SHORE AND SEA / ANNUAL REPORT **2010**

ODFJELL

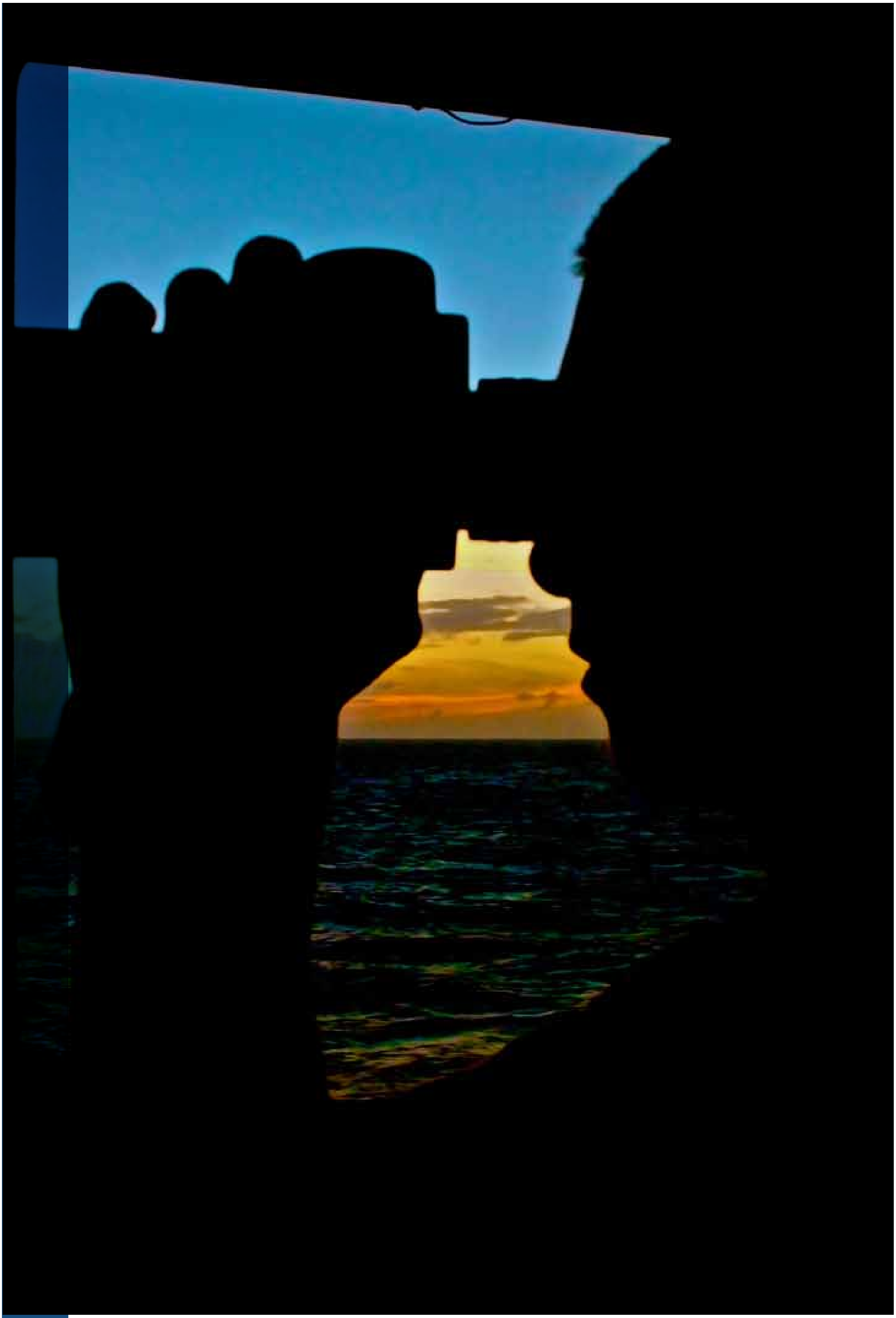
CONTENT

FINANCIAL CALENDAR **2011**

2011	**3 May**	Report 1st quarter
2011	**17 August**	Report 2nd quarter
2011	**9 November**	Report 3rd quarter
2012	**8 February**	Report 4th quarter

The Annual General Meeting will be held May 3rd 2011. Please note that the financial calendar is subject to change.

Supplementary information may be found on: www.odfjell.com



MISSION STATEMENT

Odfjell shall be a leading, preferred and profitable global provider of transportation and storage of bulk liquid chemicals, acids, edible oils and other special products. We shall be capable of combining different modes of transportation and storage. We shall provide our customers with reliable and efficient services. We shall conduct our business to high quality, safety and environmental standards.

SHORE & SEA

Odfjell is a leading company in the global market for transportation and storage of chemicals and other speciality bulk liquids. Originally set up in 1916, the Company pioneered the development of the chemical tanker trades in the middle of the 1950s and the tank storage business in the late 1960s. Odfjell owns and operates chemical tankers in global and regional trades as well as a network of tank terminals.

Odfjell's business is an important contributor to industrial and social development around the world. Our core business is to transport and store organic bulk liquid chemicals, acids, animal fats, edible oils, potable alcohols and clean petroleum products – important ingredients and raw materials for everyday life through products like medicines, medical equipment, building material, cosmetics, food, textiles, cars, plastics, etc.

STRATEGY

Odfjell's strategy is to maintain our position as a leading logistics service provider with customers worldwide, through a continuos development of efficient and safe operation of deep-sea and regional chemical tankers and tank terminals worldwide.

CHEMICAL TANKERS

Odfjell has unprecedented experience in deep-sea transportation of chemicals and other liquids. Our operations are fully integrated, with in-house functions for chartering, operation and ship management. Our major trade lanes covers US, Europe, Asia, India, the Middle East and South America. Odfjell's sophisticated fleet currently consists of 85 ships, following redelievery and sales of 11 vessels since year end 2010. In addition we have five newbuildings on order. Total capacity of current fleet is about 2.4 million dwt. Gross revenue of USD 999 million was generated in 2010.

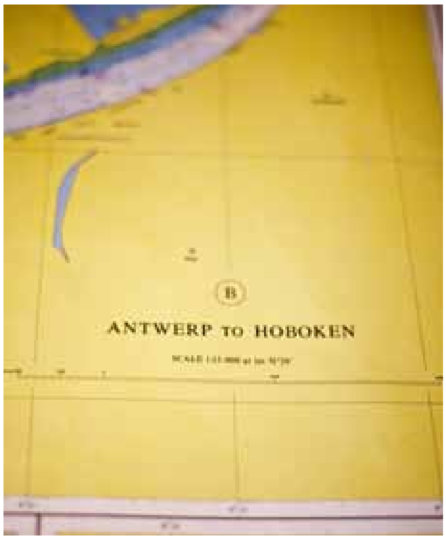
TANK TERMINALS

Our terminal operations yield synergies with our transportation activities and improve quality and efficiency control throughout the transportation chain. The tank terminal business contributes to a stable and stronger result for the Company. Our tank terminal operations also offer opportunities to develop new markets where the infrastructure for specialised bulk liquids is limited. Odfjell has direct investments in fully owned tank terminals in Rotterdam and in Houston. A new fully owned tank terminal is under construction in Charleston, South Carolina, USA and will be operational early 2013. In addition Odfjell has investments in partially owned terminals in Singapore, Korea, Oman, China and in Iran. We also work closely together with ten terminals in South America and one in Canada through associated companies. We are currently expanding our tank terminal activities. The terminal business generated gross revenue of USD 245 million in 2010.








ANTWERP TO HOBOKEN


ODFJELL

NO RECOVERY – STILL NOT **SUSTAINABLE**

During most of 2010 we have felt like sailing in stormy weather. Last year we actually gave this column that particular heading. And we have been right: 2010 turned out a year with little or no recovery of the markets in which we operate, high cost of fuel, escalation of the problem with piracy and as a whole therefore, a "stormy" and challenging year. That being the case, we are pleased to have been able to "navigate" safely through a difficult period. The "storm" may certainly not be over, but we stand better today than we did a year ago to take potentially more of the same weather or even a new "storm". We have sold a number of ships (and bought a few on resale basis) and additionally by use of charter deals and management contracts, adjusted our fleet to better meet current and expected future market conditions. We have successfully expanded the capacity at our existing terminals, but most important; we have strengthened our financial position and mitigated the risk going forward. Despite the "stormy weather" and our poor results, our banks and financial partners have maintained faith in us and our business model.

But we had expected 2010 to turn out somewhat better. The reality is that freight rates remained at a level far from being enough to cover our cost of operations. In view thereof, we have expressed concern and made it clear for everybody, our customers included, that without an adjustment of freight rates to a new and consistently higher level, a repricing of our services so to say, the chemical tanker business simply is not sustainable. One can of course argue that the market, as governed by supply and demand, will take care of this. Maybe so, but we certainly have a huge gap to bridge, especially in view of what it costs to renew the existing fleet of large and sophisticated ships. It is no wonder therefore, that representatives of some of the large chemical manufacturers have started to ask who we think is going to serve them in the future. Without a repricing, combined ideally with every effort possible to make the use of these types of ships more efficiently, the answer is allusive.

At the same time as a repricing is necessary to compensate for the increasing cost of operations, our industry is actually faced with a set of bigger, more complex and inherent challenges. The main problem is inefficiency in port. The large chemical tankers nowadays typically spend 40% of the time in port; 25% of that again (10% of the available time) represents idle and non-productive time, mostly waiting for occupied berths. This is a reflection of the fact that the ports have not been developed concurrent with the increase during recent years of cargo throughput. But it has also to do with the way the market works. Most chemical tanker operators are ending up with irrational cargo/customer combinations, and as a consequence the majority of ships therefore are consistently scheduled to call too many ports and berths within each port. The non-productive time in port also has a negative environmental impact since our ships have to run their auxiliary engines whilst in port.

In Odfjell we are happy to have our terminals at main junctions, and in that respect are in a favourable position to develop sensible cargo/customer combination and by that, efficient voyages. But we are also faced with waiting and many other day-to-day challenges. The entire industry therefore, is actually in need of restructuring. One can for instance put a big question mark next to aspects such as the time and resources used on tank inspections, the first come first served principle associated to port and berth congestion and not the least; ships inspections and vetting in general. On top of that comes the situation with piracy, which certainly calls for co-operation and a common industry (chemical tanker operator) approach given our ships' particular vulnerability.

The chemical tanker industry has in fact reached a cross-road. As it stands today, the business is not sustainable. There is a need for repricing, higher efficiency and thereby a better utilization of the fleet. But there is also an urgent need for the main chemical tanker operators, in a legal and open manner of course, jointly to stronger influence and take part in the shaping of the future environment in which we are going to operate.

We have made certain initiatives via our trade associations and will continue to do so in the years to come. In the meantime we will have to live with continued uncertainty.

JAN A. HAMMER
President/CEO

HIGHLIGHTS **2010**

FINANCIAL PERFORMANCE

- Gross Revenue of USD 1,239 million
- EBITDA of USD 169 million
- EBIT of USD 17 million
- Entering the new Norwegian tonnage tax system at a cost of USD 42 million
- Net result loss of USD 79 million after the above mentioned tax cost
- Cash flow of USD 115 million

MACRO VARIABLES

On the shipping side, the overall activity has stagnated into 2011 and freight rates still has to reach a sustainable level. Disposal of older units gives us better utilization and enhances the results for the rest of the fleet. We see increased activity out of the US Gulf and the Middle East, but all areas still suffer from fierce competition.

The increasing piracy activities in Gulf of Aden and in the Indian Ocean continue to be a major concern, both from a safety and cost perspective.

The large supply overhang in the product tanker market and the steep rise in bunker prices may hamper the recovery of our results in 2011. We expect the activity to continue at about the same level as in 2010.

ASSET DEVELOPMENT

- Sale of two Kværner vessels Bow Century (37,438 dwt/2000) and Bow Favour (37,438 dwt/2001).

- Acquisition of two coated 44,000 dwt IMO II chemical tankers from SLS Shipbuilding Co Ltd, Korea and one IMO II 75,000 dwt chemical tanker from Daewoo shipyard. Delivery 2011-2013. NCC will bring two newbuildings into the joint pool as they acquired two coated 45,000 dwt IMO II chemical tankers, also from SLS.

- Our Brazilian subsidiary Flumar took delivery of Flumar Brasil, a new 51,000 dwt IMO III product tanker from SLS Shipbuilding Co Ltd, Korea, for trading in Brazil under Brazilian flag. Flumar sold two of their older flag vessels, the MT Angelim (10,259 dwt/1984) and the gas carrier MT Jatai (4,452 dwt/ 1979) as part of a fleet renewal programme.

- Cancellation of three out of six shipbuilding contracts in China with Chongqing Chuandong Shipbuilding Industry (CCSIC). The remaining three vessels will be delivered between September 2011 and January 2012.

- New time charter agreement for Southern Jaguar (19,997 dwt/ 2009). The time charter agreement of Bow Pioneer (23,016 dwt/1982), Bow Hunter (23,002 dwt/1983) and Bow West (12,503 dwt/2002) expired in 2010 and the vessels were redelivered to their owner.

- Bow Maasslot (38,039 dwt/1982), Bow Maasstroom (38,039 dwt/1983), Bow Power (45,655 dwt/1987, Bow Fighter (34,982 dwt/1982) and Bow Prima (45,655 dwt/1987) were sold for recycling.

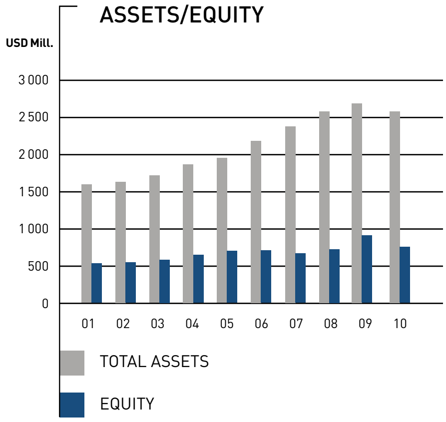
- Odfjell has concluded a contract for land in North Charleston, USA, to construct tank terminal facilities. The construction of the tank terminal will start in January 2011, and will be operational early 2013.

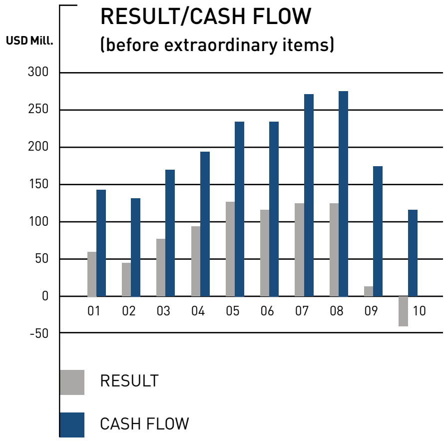
- Nine vessels on commercial management.

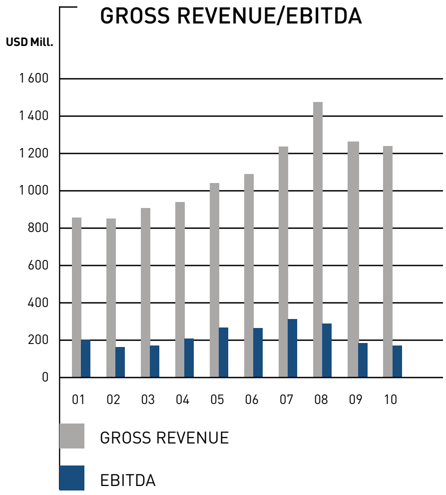
SHAREHOLDER ISSUE

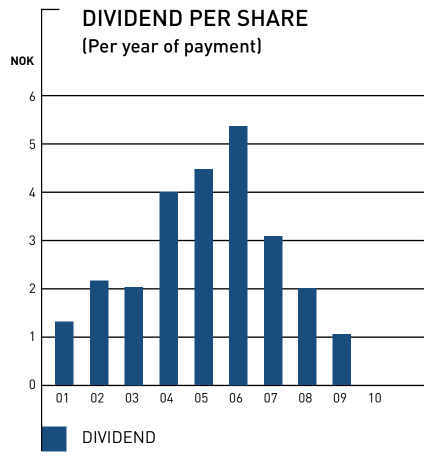
At year-end 2010 the Odfjell A-shares traded at NOK 54.00 (USD 9.23) up 3.85% compared to NOK 52.00 (USD 8.89) a year earlier. The B-shares traded at NOK 54.00 (USD 9.23) up 8% compared to NOK 50.00 (USD 8.69) a year earlier. No dividend was paid in 2010.

On 2 March 2010 ChemLog Holdings Limited (ChemLog), controlled by Livanos, sold 13,802,366 A-shares in Odfjell SE at a price of NOK 44.00 per share. In addition, ChemLog terminated a total return swap agreement (TRS) for 3,000,000 A-shares which subsequently were sold at NOK 44.00 per share as part of the total transaction. At the same time, Odfjell SE bought 2,892,166 shares at NOK 44.00 per share. Following the transaction Odfjell SE owns 5,391,166 A-shares and 2,322,482 B-shares in Odfjell SE. At the end of 2010 ChemLog owns no shares in Odfjell SE.









KEY FIGURES/FINANCIAL RATIOS

ODFJELL GROUP	Figures in	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
From Profit and Loss Statement											
Gross revenue	USD mill.	1 239	1 264	1 476	1 239	1 088	1 045	943	907	850	852
EBITDA (1)	USD mill.	169	182	286	315	260	264	207	170	159	203
Depreciation	USD mill.	(146)	(151)	(141)	(136)	(119)	(107)	(100)	(92)	(87)	(83)
Capital gain (loss) on non-current assets	USD mill.	(6)	44	53	25	15	14	7	(0)	1	4
EBIT (2)	USD mill.	17	61	198	204	156	170	114	78	72	124
Net financial items	USD mill.	(36)	(35)	(52)	(61)	(41)	(28)	(9)	7	(12)	(55)
Net result allocated to shareholders' equity before extraordinary items*)	USD mill.	(37)	11	131	130	116	127	94	77	45	60
Net result allocated to shareholders' equity	USD mill.	(79)	121	163	(10)	116	127	94	22	45	60
Net result	USD mill.	(79)	121	163	(10)	116	128	95	22	46	60
Dividend paid	USD mill.	-	12	34	43	72	60	53	24	22	11
From Balance Sheet											
Total non-current assets	USD mill.	2 195	2 256	2 226	2 048	1 815	1 656	1 568	1 482	1 314	1 301
Current assets	USD mill.	385	442	359	331	374	300	260	233	315	299
Shareholders' equity	USD mill.	766	901	715	666	702	692	639	578	535	526
Minority interests	USD mill.	6	5	6	6	6	-	4	4	4	4
Total non-current liabilities	USD mill.	1 356	1 475	1 540	1 362	1 225	1 008	951	949	981	968
Current liabilities	USD mill.	451	318	324	343	256	255	244	184	110	103
Total assets	USD mill.	2 580	2 699	2 585	2 379	2 189	1 956	1 872	1 715	1 630	1 601
Profitability											
Earnings per share - basic/diluted - before extraordinary items (3)	USD	(0.46)	0.13	1.56	1.56	1.38	1.47	1.09	0.89	0.51	0.61
Earnings per share - basic/diluted (4)	USD	(0.99)	1.42	1.95	(0.12)	1.38	1.47	1.09	0.25	0.51	0.61
Cash flow per share (5)	USD	1.5	2.1	3.2	3.2	2.8	2.7	2.2	2.0	1.5	1.4
Return on total assets - before extraordinary items*) (6)	%	0.4	0.3	8.2	8.5	8.2	8.6	6.9	6.3	5.0	7.0
Return on total assets (7)	%	(1.2)	4.6	9.5	2.0	8.2	8.6	6.9	3.0	5.0	7.0
Return on equity - before extraordinary items*) (8)	%	(4.2)	1.4	18.6	19.0	16.6	19.2	15.4	13.8	8.6	11.4
Return on equity (9)	%	(9.4)	14.9	23.3	(1.5)	16.6	19.2	15.4	4.0	8.6	11.4
Return on capital employed (10)	%	0.8	3.6	10.2	12.0	9.5	11.6	8.4	6.0	5.7	9.8
Financial Ratios											
Average number of shares	mill.	79.29	85.22	83.81	83.34	84.23	86.77	86.77	86.77	89.73	98.75
Basic/diluted equity per share (11)	USD	9.75	11.00	8.24	8.00	8.41	7.98	7.36	6.66	6.17	5.75
Share price per A-share	USD	9.23	9.03	6.22	16.47	18.34	20.26	17.54	5.54	3.95	3.74
Cash flow (12)	USD mill.	115	176	272	266	235	235	194	170	132	143
Interest-bearing debt	USD mill.	1 527	1 576	1 500	1 347	1 293	1 037	1 000	943	957	960
Bank deposits and securities (13)	USD mill.	107	185	193	165	242	190	233	203	230	213
Debt repayment capability (14)	Years	11.4	10.6	6.0	4.9	4.8	3.8	4.1	4.4	5.5	5.4
Current ratio (15)		0.9	1.4	1.1	1.0	1.5	1.2	1.1	1.3	2.9	2.9
Equity ratio (16)	%	29.9	34	28	28	32	35	34	34	33	33
Other											
USD/NOK rate at year-end		5.85	5.76	7.00	5.40	6.27	6.76	6.04	6.68	6.96	9.01
Employees at year-end		3 796	3 707	3 690	3 634	3 487	3 296	3 416	3 316	3 201	3 088

*) Extraordinary items are antitrust fines in 2003 and retroactive tax in 2007, 2008, 2009 and 2010.
Figures from profit and loss statement are according to International Financial Reporting Standards (IFRS) as from 2004 and for balance sheet as from 2003.
Historical figures per share have been adjusted for past bonus share issues and the share-splits in 2004 and 2005.

1. Operating result before depreciation, amortisation and capital gain (loss) on non-current assets.
2. Operating result.
3. Net result allocated to shareholders' equity before extraordinary items divided by the average number of shares.
4. Net result allocated to shareholders' equity divided by the average number of shares.
5. Net result allocated to shareholders' equity plus depreciation and extraordinary items divided by the average number of shares.
6. Net result plus interest expenses and extraordinary items divided by average total assets.
7. Net result plus interest expenses divided by average total assets.
8. Net result plus extraordinary items divided by average total equity.
9. Net result divided by average total equity.
10. Operating result divided by average total equity plus net interest-bearing debt.
11. Shareholders' equity divided by number of shares per 31.12.
12. Net result allocated to shareholders' equity plus depreciation and extraordinary items.
13. Bank deposits and securities includes cash and cash equivalents and available-for-sale investments.
14. Interest-bearing debt less bank deposits and securities, divided by cash flow (12) before capital gain (loss) on non-current assets.
15. Current assets divided by current liabilities.
16. Total equity as percentage of total assets.

ODFJELL MANAGEMENT

The Management Group effective as from 2011. From upper left: Helge Olsen, Harald Fotland, Jan Didrik Lorentz, Atle Knutsen, Tore Jakobsen, Haakon Ringdal, Jan A. Hammer and Morten Nystad.

JAN A. HAMMER

President/CEO

Born 1957. Mr. Hammer has been with the Company since 1985. He has held various management positions within Odfjell, both in chartering and tank terminal activities. Owns 3,200 shares and no options.

TORE JAKOBSEN

Senior Vice President, Corporate Investments

Born 1951. Mr. Jakobsen joined Odfjell in October 2005. Previous position as President/CEO of Westfal-Larsen & Co A/S in Bergen. Owns 10,000 shares and no options.

JAN DIDRIK LORENTZ

Senior Vice President, QHSE

Born 1947. Mr. Lorentz has been with the Company since 1996. His previous position in Odfjell was SVP Ship Management. Prior to Odfjell, he held the position as regional manager for Norway with DNV Bergen. No shares and no options.

HELGE OLSEN

Senior Vice President, Ship Management

Born 1958. Mr. Olsen joined Odfjell in 2000. Previous management positions within Odfjell's Ship Management in Bergen and Singapore. Has experience from the Royal Norwegian Navy.
No shares and no options.

HAAKON RINGDAL

Senior Vice President/CFO

Born 1954. Mr. Ringdal joined Odfjell in 2001. He has previous experience from the finance/accounts area within shipping, banking, property and insurance. Owns 2,000 shares and no options.

HARALD FOTLAND

Senior Vice President, Human Resources

Born 1964. Mr. Fotland joined Odfjell in December 2010. Previous position was Vice President for the marine insurance company Gard AS. Also held various positions within the Royal Norwegian Navy. No shares and no options.

MORTEN NYSTAD

Senior Vice President, Odfjell Tankers AS

Born 1959. Mr. Nystad has been with the Company since 1980. Has held various management positions within Odfjell's Chartering department in Bergen and other overseas locations. No shares and no options.

ATLE KNUTSEN

President, Odfjell Terminals B.V.

Born 1950. Mr. Knutsen has been with the Company since 1972. Has been holding the position as Senior Vice President with responsibilities for both shipping and terminals in Asia. Previous various management positions at other overseas locations. Owns 14,048 shares and no options.

CHEMICAL **TRANSPORTATION AND STORAGE**

Petrochemicals are an integral part of modern life, and in many ways our societies and most industries now depend on products derived from petrochemicals. The sector has for many years been subject to solid growth, and the worldwide use of chemicals has increased considerably. While the industrial nations have been the driving forces behind this growth, developing economies around the world now account for major increases in both consumption and production.

Historically, the production of petrochemical products was based in the US and Europe. However, production capacity has been growing in Asia, South America, South Africa and particularly in the Middle East Gulf where Saudi Arabia plays a leading role. The new plants in these regions are mostly built for production of base chemicals; so called building blocks, whilst the production of derivatives and specialty chemicals still are mostly concentrated in the US and Europe. However, the manufacturing companies in the Middle East are now investing to develop their business in the direction of further down-streaming.

Chemical production facilities have traditionally been located in areas with easy access to the raw materials. Historically, much of the petrochemical production was coal-based. Naphtha, a derivative from crude oil refining, is another raw material that is widely used, particularly in Asia. Nevertheless, the most commonly used raw material nowadays is derived from natural gas from which one gets ethylene and propylene, the two main building blocks for the chemical industry.

New plants are being built in areas where natural gas is readily available, which is why we for instance are seeing a massive increase in production capacity in the Middle East.

The petrochemical industry is international with both production and consumption in all regions of the world. As a result of mergers and acquisitions, many of the petrochemical companies have become global in their market approach. Most of these companies currently have their main focus on Asia and China in particular; the region with the biggest current and future expected growth in demand for chemical products.

As a result, the petrochemical industry is in constant demand for logistics service providers capable of offering different types of storage and transportation. As of today there are a limited number of logistics service providers operating globally. Some of these companies are specialised for one type of service, for instance bulk liquid storage. Most shipping and storage companies operates locally or within a certain region and there are only a limited number of companies in existence with the ability to offer a multiple of different services on a global basis.

Odfjell is one of few companies offering the petrochemical industry a worldwide network of both bulk shipping and storage services. Operating through offices at central locations around the world, Odfjell is a major player in chemical tanker segment, and as such are operating in all major trade lanes. Whilst chemical tankers only represent a small percentage of the total world fleet of ocean-going tankers, for which the main cargo is crude oil, there is a constant interplay between the various segments of this huge market. As far as the chemical tanker market is concerned, there is a constant impact by the so called handysize product tankers; ships in the 35-50,000 dwt size range employed for carriage of clean petroleum products such as naphtha, gasoline, diesel and gasoil.

A chemical tanker is designed and constructed for handling of a multiple of different types of cargoes simultaneously and as such, combines different customers' requirements under single voyages. Different customers' products are always kept segregated. Chemical tankers are often evaluated in two different categories; ships with all or the majority of cargo tanks made of stainless steel or ships with only coated tanks.

Ships with coated tanks are typically engaged for carriage of commodity-type chemicals, clean petroleum products and vegetable oils. The biggest trade for coated chemical tankers are with full loads of commodity-type

ORGANIC CHEMICALS

Raw Materials	Basic Products	Derivatives	End Products
Coal	BTX	EDC	Paint
Gas	Ethylene	Styrene	Fibres
Crude Oil	Propylene	Glycol	Plastics
	Methanol	MTBE	Detergents
	Butadiene	Industrial alcohols	Oil additives
		Polyester	Rubber

chemicals from Northwest Europe, the US or the Middle East Gulf to different destinations in the Asia/Pacific region. Backhaul cargoes are often vegetable oils, molasses or clean petroleum products to Europe or the US.

Ships with cargo tanks made of stainless steel are often built to handle a higher number of different products. These ships are used for the most specialised types of chemical products, which in addition to the stainless steel requirement, may also demand special handling in terms of temperature and pressure control. Stainless steel cargo tanks are also required for carriage of different types of acids.

For a global and long-term operator such as Odfjell it is clearly an advantage to be in possession of a different but efficient mix of ships and as a result thereof, be able to adjust to changing market requirements.

Odfjell carries about 600 various products every year, ranging from organic chemicals such as alcohols, acrylates, aromatics as well as clean petroleum products, lubricating oils, vegetable oils, animal fats and inorganic chemicals like sulphuric and phosphoric acids.

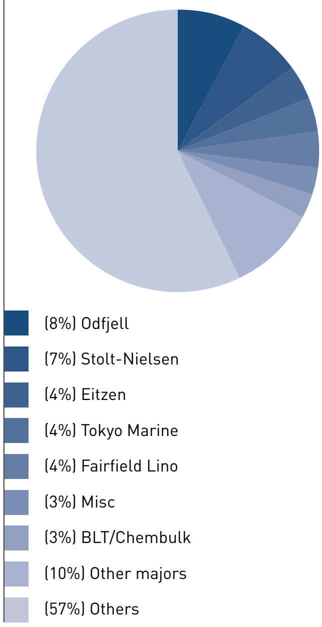
With frequent presence in all major trade lanes Odfjell is able to offer unique and flexible services allowing customers to ship small parcels from 100 to 150 tonnes to full cargoes of up to 40,000 tonnes. By entering into so called contracts of affreightment, the customer can plan regular shipments in order to meet required delivery targets whilst they also help Odfjell from a scheduling point of view. However, a significant part of the cargoes carried by chemical tankers are still fixed in the spot market, often by trading companies taking advantage of arbitrage of commodity prices.

Odfjell's strategy involves consolidation of loading and discharging operations at certain key hubs for chemical distribution. Our investments in small ships for transhipment purposes and in tank terminals at major ports such as Houston, Rotterdam, Singapore and Onsan play an important role in this respect.

Tank terminals are an integral part of the chemical logistic chain and their services constitute a natural link between our traditional shipping services and inland transportation by different modes such as barges, railcars, trucks, ISO-containers and pipelines. Odfjell's tank terminals handle, store and distribute bulk liquid chemicals to or from all different modes of transportation.

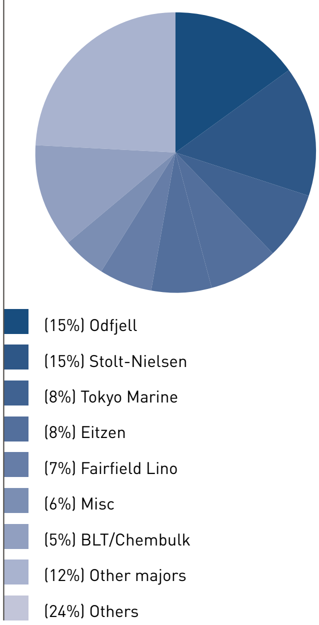
THE CHEMICAL TANKER FLEET

Ships 13,000 dwt and above
Total fleet about 28.7 million dwt - 1,114 ships



THE CORE CHEMICAL TANKER FLEET

Ships 13,000 dwt and above
Total fleet about 14.3 million dwt - 571 ships

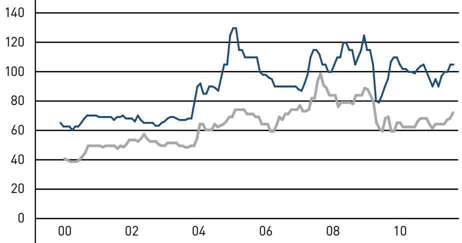


A core chemical tanker is defined as:
- IMO II capacity
- Average tank size ≤ 3,000 cbm
- Commercially controlled by core chemical operator
- or ≥50% stainless steel capacity

CHEMICAL TANKERS

FREIGHT RATES

1,000 mts stainless steel grade chemicals
USD/Tonne

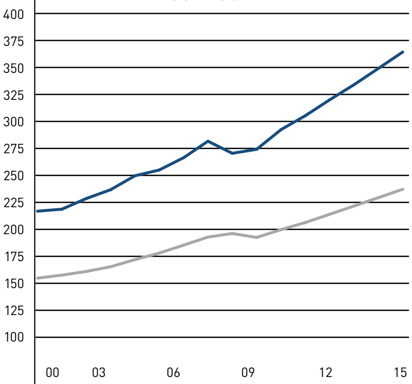


HOUSTON/ROTTERDAM

HOUSTON/FAR EAST

Source: Quincannon

CHEMICAL AND PLASTICS VS. GDP GROWTH INDEX 1985=100



BASIS CHEMICALS & PLASTIC INDEX

GDP INDEX

Source: CMAI

CHARTERING AND OPERATION

The Odfjell fleet currently consists of 85 ships, following redelivery and sales of 11 vessels since year end 2010. The fleet is operated by Odfjell Tankers AS, our fully owned chartering and operating company. Odfjell Tankers, headquartered in Bergen, Norway, is represented with overseas offices in 17 different countries, each with the purpose of marketing and providing customer service. Most offices serve dual purposes, dealing with both commercial and operational issues, and many of the overseas offices are also co-located and have close cooperation with our local terminals.

The Odfjell Tankers fleet consists of a variety of ship types, in terms of size, degree of outfitting and automation, number of tanks, tank configuration and coating, giving flexibility so that we can meet different customer requirements. Fleet development and optimal vessel utilisation, therefore, are critical success factors for Odfjell Tankers. Flexibility and inter-changeability of ships between geographical areas and trade lanes is an integral part of Odfjell's business model, facilitated by our large and diversified fleet.

Odfjell ships trade in most relevant waters, calling major ports in Europe, the US, Asia Pacific, Africa, Middle East and South America. Our 14 state-of-the-art 37,500 dwt Kværner built, mostly stainless steel chemical tankers, and our eight fully stainless steel 40,000 dwt chemical tankers built in Poland are among the most advanced and flexible ships in the market, and contribute to our emphasis on safety, efficiency and customer service. Since 2002 we have further strengthened our carrying capacity through long-term time charters of Japanese built stainless steel tonnage; eight 19,900 tonners and eight 33,000 tonners.

In the next few years Odfjell Tankers will carry out a considerable renewal of our fleet of chemical tankers with predominantly coated cargo tanks. Some of our older such ships, although technically still in good condition, are less accepted by our customers and thus, will be sold for alternative trading or for recycling. Instead we will be able to offer an enlarged fleet of coated vessels, primarily a series of 44,000 dwt ships through our joint venture with National Chemical Carriers, NCC Odfjell Chemical Tankers JLT. All the eleven new ships in this class is scheduled to be delivered during 2011-2012. In 2010 Odfjell purchased two 44,000 dwt resales from SLS Shipbuilding Co. Ltd. to be delivered first half of this year. During 2010 Odfjell and NCC also ordered one 75,000 dwt coated vessel each to be delivered from Daewoo in 2013.

In addition Odfjell's own order book currently consists of three 9,000 dwt stainless steel chemical tankers from the Chuan Dong Shipyard in China for delivery in 2011-2012. These ships will be operated in our regional trades, and as such, will replace somewhat smaller vessels currently traded in these areas.

Odfjell has been promoting high safety and new efficiency standards on chemical tankers since the inception of the industry and thus, take a proactive approach towards international regulatory bodies and major customers in order to enhance safety. In this context Odfjell continues to address key issues, such as the practice of tank inerting and importance of implementing a more cost efficient and transparent regime of customers' ship inspections and vetting.

Increased naval escort presence has improved the safety in the Gulf of Aden against piracy attacks, although unfortunately ships continue to be hi-jacked. Odfjell Tankers is monitoring the situation closely, and are taking necessary steps to minimise the danger. We are very concerned about the safety of crew, ship and cargo, also when trading in other piracy-infested waters such as parts of West Africa and the Malacca Strait.

Port congestion and excessive waiting time for our ships remain a problem for the chemical tanker industry, and port time still takes up a disproportionate part of many voyages. Owners are partly able to compensate the cost disadvantage by charging and collecting demurrage. Nevertheless, to achieve more efficient port operations, and thereby also saving the environment through limiting unnecessary ship emissions, berthing and cargo handling capacities should be further developed.

The fleet operated out of our Singapore office are traded within and between North East Asia and South East Asia, between the Asia Pacific region and Australia/New Zealand as well as to and from the Middle East Gulf/India/Africa.

In addition to wanting a major position in the important inter Asian trades, Odfjell Tankers also aims at offering our global customers transhipments to ports with limited draft or dock facilities. Consolidation of loading and discharging operations of our deep-sea ships is also a crucial element. By reducing the number of port calls and thereby reducing the risk of delays, Odfjell Tankers is able to offer a more reliable and economical service to our customers.

ODFJELL (UK) LTD

Odfjell´s UK office is responible for the commercial and operational controll of three 40,000 dwt vessels.

ODFJELL ASIA

Odfjell's Singapore office is responsible for the commercial and operational control of ten ships employed in intra-Asia trades. Of the ships operated out of Singapore, six are owned and four are on time charter and all have stainless steel coating.

ODFJELL TANKERS EUROPE

Odfjell Tankers Europe is marketing and operating chemical tankers in inter-European trade out of our main office in Bergen. Odfjell Tankers Europe offers sailings within Europe, including the Mediterranean, and to West Africa, with three owned stainless steel ships of 5,850 dwt each in addition to a mixed fleet of advanced chemical tankers operated on commercial management.

NCC ODFJELL CHEMICAL TANKERS

NCC Odfjell Chemical Tankers operates 13 deep sea coated vessels out of Dubai, and will handle the operation of the coated vessels to be delivered.

FLUMAR

Flumar, Odfjell's fully owned Brazilian shipping subsidiary operating out of São Paulo, offers transportation of bulk liquid chemicals and gases primarily on the Brazilian coast and within the Mercosul area. Presently the Company operates and manages five chemical tankers, ranging in size from 4,400 dwt to 51,000 dwt. Combined, Odfjell and Flumar are able to provide our customers with superior service capabilities in the Mercosul region. Furthermore, the extensive network of associated terminals in Brazil and Argentina adds important flexibility towards our customers' logistics requirements.

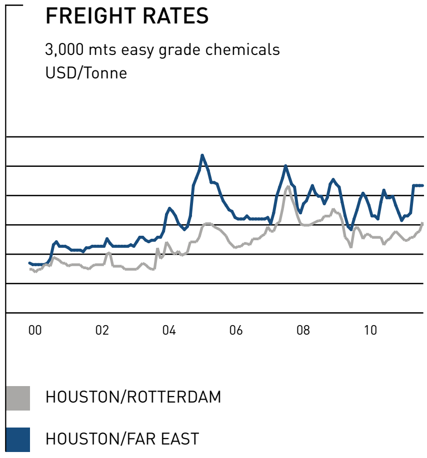
ODFJELL Y VAPORES

The 50/50 joint venture company Odfjell y Vapores operates one chemical tanker of 18,652 dwt, primarily carrying sulphuric acid along the Chilean coast.

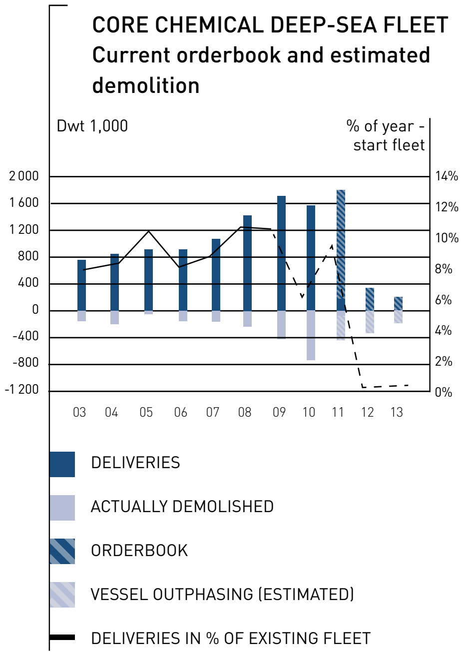
SHIP MANAGEMENT

Ship Management is fully integrated with fleet management, crewing, risk management and technology support. As ships account for a substantial part of our total fixed assets, it is imperative that the fleet is managed and operated efficiently, assets are protected and values maintained.

Odfjell Ship Management manages all owned and bare-boat chartered vessels. As of the end of 2010 the Odfjell managed fleet consisted of 52 vessels.



Source: Quincannon



* Outphasing 30 years (Europe built) and 25 years (Asian built)

Source: Odfjell


MARTIN
ODFJELL


ODFJELL


ODFJELL


SAFE
FOR
ENTRY

Odfjell Ship Management has personnel at offices in Bergen, Singapore, Manila, Subic Bay, São Paulo and Houston, which provide direct support to ships in regional trades as well as ships in the deep-sea fleet and also professional crew management.

Ship Management consistently develops a work culture capable of taking the Health, Safety, Security and Enviroment performance (HSSE) to a higher level. For that purpose yearly HSSE programmes are launched and achieved performances are regularly reviewed.

The implemented ship maintenance programme ensures safe and efficient operation, a long useful lifespan and high second-hand values. The maintenance strategy is implemented through our computerised Planned Maintenance System supported by an in-house specialist team. A well structured technical project management ensures proper implementation of relevant rules and regulations as well as various ship performance improvements.

The safe operation of chemical tankers depends on highly qualified officers and crew. Our ships are mainly registered in Norway (NIS) and Singapore, and are primarily manned by Norwegian and Filipino mariners with long experience from chemical tankers. The Flumar fleet, which primarily are traded on the Brazilian coast, are manned with Brazilian mariners.

Odfjell pays considerable attention to recruiting qualified officers and crew and, at any given time, more than 200 Norwegian, British or Filipino mariners are normally employed as trainees or cadets.

Ship Management actively applies Risk Management processes to maintain and improve our performance. Every year Odfjell carries out regular internal audits of all ships and offices. Customers make inspections through the Chemical Distribution Institute (CDI) and the Oil Companies International Marine Forum (OCIMF). Periodical surveys are carried out by various classification societies, flag states and port states. DNV performs ISM Code inspections of our ships' quality systems. When ships or offices report critical situations, accidents, non-conformances or possible improvements through our Safety and Improvement Reporting System, proper response is prepared and corrective actions implemented. We view this system as an effective tool in our work to increase safety and to prevent injuries, damage and losses.

The implemented Key Performance Indicators have been actively promoted, measured and followed up during 2010. Improvement of performance has been achieved in significant areas such as reduced Lost Time Injuries, reduced spills, reduced insurance claims, increased near accident reporting and reduced unscheduled off –hire.

Chemical tankers	**Figures in**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**
Gross revenue	USD mill.	999	1 021	1 247	1 063	939	915	814	739	714	728
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	USD mill.	59	73	191	242	202	216	159	120	116	164
Operating result (EBIT)	USD mill.	(58)	(6)	129	150	106	138	85	47	48	100
Total shipping assets	USD mill.	1 593	1 398	1 462	1 504	1 424	1 321	1 146	1 022	980	1 010
Volume shipped	1 000 tonnes	19 303	19 414	19 622	19 502	20 658	22 156	22 614	21 232	22 123	21 083
Number of products shipped		512	552	575	550	562	551	587	593	535	545
Number of parcels shipped		5 582	5 939	6 108	6 443	6 351	6 760	5 612	5 137	4 881	4 818
Port calls		5 648	5 658	5 730	5 884	6 030	6 234	3 991	3 704	3 586	3 699
Number of ships		86	95	93	92	92	93	95	98	86	88
Total deadweight	1 000 tonnes	2 352	2 603	2 460	2 391	2 362	2 393	2 447	2 480	2 335	2 413

TANK TERMINALS

Odfjell has nine fully or partly owned tank terminals at strategic locations around the world. In addition, we have a cooperation agreement with ten associated terminals in South America plus one in Canada. In total, our tank terminal network has more than 1,000 employees and 4.5 million cbm of storage space in about 1,170 tanks in 20 ports around the world. This makes us one of the world leaders in offering both shipping and storage services for bulk liquids.

We have a strategy of expanding our tank terminal activities along major shipping lanes and at important locations for petrochemicals, refined petroleum products, bio-fuels and vegetable oils. We focus on locations in mature markets, but also increasingly in emerging ports of importance in certain rapidly developing nations. In addition to being profitable investments on a stand-alone basis, our tank terminals also play an important operational role as part of our cargo-consolidation programmes with the purpose of reducing time and fuel consumption in port of our ships. Commercially, the combination of shipping and tank terminals gives Odfjell a unique position to offer increased safety, reliability, product stewardship, efficiency and improved arrival accuracy to our customers. We experience that the demand for cargo consolidation has steadily increased as a result of the industry's ongoing pursuit of improving efficiency in the supply chain.

HIGHLIGHTS FROM BUSINESS DEVELOPMENT

Odfjell has concluded a contract for land in North Charleston, South Carolina, USA, to construct a tank terminal. This facility becomes operational early 2013. Current plans comprise eight tanks of in total 56,000 cbm and investments of about USD 37 million.

In the fourth quarter 2010 we started a process of evaluating various strategic alternatives for our Rotterdam tank terminal, including sale of a minority shareholding, with the objective to enhance further growth in Europe. This process is well under way, and we expect a decision early second quarter 2011. We also have plans to further develop the Odfjell Terminals Maritiem site.

ODFJELL TERMINALS (ROTTERDAM) BV, THE NETHERLANDS (OTR)

Located at the heart of the Rotterdam harbour, the most important chemical distribution centre in Europe, OTR has a total storage capacity of about 1,635 000 cbm and 281 storage tanks. OTR is one of the largest facilities of its kind in the world. The tank terminal stores both chemicals and mineral oil products. The chemical storage capacity is approximately 810,000 cbm, while the mineral oil capacity is about 825,000 cbm. However, part of the storage capacity can be shifted from one segment to another, thus providing valuable flexibility and spreading commercial risk.

In addition to the storage business, the Rotterdam tank terminal also renders toll distillation services through its fully integrated business unit Odfjell Petrochemical Industrial Distillation (PID). The PID retains a large market share of the independent product distillation market in North West Europe and operates four distillation columns with a combined total annual distillation capacity of 700,000 tonnes, depending on product streams. The PID distils both (petro)chemical and mineral oil products.

In 2010 we started the construction of an enhanced pipeline connection to a major offsite customer. The project included state-of-the-art technology to allow for in-stream change of products plus enhanced product flow with associated upgrading of vapour handling. OTR commissioned the project in February 2011.

Overall, the tank terminal has excellent infrastructure, with five berths for deep-sea tankers, seven positions for short-sea vessels and 14 positions for barges. The terminal also has extensive facilities for the handling of trucks, rail cars and ISO-containers. The site has its own water treatment plant that also serves third parties.

OTR is an important destination for Odfjell Tankers in the Amsterdam-Rotterdam-Antwerp (ARA) area, and our long-term objective is to consolidate the tank terminal as one of our primary hubs for Odfjell's shipping activities to and from Europe.

The Odfjell Terminals Maritiem BV (OTM) site is located diagonally across the street of OTR at the south bank of Rotterdam's main shipping artery Nieuwe Waterweg, surrounded by the port's largest world-scale refineries.

Odfjell acquired this terminal late 2007 and currently operates the site as a direct board-to-board transhipment facility. To this end, OTR operates a deep-sea jetty with five manifolds. The maximum depth alongside is 44 ft. There is furthermore a finger pier with two barge positions.

In the course of 2010 we terminated OTM's waste water and ship slop reception activities. Apart from the jetties, the complete terminal infrastructure will be dismantled in the course of 2011 with the eye mark to convert the location into a tank storage facility. When completed, the newly built terminal will have a final capacity of up to 400,000 cbm.

ODFJELL TERMINALS (HOUSTON) LP, USA (OTH)

Houston is the major international hub for import and export of chemicals in the US. OTH is the hub for Odfjell's global and regional trades to and from the US Gulf. The realisation of synergies is always a priority and the tank terminal has multiple common customers with Odfjell Tankers that demon-

strates the benefit of cargo consolidation and expedited shipment for all parties.

Our tank terminal in Houston was completed by Odfjell in 1983, and since the mid 1990's has been through a considerable expansion period. The tank terminal has gradually increased with the market over the years. During 2010 OTH concluded a small expansion of two additional tanks of 10,700 cbm. At year end, the tank terminal had 100 tanks with total capacity of 331,500 cbm.

The tank terminal comprises one of the largest stainless steel storage capacities of any independent tank terminal in the world, in total 82,000 cbm.

The facilities' unused land and existing infrastructure still provide opportunities for further expansion, with potential storage capacity of about 160,000 cbm in the existing area.

ODFJELL TERMINALS (DALIAN) LTD, CHINA (OTD)

OTD initiated operations in 1998, but was relocated during 2007 from its original location to Dalian New Port in Xingang. In combination with the relocation, the tank terminal increased its capacity to over 50 tanks with a total capacity of 119,750 cbm. The stainless steel capacity is 18,350 cbm. In recent years, the tank terminal delivered strong performance with the expanding petrochemical activity in the North East of China, however, the volumes fell significantly in 2009, especially in the early parts of the year as the industry was affected by the financial crisis.

The tank terminal has four berths for seagoing tankers with up to 50,000 dwt capacity. The location is well connected by rail to the vast hinterland of North East China and the tank terminal handles impressive volumes via its rail facilities which can handle up to 120 rail wagons concurrently.

In July 2010, an explosion at an adjacent facility caused significant damages to OTD with resulting business interruption. Fortunately, no personnel suffered any injury and OTD's response team contributed greatly to mitigate the damages to facilities and the environment by professional handling of this incident. The terminal has gradually been restored to normal operations with full functionality expected by end first quarter 2011.

Odfjell holds 50% of the shares and Dalian Port Company Ltd, a company listed in Hong Kong, is the other shareholder in the company.

ODFJELL TERMINALS (JIANGYIN) CO LTD, CHINA (OTJ)

OTJ is located in Jiangyin Economic Development Zone on the south bank of the Yangtze River, approximately 150 km west of Shanghai and 12 hours by ship upriver from the entrance of Yangtze River. The 99,800 cbm terminal became operational late 2007 and has excellent facilities to handle a wide range of petrochemicals from ships, barges and trucks. OTJ comprises of 22 tanks. The stainless steel capacity is 30,000 cbm.

The impressive jetty has five berths, which can handle ships up to 75,000 dwt and two additional berths for barges.

OTJ has an agreement to acquire additional 160,000 m^2 land for future expansion. Odfjell holds 55% of the shares whereas local partner Garson Investment Co. Ltd. owns the remaining 45%.

VOPAK TERMINAL NINGBO, CHINA

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

ODFJELL TERMINALS (KOREA) CO LTD – ONSAN, KOREA (OTK)

OTK is strategically located in the most important petrochemical distribution and transhipment hub in North East Asia. Odfjell is a major carrier of bulk liquid chemicals into and out of Korea, with a significant number of port calls and transhipment operations in the region. The tank terminal became operational in 2002.

The tank terminal has 70 tanks with a total storage capacity of 250,590 cbm. After completing a significant expansion in 2009, OTK started a further expansion in 2010 of 63,120 cbm, raising the total capacity of the terminal to 313,710 cbm when completed end 2011. As the most sophisticated terminal in Onsan, OTK has 15,860 cbm stainless steel capacity. The tank terminal owns and operates two berths with user rights to another two berths with maximum 80,000 dwt. OTK also has modern drumming facilities for break bulk operations. The tank terminal has land for future expansions.

Odfjell holds 50% of the shareholding and local partner Korea Petrochemical Ind. Co. Ltd (KPIC) has 43.59%, with the remaining 6.41% shareholding held by two other Korean companies.

OILTANKING ODFJELL TERMINAL SINGAPORE PTE LTD – SINGAPORE (OOTS)

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

The tank terminal became operational in 2001. Current total capacity is 365,000 cbm in 79 tanks, varying from 800 cbm to 18,000 cbm. The stainless steel capacity is 13,520 cbm. OOTS has three deep-sea jetties. The berths can accommodate double-banking and board-to-board cargo transfers as well as delivering bunker fuels from shore tanks. The tank terminal also has the operational management and access to two additional berths. With the additional land available, the tank terminal can expand further.

The flexible storage and transfer services offered by the tank terminal, along with excellent marine facilities create a good platform for Odfjell to develop a hub for the global and regional shipping services in South East Asia.

The tank terminal is a 50/50 joint venture between Odfjell and Oiltanking.

OILTANKING ODFJELL TERMINALS & CO L.L.C - SOHAR, OMAN (OOT)

Sohar Industrial Port is located in Oman outside the Strait of Hormuz only a few hours driving from the petrochemical industry in UAE and Saudi Arabia. In the port there is a refinery and several world scale petrochemical complexes. This development is driven by the desire of the Sultanate of Oman to exploit the nation's gas reserves and create a strong "value added process economy" as opposed to an energy export economy.

OOT has the exclusive right to manage six liquid berths and provide bulk liquid storage within Sohar Industrial Port. Based on the requirements of the captive industry in Sohar and a strong market for storage of mineral oils, OOT embarked on the construction of a tank terminal of total 842,500 cbm for chemicals and oil products. Only few months after the official inauguration of the terminal in March 2009, we were awarded further long-term storage contracts and therefore initiated an expansion for an additional 425,000 cbm which is scheduled for completion during second quarter 2011. The total capacity of the tank terminal will then be 1,267,500 cbm.

Odfjell holds 30% of the shareholding in OOT. The company is jointly managed by Odfjell and Oiltanking.

ECT – BIK, IRAN (ECT)

The latest addition to Odfjell Terminals' expanding network of terminals is Exir Chemical Terminal (PJSCO) (ECT), a joint venture company between Odfjell Terminals (35%), Oiltanking (35%) and Nuian, a private Iranian investor (30%). ECT is the first independent tank terminal for bulk liquid chemicals in Iran. ECT is strategically situated in the Petrochemical Special Economic Zone (PETZONE) in the port of Bandar Imam Khomeini. The terminal is connected by pipelines to jetties of the PETZONE with capacity of 45,000 dwt. The first phase of the tank terminal is 22,000 cbm and started operations late January 2010.

ASSOCIATED TANK TERMINALS, SOUTH AMERICA

Odfjell's involvement in tank terminals started in South America, where the first terminal became operational in Buenos Aires in 1969. Today, it consists of ten chemical tank terminals spread along the coasts of Brazil, Argentina, Chile and Peru, with a strong market position for chemical storage in the region. The Odfjell family owns these terminals privately, their operational headquarter being in Sao Paulo.

The six Brazilian tank terminals are located in Santos, Rio Grande, Triunfo, São Luís, Teresina and Corumba. In Argentina, they have two tank terminals, one in Buenos Aires and the other, a state-of-the-art terminal in Campana, about 80 km upriver from Buenos Aires. The Chilean tank terminal is located in San Antonio. The latest addition is a highly sophisticated chemical tank terminal in Callao, Peru.

Our terminal network in South America is also expanding. Projects to increase the capacity at existing terminals as well as the construction of new terminals are underway, such as the terminal in Mejillones, Chile and a second terminal in Santos, Brazil.

These extensive tank terminal activities in South America provide an excellent complement to Odfjell's frequent and traditionally strong shipping activities within the region. Where practicable, shipping and storage services are marketed from shared offices, facilitating logistical solutions as comprehensive as deemed convenient by our customers.

TANK TERMINALS	**Figures in**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**
Gross revenue	USD mill.	245	248	232	180	152	132	130	118	97	90
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	USD mill.	110	109	95	74	58	48	49	45	38	35
Operating result (EBIT)	USD mill.	75	68	68	54	51	33	29	27	22	23
Total tank terminal assets	USD mill.	987	691	634	481	340	286	312	293	262	216
Tank capacity	1 000 cbm.	3 731	3 719	3 100	2 552	2 256	2 256	2 256	2 256	2 155	2 155

WORLDWIDE **ACTIVITIES**


DALIAN
SEOUL
ULSAN
TOKYO
JIANGYIN
SHANGHAI
NINGBO
BIK
DUBAI
MUMBAI
OMAN
MANILA
SINGAPORE
AN
MELBOURNE
INTERNATIONAL OFFICES
ODFJELL TERMINALS
ASSOCIATED TERMINALS
TERMINAL UNDER CONSTRUCTION

THE DIRECTORS' **REPORT**

The 2010 pre-tax result for Odfjell was impacted by a weak chemical tanker market causing losses for our shipping business, which were partly offset by strong results from our tank terminals.

The net result was again affected by changes in the Norwegian tax regime. According to the revised transition rules enacted in 2010, companies may elect to operate under the old scheme, by which income earned under that scheme is taxed at 28% when distributed as dividends, or under a new scheme by which profits earned under the old scheme is taxed effectively at 6.67% payable over a 3-year period. Odfjell decided in 2010 to enter the new Norwegian tonnage tax system at a one time cost of USD 42 million, payable over the years 2011- 2013.

Odfjell's consolidated 2010 pre-tax result came to a loss of USD 19 million compared to a profit of USD 26 million in 2009. The after tax result ended at a loss of USD 79 million compared to a profit of USD 121 million in 2009. The 2010 results were impacted by the above mentioned USD 42 million tax cost, while the 2009 results were enhanced by USD 110 million due to a non-recurring tax income. Gross revenue decreased by USD 25 million, to USD 1,239 million. Total assets at year end were USD 2,580 million, down from USD 2,699 million at the end of 2009.

From our shareholders' point of view, 2010 was another disappointing year. Our A- and B-shares only posted modest increases of 3.8% and 8% respectively, with no dividend for distribution. Our shares also came out behind the Marine Index's rise of 24.8%. The market capitalisation of Odfjell was about NOK 4,200 million (USD 725 million) as of 31 December 2010.

The market for our type of vessels was very soft during 2010. Although recycling came out high from a historic perspective, the fleet grew substantially due to large influx of new tonnage. Competition was fierce in most trades and a weak market for transportation of clean petroleum products made extra downward pressure on our results. Especially the second and third quarter were weak, while we saw an 11% increase of our time charter rates in the fourth quarter compared to the third quarter, possibly attributed to seasonal pick up in activities.

Our tank terminal business turned in another solid result in 2010, due to added capacity and strong demand for tank storage and associated services at most locations.

2010 saw substantial adjustments to our fleet. A total of seven old vessels were sold, most of them for recycling. Two old vessels on time charter were redelivered to their owner. We took delivery of one newbuilding, while we included a total of ten vessels on commercial management or time charter.

Our tank terminal projects, including expansions at existing facilities, progressed well in 2010. We initiated operations of a small green field/joint venture project in Iran and also commissioned new capacity in Houston. The scheduled completion of our large expansion in Oman is second quarter 2011 and a further expansion at our Korea terminal is scheduled to become operational during third quarter 2011.

In June 2010 Odfjell decided to pursue legally in Russia the collection of the compensation due from the Russian state-owned yard Sevmash as awarded by the Arbitration Tribunal in Sweden. In December 2010, important progress was made as the State Commercial Court in Arkhangelsk decided in favour of Odfjell and approved our application concerning the recognition and enforcement of the arbitral award filed against Sevmash. Following Sevmash appealing this verdict, the Cassation Court in St. Peterburg on 10th March 2011 ruled in favour of Odfjell and reconfirmed the decisions of the State Commercial Court. The case dates back to 2004 when Odfjell placed an order at Sevmash for up to 12 chemical tankers, each of about 45,000 tonnes capacity. The newbuilding contracts included an arbitration clause under Swedish law. Excessive and continued delays of construction forced Odfjell to cancel these contracts in 2008. Odfjell claimed damages from Sevmash, and on 30 December 2009 the Swedish arbitration tribunal unanimously awarded Odfjell compensation for damages of USD 43 million, reimbursement of legal costs and 8.5% p.a. interest for any delay in the settlement of the award. So far Sevmash has refused to pay Odfjell the awarded amount. Total outstanding today has reached about USD 50 million.

The Annual General Meeting (AGM) held 4 May 2010 elected Laurence W. Odfjell as new Chairman of the Board. At the same time Marianna A. Moschou and Ilias A. Iliopoulos resigned as Board members. Bernt Daniel Odfjell and Christine Rødsæther were elected new Board members. Odfjell SE would like to thank Marianna A. Moschou and Ilias A. Iliopoulos for the valuable contributions in the Board since 2003 and 2008 respectively. Accordingly the Board currently consists of Laurence W. Odfjell (Chairman), B.D. Odfjell, Christine Rødsæther, Terje Storeng and Irene Waage Basili.

BUSINESS SUMMARY

We remain committed to our long-term strategy of enhancing Odfjell's position as a leading logistic service provider in terms of offering ocean transportation and storage of specialty bulk liquids. By focusing on a safe and efficient operation of a versatile and flexible fleet of global and regional chemical tankers, jointly with cargo consolidation at our expanding tank terminal activities, we aim at further enhancing product stewardship for our customers. The fleet is operated in complex and extensive trading patterns and our customers expect and demand the highest standards of service. Critical mass enables efficient trading patterns and optimal fleet utilisation.

Chemical Tankers

Gross revenue from our chemical tanker activities was USD 999 million. Earnings before interest, tax, depreciation and amortisation (EBITDA), was negatively impacted by reduced volumes, lower freight rates and high bunker costs, and came to USD 59 million. The operating result (EBIT) was a loss of USD 58 million compared to USD 6 million in 2009. Total shipping assets at year-end equalled USD 1,317 million. Time charter income expressed in USD per day fell by about 13% compared to 2009.

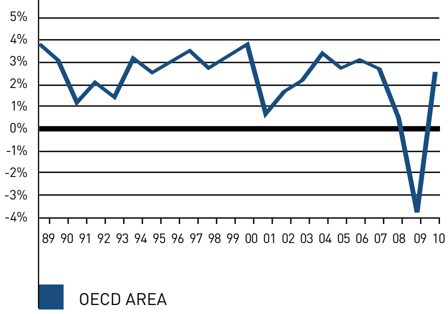
Our average cost of bunkers in 2010 was USD 395 per tonne (including compensation related to bunker escalation clauses and hedging), compared to USD 420/tonne the preceding year. Bunker hedging contributed USD 26.5 million to the result in 2010. Daily operating expenses on a comparable fleet basis were about 0.7% higher in 2010 as compared to full year 2009.

By year-end 2010 our chemical tanker fleet consisted of 76 ships over 12,000 dwt, of which 37 were owned. In addition we were operating 17 smaller ships, of which 10 were owned.

In 2009 Odfjell strengthened its long-term relationship with National Chemical Carriers of Saudi Arabia (NCC) by establishing a 50/50 joint venture company in Dubai, NCC Odfjell Chemical Tankers JLT, (NOCT), with the purpose to commercially operate our respective fleets of coated (IMO II/III) chemical tankers of 40,000 dwt and above. NOCT started operations early 2010 and currently operates 13 vessels with a total combined capacity of nearly 570,000 dwt. The ships are traded in the chemicals, vegetable oils and clean petroleum products markets on a worldwide basis, with emphasis on the growing production and export of basic chemicals from the Middle East region. During 2011 NOCT will grow further as Odfjell has entered into an agreement with SLS Shipbuilding Co Ltd, Korea to acquire two resale coated 44,000 dwt IMO II chemical tankers scheduled for delivery in March and April 2011. Furthermore, during first quarter of 2011, our partner NCC will add two newbuildings to the joint pool as they will take delivery of two coated 45,000 dwt IMO II chemical tankers, also from SLS. NCC will bring another nine newbuildings into the joint pool during 2011 and 2012.

In May Odfjell signed an agreement with Daewoo Shipbuilding & Marine Engineering Co., Ltd to build one fully IMO II 75,000 dwt

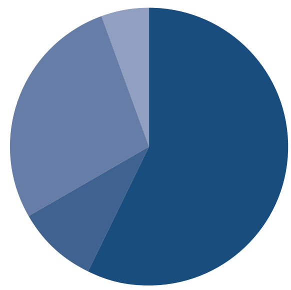
GDP GROWTH



Source: DnB NOR

FLEET DISTRIBUTION

Chemical tankers

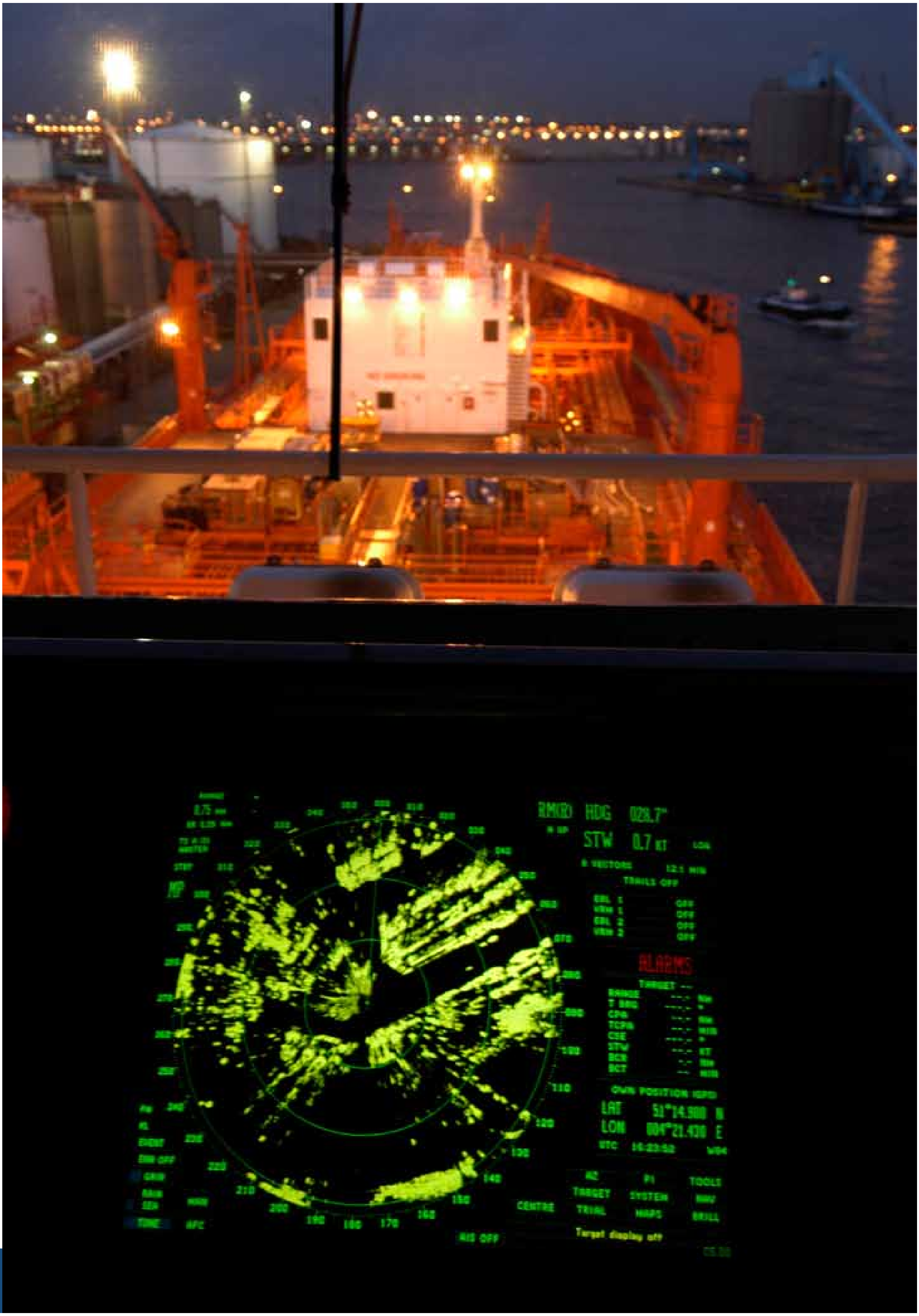


(57%) ODFJELL OWNED SHIPS

(10%) SHIPS ON FLOATING RATE TIME CHARTER

(28%) SHIPS ON FIXED RATE TIME CHARTER

(5%) 3rd PARTY POOL PARTICIPANT



chemical tanker with 31 coated tanks for delivery first half 2013. The total price for the ship is about USD 65 million. Our J/V partner NCC also ordered a sister vessel with expected delivery late 2013. The two ships will be commercially operated by NOCT.

In February Odfjell Tankers took the Southern Jaguar (19,997dwt/2009) fully stainless steel) on two years' time charter for worldwide trading. In addition during 2010 Odfjell Tankers increased its activity by taking nine other ships on commercial management. Also during 2010, five old ships, Bow Maasslot, Bow Maasstroom, Bow Power, Bow Prima and Bow Fighter were sold for recycling. Late April Odfjell took delivery of a 51,000 dwt IMO III product tanker from SLS Shipbuilding Co Ltd, Korea, for trading in Brazil under Brazilian flag. In July the time charter agreement with Star Tankers Ltd., concerning Bow Pioneer (1982) and Bow Hunter (1983) expired and the vessels were redelivered to their owner. As part of our fleet development, our 100% owned subsidiary in Brazil, Flumar, sold two older vessels, Angelim (10,259 dwt/1984) and Jatai (4,452 dwt/1979).

In September Odfjell cancelled three out of six shipbuilding contracts in China with Chongqing Chuandong Shipbuilding Industry (CCSIC). The remaining three vessels will be built at CCSIC with delivery between September 2011 and January 2012.

In October Odfjell entered into an agreement to sell two Kvaerner-class vessels; Bow Century (37,438 dwt/2000) and Bow Favour (37,438 dwt/2001). Following the sale, 14 Kvaerner-class vessels remain in the Odfjell fleet. The transaction, when completed in 2011, will yield a capital gain of USD 26 million and a net liquidity gain of USD 46 million following repayment of debt associated with the vessels. The sales price is close to the contract value when the vessels were new ten years ago, and clearly demonstrates the quality of Odfjell's extensive maintenance programme. It is also a reflection of the continued high newbuilding prices for this type of sophisticated ships. The transaction is expected to close in the first quarter of 2011.

In combination and as an extension of our worldwide transoceanic services, our regional business activities encompass four different geographical regions. Our largest regional operation is in Asia, representing a strategically important area for our storage and transportation business with significant new chemical production expected to come on stream in the years to come. We operate 12 ships in different trade lanes, covering the Singapore – Japan/Korea – Australia/ New Zealand ranges.

Odfjell's involvement in intra-European trades has earlier been managed and operated from Hamburg through the joint-venture Odfjell Ahrenkiel Europe (OAE). As from January 2010, following an amicable agreement made with our partner Christian Ahrenkiel KG, we took over and relocated the commercial management to Bergen. Odfjell's commitment to regional European trade continues with the goal to strengthen and further develop our presence and service in this area.

In South-America, two Brazilian flagged ships are managed and operated by our wholly owned company Flumar, carrying chemicals primarily along the Brazilian coast. These ships are supplemented by T/C ships and our deep-sea vessels that are trading on South America. Finally, we also have a 50/50 joint venture in Chile with CSAV. We currently manage and operate one Chilean-flagged vessel, mostly engaged in coastal transportation of sulphuric acid.

Our type of shipping is among the most challenging within the marine industry. During 2010 our ships transported more than 600 different products comprised of some 5,000 individual parcels. Unlike other segments of shipping, our ships have to call a number of customer dictated berths, even within one and the same port. Such operations are both time-consuming, fuel inefficient and costly, thus impacting negatively our results. Our aim is therefore increasingly to consolidate and make more time-efficient loading and discharging. We believe a future successful consolidation of cargoes, combined with more time-efficient port operations, will benefit our customers, ourselves as well as the environment.

During 2010 our ships did well as far as customer approvals (vetting) were concerned. The vetting system has however become increasingly cumbersome for chemical tankers, which nowadays are subject to numerous and sometimes conflicting inspections and requirements by our customers. Within relevant industry associations, Odfjell is proactively seeking a revision of the vetting regime, which is considered long overdue.

Tank Terminals

Gross revenues from our expanding tank terminal activities came in at USD 245 million, EBITDA for 2010 was USD 110 million, up from USD 109 million in 2009. EBIT for 2010 was USD 75 million, compared to USD 68 million last year. At year-end 2010, the book value of our total tank terminal assets were about USD 707 million, up from USD 691 million by the end of 2009.

EBITDA at Odfjell Terminals (Rotterdam) was USD 47 million in 2010, compared to USD 57 million last year. Odfjell Terminals (Houston) ended 2010 with an EBITDA of USD 30 million compared to USD 28 million in 2009. Odfjell's share of the terminals in Onsan, Korea, Singapore, Oman and in China turned in a combined total EBITDA of USD 33 million. In December Odfjell closed a contract concerning purchase of land in Charleston, South Carolina with the purpose to construct a new tank terminal. This facility will become operational early 2013. Current plans comprise eight tanks of totally 56,000 cbm and investments of about USD 37 million.

In the fourth quarter we started a process of evaluating various strategic alternatives for our Rotterdam tank terminal, including a potential sale of a minority shareholding, with the objective to provide funds to accelerate further growth at the Rotterdam terminal and elsewhere in Europe. This process is well under way, and we expect to know the final outcome within first six months of 2011.

Odfjell's existing tank terminals are located in Rotterdam, Houston, Singapore, Onsan in Korea, Sohar in Oman, BIK in Iran, and Jiangyin, Dalian and Ningbo in China. Additionally we have a beneficial cooperation agreement with a related party in possession of ten tank terminals in South America.

During 2010 the expansion of our tank terminal activities continued. The green field project in Iran became operational and the expansions in Oman and Korea are well underway.

The strategy of Odfjell Terminals is to continue its growth along the major shipping lanes and at important locations for petrochemicals, refined petroleum products, bio-fuels and vegetable oils. Odfjell Terminals also seeks investments in emerging markets, thus enhancing the development of ship/shore infrastructure for safe and efficient operations in such regions.

2010 RESULT

Gross revenue for the Odfjell Group came to USD 1,239 million, down 2% from the preceding year. The net pre-tax result for the full year 2010 came in at negative USD 19 million, compared to a profit of USD 26 million in 2009. Taxes in 2010 ended at a cost of USD 60 million, of which USD 42 million in non-recurring taxes, compared to a tax income of USD 95 million in 2009. Earnings before interest, taxes, depreciation and amortisation (EBITDA) in 2010 ended at USD 169 million, compared to USD 182 million the preceding year. Operating result (EBIT) came to USD 17 million compared to USD 61 million in 2009, including that year the USD 43 million Sevmash award and USD 14 million in impairment charges.

Operating expenses were somewhat higher than in 2009, while general and administrative expenses were stable. Net financial expenses for 2010 were USD 36 million, compared to USD 35 million in 2009. The average USD/NOK exchange rate in 2010 was 5.93, compared to 6.29 the year before. The USD firmed against the NOK from 5.76 at year-end 2009 to 5.85 at 31 December 2010.

The parent company recorded a profit for the year of USD 4.5 million. The Board recommends that the profit is allocated to Other Equity. The main part of the profit relates to contributions from subsidiaries. Given our financial strategy, that of being sufficiently robust, combined with the somewhat uncertain outlook, the Board does not recommend paying dividend based on the also disappointing 2010 results. At 31 December 2010 total distributable reserves were USD 515.9 million.

At the end of 2010 the A-shares were trading at NOK 54 (USD 9.23), up 3.85% compared to NOK 52 (USD 9.03) by year-end 2009. The B-shares were trading at NOK 54 (USD 9.23) at the end of 2010, up 8% from NOK 50 (USD 8.69) by year-end 2009. By way of comparison, the Oslo Stock Exchange benchmark index increased by 18.34%, the marine index increased by 24.83% and the transportation index increased by 19.77% during the year. The market capitalisation of Odfjell was NOK 4,200 million (USD 725 million) as per 31 December 2010.

On 2 March 2010 ChemLog Holdings Limited ("ChemLog") sold 13,802,366 A-shares in Odfjell SE at a price of NOK 44.00 per share. In addition, ChemLog terminated a total return swap agreement (TRS) for 3,000,000 A-shares, which subsequently were sold at NOK 44.00 per share as part of the total transaction. At the same time, Odfjell SE bought 2,892,166 shares at NOK 44.00 per share. Following the transaction Odfjell SE owns 5,391,166 A-shares and 2,322,482 B-shares in own company. At year-end 2010 ChemLog owns no shares in Odfjell.

The Annual General Meeting will be held this year on May 3 at 16:00 hours at the Company's headquarters.

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

FINANCIAL RISK AND STRATEGY

Our financial strategy is to be sufficiently robust to withstand prolonged adverse conditions, such as long-term down-cycles of our markets or challenging financial conditions. Odfjell has an active approach to managing risk in the financial markets. This is done through funding from diversified sources, maintaining high liquidity or loan reserves, and by systematically monitoring and managing the financial risks related to currency, interest rates and the price of bunkers. The use of hedging instruments to reduce the Company's exposure to fluctuations in the above mentioned financial risks limits, however, the upside potential from favourable movements in respect of the same risk factors. The Company also closely monitors the risk related to the market valuation of the hedging instruments and the associated effect on the equity ratio.

The single largest monetary cost component affecting our time charter earnings is bunkers. In 2010 it amounted to more than USD 267 million (54% of voyage cost). A variation in the average bunker price of USD 10 per tonne equals about USD 5.7 million, or a USD 230/day change in time charter earnings of the ships in which we have a direct economic interest. A portion of our bunker exposure is hedged through bunker adjustment clauses in our Contracts of Affreightments. As per 31 December 2010 we had entered into additional hedging through swaps and options for about 25% of the 2011 bunker exposure.

All interest-bearing debt, except debt held by tank terminals outside the US, is denominated in USD. Bonds issued in non-USD currencies are swapped to USD. Interest rates are generally based on USD LIBOR rates. A portion of the interest on our debt is fixed through long-term interest rate swaps. With our current interest rate hedging in place, about 20% of our loans are on a fixed rate basis. In order to reduce volatility of the net result and cash flow related to changes in short-term interest rates, interest rate periods on the floating rate debt and interest periods of our liquidity, are managed to be concurrent.

The Group's revenues are primarily in USD. Only tank terminals outside the US and our regional European shipping trade generate and receive income in non-USD currencies. Our currency exposure relates to the net result and cash flow from voyage-related expenses, ship operating expenses and general and administrative expenses denominated in non-USD currencies, primarily in NOK and EUR. Our estimate is that a 10% strengthening of the USD versus the NOK and EUR will improve the pre-tax 2011 result by roughly USD 14 million; assuming no currency hedging being in place. Our currency hedging at the end of 2010, by which we have sold USD and purchased NOK, covers about 95% and 40% of our 2011 and 2012 NOK-exposure respectively. Future hedging periods may vary depending on changes in market conditions.

LIQUIDITY AND FINANCING

The Company's cash reserves including available-for-sale investments, which are low risk and highly liquid bonds, remains

strong. Cash and cash equivalents and available-for-sale investments as of 31 December 2010 was USD 141 million compared to USD 184 million as of 31 December 2009. Available drawing facilities were USD 20 million at year-end 2010 and USD 62 million in 2009. Interest bearing debt decreased from USD 1,576 million by year-end 2009 to USD 1,526 million as per 31 December 2010. Net interest bearing debt was USD 1,385 million as per 31 December 2010. The equity ratio was 29.9% as per 31 December 2010. The Company's loans are generally long-term and provide for regular payment of instalments. By December 2011, about USD 100 million of bond debt matures. It is our intention to refinance this debt in the bond market. All major investment commitments are fully financed.

KEY FIGURES

The 2010 return on book equity was negative 9.4% and return on total assets was negative 1.2%. The corresponding figures for 2009 (before the effect of retroactive tax adjustment) were 14.9% and 6.5%, respectively. Return on capital employed (ROCE) was 0.8% in 2010. Earnings per share amounted to negative USD 0.99 (negative NOK 5.88) in 2010, compared to USD 0.13 (NOK 0.79) in 2009 (before retroactive tax effect). Earnings per share before retroactive tax amounted to negative USD 0.46 (negative NOK 2.73) in 2010. Cash flow per share was USD 1.46 (NOK 8.63), compared to USD 2.06 (NOK 12.96) in 2009.

As per 31 December 2010 the Price/Earnings ratio (P/E) was negative and the Price/Cash flow ratio was 6.3. Based on book value the current Enterprise Value (EV)/EBITDA multiple is 12.8 while, based upon market capitalisation as per 31 December 2010, the EV/EBITDA multiple was 12.5. Interest coverage ratio (EBITDA/Net interest expenses) was 4.1, same as last year.

QUALITY, HEALTH, SAFETY AND ENVIRONMENT (QHSE)

During recent years Odfjell has initiated a number of different activities to assure the safety of our employees. The Lost Time Injury Frequency (LTIF) has consequently improved, with the on board and ashore figures decreasing from 2.2 in 2009 to 1.6 in 2010. However, sadly we have suffered two incidents with fatal consequences for Odfjell personnel in 2010; one fall accident and one mariner being hit by a mooring rope. Odfjell regrets the loss of lives and has implemented measures to further reduce the risk of similar accidents happening again.

Although we dedicate a lot of resources to enhance safety and quality, some of our corporate initiatives have not been as effective as expected. Hence, we will need to further increase our efforts on training and drills, to ensure that the appropriate levels of competence, risk awareness and safety culture is present throughout our organisation. We will also ensure better closing of the Plan-Do-Check-Act cycle, thus promoting continuous improvement and a sharing culture within and between our business units.

Odfjell Tankers' Environmental Council OTEC monitors and reports the Company's impact on the environment. Energy optimization is a key focus area and in 2010 adjustments of ship speed reduced our fuel consumption with about 40,000 tonnes, equivalent to about 125,000 tonnes of CO_2. In addition, since December 2009 we have started using advanced weather routing services, both in terms of our owned fleet as well as the time chartered ships. About 800 sea-voyages have been subject to weather routing since the implementation. By our conservative estimate Odfjell has saved at least 2,500 tonnes of fuel as a result of this scheme, equivalent to about 7,800 tonnes of CO_2. In addition to fuel saving through route optimization, many of our ships have been assisted to avoid adverse weather conditions and currents. Speed adjustment, weather routing services and other fuel saving initiatives has contributed to 7% improved energy efficiency (fuel consumption/tonnes miles) for the Odfjell Tankers fleet in 2010 as compared to 2009.

Ship Management has obtained Green Passport Statement of Compliance for another ten ships, now totalling 19 ships.

Odfjell Terminals has invested extensively to secure the facilities against spill and emission to soil and air, including installations of larger capacity closed circuit vapour return systems.

Odfjell is committed to ethical business practices, honesty, fair dealing and full compliance with all laws affecting our business. This includes adherence to high standards of Corporate Governance. Odfjell has adopted a corporate social responsibility (CSR) policy that encompasses high focus on quality, health, safety and care for the environment as well as human rights, non-discrimination and anti-corruption.

In 2011 the Board decided that Odfjell will sign up on UN Global Compact. The UN Global Compact is an internationally recognized UN initiative to the advancement of corporate responsibility, encouraging companies to embrace, support and enact, within their sphere of influence, a set of ten principles in the areas of human rights, labour, environment and anti-corruption.

ORGANISATION, WORKING ENVIRONMENT AND JOB OPPORTUNITIES

Odfjell aims at being a company for which it shall be attractive to work, with an inspiring and interesting work environment both at sea and ashore. We carry out employee satisfaction surveys at the headquarters in Bergen and at the main overseas offices, and we do ergonomics inquiries. In addition we have implemented a programme for improved health care for seafarers, with focus on the importance of exercise and a healthy diet. The work environment is considered good.

Odfjell maintains a policy of providing employees with equal opportunities for development of skills and offering new challenges within our Company. Gender-based discrimination is not allowed in terms of recruitment, promotion or wage compensation. Of about 230 employees at the headquarters in Bergen, 68% are men and 32% women, whilst the corresponding global figures (about 924 employees in our fully owned onshore operations) are 76% and 24% respectively. Recognizing that we employ relatively few females, we endeavour to recruit women to Ship Operations, Chartering and Ship Management, and we also promote life at sea as an attractive career.

Compared to last year the recorded absence rate at the headquarters was stable at 4.02%. For the Filipino mariners the absence rate was 0.95% and for Europeans 2.81%.

The Board takes this opportunity to thank all employees for their contributions to the Company during 2010.

STATEMENT ON SALARY AND OTHER BENEFITS TO THE MANAGEMENT FOR 2011 AND 2012

It is Odfjell's policy that Management shall be offered competitive terms of employment in order to ensure continuity and to enable the Company to recruit qualified personnel. The remuneration is structured so that it promotes the creation of value for the Company. The remuneration shall not be of such a kind or magnitude that it may impair the business or the public reputation of the Company.

A basic, straight salary is the main component of the remuneration. However, in addition to a basic salary there may also be other supplementary benefits, hereunder but not limited to payment in kind, incentive/recognition pay, termination payments and pension and insurance schemes.

The Company does not run any share option schemes, nor other benefit programmes as mentioned in the Public Limited Companies Act, section 6-16 subsection 1 no. 3. As the Company has no such arrangements, no specific limits regulating the different categories of benefits or the total remuneration of Management have been defined. The Board may on a discretionary basis grant recognition payments to certain employees including Management. In 2010 the maximum amount set aside for this type of payment was USD 2 million for the Odfjell group as a whole. The Board is evaluating a performance-related incentive scheme that will be linked to the Company's earnings performance and operational defined goals over time. Members of Management have no defined agreement with regards to severance payments. Remuneration to Management in 2010 was in compliance with the above guidelines.

Please also see Note 23 to the Odfjell Group accounts for more details about the remuneration of the Management in 2010.

WORLD SHIPPING CONTEXT

The aftermath of the recent world economic crisis has in many ways been a two speed recovery. Global growth is to a considerable extent driven by the developing economies whilst many advanced economies lag behind. According to IMF the annual global GDP growth for 2010 was 5.0%, of which the emerging and developing world experienced an economic expansion of 7.1% while the advanced economies on average only grew by 3.0%.

The still fragile recovery of the world economy faces numerous, and partly counteracting challenges; the recent spike in oil prices due the political unrest in some North African and Middle Eastern countries, increasing inflationary pressure in many emerging economies, particularly in Asia, and a worrying debt situation in several developed economies. Massive government intervention during the financial crisis in order to fend off a possible 1930s-like depression has left many countries with a heavy debt burden. These circumstances have so far been most significant in the so-called PIIGS countries (Portugal, Italy, Ireland, Greece and Spain), but also large economies such as Great Britain, Japan and the US have to cut government spending significantly to cope with the situation. With already high unemployment and limited room for government spending and investments, the outlook for rapid recovery and growth in these countries appears not too promising.

The shipping industry has not yet benefitted greatly by the recovery. Most industry segments experienced a severe drop in freight rates and volumes during 2008, and earnings still remain at unsustainable levels. Recovery of additional costs associated with the increase in fuel prices, increasingly expensive anti-piracy measures, including costly routing deviations, and voyage related costs in general represent additional challenges. Due to very limited new contracting, the order book for tankers, boxships, and reefers has been notably reduced over the last few years. For handy-size product carriers it is now less than 20% of the current fleet. The bulk carrier segment on the other hand has been subject to large-scale ordering the last few years, not least based on an optimistic forecast for trade to and from China. The total bulk carrier tonnage on order is more than 50% of current fleet. In 2010 the bulk carrier fleet had a net growth (in dwt) of close to 17%, and the market for such ships really needs to improve to be able to absorb such a huge influx of new tonnage. As a comparison, net fleet growth for handysize tankers was 3.8%. Recycling of ships continues to be modest, and, considering the age profile of the fleet, it will only to a limited extent contribute to reducing the net fleet growth during the next 2-3 years.

The development in China continues to be a key driving force for shipping demand. Rapid and grand scale build-up of the Chinese economy will keep on requiring large imports of main raw materials such as iron ore, coal and crude oil. The growing exports of consumer goods to other parts of the world, and the fact that China now also has become a net exporter of intermediate products such as steel, contribute to fuelling the need for tonnage. The growth and exports from other newly industrialised countries in Asia also show positive development that benefits the shipping industry. Economic forecasts suggest that this development will continue in the mid-term period to 2014. However, a sustainable improvement of shipping demand will also depend on the economic development in the OECD area, mainly the US, EU and Japan, for which the growth prospects indicate a slow-

Compensation and benefits to the President/CEO and the Excecutive Management Group:

(USD 1 000)	Salary	Bonus	Pension cost	Other benefits	Total
President/CEO, Jan A. Hammer	551	-	27	31	**609**
President Tank Terminals, Laurence W. Odfjell [1]	110	-	-	12	**122**
Senior Vice President/CFO Haakon Ringdal	301	-	53	29	**383**
Senior Vice President Corporate Investments, Tore Jakobsen	302	-	37	29	**368**
Total	**1 264**	**-**	**117**	**101**	**1 482**

[1] Elected as Chairman as from May 4th 2010.

er upturn. Therefore, the shipping industry in general seems most likely to face a gradual tightening of its respective markets.

Piracy, in particular out of Somalia, continues to cast a shadow over seaborne trade. The affected area has expanded from the Gulf of Aden now also covering much of the Indian Ocean, despite attempts of naval control and protection. The pirates appear better organised and heavier armed than before, attacks are more violent, the ransom demands are increasing and hijacked ships and their crew remain longer in captivity. This is a persistent worry and shipping companies put much effort and resources into protective measures.

THE CHEMICAL MARKET

The world chemical industry in general experienced a strong rebound in 2010 after a difficult year in 2009. Global chemical production showed a considerable increase again in contrast to the decline the year before, and most of the major chemical companies report healthy results. The outlook for 2011-12 also seems promising, mainly driven by the strong growth in emerging markets, particularly China, India and Brazil but also in newly industrialised Asian "tiger" economies such as Korea, Taiwan and Singapore.

The main share of actual production expansion will take place outside the OECD area, whilst investments in Europe and US predominantly will be for technical upgrading and replacements. Hence, there will be a shift in chemical production, from Europe and the US to the Middle East and Far East Asia, and it is forecasted that China soon will surpass the US as the world's largest chemical market, both in terms of production and consumption. The economic recovery has also increased the demand for oils and fats, further driving imports to e.g. China and India.

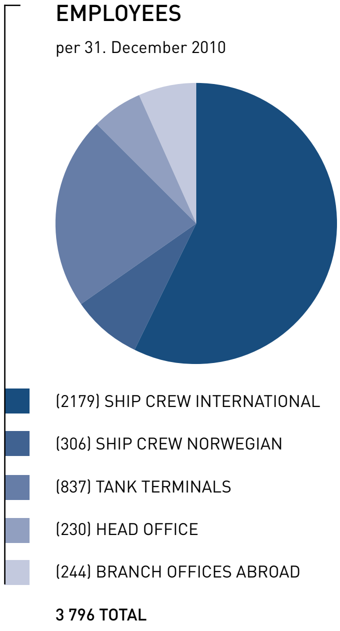
Although the rebound of the chemical industry has also increased the demand for seaborne transportation, so far the chemical tanker industry has not enjoyed nearly the same degree of recovery. The large influx of chemical tanker tonnage, albeit somewhat more moderate than in 2009, continued to outpace demand. The chemical tanker fleet as a whole had a net growth of 7.1%, and the core fleet grew by 6%. The overcapacity kept rates and earnings at unsustainable levels, and only towards the end of the year saw some seasonal pickup in activities. A particularly weak CPP market continued adding to the burden of the shipowners. In addition come increasing operating expenses throughout the year, primarily rising bunker prices and costs related to anti-piracy measures, which only to a very limited degree have been recoverable through the freight rates. Due to the poor earnings several owners keep on facing financial difficulties, some have even gone out of business, and many strive to limit their market exposure through selling units or by putting ships out on charter or on commercial management to others.

Also during 2010 ordering of new tonnage has been almost non-existent, and several newbuilding contracts have been cancelled. As a result the order book has reached its lowest level in the last two decades. For the deep-sea core chemical fleet the order book is now less than 15% of current fleet and for the deep-sea stainless steel fleet less than 12%. However, the short-term impact of the reduced order book is limited. Most of the ships on order are scheduled for delivery already in 2011 and the cohorts of overaged tonnage are relatively small, resulting in a forecasted net fleet increase in 2011 of as much as about 9%. Hence, although there most likely will be some slippage of deliveries into 2012, such continued oversupply of tonnage will dampen the firming of the market. However, a large share of the new tonnage will be in the shape of MR-sized coated chemical carriers, predominantly delivered from Korean yards. For the stainless steel fleet the net increase in 2011 will be less than 5%, which is estimated to be similar to the demand growth for such tonnage, and the short-sea tonnage below 13,000 dwt will hardly grow at all.

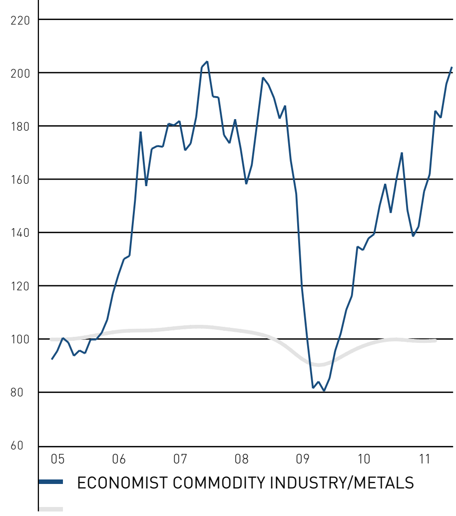
In the mid-term period to 2014 the outlook is somewhat more promising. There are at present relatively few orders scheduled for delivery during these years, and the current levels of freight rates and earnings hardly support any large scale new ordering. As a result the net fleet growth will most likely be very limited, probably not more than 1-2% per year. At the same time the world economy is forecasted to show stable and solid growth close to 4% the next few years, which suggests a seaborne transportation demand increase of 5-6% per year. Consequently the supply/demand balance should turn in favour of stronger shipping markets. However, there is

EMPLOYEES

per 31. December 2010



INDUSTRIAL METAL COMMODITIES INDEX



Source: Datastream and DnB NOR

increasing concern about the tonne mile development due to changing trading patterns.

COMPANY STRATEGY AND PROSPECTS

As a leading niche player, we strive to provide safe, efficient, and cost-effective chemical tanker and tank terminal services to our customers worldwide. Besides clear operational and commercial benefits from close cooperation between our shipping activity and our tank terminals, tank terminals have proven a stabilizing factor in the overall financial performance of the Company as their earnings are less volatile than that of our shipping activities.

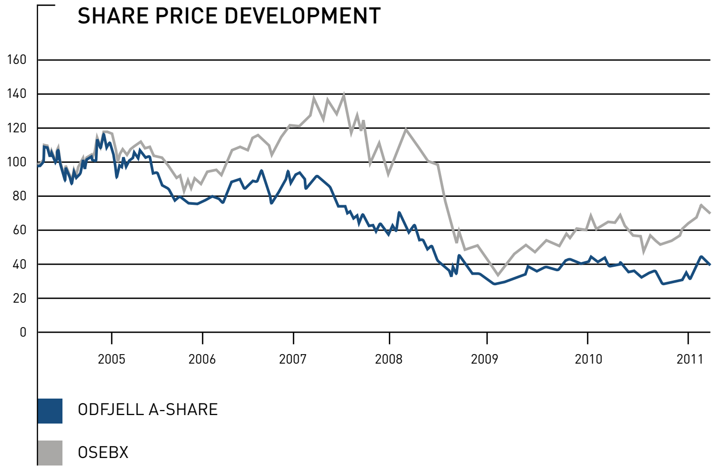
On the shipping side, we strive to stay competitive and flexible with a modern, versatile and adequate fleet of vessels, adjusting to changing trade patterns through organisational nimbleness. Disposal of older units gives us better utilization, enhancing the results of the rest of the fleet, but the overall activity has stagnated into 2011. Freight rates have far from reached sustainable levels. We see increased activity out of the US Gulf and the Middle East, however, all areas still suffer from fierce competition.

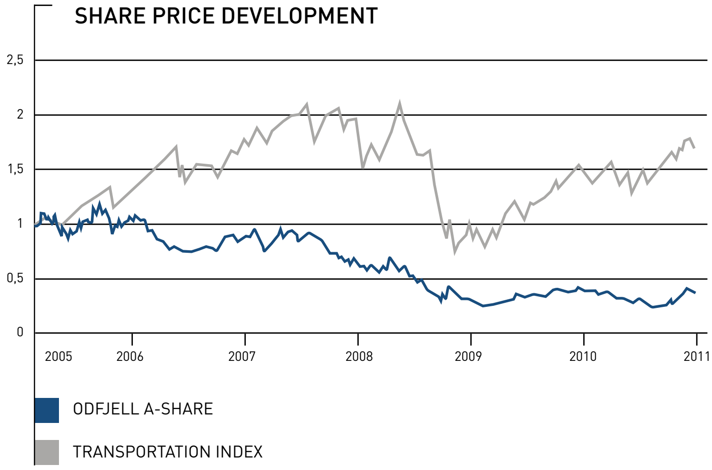
The increasing piracy activities in Gulf of Aden and in the Indian Ocean continue to be a concern, both from a safety and cost perspective.

The large supply overhang in the product tanker market and the steep rise in bunker prices, and our inability to fully recover this increased cost from our customers, may hamper the recovery of our time charter results. Part of our 2011 exposure is reduced through bunker clauses in our contracts or by paper hedges. We expect the overall activity to continue at about the same level and anticipate results for 2011 only to improve slowly as compared to 2010. We expect tank terminal results to remain strong, on the back of a successful expansion programme and strong demand for storage space as well as a solid contract base.

STATEMENT OF RESPONSIBILITY

We confirm that, to the best of our knowledge, the condensed set of financial statements for 2010, which has been prepared in accordance with International Financial Reporting Standards (IFRS), gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the Annual Report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 forth paragraph.





From upper left: Terje Storeng, Laurence W. Odfjell, Bernt Daniel Odfjell, Irene Waage Basili and Christine Rødsæther.

Bergen, 11 March 2011

THE BOARD OF DIRECTORS OF ODFJELL SE

LAURENCE W. ODFJELL
Born 1965. Chairman of the Board since 4 May 2010. Board member 2004-2007 and former President of Odfjell Terminals BV. Mr. Odfjell is member of the founding family of the Company. Owns 27,171,568 shares (incl. related parties) and no options.

TERJE STORENG
Born 1949. Former President/CEO Odfjell SE 2003-2009. Board member 1994-2004 and Managing Director of AS Rederiet Odfjell. Owns 72,672 shares. No options.

IRENE WAAGE BASILI
Born 1967. Board member since 2 December 2008. Mrs. Waage Basili is CEO of GC Rieber Shipping. Mrs. Waage Basili was CEO for Arrow Seismic ASA (later acquired by Petroleum Geo Services (PGS) and has 18 years of experience within shipping and the oil service industry. No shares and no options.

CHRISTINE RØDSÆTHER
Born 1964. Board member since 4 May 2010. Mrs. Rødsæther is a lawyer and partner with Vogt & Wiig. She has a law degree and a Master of Law (LLM). Her professional practice areas are Financial Regulations, Maritime Law and Transportation with experience within banking, finance, corporate, shipping and offshore. No shares and no options.

BERNT DANIEL ODFJELL
Born 1938. Board member since 2010 and previous Chairman of the Board. Mr. Odfjell has been with the Company since 1963. Member of the founding family of the Company. Owns 2,032 shares (incl. related parties). No options.

PROFIT AND LOSS STATEMENT

(USD 1 000)

	Note	2010	2009
Gross revenue	3	1 239 360	1 264 150
Net income from associates	36	128	110
Voyage expenses	19	(450 819)	(449 245)
Time charter expenses	20	(197 811)	(190 675)
Operating expenses	21,23	(311 680)	(329 433)
Gross result		**279 177**	**294 907**
General and administrative expenses	22,23	(110 222)	(113 147)
Operating result before depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)		**168 955**	**181 760**
Depreciation	10	(145 661)	(151 093)
Impairment of non-current assets	11	-	(13 735)
Compensation	29	-	43 312
Capital gain (loss) on non-current assets	10	(6 300)	1 156
Operating result (EBIT)		**16 994**	**61 399**
Interest income	18	4 047	5 752
Interest expenses	7	(45 447)	(50 464)
Other financial items	26	2 756	9 148
Currency gains (losses)	27	2 899	165
Net financial items		**(35 744)**	**(35 400)**
Result before taxes		**(18 750)**	**25 999**
Taxes	8	(60 014)	95 084
Net result		**(78 764)**	**121 083**
OTHER COMPREHENSIVE INCOME			
Cash flow hedges changes in fair value		13 874	84 786
Cash flow hedges transferred to profit and loss statement		(34 056)	23 352
Net gain/(loss) on available-for-sale investments		256	5 183
Exchange rate differences on translating foreign operations		(12 132)	1 270
Other comprehensive income		**(32 058)**	**114 591**
Total comprehensive income		**(110 822)**	**235 674**
Net result allocated to:			
Minority interests		(115)	(104)
Shareholders		(78 649)	121 187
Total comprehensive income allocated to:			
Minority interest		(353)	(1 075)
Shareholders		(110 469)	236 749

BALANCE SHEET

(USD 1 000)

ASSETS AS PER 31.12.	Note	2010	2009
NON-CURRENT ASSETS			
Goodwill	11	10 760	10 717
Real estate	10	49 022	41 472
Ships	10	1 214 961	1 271 897
Newbuilding contracts	10	102 229	125 993
Tank terminals	10	707 253	691 204
Office equipment and cars	10	44 146	30 599
Investments in associates	36	1 586	1 501
Non-current receivables	28	65 364	83 115
Total non-current assets		**2 195 322**	**2 256 500**
CURRENT ASSETS			
Current receivables	29	192 087	212 319
Bunkers and other inventories	32	29 264	32 391
Derivative financial instruments	5	21 643	13 051
Available-for-sale investments	17	34 477	81 487
Cash and cash equivalents	18	107 046	103 169
Total current assets		**384 517**	**442 417**
Total assets		**2 579 838**	**2 698 916**

EQUITY AND LIABILITIES AS PER 31.12.

	Note	2010	2009
EQUITY			
Share capital	33	29 425	29 425
Treasury shares	33	(2 785)	(1 635)
Share premium	33	53 504	53 504
Other equity		686 015	820 160
Minority interests		5 904	4 717
Total equity		**772 063**	**906 171**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	8	36 149	28 133
Pension liabilities	9	22 380	21 946
Non-current interest bearing debt	7	1 256 860	1 412 895
Other non-current liabilities	31	40 910	11 602
Total non-current liabilities		**1 356 299**	**1 474 576**
CURRENT LIABILITIES			
Current portion of interest bearing debt	7	269 800	163 432
Taxes payable	8	21 409	2 294
Employee taxes payable		5 842	7 453
Derivative financial instruments	5	27 911	0
Other current liabilities	30	126 513	144 990
Total current liabilities		**451 476**	**318 169**
Total equity and liabilities		**2 579 838**	**2 698 916**
Guarantees	16	87 102	76 745

Bergen, 11 March 2011

THE BOARD OF DIRECTORS OF ODFJELL SE

Laurence W. Odfjell
CHAIRMAN

B.D. Odfjell

Christine Rødsæther

Terje Storeng

Irene Waage Basili

Jan A. Hammer
President/CEO

CASH FLOW STATEMENT

(USD 1 000)

	Note	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES			
Operating result		16 994	61 399
Depreciation and impairment	10	145 661	164 828
Capital (gain) loss on non-current assets	10	6 300	(1 156)
Compensation	10	-	(43 312)
Inventory (increase) decrease		3 127	(13 770)
Trade debtors (increase) decrease		(4 327)	19 173
Trade creditors increase (decrease)		723	(8 037)
Difference in pension cost and pension premium paid		434	6 095
Other current accruals		6 001	31 294
Taxes paid		(6 297)	(27 219)
Net cash flow from operating activities		**168 616**	**189 296**
CASH FLOW FROM INVESTING ACTIVITIES			
Sale of non-current assets		72 869	8 500
Investment in non-current assets	10	(196 340)	(173 609)
Available-for-sale investments		47 010	7 581
Changes in non-current receivables		17 683	(24 826)
Interest received		4 047	5 752
Net cash flow from investing activities		**(54 731)**	**(176 602)**
CASH FLOW FROM FINANCING ACTIVITIES			
New interest bearing debt		145 291	272 946
Payment of interest bearing debt		(185 999)	(199 718)
Purchase treasury shares		(24 826)	(38 090)
Other financial expenses		2 756	10 103
Interest paid		(45 447)	(51 420)
Dividend		-	(12 271)
Net cash flow from financing activities		**(108 226)**	**(18 450)**
Effect on cash balances from currency exchange rate fluctuations		(1 781)	4 663
Net change in cash balances		**3 877**	**(1 094)**
Cash and cash equivalents as per 1.1		103 169	104 263
Cash and cash equivalents as per 31.12		**107 046**	**103 169**
Available credit facilities		20 250	61 750

STATEMENT OF CHANGES IN EQUITY

(USD 1 000)	Attributable to shareholders' equity									
	Share capital	**Treasury shares**	**Share premium**	**Exchange rate differences**	**Fair value and other reserves**	**Retained earnings**	**Total other equity**	**Total share-holders' equity**	**Minority interests**	**Total equity**
Equity as at 1.1.2009	29 425	-	53 504	20 217	(89 366)	701 286	**632 137**	**715 067**	5 792	**720 859**
Comprehensive income	-	-	-	2 343	113 321	121 083	**236 748**	**236 749**	(1 075)	**235 674**
Share sale/repurchases	-	(1 635)	-	-	-	(36 454)	**(36 454)**	**(38 089)**	-	**(38 089)**
Dividend	-	-	-	-	-	(12 271)	**(12 271)**	**(12 271)**	-	**(12 271)**
Equity as per 31.12.2009	**29 425**	**(1 635)**	**53 504**	**22 560**	**23 955**	**773 645**	**820 160**	**901 454**	**4 717**	**906 171**
Equity as at 1.1.2010	29 425	(1 635)	53 504	22 560	23 955	773 645	**820 160**	**901 454**	4 717	**906 171**
Comprehensive income	-	-	-	(11 894)	(19 926)	(78 649)	**(110 469)**	**(110 469)**	(353)	**(110 822)**
Paid-in capital in minority interest	-	-	-	-	-	-	-	-	1 540	**1 540**
Share sale/repurchases	-	(1 150)	-	-	-	(23 676)	**(23 676)**	**(24 826)**	-	**(24 826)**
Equity as per 31.12.2010	**29 425**	**(2 785)**	**53 504**	**10 666**	**4 029**	**671 320**	**686 015**	**766 159**	**5 904**	**772 063**

NOTES TO THE GROUP FINANCIAL STATEMENT

NOTE 1 CORPORATE INFORMATION

Odfjell SE, Conrad Mohrsv. 29, Bergen, Norway, is the ultimate parent company of the Odfjell Group. Odfjell SE is a public limited company traded on the Oslo Stock Exchange. The consolidated financial statement of Odfjell for the year ended 31 December 2010 was authorised for issue in accordance with a resolution of the Board of Directors on 11. March 2011. The Odfjell Group includes Odfjell SE, wholly owned or controlled subsidiaries incorporated in several countries (see note 34 for an overview of consolidated companies) and our share of investments in joint ventures (see note 35).

Odfjell is a leading company in the global market of transportation and storage of chemicals and other speciality bulk liquids as well as a provider of related logistical services. Through its various subsidiaries and joint ventures Odfjell owns and operates chemical tankers and tank terminals. The principal activities of the Group are described in note 3.

Unless otherwise specified the "Company", "Group", "Odfjell" and "we" refer to Odfjell SE and its consolidated companies.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

2.1 Basis for preparation

The Odfjell Group prepared its accounts according to International Financial Reporting Standards (IFRS) approved by EU. Items in the financial statements have been reported, valued and accounted for in accordance with IFRS, which comprise standards and interpretations adopted by the International Accounting Standards Board (IASB). These include International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) formerly the Standing Interpretations Committee (SIC).

The consolidated statements have been prepared on a historical cost basis, except for the measurement at fair value of derivative financial instruments (see note 2.15) and financial investments (see note 2.16).

2.2 Basis of consolidation

The same accounting principles are applied to all companies in the Odfjell Group. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated.

Investment in subsidiaries

The consolidated statements consist of Odfjell SE and its subsidiaries as at 31 December each year (see note 34). Minority interests are included as a separate item in the equity, and are recorded as a separate allocation of the net result. The minority interests include the minority's share of the equity of the subsidiary, including any share of identified excess value on the date when a subsidiary was acquired.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtained control, and continues to be consolidated until the date that such control ceases. Controlling influence is normally gained when the Group owns, directly or indirectly, more than 50% of the shares in the company and is capable of exercising actual control over the company. Identified excess values have been allocated to those assets and liabilities to which the value relates. Fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the balance sheet date. Excess values are depreciated over the estimated economic lives, except for goodwill that is tested for impairment annually or more frequently if events or changes in circumstances indicate that there may be impairment (see note 2.14).

2.3 Application of judgment and estimates

Certain of our accounting principles require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates that affect the reported amounts of assets, liabilities, revenues, expenses and information on potential liabilities. By their very nature, these judgments are subject to an inherent degree of uncertainty. These judgments and estimates are based on historical experience, terms of existing contracts, observance of trends in the industry, information provided by customers and where appropriate, information available from other outside sources. Although these estimates are based on management's interpretations of current events and actions, future events may lead to these estimates being changed and actual results may ultimately differ from those estimates. Such changes will be recognised when new estimates can be determined. Our significant judgment and estimates include:

Revenue recognition

Total revenues and voyage related expenses in a period are accounted for as the percentage of completed voyages. Voyage accounting consists of actual figures for completed voyages and estimates for voyages in progress. Historically the estimated revenues and voyage expenses have not been significantly different from actual voyage related revenues and expenses. Further details are given in note 2.6.

Valuation of non-current assets

Non-current assets are depreciated over the expected useful lives to an estimated residual value at time of disposal. Expected useful lives are estimated based on earlier experience and are reviewed at each balance sheet date, and where they differ significantly from previous estimates, depreciations are adjusted accordingly. We estimate residual value at the estimated time of disposal of assets, which is generally at the end of their useful life. To assess the residual value of ships we use the estimated recycling value. For terminals we use a best estimate for the value of the tank assets less dismantling expenses. The residual values are evaluated on a regular basis with any changes having an effect on future depreciations. Further details are given in note 2.11.

When impairment test is required and when we estimate value in use, the estimates are based upon our projections of anticipated future cash flows and an appropriate discount rate when calculating the present value of those cash flows. While we believe that our estimates of future cash flows are reasonable, different assumptions regarding such cash flows could materially affect our evaluations. Further details are given in note 2.14.

Taxes

The Group is subject to income tax in many jurisdictions. Considerable judgment must be exercised to determine income tax for all countries taken together in the consolidated accounts. The final tax liability for many transactions and calculations will be uncertain. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in note 2.7.

Pension

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 2.24.

Provisions

Provisions are based on best estimates. Provisions are reviewed each balance sheet date and the level shall reflect the best estimate of such possible liability. Further details are given in note 2.23.

2.4 Changes in accounting principles and disclosures

The following changes in accounting principles have been implemented in 2010 as a result of requirements stipulated in the accounting standards and IFRIC interpretations. The adoption of these amendments to standards and interpretations had no material impact on Odfjell, only some changes by way of the presentation format of the financial statement.

- IFRS 3 (revised) Business Combinations
- IAS 27 (revised) Consolidated and Separated Financial Statements
- Amendments to IAS 39 Financial Instruments – Recognition and measurement
- IFRIC 16 Hedges of a net investment in a foreign operation
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

2.5 Currency

Functional and presentation currency

The consolidated financial statements are presented in USD as the Group operates in an international market where the functional currency is mainly USD. The shipping companies generally have USD as the functional currency, whilst the terminal companies´ functional currency is the local currency.

Transactions and balances

Transactions in non-USD currency are recorded at the exchange rate on the date of the transaction. Receivables and liabilities in non-USD currencies are translated at the exchange rate on the balance sheet date. All exchange rate differences are taken to the profit and loss statement. Non-monetary items that are measured in terms of historical cost in a non-USD currency are translated using the exchange rates at the dates of the initial transactions.

Foreign subsidiaries

The balance sheet of foreign subsidiaries with functional currency other than USD is translated at the rate applicable on the balance sheet date, while the profit and loss statement is translated using the monthly average exchange rate for the accounting period. Exchange rate differences that arise as a result of this are included as exchange rate differences in the Statement of comprehensive income. When a foreign subsidiary is sold, the accumulated translation adjustment related to that subsidiary is taken to the profit and loss statement.

2.6 Revenue recognition

Revenue is recognised when it is probable that a transaction will generate a future economic benefit that will accrue to the Company, and the size of the amount may be reliably estimated. Revenue is measured at the fair value of the amount to be received, excluding discounts, sales taxes or duty.

Total revenues and voyage related expenses in a period are accounted for as the percentage of completed voyages. Voyage accounting consists of actual figures for completed voyages and estimates for voyages in progress. Voyages are normally discharge-to-discharge. Except for any period a ship is declared off-hire due to technical or other owner's matters, a ship is always allocated to a voyage.

Tank rental income is recognised to the extent that it seems likely that the economic benefits will accrue and the amount may be reliably measured. Distillation income and other services are recognised in proportion to the stage of the rendered performance as at the balance sheet date. If the income from rendering of services can not be reliably measured, only the income up to the level of the expenses to be claimed will be recognized.

2.7 Taxes

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

The Group's taxes include taxes of Group companies based on taxable profit for the relevant financial period, together with tax adjustments for previous periods and any change in deferred taxes. Tax credits arising from subsidiaries' distribution of dividends are deducted from tax expenses.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

• where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

• in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available to offset the temporary differences. We recognise formerly unrecognised deferred tax assets to the extent that it has become probable that we can utilise the deferred tax asset. Similarly, the Company will reduce its deferred tax assets to the extent that it no longer can utilise these.

Deferred tax and deferred tax assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the relevant tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax and deferred tax assets are recognised irrespective of when the differences will be reversed. Deferred tax and deferred tax assets are recognised at their nominal value and are classified as non-current liabilities (non-current assets) in the balance sheet.

Companies taxed under special shipping tax systems will generally not be taxed on the basis of their net operating profit. A portion of net financial income and other non-shipping activities are normally taxed at the ordinary applicable tax rate. Taxation under shipping tax regimes requires compliance with certain requirements, and breach of such requirements may lead to a forced exit of the regime.

Tax payable and deferred taxes are recognised directly in equity to the extent that they relate to factors that are recognised directly in equity.

2.8 Government grants

Government grants, are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense (income) item, it is recognised as reduction (increase) of the expense (income) over the period necessary to match the grant on a systematic basis to the expense (income) that it is intended to compensate. When the grant relates to an asset, the fair value is reduced and the grant is released to the profit and loss statement over the expected useful life of the relevant asset on a straight-line basis. Further details are given in note 14.

2.9 Investment in joint ventures

Joint ventures are entities over which the Group has contractually agreed to share the power to govern the financial and operating policies of the entity with another venturer(s). Our share of activities under joint control (see note 35) is included according to the gross method. Under this method the Group's proportionate share of revenues, costs, assets and liabilities are recognised with similar items in the financial statements on a line-by-line basis. The financial statements of the joint venture are prepared for the same reporting year as Odfjell. Adjustments are made to bring into line any dissimilar accounting policies that may exist. A review of the carrying values in joint ventures is carried out when there are indications that there is a need to recognise impairment losses or when the need of previously recognised impairment losses is no longer present.

2.10 Investment in associates

Associated companies are entities in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Associated companies (see note 36) are included according to the net method. Under this method the Group's share of the associated company's net result for the year is recognised in the profit and loss statement. The Group's interest in an associated company is carried on the balance sheet at an amount that reflects its share of the net assets of the associated company. The carrying value of investment in an associate will never be negative, unless the Group has incurred or guaranteed obligations in respect of the associated company. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. The reporting dates of the associate and the Group are identical. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

2.11 Non-current assets

Non-current assets are measured at historical cost, which includes purchase price, capitalised interest and other expenses directly related to the investment. The carrying value of the non-current assets on the balance sheet represents the cost less accumulated depreciation and any impairment charges. Newbuilding contracts include payments made under the contracts, capitalised interest and other costs directly associated with the newbuilding programme and are not depreciated until the asset is available for use.

We estimate residual value at the estimated time of disposal of assets, which is generally at the end of their useful life. To assess the residual value of ships we use the current estimated recycling value. For terminals we use a best estimate for the value of tank assets less dismantling expenses. The residual values are measured at least on a yearly basis and any changes have an effect on future depreciations.

Each component of a non-current asset that is significant to the total cost of the item shall be depreciated separately. The Company allocates the amount initially recognised in respect of an item of non-current asset to its significant components and depreciates separately each such component over their useful lives. The book value of ships is split into two components, ships and periodic maintenance.

Day-to-day repairs and maintenance costs are charged to the profit and loss statement during the financial period in which they are incurred. The cost of major renovations and periodic maintenance is included in the asset's carrying amount. At the time of investing in a ship a portion of the purchase price is defined as periodic maintenance. The investment is depreciated over the remaining useful life of the asset and for the periodic maintenance part over the period until the next periodic maintenance. For ships chartered in on bare-boat terms, Odfjell is responsible for operating expenses and periodic maintenance. For such ships we make accruals for estimated future periodic maintenance.

Expected useful lives of non-current assets are reviewed at each balance sheet date, and where they differ significantly from previous estimates, depreciations are adjusted accordingly. Changes are valid as from the dates of estimate changes.

Depreciation of the above mentioned assets appears as depreciation in the profit and loss statement.

Capital gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the operating result. When the carrying amount of a non-current asset will be recovered principally through a sale transaction rather than through continued use they are reported at the lower of the carrying amount and the fair value less selling costs.

2.12 Leases

The determination of whether an arrangement is, or may represent a lease, is based on the substance of the arrangement at inception date. An arrangement is a lease if the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. After inception reassessment is made only if one of the following aspects occur:

1. there is a change in contractual terms, other than a renewal or extension of the arrangement
2. a renewal option is exercised or an extension is granted, without the term of the renewal or extension having been initially included in the lease term
3. there is a change in the determination of whether fulfilment is dependent on a specified asset
4. there is a substantial change to the asset where a reassessment is made, lease accounting shall com mence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios 1, 3 or 4 and at the date of renewal or ex tension period for scenario 2.

Assets financed under financial leases are capitalised at the inception of the lease at the fair value of the leased asset, or if lower, at the net present value of minimum lease payments. Lease payments consist of a capital element and financial cost, the repayment of the capital element reduces the obligation to the lessor and the financial cost is expensed. Capitalised leased assets are depreciated over the estimated useful life in accordance with note 10.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss statement on a straight-line basis over the lease term, see note 16 and note 20.

2.13 Goodwill

Excess value on the purchase of an operation that cannot be allocated to fair value on the acquisition date is shown in the balance sheet as goodwill. In the case of investments in associates, goodwill is included in the carrying amount of the investment. Goodwill is not amortised, but goodwill is allocated to the relevant cash generating unit and an assessment is made each year as to whether the carrying amount can be justified by future earnings, see note 2.14 impairment of assets.

2.14 Impairment of assets

Non-financial assets

At each reporting date the accounts are assessed whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, estimates of the asset's recoverable amount are done. The recoverable amount is the highest of the fair market value of the asset, less cost to sell, and the net present value (NPV) of future estimated cash flow from the employment of the asset ("value in use"). The NPV is based on an interest rate according to a weighted average cost of capital ("WACC") reflecting the required rate of return. The WACC is calculated based on the Company's long-term borrowing rate and a risk free rate plus a risk premium for the equity. If the recoverable amount is lower than the book value, impairment has occurred and the asset shall be revalued. Impairment losses are recognised in the profit and loss statement. Assets are grouped at the lowest level where there are separately identifiable independent cash flows. We have made the following assumptions when calculating the "value in use" for material tangible and intangible assets:

Ships

Future cash flow is based on an assessment of what is our expected time charter earning and estimated level of operating expenses for each type of ship over the remaining useful life of the ship. As the Odfjell ships are interchangeable and the regional chemical tankers are integrated with the deep sea chemical tankers through a logistical system, all chemical tankers are seen together as a portfolio of ships. In addition the pool of officers and crew are used throughout the fleet. Odfjell has a strategy of a total crew composition and how the crew is dedicated to the individual ships varies. Changing the crew between two ships can change the net present value per ship without any effect for the Group. This also is an argument for evaluating the fleet together. As a consequence, ships will only be impaired if the total value of the ships based on future estimated cash flows is lower than the total book value.

Tank terminals

Future cash flow is based on our expected result for each terminal. We have calculated the "value in use" based on estimated five years operating result before depreciation less planned capital expenditures each year plus a residual value after five years.

Goodwill

Goodwill acquired through business combinations has been allocated to the relevant cash generating unit (CGU). An assessment is made as to whether the carrying amount of the goodwill can be justified by future earnings from the CGU to which the goodwill relates. Future earnings are based on next year's expectations with a zero growth rate. We have calculated "value in use" based on net present value of future cash flows. If "value in use" of the CGU is less than the carrying amount of the CGU, including goodwill, goodwill will be written down first. Thereafter the carrying amount of the CGU will be written down.

Financial assets

At each reporting date the Group assesses whether a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Available-for-sale-investments

If an available-for-sale-investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit and loss. This normally applies in a situation with changes exceeding 20% of the value and expected to last for more than six months, both based on original cost.

With the exception of goodwill, impairment losses recognised in the profit and loss statements for previous periods are reversed when there is information that the basis for the impairment loss no longer exists or is not as great as it was. This reversal is classified in revenue as an impairment reversal. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.

2.15 Derivative financial instruments and hedging

Derivative financial instruments are recognised on the balance sheet at fair value. The method of recognising the gain or loss is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, we designate certain derivatives as either a hedge of the fair value of a recognised asset or liability (fair value hedge), or a hedge of a highly probable forecasted transaction (cash flow hedge) or of a firm commitment (fair value hedge).

Changes in the fair value of derivatives that qualify as fair value hedges and that are highly effective both prospectively and retrospectively are recorded in the profit and loss statement together with any changes in the fair value of the hedged asset, liability or firm commitment that is attributable to the hedged risk.

Changes in the fair value of derivatives that qualify as cash flow hedges and that are highly effective both prospectively and retrospectively are recognised in statement of comprehensive income. Amounts deferred in statement of comprehensive income are transferred and classified in the profit and loss statement when the underlying hedged items impact net result in a manner consistent with the underlying nature of the hedged transaction.

If a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss existing in statement of comprehensive income at that time remains in statement of comprehensive income and is recognised when the committed or forecasted transaction is ultimately recognised in the profit and loss statement as a finance items. However, if a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in statement of comprehensive income is immediately transferred to the profit and loss statement. If a fair value hedge is derecognised, the fair value is recognised immediately in profit or loss.

Certain derivative transactions, while providing effective economic hedges under the Group risk management policy, do not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of derivative instruments that do not qualify for hedge accounting under IAS 39 are shown immediately in the profit and loss statement. This also applies to any ineffective parts of a derivative financial instrument that qualifies as a hedge.

At the inception of the transaction, the relationship between the hedging instruments and the hedged items, as well as its risk management objective and strategy for undertaking the hedge transactions, is documented. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecasted transactions. The Group also documents its assessment, both at the hedge inception and on an ongoing basis, as to whether the derivatives that are used in hedging transactions, are highly effective in offsetting changes in fair values or cash flows of the hedged items. The derivative instruments used by the Group are not leveraged, and are not held for speculative arbitrage or investment purposes.

The fair value of derivatives that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For derivatives where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another substantially same instrument, discounted cash flow analysis or other valuation models.

2.16 Financial instruments

Financial investments have been classified as financial assets at fair value through profit and loss, loans and receivables or available-for-sale categories. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs. The classification is dependent on the purpose for which the investments were acquired. Financial investments with less than 12 months to maturity or if they are being regularly traded are classified as current assets, otherwise as non-current. The Group determines the classification of its financial investments after initial recognition, and where allowed and appropriate, this designation is re-evaluated at each financial year end.

Purchases and sales of financial investments are recognised on the settlement date, which is the date that the asset is delivered to or by the Group. When financial investments are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction cost.

Fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another substantially same instrument, discounted cash flow analysis or other valuation models.

Financial investments at fair value through profit and loss

This category includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss. A financial investment is classified in this category if acquired principally for the purpose of regular trading. Derivatives are in this category unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be realised within 12 months of the balance sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loan and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any other category. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. After initial recognition, available-for-sale investments are measured at fair value with gains and losses being recognised as a separate component in statement of comprehensive income until the investment is derecognised, or until the investment is determined to be impaired, at which time the cumulative loss previously reported in equity is included in the income statement.

2.17 Trade receivables

Trade receivables are recognised at fair value at time of initial measurement. After initial recognition, receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Provisions for impairment are based on estimated historical data and objective indicators of a fall in value. Objective indicators are, among other: material economical problems, economical restructuring, bankruptcy, delayed repayment or non-payment. Provisions for impairment are recognised to receivables and changes are charged profit and loss statement as reduction in gross revenue. Any receipt of earlier written off receivables are recognised in profit and loss statement as gross revenue.

2.18 Inventories

Bunkers and other inventories are accounted for at purchase price, on a first-in, first-out basis.

Impairment losses are recognised if the fair value (sales price less sales cost) is lower than the cost price.

2.19 Cash and cash equivalents

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash in hand and in bank, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

The amount of cash and cash equivalent in the cash flow statement does not include available credit facilities.

2.20 Equity

Paid in equity

(i) Share capital

The portion of the paid-in-capital equalling number of shares at their nominal value.

(ii) Treasury shares

The value of treasury shares' portion of share capital.

(iii) Share premium

The excess value of the total paid-in-capital not reflected in the nominal value of the shares. Transaction costs of an equity transaction are accounted for as a deduction in share premium, net of any related income tax benefit.

Other equity

(i) Exchange rate differences

Exchange rate differences arise in connection with currency differences when foreign entities are consolidated. When a foreign operation is sold, the accumulated exchange differences linked to the entity are reversed and appear in the profit and loss statement in the same period as the gain or loss on the sale is recognised.

(ii) Fair value and other reserves

The fair value and other reserves include the total net change in the fair value of the cash flow hedge and financial investment available for sale. When the hedged cash flow matures or is no longer expected to occur, the net change in fair value is transferred to the profit and loss statement. When financial investments are sold or impaired, the accumulated fair value adjustments in equity are included in the profit and loss statement as gains and losses from financial investment.

(iii) Retained earnings

The net result attributable and available for distribution to the shareholders.

Dividends are recorded as a deduction to other equity in the period in which they are approved by the shareholders.

2.21 Dismantling liabilities

If there is legal or constructive obligation to dismantle a tank terminal at the end of its useful life, liabilities for future dismantling expenses are accrued at discounted values. The dismantling liability is included in the asset value. The liabilities are regularly evaluated, and adjusted when there are material changes in interest rates, inflation or in other dismantling expenses. The adjustments are recognised as financial expenses.

2.22 Interest bearing debt

Interest bearing debt is classified as non-current liabilities and appears initially as the amount of proceeds received, net of transaction costs incurred. In subsequent periods, transaction costs are deferred and charged to the profit and loss statement over the life of the underlying debt according to the effective interest method.

Interest bearing debt is generally non-current liabilities, while instalments within the next 12 months are classified as current liabilities.

Interest expenses are recognised as an expense using the effective interest rate method. Transactions costs are deferred and charged to the profit and loss statement over the life of the underlying debt using the effective interest rate method.

2.23 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are based on best estimates. Provisions are reviewed on each balance sheet date and reflect the best estimate of the liability. If the effect of the time value of money is material, normally more than twelve months, provisions are discounted using a current pre tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.24 Pension cost and liabilities

The Group operates a number of pension plans in accordance with the local conditions and practices in the countries in which it operates. Such pension plans are defined benefit plans or contribution plans according to the customary pension plans prevailing in the country concerned.

Defined benefit pension plans are pension plans with retirement, disability and termination income benefits. The retirement income benefits are generally a function of years of employment and final salary with the Company. Generally the schemes are funded through payments to insurance companies as determined by periodic actuarial calculations. The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for actuarial gains/losses and past service cost. The net pension liability is calculated based on certain estimates with regards to interest rates, future salary adjustments etc. The estimates are based on historical experience and current market conditions. The cost of providing pensions is charged to the profit and loss statement so as to spread the regular cost over the vesting period of the employees. The effect of changes in estimates exceeding 10% of the highest of pension liabilities and plan assets is accounted for. Such changes are amortised over the remaining vesting period.

For defined contribution plans, contributions are paid to pension insurance plans. Once the contributions have been paid, there are no further payment obligations. Contributions to defined contribution plans are charged to the profit and loss statement in the period to which the contributions relate.

The Group may at any time make alterations to the terms and conditions of the pension scheme and undertake that they will inform the employees of any such changes.

2.25 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after deducting interest on any dilutive instruments) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

2.26 Comparatives

Comparative figures have been reclassified to conform to changes in presentation in the current year when there are changes in accounting principles, corrections of errors or operations defined as discontinued.

2.27 Segments

The definition of main business segments, our primary reporting format, is based on the Company's internal reporting. A business segment provides services that are subject to risks and returns that are different from those of other business segments. The Group's secondary reporting format, geographical segments, is provided for revenue, total assets and capital expenditure, as the reliability measurement criteria cannot be met for other items. Any single country contributing more than 10% of total revenue/asset/capital expenditure is reported separately. Our shipping revenue is allocated on the basis of the area in which the cargo is loaded. For the tank terminals the revenue is allocated to the area where the respective companies are located. Total assets and capital expenditure are allocated to the area where the respective assets are located while ships and newbuilding contracts are not allocated to a certain area as the ships sail on a worldwide basis. Financial information relating to segments is presented in note 3.

Transactions between the individual business areas are priced at market terms and are eliminated in the consolidated accounts.

2.28 Events after the balance sheet date

Events after the balance sheet date that do not affect the Company's position at the balance sheet date, but which will materially affect the Company's position in the future are stated.

2.29 Related parties

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

2.30 IFRS and IFRIC interpretations issued but not effective as per 31.12.2010

Odfjell expects following impact from new Standards or Interpretations, which are effective for the annual period beginning 1 January 2011 or later:

Amendments to IFRS 7 Financial Instruments - Disclosures

The amendment relates to disclosure requirements for financial assets that are derecognized in their entirety, but where the entity has a continuing involvement. The amendments will assist users in understanding the implications of transfers of financial assets and the potential risks that may remain with the transferor. The amended IFRS 7 is effective for annual periods beginning on or after 1 July 2011, but the standard is not yet approved by the EU. The Group expects to implement the amended IFRS 7 as of 1 January 2012.

IFRS 9 Financial Instruments

IFRS 9 replaces the classification and measurement rules in IAS 39 Financial Instruments- Recognition and measurement for financial instruments. According to IFRS 9 financial assets with basic loan features shall be measured at amortised cost, unless one opts to measure these assets at fair value. All other financial assets shall be measured at fair value. The classification and measurement of financial liabilities under IFRS 9 is a continuation from IAS 39, with the exception of financial liabilities designated at fair value through profit or loss (Fair value option), where change in fair value relating to own credit risk shall be separated and shall be presented in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after 1 January 2013, but the standard is not yet approved by the EU. The Group expects to apply IFRS 9 as of 1 January 2013.

Amendments to IAS 12 Income Taxes

The amendments intend to provide a practical solution to a problem relating to investment properties that arises in certain jurisdictions. As a result of the amendments deferred tax on investment property measured at fair value is required to be determined using the rebuttable presumption that the carrying amount of the underlying asset will be recovered through sale (rather than use). The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through use. The amendments incorporate SIC 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets into IAS 12. As a result IAS 12 will require that deferred tax arising from a non-depreciable asset measured using the revaluation model in IAS 16 Property, plant and equipment will always be determined on a sale basis. The amended IAS 12 is effective for annual periods beginning on or after 1 January 2012, but the standard is not yet approved by the EU. The Group expects to implement the amended IAS 12 as of 1 January 2012.

IAS 24 (revised) Related Party Disclosures

The revised IAS 24 clarifies and simplifies the definition of a related party, compared to the current IAS 24. The revised standard also provides some relief for government-related entities to disclose details of all transactions with other government-related entities (as well as with the government itself). IAS 24 (R) is effective for annual periods beginning on or after 1 January 2011, but the revised standard is not yet approved by the EU. The Group expects to implement IAS 24 (R) as of 1 January 2011.

Amendments to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues

The amendment to IAS 32 Financial Instruments - Presentation provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met. Application of the amendment is retrospective and will result in the reversal of profits or losses previously recognized. The amendment is effective for annual periods beginning on or after 1 February 2010. The Group expects to implement the amendments as of 1 January 2011.

Amendments to IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction - Prepayments of a Minimum funding Requirement

The amendment to IFRIC 14 intends to correct an unintended consequence of IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. This amendment will allow entities to recognise a prepayment of pension contributions as an asset rather than as an expense. The amendment is effective for annual periods beginning on or after 1 January 2011. The Group expects to implement the amendment as of 1 January 2011.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The interpretation clarifies the accounting treatment of financial liabilities that, as a result of a renegotiation of the terms of the financial liability, are fully, or partially, extinguished with equity instruments. The interpretation is effective for annual periods beginning on or after 1 July 2010. The Group expects to implement IFRIC 19 as of 1 January 2011.

It is expected that above mentioned changes will have no material effect for the Group.

Annual improvements project 2010

The IASB issued amendments to its standards and the related Basis for Conclusions in its annual "improvements to IFRSs". The improvement project is an annual project that provides a mechanism for making necessary but non-urgent amendments. The improvements are effective for annual periods beginning on 1 July 2010 or later, but the improvements are not yet approved by the EU. The Group plans to implement the amendments from 1 January 2011.

IFRS 3 Business Combinations:

- Clarifies that the amendments to IFRS 7, IAS 32 and IAS 39, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combina tions whose acquisition dates precede the applica tion of IFRS 3(R).
- Introduces a limit on the scope of the measurement choices for components of non-controlling interests.
- Clarification regarding the requirements of an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transaction. If the entity replaces the acquiree's awards that expire as a consequence of the business combination, these are recognised as post-combination expenses.

IFRS 7 Financial Instruments – Disclosures:

- Emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. In addition changes are made to disclosure require ments relating to quantitative information and to credit risk.

IAS 1 Presentation of Financial Statements:

- Clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

IAS 27 Consolidated and Separate Financial Statements:

- Clarifies that the consequential amendments from IAS 27 made to IAS 21, IAS 28 and IAS 31, apply prospectively for annual periods beginning on or after 1 July 2009 or earlier when IAS 27 is applied early.

IAS 34 Interim Financial Reporting:

- Provide guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements concerning circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets.

None of the changes will result in material changes in the Group's use of accounting principles or note information.

NOTE 3 SEGMENT INFORMATION

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Company has two reportable business segments: Chemical tankers and Tank Terminals. The Chemical tankers involve a "round the world" service, servicing ports in Europe, the North and South America, Asia Pacific and Africa. Our fleet composition enables us to offer both global and regional transportation. Tank Terminals play an important operational role in our cargo-consolidation programme so as to reduce the time our ships spend in port and enables us to be one of the world-leaders in combined shipping and storage services.

Pricing of services and transactions between businesses segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expenses and segment results include transactions between business segments. Those transactions are eliminated in consolidation.

The Group provide geographical data for revenue and total assets, as the reliability measurement criteria cannot be met for other items. The Group's activities are mainly divided among the following regions: Europe, North and South America and Middle East and Asia. Ships and newbuilding contracts are not allocated to specific geographical areas as they generally trade worldwide.

BUSINESS SEGMENT DATA

(USD 1 000)

	Chemical Tankers 2010	Tank Terminals 2010	Total 2010	Chemical Tankers 2009	Tank Terminals 2009	Total 2009
PROFIT AND LOSS STATEMENT						
Gross revenue from external customers	996 426	242 934	**1 239 360**	1 020 624	243 526	**1 264 150**
Gross revenue from internal customers	2 723	2 223	-	-	4 944	-
Gross revenue	**999 149**	**245 157**	**1 239 360**	**1 020 624**	**248 470**	**1 264 150**
Net income from associates	-	128	**128**	-	110	**110**
Operating result before depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)	58 886	110 069	**168 955**	72 944	108 816	**181 760**
Depreciation	(111 005)	(34 656)	**(145 661)**	(120 541)	(30 552)	**(151 093)**
Impairment of non-current asset	-	-	**-**	(3 020)	(10 715)	**(13 735)**
Compensation	-	-	**-**	43 312	-	**43 312**
Capital gain (loss) on non-current assets	(6 300)	-	**(6 300)**	1 156	-	**1 156**
Operating result (EBIT)	**(58 419)**	**75 413**	**16 994**	**(6 150)**	**67 549**	**61 399**
Net financial items	(18 788)	(16 956)	**(35 744)**	(19 956)	(15 444)	**(35 400)**
Taxes	(43 520)	(16 495)	**(60 014)**	108 580	(13 496)	**95 084**
Net result	**(120 725)**	**41 961**	**(78 764)**	**82 474**	**38 609**	**121 083**
Minority interests	-	(115)	**(115)**	-	(104)	**(104)**
BALANCE SHEET						
Investments in associates	-	1 586	**1 586**	-	1 501	**1 501**
Total assets	1 827 761	982 747	**2 579 838**	1 974 301	953 367	**2 698 916**
Total debt	1 300 056	621 507	**1 807 775**	1 187 157	615 973	**1 792 745**
CASH FLOW STATEMENT						
Net cash flow from operating activities	70 371	98 245	**168 616**	76 405	114 015	**190 421**
Net cash flow from investing activities	19 144	(73 876)	**(54 731)**	(70 339)	(106 263)	**(176 602)**
Net cash flow from financing activities	(67 517)	(40 709)	**(108 226)**	(30 689)	11 114	**(19 575)**
Capital expenditure	(121 694)	(74 647)	**(196 340)**	(74 490)	(99 119)	**(173 609)**

The difference between total of business area and total per year is due to eliminations of internal transactions between the business segments.

GROSS REVENUE AND ASSETS PER GEOGRAPHICAL AREA

(USD 1 000)

	Gross revenue		Assets	
	2010	2009	2010	2009
North America	267 696	270 527	171 598	217 229
South America	182 396	221 194	25 303	24 828
Norway	-	-	191 009	205 377
Netherland	215 215	241 410	313 009	371 706
Other Europe	105 777	99 547	17 908	18 191
Middle East and Asia	373 604	327 331	473 045	453 633
Africa	84 096	96 329	-	-
Australasia	10 576	7 812	-	-
Unallocated ships and newbuilding contracts	-	-	1 387 966	1 407 952
Total	**1 239 360**	**1 264 150**	**2 579 838**	**2 698 916**

NOTE 4 RISK MANAGEMENT

Odfjell's results and cash flow are influenced by a number of variable factors. Our policy is to try to manage the risks we are exposed to, including, but not limited to market risk, credit risk, liquidity risk, currency risk and interest rate risk. Our strategy is to systematically monitor and understand the impact of changing market conditions on our results and cash flow and to initiate preventive actions where required.

Risk management is carried out by a central treasury function. Various financial instruments are used to reduce fluctuations in results and cash flow caused by volatility in exchange rates, interest rates and bunker prices.

The below table show sensitivity on the Group's pre-tax profit and equity due to changes in major cost components:

Bunkers, USD 10 per tonne lower	6 mill
Interest rates, 1% higher	(15 mill)
Currency, USD 10% stronger	11 mill

Credit risk

Multiple counterparts are used to hedge our risk. We primarily use our lending banks as counter parts to enter into hedging derivatives, from time to time other counterparties may be selected. We deem all to be high quality counterparts. In addition, the Company's hedging policy establishes maximum limits for each counterparty. The Group therefore regards its maximum risk exposure as being the carrying amount of trade receivables and other current receivables (see note 29).

The Group has given guarantees for third parties' liabilities as shown in note 16.

Liquidity risk

The Group's strategy is to have enough liquid assets or available credit lines to, at any time, being sufficiently robust to withstand prolonged adverse conditions in the markets where we operate. Surplus liquidity is mainly invested in bonds with low risk in a trading portfolio.

See also note 5, 7, 29 and 30 for aging analysis and currency exposure.

Currency risk

The Group enters into currency contracts to reduce currency risk in cash flows denominated in non-USD currencies. Investments in associated companies and subsidiaries with a non-USD currency as functional currency are generally not hedged. Such investments generate foreign currency translation differences that are booked directly to equity, see Statement of changes in equity.

The Group has certain assets and liabilities denominated in NOK that are not fully hedged. Fluctuations in the USD/NOK exchange rate will influence the Group's profit. The most material items are Tax liabilities (see note 8 Taxes) and Pension liabilities (see note 9 Pension liabilities) in Norway.

Bunker risk

The single largest monetary cost component affecting the time charter earnings is bunkers. The Group enters into several types of bunker derivatives to hedge against fluctuations in the results due to changes in the bunker prices.

Interest rate risk

The Group enters into several types of interest rate derivatives to hedge against fluctuations in the results due to changes in interest rates. Typically, the Company enters into interest rate swaps for the hedging of a share of the interest paid related to our loans portfolio.

NOTE 5 HEDGING ACTIVITIES

The Group uses different hedging instruments to reduce exposures to fluctuations in financial risks.

CASH FLOW HEDGING

The Group has anticipated future major expenses that may be variable due to changes in currency exchange rates, interest rate levels or bunker prices. The derivatives classified as cash flow hedges are accounted for at market value (fair value). The change in market value prior to maturity is accounted for under assets or liabilities and other equity. At maturity, the result of the hedging transactions is accounted for in the account to the underlying exposure e.g. bunker expenses, voyage, operating or administrative expenses, or interest expenses.

Currency

The Group estimates future expenses in non-USD currencies based on prior year's actual amounts and secures part of this exposure by using forward contracts and options.

From time to time we enter into currency options that do not qualify for hedge accounting as it is uncertain if we will receive a future delivery, also from time to time we may also enter into currency derivatives on a trading basis.

Bunkers

The Group estimates future fuel oil consumption based on the fleet employment plan and historical data. Platt's fuel index "3.5% fob Barges Rotterdam" is the index purchased when we hedge our bunker exposure. Each year we test the correlation of this index both with the equivalent index for Houston and Singapore, and the actual price for the fuel we have purchased in these ports. Per 31 December 2010 these correlations are sufficient to use as the reference index to hedge our future bunker purchases in these ports.

Bunker hedging contracts used are a mix of swaps and options. Average price is calculated based on current market and might therefore change if market change.

A Contract of Affreightment (CoA) entered into with a customer typically has a bunker adjustment clause. This means that bunker price for the bunker consumption related to that contract is fixed or at least determined within parameters. With a higher bunker price in relation to trigger points our customer will compensate us for the increased cost. Likewise, with a lower bunker price we are required to pass on our savings to our customer.

Interest rates

The Group's debt is divided between mortgage lending, lease financing, unsecured bonds and export financing. The interest rate on this debt is typically floating. From time to time we enter into derivatives to swap the floating interest to fixed rate interest for a period up to ten years.

From time to time we also sell interest rate options that may, in the future, be turned into a fixed rate swaps. We may also enter into interest rate derivatives on a trading basis.

FAIR VALUE HEDGING

From time to time we enter into a transaction where we wish to swap a principal and/or a series of interest payments from one currency to another, e.g. both the NOK and SGD bonds have been swapped to USD interest and principal payments. The derivatives classified as fair value hedges are evaluated at market value, however, the effect in the accounts is nil as the underlying exposure have an exact opposite change in market value.

NON HEDGING

For derivatives that do not qualify for hedge accounting, any change of market value prior to the maturity and the result of the derivative transaction at maturity are accounted for within other financial items.

The below overview reflects status of hedging exposure 31 December 2010:

Currency	Sold		Bought		Avg Rate	Time to maturity - USD amounts < 1 year	1 - 5 years	> 5 years	Total
Cash flow hedging	USD	63 000	NOK	404 625	6.42	45 000	18 000	-	**63 000**
	EUR	30 000	USD	39 763	1.33	39 763	-	-	**39 763**
	USD	12 000	SGD	15 681	1.31	12 000	-	-	**12 000**
Non hedge[1]	USD	100 000	NOK	672 345	6.72	62 000	38 000	-	**100 000**
Fair value hedging	USD	107 955	NOK	619 500		19 694	88 261	-	**107 955**
	USD	102 751	SGD	158 000		102 751	-	-	**102 751**

[1] Weekly options, amount can be between 0 and USD 190 million

Interest rates				Avg Rate	Time to maturity < 1 year	1 - 5 years	> 5 years	Total
Cash flow hedging	USD	200 000		4.40%	-	150 000	50 000	**200 000**
	EUR	60 000		4.13%	-	60 000	-	**60 000**
	SGD	50 000		2.61%	11 800	75 300	-	**87 100**
Non hedge, IRS	USD	125 000		3.05%	-	75 000	50 000	**125 000**
Non hedge, options	USD	50 000		2.50%	-	-	50 000	**50 000**
Fair value hedging	USD	92 541	From NOK to USD	4.66%	4 279	88 261	-	**92 541**
	USD	102 751	From SGD to USD	0.97%	102 751	-	-	**102 751**

Bunker					Time to maturity – volume < 1 year	1 - 5 years	> 5 years	Total
Cash flow hedging	150 000	Tonnes	USD	392.68	150 000	-	-	**150 000**

The below overview reflects status of hedging exposure 31 December 2009:

Currency	Sold		Bought		Avg Rate	Time to maturity - USD amounts < 1 year	1 - 5 years	> 5 years	Total
Cash flow hedging	USD	63 000	NOK	428 542	6.80	51 000	12 000	-	**63 000**
	USD	12 000	SGD	21 600	1.80	12 000	-	-	**12 000**
Non hedge	USD	52 000	NOK	349 000	6.71	39 000	13 000	-	**52 000**
Fair value hedging	USD	115 200	NOK	670 000		17 600	97 600	-	**115 200**
	USD	102 751	SGD	158 000		-	102 751	-	**102 751**
	USD	6 400	EUR	5 000		6 400	-	-	**6 400**

Interest rates				Avg Rate	Time to maturity < 1 year	1 - 5 years	> 5 years	Total
Cash flow hedging	USD	200 000		4.40%	-	150 000	50 000	**200 000**
	EUR	60 000		4.13%	-	60 000	-	**60 000**
	EUR	85 000		4.93%	-	-	85 000	**85 000**
Non hedge, options	USD	200 000		3.00%	-	-	200 000	**200 000**
Fair value hedging	USD	115 200	From NOK to USD	4.20%	-	115 200	-	**115 200**
	SGD	102 751	From SGD to USD	1.40%	-	102 751	-	**102 751**

Bunker					Time to maturity < 1 year	1 - 5 years	> 5 years	Total
Cash flow hedging	310 000	Tonnes	USD	344.72	86 180	20 683	-	**106 863**

Derivative financial instruments recorded as assets/liability on the balance sheet:

(USD 1 000)

	2010	2009
Bunkers	11 690	24 561
Currency	9 593	16 474
Interest rates	(27 551)	(27 984)
Derivative financial instruments	**(6 268)**	**13 051**

Hedging reserve recorded in statement of other comprehensive income

The table below shows fluctuations in the hedging reserve in the statement of comprehensive income from cash flow hedges divided between the different types of hedging contracts:

(USD 1 000)

	Interest rate swaps	Currency exchange contracts	Bunker contracts	Total hedging reserve
Balance sheet as at 01.01.2009	**(12 704)**	**(11 007)**	**(59 760)**	**(83 471)**
Fluctuations during the period:				
- Gains/losses due to changes in fair value	2 404	21 705	60 676	**84 786**
- Transfers to the profit and loss statement	(887)	(260)	24 499	**23 352**
Balance sheet as at 31.12.2009	**(11 186)**	**10 438**	**25 415**	**24 667**
Fluctuations during the period:				
- Gains/losses due to changes in fair value	1 334	(189)	12 729	**13 874**
- Transfers to the profit and loss statement	(896)	(6 706)	(26 455)	**(34 056)**
Balance sheet as at 31.12.2010	**(10 748)**	**3 543**	**11 690**	**4 485**

Fair value of financial instruments

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Derivative financial instruments and available-for-sale-investments are recorded in the balance sheet at the fair value at the balance sheet date. The fair value is obtained from active markets or based on third party quotes. For cash and cash equivalents and current liabilities the carrying amount is considered to be the best estimate of fair value of these instruments due to the short maturity date. Receivables are measured at nominal value reduced by any impairment. Carrying amount is considered to be best estimate of fair value due to short maturity date and valid terms. Fair value of interest bearing debt with fixed interest rate is calculated based on discounted future cash flows and the Group's alternative market interest for corresponding financial instruments. Fair value of bonds is calculated based on market values on the bonds. Below is a comparison of the Group's financial instruments where carrying amount and fair values are different:

(USD 1 000)	Carrying amount 2010	Fair value 2010	Carrying amount 2009	Fair value 2009
Interest bearing debt	1 526 660	1 526 660	1 576 327	1 586 327

Fair value hierarchy

As at 31 December all financial instrument were valued at Level 2. Level 2 is defined where input is either directly or indirectly observable for substantially the full term of the assets and liabilities.

(USD 1 000)	Derivatives held as hedge instrument	Derivatives held at fair value over the result	Loans and receivables	Available-for-sale-investments	Liabilities recognised at amortised cost	Non-financial assets/ liabilities	2010
Assets							
Cash and cash equivalents	-	-	107 046	-	-	-	**107 046**
Available-for-sale-investments	-	-	-	34 477	-	-	**34 477**
Derivative financial instruments	16 249	5 394	-	-	-	-	**21 643**
Current receivables	-	-	192 087	-	-	-	**192 087**
Non-current receivables	-	-	65 364	-	-	-	**65 364**
Other non-financial assets	-	-	-	-	-	2 159 223	**2 159 223**
Total assets	**16 249**	**5 394**	**364 496**	**34 477**	**-**	**2 159 223**	**2 579 838**
Liabilities							
Other current liabilities	-	-	-	-	153 765	-	**153 765**
Derivative financial instruments	18 456	9 455	-	-	-	-	**27 911**
Interest bearing debt	-	-	-	-	1 526 660	-	**1 526 660**
Other non-current liabilities	-	-	-	-	40 910	-	**40 910**
Other non-financial liabilities	-	-	-	-	-	58 529	**58 529**
Total liabilities	**18 456**	**9 455**	**-**	**-**	**1 721 335**	**58 529**	**1 807 775**

Classification of financial assets and liabilities as at 31 December 2009:

(USD 1 000)	Derivatives held as hedge instrument	Derivatives held at fair value over the result	Loans and receivables	Available-for-sale-investments	Liabilities recognised at amortised cost	Non-financial assets/ liabilities	2009
Assets							
Cash and cash equivalents	-	-	103 169	-	-	-	**103 169**
Available-for-sale-investments	-	-	-	81 487	-	-	**81 487**
Derivative financial instruments	16 625	(3 574)	-	-	-	-	**13 051**
Current receivables	-	-	212 319	-	-	-	**212 319**
Non-current receivables	-	-	83 115	-	-	-	**83 115**
Other non-financial assets	-	-	-	-	-	2 205 775	**2 205 775**
Total assets	**16 625**	**(3 574)**	**398 603**	**81 487**	**-**	**2 205 775**	**2 698 916**

→

Liabilities							
Other current liabilities	-	-	-	-	154 737	-	**154 737**
Derivative financial instruments	-	-	-	-	-	-	**-**
Interest bearing debt	-	-	-	-	1 576 327	-	**1 576 327**
Other non-current liabilities	-	-	-	-	11 602	-	**11 602**
Other non-financial liabilities	-	-	-	-	-	50 079	**50 079**
Total liabilities	**-**	**-**	**-**	**-**	**1 742 666**	**50 079**	**1 792 745**

NOTE 6 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios and holds liquidity available to take advantage of investment opportunities and generally support the business. At the same time capital management should be such that the capital structure is sufficiently robust to withstand prolonged adverse conditions in significant risk factors, such as long-term down-cycles in our markets and unfavourable conditions in the financial markets.

The Group manages the capital structure and makes adjustments to it to maintain an optimal structure adapted to current economic conditions. In order to maintain or adjust the capital structure, the Company may adjust dividend payments, buy treasury shares, return capital to shareholders or issue new shares. No changes were made in the objectives or policies during the years ending 31 December 2010 and 2009.

The Group monitors its capital using the book equity ratio and available liquidity, being the sum of cash and cash equivalents, available-for-sale investments and available drawing facilities, as the primary measurements. The Group's policy is to maintain an equity ratio between 30% and 35% and available liquidity of USD 150 - 200 million.

(USD 1 000)

	2010	2009
Equity	772	906
Total assets	2 580	2 699
Equity ratio	29.9%	33.6%
Cash and cash equivalents	107	103
Available-for-sale-investments	34	81
Available drawing facilities	20	62
Total available liquidity	**161**	**246**

NOTE 7 INTEREST BEARING DEBT

The interest bearing debt is a combination of secured debt and unsecured debt, finance leases from international shipping banks, and bonds in the Norwegian and Singaporean bond markets. Interest rates are generally based on floating LIBOR-rates. Fixed interest rates loans have fixed interest rate for the entire duration of such loan.

(USD 1 000)

	Average interest rate	2010	2009
Loans from financial institutions – floating interest rates	2.00%	1 112 672	912 242
Loans from financial institutions – fixed interest rates	3.00%	2 110	194 567
Finance leases	1.09%	227 560	245 225
Bonds	3.18%	191 178	229 600
Subtotal interest bearing debt	**2.01%**	**1 533 520**	**1 581 633**
Transaction cost		(6 860)	(5 306)
Total interest bearing debt		**1 526 660**	**1 576 327**
Current portion of interest bearing debt		(269 800)	(163 432)
Total non-current interest bearing debt		**1 256 860**	**1 412 895**

Average interest rate is the weighted average of interest rates, excluding hedges, as per end of 2010.

Transaction costs are deferred and charged to the profit and loss statement over the life of the underlying debt using the effective interest rate method. During 2010 USD 1.5 million (USD 1.0 million in 2009) has been charged to the profit and loss statement.

(USD 1 000)

	2010	2009
Book value of interest bearing debt secured by mortgages	989 999	969 832
Book value of ships and terminals mortgaged	1 518 815	1 500 561

The interest bearing debt does not contain any restrictions on the Company's dividend policy or financing opportunities. The interest bearing debt is generally subject to certain covenants which include that book debt ratio shall at all times be less than 75% (excluding deferred taxes from debt) and that the liquidity shall always be minimum the highest of USD 50 million and 6% of interest bearing debt.

Maturity of interest bearing debt as per 31 December 2010:
(USD 1 000)

	2011	2012	2013	2014	2015	2016+	Total
Loans from financial institutions – floating interest rates	145 671	136 440	202 527	124 276	213 415	290 342	**1 112 672**
Loans from financial institutions – fixed interest rates	-	2 110	-	-	-	-	**2 110**
Finance leases	21 213	22 713	24 243	11 823	171	147 398	**227 560**
Bonds	102 917	-	88 261	-	-	-	**191 178**
Total interest bearing debt	**269 800**	**161 262**	**315 031**	**136 099**	**213 586**	**437 740**	**1 533 520**

Maturity of interest bearing debt as per 31 December 2009:
(USD 1 000)

	2010	2011	2012	2013	2014	2015+	Total
Loans from financial institutions – floating interest rates	102 460	118 158	104 351	175 518	102 734	309 022	**912 242**
Loans from financial institutions – fixed interest rates	22 727	22 727	24 745	22 727	22 727	78 914	**194 567**
Finance leases	19 486	22 367	23 275	24 764	(6 514)	161 847	**245 225**
Bonds	18 760	123 990	-	86 850	-	-	**229 600**
Total interest bearing debt	**163 432**	**287 241**	**152 371**	**309 858**	**118 947**	**549 783**	**1 581 633**

Average maturity of the Group's interest-bearing debt is about 5.0 years (5.6 years in 2009).

The table below summarizes interest bearing debt into different currencies:
(USD 1 000)

	2010	2009
USD	1 059 488	1 058 211
EUR	166 004	192 795
SGD*	169 737	174 204
NOK*	92 541	117 001
RMB	28 720	19 536
WON	17 029	18 090
Other currencies	-	1 797
Total interest bearing debt	**1 533 520**	**1 581 633**

* Bond debt swapped to USD. See note 5 Hedging Activities

The net carrying amount of assets under finance leases are USD 266.8 million as per 31 December 2010 (USD 277.2 mill as per 31 December 2009). The lease periods vary from 6 years to 25 years from inception, and may involve a right of renewal. In addition to the rental payments, the Group has obligations relating to the maintenance of the assets and insurance as would be for a legal owner. At any time the Company has the option to terminate the finance leases and become legal owner of the ship at defined termination payments. The finance leases generally do not contain provisions for payment of contingent rents. The future minimum lease payments are based on certain assumptions regarding the tax rules in the UK, including, but not limited to, tax rates and writing down allowances. Changes in these assumptions and the timing of them may impact the minimum lease payments. There was no such material change in 2010. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2010		2009	
	Minimum lease payments	Present value of lease payments	Minimum lease payments	Present value of lease payments
Within one year	23 837	21 213	28 500	19 486
After one year but not more than five years	67 438	58 950	109 226	63 892
More than five years	161 253	147 398	256 097	161 847
Total minimum lease payments	**252 528**		**393 823**	
Less amounts representing finance charges	(24 968)		(148 599)	
Present value of minimum lease payments	**227 560**	**227 560**	**245 225**	**245 225**

NOTE 8 TAXES

(USD 1 000)

	2010	2009
Taxes payable, Norway – ordinary tax	(628)	(273)
Taxes payable, Norway – within shipping tax system	(42 145)	110 515
Taxes payable, other jurisdictions	(8 525)	(13 832)
Change in deferred tax, Norway – within shipping tax system	21	(166)
Change in deferred tax, Norway – ordinary tax	468	(468)
Change in deferred tax, other jurisdictions	(9 205)	(693)
Total taxes	**(60 014)**	**95 084**

Changes in the Norwegian tonnage tax rules

According to the revised transition rules that were enacted in 2010, companies may either elect to operate under the old scheme, where income earned under the previous tax scheme is taxed at 28% when distributed as dividends, or under a new voluntary scheme where profits earned under the old scheme is taxed effectively at 6.67% payable over a 3-year period. Odfjell has decided to enter the new Norwegian tonnage tax system at a cost of USD 42 million, payable during the years 2011, 2012 and 2013. A reconciliation of the effective rate of tax and the tax rate in Odfjell SE's country of registration:

(USD 1 000)

	2010	2009
Result before taxes	(18 750)	25 999
Tax assessed at the tax rate in Odfjell SE's country of registration (28% in 2010 and 2009)	5 250	(7 280)
Difference between Norwegian and rates in other jurisdictions	(908)	(658)
Tax related to non-deductible expenses	(789)	(626)
Tax payable, Norway – transition new shipping tax system	(42 145)	110 515
Tax related to non-taxable income	(21 422)	(6 867)
Tax income (expenses)	**(60 014)**	**95 084**
Effective tax rate [1]	**95.30%**	**59.35%**

[1] Effective tax rates for 2010 and 2009 are estimated without the extraordinary tax related to changes to and the transition into new tax system.

The tax returns of the Company and its subsidiaries' are routinely examined by relevant tax authorities. From time to time, in the ordinary course of business, certain items in the tax returns are questioned or challenged. The Company believes that adequate tax provisions have been made for open years.

Specification of deferred taxes (deferred tax assets):

(USD 1 000)

	2010	Change in temporary differences	2009
Revaluation of investments at fair value	500	35	535
Pensions	15 721	1 057	16 778
Financial instruments	9 847	(40 722)	(30 875)
Provisions	2 521	921	3 442
Unrealised currency related to non-current receivables and liabilities	4 586	1 005	5 591
Loss carried forward	29 147	43 167	72 314
Temporary differences not accounted for	(18 493)	18 392	(101)
Total negative temporary differences	**43 829**	**23 855**	**67 684**
Differences related to depreciation of non-current assets	147 687	16 479	131 208
Differences related to current assets	17 571	(1 088)	18 659
Deferred gain related to sale of non-current assets	13 568	(3 662)	17 230
Total positive temporary differences	**178 826**	**11 729**	**167 097**
Total recognised deferred tax liabilities	**36 149**	**8 016**	**28 133**
Tax rate		17 – 35%	
Tax booked through income statement		8 716	

The Group has a total loss carried forward of USD 29.2 million at 31 December 2010 (2009: USD 72.3 million), that are available indefinitely to offset against future taxable profits of the companies in which the losses arose. The material changes from 2009 to 2010 in temporary differences not accounted for are mainly related to currency gains. Tax group contributions are also available within the same country and within the same tax regime. The distribution of dividend to the Odfjell SE's shareholders does not affect the Company's payable or deferred tax.

NOTE 9 PENSION LIABILITIES

The Group operates a number of defined benefit and contribution plans throughout the world. The most significant defined benefit pension plan is in Norway.

The main benefit from the defined benefit pension plan in Norway is a pension of 66% of the lower of the final salary and 12G (G = indexation of the public national insurance base amount, presently G equals NOK 75 641) and a 30-year accrual period. The plan also includes survivor/dependants and disability pensions. As at 31 December 2010, the different plans had 1,112 members. The commitment is calculated using straight-line accrual.

The year´s pension costs:

(USD 1 000)

	2010	2009
Service costs	8 408	9 174
Interest cost on accrued pension liabilities	5 133	5 016
Estimated yield on pension assets	(4 536)	(4 359)
Administrative expenses	219	208
Amortisation of actuarial gains/losses	1 199	1 773
Social security tax	795	811
Total pension cost	**11 218**	**12 623**

Actual yield on the pension assets in Norway, USA and Netherlands for 2010 is in the range of 2.2%-18.2%.

Obligations in financial statements:

(USD 1 000)	Overfunded pension scheme 2010	Underfunded pension scheme 2010	Total 2010	Overfunded pension scheme 2009	Underfunded pension scheme 2009	Total 2009
Pension liabilities – funded obligations:						
Present value of accrued secured liabilities	54 199	66 199	**120 398**	42 396	61 516	**103 912**
Fair value of pension assets	(39 739)	(50 215)	**(89 954)**	(35 909)	(48 480)	**(84 389)**
Social security tax	-	1 821	**1 821**	-	1 398	**1 398**
Actuarial gains/losses not recognised in the profit and loss statement	(16 389)	(11 929)	**(28 318)**	(8 288)	(8 862)	**(17 150)**
Funded obligations	**(1 929)**	**5 876**	**3 947**	**(1 801)**	**5 572**	**3 771**
Pension liabilities – unfunded obligations:						
Present value of accrued unsecured liabilities	-	13 561	**13 561**	-	11 003	**11 003**
Social security tax	-	1 912	**1 912**	-	1 551	**1 551**
Actuarial gains/losses not recognised in the profit and loss statement	-	(1 557)	**(1 557)**	-	175	**175**
Unfunded obligations	**-**	**13 916**	**13 916**	**-**	**12 730**	**12 730**
Net asset – classified as other long term receivables	1 929	2 588	**4 517**	1 801	3 646	**5 447**
Net recognised liabilities	**-**	**22 380**	**22 380**	**-**	**21 946**	**21 946**

Changes in the present value of the defined benefit obligations:

(USD 1 000)	Overfunded pension scheme 2010	Underfunded pension scheme 2010	Total 2010	Overfunded pension scheme 2009	Underfunded pension scheme 2009	Total 2009
Defined benefit obligations at 1. January	42 396	72 519	**114 915**	38 709	62 699	**101 409**
Service cost	2 687	5 722	**8 409**	3 105	6 069	**9 174**
Interest cost	1 956	3 178	**5 134**	2 296	2 720	**5 016**
Settlement and Business Disposals	-	-	**-**	446	-	**446**
Actuarial (gains)/losses	12 250	980	**13 230**	(7 535)	(9 234)	**(16 770)**
Benefits paid	(2 148)	(1 855)	**(4 003)**	(2 069)	(1 337)	**(3 406)**
Exchange differences	(2 941)	(783)	**(3 724)**	7 445	11 602	**19 047**
Defined benefit obligations at 31 December	**54 200**	**79 761**	**133 961**	**42 396**	**72 519**	**114 915**

Changes in fair value of plan assets:

(USD 1 000)	Overfunded pension scheme 2010	Underfunded pension scheme 2010	Total 2010	Overfunded pension scheme 2009	Underfunded pension scheme 2009	Total 2009
Fair value of plan assets at 1. January	35 908	48 479	**84 387**	31 373	39 055	**70 428**
Expected return	(1 693)	2 843	**1 150**	(1 854)	2 504	**650**
Actuarial (gains)/losses	-	(4 391)	**(4 391)**	-	(3 864)	**(3 864)**
Settlement and Business Disposals	-	-	**-**	446	-	**446**
Contribution	3 572	5 238	**8 810**	4 196	4 444	**8 641**
Administrative expenses	-	(192)	**(192)**	-	(182)	**(182)**
Benefits paid	(2 148)	(1 123)	**(3 271)**	(2 069)	(957)	**(3 025)**
Exchange differences	4 102	(639)	**3 463**	3 815	7 477	**11 292**
Fair value of plan assets at 31 December	**39 741**	**50 215**	**89 956**	**35 908**	**48 479**	**84 388**

Estimated contribution in 2011 is USD 9.2 million.

The major categories of plan assets in percentage of the fair value of total assets:

	Norway		USA	
	2010	**2009**	**2010**	**2009**
Equities	18%	10%	19%	20%
Bonds/securities	49%	55%	44%	45%
Money market fund	17%	18%	37%	35%
Property	16%	17%	-	-

The plan assets in the Netherlands are invested with an insurance company with a guaranteed investment return from year-to-year. The return for 2011 will be 3%.

In calculating the net pension liabilities the following assumptions have been made:

	Norway		USA		Netherlands	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Discount rate	4.0%	4.5%	5.5%	5.5%	5.0%	5.2%
Expected return on assets	5.4%	5.7%	8.0%	8.0%	5.0%	5.2%
Adjustment of wages	4.0%	4.5%	2.0%	3.5%	2.0%	2.0%
Pension indexation (seafarers)	1.3%(3.75%)	1.4%(4.25%)	3.0%	2.0%	2.0%	2.0%
Mortality table	K2005/KU	K2005/KU	RP 2000	RP2000	GBM/GBV 2010-2060	GBM/GBV 2005-2050

Expected return on assets is generally the discount rate adjusted for the effect of the allocation of plan assets.

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

	Change in assumption	Impact on overall liability
Discount rate	Increase/decrease by 0.5%	Decrease/increase by 10%
Inflation rate	Increase/decrease by 0.5%	Increase/decrease by 10-12%
Salary growth rate	Increase/decrease by 0.5%	Increase/decrease by 10%
Rate of mortality	Increase by 1 year	Increase by 2-3%

Defined contribution plan

Several of the Group companies have defined contribution plans in accordance with local legislation. The defined contribution plans cover full-time employees.
As at 31 December 2010, total 1,139 members were covered by the plans. The contributions recognised as expenses equalled USD 3.8 mill and USD 1.9 mill in 2010 and 2009 respectively.

NOTE 10 NON-CURRENT ASSETS

(USD 1 000)

	Real Estate	Ships and New Building Contracts	Periodic Maintenance	Tank Terminals	Office Equipment and Cars	Total
Net carrying amount 1.1.2009	37 172	1 392 694	68 906	633 782	23 328	**2 155 883**
Investment	8 391	21 294	30 605	99 119	14 200	**173 609**
Sale at book value	-	(5 966)	(1 147)	-	(255)	**(8 515)**
Depreciation and impairment 2009	(3 067)	(70 259)	(50 189)	(36 845)	(4 468)	**(164 828)**
Exchange rate differences	(1 024)	11 953	-	(4 853)	(2 207)	**5 016**
Net carrying amount 31.12.2009	**41 472**	**1 349 715**	**48 175**	**691 204**	**30 599**	**2 161 164**
Investment	2 111	60 454	45 061	74 647	14 067	**196 340**
Sale at book value	(335)	(69 248)	(3 131)	(1)	(230)	**(72 945)**
Depreciation and impairment 2010	(2 164)	(60 952)	(46 787)	(29 513)	(6 246)	**(145 661)**
Exchange rate differences	7 939	(6 098)	-	(29 082)	5 955	**(21 286)**
Net carrying amount 31.12.2010	**49 022**	**1 273 871**	**43 319**	**707 253**	**44 146**	**2 117 611**
Cost	49 784	1 951 514	68 906	822 436	55 871	**2 948 511**
Accumulated depreciation	(12 612)	(558 820)	-	(188 654)	(32 542)	**(792 628)**
Net carrying amount 1.1.2009	**37 172**	**1 392 694**	**68 906**	**633 782**	**23 328**	**2 155 883**
Cost	57 151	1 978 795	48 175	916 702	67 609	**3 068 432**
Accumulated depreciation	(15 679)	(629 079)	-	(225 499)	(37 010)	**(907 267)**
Net carrying amount 31.12.2009	**41 472**	**1 349 715**	**48 175**	**691 204**	**30 599**	**2 161 164**
Cost	66 866	1 963 901	90 106	962 265	87 402	**3 170 540**
Accumulated depreciation	(17 843)	(690 031)	(46 787)	(255 012)	(43 256)	**(1 052 929)**
Net carrying amount 31.12.2010	**49 022**	**1 273 871**	**43 319**	**707 253**	**44 146**	**2 117 611**

Capital gain (loss) on non-current assets
In 2010 capital loss from sale of ships was USD 10.2 million (USD 1.4 million gain in 2009), and gain on cancellation of newbuilding contracts was USD 3.9 million

Depreciation periods
Non-current assets are depreciated straight-line over their estimated useful lives as follows (in years):

-Real estate	up to 50
-Ships	25 - 30
-Periodic maintenance	2.5 – 5
-Main components of tank terminals	10 - 40
-Office equipment and cars	3-15

Fully depreciated non-current assets
Assets with a total cost price of USD 2.2 million have been fully depreciated as at 31 December 2010, but are still in use.

Assets financed under finance leases
The carrying amount of ships financed under finance leases were USD 266.8 million and USD 277.2 million at 31 December 2010 and 31 December 2009 respectively. See note 2.12.

Capitalised interest on newbuilding contracts
Newbuilding contracts include capitalised interest in connection with the finance of the newbuilding programme. The capitalised interest carried in the balance sheet equalled USD 1.7 million in 2010 and USD 2.9 million in 2009. The average interest rate for 2010 was 1.5%.

Change in residual value
The residual values are evaluated on a regular basis and changes have an effect on future depreciations. During 2010 the market value for demolition of ships has been changed from USD 370 per tonne at the beginning of the year to USD 465 per tonne at the end of the year.

NOTE 11 GOODWILL

Goodwill acquired through business combinations has been allocated to two individual cash generating units (CGU) as follows:

(USD 1 000)

	Odfjell Terminal (Rotterdam) BV	Oiltanking Odfjell Terminal Singapore Pte Ltd	Total
Book value 1.1.2009	5 533	4 927	**10 460**
Exchange rate effect	119	138	**257**
Book value 31.12.2009	**5 652**	**5 065**	**10 717**
Book value 1.1.2010	5 652	5 065	**10 717**
Exchange rate effect	(408)	451	**43**
Book value 31.12.2010	**5 244**	**5 516**	**10 760**

NOTE 12 IMPAIRMENT OF NON-CURRENT ASSETS AND GOODWILL

The Management has evaluated the need for potential impairment losses in accordance with the accounting principles in note 2.14 for each CGU.

The WACC has been estimated as follows:

Borrowing rate:	Debt ratio*(10 year swap rate + loan margin)
+Equity Return:	Equity ratio*(10 year treasury rate + Beta * risk premium)
= WACC	

For Odfjell's shipping activity the net present value of future cash flows has been calculated based on expected time charter earnings and estimated level of operating expenses for each ship over the remaining useful life of the ship. The net present value of future cash flows was based on weighted average cost of capital (WACC) of 6.1% in 2010 and 5.53% in 2009. As both swap and treasury US dollar based rates are currently low the WACC ends out low as well. Odfjell has used an industry Beta based on observations over a four year period.

A 1% change in the WACC changes the "value in use" for the owned ships by about USD 120 million. The "value in use" equals the book value if the WACC increases by 0.4% to 6.5%

All terminals show stable results and we have no new indicators that terminals may be impaired.

Net present value for goodwill has been calculated together with the underlying cash generating unit, which again was measured against total capital employed.

For 2010 no impairment was needed in non-current assets or goodwill. For 2009 Odfjell did impair one ship planned for recycling, total USD 3 million, and it was also decided to discontinue and to decommission an activity in Rotterdam, total USD 10.7 million.

NOTE 13 EARNINGS PER SHARE

The basic and diluted earnings per share are the same, as the Company has no convertible bond loan or stock option plan. Earnings per share is calculated as net result allocated to shareholders for the year divided by the weighted average number of shares.

(USD 1 000)

	2010	2009
Net result allocated to shareholders	(78 783)	121 187
Average weighted number of shares (1 000)	79 286	85 216
Basic/diluted earnings per share	**(0.99)**	**1.42**

NOTE 14 GOVERNMENT GRANTS

Government grants from the Norwegian Maritime Directorate related to the reimbursement system for Norwegian seafarers of USD 2.1 million in 2010 (USD 1.1 million in 2009) is entered in the accounts as a reduction of operating expenses.

Flumar Transportes de Quimicos e Gases Ltda received USD 0.2 mill in 2010 (USD 2.3 mill in 2009) in AFRMM (Additional Freight for the Merchant Marine Renewal), which is a freight contribution for cargoes shipped by Brazilian flag vessels on the Brazilian coast. The AFRMM is recognised as income over the periods necessary to match the related costs which they are meant to compensate.

NOTE 15 TRANSACTIONS WITH RELATED PARTIES

The Group has carried out various transactions with related parties. All transactions have been carried out as part of the ordinary operations and on commercially reasonable market terms.

The Odfjell Group shares offices in Brazil with a local terminal company related to a Director of the Board, B. D. Odfjell. The Director's family also has ownership interest in a company, which acts as Brazilian port agent for Odfjell as one among many customers. In addition to reimbursement of actual expenses and expenditures incurred, Odfjell Tankers AS and Flumar Transportes de Quimicos e Gases Ltda paid these companies USD 1.7 million in agency fees (USD 1.2 million in 2009), while Flumar Transportes de Quimicos e Gases Ltda and Odfjell Brasil – Representacoes Ltds paid USD 0.5 million for administrative services in 2010 (USD 0.7 million in 2009).

AS Rederiet Odfjell, beneficially owned by Director of the Board, B. D. Odfjell and his immediate family, rents office premises and buys limited administrative services from Odfjell Management AS in Bergen, for which Odfjell Management AS received USD 0.1 million in 2010 (same as in 2009).

Transactions with related parties are settled on a regular basis and the balances as per 31.12.2010 were immaterial.

NOTE 16 COMMITMENTS, GUARANTEES AND CONTINGENCIES

Operating leases

The Group has entered into several operating leases for ships. The leases have fixed time charter commitment. The time charter rate is the compensation to the ship owner covering his financial expenses and in some cases also the ship operating expenses. In addition the Group has floating time charter arrangements where payments equal the earnings generated by the ships. See note 20 for the time charter/lease expenses.

The Group also has entered into operating leases for land, buildings and certain vehicles and items of machinery. Leases for land and buildings are generally non-cancellable and long-term. Leases for certain vehicles and items of machinery have an average period of between three and five years with no renewal option in the contracts.

The operating leases contain no restrictions on the Company's dividend policy nor financing opportunities.

The nominal value of future rents related to the operating lease fall due as follows:

(USD 1 000)

	2010	2009
Within one year	133 924	140 631
After one year but not more than five years	386 138	436 011
After five years	230 458	301 816
Total	**750 520**	**878 457**

Capital commitments

Odfjell has an agreement with Chongqing Chuandong Shipbuilding Industry Co to build a series of three 9,000 dwt stainless steel chemical tankers. These newbuildings are fully financed except for remaining equity payment totalling USD 6 million against delivery, in the period 2011-2012.

In addition Odfjell has entered into an agreement with SLS Shipbuilding Co Ltd, Korea, to acquire two coated 44,000 dwt IMO II chemical tankers. The vessels are scheduled for delivery in March and April 2011 and are 80% financed. Total price per vessel is about USD 42 million.

Odfjell has also entered an agreement with Daewoo Shipbuilding & Marine Engineering Co., Ltd (DSME) to build one fully IMO II 75,000 dwt chemical tanker with 31 coated tanks for delivery first half 2013 at a total price of about USD 65 million. This ship is fully financed except for a remaining equity payment totalling about USD 4 million.

The Company also have capital commitments for investments in terminals in China, Korea, Singapore, Middle East, North America and Europe of a total amount of USD 36 million.

Guarantees

(USD 1 000)	2010	2009
Total guarantees	**87 102**	**76 745**

The Odfjell Group has given guarantees to third parties as part of our day-to-day business to assume responsibility for bunkers purchases, port obligations and operating lease commitments.

Contingencies

The Company maintains insurance coverage for its activities consistent with industry practice. The Company is involved in claims typical to the chemical tanker and tank terminal industry, but none of these claims have resulted in material losses for the Company since such claims have been covered by insurance.

NOTE 17 AVAILABLE-FOR-SALE INVESTMENTS

(USD 1 000)	Currency	Average interest rate 2010	Book value 2010	Book value 2009
Bonds and certificates issued by financial institutions	USD	0.66%	18 221	52 053
Bonds and certificates issued by financial institutions	EUR	1.66%	3 345	21 708
Bonds and certificates issued by corporates	NOK	3.00%	5 104	-
Bonds and certificates issued by corporates	USD	0.51%	7 807	7 726
Total available-for-sale investments			**34 477**	**81 487**

Book value equals market value. Market value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. In 2010 unrealised gain of USD 0.3 million was recognised directly to statement of comprehensive income (unrealised gain of USD 5.2 million in 2009). Bonds and certificates generally have interest rate adjustments every three months.

NOTE 18 CASH AND CASH EQUIVALENTS

Cash at banks earn interest at floating rates based on bank time deposit rates. Short-term deposits and other liquid investments are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term rates. Restricted cash of USD 2.7 million (USD 2.8 million in 2009) consist of funds for withholding taxes relating to employees in Odfjell Management AS and Odfjell Maritime Services AS. The cash and cash equivalents do not include available credit facilities.

(USD 1 000)	2010	2009
Cash at banks and in hand	77 693	76 793
Short-term deposits	19 548	17 867
Other liquid investments	11 586	3 847
Effect from currency exchange rate fluctuations	(1 781)	4 663
Total cash and cash equivalents	**107 046**	**103 169**
Available credit facilities	20 250	61 750

NOTE 19 VOYAGE EXPENSES

Voyage expenses are expenses directly related to the ship voyage.

(USD 1 000)	2010	2009
Port expenses	93 218	87 076
Canal expenses	20 955	23 016
Bunkers expenses	252 434	254 136
Transhipment expenses	22 725	23 099
Commission expenses	28 392	22 732
Other voyage related expenses	33 096	39 185
Total voyage expenses	**450 819**	**449 245**

NOTE 20 TIME CHARTER EXPENSES

Time charter expenses consist of expenses for operating leases, see note 16 for future obligations.

(USD 1 000)	2010	2009
Floating TC-expenses	40 947	40 882
Other TC-expenses	156 864	149 793
Total time charter expenses	**197 811**	**190 675**

Time charter is an arrangement for hire of a ship. These arrangements vary in form and way of payment and period of hire may differ from time to time. Bare boat arrangement are also included in this note. See Glossary in Annual Report for additional comments.

NOTE 21 OPERATING EXPENSES

Operating expenses consist of expenses for operating ships and terminals (for example wages and remunerations for crew and operational personnel and materials and equipment for ships and terminals).

(USD 1 000)	2010	2009
Salary expenses (note 23)	149 586	142 650
Cost of operations terminals	54 065	60 444
Cost of operations ships	111 960	125 940
Tonnage tax	92	92
Currency hedging	(4 024)	306
Total operating expenses	**311 680**	**329 433**

NOTE 22 GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses consist of expenses for headquarter's activity, activities outside Bergen for brokerage, agency and general administration in tank terminals.

(USD 1 000)

	2010	2009
Salary expenses (note 23)	77 578	73 738
Other expenses	35 682	40 381
Currency hedging	(3 038)	(971)
Total general and administrative expenses	**110 222**	**113 147**

Including in the above is auditor's remuneration for:
(USD 1 000 exclusive VAT)

	2010	2009
Statutory auditing	1 025	1 195
Other assurance services	86	39
Tax advisory services	210	267
Other non-audit services	79	58
Total remuneration	**1 400**	**1 559**

NOTE 23 SALARY EXPENSES, NUMBER OF EMPLOYEES AND BENEFITS TO BOARD OF DIRECTORS AND MANAGEMENT SALARY EXPENSES ARE INCLUDED IN OPERATING AND GENERAL AND ADMINISTRATIVE EXPENSES ACCORDING TO THE ACTIVITY.

(USD 1 000)

	2010	2009
Salaries	181 593	175 724
Social expenses	27 398	25 491
Pension expenses defined benefit plans (note 9)	11 218	12 623
Pension expenses defined contribution plans (note 9)	3 811	1 920
Other benefits	3 143	630
Total salary expenses	**227 164**	**216 388**

Average number of employees:

	2010	2009
Europe	929	924
North America	148	146
South East Asia	2 387	2 290
South America	203	248
Other	105	116
Total average number of employees	**3 771**	**3 722**

At the end of 2010 the Board of Directors consists of five members (same as at the end of 2009), whereas two Directors resigned and two new Directors were elected at the annual General Assembly in 2010. Compensation and benefits to the Board of Directors:

(USD 1 000)

	2010	2009
Salary	482	301
Other benefits	26	2
Total	**508**	**303**

The Executive Management Group (EMG) consisted of Jan A. Hammer, Haakon Ringdal, Tore Jakobsen and Laurence W. Odfjell (up to May 4th 2010).

Compensation and benefits to the Executive Management Group:

(USD 1 000)

	Salary	Bonus	Pension cost	Other benefits	Total
President/CEO, Jan A. Hammer	551	-	27	31	**609**
President Tank Terminals, Laurence W. Odfjell [1]	110	-	-	12	**122**
Senior Vice President/CFO Haakon Ringdal	301	-	53	29	**383**
Senior Vice President Corporate Investments, Tore Jakobsen	302	-	37	29	**368**
Total	**1 264**	**-**	**117**	**101**	**1 482**

[1] Elected as Chairman as from May 4th 2010.

The President/CEO and managers reporting directly to him is included in the Company's defined benefit pension plan, see note 9. The Company also has unfunded pension obligations related to senior management for salaries exceeding 12G (presently 12G equals USD 151 835), up to 66% of 18G.

The Management shall be offered competitive terms of employment in order to ensure continuity in the Management and to enable the Company to recruit qualified personnel. The remuneration should be composed so that it promotes the creation of values in the Company. The remuneration shall not be of such a kind, nor of such a magnitude, that it may impair the public reputation of the Company.

A basic, straight salary is the main component of the remuneration. However, in addition to a basic salary there may also be other supplementary benefits, hereunder but not limited to payment in kind, incentive/recognition pay, termination payments and pension and insurance schemes.

The Company does not run any share option schemes, nor other benefit programmes as mentioned in the Public Limited Companies Act, section 6-16 subsection 1 no. 3. As the Company has no such arrangements, no specific limits regulating the different categories of benefits or the total remuneration of Management have been defined. The Board may on a discretionary basis grant recognition payments to certain employees including Management. In 2010 the maximum amount set aside for this type of payment was USD 2 million for the Odfjell group as a whole. The Board is evaluating a performance-related incentive scheme that will be linked to the Company's earnings performance and operational defined goals over time. Members of Management have no defined agreement with regards to severance payments. Remuneration to Management in 2010 was in compliance with the above guidelines.

In Norway all employees are entitled to a very limited loan from the Company. Repayment period is normally five years and loans are currently calculated at 2-2.75% interest per annum, and total outstanding amount as per 31.12.2010 was USD 1.1 million.

Executive employee loans are generally secured by property mortgages. Loans to the EMG. carry an interest of 0-2.75% per annum. Repayment periods vary between five and fifteen years. Members of the EMG have loans from the Company as follows: Jan A. Hammer (USD 0.09 million) and Haakon Ringdal (USD 0.03 million).

NOTE 24 BUSINESS COMBINATIONS

No material business combinations in 2010.

NOTE 25 SUBSEQUENT EVENTS

No special issues.

NOTE 26 OTHER FINANCIAL ITEMS

(USD 1 000)

	2010	2009
Realised gain/losses on available-for-sale-investments	587	1 524
Financial assets and liabilities at fair value through profit and loss	3 716	8 853
Other financial income	1 885	1 205
Other financial expenses	(3 430)	(2 434)
Total other financial items	**2 756**	**9 148**

NOTE 27 CURRENCY GAINS (LOSSES)

(USD 1 000)

	2010	2009
Currency hedging contracts	6 866	11 794
Non-current receivables and liabilities	(13 274)	(16 470)
Cash and cash equivalents	(1 781)	4 663
Other current assets and current liabilities	11 088	178
Total currency gains (losses)	**2 899**	**165**

See note 5 for overview of currency hedging exposure.

NOTE 28 NON-CURRENT RECEIVABLES

(USD 1 000)

	2010	2009
Loans to employees	1 273	1 391
Prepayment of land use right	10 376	10 096
Prepayment of lease	26 334	34 219
Other non-current receivables	27 381	37 409
Total non-current receivables	**65 364**	**83 115**

Nothing material past due or impaired.

NOTE 29 CURRENT RECEIVABLES

(USD 1 000)

	2010	2009
Trade receivables	103 721	96 226
Other receivables	31 534	57 437
Compensation Russian Yard Sevmash	44 772	44 772
Pre-paid costs	16 434	19 605
Provisions for impairment	(4 373)	(5 721)
Total current receivables	**192 087**	**212 319**

Trade receivables are from a wide range of customers within our shipping and tank terminal business. Credits are granted to customers in the normal course of business. The Company regularly reviews its accounts receivable and makes allowances for uncollectible amounts. The amounts of the allowance is based on the age of the unpaid balance, information about the current financial condition of the customer, any disputed items and other relevant information.

The claim against the Russian yard Sevmash of USD 45 million was due for payment on 30 December 2009. Both the state commercial court in Arkhangelsk and Cassation Court in St. Petersburg decided in favour of Odfjell and approved our application concerning the recognition and enforcement of the arbitral award filed against Sevmash shipyard. Based on these is it our opinion that Odfjell will receive the outstanding plus interest accrued as awarded by the Arbitration Tribunal in Sweden.

As at 31 December, the ageing analysis of trade receivable and other current receivable are as follows:

(USD 1 000)	Total	Not past due nor impaired	Past due, but not impaired < 30 days	30-60 days	60-90 days	> 90 days
2010	**135 255**	**63 234**	**46 320**	**8 371**	**6 699**	**10 630**
2009	153 663	101 349	34 780	5 463	2 900	9 171

Movement in provisions for impairment:
(USD 1 000)

	2010	2009
Total provision for impairment per January 1st	5 721	8 607
This year's expenses	1 199	3 685
Write-off this year	(2 454)	(5 955)
Reversed provisions	(94)	(616)
Total provision for impairment per 31 December	**4 373**	**5 721**

The table below summarizes total current receivables into different currencies:
(USD 1 000)

	2010	2009
USD	145 565	143 854
EUR	32 984	33 657
SGD	2 998	3 634
RMB	1 564	1 701
WON	1 216	1 020
Other	7 760	28 453
Total current receivables	**192 087**	**212 319**

NOTE 30 OTHER CURRENT LIABILITIES

(USD 1 000)

	2010	2009
Trade payables	34 541	31 769
Estimated voyage expenses	37 467	32 641
Provisions	7 270	4 135
Other current liabilities	47 235	76 445
Total other current liabilities	**126 513**	**144 990**

The table below summarizes the maturity profile of the Group's other current liabilities:
(USD 1 000)

	Total	On demand	< 3 months	3-6 months	6-9 month	> 9 month
2010	**126 513**	**104 580**	**17 383**	**1 817**	**834**	**1 900**
2009	144 990	122 442	19 605	2 537	201	205

The table below summarizes other current liabilities into different currencies:

(USD 1 000)	2010	2009
USD	53 285	79 753
EUR	38 901	42 152
SGD	2 556	6 048
RMB	3 306	1 189
WON	1 891	826
Other currencies	26 572	15 022
Total other current liabilities	**126 513**	**144 990**

NOTE 31 OTHER NON-CURRENT LIABILITIES

(USD 1 000)

	2010	2009
Tax payable, Norway – new voluntary scheme	31 079	-
Provision for dismantling cost	4 262	3 867
Other	5 569	7 735
Total other non-current liabilities	**40 910**	**11 602**

Odfjell has decided to enter the new Norwegian tonnage tax system, where USD 31.1 million will be payable in 2012 and 2013.

NOTE 32 BUNKERS AND OTHER INVENTORIES

(USD 1 000)

	2010	2009
Bunkers	26 212	30 025
Other inventories	3 052	2 366
Total bunkers and other inventories	**29 264**	**32 391**

NOTE 33 SHARE CAPITAL AND PREMIUM

(USD 1 000)	Number of shares (thousand)		Share capital		Share premium	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
A-shares	65 690	65 690	22 277	22 277	40 507	40 507
B-shares	21 079	21 079	7 148	7 148	12 998	12 998
Total	**86 769**	**86 769**	**29 425**	**29 425**	**53 504**	**53 504**
Treasury shares						
A-shares	5 891	2 499	1 997	847	-	-
B-shares	2 323	2 323	788	788	-	-
Total outstanding	**78 555**	**81 947**	**26 640**	**27 790**	**53 504**	**53 504**

The number of shares are all authorised, issued and fully paid. Nominal value is NOK 2.50, equivalent to USD 0.43 as at 31.12.2010. All shares have the same rights in the Company, except that B-shares have no voting rights.

Shares owned by members of the Board of Directors, President/CEO and other members of the EMG (including related parties):

	2010		2009	
	A-shares	**B-shares**	**A-shares**	**B-shares**
Chairman of the Board of Directors, Laurence W. Odfjell	25 966 492	1 205 076	25 966 492	1 155 076
Director, B. D. Odfjell	-	2 032	-	2 000
Director, Terje Storeng	70 560	2 112	70 560	2 112
President/CEO, Jan A. Hammer	-	3 200	-	3 200
Senior Vice President/CFO, Haakon Ringdal	2 000	-	2 000	-
Senior Vice President, Corporate Investments, Tore Jakobsen	-	10 000	-	10 000

Dividend paid

(USD 1 000)

	2010	2009
A-shares	-	9 262
B-shares	-	3 009
Total [1]	**-**	**12 271**

[1] Payment net of treasury shares

Dividend paid per share was NOK 1.00 in 2009. No proposed dividend for 2010.

20 largest shareholders as per 31 December 2010:

	Name	A-shares	B-shares	Total	Percent of votes	Percent of shares
1	Norchem AS	25 966 492	1 041 176	**27 007 668**	39.53%	31.13%
2	Odfjell SE	5 391 166	2 322 482	**7 713 648**	8.21%	8.89%
3	Pareto -fondene	3 021 151	2 055 556	**5 076 707**	4.60%	5.85%
4	ODIN -fondene	130 250	4 606 351	**4 736 601**	0.20%	5.46%
5	SIX SIS	2 165 770	2 192 750	**4 358 520**	3.30%	5.02%
6	Rederiet Odfjell AS	3 497 472	-	**3 497 472**	5.32%	4.03%
7	Odfjell Shipping Bermuda Ltd.	2 250 000	1 215 760	**3 465 760**	3.43%	3.99%
8	SHB Stockholm	1 648 781	1 390 780	**3 039 561**	2.51%	3.50%
9	JP Morgan Clearing Corp.	2 615 500	31 800	**2 647 300**	3.98%	3.05%
10	Skagen -fondene	2 356 000	-	**2 356 000**	3.59%	2.72%
11	Folketrygdfondet	-	1 724 900	**1 724 900**	-	1.99%
12	KLP	1 605 100	35 601	**1 640 701**	2.44%	1.89%
13	DnB NOR	1 051 662	329 537	**1 381 199**	1.60%	1.59%
14	Holberg -fondene	414 806	384 721	**799 527**	0.63%	0.92%
15	AS SS Mathilda	600 000	150 000	**750 000**	0.91%	0.86%
16	Berger	732 400	-	**732 400**	1.11%	0.84%
17	Pictet & CieBanquiers	463 400	252 800	**716 200**	0.71%	0.83%
18	AS Bemacs	358 000	352 000	**710 000**	0.54%	0.82%
19	Odfjell Chemical Tankers AS	500 000	-	**500 000**	0.76%	0.58%
20	Citibank	446 447	43 140	**489 587**	0.68%	0.56%
	Total 20 largest shareholders	**55 214 397**	**18 129 354**	**73 343 751**	**84.05%**	**84.52%**
	Other shareholders	10 475 847	2 949 350	**13 425 197**	15.95%	15.48%
	Total	**65 690 244**	**21 078 704**	**86 768 948**	**100.00%**	**100.00%**
	International shareholders	38 524 309	7 061 843	**45 586 152**	58.65%	52.54%
	Treasury shares	5 891 166	2 322 482	**8 213 648**	8.97%	9.47%
	Cost price treasury shares (USD 1 000)	44 256	18 660	**62 916**		

All treasury shares were bought in 2009 and 2010 and are held by Odfjell SE and Odfjell Chemical Tankers AS per end of 2010.

The Annual General Meeting on 5 May 2010 authorised the Board of Directors to acquire up to 10 per cent of the company's share capital. This authorisation expires 4 November 2011. The purpose of purchasing own shares is to enhance shareholders' value. The Board of Directors regularly considers investments in own shares when it may be beneficial for the Company.

NOTE 34 LIST OF SUBSIDIARIES

The following subsidiaries are fully consolidated in the financial statements as per 31 December 2010:

Company	Country of registration	Ownership share	Voting share
Odfjell Argentina SA	Argentina	100%	100%
Odfjell Australia Pty Ltd	Australia	100%	100%
Odfjell Chemical Tankers Ltd	Bermuda	100%	100%
Flumar Transportes de Quimicos e Gases Ltda	Brazil	100%	100%
Odfjell Brasil Ltda	Brazil	100%	100%
Odfjell Chile Ltd	Chile	100%	100%
Odfjell Management Consultancy (Shanghai) Co Ltd	China	100%	100%
Odfjell Terminals (Jiangyin) Co Ltd	China	55%	55%
Odfjell Chemical Tankers (Germany) GmbH	Germany	100%	100%
Odfjell Japan Ltd	Japan	100%	100%
Odfjell Korea Ltd	Korea	100%	100%
Odfjell Netherlands BV	Netherlands	100%	100%
Odfjell Terminals (Rotterdam) BV	Netherlands	100%	100%
Odfjell Terminals BV (Netherlands)	Netherlands	100%	100%
Odfjell Terminals EMEA BV	Netherlands	100%	100%
Odfjell Terminals Martiem BV	Netherlands	100%	100%
Odfjell Terminals USA BV	Netherlands	100%	100%
Norfra Shipping AS	Norway	100%	100%
Odfjell Chemical Tankers AS	Norway	100%	100%
Odfjell Insurance & Properties AS	Norway	100%	100%
Odfjell Management AS	Norway	100%	100%
Odfjell Maritime Services AS	Norway	100%	100%
Odfjell Projects AS	Norway	100%	100%
Odfjell Tankers AS	Norway	100%	100%
Odfjell Tankers Europe AS	Norway	100%	100%
Odfjell Terminals SE	Norway	100%	100%
Odfjell Peru S.A.C.	Peru	100%	100%
Odfjell Ship Management (Philippines) Inc	Philippines	100%	100%
Odfjell Asia II Pte Ltd	Singapore	100%	100%
Odfjell Asia Pte Ltd	Singapore	100%	100%
Odfjell Singapore Pte Ltd	Singapore	100%	100%
Odfjell Terminals Asia Pte Ltd	Singapore	100%	100%
Odfjell Terminals China Pte Ltd	Singapore	100%	100%
Odfjell Durban South Africa (Pty) Ltd	South Africa	100%	100%
Odfjell (UK) Ltd	United Kingdom	100%	100%
Odfjell Holdings (US) Inc	USA	100%	100%
Odfjell Terminals (Charleston) LLC	USA	100%	100%
Odfjell Terminals (Houston) Inc	USA	100%	100%
Odfjell USA (Houston) Inc	USA	100%	100%
Odfjell USA Inc	USA	100%	100%

NOTE 35 INVESTMENTS IN JOINT VENTURES

The Odfjell Group has the following investments in joint ventures, accounted for according to the gross method as per 31 December 2010:

JOINT VENTURE	Country of registration	Business segment	Ownership share
Odfjell & Vapores Ltd	Bermuda	Chemical Tankers	50%
Odfjell y Vapores SA	Chile	Chemical Tankers	49%
Odfjell Terminals (Dalian) Co Ltd	China	Tank Terminals	50%
Odfjell Ahrenkiel Europe GmbH	Germany	Chemical Tankers	50%
Oiltanking Odfjell GmbH	Germany	Tank Terminals	50%
Exir Chemical Terminal (PJSCo)	Iran	Tank Terminals	35%
Odfjell Terminals (Korea) Co Ltd	Korea	Tank Terminals	50%
Oiltanking Odfjell Terminals Oman BV	Netherlands	Tank Terminals	42.5%
Oiltanking Odfjell Terminals & Co LLC (Oman)	Oman	Tank Terminals	30%
Oiltanking Odfjell Terminal Singapore Pte Ltd	Singapore	Tank Terminals	50%
Odfjell Makana SA	South Africa	Chemical Tankers	49.9%
Thembani Shipping SA	South Africa	Chemical Tankers	44.9%
NCC – Odfjell Chemical Tankers JLT	United Arab Emirates	Chemical Tankers	50%

The share of result and balance sheet items for investments in joint ventures is included line by line in the accounts. The below main figures are included for each segment in the Group accounts:

(USD 1 000)	2010 Chemical Tankers	2010 Tank Terminals	2010 Total	2009 Chemical Tankers	2009 Tank Terminals	2009 Total
Gross revenue	16 902	49 488	**66 391**	6 189	37 044	**43 233**
Operating expenses	(2 106)	(10 775)	**(12 881)**	(2 231)	(6 649)	**(8 880)**
Net financial items	(26)	(8 146)	**(8 172)**	(38)	(5 675)	**(5 713)**
Net result	(610)	13 488	**12 878**	(293)	11 560	**11 267**
Non-current assets	1 978	293 044	**295 022**	5 943	261 247	**267 190**
Current assets	18 623	29 901	**48 523**	8 780	23 638	**32 417**
Total assets	**20 601**	**322 944**	**343 545**	**14 722**	**284 885**	**299 607**
Equity opening balance	12 720	118 813	**131 533**	12 825	94 938	**107 763**
Net result	(610)	13 488	**12 878**	(293)	11 560	**11 267**
Equity additions/adjustments	(3 805)	(2 092)	**(5 897)**	-	11 363	**11 363**
Exchange rate differences	918	7 067	**7 985**	188	952	**1 140**
Total equity closing balance	**9 224**	**137 275**	**146 499**	**12 720**	**118 813**	**131 533**
Non-current liabilities	178	163 541	**163 720**	385	125 103	**125 487**
Current liabilities	11 199	22 128	**33 327**	1 617	40 970	**42 587**
Total liabilities	**11 377**	**185 670**	**197 047**	**2 002**	**166 072**	**168 074**
Net cash flow from operating activities	4 948	18 436	**23 385**	218	17 739	**17 957**
Net cash flow from investing activities	(515)	(24 891)	**(25 406)**	331	(43 645)	**(43 314)**
Net cash flow from financing activities	126	8 312	**8 438**	173	37 963	**38 136**
Uncalled committed capital	-	-		-	-	**-**

NOTE 36 INVESTMENTS IN ASSOCIATES

As Odfjell is involved as a Board member and has influence in the below mentioned Company, it is accounted for as an associated company. Since V.O. Tank Terminal Ningbo is an unlisted company, there are no quoted prices for a fair value consideration.
(USD 1 000)

Entity	**Country**	**Segment**	**Ownership interest**	**Carrying amount**
V.O. Tank Terminal Ningbo	China	Tank Terminals	12.5%	
Investment in associates 1.1.2009				1 488
Exchange rate differences on translation				(5)
Dividend				(92)
Net income from associates 2009				110
Investment in associates 31.12.2009				**1 501**
Exchange rate differences on translation				(43)
Net income from associates 2010				128
Investment in associates 31.12.2010				**1 586**

A summary of financial information for our share of the associate:

(USD 1 000)	**2010**	**2009**
Gross revenue	519	480
Net result	128	110
Assets	1 641	1 552
Liabilities	55	51
Equity	1 586	1 501

NOTE 37 EXCHANGE RATES OF THE GROUP'S MAJOR CURRENCIES AGAINST USD

	Norwegian kroner (NOK)		**Euro (EUR)**		**Renmimbi (RMB)**		**Singapore dollar (SGD)**	
	Average	Year-end	Average	Year-end	Average	Year-end	Average	Year-end
2010	6.04	5.85	1.33	1.34	6.73	6.52	1.36	1.28
2009	6.29	5.76	1.39	1.45	6.82	6.81	1.45	1.40


ODFJELL

PROFIT AND LOSS STATEMENT

(USD 1 000)

OPERATING REVENUE (EXPENSES)	Note	2010	2009
Gross revenue	2	3 990	3 565
General and administrative expenses	16	(9 180)	(9 748)
Depreciation	7	(1 223)	(1 154)
Operating result (EBIT)		**(6 413)**	**(7 337)**
FINANCIAL INCOME (EXPENSES)			
Income on investment in subsidiaries	11	8 347	62 317
Interest income	11	11 297	20 678
Interest expenses	11	(28 609)	(22 561)
Other financial items	11	19 942	9 043
Currency gains (losses)	12	5 308	41 034
Net financial items		**16 285**	**110 510**
Result before taxes		**9 872**	**103 174**
Taxes	5	(5 365)	(3 004)
Net result		**4 507**	**100 170**
OTHER COMPREHENSIVE INCOME			
Cash flow hedges changes in fair value		(2 016)	4 728
Cash flow hedges transferred to profit and loss statement		(1 196)	(1 186)
Net gain/(loss) on available-for-sale investments		334	4 606
Other comprehensive income		**(2 878)**	**8 148**
Total comprehensive income		**1 629**	**108 318**

BALANCE SHEET

ASSETS AS PER 31.12.
(USD 1 000)

NON-CURRENT ASSETS	Note	2010	2009
Real estate	7	14 425	15 367
Shares in subsidiaries	18	693 326	690 374
Other shares	18	22 144	33 301
Loans to group companies	13, 14	567 401	540 427
Non-current receivables	14	17 765	26 641
Total non-current assets		**1 315 060**	**1 306 109**
CURRENT ASSETS			
Current receivables		4 548	203
Group receivables		799	1 577
Derivative financial instruments	3	12 335	16 751
Available-for-sale investments	15	18 260	71 507
Cash and bank deposits	19	55 058	47 436
Total current assets		**91 000**	**137 475**
Total assets		**1 406 061**	**1 443 584**

EQUITY AND LIABILITIES AS PER 31.12.

PAID IN EQUITY	Note	2010	2009
Share capital	6, 20	29 425	29 425
Treasury shares	6, 20	(2 616)	(1 635)
Share premium	6	53 504	53 504
Total paid in equity		**80 313**	**81 294**
RETAINED EARNINGS			
Reserve of unrealized profit	6	46 448	49 327
Other equity	6	532 126	548 358
Total retained earnings		**578 574**	**597 685**
Total shareholders' equity		**658 887**	**678 979**
NON-CURRENT LIABILITIES			
Deferred tax	5	938	2 586
Loans from subsidiaries	4	39 433	39 979
Long-term debt	4	502 621	528 727
Total non-current liabilities		**542 992**	**571 293**
CURRENT LIABILITIES			
Derivative financial instruments	3	22 190	-
Current portion of long term debt	4	101 331	88 883
Other current liabilities		4 649	4 645
Loans from subsidiaries		76 012	99 783
Total current liabilities		**204 182**	**193 312**
Total liabilities		**747 173**	**764 605**
Total eqiuty and liabilities		**1 406 061**	**1 443 584**
Guarantees	21	814 744	876 972

Bergen, 11 March 2011

THE BOARD OF DIRECTORS OF ODFJELL SE

Laurence W. Odfjell
CHAIRMAN

B.D. Odfjell

Christine Rødsæther

Terje Storeng

Irene Waage Basili

Jan A. Hammer
President/CEO

CASH FLOW STATEMENT

(USD 1 000)

CASH FLOW FROM OPERATING ACTIVITIES	2010	2009
Net result before taxes	9 872	103 174
Depreciation	1 223	1 154
Exchange rate fluctuations	(5 308)	(4 049)
Dividends and (gain)/loss from sale of shares classified as investing activities	(27 690)	(74 280)
Other short-term accruals	(14 455)	1 308
Net cash flow from operating activities	**(36 358)**	**27 307**
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of non-current assets		-
Investment in non-current assets	(282)	(1 201)
Investment in subsidiaries and other shares	8 205	(142 033)
Gain/(loss) from sale of shares	19 343	-
Received dividend	8 347	74 280
Available-for-sale investments	65 247	2 599
Changes in long-term receivables	8 876	(10 641)
Loans to subsidiaries	(27 520)	40 149
Net cash flow from investing activities	**82 216**	**(36 847)**
CASH FLOW FROM FINANCING ACTIVITIES		
New long-term debt	145 291	104 000
Payment of long-term debt	(158 068)	(74 276)
Share repurchases	(21 720)	(38 090)
Dividend	-	(12 397)
Net cash flow from financing activities	**(34 497)**	**(20 763)**
Effect on cash balances from currency exchange rate fluctuations	(3 739)	13 261
Net change in cash balances	**7 622**	**(17 042)**
Cash balances as per 1.1	47 436	64 478
Cash balances as per 31.12	**55 058**	**47 437**
Available credit facilities	20 250	61 750

NOTE 1 ACCOUNTING PRINCIPLES

The parent Company's accounts have been presented in accordance with the simplified IFRS, and are based on the same accounting principles as the Group statement with the following exceptions:

A. Derivative financial instruments and hedging

The Company enters into derivative financial instruments to reduce currency and bunkers exposure in subsidiaries. These instruments do not qualify for hedge accounting. Changes in fair value of these financial instruments are charged to the respective subsidiary and therefore not recognised in the income statement.

B. Investments in subsidiaries, joint ventures and associates

Investments are based on the Cost Method.

C. Dividend

Proposed dividend for the parent Company's shareholders is shown in the parent Company accounts as a liability at 31 December.

NOTE 2 GROSS REVENUE

Gross revenue is related to services performed for other Odfjell Group companies and renting of real estate and other fixed assets and is recognised as revenue in the period the service is delivered and the period the assets rented.

NOTE 3 DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses various derivative financial instruments to reduce fluctuations in earnings and cash flow caused by volatility in foreign exchange rates and interest rates. In addition the Company enters into derivative financial instruments to reduce currency and bunkers exposure in subsidiaries.

See note 4 in the Group Financial Statements for more details regarding risk management.

Below overview shows status of hedging exposure per 31 December 2010:

						Time to maturity - USD amounts			
Currency	**Sold**		**Bought**		**Avg Rate**	**< 1 year**	**1 - 5 years**	**> 5 years**	**Total**
Cash flow hedging	EUR	30 000	USD	39 763	1.33	39 763	-	-	**39 763**
Non hedge[1]	USD	100 000	NOK	672 345	6.72	62 000	38 000	-	**100 000**
Fair value hedging	USD	107 955	NOK	619 500		19 694	88 261	-	**107 955**

[1] Weekly options, amount can be between 0 and USD 190 million

					Time to maturity			
Interest rates				**Avg Rate**	**< 1 year**	**1 - 5 years**	**> 5 years**	**Total**
Cash flow hedging	USD	200 000		4.40%	-	150 000	50 000	**200 000**
Non hedge, IRS	USD	125 000		3.05%	-	75 000	50 000	**125 000**
Non hedge, options	USD	50 000		2.50%	-	-	50 000	**50 000**
Fair value hedging	USD	92 541	From NOK to USD	4.66%	4 279	88 261	-	**92 541**

Below overview shows status of hedging exposure per 31 December 2009:

						Time to maturity - USD amounts			
Currency	**Sold**		**Bought**		**Avg Rate**	**< 1 year**	**1 - 5 years**	**> 5 years**	**Total**
Non hedge	USD	10 000	NOK	67 000	6.7	10 000	-	-	**10 000**
Fair value hedging	USD	115 200	NOK	670 000	5.82	17 600	97 600	-	**115 200**
	USD	6 400	EUR	5 000	1.28	6 400	-	-	**6 400**

					Time to maturity			
Interest rates				**Avg Rate**	**< 1 year**	**1 - 5 years**	**> 5 years**	**Total**
Cash flow hedging	USD	200 000		4.40%	-	150 000	50 000	**200 000**
Non hedge, options	USD	250 000		3.00%	-	-	250 000	**250 000**
Fair value hedging	USD	115 200	From NOK to USD	4.30%	22 659	92 541	-	**115 200**

Odfjell SE held in addition to the derivatives above, currency FX Forwards and bunkers swaps and options to reduce exposure in subsidiaries. The exposures from these contracts are transferred to the respective subsidiary and therefore no profit or loss effect in Odfjell SE:

(USD 1 000)

	2010	**2009**
Bunkers	4 559	19 986
Currency	2 382	10 628
Derivative financial instruments	**6 941**	**30 614**

Fair value of financial instruments

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Derivative financial instruments and available-for-sale-investments are recorded in the balance sheet at the fair value at the balance sheet date. The fair value is obtained from active markets or based on third party quotes. For cash and cash equivalents and current liabilities the carrying amount is considered to be the best estimate of fair value of these instruments due to the short maturity date. Receivables are valued at nominal value reduced by any impairment. Carrying amount is considered to be best estimate of fair value due to short maturity date and valid terms. For dividend payable carrying amount is considered to be best estimate of fair value due to short maturity date and valid terms. Fair value of interest bearing debt with fixed interest rate is calculated based on discounted future cash flows and the Company's alternative market interest for corresponding financial instruments. Fair value of bonds is calculated based on market values on the bonds. Below is a comparison of the Group's financial instruments where carrying amount and fair values are different:

(USD 1 000)

	Carrying amount 2010	**Fair value 2010**	**Carrying amount 2009**	**Fair value 2009**
Interest bearing debt	603 952	603 952	617 611	627 611

Fair value hierarchy

As at 31 December all financial instrument were valued at Level 2. Level 2 is defined where inputs are either directly or indirectly observable for substantially the full term of the assets and liabilities.

Classification of financial assets and liabilities as at 31 December 2010:

(USD 1 000)

	Derivatives held as hedge instrument	Derivatives held at fair value over the result	Loans and receivables	Available-for-sale-investments	Liabilities recognised at amortised cost	Non-financial assets/ liabilities	2010
Assets							
Cash and cash equivalents	-	-	55 058	-	-	-	**55 058**
Available-for-sale-investments	-	-	-	18 260	-	-	**18 260**
Derivative financial instruments	6 941	5 394	-	-	-	-	**12 335**
Current receivables	-	-	5 347	-	-	-	**5 347**
Non-current receivables	-	-	17 765	-	-	-	**17 765**
Loan to group companies	-	-	567 401	-	-	-	**567 401**
Other non-financial assets	-	-	-	-	-	729 894	**729 894**
Total assets	**6 941**	**5 394**	**645 571**	**18 260**	**-**	**729 894**	**1 406 061**
Liabilities							
Other current liabilities	-	-	-	-	4 649	-	**4 649**
Loan from subsidiaries	-	-	-	-	115 445	-	**115 445**
Dividend payable	-	-	-	-	-	-	**-**
Derivative financial instruments	12 735	9 455	-	-	-	-	**22 190**
Interest bearing debt	-	-	-	-	603 952	-	**603 952**
Other non-current liabilities	-	-	-	-	938	-	**938**
Total liabilities	**12 735**	**9 455**	**-**	**-**	**724 984**	**-**	**747 174**

Classification of financial assets and liabilities as at 31 December 2009:

(USD 1 000)

	Derivatives held as hedge instrument	Derivatives held at fair value over the result	Loans and receivables	Available-for-sale-investments	Liabilities recognised at amortised cost	Non-financial assets/ liabilities	2009
Assets							
Cash and cash equivalents	-	-	47 436	-	-	-	**47 436**
Available-for-sale-investments	-	-	-	71 507	-	-	**71 507**
Derivative financial instruments	20 325	(3 574)	-	-	-	-	**16 751**
Current receivables	-	-	1 780	-	-	-	**1 780**
Non-current receivables	-	-	26 641	-	-	-	**26 641**
Loan to group companies	-	-	540 427	-	-	-	**540 427**
Other non-financial assets	-	-	-	-	-	739 041	**739 041**
Total assets	**20 325**	**(3 574)**	**616 284**	**71 507**	**-**	**739 041**	**1 443 584**
Liabilities							
Other current liabilities	-	-	-	-	4 645	-	**4 645**
Loan from subsidiaries	-	-	-	-	139 762	-	**139 762**
Dividend payable	-	-	-	-	-	-	**-**
Derivative financial instruments	-	-	-	-	-	-	**-**
Interest bearing debt	-	-	-	-	617 611	-	**617 611**
Other non-current liabilities	-	-	-	-	2 586	-	**2 586**
Total liabilities	**-**	**-**	**-**	**-**	**764 605**	**-**	**764 605**

NOTE 4 LONG – TERM DEBT

(USD 1 000)

	Average interest rate	2010	2009
Loans from financial institutions – floating interest rate	2.28%	516 954	313 345
Loans from financial institutions – fixed interest rate		-	192 548
Bonds	4.99%	92 541	116 378
Subtotal interest bearing debt	**2.69%**	**609 495**	**622 272**
Transaction cost		(5 543)	(4 661)
Total interest bearing debt		**603 952**	**617 611**
Current portion of total debt		(101 331)	(88 883)
Total non-current interest bearing debt		**502 621**	**528 727**

Maturity of interest bearing debt as per 31 December 2010:

	2011	2012	2013	2014	2015	2016+	Total
Loans from financial institutions – floating interest rate	97 052	59 199	90 199	62 433	174 040	34 031	**516 954**
Bonds	4 279	-	88 261	-	-	-	**92 541**
Total interest bearing debt	**101 331**	**59 199**	**178 460**	**62 433**	**174 040**	**34 031**	**609 495**

Maturity of interest bearing debt as per 31 December 2009:

	2010	2011	2012	2013	2014	2015+	Total
Loans from financial institutions – floating interest rate	47 396	64 730	36 630	67 630	47 280	49 680	**313 345**
Loans from financial institutions – fixed interest rate	22 727	22 727	22 727	22 727	22 727	78 914	**192 548**
Bonds	18 760	10 769	-	86 849	-	-	**116 378**
Total interest bearing debt	**88 883**	**98 226**	**59 356**	**177 205**	**70 006**	**128 594**	**622 272**

Loans from subsidiaries:

	Currency	Average interest rate	2010	2009
Loans from subsidiaries	USD	3.89%	34 357	34 904
	NOK	1.54%	5 075	5 075
Total loans from subsidiaries			**39 433**	**39 979**

Loans from group companies generally have no fixed repayment schedule. Repayment is based on available liquidity. Loans from group companies are priced on an arms-length basis.

The average term of the Company's outstanding long-term interest bearing bank debt as per 31 December 2010 was 4.7 years (3.2 years in 2009). The average term of the Company's outstanding bond debt as per 31 December 2010 was 2.8 years (2.4 years in 2009).

The long-term debt is a combination of debt guaranteed by subsidiaries and bonds in the Norwegian bond market. Interest rates are generally based on floating LIBOR-rates on less than 12-months. The interest bearing debt does not contain any restrictions on the Company's dividend policy or financing opportunities. The interest bearing debt is generally subject to certain covenants which include that, in the Odfjell Group accounts, the book debt ratio shall at all times be less than 75% (excluding deferred taxes from debt) and that the liquidity shall always be minimum the highest of USD 50 million and 6% of interest bearing debt.

NOTE 5 TAXES

(USD 1 000)

Taxes:	2010	2009
Taxes payable	(2 452)	-
Change in deferred tax	1 648	(2 586)
Tax expenses relating to group contribution 2009	(4 561)	-
Foreign tax	-	(418)
Total tax expenses	**(5 365)**	**(3 004)**

Taxes payable:	2010	2009
Net result before taxes	9 872	103 174
Permanent differences	2 867	(60 917)
Changes temporary differences	2 419	(13 588)
Currency adjustments[1)]	(6 401)	(12 378)
Basis taxes payable	**8 757**	**16 291**
Group contribution	(8 757)	(16 291)
Basis taxes payable after group contribution	-	-
Taxes payable:		
Taxes payable	2 452	4 561
Reduction due to group contribution	(2 452)	(4 561)
Net taxes payable	**-**	**-**

[1)] Since Odfjell SE is a subject to the Norwegian tax regime, the tax payable is estimated in NOK. The foreign currency conversion will cause currency adjustments.

Specification of deferred taxes (deferred tax assets):
(USD 1 000)

	2010	2009
Non-current assets	(4 826)	(4 652)
Provisions	-	(30 875)
Other long-term temporary differences	683	743
Differences related to currents assets	194	(140)
Financial instruments	(5 777)	30 875
Contingent tax liability related to non-taxable gain[1]	13 077	13 285
Net temporary differences	**3 351**	**9 236**
Tax rate	28%	28%
Total deferred tax (deferred tax assets)	**938**	**2 586**

[1] Contingent tax liability is related to business transfer to 100% owned subsidiaries Odfjell Management AS and Odfjell Maritime Services AS.
The gain is non-taxable in pursuant regulations of tax free transfer between companies in the same group.

A reconciliation of the effective rate of tax and the tax rate in Odfjell SE's country of registration:
(USD 1 000)

	2010	2009
Result before taxes	9 872	103 174
Tax assessed at the tax rate in Odfjell SE's country of registration (28% in 2010 and 2009)	2 764	(28 889)
Tax related to non-taxable income and expenses	1 754	17 057
Use of loss carried forward – not booked	-	3 829
Use of temporary differences – not booked	-	(2 586)
Group contribution[1]	(4 561)	4 561
Currency adjustments	206	3 441
Other	-	(418)
Tax expense	**(5 365)**	**(3 004)**
Effective tax rate[1]	**(8.15%)**	**(2.91%)**

[1] Effective tax rate for 2010 is estimated without tax expenses relating to group contribution 2009 of USD 4.6 million.

NOTE 6 SHAREHOLDERS' EQUITY
(USD 1 000)

	Share capital	Treasury shares	Share premium	Reserve of unrealized profit	Fair value and other reserves	Other equity	Total equity
Shareholders' equity as per 1st January 2009	**29 425**	**-**	**53 504**	**54 790**	**(13 611)**	**487 812**	**611 920**
Comprehensive income	-	-	-	-	8 148	100 170	**108 318**
Share sale/ repurchases	-	(1 635)	-	-	-	(39 624)	**(41 259)**
Shareholders' equity as per 31 December 2009	**29 425**	**(1 635)**	**53 504**	**54 790**	**(5 463)**	**548 358**	**678 979**
Comprehensive income	-	-	-	-	(2 878)	4 507	**1 629**
Share sale/ repurchases	-	(981)	-	-	-	(20 740)	**(21 720)**
Shareholders' equity as per 31 December 2010	**29 425**	**(2 616)**	**53 504**	**54 790**	**(8 342)**	**532 126**	**658 887**

NOTE 7 NON-CURRENT ASSETS
(USD 1 000)

	Cost 1.1.2010	Investment	Sale book value	Accumulated depreciation prior years	Depreciation this year	Book value 31.12.2010
Land	408	-	-	-	-	**408**
Office building	22 135	281	-	(7 178)	(1 223)	**14 017**
Total	**22 543**	**281**	**-**	**(7 178)**	**(1 223)**	**14 425**

Depreciation periods:
Office building: 50 years. Land is not depreciated.

NOTE 8 RELATED PARTIES
In the normal course of the conduct of its business, Odfjell enters into a number of transactions with related parties.
AS Rederiet Odfjell, beneficially owned by Director of the Board, B. D. Odfjell and his immediate family, rent office premises from Odfjell SE (through Odfjell Management AS) in Bergen, for which Odfjell received USD 0.1 million in 2010. The Company considers the above arrangements to be on commercially reasonable market terms.
Transactions with related parties are settled on a regular basis and there were no outstanding balances as per 31 December 2010.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Capital Expenditures
No material future commitments related to capital expenditure.

Contingencies
The Company maintains insurance coverage for its activities consistent with industry practice.

NOTE 10 SUBSEQUENT EVENTS

No special issues.

NOTE 11 FINANCIAL INCOME AND EXPENSES

(USD 1 000)

	2010	2009
Income on investment in subsidiaries	8 347	62 317
Inter-company interest income	9 099	16 461
Financial assets and liabilities at fair value through profit and loss	2 576	9 818
Gain/(loss) of sale share	19 343	-
Other interest income	2 198	4 217
Other financial income	4 346	2 818
Total financial income	**45 909**	**95 631**
Inter-company interest expenses	1 975	1 819
Other interest expenses	26 634	20 742
Other financial expenses	6 323	3 594
Total financial expenses	**34 932**	**26 155**

NOTE 12 CURRENCY GAINS (LOSSES)

(USD 1 000)

	2010	2009
Currency hedging contracts	6 866	12 142
Non-current receivables and debt	(3 315)	16 825
Cash and cash equivalents	(3 739)	13 261
Other current assets and current liabilities	5 495	(1 194)
Total currency gains (losses)	**5 308**	**41 034**

NOTE 13 LOANS TO GROUP COMPANIES

(USD 1 000)

	Currency	Currency amount 1000 2010	2010	2009
Odfjell Asia II Pte Ltd	USD	352 464	352 464	352 464
Odfjell Asia II Pte Ltd	USD	-	-	21 000
Odfjell Terminals SE	USD	88 298	88 298	69 298
Odfjell Chemical Tankers II AS	NOK	-	-	27 354
Odfjell Chemical Tankers (Germany) GmbH	EUR	-	-	8 972
Oiltanking Odfjell Terminals Singapore	SGD	4 000	3 122	2 866
Odfjell Terminal (Jiangyin) Co.Ltd	USD	12 000	12 000	14 000
Norfra Shipping AS	NOK	163 494	27 954	-
Norfra Shipping AS	USD	83 563	83 563	44 473
Total loans to group companies		**703 818**	**567 401**	**540 427**

NOTE 14 NON – CURRENT RECEIVABLES

(USD 1 000)

Non-current receivables:

	2010	2009
Loans to third parties	17 765	26 641
Loans to group companies	567 401	540 427
Total non-current receivables	**585 165**	**567 068**

Maturity receivables as per 31 December 2010:

	2011	2012	2013	2014	2015	2016+	Total
Loans to third parties	441	441	16 441	441	-	-	**17 765**
Loans to group companies	-	-	-	-	-	567 401	**567 401**
Total non-current receivables	**441**	**441**	**16 441**	**441**	**-**	**567 401**	**585 165**

Maturity receivables as per 31 December 2009:

	2010	2011	2012	2013	2014	2015+	Total
Loans to third parties	7 994	441	441	16 441	441	882	**26 641**
Loans to group companies	77 204	77 204	77 204	77 204	77 204	154 408	**540 427**
Total non-current receivables	**85 198**	**77 645**	**77 645**	**93 645**	**77 645**	**155 290**	**567 068**

Loans to third parties are secured by 2nd priority mortgages.

Loans to group companies generally have no fixed repayment schedule. Repayment is based on available liquidity. Loans to group companies are priced on an arms-length basis.

NOTE 15 AVAILABLE-FOR-SALE-INVESTMENTS

(USD 1 000)

	Currency	Average interest rate	Book value	Market value
Bonds and certificates issued by financial institutions	USD	0.49%	3 262	3 262
Bonds and certificates issued by financial institutions	EUR	1.66%	3 345	3 345
Bonds and certificates issued by corporates	USD	0.51%	7 728	7 728
Bonds and certificates issued by corporates	SGD	3.37%	3 925	3 925
			18 260	**18 260**

Book value equals market value. Market value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. Bonds and certificates generally have interest rate adjustments every three months.

NOTE 16 SALARIES, NUMBER OF EMPLOYEES, BENEFITS TO BOARD OF DIRECTORS, PRESIDENT/CEO, OTHER MEMBER OF THE EXECUTIVE MANAGEMENT GROUP AND AUDITOR´S REMUNERATION

For 2010 the Company has no employees and the Company is not bound to have mandatory occupational pension scheme pursuant to the Norwegian law of Occupational pension scheme.

Compensation and benefits to Board of Directors in 2010:

(USD 1 000)

	Compensation	Other benefits	Total
Laurence W. Odfjell [1] (elected as new Chairman as from May 4th 2010)	221	23	**244**
B.D. Odfjell[2] (stepped down as Chairman as from May 4th 2010)	91	3	**94**
Ilias A. Iliopoulos (resigned as Director as from May 4th 2010)	51	-	**51**
Marianna Moschou (resigned as Director as from May 4th 2010)	34	-	**34**
Irene Waage Basili	51	-	**51**
Terje Storeng	34	-	**34**
Christine Rødsæther (elected as Director as from May 4th 2010)	-	-	**-**
Total	**482**	**26**	**508**

[1] Including compensation received from Odfjell Terminals BV

[2] Including compensation received from Odfjell Management AS

Auditor´s remuneration for:

(USD 1 000 exclusive VAT)

	2010	2009
Statutory auditing	71	138
Other assurance services	6	22
Tax advisory services	66	83
Non-audit services	36	-
Total remuneration	**180**	**243**

NOTE 17 PENSION COSTS AND LIABILITIES

For 2010 the Company has no employees and the Company is not bound to have mandatory occupational pension scheme pursuant to the Norwegian law of Occupational pension scheme.

NOTE 18 SHARES

(USD 1 000)

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

Subsidiaries

	Registered office	Share/ voting rights	Book value	Result 2010	Equity 2010
Odfjell Argentina SA	Argentina	90%	129	359	694
Odfjell Chemical Tankers Ltd	Bermuda	100%	441 262	328	446 838
Odfjell Brasil – Representacoes Ltda	Brazil	100%	983	148	1 193
Odfjell Chemical Tankers (Germany) GmbH	Germany	100%	1 557	(462)	933
Odfjell Japan Ltd	Japan	100%	-	(382)	(1 497)
Odfjell Korea Ltd	Korea	100%	43	44	223
Odfjell Netherlands BV	Netherlands	100%	1 021	117	1 615
Odfjell Management AS	Norway	100%	22 167	2 943	15 306
Odfjell Maritime Services AS	Norway	100%	1 929	33	1 531
Odfjell Tankers AS	Norway	100%	9 858	802	26 874
Odfjell Terminals SE	Norway	100%	40 193	14 282	62 769
Odfjell Insurance & Properties AS	Norway	100%	843	(50)	768
Odfjell Projects AS	Norway	100%	13	(5)	(6)
Norfra Shipping AS	Norway	100%	169 176	(24 110)	133 205
Odfjell Tankers Europe AS	Norway	100%	1 717	406	2 043
Odfjell Peru S.A.C	Peru	100%	55	(5)	(101)
Odfjell Ship Management (Philippines) Inc	Philippines	100%	200	11	210
Odfjell Asia Pte Ltd	Singapore	100%	-	-	172
Odfjell Singapore Pte Ltd	Singapore	100%	14	254	2 441
Odfjell Durban SA (Pty) Ltd	South Africa	100%	-	9	1 142
Odfjell (UK) Ltd	United Kingdom	100%	2 166	(136)	45 559
Odfjell USA (Houston) Inc	USA	100%	-	(62)	1 725
Total			**693 326**		

The company Odfjell Argentina SA is directly and indirectly 99% owned by Odfjell SE.

There was no impairment necessary as Recoverable Amounts were higher than book values.

Other shares	Registered office	Share/ voting rights	Book value	Result 2010[1]	Equity 2010[1]
Odfjell & Vapores Ltd	Bermuda	50%	4	(32)	64
Odfjell y Vapores SA	Chile	49%	506	857	14 024
Vopak Tank Terminal Ningbo Ltd	China	12.5%	1 108	1 024	12 696
Odfjell Ahrenkiel Europe GmbH	Germany	50%	289	(102)	702
Oiltanking Odfjell Terminals Singapore Pte Ltd	Singapore	50%	20 196	10 286	64 016
NCC Odfjell Chemical Tankers JLT	United Arab Emirates	50%	41	2 056	2 138
Total			**22 144**		

[1] Result and equity on 100% basis.

NOTE 19 RESTRICTED CASH AND CASH EQUIVALENTS

The Company has no restricted cash and cash equivalents per 31 December 2010.

NOTE 20 SHARE CAPITAL AND INFORMATION ABOUT SHAREHOLDERS

(NOK 1 000)

	Number of shares	Nominal value (NOK)	2010	2009
A-shares	65 690 244	2.50	164 226	164 226
B-shares	21 078 704	2.50	52 697	52 697
Total	**86 768 948**		**216 922**	**216 922**

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

20 largest shareholders as per 31 December 2010:

	Name	A-shares	B-shares	Total	Percent of votes	Percent of shares
1	Norchem AS	25 966 492	1 041 176	**27 007 668**	39.53%	31.13%
2	Odfjell SE	5 391 166	2 322 482	**7 713 648**	8.21%	8.89%
3	Pareto -fondene	3 021 151	2 055 556	**5 076 707**	4.60%	5.85%
4	ODIN -fondene	130 250	4 606 351	**4 736 601**	0.20%	5.46%
5	SIX SIS	2 165 770	2 192 750	**4 358 520**	3.30%	5.02%
6	Rederiet Odfjell AS	3 497 472	-	**3 497 472**	5.32%	4.03%
7	Odfjell Shipping Bermuda Ltd.	2 250 000	1 215 760	**3 465 760**	3.43%	3.99%
8	SHB Stockholm	1 648 781	1 390 780	**3 039 561**	2.51%	3.50%
9	JP Morgan Clearing Corp.	2 615 500	31 800	**2 647 300**	3.98%	3.05%
10	Skagen -fondene	2 356 000	-	**2 356 000**	3.59%	2.72%
11	Folketrygdfondet	-	1 724 900	**1 724 900**	-	1.99%
12	KLP	1 605 100	35 601	**1 640 701**	2.44%	1.89%
13	DnB NOR	1 051 662	329 537	**1 381 199**	1.60%	1.59%
14	Holberg -fondene	414 806	384 721	**799 527**	0.63%	0.92%
15	AS SS Mathilda	600 000	150 000	**750 000**	0.91%	0.86%
16	Berger	732 400	-	**732 400**	1.11%	0.84%
17	Pictet & CieBanquiers	463 400	252 800	**716 200**	0.71%	0.83%
18	AS Bemacs	358 000	352 000	**710 000**	0.54%	0.82%
19	Odfjell Chemical Tankers AS	500 000	-	**500 000**	0.76%	0.58%
20	Citibank	446 447	43 140	**489 587**	0.68%	0.56%
	Total 20 largest shareholders	**55 214 397**	**18 129 354**	**73 343 751**	**84.05%**	**84.52%**
	Other shareholders	10 475 847	2 949 350	**13 425 197**	15.95%	15.48%
	Total	**65 690 244**	**21 078 704**	**86 768 948**	**100.00%**	**100.00%**
	International shareholders	38 524 309	7 061 843	**45 586 152**	58.65%	52.54%
	Treasury shares	5 891 166	2 322 482	**8 213 648**	8.97%	9.47%
	Cost price treasury shares (USD 1 000)	44 256	18 660	**62 916**		

All treasury shares were bought in 2009 and 2010 and are held by Odfjell SE and Odfjell Chemical Tankers AS. There was no sale in 2010.

The Annual General Meeting on 5 May 2010 authorised the Board of Directors to acquire up to 10 per cent of the company's share capital. This authorisation expires 4 November 2011. The purpose of purchasing own shares is to increase shareholders' value. The Board of Directors regularly considers investments in own shares when it may be beneficial for the company.

Shares owned by members of the board (including related parties):

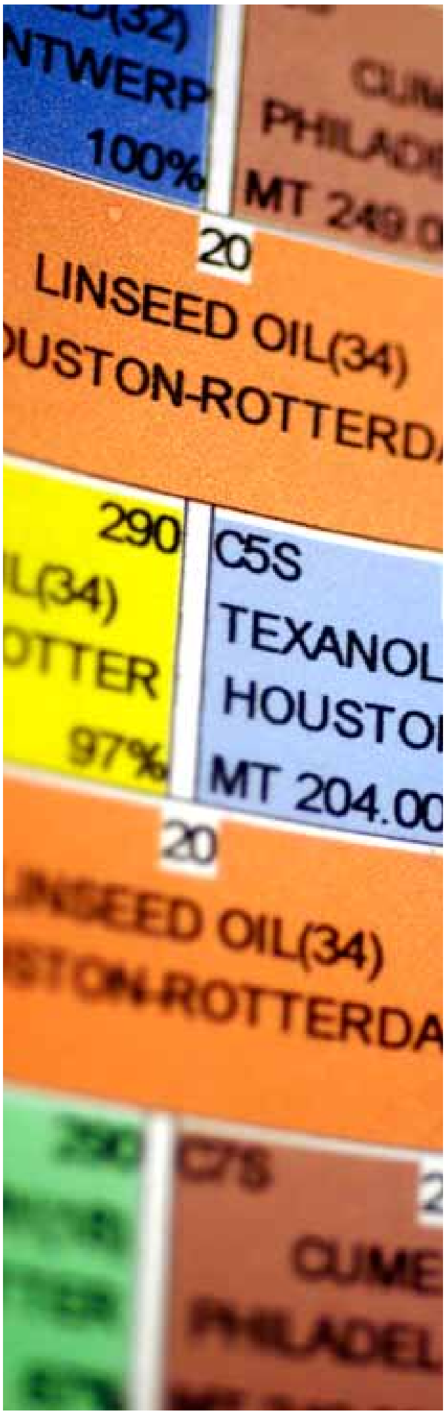
	A-shares	B-shares	Total
Chairman of the Board of Directors, Laurence W. Odfjell	25 966 492	1 205 076	**27 171 568**
Director, B. D. Odfjell	-	2 032	**2 032**
Director, Terje Storeng	70 560	2 112	**72 672**

NOTE 21 GUARANTEES

(USD 1 000)

	2010	**2009**
Subsidiaries	814 744	876 972

Odfjell SE has given guarantees on behalf of subsidiaries as part of our day-to-day business to assume responsibility for bunkers purchases, port obligations and credit facilities and operating lease commitments. Guarantees to and from group companies are generally entered into on arms-length basis.


100%
20
LINSEED OIL(34)
290
C5S
TEXANOL
97%
20
LINSEED OIL(34)


ODFJELL

AUDITOR´S **REPORT**

ERNST & YOUNG

Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

To the Annual Shareholders' Meeting of
Odfjell SE

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Odfjell SE, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2010, the statements of profit and loss and cash flows for the year then ended as well as a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated balance sheet as at 31 December 2010, the statements of profit and loss, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

ERNST & YOUNG

2

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of Odfjell SE have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as of 31 December 2010 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of Odfjell SE have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as of 31 December 2010 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards on Accounting as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the international standard on assurance engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to properly record and document the Company's accounting information as required by law and generally accepted bookkeeping practice in Norway.

Bergen, 11 March 2011
ERNST & YOUNG AS

Kjell Ove Røsok

Kjell Ove Røsok
State Authorised Public Accountant (Norway)

QUALITY, HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION

Odfjell's Mission Statement states that we shall conduct our business to high quality, safety and environmental standards. Odfjell has developed manuals for Quality Management and our Health, Safety and Environmental expectations (QHSE), describing how we shall work to reach the high standard we aim for. We also have Quality Management Systems at all our operating units that embed such principles in the way we work.

Odfjell has during recent years initiated a number of different activities to assure the safety of our employees. The Lost Time Injury Frequency (LTIF) has improved, with the on board and ashore figures decreasing from 2.2 in 2009 to 1.5 in 2010. However, sadly two incidents had fatal consequences for Odfjell personnel in 2010. One fall accident and one mariner being hit by a mooring rope. Odfjell regrets the loss of lives and has implemented measures in order to further reduce the risk of similar accidents happening again.

To enhance overall QHSE awareness within our organisation, the E-learning course "QHSE in Odfjell" was introduced in 2009 and has been made mandatory for everybody working with Odfjell. Our mariners altogether have been subject to more than 15,500 training days. Most of it has been held at the Odfjell Academy at Subic Bay, Philippines. Due to the piracy situation, we have also increased the training related to preparedness and passive defences. In order to prepare operational and management competence for our planned growth within terminals in China, we have also initiated a Terminal Training Center in Dalian, China with our long-term partners Dalian Port Authority (PDA). The training philosophy is based on delivering demonstrated skills via both class and onsite training.

Operating units have approval to the International Safety Management (ISM) code (ship management), ISO 9001:2008 standard (terminals), CDI-T attestation (customer terminal inspection), ISPS code (terminal security management) and ISO 14001 environment standard. Several terminals have acquired OHSAS 18001:2007 certificate, a Management System Standard within health and safety.

ENVIRONMENTAL IMPACT OF THE ODFJELL FLEET

In 2010 the Odfjell fleet consumed 566,000 tonnes of fuel oil of which 15% classified as low sulphur fuel and 24,000 tonnes of marine distillates. Based on the consumption by 92 vessels total emissions of CO_2 were 1,841,000 tonnes, a 12% reduction compared to 2009. Total emissions of SOx decreased 13% to 29,000 tonnes.

The reductions are the result of sale of ships throughout the year and that several ships have operated in slow speed mode.

All fuel purchased by Odfjell is tested by Det Norske Veritas Petroleum Service. Test results of the fuel purchased in 2010 (1,300 samples) state the average sulphur content was 2.48% compared to 2.41% in 2009. The global limit is 4.5%.

SOx– EMISSIONS

Based on all consumption (both in port and at sea) in 2010 the Odfjell vessels emitted on average 0.29 gram per tonne cargo transported one nautical mile. This is slightly below 2009 levels.

CO_2 – EMISSIONS

In 2009 the Marine Environment Protection Committee of IMO circulated guidelines for voluntary use of an Energy Efficiency Operational Indicator (EEOI), defined as the amount of CO_2 emitted per unit of transport work. Odfjell has since 2008 calculated the EEOI on ship and fleet-level. The calculations are made in accordance with IMO MEPC Circular 684.

Including fuel consumption both in port and at sea, in 2010 the EEOI for the Odfjell fleet was 18.9 gram of CO_2 per tonne cargo transported one nautical mile (g/tnm). This is an improvement of 7% compared to 2009. The number for consumption at sea is 15.7g/tnm, 9% improvement compared to previous year.

The main reasons for the increased energy efficiency are the speed/consumption reduction scheme in combination with improved capacity utilization. EEOI for the main ships groups sorted in deadweight ranges are in the table to the right.

SPEED/CONSUMPTION REDUCTION SCHEME

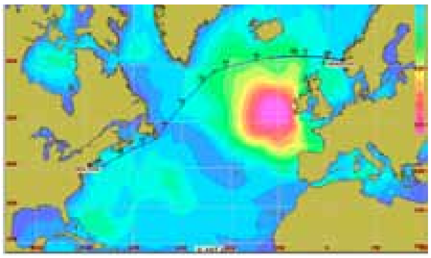
In 2010 Odfjell Tankers operated 45 ships in reduced speed mode. This generated a net fuel saving of about 44,000 tonnes, corresponding to emission savings of approximately 137,000 tonnes of CO_2 and 1,100 tonnes SOx.

EXTERNAL WEATHER ROUTING

Advanced weather routing services have been implemented since December 2009. This has been applied both to our owned fleet, and also to the time chartered ships. About 800 sea voyages have been subject to weather routing since the implementation. By our conservative estimate Odfjell has saved at least 2,500 mt fuel as a result of this scheme, equivalent to about 7,800 mt CO_2.

These savings are achieved in cases like seen on the next page, where the captain, by utilizing his own expertise in combination with the analysis and recommendations provided him by the weather routing company, decided to cross the Atlantic north of the British Isles - an unconventional route during the winter season.

In this case the captain positioned the ship north of a south-east tracking storm system, and thereby estimated to have saved about


(Source: Applied Weather Technology/Odfjell)

3.5 sailing days and 120 tonnes fuel compared to the more conventional route via the English Channel.

ENVIRONMENTAL FOCUS

Odfjell Tankers Environmental Council (OTEC) monitors and reports the Company's impact on the environment. Sea transportation is widely recognised as being among the most environment-friendly ways of transportation compared to alternative modes of moving goods. However, knowing that 90% of all goods are carried at sea, we acknowledge that seaborne transportation is a major source of pollution in the transport industry. The impact will in many respects be considered as substantial and hence, an active approach to environmental issues is necessary. During the last year Odfjell has implemented several technical solutions which result in improved impact both to the environment and to the economy.

TANK CLEANING – CHEMICAL TREATMENT

Odfjell Tankers continues to develop effective tank cleaning methods that meet the highest industrial standards. In 2010 the use of cleaning chemicals dropped by 4% compared to previous year. Our initiative to reduce the number of cleaning chemicals to four main products and two supplementary products has been successful.

ODFJELL MANAGED SHIPS

The Lost Time Injury Frequency (LTIF) on Odfjell managed ships was 1.5 in 2010 against 2.25 in 2009, which is the best figure ever. Ship Management holds the ISO 14001 certification, which involves 52 ships under own management. All relevant environmental aspects are identified, and the most significant issues are listed in the QHSE programme.

In addition to the extensive reporting and training programme, we implement technical changes. The following technical projects reduce the environmental impact beyond the requirements in current regulations:

Reduced number of spills

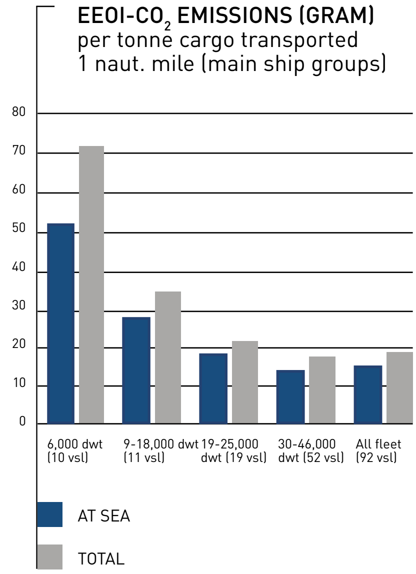
Reduced number of spills was included in 2008. The plan was to actively use Lessons Learned, KPIs, QHSE reports, ships visits, projects and other relevant instruments to improve on board attitude and awareness towards safe operations and shore-side attitude and awareness towards upgrading and maintenance of relevant systems. The goals were to reduce total reported spills to less than 45 in 2010, and reduce hydraulic oils spills to less than 20. The results were a total of 64 spills, approximately half of them were related to hydraulic systems.

Reduced oil leaks from stern tube sealing systems

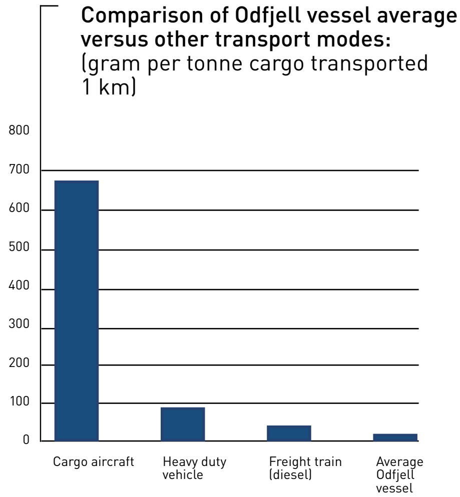
In order to improve performance of the stern tube sealing system, Odfjell started a USD 1.5 million upgrade programme in 2009, aiming at improving the systems on 19 ships to the highest technical standard. As in 2009, five ships were upgraded in 2010.

Reduced lube oil consumption

In order to reduce lube oil consumption, Odfjell has installed electronically controlled lubricator systems on 16 ships, at a total cost of USD 1.34 million. The aim is to reduce lube oil consumption with 20 m^3 per ship annually. The consumption was reduced with 22 m^3 per ship in 2010 compared with 2007 when the project started, which is over the expectations and considered as a good result.



Source: Odfjell



Source: Norwegian Shipowners´ Association

Bilge Water Treatment Plants

In order to reduce oil content in bilges to two ppm (parts per million), Odfjell has upgraded to more advanced bilge water treatment plants. At the end of 2010 another two ships had the installation and the number of ships with upgraded operational plants is now 38.

Reduced running hours on auxiliary engines

Odfjell has established a programme to reduce number of running hours on auxiliary engines, and thereby reduce fuel consumption and pollution of the environment. Since the programme started in 2007 the running hours is reduced with 46,600 hours.

SHIP RECYCLING

Odfjell has established a programme to obtain Green Passport for all elderly ships, in order to ensure controlled recycling of such units. The programme meets all requirements and expectations of IMO Resolution A 962 and 179 regarding recycling of ships and places us some years ahead of the enforcement of these resolutions. Ten Odfjell ships obtained such Green Passports during 2010 and all 19 ships originally on the list are now supplied with their Green Passport. The programme is brought on into 2011 with another ten ships.

QHSE TRAINING PACKAGE FOR ONSHORE MANAGEMENT

The training package was established to cover the identified compentence gap for the case handlers and superintendents. Priority was given to an Event Handling Training Course. This course was established and given to all personnel ashore. A requirement to bring the course to Ship Management Teams emerged, and is forwarded to the 2011 Programme.

EXTERNAL ACTIVITIES INVOLVING ODFJELL

Through industrial organisations and flag state administrations Odfjell has actively contributed towards specific industrial environmental initiative, among them: Enhance safety on board by expanding current inert gas requirement to apply to all tanks loaded with low flash cargoes, independent of tank size, age of ship or categorisation of the cargo. This is an ongoing issue, expected to be finalised in 2011.

The Company's target is to actively support these kinds of initiatives and promote them to become industry practice in the future, either through legislative changes or through new recognised industry practice and guidelines.

NEWBUILDING PROGRAMMES

Odfjell will in the forthcoming period introduce several projects related to newbuildings, which will all have a positive impact on the environment. Among these are:

- Ballast water treatment system, to avoid discharge of alien micro-organisms.
- Oily water separator with ability to reduce the oil content to five ppm, well below the currently applicable require ments of 15 ppm.
- Introducing fuel saving equipment for the sea water cooling pumps, by fitting frequency controlled electrical motors.

PIRACY

The pirate activity in the Gulf of Aden (GoA) and Indian Ocean are continuing to be a major concern and there are no indications of any significant changes in the foreseeable future. In the early morning 3rd August 2010 Bow Saga, flying the Norwegian flag, was attacked by pirates in the GoA and came under fire from automatic weapons. She was on high alert and well prepared and escaped the attack. Fortunately no one was injured and there were only superficial damages to the ship. The attack on the ship (and therefore Norwegian territory) and subsequent capture and release of the pirates caught high attention, not only within our Company, but also on an international level. We take numerous precautions to reduce the risk of transiting an expanding area of piracy and implementation of additional protection measures are in progress for our managed ships.

TANK TERMINALS

For the terminals, the Lost Time Injury Frequency (LTIF) is down to 2.2, against 7.9 in 2009. This is a good improvement and the programme for Lessons Learned will also be rolled out in 2011 to share information and enhance experience transfer.

Reportable spills (over five litres) outside primary containment were reduced by 21%. The reported near-misses and non-conformities are slightly down in 2010 compared to 2009. Odfjell strives for a good reporting culture and this implies also for a more active use of our experience feedback system.

During 2010 we have performed "corporate terminal audits" at all terminals owned or managed by Odfjell in order to review QHSE status with respect to our Corporate Quality Management Manual and QHSE Expectations. The audits are part of the efforts to consolidate a culture of continuous improvement and have over the last three years proven successful in lifting standards.

The various terminals have comprehensive annual plans for environmental protection in line with the ISO 14001 certification. One of our newest terminals, Odfjell Terminals (Jiangyin) Co. Ltd. (OTJ) also became certified to this standard in 2010.

Current plans encompass air emission, vapour recovery, energy efficiency, soil remediation and waste water treatment. We performed several activities to assure the terminals against spill and emission to soil and air. Examples are installation of leak detection facilities under storage tanks and other measures to control emissions.

On July 16th 2010, there was a major fire in an adjacent terminal to Odfjell Terminals (Dalian) Ltd (OTD). An explosion and following fire in a crude oil tank caused damage to OTD by way of the extreme heat and oil flowing into the OTD premises. Due to clean-up and repairs the terminal has been operating with reduced capacity during the period up to now and is expected to be back in full operations by May 2011. The OTD response team contributed greatly to reduce the consequences of the explosion and fire to the facilities and the environment by their prompt and professional handling of the incident.

CORPORATE **SOCIAL** RESPONSIBILITY

Odfjell's corporate social responsibility encompasses quality, health, safety and care for the environment as well as business ethics, human rights, non-discrimination and anti-corruption. We aim at sustainable development for our investors, customers, employees and the communities in which we operate through balancing financial results and corporate social responsibility within our sphere of influence. We work in accordance with international and national regulations that govern our business and take positive measures beyond mandatory compliance.

CORPORATE SOCIAL RESPONSIBILITY

In 2011 the Board decided that Odfjell will apply for participation in the UN Global Compact. The UN Global Compact is an internationally recognized UN initiative to the advancement of corporate social responsibility, encouraging companies to embrace, support and enact, within their sphere of influence, a set of ten principles in the areas of human rights, labour, environment and anti-corruption.

Code of Conduct

Odfjell has established a Code of Conduct intended to enforce ethical behaviour in everyday business and applies to all employees, directors and representatives of the Company, irrespective of their domicile.

Diversity

As a global actor with ships, terminals and offices all over the world, the workforce at Odfjell is diversified when it comes to education, culture, nationality, religion, gender and age.

Training and development

Odfjell aims at giving employees development opportunities within the organisation. Employees are encouraged as internal candidates for vacant positions. In addition a wide range of training and courses are offered to employees. Odfjell strives to develop an inspiring and interesting work environment both at sea and ashore. Odfjell carries out employee satisfaction surveys at the main office in Bergen and other larger offices, and do ergonomics inquiries. All employees have yearly appraisal with their manager. Also implemented is a programme for improved health care for seafarers, with focus on exercise and a healthy diet.

Odfjell has a trainee programme for onshore positions and a programme for apprentice at sea. In the Philippines the Odfjell Academy Subic trains regular crew and the Odfjell Bacolod trains cadets.

Internal communication

Focus on internal communication is essential to create a good working environment and a common Odfjell culture. The Company magazine Odfjell Quarterly and the intranet are rated as the most important communication channels within Odfjell.

External social responsibility

Odfjell takes social responsibility within local communities in which Odfjell is represented. Odfjell supports small organisations and in some cases, support local initiatives together with partners or joint ventures/alliances.

CORPORATE **GOVERNANCE**

Odfjell strives to protect and enhance shareholders' equity through long-term profitable business activities. Sound Corporate Governance is a central element of our strategy. This chapter describes how the legal and operational elements are governed. Odfjell aims to create sustainable values for shareholders and stakeholders alike. The Company is a SE (Societas Europea) company subject to Act no. 14 of 1 April 2005 relating to European companies and listed on the Oslo Stock Exchange, thus subject to Norwegian securities legislation and stock exchange regulations.

REPORTING ON CORPORATE GOVERNANCE

According to decision made by the Board, the framework for Corporate Governance is the Norwegian Code of Practice for Corporate Governance of 21 October 2010. The code builds on a "comply or explain" principle, which means that possible deviations from the code shall be explained. Odfjell's shareholder structure, where the founder's family controls about 45% of the votes at the general shareholders' meeting, is such that some of the code's provisions may be less relevant. Odfjell is still committed to ethical business practices, honesty, fair dealing and full compliance with all laws affecting our business. This includes adherence to high standards of Corporate Governance. Odfjell's corporate social responsibility policy also encompasses high focus on quality, health, safety and care for the environment as well as human rights, non-discrimination and anti-corruption. The Company has its own corporate Code of Conduct, that addresses several of these issues. All Odfjell employees are obliged to comply with the Code of Conduct.

The following describes Odfjell's compliance with respect to each of the elements of the Norwegian Code of Practice for Corporate Governance, including explanation for deviations where applicable.

THE BUSINESS

Article 1 of Odfjell's Articles of Association states: *The object of the Company is to engage in shipowning and related activities, including the transportation of freight on the Company's own vessels or chartered vessels, the conclusion of freight contracts, co-ownership agreements and cooperation agreements, as well as taking part in share subscriptions and making partnership contributions, or in any other way establish or participating in other enterprises which may be significant to the development of the Company.* The other articles may be found on our website www.odfjell.com. The Company's Mission Statement and Strategy can be found on page 4 of this Annual Report.

EQUITY AND DIVIDENDS

Equity

Odfjell shall maintain an equity base deemed sufficient to support the Company's objectives and strategy, and shall be enough to withstand a prolonged period of adverse conditions in our markets. The target is that the equity shall remain between 30 and 35% of total assets.

Dividend policy

Odfjell aims to provide competitive long-term return on the investments for its shareholders. The Company emphasises an investor friendly dividend policy based upon financial performance, current capital expenditure programmes and tax positions. The Company's goal is to provide for semi-annual dividend payments.

Capital increase

The Board has not been assigned authority to issue new shares.

Purchase of treasury shares

The Annual General Meeting on 4 May 2010 authorized the Board of Directors to acquire treasury shares of up to 10% of the Company's outstanding shares, at a minimum price of NOK 2.50 (par value) and a maximum price of NOK 250 per share. This authorization expires 4 November 2011. A renewal of the authorization for another 18 months will be recommended to the shareholders at the Annual General Meeting in May 2011.

EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

Class of shares

Odfjell has two classes of shares. The A-shares each carry one vote at the Company's general meetings. Owners of B-shares have no voting rights. In all other respect, the two classes of shares have equal rights. The shares are registered with the Norwegian Registry of Securities.

Trading in treasury shares

Treasury shares are acquired in the market and trades are reported to the Oslo Stock Exchange.

Transactions with close associates

Certain transactions are entered into with close associates. Such transactions are carried out as part of the ordinary course of business; at commercially reasonable market terms.

Guidelines for Directors and Corporate Management

The Board has established a policy in respect of share trading. The policy is in line with the Guidelines for Insiders issued by the Oslo Stock Exchange and applies to the Board, the President/CEO, the Senior Management and other employees who in connection with their work may gain access to price sensitive and non-public information.

FREELY NEGOTIABLE SHARES

The shares are freely negotiable. The Articles of Association place no restrictions on negotiability.

GENERAL MEETINGS

The Board is responsible for calling both annual and extraordinary general meetings. The Annual General Meeting is held in May each year and 14 days written notice is given. A notice is also published on the Oslo Stock Exchange and on the Company's website at least 21 days ahead of the General Meeting. Shareholders who wish to attend the General Meeting must notify the Company no later than five days before the General Meeting. It is possible to register for the Annual General Meeting by mail, e-mail or telefax.

The Notice shall provide sufficient information on all matters to be considered at the General Meeting, voting instructions and opportunity to vote by proxy. Matters at the General Meeting are restricted to those set forth in the agenda.

Each class A-share carries one vote. All resolutions are adopted by simple majority unless otherwise decided.

Representatives of the Board and the auditor participate in the Annual General Meeting. Management is represented by the President/CEO and the Chief Financial Officer. The Chairman of the Board chairs the Annual General Meeting. The minutes of the Annual General Meetings are made available on the corporate website.

The financial calendar is published via Oslo Stock Exchange, on www.odfjell.com and in the Annual Report.

The following is business of the Annual General Meeting:

- Adoption of the annual accounts and balance sheet.
- Application of the year's profit or cover age of the year's loss in accordance with the adopted balance sheet, and the declaration of dividend.
- Adoption of the remuneration of the Board of Directors.
- Statement on salary and other benefits to the Management.

Other issues which shareholders want considered at the Annual General Meeting, must be submitted in writing to the Board of Directors in time to be included in the notice of the Annual General Meeting. Extraordinary general meetings may be called in accordance with the provision of the Limited Liability Companies Act.

NOMINATION COMMITTEE

Odfjell SE does not have a Nomination Committee. The Board has evaluated the possibility of establishing a Nomination Committee, but concluded that it will hardly bring about added quality or value.

CORPORATE ASSEMBLY AND BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

The Company has no Corporate Assembly. The Annual General Meeting elects the Board. The interests of the employees are being met by an agreement between the employees and Odfjell concerning the involvement of employees. The employees have established a permanent Employee Representatives Body (ERB). The ERB consists of up to six representatives, partly from our tank terminal in Rotterdam, the main office in Bergen and the Officers' Council. The scope of information and consulting procedures shall be on transnational issues, which concerns a group of employees either in the Company directly or in one or more of the subsidiaries.

Additionally, employee involvement at corporate level and in most subsidiaries abroad is secured by various committees and councils, in which management and representatives from the employees, both onshore and seafarers, meet to discuss relevant issues.

According to the Articles of Association the Company shall have a Board consisting of a minimum of five and a maximum of seven members. The members are elected by the shareholders at the Annual General Meeting.

The Annual General Meeting held 4 May 2010 elected Laurence W. Odfjell as new Chairman of the Board. At the same time Marianna A. Moschou and Ilias A. Iliopoulos resigned as board members. Bernt Daniel Odfjell and Christine Rødsæther were elected new board members. The members of the Board are elected for two years at a time. The Chairman, Laurence W. Odfjell has been assigned special tasks by the Board, and consequently acts as Executive Chairman. Laurence W. Odfjell and board member Bernt Daniel Odfjell represent the Odfjell family, the largest shareholder of Odfjell SE. Terje Storeng, Christine Rødsæther and Irene Waage Basili are independent board members. Great caution is taken to avoid any conflict of interest in issues with related parties. In this connection the independent board members represent valuable external viewpoints.

THE WORK OF THE BOARD

Ultimately the Board is responsible for determination of the Company's objectives, and for ensuring that necessary means for achieving them are in place. Thus, the Board of Directors also determines the strategic direction of the Company and decides on matters, which in relation to the Company's overall activities are of significant nature. Such matters include confirmation of the strategic guidelines including any changes to the strategic business model, approval of the budgets as well as decisions on major investments and divestments. Furthermore, the Board ensures a correct capital structure and defines the dividend policy. The Board also appoints and determines the remuneration of the President/CEO.

It is the responsibility of the Board to ensure that the Company, its management and employees operate in a safe, legal, ethically and socially responsible manner. To emphasise the importance of these issues, a company specific corporate social responsibility policy and a Code of Conduct is in place and is known throughout the organisation. The Code focuses on aspects of ethical behaviour in everyday business activities. All issues are dealt with in plenary meetings.

An Audit Committee was established in May 2010, The Audit Committee is elected by the Board and consists of two board members; Terje Storeng and Irene Waage Basili. The Audit Committee reports to the Board, and acts as a preparatory and advisory working committee for the Board. The establishment of the Audit Committee does not alter the Board's legal responsibilities or tasks.

The Board held seven regular meetings in 2010. Each Board member participated in at least five of the meetings. Apart from ongoing business, four of the meetings dealt with the quarterly financial reports, one covered strategic matters and one meeting reviewed and approved next year's budget. The auditor participated in the meeting of the Board of Directors that dealt with the annual accounts. One meeting is always held in May, in connection with the Annual General Meeting. The Annual General Meeting represents an occasion for the Board to meet and discuss with shareholders face-to-face and to decide on important issues such as the appointment of the auditors, dividend payments, and the election or re-election of board members.

In addition to the regular board meetings, the Board have meetings, either by telephone conference or by written resolution at the request of the Chairman, the President/CEO or by any two board members.

The Board has not made any formal evaluation of its work.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Odfjell is kept updated on management and company activities through reporting systems, including monthly financial statements. A safety update is the first item on the agenda in all meetings of the Board of Directors. The Company is also subject to external control functions such as by auditors, ship classification societies, port and flag state control, and other regulatory bodies such as IMO, ISM Codes, etc.

The Compliance Officer of Odfjell monitors that the Company acts in accordance with applicable law and regulations, the Company's Code of Conduct and that it is ethical and social responsible. Particular focus has been applied to competition law compliance, and regular updates are given to all relevant personnel.

REMUNERATION OF THE BOARD MEMBERS

Remuneration of the board members is decided by the Annual General Meeting. Members of the Board do not take part in any incentive or share option programmes. The remuneration of the Board of Directors is not linked to the Company's performance. The members of the Board or the companies they represent are not supposed to take on assignments for the Company.

REMUNERATION OF THE MANAGEMENT

The President/CEO and managers reporting directly to him is included in the Company's defined benefit pension plan. The Company also has unfunded pension obligations related to Senior Management for salaries exceeding 12G, up to 66% of 18G.

The Management shall be offered competitive terms of employment in order to ensure continuity in the Management and to make the Company able to recruit qualified personnel. The remuneration shall not be of such kind, nor of such a magnitude, that it may impair the public reputation of the Company.

A basic, straight salary is the main component of the remuneration. However, in addition to a basic salary there may also be other supplementary benefits, hereunder but not limited to payment in kind, incentive/recognition pay, termination payments and pension and insurance schemes.

The Company does not run any share option schemes, nor other benefit programmes as mentioned in the Public Limited Companies Act, section 6-16 subsection 1 no. 3. As the Company has no such arrangements, no specific limits regulating the different categories of benefits or the total remuneration of Management have been defined. The Board may on a discretionary basis grant recognition payments to certain employees including Management. In 2010 the maximum amount set aside for this type of payment was USD 2 million for the Odfjell group as a whole. The Board is evaluating a performance-related incentive scheme that will be linked to the Company's earnings performance and operational defined goals over time. Members of Management have no defined agreement with regards to severance payments. Remuneration to Management in 2010 was in compliance with the above guidelines.

INFORMATION AND COMMUNICATION

Odfjell presents preliminary annual accounts early February. The complete accounts, the Directors' Report and the Annual Report are made available on the Company's website: www.odfjell.com by late March every year. Odfjell presents its accounts on a quarterly basis. The financial calendar is published via Oslo Stock Exchange, on the corporate website and in the Annual Report. All shareholders are treated equally with regards to information.

Open investor presentations are conducted at least two times per year in connection with Odfjell's quarterly reports. The President/CEO reviews and makes comments to results, market developments and prospects. Odfjell's CFO also participates at these presentations. The presentations of the annual and quarterly reports are published via Oslo Stock Exchange and posted on the corporate website at the same time as they are presented. The annual and mid-year results are presented in a live presentation in Oslo, whereas reports following publication of first and third quarter results are made available through webcasts. Odfjell also maintains an ongoing dialog with, and make presentations for certain analysts and investors. Care is taken to maintain an impartial distribution of information when dealing with shareholders and analysts.

TAKE-OVERS

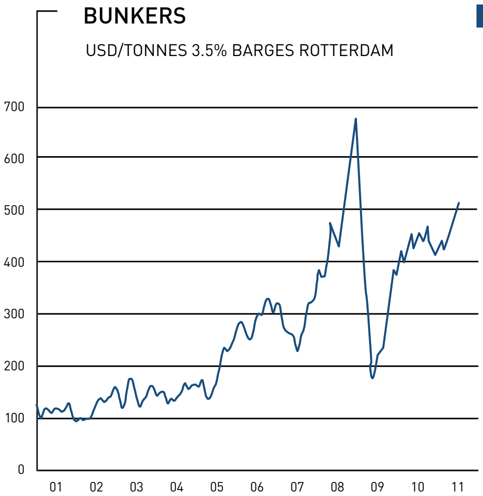
There are no defence mechanism built into Odfjell's Articles of Association to prevent take-over bids, nor have other measures been implemented to limit opportunities to acquire shares in the Company.

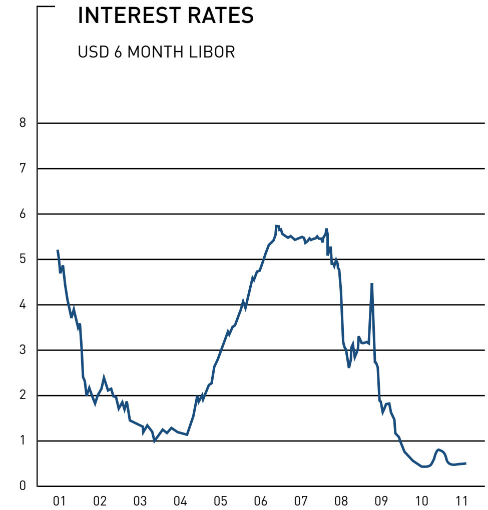
AUDITOR

The Auditor prepares an annual plan for the audit. The Auditor is present during the Board's review and evaluation of the annual financial statements. At the meeting, the Board is briefed on the annual accounts and any other issues of particular concern to the Auditor and Management. The Board has a special session with the Auditor without the presence of the Management. The Auditor submits to the Board a written statement on fulfilment of the Statutory Audit Independence and Objectivity requirement in accordance with the Auditing and Auditors Act.

In order to secure consistency in control and audits of the Group, Odfjell generally uses the same audit firm for all subsidiaries worldwide, and has hired Ernst & Young as the Company's independent auditor.

FINANCIAL RISK MANAGEMENT AND SENSITIVITIES





The global market is Odfjell's arena. We are therefore exposed to an infinite number of risk factors. Our financial strategy is to be sufficiently robust to withstand prolonged adverse conditions, such as long-term down-cycles in our markets or challenging conditions in the financial markets. Odfjell has an active approach in managing risk in the financial markets. This is done through funding from diversified sources, maintaining high liquidity or loan reserves, and through a systematic monitoring and management of financial risks related to currency, interest rates and bunkers. The use of hedging instruments to reduce the Company's exposure to fluctuations in the above mentioned financial risks, at the same time, limits Odfjell's upside potential from favourable movements in these risk factors. The Company also closely monitors the risk related to a market valuation of the hedging instruments and the effect it has on the equity ratio.

EARNINGS

Earnings within the chemical tanker markets are less volatile than in many other shipping segments as we operate in a niche-market with specialized tonnage. The diversity of trade lanes and the products we transport provide a partial natural hedge against the negative effects of a general slowdown in demand. Our time charter earnings are influenced by external factors like world economic growth, the general ship-freight market, bunker prices and factors specifically related to the chemical tanker parcel trade, such as cargo type and cargo volume, trading pattern required by our customers, contract and spot rates and our operational efficiency. Time is of the essence; an optimal utilization of the fleet and an expedient composition of cargoes, with minimal time in port, is of vital importance so as to maximize time charter earnings.

The single largest monetary cost component affecting time charter earnings is bunkers. In 2010 it amounted to more than USD 267 million (54% of voyage cost). A change in the average bunker price of USD 100 per tonne equals about USD 57 million (or USD 2,400/day) change in time charter earnings for those ships where we have a direct economic interest. A certain portion of our bunker exposure is hedged through bunker adjustment clauses in the Contracts of Affreightment. As per 31 December 2010 we had additional hedging of about 26% of our total 2011 bunker exposure, through swaps and options at an average price of about USD 393 per tonne.

Sensitivity analysis show that a change in time charter earnings of USD 1,000 per day for our chemical tankers (a roughly 3% change in freight rates) will impact the pre-tax net result by approximately USD 25 million. Currently we are not engaged in the derivative market as to Forward Freight Agreements.

The tank terminal activities have historically shown more stable earnings than our shipping activities and all of our operating result for 2010 came from the tank terminal side. A substantial part of the tank terminal costs are fixed costs and the main drivers for earnings within a tank terminal are the occupancy rate, the volume of cargoes handled through and by the terminal, and operational efficiency.

INTEREST RATES

All interest-bearing debt, except debt by tank terminals outside the US, is denominated in USD. Bonds issued in non-USD currencies are swapped to USD. Interest rates are generally based on USD LIBOR rates. With our current interest rate hedging in place, about 19% of our loans are on fixed rate basis. In order to reduce volatility in the net result and cash flow related to changes in short-term interest rates, interest rate periods on floating rate debt, and on liquidity are managed to be concurrent. Our interest-bearing debt as per 31 December 2010 was USD 1.527 million, while liquid assets were USD 163 million.

CURRENCY

The Group's revenues are primarily in USD.

Only tank terminals outside the US and our regional European shipping trade derive income in non-USD currencies. Our currency exposure relates to the net result and cash flow from voyage related expenses, ship operating expenses and general and administrative expenses denominated in non-USD currencies, primarily in NOK and EUR. We have estimated that a 10% strengthening of the USD versus the NOK and EUR will improve the pre-tax 2011 result by roughly USD 14 million, disregarding then the result of any currency hedging in place.

Our currency hedging at the end of 2010, whereby we have sold USD and purchased NOK, covers about 95% and 40% of our 2011 and 2012 NOK-exposure. Future hedging periods may vary depending on changes in market conditions. The average exchange rates for open hedging positions as of 31 December 2010 for 2011 were 6.68 and 6.83 for 2012.

FINANCING AND LIQUIDITY

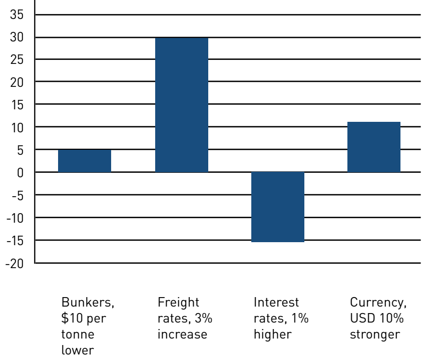
Odfjell has a stable debt structure established with major international shipping banks, with which we enjoy long-standing relationships. We have a diversified debt portfolio and it is a combination of secured loans, unsecured loans, finance leases and bonds. Although our experience is that funding is available to Odfjell from various sources including the banks and the bond market, the general trend in the financial market is towards shorter tenor, as long-term funding is less available and more expensive. As a consequence our attention to timely refinancing of maturing debt is a continuious task. The average maturity of the Group's interest-bearing debt is about five years.

Odfjell's strategy is to maintain a high level of readily available liquidity. The liquidity is invested in bank deposits and high-grade certificates and bonds with floating interest rate.

TAX

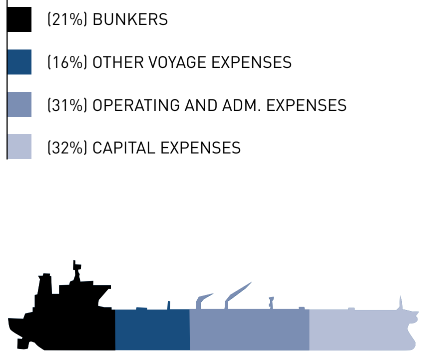
The Odfjell Group operates within a number of jurisdictions and tax systems. The shipping activities are operated in several countries and under different tax schemes, including the Norwegian tonnage tax system, the Approved International Shipping system in Singapore, and the tonnage tax systems in the UK. In addition we operate under local tax systems in Chile, Brazil and China. Our tank terminal activities are generally subject to the ordinary corporate tax rates within the country in which the activity is located. The variation in tax systems and rates may cause tax costs to vary significantly depending on the country in which profits are accumulated and taxed.

SENSITIVITIES
USD Million
Change in net result



USD/NOK

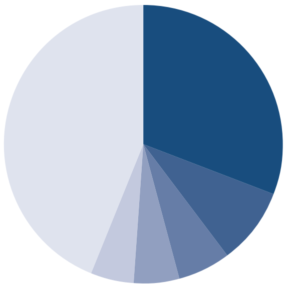
COST ANALYSIS
The major cost components of a typical large Odfjell chemical tanker:



SHAREHOLDER INFORMATION

SHAREHOLDER STRUCTURE

Per 31.12.2010



(31.13%) NORCHEM AS

(8.89%) ODFJELL SE

(5.85%) PARETO-FONDENE

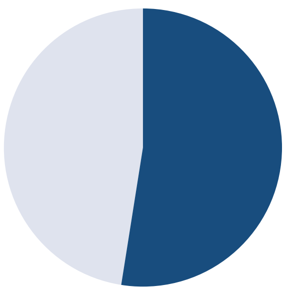
(5.46%) ODIN FONDENE

(5.02%) SIX SIS

(43.65%) OTHERS

SHAREHOLDER CITIZENSHIPS

Per 31.12.2010



(52.5%) INTERNATIONAL SHAREHOLDERS

(47.5%) NORWEGIAN SHAREHOLDERS

Odfjell's aim is to provide competitive long-term return on investments to its shareholders. The Company emphasises an investor friendly dividend policy based upon financial performance, current capital expenditure programmes and tax positions. The Company's goal is to provide semi-annual dividend payments.

SHARE PERFORMANCE

At the end of 2010 the A-shares were trading at NOK 54 (USD 9.23), up 3.85% compared to NOK 52 (USD 9.03) year-end 2009. The B-shares were trading at NOK 54 (USD 9.23) at the end of 2010, up 8% from NOK 50 (USD 8.69) year-end 2009. By way of comparison, the Oslo Stock Exchange benchmark index increased by 18.34%, the marine index increased by 24.83% and the transportation index increased by 19.77% during the year. The market capitalisation of Odfjell was NOK 4,200 million (USD 725 million) as per 31 December 2010. Given the continued uncertain times going forward, the Board does not recommend a dividend for 2010.

TRADING VOLUMES

In 2010 about 29.8 million Odfjell shares were traded, spread over 28.3 million A-shares and 1.5 million B-shares. This represents about 34.3% of the issued and outstanding shares. At year end 2010 Odfjell had 65.7 million outstanding A-shares and 21.1 million oustanding B-shares.

SHAREHOLDERS

At the end of 2010 there were 1,181 holders of Odfjell A-shares and 489 holders of Odfjell B-shares. Taking into account shareholders owning both share classes, the total number of shareholders was 1,399, a minor increase compared to the preceding year.

INTERNATIONAL OWNERSHIP

58.7% of the Company's A-shares and 33.5% of the B-shares were held by international investors at year-end, equivalent to 52.5% of the total share capital.

SHARE REPURCHASE PROGRAMME

On 2 March 2010 ChemLog Holdings Limited (ChemLog) sold 13,802,366 A-shares in Odfjell SE at a price of NOK 44.00 per share. In addition, ChemLog terminated a total return swap agreement (TRS) for 3,000,000 A-shares which subsequently were sold at NOK 44.00 per share as part of the total transaction. At the same time, Odfjell SE bought 2,892,166 shares at NOK 44.00 per share. Following the transaction Odfjell SE owns 5,891,166 A-shares and 2,322,482 B-shares in Odfjell SE. At the end of 2010 ChemLog owns no shares in Odfjell SE.

The Annual General Meeting on 4 May 2010 authorized the Board of Directors to acquire treasury shares of up to 10% of the Company's outstanding shares, at a minimum price of NOK 2.50 (par value) and a maximum price of NOK 250 per share. This authorization expires 4 November 2011. A renewal of the authorization for another 18 months will be recommended to the shareholders at the Annual General Meeting in May 2011.

INVESTOR RELATIONS

Correct and timely information is of vital importance in order to create credibility and confidence. Our policy is to provide the market with relevant information. We attach great importance to ensuring that shareholders receive swift, relevant and correct information about the Company. Our aim is to provide a good understanding of the Company's activities and its prospects so that shareholders are in a good position to assess the share's trading price and underlying values. For more information, please see page 82 under Corporate Governance.

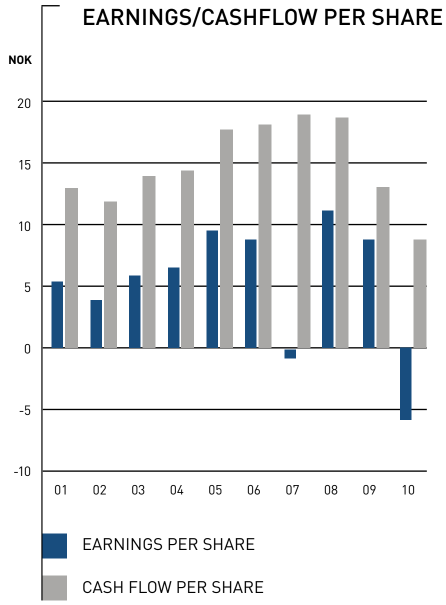
THE FINANCIAL CALENDAR FOR 2011 IS AS FOLLOWS:

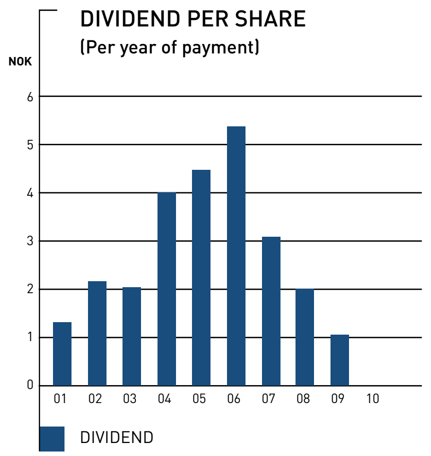
2011 **3 May**	Report 1st quarter
2011 **3 May**	Annual General Meeting
2011 **17 August**	Report 2nd quarter
2011 **9 November**	Report 3rd quarter
2012 **8 February**	Report 4th quarter

SPECIAL INFORMATION FOR NORWEGIAN SHAREHOLDERS

Under the tax reform of 1 January 1992 the cost of shares for tax purposes is to be adjusted annually to reflect the Company's retained taxed earnings in order to prevent double taxation. The adjustment is named RISK-adjustment. This system was discontinued as from 1 January 2006, however, the RISK-adjustments for previous years still apply.

Please see information on www.odfjell.com regarding the Risk-adjustment.





Odfjell has qualified for both the Information Mark and the English Mark from the Oslo Stock Exchange.

20 LARGEST SHAREHOLDERS AS PER 31 DECEMBER 2010

NAME		A-SHARES	B-SHARES	TOTAL	PERCENT OF VOTES	PERCENT OF SHARES
1	Norchem AS	25 966 492	1 041 176	**27 007 668**	39.53%	31.13%
2	Odfjell SE	5 391 166	2 322 482	**7 713 648**	8.21%	8.89%
3	Pareto -fondene	3 021 151	2 055 556	**5 076 707**	4.6%	5.85%
4	ODIN -fondene	130 250	4 606 351	**4 736 601**	0.2%	5.46%
5	SIX SIS	2 165 770	2 192 750	**4 358 520**	3.3%	5.02%
6	Rederiet Odfjell AS	3 497 472	-	**3 497 472**	5.32%	4.03%
7	Odfjell Shipping Bermuda Ltd.	2 250 000	1 215 760	**3 465 760**	3.43%	3.99%
8	SHB Stockholm	1 648 781	1 390 780	**3 039 561**	2.51%	3.5%
9	JP Morgan Clearing Corp.	2 615 500	31 800	**2 647 300**	3.98%	3.05%
10	Skagen -fondene	2 356 000	-	**2 356 000**	3.59%	2.72%
11	Folketrygdfondet	-	1 724 900	**1 724 900**	0%	1.99%
12	KLP	1 605 100	35 601	**1 640 701**	2.44%	1.89%
13	DnB NOR	1 051 662	329 537	**1 381 199**	1.6%	1.59%
14	Holberg -fondene	414 806	384 721	**799 527**	0.63%	0.92%
15	AS SS Mathilda	600 000	150 000	**750 000**	0.91%	0.86%
16	Berger	732 400	-	**732 400**	1.11%	0.84%
17	Pictet & CieBanquiers	463 400	252 800	**716 200**	0.71%	0.83%
18	AS Bemacs	358 000	352 000	**710 000**	0.54%	0.82%
19	Odfjell Chemical Tankers AS	500 000	-	**500 000**	0.76%	0.58%
20	Citibank	446 447	43 140	**489 587**	0.68%	0.56%
	Total 20 largest shareholders	**55 214 397**	**18 129 354**	**73 343 751**	**84.05%**	**84.52%**
	Other shareholders	10 475 847	2 949 350	**13 425 197**	15.95%	15 .48 %
	Total	**65 690 244**	**21 078 704**	**86 768 948**	**100.00%**	**100.00%**
	International shareholders	38 524 309	7 061 843	**45 586 152**	58.65%	52.54%

SHARE CAPITAL HISTORY

Year	Event	Amount NOK	Share Capital After Event NOK
1916	Established	517 500	517 500
1969	Capitalisation bonus issue	382 500	900 000
1969	Merger with A/S Oljetransport	900 000	1 800 000
1981	Capitalisation bonus issue	1 800 000	3 600 000
1984	Capitalisation bonus issue	3 600 000	7 200 000
1985	Merger with Skibsaksjeselskapet Selje	3 320 000	10 520 000
1985	Merger with Odfjell Tankers & Terminals A/S	2 000 000	12 520 000
1985	Capitalisation bonus issue	6 260 000	18 780 000
1985	Public offering	9 390 000	28 170 000
1986	Capitalisation bonus issue	2 817 000	30 987 000
1988	Capitalisation bonus issue	6 197 400	37 184 400
1989	Capitalisation bonus issue	7 436 880	44 621 280
1989	International private placement	10 000 000	54 621 280
1990	Capitalisation bonus issue	54 621 280	109 242 560
1994	Capitalisation bonus issue	109 242 560	218 485 120
2000	Private placement	49 267 340	267 752 460
2001	Redemption of treasury shares	(13 657 500)	254 094 960
2002	Redemption of treasury shares	(25 409 490)	228 685 470
2003	Redemption of treasury shares	(11 763 100)	216 922 370
2004	Share split 2:1	0	216 922 370
2005	Share split 2:1	0	216 922 370
2006-2010	No events	-	216 922 370


ODFJELL
ODFJELL

FLEET OVERVIEW

AS PER 31.12.2010

OWNED:	YEAR BUILT	DWT	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS
Flumar Brasil	2010	51 188	55 300	-	14
Bow Saga[1]	2007	40 085	52 126	52 126	40
Bow Sirius[1]	2006	40 048	52 126	52 126	40
Bow Sea	2006	40 048	52 126	52 126	40
Bao Hai Tun (49%)	2006	3 845	4 361	-	10
Bow Summer	2005	40 036	52 126	52 126	40
Bow Spring [1]	2004	39 942	52 126	52 126	40
Bow Star	2004	39 832	52 126	52 126	40
Bow Sun	2003	39 842	52 126	52 126	40
Bow Firda	2003	37 427	40 515	40 515	47
Bow Chain	2002	37 518	40 515	40 515	47
Bow Favour*	2001	37 438	40 515	40 515	47
Bow Century*	2000	37 438	40 515	40 515	47
Bow Fortune	1999	37 395	40 515	40 515	47
Bow Master	1999	6 046	6 878	6 878	14
Bow Mate	1999	6 001	6 864	6 864	14
Bow Pilot	1999	6 000	6 865	6 865	14
Bow Sailor	1999	6 000	6 870	6 870	14
Bow Cecil	1998	37 345	40 515	33 236	47
Bow Flora	1998	37 369	40 515	33 236	47
Bow Balearia	1998	5 870	5 941	5 941	20
Bow Oceanic	1997	17 460	18 620	18 620	24
Bow Bracaria	1997	5 870	5 941	5 941	20
Bow Brasilia	1997	5 870	5 941	5 941	20
Bow Cardinal	1997	37 446	41 487	34 208	52
Bow Faith	1997	37 479	41 487	34 208	52
Bow Aratu	1997	13 834	15 831	15 831	29
Bow Querida	1996	10 115	10 956	10 956	18
Bow Cedar	1996	37 455	41 608	34 329	52
Bow Atlantic	1995	17 460	18 620	18 620	24
Bow Fagus	1995	37 375	41 608	34 329	52
Bow Clipper	1995	37 166	41 492	34 213	52
Bow Flower	1994	37 221	41 492	34 213	52
Bow Eagle	1988	24 728	32 458	19 662	25
Bow Cheetah	1988	40 258	47 604	-	29
Bow Leopard	1988	40 249	47 604	-	29
Bow Lion	1988	40 272	47 604	-	29
Bow Peace	1987	45 655	52 173	2 167	23
Bow Pride	1987	45 655	52 173	2 167	23
Bow Prosper	1987	45 655	52 173	2 167	23
Bow Fertility	1987	45 507	52 173	2 167	23
Bow Fraternity	1987	45 507	52 173	2 167	23
Bow Panther*	1986	40 263	47 604	-	29
Bow Puma*	1986	40 092	47 604	-	29
Bow Victor	1986	33 190	34 500	21 975	31
Araucaria	1984	10 259	10 159	6 500	18
Bow Pacifico (50%)	1982	18 657	22 929	10 849	31
Bow Viking	1981	33 590	40 956	21 745	36

TIME CHARTERED:	YEAR BUILT	DWT	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS
Bow Tone	2009	33 600	37 700	37 700	16
Bow Hector	2009	33 694	37 386	37 386	16
Southern Jaguar	2009	19 997	22 198	22 198	20
Bow Sagami	2008	33 641	37 238	37 238	16
Bow Harmony	2008	33 619	34 698	34 698	16
Bow Cape	2008	19 971	22 158	22 158	20
Bow Kiso	2008	33 641	37 215	37 215	16
Bow Heron	2008	33 707	37 365	37 365	16
Bow Orelia[3]*	2008	19 900	22 202	22 202	20
Ncc Haiel[3]	2008	45 953	54 300	0	22
Ncc Dammam[3]	2008	45 965	54 300	0	22
Ncc Sudair[3]	2007	46 012	54 300	0	22
Bow Omaria[3]*	2007	19 900	22 202	22 202	20
Bow Lima	2007	19 900	22 157	22 157	20
Bow Olivia[3]*	2007	19 900	22 202	22 202	20
Bow Octavia[3]*	2007	19 900	22 202	22 202	20
Bow Fuji	2006	19 800	22 140	22 140	22
Bow Ophelia[3]*	2006	19 900	22 655	22 655	20
Bow Plata	2006	19 807	22 143	22 143	22
Bow Engineer	2006	30 086	35 548	35 548	28
Bow Orania[3]*	2006	19 993	22 050	22 050	20
Bow Sky[2]	2005	40 005	52 126	52 126	40
Bow Architect	2005	30 058	36 000	36 000	28
Bow Rio	2005	19 990	21 408	21 408	22
Bow Europe	2005	19 727	21 573	21 573	36
Bow Santos[2]	2004	19 997	21 846	21 846	22
Bow Asia[2]	2004	9 901	10 866	10 866	20
Bow Singapore[2]	2004	9 888	10 867	10 867	20
Bow Americas	2004	19 707	22 050	22 050	36
Bow de Rich	2003	12 452	13 300	13 300	22
Bow de Feng	2002	12 514	13 289	13 289	22
Bow Andino	2000	16 121	17 270	17 270	30
Bow de Jin*	1999	11 752	12 296	12 296	20
Bow Jubail[2]	1996	37 499	41 488	34 209	52
Bow Mekka[2]	1995	37 272	41 588	34 257	52
Bow Riyad[2]	1995	37 274	41 492	34 213	52
Bow Baha	1988	24 728	32 458	19 662	25
COMMERCIAL MANAGEMENT:					
JBU Sahppire	2009	19 860	21 701	21 700	16
JBU Opal	2009	19 860	21 695	21 700	16
Northern Wolverine	2006	16 000	17 566	9 827	35
Northern Lynx	2003	16 000	17 634	9 855	35
Crystal Atlantica	2000	16 630	17 003	17 003	22
Crystal Amaranto	1999	9 931	10 893	10 893	24
Euro Corallo	1999	4 470	4 452	4 452	17
Crystal Ambra	1998	8 053	8 399	8 399	22
Euro Mora	1998	3 760	3 762	3 762	14
Number of ships	**94**	**2 533 336**	**2 903 917**	**2 024 604**	

[1] Vessel beneficially owned through financial lease.
[2] Vessel on bare-boat charter.
[3] Vessel on variable timecharter.
[4] Bow Elm delivered March 2011.
* Vessels sold or redelivered after 31.12.2010

ON ORDER:

YARD	DELIVERY	DWT	OWNER	COMMENT
SLS Shipbuilding Co.Ltd Korea [4]	2011	44 000	Odfjell	
SLS Shipbuilding Co.Ltd Korea	2011-2012	45 000	NCC	11 vessels
Chongqing Chuandong Shipbuilding Industry Co.Ltd	2011	9 000	Odfjell	
Chongqing Chuandong Shipbuilding Industry Co.Ltd	2011	9 000	Odfjell	
Chongqing Chuandong Shipbuilding Industry Co.Ltd	2012	9 000	Odfjell	
Daewoo Shipbuilding and Marine Engineering Co Ltd	2013	75 000	Odfjell	
Marine Engineering Co Ltd	2013	75 000	NCC	
Number of newbuildings	**18**	**760 000**		

TANK TERMINALS	LOCATION	SHARE	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS
Odfjell Terminals (Rotterdam) BV	Rotterdam, NL	100 %	1 635 000	33 000	281
Odfjell Terminals (Houston) Inc	Houston, USA	100 %	331 500	82 300	100
Odfjell Terminals (Jiangyin) Co Ltd	Jiangyin, China	55 %	99 800	30 000	22
Odfjell Terminals (Dalian) Ltd	Dalian, China	50 %	119 750	18 350	51
Odfjell Terminals (Korea) Co Ltd	Onsan, Korea	50 %	250 590	15 860	70
Oiltanking Odfjell Terminal Singapore Ltd	Singapore	50 %	365 000	13 520	79
Oiltanking Odfjell Terminal & Co. LLC	Sohar, Oman	29,75 %	842 500	-	39
Exir Chemical Terminals PJSCO	BIK, Iran	35 %	22 000	1 000	18
Vopak Terminal Ningbo Ltd	Ningbo, China	12,5%	65 550	7 900	38
Total owned terminals	**9 terminals**		**3 731 690**	**201 930**	**698**
Depositos Quimicos Mineros S.A.	Callao, Peru		50 380	1 600	39
Granel Quimica Ltda	Santos I, Brazil		97 720	19 880	99
Granel Quimica Ltda	Rio Grande, Brazil		61 150	2 900	32
Granel Quimica Ltda	Sao Luis, Brazil		75 710	-	35
Granel Quimica Ltda	Ladario, Brazil		8 060	-	6
Granel Quimica Ltda	Triunfo, Brazil		12 000	-	2
Granel Quimica Ltda	Teresina, Brazil		7 640	-	6
Odfjell Terminals Tagsa S.A.	Buenos Aires, Argentina		47 140	530	87
Odfjell Terminals Tagsa S.A.	Campana, Argentina		62 980	10 190	88
Terquim S.A.	San Antonio, Chile		32 840	-	25
Terquim S.A.	Mejillones, Chile		17 000	-	7
IMTT-Quebec	Quebec, Canada		293 130	5 500	53
Total (incl. Associated terminals)	**21 terminals**		**4 497 440**	**242 530**	**1 177**
PROJECTS AND EXPANSIONS					
Odfjell Terminals (Charleston) LLC	Charleston, USA	100 %	56 000	-	ready Q1 2013
Odfjell Terminals (Korea) Co Ltd	Onsan, Korea	50 %	63 120	-	ready Q3 2011
Oiltanking Odfjell Terminal & Co.LLC	Sohar, Oman	29,75 %	425 000	-	ready Q2 2011
Total expansion owned terminals	**1 new terminal**		**544 120**	**-**	
Depositos Quimicos Mineros S.A.	Callao, Peru		2 600	1 300	ready Q4 2011
Granel Quimica Ltda	Aracruz, Brazil		30 000	-	ready Q3 2014
Granel Quimica Ltda	Santos II, Brazil		52 000	-	ready Q4 2012
Terquim S.A.	Mejillones, Chile		50 000	-	ready Q4 2012
Total expansion (incl. Associated terminals)	**3 new terminals**		**678 720**	**1 300**	
Grand total (incl. Associated terminals)	**24 terminals**		**5 176 160**	**243 830**	

GLOSSARY

Our glossary explains some of the terms that we commonly use.

BALLAST: Amount of unpaid cargo carried in order to provide sufficient weight to keep a ship stable.

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

BALLAST TANK: A tank filled with water, to provide stability for a ship.

BARE-BOAT CHARTER (B/B): An arrangement for the hiring of a ship, whereby crew costs and other operating expenses are not included in the agreement for a fee payable as a specific sum per time period. The party that hires the ship covers crew costs and all other operating expenses, including docking and maintenance, in addition to all voyage-related costs. On redelivery, the ship shall be in the same good condition as when delivered, normal wear and tear excepted.

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

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

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

CBM: Cubic meter, volume measurement = 1 metre x 1 metre x 1 metre.

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

CHARTERER: The party hiring and paying for ships or ship space. This may be the cargo owner, an intermediary or the receiver of the cargo.

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

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

CONTRACT OF AFFREIGHTMENT (COA): An agreement between an owner and a charterer setting the terms for transportation of given quantities of cargo during a given period of time.

DEADWEIGHT TONNES (DWT or TDW): A measure of the weight carrying capacity of the ship. The total dwt is the weight of the ship and the cargo the ship may carry over and above bunkers, fresh water, spare parts etc.

DEEP-SEA (GLOBAL) TRADE: Sea-borne trade that moves on intercontinental trade routes.

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

DETERGENTS: A substance used for tank washing.

DNVPS: Det Norske Veritas Petroleum Service.

DOUBLE HULL: The ship has an inner and an outer hull. Such construction increases the safety during possible grounding or collision, so that a leakage may be contained. The space between the inner and outer hull may also be used as ballast tank.

DRY DOCK: Putting a ship into dry dock for inspection and repairs of underwater parts, and painting of ship bottom. Usually carried out every 2 ½ to 5 years.

FREIGHT RATE: Agreed price for transportation, stipulated either per metric tonnes of cargo, cubic metre of cargo or as a lump sum for the total cargo.

G/TNM: gram/tonnes nautical mile

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

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

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

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

LIBOR: London Interbank Offered Rate.

LTIF: Lost Time Injury Frequency

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

M/T: Motor Tanker.

MT: Metric tonne.

NIS: Norwegian International Ship Register.

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

OFF-HIRE: The time a ship is prevented being gainfully employed for its owner or charterer, e.g. time used for repairs.

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

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

OPERATOR: A person in a shipping company whose main duties include taking care of the contact between the ship and the charterer, give instructions to the ship and the port agents concerning stowage, loading and discharging of cargo, and arranging purchase of bunkers etc.

ORGANIC CHEMICALS: Chemicals containing carbon-based molecules, often referred to as petrochemicals when derived from hydrocarbon sources such as oil, gas and coal.

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

PETROCHEMICALS: See organic chemicals.

POOL: A co-operation between owners putting their ships into an operation where net revenues are pooled and divided according to a predetermined distribution key.

PPM: Parts per million (1ppm=0.000001 or 1mg/kg).

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

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

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

SHORT-SEA (REGIONAL) TRADE: Sea-borne trade that moves within regional trade routes (not intercontinental).

SOLVENTS: A liquid that can dissolve other substances.

SOx: Sulphur Oxides (SOx), react with moisture in the air to form sulphuric acid.

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

STCW: International convention on standards of training, certification and watch keeping of seafarers.

TIME CHARTER (T/C): An arrangement for the hiring of a ship complete with the crew for a fee, payable as a specific sum per time period. The party that hires the ship pays for bunkers, port and canal charges and any other voyage related costs.

TIME CHARTER EARNINGS: Gross freight revenues minus voyage costs divided by number of trading days, usually expressed in USD per day.

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

TONNE OR METRIC TONNE: 1,000 kg.

TRADE: The geographical area where a ship mainly trades.

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

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

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

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

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