

Annual Report 2003



ODFJELL

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ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 3 pm at the company's office at Conrad Mohrs veg 29, Minde, 5073 Bergen, Norway on Wednesday 5 May 2004. Shareholders wishing to attend the Annual General Meeting must notify the company by Thursday 30 April 2004 as set out in article 4 of the company's Memorandum and Articles of Association.

FINANCIAL CALENDAR

5 May 2004
ANNUAL GENERAL MEETING
REPORT FIRST QUARTER 2004
30 July 2004
REPORT SECOND QUARTER 2004
29 October 2004
REPORT THIRD QUARTER 2004
31 January 2005
PRELIMINARY RESULTS 2004

Supplementary information on Odfjell may be found on the Internet at:
<http://www.odfjell.com>

Pictures:

A number of the pictures in this report is from the Stettin yard where we currently have a newbuilding program of six to eight ships.

Odfjell - a Profile

Odfjell is a leading company in the global market of transporting chemicals and other speciality bulk liquids as well as providing related logistical services. Originally set up in 1916, the company pioneered the development of the parcel tanker trades in the middle of the 1950s and the tank storage business in the late 1960s. Odfjell, including through its various subsidiaries and joint ventures, owns and operates parcel tankers, tank terminals and tank containers.

THE STRATEGY is to continue developing our position as a leading logistic service provider with our customers worldwide. We aim to maintain that position through the efficient and safe operation of deep-sea and regional parcel tankers, tank terminals and tank containers. Scale is needed to offer an efficient trading pattern in a global transportation context, thereby maximizing fleet utilization. Our size allows us to optimize also on purchasing benefits.

Global Trade

The deep-sea transportation of chemicals and other liquids is our core business. Our operations are fully integrated, with dedicated functions for ship management, operation and chartering. Odfjell's specialized fleet consists of 61 ships and 13 newbuildings with a total capacity of about 2.5 million dwt. A turnover of USD 609 million was generated in 2003.

Regional Trade

Odfjell has 37 ships with a total capacity of 368 000 dwt. dedicated to regional trades. Thirteen ships are currently operating in the US Gulf, the Caribbean and along the coasts of South America. Eight modern ships operate in the inter-European trade. In Asia, fifteen ships are operated out of Singapore. The objectives are to serve the growing regional markets and to ensure more efficient fleet utilisation through our own transshipment activities. Regional Trade generated a turnover of USD 130 million in 2003.

Tank Terminals

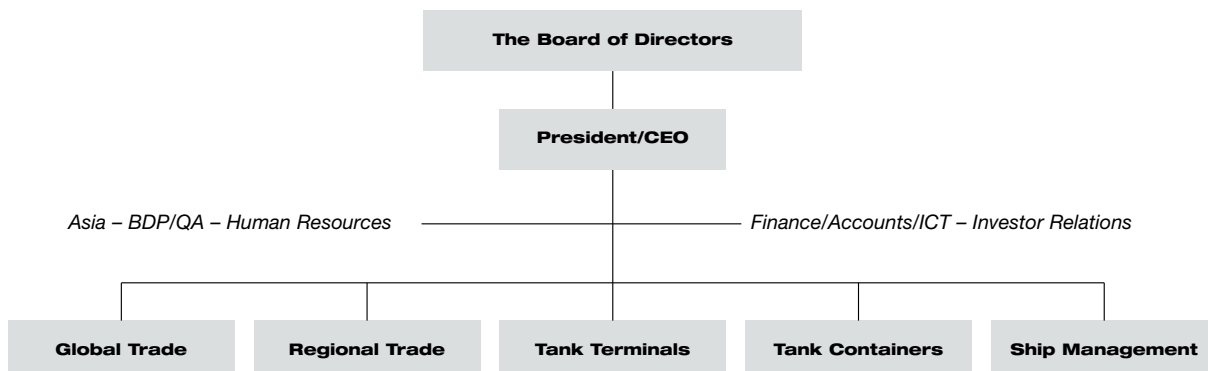
Odfjell has direct investments in wholly owned tank terminals in Rotterdam and Houston as well as in partially owned terminals in Singapore, Onsan in Korea, and two in China. We also work closely with seven terminals in South America through associated companies. Terminal operations yields synergies with our transportation activities and improves quality control throughout the transportation chain. Our tank terminal operations also offer opportunities to develop new markets where the infrastructure for specialized bulk liquids has been limited to date. Our terminal business generated a turnover of USD 118 million in 2003.

Tank Containers

Odfjell transports chemicals and liquids in tank containers through Hoyer-Odfjell, a joint venture company. Having started operations in 1999, the company serves the global market and plays an important role in Odfjell's growing range of transportation capabilities. The tank container operation is still under development and our fleet of tank containers consists of 7 065 units at year-end. Our 50 % share of the turnover was USD 50 million in 2003.



Terje Storeng
TERJE STORENG
 President/CEO



Highlights 2003

Financial Performance

- Gross Revenue of USD 907 million.
- EBITDA of USD 170 million.
- EBIT of USD 78 million.
- Result before extraordinary items of USD 77 million.
- Net result of USD 22 million.
- Cash flow of USD 169 million.

Macro variables

- Slow economic growth in the OECD area – strong growth in Asia.
- High bunker cost.
- Continued low interest rates.
- Positive contribution from currency hedging.

Asset Development

- Delivery of the 39 900 dwt. newbuilding M/T Bow Sun as the first ship in a six to eight ship series from Stocznia Szczecinska Nowa in Poland. Delivery of the 37 500 newbuilding M/T Bow Firda from Kleven Florø, the last ship in a sixteen ship series.
- Acquiring long-term time-charter of six newbuildings from Japan with deliveries in the next three years. Four of the ships are about 19 000 dwt. and two of the ships are 30 000 tonners.
- Odfjell Ahrenkiel Europe, operating eight chemical tankers in inter-European trade, became operational 1 January 2004.
- Ordering of 2 000 new tank containers to Hoyer-Odfjell BV, our 50% owned tank container operation, with deliveries in 2003 throughout 2005.

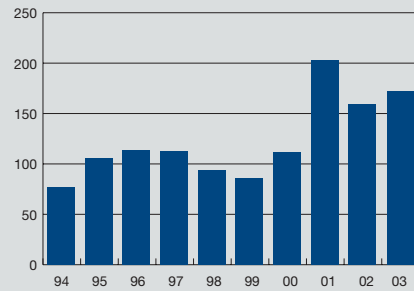
Shareholder issues

- Final deletion of the treasury shares acquired in 2002. New registered share capital is NOK 216 922 370.
- Annual General Meeting in May approved a dividend for 2002 of NOK 8 per share. Extraordinary General Meeting in December 2003 approved an extraordinary dividend of NOK 4 per share.
- Election of Mrs. Marianna Moschou as a Board Member of Odfjell ASA.

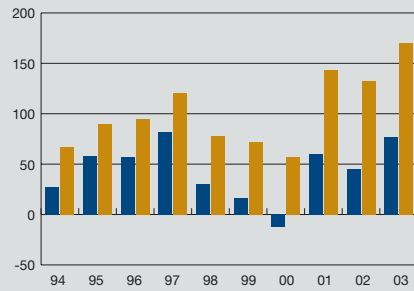
Antitrust

- Extraordinary cost of USD 55 million related to settlement with the US Competition Authorities. Lawsuits from various customers are pending.

Operating Result
USD million

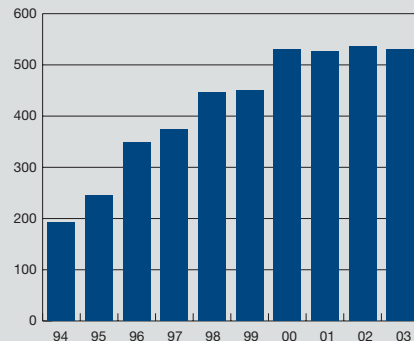


Result/Cash Flow
USD million

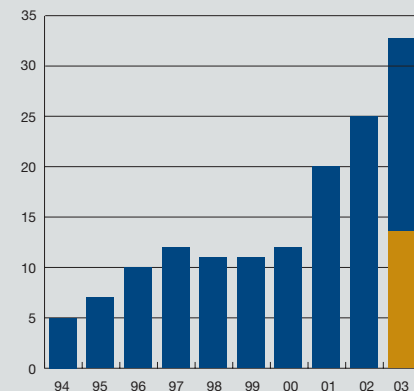


■ Result before extraordinary items
■ Cash Flow

Shareholders' Equity
USD million



Dividend
USD million



■ Dividend
■ Extraordinary dividend

Key Figures/Financial Ratios

ODFJELL GROUP	<i>Figures in</i>	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
FROM PROFIT AND LOSS STATEMENT											
Gross revenue	USD mill.	907	850	852	696	551	533	547	546	503	391
EBITDA (1)	USD mill.	170	159	203	112	86	94	113	114	106	77
Depreciation	USD mill.	(92)	(87)	(83)	(69)	(56)	(48)	(39)	(38)	(32)	(40)
Gain (loss) on sale of fixed assets	USD mill.	(0)	1	4	-	16	12	32	-	-	-
EBIT (2)	USD mill.	78	72	124	44	46	58	106	76	74	37
Net financial items	USD mill.	7	(12)	(55)	(54)	(30)	(26)	(24)	(19)	(16)	(10)
Result before extraordinary items	USD mill.	77	45	60	(12)	16	30	82	57	58	27
Net result	USD mill.	22	45	60	(12)	16	30	82	57	58	27
FROM BALANCE SHEET											
Ships and other fixed assets	USD mill.	1 380	1 314	1 301	1 292	990	892	712	595	569	468
Current assets	USD mill.	297	315	299	321	281	274	272	245	227	184
Shareholders' equity	USD mill.	531	535	526	530	451	447	373	349	246	193
Minority interests	USD mill.	4	4	4	5	-	-	-	-	-	-
Long-term liabilities	USD mill.	1 002	981	968	961	749	648	543	445	500	428
Current liabilities	USD mill.	141	110	103	117	71	70	69	45	51	31
Total assets	USD mill.	1 677	1 630	1 601	1 613	1 271	1 166	985	839	796	652
PROFITABILITY											
Earnings per share - basic/diluted											
- before extraordinary items (3)	USD	3.6	2.0	2.4	(0.5)	0.7	1.4	3.8	2.6	2.6	1.2
Earnings per share - basic/diluted (4)	USD	1.0	2.0	2.4	(0.5)	0.7	1.4	3.8	2.6	2.6	1.2
Cash flow per share (5)	USD	7.8	5.9	5.8	2.4	3.3	3.6	5.6	4.3	4.1	3.0
Return on total assets											
- before extraordinary items (6)	%	6.3	5.0	7.0	3.3	4.8	6.2	12.4	10.9	12.2	7.5
Return on total assets (7)	%	3.0	5.0	7.0	3.3	4.8	6.2	12.4	10.9	12.2	7.5
Return on equity											
- before extraordinary items (8)	%	14.5	8.6	11.4	(2.4)	3.6	7.4	22.7	19.2	26.4	15.5
Return on equity (9)	%	4.1	8.6	11.4	(2.4)	3.6	7.4	22.7	19.2	26.4	15.5
Return on capital employed (10)	%	6.1	5.7	9.8	3.8	4.9	7.4	16.5	14.3	16.6	9.7
FINANCIAL RATIOS											
Average number of shares	mill.	21.69	22.43	24.69	23.76	21.85	21.85	21.85	21.85	21.85	21.85
Basic/diluted equity per share (11)	USD	24.47	24.67	22.99	20.50	20.64	20.46	17.07	15.97	11.26	8.83
Share price per A-share	USD	22.15	15.81	14.98	15.18	12.44	7.63	17.63	19.25	15.03	17.46
Cash flow (12)	USD mill.	170	132	143	57	72	78	121	95	90	67
Interest-bearing debt	USD mill.	944	957	960	954	749	647	542	444	434	379
Bank deposits and securities	USD mill.	203	230	213	232	218	213	219	205	202	158
Debt repayment capability (13)	Years	4.4	5.5	5.4	12.7	9.4	6.5	3.6	2.5	2.6	3.3
Current ratio (14)		2.1	2.9	2.9	2.7	4.0	3.9	3.9	5.4	4.5	5.9
Equity ratio (15)	%	32	33	33	33	35	38	38	42	31	30
OTHER											
Employees		3 316	3 201	3 088	2 755	1 743	1 667	1 667	1 711	1 550	1 407

Historical figures per share have been adjusted for past bonus share issues.

As from financial year 2000, the reporting currency was changed from NOK to USD. USD-figures for 1998-2003 reflect "true" USD-accounting as presented in the official accounts.

The conversion from NOK to USD for the years 1994-1997 has been simplified by using the average rate per year for the Profit and Loss Account and the year-end rate for the Balance Sheet. Net financial items for these years do not include unrealised currency items. As a result of the conversion from NOK to USD, the various ratios have been recalculated.

1. Operating result before depreciation and gain (loss) on sale of fixed assets.
2. Operating result.
3. Result before extraordinary items divided by the average number of shares.
4. Net result divided by the average number of shares.
5. Net result plus depreciation and extraordinary items divided by the average number of shares.
6. Net result plus minority interests, financial expenses and extraordinary items divided by average total assets.
7. Net result plus minority interests and financial expenses divided by average total assets.
8. Net result plus extraordinary items divided by average shareholders' equity.

9. Net result divided by average shareholders' equity.
10. Operating result divided by average shareholders' equity plus net interest-bearing debt.
11. Shareholders' equity divided by number of shares per 31.12.
12. Net result plus depreciation and extraordinary items.
13. Interest-bearing debt less bank deposits and securities, divided by cash flow (12) before gain (loss) on sale of fixed assets.
14. Current assets divided by current liabilities.
15. Shareholders' equity plus minority interests as percentage of total assets.

The Directors' Report

Odfjell's consolidated net result before extraordinary items and taxes was a profit of USD 84 million compared with USD 61 million in 2002. The net result was USD 22 million compared with USD 45 million in 2002.

The net result for 2003 includes net extraordinary costs of USD 55 million.

Net extraordinary costs of USD 55 million include a USD 42.5 million settlement with the US Department of Justice (DOJ) related to antitrust violations and other associated expenses, including legal expenses.

BY FAR THE LARGEST contribution to the result comes from our large size ships operating within deep sea trades worldwide. During 2003, we experienced stable markets, but continued high oil prices led to increased fuel costs compared to 2002.

Earnings from our expanding tank terminal division improved. The operating result from this division grew by about 23% in US dollar terms.

Group net financial expenses were reduced due to lower interest rates. Furthermore, we earned a substantial contribution from our currency hedging portfolio, due to a weaker US Dollar.

In 2003 we entered into agreements with Japanese interests to acquire by long-term time-charters a total of six newbuildings, some inclusive of purchase options. Four of the ships are in the about 19 000 dwt. size and two in the 30 000 ton size, all with stainless steel cargo tanks. These ships will be delivered over the next three years and will partly replace older vessels retiring during the next few years. One ship, the 1975 built M/T Bow Queen, already has been committed to demolition.

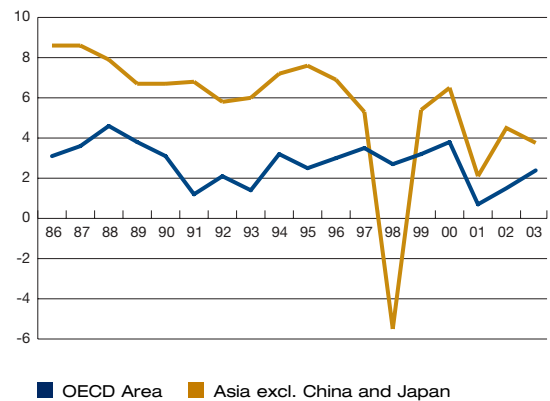
Business summary

We are committed to our long-term business strategy of developing our position as a leading bulk liquids logistic service provider. Through a substantial newbuilding program and the efficient and safe operation of global and regional parcel tankers, we continue to consolidate our position, as further enhanced by our increasing tank terminal activities. The fleet operates with complicated and extensive trading patterns. We also provide a growing tank container service. Our customers use our transportation and storage services on a stand-alone basis or as combined logistical packages. Our relatively large size enables us to maintain efficient trading patterns, thereby optimising fleet utilisation and maximising purchasing benefits.

GLOBAL TRADES

Unlike most other segments of the shipping industry our markets remained soft throughout 2003, although the last quarter showed sharp improvement in spot freights towards year-end, due to increased volumes. Freight rates expressed in USD per day for our fleet were at about the same level as

GDP growth
Percent



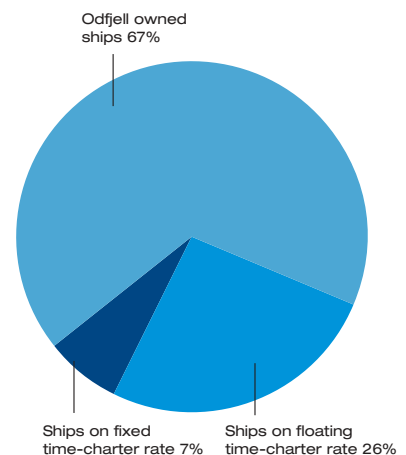
the preceding year. Earnings during the fourth quarter improved by only 3% over the third quarter because of the drag of existing contracts.

Contract-of-affreightment coverage increased to 64% in 2003 compared to about 55% the previous year. Average USD per ton freight came in about 14% higher than in 2002. Our lower time-charter level is explained, therefore, primarily by the higher cost of bunker, a major and expensive cost item throughout the year. Ship operating costs on a comparable fleet basis were about 11% higher than 2002, primarily because of the weaker USD.

Gross revenue from our global deep-sea activities was USD 609 million. Earnings before interest, tax, depreciation and amortisation (EBITDA) came to USD 105 million. The operating result (EBIT) was USD 43 million. At year-end total assets amounted to USD 1.18 billion.

Our deep-sea fleet consisted of 61 ships at year-end 2003, of which 38 were owned. Our fleet development program continued with the delivery in August of the M/T Bow Sun (39 900 dwt.), a chemical tanker with 40 segregated stainless steel tanks. This is the first in

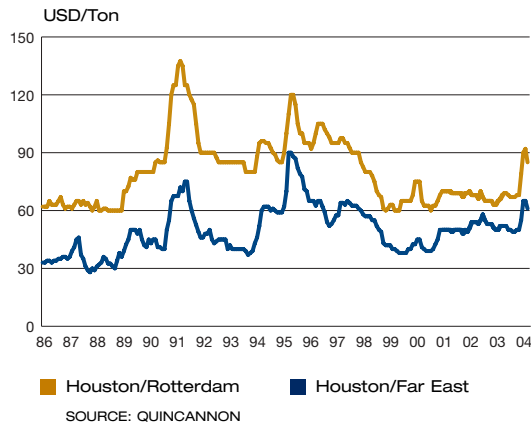
Fleet Distribution
(Global Trade)



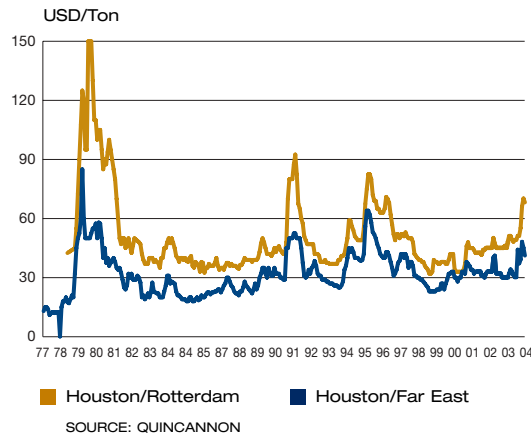


Freight Rates

1 000 tons stainless steel grade chemicals

**Freight Rates**

3 000 tons easy grade chemicals



a series of six to eight ships from Stocznia Szczecinska Nowa in Poland. Furthermore, M/T Bow Firda (37 500 dwt.) was delivered to Odfjell in November, as the final ship in the Kvaerner sixteen ship series. During 2003, we also entered into agreements with Japanese interests for the long-term time-charter of a total of six newbuildings, as mentioned above. Our firm orderbook for large-sized ships, including ships chartered in, now totals thirteen advanced chemical tankers slated for delivery from 2004 through 2006.

REGIONAL TRADES

Activities within our regional trades increased during the year primarily because of more ships entering our Asian service. In other regions the level of activities remained stable.

Odfjell Ahrenkiel Europe, a joint-venture with Christian F. Ahrenkiel GmbH & Co. KG of Hamburg, Germany, became operational as of year-end 2003. This new company is operating initially with eight modern chemical tankers in inter-European trades, but set to expand by 2005.

The overall financial performance of regional operations was stable in 2003 compared to the previous year. Gross revenue increased to USD 130 million, EBITDA was stable

at USD 15 million and EBIT was down to USD 4 million, with year-end 2003 total assets deployed at USD 117 million. The lower EBIT was primarily the result of a write-down of goodwill in Odfjell Americas of about USD 2 million.

At year-end 2003, we operated 36 ships in this segment, of which 14 were owned. Our regional business activities encompass five different geographical areas. Our biggest regional operation is in Asia, where we have trade lanes within the Singapore - Japan/Korea - Australia/New Zealand range, employing altogether 15 modern ships. As previously mentioned, eight modern chemical tankers are presently operating in inter-European trades. Six ships were employed by Flumar, a 50/50 joint venture company primarily transporting chemicals along the Brazilian coast, where local flag is a requirement. We also employ five ships in the US Gulf-Caribbean - West Coast of South American trade. Finally, we have a 50/50 joint venture with CSAV in Chile involving coastal transportation of sulphuric acid, where two ships have been employed.

Asia represents a growth area for our business, as a result of significant new production of chemicals that has and is expected to come on stream within this region. Our 2004 Asia fleet expansion program involves the further deliveries of two new 9 800 dwt. ships on long-term time-charter, as we aim to at least maintain market share in this strong growth area.

TANK TERMINALS

Odfjell's tank terminal division consists of terminals in Rotterdam, Houston, Singapore, Dalian (China), Onsan (Korea) and in Ningbo (China). We also have a close co-operation with a group of tank terminals in South America that are owned by members of the Odfjell family, also shareholders of Odfjell ASA.

Our tank terminals turned in a solid performance during 2003, primarily due to the better earnings in Rotterdam.

The new terminals in Singapore and in Korea have also made decent returns, taking into consideration the fact that they are both at an early phase in their business life cycle. The gross revenue for the terminal division increased to USD 118 million, EBITDA improved to USD 45 million and EBIT was up to USD 27 million. Total assets at year-end 2003 were USD 343 million.

During 2003 we expanded our tank terminals in Rotterdam, Houston and Singapore. The largest expansion was in Singapore where 15 new tanks with a total storage capacity of 82 000 cbm. became operational during the year. Altogether, our terminal network now includes about 2.7 million cbm. of storage space in about 922 tanks in 14 ports around the world. This makes us a world-leader in combined chemical shipping and storage services.

The strategy of Odfjell Terminals is to continue to expand along Odfjell's major shipping lanes and at important petrochemical junctions around the world, as well as to invest in developing countries. Several new projects are in progress.

TANK CONTAINERS

The result for our tank container activities improved in 2003, primarily as a consequence of a change in the depreciation period to match the rest of the industry.

Our tank container activity is organised through Hoyer-Odfjell BV, a company 50% owned by Hoyer of Germany and 50% by Odfjell. This business enables us to offer our customers integrated and cost effective transportation solutions also for smaller lots of bulk liquids. Our goal since the company's inception in 1999 has been to expand such operations worldwide, thereby building critical mass and achieving economies of scale. The business has grown from 2 600 containers in 1999 to 7 065 containers in 2003.

Our 50% share of gross revenue in 2003 was USD 50 million, EBITDA came to USD 5 million and EBIT to USD 3 million. Odfjell's share of total assets was USD 38 million.

We aim to continue expanding our activities by increasing our fleet of containers either through acquisitions or by the ordering of new containers.

2003 result

Gross revenue for 2003 was USD 907 million, up 7% from the preceding year. Earnings before interest, tax, depreciation and amortisation (EBITDA) were USD 170 million compared to USD 159 million in 2002. Operating result (EBIT) was USD 78 million compared to USD 72 million in 2002.

The 2003 figures include write-down of goodwill of USD 2 million.

The net result before extraordinary items for 2003 was a profit of USD 77 million compared to USD 46 million in 2002. Extraordinary items in 2003 were negative USD 55 million as a consequence of the plea bargain agreement with the DoJ and associated cost thereto. The net result was a profit of USD 22 million in 2003 compared to USD 45 million in 2002.

The cash flow continued strong at USD 169 million compared to USD 132 million the year before.

The general and administrative expenses were about 17% higher in 2003 than in the previous year, primarily due to a weaker USD as well as the growth of our business. Due to stable borrowings and lower interest rates, net financial cost was lower in 2003 than in 2002.

The average USD/NOK exchange rate was 7.08 compared to 7.97 in 2002. The USD/NOK rate weakened from 6.96 at year-end 2002 to 6.68 at year-end 2003. The USD weakening positively impacted our currency hedging portfolio, but increased our non-USD cost expressed in USD. The currency gain in 2003 was USD 30 million compared to USD 15 million in 2002. This gain is offset partly by higher voyage, operating and general and administrative expenses. Our currency exposure is hedged at attractive levels through to and including 2005.

The preliminary Norwegian accounting standard concerning impairment of fixed assets, equivalent to IAS 36, has been implemented by the company as from 2002. The 2003 figures include write-down of goodwill of USD 2 million.

The parent company recorded a loss for the year of NOK 556.0 million compared to a profit of NOK 47.5 million in 2002. The loss is due to depreciation of shares in subsidiaries, including shares in Odfjell Seachem AS, and extraordinary costs related to the settlement of the antitrust case with the US Department of Justice. The Board proposes to cover the loss of NOK 556.0 million from other equity. The group accounts, however, are not influenced by such depreciation.

The Board wishes to maintain a stable and attractive dividend policy. An Extraordinary General Meeting held 23 December 2003 approved an extraordinary dividend in 2003 of NOK 4 (USD 0.60) per share, equal to NOK 86.8 million (USD 13.0 million). The dividend was paid out on 21 January 2004. The Annual General Meeting will be held on 5 May 2004 at 15:00 hours at the Company's headquarter. The Board recommends a dividend of NOK 6 (USD 0.90) per share for 2003, equal to NOK 130.2 million (USD 19.5 million). Based on the average share price in 2003 the direct yield, through dividends in 2003 equals about 9.2%. The Board proposes to cover the dividend NOK 216.9 million from other equity. Distributable equity was NOK 1 128.9 million as per 31 December 2003.

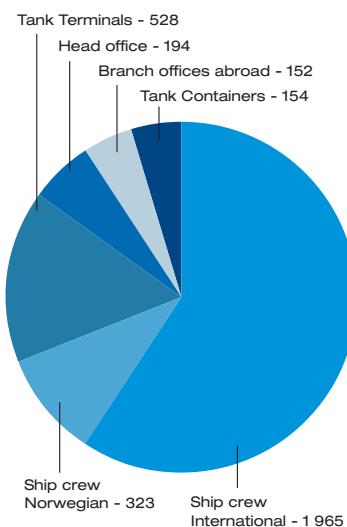
According to § 3.3 in the Norwegian Accounting Act we are required to, and do confirm, that the accounts have been prepared on the assumption of a going concern.

Liquidity and financing

The company's cash reserves continue to be strong. Cash and bonds as of 31 December 2003 were USD 203 million, being

Employees

Per 31 December 2003





about 22% of interest-bearing debt, compared to USD 230 million as of 31 December 2002. Interest bearing debt was reduced from USD 957 million as per year-end 2002 to USD 944 million per 31 December 2003. Net interest bearing debt was USD 740 million as per 31 December 2003. Disbursements relating to investments amounted to USD 178 million in 2003. The equity ratio was 32% at year-end 2003 and the ratio between current assets and current liabilities was 2.1. Since our fleet consists of speciality ships, in a market with limited relevant sale and purchase activity, we have not attempted to calculate value-adjusted shareholders' equity.

Key figures

Return on equity before extraordinary items was 14.5%, and return on total assets was 6.3%. The corresponding figures after extraordinary items were 4.1% and 3.0% respectively. Return on capital employed (ROCE) was 6.1% in 2003. Return (before extraordinary items) on the market capitalisation as per year-end 2003 was 16.2%, caused by the share trading at a considerable discount to book value.

Earnings per share before extraordinary items amounted to USD 3.56 (NOK 25.19) in 2003 compared to USD 2.02 (NOK 16.10) in 2002. Earnings per share after extraordinary items amounted to USD 1.02 (NOK 7.17) in 2003. Cash flow per share was USD 7.82 (NOK 55.32) compared to USD 5.90 (NOK 47.02).

As per 31 December 2003 the Price/Earnings ratio (P/E) before extraordinary items was 6.2 and the Price/Cashflow ratio was 2.8. Based on book value the Enterprise Value (EV)/EBITDA multiple is 7.5 while, based on market value as per 31 December 2003, the EV/EBITDA multiple is 7.2. Interest coverage ratio (EBITDA/Net interest expenses) improved in 2003 to 7.5 compared to 6.2 in 2002.

Investigation by competition authorities

In February 2003 the EU Commission and the US Department of Justice (DoJ) started investigations of possible anti-trust violations in the parcel tanker shipping industry. We agreed immediately to cooperate fully with the authorities. On 29 September 2003 Odfjell ASA's wholly owned sub-

siary Odfjell Seachem (OS) entered into a voluntary plea agreement with the DoJ. OS agreed to plead guilty to a single-count violation of the US Sherman Antitrust Act with respect to certain contracts of affreightment for the period from 1998 to 2002. There were no allegations of improper conduct with regards to spot business contained in the plea agreement. OS accepted a fine of USD 42.5 million. The fine is included in full as an extraordinary item in the 2003 accounts. The plea agreement was approved by the US District Court for the Eastern District of Pennsylvania on 22 October 2003.

As part of the global settlement two Odfjell executives also agreed to plead guilty to single count violations. Bjørn Sjaastad, President/CEO, agreed to incarceration in the US for four months and a fine of USD 250 000. Erik Nilsen, Vice President, agreed to incarceration for three months and a fine of USD 25 000. As part of the overall solution the company reimbursed the individual fines. Both Mr. Sjaastad and Mr. Nilsen were granted salaried leave of absence.

Terje Storeng was appointed interim CEO/President with effect from 30 September 2003. Mr. Storeng resigned from his position as Managing Director of AS Rederiet Odfjell. He has been a Member of the Board of Odfjell ASA since 1994.

Since the investigations began, Odfjell ASA has strengthened its internal competition compliance program and has conducted training of all relevant personnel.

Odfjell has initiated contact with and is cooperating with the EU Commission with the objective of resolving the antitrust issue in Europe.

One of Odfjell's larger customers, Dow Chemicals/Union Carbide filed suit in November 2003 against Odfjell and other chemical tanker carriers.

Several other private lawsuits have been filed by smaller spot customers, seeking to assert "class action" claims on behalf of all shippers against Odfjell and other chemical tanker carriers. We believe these suits are barred by the arbitration clauses in our charter party agreements and that issue is now pending before the U.S. courts.

Some U.S. based customers have initiated arbitration proceedings against Odfjell and other chemical tanker carriers.



Odfjell will seek to resolve any legitimate claims asserted in these lawsuits and arbitrations on an amicable basis, but will vigorously defend against claims that have no merit.

Finally, Odfjell, among other chemical tanker carriers, has been sued in two other cases, one by a company and another by an individual, both seeking to assert “class action” claims on behalf of so-called “indirect purchasers.” These lawsuits are still at an early stage and Odfjell intends to defend them vigorously as well.

Whilst the outcome of these cases is still unclear, the company is likely to incur substantial legal fees in defending them. We have made provisions to meet such costs, but there is a risk that we will incur costs beyond the USD 10 million set-off made as per year-end 2003. We cannot exclude the risk that the outcome of these cases could negatively effect our financial position.

We anticipate that these issues, both related to the EU investigation and claims from various customers and others, will take time and consequently we are unable to give further information at this time.

Health, safety and environment

The policy of Odfjell is to constantly improve our already strong position as a supplier of high-quality, environmentally responsible low risk transport services. Continuous training of staff on ships, at terminals and ashore is a permanent goal. Stringent environmental and safety requirements guide all our operations. As a result of this policy, we decided to integrate the environmental standard ISO 14001 into our Safety & Quality Management System. We expect to be ISO 14001 certified during 2004.

The recorded absence rate within our shore-based organisation increased to 3.88% in 2003 compared to 3.47% during 2002. The 2003 figure is below the average for similar organisations.

On 25 April 2003, on her way down the Mississippi river in the US, with local pilot onboard, M/T Bow Lion incurred damage to the hull in contact with a bounded barge flotilla carrying grain. There were no injuries to the crew of neither

the barge nor Bow Lion. About 125 mt of Mixed Xylene was spilled into the river. Mixed Xylene is classified as a MARPOL C. cargo (the second lowest of four pollution categories) and will normally evaporate.

In 2003, the ships that we operate had two accidents involving human casualties. M/T Angelim, a Flumar owned ship, was hit by a fishing vessel and there was one casualty onboard the fishing vessel. On M/T Jacaranda, which is on time-charter to Flumar, there was a mooring accident with one casualty among the crew.

Apart from the two abovementioned accidents, we had no fatal accidents onboard other ships in 2003. The reported number of lost workday injury cases improved to 2.29 per million worked hours (Lost Time Injury Frequency = 2.29) compared to 2.63 in 2002. Initiatives taken during the last years have yielded these substantial positive effects.

The company utilises the “STAR - EVENT” experience feedback system to handle non-compliances and their causes.

Det Norske Veritas has audited Odfjell for ISM Document of Compliance in 2003. Audits and renewals of Safety Management Certificates were carried out onboard all our ships. Internal audits have also been made on all ships wholly owned by Odfjell. In addition to inspections by classification societies, port states and internal company inspections, our customers have inspected all our ships. Chemical Distribution Institute (CDI) inspected all ships in 2003. In addition, each ship had on average two inspections from customers in 2003, primarily through Oil Companies International Marine Forum (OCIMF). Odfjell appreciates such a close follow-up by the industry of ships and organisations, although it must be noted that the vast number of inspections per ship creates lost efficiency and considerably increased cost.

The working environment and company team spirit is good. We confirm our policy of providing male and female employees the same opportunities to develop skills and find new challenges within our company. The Board uses this opportunity to thank all employees for their contribution to the success of 2003, a most difficult year.

Bernt Daniel Odfjell Jr

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

**Terje Storeng**

Born 1949. Board Member since 1994. Mr. Storeng is currently Interim President/CEO of Odfjell ASA.

**Peter G. Livanos**

Born 1958. Board Member since 2000. Mr. Livanos is currently Chairman of Ceres Hellenic Shipping Enterprises Ltd. and serves on the Advisory Board of DVB Nedship Bank N.V.

**Reidar Lien**

Born 1942. Board Member since 2001. Mr. Lien was previously Managing Director of Bergensbanken ASA and he has held various management positions in banking and industry. He has experience from the Board of Directors of a number of different institutions.

**Marianna Moschou**

Born 1948. Board Member since November 2003. Until late 2001 Mrs. Moschou served as the Deputy Head of Citibank's Global Shipping Division with responsibility for Citibank's shipping business in Greece, Southern Europe and Middle East.

**Corporate governance**

The Board has dealt with the topic of corporate governance and a separate section can be found later in this annual report.

World shipping context

For tankers and drycargo vessels alike, year 2003 proved a very good one with sharply increased earnings and ship values. The second half of the year saw boom-like conditions. The main engine of growth was China, by increasingly consuming crude oil, coal and iron ore to fuel its expanding economy. World prices of steel products have increased by 50% or thereabouts in just over a year. Some other metals have increased even more. Ship newbuilding prices are tending up, compounded by fierce bidding for shipyard capacity by a shipping industry increasingly flush with cash. Only shipowners with a history and a good relationship on their side are favoured by yard space. The weakening dollar further underpins the appreciating prices. With capacity filled for 2006 deliveries, the shipyards are somewhat reluctant to commit to fixed prices as far ahead as 2007, even for their standard designs.

Concurrently, the shipping industry is plagued by ever stricter regulations, and resulting higher costs. Coupled with regulatory outphasing of single hull vessels and arbitrary age requirements and other restrictions by oil companies and port states alike, the shipping industry consensus is for these factors translating into a general repricing of most trans-oceanic freight services. Of course there are variations sector by sector, and one must always keep in mind the cyclical nature of this industry. Whilst parcel or chemical tankers represent only a small percentage of the total world fleet of ocean-going ships, nevertheless there is a constant interplay between the various markets, in our specific case the interplay with handysize tankers, primarily those employed within the clean petroleum segment.

Company strategy

We will continue to provide highly efficient, safe and cost effective parcel tanker services to our customers worldwide. The further strategy is to continue to expand terminalling along Odfjell's major shipping lanes and at important petrochemical junctions around the world. We deem terminals an increasingly stabilizing factor in the overall financial performance of the company, as these earnings are less volatile than our traditional shipping activities.

The chemical industry is recovering from recession. Demand presently is being underpinned by a surge in Chinese growth and US tax cuts. The Middle East is increasingly dominating the production of basic chemicals. The specialty chemicals sector, which makes more complex and expensive molecules (traditionally located in the US and

certain European countries) is beginning to feel the effect of competition also in such segments as high-specification fibres and pigments. With huge levels of foreign direct investments in Asia and the Middle East, the upshot is import substitution. More long-term this may translate into less demand for long-distance transportation of chemicals, especially out of the USA – where plants are beginning to close down on account of high energy costs.

For economic reasons we have decided to close down our stand-alone unit in Houston operating smaller ships within the Caribbean and larger ships to and from the South American west coast. Such services will henceforth be operated out of the main office in Bergen, Norway. In the process we will somewhat scale down our chartering functions in Houston.

The tragic loss of M/T Bow Mariner

On 28 February 2004, enroute from New York to Texas City in the US, the M/T Bow Mariner sank after experiencing several explosions and fire. Six crewmen survived the accident, three bodies have been recovered and 18 are still missing at the time of writing. The Board wishes to express its thanks and appreciation to the US Coast Guard for a professional and brave rescue operation. Marine expertise and equipment is presently converging in Norfolk, Virginia

to conduct a two pronged operation to locate and recover the missing seamen and to remove any remaining cargo and fuel oil from the sunken ship. The cause of the accident is still being investigated, and along with the ship's manager Ceres Hellenic Shipping Enterprises we are determined to find out what happened.

M/T Bow Mariner is owned by a subsidiary of Odfjell ASA and have appropriate insurance coverage, both with regards to the ship and liability. Consequently, we believe the tragic accident will not have a negative financial impact.

The Board is deeply saddened at the outcome of the accident.

Prospects

The world economy is recovering, and there is strong growth in China and the US as well as continued economic growth elsewhere in Asia. Volume and spot rates in the chemical tanker market, although lagging most other segments of the shipping market, started to improve towards the end of 2003. We believe such trend will continue the next few years, the more so since new ships are becoming more expensive and the delivery lead times steadily longer.

Further enhanced by continued strong results in our tank terminal business we fully expect an improved operating result for 2004 as compared to 2003.

Bergen, 8 March 2004

THE BOARD OF DIRECTORS OF ODFJELL ASA



Terje Storeng



B.D. Odfjell jr.
CHAIRMAN



Peter G. Livanos



Reidar Lien



Marianna Moschou



Terje Storeng
PRESIDENT/CEO

Profit and Loss Statement

(USD 1 000)

OPERATING REVENUE (EXPENSES)	NOTE	2003	2002	2001
Gross revenue	2, 3	907 264	850 332	851 927
Voyage expenses		(320 810)	(278 800)	(260 155)
Time-charter expenses	4, 25	(166 059)	(189 924)	(183 278)
Operating expenses	5, 7, 22, 25	(188 738)	(169 421)	(157 837)
Gross result		231 657	212 188	250 658
General and administrative expenses	5, 25	(61 584)	(53 214)	(47 664)
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	3	170 073	158 974	202 993
Depreciation	6, 7	(89 948)	(87 016)	(82 578)
Write-down of goodwill	6	(2 417)	-	-
Gain (loss) on sale of fixed assets		(15)	521	3 525
Operating result (EBIT)	3	77 692	72 480	123 939
FINANCIAL INCOME (EXPENSES)				
Interest income		4 647	9 215	13 123
Interest expenses		(27 408)	(34 799)	(52 984)
Other financial items	8	(358)	(1 161)	(761)
Currency gains (losses)	9	29 796	14 768	(14 169)
Net financial items		6 677	(11 977)	(54 790)
Result before extraordinary items, taxes and minority items		84 370	60 502	69 149
Taxes on result before extraordinary items	10	(7 175)	(14 977)	(9 264)
Result before extraordinary items		77 194	45 525	59 885
Extraordinary expenses	11	(60 246)	-	-
Taxes on extraordinary expenses	10, 11	5 017	-	-
Extraordinary items		(55 229)	-	-
Result before minority interests		21 965	45 525	59 885
Minority interests		104	(76)	118
Net result		22 069	45 449	60 003
Earnings per share (USD) - basic/diluted - before extraordinary items	12	3.56	2.03	2.43
Earnings per share (USD) - basic/diluted - after extraordinary items	12	1.02	2.03	2.43

Assets as per 31.12.

(USD 1 000)

FIXED ASSETS	NOTE	2003	2002	2001
Goodwill	6,14	10 344	15 015	17 266
Real estate	7,14	20 594	13 802	11 306
Ships	7, 14	997 694	968 731	974 204
Newbuilding contracts	7, 14	24 217	10 789	35 599
Tank terminals	7, 14	292 908	261 809	215 857
Tank containers	7, 14	20 951	18 370	19 253
Office equipment and cars	7, 14	7 326	7 348	5 862
Other long-term receivables	16, 18	6 246	18 609	21 737
Total fixed assets		1 380 281	1 314 473	1 301 086
CURRENT ASSETS				
Short-term receivables	18	82 648	75 578	79 111
Bunkers and other inventories	18	10 911	9 816	7 648
Investment in shares	19	-	109	-
Bonds and certificates	18, 20	88 293	138 217	158 462
Cash and bank deposits	18, 21	114 895	91 703	54 246
Total current assets		296 747	315 424	299 467
Total assets	3	1 677 028	1 629 897	1 600 553

B.D. Odfjell jr.
CHAIRMAN

Terje Storeng

Liabilities and Shareholders' Equity as per 31.12.

(USD 1000)

PAID IN EQUITY	NOTE	2003	2002	2001
Share capital	13	29 425	31 099	34 715
Own shares	13	-	(1 674)	(3 616)
Share premium	13	109 955	109 955	109 955
Total paid in equity		139 380	139 380	141 054
RETAINED EARNINGS				
Other equity	13	391 361	395 721	384 642
Total retained earnings		391 361	395 721	384 642
Total shareholders' equity		530 742	535 101	525 695
Minority interests		3 951	3 984	3 900
LONG-TERM LIABILITIES				
Deferred tax liabilities	10, 18	18 689	19 080	3 350
Pension liabilities	17, 18	5 603	4 348	4 938
Long-term debt	16, 18	943 629	957 338	960 065
Other long-term liabilities	16	33 900	-	-
Total long-term liabilities		1 001 820	980 767	968 352
CURRENT LIABILITIES				
Taxes payable	10, 18	2 798	2 857	5 401
Employee taxes payable	18	3 907	3 293	2 803
Dividend payable	13, 18	32 464	24 948	20 298
Other short-term liabilities	18	101 347	78 946	74 103
Total current liabilities		140 515	110 045	102 606
Total liabilities		1 142 336	1 090 811	1 070 958
Total liabilities and shareholders' equity		1 677 028	1 629 897	1 600 553
Liabilities secured by mortgages	23	154 795	128 600	111 132
Guarantees	24	1 739	482	836

Peter G. Livanos

Reidar Lien

Marianna Moschou

Terje Storeng
PRESIDENT/CEO

Bergen, 8 March 2004

THE BOARD OF DIRECTORS OF ODFJELL ASA

Cash Flow Statement

(USD 1 000)

	2003	2002	2001
CASH FLOW FROM OPERATING ACTIVITIES			
Net result before taxes and minority interests	24 228	60 502	69 149
Taxes paid	(3 595)	(3 232)	(1 795)
(Gain) loss on sale of fixed assets	15	(521)	(3 525)
Depreciation	92 366	87 016	82 578
Depreciation of capitalised dry-docking expenses	18 608	22 010	20 348
Inventory (increase) decrease	(1 095)	(2 168)	2 095
Trade debtors (increase) decrease	(8 460)	2 985	8 329
Trade creditors increase (decrease)	(136)	(3 452)	(5 199)
Difference in pension cost and pension premium paid	508	362	460
Other short-term accruals	56 749	(7 664)	(28 300)
Net cash flow from operating activities	179 187	155 838	144 139
CASH FLOW FROM INVESTING ACTIVITIES			
Sale of fixed assets	223	32 350	7 951
Investment in fixed assets	(177 599)	(142 376)	(137 394)
Investment in trading shares	115	-	3 921
Changes in long-term receivables	12 423	3 218	14 932
Net cash flow from investing activities	(164 838)	(106 809)	(110 590)
CASH FLOW FROM FINANCING ACTIVITIES			
New long-term debt	271 355	209 017	147 386
Payment of long-term debt	(292 014)	(217 901)	(141 935)
Share repurchases	-	(18 135)	(41 228)
Dividend	(23 817)	(22 115)	(10 974)
Net cash flow from financing activities	(44 476)	(49 134)	(46 751)
Effect on cash balances from currency exchange rate fluctuations	3 397	17 318	(753)
Net change in cash balances	(26 731)	17 213	(13 955)
Cash balances as per 01.01	229 922	212 708	226 663
Cash balances as per 31.12	203 191	229 922	212 708

As per 31 December 2003 we had no unutilised credit facilities.

Notes to the Group Financial Statement

1. ACCOUNTING PRINCIPLES

All items in the financial statements have been reported, valued and accounted for in accordance with the Accounting Act and generally accepted accounting principles in Norway.

a. Consolidation

The consolidated statements consist of Odfjell ASA and companies where Odfjell ASA directly or indirectly controls more than 50% of the votes. Companies are consolidated from the time when control is obtained.

The same accounting principles are applied to all companies in the Odfjell Group.

Foreign subsidiaries with functional currency other than USD are converted to USD at the average rate of exchange for the profit and loss account and at the year-end exchange rate for the balance sheet.

Translation adjustments are accounted for as other equity.

The Odfjell Group is using the purchase method when consolidating subsidiaries that have been taken over.

Identified excess values have been allocated to those assets to which the value relates or to goodwill. The excess values and goodwill are based on historical exchange rates and depreciated over the estimated economic lives.

Intercompany transactions have been eliminated.

Our share of activities under joint control and affiliated companies is included proportionally in each of the lines in the Group's Profit and Loss and Balance Sheet statements according to the Gross Method.

b. Classification of balance sheet items

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

c. Revenue and voyage related expenses

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

d. Periodic maintenance expenses

Dry-docking cost is capitalised and classified as ships. At the time of investing in a ship a portion of the purchase price is defined as dry-docking cost. The cost is depreciated over the period until the next dry-docking, normally 30 or 60 months.

e. Pension costs and liabilities

The Odfjell Group has both defined benefit pension plans and contribution pension plans.

The pension costs under the contribution plans are expensed periodically and there are no further liabilities related to these pension plans.

The present value of the pension liabilities under defined benefit pension plans has been calculated based on actuarial principles.

The present value of the pension liabilities and the pension plan assets is included under long-term liabilities and long-term assets. Pension liabilities are mainly insured with life insurance companies. Unfunded pension liabilities are calculated and included in the pension liabilities. The change in net pension liabilities is expensed in the profit and loss account. The effect of changes in estimates and pension plans exceeding 10% of the highest of pension liabilities and plan assets is accounted for. The result effect of such changes is amortised over the remaining service period.

f. Debt issuance expenses

Debt issuance expenses are amortised over the loan period.

g. Taxes and deferred tax liabilities

Taxes are calculated based on the financial result and consist of taxes payable and deferred taxes. The basis for deferred taxes is the temporary difference between the financial result and the taxable result plus the change in the NOK-value of assets owned by Norwegian companies under the ordinary Norwegian tax regime caused by changes in the USD/NOK exchange rate. Deferred taxes are estimated based upon a nominal tax rate calculation except for the part of the Group which qualify under the Norwegian tax scheme for shipping companies, where we have used a net present value for calculating deferred taxes. Tonnage tax pertaining to own ships is included in operating costs.

h. Public contribution

Public contribution from the Norwegian Maritime Directorate related to the reimbursement system for Norwegian seafarers is entered in the accounts as a reduction of operating cost. Public contribution received in relation to the newbuilding program is used to reduce the cost price.

i. Current assets

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

j. Foreign currency

The functional currency is USD. Current assets, long-term receivables and liabilities in non-USD currencies are valued at the year-end exchange rate.

k. Fixed assets

Fixed assets are stated at historical cost, which includes purchase price, capitalized interest and other costs directly related to the investment, less accumulated depreciation and write-down.

Fixed assets including goodwill are depreciated straight-line over their estimated economic lives. The preliminary Norwegian accounting standard concerning impairment of fixed assets, equivalent to IAS 36, was implemented as from 2002. The preliminary standard states that if the Recoverable Amount is lower than the book value, impairment has occurred and the asset shall be revaluated. The Recoverable Amount is the highest of the fair market value of the asset and the net present value of future estimated cash flow from the employment of the asset ("value in use"). We have made the following assumptions when calculating the "value in use" for material assets:

SHIPS:

We have made an assessment of what is a normal T/C income and a normal level of operating expenses for each type of ship.

Ships are interchangeable and the regional trades are integrated with the global trade ships through a logistical system. All chemical tankers are therefore seen together as a portfolio of ships.

TERMINALS:

We have assumed a normalized result of each terminal. We have calculated the "value in use" as five-years' EBITDA and a residual value after five years.

CONTAINERS:

For containers we have used a normalized EBITDA for five-years and a residual value after five years.

The interest rate is based on a weighted average cost of capital (WACC). The WACC reflects the company's long term borrowing rate and a risk free rate plus a risk premium for the equity.

l. Newbuilding contracts

Newbuilding contracts include payments made under the contracts, capitalized interest and other costs directly associated with the newbuilding program.

m. Cash flow statement

The cash flow statement is prepared using the indirect method.

Cash balances include cash and cash equivalents such as bank deposits, bonds and certificates.

n. Financial instruments

The company uses various financial instruments to reduce fluctuations in earnings and cash flow caused by volatility in foreign exchange rates, interest rates and bunker prices. The following accounting principles apply for such financial instruments:

FOREIGN CURRENCY INSTRUMENTS:

The result of currency hedging transactions is accounted for in the period when the hedged cash flow items are accounted for. The result of currency hedging transactions have been accounted for under currency gains/losses.

INTEREST RATE INSTRUMENTS:

The result of interest rate hedging transactions is accounted for as an increase or decrease of interest expenses in the period when the hedged cash flow items are accounted for.

BUNKERS:

The result from bunker hedging transactions is accounted for as an increase or decrease of the bunker expenses in the period when the hedged cash flow items are accounted for.

o. Related parties

In the normal course of the conduct of its business, the Odfjell Group enters into a number of transactions with related parties.

The company considers these arrangements to be on commercially reasonable market terms. See Note 25 for information about related party transactions.

p. Information about the segments

The definition of business segments is based on the company's internal reporting. Transactions between the individual business areas are priced at market terms and are eliminated in the consolidated accounts.

q. Finance leases

Assets financed under finance leases are capitalized at the inception of the lease at the fair value of the leased asset, or if lower, at the present value of the minimum lease payments. Lease payments are treated as consisting of a capital element and finance cost, the capital element reducing the obligation to the lessor and the finance cost is expensed. Capitalized leased assets are depreciated over the estimated useful life of the asset in accordance with Note 7.

r. Contingent assets and liabilities

Provisions are made for contingent losses that are probable and quantifiable. Provisions are based on best estimates. Contingent gains are not accounted for.

s. Extraordinary items

A material event or transaction that is both unusual in nature, infrequent in occurrence and essential to the ordinary and typical activities of the entity, taking into account the environment in which the entity operates, is classified as an extraordinary item.

2 GROSS REVENUE

(USD 1 000)

The majority of revenue relates to shipping. Our shipping and tank container revenue is allocated on the basis of the area in which the cargo is loaded. For the tank terminals the revenue is allocated to the area where the respective companies are located.

<i>Gross revenue:</i>	2003	2002	2001
North America	248 734	242 332	234 962
South America	124 956	108 149	112 196
Europe	203 723	157 445	168 344
Africa	63 337	68 244	55 874
Australasia	6 651	5 699	6 961
Middle East and Asia	259 863	268 463	273 590
Total gross revenue	907 264	850 332	851 927

3 SEGMENT REPORTING

(USD 1 000)

<i>Gross revenue:</i>	2003	2002	2001
Global Trade	609 353	594 814	624 055
Regional Trade	130 039	118 939	103 726
Tank Terminals	118 121	97 222	89 927
Tank Containers	49 751	39 358	34 219
Total gross revenue	907 264	850 332	851 927

<i>Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA):</i>	2003	2002	2001
Global Trade	104 958	101 193	150 314
Regional Trade	14 629	15 143	14 425
Tank Terminals	45 063	37 872	34 891
Tank Containers	5 422	4 766	3 363
Total operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	170 073	158 974	202 993

<i>Operating result (EBIT):</i>	2003	2002	2001
Global Trade	43 421	41 378	94 446
Regional Trade	3 681	7 024	6 136
Tank Terminals	27 241	22 442	23 049
Tank Containers	3 351	1 636	308
Total operating result (EBIT)	77 692	72 480	123 939

<i>Total assets:</i>	2003	2002	2001
Global Trade	1 178 612	1 130 660	1 158 708
Regional Trade	117 251	129 612	135 526
Tank Terminals	343 000	336 250	274 010
Tank Containers	38 165	33 376	32 309
Total assets	1 677 028	1 629 897	1 600 553

4 TIME-CHARTER EXPENSES

(USD 1 000)

	2003	2002	2001
Floating TC-expenses	92 342	103 067	126 435
Other TC-expenses	73 717	86 857	56 843
Total time-charter expenses	166 059	189 924	183 278

5 SALARIES, NUMBER OF EMPLOYEES, BENEFITS, LOANS TO EMPLOYEES AND AUDITOR'S REMUNERATION

(USD 1 000)

<i>Salaries and other employee expenses:</i>	2003	2002	2001
Salaries	106 845	90 273	77 651
Social expenses	15 198	11 956	12 332
Pension cost	2 764	2 193	1 640
Other benefits	1 383	1 736	948
Total salary expenses	126 189	106 158	92 571
Average number of employees	3 259	3 062	2 922

The salary expenses are included in the following accounts:

	2003	2002	2001
Operating expenses	83 993	70 076	62 297
General and administrative expenses	42 196	36 081	30 274

<i>Compensation and benefits for 2003 to:</i>	<i>From 30.09.2003 Interim President/CEO</i>	<i>Full year President/CEO</i>	<i>Board of Directors</i>
Salary	92	585*)	264
Pension cost	-	85	15
Other benefits	-	17	4

*) As part of the global settlement with the US Department of Justice, Bjørn Sjaastad, President/CEO, agreed a fine of USD 250 000. As part of the overall solution the company reimbursed the individual fine. The part of the fine paid in 2003 is included with USD 220 000 as salary. Mr. Sjaastad was granted salaried leave of absence and Terje Storeng was appointed Interim President/CEO with effect from 30 September 2003. Mr. Storeng resigned from his position as Managing Director of AS Rederiet Odfjell.

The President/CEO is entitled to two years salary if the company terminates the employment prior to the age of 50, and to three years salary if such termination occurs after the age of 50. The President/CEO has the right to request his retirement at the age of 60 and will receive an annual pension from the age of 60 to 65 in an amount equal to 66% of the average annual salary the three years preceding. Annual pension after 65 years will be 66% of 24G (presently 24G equals USD 204 240).

The Interim President/CEO continues his pension and insurance arrangements with AS Rederiet Odfjell. Odfjell ASA will reimburse the expenses related to these arrangements.

The company has established a variable compensation scheme for senior and middle management. This scheme is based on a combination of nominal results and their relation to a predefined target of return on equity in addition to individual achievements and salary. The continuation of the variable compensation scheme is approved by the Board of Directors from year to year. For 2003 no payments were made under this scheme.

Loans to employees amount to USD 1.5 mill. Following members of senior management have loans from the company: Jarle Haugsdal (USD 0.2 mill.), Atle Knutsen (USD 0.2 mill.), Jan Hammer (USD 0.2 mill.) and Jan Didrik Lorentz (USD 0.2 mill). Employee loans are primarily secured by property mortgages. Loans to senior management are interest free, while other employee loans are currently calculated at 3.25% interest per annum. Loans to senior management are repayable over 10 years after a grace period of 5 years. Other employee loans are generally repaid over 5 years.

<i>Auditor's remuneration for:</i>	2003	2002	2001
Auditing (exclusive VAT)	419	280	175
Tax/Legal/Due diligence (exclusive VAT)	378	224	341

6 INTANGIBLE FIXED ASSETS

(USD 1 000)

<i>Goodwill in relation to acquisition of:</i>	<i>Cost</i>	<i>Investment</i>	<i>Sale book value</i>	<i>Accumulated amortisation prior years</i>	<i>Amortisation this year</i>	<i>Write-down</i>	<i>Book value 31.12.03</i>
Odfjell Americas AS	6 201	-	-	(3 152)	(632)	(2 417)	-
Hoyer - Odfjell BV	4 225	-	-	(1 689)	(424)	-	2 112
Odfjell Terminals (Rotterdam) BV	6 083	-	-	(1 603)	(640)	-	3 840
Flumar Transportes de Quimicos e Gases Ltda.	768	-	-	(154)	(76)	-	538
Oiltanking Odfjell Terminal Singapore Pte Ltd	4 817	-	-	(483)	(480)	-	3 854
Total	22 094	-	-	(7 081)	(2 253)	(2 417)	10 344

Amortisation period:

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

The preliminary Norwegian accounting standard concerning impairment of fixed assets, equivalent to IAS 36, was implemented by the company as from 2002 and there was impairment realised on goodwill in 2003, resulting in a write-down of USD 2.4 million.

7 FIXED ASSETS

(USD 1 000)

	Cost		Sale book value	Accumulated depreciation prior years	Depreciation this year	Book value 31.12.03
	01.01.03	Investment				
Real estate	19 086	7 066	-	(4 850)	(708)	20 594
Ships and newbuilding contracts	1 255 217	119 254	-	(306 244)	(67 036)	1 001 192
Periodic maintenance*	31 143	8 184	-	-	(18 608)	20 719
Tank terminals	358 278	36 300	-	(85 552)	(16 118)	292 908
Tank containers	23 371	4 179	-	(5 314)	(1 286)	20 951
Office equipment and cars	15 558	2 616	(238)	(8 061)	(2 548)	7 326
Total	1 702 653	177 599	(238)	(410 021)	(106 303)	1 363 691

Assets financed under finance leases are included in ships and newbuilding contracts' book value 31 December 2003 with USD 165.7 mill. and in tank containers' book value 31 December 2003 with USD 17.5 mill.

The preliminary Norwegian accounting standard concerning impairment of fixed assets, equivalent to IAS 36, was implemented by the company as from 2002 and no impairment was necessary as Recoverable Amounts were higher than book values in 2003.

Depreciation periods:

Real estate: 50 years; ships: 25 years; periodic maintenance cost: 2.5-5 years; tank terminals: 40 years; tank containers: 20 years; office equipment and cars: 3-15 years.

* Periodic maintenance is included under ships in the balance sheet and the depreciation is expensed as an operating expense.

8 OTHER FINANCIAL ITEMS

(USD 1 000)

	2003	2002	2001
Other financial income	-	21	411
Other financial expenses	13	(778)	(957)
Changes in the market value of financial current assets	(371)	(403)	(216)
Total other financial items	(358)	(1 161)	(761)

9 CURRENCY GAINS (LOSSES)

(USD 1 000)

	2003	2002	2001
Currency hedging contracts	28 972	4 569	(13 487)
Long-term receivables and debt	683	(1 535)	(263)
Cash and cash equivalents	3 397	17 318	(753)
Other current assets and current liabilities	(3 256)	(5 584)	334
Total currency gains (losses)	29 796	14 768	(14 169)

10 TAXES

(USD 1 000)

<i>Taxes:</i>	2003	2002	2001
Taxes payable, Norway - ordinary tax	-	-	(326)
Taxes payable, Foreign	(3 569)	(1 210)	(3 589)
Change in deferred tax, Norway - within shipping tax system	(3 606)	(21 416)	3 560
Change in deferred tax, Norway - ordinary tax	3 893	12 596	(5 468)
Change in deferred tax, Foreign	(3 893)	(4 947)	(3 441)
Change in deferred tax extraordinary items, Norway	4 744	-	-
Change in deferred tax extraordinary items, Foreign	273	-	-
Total tax expenses	(2 158)	(14 977)	(9 264)
Tonnage tax (expensed as an operating expense)	(1 101)	(707)	(466)

Specification of deferred tax liabilities (deferred tax assets) Odfjell Group:

	2003	2002	2001
Current items	643	536	-
Fixed assets	48 788	60 855	70 357
Pension fund (pension liabilities)	(4 913)	(4 231)	(5 022)
Provisions	(11 709)	-	-
Other long-term temporary differences	99 398	130 002	20 399
Tax-loss carried forward*	(72 363)	(124 042)	(75 583)
Net temporary differences	59 844	63 120	10 151
Tax rate	28%-35%	28%-35%	10%-35%
Total deferred tax liabilities (deferred tax assets) Odfjell Group	18 689	19 080	3 350

<i>Accumulated non-taxed income within Norwegian shipping tax system:</i>	2003	2002	2001
Balance of non-taxed income at entry into the shipping tax system	387 047	371 806	286 946
Accumulated non-taxed operating income	248 362	222 744	150 479
Accumulated non-taxed income	635 409	594 550	437 425
Deferred tax liabilities (deferred tax assets)**	-	-	-

* Tax-loss carried forward expires in the period 2006-2013.

** On the assumption the Group continues under the shipping tax system, the deferred tax liabilities/deferred tax assets relating to non-taxed income is negligible based on a net present value calculation.

11 EXTRAORDINARY ITEMS

(USD 1 000)

	2003	2002	2001
Settlement with the US Department of Justice	(42 500)	-	-
Expenses directly related to the antitrust case	(17 746)	-	-
Taxes on extraordinary expenses	5 017	-	-
Extraordinary items	(55 229)	-	-

Expenses directly related to the antitrust case include provisions for estimated contingent expenses of USD 10 million.

12 EARNINGS PER SHARE

The weighted average number of shares in 2003 was 21 692 237. In 2002 and 2001 the comparable figures were 22 431 284 and 24 687 339 respectively. The company has no stock option plan. Earnings per share before extraordinary items is calculated as net result for the year plus extraordinary items divided by the weighted average number of shares. Earnings per share after extraordinary items is calculated as net result for the year divided by the weighted average number of shares.

13 SHAREHOLDERS' EQUITY

(USD 1 000)

	Share capital	Own shares	Share premium	Other equity	Total equity
Shareholders' equity as per 31 December 2000	36 659	(1 303)	109 955	384 558	529 869
Net result 2001	-	-	-	60 003	60 003
Share repurchases	-	(4 257)	-	(36 971)	(41 228)
Redemption of shares	(1 944)	1 944	-	-	-
Equity adjustments	-	-	-	801	801
Changes in translation adjustments	-	-	-	(3 451)	(3 451)
Dividend	-	-	-	(20 298)	(20 298)
Shareholders' equity as per 31 December 2001	34 715	(3 616)	109 955	384 642	525 695
Net result 2002	-	-	-	45 449	45 449
Share repurchases	-	(1 674)	-	(16 461)	(18 135)
Redemption of shares	(3 616)	3 616	-	-	-
Changes in translation adjustments	-	-	-	7 041	7 041
Dividend	-	-	-	(24 948)	(24 948)
Shareholders' equity as per 31 December 2002	31 099	(1 674)	109 955	395 721	535 101
Net result 2003	-	-	-	22 069	22 069
Redemption of shares	(1 674)	1 674	-	-	-
Changes in translation adjustments	-	-	-	6 036	6 036
Approved dividend	-	-	-	(12 985)	(12 985)
Proposed dividend	-	-	-	(19 478)	(19 478)
Shareholders' equity as per 31 December 2003	29 425	-	109 955	391 361	530 742

14 INVESTMENTS IN AND SALE OF FIXED ASSETS AND INTANGIBLE FIXED ASSETS

(USD 1 000)

	2003		2002		2001		2000		1999	
	Inv.	Sale	Inv.	Sale	Inv.	Sale	Inv.	Sale	Inv.	Sale
Goodwill	-	-	305	-	4 032	-	7 722	-	5 951	-
Real estate	7 066	-	961	1 023	765	7	268	-	175	-
Ships and newbuilding contracts	119 254	-	60 880	31 168	57 828	7 905	236 395	-	127 758	18 685
Periodic maintenance costs	8 184	-	26 084	-	22 546	-	18 984	-	18 162	-
Tank terminals	36 300	-	49 928	4	35 793	-	84 190	-	10 119	-
Tank containers	4 179	-	1 641	-	13 884	-	5 700	-	2 300	-
Office equipment and cars	2 616	223	2 578	155	2 546	39	3 768	-	2 733	213
Total	177 599	223	142 376	32 350	137 394	7 951	357 027	-	167 198	18 898

15 CONSOLIDATED COMPANIES

<i>Fully consolidated companies:</i>	<i>Registered office</i>	<i>Share</i>	<i>Voting rights</i>
Odfjell Chemical Tankers AS	Norway	100 %	100 %
Odfjell Chemical Tankers II AS	Norway	100 %	100 %
Odfjell Chemical Tankers III AS	Norway	100 %	100 %
Odfjell Americas AS	Norway	100 %	100 %
Odfjell Seachem AS	Norway	100 %	100 %
Odfjell Terminals AS	Norway	100 %	100 %
Odfjell Insurance AS	Norway	100 %	100 %
Odfjell Projects AS	Norway	100 %	100 %
Odfjell Asia Pte Ltd	Singapore	100 %	100 %
Odfjell Asia II Pte Ltd	Singapore	100 %	100 %
Odfjell Asia III Pte Ltd	Singapore	100 %	100 %
Odfjell Singapore Pte Ltd	Singapore	100 %	100 %
Odfjell Australia Pty Ltd	Australia	100 %	100 %
Odfjell USA Inc	USA	100 %	100 %
Odfjell USA GP Inc	USA	100 %	100 %
Odfjell USA LP Inc	USA	100 %	100 %
Odfjell USA LP	USA	100 %	100 %
Odfjell Terminals USA GP Inc	USA	100 %	100 %
Odfjell Terminals USA LP Inc	USA	100 %	100 %
Odfjell Terminals (Houston) LP	USA	100 %	100 %
Odfjell Netherlands BV	Netherlands	100 %	100 %
Odfjell Chemical Tankers Netherlands BV	Netherlands	100 %	100 %
Odfjell Terminals (Rotterdam) BV	Netherlands	100 %	100 %
Odfjell (UK) Ltd	United Kingdom	100 %	100 %
Odfjell Japan Ltd	Japan	100 %	100 %
Odfjell Seachem South Africa (Pty) Ltd	South Africa	100 %	100 %
Odfjell Brasil - Representacoes Ltda	Brazil	100 %	100 %
Odfjell Chemical Tankers Ltd	Bermuda	100 %	100 %
Odfjell Argentina SA	Argentina	99 %	99 %
Odfjell Terminals (Dalian) Co Ltd	China	64 %	64 %

Other companies consolidated according to the Gross Method:

	<i>Segment</i>			
Odfjell y Vapores SA	Regional Trade	Chile	49 %	49 %
Odfjell & Vapores Ltd	Regional Trade	Bermuda	50 %	50 %
Norfra Shipping AS	Regional Trade	Norway	50 %	50 %
Odfjell Ahrenkiel Europe GmbH	Regional Trade	Germany	50 %	50 %
Flumar Transportes de Quimicos e Gases Ltda	Regional Trade	Brazil	50 %	50 %
Hoyer - Odfjell BV	Tank Containers	Netherlands	50 %	50 %
Oiltanking Odfjell Terminal Singapore Pte Ltd	Tank Terminals	Singapore	50 %	50 %
Odfjell Terminals (Korea) Co Ltd	Tank Terminals	Korea	50 %	50 %
V.O. Tank Terminal Ningbo Ltd	Tank Terminals	China	12.5 %	12.5 %

The share of result and balance sheet items for other companies, comprising affiliated companies and companies under joint control, is included line by line in the accounts. The below main figures are included for each segment in the group accounts:

(USD 1 000)	<i>Regional Trade</i>	<i>Tank Containers</i>	<i>Tank Terminals</i>	<i>Total</i>
Gross revenue	27 497	49 751	9 668	86 916
Operating expenses	(8 920)	-	(2 302)	(11 223)
Net financial items	283	(1 125)	(2 699)	(3 542)
Net result	2 392	2 860	291	5 543
Fixed assets	6 938	26 853	71 522	105 313
Current assets	5 586	11 313	5 239	22 137
Total assets	12 523	38 165	76 761	127 449
Equity 31.12.2002	(1 701)	4 922	26 723	29 944
Net result	2 392	2 860	291	5 543
Changes in translation adjustments	(261)	(59)	507	187
Total equity 31.12.2003	430	7 723	27 521	35 673
Long-term liabilities	7 539	19 610	45 790	72 939
Current liabilities	4 555	10 833	3 451	18 838
Total liabilities	12 094	30 443	49 241	91 777

Uncalled committed capital 31.12.2003 - - - -

16 RECEIVABLES AND DEBT

(USD 1 000)

<i>Other long-term receivables:</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
Employees	1 525	1 587	1 736
Pension fund	524	-	-
Other	4 197	17 022	20 001
Total other long-term receivables	6 246	18 609	21 737
of which with a maturity later than one year	4 109	10 186	14 119
<i>Long-term liabilities with a maturity later than 5 years:</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
Total	231 298	66 940	253 809
Long-term interest-bearing debt as per 31.12.2003	943 629		
Repayment schedule:			
2004	62 540		
2005	109 537		
2006	113 788		
2007	272 851		
2008 and thereafter	384 913		

The average term of the group's outstanding long-term interest-bearing debt as per 31 December 2003 was 4.7 years (2002: 4.5 years).

The long-term debt is mainly on an unsecured basis from major international shipping banks. The unsecured debt is subject to negative pledge, but new investments may be mortgaged or leased, see Note 23 Liabilities secured by mortgages. The loan agreements generally contain certain covenants, the most restrictive of which requires that current assets, on a consolidated basis, shall at all times be equal to at least 100% of current liabilities, which includes the next 12 months' principal instalments of long term debt and finance leases. Other covenants include that the value adjusted debt ratio (when excluding deferred taxes from the debt) shall at all times be less than 75% and that the liquidity shall always be minimum USD 50 million.

In January 2004 we secured a commitment for a USD 60 million loan facility for general corporate purposes.

Other long-term liabilities is the long-term part of the settlement with the US Department of Justice, entered into in 2003, which will be payable in 2005 (USD 8.6 mill.), 2006 (USD 8.6 mill.), 2007 (USD 8.6 mill.) and 2008 (USD 8.1 mill.).

<i>Average USD interest rate:</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
Liabilities to financial institutions	2.81 %	3.73 %	5.43 %
Certificates	-	-	6.97 %
Bond debt	1.03 %	1.35 %	2.74 %
Other long-term liabilities	1.20 %	-	-

17 PENSION COSTS AND LIABILITIES

(USD 1 000)

The pension liabilities as per 31.12.2003 were USD 5.1 mill, of which USD 4.9 mill. related to office personnel and seafarers employed by Odfjell ASA. Odfjell ASA has defined benefit pension plans for its employees. The pension plans cover 581 office employees and seagoing personnel and 69 retirees. The retirement age is 65 for office employees. Unfunded pension from 65-67 years covers 66% of the yearly salary at retirement age limited to 12G (G = Indexation of the public National Insurance base amount, presently G equals USD 8 510). Pension from 67 years is paid from the defined benefit plan and national social security. Maximum pension, after 30 years service in the defined benefit plan and 40 years in the national social security, is 66% of yearly salary at retirement age limited to 12G. Pensions for senior management is limited to 66% of 18G from the age of 65. The retirement age is 60 for seagoing personnel. The pension plan covers 60% of salary level at retirement with 30 years employment, and a deduction is made for estimated benefits paid from the Social Security "Pension Insurance for Seamen". Pension benefits are funded (insured) with life insurance companies from the age of 60 until the age of 67. After the age of 67 pension benefits are paid from the Social Security. The pension benefit will be adjusted in accordance with G.

<i>Net pension costs:</i>	2003	2002	2001
Present value current year service cost	2 150	1 821	1 476
Interest cost on accrued pension liabilities	1 512	1 212	929
Return on pension plan assets	(1 170)	(992)	(824)
Amortised effect of changes in estimates and pension plans, and differences in actual and estimated return on pension plan assets	271	152	59
Social security tax	366	297	207
Net pension cost	3 130	2 490	1 847
<i>Estimated pension liabilities – funded obligations:</i>			
Estimated pension obligation	24 838	21 869	14 011
Market value of plan assets	(19 697)	(18 209)	(13 215)
Unamortised effect of changes in estimates and pension plans, and differences in actual and estimated return on pension plan assets	(5 333)	(3 970)	(1 150)
Accrued Social security	47	51	7
Net pension liabilities (fund)	(145)	(259)	(347)
<i>Estimated pension liabilities – unfunded obligations:</i>			
Estimated present value of pension obligation	5 258	4 541	3 492
Unamortised effect of changes in estimates and pension plans, and differences in actual and estimated return on pension plan assets	(825)	(606)	(711)
Accrued Social security	625	555	418
Net pension liabilities	5 058	4 490	3 199
Over-funded pension schemes – booked as fixed assets	524	674	593
Under-funded pension schemes – booked as long term-liabilities	5 437	4 905	3 445
Total net pension liabilities	4 913	4 232	2 851
<i>The above calculation is based on the following assumptions (based on Norwegian Kroner):</i>			
Discount rate	6.00 %	6.00 %	6.00 %
Expected return on assets	7.00 %	7.00 %	7.00 %
Inflation	3.00 %	3.00 %	3.00 %
Adjustments of wages	3.50 %	3.50 %	3.50 %
Pension indexation	3.00 %	3.00 %	3.00 %

18 FINANCIAL MARKET RISK

(USD 1 000)

Balance sheet items:

Currency exposure - non-USD cash balances, receivables and liabilities

<i>Net short-term receivables (liabilities):</i>		2003	2002	2001
	NOK	(26 764)	38 505	25 504
	EUR	15 485	2 245	392
	SGD	4 135	1 975	5 181
	KRW	303	1 167	-
	JPY	903	480	716
	RMB	(720)	(49)	-
Total net short-term receivables (liabilities)		(6 658)	44 323	31 793
<i>Long-term receivables:</i>		2003	2002	2001
	NOK	2 994	1 683	1 836
	EUR	344	525	-
Total long-term receivables		3 338	2 208	1 836
<i>Long-term liabilities:</i>		2003	2002	2001
	NOK	(7 568)	(12 707)	(1 345)
	EUR	(73 432)	(44 836)	(37 129)
	SGD	(30 641)	(24 411)	-
	KRW	(7 027)	(5 935)	-
	JPY	(3 346)	(3 975)	-
	RMB	(7 119)	(5 117)	-
Total long-term liabilities		(129 133)	(96 981)	(38 474)

Off-balance sheet items:

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

Portfolio as per 31 December 2003:

i) Foreign currency instruments/derivatives:

USD against NOK:

	Year 2004 USD mill.	Year 2004 Rate	Year 2005 USD mill.	Year 2005 Rate
<i>Hedging instruments:</i>				
Forward sale contracts	50	8.99	48	9.28

ii) Interest rate agreements/derivatives:

<i>Hedging instruments:</i>		USD mill.	Average rate
Forward rate contracts	2004	679	2.16 %
	2005	206	1.87 %
Interest rate swap	Nov. 2003 - Nov. 2007	50	3.94 %

iii) Bunker fuel instruments/derivatives:

The Odfjell Group had no bunker hedging in place as per 31 December 2003.

19 FINANCIAL CURRENT ASSETS

(USD 1 000)

	Cost price			Book value		
	2003	2002	2001	2003	2002	2001
Total financial current assets	-	109	-	-	109	-

20 BONDS AND CERTIFICATES

(USD 1 000)

	<i>Currency</i>	<i>Book value</i>	<i>Market value</i>	<i>Average interest rate</i>
Bonds and certificates issued by financial institutions	USD	35 261	35 261	1.32 %
Bonds and certificates issued by corporates	NOK	3 292	3 292	4.00 %
Bonds and certificates issued by corporates	USD	49 739	49 739	1.43 %
Total bonds and certificates		88 293	88 293	

Bonds and certificates generally have interest rate adjustments every three months.

21 CASH AND BANK DEPOSITS

(USD 1 000)

	<i>2003</i>	<i>2002</i>	<i>2001</i>
Restricted cash and bank deposits	1 680	1 310	1 294

This item is withholding taxes relating to employees in Odfjell ASA.

22 PUBLIC CONTRIBUTIONS

In relation to the newbuilding delivered in 2003 the company received USD 0.1 million by way of public contribution. Furthermore, the Odfjell Group received a public contribution of USD 0.3 million from the Norwegian Maritime Directorate in connection with the refund system pertaining to Norwegian seafarers.

23 LIABILITIES SECURED BY MORTGAGES

(USD 1 000)

	<i>2003</i>	<i>2002</i>	<i>2001</i>
Book value of loans secured by mortgages	154 795	128 600	111 132
Total liabilities secured by mortgages	154 795	128 600	111 132
Book value of assets mortgaged	246 399	217 373	174 932

24 GUARANTEES

(USD 1 000)

	<i>2003</i>	<i>2002</i>	<i>2001</i>
Total guarantees	1 739	482	836

25 RELATED PARTIES

In the normal course of the conduct of its business, the Odfjell Group enters into a number of transactions with related parties.

The Odfjell Group shares offices in Brazil with a terminalling company related to the Chairman of the Board, B. D. Odfjell jr.

The Chairman's family also has ownership interest in a Brazilian company, which act as port agents for Odfjell as one among many customers. In addition to reimbursement of actual expenses and expenditures incurred Odfjell paid these companies USD 0.5 mill. in agency fees and USD 0.4 mill. for administrative services in 2003.

AS Rederiet Odfjell, beneficially owned by the Chairman of the Board, B. D. Odfjell jr, and his immediate family, rent office premises from Odfjell ASA in Bergen, for which Odfjell received USD 0.1 mill. in 2003.

Ceres Hellenic Shipping Enterprises Ltd., a company under the chairmanship of the Board Member Peter G. Livanos, is responsible for the crewing and technical management of 16 of Odfjell's ships for which the Odfjell Group paid Ceres management fees of approximately USD 2.3 million during 2003, in addition to reimbursement of actual expenses and expenditures incurred.

Odfjell is responsible for the commercial management of five ships owned by Chemlog Ltd, a company under the chairmanship of the Board Member Peter G. Livanos. Odfjell received USD 1.6 million during 2003 in commissions and operating fees, while Odfjell paid USD 22.9 mill as floating timecharter expenses to Chemlog.

The company considers the above arrangements to be on commercially reasonable market terms.

Transactions with related parties are settled on a regular basis and the balances as per 31.12. 2003 were immaterial.

26 COMMITMENTS AND CONTINGENCIES*Capital Expenditures*

As of 31 December 2003 the company was committed to take delivery of five sophisticated stainless steel chemical tankers of 39 500 dwt each. These five chemical tankers are expected to be delivered in 2004 and 2005 fully equipped at a total cost of approximately USD 270 million. Furthermore we have options for two more ships with deliveries in 2006.

Contingencies

The company maintains insurance coverage for its activities consistent with standard industry practice.

The company is involved in claims typical to the chemical tanker industry, but none of these claims have resulted in material losses for the company since the claims have been covered by insurance.

In relation to the antitrust case in the US and elsewhere the company has made provisions for estimated contingent expenses, which are included in short term liabilities. See note 11 extraordinary items and the Board of Directors' report.

27 OPERATING LEASES AND TIMECHARTER COMMITMENTS

The Odfjell Group has fixed timecharter commitments of USD 448 million for eleven ships in Global Trade and sixteen ships in Regional Trade for the period 2004 to 2015.

28 IMPLEMENTATION OF IFRS

As of January 1 2005, all public companies within the EU-area shall implement International Financial Reporting Standards (IFRS) for the consolidated accounts. This change will also apply to Norwegian public companies.

The Odfjell Group (Odfjell) is expected to start reporting according to IFRS for the first quarter 2005. This report will include comparable figures for 2004.

As Odfjell is required to present comparable figures in 2005, an opening balance according to IFRS as per January 1 2004 will be prepared. Odfjell has made a preliminary evaluation of the potential material differences between the balance sheet as per December 31 2003 according to the accounting principles currently applied, and the opening balance as per January 1 2004 according to IFRS. There is a continuous development of these new accounting standards and consequently there are still uncertainties as to how the standards will appear when implemented in 2005. The analysis of the current differences between IFRS and the accounting standards currently applied by Odfjell will therefore be uncertain and incomplete as to what actual changes will be made at the time of implementation of IFRS. The following areas are likely to effect the Odfjell Group accounts.

Gross Method

Odfjell uses the Gross Method when consolidating companies under joint control. This is also allowed under IFRS. However, as a consequence of a potential convergence of US GAAP and IFRS it is uncertain whether this method will be allowed in the future. If there is a change in the Gross Method or if this method is no longer allowed for consolidation of companies under joint control, the company must change how such companies are consolidated.

Market values of fixed assets

The implementation guidelines for IFRS allow fixed assets to be recorded in the opening balance at market values. Consequently, if this option is chosen, a new cost price is established for the assets. If assets are included in the opening IFRS-balance at market value higher than the current book value, equity and future depreciation will increase.

Grouping of fixed assets

IFRS imposes strict guidelines with regards to depreciation schedules for various groups of fixed assets, including estimates of scrap values for ships. The Odfjell Group generally depreciates ships to zero over 25 years. When introducing residual values for ships, the company may choose between maintaining current book values and reducing future depreciations, or increasing book values with less effect on the future depreciation. In both cases equity will increase.

Goodwill depreciations

According to IFRS, it is expected that goodwill shall not be subject to annual depreciation, but to an on-going impairment testing of the real value compared to book value.

Deferred taxes

The Odfjell Group is currently accounting for deferred tax liabilities within the Norwegian tonnage tax system based on net present value of future liabilities. IFRS proposes that all deferred taxes shall be accounted for at nominal value. There are currently on-going discussions whether this will apply to temporary differences within the Norwegian tonnage tax system.

Dividends

Proposed dividends that are approved after the balance sheet date, shall, according to IFRS be part of equity and not shown as debt, which is the current standard. This will increase the equity in the opening balance. Dividends shall reduce equity and be accounted for as debt as from the date when the shareholders' meeting has approved the dividend.

First year installment of long-term debt

IFRS states that the first year installment of long-term debt is to be classified as short-term debt.

Hedge accounting

IFRS introduces stricter documentation requirements for hedge accounting than what is currently required under Norwegian GAAP.

Profit and Loss Statement

(NOK 1 000)

OPERATING REVENUE (EXPENSES)	NOTE	2003	2002	2001
Gross revenue	2	198 809	192 971	180 584
General and administrative expenses	3, 19	(179 429)	(171 280)	(157 848)
Depreciation	4	(15 573)	(16 448)	(14 387)
Other income (expenses)		(80)	(54)	(2 609)
Operating result (EBIT)		3 727	5 189	5 740
FINANCIAL INCOME (EXPENSES)				
Interest income	5	95 473	188 088	363 479
Changes in the value of financial fixed assets	5,6	(445 000)	(6 054)	-
Interest expenses	5	(127 083)	(195 967)	(365 019)
Other financial items	5	505	(8 816)	(4 167)
Currency gains (losses)	7	(2 579)	85 392	10 661
Net financial items		(478 683)	62 642	4 955
Result before extraordinary items and taxes		(474 956)	67 831	10 694
Taxes on result before extraordinary items	8	2 512	(20 379)	(6 286)
Result before extraordinary items		(472 443)	47 453	4 408
Extraordinary expenses	9	(116 068)	-	-
Taxes on extraordinary expenses	8,9	32 499	-	-
Extraordinary items		(83 569)	-	-
Net result		(556 012)	47 453	4 408
Proposed dividend	10	(130 153)	(173 538)	(182 948)
Group contribution		(275 000)	(44 527)	-

Assets as per 31.12.

(NOK 1 000)

FIXED ASSETS	NOTE	2003	2002	2001
Deferred tax assets	8	21 407	-	-
Real estate	4, 11	52 863	53 910	54 624
Newbuilding contracts	4, 11, 20	-	41 718	-
Office equipment and cars	4, 11	32 213	36 213	35 670
Shares in subsidiaries	6	3 088 045	3 007 013	2 977 878
Other shares	6	218 633	305 524	186 889
Loans to group companies	12	3 797 543	3 432 487	4 956 703
Other long-term receivables	13	14 886	12 545	17 690
Total fixed assets		7 225 590	6 889 411	8 229 454
CURRENT ASSETS				
Short-term receivables		22 825	24 659	35 388
Group receivables		296 126	88 507	39 326
Inventory		4 970	3 077	5 390
Investment in shares		-	759	-
Bonds and certificates	14	555 848	776 812	1 427 919
Cash and bank deposits	15	42 576	429 606	297 099
Total current assets		922 344	1 323 420	1 805 122
Total assets		8 147 933	8 212 831	10 034 576

B.D. Odfjell jr.
CHAIRMAN

Terje Storeng

Liabilities and Shareholders' Equity as per 31.12.

(NOK 1 000)

PAID IN EQUITY	NOTE	2003	2002	2001
Share capital	10, 16	216 922	228 685	254 095
Own shares	10, 16	-	(11 763)	(25 409)
Share premium	10	973 905	973 905	973 905
Total paid in equity		1 190 828	1 190 828	1 202 591
RETAINED EARNINGS				
Other equity	10	1 128 925	1 901 859	2 151 077
Total retained earnings		1 128 925	1 901 859	2 151 077
Total shareholders' equity		2 319 752	3 092 687	3 353 667
LONG-TERM LIABILITIES				
Deferred tax liabilities	8	-	13 604	5 683
Pension liabilities	17	36 330	29 433	25 704
Loans from subsidiaries	13	946 487	-	-
Long-term debt	13	3 611 010	4 347 438	6 129 044
Total long-term liabilities		4 593 827	4 390 475	6 160 431
CURRENT LIABILITIES				
Taxes payable	8	2 939	2 939	2 939
Employee taxes payable		22 079	18 747	21 117
Dividend payable		216 922	173 538	182 948
Other short-term liabilities		191 363	110 495	166 999
Loans from subsidiaries		801 051	423 950	146 476
Total current liabilities		1 234 354	729 669	520 478
Total liabilities		5 828 181	5 120 144	6 680 909
Total liabilities and shareholders' equity		8 147 933	8 212 831	10 034 576
Guarantees	18	2 487 852	2 083 894	2 172 324

Peter G. Livanos

Reidar Lien

Marianna Moschou

Terje Storeng
PRESIDENT/CEO

Bergen, 8 March 2004

THE BOARD OF DIRECTORS OF ODFJELL ASA

Cash Flow Statement

(NOK 1 000)

	2003	2002	2001
CASH FLOW FROM OPERATING ACTIVITIES			
Net result before taxes	(591 023)	67 831	10 694
(Gain) loss on sale of fixed assets	80	54	(88)
Depreciation	15 573	16 448	14 387
Changes in the value of financial fixed assets	445 000	6 054	-
Inventory (increase) decrease	(1 893)	2 313	1 553
Trade creditors increase (decrease)	2 700	2 718	(23 717)
Difference in pension cost and pension premium paid	3 396	3 743	4 130
Exchange rate fluctuations	(160 002)	(227 421)	(7 019)
Other short-term accruals	256 330	133 961	(45 741)
Net cash flow from operating activities	(29 839)	5 701	(45 801)
CASH FLOW FROM INVESTING ACTIVITIES			
Sale of fixed assets	43 328	630	420
Investment in fixed assets	(12 216)	(58 678)	(22 448)
Investment in subsidiaries and other shares	(534 929)	(121 765)	(248 114)
Sale of shares	96 534	-	-
Changes in long-term receivables	(2 341)	5 145	(2 692)
Loans to subsidiaries	(366 406)	423 021	993 738
Net cash flow from investing activities	(776 029)	248 353	720 904
CASH FLOW FROM FINANCING ACTIVITIES			
New long-term debt	2 348 764	1 995 986	891 482
Payment of long-term debt	(1 951 505)	(2 466 765)	(1 139 008)
Share repurchases	-	(136 717)	(362 016)
Dividend	(173 538)	(182 948)	(101 638)
Net cash flow from financing activities	223 720	(790 444)	(711 180)
Effect on cash balances from currency exchange rate fluctuations	(25 847)	17 790	12 653
Net change in cash balances	(607 995)	(518 600)	(23 423)
Cash balances as per 01.01	1 206 418	1 725 018	1 748 441
Cash balances as per 31.12	598 423	1 206 418	1 725 018

As per 31 December 2003 we had no unutilised credit facilities.

Notes to the Parent Company Financial Statement

1. ACCOUNTING PRINCIPLES

All items in the financial statements have been reported, valued and accounted for in accordance with the Accounting Act and generally accepted accounting principles in Norway.

a. Classification of balance sheet items

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

b. Pension and accrued pension liabilities

The present value of the pension liabilities under defined benefit pension plans has been calculated based on actuarial principles. The present value of the pension liabilities and the pension plan assets is included under long-term liabilities and long-term assets. Pension liabilities are mainly insured with life insurance companies. Unfunded pension liabilities are calculated and included in the pension liabilities. The change in net pension liabilities is expensed in the profit and loss account. The effect of changes in estimates and pension plans exceeding 10% of the highest of pension liabilities and plan assets is accounted for. The result effect of such changes is amortised over the remaining service period.

c. Debt issuance expenses

Debt issuance expenses are amortised over the loan period.

d. Taxes and deferred tax liabilities

Taxes are calculated based on the financial result and consist of taxes payable and deferred taxes. The basis for deferred taxes is the temporary difference between the financial result and the taxable result. Deferred taxes are estimated based on a nominal value calculation.

e. Current assets

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

f. Foreign currency

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

g. Fixed assets

Fixed assets are stated at historical cost, which includes purchase price, capitalized interest and other costs directly related to the investment, less accumulated depreciation and write-down.

Fixed assets are depreciated straight-line over their estimated economic lives.

The preliminary Norwegian accounting standard concerning impairment of fixed assets, equivalent to IAS 36, was implemented as from 2002. The preliminary standard states that if the Recoverable Amount is lower than the book value, impairment has occurred and the asset shall be revaluated. The Recoverable Amount is the highest of the fair market value of the asset and the net present value of future estimated cash flow from the employment of the asset ("value in use"). We have made the following assumptions when calculating the "value in use" for material assets:

SHARES IN SUBSIDIARIES AND OTHER SHARES:

An impairment occurs if the book value of shares is higher than the equity in the corresponding company when the assets and liabilities have been adjusted to reflect the Recoverable Amount as defined above.

The interest rate is based on a weighted average cost of capital (WACC). The WACC reflects the company's long term borrowing rate and a risk free rate plus a risk premium for the equity.

h. Newbuilding contracts

Newbuilding contracts include payments made under the contracts, capitalized interest and other costs directly associated with the newbuilding program.

i. Cash flow statement

The cash flow statement is prepared using the indirect method.

Cash balances include cash and cash equivalents such as bank deposits, bonds and certificates.

j. Financial instruments

The company uses various financial instruments to reduce fluctuations in earnings and cash flow caused by volatility in foreign exchange rates and interest rates. The following accounting principles apply for such financial instruments:

FOREIGN CURRENCY INSTRUMENTS:

The result of currency hedging transactions is accounted for in the period when the hedged cash flow items are accounted for. The result of currency hedging transactions have been accounted for under currency gains/losses.

INTEREST RATE INSTRUMENTS:

The result of interest rate hedging transactions is accounted for as an increase or decrease of interest expenses in the period when the hedged cash flow items are accounted for.

k. Activities under joint control

Our share of activities under joint control is, in the accounts of Odfjell ASA, based on the Cost Method.

l. Related parties

In the normal course of the conduct of its business, Odfjell enters into a number of transactions with related parties. The company considers these arrangements to be on commercially reasonable market terms.

See Note 19 for information about related party transactions.

m. Contingent assets and liabilities

Provisions are made for contingent losses that are probable and quantifiable. Provisions are based on best estimates. Contingent gains are not accounted for.

n. Extraordinary items

A material event or transaction that is both unusual in nature, infrequent in occurrence and essential to the ordinary and typical activities of the entity, taking into account the environment in which the entity operates, is classified as an extraordinary item.

2 GROSS REVENUE

Gross revenue is related to services performed for other Odfjell Group companies.

3 SALARIES, NUMBER OF EMPLOYEES, BENEFITS, LOANS TO EMPLOYEES AND AUDITOR'S REMUNERATION

(NOK 1 000)

<i>Salaries and other employee expenses:</i>	2003	2002	2001
Salaries	108 973	98 203	97 016
Social expenses	17 608	16 312	17 241
Pension cost	19 560	17 470	14 709
Other benefits	4 333	7 143	3 010
Total salary expenses	150 473	139 128	131 976
Average number of employees	196	187	189

The salary expenses are included in General and administrative expenses.

<i>Compensation and benefits for 2003 to:</i>	<i>From 30.09.2003 Interim President/CEO</i>	<i>Full year President/CEO</i>	<i>Board of Directors</i>
Salary	650	4 143*)	1 866
Pension cost	-	601	105
Other benefits	3	121	26

*) As part of the global settlement with the US Department of Justice, Bjørn Sjaastad, President/CEO, agreed a fine of USD 250 000. As part of the overall solution the company reimbursed the individual fine. The part of the fine paid in 2003 is included with NOK 1 578 000 as salary. Mr. Sjaastad was granted salaried leave of absence and Terje Storeng was appointed Interim President/CEO with effect from 30 September 2003. Mr. Storeng resigned from his position as Managing Director of AS Rederiet Odfjell.

The President/CEO is entitled to two years salary if the company terminates the employment prior to the age of 50, and to three years salary if such termination occurs after the age of 50. The President/CEO has the right to request his retirement at the age of 60 and will receive an annual pension from the age of 60 to 65 in an amount equal to 66% of the annual average salary the three years preceding. Annual pension after 65 years will be 66% of 24G (presently 24G equals NOK 1 364 664).

The Interim President/CEO continues his pension and insurance arrangements with AS Rederiet Odfjell. Odfjell ASA will reimburse the expenses related to these arrangements.

The company has established a variable compensation scheme for senior and middle management. This scheme is based on a combination of nominal results and their relation to a predefined target of return on equity in addition to individual achievements and salary. The continuation of the variable compensation scheme is approved by the Board of Directors from year to year. For 2003 no payments were made under this scheme.

Loans to employees amount to NOK 10.2 mill. Following members of senior management have loans from the company: Jarle Haugsdal (NOK 1.5 mill.), Atle Knutsen (NOK 1.5 mill.), Jan Hammer (NOK 1.5 mill.) and Jan Didrik Lorentz (NOK 1.5 mill). Employee loans are primarily secured by property mortgages. Loans to senior management are interest free, while other employee loans are currently calculated at 3.25% interest per annum. Loans to senior management are repayable over 10 years after a grace period of 5 years. Others employee loans are generally repaid over 5 years.

<i>Auditor's remuneration for:</i>	2003	2002	2001
Auditing (exclusive VAT)	906	902	863
Tax/Legal/Due diligence (exclusive VAT)	1 684	787	818

4 FIXED ASSETS

(NOK 1 000)

	<i>Cost 01.01.03</i>	<i>Investment</i>	<i>Sale book value</i>	<i>Accumulated depreciation prior years</i>	<i>Depreciation this year</i>	<i>Book value 31.12.03</i>
Real estate	75 319	1 715	-	(21 409)	(2 763)	52 863
Newbuilding contracts	41 718	-	(41 718)	-	-	-
Office equipment and cars	66 013	10 501	(1 691)	(29 800)	(12 810)	32 213
Total	183 050	12 216	(43 409)	(51 209)	(15 573)	85 076

Depreciation periods:

Real estate: 50 years; office equipment and cars: 3-15 years.

5 FINANCIAL INCOME AND EXPENSES

(NOK 1 000)	2003	2002	2001
Inter-company interest income	81 967	131 884	282 375
Other interest income	13 506	56 204	81 104
Other financial income	4 654	1 304	1 325
Total financial income	100 127	189 392	364 804
Changes in the value of financial fixed assets	445 000	6 054	-
Inter-company interest expenses	11 397	3 796	1 257
Other interest expenses	115 686	192 171	363 762
Other financial expenses	4 149	10 120	5 491
Total financial expenses	576 232	212 141	370 510

6 SHARES

(NOK 1 000)

Subsidiaries and activities under joint control are included in the parent company accounts based on the Cost Method.

<i>Subsidiaries:</i>	<i>Registered office</i>	<i>Share</i>	<i>Book value</i>
Odfjell Chemical Tankers AS	Norway	100 %	263 746
Odfjell Chemical Tankers II AS	Norway	100 %	1 005 965
Odfjell Chemical Tankers III AS	Norway	100 %	100
Odfjell Seachem AS	Norway	100 %	287 522
Odfjell Terminals AS	Norway	100 %	275 000
Odfjell Insurance AS	Norway	100 %	150
Odfjell Projects AS	Norway	100 %	100
Odfjell Asia Pte Ltd	Singapore	100 %	191 520
Odfjell Singapore Pte Ltd	Singapore	100 %	83
Odfjell USA Inc	USA	100 %	177 972
Odfjell Netherlands BV	Netherlands	100 %	6 581
Odfjell Chemical Tankers Netherlands BV	Netherlands	100 %	731
Odfjell Japan Ltd	Japan	100 %	-
Odfjell Seachem South Africa (Pty) Ltd	South Africa	100 %	-
Odfjell Brasil - Representacoes Ltda	Brazil	100 %	10 702
Odfjell Chemical Tankers Ltd	Bermuda	100 %	810 089
Odfjell Argentina SA	Argentina	99 %	141
Odfjell Terminals (Dalian) Co Ltd	China	64 %	57 642
Total shares in subsidiaries			3 088 045

Wholly-owned companies held indirectly through subsidiaries:

Odfjell Americas AS, Odfjell Asia II Pte Ltd, Odfjell Asia III Pte Ltd, Odfjell USA GP Inc, Odfjell USA LP Inc, Odfjell USA LP, Odfjell Terminals USA GP Inc, Odfjell Terminals USA LP Inc, Odfjell Terminals (Houston) LP, Odfjell Terminals (Rotterdam) BV, Odfjell (UK) Ltd and Odfjell Australia Pty Ltd. The company Odfjell Argentina SA is directly and indirectly 100% owned by Odfjell ASA.

Other shares:

Norfra Shipping AS	Norway	50 %	23 655
Odfjell & Vapores Ltd	Bermuda	50 %	38
Hoyer - Odfjell BV	Netherlands	50 %	75 728
Oiltanking Odfjell Terminal Singapore Pte Ltd	Singapore	50 %	105 903
Odfjell Ahrenkiel Europe GmbH	Germany	50 %	2 053
Odfjell y Vapores S A	Chile	49 %	3 792
V.O. Tank Terminal Ningbo Ltd	China	12.5 %	7 463
Total other shares			218 633

The companies Flumar Transportes de Quimicos e Gases Ltda, Brazil and Odfjell Terminals (Korea) Co Ltd are indirectly 50% owned by Odfjell ASA.

The preliminary Norwegian accounting standard concerning impairment of fixed assets, equivalent to IAS 36 was implemented by the company as from 2002. There was impairment realised on shares in Odfjell Seachem AS and Odfjell Chemical Tankers II AS of NOK 445 mill. in 2003, otherwise there was no impairment necessary as Recoverable Amounts were higher than book values in 2003.

7 CURRENCY GAINS (LOSSES)

(NOK 1 000)	2003	2002	2001
Currency hedging contracts	2 379	-	10 288
Long-term receivables and debt	56 728	198 576	(5 634)
Cash and cash equivalents	(25 847)	17 790	12 653
Other current assets and current liabilities	(35 838)	(130 975)	(6 646)
Total currency gains (losses)	(2 579)	85 392	10 661

8 TAXES

(NOK 1 000)

<i>Taxes:</i>	2003	2002	2001
Taxes payable	-	12 468	2 939
Change in deferred tax ordinary items	(2 512)	7 911	3 277
Change in deferred tax extraordinary items	(32 499)	-	-
Foreign tax	-	-	70
Total tax expenses	(35 011)	20 379	6 286
<i>Taxes payable:</i>	2003	2002	2001
Net result before taxes	(591 023)	67 831	10 694
Permanent differences	10 346	2 224	2 657
Changes temporary differences	530 526	19 302	12 149
Used tax-loss carried forward	-	(44 831)	(25 500)
Tax issues related to earlier years	-	-	10 495
Basis taxes payable	(50 151)	44 527	10 495
Taxes payable (28%)	-	12 468	2 939
Reduction due to group contribution	-	(12 468)	-
Net taxes payable	-	-	2 939
<i>Specification of deferred taxes (deferred tax assets):</i>	2003	2002	2001
Fixed assets	(7 292)	(5 022)	(2 399)
Pension fund (liabilities)	(32 829)	(29 433)	(26 550)
Provisions	(78 238)	-	-
Other long-term temporary differences	96 542	87 527	95 246
Tax-loss carried forward*	(54 637)	(4 485)	(46 001)
Net temporary differences	(76 455)	48 586	20 296
Tax rate	28%	28%	28%
Total deferred tax (deferred tax assets)	(21 407)	13 604	5 683

* Tax-loss carried forward expires in the period 2006-2013.

9 EXTRAORDINARY ITEMS

(NOK 1 000)

	2003	2002	2001
Expenses directly related to the antitrust case	(116 068)	-	-
Taxes on extraordinary expenses	32 499	-	-
Extraordinary items	(83 569)	-	-

Expenses directly related to the antitrust case include provisions for estimated contingent expenses of NOK 66.8 million.

10 SHAREHOLDERS' EQUITY

(NOK 1 000)

	Share capital	Own shares	Share premium	Other equity	Total equity
Shareholders' equity as per 31 December 2000	267 752	(9 156)	973 905	2 654 771	3 887 272
Net result 2001	-	-	-	4 408	4 408
Share repurchases	-	(29 911)	-	(332 105)	(362 016)
Redemption of shares	(13 658)	13 658	-	-	-
Equity adjustments	-	-	-	6 951	6 951
Dividend	-	-	-	(182 948)	(182 948)
Shareholders' equity as per 31 December 2001	254 095	(25 409)	973 905	2 151 077	3 353 667
Net result 2002	-	-	-	47 453	47 453
Share repurchases	-	(11 763)	-	(124 953)	(136 717)
Redemption of shares	(25 409)	25 409	-	-	-
Equity adjustments	-	-	-	1 821	1 821
Dividend	-	-	-	(173 538)	(173 538)
Shareholders' equity as per 31 December 2002	228 685	(11 763)	973 905	1 901 859	3 092 687
Net result 2003	-	-	-	(556 012)	(556 012)
Redemption of shares	(11 763)	11 763	-	-	-
Approved dividend	-	-	-	(86 769)	(86 769)
Proposed dividend	-	-	-	(130 153)	(130 153)
Shareholders' equity as per 31 December 2003	216 922	-	973 905	1 128 925	2 319 752

11 INVESTMENTS IN AND SALE OF FIXED ASSETS

(NOK 1 000)

	2003		2002		2001		2000		1999	
	Inv.	Sale	Inv.	Sale	Inv.	Sale	Inv.	Sale	Inv.	Sale
Real estate	1 715	-	2 499	-	1 769	67	1 147	-	1 417	-
Ships and newbuilding contracts	-	41 718	41 718	-	-	-	-	-	-	-
Office equipment and cars	10 501	1 610	14 462	630	20 679	353	14 387	-	10 624	1 191
Total	12 216	43 328	58 678	630	22 448	420	15 534	-	12 041	1 191

12 LOANS TO GROUP COMPANIES

(NOK 1 000)

	Currency	Currency amount		2002	2001
		2003	2003		
Odfjell Asia II Pte Ltd	USD	201 550	1 346 737	-	-
Odfjell Terminals (Houston) LP	USD	15 221	101 708	108 192	143 189
Odfjell Japan Ltd	JPY	35 725	2 234	2 093	2 451
Odfjell & Vapores Ltd	USD	-	-	3 482	27 249
Odfjell Chemical Tankers AS	USD	231 100	1 544 187	2 030 427	3 160 063
Odfjell Chemical Tankers II AS	USD	-	-	136 688	348 369
Odfjell Chemical Tankers III AS	USD	91 000	608 053	857 315	1 255 102
Odfjell (UK) Limited	USD	15 577	104 085	141 394	-
Odfjell Seachem AS	NOK	-	-	41 950	-
Odfjell Americas AS	USD	11 700	78 178	95 296	-
Hoyer - Odfjell BV	USD	1 250	8 352	15 651	20 280
Norfra Shipping AS	USD	600	4 009	-	-
Total loans to group companies			3 797 543	3 432 487	4 956 703

13 RECEIVABLES AND DEBT

(NOK 1 000)

	2003	2002	2001
<i>Other long-term receivables:</i>			
Employees	10 188	11 036	15 644
Pension fund	3 501	-	-
Other	1 197	1 510	2 046
Total other long-term receivables	14 886	12 545	17 690
<i>Receivables with a maturity later than 1 year:</i>			
Loans to group companies	3 760 316	3 384 602	4 919 743
Other long-term receivables	12 548	10 038	14 167
Total	3 772 864	3 394 640	4 933 910
<i>Long-term liabilities with a maturity later than 5 years:</i>			
Loans from group companies	946 487	-	-
Long-term debt	-	13 912	675 975
Total	946 487	13 912	675 975

Loans to and from group companies have generally no fixed repayment schedule, but repayment is based on available liquidity at all times.

Long-term interest-bearing debt as per 31.12.2003**4 557 497**

Repayment schedule:

2004	274 515
2005	522 859
2006	606 382
2007	1 637 066
2008 and thereafter	1 516 676

The average term of the company's outstanding long-term interest-bearing bank-debt as per 31 December 2003 was 2.9 years (2002: 2.9 years). The long-term debt is mainly on an unsecured basis from major international shipping banks. The unsecured debt is subject to negative pledge, but new investments may be mortgaged or leased. The loan agreements generally contain certain covenants, the most restrictive of which requires that current assets, on a consolidated basis, shall at all times be equal to at least 100% of current liabilities, which includes the next 12 months' principal installments of long term debt and finance leases. Other covenants include that the value adjusted debt ratio (when excluding deferred taxes from the debt) shall at all times be less than 75 % and that the liquidity shall always be minimum USD 50 million. In January 2004 we secured a commitment for a USD 60 million (NOK 400 mill.) loan facility for general corporate purposes.

Average USD interest rate:	2003	2002	2001
Liabilities to financial institutions	3.07 %	3.74 %	5.50 %
Certificates	-	-	6.97 %

14 BONDS AND CERTIFICATES

(NOK 1 000)

	Currency	Book value	Market value	Average interest rate
Bonds and certificates issued by financial institutions	USD	202 165	202 165	1.33 %
Bonds and certificates issued by corporates	NOK	22 000	22 000	4.00 %
Bonds and certificates issued by corporates	USD	331 683	331 683	1.43 %
Total bonds and certificates		555 848	555 848	

Bonds and certificates generally have interest rate adjustments every three months.

15 CASH AND BANK DEPOSITS

(NOK 1 000)

	2003	2002	2001
Restricted cash and bank deposits	11 229	9 455	11 987

This item is withholding taxes relating to employees in Odfjell ASA.

16 SHARE CAPITAL AND INFORMATION ABOUT SHAREHOLDERS

(NOK 1 000)

Share capital:	Number of shares	Nominal value (NOK)	2003	2002	2001
A-Shares	16 422 561	10	164 226	168 363	176 689
B-Shares	5 269 676	10	52 697	60 323	77 406
Total share capital	21 692 237		216 922	228 685	254 095

All shares have the same rights in the Company, except that B-shares have no voting rights.

20 largest shareholders as per 31 December 2003:

Name	A-shares	B-shares	Total	Percent of votes	Percent of shares
1 Norchem ApS	6 491 623	260 294	6 751 917	39.53 %	31.13 %
2 Chemlog ApS	4 002 674	1 477 673	5 480 347	24.37 %	25.26 %
3 SIS Segaintersettle	519 000	551 450	1 070 450	3.16 %	4.93 %
4 Folketrygdfondet	533 050	493 200	1 026 250	3.25 %	4.73 %
5 AS Rederiet Odfjell	874 368	-	874 368	5.32 %	4.03 %
6 Odfjell Shipping (Bermuda) Ltd	239 300	388 200	627 500	1.46 %	2.89 %
7 Mellon Bank	385 700	198 400	584 100	2.35 %	2.69 %
8 Svenska Handelsbanken	235 100	216 000	451 100	1.43 %	2.08 %
9 Pareto-fondene	7 650	294 600	302 250	0.05 %	1.39 %
10 Ingeborg Berger	117 620	153 770	271 390	0.72 %	1.25 %
11 Mathilda A/S	150 000	77 568	227 568	0.91 %	1.05 %
12 Odin-fondene	31 400	173 441	204 841	0.19 %	0.94 %
13 JP Morgan Chase	169 650	10 400	180 050	1.03 %	0.83 %
14 Magnus Berger	108 100	47 500	155 600	0.66 %	0.72 %
15 Lehman Brothers	154 750	-	154 750	0.94 %	0.71 %
16 DFA-International	108 384	33 504	141 888	0.66 %	0.65 %
17 Skagen-fondene	120 000	-	120 000	0.73 %	0.55 %
18 Toluma AS	40 000	65 000	105 000	0.24 %	0.48 %
19 Clearstream Banking	94 400	10 000	104 400	0.57 %	0.48 %
20 Pactum Verdi AS	-	90 000	90 000	-	0.41 %
Total 20 largest shareholders	14 382 769	4 541 000	18 923 769	87.58 %	87.24 %
Other shareholders	2 039 792	728 676	2 768 468	12.42 %	12.76 %
Total	16 422 561	5 269 676	21 692 237	100.00 %	100.00 %
International shareholders	12 888 932	3 467 829	16 356 761	78.48 %	75.40 %

The Annual General Meeting on 5 May 2003 authorised the Board of Directors to acquire up to 10 per cent of the company's share capital. This authorisation expires 5 November 2004. The purpose of purchasing own shares is to increase shareholders' value.

The Board of Directors regularly considers investments in own shares when it may be beneficial for the company.

Shares owned by members of the Board,

<i>President/CEO and senior management (including related parties):</i>	<i>A-shares</i>	<i>B-shares</i>	<i>Total</i>
Chairman of the Board of Directors, Bernt Daniel Odfjell jr.	7 366 991	261 294	7 628 285
Member of the Board of Directors, Peter G. Livanos	4 006 674	1 477 673	5 484 347
Member of the Board of Directors, Reidar Lien	3 000	1 000	4 000
Member of the Board of Directors & Interim President/CEO, Terje Storeng	17 640	528	18 168
President/CEO, Bjørn Sjaastad	57 800	3 000	60 800
Senior Vice President, Regional Trade, Jarle Haugsdal	1 000	1 900	2 900
Senior Vice President, Asia, Atle Knutsen	2 928	584	3 512
Senior Vice President, Finance/Accounts/ICT, Haakon Ringdal	3 000	-	3 000

17 PENSION COSTS AND LIABILITIES

(NOK 1 000)

Odfjell ASA has defined benefit pension plans for its employees. The pension plans cover 581 office employees and seagoing personnel and 69 retirees. The retirement age is 65 for office employees. Unfunded pension from 65-67 years covers 66% of the yearly salary at retirement age limited to 12G (G = Indexation of the public National Insurance base amount, presently G equals NOK 56 861). Pension from 67 years is paid from the defined benefit plan and national social security. Maximum pension, after 30 years service in the defined benefit plan and 40 years in the national social security, is 66% of yearly salary at retirement age limited to 12G. Pensions for senior management is limited to 66% of 18G from the age of 65. The retirement age is 60 for seagoing personnel. The pension plan covers 60% of salary level at retirement with 30 years employment, and a deduction is made for estimated benefits paid from the Social Security "Pension Insurance for Seamen". Pension benefits are funded (insured) with life insurance companies from the age of 60 until the age of 67. After the age of 67 pension benefits are paid from the Social Security. The pension benefit will be adjusted in accordance with G.

<i>Net pension costs:</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
Present value current year service cost	15 218	14 510	13 248
Interest cost on accrued pension liabilities	10 700	9 656	8 336
Return on pension plan assets	(8 278)	(7 909)	(7 401)
Amortised effect of changes in estimates and pension plans, and differences in actual and estimated return on pension plan assets	1 920	1 213	526
Social security tax	2 590	2 370	1 861
Net pension cost	22 150	19 840	16 570
<i>Estimated pension liabilities – funded obligations:</i>			
Estimated pension obligation	165 965	152 117	126 288
Market value of plan assets	(131 611)	(126 660)	(119 114)
Unamortised effect of changes in estimates and pension plans, and differences in actual and estimated return on pension plan assets	(35 635)	(27 614)	(10 368)
Accrued Social security	313	357	67
Net pension liabilities (fund)	(968)	(1 800)	(3 127)
<i>Estimated pension liabilities – unfunded obligations :</i>			
Estimated present value of pension obligation	35 134	31 587	31 472
Unamortised effect of changes in estimates and pension plans, and differences in actual and estimated return on pension plan assets	(5 513)	(4 214)	(6 411)
Accrued Social security	4 176	3 860	3 770
Net pension liabilities	33 797	31 233	28 831
Over-funded pension schemes – booked as fixed assets	3 501	4 687	5 347
Under-funded pension schemes – booked as long term-liabilities	36 330	34 120	31 051
Total net pension liabilities	32 829	29 433	25 704
<i>The above calculation is based on the following assumptions:</i>			
Discount rate	6.00 %	6.00 %	6.00 %
Expected return on assets	7.00 %	7.00 %	7.00 %
Inflation	3.00 %	3.00 %	3.00 %
Adjustment of wages	3.50 %	3.50 %	3.50 %
Pension indexation	3.00 %	3.00 %	3.00 %

18 GUARANTEES

(NOK 1 000)	2003	2002	2001
Subsidiaries and other companies	2 486 064	2 080 424	2 166 424
Other guarantees	1 788	3 043	5 900
Total guarantees	2 487 852	2 083 467	2 172 324

19 RELATED PARTIES

In the normal course of the conduct of its business, the Odfjell Group enters into a number of transactions with related parties. The Odfjell Group shares offices in Brazil with a terminalling company related to the Chairman of the Board, B. D. Odfjell jr. In 2003 Odfjell paid this company NOK 2.4 mill. for administrative services.

AS Rederiet Odfjell, beneficially owned by the Chairman of the Board, B. D. Odfjell jr, and his immediate family, rent office premises from Odfjell ASA in Bergen, for which Odfjell received NOK 0.5 mill. in 2003.

Ceres Hellenic Shipping Enterprises Ltd., a company under the chairmanship of the Board Member Peter G. Livanos, is responsible for the crewing and technical management of 16 of Odfjell's ships for which the Odfjell Group paid Ceres management fees of approximately NOK 16.2 mill. during 2003, in addition to reimbursement of actual expenses and expenditures incurred. The company considers the above arrangements to be on commercially reasonable market terms.

Transactions with related parties are settled on a regular basis and the balances as per 31.12. 2003 were immaterial.

20 COMMITMENTS AND CONTINGENCIES*Capital Expenditures*

As of 31 December 2003 the company or its subsidiaries was committed to take delivery of five sophisticated stainless steel chemical tankers of 39 500 dwt each. These five chemical tankers are expected to be delivered in 2004 and 2005 fully equipped at a total cost of approximately NOK 1 804 million.

Furthermore we have options for two more ships with deliveries in 2006. If a shipbuilding contract is assigned to a subsidiary, the company generally remains liable for the subsidiary's performance under the contract.

Contingencies

The company maintains insurance coverage for its activities consistent with standard industry practice.

The company is involved in claims typical to the chemical tanker industry, but none of these claims have resulted in material losses for the company since the claims have been covered by insurance.

In relation to the antitrust case in the US and elsewhere the company has made provisions for estimated contingent expenses, which are included in short term liabilities. See note 9 extraordinary items and the Board of Directors' report.

Analytical Information

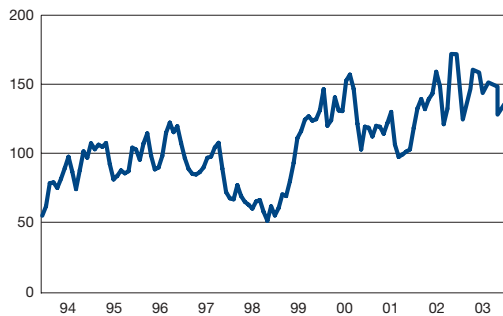
Our results and cash flow are influenced by a number of variable factors. Our policy is to manage the risks we are exposed to, including, but not limited to risks related to movements in currency rates, interest rates and bunker prices. Our intention is to systematically understand and monitor the impact changing market conditions has on our results and cash flow and to initiate measurements that we believe will benefit the Group.

Time Charter Earnings

Our time charter earnings are influenced by factors like cargo type and cargo volume, contract and spot rates, bunker prices and operational efficiency. Sensitivity analysis show that a per-day change in time charter earnings of USD 1 000 for our global fleet and USD 500 for our regional fleet (about a 3% change in gross revenue) will impact the pre-tax net result by approximately USD 20 million.

Bunker cost amounts to about one third of voyage cost and is also the single largest cost component for the Group. A change in the average bunker price of USD 10 per ton gives a USD 5 million change in voyage cost for the ships in which we have a direct economic interest.

Bunker Prices
3.5% barges Rotterdam in USD/ton



Interest Rates

All long-term debt, except debt raised for our tank terminals outside the US, is denominated in USD. Interest on the debt is based on short-term floating USD LIBOR rates. Interest rate periods on debt and liquidity are managed to be concurrent.

USD 6 month Libor
Percent



Our net interest-bearing debt as per 31 December 2003 is about USD 740 million. During 2003, we have fixed the 2004 net debt interest rate exposure at about 2.2% (excl. margin) through Floating Rate Agreements. About 30% of the 2005 interest rate exposure is also fixed at a similar level.

Currency

The Group's revenues are primarily in US Dollars; only the tank terminals outside the US receive revenues in non-USD currency. Our currency exposure arises from expenses denominated in non-USD currency, primarily in NOK and EUR. We have estimated that a 10% strengthening of the USD versus the NOK and EUR will improve the pre-tax result by roughly USD 7 million, before taking into account the result of our currency hedging. Our currency hedging as per 31 December 2003, whereby we have sold USD and purchased NOK, covers the period 2004 - 2005. The average NOK/USD exchange rate for open hedging positions as of 31 December 2003 was 9.13. Future hedging periods may vary depending on changes in market conditions.

Exchange Rate
USD/NOK

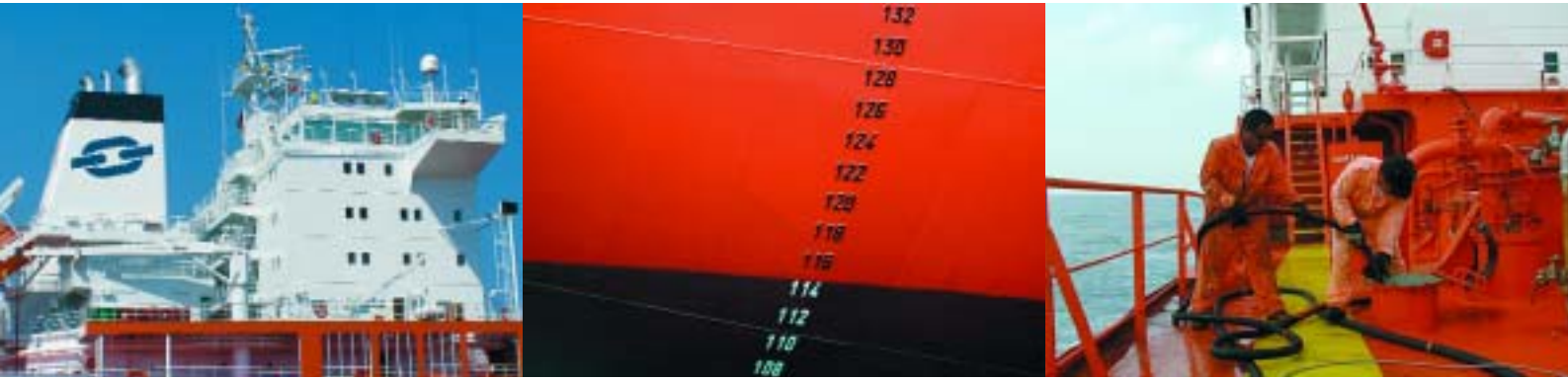


A strengthening of the USD will reduce voyage, operating and administrative expenses. This reduction will be offset by reduced currency gains linked to the currency-hedging portfolio. A weaker USD will have the opposite effect.

Financing

Odfjell has a stable long-term debt structure established with major international shipping banks, with whom we enjoy long-term relationships. The debt is mainly on an unsecured basis with negative pledge, but we have also assets that are mortgaged and subject to finance leases. The average term of the Group's long-term debt is about 4.7 years.





Liquidity

The Group's liquidity is invested in high-grade bank deposits, certificates and bonds with floating interest rate. See also Note 18 Financial market risk in the Group accounts.

Tax

The Odfjell Group operates within a number of jurisdictions and tax systems. The shipping activities are operated in several countries and under different tax schemes, including

the ordinary tax system in Norway, the Norwegian shipping tax system, the Approved International Shipping system in Singapore and the tonnage tax system in UK. In addition we operate under local tax systems in Chile and Brazil. Our tank terminal and tank container activities are generally subject to the ordinary corporate tax rates within the country in which the activity is located. The variation in tax systems and rates may cause tax costs to vary significantly depending on the country in which profits are accumulated and taxed.

Corporate Governance

Odfjell ASA is a Norwegian company organised according to the Norwegian Public Limited Companies' Act.

The Odfjell Group is an international group of companies with Odfjell ASA as the parent company.

International subsidiaries have their own management bodies that act in accordance with the prevailing legislation in each country.

THE BOARD OF DIRECTORS determines the strategic direction of the company and decides on matters, which in relation to the company's activities are of significant nature. Such matters include confirmation of the strategic guidelines, approval of the budgets and decisions on major investments and divestments. Furthermore, the Board ensures a correct capital structure and defines the shareholder policy, including dividend policy. The Board appoints and determines the remuneration of the President/CEO.

The Board is also responsible for assuring that the company's management and employees operate in a safe, legal and ethically responsible manner. The Board controls and monitors management through reporting systems, including monthly financial statements. The company is also subject to external control functions like the auditors Ernst & Young, the ship classification society Det Norske Veritas and other regulatory bodies like IMO, ISM Codes, etc.

Election and term of Members of the Board of Directors

According to the Articles of Association of Odfjell ASA the company has a Board composed of a minimum of five and a maximum of seven members. The members are elected at a General Meeting of the shareholders of the company for a term of two years at a time. All Directors are non-executive. Since the General Meeting 5 May 2003 the Board has been composed of five members. The company intends to increase the number of Board Members to six at the Annual General Meeting to be held in May 2004. Usually, the President/CEO is not a member of the Board, but as from 30 September 2003 Board Member Terje Storeng was appointed Interim President/CEO for a six to nine month period.

The General Meeting also elects the Chairman of the Board for a similar two year period. In 2003 Bernt Daniel



Odfjell jr. acted as the Chairman of the Board. The Chairman, together with Board Member Terje D. Storeng represent the Odfjell family, which is the largest shareholder in Odfjell ASA. Board Member Peter G. Livanos represents ChemLog ApS, which is the second largest shareholder. Reidar Lien and Marianna Moschou are both independent Board Members. Great care is taken to avoid any conflict of interest in issues with related parties.

After 17 years as a Board Member Per Ivar Gjørsum resigned at the Annual General Meeting in May 2003. In November 2003, Bjarte Kvåle resigned after 15 years as a Board Member and was replaced by Mrs. Marianna Moschou. Odfjell wish to thank the retiring members for their efforts for the company.

Meetings of the Board of Directors

The Board usually holds six regular meetings each year. In addition to ongoing business, four of the meetings deal with the quarterly financial reports, one covers strategic review and the last meeting reviews and approves the next year's budget. The Annual General Meeting is held in connection with the May meeting.

In addition to the regular Board meetings, the Board may hold special meetings, also by telephone or by written resolution at the request of the Chairman, the President/CEO or any two Board Members.

The Board met 11 times in 2003 with a 94.4% attendance. Additional seven meetings were held in the form of written resolutions.

Committee of the Board of Directors

The Board of Odfjell ASA evaluates all Board issues and consequently no permanent committees exist.

The President/CEO

The President/CEO of the Group Bjørn Sjaastad was granted a leave of absence for six to nine months as from 1 October 2003. Terje Storeng who has been a Board Member of Odfjell since 1994 was appointed interim President/

CEO. Under normal circumstances the President/CEO is not a member of the Board. According to the Norwegian Public Limited Companies Act the President/CEO has the right and obligation to participate in the Board's dealings with matters and to speak, except as otherwise decided by the Board in each case.

Remuneration

The Annual General Meeting on 5 May 2003 resolved that the annual compensation to the members of the Board be NOK 1 470 482 for the Chairman and NOK 150 000 for each of the other members of the Board. The compensation was paid in cash.

In 2003, Bjørn Sjaastad received as remuneration for his services as President/CEO a fixed salary of NOK 2 566 000. Furthermore, Odfjell covered Bjørn Sjaastad's personal fine to the US Department of Justice with an additional compensation of NOK 1 576 532. As interim President/CEO from 30 September 2003 Terje Storeng received a remuneration of NOK 650 000. The President/CEO as well as the Management have no stock options.

More information about the compensation and benefits to the President/CEO and the Board can be found in the Notes to the Group Financial Statement.

Insiders' Trading with Securities

The Board has established a policy in respect of trading with securities issued by the company. The policy is in line with the guidelines for Insiders issued by the Oslo Stock Exchange and applies to the Board, the President/CEO and senior management as well as other employees, who in connection with their position have access to non-public information.

Compliance Officer

The Compliance Officer shall monitor that the company acts in accordance with applicable law and regulations, with particular focus on competition law compliance. The Compliance Officer reports to the President/CEO.

Shareholder Information

Odfjell's aim is to provide competitive long-term return for our shareholders.

The company emphasises a dividend policy based on our financial performance, current capital expenditure programmes and tax positions. However, the increase in share price over time will account for a portion of the return on shareholders' investment in the company.

Share Performance

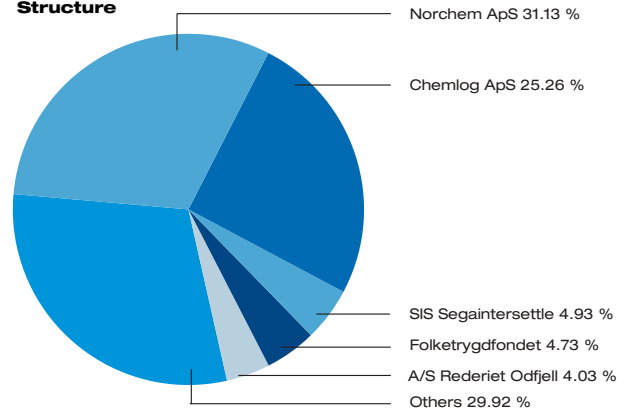
At year-end 2003 the Odfjell A-shares were trading at NOK 148 (USD 22.1), up 34.5% compared to NOK 110 (USD 15.8) a year earlier. The B-shares were trading at NOK 143.50 (USD 21.5) at year-end, up 30.5% from NOK 110 (USD 15.8) a year earlier. The share price expressed in USD increased during the year by 39.2% and 34.8% respectively for the A- and B-share. The A-shares traded between NOK 102.50 (USD 19.3) and NOK 156 (USD 21.3) during the year whilst the corresponding figures for the B-shares were NOK 102 (USD 14.5) and NOK 150 (USD 20.9). During 2003 an ordinary dividend of NOK 8 per share and an extraordinary dividend of NOK 4 per share were approved. Adjusted for this dividend, the shares increased by 45.5% and 41.4% for the A- and B-share respectively expressed in NOK. By way of comparison, the Oslo Stock Exchange benchmark index rose by 48.4% and the transportation index improved by 86.5% during the year.

By 8 March 2004 the Odfjell A-share had appreciated to NOK 220 per share, up over 49% from year-end 2003. The Oslo Stock Exchange benchmark index rose about 21% during the same period.

Trading Volumes

A total of 7 383 311 Odfjell shares were traded during the year, spread over 5 434 765 A-shares and 1 948 546 B-shares,

Shareholder Structure

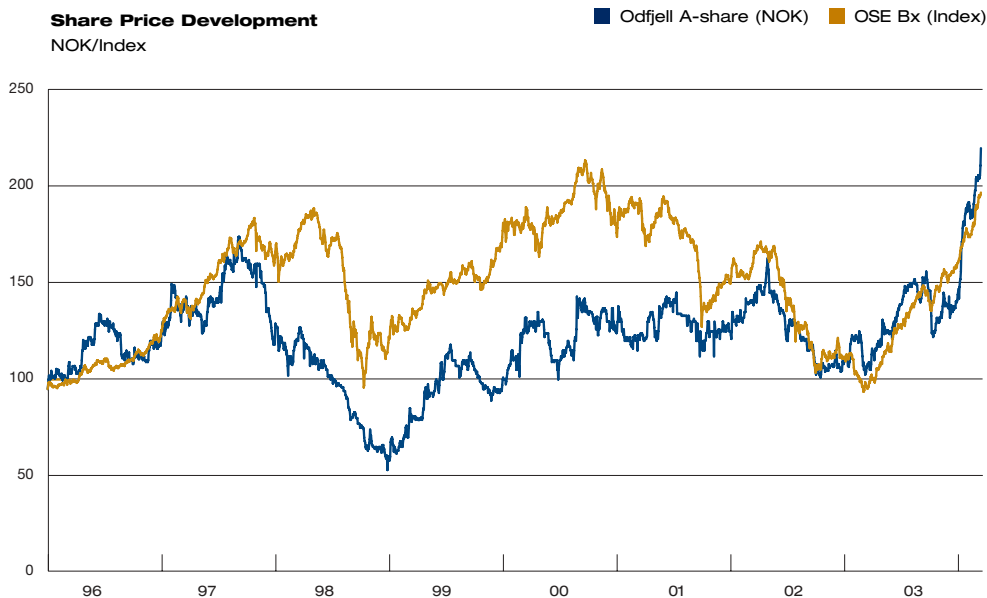


and represent about 34% of the average outstanding shares.

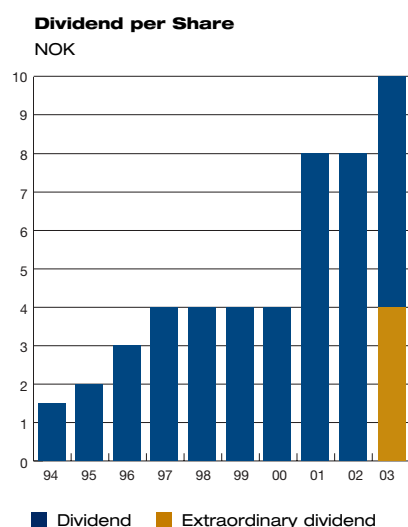
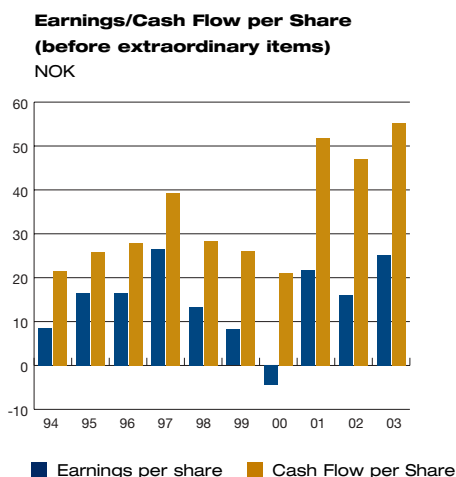
The total number of shares traded represents a 16% increase over the corresponding number of shares traded in 2002. Also the Oslo Stock Exchange experienced increased volumes in 2003, whereby the total volume traded increased by about 24% compared to 2002. The Odfjell A-shares were traded on the Oslo Stock Exchange on 226 out of 250 trading days during the year. The ADR programme set up in the USA in 1994 enables Odfjell B-shares to be traded in USD through Citibank as the depository bank.

To improve the trading liquidity in the Odfjell share a market maker agreement with Pareto Securities ASA has been in effect since 1 January 2002.

Share Price Development







Shareholders

At the end of 2003 there were 1 129 holders of Odfjell A-shares and 497 holders of Odfjell B-shares. Taking account of shareholders owning both share classes, the total number of shareholders was 1 298, an increase of about 8% compared to the previous year.

International Ownership

78.5% of the company's A-shares and 65.8% of the B-shares were held by international investors at year-end, equivalent to 75.4% of the total share capital, up from 71.6% at year-end 2002.

Share Repurchase Program

No treasury shares were acquired during 2003. From February 2000 to October 2002 about 5 million treasury shares were acquired. This represents about 20% of the current number of shares in the company. The average cost of the treasury shares acquired was NOK 119 per share. All treasury shares have been redeemed and consequently the company holds no treasury shares.

At the Ordinary General Meeting held on 5 May 2003 the Board was authorized to acquire treasury shares of up to 10% of the company's outstanding shares at a minimum price of NOK 10 (i.e. par value) and a maximum price of NOK 300 per share. This authorisation is valid for 18 months from 5 May 2003. No treasury shares has so far been acquired according to this authorisation.

Investor Relations

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

The financial calendar for 2004 is outlined on page 2.

RISK Adjustments

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

1 January 2004	minus	NOK 10.00 per share
1 January 2003	minus	NOK 7.35 per share
1 January 2002	minus	NOK 7.20 per share
1 January 2001	minus	NOK 4.00 per share
1 January 2000	minus	NOK 4.00 per share
1 January 1999	minus	NOK 4.00 per share
1 January 1998	minus	NOK 4.00 per share
1 January 1997	minus	NOK 3.00 per share
1 January 1996	minus	NOK 2.00 per share
1 January 1995	minus	NOK 1.50 per share
1 January 1994	minus	NOK 1.25 per share
1 January 1993		NOK 0.00 per share

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

The 20 Largest Shareholders as per 31 December 2003

<i>Name</i>	<i>A-Shares</i>	<i>B-Shares</i>	<i>Total</i>	<i>Percent of votes</i>	<i>Percent of shares</i>
1 Norchem ApS	6 491 623	260 294	6 751 917	39.53 %	31.13 %
2 Chemlog ApS	4 002 674	1 477 673	5 480 347	24.37 %	25.26 %
3 SIS Segaintersettle	519 000	551 450	1 070 450	3.16 %	4.93 %
4 Folketrygdfondet	533 050	493 200	1 026 250	3.25 %	4.73 %
5 AS Rederiet Odfjell	874 368	-	874 368	5.32 %	4.03 %
6 Odfjell Shipping (Bermuda) Ltd	239 300	388 200	627 500	1.46 %	2.89 %
7 Mellon Bank	385 700	198 400	584 100	2.35 %	2.69 %
8 Svenska Handelsbanken	235 100	216 000	451 100	1.43 %	2.08 %
9 Pareto-fondene	7 650	294 600	302 250	0.05 %	1.39 %
10 Ingeborg Berger	117 620	153 770	271 390	0.72 %	1.25 %
11 Mathilda A/S	150 000	77 568	227 568	0.91 %	1.05 %
12 Odin-fondene	31 400	173 441	204 841	0.19 %	0.94 %
13 JP Morgan Chase	169 650	10 400	180 050	1.03 %	0.83 %
14 Magnus Berger	108 100	47 500	155 600	0.66 %	0.72 %
15 Lehman Brothers	154 750	-	154 750	0.94 %	0.71 %
16 DFA-International	108 384	33 504	141 888	0.66 %	0.65 %
17 Skagen-fondene	120 000	-	120 000	0.73 %	0.55 %
18 Toluma AS	40 000	65 000	105 000	0.24 %	0.48 %
19 Clearstream Banking	94 400	10 000	104 400	0.57 %	0.48 %
20 Pactum Verdi AS	-	90 000	90 000	0.00 %	0.41 %
Total 20 largest shareholders	14 382 769	4 541 000	18 923 769	87.58 %	87.24 %
Other shareholders	2 039 792	728 676	2 768 468	12.42 %	12.76 %
Total	16 422 561	5 269 676	21 692 237	100.00 %	100.00 %
International shareholders	12 888 932	3 467 829	16 356 761	78.48 %	75.40 %

Share Capital History

<i>Year</i>	<i>Event</i>	<i>Amount NOK</i>	<i>Share capital after event, NOK</i>
1916	Established	517 500	517 500
1969	Capitalisation bonus issue	382 500	900 000
1969	Merger with A/S Oljetransport	900 000	1 800 000
1981	Capitalisation bonus issue	1 800 000	3 600 000
1984	Capitalisation bonus issue	3 600 000	7 200 000
1985	Merger with Skibsaksjeselskapet Selje	3 320 000	10 520 000
1985	Merger with Odfjell Tankers & Terminals A/S	2 000 000	12 520 000
1985	Capitalisation bonus issue	6 260 000	18 780 000
1985	Public offering	9 390 000	28 170 000
1986	Capitalisation bonus issue	2 817 000	30 987 000
1988	Capitalisation bonus issue	6 197 400	37 184 400
1989	Capitalisation bonus issue	7 436 880	44 621 280
1989	International private placement	10 000 000	54 621 280
1990	Capitalisation bonus issue	54 621 280	109 242 560
1994	Capitalisation bonus issue	109 242 560	218 485 120
2000	Private placement	49 267 340	267 752 460
2001	Redemption of treasury shares	-13 657 500	254 094 960
2002	Redemption of treasury shares	-25 409 490	228 685 470
2003	Redemption of treasury shares	-11 763 100	216 922 370

Trade Lanes and Offices





Chemical Transportation and Storage

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

HISTORICALLY, the production of petrochemical products has been based in the US and Europe. However, production capacity has been growing in Asia, South America, South Africa and particularly in the Arabian Gulf where Saudi Arabia plays a leading role. These areas tend to produce commodity type chemicals, whilst the production of speciality petrochemicals is generally concentrated in the US and Europe.

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

The petrochemical business is truly international; with production and consumption world-wide. Recently we have seen a concentration of larger and global producers, although many countries have developed their own chemical industry.

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

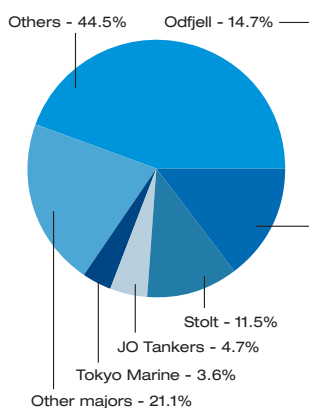
Odfjell provides the petrochemical industry with a worldwide network of shipping services and transports chemicals on a global basis. Operating through offices at central locations around the world, the company commands a global market share of around 15% in the chemical tanker segment, with trade lanes in all major areas, when such services are required. Sometimes the more narrowly defined definition "CORE CHEMICAL TANKERS" is used and based on this definition Odfjell has a higher global market share. Whilst parcel or chemical tankers represent only a small percentage of the total world fleet of ocean-going ships, nevertheless there is a constant interplay between the various markets, in our specific case the interplay with handy-size tankers, primarily those employed within the clean petroleum segment.

A chemical tanker has to accommodate the different needs and requirements for the particular trade in which it operates. Ships serving the global trade-lanes can be divided into ships with coated and ships with stainless steel cargo tanks.

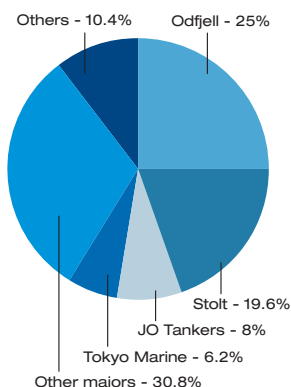
The coated ships carry commodity-type chemicals and clean petroleum products, vegetable oils or caustic soda. This type of tonnage generally carries commodity chemicals out of the US Gulf and the Arabian Gulf to Asia. Return cargoes also tend to be vegetable oils and clean petroleum products.

The largest and most advanced ships can handle the most specialised chemicals, and are designed to accommodate the needs for the transport of small consignments. The cargoes

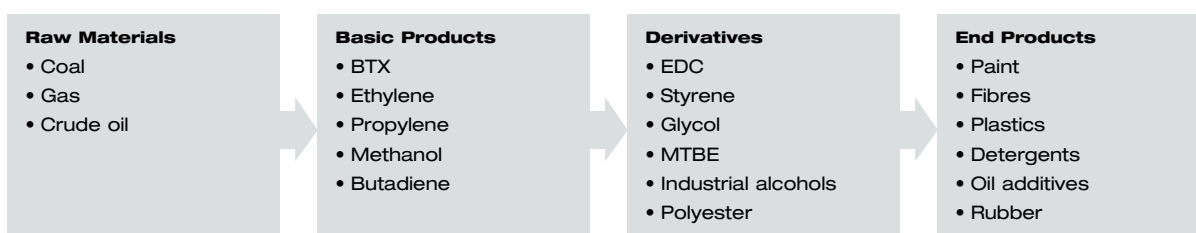
The Chemical Tanker Market
Ships over 13 000 dwt., total fleet about 15 million dwt., 546 ships.



The Core Chemical Tanker Market
Ships over 13 000 dwt., total fleet about 9 million dwt., 312 ships.



ORGANIC CHEMICALS





in this category often require stainless steel stowage, and may also have special handling requirements in terms of temperature and pressure during transit. Odfjell has increasingly invested in this latter type of ships.

A global and long-term operator needs access to an efficient mix of ships to meet current and changing market requirements.

Odfjell carries over 600 different generic products every year, ranging from various organic chemicals such as alcohols, acrylates, aromatics as well as fuel oil, lubricating oils, vegetable oils and inorganic chemicals like sulphuric and phosphoric acids and caustic soda.

Frequent sailings to all the main destinations used by the industry means that our parcel tankers offer a unique and flexible service whereby customers can choose between small shipments from 100 to 150 tons and full cargoes of around 40 000 tons. The combination of so-called contract

of affreightments and spot cargoes enables customers to plan a steady flow of shipments either to meet required delivery schedules or to take advantage of sudden price changes in the market.

Odfjell's strategy involves consolidating loading and discharging operations. Investing in and operating regional trade lanes and tank terminals play an important role in this respect.

Chemical tank terminals are an integral part of the chemical transportation chain and their services constitute a natural link between our traditional shipping services and inland modes of transportation such as barges, railcars, trucks, ISO-containers and pipelines. The tank terminal receives, stores and distributes liquid bulk chemicals, serving all these different modes of transportation.

Global Trade

- A leading global operator
- 61 ships and 13 newbuildings on order
- Revenue \$609 million
- 67% of group revenue
- Total assets \$1.2 billion

The Odfjell fleet consists of about 100 ships out of which 61 are operated in a global network of deep-sea shipping services. Headquarter for the commercial and operational management of the global trade activities is in Bergen, Norway. Odfjell has overseas offices throughout the world with the purpose of serving the customers at their home turf. Several of these offices have a dual role as both commercial and operational issues can be dealt with. In our global trade we carried more than 15 million tons of cargo in 2003.

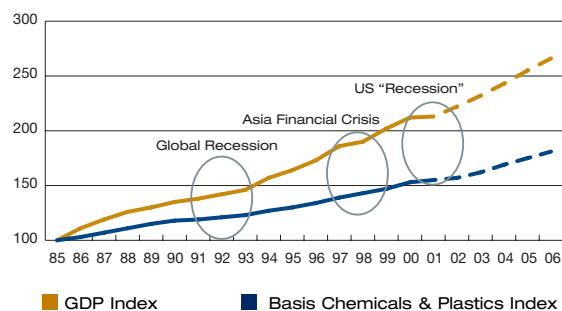
The ships operated in our global trade consist of a variety of ship types – both in size, sophistication, number of tanks, tank configuration and other criteria of importance for clients. Asset and fleet utilization are therefore critical success factors in the daily running of the total fleet.

Flexibility and inter-changeability of ships between

routes and trades have always been an important factor for Odfjell. Some of the global trades involve a “round the world” service, servicing ports in Europe, the US, Asia Pacific and Africa. Our 16 state-of-the-art 37 500 dwt. fully stainless steel ships constitute an important backbone to this service. Our newbuilding program also consists of a series of six to eight specialised chemical tankers each of 39 500 dwt. The ships will have 40 tanks made of stainless steel and with deliveries from 2003 through 2006. Furthermore, we have

Sustainable Chemical Market Growth

Chemicals and plastics growth has outpaced GDP growth over the last two decades



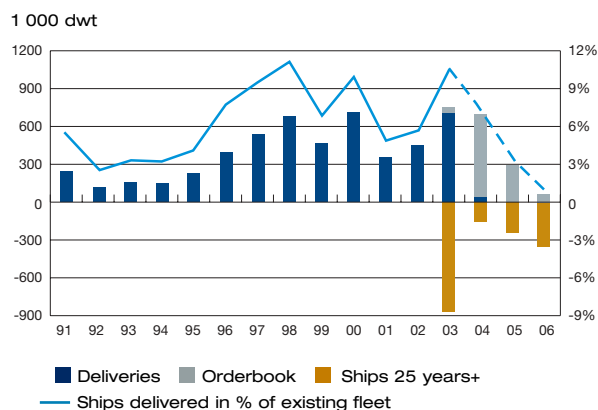
SOURCE: CMAI

acquired six long-term time-charter newbuildings from Japan with deliveries in 2004, 2005 and 2006. Odfjell is well positioned to meet the very stringent future demands as to quality required by the major oil and chemical companies.

Odfjell has been a supporter of high standards of chemical tankers since the inception of this industry and has therefore taken a proactive approach towards international regulatory bodies and major customers in order to improve safety. The three to four largest oil- and chemical companies typically inspect every ship once a year. Not only the technical condition of the ship is important to these customers, but also the quality of the people onboard, and the procedures and manuals form important criteria.

Deliveries of newbuildings

Chemical Core fleet 13,000 dwt



Global Trade	<i>Figures in</i>	2003	2002	2001	2000	1999	1998	1997
Gross revenue	USD mill.	609	595	624	532	429	458	521
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	USD mill.	105	101	150	81	65	78	100
Operating result (EBIT)	USD mill.	43	41	94	29	34	48	97
Total assets	USD mill.	1 179	1 131	1 159	1 217	1 000		
Volume shipped	1 000 tons	15 086	15 810	16 066	14 902	11 037	11 619	11 326
Number of products shipped		674	548	545	443	404	389	368
Number of parcels shipped		5 121	4 881	4 818	5 138	4 669	5 306	5 356
Port calls		3 704	3 586	3 699	3 316	2 606	2 486	2 367
Number of ships		61	59	62	63	50	49	50
Total deadweight	1 000 tons	2 112	2 035	2 124	2 117	1 613	1 567	1 596

Regional Trade

- Asia/Europe/Americas/Brazil/Chile
- 37 ships
- Revenue \$130 million
- 14% of group revenue
- Total assets \$117 million

Volumes shipped regionally are steadily increasing. As end-users of petrochemicals require products delivered on shorter notice and with less lead-time, the major petrochemical producers are building petrochemical production complexes closer to their markets. Consequently, the demand for modern quality carriers trading regionally is on the rise. Transshipment, i.e. onward distribution of cargoes from inbound ships within global trade to the final destinations, also remains a very important part of the regional trades.

The ships in regional trade require the same sophistication as those employed in global trade. Therefore, though smaller in size, the regional tankers have to be designed in much the same way as tankers in global trade. They include up to about 30 tanks, either of stainless or coated steel, with heating, cooling, and nitrogen purging capabilities. As many regional

ports are unable to receive larger tankers, ships trading regionally are typically shallow-draft in the 5-15 000 dwt. range. They serve receivers in ports on a high frequency basis, typically discharging smaller quantities.

In addition to wanting a major position in the increasingly important and growing regional trades, Odfjell's regional ship operations also aim to offer our global customers transshipment to restricted ports. Consolidation of loading and discharging operations for the global fleet is also of great importance. By reducing port calls and thereby reducing risk of delays, we are able to offer a more reliable, economic and predictable service to our customers.

Asia

Odfjell Asia in Singapore continued during 2003 to develop a regional operation in the Asia-Pacific region. We now operate a fleet of 16 chemical tankers in the 6 000 to 12 000 dwt. range. In 2004 a time-charter newbuilding will be added to the fleet. The ships are trading intra North East Asia and intra South East Asia, and we are also offering regular services between these two regions. Odfjell Asia carried 2.3 million tons of cargo in 2003.



Petrochemical trade to and from China is increasing, and more and more ports for transfer of petrochemical products are being introduced.

Odfjell Asia is also running regular parcel services between Asia-Pacific and Australia/New Zealand, and additional Asia-Pacific services are under consideration.

Europe

In 2003, Odfjell entered into an agreement with Christian F. Ahrenkiel GmbH & Co. KG of Hamburg, Germany, to establish a 50/50 joint-venture for marketing and operation of chemical tankers in inter-European trade. The joint-venture become operational by year-end 2003 and is initially operating eight modern chemical tankers.

US Gulf/Canada/Caribbean/Central America

Odfjell Americas operates five ships out of Houston, Texas. The services include bi-weekly sailings to and from Mexico and Canada, and monthly sailings to Central America, Caribbean and the west coast of South America. The ships vary in size from about 8 000 to about 16 000 dwt. and

carried about 1.0 million tons of cargo in 2003. The handling of these services will be transferred from Houston to Bergen during the spring 2004.

South America

Odfjell owns 50 % of the Brazilian shipping company Flumar. Operating out of Sao Paulo, Brazil, the company's core business is transportation of bulk liquid chemicals and gases primarily on the Brazilian coast and within the Mercosul area. Though less frequent, services are also provided to Central America and the west coast of South America. Presently, the company operates four chemical tankers and two LPG ships, ranging in size from 4 400 to 12 450 dwt. Combined, Odfjell and Flumar are able to provide customers with enhanced service capabilities. Furthermore, the extensive network of associated terminals in Brazil, Argentina, Chile and Peru adds important flexibility towards our customers' logistical requirements. Flumar carried more than 1.5 million tons of cargo in 2003.

Through the 50/50 joint venture company, Odfjell y Vapores, we carried 1.4 million tons of cargo in 2003, primarily sulphuric acid along the Chilean coast.

Regional Trade	<i>Figures in</i>	2003	2002	2001	2000	1999
Gross revenue	USD mill.	130	119	104	72	60
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	USD mill.	15	15	14	9	6
Operating result (EBIT)	USD mill.	4	7	6	2	2
Total assets	USD mill.	117	130	136	129	130
Volume shipped	1 000 tons	6 146	6 313	5 017	4 731	
Number of ships		36	27	26	22	13
Total deadweight	1 000 tons	361	300	289	222	103

Tank Terminals

- 6 owned at strategic locations
- 8 associated terminals
- Revenue \$118 million
- 13% of group revenue
- Total assets \$343 million

In total, our tank terminal network now employs more than 860 people and offers close to 2.8 million cbm of storage space in about 930 tanks in 15 ports around the world. This makes us one of the world-leaders in combined shipping and storage services. We have a strategy of expanding the tank terminal activities along Odfjell's major shipping lanes. We also focus on strategic ports in newly industrialized countries, in order to improve the development of chemical markets. In addition to being profitable investments on a stand-alone basis, our tank terminals also play an important

operational role in our cargo-consolidation programme to reduce the time our ships spend in port. Commercially, the combination of shipping and tank terminals gives Odfjell an excellent position to offer complete logistical packages to our customers. The demand for combined services has steadily increased as a result of the industry's ongoing pursuit of improving efficiency in the supply chain.

Odfjell Terminals (Rotterdam) BV Rotterdam, the Netherlands (OTR)

- 1 540 000 cbm
- 300 tanks
- 100% ownership
- Petrochemical industrial distillation plant

Located in the heart of Rotterdam harbour, the most important chemical distribution centre in Europe, Odfjell Terminals

(Rotterdam) has a total storage capacity of about 1 540 000 cbm, and around 300 storage tanks. It is one of the largest facilities of its kind in the world. The tank terminal stores both chemicals and mineral oil products. The chemical storage capacity is 610 000 cbm, while the mineral oil capacity is about 930 000 cbm. In addition to the storage business, the facility has a PID, petrochemical industrial distillation plant, which retains a large market share in the independent product distillation market in northwest Europe. The company's business is therefore divided in three market segments; chemical storage, mineral oil storage and petrochemical distillation. This provides a diversified contract portfolio as well as a great degree of flexibility since the storage capacity can be shifted from one segment to another, including servicing the distillation business.

A new tank area consisting of 8 stainless steel tanks totalling about 12 000 cbm was constructed in 2003. Late 2003 a new office building was completed at the terminal. Now all our shipping, terminalling and tank container activities in Rotterdam operate out of these joint offices.

The tank terminal has excellent infrastructure, with four jetties for seagoing ships and 11 berths for barges. It also has extensive facilities for the handling of trucks, rail cars and ISO-containers. The site has its own water treatment plant that also serves third parties.

The facility is already one of the most important docking facilities for Odfjell in the Rotterdam-Antwerp area, and our goal is to make it the primary hub for our global trade to and from Europe. By combined efforts by the terminal and the shipping activities, both our customers and Odfjell may gain benefits through improved efficiency and commercial integration.

Odfjell Terminals (Houston) LP Houston, Texas, USA (OTH)

- 272 000 cbm
 - 92 tanks
 - 100% ownership
 - Large stainless steel capacity
-

Houston is the major international hub for import and export of chemicals in the US. The terminal here was built by Odfjell in 1983 and since the mid 1990's has been through a considerable expansion period, increasing the capacity by close to 70% over the last five years. The expansion has improved the profitability through a better utilization of already existing and costly infrastructure.

The tank terminal comprises 92 tanks ranging from 350 cbm to 9 000 cbm and has a total capacity of about 272 000 cbm. Altogether 61 tanks are constructed from mild steel or have epoxy/zinc coatings, with the remaining 31 constructed from stainless steel, giving a total stainless steel capacity of about 90 000 cbm. The tank terminal comprises the largest stain-

less steel storage capacity of any privately owned tank terminal in the world.

A new tank area consisting of 4 stainless steel tanks totalling 24 000 cbm was completed in 2003.

The facilities' unused land and existing infrastructure provide good opportunities for further expansion, with potential storage capacity of around 350 000 cbm in the existing area.

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

Odfjell Terminals (Dalian) Co Ltd Dalian, China (OTD)

- 60 000 cbm
 - 35 tanks
 - 64% ownership
 - The most advanced chemical tank terminal in China
-

Odfjell Terminals (Dalian) is located in Dalian on the north-eastern coast of China. The tank terminal has 35 tanks with a capacity of about 60 000 cbm, constructed in compliance with stringent quality and environmental requirements. From its start in 1998, the development of the tank terminal's business has been very positive, and the diversified customer base gives the terminal a good performance. With a 64% stake, Odfjell is the main shareholder and also the managing partner of the terminal. Dalian Port Co. (36%) is the other shareholder in the company.

Odfjell Terminals (Korea) Co Ltd Onsan, Korea (OTK)

- 109 500 cbm
 - 39 tanks
 - 50% ownership
 - Expansion possibilities
-

In 2002 Odfjell ASA acquired 50% of the shares in a newly built tank terminal in Onsan, Korea from Korean Petrochemical Industry Company (KPIC). At the same time the terminal was named Odfjell Terminals (Korea) Co. Ltd.

The tank terminal has a strategic location in an important petrochemical distribution and transshipment hub in North-east Asia. Odfjell is one of the largest carriers of bulk liquid chemicals in and out of Korea with a significant number of port calls and transshipment operations in the region.

The tank terminal currently has 39 tanks with a total storage capacity of 109 500 cbm and has otherwise ample land for future expansions. The company is the owner of one jetty and have access to a second jetty, each with the capability of

handling two ships at the time. The total investment on a 100% basis was about USD 41 million. The terminal became operational in the middle of 2002.

Oiltanking Odfjell Terminal Singapore Pte Ltd, Singapore (OOTS)

- 213 000 cbm
- 51 tanks
- 50% ownership
- Expansion possibilities

As one of the busiest ports in the world, Singapore plays a major role in the distribution of petrochemicals in Asia. Singapore also has a high concentration of refinery capacity as well as a large and diversified chemical production. Further growth is secured through its prime location, good infrastructure and a stable economy and government. Oiltanking Odfjell Terminal Singapore is located on Jurong Island, where most of Singapore's development of petrochemical industry is concentrated.

The tank terminal, which became operational in 2001, has a total capacity of 213 000 cbm in 51 tanks, ranging from 800 cbm to 18 000 cbm. The stainless steel capacity is around 5 000 cbm. More than 100 000 cbm of the capacity is committed on long-term contracts. With access to additional land, the tank terminal can eventually grow to about 300 000 cbm. The terminal has two very modern ship docks, and the tank terminal operates and has access to another two docks. 15 new tanks with a total storage capacity of 82 000 cbm, became operational during 2003.

The flexible storage and transfer services offered by the terminal, along with excellent marine facilities will allow Odfjell to create a hub for the global and regional shipping services in Asia.

The tank terminal is a 50/50 joint venture, in which Oiltanking is the managing partner. Oiltanking GmbH, a worldwide storage operator, already owns a large mineral oil terminal on Jurong Island.

VOTTN, Ningbo, China

- 63 500 cbm
- 36 tanks
- 12.5% ownership
- A sophisticated chemical tank terminal

This tank terminal started operations in 1994. Located close to Shanghai, Ningbo is a key port for importing chemicals to the central east coast of China. The terminal serves ships, barges, rail cars and trucks and currently has a capacity of about 63 500 cbm. Odfjell has a 12.5% stake in the tank terminal, with the other partners being Vopak, Helm AG and the local Port Authorities.

Associated Tank Terminals South America

Odfjell's involvement with tank terminals started in South America, where the first terminal was built in Buenos Aires in 1969. Today, eight chemical tank terminals spread along the coasts of Brazil, Argentina, Chile and Peru, has a 35% share of the chemical storage market in the region. The Odfjell family owns these privately, their operational headquarter being in Sao Paulo. The three Brazilian tank terminals are located in Santos, Rio Grande and São Luís. In Argentina, the group has two tank terminals, one in Buenos Aires and the other, a new state-of-the-art tank terminal in Campana, about 80 km upriver from Buenos Aires. The Chilean tank terminal is located in San Antonio. The latest additions is a 25 000 cbm chemical tank terminal in Callao, Peru and a 50 000 cbm tank terminal to be built in Bahia Blanca, Argentina.

The extensive tank terminal activities in South America provide an excellent complement to Odfjell's six million tons per year shipping activities within the region. Where practicable, shipping and storage services are marketed jointly, ensuring that we create logistical solutions as comprehensive as possible for our customers.

Tank Terminals	<i>Figures in</i>	2003	2002	2001	2000	1999	1998	1997
Gross revenue	USD mill.	118	97	90	59	32	28	27
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	USD mill.	45	38	35	25	16	13	13
Operating result (EBIT)	USD mill.	27	22	23	16	11	8	9
Total assets	USD mill.	343	336	274	243	129		
Tank capacity	1 000 cbm.	2 237	2 155	2 155	1 917	354	315	255



BOW SPRING
BERGEN



Tank Containers

- Start-up in 1999
- 7 065 containers
- Revenue \$50 million
- 6% of group revenue
- Total assets \$38 million

Our tank container activity is organised through Hoyer-Odfjell whose business is transportation of chemicals and other liquids in tank containers. The company has been in operation for four years and has become an important player in this market. Through Hoyer-Odfjell we are able to offer our customers more integrated and cost-efficient transport solutions for their smaller parcels. Tank containers are primarily being used for transportation of chemicals and liquids in small quantities and to locations with limited infrastructure.

The tank container business is attended to by a joint venture with Hoyer GmbH in Germany. Hoyer-Odfjell's head office

is in Rotterdam, but the tank container business is based on a network of branch offices, as well as agencies in other countries. The activities in the branch offices have, as far as practically possible, been integrated with Odfjell's existing activities. The purpose of this is to co-ordinate the marketing, making it easier for us as a supplier of logistic services to provide our customers with integrated and cost-effective transport solutions.

The main goal of Hoyer-Odfjell has been to expand and become global, thereby achieving economies of scale. Substantial investments in personnel, organisation and equipment have thus been made in the company. The number of tank containers has increased from 2 600 to 7 065 since start-up five years ago and further expansions are planned.

Future growth in demand for tank container services is expected to be considerable, with a large potential being Asia and Latin America.

Tank Containers	<i>Figures in</i>	2003	2002	2001	2000	1999
Gross revenue	USD mill.	50	39	34	33	30
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	USD mill.	5	5	3	(2)	(1)
Operating result (EBIT)	USD mill.	3	2	0	(3)	(1)
Total assets	USD mill.	38	33	32	24	13
Number of units (on 100% basis)		7 065	5 600	5 000	5 000	3 500

Ship Management

Odfjell is a fully integrated shipping company incorporating all functions required to ensure the provision of reliable high-quality transportation services. Owning ships and taking responsibility for chartering, operations and ship management ensure effective co-ordination and common priorities across all our operations. As ships account for about 75% of our total fixed assets, it is vital that the fleet is managed and operated efficiently and assets are protected and values maintained.

Ships

Our ship maintenance programme ensures safe and efficient operation, a long useful life and high second-hand values. The maintenance is managed through our computerised Planned Maintenance System, which is certified by Det Norske Veritas (DNV). Surface protection and maintenance of tanks, structures and machinery are based on thorough assessments, with periodical dry-docking carried out normally every 30 months.

Our ship management division takes care of Odfjell's ships and also nine ships owned by National Chemical Carriers Ltd Co in Saudi Arabia. This includes crewing, technical operation and maintenance, purchasing, safety assurance and insurance. We also work closely with Ceres Hellenic Shipping Enterprises in Greece, who manages 16 of our ships.

Crew

The safe operation of chemical tankers depends on highly qualified officers and crew. A majority of our ships are registered with the Norwegian International Ship Register and are manned primarily by Norwegian senior officers and Filipino crew, with many years' experience from chemical tankers.

Odfjell pays considerable attention to recruiting qualified officers and crew and, at any given time more than 100 seafarers are normally working as trainees or cadets.

Risk Management

To enhance safety and to control the risks associated with our business we have established a separate Risk Management section.

Every year Odfjell carries out regular internal audits of all ships. Customers make inspections through the Chemical Distribution Institute (CDI) and the Oil Companies International Marine Forum (OCIMF). Periodical surveys are carried out by various classification societies, flag states and port states. DNV performs ISM Code inspections of our ships' quality systems.

When ships or offices report critical situations, accidents, non-conformances or possible improvements through

our Safety and Improvement Reporting System (STAR - EVENT), proper response is prepared and implemented. Our Quality Board, at senior management level, takes action on important issues. We view this system as an effective tool in our work to increase safety and to prevent injuries, damage and losses.

Communication

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

Health, Safety and Environmental Protection

Odfjell's policy is to maintain and develop the company's position as a supplier of high-quality and efficient logistics services involving as low environmental risks as possible. The company has adopted a long-term approach for providing global logistics services for the chemical industry, and a conscientious HSE (Health, Safety and Environmental protection) programme is therefore essential for ensuring long-term profitability, stable employment and a safe working environment.

Odfjell is part of the supply chain that extends from the production of chemicals to their consumption. Our customers require effective environmental systems and initiatives as part of their own efforts in this respect. We are also subject to strict handling requirements for chemicals initiated by the authorities and other regulatory bodies. Our internal/external training and safety and quality work procedures are based on preventive actions to reduce the environmental risk from the chemicals that we transport and store. We also focus on improving energy efficiency.

Organisation

Odfjell's Quality Board which comprises members of senior management, follow up health, environmental and safety issues regularly. The execution of our environmental policy is delegated to the heads of the group's various business divisions. Furthermore, the company's active involvement in national and international regulatory bodies and committees reflects our emphasis on contributing to the further development of regulations within areas that foster sound environmental standards and high levels of safety.

Fleet

Ocean-going transportation is very energy-efficient compared to other forms of transport and the efficiency of our

fleet has been improved. Due to our newbuilding program and sale of older ships we had a reduction in CO₂ emissions per nautical mile and dead-weight ton of about 10% in the late 1990s. Over the last years we have acquired a number of larger, energy-efficient ships.

The world's first "intelligent" engine is now in operation on our newest ship, M/T Bow Firda. The pilot version of this engine has been successfully tested onboard one of our ships, the 1998 built M/T Bow Cecil, for more than 15 000 hours. It is approved by DNV for operation both in "Fuel economy Mode" and in "Low emission Mode".

Speed and fuel consumption is systematically followed up. Any deviation being analysed and corrective measures implemented. Modern self-polishing anti-fouling paint ensures that the smoothness of the hull is fully maintained between the dry-dockings. Propellers are polished during dry-dockings and when otherwise found appropriate.

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

Equipment for handling waste and residues is renewed as new requirements are introduced. Sludge is treated to recover oil, which can then be used to generate power onboard. All ships feature approved sewage purification installations. This is in accordance with our energy conservation policy.

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

The company's Safety and Improvement Reporting system is used to report onboard HSE matters and plays an

important and valuable role in company analysis and for the transfer of experience. The number of reported lost work-day injury cases during 2003 (Lost Time Injury Frequency) was 2.29 per million worked hours compared to 2.68 in 2002, 3.96 in 2001 and 7.3 in 2000.

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

Tank Terminals

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

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

Future Plans

During 2003 we mapped all relevant environmental aspects for our shipping trade and sorted out the most significant. An annual program is prepared to reduce the impact of selected aspects. In 2004 we shall qualify for ISO 14001 certification.

Odfjell's environmental profile is further developed as a strong competitive advantage in the market, to the benefit of shareholders, customers, employees and society at large.

Senior Management



Terje Storeng
INTERIM PRESIDENT/CEO
Born 1949. Board Member since 1994.



Jan Hammer
SENIOR VICE PRESIDENT,
GLOBAL TRADE
Born 1957. Mr. Hammer has been with the company since 1985. He has previously held various management positions within Odfjell, both in chartering and terminal activities.



Jarle Haugsdal
SENIOR VICE PRESIDENT,
REGIONAL TRADE, BUSINESS
DEVELOPMENT AND PLANNING
AND QUALITY ASSURANCE
Born 1961. Mr. Haugsdal joined Odfjell in 1996 and has held the current position since October 2003. He previously held the position as SVP, Global Trade.



Svein-Gustav Steimler
SENIOR VICE PRESIDENT,
TANK TERMINALS
Born 1944. Mr. Steimler joined the company in 2002. He has previously held executive positions in shipping and finance.



C. P. Mol
CEO AND MANAGING DIRECTOR,
HOYER-ODFJELL B.V.
Born 1952. Mr. Mol joined Hoyer-Odfjell in 2000. Previously Mr. Mol held the position as Operation Director for VOPAK followed by a Managing Director position at the Europort Oil Terminal.



Jan Didrik Lorentz
SENIOR VICE PRESIDENT,
SHIP MANAGEMENT
Born 1947. Mr. Lorentz joined Odfjell in 1996. Previous position as Regional Manager for Det Norske Veritas (DNV).



Atle Knutsen
SENIOR VICE PRESIDENT, ASIA
Born 1950. Mr. Knutsen has been with the company since 1972. He has held various management positions within Odfjell and has been in his current position since April 2003.



Haakon Ringdal
SENIOR VICE PRESIDENT,
FINANCE/ACCOUNTS/ICT
Born 1954. Mr. Ringdal joined Odfjell in 2001. He came from a similar position with another major shipping company. He has previous experience from the finance/accounts area within shipping, banking, property and insurance.



Brit A. Bennett
VICE PRESIDENT, HUMAN RESOURCES
Born 1951. Ms. Bennett joined the company in 2000. She has previously held the position as Executive Consultant in Pricewaterhouse Coopers, Personnel Manager in the bank and oil industry, and Executive Manager in Bergen Municipality.



Espen Bjelland
VICE PRESIDENT, INVESTOR RELATIONS/
CORPORATE SECRETARY
Born 1960. Mr. Bjelland has been with the company since 1992 and has held the current position since 2000. He previously held the position as Financial Manager.

Fleet Overview

Global Trade	Ships	Year built	DWT	CBM	Stainless steel, CBM	Number of tanks	
OWNED:	Bow Star *	2004	39 832	52 126	52 126	40	
	Bow Sun	2003	39 842	52 126	52 126	40	
	Bow Firda *	2003	37 427	40 515	40 515	47	
	Bow Chain *	2002	37 518	40 515	40 515	47	
	Bow Favour	2001	37 438	40 515	40 515	47	
	Bow Century	2000	37 438	40 515	40 515	47	
	Bow Fortune	1999	37 395	40 515	40 515	47	
	Bow Cecil *	1998	37 345	40 515	33 236	47	
	Bow Flora	1998	37 369	40 515	33 236	47	
	Bow Cardinal	1997	37 446	41 487	34 208	52	
	Bow Faith	1997	37 479	41 487	34 208	52	
	Bow Cedar	1996	37 455	41 608	34 329	52	
	Bow Fagus	1995	37 375	41 608	34 329	52	
	Bow Clipper	1995	37 166	41 492	34 213	52	
	Bow Flower	1994	37 221	41 492	34 213	52	
	Bow Sea	1978	27 950	34 656	21 035	43	
	Bow Hunter	1983	23 002	25 026	21 031	28	
	Bow Pioneer	1982	23 016	25 965	20 969	28	
	Bow Eagle	1988	24 728	32 458	19 662	25	
	Bow Viking	1981	33 590	40 956	21 745	36	
	Bow Fighter	1982	34 982	41 184	6 299	34	
	Bow Lancer	1980	35 100	42 468	6 252	34	
	Bow Heron	1979	35 289	42 109	5 882	31	
	Bow Cheetah	1988	40 258	47 604	-	29	
	Bow Leopard	1988	40 249	47 604	-	29	
	Bow Lion	1988	40 272	47 604	-	29	
	Bow Panther	1986	40 263	47 604	-	29	
	Bow Puma	1986	40 092	47 604	-	29	
	Bow Petros	1984	39 722	47 963	-	28	
	Bow Transporter	1983	39 738	47 963	-	28	
	Bow Lady	1978	32 225	41 354	3 077	42	
	Bow Princess	1976	32 362	42 480	1 400	42	
	Bow Queen	1975	32 363	41 703	816	42	
	Bow Peace	1987	45 655	52 173	2 167	23	
	Bow Power	1987	45 655	52 173	2 167	23	
	Bow Pride	1987	45 655	52 173	2 167	23	
	Bow Prosper	1987	45 655	52 173	2 167	23	
	Bow Prima	1987	45 655	52 173	2 167	23	
	TIME-CHARTERED:	NCC Jubail	1996	37 499	41 488	34 209	52
		NCC Mekka	1995	37 272	41 588	34 257	52
		NCC Riyad	1995	37 274	41 492	34 213	52
		NCC Tihamah	1977	28 088	34 656	21 035	43
		NCC Yamamah	1977	28 053	34 656	21 035	43
		NCC Jizan	1976	28 024	34 656	21 035	43
		NCC Jouf	1976	28 026	34 656	21 035	43
		NCC Madinah	1976	28 053	34 656	21 035	43
		NCC Najran	1976	28 000	34 656	21 035	43
		NCC Asir	1983	23 001	24 965	20 969	28
NCC Arar		1982	23 002	24 965	20 969	28	
NCC Baha		1988	24 728	32 458	19 662	25	
Bow Sky		1977	28 083	34 656	21 035	43	
Bow Neptun		1976	28 060	34 656	21 035	43	
Bow Saturn		1976	28 030	34 656	21 035	43	
Bow Merkur		1975	27 952	34 656	21 035	43	
Fertility L		1987	45 507	52 173	2 167	23	
Fraternity L		1987	45 507	52 173	2 167	23	
Maasslot L		1982	38 039	48 866	-	22	
Maasstad L		1983	38 039	48 866	-	22	
Maasstroom L		1983	38 039	48 866	-	22	
Brage Atlantic		1995	17 460	19 587	19 587	22	
Brage Pacific		1997	17 460	18 620	18 620	24	
Number of ships:		61	2 112 418	2 484 868	1 134 972		

Fleet Overview

	Yard	Delivery	DWT	Owner	Status
ON ORDER:	NB Szczecin - B588/III/3	8/2004	39 500	Odfjell	
	NB Szczecin - B588/III/4	1/2005	39 500	Odfjell	
	NB Szczecin - B588/III/5	6/2005	39 500	Odfjell	
	NB Szczecin - B588/III/6	12/2005	39 500	Odfjell	
	NB Szczecin - B588/III/7	6/2006	39 500	Odfjell	Option
	NB Szczecin - B588/III/8	12/2006	39 500	Odfjell	Option
	NB Fukuoka - Bow Singapore	3/2004	9 800	Time-charter	
	NB Shin-Kurushima	8/2004	19 000	Time-charter	
	NB Shin-Kurushima	10/2005	19 300	Time-charter	
	NB Usuki	10/2004	19 990	Time-charter	
	NB Usuki	12/2005	19 990	Time-charter	
	NB Kitanihon	8/2005	30 000	Time-charter	
	NB Kitanihon	5/2006	30 000	Time-charter	
Number of newbuildings:		13	385 080		

*) Vessel beneficially owned through financial lease.

Regional Trade	Ships	Year built	DWT	CBM	Stainless steel, CBM	Number of tanks	
OWNED:	Bow Master	1999	6 046	7 036	7 036	14	
	Bow Mate	1999	6 046	7 036	7 036	14	
	Bow Pilot	1999	6 046	7 036	7 036	14	
	Bow Sailor	1999	6 046	7 036	7 036	14	
	Bow Marino	1988	11 289	11 445	6 386	17	
	Bow Giovanni	1987	11 290	11 445	6 386	15	
	Bow Antisana	1989	8 192	9 899	5 777	22	
	Bow Gorgonilla	1989	8 192	9 899	5 777	22	
	Bow Andes (50 %)	1977	28 060	34 756	21 136	43	
	Bow Pacifico (50%)	1982	18 657	22 929	10 849	31	
	Owl Trader	1982	12 450	14 482	8 070	22	
	Angelim (50 %)	1985	10 259	10 136	6 500	18	
	Araucaria (50 %)	1984	10 259	10 159	6 500	18	
	Jatai (50 %, LPG)	1979	4 452	4 031	-	3	
	TIME-CHARTERED:	Bow de Jin	1999	11 752	12 296	12 296	20
		Bow de Silver	2000	11 747	12 296	12 296	20
		Bow de Feng	2002	12 514	13 289	13 289	22
Bow West		2002	12 503	13 289	13 289	22	
Bow Wallaby		2003	11 951	13 486	13 486	22	
Bow de Rich		2003	12 500	13 560	13 560	22	
Bow Asia		2004	9 900	10 866	10 866	22	
Bow Wave		1999	8 594	9 225	9 225	20	
Bow Wind		1999	8 587	9 226	9 226	20	
Cristal		1996	10 314	11 332	11 332	21	
Bow Andino		2000	16 121	17 270	17 270	30	
Hibaya Park		1990	13 921	16 053	10 721	24	
Chembulk Fortitude		1989	13 681	15 847	10 545	24	
Jacaranda (50%)		1978	9 970	9 924	5 877	17	
Aragas (50 %, LPG)		1983	9 300	8 026	-	5	
POOL:		Multitank Balearia	1998	5 870	1 941	5 941	20
		Multitank Batavia	1998	5 870	1 941	5 941	20
	Multitank Badenia	1997	5 870	1 941	5 941	20	
	Multitank Bologna	1997	5 870	1 941	5 941	20	
	Multitank Bracaria	1997	5 870	1 941	5 941	20	
	Multitank Brasilia	1997	5 870	1 941	5 941	20	
	Multitank Bahia	1996	5 870	1 941	5 941	20	
	Multitank Britannia	1996	5 870	1 941	5 941	20	
Number of ships:		37	367 599	368 838	316 331		

Tank Terminals	Location	Share	CBM	Stainless steel, CBM	Number of tanks
Odfjell Terminals (Rotterdam) BV	Rotterdam, NL	100%	1 537 000	20 450	300
Odfjell Terminals (Houston) LP	Houston, USA	100%	271 950	82 400	92
Odfjell Terminals (Dalian) Ltd	Dalian, China	64%	59 700	5 750	35
Odfjell Terminals (Korea) Co Ltd	Onsan, Korea	50%	109 500	0	39
Oiltanking Odfjell Terminal Singapore Ltd	Singapore	50%	213 000	5 700	51
VOTTN Ltd (Ningbo)	Ningbo, China	12.5%	63 500	7 900	36
			2 254 650	122 200	553

Tank Containers

7 065 units operated as per 31 December 2003.

Glossary

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

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

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

BARE-BOAT CHARTER (B/B): The ship owner hires out a ship without crew for a fee, payable as a specific sum per day or a specific sum per dwt per month. The party that hires the ship pays for bunkers, port and canal charges and any other voyage related costs as well as all other operating cost.

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

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

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

CAP: Condition Assessment Program, Det norske Veritas' voluntary rating system for ships describing and quantifying the standard of a ship.

CBM: Cubic Meters.

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

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

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

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

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

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

DEEP-SEA (GLOBAL): Sea-borne trade that moves on inter-continental trade routes.

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

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

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

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

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

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

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

KNOT: A measure of the speed of the ships. 1 knot = 1 nautical mile per hour, that is 1.85 km/h.

LIBOR: London Interbank Offered Rate.

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

M/T: Motor Tanker.

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

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

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

NIS: Norwegian International Ship Register

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

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

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

OPERATING EXPENSES: Expenses for crew as well as all other expenses directly connected with the running of the ship, including insurance.

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

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

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

PETROCHEMICALS: See organic chemicals.

POOL: A co-operation between owners putting their ships into an operation where net revenues are divided according to a pre-determined key.

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

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

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

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

SHORT-SEA (REGIONAL): Sea-borne trade that moves on regional trade routes (not inter-continental).

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

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

TANK CONTAINER: A 25 m³ cylindrical tank within a standard 20 feet container frame. Suitable for transportation on container ships as well as trucks and rail cars designed for container transportation.

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

TON: A gross registered ton is a volume of 100 cubic feet (2.83 cubic meters). Gross registered tonnage is basically the volume of the ship's closed areas, excluding the bridge, the galley and a few other rooms. Net registered tonnage is the gross tonnage less volumes needed for the operation of the ship (deck storage room, engine room etc.), i.e. the volume available for cargo.

TRADE: The geographical area where a ship mainly trades.

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

TRANSHIPMENT: Transfer of cargo to/from a ship from/to another ship. For example, cargo from a ship within global trade to a ship within regional trade bound for final destination/harbour.

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

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

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