070
Writedown	–446,524	–
Translation differences for the year	–46,986	–136,870
	–2,634,620	–1,139,496
Residual value on December 31	4,351,805	2,337,211

As of December 31, 1998, vessels reported according to Recommendation RR 6 of the Swedish Financial Accounting Standards Council on reporting of leasing contracts represented a total of 301,227 (–) including surpluses in the consolidated financial statements in the balance sheet under the item "Vessel", with 243,489 (–) under the item "Other long-term liabilities" and with 23,089 (–) under the item "Other current liabilities".

NOTE 11. EQUIPMENT

	GROUP 1998	GROUP 1997	PARENT COMPANY 1998	PARENT COMPANY 1997
<i>Accumulated acquisition value</i>				
On January 1	3,417	3,263	3,275	3,121
Acquisition of N&T Group	28,775	–	–	–
New acquisitions	3,640	154	1,020	154
Divestments and disposals	–14,548	–	–1,253	–
	21,284	3,417	3,042	3,275
<i>Accumulated depreciation</i>				
On January 1	–1,372	–1,176	–1,241	–1,058
Acquisition of N&T Group	–25,519	–	–	–
Divestments and disposals	13,044	–	759	–
Depreciation for the year	–1,861	–196	–366	–183
	–15,708	–1,372	–848	–1,241
Residual value on December 31	5,576	2,045	2,194	2,034

NOTE 12. ADVANCE PAYMENTS ON VESSEL CONTRACTS

The Group has a VLCC of approximately 300,000 dwt as well as two Suezmax vessels of 158,000 dwt apiece on order. The Suezmax vessels will be delivered during April and May 1999 and the VLCC early in 2000.

During 1998, partial payments of USD 8.0 M were made and interest expenses of USD 2.1 M were capitalized on the VLCC. During the same year, partial payments of USD 0.6 M were made and interest expenses of USD 2.9 M were capitalized on the Suezmax vessels.

The remaining contract payments amount to 387,847 (equivalent to USD 48.1 M) for the VLCC and 511,004 (equivalent to USD 63.4 M) for the Suezmax vessels. Due to falling newbuilding prices, these newbuilding contracts were written down by 189,410 (equivalent to USD 23.5 M) in the 1998 financial statements.

NOTE 13. HOLDINGS IN GROUP COMPANIES

	CORPORATE IDENTITY NUMBER	REGISTERED OFFICE	NUMBER OF PARTICIPATIONS	STAKE, PERCENT	BOOK VALUE DEC 31, 1998	BOOK VALUE DEC 31, 1997
<i>Subsidiaries</i>						
Nordström & Thulin AB	556171-0632	Stockholm	81,006,401	100	1,153,110	–
Argonaut Finance Ltd		Monrovia	3,000	100	367,422	367,422
Argonaut AB	556323-1728	Stockholm	20,000	100	2,000	2,000
Argo Kraka Shipping Ltd		Monrovia	3,000	100	196	196
Förvaltnings AB Ekan	556263-0078	Stockholm	1,000	100	100	100
Nemeth LLC		Douglas	1	0	0	–
Companies liquidated in 1998					–	291,062
					1,522,828	660,780

	CORPORATE IDENTITY NUMBER	REGISTERED OFFICE	NUMBER OF PARTICIPATIONS	STAKE, PERCENT
<i>Subsidiaries of subsidiaries</i>				
Argonaut JV1 Ltd		Monrovia	500	100
Argonaut Shipping Pte Ltd		Singapore	236,500,000	100
Argo Athena Pte Ltd		Singapore	500,000	100
Argo Elektra Pte Ltd		Singapore	500,000	100
Argo Hebe Pte Ltd		Singapore	500,000	100
Argo Pallas Pte Ltd		Singapore	500,000	100
Argo Thetis Pte Ltd		Singapore	500,000	100
Argo Daphne Pte Ltd		Singapore	500,000	100
Argo Medea Pte Ltd		Singapore	500,000	100
Hautval Enterprises		Luxembourg	300	100
Nordström & Thulin International AB	556048–8867	Stockholm	16,000	100
Nordström & Thulin Rederiagentur AB	556041–0275	Stockholm	6,000	100
Nordthulin Luxembourg S.A.		Luxembourg	400,000	100
CI Shipping Pte Ltd		Singapore	500,000	100
Marinvest Shipping Singapore Pte Ltd		Singapore	12,500,000	100
Nordstrom & Thulin Singapore Pte Ltd		Singapore	500,000	100
Pei Shipping Pte Ltd		Singapore	500,000	100
South Marine Pte Ltd		Singapore	500,000	100
Optinvest S.A.		Luxembourg	500,000	100
Cardle Cliff Shipping Ltd		Monrovia	–	100
Kensington International Co		Monrovia	–	100
Nord Jahre Tankers Ltd		Hamilton	950	95
Fjord Princess Co Ltd		Monrovia	–	95
Fjord Progress Co Ltd		Monrovia	–	95
Fjord Venture Co		Monrovia	–	95
Park Transport Co		Monrovia	–	95
Park Pacific Co Inc		Monrovia	–	95
Oceanic Marine Maritime Ltd		Monrovia	–	100
Prominent Trading Ltd		Monrovia	499	100
Reephram Shipping Inc		Monrovia	500	100
Rederi AB RM Marinvest	556243-8282	Stockholm	5,280,000	100
Rederi AB Roslagen	556003-2764	Stockholm	3,480	100
Rederi AB Skeppsbron	556041-0119	Stockholm	3,000	100
Nemeth LLC		Douglas	999	100

Change in value, holdings in Group companies by Parent Company

	1998	1997
<i>Accumulated acquisition value</i>		
On January 1	660,780	660,730
Purchases and increases in share capital	1,788,110	50
Liquidations and decreases in share capital	–291,062	–
	2,157,828	660,780
<i>Accumulated depreciation</i>		
Writedowns on January 1	0	–22,000
Writedowns/recoveries for the year	–635,000	22,000
	–635,000	0
Book value on December 31	1,522,828	660,780

NOTE 14. RECEIVABLES FROM GROUP COMPANIES, PARENT COMPANY

	1998	1997
<i>Accumulated acquisition value</i>		
On January 1	1,167,582	372,233
Receivables added	649,218	1,167,582
Receivables settled	–	–372,233
	1,816,800	1,167,582
<i>Accumulated depreciation</i>		
On January 1	0	–2,000
Writedowns/recoveries for the year	–465,000	2,000
	–465,000	0
Book value on December 31	1,351,800	1,167,582

NOTE 15. HOLDINGS IN AND RECEIVABLES FROM ASSOCIATED COMPANIES, GROUP

	1998	1997
<i>Accumulated acquisition value</i>		
On January 1	37,870	–
Acquisition of N&T Group, holdings	456,289	–
Acquisition of N&T Group, receivables	15,598	–
Receivables added	–	37,870
Withdrawal of shares in N&T Argonaut AB	–437,740	–
Holdings divested	–18,288	–
Receivables settled	–37,870	–
Equity reserve for the year's income in associated companies	10	–
Translation differences for the year	1,544	–
	17,413	37,870

Specification of holdings in associated companies

	SHAREHOLDERS' EQUITY	STAKE, PERCENT	VALUE IN GROUP
Empremare Shipping Co Ltd	1,261	22	278

NOTE 16. OTHER LONG-TERM SECURITIES HOLDINGS

	GROUP 1998	GROUP 1997	PARENT COMPANY 1998	PARENT COMPANY 1997
<i>Accumulated acquisition value</i>				
On January 1	3,570	3,270	3,570	3,270
Shares included in N&T Group	12	–	–	–
Assets added	–	850	–	850
Assets subtracted	–	–550	–	–550
	3,582	3,570	3,570	3,570

Specification of securities, Group

	NUMBER	PAR VALUE	BOOK VALUE
Barium Shipping KB	–	–	–
OM Gruppen AB	32,340	65	59
Ullna Golf AB	1,900	190	273
Cooperative apartments	–	–	3,250
			3,582

Specifications of securities, Parent Company

	NUMBER	PAR VALUE	BOOK VALUE
Barium Shipping KB	–	–	–
OM Gruppen AB	25,740	51	47
Ullna Golf AB	1,900	190	273
Cooperative apartments	–	–	3,250
			3,570

NOTE 17. OTHER LONG-TERM RECEIVABLES, GROUP

	1998	1997
On January 1	72	96
Long-term receivables included in N&T Group	238,604	–
Receivables added	22,233	–
Receivables settled	–467	–24
Subtracted from purchase price of acquired vessel	–78,700	–
Transferred to current portion	–55,090	–
Translation differences for the year	1,710	–
	128,362	72

NOTE 18. OVERDRAFT FACILITIES

	GROUP 1998	GROUP 1997	PARENT COMPANY 1998	PARENT COMPANY 1997
Overdraft facilities utilized	–	–	–	–
Overdraft facilities granted	10,500	500	500	500

NOTE 19. AVAILABLE LIQUID ASSETS, GROUP

	CHANGE DURING 1998	POSITION DEC 31, 1998	POSITION DEC 31, 1997
Current assets			
Cash and bank deposits	525,316	992,180	466,864
Short-term investments	9,718	9,718	–
Total bank balances and investments	535,034	1,001,898	466,864
Subtracted according to Note 23			
Assets pledged			
Cash and bank deposits	–89,205	–104,945	–15,740
Short-term investments	–9,718	–9,718	–
Total assets pledged	–98,923	–114,663	–15,740
Available assets	436,111	887,235	451,124
Plus			
Unutilized overdraft facilities	10,000	10,500	500
Available assets, including overdraft facilities	446,111	897,735	451,624

NOTE 20. SHAREHOLDERS' EQUITY

	SHARE CAPITAL	RESTRICTED RESERVES	UNRESTRICTED RESERVES
<i>Parent Company</i>			
On January 1	263,170	752,130	16,080
New share issue, reduction of share capital	255,852	1,578,112	–
Income for the year	–	–	–670,570
On December 31	519,022	2,330,242	–654,490
<i>Group</i>			
On January 1	263,170	954,101	–129,977
New share issue, reduction of share capital	255,852	1,578,112	–
Transfer between restricted and unrestricted equity	–	–69,723	69,723
Translation differences for the year	–	47,569	–7,332
Income for the year	–	–	–540,823
On December 31	519,022	2,510,059	–608,409

SHARE CAPITAL, PARENT COMPANY	NUMBER OF SHARES	PAR VALUE	VOTING POWER
Series A	41,385,828	103,464,570	413,858,280
Series B	166,223,033	415,557,582	166,223,033
Total, December 31, 1998	207,608,861	519,022,152	580,081,313

NOTE 21. LONG-TERM LIABILITIES TO CREDIT INSTITUTIONS, GROUP

	1998	1997
Maturity date: 1–5 years from balance sheet date	681,060	614,401
Maturity date: more than 5 years from balance sheet date	2,189,096	1,086,060
	2,870,156	1,700,461

All of the Group's loans are in USD. Vessel loans carry borrowing terms that are normal in the shipping industry, including minimum value clauses.

NOTE 22. ACCRUED EXPENSES AND PREPAID INCOME

	GROUP 1998	GROUP 1997	PARENT COMPANY 1998	PARENT COMPANY 1997
Interest expenses	71,871	32,292	41,743	35,188
Voyage costs	64,180	11,588	26,001	11,588
Dry docking expenses	28,753	22,747	–	–
Other items	103,130	10,565	19,922	4,021
	267,934	77,192	87,666	50,797

NOTE 23. ASSETS PLEDGED AND CONTINGENT LIABILITIES

	GROUP 1998	GROUP 1997	PARENT COMPANY 1998	PARENT COMPANY 1997
Assets pledged				
Vessel mortgages	3,334,528	1,858,943	–	–
Chattel mortgages	15,000	–	–	–
Shares	219,456	32,567	196	196
Endowment insurance for pension obligations	26,529	–	–	–
Short-term investments	9,718	–	–	–
Cash and bank deposits	104,945	15,740	104,945	15,740
	3,710,176	1,907,250	105,141	15,936
Contingent liabilities				
Contingent liabilities for subsidiaries	–	–	1,741,514	1,858,943
Other contingent liabilities	555,780	–	408,481	–
	555,780	–	2,149,995	1,858,943

A contingent liability of 849 (–) to FPG is included in "Other contingent liabilities".

Auditors' report

To the Annual Meeting of Shareholders in N&T Argonaut AB (publ.), Swedish corporate identity number 556226-6477.

We have examined the Parent Company and consolidated financial statements, the accounts and the administration of the Board of Directors and the President of N&T Argonaut AB for 1998. These accounts and the administration of the Company are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion on the financial statements and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. These standards require that we plan and perform the audit to obtain reasonable assurance that 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 their application by the Board of Directors and the President, as well as evaluating the overall presentation of information in the financial statements. We examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the possible liability to the Company of any Board member or the President, or whether they have in some other way acted in contravention of the Swedish Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The Parent Company and consolidated financial statements have been prepared in accordance with the Annual Accounts Act. We consequently recommend

that the income statements and the balance sheets of the Parent Company and the Group be adopted, and that the loss in the Parent Company be dealt with in accordance with the proposal in the Report of the Directors.

In our opinion, the Board members and the President have not committed any act, or been guilty of any omission, which could give rise to any liability to the Company. We therefore recommend

that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, March 2, 1999



Carl Lindgren
Authorized Public Accountant



Caj Nackstad
Authorized Public Accountant



Share data and ownership structure

SHARES

NTA has two types of shares, Series A shares and Series B shares. Each Series A share represents ten votes and each Series B share one vote. All shares are entitled to an equal portion of the Company’s assets and income. Each share has a par value of SEK 2.50.

SHARE STRUCTURE

	NUMBER	SHARE CAPITAL	VOTING POWER
Series A shares	41,385,828	103,464,570	413,858,280
Series B shares	166,223,033	415,557,582	166,223,033
Total	207,608,861	519,022,152	580,081,313

STOCK EXCHANGE LISTING

The Series A and Series B shares of NTA are quoted on the A list of the Stockholm Stock Exchange. A round lot is 2,000 shares.

Based on the average number of shares, the Company’s market capitalization was about SEK 1 billion as of December 30, 1998.

During 1998, trading volume totaled about 110 million NTA shares, or about SEK 1,089 M. The average number of shares outstanding during 1998 was about 201.6 million.

LISTING OF OPTIONS ETC.

Since February 9, 1998, OM Stockholm AB has listed standardized call and put options, futures and share loans related to NTA’s Series B shares.

OWNERSHIP STRUCTURE

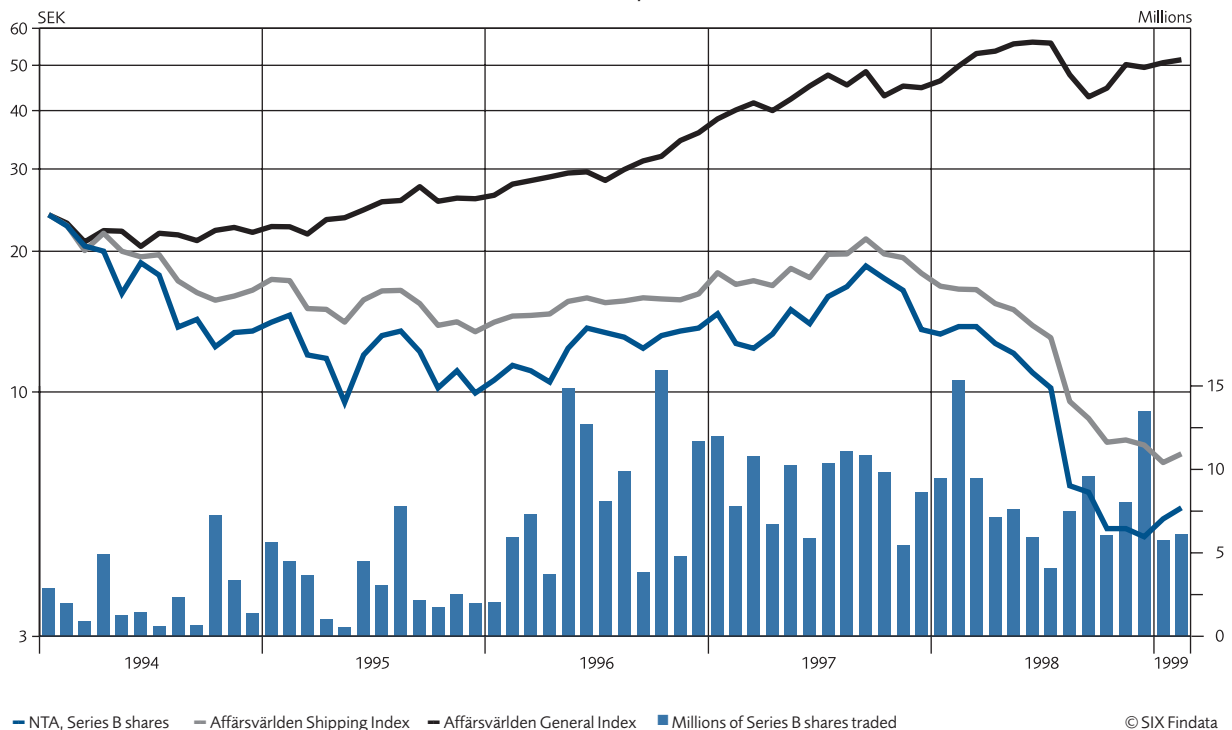
NTA has about 23,000 shareholders after the acquisition of Nordström & Thulin AB. The proportion of NTA held by owners registered outside Sweden totaled 51 percent of share capital and 65 percent of voting power. These figures are based on the Company’s share register as of December 30, 1998.

DIVIDEND POLICY

NTA’s objective is to achieve long-term value growth by means of profitable chartering operations combined with the sale and purchase of ships. Because NTA operates in a markedly cyclical industry net income may fluctuate considerably from one year to another.

The Board of Directors of the Company considers that dividends to shareholders should depend on the actual level of earnings, while keeping in mind the financial position of the Company and its ability to pursue investment opportunities.

SHARE PRICE AND TRADING VOLUME, JANUARY 1994–FEBRUARY 1999



LARGEST SHAREHOLDERS

	MILLIONS OF SERIES A SHARES	MILLIONS OF SERIES B SHARES	% OF VOTING POWER	% OF SHARE CAPITAL
Simbel Investment AB ¹⁾	9.2	19.5	19.3	13.9
Osiris Investment AB ²⁾	10.5	0	18.1	5.1
Aswan Investment AB ²⁾	6.6	0	11.4	3.2
AMF Pensionsförsäkring AB	2.0	9.2	5.0	5.4
Odin Fondene	0.6	18.7	4.2	9.3
Euroclear	1.6	3.8	3.4	2.6
National Judicial Board for Public Lands and Funds	1.3	1.6	2.5	1.4
J. Capel Nominees Ltd.	0.8	3.3	1.9	2.0
Chase Manhattan Bank	0	7.7	1.3	3.7
Praktikertjänst AB	0	7.5	1.3	3.6
Ronald Bergman	0.7	0	1.3	0.4
LKAB	0	6.6	1.1	3.2
Others	8.1	88.3	29.2	46.2
Total	41.4	166.2	100.0	100.0

1) A company closely associated with the Sohmen family.

2) Indirectly owned by trusts established by the Sohmen family.

SHARES BY SIZE OF HOLDINGS

SHAREHOLDING	NUMBER OF SHAREHOLDERS	AS % OF ALL SHAREHOLDERS	NUMBER OF SHARES HELD	AS % OF SHARE CAPITAL
1–1,000	15,509	67.2	5,227,587	2.5
1,001–5,000	5,304	23.0	12,684,136	6.1
5,001–50,000	2,026	8.8	27,483,684	13.2
50,001–100,000	105	0.5	7,410,204	3.6
100,000–	121	0.5	154,803,250	74.6
Total	23,065	100	207,608,861	100

CHANGES IN SHARE CAPITAL (SEK)

YEAR	TRANSACTION	SUBSCRIPTION PRICE	CHANGE IN SHARE CAPITAL	SHARE CAPITAL AFTER TRANSACTION
1983				50,000
1983	New share issue	7 ¹⁾	89,950,000	90,000,000
1986	Non-cash issue ²⁾		21,820,790	111,820,790
1986	New share issue ³⁾	14 ¹⁾	4,500,000	116,320,790
1988	2:1 Split			116,320,790
1988	Non-cash issue ⁴⁾		13,475,000	129,795,790
1990	New share issue, 1:4	40	32,448,948	162,244,738
1990	Conversion	11	64,347	162,309,085
1991	Conversion	11	558,712	162,867,797
1992	Conversion	11	1,613,760	164,481,557
1994	New share issue, 3:5	10	98,688,933	263,170,490
1998	Reduction ⁵⁾		-74,815,428	188,355,062
1998	Non-cash issue ⁶⁾		258,770,635	447,125,697
1998	Non-cash issue ⁷⁾		71,896,455	519,022,152

1) Adjusted for 1988 split.

2) Acquisition of Monitor Shipping AB

3) Exercise of 900,000 subscription rights.

4) Acquisition of 38.5 percent in the Zenit project.

5) Withdrawal of Nordström & Thulin's shareholding in NTA.

6) Acquisition of Nordström & Thulin AB.

7) Acquisition of the Argo Medea.

Board of Directors and auditors

Helmut Sohmen. Born 1939, Chairman of N&T Argonaut AB, Dr. Jur., Chairman and President of World-Wide Shipping. Member of the Board since 1998. Among other directorships: Deputy Chairman of Hongkong and Shanghai Banking Corporation; Director of HSBC Holdings plc and of Britannia Steam Ship Insurance Association Ltd.; Chairman, Pacific Basin Economic Council; Honorary President, Baltic and International Maritime Council (BIMCO).
Holding in NTA: 28,758,582 shares (via associated companies).

Anders Berg. Born 1943, President and Chief Executive Officer of N&T Argonaut AB. Member of the Board since 1993. Other directorships: The International Association of Independent Tanker Owners (INTERTANKO), the Swedish Shipowners Association and Vännerlinjen AB.
Holding in NTA: 166,967 shares.

John Gray. Born 1934. Member of the Board since 1998. Earlier posts include Board member of Nordström & Thulin AB and Chairman of Hongkong and Shanghai Banking Corporation. Other directorships: World Maritime Limited, Bermuda and Harvey Nichols Group plc, Great Britain.
Holding in NTA: 0 shares.

Bo Marking. Born 1937. Member of the Board since 1998. Other directorships: Nordic Investment Bank; Deputy Chairman of the Lithuanian Development Bank; Vattenfall; Sweden National Housing Finance Corporation (SBAB).
Holding in NTA: 10,000 shares.

Stephen Pan. Born 1944. Member of the Board since 1998. Other appointments: Chairman of World-Wide Shipping Agency, Singapore; East Asia Committee of Lloyd's Register of Shipping; International Committee of the Singapore Shipping Association; Deputy Chairman of the Committee of Assuranceforeningen GARD.
Holding in NTA: 0 shares.

Lars Trane. Born 1936. Board member since 1995. Other directorships: Chairman of Finnveden AB; Director of Diligentia AB, Sparta Holding AB, Gränges AB.
Holding in N&T Argonaut: 30,000 shares.

DEPUTY MEMBER

Björn Ersman. Born 1947. Member of the Board since 1995. President of JP Bank AB (publ).^{*} Other directorships: Matteus AB, the International Association of Independent Tanker Owners (INTERTANKO), Shoreline Mutual (Bermuda Ltd.), Arvak Ltd. and The Swedish Club (Sveriges Ångfartygs Assurans Förening).
Holding in NTA: 0 shares.

AUDITORS

KPMG

Regular Auditors

Carl Lindgren. Born 1958. Authorized Public Accountant. Auditor for the Company since 1989.

Caj Nackstad. Born 1945. Authorized Public Accountant. Auditor for the Company since 1983.

Deputy Auditors

Lena Forsell. Born 1956. Authorized Public Accountant. Auditor for the Company since 1992.

Björn Lindén. Born 1940. Authorized Public Accountant. Auditor for the Company since 1998.

^{*} Effective from February 1999





Management

Anders Berg. President and CEO. Born 1943, joined Nordström & Thulin in 1983.
Holding in NTA: 166,967 shares.

Anders Diedrichs. Vice President. Born 1945, joined Argonaut in 1986. Head of Market Research/Operation Performance.
Holding in NTA: 0 shares.

Sten-Crister Forsberg. Vice President. Born 1945, joined Nordström & Thulin in 1988. Head of Fleet Management and Operations. Other assignments: Director of Skuld AB, Assuranceforeningen Skuld (Gjensidig) and the Abraham Rydberg Foundation.
Holding in NTA: 4,160 shares.

Göran Hammarberg. Vice President. Born 1939, joined Argonaut in 1989. Head of Newbuilding.
Holding in NTA: 0 shares.

Björn Hansson. Vice President and CFO.* Born 1956, joined Nordström & Thulin in 1985. Head of Finance, Accounting and Administration
Holding in NTA: 0 shares.

Johan Klemming. Executive Vice President and Deputy CEO.* Born 1941, joined Nordström & Thulin in 1990. Head of Chartering and Brokerage.
Holding in NTA: 12,500 shares.

Hans Laidwa. Vice President. Born 1943, joined Nordström & Thulin in 1987. Head of Information. Other assignments: Director of the Sweden-Estonia, Latvia and Lithuania Chambers of Commerce.
Holding in NTA: 83,543 shares.

Tony Renström. Born 1939, joined Nordström & Thulin in 1988. Operations Manager.
Holding in NTA: 35,100 shares.

Ilpo Tammerstrand. Born 1944, joined Argonaut in 1985. Accounting Manager.
Holding in NTA: 0 shares.

Bengt Åström. Vice President. Born 1944. Head of Legal Affairs. Legal advisor to Argonaut since 1983.
Holding in NTA: 0 shares.

* Effective from February 1999

◀ STANDING, FROM THE LEFT: BENGT ÅSTRÖM, ANDERS DIEDRICHS, JOHAN KLEMMING, HANS LAIDWA, GÖRAN HAMMARBERG AND BJÖRN HANSSON. SEATED: ANDERS BERG, TONY RENSTRÖM, STEN-CRISTER FORSBERG AND ILPO TAMMERSTRAND.

Glossary

Aframax: Tanker in the range of 80,000–110,000 dwt.

Ballast tank: A tank that is filled with water when a vessel sails without a cargo, in order to provide stability.

Baltic Sea Convention: A regional set of rules dating from 1992 for protection of the marine environment, covering the Baltic Sea and its littoral states.

Bareboat charter: The shipowner hires out the vessel without a crew, often over a long period. The party that hires the vessel pays its operating expenses, while paying a fixed monthly bareboat hire to the owner.

Barrel of oil: 159 liters (42 U.S. gallons) of oil. There are about 7.1 barrels in one metric ton of oil.

BIMCO: Baltic and International Maritime Council.

Brent: A type of North Sea crude oil that serves as a commercial benchmark.

Bulk: A loose cargo such as coal, ore or grain.

Bunker(s), bunkering: Bunker originally referred to a container for coal or other ship's fuel, but now usually refers to the fuel itself, i.e. the oil burned in the engines. When a vessel takes bunkers on board, the process is called bunkering.

CAP: Condition Assessment Program. A voluntary rating system for older vessels, administered by the leading class societies, e.g. Lloyd's, ABS and Det Norske Veritas, intended to describe and quantify the standard of a vessel on a scale of 1–5, where 5 is best.

Charter party: Agreement on lease terms for a ship or space on a ship for a particular voyage or period. Originally meant "divided deed," because half was kept by each party to the transaction.

Charterer: The party that hires the vessel in the case of a time charter or owns the cargo in the case of a voyage charter.

Classification: A regularly recurring examination and certification by a classification society that a vessel fulfills the requirements for its class.

Classification society: An independent international organization which verifies that the safety and quality of vessels comply with its own rules, as well as those of national authorities.

Daily costs: All expenses that can be directly attributed to the running of a vessel, such as costs for crew, technical operations, insurance, maintenance and repairs.

DNV: Det Norske Veritas, a classification society (see above).

Dry docking: Taking a vessel out of the water for inspection and repairs.

Dwt: Deadweight ton or the total weight of all cargo, bunkers and detachable equipment that the vessel is able to carry expressed in metric (long) tons, each 1,000 kg = 2,204 lb.

Freight rate: Agreed shipping cost, often calculated by metric ton of cargo.

HBL: Hydrostatically balanced loading. In tankers, this is a situation where the static pressure of oil on the bottom of a tank equals the pressure of water against the bottom of the vessel's exterior. If the tank is punctured, for example if the vessel runs aground, because there is no difference in pressure, the oil will theoretically not flow out of the tank. In practice, hydrostatic balance is achieved by not completely filling the tanks on the vessel.

IEA: International Energy Agency, based on Paris.

IMO: International Maritime Organization. The organization within the United Nations that deals with maritime safety and other shipping matters.

INTERCARGO: International Association of Dry Cargo Shipowners.

INTERTANKO: International Association of Independent Tanker Owners, which has observer status at the IMO.

ISM: International Safety Management.

M/T: Motor tanker (diesel-driven).

Management company: A company responsible on behalf of the owners for the operation and administration of vessels. This often includes technical operation, maintenance and crewing.

MARPOL: IMO Marine Pollution Convention.

Net revenue: A vessel's gross freight revenue minus voyage costs, usually expressed in USD per day.

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

Offhire: When a vessel is not earning income, e.g. the period when a time-chartered vessel is out of operation due to repairs, classification etc.

OPA -90: The Oil Pollution Act of 1990, an American federal law that imposes far-reaching requirements on shipping companies, vessels and crews when carrying petroleum products in the U.S. economic zone (within 200 nautical miles of the coast).

OPEC: Organization of Petroleum Exporting Countries, with 11 members in the Middle East, Africa, South America and Asia.

Panmax: A bulk carrier of 50,000–80,000 dwt. A fully laden vessel of about 80,000 dwt is the largest that can pass through the Panama Canal, thus the name.

P&I insurance: Protection and indemnity insurance, which provides liability coverage against damage affecting third parties.

Period market: The market in which vessels are hired from (or to) other companies on a bareboat or time charter basis for different periods.

Product tanker: A vessel built to carry refined petroleum products.

Ship management (or shipmanagement) company: See management company above.

SMC: Safety Management Certificate.

SMS: Safety Management System.

Spot market: The part of the shipping market in which vessels are chartered for single voyages. See Voyage charter below.

Suezmax: A tanker of about 150,000 dwt, the largest fully laden vessel that can pass through the Suez Canal, thus the name.

T/C: Time charter. The shipowner hires out the vessel complete with 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 bunkering costs, port and canal charges etc., that is, voyage costs.

T/C equivalent: Freight revenue per metric ton of cargo, recalculated to daily revenue to cover daily costs and financial expenses.

T/T: Turbine tanker (steam turbine-propelled).

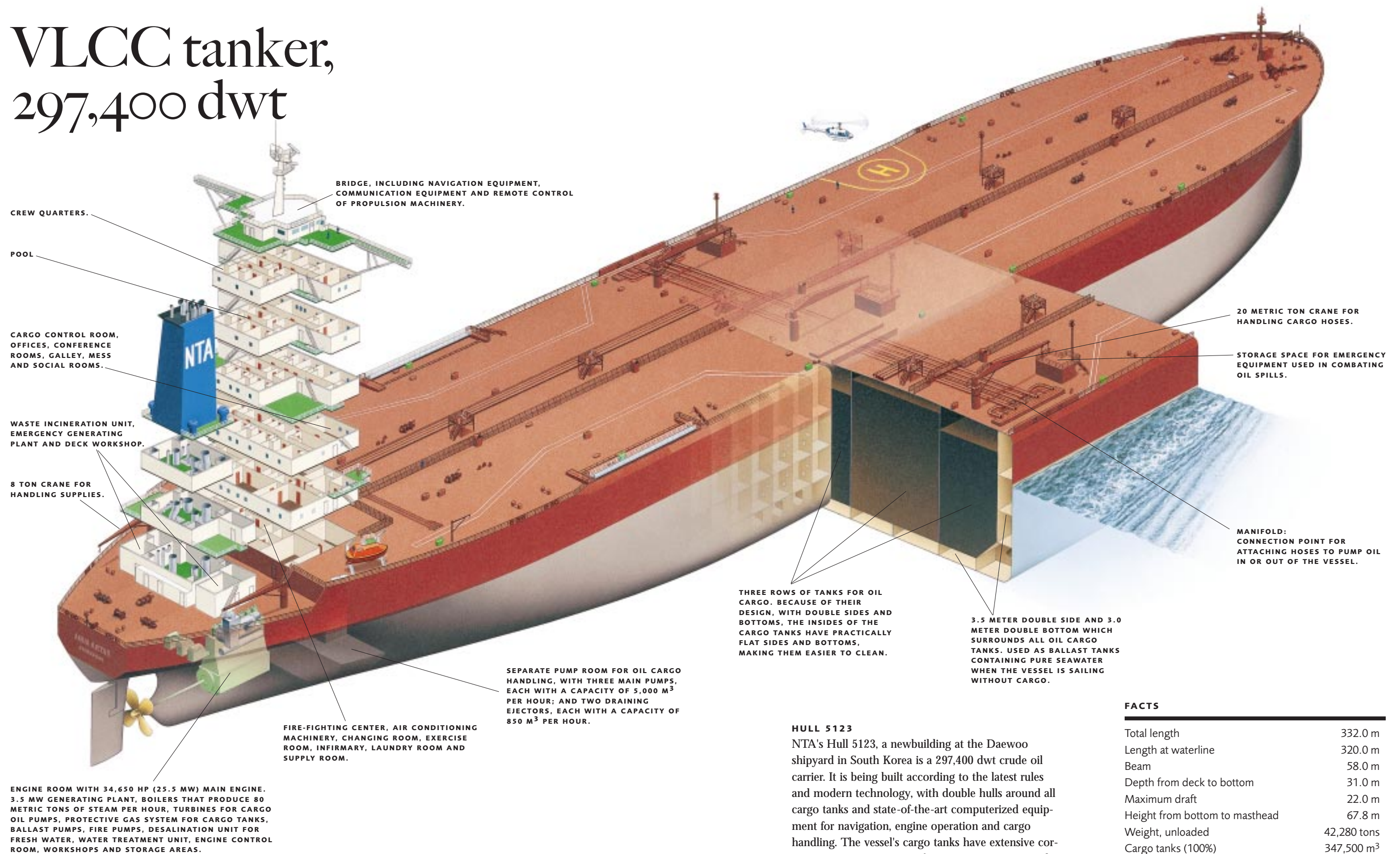
ULCC: Ultra Large Crude Carrier. A tanker larger than 310,000 dwt.

VLCC: Very Large Crude Carrier. A tanker of between 200,000–310,000 dwt.

Voyage charter: Transporting a cargo from the port of loading to the port of discharge. Payment is per ton of cargo and the shipowner pays bunkering costs, port charges etc.

WS: World Scale, an international freight indexing system for tankers, in which freight revenue is expressed as a percentage of a particular USD-based rate. Different voyages can be compared with each other using this system. The WS principle is that a vessel at a given WS level should earn the same amount per day regardless of what ports are included in the voyage. WS is revised yearly.

VLCC tanker, 297,400 dwt



BRIDGE, INCLUDING NAVIGATION EQUIPMENT, COMMUNICATION EQUIPMENT AND REMOTE CONTROL OF PROPULSION MACHINERY.

CREW QUARTERS.

POOL

CARGO CONTROL ROOM, OFFICES, CONFERENCE ROOMS, GALLEY, MESS AND SOCIAL ROOMS.

WASTE INCINERATION UNIT, EMERGENCY GENERATING PLANT AND DECK WORKSHOP.

8 TON CRANE FOR HANDLING SUPPLIES.

FIRE-FIGHTING CENTER, AIR CONDITIONING MACHINERY, CHANGING ROOM, EXERCISE ROOM, INFIRMARY, LAUNDRY ROOM AND SUPPLY ROOM.

ENGINE ROOM WITH 34,650 HP (25.5 MW) MAIN ENGINE. 3.5 MW GENERATING PLANT, BOILERS THAT PRODUCE 80 METRIC TONS OF STEAM PER HOUR, TURBINES FOR CARGO OIL PUMPS, PROTECTIVE GAS SYSTEM FOR CARGO TANKS, BALLAST PUMPS, FIRE PUMPS, DESALINATION UNIT FOR FRESH WATER, WATER TREATMENT UNIT, ENGINE CONTROL ROOM, WORKSHOPS AND STORAGE AREAS.

SEPARATE PUMP ROOM FOR OIL CARGO HANDLING, WITH THREE MAIN PUMPS, EACH WITH A CAPACITY OF 5,000 M³ PER HOUR; AND TWO DRAINING EJECTORS, EACH WITH A CAPACITY OF 850 M³ PER HOUR.

THREE ROWS OF TANKS FOR OIL CARGO. BECAUSE OF THEIR DESIGN, WITH DOUBLE SIDES AND BOTTOMS, THE INSIDES OF THE CARGO TANKS HAVE PRACTICALLY FLAT SIDES AND BOTTOMS, MAKING THEM EASIER TO CLEAN.

3.5 METER DOUBLE SIDE AND 3.0 METER DOUBLE BOTTOM WHICH SURROUNDS ALL OIL CARGO TANKS. USED AS BALLAST TANKS CONTAINING PURE SEAWATER WHEN THE VESSEL IS SAILING WITHOUT CARGO.

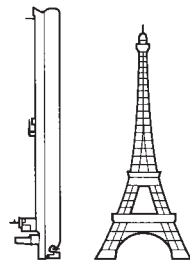
20 METRIC TON CRANE FOR HANDLING CARGO HOSES.

STORAGE SPACE FOR EMERGENCY EQUIPMENT USED IN COMBATING OIL SPILLS.

MANIFOLD: CONNECTION POINT FOR ATTACHING HOSES TO PUMP OIL IN OR OUT OF THE VESSEL.

VERY LARGE CRUDE CARRIER...

VLCC stands for Very Large Crude Carrier. The impressive size of this vessel is illustrated in the sketch to the right, which compares it to the 312 meter (1,024 ft) tall Eiffel Tower in Paris. The cargo tanks could fill 7,500 of Sweden's largest tank trucks. Line up these trucks and they will stretch 180 kilometers (112 miles), the distance between the Hague and Brussels, or between New York City and Wilmington, Delaware.



HULL 5123

NTA's Hull 5123, a newbuilding at the Daewoo shipyard in South Korea is a 297,400 dwt crude oil carrier. It is being built according to the latest rules and modern technology, with double hulls around all cargo tanks and state-of-the-art computerized equipment for navigation, engine operation and cargo handling. The vessel's cargo tanks have extensive corrosion protection systems featuring epoxy paint and zinc anodes. The ballast tanks are entirely covered with epoxy paint.

The vessel is being built under the supervision of the classification society Lloyd's Register of Shipping. Its machinery and equipment are of the highest class according to Lloyd's Register rules.

The vessel will be delivered early in the year 2000.

FACTS

Total length	332.0 m
Length at waterline	320.0 m
Beam	58.0 m
Depth from deck to bottom	31.0 m
Maximum draft	22.0 m
Height from bottom to masthead	67.8 m
Weight, unloaded	42,280 tons
Cargo tanks (100%)	347,500 m ³
Ballast tanks (100%)	103,424 m ³
Fuel tanks (100%)	9,073 m ³
Fresh water tanks	581 m ³
Engine output	34,650 hp
Speed, loaded	15.3 knots
Range, loaded	30,700 nautical miles
Classification society	Lloyd's Register of Shipping

The NTA fleet



TANKER, ULCC. TOTAL 358,000 DWT.



TANKER, VLCC. TOTAL 2,300,000 DWT.



TANKER, SUEZMAX. TOTAL 742,000 DWT.



TANKER, AFRAMAX. TOTAL 515,000 DWT.



DRY BULK CARRIER, CAPESIZE. TOTAL 149,000 DWT.

VESSEL	DEADWEIGHT (TONS)	LENGTH/BEAM/ DRAFT (M)	HULL TYPE	DELIVERY
ULCC				
Kraka	358,000	362.6/60.0/22.4	Single hull	1978
VLCC				
Argo Athena	286,000	327.5/57.3/20.8	Single hull	1990
Argo Elektra	286,000	327.5/57.3/20.8	Single hull	1990
Argo Hebe	286,000	327.5/57.3/20.8	Single hull	1990
Argo Pallas	286,000	327.5/57.3/20.8	Single hull	1991
Argo Thetis	286,000	327.5/57.3/20.8	Single hull	1992
Argo Daphne	286,000	327.5/57.3/20.8	Single hull	1992
Argo Medea	286,000	326.5/57.2/20.8	Single hull	1993
Hull 5123	298,000	332.0/58.0/22.0	Double hull	2000
SUEZMAX				
Nord Jahre Transporter	142,000	269.0/44.5/16.6	Single hull	1989
Nord Jahre Target	142,000	269.0/44.5/16.6	Single hull	1990
Nord Jahre Traveller	142,000	269.0/44.5/16.6	Single hull	1990
Hull 5136 (Nord Hope)	158,000	274.0/48.0/17.0	Double hull	1999
Hull 5137 (Nord Horn)	158,000	274.0/48.0/17.0	Double hull	1999
AFRAMAX				
Nord Baltic	107,000	246.1/42.7/14.5	Double bottom	1986
Nord Ocean	107,000	246.1/42.7/14.5	Double bottom	1986
North Pacific	107,000	246.1/42.7/14.5	Double bottom	1986
Nord Jahre Princess	97,000	232.0/42.0/14.2	Double hull	1991
Nord Jahre Progress	97,000	232.0/42.0/14.2	Double hull	1991
CAPESIZE				
United Respect	149,000	269.0/43.0/17.3		1989



N&T ARGONAUT

N&T ARGONAUT AB (PUBL)

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SWEDISH CORPORATE IDENTITY NUMBER: 556226-6477

N&T ARGONAUT



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