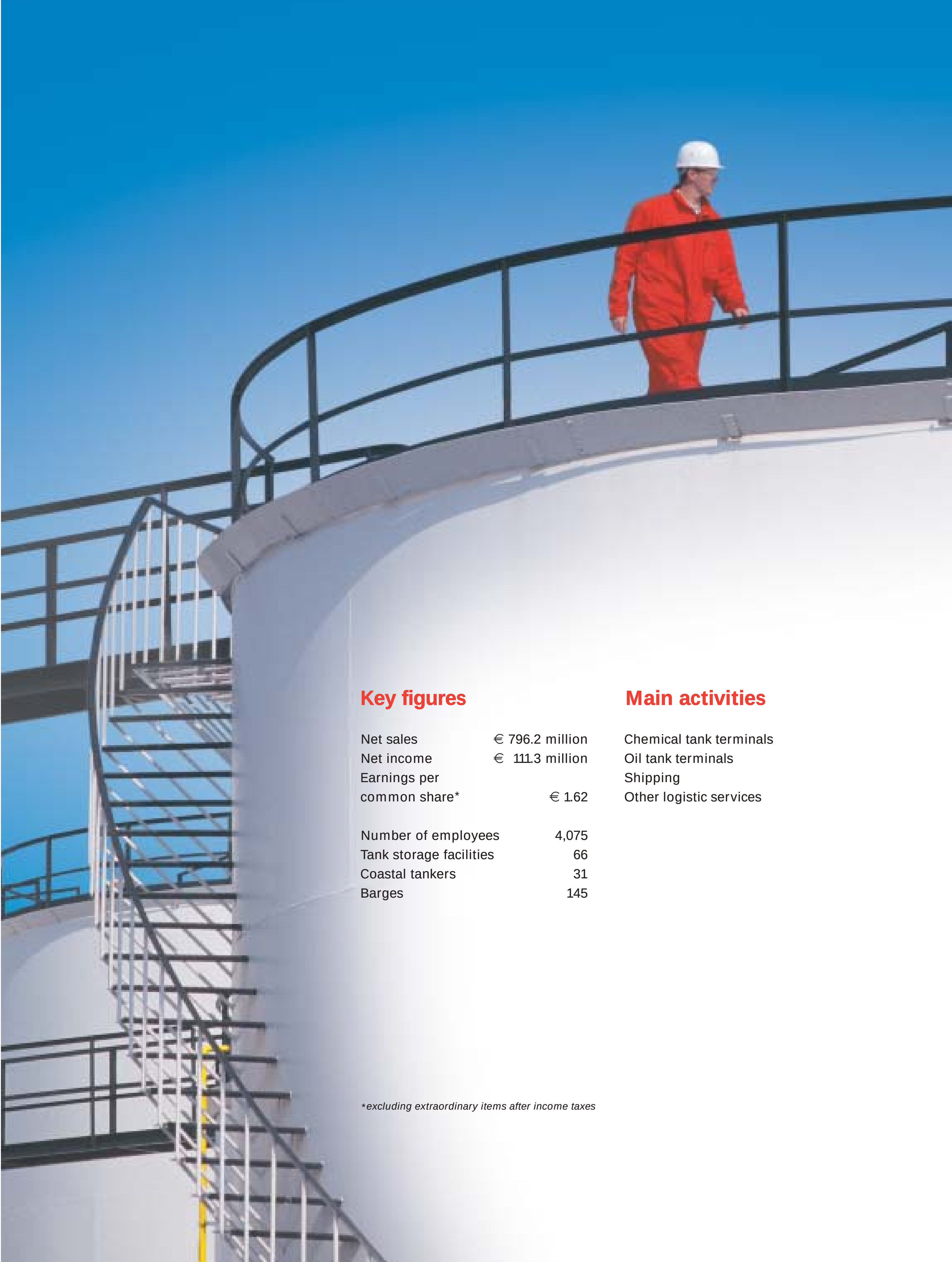
# Royal Vopak N.V.
# Annual Report 2002



## Key figures

| | |
|---|---|
| Net sales | € 796.2 million |
| Net income | € 111.3 million |
| Earnings per common share* | € 1.62 |
| Number of employees | 4,075 |
| Tank storage facilities | 66 |
| Coastal tankers | 31 |
| Barges | 145 |

## Main activities

Chemical tank terminals
Oil tank terminals
Shipping
Other logistic services

**excluding extraordinary items after income taxes*

# Royal Vopak
# Annual Report 2002

This annual report, containing the report of the Executive Board and the Annual Accounts, is also available in Dutch. In the event of textual inconsistencies between the English and the Dutch versions, the latter shall prevail.

Copies of the Dutch and English versions of this annual report can be obtained from Royal Vopak, Corporate Communication & Investor Relations:
Phone : +31 10 4002778
Fax : +31 10 4047302
E-mail : investor.relations@vopak.com

The annual report is also available on the Internet:
www.vopak.com

**Koninklijke Vopak N.V. (Royal Vopak)**
Westerlaan 10, 3016 CK Rotterdam
P.O. Box 863, 3000 AW Rotterdam
Phone : +31 10 4002911
Fax : +31 10 4139829
E-mail : info@vopak.com
Website : www.vopak.com

Registered at the Company Registry of the Rotterdam
Chamber of Commerce under number 24295332.

# Contents

# Profile

## Professionals in liquid bulk logistics

Royal Vopak provides independent tank terminal capacity over the whole world to the chemical and oil industries for the storage of liquid chemical products and oil products. Related to this, Vopak also provides a wide range of value-added logistic services, such as tanker shipping, barging and warehousing, independently or in co-operation with strategic partners.
The company is divided globally into five market regions and operates a network of 66 tank terminals with a combined storage capacity of approximately 19.4 million $m^3$ in 26 countries.
Vopak's strength derives from a combination of factors:

- A strong global infrastructure of tank terminals.
- Experienced and well-trained staff.
- Recognisable quality through Vopak's adherence to the highest industry standards.
- A strict policy regarding safety, health and environment.
- An effective ICT infrastructure.
- A strong track record in terms of strategic alliance with third parties.
- Vopak's development of integrated logistic concepts based on tank storage.

Vopak's strategy concentrates on further expanding and optimising its network of tank terminals, providing specialist logistic concepts and entering into strategic alliances that provide related logistic services. In the short-term, Vopak aims to improve its financial ratios by reducing the fixed assets involved in providing additional logistic services.

In 2002, Vopak achieved net sales of EUR 796.2 million and a net income of EUR 111.3 million before dividend on cumulative financing preference shares. At the end of 2002, the company had a workforce of 4,075 employees.
Vopak's shares are listed on Euronext, Amsterdam, The Netherlands.

# The world of Vopak

## 66 terminals in 26 countries

- Hub location
- Import/Distribution terminal
- Export terminal
- Industrial terminal

| Tankterminals | Number | Total capacity in m³ |
|---|---|---|
| Africa | 1 | 129,000 |
| Asia | 13 | 3,031,000 |
| Australia | 1 | 134,000 |
| Europe | 30 | 11,220,000 |
| Latin America | 10 | 671,000 |
| Middle East | 3 | 1,817,000 |
| North America | 8 | 2,353,000 |
| **Total** | **66** | **19,355,000** |

March 2003

# Policy highlights

**Core features:**

- Professionalism in service provision
- Focus on tank terminals
- Partnerships and strategic alliances with other service providers
- Decisive organisation with attractive career possibilities
- Safety, Health and Environment (SHE)
- Additional demand-driven services
- Long-term relationships with customers

**Financial objectives:**

- Return on capital employed (ROCE) of 16%
- Net debt : EBITDA maximised at 2.5 : 1

| Strategy | Objectives | Steps | Status |
|---|---|---|---|
| – **Expand and optimise terminal network** | – Increase in number of existing terminals | – New construction | – Additional capacity for Fujairah, United Arab Emirates (300,000 $m^3$)<br>– Additional capacity for Sebarok, Singapore (100,000 $m^3$) |
| | | – Up-grading | – Product specialisation in Botlek<br>– Conversion of Europoort from crude oil to oil products |
| | – Growth in Latin America | | |
| – **Focus on industrial terminals** | – Growth in Asia | – Build new terminals | – Construction of Shanghai terminal in Caojing, China started |
| – **Establishing strategic alliances** | – Provide integrated logistic concepts | | – Strategic alliance with Broström<br>– Strategic alliance with Stolt-Nielsen in Asia<br>– Interstream Barging operational |
| – **Improve financial ratios** | – Reduction in net debt of EUR 820 million at mid-2002 to EUR 700 million | – Stringent cash flow management | – Net debt at 31 December 2002: EUR 763.5 million<br>– 2002 investments less than depreciation |
| | | – Selling non-strategic activities | – Clarkson sold<br>– COSM sold |
| | | – Reduce capital employed in shipping activities and other related logistic services | – Broström participating interest sold |
| | – Pay-out ratio of 25-40% of net income | | – Dividend 29% of net income for holders of common shares |
| | – Reduction in expense levels | – Reduce overhead costs | – Head office staff reduced from 124 to 76 in stages<br>– Head office staff at one location (1st quarter 2003) |

# Key figures

| In EUR millions | 2002 | Pro forma 2001[1] |
|---|---|---|
| **Results** | | |
| Net sales | **796.2** | 810.5 |
| EBITDA including income from equity participations | **308.6** | 348.9 |
| EBIT | **199.7** | 236.8 |
| Net income | **111.3** | 145.8 |
| Net income for holders of common shares excluding extraordinary items after income taxes | **88.3** | 107.4 |
| Net cash flow from operating activities | **110.5** | 233.1 |
| **Investments** | | |
| Net investments in tangible and financial fixed assets and group companies | **1.1** | 31.8 |
| Average gross capital employed[2] | **2,581.9** | 2,667.2 |
| Average capital employed[2] | **1,586.6** | 1,667.8 |
| **Distribution of net income** | | |
| Dividend: | | |
| Cumulative financing preference shares | **6.9** | 6.9 |
| Common shares | **30.0** | – |
| **Equity and financing** | | |
| Shareholders' equity | **466.4** | 339.0 |
| Long-term debt | **824.9** | 1,090.1 |
| Net debt (including guarantees replacing credits) | **804.6** | 1,082.7 |
| **Ratios** | | |
| ROCE | **12.6%** | 14.2% |
| Current assets : current liabilities | **1.2** | 1.1 |
| Net debt : EBITDA | **2.6** | 3.1 |
| Interest cover (EBITDA : net interest) | **5.3** | 4.5 |

[1] *Unaudited*

[2] *Including the historic (book-)value of the goodwill paid and excluding tangible and financial fixed assets not used to generate operating income*

# Report of the Supervisory Board

## Financial statements

We have pleasure in presenting to you the 2002 financial statements of Royal Vopak, prepared by the Executive Board. These are the first financial statements following the transfer of the chemical distribution activities to Univar N.V. The financial statements were audited by KPMG Accountants N.V., the independent auditors, and discussed with them on the basis of their report of findings. Their unqualified auditors' report is included on page 72. We approved the financial statements at our meeting of 5 March 2003 and recommend that you adopt them.

We approve the proposal of the Executive Board to add an amount of EUR 74.4 million to the other reserves after the distribution of EUR 6.9 million on the cumulative financing preference shares in Royal Vopak and to distribute the remainder, EUR 30.0 million, to holders of common shares in Royal Vopak.

## Supervision

In performing our supervisory duties regarding the policy of the Executive Board and the day-to-day operation of the company, we concentrated on promoting the interests of the company and all its stakeholders.

We met ten times during the year under review, five according to a prearranged schedule and five in the context of the review in the first half of 2002 of company strategy, which finally resulted in the transfer of the chemical distribution activities to Univar. A number of these meetings took place without the Executive Board being present during the whole meeting.

The review of company strategy explored various alternatives, including the continuation of Vopak in its then current form, a public-to-private transaction and the divestment of one of the two core activities. At no time during the review did we receive a realistic offer.

During the process, the Executive Board received assistance from a Strategic Committee, comprising members of the Supervisory Board.

As part of the process, a number of criteria were developed to ensure balanced and transparent decision-making. The major criterion was the creation and maintenance of long-term shareholders value.

Partly in the light of deteriorating company results, we came to the conclusion that splitting off the chemical distribution activities in combination with the rights issue of EUR 150 million was the correct decision for the activities and would be in the best interest of all stakeholders. This alternative would need a suitable capital structure to be developed for each of the companies, including the resolution of some complex demerger issues.

To ensure that the decision-making at the Extraordinary General Meeting on 17 June 2002 was as transparent as possible, the Supervisory Board opted for a cautious approach. Accordingly, the Board appointed independent advisers to ensure that when the shareholders made this crucial decision they all had the same material information available in the form of Information Memoranda prepared for the purpose. During the meeting, the Supervisory Board furthermore stressed that it would be in the interest of both companies that their respective Supervisory Boards should continue performing their duties for some time with, as far a possible, no change of membership.

The resolution adopted by the Extraordinary General Meeting on 17 June 2002 paved the way for two transparent, focused companies, each a market leader in its own segment and with its own strategy and company policy.

During the year under review, the Supervisory Board also considered capital expenditures such as the large industrial terminalling project near Shanghai, China, budgets, divestments, such as the participating interests in Broström and COSM, the merger of the Dutch pension funds, reorganisations, global implementation of the ERP project for the tank terminals, internal control systems, composition of the Executive Board, termination of the two-tier board company regime for large enterprises and other corporate governance issues.

The Supervisory Board also held meetings at which it discussed its own performance, its relationship with the Executive Board, and the composition and performance of the Executive Board.

The Audit Committee of the Supervisory Board was involved in the preparation of separate pro forma financial statements for Logistics and Chemical Distribution at year-end 2001 and for the first quarter of 2002.

The Audit Committee also reviewed the half-yearly and annual figures of Royal Vopak for 2002 and issued its advice on them to the full Supervisory Board.

The Remuneration Committee made recommendations to the Supervisory Board regarding the remuneration and employment conditions of members of the Executive Board.

Lastly, members of the Supervisory Board participated in a number of consultative meetings of the Central Works Council.

## Personal details

On the date of transfer of the chemical distribution activities to Univar, Mr C.J. van den Driest took up the position of Chairman of the Executive Board. He succeeded Mr G.E. Pruitt, who since then has been the Chairman of Univar's Executive Board. We would like to thank Mr Pruitt for his leadership during the review of company strategy until actual transfer. On the transfer, Mr N.J.A. von Hombracht stepped down from the Executive Board. We would like to thank him for his contribution to the development of the company.

At the Extraordinary General Meeting on 6 November 2002, Mr J.P. de Kreij was appointed to the Executive Board as Chief Financial Officer (CFO) as from 1 January 2003 with responsibility for, among other matters, Strategic Finance and Corporate Development.

At the Extraordinary General Meeting, Mr J.D.R.A. Bax was appointed to the Supervisory Board. Simultaneously, Mr Bax succeeded Mr De Kat as Chairman of the Supervisory Board. Mr De Kat had expressed the wish in the meeting of 17 June 2002 to step down as soon as his successor was appointed. We would like to thank Mr De Kat for his contribution to the development of the company over a period of almost ten years.

On the transfer, Mr De Ruiter, Mr Bobillier and Mr Sharman announced they were stepping down from the Board. At the same time, they joined Univar's Supervisory Board. We greatly appreciate the many services they have performed for the company.

Finally, Mr P. Bouw announced that he would be resigning from the Supervisory Board at the next Annual General Meeting. We would like to express our gratitude to him for his expert advice and assistance, as a member of both the Board and the Audit Committee.

To fill the seat left vacant by the stepping down of Mr Bouw, the Supervisory Board has nominated Mr R.M.F. van Loon for appointment at the Annual General Meeting to be held on 23 April 2003.

Rotterdam, 5 March 2003
On behalf of the Supervisory Board

**J.D.R.A. Bax**
*Chairman*

# To our shareholders, customers, partners and employees


*From left to right: Paul Govaart, Carel van den Driest and Jack de Kreij*

The year 2002 saw the company undergoing radical changes. The integration of tank storage activities and chemical distribution into one company did not produce the added value expected at the time of the merger in 1999.
In addition, the company lost financial strength owing to a sharp increase in its debt burden as a result of the acquisition of Ellis & Everard.
In the course of 2002, it was decided to split off the chemical distribution activities and place them under Univar N.V. The year also saw a new Executive Board for Royal Vopak.
I can understand the displeasure that the events of the past three years have given to investors, the uncertainty they have brought to employees and the many questions they have raised among our customers and partners.
On the positive side, Vopak has since mid-2002 concentrated on becoming a logistic services provider completely focusing on tank storage and the corresponding transport to and from our facilities.

In 2002, Vopak achieved net sales of EUR 796.2 million and a net income of EUR 111.3 million before dividend on cumulative financing preference shares. The profit on ordinary activities after taxation and excluding extraordinary income and expense was EUR 109.7 million. Allowing for the effect of the divested activities and the sharp decline in the markets caused by the economic slowdown, particularly for the tank storage of chemicals and other logistic services in Europe, sales and results for storage and shipping remained reasonably stable for all divisions apart from Chemical Logistics Europe & Africa. This gives some cause for satisfaction and provides a healthy basis for further improvements to results over the next few years.

## Steady course

The revised strategy is based on following a steady course. Against the background of its core activities, Vopak has a clear vision of the market and its own services, resulting in the company having a well-defined strategy. In addition, a worldwide network of terminals, well-trained personnel, long-term relationships with industrial partners and a strict safety and quality policy form a solid foundation for this strategy.

## Organic growth

For the next few years, Vopak will concentrate – from its leading market position – on organic growth. Acquisitions will remain a possibility, but will be evaluated with the necessary cautiousness. Acquisitions in the area of related logistic services will be subject to strict criteria. They must be needed by tank terminal customers, they must help increase capacity utilisation of the terminals and they should be self-supporting financially.

## Terminal network

Our global network of terminals is the engine of our operating activities. It comprises 66 terminals in 26 countries, at strategic locations in seaports and close to industrial areas. The terminals excel from a technological standpoint, with their safety facilities meeting high standards. Vopak is by far the world's largest independent provider of tank storage services. Thanks to its considerable experience, Vopak is an expert practitioner at utilising terminal capacity to optimally meet current demand as efficiently as possible.
Over the next few years, we will steadily expand our network, by renovating and adding new facilities to existing

terminals and by constructing new terminal complexes. The current focus of activities is on Asia, where the existing oil storage capacity in Singapore will be increased by 100,000 $m^3$ in 2003 and the drawings are being prepared for a fourth (chemical) terminal. China and Latin America also provide sufficient opportunities to improve our position. In this way, Vopak stays in tune with market developments to focus on industrial terminals. Through their links with chemical complexes and refineries, they make it possible to integrate standard terminal facilities with production processes and therefore provide extremely stable storage, loading and unloading cycles. The start of the construction of a large industrial terminal in Shanghai in 2002 – a joint venture between Vopak Asia and a Chinese company – is a good example of this strategy.
A further major element of Vopak's strategy is to satisfy the powerful trend in the industry towards outsourcing. We specifically investigate the possibilities of acquiring existing terminals in the industry. A contract is then concluded with the customer in question for a specific part of the capacity, with the remainder being available for third parties.

Following a steady course goes hand in hand with improving the company's financial position. In the second half of 2002, a substantial step was taken in the right direction. At the end of June 2002, net debt was EUR 820 million. By the end of 2002, it stood at EUR 763 million and will be brought down further to EUR 700 million or less. Repayments are mainly from operational cash flow. Where possible, non-core activities will be divested. In addition, the financial resources tied up in shipping activities and related logistic services will be reduced substantially over time.
For the time being, a cautious investment policy will be followed.
The holding organisation is undergoing a reorganisation that will lead to a substantial reduction in staff and annual cost savings of around EUR 5 million from 2003 onwards.

## Outlook

We are convinced that the steps taken will have a favourable effect on the results. Owing to the extremely uncertain state of the world economy and its effect on markets where we operate, it is not possible at the moment to be more specific about the expected results in 2003.

We would like to thank all our employees sincerely for their efforts in 2002. We realise that the pitfalls surrounding the split-off made it an uncertain and subsequently hectic year. At the same time, though, we acknowledge the loyal and professional way they have collaborated on the birth of the new-style Vopak. Thanks must also go to our shareholders, customers and suppliers who continued to stand by us in these trying times.

Rotterdam, 5 March 2003

**Carel van den Driest**
*Chairman of the Executive Board*

# Report of the Executive Board

## Financial performance

The split-off of the chemical distribution activities took effect retroactively on 1 January 2002. To provide a realistic comparison with 2002, Vopak's figures for 2001 are provided on a pro forma basis.

The economic slowdown resulted in a marginal fall of 1.8% in net sales for 2002 to EUR 796.2 million (2001: EUR 810.5 million). The decline is attributable largely to a decrease in net sales of non-tank terminal activities by EUR 33.6 million. By contrast, Vopak's terminal activities showed limited growth. Moreover, the fall in other currencies against the euro caused a reduction in net sales of EUR 1.0 million.

The Chemicals Logistics Europe & Africa division had disappointing results. Despite unchanged tariffs, net sales were EUR 7.2 million below 2001.

Activities in the chemical industry slowed down in line with the general economic climate. Regarding tank storage, Vopak maintained net sales by, in particular, launching new concepts that were favourably received by the market such as the use of the same assets by different customers. The result fell, however, owing to rising costs. The shipping results of this division remained stable thanks to a recovery in the second half of the year. The other activities had to contend with declining volumes and net sales.

The Oil Logistics Europe & Middle East division benefited from the imbalance between supply and demand in some of the world's regions, which was counteracted by the interregional movement of oil products. One phenomenon was a large flow of heavy oil products from Russia via the terminal in Tallinn to Asia, via the terminals in Rotterdam. This imbalance appears to be structural as changes in supply arising from investments by the refineries do not materialise with today's weak refinery margins. Overall, the increase in income from tank terminal activities was not enough to offset the drop in net sales of inland shipping. This drop was the result of Vopak's disposal of a substantial part of its own inland shipping fleet and leasing back only a limited part as the required capacity via the Interstream Barging joint venture.

The growth in net sales in Asia is mainly due to the contribution by the GATX terminal in Singapore, which was acquired at 1 July 2001 and has now been contributing for a full year. Net sales of the other terminals in Singapore and Australia also increased.

A considerable portion of the results in Asia is recognised as income from equity participations, which means a limitation on the meaning of the net sales figure for the Asian region.

Net sales in North America expressed in US dollars were unchanged. Despite a less favourable economic climate, rate improvements could be passed on to some extent, and utilisation remained high.

Net sales in Latin America rose by EUR 0.9 million, mainly due to the acquisition of the GATX terminal in Altamira, Mexico at 1 January 2002. This compensated for the drop in net sales from no longer operating and managing a producer's terminal, also in Altamira.

## Net sales

| In EUR millions | 2002 | 2001 |
|---|---|---|
| Chemicals Logistics Europe & Africa | 393.9 | 401.1 |
| Oil Logistics Europe & Middle East | 132.1 | 139.2 |
| Asia | 104.1 | 89.4 |
| Logistics North America | 118.0 | 114.9 |
| Logistics Latin America | 40.5 | 39.6 |
| Others | 7.6 | 26.3* |
| Total | 796.2 | 810.5 |

** The 2001 figure mainly represents activities sold in that year*

## Margin development

Expenses rose on balance by EUR 4.7 million. Insurance and environmental expenses and additional contributions to the pension fund together went up by EUR 15.2 million. In addition, an exceptional charge of EUR 9 million was posted for a change in depreciation period and the rationalisation of capitalised expenses related to an ERP system. These increases were set off to some extent by the release of EUR 19.5 million in pension charges arising from the retroactive revaluation as from 1 January 2002 according to the Draft Guideline 271 for Annual Reporting in The Netherlands ('Discussiememorandum 271 RJ') which is based on IAS 19.
The Chemicals Logistics Europe & Africa division suffered the largest increase in expenses, a figure of EUR 12.2 million. This increase was only partly offset by higher rates. Combined with the drop in net sales and a smaller contribution from equity participations, mainly due to the sale of the interest in Broström, this led to the operating margin (EBITDA) falling by 11.6% to EUR 308.6 million in 2002 (2001: EUR 348.9 million). In 2002, the Asia and Logistics Latin America divisions improved their EBITDA once again.

### Operating profit before depreciation and amortisation including result of participating interests (EBITDA)

| In EUR millions | 2002 | 2001 |
|---|---|---|
| Chemicals Logistics Europe & Africa | 107.9 | 135.5 |
| Oil Logistics Europe & Middle East | 70.5 | 75.1 |
| Asia | 84.0 | 65.4 |
| Logistics North America | 39.8 | 40.5 |
| Logistics Latin America | 20.6 | 20.0 |
| Other activities | - 14.2 | 12.4 |
| Total | 308.6 | 348.9 |

### Income from equity participations

The result from non-consolidated equity participations went down by 23.8% to EUR 48.1 million, mainly due to the loss of the contribution from the Broström equity participation, which was EUR 20.4 million in 2001. Movements within the divisions were limited, apart from Asia, where the contribution from the equity participations in Malaysia, Japan and China acquired from GATX in 2001 accounted for most of the EUR 9.6 million increase to EUR 21.9 million. The minority interests in Dockwise, Van Ommeren Clipper Shipholdings and Cableship Contractors made a limited contribution to the result. The result from non-consolidated equity participations made a significant contribution to Vopak's result. One cannot deduce the extent to which the debt-equity ratio and result components match those of Vopak. The table below illustrates this.

**Income from and capital employed in equity participations in tank terminals (100% basis)**

| In EUR millions | 2002 | 2001 |
|---|---|---|
| **Income from equity participations tank terminals (pro forma on 100% basis)** | | |
| Net sales | **294.3** | 252.4 |
| EBITDA | **179.1** | 157.3 |
| EBIT | **140.4** | 121.8 |
| Net income | **100.6** | 79.1 |
| Interest cover ratio | **11.8** | 9.6 |
| Net debt : EBITDA | **1.2** | 1.8 |
| **Vopak's share of net income from equity participations** | | |
| Tank terminals | **43.3** | 36.8 |
| Other income from equity participations | **4.8** | 26.3 * |
| Total income from equity participations in Vopak's income statement | **48.1** | 63.1 |
| **Net equity value equity participations** | | |
| Tank terminals | **158.3** | 165.8 |
| Net equity value other equity participations | **35.8** | 123.3 |
| Total net equity value equity participations | **194.1** | 289.1 |

** Broström's contribution in 2001 was EUR 20.4 million*

### Net interest expense

The majority of Vopak's long-term liabilities are subject to a fixed average interest rate of 7.3% and have an average term of six years. Thanks to the improved cash position, net debt decreased from EUR 1,027.1 million in 2001 to EUR 763.5 million in 2002. This resulted in a decrease in net interest expense to EUR 57.9 million (2001: EUR 78.0 million).

### Income taxes

The tax burden on profit from ordinary activities was 22.6% in 2002 (2001: 22.0%). Excluding the tax-exempt income from equity participations, the effective tax burden in 2002 was 33.2% (2001: 34.5%).

### Extraordinary items after income taxes

The balance of extraordinary items after income taxes is EUR 16.1 million. The major item of extraordinary income arose on the sale of shares in the equity participation Chemicals & Oil Storage Management Ltd (COSM) of EUR 24.6 million. Extraordinary expenses relate to restructuring charges mainly for the head office of EUR 4.5 million and the costs for the split-off minus the currency gains on the settlement of forward exchange transactions of EUR 3.9 million. In addition there were some smaller items of extraordinary income or expense.

### Dividend

A proposal to distribute a dividend of EUR 0.50 per common share will be submitted to the Annual General Meeting (29% of net income for holders of common shares).

### Goodwill

Following the split-off of the chemical distribution activities, Vopak's balance sheet includes only limited goodwill (EUR 6.3 million) arising from acquisitions since 2001. This will be amortised over a period not exceeding 20 years.

### Return on capital employed

The return on average capital employed (ROCE), calculated as EBIT divided by average capital employed, was 12.6% for 2002, compared with 14.2% for 2001.

This decline is mainly attributable to the strong drop in profitability by the other logistic services and the sale in 2002 of the Broström equity participation. The Asian, North American and Latin American divisions improved their profitability for tank terminal activities. By contrast, these activities of the Chemicals Logistics Europe & Africa and Oil Logistics Europe & Middle East divisions showed a decrease in profitability.

## Cash flow and investments

Thanks to an active divestment policy for non-core activities, Vopak succeeded in reducing its net investments to the very low figure of EUR 1.1 million (2001: EUR 31.8 million). The most significant divestments were the equity participations in Broström, Chemical & Oil Storage Management (COSM) in the UK, and in a customer-dedicated terminal in Mexico. This was counterbalanced by the investment in a multi-customer terminal in Mexico and the first capital payments for the new terminal near Shanghai as the most important new investments in projects.

Together with the EUR 110.5 million cash flow from operating activities, this leaves a cash inflow of EUR 109.4 million for improving the company's financial position.

### Investments

| In EUR millions | 2002 | 2001 |
|---|---|---|
| **Investments:** | | |
| Tangible fixed assets | **88.0** | 95.0 |
| Financial fixed assets | **26.2** | 57.3 |
| Group companies | **18.5** | 72.2 |
| Subtotal | **132.7** | 224.5 |
| **Divestments:** | | |
| Tangible fixed assets | **19.8** | 23.6 |
| Financial fixed assets | **95.7** | 43.1 |
| Group companies | **16.1** | 126.0 |
| Subtotal | **131.6** | 192.7 |
| **Net investments** | **1.1** | 31.8 |

Breakdown of net investments:

## Net investment by division

| In EUR millions | 2002 | 2001 |
| --- | --- | --- |
| Chemicals Logistics Europe & Africa | - 0.9 | 46.7 |
| Oil Logistics Europe & Middle East | 9.1 | 11.9 |
| Asia | 19.3 | 72.1 |
| Logistics North America | 8.4 | 9.5 |
| Logistics Latin America | 3.3 | 11.4 |
| Others | - 38.1 | - 119.8 |
| Net investments | 1.1 | 31.8 |

## Abbreviated cash flow statement

| In EUR millions | 2002 | 2001 |
| --- | --- | --- |
| Gross cash flow from operating activities | 187.4 | 282.7 |
| Movements in working capital and effect of exchange rate movements | - 76.9 | - 49.6 |
| Cash flow from operating activities | 110.5 | 233.1 |
| Investments | - 132.7 | - 224.5 |
| Divestments | 131.6 | 192.7 |
| Net investments | - 1.1 | - 31.8 |
| Cash flow used in financing activities | - 181.5 | - 150.4 |
| Net cash flow | - 72.1 | 50.9 |

## Funding

### Net debt and financing ratios

The cash flow from operating activities of EUR 110.5 million was mainly used in 2002 to improve the company's funding position. Together with the net proceeds of EUR 73.8 million from the rights issue and movement in the conversion rate for US dollar loans, this improved the net funding position by EUR 263.6 million. The net debt (including guarantees replacing credits) in relation to EBITDA and the interest cover, defined as EBITDA divided by interest expense, are the most important ratios for long-term funding in the form of private loans.

| In EUR millions | 2002 | 2001 |
|---|---|---|
| Cash and cash equivalents | 172.2 | 247.7 |
| Long-term debt | - 824.9 | - 1,090.1 |
| Current portion of long-term debt | - 71.1 | - 94.5 |
| Amounts owed to banks | - 39.7 | - 90.2 |
| Total net debt, excluding guarantees replacing credits | - 763.5 | - 1,027.1 |
| Guarantees replacing credits | - 41.1 | - 55.6 |
| Total net debt including guarantees replacing credits | - 804.6 | - 1,082.7 |
| Total leverage | 2.6 | 3.1 |
| Interest cover ratio | 5.3 | 4.5 |

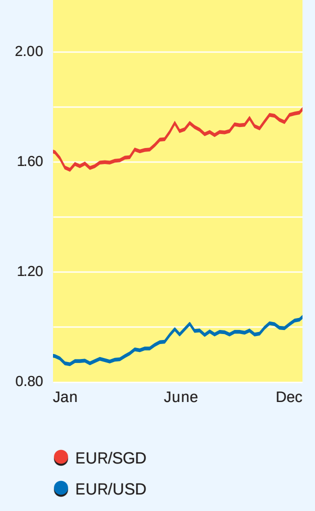
## Foreign exchange

### 2002 exchange rates (2001)

| Per 1 euro | USD | SGD |
|---|---|---|
| Average exchange rate after hedging (translation rate for income statement items) | 0.94 (0.97) | 1.69 (1.74) |
| Year-end rate (translation rate for balance sheet items) | 1.04 (0.88) | 1.81 (1.64) |

### Exchange rates 2002

Per 1 euro



# Safety, health and environment

Great care and attention to safety, health and environment (SHE) is intimately bound up with Vopak's operations. The objective is that no one should suffer harm from Vopak's activities. Customers, suppliers, shareholders and employees – not to mention those living in areas where Vopak carries out its activities – demand that Vopak is a safe company and is aware of the consequences its operations have for people and the environment. This results in a continual striving to improve its SHE performance, the ultimate goal being zero incidents, as well as the identification and reduction of risk factors. Vopak intends to make its SHE policy a permanent competitive advantage. Consequently, SHE receives the highest priority in the company, globally and at all levels of the organisation. Vopak managers should set an example in the way they carry out the SHE policy. Against this background, they are expected to set high standards for their staff and to ensure there are always sufficient resources available for them to meet these standards. Accordingly, web-enabled management information systems are being increasingly employed to spread SHE information as widely as possible.
In 2002, Vopak allocated 17% of its total investments to SHE activities.

The oil and chemical industries set increasingly tighter safety standards. In addition, Vopak locations have to contend with more stringent or new environmental laws. The combination meant that expenditures on safety and environment went up considerably in 2002, in some cases by as much as 15% to 20%.

In 2002, Vopak reduced its Lost Time Injury Rate (LTIR) by 33% of the 2001 rate. This reduction is the fourth in successive years. Since 1999, the LTIR has gone down by over 60%. At many Vopak locations, the LTIR has been zero for a good number of years. Despite this statistical improvement, there were four accidents in 2002, which resulted in the deaths of two Vopak employees and two employees of other companies (a subcontractor and a ship's crew member). We cannot therefore be satisfied with the results of the policy so far. In 2003, managers will receive additional training to increase their existing awareness of the importance of attention to safety. This will help reduce the risks of working with hazardous substances.
In 2002, the rate of absenteeism due to sickness dropped to 3.3% (2001: 3.8%).

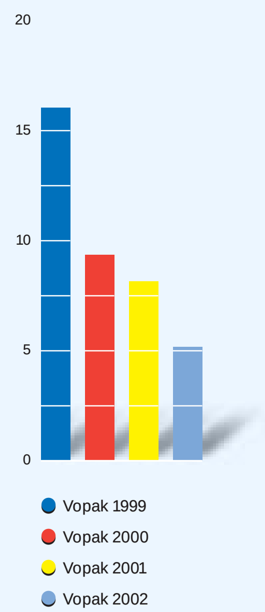
To ensure that throughout the company work performed complies with Vopak's SHE policy and local laws, audits are conducted at all locations according to a strict schedule, using Integrated Risk Management Audit (IRMA) procedures. In addition, Vopak has implemented a standard procedure for use throughout the company to investigate and document accidents.
In 2002, all Vopak locations devoted extra attention to the safety of employees who work at height.

All Vopak divisions recorded improvements in the area of SHE in 2002. The terminals in Europe introduced procedures to ensure compliance with the Seveso 2 Directives.

The improvements also included the creation of additional escape routes from jetties, construction of new storage sheds fitted with ultra-modern fire extinguishing systems (Antwerp, Belgium), increases in safety through focused behavioural training for employees (Vlaardingen, The Netherlands) and a better, standardised Safety Management System at all terminals in the UK.
A large number of environmental measures were adopted at all Vopak European locations.

**LTIR performance**

LTIR per 1 million hours worked

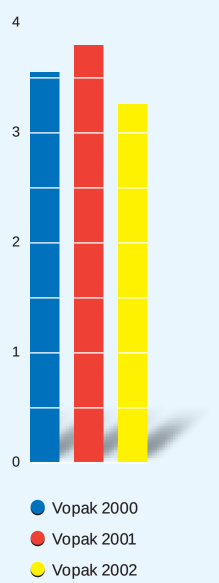


# Organization and employees

The Logistics North America division joined the American Chemical Council's Responsible Care Program. The Logistics Latin America division completed an extensive programme to enhance and rationalise the training procedures for operators. In addition, the environmental protection systems were beefed up at many terminals. Asia is paying considerable attention to harmonising the SHE standards at all its terminals. Six of Vopak's terminals in Asia have now received ISO 14000 certification.

**Sickness absenteeism**

As a percentage




The split-off of the chemical distribution activities in June 2002 resulted in the number of employees being more than halved. The average number of people worldwide working at Vopak in 2002 was 4,415.

As part of the strategic reorientation following the split-off, Vopak opted for a business model in which operations are organised in five autonomous regions, with regional management of the Business Units as a core feature. To match this, HR policy was also decentralised. As part of the reorganisation, corporate HR defines the policy in broad terms for a number of key areas – management development & training, compensation & benefits and expat-management – and plays an advisory and facilitating role vis-à-vis the divisions. In the Global HR team set up in 2001, the regional and corporate HR managers exchange information and bring the divisions' HR policies in line with each other.

The objectives of the HR policy were further detailed and realised in 2002. This includes the implementation of a Performance Management System (incorporating 360º Leadership Effectiveness Analysis®), the worldwide appraisal and grading of senior management positions, the introduction of an international salary and incentive policy, and harmonisation of the expat policy.

The further development and implementation of the management development programme, with its strong pro-active objective, demands considerable attention. As well as appraisal and training, the programme includes preparing managers and employees for new duties and responsibilities, as well as cultivating important leadership and other competencies. The international exchange of staff is part of the programme. For sound succession planning, Vopak intends using the management development programme to identify at an early stage the positions that will become vacant in the longer term, the employees that could fill them and the competencies needed for the positions. To this end, the Management Development Information System (MDIS) was developed and implemented in 2002. The main purpose of MDIS is to support and improve the management development planning and decision-making processes as an aid to individual management development dialogues. MDIS is available anywhere in the world over Vopak's intranet to division management and senior HR staff. The central trainee programme has been adapted to the framework of the decentralised HR policy in the divisions and the early recognition of talent in the company. The number of trainees is being reduced and if a trainee shows ability, he or she will be offered a specific position within the company more quickly than before. This matches the aim of giving employees direct responsibility for their own actions as quickly as possible.

Although a majority of the company's senior management is still of Dutch origin, other nationalities are filling Vopak's leadership positions in increasing numbers. Our policy aims to make our senior management international as well and to provide good development opportunities to potential managers irrespective of their nationality.

Partly due to the terminal expansion in Singapore along with several projects in East Asia, Shanghai especially, management in Asia was ahead of the field in extensively looking into the preparation of a regional HR plan. The setting up of the China HR Committee represents a directed effort towards developing local talent in this region.

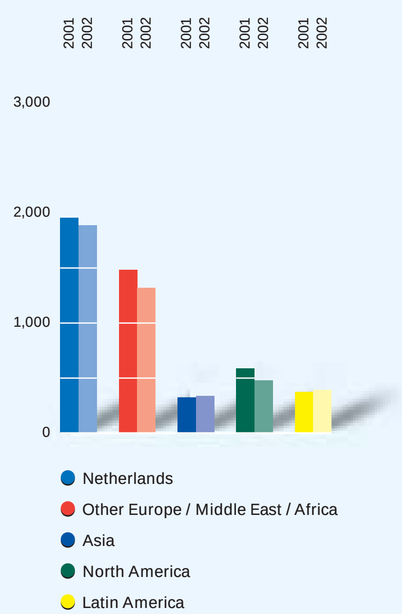
When the decision was made to have a more decentralised organisation, an investigation was also initiated into the role of the head office in the structure. The decision fell on the strategic holding model. This involved analysing in detail which tasks the Dutch operation should carry out and which services should be provided centrally to the entire organisation. A process is now underway to reduce head office staff by 48. The approach includes transferring individual employees and entire departments to other parts of the Dutch organisation. Following the implementation of the new ERP system for tank terminals in 2004, the number of employees in the head office ICT department will be further reduced. Moreover, as part of the cost reduction operation, the concentration of the head office at a single location, the existing premises in Westerlaan, Rotterdam, was initiated at the beginning of 2003.

The Dutch employee participation structure was also modified extensively in 2002. The basis of the employee participation is currently embedded in the Dutch divisions and exercised within Vopak Nederland B.V. In 2003, a European Works Council will be added.

The year under review saw the merger of Vopak's three Dutch pension funds. There were three main reasons for this: the new situation is clearer for the members, policy and conditions are now uniform, and there is one single administrative body instead of three. The merger was completed in mid-December. To make the new pension fund sufficiently robust, Vopak made an additional contribution of EUR 10 million and granted the fund a subordinated loan for the same amount. Based on provisional figures, the coverage of the fund at year-end 2002 was 107%.

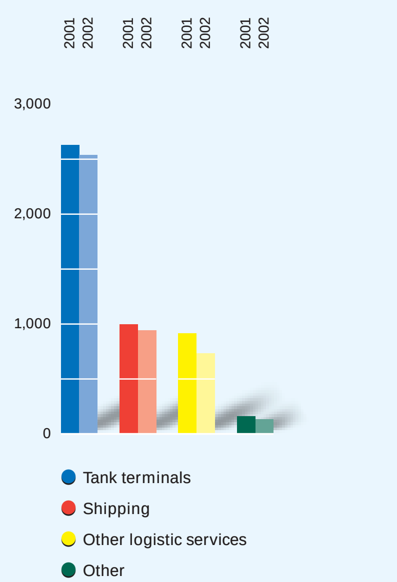
**Employees by region**

Average over the year




**Employees by activity**

Average over the year



# Information & communication technology

The knowledge and dedication of employees are key to the quality that Vopak provides to its customers. In addition, business operations are highly dependent on information and communication technology (ICT). ICT systems are crucial to Vopak for three reasons: they raise the quality of business processes, they enable the company to exchange data with customers electronically and they support the logistic management services that Vopak performs for customers.

Vopak's aim is to create the maximum possible synergy throughout the company by using uniform ICT systems. The ICT model is based on centralised ICT support for a decentralised divisional structure.

Against this background, Vopak began implementing a global uniform system to support the commercial, operating and financial business processes of the tank terminal companies. This ERP system – known within the organisation as PEPI, short for Package Enabled Process Improvement – also enables Vopak to provide its services to the same standard throughout the world, so that customer orders are executed in the same way no matter where the location. PEPI's strength is its integrated structure. The system ties together processes that are still isolated and links the execution of a customer order to the contract, at one end of the business process, to the invoicing and payment, at the other end.

PEPI is also important for the qualitative support of the logistic management that Vopak carries out for an increasing number of customers. The system provides a link at order level between the tank storage facilities and the loading and unloading operations, as well as with other activities within the logistic chain.

The implementation of PEPI is proceeding in phases, according to a strict timetable. Most of the terminals and regional head offices involved are already using the Finance and Procurement modules. The Core module, which supports the entire administrative-operating process, was implemented as a pilot project at two oil and one chemicals terminal in 2002. After this test phase – which has run successfully – the project will be rolled out to all the relevant terminals over 2003 and 2004. The priority locations are larger tank storage companies in the Rotterdam/Antwerp, Houston and Singapore hubs.

Vopak will continue developing its ICT platform to satisfy the rapidly accelerating demand by the market for information to be exchanged electronically as much as possible. In time, web-enabled systems will allow customers to login over the internet, monitor ongoing transactions, place orders and check on current stock levels.
Internally, Vopak already has at its disposal the various web-enabled management information systems to make information rapidly and easily accessible to its employees.

Activities

# Review by division

## Chemicals Logistics Europe & Africa

| In EUR millions | 2002 | 2001 |
|---|---|---|
| Net sales | **393.9** | 401.1 |
| EBITDA | **107.9** | 135.5 |
| Group operating income (EBIT) | **51.8** | 74.6 |
| Average gross capital employed | **1,071.8** | 1,079.2 |
| Average capital employed | **672.7** | 699.1 |
| ROCE | **7.7%** | 10.7% |
| Occupancy rate | **88%** | 90% |

The Chemicals Logistics Europe & Africa division provides terminal facilities (tanks, jetties, loading and unloading facilities, and pipelines) and related services such as shipping (coastal and inland), warehousing and logistic management for a wide range of chemical products. Tank storage account for 80% of the total. Our customers are companies in the (petro)chemical industry, both producers and traders.
The chemicals logistics activities are characterised by the relatively large amount of capital employed, owing to the use of special facilities for storage and transportation, and by the corresponding environmental and safety standards.
Net sales depends on a number of factors: occupancy rate of the storage tanks combined with throughput (frequency with which products are pumped in and out of the tank); operational deployment of storage tanks and ships; and the opportunities

for collaboration between the various business units to provide a chain of integrated, value-enhancing services. In this context, tank terminalling is a part of the logistic chain that is relatively less sensitive to the level of activity in the industry. In conjunction with the greater number of long-term contracts, profitability is reasonably stable.

Vopak Chemicals Logistics Europe & Africa focuses primarily on providing terminal facilities and related logistic services with a clear added value, based on the one-stop-shopping concept. The sales and marketing organisation supports this close collaboration between the various companies and a central account management system for major customers.

### *Market position*

Over the past five years, increasing competition and the need to reduce costs has started a process of concentration in the chemical industry by way of mergers and acquisitions. Accordingly, the number of companies in the industry has shrunk dramatically, with the survivors dedicated to cost savings plus preservation of quality. This has led to increasing demand for regional and global services delivered by high-quality logistic providers.
This trend towards outsourcing continued to hold in 2002. Against this background, Vopak as a service provider must control certain links in the logistic chain in order to further optimise the customers' logistic processes.

Moreover, the chemical industry is demanding increasingly tougher environmental standards to logistic service providers. Although this causes costs to rise, chemical companies are aware of the fact and increasingly turn to logistic service providers who take their environmental and safety responsibilities very seriously.
Vopak occupies a strong position in this competitive market.

### *Results*

In broad terms, developments in 2002 were a continuation of those taking place in the second half of 2001. In line with the general slowdown in economic growth, the activity level in the chemical industry decreased, with throughput in particular declining. This caused the tank storage and warehousing results to fall.
Shipping's results on balance remained stable thanks to a recovery in the second half of the year.
The results were especially affected by increased expenses – including a considerable rise in insurance premiums, pension contribution and ICT costs, as well as a 25% rise in environmental costs – that could not be passed on sufficiently in the rates.
The net effect was lower net sales and results compared with 2001.

## Tank terminals

The sharp downturn in the chemical market was keenly felt in 2002 by Rotterdam as well. The throughput for the more specialised chemical products shrank, so that spot storage in particular dropped and there was nothing to offset the increased costs.
In Rotterdam-Botlek, Vopak deliberately concentrated more than before on large bulk streams, storing the combined stocks of a specific product for a number of customers in specially designed tanks. This focus is a consequence of Vopak's strategy to utilise the storage capacity in Rotterdam – a major distribution hub for the region – more efficiently.
The first opportunity to take this approach appeared in the methanol market. Based on the success there, the concept is now also being applied to the benzene market. Allied to this is the large expansion of storage capacity for benzene that is planned to be finished by year-end 2003. The efficiency benefits lead to cost savings for customers. Other Rotterdam terminals concentrate on other product groups, so that each terminal reaches an optimum level of efficiency in product handling and jointly provide a full range of services to customers.

Despite the high throughputs, Vopak's results were disappointing for both the storage and transport of vegetable oils and oleochemicals. Measures have been taken to reduce costs structurally in order to improve Vopak's competitive position.
The import of vegetable oils from countries such as Malaysia, the Philippines and Indonesia destined for Europe's food industry still account for most of the activities in Vlaardingen.
In addition in 2002 large volumes of sunflower oil were imported from Argentina.
The stricter food safety standards now also apply to animal feeds, so that low-grade fats have to be replaced by vegetable oils. In addition, the supply of oleochemicals continues to grow.
Through modifications to its storage capacity, Vopak is responding to these changes.
In close collaboration with the inland barging operation, a supply chain contract was concluded at the end of 2002, under which Vopak is responsible for the storage and forwarding of raw materials to a refinery in the Netherlands.

In Antwerp, Belgium, the capacity utilisation of the terminals remained stable.
Competition is fierce, so in order to remain market leader, Vopak closely monitors its costs. Just as in Rotterdam, each terminal concentrates on particular product groups, the result being that the Antwerp terminals are now specialised in high-quality chemicals. Growth here is mainly possible by also providing integrated

services for land-based logistics. The terminal in South Africa now occupies an important position within the entire group of Vopak terminals. This is the result of close collaboration with a major South African producer, that Vopak does business with in other parts of the world as well. The collaboration is leading to a significant improvement in the terminal infrastructure.

In the UK, turnover and results are under pressure owing to the high pound sterling, which means that chemical producers have a hard time competing on world markets. The result for the Tees terminal, in particular, fell because of this situation. It always used to concentrate on export streams, but is now gradually converting to an import & distribution facility.
At the end of the year under review, Vopak and Siena Investments came to an agreement on the sale of Vopak's 50% interest in Chemicals and Oil Storage Management (COSM). In contrast to its other participating interests, Vopak had no management influence over COSM, which meant that it was virtually impossible to improve results by collaborating with other Vopak terminals. The offer was therefore accepted. The sale was completed in January 2003.

The terminals in Finland performed less well than in 2001, but remain strategically important for the export of chemicals from Russia. Requests from Russian exporters for Vopak to manage the logistics for their activities in Europe keep growing.

## Shipping

Shipping, too, suffered because of the declining activity level in the chemical industry. In addition, at the beginning of the year there were a great many days when the weather made sailing impossible. Coastal shipping had a reasonable year. Inland barging had low volumes. Moreover, it faces the danger of having too much capacity once the scrapping arrangement, which has been running for some years, expires in 2003.
During the year under review, four of the inland shipping vessels were sold and leased back, which accords with Vopak's policy aim of privatising the fleet.

## Warehousing

Warehousing activities immediately feel the effect of changing end user demand for chemicals. For 2002, this meant that, although the warehouses were full, the throughput was considerably below the previous years.
The storage capacity in Pernis will be significantly enlarged in 2003, based on the contract with a major customer.

## Gas

### *Tank storage*

The terminal in Vlissingen, The Netherlands, with a storage capacity of 150,000 $m^3$, is the largest independent storage terminal for LPG and chemical gases in Northwest Europe.
In this area of the world, LPG is mainly used as fuel for cars, but also as feedstock by the chemical industry. LPG as car fuel is losing market share to 'cleaner' diesel. For large-scale use as feedstock by the chemical industry, LPG is not competitive at present.
As a result, the demand for gas storage remains below expectations, although the specific demand regarding chemical gases such as propylene was reasonable.

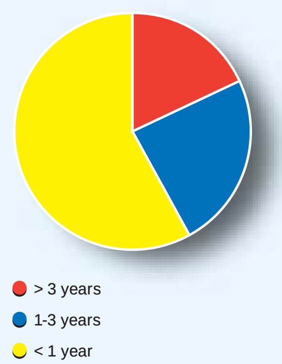
### *Transport*

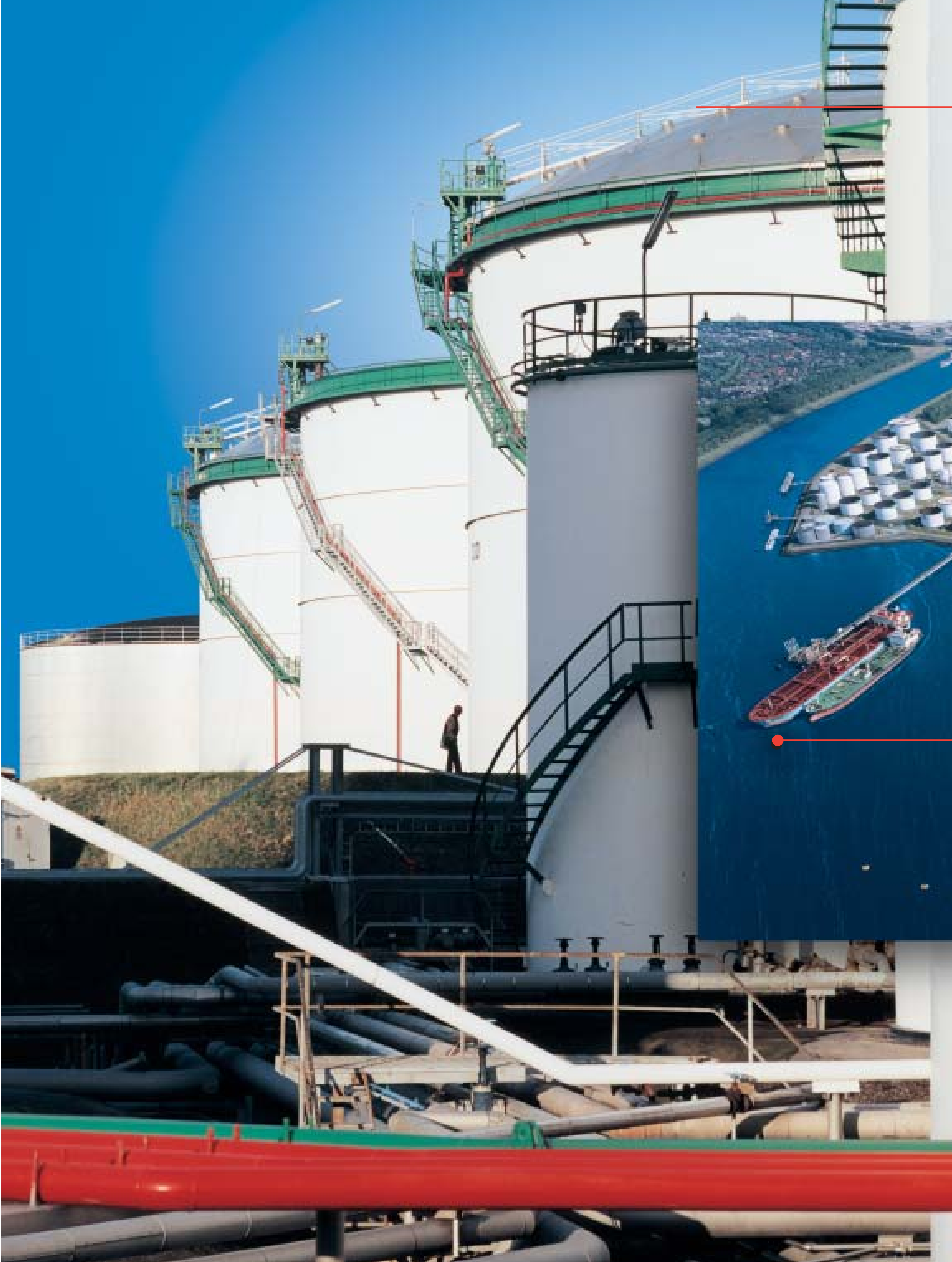
Chemgas is a market leader for the transport of chemical gases and LPG over inland waterways. Owing to the modest growth of the chemical industry, the volume of freight on the spot market was disappointing. The contract position remained virtually unchanged.

## Post balance sheet event

On February 25 and 26 the European Commission has executed a verification at the Business Unit Vopak Barging Europe B.V. in Dordrecht. The investigation of the European Commission focuses on possible participation by this Business Unit in activities to reduce competition and mutually coordinated behaviour with regard to the transport of liquid bulk by barge on the inland waterways, which are in contravention of article 81 of the Treaty of the EC. It is not known when the investigation will be finalised.

**Revenues by contract duration**
**Chemicals Logistics Europe & Africa**



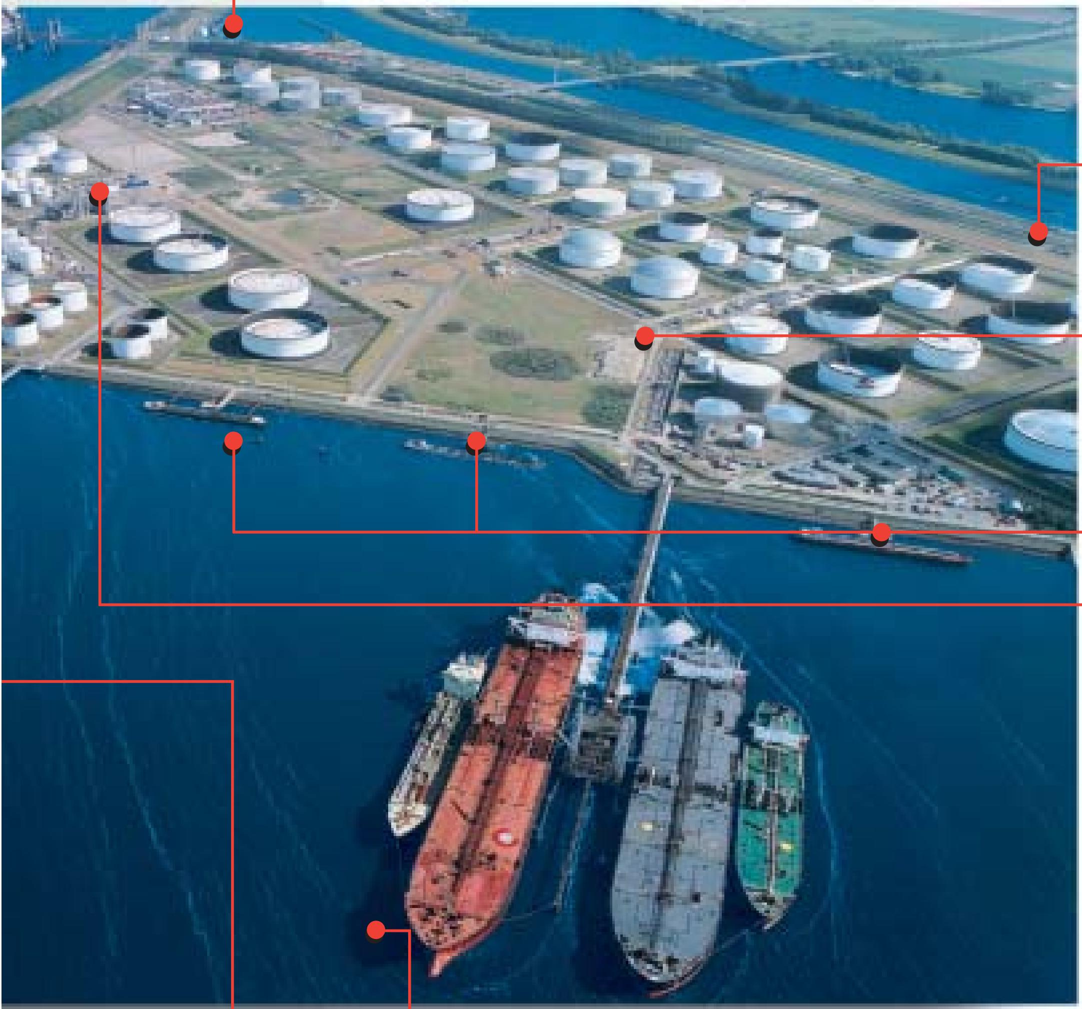


# Hub location

## Vopak Terminal Europoort, Rotterdam, The Netherlands

**On a hub terminal for mineral oil products or chemicals all different functions come together: import, export, regional distribution and industrial terminalling activities.**

*Separate barge jetties ensure good connections with the hinterland for receipt from and delivery to Germany and Belgium*



*The terminal is directly connected via underground pipelines with other Vopak terminals and with oil refineries and chemical plants both in Rotterdam and in Germany and Belgium*

*A great number of products in various specifications are handled at the terminal: crude oil, fuel oil, gasoil, jet fuel, gasoline, heating oil and nafta*

*Rotterdam is an important bunker station. The bunker barges load at the terminal which brings the product to the right specification through blending of different components*

*The site also houses a third party condensate splitter. Vopak arranges the storage of both feedstocks and end-products, the receipt of product from ships or via pipelines and the redelivery in ships, inland barges or pipeline for onward delivery*

***Make bulk***
*Large vessels are loaded from shore tanks and directly ship-to-ship from smaller vessels with product from the region*

***Break bulk***
*Simultaneous discharge to the shore tanks and to smaller vessels for regional distribution*

**Key numbers**

| | |
|---|---|
| Capacity | 2,933,000 m$^3$ |
| Tanks | 85 |
| Connections | Seagoing ships, inland barges and pipelines |
| Draft | 21 meter |
| Jetties | 4 for seagoing vessels<br>9 for inland barges |
| Products | Crude oil, mineral oil products, bulk chemicals |

# Oil Logistics Europe & Middle East

| In EUR millions | 2002 | 2001 |
|---|---|---|
| Net sales | **132.1** | 139.2 |
| EBITDA | **70.5** | 75.1 |
| Group operating income (EBIT) | **57.8** | 62.6 |
| Average gross capital employed | **403.4** | 402.4 |
| Average capital employed | **138.7** | 132.7 |
| ROCE | **41.7%** | 47.2% |
| Occupancy rate | **89%** | 87% |

The activities of the Oil Logistics Europe & Middle East division comprise the tank storage of crude oil and mineral oil products and related logistic services concerning inland shipping and shipping agencies. Vopak's customer base consists of oil companies, trading companies, national governments (management of strategic reserves) and co-siters (independently operated factories on Vopak sites that use Vopak's services intensively).
In Europe and the Middle East, Vopak is the largest independent provider of tank storage and associated logistic services for mineral oil products.

*Market position*

The European tank storage terminals occupy a strong market position for the intermediate storage of products being exported to the Far East and the US. This flow of products arises from a structural imbalance between the supply by refineries and the demand from local markets.
In addition, tighter environmental legislation concerning fuels, expressed in a wide variety of restrictions on the sulphur content of diesel, meant greater demand for capacity to store oil products separately. Accordingly, Vopak has embarked on a programme for the accelerated conversion of crude oil tanks for the storage of oil products. The increasing privatisation of East European oil companies, the rise of market players without infrastructure and the demand for independent storage in the Middle East, all offer attractive opportunities to Vopak.

*Results*

Vopak Oil Logistics Europe & Middle East had an excellent year again, even though the results could not touch the exceptionally good ones of 2001. Capacity utilisation at virtually all terminals remained stable at a high level, around 90%, with some terminals, Rotterdam and Fujairah (United Arab Emirates) even reaching maximum capacity utilisation. Throughput across the board increased in size. Rates went up on average, partly because of the switch in storage from crude oil to refined products and partly because of the tight market. Over 70% of Vopak's customers have contracts with a term longer than a year, which provides a stable revenue stream. Against these positive developments stood a few negative ones. The expected increase in inland shipping activities during the final months of the year never materialised. Furthermore, expenses went up across the board – maintenance, insurance, pension and environmental expenses in particular – without the possibility of always fully passing on the increase in the rates.

**Tank terminals**

Rotterdam stood out in 2002 because of a large increase in the throughput of Russian fuel oil destined for Asia. This was caused by the continuing imbalance between supply and demand. Northwest Europe has a surplus of fuel oil and gasoline and a shortage of kerosene and diesel. This is an ongoing situation, as most oil companies do not consider it economically viable at this stage to adapt their refineries to different products. The imbalance between the demand for oil products and the supply by the refineries benefits the capacity utilisation of the terminals as well as throughput.
The collaboration with Koch Petroleum Groep (KPG) progressed successfully. KPG operates a gas condensate splitter at a Vopak location, with Vopak taking care of the receipt and storage of the raw material and the storage and delivery of the finished product. This type of activity matches Vopak's concept of industrial terminalling, in which terminal facilities are linked to production plants to achieve the greatest possible stability for storage and throughput.

The Hamburg and Basle terminals performed reasonably. The Tallinn terminal, in Estonia, is a major transshipping facility for the onward transport of products, mainly fuel oil and crude oil, by rail from Russia. In 2002, as in the previous year, a very high throughput was realised, particularly for the transshipment of fuel oil mentioned above.
Net sales and result reached an all-time high in the Middle East.

The Fujairah terminal performed excellently. The capacity of this terminal is being expanded by 300,000 $m^3$, so that in just five years it will have reached one million $m^3$. Responding to changing market conditions – a lower throughput of fuel oil – the activities in Fujairah were partly directed towards gasoline.

## Shipping

Inland shipping performed well. Interstream Barging (the joint venture involving Vopak and Van der Sluijs Tankrederij), operational since April 2002, recorded a good result. This joint venture with 60 inland vessels and two coastal vessels is one of the largest freighting companies for the shipping of mineral oil petroleum products by tanker in the Netherlands, Belgium and the German section of the Rhine. The market labelled Interstream Barging as a professional and reliable shipping company, which considerably improved its contract position. The Vopak fleets on the Swiss and German waterways were further reduced by the sale of three vessels, so that Vopak's inland fleet comprised eight vessels at the end of 2002. It is intended to dispose of these vessels as well in 2003.

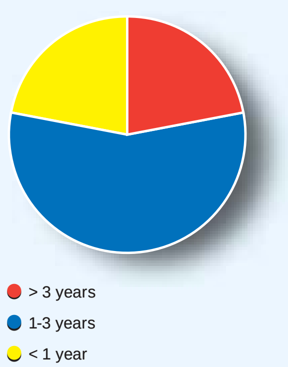
The end of the scrapping arrangement in 2003 will also affect inland shipping, so that there is a real danger of overcapacity for the sector as a whole. The downward pressure on rates that might result could have an adverse impact on Interstream Barging.

In May 2002, Vopak sold its 50% interest in Broström. The collaboration with Broström now takes the form of a strategic alliance focusing on the development and provision of integrated logistic services to the oil and chemical industries, using the combination of tank storage, ocean transport and inland shipping. The two partners conduct in an intensive exchange of information.

In the year under review, Vopak also sold its 50% interest in Clarkson Brothers Ltd., the UK shipping agency.

Shipping agencies recorded good results, in particular due to organic growth by a key customer and new contracts for handling tankers in Rotterdam, with knock-on benefits for other ports. The support given to the hub agency concept, including 'Hubview', an internet-based system providing global coverage, paid off well.

**Revenues by contract duration Oil Logistics Europe & Middle East**




VAM

# Industrial terminal

## Vopak Terminal Sakra, Singapore

**An industrial terminal performs logistical tasks on behalf of plants on a chemical complex or oil refinery. The long-term cooperation results in an attractive cost-level for the customer and a stable revenue-stream for Vopak.**

*Product is loaded in tank trucks and drummed in large volumes for onward transportation in containers*

*A pipeline corridor is also being used for water, industrial gases and waste streams*

*In some cases the output from a plant becomes the feedstock for another plant of the same or another producer. Storage capacity can be limited through a good information exchange*

*Every customer has dedicated tanks and pipelines. Intermediate storage at the plant can often be prevented*

*Parcel tankers load the finished product for several producers at the same time, destined for the region as well as for North America and Europe*

*All plants use the same jetty capacity thereby reducing investment costs substantially*

*Parcel tankers discharge the feedstock for several customers at the same time*

**Key numbers**

| | |
|---|---|
| Capacity | 288,000 $m^3$ |
| Tanks | 71 tanks in CS, SS, Fibre, refrigerated and heated storage |
| Draft | 12 meter |
| Jetties | 1 jetty for 45,000 DWT vessels<br>1 jetty for 40,000 DWT vessels<br>1 jetty for 8,000 DWT vessels |
| Shareholders | Vopak 69.5%<br>PSA Corporation Ltd. 30.5% |

| In EUR millions | 2002 | 2001 |
|---|---|---|
| Net sales | 104.1 | 89.4 |
| EBITDA | 84.0 | 65.4 |
| Group operating income (EBIT) | 63.1 | 48.7 |
| Average gross capital employed | 475.1 | 433.3 |
| Average capital employed | 322.8 | 277.7 |
| ROCE | 19.5% | 17.5% |
| Occupancy rate | 96% | 95% |

In Asia, Vopak provides tank storage facilities for oil and chemical products, supplemented by logistic services, including land-based logistics. The customer base comprises producers, traders and distributors. Vopak operates in eight countries: Singapore, Malaysia, Thailand, South Korea, China, Japan, Pakistan and Australia, often in collaboration with local partners. The activities are coordinated by the regional head office in Singapore.
Vopak Asia operates according to a network model, which means all customers receive the same quality of service.
In addition, Singapore supports the regional account management programme (intended primarily for international customers) and provides integrated logistic services to supplement the terminal activities.
All locations work closely together to ensure quality of operations and adherence to strict standards of safety, health and environment.

### *Market position*

In Asia, Vopak concentrates primarily on large multinationals that require technically well-equipped terminals and high-quality related services. Vopak responds to this need by providing terminal facilities plus related logistic services (including transport, warehousing, fulfilment services, etc.), in line with the one-stop shopping principle. By integrating land logistics into the terminals, Vopak can reduce the unit logistic costs for customers and increase throughput at the terminals. In 2002, Vopak was particularly active in the further development of land-based logistics. This is the final link in the supply chain. It includes organising the transport of chemical products by truck and value enhancing processing such as drumming, blending and repackaging. These services provide excellent growth prospects and are in line with the general trend towards the outsourcing of non-core activities, which is also apparent in Asia in the oil as well as the chemical sector.
As part of this new development for the Asian activities, warehousing facilities and some smaller tanks were added to the Sydney terminal, enabling Vopak to provide its customers with full door-to-door services.

Vopak is the only logistic service provider at all key locations in the region and has the largest storage and throughput capacity. The scale of Vopaks' operations and the resulting efficiency benefits closely match the emphasis customers place on cost savings. Thanks to its complete range of services and the high quality standards it applies, Vopak successfully competes with the many local providers of tank storage and logistic services.

Vopak's strategy in Asia is to invest in chemical parks, hub locations and distribution terminals situated close to end users. A core aspect of this is the development and maintenance of long-term relationships with customers.
In Asia, Vopak applies the concept of industrial terminalling on a large scale. It has already been successfully implemented in Singapore, Malaysia, Thailand and Pakistan, and is being expressed in Caojing (Shanghai) by the initiation of a new project.

Vopak began collaborating with Stolt-Nielsen Asia in 2002 with the aim of optimising customers' product flows. This is being achieved by combining two exceptionally strong networks: Vopak's terminals and Stolt-Nielsen's vessels in Asia.
Commercial opportunities for Vopak Asia exist for the near term in Singapore, China and Malaysia.

### *Results Oil*

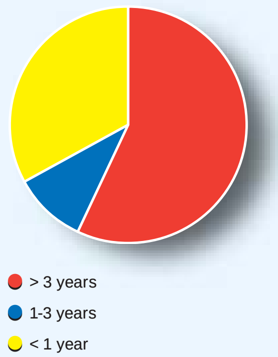
The year 2002 was a good one for oil storage activities. For many customers, the terminals in Singapore represent the starting point for the distribution of their products to other locations in the region. In other words, they provide a hub function. There is actually a structural lack of capacity, which meant that rates could rise once again.
Work on increasing the capacity of the Sebarok terminal by 100,000 m³ has already commenced and the additio-

nal capacity should become available in 2003.
In Australia, the current subsidy policy for the oil industry came under political pressure, making the closure of local refineries seem likely over time. Vopak can benefit from this rationalisation.
In China, the Xiamen terminal achieved a reasonable result in a difficult market.

*Results Chemicals*
The situation in China dominates the Asian chemical sector. The strong, stable growth of the Chinese economy is the major force driving up demand for chemical products. It also benefits Vopak's activities in the region. Vopak has two participating interests in China that concentrate mainly on chemicals. In addition, a number of its branches focus mainly on land logistics. Its customer base comprises foreign oil and chemical groups and a few Chinese companies.
To satisfy the rapidly growing demand, a massive expansion of the terminal capacity is in the pipeline. Against this background, Vopak and the Shanghai Chemical Industrial Park Development Co. Ltd. signed a 50/50 joint venture agreement at the end of February 2002 to develop an industrial terminal in Caojing, close to Shanghai. A naphtha cracker is being constructed near to the terminal, with chemical factories close by that supply raw materials and semi-finished products to each other. The investors are global market leaders for the products in question, in collaboration with Chinese producers. The creation of this chemical park matches the direction that the Chinese government and the large producers are choosing for production in China, which reduces dependence on imports of chemical products. In countries such as Thailand and Malaysia, too, large chemical complexes have been developed with the idea of using local raw materials and creating added value. The first section of the Caojing terminal, with a storage capacity of 225,000 $m^3$, will be operational in 2004 or 2005. Growth scenarios from customers make it seem likely that in 2007 at least 400,000 $m^3$ of storage capacity will be available.

For Nippon Vopak, 2002 was the first full year of operations within Vopak, as it was for the Penjuru terminal in Singapore and the participating interests in Malaysia and Lanshan, China. Nippon Vopak resulted from the acquisition by Vopak in 2001 of GATX's 40% participating interest in the Japanese joint venture with Nippon Express and Nagase. Vopak operates three chemical terminals in Japan, in Kawasaki, Kobe and Yokohama.
Nippon Vopak recorded a profit in 2002. By plugging into the Vopak network, it was able to modify its customer profile, which in turn led to improved results.
As expected, the industrial terminals in Thailand and Malaysia achieved a better result than in 2001.
The South Korean and Australian terminals each made a profit in 2002 in a difficult market.

**Revenues by contract duration**
**Asia**

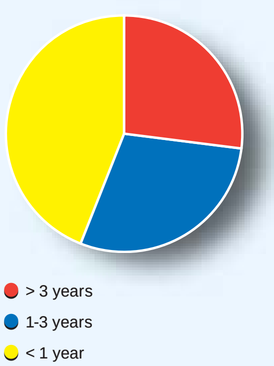


# Logistics North America

| In EUR millions | 2002 | 2001 |
|---|---|---|
| Net sales | **118.0** | 114.9 |
| EBITDA | **39.8** | 40.5 |
| Group operating income (EBIT) | **27.1** | 28.0 |
| Average gross capital employed | **365.6** | 377.4 |
| Average capital employed | **206.6** | 226.2 |
| ROCE | **13.1%** | 12.4% |
| Occupancy rate | **91%** | 93% |

Vopak's activities in North America focus on tank storage and related logistic services such as waste management, tank cleaning and railcar management. Its customers are large national and international petrochemical companies.
Vopak has a network of nine terminals in North America, suitable for a wide variety of oil and chemical products. They are situated close to deep-water ports in three coastal areas of the US and Canada. Their combined total capacity of 2.3 million m³ represents 30% of North America's chemical storage capacity. Vopak's operations in the oil sector are relatively modest. The Deer Park and Galena Park terminals, near Houston, make the largest contribution to the results for North America. Houston is one of Vopak's three hubs, the other two being Rotterdam and Singapore.
A number of large customers have placed the management and control of their entire logistic chain in Vopak's hands. This means that Vopak organises the vessels and storage, as well as the transshipment by amongst others rail and road tankers. Increasing numbers of customers are calling on Vopak's knowledge and expertise in this area.
Vopak operates two full-service waste management facilities, specially equipped to process a wide variety of product flows, including waste water. As a provider of waste management services, Vopak is among the top four players in this niche market, with a market share of 10%.
Regarding railcar cleaning, Vopak is the largest independent service provider in the US. Vopak can also provide railcar fleet management to customers, including organising the train transport.

**Revenues by contract duration Logistics North America**




Vopak's market position in North America is stable, partly thanks to contracts with a majority of the customers having been concluded for terms of one to three years or longer. Competition is very fierce in the various markets. Vopak is concentrating especially on acquiring and retaining large customers.

### *Results*

The US economic recovery slowed down owing to the repercussions from the events of 11 September 2001. The entire range of markets was hesitant, looking for the right direction. As consumer spending held fast, no substantial reduction in activities occurred in the chemical and oil sectors.
Rates remained stable, but a number of areas experienced pressure on prices. The occupancy rate of the terminals fell slightly compared with 2001, with Los Angeles, where capacity utilisation was almost 100%, forming an exception. The split-off of Univar produced no adverse consequences. The 2002 result was virtually the same as that for 2001.

# Logistics Latin America

| In EUR millions | 2002 | 2001 |
|---|---|---|
| Net sales | **40.5** | 39.6 |
| EBITDA | **20.6** | 20.0 |
| Group operating income (EBIT) | **15.6** | 15.2 |
| Average gross capital employed | **115.1** | 122.2 |
| Average capital employed | **97.0** | 104.3 |
| ROCE | **16.1%** | 14.6% |
| Occupancy rate | **80%** | 85% |

In Latin America, Vopak operates in four countries: Mexico, Brazil, Chile and Peru. The available capacity is divided among ten relatively small, but strategically located terminals. Although the lion's share of activities concerns chemical products, various locations also provide mineral oil and vegetable oil storage facilities. Most of Vopak's customers are large multinational and regional petrochemical companies.
Traditional storage in Latin America is gradually, but surely giving way to tank storage in combination with related logistic services and value-enhancing processing. Thanks to its strong regional network, Vopak is well positioned to satisfy this changing demand.
In Latin America, Vopak plans to grow by increasing its capacity at existing locations, as well as by acquiring the capacity of selected companies currently operating at other strategic locations.

*Results*

In defiance of the weak global economy, 2002 was a good year for Vopak in Latin America. The business is robust as, despite the monetary upsets, particularly in Brazil, the local chemical industry continued producing to satisfy the demand for its products. Demand for tank storage space increased during the first half year and remained stable thereafter. Vopak's turnover and result grew slightly compared with 2001.

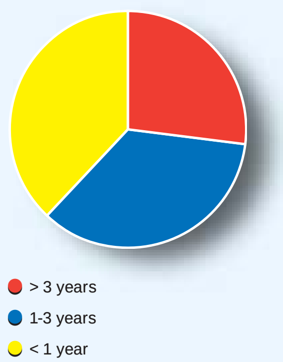
*Locations*

Vopak achieved good results in Brazil thanks to a terminal occupancy rate of more than 95%. The major factor in this was an active market combined with a shortage of capacity. Competition increased however.
The high devaluation did not really affect the results, as costs were met in local currency, whereas most of the revenues were related to US dollars.

The Mexico terminals performed better than in 2001. However, the impact of the weak US economy is still being felt. The storage of edible oils increased marginally. In Altamira, the contract with a producer covering the operation and management of an import terminal was terminated. The loss of this activity was largely offset by the acquisition in February 2002 of a GATX terminal situated close by.
The terminal is situated in the most important port in Mexico for the storage of liquid bulk products, in the centre of one of the country's fastest growing manufacturing areas. The terminal represents a significant gain for Vopak's existing network in Mexico. The move from edible oils into chemicals is beginning to pay off in Veracruz, so that the result improved strongly compared with 2001.

Vopak's terminals in Chile and Peru had good utilisation levels throughout the year. Chile witnessed a move from vegetable oils into chemicals, which represent a more stable market over time.

**Revenues by contract duration**
**Logistics Latin America**



# Risk management

In common with all companies, Vopak is exposed to market, environmental and financial risks that arise from its daily business operations. These are limited, however, by the company's entrepreneurial style, characterised by a strong professional organisation, high-quality services and special procedures as the need arises.

## Market risks

Vopak provides tank storage and related logistic services to the oil and chemical industries. The company's financial results depend partly on the economic climate in the various regions of the world and on the dynamics of the markets in which it operates. Vopak is a pure service provider. The customer retains full ownership of its products in storage.

Vopak's logistic activities generally keep pace with business activity in the oil and chemical industries. Fluctuations in levels of activity in these industries have a varying impact on the company's activities. Services are always provided with a view to establishing long-term relationships with large and small players in the oil and chemical industries. These long-term relationships help stabilize the company's income flows.

In its role of service provider, Vopak is responding to the increasing need within the oil and chemical industries for the outsourcing of logistic services. In this field, the company faces stiff competition from a small number of globally operating and prestigious competitors, as well as from local specialist players, distinguished by their extensive knowledge of local conditions. On top of this, the industries constantly compare the fees Vopak charges for its services with those of other providers.

### *Oil Logistics*

Vopak has stabilised its income flows from tank storage by concentrating on less cyclical services spread over multiple sectors. By closing ever more long-term contracts with oil refinery and oil distribution companies, Vopak ensures less capacity is left for speculative storage. This significantly reduces its dependence on the speculative trade in oil products.

### *Chemical Logistics*

Regarding tank storage of chemicals, reduced business activity initially leads to larger inventories and hence to greater tank utilization. During economic upswings, an initial decrease in stock levels is followed, after some delay, by a rise in turnover. To maintain a stable flow of income for Chemicals Logistics, Vopak focuses, in collaboration with the chemical industry, on concluding long-term contracts with customers and developing multi-functional terminals in international logistic centres or close to chemical production centres (i.e. the industrial terminalling concept). In this way, Vopak creates the jetties, tank storage capacity and pipeline connection on the back of long-term contracts with industrial parties. Vopak goes on to operate and manage these facilities, providing related logistic services in response to orders placed by the neighbouring producers.

## Political risks

The political risks for Vopak are limited. Although Vopak provides logistic services all over the world, the activities, assets and revenue of the consolidated companies are concentrated for some 60% around the three hub regions of Rotterdam/Antwerp, Houston and Singapore – that is to say, in politically stable countries. The activities, assets and revenue are spread over 26 countries.

## Operating risks

Operating risks are those inherent to activities at a facility. The handling of hazardous substances is an important factor in Vopak's business processes. It has implications for people, the environment, operating assets, Vopak's and those of third parties, and on the continuity of the company. Since it carries out activities all over the world, Vopak has to contend with laws and regulations, both local and international, as well as with the strict standards that the industry lays down regarding environment and safety. Vopak's terminals always fully comply with local environmental standards and legal requirements.
Vopak has implemented numerous measures to limit and manage risks. An Integrated Risk Management Audit (IRMA) system has been implemented throughout the company and focuses particularly on operating risks, including their safety, health and environmental aspects.
Vopak's high environmental and safety standards closely follow market developments in this area. The section on Safety, Health and Environment, on page 19, expands further on Vopak's approach to these risks. Apart from the technical and operating measures designed to reduce risk, the main risks relating to company property and liability are covered by insurance.
The strong technical infrastructure is one of the pillars supporting the company. Vopak has invested heavily in a global, uniform ERP-system to support the commercial, operating and financial business processes of the tank storage companies. The system was installed at three large terminals in 2002, with the aim of it becoming fully operational in 2005. The objectives are standardisation of the information resources, implementation of best practices and the creation of business efficiencies and cost saving in the operating and ICT areas. The system will also make it easier to implement Vopak's working methods at companies it acquires, rapidly and at relatively little cost.

## Financial

Vopak is a capital-intensive company. For the past few years, Vopak has been following a policy of further reducing the capital employed by cutting back its interests in shipping and divesting non-core activities.

### Credit risks

In logistics, the risk of bad debts is usually small as the customers for logistic services are large producers. Moreover, the value of the products stored for these customers is greater than the receivable, with Vopak generally having the right of retention.

### Interest rate and currency risks

Vopak's policy regarding interest and exchange rate risks aims to minimize the company's financing charges in line with the desired interest rate risk profile and to limit the impact of adverse foreign exchange rate fluctuations on cash flows generated by the business units. The use of financial instruments, including their valuation, is described in more detail on page 59 of the financial statements.

Vopak strives for an optimum ratio between the fixed and variable rates on its net interest-bearing debt in order to minimise the net interest expense. At 31 December 2002, 96% (2001: 74%) of the net interest-bearing debt, amounting to EUR 763.5 million was financed directly or covered at a fixed interest rate, with remaining terms to maturity of up to 14 years.
Vopak's transaction positions in foreign currencies arising from operating and financing activities are relatively limited and managed centrally as far as possible. At least 50% of the net balances are hedged - to the extent that this is feasible at acceptable cost – by means of forward transactions and currency options. Vopak does not take speculative positions, although it is prepared to accept exchange rate risks on non-hedged transaction positions. Foreign exchange differences on transaction positions are taken to the profit and loss account. The net results of non-Dutch group companies are hedged selectively with Average Rate Options (AROs).
In 2002 the net income in foreign currencies has not been hedged against a rise in the value of the euro versus other currencies. Also for 2003 these positions have not been hedged. Depending on the circumstances on the foreign exchange market and the amount of net income in foreign currencies a decision might be taken to hedge these positions with Average Rate Options.

The sensitivity of the expected consolidated net income for 2003 to fluctuations in the US dollar, SGD and other US dollar related currencies without taking into account risks already hedged is EUR 7 million (2002: EUR 7 million) in the event of a movement of the average US dollar against the euro of EUR 0.10 for the whole year.

Vopak's objective is a balanced ratio between assets and liabilities in foreign currencies in order to reduce the translation risk arising from investments in and funding of group companies and participating interests. Foreign exchange differences on these translation positions and related hedging transactions are taken directly to reserves.

### Liquidity risks

For the funding of investments, potential acquisitions and repayments of long-term foreign equity, Vopak has long-term standby credit facilities in the Netherlands. These can be taken up in various currencies, to an amount of EUR 319 million. At year-end 2002, EUR 50 million of this facility had been taken up.

### Contingent liabilities

Royal Vopak is indemnified against all claims for damage caused by companies that were subsidiaries of Royal Vopak before the split-off and subsidiaries of Univar after the split-off.

# Information for shareholders

## Figures per common share of EUR 1.00

| | 2002 | Pro forma 2001 | Before split-off 2001 |
|---|---|---|---|
| Net income | 1.91 | 2.75 | 0.70 |
| Net income excluding extraordinary items after income taxes | 1.62 | 2.12 | 2.25 |
| Cash flow | 3.74 | 4.47 | 6.11 |
| Shareholders' equity* | 5.86 | 4.27 | 16.43 |
| Dividend | 0.50 | – | – |
| Pay-out ratio | 29% | – | – |

** Net of shareholders' equity relating to cumulative financing preference shares*

## Number of shares outstanding

| | 2002 | Pro forma 2001 | Before split-off 2001 |
|---|---|---|---|
| Weighted average | 54,518,700 | 50,612,675 | 50,612,675 |
| Weighted average fully diluted | 54,518,700 | 50,615,906 | 50,615,906 |
| At year end | 59,927,972 | 52,436,976 | 52,436,976 |

On 28 June 2002, Vopak issued a total of 7,490,996 new shares at an issue price of EUR 20 per share. The gross proceeds from this rights issue amounted to EUR 150 million. As a result of the issue, there are now 59,927,972 common shares outstanding.

In accordance with its commitment, HAL Holding N.V. (HAL) purchased 4,502,571 unregistered shares at an issue price of EUR 20 per share. The total number of shares allocated to HAL was 7,432,365. Including the shares issued at the time, HAL then owned approximately 46.6% of the common shares in Royal Vopak.

### Financial calendar

6 March 2003 - Announcement of full year results 2002
23 April 2003 - Annual General Meeting
14 May 2003 - Dividend payable
20 August 2003 - Announcement of interim results for the first half of 2003

## Major holdings

Under the Disclosure of Major Holdings in Listed Companies Act, a shareholding of 5% or more in a Dutch company must be disclosed. We received the following notifications concerning such holdings of common shares and financing preference shares:

### Shareholders of Royal Vopak

| | Holders of common shares[1] | Total share holding[2] | Voting rights[3] | Date of notification |
|---|---|---|---|---|
| HAL Holding N.V. | 46.62% | 35.75% | 32.75% | 24.06.02 |
| ING Groep N.V. | 7.80% | 11.32% | 5.26% | 28.08.00 |
| CGU plc./ Delta Lloyd | 6.60% | 8.66% | < 5% | 12.11.99 |
| Ducatus N.V. | < 5% | 5.72% | < 5% | 04.11.99 |
| Coöperatieve Centrale Raiffeisen-Boerenleenbank BA | < 5% | 5.71% | < 5% | 05.11.99 |
| ABP-PGGM Capital Holdings N.V. | < 5% | 5.71% | < 5% | 30.11.99 |
| Stichting Administratiekantoor Financieringspreferente aandelen Vopak | | | 32.63% | 12.11.99 |
| Total of holdings exceeding 5% of common shares in Royal Vopak | 61.02% | | | |
| Free float | 38.98% | | | |

1) *Number of common shares divided by total number of common shares outstanding*

2) *Number of common shares and financing preference shares divided by total number of common shares and financing preference shares outstanding*

3) *Number of common shares divided by total number of common shares and financing preference shares outstanding*

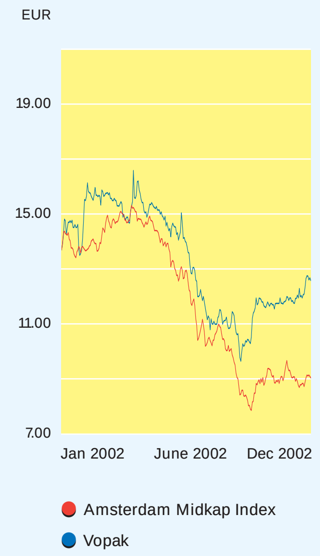
## Investor relations policy

Vopak follows an open information policy toward investors and other parties interested in the financial status of the company. The purpose is to inform these stakeholders as fully and as early as possible about Vopak's policies and changes within the company.

The annual report is one of the vehicles used. All other relevant information not included in it, such as half-yearly results, press releases and background information is accessible on the company's web site, www.vopak.com.

Vopak holds a press conference to coincide with the publication of yearly and half-yearly results. Following the publication of the results, Vopak holds a number of meetings with stock market analysts. The information presented at these meetings is published immediately afterwards on the company's web site. Investors and their advisers are encouraged to put their questions directly to Mr Bon Ellemeet by phone, +31 (0)10 400 2777, or e-mail, bon.ellemeet@vopak.com.

**Weekly closing price**
**Vopak versus AMX index 2002**



# Corporate governance

Vopak attaches great importance to an equitable balance between the interests of the various stakeholders in the company. Integrity, openness, supervision, transparent reporting and accountability are the cornerstones of Vopak's corporate governance policy. The company also aims for its activities to respect the public interest.

In the spirit of the tighter regulations for improving the provision of information, Vopak has enlarged the duties and powers of the Audit Committee and laid them down in a Charter.
The Charter also sets out the standards of independence and expertise that apply to members of the Audit Committee. In addition, Vopak has further optimised its internal control procedures.

Simultaneously with the split-off of the chemical distribution activities, Royal Vopak, by means of an amendment to its Articles of Association, relinquished the right to apply the two-tier board company regime for large enterprises voluntarily at the level of the holding and transferred the right to the level of the Board of Vopak Nederland B.V. This relates to the fact that the majority of Royal Vopak's employees work outside the Netherlands.

The most important consequence of the ending of the above regime is that the members of the Supervisory Board and the Executive Board are no longer appointed by the Supervisory Board but by the Annual General Meeting, based on non-binding nominations by the Supervisory Board.
In addition, the Annual General Meeting also adopts the financial statements, which means it has a say on certain aspects of the presentation of the financial statements.

In terms of employee participation, the relinquishing of the right to voluntarily apply the two-tier structure regime means that the discussion partners for the Central Works Council are the Managing Directors of Vopak Nederland B.V.

This new employee participative structure, which the Central Works Council has approved, is laid down in a covenant that the relevant parties signed on 10 June 2002.

Vopak does not currently employ the option of allowing shareholders to vote by remote proxy. The experience of several listed companies that allow their shareholders to vote via Stichting Communicatiekanaal Aandeelhouders is that relatively few shareholders make use of the possibility. The costs entailed, however, are substantial. For the time being, the implementation of this type of voting would be less opportune for Vopak. Legislation is currently being drawn up to make remote voting more effective, more transparent and more cost efficient. After the legislation has been passed, Vopak will reconsider the issue of allowing shareholders to vote remotely.

Information on members of the Supervisory Board and the Executive Board regarding their remunerations, shareholdings and option rights are included on pages 68 and 69 of this Annual Report.

The composition of the Supervisory Board represents a balance of backgrounds and experience in areas related to Vopak's core activities, and of international experience in the foreign markets in which Vopak operates.
That international experience varies from economic and social to political and business experience.
Vopak will continue to evaluate its corporate structure against the regulations and changes in the area of corporate governance.

# 2002
# Financial Statements

# Consolidated financial statements

## Consolidated income statement

| In EUR millions | | 2002 | | Pro forma 2001 [2] | | Before split-off 2001 |
|---|---|---|---|---|---|---|
| Net sales | 796.2 | | 810.5 | | 5,639.7 | |
| Other operating income | 1.1 | | 4.2 | | 4.2 | |
| **Total operating income** | | **797.3** | | 814.7 | | 5,643.9 |
| Cost of sales | | **–** | | – | | 3,877.3 |
| **Gross margin** | | **797.3** | | 814.7 | | 1,766.6 |
| Wages, salaries and social security charges | 271.2 | | 278.2 | | 742.1 | |
| Depreciation and amortization | 108.9 | | 112.1 | | 186.7 | |
| Other operating expenses | 265.6 | | 250.7 | | 582.2 | |
| **Total operating expenses** | | **645.7** | | 641.0 | | 1,511.0 |
| **Operating income** | | **151.6** | | 173.7 | | 255.6 |
| Income from equity participations | | **48.1** | | 63.1 | | 62.8 |
| **Group operating income [1]** | | **199.7** | | 236.8 | | 318.4 |
| Interest income | 33.2 | | 21.5 | | 24.1 | |
| Interest expense | - 91.1 | | - 99.5 | | - 137.9 | |
| **Interest** | | **- 57.9** | | - 78.0 | | - 113.8 |
| **Income from ordinary activities before income taxes** | | **141.8** | | 158.8 | | 204.6 |
| Income taxes | | **- 32.1** | | - 35.0 | | - 72.4 |
| **Income from ordinary activities after income taxes** | | **109.7** | | 123.8 | | 132.2 |
| Extraordinary income | 30.5 | | 57.4 | | 57.4 | |
| Extraordinary expense | - 16.5 | | - 26.1 | | - 163.3 | |
| Taxes on extraordinary income and expense | 2.1 | | 0.2 | | 27.5 | |
| **Extraordinary income/expense after income taxes** | | **16.1** | | 31.5 | | - 78.4 |
| **Consolidated net income** | | **125.8** | | 155.3 | | 53.8 |
| Third-party interests in consolidated net income | | **- 14.5** | | - 9.5 | | - 9.5 |
| **Net income** | | **111.3** | | 145.8 | | 44.3 |
| Dividend on cumulative financing preference shares | | **- 6.9** | | - 6.9 | | - 8.7 |
| **Net income for holders of common shares** | | **104.4** | | 138.9 | | 35.6 |
| | | | | | | |
| **Earnings per share** | | **1.91** | | 2.75 | | 0.70 |
| **Fully diluted earnings per share** | | **1.91** | | 2.75 | | 0.70 |
| **Earnings per share (excluding extraordinary items after income taxes)** | | **1.62** | | 2.12 | | 2.25 |
| **Fully diluted earnings per share (excluding extraordinary items after income taxes)** | | **1.62** | | 2.12 | | 2.25 |

[1] *Including the following exceptional items:*

| | |
|---|---|
| *Additional contribution to the pension fund* | *- 10.0* |
| *Lower pension costs as a result of a change in accounting policies* | *19.5* |
| *Rationalisation capitalised expenses ERP system* | *- 9.0* |
| | *0,5* |

[2] *Unaudited*

# Consolidated balance sheet at 31 December, after proposed distribution of net income

| In EUR millions | 2002 | | Pro forma 2001[2] | | Before split-off 2001 | |
|---|---|---|---|---|---|---|
| Intangible fixed assets | **6.3** | | 5.7 | | 370.1 | |
| Tangible fixed assets | **1,107.2** | | 1,219.1 | | 1,740.1 | |
| Financial fixed assets | **394.7** | | 476.3 | | 478.1 | |
| **Total fixed assets** | | **1,508.2** | | 1,701.1 | | 2,588.3 |
| Inventories | **4.5** | | 3.8 | | 479.3 | |
| Accounts receivable | **272.5** | | 296.0 | | 1,047.5 | |
| Prepaid expenses and accrued income | **24.5** | | 33.5 | | 57.6 | |
| Securities | **11.6** | | 12.7 | | 12.7 | |
| Cash and cash equivalents [1] | **172.2** | | 247.7 | | 152.3 | |
| **Total current assets** | | **485.3** | | 593.7 | | 1,749.4 |
| Amounts owed to banks | **39.7** | | 90.2 | | 193.3 | |
| Current portion of long-term debt | **71.1** | | 94.5 | | 106.4 | |
| Trade accounts and other accounts payable | **250.0** | | 349.4 | | 1,176.6 | |
| Dividends | **36.9** | | 6.9 | | 8.7 | |
| **Total current liabilities** | | **397.7** | | 541.0 | | 1,485.0 |
| **Current assets less current liabilities** | | **87.6** | | 52.7 | | 264.4 |
| **Total assets less current liabilities** | | **1,595.8** | | 1,753.8 | | 2,852.7 |
| | | | | | | |
| **Long-term debt** | | **824.9** | | 1,090.1 | | 1,400.0 |
| Pensions and other employee benefits | **16.1** | | 16.2 | | 42.6 | |
| Provision for deferred tax liabilities | **137.5** | | 139.7 | | 136.7 | |
| Other provisions | **86.6** | | 110.9 | | 209.7 | |
| **Total provisions** | | **240.2** | | 266.8 | | 389.0 |
| Third-party interests | **64.3** | | 57.9 | | 58.2 | |
| Shareholders' equity | **466.4** | | 339.0 | | 1,005.5 | |
| **Group equity** | | **530.7** | | 396.9 | | 1,063.7 |
| **Total** | | **1,595.8** | | 1,753.8 | | 2,852.7 |

[1] *Pro forma 2001 includes EUR 170.8 million designated finance Univar N.V.*

[2] *Unaudited*

# Consolidated statement of cash flows

| In EUR millions | | 2002 | | Pro forma 2001 [1] | | Before split-off 2001 |
|---|---|---|---|---|---|---|
| **Net income** | | **111.3** | | 145.8 | | 44.3 |
| Adjustments for: | | | | | | |
| - Depreciation and amortization | **108.9** | | 112.1 | | 186.7 | |
| - Write down and diminution of value | **–** | | 8.0 | | 83.0 | |
| - Movements in provisions | **- 5.5** | | 29.4 | | - 2.4 | |
| - Movements in third party interests | **13.7** | | 9.0 | | 9.0 | |
| - Distributed income from equity participations | **36.9** | | 94.2 | | 94.2 | |
| - Retained income from equity participations | **- 46.1** | | - 59.3 | | - 59.0 | |
| - Gain on sale of tangible fixed assets | **- 1.1** | | - 4.4 | | - 4.4 | |
| - Gain on sale of group companies and equity participations | **- 30.7** | | - 52.1 | | - 52.1 | |
| **Gross cash flow from operating activities** | **187.4** | | 282.7 | | 299.3 | |
| Movements in working capital (excluding cash and cash equivalents, short-term credit and dividend) | **- 66.2** | | - 35.9 | | 94.0 | |
| Effect of changes in exchange rates | **- 10.7** | | - 13.7 | | 4.8 | |
| **Net cash flow from operating activities** | | **110.5** | | 233.1 | | 398.1 |
| Investments: | | | | | | |
| - Tangible fixed assets | **- 88.0** | | - 95.0 | | - 214.1 | |
| Acquisitions (including goodwill): | | | | | | |
| - Financial fixed assets | **- 26.2** | | - 57.3 | | - 58.1 | |
| - Group companies | **- 18.5** | | - 72.2 | | - 467.4 | |
| **Total investments** | | **- 132.7** | | - 224.5 | | - 739.6 |
| Disposals: | | | | | | |
| - Tangible fixed assets | **19.8** | | 23.6 | | 50.5 | |
| - Financial fixed assets | **95.7** | | 43.1 | | 43.1 | |
| - Group companies | **16.1** | | 126.0 | | 126.0 | |
| **Total disposals** | | **131.6** | | 192.7 | | 219.6 |
| **Net cash flow from investing activities** | | **- 1.1** | | - 31.8 | | - 520.0 |
| Financing: | | | | | | |
| - Repayment of long-term debt | **- 416.6** | | - 596.3 | | - 1,211.5 | |
| - New long-term debt | **308.2** | | 857.8 | | 1,396.7 | |
| - Issued to holders of option rights | **–** | | 5.7 | | 9.3 | |
| - Net proceeds from share issue | **73.8** | | – | | – | |
| - Effect split-off Univar | **–** | | - 387.3 | | – | |
| - Net movements in short-term financing | **- 140.0** | | 27.2 | | - 6.5 | |
| - Dividend distributions | **- 6.9** | | - 57.5 | | - 74.2 | |
| **Net cash flow from financing activities** | | **- 181.5** | | - 150.4 | | 113.8 |
| **Net cash flow** | | **- 72.1** | | 50.9 | | - 8.1 |
| Exchange and translation differences | | **- 3.2** | | 20.0 | | 2.5 |
| Movements in cash and cash equivalents owing to consolidations and deconsolidations | | **- 0.2** | | - 3.2 | | 42.0 |
| **Movement in cash and cash equivalents** | | **- 75.5** | | 67.7 | | 36.4 |

[1] *Unaudited*

# Group accounting policies

## Split-off chemical distribution activities

In accordance with the resolution passed by the Extraordinary General Meeting of 17 June 2002, the assets and liabilities of the chemical distribution activities were split off to Univar N.V. effective 1 January 2002, by the deed of split-off passed on 28 June 2002. For further information on the split-off, reference is made to the relevant Information Memorandum of 31 May 2002. Royal Vopak is continuing as a company providing tank storage for chemical products and oil products, as well as related value-added logistic services.

Before the split-off, new shares were issued to ensure that both companies have a sound financial basis. The gross proceeds from the issue amount to EUR 150 million, 50% of which have been allocated to Univar N.V.

For comparative purposes, Royal Vopak is publishing pro forma figures from which the activities split-off have been eliminated. These pro forma figures have not been audited.

## Basis of consolidation

The consolidated financial statements include the financial statements of Royal Vopak and its group companies. Group companies are companies that together form an economic entity operating under joint management and over whose commercial and financial policy Royal Vopak as a rule exercises power of control as a result. The assets, liabilities, income and expenses are included in full in the financial statements, net of the share of third parties in the results and group equity, which share is disclosed separately in the income statement and the balance sheet.

Apart from the split-off of the chemical distribution activities, a number of equity participations were consolidated or deconsolidated, all of them immaterial.

A list of consolidated group companies and equity participations pursuant to Section 379 and 414, Book 2, of the Netherlands Civil Code has been filed with the Company Registry in Rotterdam and is available for inspection.

## Changes in accounting policies

For US group companies, the provision for pension costs up to and including 2001 was calculated in accordance with FAS 87, with the vested benefit obligation used as the basis in case of a deficit. For other countries, the provision for pension costs was based on the existing Guideline 271 for Annual Reporting in The Netherlands.

Following the split-off of the chemical distribution activities, the methods for accounting for pensions and other post employment benefits were harmonised and brought into line with international reporting requirements and the recommendations in the Draft Guideline 271 for Annual Reporting in The Netherlands ('Discussiememorandum 271 RJ'), which is based on IAS 19.

Within Royal Vopak, there are a number of pension plans throughout the world in the form of defined benefit plans or defined contribution plans.

The application of Draft Guideline 271 RJ has no implications for the defined contribution plans. In accordance with the current Guideline, contributions will continue to be taken to the income statement in the year in which they are due.

In accordance with Guideline 271, the contributions paid under defined benefit plans and any deficit in the pension fund are recognised in the income statement, on the basis of current salaries and years of past service. Reporting in accordance with the Draft Guideline 271 RJ means that the costs are spread over the remaining years of service of the plan members, in agreement with the recommendations of the actuaries who analyse the various plans in full each year.

The value of the pension obligations for each plan is calculated as the present value of the estimated future cash flows, taking into account expected salary increases, using a discount rate equal to the interest rate on high-quality corporate bonds with an outstanding term comparable to the term of the pension obligations, after allowing for the fair value of the assets. All actuarial profits and losses that exceed 10% of the higher of the funds' assets and the present value of the pension obligations are taken to the income statement over the average remaining years of service.

As a result of this change in accounting policy, the volatility of the pension charges arising from defined benefit plans is reduced in relation to the company's result.

This change in accounting policy as from 1 January 2002 caused a charge to shareholders' equity at that date of EUR 3.7 million after taxes and an increase in the 2002 result of EUR 19.5 million before taxes.

In line with the exemption in the Draft Guideline 271 RJ, the comparative figures have not been restated.

In accordance with current legislation, listed companies will have to prepare their financial statements on the basis of International Accounting Standards (IAS) as from 31 December 2005. When the full transition to IAS takes place, the restatement of pensions according to the IAS at the time will be included as a change in accounting policy.

## Accounting policies

### *General*

These financial statements are prepared under the historical cost convention. Departures if any from historical cost rules are mentioned separately. Unless otherwise stated, assets and liabilities are shown at nominal value.

Income and expenses are accounted for in accordance with the accruals concept.
Profits are recognised when realised and losses are accounted for as soon as they are foreseen.

Assets are depreciated evenly over the term of their expected useful economic lives. The depreciation periods are disclosed under Tangible fixed assets.
Tax is computed on the profit shown in the financial statements in accordance with local tax legislation in the countries concerned.

Transactions denominated in foreign currencies are translated into euros at the rate of exchange ruling on the date of transaction. Resulting exchange differences on ordinary activities are taken directly to the profit and loss account.
Gains and losses on transactions concluded to hedge foreign currency risks on assets and liabilities are included in the value of the items concerned.
Gains and losses on transactions concluded to hedge future cash flows are recognised at the same time that the corresponding cash flows are recognised.
The method of accounting for exchange differences on foreign group companies, equity participations and receivables of a financing nature, as well as loans denominated in foreign currencies raised to hedge foreign currency risks, is discussed in the separate section on foreign currency translation.

### *Definitions*

Profit is determined on the basis of the following definitions.

Net sales are defined as the amounts charged, net of VAT, to third parties for goods delivered and services provided in the year under review.

Other operating income relates mainly to gains on disposed tangible and financial fixed assets. Gains or losses relating to the discontinuation of activities, either in full or in part, are included under extraordinary income and expense respectively.

Cost of sales relates to the cost of goods supplied, calculated partly on the basis of average purchase prices.

Income from equity participations relates to the company's share in the net income of equity participations over which it exercises significant influence, dividends from other equity participations, downward value adjustments, interest on loans (of a financing nature) granted to equity participations, and other income.

*Intangible fixed assets*

Differences between the cost and net asset value at the date of acquisition of new equity participations are capitalised from 2001 onwards as goodwill and amortised over their estimated useful economic lives, subject to a maximum of 20 years. Up to and including 2000, goodwill paid was taken directly to reserves in the year of acquisition.

*Tangible fixed assets*

Tangible fixed assets are carried at historical cost (including interest on loan capital during construction), net of straight-line depreciation based on the expected useful economic lives of the assets concerned and taking into account any expected residual value.

The depreciation periods of the main assets are as follows:

| | |
|---|---|
| - buildings | 20 - 50 years |
| - main components of tank storage terminals | 40 years |
| - sea-going vessels | 20 years |
| - inland vessels | 20 - 25 years |
| - software and hardware IT | 3 - 7 years |
| - machinery, equipment and inventory | 3 - 10 years |

Survey costs are capitalised under tangible fixed assets and amortised over a period of five years on average.

Where necessary, assets are written down to their lower operating value (impairments).

Tangible fixed assets under construction are carried at the costs incurred up to the balance sheet date.

*Financial fixed assets*

Equity participations relate to companies in which Vopak has between 20% and 50% of the voting rights. These are carried at net asset value, where necessary allowing for expected permanent impairments.
As a consequence of the net asset value the share of the net income of the equity participations is reported in the income statement.
The net income is based on the audited annual reports or, in the case they are not yet final, on the available management reports. Other equity participations are carried at acquisition cost.
Loans (of a financing nature) granted to equity participations and loans to third parties are stated at nominal value, net of an allowance deemed necessary.

*Current assets*

Inventories are carried at the lower of cost (calculated partly on the basis of average purchase prices) and market value, net of an allowance for obsolescence, as appropriate.

Accounts receivable are stated net of an allowance for doubtful debtors.

Securities are carried at the lower of cost and market value.

### *Provisions*

Provisions are formed for commitments (legal or constructive) and losses whose amount, though uncertain, can be reasonably estimated and where it is probable that settlement of the commitment will entail an outflow of funds.

The provision for deferred taxation liabilities is stated at the non-discounted value of obligations arising from temporary differences in the valuation of assets and liabilities for financial reporting and tax purposes. Deferred tax assets are recognised to the extent that it is likely that they will be realised.

A provision is only formed for taxes, principally withholding tax, for which a liability might arise in connection with the distribution of retained profits of mainly equity participations if the intention exists to distribute such profits.

The pension plans are partly administered by separate company pension funds and partly placed with insurance companies.

The pension charges for defined benefit plans are based on actuarial calculations, specifically the projected unit credit method. The effect of this method is to spread the charges fairly evenly over the service years of employees in accordance with the valuation recommendations of the actuaries. These recommendations are requested annually.

The pension obligations are valued as the present value of the expected future payments, using a discount rate based on interest rates on government and corporate bonds with outstanding terms approximately equal to the terms of the pension obligations. All actuarial results are allocated over the average remaining service years of employees.
Contributions to defined contribution plans are taken to the income statement for the year in which they are due.

In accordance with current legislations, environmental plans and any other measure to be adopted are brought into line with local, regional and other central government requirements as appropriate. Immediately such plans are approved or other legal obligations arise, a reliable estimate of all future expenses for a period of three years is used as the basis for the provision to be recognised.

Provisions for reorganisations are formed for estimated amounts based on reorganisation plans drawn up at the balance sheet date, where the party concerned justifiably expects the plans to be carried out. These provisions are included under Other provisions.

### *Foreign currency translation*

Balance sheet items (including amounts relating to tangible fixed assets) denominated in foreign currencies are translated into euros at the exchange rates ruling on the balance sheet date. Exchange gains or losses on foreign group companies, equity participations and receivables of a financing nature, as well as loans denominated in foreign currencies raised to hedge currency risks, arising from differences between the rates at the beginning and the end of the accounting reference period, are taken directly to reserves, net of taxes.
Items in the income statement are translated at average exchange rates, allowing for currency risk hedging effects.

### *Shares held to cover options*

Shares that are purchased to cover options are included in the financial statements of the Group.
The purchase price of the shares is charged to reserves. These shares are ignored for the purpose of calculating earnings per share.

## Cash flow policies

The statement of cash flows is drawn up using the indirect method. Cash includes cash equivalents. Cash flows denominated in foreign currencies are translated at estimated average exchange rates. Foreign exchange and translation gains and losses on cash and cash equivalents are presented separately. The cash flows in the statement of cash flows are divided between operating activities, investing activities and financing activities.

Receipts and expenditure relating to interest, dividends received and income taxes are included under net cash flow from operating activities.

Acquisitions of group companies and equity participations are included under net cash flow from investing activities.

Dividend distributions are included under net cash flow from financing activities.

# Notes to the consolidated income statement

All amounts are in EUR millions, unless stated otherwise.

## General

The split-off of activities to Univar on 1 January 2002 had a significant effect on the 2002 consolidated income statement.

## Net sales

Breakdown of net sales by geographical area:

| | | 2002 | Pro forma 2001 | Before split-off 2001 |
|---|---|---|---|---|
| | The Netherlands | **334.3** | 352.0 | 402.4 |
| | Other European countries, Africa & Middle East | **195.8** | 196.4 | 1,822.7 |
| | North America | **118.0** | 129.4 | 3,281.9 |
| | Latin America | **40.4** | 39.4 | 39.4 |
| | Asia and Australia | **107.7** | 93.3 | 93.3 |
| **Total** | | **796.2** | 810.5 | 5,639.7 |

Breakdown of net sales by activity:

| | | Tankstorage | Shipping | Other Logistic Services | Other | 2002 | Pro forma 2001 | Before split-off 2001 |
|---|---|---|---|---|---|---|---|---|
| | Chemicals Logistics Europe & Africa | 211.2 | 132.5 | 50.2 | – | **393.9** | 401.1 | 401.1 |
| | Oil Logistics Europe & Middle East | 111.5 | 9.4 | 11.2 | – | **132.1** | 139.2 | 139.2 |
| | Asia | 102.0 | – | 2.1 | – | **104.1** | 89.4 | 89.4 |
| | Logistics North America | 118.0 | – | – | – | **118.0** | 114.9 | 114.9 |
| | Logistics Latin America | 40.5 | – | – | – | **40.5** | 39.6 | 39.6 |
| | Distribution | – | – | – | – | **–** | – | 4,829.2 |
| | Other | – | – | – | 7.6 | **7.6** | 26.3 | 26.3 |
| **Total** | | 583.2 | 141.9 | 63.5 | 7.6 | **796.2** | 810.5 | 5,639.7 |
| Pro forma 2001 | | 563.9 | 165.9 | 79.8 | 0.9 | | 810.5 | |

## Wages, salaries and social security charges

| | | 2002 | Pro forma 2001 | Before split-off 2001 |
|---|---|---|---|---|
| | Wages and salaries | **221.9** | 224.0 | 610.9 |
| | Social security charges | **32.7** | 34.2 | 80.0 |
| | Pension premiums | **16.6** | 20.0 | 51.2 |
| **Total** | | **271.2** | 278.2 | 742.1 |

For the remuneration of Supervisory Board members and Executive Board members reference is made to the financial statements of Royal Vopak.

## Average number of employees

The group employed 4,415 staff on average during 2002, including temporary staff. The figure can be broken down as follows:

| | | Tankstorage | Shipping | Other Logistic Services | Other | 2002 | Pro forma 2001 | Before split-off 2001 |
|---|---|---|---|---|---|---|---|---|
| | Chemicals Logistics Europe & Africa | 1,066 | 882 | 616 | – | **2,564** | 2,623 | 2,623 |
| | Oil Logistics Europe & Middle East | 311 | 70 | 106 | – | **487** | 610 | 610 |
| | Asia | 275 | – | 41 | – | **316** | 319 | 319 |
| | Logistics North America | 466 | – | – | – | **466** | 454 | 454 |
| | Logistics Latin America | 410 | – | – | – | **410** | 388 | 388 |
| | Distribution | – | – | – | – | **–** | – | 7,095 |
| | Other | – | – | – | 172 | **172** | 319 | 319 |
| **Total** | | 2,528 | 952 | 763 | 172 | **4,415** | 4,713 | 11,808 |
| Pro forma 2001 | | 2,613 | 1,001 | 912 | 187 | | 4,713 | |

## Movements in the number of employees

| | | 2002 | Pro forma 2001 | Before split-off 2001 |
|---|---|---|---|---|
| **Number at 1 January** | | **4,262** | 4,876 | 9,736 |
| | Movements owing to acquisitions/ disposals | **52** | - 520 | 1,852 |
| | Other movements | **- 239** | - 94 | - 300 |
| **Number at 31 December** | | **4,075** | 4,262 | 11,288 |

## Depreciation and amortization

| | | 2002 | Pro forma 2001 | Before split-off 2001 |
|---|---|---|---|---|
| | Amortization | **0.2** | 0.2 | 18.1 |
| | Depreciation | **108.7** | 111.9 | 168.6 |
| **Total** | | **108.9** | 112.1 | 186.7 |

## Income from equity participations

| | | 2002 | Pro forma 2001 | Before split-off 2001 |
|---|---|---|---|---|
| | Share in income from | | | |
| | equity participations | **46.1** | 59.3 | 59.0 |
| | Interest | **0.8** | 3.2 | 3.2 |
| | Other income | **1.2** | 0.6 | 0.6 |
| **Total** | | **48.1** | 63.1 | 62.8 |

The breakdown of income from equity participations by activity is as follows:

| | | Tankstorage | Shipping | Other Logistic Services | Other | 2002 | Pro forma 2001 | Before split-off 2001 |
|---|---|---|---|---|---|---|---|---|
| | Chemicals Logistics Europe & Africa | 3.7 | 0.7 | 0.4 | – | **4.8** | 6.4 | 6.4 |
| | Oil Logistics Europe & Middle East | 16.4 | 0.6 | 0.2 | – | **17.2** | 17.9 | 17.9 |
| | Asia | 21.9 | – | - 0.1 | – | **21.8** | 12.2 | 12.2 |
| | Logistics North America | – | – | – | – | **–** | – | – |
| | Logistics Latin America | 2.5 | – | – | – | **2.5** | 2.3 | 2.3 |
| | Distribution | – | – | – | – | **–** | – | - 0.3 |
| | Other | – | 0.5 | – | 1.3 | **1.8** | 24.3 | 24.3 |
| **Total** | | 44.5 | 1.8 | 0.5 | 1.3 | **48.1** | 63.1 | 62.8 |
| Pro forma 2001 | | 37.9 | 22.6 | 0.7 | 1.9 | | 63.1 | |

## Group operating income

The breakdown by activity is as follows:

| | | Tankstorage | Shipping | Other Logistic Services | Other | 2002 | Pro forma 2001 | Before split-off 2001 |
|---|---|---|---|---|---|---|---|---|
| | Chemicals Logistics Europe & Africa | 43.7 | 13.2 | - 5.1 | – | **51.8** | 74.6 | 74.6 |
| | Oil Logistics Europe & Middle East | 53.0 | 1.6 | 3.2 | – | **57.8** | 62.6 | 62.6 |
| | Asia | 62.8 | – | 0.3 | – | **63.1** | 48.7 | 48.7 |
| | Logistics North America | 27.1 | – | – | – | **27.1** | 28.0 | 28.0 |
| | Logistics Latin America | 15.6 | – | – | – | **15.6** | 15.2 | 15.2 |
| | Distribution | – | – | – | – | **–** | – | 88.4 |
| | Other | – | 0.5 | – | - 16.2 | **- 15.7** | 7.7 | 0.9 |
| **Total** | | 202.2 | 15.3 | - 1.6 | - 16.2 | **199.7** | 236.8 | 318.4 |
| Pro forma 2001 | | 200.1 | 46.5 | 10.1 | - 19.9 | | 236.8 | |

## Interest income and expense

In 2002, there has been no interest incurred during construction to be included as a net interest expense (2001: EUR 0.5 million; pro forma 2001: EUR 0.5 million).

## Income taxes

Income taxes on income from ordinary activities was EUR 32.1 million. (2001: EUR 72.4 million; pro forma 2001: EUR 35.0 million). The income tax on income from ordinary activities can be broken down as follows:

| | | 2002 | | Pro forma 2001 | | Before split-off 2001 |
|---|---|---|---|---|---|---|
| **The Netherlands** | | | | | | |
| Current tax charge | **–** | | 1.5 | | 1.5 | |
| Deferred tax charge | **1.7** | | 14.6 | | 14.6 | |
| | | **1.7** | | 16.1 | | 16.1 |
| **Other countries** | | | | | | |
| Current tax charge | **21.1** | | 2.2 | | 39.6 | |
| Deferred tax charge | **9.3** | | 16.7 | | 16.7 | |
| | | **30.4** | | 18.9 | | 56.3 |
| **Income taxes on income from ordinary activities** | | **32.1** | | 35.0 | | 72.4 |

| | 2002 | Pro forma 2001 | Before split-off 2001 |
|---|---|---|---|
| | **%** | % | % |
| Weighted average statutory tax rates | **32.5** | 33.4 | 38.1 |
| Effect participation exemption | **- 10.6** | - 12.5 | - 10.1 |
| Effect non-deductable goodwill | **–** | – | 3.3 |
| Effect non-deductable expenses | **1.3** | 1.3 | 2.2 |
| Other | **- 0.6** | - 0.2 | 1.9 |
| **Effective tax burden** | **22.6** | 22.0 | 35.4 |

## Extraordinary income/expense after income taxes

| | | 2002 | | Pro forma 2001 | | Before split-off 2001 |
|---|---|---|---|---|---|---|
| **Extraordinary income** | | | | | | |
| - On sale of group companies | **0.5** | | 35.3 | | 35.3 | |
| - On sale of financial fixed assets | **30.0** | | 22.1 | | 22.1 | |
| | | **30.5** | | 57.4 | | 57.4 |
| **Extraordinary expenses** | | | | | | |
| - Split-off costs | **- 3.9** | | – | | – | |
| - Integration costs Ellis & Everard | **–** | | – | | - 40.8 | |
| - Reorganisation costs | **- 4.5** | | - 9.3 | | - 19.4 | |
| - Write-off IT-system European Chemical Distribution | **–** | | – | | - 86.3 | |
| - Other | **- 8.1** | | - 16.8 | | - 16.8 | |
| | | **- 16.5** | | - 26.1 | | - 163.3 |
| **Balance before income taxes** | | **14.0** | | 31.3 | | - 105.9 |
| **Income taxes** | | **2.1** | | 0.2 | | 27.5 |
| **Balance after income taxes** | | **16.1** | | 31.5 | | - 78.4 |

## Earnings per share

Earnings per share is calculated by dividing the net profit for holders of common shares by the weighted average number of issued shares. The weighted average number of issued shares over 2002 is 54,518,700 (2001: 50,612,675).

In calculating the fully diluted earnings per share, the weighted number of issued shares is corrected for the dilution effects of option plans. For 2002, the effect of the correction for dilution effects is nil. The weighted average number of issued shares 2001 after correction is 50,615,906.

# Notes to the consolidated balance sheet

All amounts are in EUR millions, unless stated otherwise.

## Intangible fixed assets

Movements in this item are as follows:

| | Total |
|---|---|
| **Net book value at 1 January 2002** | **370.1** |
| Effect split-off Univar | **- 364.4** |
| **Pro forma bookvalue at 1 January 2002** | **5.7** |
| Movements: | |
| - Goodwill | **0.9** |
| - Amortization | **- 0.2** |
| - Exchange differences | **- 0.1** |
| **Net book value at 31 December 2002** | **6.3** |
| | |
| Costs | **6.7** |
| Accumulated amortization | **- 0.4** |
| **Net book value at 31 December 2002** | **6.3** |

## Tangible fixed assets

Movements in this item are as follows:

| | Land and buildings | Tank storage terminals | Vessels | Machinery, equipment, and inventory | Work under construction | Total |
|---|---|---|---|---|---|---|
| **Net book value at 1 January 2002** | 441.8 | 841.3 | 245.9 | 148.4 | 62.7 | **1,740.1** |
| Effect split-off Univar | - 334.5 | - 77.9 | – | - 87.1 | - 21.5 | **- 521.0** |
| **Pro forma bookvalue at 1 January 2002** | 107.3 | 763.4 | 245.9 | 61.3 | 41.2 | **1,219.1** |
| Movements: | | | | | | |
| - Additions | 7.4 | 47.0 | 14.7 | 8.3 | 10.6 | **88.0** |
| - Reclassification | 6.1 | - 0.8 | – | 2.1 | - 7.4 | **–** |
| - Consolidations | 7.3 | 2.8 | – | 0.1 | – | **10.2** |
| - Deconsolidations | – | - 13.7 | – | – | – | **- 13.7** |
| - Disposals | - 1.3 | - 6.3 | - 8.6 | - 5.9 | – | **- 22.1** |
| - Depreciation | - 5.3 | - 68.4 | - 25.1 | - 9.9 | – | **- 108.7** |
| - Exchange differences | - 9.1 | - 48.2 | - 2.0 | - 4.6 | - 1.7 | **- 65.6** |
| **Bookvalue at 31 December 2002** | 112.4 | 675.8 | 224.9 | 51.4 | 42.7 | **1,107.2** |
| | | | | | | |
| Costs | 181.8 | 1,567.7 | 419.6 | 119.6 | 42.7 | **2,331.4** |
| Accumulated depreciation | - 69.4 | - 891.9 | - 194.7 | - 68.2 | – | **- 1,224.2** |
| **Net book value at 31 December 2002** | 112.4 | 675.8 | 224.9 | 51.4 | 42.7 | **1,107.2** |

## Financial fixed assets

Movements in this item are as follows:

| | Equity participations | Loans to equity participations | Other investments | Other loans | Total |
|---|---|---|---|---|---|
| **Balance at 1 January 2002** | 290.9 | 46.7 | – | 140.5 | **478.1** |
| Effect split-off Univar | - 1.8 | – | – | – | **- 1.8** |
| **Pro forma bookvalue at 1 January 2002** | 289.1 | 46.7 | – | 140.5 | **476.3** |
| Movements: | | | | | |
| - Share in income | 45.7 | – | 0.4 | – | **46.1** |
| - Dividends received | - 36.1 | – | - 0.8 | – | **- 36.9** |
| - Investments | 10.9 | 1.4 | 1.3 | 14.4 | **28.0** |
| - Disposals | - 66.3 | – | – | - 1.8 | **- 68.1** |
| - Exchange differences | - 24.5 | - 2.0 | - 3.8 | - 20.4 | **- 50.7** |
| - Other movements | - 24.7 | - 23.4 | 24.7 | 23.4 | **–** |
| **Bookvalue at 31 December 2002** | 194.1 | 22.7 | 21.8 | 156.1 | **394.7** |

Disposals of equity participations include the interests in Broström and Chemicals and Oil Storage Management (COSM). The proceeds of GBP 24.2 million from the disposal of the COSM interest were received on 14 January 2003.

As a result of the disposal of the interest in Broström, the existing subordinated loan in Swedish crown, equal to EUR 23.4 million, was reclassified under Other loans. In addition, a subordinated loan of EUR 10 million was granted in 2002 to Stichting Pensioenfonds Vopak.

Other loans include subordinated loans amounting to EUR 154.5 million (2001: EUR 138.9 million), of which EUR 77.9 million represents loans with remaining terms exceeding 5 years. For these loans, the weighted average interest rate at 31 December 2002 was 3.26% (2001: 3.06%).

In accordance with Section 379, Book 2, of the Netherlands Civil Code, a list of the principal group companies and equity participations has been filed with the Company Registry in Rotterdam for inspection. The list also includes the information required under Section 414, Book 2, of the Netherlands Civil Code.

## Inventories

Stocks at year-end 2001 comprise mainly goods for resale for chemical distribution activities. Following the split-off, inventories of these goods are limited.

## Accounts receivables

| | 2002 | Pro forma 2001 | Before split-off 2001 |
|---|---|---|---|
| Trade accounts receivable | **129.3** | 151.3 | 800.2 |
| Other accounts receivable | **143.2** | 144.7 | 247.3 |
| **Total** | **272.5** | 296.0 | 1,047.5 |

## Cash and cash equivalents

| | 2002 | Pro forma 2001 | Before split-off 2001 |
|---|---|---|---|
| Cash/bank | **50.5** | 60.1 | 123.3 |
| Deposits | **121.7** | 16.8 | 29.0 |
| Designated finance Univar | **–** | 170.8 | – |
| **Total** | **172.2** | 247.7 | 152.3 |

Of the cash and cash equivalents at 31 December 2002, USD 20 million (EUR 19.2 million) is not readily available.

## Amounts owed to banks

This item relates to bank credits; the information on derivatives is disclosed separately in the note on financial instruments.

## Trade accounts and other accounts payable

| | | 2002 | Pro forma 2001 | Before split-off 2001 |
|---|---|---|---|---|
| | Trade accounts payable | **71.3** | 97.7 | 700.2 |
| | Taxes and social security charges | **24.7** | 25.4 | 76.0 |
| | Other accounts payable, accruals and deferred income | **154.0** | 226.3 | 400.4 |
| **Total** | | **250.0** | 349.4 | 1,176.6 |

## Long-term debt

| | | Face value | | | Due after 5 years | | | Average term in years | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | **2002** | Pro forma 2001 | Before split-off 2001 | **2002** | Pro forma 2001 | Before split-off 2001 | **2002** | Pro forma 2001 | Before split-off 2001 |
| | Bond loans | **–** | 63.5 | 63.5 | **–** | – | – | **–** | 1.5 | 1.5 |
| | Subordinated loans | **17.0** | 34.0 | 34.0 | **–** | – | – | **2.2** | 2.7 | 2.7 |
| | Mortgage Loans | **–** | 41.0 | 41.0 | **–** | 7.4 | 7.4 | **–** | 2.2 | 2.2 |
| | Private placements and bank loans | **748.3** | 836.7 | 1,136.2 | **545.9** | 666.5 | 666.5 | **6.8** | 7.4 | 6.2 |
| | Stand-by loans | **50.0** | 114.9 | 118.6 | **–** | 35.0 | 35.0 | **3.7** | 3.4 | 3.2 |
| | Other loans | **9.6** | – | 6.7 | **–** | – | – | **1.7** | – | 4.5 |
| **Total** | | **824.9** | 1,090.1 | 1,400.0 | **545.9** | 708.9 | 708.9 | **6.0** | 6.2 | 5.5 |

The subordinated loans are subordinate to all existing and future debts of Royal Vopak.
Of the subordinated loans, an amount of EUR 5.7 million is included under Current portion of long-term debt.

Repayments due in 2003 of EUR 71.1 million are included under the item Current portion of long-term debt.

Movements in long-term debt are as follows:

| | | |
|---|---|---|
| **Balance at 1 January 2002** | | **1,400.0** |
| | Effect split-off Univar | **- 309.9** |
| **Pro forma balance at 1 January 2002** | | **1,090.1** |
| | Movements: | |
| | - New loans | **308.2** |
| | - Repayments | **- 416.6** |
| | - Movement in current portion of long-term debt | **- 71.1** |
| | - Exchange differences | **- 85.7** |
| **Balance at 31 December 2002** | | **824.9** |

Breakdown of loans by currency:

| | Local currency | | | euro | | |
|---|---|---|---|---|---|---|
| | | | Before | | | Before |
| | | Pro forma | split-off | | Pro forma | split-off |
| | **2002** | 2001 | 2001 | **2002** | 2001 | 2001 |
| euro (EUR) | **245.6** | 367.9 | 367.9 | **245.7** | 367.9 | 367.9 |
| US dollar (USD) | **526.5** [1)] | 552.7 | 553.3 | **518.4** | 625.6 | 626.3 |
| Swiss franc (CHF) | **10.0** | 50.0 | 50.0 | **6.9** | 33.6 | 33.6 |
| Singapore dollar (SGD) | **–** | 9.3 | 9.3 | **–** | 5.7 | 5.7 |
| English pound (GBP) | **35.0** | 35.0 | 221.7 | **53.9** | 57.3 | 362.8 |
| Swedish crown (SEK) | **–** | – | 34.5 | **–** | – | 3.7 |

[1)] *Following the split-off, USD 250 million was converted to a euro position in the form of cross currency interest rate swap contracts*

The weighted average interest rate on long-term debt at 31 December 2002 is 7.2% (pro forma at 31 December 2001: 6.6%). The components are as follows:

| | Average interest rates as percentage | | |
|---|---|---|---|
| | | Pro forma | Before split-off |
| | **2002** | 2001 | 2001 |
| Bond loans | **–** | 7.1 | 7.1 |
| Subordinated loans | **6.2** | 5.4 | 5.4 |
| Mortgage loans | **–** | 2.5 | 2.5 |
| Private placements and | | | |
| bankloans | **7.3** | 7.0 | 6.6 |
| Stand-by loans | **3.5** | 3.5 | 3.5 |
| Other loans | **5.6** | – | 4.3 |
| **Weighted average** | **7.2** | 6.6 | 6.1 |

Based on interest rate swap contracts, the effective interest rate for long-term loans at 31 December 2002 is 7.3%.

Breakdown of interest rate swap contracts by currency:

| | Principal amount in millions of euro | | | Weighted average fixed swap interest rate | | | Weighted average term in years | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Before | | | Before | | | Before |
| | | Pro forma | split-off | | Pro forma | split-off | | Pro forma | split-off |
| | **2002** | 2001 | 2001 | **2002** | 2001 | 2001 | **2002** | 2001 | 2001 |
| **Variable to fixed** | | | | | | | | | |
| euro (EUR) | **68.1** | 34.4 | 34.4 | **5.9%** | 5.4% | 5.4% | **5.4** | 3.3 | 3.3 |
| US dollar (USD) | **–** | 15.3 | 128.5 | **–** | 7.2% | 6.3% | **–** | 2.4 | 2.5 |
| Canadian dollar (CAD) | **–** | – | 35.3 | **–** | – | 5.3% | **–** | – | 2.1 |
| Australian dollar (AUD) | **4.3** | 6.9 | 6.9 | **7.0%** | 7.0% | 7.0% | **1.0** | 1.5 | 1.5 |
| **Fixed to variable** | | | | | | | | | |
| euro (EUR) | **56.7** | 56.7 | 56.7 | **5.4%** | 5.4% | 5.4% | **7.0** | 8.0 | 8.0 |
| US dollar (USD) | **5.8** | – | – | **6.3%** | – | – | **2.0** | – | – |

For the subordinated loan of EUR 45.5 million arranged in December 1996, an ORANGE agreement was concluded. Under this agreement, the company was granted an option to issue new common shares in exchange for the repayment – on the respective maturity dates – of the loan.

At 31 December 2002, the balance of the loan was EUR 22.7 million. In exchange, the counterparties are required, subject to certain conditions, to purchase these shares. The issue price will be calculated on the basis of the average stock exchange quotation on the first five of the six stock exchange trading days preceding each issue date. The shares will be available together with the shares already listed. The number of common shares of EUR 1.00 nominal value each resulting from the issues in 2002 was nil (2001: nil).

For the total of the various long-term debt components, the disclosed interest rates and remaining terms to maturity are weighted averages. Security for the mortgage loans was provided on property and vessels of group companies. For the unencumbered property in The Netherlands, Royal Vopak has given an undertaking to a number of the lenders not to mortgage the property without their approval.

In connection with the split-off of the chemical distribution activities, a number of conditions applying to several US private placements were amended. These are long-tem loans, with terms between 6 and 14 years, with most of them due to be repaid at the end of their term. The total outstanding amount at 31 December 2002 was EUR 470.4 million. The most important ratios are:

- The ratio of net debt (including guarantees replacing credits) to EBITDA must not exceed 3.25 : 1 for the period 1 July 2002 to 30 June 2003 inclusive and 3.00 : 1 for the period 1 July 2003 to 30 June 2004 inclusive. Subsequently, the ratio must not exceed 2.75 : 1. At year-end 2002, the ratio was 2.55 : 1.
- The ratio of EBITDA to interest must not be less than 4 : 1. At year-end 2002, this ratio was 5.3 : 1.
- Shareholders' equity must not be less than EUR 350 million plus, after 1 July 2002, 40% of the profit from ordinary activities after taxation, less the share of third parties in the consolidated net income, leading ultimately to a minimum of EUR 750 million. On this basis, the minimum required shareholders' equity at 31 December 2002 is EUR 368.5 million. At 31 December 2002, actual shareholders' equity amounted to EUR 466.4 million.
- The agreements provide that the interest rate for the Notes will increase by 1.0 per cent per annum for any period of time during which the Notes have been rated an NAIC 3 rating by the NAIC (National Association of Insurance Commissioners). This increase will be reduced to 0.5 per cent during any period of time during which the Notes are rated better than NAIC 3 and the increase will be reduced to nil during any period of time during which Vopak maintains a BBB rating or better on its long-term debt from Standard & Poor's or a Baa2 rating or better on its long-term debt from Moody's. Vopak maintains a NAIC 2 rating since the start of the agreements.

Certain restrictions also apply to these facilities, including a partial negative pledge stipulation.

A number of major subholdings have provided guarantees regarding compliance with the commitments under the terms of these private placements.

In most of its other loan agreements, Royal Vopak has undertaken to ensure that certain balance sheet ratios are not exceeded. For the relevant private placements and stand-by loans, the ratio of shareholders' equity to long-term loans must not exceed 1 : 2.5. For this purpose, shareholder's equity includes 50% of the provision for deferred tax liabilities.

Calculation of the ratio at 31 December 2002

| | | |
|---|---|---|
| | Stockholders' equity as per the balance sheet | **466.4** |
| | 50% of the provision for deferred tax liabilities | **68.8** |
| **Adjusted stockholders' equity** | | **535.2** |

| | | |
|---|---|---|
| | Long-term loan capital as per the balance sheet | **1,065.1** |
| | Less 50% of the provision for deferred tax liablities | **68.8** |
| **Adjusted long-term loan capital** | | **996.3** |

This results in a ratio of 1 : 1.9. At 31 December 2002 this is below the aforesaid maximum of 1 : 2.5. With regard to its working capital, Royal Vopak has undertaken for most of its loan agreements to maintain a ratio of current assets to current liabilities of at least 1 : 1. With working capital amounting to EUR 87.6 million at 31 December 2002, this requirement was likewise met.

## Financial instruments

### *General*

In their ordinary business activities, the group companies of Royal Vopak make use of various financial instruments in accordance with a financial policy approved by the Executive Board.

These financial instruments are divided into instruments accounted for under assets and liabilities and instruments not recognised in the balance sheet.

The latter are used exclusively for hedging ordinary business risks. To the extent that financial instruments are used for hedging risks, the estimated fair values of gains and losses to be realised on the hedged transactions will offset one another and are accounted for together with the transactions.

In accordance with the company's interest rate policy, the interest rates charged on a portion of the debts are fixed rates for periods not exceeding 15 years. In addition to raising loans with a fixed rate of interest, this is achieved by means of various derivatives, such as interest rate swaps, cross currency interest rate swaps and caps and floors.

In accordance with the company's currency policy, at least 50% of net transaction positions are hedged against currency risks. This is effected by using currency options and forward exchange contracts. The net income of foreign group companies are hedged selectively using average rate options.

Group companies use procedures and guidelines for limiting credit risks for each contract party or market. These procedures and the geographical spread of group companies' activities limit Royal Vopak's exposure to risks associated with credit concentrations and market risks.

The instruments used for managing interest rate and currency risks, as well as the degree of risk associated with the use of these instruments, are as follows:

### *Financial instruments recognised in the balance sheet*

The financial instruments recognised under assets and liabilities include cash and cash equivalents, current and long-term receivables and debts. The estimated fair value of the short-term financial instruments at 31 December 2002 is close to their net book value.

The market value of the bond loans is based on stock exchange quotations.
The market value of other long-term debts is estimated as the present value of cash flows, using the swap curve as a basis.

The table below shows the market value and net book value of the other financial instruments recognised in the balance sheet at 31 December 2002.

| | | | Market value | | | Bookvalue |
|---|---|---|---|---|---|---|
| | | | Before | | | Before |
| | | Pro forma | split-off | | Pro forma | split-off |
| | **2002** | 2001 | 2001 | **2002** | 2001 | 2001 |
| Bond loans | **63.6** | 65.8 | 65.8 | **63.5** | 63.5 | 63.5 |
| Other loans | **972.8** | 1,222.9 | 1,553.2 | **832.5** | 1,121.1 | 1,442.9 |

*Financial instruments not recognised in the balance sheet*

Hedging instruments, such as interest rate swaps, cross currency interest rate swaps, forward exchange contracts, caps and floors, and currency options are used to manage risks.

The market value of forward exchange contracts reflects the net present value of unrealised results by revaluing the contracts at foreign exchange rates ruling at the end of the year.

The market value of interest rate swaps, cross currency interest rate swaps, forward interest rate contracts, options on swaps, caps and floors, if any, is estimated on the basis of mark-to-market statements provided at the end of the financial year by the banks concerned.

The table below shows the market value and the nominal value of the financial instruments not recognised in the balance sheet at 31 December 2002.

| | | | Market value | | | Nominal value [1] |
|---|---|---|---|---|---|---|
| | | | Before | | | Before |
| | | Pro forma | split-off | | Pro forma | split-off |
| | **2002** | 2001 | 2001 | **2002** | 2001 | 2001 |
| Cross currency interest rate swaps [2] | **- 7.8** | – | – | **252.8** | – | – |
| Interest rate swaps (from variable to fixed interest) | **- 5.4** | - 2.5 | - 10.5 | **72.4** | 52.8 | 205.1 |
| Interest rate swaps (from fixed to variable interest) | **5.4** | 1.3 | 1.3 | **62.5** | 56.7 | 56.7 |
| Caps (bought) | **0.1** | 1.1 | 1.1 | **150.0** | 150.0 | 159.9 |
| Floors (sold) | **–** | - 1.6 | - 1.6 | **–** | 75.0 | 75.0 |
| Currency options (bought) | **–** | – | - 0.1 | **–** | 6.3 | 21.5 |
| Currency options (sold) | **0.4** | - 2.9 | - 2.9 | **110.6** | 634.3 | 634.3 |
| **Total** | **- 7.3** | - 4.6 | - 12.7 | | | |

[1] *The nominal value reflects the degree to which the instruments are used, but not the underlying positions*

[2] *The market value of the cross currency interest rate swaps is EUR – 20.4 million. As a part of the long term debts in USD has been translated using the weighted average exchange rate of the cross currency interest rate swaps the currency component of EUR – 12.6 million has been recognised in the balance sheet*

## Pensions and other employee benefits

Movements in the provision for pensions and other employee benefits are as follows:

| | **2002** |
|---|---|
| **Balance at 1 January 2002** | **42.6** |
| Effect split-off Univar | **- 26.4** |
| **Pro forma balance at 1 January 2002** | **16.2** |
| Movements: | |
| - Change in accounting policy | **5.6** |
| - Reclassification other plans | **12.1** |
| - Pension charge/addition | **16.6** |
| - Employers contribution | **- 34.4** |
| **Balance at 31 December 2002** | **16.1** |

The table below provides a summary of the effects on the balance sheet and income statement, and of the assumptions underlying the actuarial calculations for the most important final salary pension schemes and other benefit schemes.
In accordance with the exemption in Draft Guideline 271 for Annual Reporting, the comparative figures have not been restated.

| Movements in benefit obligations | 2002 | |
|---|---|---|
| **Benefit obligations at 1 January 2002** | **618.7** | |
| Movements: | | |
| - Service costs | 13.0 | |
| - Interest costs | 35.3 | |
| - Actuarial losses | 22.6 | |
| - Benefits paid | - 23.1 | |
| **Benefit obligations at 31 December 2002** | **666.5** | |
| | | |
| **Movements in plan assets** | | |
| **Fair value of plan assets at 1 January 2002** | **594.4** | |
| Movements: | | |
| - Actual return on assets | - 36.9 | |
| - Employers contribution | 24.9 | |
| - Benefits paid | - 23.1 | |
| **Fair value of plan assets at 31 December 2002** | **559.3** | |
| | | |
| **Benefit obligations less fair value of plan assets at 31 December 2002** | **107.2** | |
| - Unrecognised net actuarial losses | - 99.0 | |
| - Other plans | 7.9 | |
| **Total accrued benefit cost at 31 December 2002** | **16.1** | |
| | | |
| **Assumptions based on weighted averages at 31 December** | **2002** | 2001 |
| - Discount rate | 5.56 % | 5.83 % |
| - Projected return on plan assets | 6.71 % | 6.72 % |
| - Projected rate of compensation increase | 3.13 % | 3.13 % |
| - Projected price index increase | 2.12 % | 2.12 % |
| | | |
| **Components of net pension costs** | **2002** | |
| - Service costs | 13.0 | |
| - Interest costs | 35.3 | |
| - Projected return on plan assets | - 39.6 | |
| **Pension costs defined benefit plans** | **8.7** | |
| - Defined contribution plans | 7.9 | |
| **Net periodical pension costs** | **16.6** | |

In the valution of liabilities resulting from defined benefit plans future compensation increases have been included. On the other hand the net present value calculation uses a discount rate equal to the interest on high quality company bonds.The difference between projected and actual compensation increases, as well as the difference between projected and actual return on plan assets are part of the actuarial result.The actuarial result does not imply a funding obligation, but is a calculation method to allocate the plan obligations to individual years.

Unrecognised actuarial results, in as far as they exceed the margin of 10% of plan obligations per 31 December 2002 are allocated to the income statement of the years of the average remaining term of service.
The resulting charge for 2003 amounts to EUR 2.4 million. Approximately 70% of plan assets per 31 December 2002 have been invested in fixed interest investments.

## Provision for deferred tax liabilities

The provision for deferred tax liabilities at 31 December can be broken down as follows:

| | **2002** | Pro forma 2001 |
|---|---|---|
| - Accelerated depreciation | **111.1** | 127.3 |
| - Tax losses carried forward | **- 9.2** | - 6.9 |
| - Short term and other temporary differences | **35.6** | 19.3 |
| **Total** | **137.5** | 139.7 |

The movements in the provision for deferred tax liabilities are as follows:

| | **2002** |
|---|---|
| **Balance at 1 January 2002** | **136.7** |
| Effect split-off Univar | **3.0** |
| **Pro forma balance at 1 January 2002 before change of accounting policy pensions** | **139.7** |
| Change of accounting policy pensions | **- 1.9** |
| **Pro forma balance at 1 January 2002 after change of accounting policy pensions** | **137.8** |
| Movements: | |
| - Additions | **32.5** |
| - Consolidations | **- 8.7** |
| - Withdrawals | **- 11.1** |
| - Exchange differences | **- 13.0** |
| **Balance at 31 December 2002** | **137.5** |

In determining the provision for deferred tax liabilities, a deferred tax asset of EUR 5.8 million has been taken into account (2001: EUR 5.8 million).

## Other provisions

Movements in the other provisions are as follows:

| | Environmental risks | Reorgani-sation | Other | **Total** |
|---|---|---|---|---|
| **Balance at 1 January 2002** | 81.9 | 40.2 | 87.6 | **209.7** |
| Effect split-off Univar | - 77.6 | - 4.5 | - 16.7 | **- 98.8** |
| **Pro forma balance at 1 January 2002** | 4.3 | 35.7 | 70.9 | **110.9** |
| Movements: | | | | |
| - Reclassification to provision for pensions | – | – | - 12.1 | **- 12.1** |
| - Additions | 4.0 | 4.1 | 13.8 | **21.9** |
| - Consolidations | – | 0.9 | 0.6 | **1.5** |
| - Withdrawals | - 1.8 | - 17.5 | - 15.9 | **- 35.2** |
| - Exchange differences | - 0.1 | - 0.2 | - 0.1 | **- 0.4** |
| **Balance at 31 December 2002** | 6.4 | 23.0 | 57.2 | **86.6** |

The other provisions are mainly of a long-term nature.

The reorganisation provisions consist mainly of provisions for reorganisations and post-retirement benefits, other than pensions and non-activity benefits. Most of these provisions are long-term in nature.

Royal Vopak has issued a guarantee to Univar N.V. not exceeding EUR 33 million for deferred tax liabilities. This amount is included under Other provisions.

## Shareholders' equity

A breakdown of shareholders' equity is included in the Notes to the financial statements of Royal Vopak.

## Breakdown by activity

| | | Tankstorage | Shipping | Other Logistic Services | Other | **Total** |
|---|---|---|---|---|---|---|
| **Income statement** | | | | | | |
| | Net sales | 583.2 | 141.9 | 63.5 | 7.6 | **796.2** |
| | Depreciation and amortization | - 77.4 | - 25.9 | - 4.0 | - 1.6 | **- 108.9** |
| | Income from equity participations | 44.5 | 1.8 | 0.5 | 1.3 | **48.1** |
| | Group operating income | 202.2 | 15.3 | - 1.6 | - 16.2 | **199.7** |
| **Balance sheet** | | | | | | |
| | Intangible fixed assets | 2.0 | – | 4.3 | – | **6.3** |
| | Tangible fixed assets | 817.0 | 228.5 | 46.6 | 15.1 | **1,107.2** |
| | Financial fixed assets | 170.8 | 79.1 | 1.4 | 143.4 | **394.7** |
| | Other assets | 156.0 | 31.2 | 60.4 | 65.5 | **313.1** |
| **Total assets** | | 1,145.8 | 338.8 | 112.7 | 224.0 | **1,821.3** |
| | Liabilities | - 122.4 | - 29.8 | - 52.0 | - 82.7 | **- 286.9** |
| **Capital employed** | | 1,023.4 | 309.0 | 60.7 | 141.3 | **1,534.4** |
| **Total investments fixed assets** | | 64.7 | 19.7 | 12.7 | 19.8 | **116.9** |

## Breakdown by geographical area

| | | The Netherlands | Other Europe, Africa & Middle East | North America | Latin America | Asia and Australia | **Total** |
|---|---|---|---|---|---|---|---|
| **Income statement** | | | | | | | |
| | Net sales | 334.3 | 195.8 | 118.0 | 40.4 | 107.7 | **796.2** |
| | Depreciation and amortization | - 49.1 | - 17.3 | - 12.7 | - 5.0 | - 24.8 | **- 108.9** |
| | Income from equity participations | 2.4 | 21.3 | – | 2.5 | 21.9 | **48.1** |
| | Group operating income | 39.4 | 53.7 | 24.8 | 16.9 | 64.9 | **199.7** |
| **Balance sheet** | | | | | | | |
| | Intangible fixed assets | – | 3.4 | 1.4 | – | 1.5 | **6.3** |
| | Tangible fixed assets | 472.0 | 199.6 | 177.4 | 58.1 | 200.1 | **1,107.2** |
| | Financial fixed assets | 78.2 | 72.5 | 105.7 | 15.9 | 122.4 | **394.7** |
| | Other assets | 149.9 | 114.5 | 27.7 | 5.2 | 15.8 | **313.1** |
| **Total assets** | | 700.1 | 390.0 | 312.2 | 79.2 | 339.8 | **1,821.3** |
| | Liabilities | - 173.2 | - 63.7 | - 17.9 | - 5.0 | - 27.1 | **- 286.9** |
| **Capital employed** | | 526.9 | 326.3 | 294.3 | 74.2 | 312.7 | **1,534.4** |
| **Total investments fixed assets** | | 68.7 | 12.5 | 9.4 | 5.1 | 21.2 | **116.9** |

## Off-balance-sheet commitments

### *Commitments not shown in the balance sheet*

The company had entered into investment commitments amounting to EUR 18.5 million at year-end 2002 (2001: EUR 30.9 million; pro forma 2001: EUR 21.6 million). Rental and lease commitments, relating mainly to land and buildings, amounted to EUR 291.9 million at year-end 2002 (2001: EUR 515.8 million; pro forma 2001: EUR 308.3 million).

Breakdown of annual rental and lease commitments, in EUR millions:

| | |
|---|---|
| 2003 | 26.5 |
| 2004 | 24.1 |
| 2005 | 23.4 |
| 2006 | 23.1 |
| 2007 | 22.8 |
| after 2007 | 172.0 |

### *Contingent liabilities*

Guarantees and security provided on behalf of equity participations and third parties amounted to EUR 41.1 million at year-end 2002 (2001: EUR 55.6 million; pro forma 2001: EUR 55.6 million).

# Financial statements

## Income statement

| In EUR millions | 2002 | Pro forma 2001[2] | Before split-off 2001 |
|---|---|---|---|
| Income from group companies and equity | | | |
| participations after income taxes | **157.5** | 161.0 | 59.4 |
| Other expense/income after income taxes | **- 46.2** | - 15.1 | - 15.1 |
| **Net income** | **111.3** | 145.9 | 44.3 |

## Balance sheet at 31 December, after proposed distribution of net income

| In EUR millions | 2002 | 2002 | Pro forma 2001[2] | Pro forma 2001[2] | Before split-off 2001 | Before split-off 2001 |
|---|---|---|---|---|---|---|
| Financial fixed assets | **1,306.9** | | 1,200.1 | | 2,040.7 | |
| **Total fixed assets** | | **1,306.9** | | 1,200.1 | | 2,040.7 |
| Accounts receivables | **19.5** | | 11.0 | | 11.0 | |
| Prepaid expenses and accrued income | **3.8** | | 2.3 | | 2.3 | |
| Cash and cash equivalents [1] | **64.6** | | 187.8 | | 16.9 | |
| **Total current assets** | | **87.9** | | 201.1 | | 30.2 |
| Amounts owed to banks | **50.0** | | 17.1 | | 17.1 | |
| Current portion of long-term debt | **69.2** | | 74.4 | | 74.4 | |
| Trade accounts and other accounts payable | **48.2** | | 34.4 | | 35.6 | |
| Dividends | **36.9** | | 6.9 | | 8.7 | |
| **Total current liabilities** | | **204.3** | | 132.8 | | 135.8 |
| **Curent assets less current liabilities** | | **- 116.4** | | 68.3 | | - 105.6 |
| **Total assets less current liabilities** | | **1,190.5** | | 1,268.4 | | 1,935.1 |
| | | | | | | |
| **Long-term debt** | | **711.0** | | 919.9 | | 919.9 |
| **Provisions** | | **13.1** | | 9.5 | | 9.7 |
| Paid-up and called-up capital stock | **85.3** | | 77.8 | | 77.8 | |
| Legal reserve for equity participations | **48.1** | | 65.1 | | 64.8 | |
| Paid-in surplus | **262.4** | | 196.1 | | 429.2 | |
| Exchange differences | **- 17.7** | | – | | – | |
| Other reserves | **88.3** | | – | | 433.7 | |
| **Shareholders' equity** | | **466.4** | | 339.0 | | 1,005.5 |
| **Total** | | **1,190.5** | | 1,268.4 | | 1,935.1 |

[1] *Pro forma 2001 includes EUR 170.8 million designated finance Univar N.V.*

[2] *Unaudited*

# Notes to the financial statements

An abridged income statement is presented in accordance with section 402, Book 2, of the Netherlands Civil Code.

All amounts are in EUR millions, unless stated otherwise.

## Accounting policies

Group companies are carried at net asset value.
The other accounting policies are the same as those used for the consolidated financial statements.

## Financial fixed assets

| | Group companies | Loans to group companies | Equity participations | Other loans | **Total** |
|---|---|---|---|---|---|
| **Balance at 1 January 2002** | 575.2 | 1,442.4 | 23.1 | – | **2,040.7** |
| Effect split-off Univar | - 84.3 | - 756.3 | – | – | **- 840.6** |
| **Pro forma bookvalue at 1 January 2002** | 490.9 | 686.1 | 23.1 | – | **1,200.1** |
| Movements: | | | | | |
| - Investments, including acquisitions and advances | 1.1 | 7.4 | – | 23.0 | **31.5** |
| - Disposals, repayments | - 14.4 | – | – | – | **- 14.4** |
| - Exchange differences | - 48.2 | - 11.2 | - 3.6 | - 0.8 | **- 63.8** |
| - Net income | 155.9 | – | 1.6 | – | **157.5** |
| - Dividends received | – | – | - 0.3 | – | **- 0.3** |
| - Changes in accounting policy | - 3.7 | – | – | – | **- 3.7** |
| **Balance at 31 December 2002** | 581.6 | 682.3 | 20.8 | 22.2 | **1,306.9** |

Loans to group companies include subordinated loans amounting to EUR 26.3 million (2001: EUR 26.3 million).

## Long-term debt

| | Face value | | | Due after 5 years | | | Average term in years | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2002** | Pro forma 2001 | Before split-off 2001 | **2002** | Pro forma 2001 | Before split-off 2001 | **2002** | Pro forma 2001 | Before split-off 2001 |
| Bond loans | **–** | 63.5 | 63.5 | **–** | – | – | **–** | 1.5 | 1.5 |
| Subordinated loans | **17.0** | 34.0 | 34.0 | **–** | – | – | **2.2** | 2.7 | 2.7 |
| Private placements and bank loans | **644.0** | 707.4 | 707.4 | **516.7** | 603.3 | 603.3 | **7.1** | 7.9 | 7.9 |
| Stand-by loans | **50.0** | 115.0 | 115.0 | **–** | 35.0 | 35.0 | **3.7** | 3.5 | 3.5 |
| **Total** | **711.0** | 919.9 | 919.9 | **516.7** | 638.3 | 638.3 | **6.2** | 6.6 | 6.6 |

| | Average interest per percentage | | |
|---|---|---|---|
| | **2002** | Pro forma 2001 | Before splitt-off 2001 |
| Bond loans | **–** | 7.1 | 7.1 |
| Subordinated loans | **6.2** | 5.4 | 5.4 |
| Private placements and bank loans | **7.8** | 7.3 | 7.3 |
| Stand-by loans | **3.5** | 3.4 | 3.4 |
| **Weighted average** | **7.6** | 6.6 | 6.6 |

## Provisions

| | 2002 | Pro forma 2001 | Before split-off 2001 |
|---|---|---|---|
| Pensions and other employee benefits | **6.6** | 3.5 | 3.7 |
| Reorganisation and others | **6.5** | 6.0 | 6.0 |
| **Total** | **13.1** | 9.5 | 9.7 |

The provisions are mainly of a long-term nature.

## Shareholders' equity

The company's authorised share capital amounts to EUR 240 million, divided into 80,000,000 common shares, 40,000,000 cumulative financing preference shares and 120,000,000 cumulative preference shares, all of EUR 1.00 nominal value each.

The issued share capital at 31 December 2002 consisted of 59,927,972 common shares, of which 1,735,145 are in treasury stock in connection with existing share option plans, and 25,400,000 cumulative financing preference shares. In 2002 1,500 options were issued.

Movements in shareholders' equity were as follows:

| | Common shares | Cumulative financing preference shares | Legal reserve for equity participations | Paid-in surplus | Cumulative translation adjustments | Other reserves | Total shareholders' equity |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2001** | 52.4 | 25.4 | 44.7 | 430.9 | – | 403.9 | **957.3** |
| Movements: | | | | | | | |
| - Addition from income | – | – | – | – | – | 35.6 | **35.6** |
| - Translation differences on the consolidation of foreign group companies and equity participations | – | – | – | – | – | 4.4 | **4.4** |
| - Transfer from other reserves to legal reserve | – | – | 20.1 | – | – | - 20.1 | **–** |
| - Issued to holders of option rights | – | – | – | - 1.7 | – | 8.9 | **7.2** |
| - Other | – | – | – | – | – | 1.0 | **1.0** |
| **Balance at 1 January 2002** | 52.4 | 25.4 | 64.8 | 429.2 | – | 433.7 | **1,005.5** |
| - Rights issue before split-off | 7.5 | – | – | 141.2 | – | – | **148.7** |
| - Effect split-off Univar | – | – | 0.3 | - 233.1 | – | - 433.7 | **- 666.5** |
| - Univar share rights issue | – | – | – | - 74.9 | – | – | **- 74.9** |
| **Pro forma balance at 1 January 2002** | 59.9 | 25.4 | 65.1 | 262.4 | – | – | **412.8** |
| Movements: | | | | | | | |
| - Addition from income | – | – | – | – | – | 74.4 | **74.4** |
| - Translation differences on the consolidation of foreign group companies and equity participations | – | – | – | – | - 17.7 | – | **- 17.7** |
| - Transfer from legal reserve to other reserves | – | – | - 17.0 | – | – | 17.0 | **–** |
| - Change in accounting policy | – | – | – | – | – | - 3.7 | **- 3.7** |
| - Other | – | – | – | – | – | 0.6 | **0.6** |
| **Balance at 31 December 2002** | 59.9 | 25.4 | 48.1 | 262.4 | - 17.7 | 88.3 | **466.4** |

Prior to the split-off, 7,490,996 new shares were issued for a gross amount of EUR 150 million, 50% of which has been allocated to Univar N.V.

The total proceeds from the issue of 25,400,000 cumulative financing preference shares amounted to EUR 144.1 million. At the time of the split-off of the chemical distribution activities, EUR 28.8 million of the issues proceeds were attributed to Univar N.V.

As a result of the split-off, the share premium account for cumulative financing preference shares decreased from EUR 118.7 million to EUR 89.9 million. Under the Articles of Association of Royal Vopak, holders of cumulative financing preference shares have certain rights in relation to the share premium account.

Holders of depositary receipts for cumulative financing preference shares in Royal Vopak receive an average of 6.03% of the adjusted issue price each year, which is equivalent to a total annual dividend of EUR 6.9 million. The percentage will be set again on 1 January 2005 and every eight years thereafter, based on the average effective interest rate on government bonds with a term of between seven and eight years, increased by a maximum of 200 basis points.

The share premium account can be distributed in full free of tax.

## Remuneration of the Supervisory Board members and Executive Board members

### *Remuneration of the members of the Supervisory Board*

The total remuneration of the members of the Supervisory Board consists of a remuneration component and a fixed expense allowance. The Board members receive no profit-related bonuses or options. Members of the various committees receive no supplementary allowances. In the year under review, the total remuneration paid to current and former Supervisory Directors was EUR 0.2 million (2001: EUR 0.2 million).

The table below shows amounts received by each member separately in 2002.

| in thousands of EUR | Remuneration | Allowance | **Total** |
|---|---|---|---|
| J.D.R.A. Bax[1] | 5 | – | **5** |
| P. Bouw | 27 | 2 | **29** |
| R. den Dunnen | 27 | 2 | **29** |
| J.M. Hessels | 27 | 2 | **29** |
| M. van der Vorm | 27 | 2 | **29** |
| **Total current members** | 113 | 8 | **121** |
| | | | |
| Y. Bobillier[3] | 14 | 1 | **15** |
| D.R. de Kat[2] | 29 | 2 | **31** |
| N.S. Rogers[3] | 14 | 1 | **15** |
| H. de Ruiter[3] | 14 | 1 | **15** |
| G.J. Sharman[3] | 14 | 1 | **15** |
| **Total former members** | 85 | 6 | **91** |
| | | | |
| **Total** | 198 | 14 | **212** |

[1] *Remuneration 2002 since date of appointment on 6 November 2002*

[2] *Remuneration 2002 till date of resignation on 6 November 2002*

[3] *Remuneration 2002 till split-off Univar N.V. at 28 June 2002*

At year-end 2002 and 2001, the members of the Supervisory Board owned no shares in Royal Vopak.

No loans, advances or guarantees have been issued to current or former members of the Supervisory Board.

*Remuneration of the members of the Executive Board*

The total remuneration paid to current and former members of the Executive Board amounted to EUR 3.3 million (2001: EUR 1.9 million). The breakdown for current and former Executive Directors is as follows:

| in thousands of EUR | Salaries | Bonus | Pensions | Allowance | **Total 2002** | Total 2001 |
|---|---|---|---|---|---|---|
| C.J. van den Driest[1] | 225 | 33 | – | – | **258** | – |
| P.R.M. Govaart | 318 | 57 | 194 | – | **569** | 557 |
| **Total current members** | 543 | 90 | 194 | – | **827** | 557 |
| N.J.A. von Hombracht[2] | 398 | 57 | 183 | 957 | **1,595** | 559 |
| A.H. Spoor[3] | 170 | – | 87 | 640 | **897** | 743 |
| G.E. Pruitt[4] | – | – | – | – | **–** | 61 |
| **Total former members** | 568 | 57 | 270 | 1,597 | **2,492** | 1,363 |
| **Total** | 1,111 | 147 | 464 | 1,597 | **3,319** | 1,920 |

[1] *Remuneration 2002 since date of appointment, salary includes pension costs*

[2] *Remuneration 2002 till date of resignation, allowance covers severance package*

[3] *Remuneration 2002 till date of resignation, allowance covers severance package*

[4] *Remuneration 2001 since date of appointment, remuneration 2002 is for the account of Univar N.V.*

The members of the Executive Board are not members of a defined benefit plan, but where appropriate, members of a defined contribution plan based on a retirement age of 60 years.

In 2002, the members of the Executive Board received no options. Movements in existing options are shown under Options.

The members of the Executive Board are entitled to a performance related bonus.

No loans, advances or guarantees were issued to current or former members of the Executive Board.

Of the current members of the Executive Board, Mr van den Driest and Mr Govaart owned 500 and 2,200 shares respectively at year-end 2002 (year-end 2001: nil).

## Options

Options were granted in previous years. Due to the issue of new shares and the Univar split-off, the exercise prices of these options were adjusted as follows:

| Term | Year of options | Original exercise price in euro's | Recalculated exercise price Vopak in euro's | Recalculated exercise price Univar in euro's |
|---|---|---|---|---|
| till 11-09-2002 | 1997 | 27.77 | 20.73 | 14.02 |
| till 10-10-2002 | 1997 | 31.31 | 23.38 | 15.80 |
| till 29-10-2003 | 1998 | 19.81 | 14.79 | 10.00 |
| till 09-10-2003 | 1998 | 18.88 | 14.10 | 9.52 |
| till 01-03-2005 | 2000 | 24.70 | 18.45 | 12.46 |
| till 10-11-2006 | 2001 | 16.73 | 12.49 | 8.44 |

Each option holder on exercising the option is entitled to one Royal Vopak share and half a Univar share. Exercising the right to both shares must take place simultaneously.

The options have a term of five years from the year of grant. The option holder can exercise the option during the exercise periods, subject to observance of a specific model code. Conditional employee stock options can be exercised three years after being granted.

Breakdown of outstanding options:

| | Term | Year of options | Options granted | Recalculated exercise price in euro's | Outstanding rights at 31 December 2002 | 2001 |
|---|---|---|---|---|---|---|
| | Unconditional options | | | | | |
| | till 11 – 09 – 2002 | 1997 | 20,100 | 20.73 | – | 20,100 |
| | till 10 – 10 – 2002 | 1997 | 300,000 | 23.38 | – | 277,750 |
| | till 29 – 10 – 2003 | 1998 | 402,000 | 14.79 | **310,460** | 312,890 |
| | till 09 – 10 – 2003 | 1998 | 300,000 | 14.10 | **238,625** | 238,625 |
| | | | **1,022,100** | | **549,085** | 849,365 |
| | Conditional options | | | | | |
| | till 01 – 03 – 2005 | 2000 | 857,000 | 18.45 | **768,000** | 817,000 |
| | till 10 – 11 – 2006 | 2001 | 40,000 | 12.49 | **40,000** | 40,000 |
| | | | **897,000** | | **808,000** | 857,000 |
| **Total** | | | **1,919,100** | | **1,357,085** | 1,706,365 |

No new options were granted in the year under review. In total, 1,500 options were exercised and 347,780 lapsed, of which 49,000 were conditional options.

The breakdown of options granted to current and former members of the Executive Board in 2002, as included in the breakdown above, is as follows:

| | Year of options | Options granted | Recalculated exercise price in euro's | Outstanding rights at 31 December 2002 | 2001 |
|---|---|---|---|---|---|
| P.R.M. Govaart | 1998 | 10,050 | 14.79 | **10,050** | 10,050 |
| | 2000 | 12,000 | 18.45 | **12,000** | 12,000 |
| N.J.A. von Hombracht | 1998 | 6,000 | 14.10 | **6,000** | 6,000 |
| | 2000 | 40,000 | 18.45 | **40,000** | 40,000 |
| G.E. Pruitt | 1998 | 4,000 | 14.10 | **4,000** | 4,000 |
| | 2000 | 8,000 | 18.45 | **8,000** | 8,000 |
| | 2001 | 40,000 | 12.49 | **40,000** | 40,000 |
| A.H. Spoor | 1998 | 13,000 | 14.10 | **13,000** | 13,000 |
| | 2000 | 40,000 | 18.45 | – | 40,000 |

In 2002, no options were exercised and 40,000 lapsed.

### *Off-balance-sheet commitments*

Koninklijke Vopak N.V. is the head of a fiscal unit including virtually all the Dutch wholly owned group companies; based on this, the entity is severally liable for taxes payable of the fiscal unit in total.

Guarantees and security provided on behalf of equity participations and third parties amounted to EUR 41.1 million at year-end 2002 (2001: EUR 55.6 million). Guarantees and security provided on behalf of group companies amounted to EUR 246.0 million at year-end 2002 (2001: EUR 642.0 million).

Joint and several liability undertakings were issued to an amount of EUR 250.0 million at year-end 2002 (2001: EUR 327.0 million) for bank credits granted to Royal Vopak and its subsidiaries. EUR 7.0 million at year-end 2002 (2001: EUR 67.0 million) of this related to bank credits granted to foreign subsidiaries.

Under section 334t, Book 2, of the Netherlands Civil Code, Royal Vopak is jointly and severally liable for debts transferred to Univar.

The company has issued joint and several liability undertakings for a number of its Dutch group companies. These written undertakings have been filed with the office of the Company Registry in whose area of jurisdiction the group company concerned has its registered office. The list of equity participations filed with the Company Registry for inspection states for which Royal Vopak group companies joint and several liability undertakings have been issued.

Rotterdam, 5 March 2003

**The Executive Board**

C.J. van den Driest, Chairman
P.R.M. Govaart
J.P. de Kreij

**The Supervisory Board**

J.D.R.A. Bax, Chairman
P. Bouw
R. den Dunnen
J.M. Hessels
M. van der Vorm

# Other information

## Auditors' report

**Introduction**
We have audited the financial statements of Royal Vopak in Rotterdam for the year 2002.
These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

**Scope**
We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

**Opinion**
In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2002 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

Rotterdam, 5 March 2003

*KPMG Accountants N.V.*

## Articles of Association provisions governing the distribution of net income

The Articles of Association provisions governing the distribution of net income are contained in articles 19 and 27.

The relevant paragraphs of these articles are as follows:
19.2. At the Annual General Meeting;
- b. the annual accounts prepared by the Executive Board will be submitted to the General Meeting for adoption and subject to article 27 of these articles of association, the profit allocation will be determined.

27.7. Such amounts of the profit remaining after the application of the preceding paragraphs will be reserved as the Executive Board determines, subject to the approval of the Supervisory Board.
Insofar as such profit is not reserved by the application of the preceding sentence, it is at the free disposal of the General Meeting, on the understanding that no further dividends will be paid out on the preference shares and the financing preference shares.

## Proposed distribution of net income

The dividend on the cumulative financing preference shares amounts to EUR 6.9 million. It will be proposed to the Annual General Meeting that a cash dividend of EUR 0.50 be distributed for 2002 (2001: nil) per common share of EUR 1.00 nominal value each. Provided that the Annual General Meeting adopts the profit and loss account, balance sheet and dividend proposal, the dividend for the 2002 financial year will be made payable on 14 May 2003.

## Stichting Vopak

The objective of Stichting Vopak, established in Rotterdam, is to promote the interests of Royal Vopak and of all those involved with this company or any of its affiliated companies in order to safeguard the company's continuity, identity and independence.

The Board is currently made up as follows:

- W.E. de Vin, Chairman
- J.D.R.A. Bax
- C.J. Oort
- R.E. Selman
- A.P. Timmermans

During the year under review the Board of Stichting Vopak has convened twice. During these meetings the Board has been extensively briefed by the Chairman of the Executive Board about the developments in the company.

No cumulative preference shares in Royal Vopak were issued as at the balance sheet date.

Royal Vopak and Stichting Vopak entered into a Preference Share Option Agreement for the company's cumulative preference shares on 1 November 1999. Under this agreement, Stichting Vopak undertook vis-à-vis Royal Vopak to take, where necessary, cumulative preference shares in the share capital of Royal Vopak, but subject to a maximum amount equal to 100% of the nominal value of the share capital issued to third parties in the form of common and financing preference shares at the time the option is exercised, less the nominal value of one common share.

Stichting Vopak is authorised to exercise the option if in its judgement this is deemed necessary to achieve its objective.

Rotterdam, 5 March 2003

**Stichting Vopak**

### Statement of independence

The Executive Board of Royal Vopak and the Board of Stichting Vopak hereby declare that, in their joint opinion, the requirements of Appendix X of the Listing Regulations of Euronext N.V., Amsterdam, have been satisfied in respect of the independence of the directors of Stichting Vopak.

Rotterdam, 5 March 2003

**Stichting Vopak**

# Information on the Executive Board members

### Personal details regarding Mr C.J. van den Driest (Chairman)

| | |
|---|---|
| Nationality | : Dutch |
| Year of birth | : 1947 |
| Previous important positions held | : President of Europe Combined Terminals B.V.<br>Chairman of the Executive Board of Koninklijke Van Ommeren N.V. |
| Supervisory Board memberships | : Anthony Veder Group N.V.<br>Dura Vermeer Groep N.V.<br>Goudse Verzekeringen B.V.<br>HES Beheer N.V.<br>Van der Hoop Effectenbank N.V.<br>Van Oord Groep N.V. |
| Number of Vopak shares held | : 500 |
| Date of appointment | : 29 June 2002 |

### Personal details regarding Mr P.R.M. Govaart

| | |
|---|---|
| Nationality | : Dutch |
| Year of birth | : 1947 |
| Previous important positions held | : President Vopak Chemicals Logistics Europe & Africa |
| Supervisory Board memberships | : Broström AB |
| Number of Vopak shares held | : 2,200 |
| Date of appointment | : 3 November 2000 |

### Personal details regarding Mr J.P. de Kreij

| | |
|---|---|
| Nationality | : Dutch |
| Year of birth | : 1959 |
| Previous important positions held | : Senior Partner at PriceWaterhouseCoopers N.V.<br>Managing Partner for Transaction Services |
| Supervisory Board memberships | : none |
| Number of Vopak shares held | : none |
| Date of appointment | : 1 January 2003 |

# Information on the Supervisory Board members

### Personal details regarding Mr J.D.R.A. Bax (Chairman)

| | |
|---|---|
| Nationality | : Dutch |
| Year of birth | : 1936 |
| Previous important positions held | : President IHC Caland N.V. |
| Supervisory Board memberships | : Corio N.V., Vice-Chairman<br>Handelsveem Beheer B.V.<br>Heerema Fabrication Group B.V., Chairman<br>IHC Caland N.V.<br>Koninklijke Frans Maas Groep N.V.<br>Mammoet Holdings N.V., Chairman<br>Nederlands Loodswezen B.V.<br>Oranjewoud Beheer B.V., Chairman<br>Smit Internationale N.V., Chairman<br>TBI Holdings B.V., Chairman |
| Number of Vopak shares held | : none |
| Date of first appointment | : 6 November 2002 |
| Year of resignation | : 2006 |

Chairman of the Remuneration Committee

### Personal details regarding Mr P. Bouw (member)

| | |
|---|---|
| Nationality | : Dutch |
| Year of birth | : 1941 |
| Previous important position held | : President of KLM |
| Supervisory Board memberships | : Getronics N.V., Vice-Chairman<br>De Nederlandsche Bank N.V.<br>Océ N.V.<br>CSM N.V., Chairman<br>NUON N.V. |
| Number of Vopak shares held | : none |
| Date of first appointment | : 2 September 1999 |
| Year of resignation | : 2006 |

Chairman of the Audit Committee

### Personal details regarding Mr R. den Dunnen (member)

| | |
|---|---|
| Nationality | : Dutch |
| Year of birth | : 1939 |
| Previous important positions held | : Secretary General, Ministry of Housing, Regional Development and the Environment<br>Alderman for Port Matters of the Rotterdam Municipality |
| Supervisory Board memberships | : SHB Personeelsplanning B.V., Chairman<br>VDP (Management Consultants) |
| Number of Vopak shares held | : none |
| Date of first appointment | : 4 November 1999 |
| Year of resignation | : 2006 |

### Personal details regarding Mr J.M. Hessels (member)

| | |
|---|---|
| Nationality | : Dutch |
| Year of birth | : 1942 |
| Previous important position held | : Chairman of the Executive Board. Koninklijke Vendex KBB N.V., Amsterdam |
| Supervisory Board memberships | : Euronext N.V., Chairman<br>N.V. Schiphol Groep<br>Koninklijke Philips Electronics N.V.<br>Laurus N.V.<br>Heineken N.V.<br>Fortis N.V. |
| Number of Vopak shares held | : none |
| Date of first appointment | : 2 September 1999 |
| Year of resignation | : 2003 |

Member of the Remuneration Committee

### Personal details regarding Mr M. van der Vorm (member)

| | |
|---|---|
| Nationality | : Dutch |
| Year of birth | : 1958 |
| Profession or principal occupation | : Chairman of the Executive Board of HAL Holding N.V. (see also page 38 – information for shareholders) |
| Supervisory Board memberships | : Anthony Veder Group N.V.<br>Koninklijke Boskalis Westminster N.V.<br>Univar N.V. |
| Number of Vopak shares held | : none |
| Date of first appointment | : 3 November 2000 |
| Year of resignation | : 2004 |

Member of the Audit Committee

# List of most important company officers

## Chemicals Logistics Europe & Africa

*Division Management*

| | |
|---|---|
| Bert Jaski | President |
| Frits Ploeg | Sales & Marketing |
| Niek Verbree | Operations |
| Eddy van Rhede van der Kloot | Finance & Control |
| Rien de Jong | Human Resources |

*Business Units*

| | |
|---|---|
| David Bishop | United Kingdom |
| Gilles Bonny | Forwarding |
| Ian Cochrane | Finland |
| Kelly Dworaczyk | Sabtank, Saudi Arabia |
| Geert Eysink | Vegoil |
| Theo van der Hoest | Warehousing |
| Pierre Kreuze until 1 April 2003 | Barging |
| Rob Kasteel from 1 April 2003 | Barging |
| Paul Leurink | Shared Services |
| Peter van Loef | Shipping |
| Ronald Okker | Chemgas |
| Colin Scott | South Africa |

*Equity participations*

| | |
|---|---|
| Antonio Cano | Terquimsa, Spain |
| Klaus Günther | Dupeg, Germany |
| M. Mazel | CFTG, France |

## Oil Logistics Europe & Middle East

*Division Management*

| | |
|---|---|
| Ted van Dam Merrett | President |
| Hari Dattatreya | Sales & Marketing |
| Jeroen Wijtenburg | Operations & Human Resources |
| Piet Hoogerwaard | Agencies |
| Ard Huisman | Finance & Control |
| Sjaak Exalto | Terminal Manager |

*Business Units*

| | |
|---|---|
| Juergen Franke | Hamburg |
| Igor Lepetukhin | Moscow representative office |
| Christer Lundblad | Sweden |
| Koos Schaberg | Switzerland |

*Equity participations*

| | |
|---|---|
| Jan Buiter | Cross-Ocean, The Netherlands |
| Eelco Hoekstra | Fujairah, United Arab Emirates |
| Piet van der Staal | Pakterminal, Estonia |

## Asia

*Division Management*

| | |
|---|---|
| John Paul Broeders | President |
| Rob Nijst | Business Development |
| Rob Dompeling | Operations |
| Wim Samlal | Finance & Control |
| Lee Marn Seng | Human Resources |

*Business Unit*

| | |
|---|---|
| Len Daly | Australia |

*Equity participations*

| | |
|---|---|
| Javed Akbar | Engro Vopak, Pakistan |
| Eric Arnold | Shanghai, China |
| Brian Davies | Lanshan, China |
| Chester Lee | Ningbo, China |
| J.I. Lee | Vopak Terminals Korea |
| Moriwaki | Nippon Vopak |
| Wim de Ridder | Xiamen, China |
| Jan Bert Schutrops | Kertih Terminals, Malaysia |
| Surapong Karnsuwan | Thai Tank Terminal |

## North America

*Division Management*

| | |
|---|---|
| Gene Sabatier | President |
| John Baker | Sales & Marketing |
| Jim Dubose | Operations |
| Mike Chieco | Finance & Control |

*Business Unit*

| | |
|---|---|
| Mike Dilick | Logistics Services |

## Latin America

*Division Management*

| | |
|---|---|
| Pieter Bakker | President |
| Bert Vermeer | Finance & Control |

*Business Units*

| | |
|---|---|
| Osvaldo Caparelli | Brazil |
| Casper Pieper | Chile |
| Dick Richelle | Mexico |

*Equity participations*

| | |
|---|---|
| Jot Visser | Serlipsa, Peru |

## Corporate staff

| | |
|---|---|
| Wim Avontuur | Treasury |
| Monty Blom | Operational Audit |
| Hugo Brink | Tax |
| Bon de Jonge van Ellemeet | Communication & Investor Relations |
| Henk Mol | Control |
| Michiel van Ravenstein | Human Resources |
| Wim Rietveld | Information Services |
| Paul Runderkamp | Legal Affairs & Company Secretary |
| Dirk van Slooten | PEPI |
| Richard Smith | Business Support |
| Jan Zwiep | Risk Management |

# List of most important group companies and equity participations

## Europe, Africa and the Middle East

*The Netherlands*

Chemgas Shipping B.V.
Chemgas Terminal Vlissingen B.V.
De Humber Amsterdam B.V.
Vopak Agencies Amsterdam B.V.
Vopak Agencies Rotterdam B.V.
Vopak Agencies Terneuzen B.V.
Vopak Barging Europe B.V.
Vopak Chemical Tankers B.V.
Vopak Chemicals Logistics Europe & Africa B.V.
Vopak Chemicals Logistics Netherlands B.V.
Vopak Logistic Services Dordrecht B.V.
Vopak Logistic Services Netherlands B.V.
Vopak Logistic Services Pernis B.V.
Vopak Mineral Oil Barging B.V.
Vopak Oil Logistics Europe & Middle East B.V.
Vopak Shared Services B.V.
Vopak Terminal Botlek B.V.
Vopak Terminal Botlek-Noord B.V.
Vopak Terminal Chemiehaven B.V.
Vopak Terminal Europoort B.V.
Vopak Terminal Laurenshaven B.V.
Vopak Terminal TTR B.V.
Vopak Terminal Vlaardingen B.V.
Vopak Vegoil Barging B.V.
Vopak Vegoil Logistics B.V.
Cross-Ocean B.V. (50%)
Dockwise Transport B.V. (13.41%)
Dutch P & I Services B.V. (42.5%)
Dutch Shipping Defence NV (42.5%)
Interstream Barging B.V. (50%)
Maasvlakte Olie Terminal NV (16.67%)
MultiCore CV (25%)
Van Ommeren Clipper
Shipholdings B.V. (33.33%)

*Belgium*

Vopak Agencies Antwerpen NV
Vopak Barging Belgium NV
Vopak Chemicals Logistics Belgium NV
Vopak Logistics Management Antwerp NV
Vopak Logistic Services Belgium NV
Vopak Tanker Chartering Belgium NV
Vopak Terminal ACS NV

*Germany*

Vopak Logistic Services Düsseldorf GmbH
Vopak Mineral Oil Barging Düsseldorf GmbH
Vopak Mineral Oil Barging Hamburg
Vopak Terminal Hamburg GmbH
Vopak Vegoil Barging Germany GmbH
DUPEG Tank Terminal (50%)
Interstream Barging GmbH (50%)
VOTG Tanktainer GmbH (40%)

*Estonia*

Pakterminal Ltd. (50%)

*Finland*

Vopak Chemicals Logistics Finland Oy

*France*

Vopak Agencies France Sarl
Vopak Logistic Management France SA
Vopak Logistic Management Lyon SA
Compagnie Fluviale de Transport Gaz S.A. (50%)

*Russia*

Koninklijke Vopak N.V.; Moscow representative office

*Saudi Arabia*

SABIC Terminal Services Company Ltd. (10%)

*South Africa*

Vopak Terminal Durban (Pty) Ltd.

*Spain*

Terminals Quimicos SA (Terquimsa) (50%)

*Sweden*

Vopak Logistics Nordic AB

*Switzerland*

Vopak (Schweiz) AG
Vopak Brag AG (75%)

*United Arab Emirates*

Vopak ENOC Terminal Fujairah Ltd. (30%)

*United Kingdom*

Vopak Logistic Services UK Ltd.
Vopak Terminal Barry Ltd.
Vopak Terminal Ipswich Ltd.
Vopak Terminal London Ltd.
Vopak Terminal Purfleet Ltd.
Vopak Terminal Teesside Ltd.
Vopak Terminal Windmill Ltd.

## Asia and Australia

*Australia*

Australian Petro Chemical
Storage Pty Ltd. (55%)
Vopak Terminals Australia Pty Ltd.
Vopak Terminals Sydney Pty Ltd.

*China*

Xiamen Paktank Company Ltd. (40%)
Vopak Logistics Asia Pte. Ltd., Shanghai representative office
Vopak Terminals Lanshan (60%) [*1]
Vopak Terminals Ningbo Co. Ltd. (37.5%)
Vopak Shanghai Logistics Company Ltd. (50%)

*Japan*

Nippon Vopak Co. Ltd. (39.77%)

*Malaysia*

Kertih Terminals Sdn. Bhd. (30%) [*2]

*Pakistan*

Engro Vopak Terminal Ltd. (50%)

*Singapore*

Vopak Holding Singapore Pte. Ltd.
Vopak Terminals Singapore Pte. Ltd. (69.5%) [*3]
Vopak Terminal Penjuru Pte. Ltd. (83.33%) [*4]
Vopak Gas Tankers Singapore Pte. Ltd.

*South Korea*

Vopak Terminals Korea Ltd. (49%)

*Taiwan*

Vopak Logistic Services Taiwan Ltd. (25%)

*Thailand*

Thai Tank Terminal Ltd. (49%)

## North America

*United States of America*

Vopak Logistics Latin America LLC
Vopak Logistics North America Inc.
Vopak Terminals North America Inc.
Vopak Terminal Deer Park Inc.
Vopak Terminal Galena Park Inc.
Vopak Terminal Savannah Inc.
Vopak Terminal Westwego Inc.
Vopak Terminal Wilmington Inc.
Vopak Industrial Services Inc.
Paktank Corporation – Los Angeles Terminal

*Canada*

Vopak Terminals of Canada Inc.

## Latin America

*Chile*

Vopak Terminal San Antonio Limitada

*Brazil*

Vopak Brasterminais Armazens Gerais SA
Uniao-Vopak Armazens Gerais Limitada (50%)

*Mexico*

Vopak Terminals Mexico SA de CV

*Peru*

Vopak Serlipsa SA (49%)

## The Netherlands Antilles

*Curaçao*

Cableship Contractors Holding NV (20%)

[*1] *Vopak Terminal Penjuru Pte. Ltd. owns 60% of Vopak Terminals Lanshan*
[*2] *Vopak Terminal Penjuru Pte. Ltd. owns 30% of Kertih Terminals*
[*3] *Vopak Holding Singapore Pte. Ltd. owns 69.5% of Vopak Terminals Singapore Pte Ltd.*
[*4] *Vopak Terminals Singapore Pte. Ltd. owns 83.33% of Vopak Terminal Penjuru Pte. Ltd.*

# Five-year consolidated review*

| In EUR millions | 2002 | 2001 | 2000 | 1999 | 1998 |
|---|---|---|---|---|---|
| **Abridged income statement** | | | | | |
| Net sales | **796** | 811 | 786 | 754 | 710 |
| Other operating income | **1** | 4 | – | 5 | 5 |
| **Total operating income** | **797** | 815 | 786 | 759 | 715 |
| Operating expenses | **- 536** | - 529 | - 507 | - 502 | - 472 |
| Depreciation and amortization | **- 109** | - 112 | - 106 | - 101 | - 89 |
| **Total operating expenses** | **- 645** | - 641 | - 613 | - 603 | - 561 |
| Income from equity participations | **48** | 63 | 55 | 58 | 69 |
| **Group operating income** | **200** | 237 | 228 | 214 | 223 |
| Interest | **- 58** | - 78 | - 41 | - 42 | - 23 |
| **Income from ordinary activities before income taxes** | **142** | 159 | 187 | 172 | 200 |
| Income taxes | **- 32** | - 35 | - 46 | - 48 | - 48 |
| **Income from ordinary activities after income taxes** | **110** | 124 | 141 | 124 | 152 |
| Extraordinary income/expense after income taxes | **16** | 31 | – | - 50 | 6 |
| **Consolidated net income** | **126** | 155 | 141 | 74 | 158 |
| Third-party interests in consolidated net income | **- 15** | - 9 | -10 | - 8 | - 11 |
| **Net income** | **111** | 146 | 131 | 66 | 147 |
| Dividend on cumulative financing | | | | | |
| preference shares | **- 7** | - 7 | - 7 | - 5 | - 5 |
| Net income for holders of common shares | **104** | 139 | 124 | 61 | 142 |
| Allocated as follows: | | | | | |
| Addition to reserves | **74** | 139 | 59 | - 3 | 79 |
| Dividend on common shares | **30** | – | 65 | 64 | 63 |

| | | | | | |
|---|---|---|---|---|---|
| **Abridged balance sheet** | | | | | |
| Intangible fixed assets | **6** | 6 | – | – | – |
| Tangible fixed assets | **1,107** | 1,219 | 1,266 | 1,265 | 1,069 |
| Financial fixed assets | **395** | 476 | 445 | 430 | 476 |
| **Total fixed assets** | **1,508** | 1,701 | 1,711 | 1,695 | 1,545 |
| **Total current assets** | **485** | 594 | 572 | 466 | 391 |
| **Total current liabilities** | **397** | 541 | 633 | 617 | 538 |
| **Current assets less current liabilities** | **88** | 53 | - 61 | - 151 | - 147 |
| **Total assets less current liabilities** | **1,596** | 1,754 | 1,650 | 1,544 | 1,398 |
| **Long-term debt** | **825** | 1,090 | 801 | 624 | 580 |
| **Total provisions** | **240** | 267 | 232 | 250 | 182 |
| **Group equity** | **531** | 397 | 617 | 670 | 636 |

** Pro forma figures for 1998 till 2001, unaudited*

# Glossary

| | |
|---|---|
| Agency | Representative of a shipping company at a port |
| Audit Committee | Committee within the Supervisory Board assisting the Board with fulfilling its supervisory duties regarding, for example, the integrity of the financial statements, financial reporting, internal control procedures and the relationship with and independence of the external auditors |
| Blending | Blending of different types of products |
| Bunker | Fuel for vessels |
| Clean oil products | Kerosene, naphtha, gasoline, gas oil and diesel oil |
| Commodity chemicals | Bulk quantity of standardised chemical feedstocks, transported and stored for processing by industry |
| Corporate governance | The manner in which the company is managed and supervision of management is structured |
| Deadweight (dwt) | Load capacity of a vessel expressed in tonnes |
| Drumming | Repackaging in drums |
| EBIT | Earnings before interest and taxation |
| EBITDA | Earnings before interest and taxation, depreciation and amortization |
| ERP | Enterprise Resource Planning: using a standard software package to fully support all the business processes in an organisation |
| HR | Human Resources |
| Hub | Regional storage and transport centre |
| Integrated Risk Management Audit (IRMA) | System for carrying out an internal audit that simultaneously reviews operating methods, insurance risks, environmental risks and safety risks |
| Industrial terminalling | Terminal whose services are integrated with a chemical complex or oil refinery |
| Lost Time Injury rate (LTIR) | Number of accidents entailing absence from work per million hours worked |
| LPG | Liquefied Petroleum Gas (propane/butane) used as fuel for cars, domestic equipment and in industry, as well as a feedstock for the petrochemical industry |
| Multimodal transport | The different complementary modes of transport, such as the transport by sea, road and rail |
| NAFTA region | North American Free Trade Area: a free-trade area comprising the US, Canada and Mexico |
| Oleochemicals | Semi-finished chemical products derived from vegetable oils |
| Outsourcing | The full or partial sub-contracting of individual business activities |
| Product tanker | Vessel fitted with multiple tanks for the simultaneous transportation of different oil products and base chemicals |
| Remuneration Committee | Committee within the Supervisory Board that prepares the decision-making process on the remuneration for members of the Executive Board and the Supervisory Board |
| Safety Management System | System for ensuring safety on a terminal in a structured manner |
| Seveso Directives | EEC directive that defines the conditions under which hazardous products may be stored |
| Shared Service Organisation | Vopak organisation that provides support services to the Dutch Vopak companies |
| SHE | Safety, Health and Environment |
| Spot market | Market for concluding short-term contracts |
| Stakeholders | Various groups, each having a specific interest in a company, such as shareholders, financiers, employees and customers |
| Supply chain | The logistics chain connecting the producer to the consumer |
| Throughput | Volume of a product handled by a terminal in a given period, calculated as (In + Out)/2 |
| Warehousing | Storage and transshipment of packaged goods |

## Colophon

*Final editing*
Corporate Communication &
Investor Relations, Royal Vopak

*Text advice*
Jonkergouw & van den Akker,
Amsterdam

*Photography*
Frank Dorren, Noordwijk
Royal Vopak and others

*Design*
Niek Wensing, Huis ter Heide

*Printing and typesetting*
Druk & Data, Rotterdam

The report, including the cover,
is printed on chlorine-free paper.