



ODFJELL

ANNUAL REPORT 2014

INNOVATIVE

SUSTAINABLE

PRO-ACTIVE

PROFESSIONAL

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.

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Annual Accounts 2014

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FINANCIAL CALENDAR FOR 2015

1st quarter 2015 report	7 May 2015
2nd quarter 2015 report	27 August 2015
3rd quarter 2015 report	12 November 2015
4th quarter 2015 report	11 February 2016

The Annual General Meeting is planned for 6 May 2015.

Please note that the financial calendar is subject to change.
Changes will be reported to the Oslo Stock Exchange and on www.odfjell.com.



ODFJELL

At Odfjell we shall be:

PROFESSIONAL

*Skilled, dedicated and compliant
Show the right behaviour and attitude*

PRO-ACTIVE

*Assess risk and give highest priority to safety
Take proper precautions and share knowledge*

SUSTAINABLE

*Aim for long-term success
Provide safe and enduring solutions*

INNOVATIVE

*Embrace change
Look for new and improved solutions*

ODFJELL.COM

TOWARDS ENHANCED COMPETITIVENESS

The chemical tanker industry is in transition. This is reflected by increased supply of standardised stainless steel tonnage and the emergence of new tanker operators with small in-house organisations where many activities have been outsourced to third party suppliers. This is typical for an industry showing a stronger degree of commoditising. However, on the sophisticated end of the scale, we see demand for tailor-made logistics solutions with regard to transportation and storage solutions of chemicals and other products. The common denominator, however, between the two ends of the scale is that the price of our services has become an even more important competitive factor and the fight for margins is a non-stop battle. Hence, the market can be characterised as 'survival of the fittest'.

For Odfjell, as is the case for several of our well established competitors, this requires adjustments and adaptations to the changing market. The scope of services and tasks that we supply and our organisational solutions are often simply not in line with our customers' expectations and requirements in terms of pricing. Consequently, we need to make a drastic shift towards enhanced cost efficiency. During 2014 we have made a total review of our business activities, the purpose being to achieve a satisfactory profitability and return on capital also in current market conditions. This is necessary to enable us to secure continued development of Odfjell and to allow for asset renewal and expansion. Amongst a number of improvements identified, this includes how we trade our ships, energy and fuel economising, operation of the fleet, and our general and administrative expenses. This has been a very demanding and painful process, but I am confident that the Company will emerge considerably stronger and more competitive as a result thereof.

Despite the reorganising and 'right-sizing' of the Company, Quality, Health, Safety and Environment (QHSE) remains at the top of our agenda. We have elected to link the QHSE responsibility closer to the line organisation, to ensure the necessary awareness and accountability in the operating units. Consequently, the business units will have a more direct responsibility to ensure proper and safe operations, still with a corporate function to coordinate QHSE requirements and exchange of experience. Our goal and commitment is to strive for **professional, pro-active, sustainable** and **innovative performance**, also in terms of our QHSE responsibility.

For our chemical tanker division, 2014 turned out yet another unsatisfactory year. Increased exploration of shale gas/oil in the US has boosted somewhat North American chemical exports to Asia, South America as well as to Europe. On the other hand, the European chemical industry's weak competitive position caused less cargo to be shipped out of our continent and thus, made for difficult return voyages from Europe. All in all the global tonne mile demand remained fairly stable. However, excess supply of chemical capable tonnage led to insufficient results that do not justify investments for replacement of sophisticated multi-segregator tonnage. The fact that a substantial number

of stainless steel chemical tankers still have been ordered the last two years, with the order book now reaching close to 30% of the current fleet, is seemingly due to excess availability of equity capital looking for new investment areas. During the year we took delivery of three of the four 49,622 dwt coated chemical tankers on order from Hyundai Mipo Dockyard, with the final ship delivered in January 2015. These ships are replacing some of our older ships having been taken out of service.

Our terminal business in general produces positive results. The terminal projects in China are developing mainly according to plan, and when operational these will enhance our valuable foothold in the large and rapidly growing Chinese market. At our terminal in Houston we have expanded the capacity to accommodate increasing demand. Regrettably we have not yet solved all problems at Odfjell Terminals (Rotterdam) (OTR), which despite large efforts and considerable investments is still not operating at full capacity. The terminal, however, now complies with regulatory requirements, and recently the ISO certificates at OTR were re-established. Our focus on the distillation business has also been rewarded by some new products streams with very promising prospects in 2015. Hence, all conditions for increased activity and occupancy at the terminal should be in place.

Odfjell Gas has entered a new phase of its development. Our two 9,000 cbm ships, which were traded in the spot market, are as from September being operated in an external pool. In May we entered into a joint venture agreement with Oak Hill and Breakwater Capital for a combined effort in the LPG/Ethylene tanker market. The joint venture company will combine Odfjell's large shipping experience and worldwide network with our partner's financial strength, and will benefit from both partners' previous knowledge and experience of operating gas carriers. Mid May we decided to exercise options for four 22,000 cbm LPG/Ethylene tankers at Nantong Sinopacific Offshore & Engineering Co. Ltd. in China, in addition to the four 17,000 cbm units already on order at the same yard. The eight newbuildings are scheduled for delivery in 2016 and 2017.

The outlook for the shipping markets continues to be uncertain. The world economy is forecasted slowly to recover over the mid-term horizon. In the US there is a positive development with stronger economy, increased output and falling unemployment, while Europe still is lagging behind. The Chinese economy appears to remain strong, although consensus forecasts suggest a somewhat slower but perhaps more sustainable growth in the next few years. Hence, the demand for chemicals logistics services should be improving, although recovery of sustainable market balance is slowed down by excess tonnage supply.



TORE JAKOBSEN
President/CEO



SHIPPING AND STORING OF ANYTHING LIQUID

Odfjell SE (Odfjell or the Company) is a leading company in the global market for the transportation and storage of chemicals and other specialty bulk liquids. Originally established in 1914, the Company pioneered the development of the chemical tanker trades in the mid 1950s and the tank storage business in the late 1960s. Odfjell owns and operates chemical tankers and LPG/Ethylene carriers in global and regional trades, as well as a joint venture network of tank terminals.

Odfjell's business is an important contributor to industrial and social development around the world. Our core business is the transportation and storage of organic and inorganic bulk liquid chemicals, acids, animal fats, edible oils, potable alcohols, LPG/Ethylene and clean petroleum products. These important ingredients and raw materials for everyday life can be found in products like medicines, medical equipment, building materials, cosmetics, food, textiles, cars and plastics.

STRATEGY

Odfjell's strategy is to maintain its position as a leading logistics service provider with customers across the world, through the safe and efficient operation of deep-sea and regional chemical tankers, LPG/Ethylene carriers and tank terminals worldwide.

ODFJELL TANKERS

Odfjell has unprecedented experience of 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 cover the US, Europe, Asia, India, the Middle East and South America. At the end of 2014 Odfjell's sophisticated fleet consisted of 78 ships, including owned, time-chartered and bareboat chartered vessels.

The total capacity of the current fleet is around 2.24 million dwt. The chemical tanker business posted a gross revenue of USD 1,042 million in 2014.

ODFJELL GAS

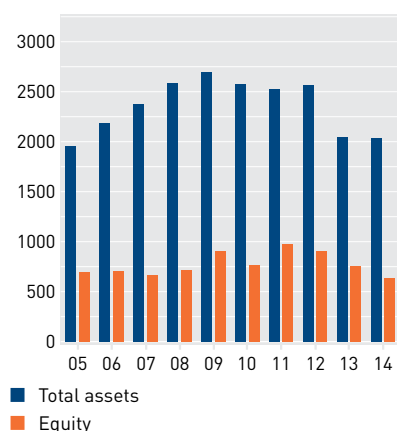
In 2012 Odfjell re-entered the LPG/Ethylene market and established the company Odfjell Gas AS. The fleet currently consists of two LPG/Ethylene carriers of 9,000 cbm each and operates a time-charter vessel of 35,000 cbm. The company also has eight newbuildings on order consisting of four 17,000 cbm and four 22,000 cbm with delivery from 2016 to 2017. Odfjell's strong brand name and global network of branch offices provide a robust competitive edge for further growth within this segment.

ODFJELL TERMINALS

Our terminal operations yield synergies with our transportation activities and improve quality and efficiency across the entire transportation chain. The tank terminal business in general contributes stable revenues to the Company's overall results. Our tank terminal operations also offer opportunities to develop new markets where the infrastructure for specialised bulk liquids is limited. Odfjell has investments in ten operational part-owned tank terminals in the Netherlands, Belgium, the USA, Singapore, South Korea, Oman, China and Iran. In addition the Odfjell Nangang Terminals (Tianjin), China, is currently under construction, and is expected to become technically operational in first quarter of 2015. One terminal is under development in Fujian, China. Our terminal business also cooperates with 12 terminals in South America and one in Canada. These tank terminals are partly owned by related parties. The terminal business generated a gross revenue of USD 94 million in 2014.

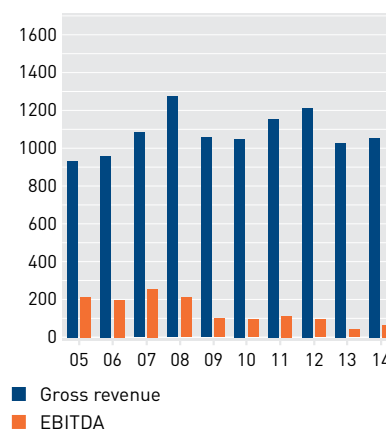
ASSETS / EQUITY PER YEAR*

USD MILLION



GROSS REVENUE / EBITDA PER YEAR*

USD MILLION



*As from 2013 figures are presented based on equity method, for earlier years figures are based on proportionate method.

HIGHLIGHTS 2014

FINANCIAL PERFORMANCE

- Gross revenues of USD 1,053 million
- EBITDA of USD 66 million
- Operating loss (EBIT) of USD 22 million
- Net loss of USD 75 million



STREAMLINING THE CHEMICAL TANKER FLEET

More than ever we have full focus on streamlining the fleet to achieve the most efficient fleet combination. Our goal is to have a cost efficient operation beneficial for our customers and other stakeholders.

In April we took delivery of Bow Harmony, a 33,619 dwt vessel with 16 stainless steel cargo tanks built in 2008.

The newbuilding series of four 49,622 dwt coated chemical tankers with eco design built at Hyundai Mipo Dockyard in South Korea, was delivered in April, June and December in 2014 and the last one early in January 2015. The first two vessels are on financial lease.

During 2014 we entered into time-charter agreements for four vessels; one coated and three stainless steel, with terms ranging from one to three years.

As a part of the fleet development programme, Odfjell sold the vessel Bow Pilot, built in 1999 of 6,008 dwt, in February 2015. With effect from January 2014, Odfjell and Euroceanica agreed

to dissolve their pool of stainless steel tankers trading in the Baltic, Northwest Europe and the Mediterranean. The vessels will continue trading in this area under our former name 'Odfjell Europe AS'.



CONSOLIDATION FOR THE GAS SEGMENT

In September 2014, Odfjell finalised a joint venture agreement with Oak Hill and Breakwater Capital to form a liquefied petroleum gas and ethylene shipping joint venture named Odfjell Gas AS (Odfjell Gas). Through consolidation and partnerships with other first-class operators, Odfjell Gas aims to build a leading LPG/Ethylene shipping platform founded upon second-to-none operational excellence, a modern and eco-friendly fleet and a long-term market perspective.

In September Odfjell Gas entered into an agreement with Lauritzen Kosan AS, placing the existing two LPG/Ethylene carriers, Bow Guardian and Bow Gallant, on commercial management with similar size tonnage.

In 2014 the Odfjell Gas joint venture exercised four options for four additional gas carriers of 22,000 cbm. These will be in addition to the four LPG/Ethylene carriers of 17,000 cbm ordered in 2013. Deliveries of the total eight vessels are scheduled between 2016 and June 2017.

In February 2014, Odfjell Gas took delivery of a 35,000 cbm LPG/Ethylene carrier on time-charter.



TERMINAL GROWTH

The terminal construction project at Charleston, South Carolina, USA, was completed in December 2013, thereby making the initial 79,491 cbm available for service early 2014.

Odfjell Terminals (Houston) (OTH) completed in September 2014 the construction of Bay 9, consisting of ten stainless steel tanks. Bay 9 has a total storage capacity of 30,800 cbm. At the same time OTH started on another expansion project, Bay 10, of nine more tanks of carbon steel of a total of 17,170 cbm, scheduled to be ready by fourth quarter 2015.

Our terminal project in Tianjin, China, is progressing, with construction planned for technical completion by first quarter 2015, ready to offer our customers a safe, environmentally friendly and state-of-the-art terminal at the end of the second quarter. With an initial storage capacity of 137,800 cbm and three berths that can accommodate vessels up to 50,000 dwt, Odfjell Nangang Terminals (Tianjin) will be the largest Odfjell terminal in China.

In 2014 Noord Natie Odfjell Terminals completed the final 25,000 cbm of its total 50,000 cbm expansion of storage capacity for one of its key long-term customers.

In May 2014, Odfjell sold its 12.5% holding in Vopak Terminal Ningbo Ltd, China.

In July 2014, Odfjell Terminals (Rotterdam) completed a reorganisation that places the facility on a sound cost

structure going forward. The facility completed an operations excellence effort to review and implement processes and procedures which culminated in several ISO certifications early 2015.



COST-CUTTING AND EFFICIENCY PROGRAMME

In January 2015, Odfjell SE launched a restructuring plan that, when fully implemented, is estimated to improve the net result by in excess of USD 100 million on a yearly basis within year end 2016. The cost savings initiatives are related to operating expenses, general and administrative expenses, trade optimisation and bunker consumption, and through necessary changes it will initiate a route back to reach our goal of being a profitable global provider of transportation of liquid chemicals.



KEY FIGURES/FINANCIAL RATIOS

ODFJELL GROUP	Figures in	2014	2013	2012 ^{*)}	2011 ^{*)}	2010 ^{*)}	2009 ^{*)}	2008 ^{*)}	2007 ^{*)}	2006 ^{*)}	2005 ^{*)}
FROM INCOME STATEMENT											
Gross revenue	USD mill.	1 053	1 027	1 212	1 154	1 048	1 058	1 274	1 083	958	932
EBITDA (1)	USD mill.	66	41	93	113	94	99	209	255	196	212
Depreciation and impairment	USD mill.	(94)	(89)	(132)	(122)	(124)	(119)	(122)	(119)	(103)	(92)
Capital gain (loss) on non-current assets	USD mill.	7	(9)	(4)	31	(6)	44	53	25	15	14
EBIT (2)	USD mill.	(22)	(57)	(43)	21	(36)	11	140	159	125	148
Net financial items	USD mill.	(53)	(46)	(68)	(35)	(30)	(28)	(43)	(55)	(38)	(25)
Net result from discontinued operation	USD mill.	-	-	-	288	33	30	34	27	20	16
Net result allocated to shareholders' equity before extraordinary items ¹⁾	USD mill.	(75)	(108)	(111)	269	(79)	11	131	130	116	127
Net result allocated to shareholders' equity	USD mill.	(75)	(108)	(111)	269	(79)	121	163	(10)	116	127
Net result	USD mill.	(75)	(108)	(111)	269	(79)	121	163	(10)	116	128
Dividend paid	USD mill.	-	-	-	14	-	12	34	43	72	60
FROM STATEMENT OF FINANCIAL POSITION											
Total non-current assets	USD mill.	1 761	1 791	1 993	2 140	2 195	2 256	2 226	2 048	1 815	1 656
Current assets	USD mill.	271	258	576	388	385	442	359	331	374	300
Shareholders' equity	USD mill.	638	759	908	973	766	901	715	666	702	692
Minority interests	USD mill.	-	-	7	6	6	5	6	6	6	-
Total non-current liabilities	USD mill.	880	1 055	1 141	1 244	1 356	1 475	1 540	1 362	1 225	1 008
Current liabilities	USD mill.	514	235	514	305	451	318	324	343	256	255
Total assets	USD mill.	2 032	2 049	2 569	2 528	2 580	2 699	2 585	2 379	2 189	1 956
PROFITABILITY											
Earnings per share - basic/diluted - before extraordinary items (3)	USD	(0.95)	(1.35)	(1.37)	3.43	(0.46)	0.13	1.56	1.56	1.38	1.47
Earnings per share - basic/diluted (4)	USD	(0.95)	(1.35)	(1.37)	3.43	(0.99)	1.42	1.95	(0.12)	1.38	1.47
Return on total assets - before extraordinary items*) (5)	%	(1.6)	(3.6)	(2.3)	12.4	0.4	2.3	8.2	8.5	8.2	8.6
Return on total assets (6)	%	(1.6)	(3.6)	(2.3)	12.4	(1.2)	6.5	9.5	2.0	8.2	8.6
Return on equity - before extraordinary items*) (7)	%	(10.8)	(12.8)	(11.6)	30.6	(4.2)	1.4	18.6	19.0	16.6	19.2
Return on equity (8)	%	(10.8)	(12.8)	(11.6)	30.6	(9.4)	14.9	23.3	(1.5)	16.6	19.2
Return on capital employed (9)	%	(0.9)	(6.4)	(2.0)	2.5	0.8	3.6	10.2	12.0	9.5	11.6
FINANCIAL RATIOS											
Average number of shares	mill.	78.74	79.39	80.60	78.56	79.29	85.22	83.81	83.34	84.23	86.77
Basic/diluted equity per share (10)	USD	7.35	9.67	10.46	12.71	9.75	11.00	8.24	8.00	8.41	7.98
Share price per A-share	USD	3.88	6.74	4.29	5.99	9.23	9.03	6.22	16.47	18.34	20.26
Interest-bearing debt	USD mill.	1 163	1 136	1 221	1 246	1 527	1 576	1 500	1 347	1 293	1 037
Bank deposits and securities (11)	USD mill.	105	93	158	180	107	185	193	165	242	190
Debt repayment capability (12)	Years	124.8	15.7	45.1	2.8	11.4	10.6	6.0	4.9	4.8	3.8
Current ratio (13)		0.5	1.1	1.1	1.3	0.9	1.4	1.1	1.0	1.5	1.2
Equity ratio (14)	%	31	37	36	39	30	34	28	28	32	35
OTHER											
USD/NOK rate at year-end		7.43	6.08	5.59	6.01	5.85	5.76	7.00	5.40	6.27	6.76
Employees at year-end		3 311	3 352	3 540	3 761	3 796	3 707	3 690	3 634	3 487	3 296

¹⁾ Extraordinary items are retroactive tax in 2007, 2008, 2009 and 2010.

^{*)} As from 2013 figures are presented based on equity method, for earlier years figures are based on proportionate method.

Figures from profit and loss statement are according to International Financial Reporting Standards (IFRS).

Historical figures per share have been adjusted for past bonus share issues and the share-splits in 2005.

Profit and loss figures have been adjusted for discontinued operation earlier than 2011.

Statement of financial position 2012 and 2011 have been adjusted for pension corridor.

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 plus interest expenses and extraordinary items divided by average total assets.

6. Net result plus interest expenses divided by average total assets.

7. Net result plus extraordinary items divided by average total equity.

8. Net result divided by average total equity.

9. Operating result divided by average total equity plus net interest-bearing debt.

10. Shareholders' equity divided by number of shares per 31.12.

11. Bank deposits and securities includes cash, cash equivalents and available-for-sale investments.

12. Interest-bearing debt less bank deposits and securities, divided by cash flow before capital gain (loss) on non-current assets.

13. Current assets divided by current liabilities.

14. Total equity as percentage of total assets.

ODFJELL MANAGEMENT GROUP

HELGE OLSEN

Senior Vice President, Ship Management

Born 1958. Mr Olsen joined Odfjell in 2000. He has held management positions in Odfjell's Ship Management divisions in Bergen and Singapore, and has also served in the Royal Norwegian Navy. In 2006 he became SVP Ship Management. Mr Olsen does not own any shares or options.

MORTEN NYSTAD

Senior Vice President, Odfjell Tankers

Born 1959. Mr Nystad joined Odfjell in 1980, and has held a number of managerial positions in the Company's chartering division in Bergen and at overseas locations. In 2010 he became SVP Odfjell Tankers. Mr Nystad does not own any shares or options.

TERJE IVERSEN

Senior Vice President Finance/
Chief Financial Officer

Born 1969. Mr Iversen joined Odfjell in 2011. He was previously CFO of Bergen Group. He has also held various managerial positions at Odfjell Drilling and PwC. Mr Iversen does not own any shares or options.

TORE JAKOBSEN

President/Chief Executive Officer

Born 1951. Mr Jakobsen joined Odfjell in 2005, having formerly been President and CEO of Westfal-Larsen & Co. Late 2014, Tore Jakobsen assumed the positions as President/Chief Executive Officer of Odfjell SE. Mr Jakobsen owns 10,000 A-shares and no options.

HARALD FOTLAND

Senior Vice President/Chief of Staff

Born 1964. Mr Fotland joined Odfjell in 2010, having previously been Vice President of the marine insurance company Gard AS. He has also held several positions within the Royal Norwegian Navy. Mr Fotland owns 4,000 B-shares and no options.



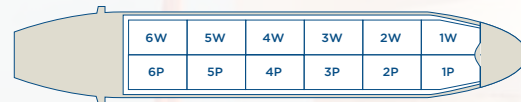
CHEMICAL TANKERS

Chemicals are an integral part of modern life, and most industries now depend on products derived from such commodities.

The largest chemical segment, both in terms of total volumes and product diversity, is petrochemicals. The petrochemical industry is truly international, with both production and consumption in all regions of the world. We are one of the few companies offering a worldwide network of both bulk shipping and storage services. Operating through offices at central locations around the world, we are a major player in the chemical tanker segment trading in all the major trade lanes.

15,440,000
TONNES
SHIPPED
IN 2014

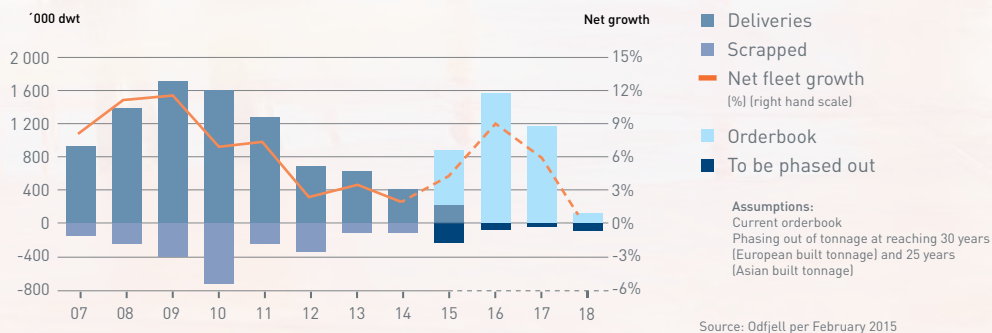
ORDINARY TANKER



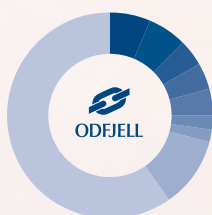
ODFJELL'S SOPHISTICATED MULTI-CARGO TANKER



CORE DEEP-SEA CHEMICAL TANKER FLEET



THE DEEP-SEA CHEMICAL TANKER FLEET

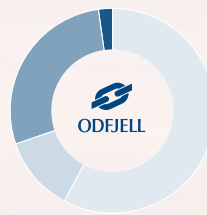


- 6.4% Odfjell
- 6.1% Stolt-Nielsen
- 4.4% Milestone
- 4.2% Fairfield/Iino
- 4.0% Navig8 Chemicals
- 2.3% Nordic Tankers
- 2.0% Eitzen/Team
- 10.9% Other majors
- 59.7% Others

Source: Odfjell

Deep-sea fleet: Vessels 13 000 dwt or larger.

THE ODFJELL FLEET DISTRIBUTION (CHEMICAL TANKERS)



- 57.9% Odfjell owned ships
- 11.9% Bareboat and bareboat on financial lease
- 28.1% Ships on fixed rate time-charter rate
- 2.1% Gas carriers

Source: Odfjell

ODFJELL TANKERS

Chemicals are an integral part of modern life, and most industries depend on products derived from such commodities. Operating through offices at central locations around the world, Odfjell is a major player in the chemical tanker segment.

As a global, long-term operator, we have the advantage of operating a variety type of ships, both in terms of size and sophistication, enabling us to adapt rapidly to changing market requirements. Odfjell carries several hundred different products every year; organic chemicals such as alcohols, acrylates and aromatics, inorganic chemicals such as sulphuric acid, phosphoric acid and caustic soda, vegetable oils and animal fats as well as clean petroleum products and lubricating oils. Being present in all major trade lanes, we offer unique and flexible services, allowing our customers to ship the smallest parcels of 100-150 tonnes up to full cargoes of as much as 50,000 tonnes.

CHARTERING AND OPERATION

At the end of 2014 our chemical tanker fleet consisted of 77 vessels, this including owned, time-chartered and vessels on bareboat charter. The deep-sea fleet, currently comprising 56 vessels, is operated by Odfjell Tankers, headquartered in Bergen, and represented worldwide through overseas offices in 13 countries. Many of these offices are multipurpose, with commercial, operational as well as agency duties. Some offices are also co-located, and enjoy close cooperation, with our local tank terminals.

Our fleet consists of a variety of ship types in terms of size, tank configuration and coating, providing the flexibility required by our customers. Fleet composition, scheduling and vessel optimisation are critical success factors, as is our organisation's pro-activeness and ability to offer safe and sustainable logistics solutions. Flexibility and interchange ability of ships between geographical areas and trade lanes are integral parts of our business model, facilitated by a large and diversified fleet.

Odfjell Tankers' ships trade worldwide, calling at major ports in Europe, US, the Asia/Pacific, Africa, the Middle East and South America. Our 14 state-of-the-art 37,500 dwt Kværner-built stainless steel chemical tankers and eight fully stainless steel 40,000 dwt chemical tankers built in Poland form the backbone of our fleet and are among the most advanced and flexible ships in the market. Together with the rest of our owned fleet they are essential to our focus on safety, efficiency and service. Furthermore, we have added capacity and flexibility by taking a number of vessels on medium- to long-term time-charter. Odfjell has been promoting high safety, quality and enhanced efficiency standards since the inception of the industry. We take a proactive approach towards international regulatory bodies and customers in order to enhance quality, health, safety and environment (QHSE). In this context, we continue to address key industry issues, and stress the importance of implementing a more cost-efficient and transparent regime of ship inspection and vetting programmes on the part of customers.

CHEMICAL TANKERS*	FIGURES IN	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Gross revenue	USD million	1 042	1 028	1 066	1 056	999	1 021	1 247	1 063	939	915
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	USD million	97	98	65	61	59	73	191	242	202	216
Operating result (EBIT)	USD million	3	3	(35)	(9)	(58)	(6)	129	150	106	138
Total assets	USD million	1 654	1 625	1 749	1 439	1 593	1 398	1 462	1 504	1 424	1 321
Volume shipped	1 000 tonnes	15 440	18 215	19 546	18 500	19 303	19 414	19 622	19 502	20 658	22 156
Number of ships per 31.12		77	81	96	98	86	95	93	92	92	93
Total deadweight	1 000 tonnes	2 236	2 273	2 684	2 717	2 352	2 603	2 460	2 391	2 362	2 393

*This segment also includes 'corporate'.

Port congestion and excessive waiting time remain a concern for the chemical tanker industry, and port time still makes up a disproportionate part of many voyages. Owners are only partly able to compensate for such inefficiency through the collection of demurrage. To improve port efficiency and thereby also minimizing unnecessary emissions from ships, infrastructure onshore must be further developed.

Through regional operations, Odfjell Tankers provides timely and safe transshipment and distribution services to and from ports with restricted draft or dock facilities. Consolidation of loading and discharging operations of our deep-sea ships is yet another important task performed by our regional operations. By reducing the number of port calls and thus, the risk of delay, we are able to offer reliable and cost-efficient services to our customers.

Odfjell (UK)

Odfjell's UK office has commercial and operational responsibility for three 40,000 dwt vessels.

Odfjell Asia

The fleet operated out of our Singapore office, currently 11 fully stainless steel tankers, is traded within Asia, to and from Australia

and New Zealand as well as to and from the Middle East and India.

Odfjell Europe

Odfjell Europe offers regular sailings within Europe, including the Baltics and the Mediterranean. All three vessels currently in the fleet are owned by Odfjell.

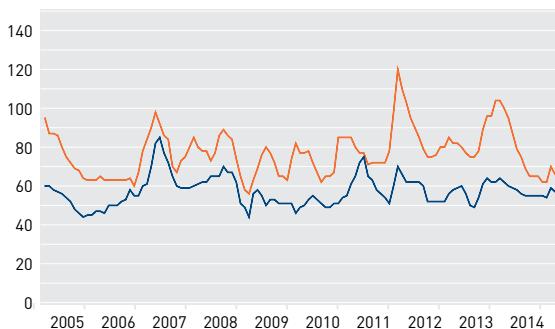
Flumar

Flumar, our fully owned Brazilian shipping subsidiary operating out of São Paulo, Brazil, offers transportation of bulk liquid chemicals along the Brazilian coast and within the Mercosul area. The company currently operates four chemical tankers and one 51,000 dwt product tanker. Together, Odfjell and Flumar provide customers with superior service in this market. Furthermore, the extensive network of tank terminals in Brazil and Argentina, partially owned by related parties, adds value and benefits to our customers' logistics requirements.

Odfjell y Vapores

The 50/50 joint venture Odfjell y Vapores operates out of Santiago, Chile, with two chemical tankers of approximately 16,000 dwt. The vessels are primarily engaged in the transportation of sulphuric acid along the Peruvian and Chilean coasts.

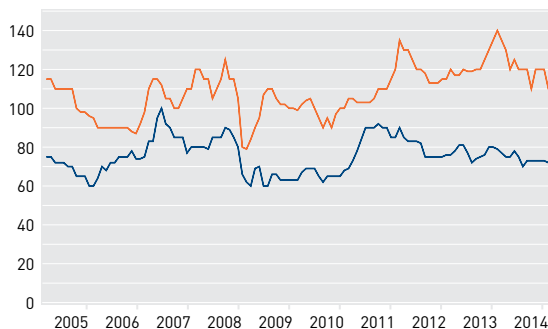
FREIGHT RATES 3,000 MTS EASY GRADE CHEMICALS (USD/TONNE)



— Houston/Rotterdam
— Houston/Far East

Source: Quincannon Associates, Inc

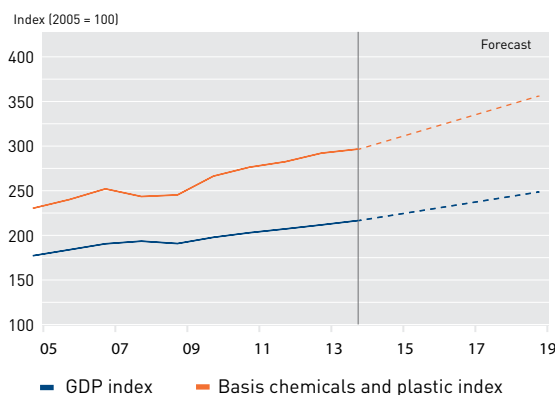
FREIGHT RATES 1,000 MTS STAINLESS STEEL GRADE CHEMICALS (USD/TONNE)



— Houston/Rotterdam
— Houston/Far East

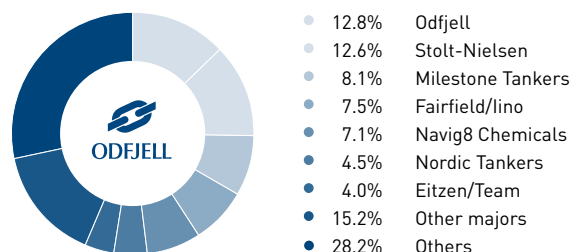
Source: Quincannon Associates, Inc

GLOBAL GDP VERSUS BASE CHEMICAL & PLASTICS PRODUCTION GROWTH INDICES



Source: IHS Chemical

THE CORE DEEP-SEA CHEMICAL TANKER FLEET



We define a core chemical tanker as:

- IMO II capacity, fully or at least centre tanks
- Average tank size \leq 3,000 cbm
- Commercially controlled by core chemical operator
- Chemical carrier with \geq 50% stainless steel capacity

Source: Odfjell



ODFJELL GAS

Odfjell re-entered the gas carrier market in 2012 by purchasing two 9,000 cbm LPG/Ethylene carriers and has in addition now four 17,000 cbm and four 22,000 cbm LPG/Ethylene carriers under construction at Nantong Sinopacific Offshore & Engineering Co., Ltd.

In 2014 we continued the expansion of our gas carrier business by exercising options for four 22,000 cbm LPG/Ethylene carriers at Nantong Sinopacific Offshore & Engineering Co. Ltd. in China. Together with the orders for four 17,000 cbm units that we placed at the same yard in 2013, we have currently eight LPG/Ethylene carriers scheduled for delivery from 2016 to 2017. Through this expansion we will control a fleet of ten versatile gas carriers able to load a combination of LPG, ammonia and petrochemical gases, including ethane and ethylene.

A two year time-charter for the Nippon Yusen Kaisha owned LPG/Ammonia carrier *Berlian Ekuator*, was entered into the fleet in February 2014. The vessel has traded LPG

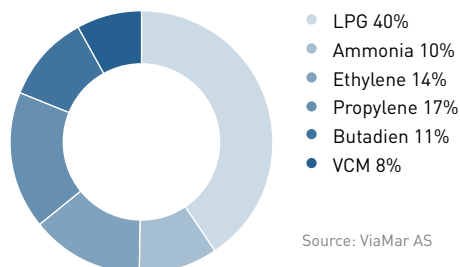
under a time-charter agreement with an Indian oil major throughout the year.

In the autumn of 2014, Odfjell sold a 50% stake of Odfjell Gas AS to Oak Hill and Breakwater Capital. The joint venture will bring additional industry experience and thus, strengthen our organisation.

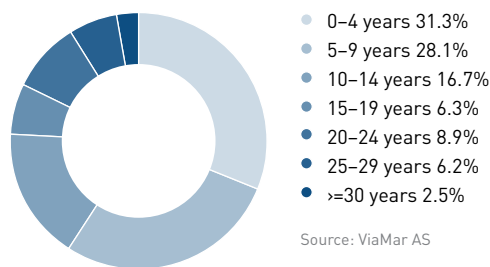
In September 2014, the two 9,000 cbm LPG/Ethylene carriers joined the Lauritzen Kosan pool, to achieve synergies of a larger fleet that benefit our operations.

Odfjell Gas' business concept is to capitalise on Odfjell's strong brand name and global network as well as the unique cross-over experience from the specialised chemicals market. The company will be able to leverage on shareholders and partners broad, blue-chip client portfolio that overlaps substantially with leading LPG and petrochemical charterers.

ESTIMATED DEMAND COMPOSITION 2014
FOR SMALL SIZE VESSEL GROUP



ETHYLENE FLEET - AGE DISTRIBUTION



ODFJELL GAS	FIGURES IN	2014	2013	2012
Gross revenue	USD million	25	11	6
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	USD million	3	(3)	1
Operating result (EBIT)	USD million	8	(6)	-
Total assets	USD million	69	50	102
Volume shipped	1 000 tonnes	103	90	53
Number of ships		3	3	2
Total deadweight	1 000 tonnes	47	47	21



ODFJELL SHIP MANAGEMENT

Odfjell Ship Management offers a fully integrated service, 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 or supervises all owned and bareboat chartered vessels. At the end of 2014, Odfjell managed or supervised a fleet of 49 chemical tankers and two LPG/Ethylene carriers.

Odfjell Ship Management provides technical support to the ships worldwide from our offices in Norway, Singapore, the Philippines and Brazil. We also offer professional crew management in Norway, the Philippines and Brazil.

In 2014 we continued reinforcing our efforts to develop a safety culture capable of taking health, safety, security and environmental performance to a sustainably higher level. All our seafarers at all ranks have completed retrospective training as part of our Leadership and Followership Development Programme, which is one of our main long-term initiatives for developing a professional safety culture based on a common understanding of and commitment to our core values.

Our ship maintenance programme secures safe and efficient operation, a long useful working life and high second-hand values of our vessels. The maintenance strategy is implemented through proper analysis of all critical factors and the use of an extensive planned maintenance system, supported by in-house specialists. Our technical project management team ensures compliance with relevant rules and regulations as well as being updated on ship performance improvements.

Safe operation of chemical tankers and gas carriers depends on highly qualified officers and crew. Our ships are registered in Norway (NIS) and Singapore, and are primarily manned by Norwegian and Filipino mariners with extensive experience. The Flumar fleet, registered in Brazil, primarily trading along the Brazilian coast and in the Mercosul area, is manned by Brazilian mariners.

Odfjell Ship Management actively applies risk management processes to further enhance our performance. Every year Odfjell carries out regular internal audits of ships and offices. Our ships are also subject to vetting inspections by customers, and periodical surveys are carried out by classification societies, flag states and port states.

During 2014, we have further increased the number of management reviews to improve identification and follow-up of decided improvements, mainly focused on safety performance, port state control, customer acceptance as well as cost competitiveness, the purpose being to enhance safety and to prevent injuries, pollution, damage and loss as well as to increase operational performance.

During 2014 we have actively promoted and followed up on main key performance indicators. We also monitor our performance against external benchmark provided from classification societies and insurance companies. Another prioritised area for us in 2014 has been active cooperation with some of our main customers towards a zero incident industry.

TANK TERMINALS

Our tank terminal activities are located along major shipping lanes and at important locations for petrochemicals, refined petroleum products, bio-fuels and vegetable oils.

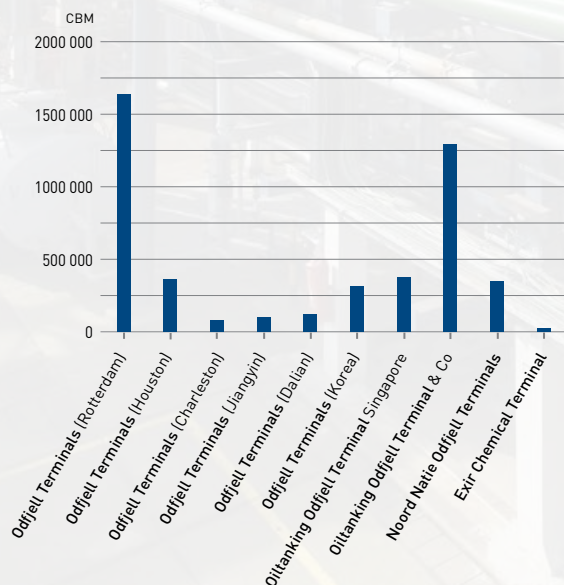
We focus not only on locations in mature markets, but also increasingly on ports which are growing in importance in selected rapidly developing nations. In addition to being profitable investments on a standalone basis, our tank terminals also offer cargo-consolidation programmes designed to reduce time and fuel consumption in port for our ships. Commercially, the combination of shipping and tank terminals puts Odfjell in a unique position to offer our customers increased safety, reliability, product stewardship, efficiency and improved arrival accuracy.

5.4 MILLION
cbm storage capacity*

1,440
tanks of
STORAGE*



TANK TERMINALS CAPACITY



TANK
TERMINALS
IN **23**
PORTS*

*Gross figures including related tank terminals partly owned by related parties.

TANK TERMINALS

Odfjell has nine operational part owned tank terminals through its Odfjell Terminals BV joint venture at strategic locations around the world. In addition we have a terminal currently under construction in Tianjin, China, and also one terminal project under development in Fujian, China. Odfjell Terminals also has a co-operation agreement covering 12 tank terminals in South America, plus one in Canada. These tank terminals are partly owned by related parties. Odfjell SE also has a small joint venture terminal in Iran. In total, our tank terminal network has more than 1,000 employees and 5.4 million cubic meters of storage space in 1,440 tanks in 23 ports around the world. Together with our shipping business, this makes Odfjell Terminals one of the world's leaders for the transportation and storage of bulk liquids.

We have a strategy of expanding our tank terminal activities at important locations for liquid bulk petrochemicals, refined petroleum products, bio-fuels and vegetable oils along major shipping lanes. We focus not only on locations in mature markets, but also increasingly on ports which are growing in importance in selected rapidly developing hubs. Over the past year, we have concluded agreements and commissioned capacity in the petrochemical gas market in Houston and Singapore.

In addition to being profitable investments on a stand-alone basis, tank terminals also offer cargo-consolidation programmes designed to reduce time and fuel consumption in port for our ships. Commercially, the combination of shipping and tank terminals puts Odfjell SE in a unique position to offer our customers increased safety, reliability, product stewardship, efficiency and improved arrival accuracy. We are experiencing a steady increase in demand for cargo consolidation as a result of the industry's ongoing pursuit of efficiency improvements along the entire supply chain.

HIGHLIGHTS – BUSINESS DEVELOPMENTS

In March 2014, Odfjell Terminals commissioned a tank terminal in Charleston South Carolina, USA. The project involved a total investment in excess of USD 90 million to establish an initial storage capacity of 79,206 cbm.

The construction of our new terminal in the Bohai Bay region near Tianjin, China, (through our joint venture with Tianjin Economic-Technological Development Area) started in 2012. At the end of 2014, the terminal was nearing mechanical completion.

In July, 2013, Odfjell Terminals and Grand Port Maritime du Havre signed a Site Reservation Protocol for a plot of

land in the Port of Le Havre, France, to develop a 150,000 cbm bulk liquid terminal. The terminal should have started construction in 2014, but commercial uncertainty in the European market meant a suspension of the project for the time being.

In line with Odfjell Terminals' strategy, further terminal projects across the world are under evaluation.

ODFJELL TERMINALS (ROTTERDAM) (OTR), THE NETHERLANDS

Located at the heart of Rotterdam harbour Botlek, the most important chemical distribution centre in Europe, OTR has a total gross storage capacity of about 1,636,100 cbm in 281 storage tanks. Current capacity approved for use is 924,000 cbm of which 550,000 are commercially available. The tank terminal stores both chemicals and mineral oil products.

In addition to the storage business, the Rotterdam tank terminal also has a Petroleum Industrial Distillation (PID) service that offers toll distillation for the petrochemical and petroleum industry. The PID controls a large share of the independent product distillation market in Northwest Europe, and operates four distillation columns with a combined total annual distillation capacity of 700,000 tonnes that can be expanded to over two million tonnes.

The Odfjell Terminals Maritiem site is located almost directly opposite OTR on the south bank of Rotterdam's main shipping artery Nieuwe Waterweg, surrounded by the port's largest global-scale refineries. It is connected to OTR via pipeline.

Overall, the Rotterdam tank terminal enjoys an extensive 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 handling trucks, ISO containers and rail cars. The site has its own wastewater treatment plant, which also serves third parties.

In July 2014, OTR completed a reorganisation that places the facility on a sound cost structure going forward. The facility completed an operations excellence effort to review and implement processes and procedures which culminated in several ISO certifications.

For 2015, OTR continues to implement its long-term business plan. Upgrading of the facility to meet the new industry PGS29 standards is according to schedule. The distillation facility represents the new opportunities in the petroleum market.



NOORD NATIE ODFJELL TERMINALS (NNOT), BELGIUM

NNOT, in which Odfjell Terminals acquired a 25% share in 2012, offers a unique combination of storage and related value-added services for several types of liquids. The terminal has a strategic location in the port of Antwerp with easy access to the sea, inland waterways, roads and railways.

With 240 tanks and a total capacity of 350,000 cbm, NNOT provides storage and related activities for chemicals, liquids for human or animal consumption, mineral oils, base oil, oleochemicals and biofuels.

In 2014, NNOT completed the final 25,000 cbm of its total 50,000 cbm expansion of storage capacity for one of its key long-term customers. Furthermore, NNOT owns additional land adjacent to the existing terminal and has plans for further expansion of up to 105,000 cbm of tank capacity.

ODFJELL TERMINALS (HOUSTON) (OTH), USA

Houston is the major international hub for import and export of chemicals to and from the USA. OTH is also 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 shared customers with Odfjell Tankers, which demonstrates the benefit of cargo consolidation and expedited shipment for all parties.

The tank terminal in Houston was completed by Odfjell in 1983, and has since expanded to 110 tanks with a total capacity of 362,487 cbm by the end of 2014. The tank terminal boasts one of the largest stainless steel storage capacities of any independent tank terminal in the world, in total 112,833 cbm. The facility has the only propylene export facility in the US, and is modifying spheres to handle various LPGs.

The facilities' unused land and existing infrastructure still offer scope for further expansion, with potential additional storage capacity of around 160,000 cbm in the existing area. OTH has commenced construction of a new bay comprising nine mild steel tanks, with a combined capacity of 17,142 cbm, for an existing customer.

ODFJELL TERMINALS (DALIAN) (OTD), CHINA

OTD started operation in 1998, but was relocated from its original site to Dalian New Port in Xingang in 2007. The tank terminal's capacity is 51 tanks, bringing total capacity to 119,750 cbm. The stainless steel capacity is 18,350 cbm. The tank terminal has four berths for sea-going tankers with up to 50,000 dwt capacity. The location is well connected by rail to the vast hinterland of Northeast China, and the tank terminal handles impressive volumes via its rail facilities, which can manage up to 120 rail wagons concurrently.

Odfjell Terminals holds 50% of the shares in Odfjell Terminals Dalian, while Dalian Port Company Ltd (PDA) is the other shareholder in the company. Odfjell and PDA have also jointly established a training academy for terminal operators for operations in China.

ODFJELL TERMINALS (JIANGYIN) (OTJ), CHINA

OTJ is located in the 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 estuary. The 99,800 cbm terminal became operational in late 2007 and has excellent facilities for handling a wide range of petrochemicals from ships, barges and trucks. OTJ comprises 22 tanks. The stainless steel capacity is 30,000 cbm. The terminal has the largest jetty on the Yangtze River at its disposal. In total there are eight berths for the handling of deep-sea tankers, coasters or barges. OTJ can accommodate up to 50,000 dwt ships.

ODFJELL NANGANG TERMINALS (TIANJIN) (ONTT), CHINA

ONTT is a joint venture project between Odfjell Terminals Asia and Tianjin Nangang Industrial Zone Port Co. Ltd. The terminal is strategically located at Tianjin Port on Bohai Bay in the Nangang Industrial Zone and is the nearest port to the production areas of the North and Northwest China hinterland and the link to Middle/West Asia. It is also the closest port to Beijing.

Nangang Industrial Zone (NIZ) is a green field development, and planned by the Chinese Central Government to be the largest petrochemical zone in Northeast China, and is expected to accommodate the production of over 200 petrochemicals. ONTT will service customers within NIZ and customers using the zone for local distribution or export and will have connections to road and rail as well as having a large marine infrastructure.

The first phase will start operation in 2015 and will have three ship docks and 26 tanks with a total storage volume of 137,800 cbm.

ODFJELL TERMINALS (QUANZHOU) FUJIAN, CHINA

In June 2013 we signed an agreement to enter into a joint venture with the Founder Group to become 50/50 partners for the development of a petrochemical tank terminal in Quanzhou, Fujian Province, China. Odfjell Terminals acquired from the Founder Group a 50% equity share in the existing Fujian Fangtong Terminals Co Ltd., including land and an existing jetty. The objective is to construct a future tank terminal which we will manage and operate.

ODFJELL TERMINALS (KOREA) (OTK), KOREA

OTK is strategically located in Onsan, the most important petrochemical distribution and transshipment hub in Northeast Asia. The tank terminal entered operation in 2002 and has 85 tanks, with a total storage capacity of 313,710 cbm.

The most sophisticated terminal in Onsan, OTK has a 15,860 cbm stainless steel capacity. The tank terminal owns and operates six berths with user rights to another two berths that can handle vessels of up to 80,000 dwt. OTK also has modern drumming facilities for break bulk operations. The tank terminal has land for future expansion.

Odfjell Terminals holds 50% of the shares, while local partner Korea Petrochemical Ind. Co. Ltd (KPIC) owns 43.60%. The remaining 6.40% shareholding is held by two other Korean companies.



OILTANKING ODFJELL TERMINAL SINGAPORE (OOTS), SINGAPORE

As one of the busiest ports in the world, Singapore plays a major role in the distribution of petroleum and petrochemicals in Southeast Asia. OOTS is located on Jurong Island, where most of Singapore's petrochemical industry is concentrated.

The tank terminal became operational in 2001. The total current capacity is 377,051 cbm in 82 tanks and spheres for petrochemical gases, 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 delivery of bunker fuels from shore tanks. The tank terminal also performs operational management and has access to two additional berths. The terminal has land available for further expansions. The tank terminal is a 50/50 joint venture between Odfjell Terminals and Oiltanking.

OILTANKING ODFJELL TERMINAL & CO (OOTO), OMAN

Sohar Industrial Port is located in Oman, outside the Strait of Hormuz, and only a few hours drive from the petrochemical industry in United Arab Emirates and Saudi Arabia. The port is home to a refinery and several global-scale petrochemical complexes. This development is being 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.

OOTO has exclusive rights to manage six liquid berths and provides bulk liquid storage within Sohar Industrial Port. Based on the requirements of the captive industry in Sohar and a growing regional market for the storage of chemicals and mineral oils, OOTO has expanded over the past five years into a terminal with 66 tanks and overall capacity of 1,294,780 cbm. Odfjell Terminals holds a 29.75% shareholding in OOTO. The company is jointly managed by Odfjell and Oiltanking.

EXIR CHEMICAL TERMINAL (ECT), IRAN

Exir Chemical Terminal is a joint venture between Odfjell (35%), Oiltanking (35%) and Nuian, a private Iranian investor (30%), and 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 in the PETZONE, and can accommodate vessels up to 45,000 dwt. The terminal consists of 18 tanks, in total 22,000 cbm, and has been operational since January 2010.

TANK TERMINALS PARTLY OWNED BY RELATED PARTIES, SOUTH AMERICA

The tank terminals partly owned by related parties first became operational in Buenos Aires in 1969. Today, they consist of 13 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 and has its operational headquarters in São Paulo.

The eight Brazilian tank terminals are located in Santos, Rio Grande, Triunfo, São Luis, Teresina, Ladario, Palmas, and Aracruz. Argentina is home to 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 terminals are located in San Antonio and Mejillones, and the Peruvian terminal in Callao.

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 practical, shipping and storage services are marketed from shared offices, facilitating logistical solutions as comprehensive as required by our customers.

TANK TERMINALS ¹	FIGURES IN	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Gross revenue	USD million	94	129	145	227	245	248	232	180	152	132
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	USD million	(4)	21	27	96	110	109	95	74	58	48
Operating result (EBIT)	USD million	(31)	(73)	(8)	62	75	68	68	54	51	33
Total assets	USD million	650	685	1 062	1092	987	691	634	481	340	286
Total tank capacity	1 000 cbm	4 643	4 658	4 551	4 221	3 732	3 719	3 100	2 553	2 256	2 256

¹ Reflection of actual historical Odfjell ownership share.

RESPONSIBILITIES

We aim to achieve sustainable development for our stakeholders such as investors, customers, employees and the local communities in which the Company operates by balancing financial results and corporate social responsibility.

Safety is paramount and we actively promote a sustainable and proactive quality, health, safety and environmental culture.

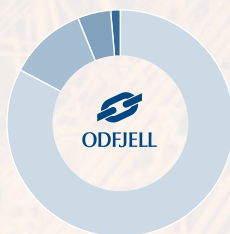


8%
CO₂ REDUCTION
IN 2014

15,000
training days for mariners

COMPARISON OF AVERAGE ODFJELL VESSELS VS OTHER TRANSPORT MODES

Gram CO₂ per tonne transported 1 km

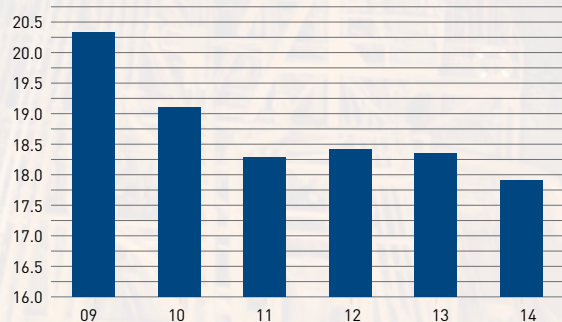


- 673 Cargo aircraft
- 91 Heavy duty vehicle
- 38 Freight train (diesel)
- 10 Average Odfjell vessel

Source: Odfjell

EEOI TREND FOR THE ODFJELL FLEET

Gram CO₂ emitted per tonne cargo transported 1 nautical mile



Source: Odfjell

SUSTAINABILITY REPORT

Odfjell aims to achieve sustainable development for its stakeholders, such as investors, customers, employees and the local communities in which we operate, by balancing financial results and corporate social responsibility. Safety is paramount, and we actively promote a sustainable and proactive quality, health, safety and environmental (QHSE) culture.

CORPORATE SOCIAL RESPONSIBILITY – CSR

CSR Council

In 2011 we signed up to the UN Global Compact (UNGC) programme. We have established a Corporate Social Responsibility Council to facilitate an implementation of the United Nations' ten principles with regard to human rights, labour, environment and anti-corruption. Annually we submit Communication on Progress (COP), including current and new goals for the coming period. The COP reports can be viewed at www.odfjell.com.

Engaging in Maritime Anti-Corruption Network

Since August 2013, Odfjell has been member of the Maritime Anti-Corruption Network, a global business network working towards a maritime industry free of corruption.

QUALITY, HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION (QHSE)

Odfjell Safety Day

Each year we arrange an Odfjell Safety Day, a global event both at sea and on shore dedicated to safety. Our emphasis this year was on safety awareness and to highlight that achieving zero incidents and reducing injuries requires dedicated work and continued focus.

Odfjell's Corporate Core Values

In 2014, and after a thorough internal selection process involving all employees, we introduced the Odfjell corporate core values as **professional, pro-active, sustainable and innovative**.

Corporate QHSE and finance audits

Odfjell has a comprehensive programme for internal audits, focussing on QHSE, accounting, financial control, ICT security and compliance with anti-corruption requirements. Corporate QHSE conducts system audits on operative and staff units to ensure compliance with corporate and management level requirements and guidelines.

In 2014 we carried out 18 audits, including eight audits of owned or managed terminals, two terminal inspections, six audits of overseas offices and two audits of staff or business units at the headquarters in Bergen. In addition to the corporate programme, internal, external and customer audits are conducted in operative units and on our vessels. These audits are for the main part triggered by regulatory requirements, certificates or contracts.

None of the audits have resulted in withdrawal or suspension of certificates or contractual cancellation in 2014.

Piracy and armed robberies

Piracy and armed robberies continues to be a challenge for international shipping, the main areas of concern being the Gulf of Guinea including Nigeria, Somalia and adjacent waters, and Southeast Asia including the Singapore Straits and Indonesia. In 2014 there were no successful hijackings in the Gulf of Aden/ Indian Ocean region, but suspicious approaches continue and privately contracted security personnel are still being used when transiting some areas. Armed robberies and hijackings in the Far East, particularly in the Singapore Straits and Indonesian waters, have increasingly become a concern in 2014. The main targets for hijacking in Southeast Asia are smaller ships with cargo that are easy to trade.

Refugees in the Mediterranean Sea

Refugees crossing the central and eastern Mediterranean Sea, often in overloaded boats without any life-saving appliances, became a growing problem in 2014. Odfjell ships that transit the area frequently have been equipped and prepared to participate in search and rescue operations to assist refugee vessels in distress.

ENVIRONMENT

Carbon Disclosure Project (CDP)

In 2014 our response to the annual CDP covered the shipping business, the headquarters in Bergen and our terminals in Rotterdam and Houston. For 2014, based on 2013 figures, our score improved from 66 to 72. The average for our industry is 70 and the maximum score is 100. The emission level based on 2014 figures represents a reduction of 8% compared with 2013. Most of the reduction is due to a decrease in the fleet size.

Environmental impact of the Odfjell fleet

In 2014 the Odfjell fleet reduced the consumption of marine fuels by 44,000 tonnes (8%) compared with 2013. In terms of CO₂ emissions, this represents a reduction of 111,000 tonnes. Our total marine fuels consumption during the year was 471,000 tonnes, of which 21,000 tonnes were distillates. Most of the reduction is due to a decrease in fleet size, however 23,000 tonnes were achieved through reductions in the daily fuel consumption. Based on the consumption of 90 vessels, total emissions of CO₂ in 2014 amounted to close to 1.5 mill tonnes, an 8% reduction compared with the previous year. Total emissions of SO_x decreased to 10,053 tonnes, reflecting reductions both in fuel volume as well as in fuel sulphur content. All fuel purchased by Odfjell is externally tested. Test results of the fuel purchased in 2014 (all grades) indicate the average weighted sulphur content at 2.12%, compared with 2.22% in 2013. The global limit in 2014 was 3.50%.

SOx emissions

Based on all consumption in 2014 (both in port and at sea), Odfjell's vessels emitted on average 0.12 grams per tonne cargo transported one nautical mile.

CO₂ emissions

In 2009 IMO's Marine Environment Protection Committee circulated guidelines for voluntary use of an Energy Efficiency Operational Indicator (EEOI), defined as the amount of CO₂ emitted per unit of transport work. Since 2008 Odfjell has calculated the EEOI at ship and fleet level in accordance with IMO guidelines. Including fuel consumption both in port and at sea, in 2014 the EEOI for the Odfjell fleet was 17.90 grams of CO₂ per tonne cargo transported one nautical mile (g/tnm), an improvement of 2.5% compared with 2013 and the best result since we started our measurements in 2008.

Speed/consumption reduction scheme

In 2014 Odfjell Tankers operated 40-50 ships in slow- or ultra-slow speed mode. Compared with full-speed mode this generated net fuel savings of about 79,000 tonnes, corresponding to emission savings of approximately 246,000 tonnes of CO₂ and 1,700 tonnes of SOx.

Reduced fuel consumption – Mewis duct

Odfjell has an ongoing project to install ducts in front of the propellers on 23 vessels, the purpose being to cut fuel consumption and thus, to reduce emissions. Additional three vessels were equipped with such ducts both in 2013 and 2014, and we plan to add two more ships also in 2015.

Weather routing

Since 2009 Odfjell has made use of advanced weather routing services, both for our owned fleet and the time-chartered ships. In 2014, 755 sea voyages were subject to weather routing, reducing time at sea on these voyages by at least 55 days. This gave fuel savings of approximately 1,500 tonnes, equivalent to a reduction of about 5,000 tonnes of CO₂.

Intermediate hull cleaning and propeller polishing

To further improve our vessel energy efficiency, Odfjell carries out hull cleaning and propeller polishing also between dry-dockings. Cleaning intervals have been narrowed since 2013, and as from 2015 we will further improve this practice. This has offered significant reductions of fuel consumption and thus, of emissions of CO₂ and SOx.

Ship Energy Efficiency Management Plan (SEEMP)

In 2012 Odfjell, in close cooperation with DNV GL, developed a SEEMP for the owned fleet, which were rolled out to the vessels during 2013. The SEEMP includes EEOI benchmarking for each ship, ship class and for the Odfjell fleet in total, enabling us to implement specific counter measures if a negative energy efficiency trend is observed. This section is updated on quarterly basis to all vessels, including the externally managed fleet.

Fleet Performance Group

Odfjell's Fleet Performance Group supervises voyage optimisation/ocean routing and track the fleet, collect, validate and

analyse data concerning speed, consumption and emissions of the ships on a daily basis through a comprehensive performance system.

ODFJELL-MANAGED SHIPS

In 2014 Odfjell implemented several measures to secure a sustainable safety performance. The Lost Time Incident Frequency (LTIF) indicator for Odfjell-managed ships was 0.71 in 2014, compared with 1.37 in 2013, while the Total Recordable Case Frequency was 2.94. Our target values are 1.20 and 4.00 respectively.

Odfjell Ship Management holds an ISO 14001 certification covering 46 ships under own management. The certification identifies relevant environmental considerations and lists key issues that are followed up in a health, safety, security and environmental programme.

Environmental challenges

Several future challenges are identified involving different stakeholders such as authorities, customers and investors. For instance, there will be a significant increase in the use of low sulphur fuel, more stringent ballast regulations, NOx and SOx requirements, introduction of carbon taxes (CO₂) and climate changes. Another challenge will be management of an increasing amount of local, national, regional and international regulatory requirements.

Competence and training

During 2014 our seaborne personnel performed about 9,000 in-house course-days and 6,000 days of external courses, of which 6,900 days were related to our Leadership and Followership Development Programme that was attended by 1,663 participants. Training related to the Environmental Management System (EMS) started in May 2014. The aim is to strengthen our crew's attitude towards compliance with maritime environmental regulations and internal procedures. The EMS programme included more than 600 training days with some 1,200 participants.

Odfjell's maritime personnel section has employed two fitness instructors to carry out a Healthy Living Project, the purpose being to promote healthier lifestyle among crew through food and fitness activities. In 2014 they visited 25 vessels, and the ambition is to visit all vessels within two years.

The following technical projects contribute to reduce environmental impacts beyond the minimum requirements stipulated in current regulations:

Bilge water treatment plants (oily water separators)

In order to reduce the oil content in the bilge water, 27 ships have been upgraded with the installation of highly effective oily water separators. The bilge water discharged overboard from the ships on which such equipment has been installed contain less than two parts per million (ppm), while MARPOL requirements stipulate not more than 15 ppm. This programme is continuing in 2015.

Ship recycling – Green Passports

To secure a controlled ship recycling process, well in advance of normal vessel retirement age, we equip our vessels with so-called

Green Passports that provide an inventory of materials on the vessel that could harm the environment and recycling personnel. The programme meets the requirements of IMO Resolutions A 962 and 179 and is certified by Lloyds. It also requires follow-up from the recycling yard. The yards used are inspected by Odfjell to ensure they are ISO 30000 certified and comply with relevant IMO guidelines and Odfjell's in-house requirements.

Pollution Protection Plan

The main purpose of the project is to prevent by-passing of the approved oily water discharge system. Monitoring and control of actions to achieve the objectives of the programme have been arranged in an Environmental Management System. The project started late 2013, and so far eight vessels have completed the programme.

Newbuilding programme

In 2014 Odfjell took delivery of three out of four sophisticated 49,622 dwt coated chemical tankers with high efficiency design for improved propulsion performance. The fourth ship was delivered early 2015. These ships use significantly less fuel than comparable ships of same size. Furthermore, Odfjell and partner Oak Hill and Breakwater Capital have an order for four 17,000 cbm and four 22,000 cbm LPG/Ethylene carriers, featuring the latest available technology and equipment, including ballast water treatment systems to avoid distribution of microorganisms to marine environments. The ships are scheduled for delivery from 2016 to 2017.

TANK TERMINALS

For the terminals operated and managed by Odfjell, the LTIF went up to 0.80 against 0.29 in 2013. This increase was mainly caused by incidents during the first three months of the year. Reportable spills (over five litres) increased by 7%, from 45 in 2013 to 48 in 2014. The number of reported near misses and non-conformities are slightly down in 2014 compared with 2013. Odfjell strives for an open and proactive reporting culture and more active use of experience feedback. During 2014 we performed corporate terminal audits at our operated and/or managed terminals in order to review QHSE and finance/accounting status with respect to compliance of requirements. The audits are part of the efforts to build a good QHSE culture and lifting standards up to operational excellence.

Americas

At Odfjell Terminals (Houston) (OTH) the ISO 9001:2008 (quality) and RC-14001/ISO 14001:2004 (environment) certificates were re-certified. No LTIs occurred at OTH during 2014.

The number of spills (over five litres) increased to 34 in 2014, which is 70% of the spills reported by our terminals. Actions have been initiated by local management to reduce this number. High level emergency shutdown valves have been installed to prevent overflow, and more than 85% of the tanks are now equipped with such valves. The number of near misses and non-conformities remains at a steady level in 2014. No LTIs occurred at our terminal in Charleston during 2014. The number of spills (over five litres) was three during 2014.

About 5,400 employee hours of HSE-related training was conducted in 2014. Approximately 35% of the training was required by regulation. The remaining 65% of the training was for competency improvement or general awareness. This training included emergency response team training, procedure reviews, specific chemical property awareness, ladder safety, eye safety, back safety, driving safety and holiday safety.

Europe

Odfjell Terminals (Rotterdam) (OTR) achieved re-certifications of the standards related to ISO 9001:2008 (quality), ISO 14001:2004 (environment), ISO 22000:2005 (food safety) and OHSAS 18001:2007 (health and safety) in December 2014. The auditing was performed by DNV GL. The certificates were issued 25 January 2015.

Four LTIs were reported at OTR, compared with none in 2013. The number of spills (over five litres) was reduced to 11 in 2014. The number of near misses and non-conformities remained at a steady level in 2014.

Asia

In 2014 we had a tragic work accident where an employee at one of our Asian terminals sadly lost his life. The accident has been thoroughly investigated, and the identified preventive actions are being implemented on all Odfjell terminals worldwide.

The ISO 9001:2008 (quality), ISO 14001:2004 (environment), OHSAS 18001:2007 (health and safety) certificates for our terminal in Jianyin, China were renewed in July.

At the other Asian terminals Odfjell Terminals (Dalian) (OTD), Odfjell Terminals (Korea) and Odfjell Nangang Terminals (Tianjin), no LTIs occurred in 2014. At OTD the ISO 9001:2008 (quality) and OHSAS 1881:2007 (health and safety) certificates were renewed in July 2014.

No spills (over five litres) were reported for the Asian terminals in 2014. Near miss and non-conformity reporting at the Asian terminals stayed at a steady level in 2014.



CORPORATE GOVERNANCE

Odfjell SE (Odfjell or the Company), which is the parent company in the Odfjell Group of companies (the Group), is established and registered in Norway and is governed by Norwegian law, including laws and regulations pertaining to companies and securities. The Group has the aim of complying with all relevant laws and regulations in all jurisdictions it operates in, as well as the Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NUES) on 30 October 2014 (the Code of Practice or the Code).

The Company's Board of Directors has on 18 March 2015 approved the Corporate Governance Policy as the Company's policy for sound corporate governance in accordance with the Code of Practice. This statement is in compliance with the Corporate Governance Policy approved by the Board of Directors.

BACKGROUND AND APPLICABLE REGULATIONS

The Company is a SE company (Societas Europaea) subject to the Norwegian Act no. 14 of 1 April 2005 relating to European companies as well as the Norwegian Public Limited Liability Companies Act. The Company is listed on the Oslo Stock Exchange, and thus subject to Norwegian securities legislation and stock exchange regulations.

The Norwegian Public Limited Liability Companies Act section 5-6 (4) requires that the Annual General Meeting approves the statement of Corporate Governance. Consequently, this report will be presented to the Annual General Meeting.

In accordance with the Norwegian Accounting Act section 3-3 b, Odfjell is required to give a statement on our corporate governance. The information required by the Accounting Act is included below:

1. 'An overview of the recommendations and regulations concerning corporate governance that the enterprise is subject to or otherwise choose to comply with'; is included in section 1 below.
2. 'Information on where the recommendations and regulations mentioned in no. 1 are available to the public'; is included in section 1 below.
3. 'Reasons for any non-conformance with the recommendations mentioned in no. 1'; is covered under sections 3, 4, 6, 7 and 8 below.
4. 'A description of the main elements in the enterprise's, and for entities that prepare consolidated financial

statements, also the Group's (if relevant) internal control and risk management system linked to the financial reporting process'; is covered under section 10 below.

5. 'Articles of Association which entirely or partly expand or depart from provisions of Chapter 5 of the Public Limited Liability Companies Act'; is covered under section 6 below.

6. 'The composition of the Board of Directors, the Corporate Assembly, the Committee of Shareholders' Representatives and the Control Committee and any working committees related to these bodies, as well as a description of the main instructions and guidelines that apply to the work of the bodies and any committees'; is covered under sections 8 and 9 below.

7. 'Articles of Association governing the appointment and replacement of Directors'; is covered under section 8 below.

8. 'Articles of Association and authorisations empowering the Board of Directors to decide that the enterprise is to buy back or issue its own shares or equity certificates'; is described in section 3 below.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The framework for corporate governance is the Norwegian Code of Practice for Corporate Governance latest updated 30 October 2014. The code can be found at www.nues.no. The Code is based on a principle of 'comply or explain', implying that eventual deviations from the Code shall be explained.

Odfjell is committed to ethical business practices, honesty, fair dealing and compliance with all laws and regulations affecting our business. This includes adherence to high standards of corporate governance. The Board of Directors reviews on an annual basis the Company's Corporate Governance Policy.

In addition to the Company's Corporate Governance Policy, Odfjell has a Corporate Social Responsibility Policy encompassing a strong focus on quality, health, safety and care for the environment as well as human rights, non-discrimination and anti-corruption. The Company's own Corporate Code of Conduct also addresses several of these issues. All Odfjell employees are obliged to comply with the Corporate Code of Conduct. The Company's Corporate Governance Policy, Corporate Social Responsibility Policy and Corporate Code of Conduct can all be found on the Company's home page: www.odfjell.com/AboutOdfjell/.

The statement below describes Odfjell's compliance in respect of each of the elements of the Norwegian Code of Practice for Corporate Governance, including explanation of any deviations.

Deviations from the Code: None.

2. BUSINESS

Odfjell is a leading company in the global market for transportation and storage of bulk liquid chemicals, acids, edible oils and other special products. Odfjell owns and operates chemical tankers and LPG/Ethylene carriers in global and regional trades as well as a joint venture network of tank terminals.

Article 3 of Odfjell's Articles of Association states: *The object of the Company is to engage in shipping, ship agency, tank terminals, real estate, finance and trading activities, including the transportation of freight in the Company's own vessels or chartered vessels, the conclusion of freight contracts, co-ownership agreements and cooperation agreements, ownership and operation of tank terminals, as well as investment and participation in other enterprises with a similar object and other activities related thereto.*

The Article of Association can be found on the Company's homepage: www.odfjell.com/AboutOdfjell/CorporateGovernance. The Company's Mission Statement and strategy can be found on page 2 and 5 of this Annual Report.

The Company's strategy is to maintain its position as a leading logistics service provider for customers across the world through the safe and efficient operation of deep-sea and regional chemical tankers, LPG/Ethylene carriers and tank terminals worldwide.

Deviations from the Code: None.

3. EQUITY AND DIVIDENDS

Equity

Odfjell shall maintain an equity base deemed sufficient to support the Company's objectives and strategy, and to be able to withstand a prolonged period of adverse market conditions. The normal target is that the equity ratio for the Group shall remain between 30 and 35% of total assets. The Group had book equity of USD 638 million as of 31 December 2014 corresponding to an equity ratio of 34.1%.

Subscription rights

There are currently no outstanding subscription rights as of 31 December 2014. The issuance of subscription rights must be approved by the General Meeting.

Dividend policy

Odfjell aims to provide competitive long-term return on the investments for its shareholders. The Company embraces

an investor-friendly dividend policy. The goal is to provide semi-annual dividend payments.

The Board of Directors may be authorised by the General Meeting to pay dividends based on the annual accounts.

Mandates granted to the Board of Directors

According to the Norwegian Code of Practice for Corporate Governance mandates granted to the Board of Directors to increase the Company's share capital shall be restricted to defined purposes. Mandates granted to the Board shall be limited in time to no later than the date of the next Annual General Meeting.

Power of Attorney to the Board of Directors to increase the share capital

The Board has not been assigned authority to issue new shares. Any such mandate must be approved by the General Meeting and shall be limited in time until the next Annual General Meeting.

Power of Attorney to acquire own shares

The Annual General Meeting on 7 May 2014 authorised the Board of Directors to acquire treasury shares limited to 17,353,788 shares with a total nominal value of NOK 43,384,474. However, the Company may not at any time own more than 10% own shares. The minimum and maximum price that is payable for the shares is respectively NOK 2.50 and NOK 250.

Within this mandate, the Board decides if and in what way the own shares shall be acquired and sold. New own shares can be acquired as compensation for own shares that are sold. Both the Company and its subsidiaries can acquire shares in the Company.

The present authorisation expires on 6 May 2016.

Share option scheme

The Annual General Meeting on 7 May 2014 approved a new Stock-settled Stock Appreciation Rights (SSAR) plan for the President/CEO and Corporate Management. The Board has however not yet implemented the plan.

Deviation from the Code: The Board of Directors have been given an authority to repurchase own shares for a period of two years, as opposed to limited until the next Annual General Meeting.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

Class of shares

The Company's share capital is NOK 216,922,370, divided between 65,690,244 class A-shares each with a nominal value of NOK 2.50, and 21,078,704 class B-shares each with a nominal value of NOK 2.50. The Company's shares shall be registered with the Norwegian Central Securities Depository (VPS).

Only holders of class A-shares shall have voting rights at Annual and Extraordinary General Meetings. In all other respects, the two classes of shares are equal, and have the same rights to dividends. In the event of issuance of bonus shares, holders of class A-shares shall be entitled to new class A-shares and holders of class B-shares shall be entitled to new class B-shares unless otherwise decided by the General Meeting.

The existence of two classes of shares is due to historical reasons. This is no longer a common practice on the Oslo Stock Exchange.

Transactions in own shares

Any transactions carried out by the Company in own shares shall be conducted over the Oslo Stock Exchange or at prevailing arm's length prices if carried out in any other way. Such transactions will be reported to the Oslo Stock Exchange and to the wider market through immediate stock exchange releases and press releases.

Transactions with close associates

Any not immaterial transaction between the Company and any shareholder, board member, member of Management or any related party of these shall be reviewed by an external third party before being concluded. Material agreements shall be approved by the General Meeting according to the Norwegian Public Limited Liability Companies Act. Independent valuations shall also be obtained in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.

Members of the Board of Directors and Management shall in advance notify the Board if they have any material direct or indirect interest in any transaction entered into by the Company. In such cases they are deemed biased and not eligible to participate in the discussions or decisions.

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 all employees who in connection with their work may gain access to price sensitive non-public information.

Deviation from the Code: Odfjell SE has two classes of shares due to historical reasons.

5. FREELY NEGOTIABLE SHARES

The Company's shares are listed on the Oslo Stock Exchange and are freely negotiable. There is no form of restriction or pre-emptive rights affecting negotiability included in the Company's Articles of Association. The Board is not aware of any agreements that may secure any shareholder beneficial rights to own or trade shares at the expense of other shareholders. The shares are registered in the Norwegian Central Securities Depository (VPS).

Odfjell has a trade-prohibition period for primary insiders starting the day the reporting period ends (31 March, 30

June, 30 September and 31 December) and lasting to the public release of the periodic report. This means that, during this trade-prohibition period, primary insiders are prohibited from trading in financial instruments issued by and/or relevant to Odfjell, or by companies in the same group.

Deviation from the Code: None.

6. THE GENERAL MEETINGS OF SHAREHOLDERS

Articles 7 and 8 of the Company's Articles of Association regulates the agenda of the Annual General Meeting, notice period and attendance.

The Board is responsible for convening both Annual and Extraordinary General Meetings. The Company shall arrange for the Annual General Meeting to be held within six months of the end of each financial year. Extraordinary General Meetings may be called in accordance with the provision of the Norwegian Limited Liability Companies Act.

The General Meeting shall elect a Chairman of the Meeting. Traditionally the Chairman of the Board has been elected by the General Meeting to also chair the General Meeting.

The Chairman of the Board, representatives of the Board, the Nomination Committee, the Company's auditor and representatives from the Management shall participate in the Annual General Meeting.

The Annual General Meeting represents an important venue for the Board to meet and discuss with shareholders face-to-face and to decide on important issues such as dividend payments, election and re-election of board members and the appointment of the auditor.

The notice convening the meeting and other documents regarding the General Meeting shall be available on the Company's website no later than 21 days before the date of the General Meeting. The notice shall provide sufficient information on all resolutions to be considered by the General Meeting, voting instructions and how to vote by proxy.

When documents concerning matters that are to be considered by the General Meeting have been made available to the shareholders on the Company's website, the requirement of the Norwegian Public Limited Liability Companies Act that the documents be sent to shareholders does not apply. This also applies to documents that are required by law to be included in or enclosed with the notice of the General Meeting. A shareholder may nonetheless ask to have documents sent that concern matters to be considered by 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 fax.

Matters discussed at the General Meeting are restricted to those set forth in the agenda.

The following matters shall be the business of the Annual General Meeting:

1. Adoption of the annual accounts and the Board of Directors' report
2. Application of any profit for the year or coverage of any loss for the year in accordance with the adopted statement of financial position, and the declaration of dividend
3. Election of members of the Board of Directors
4. Adoption of the remuneration of the Board of Directors
5. Any other matters that by law or pursuant to the Company's Articles of Association or as stated in the notice of the Annual General Meeting

The Board and the person that chairs the General Meeting shall organise the election of board members in such a manner that the shareholders can vote on each of the proposed candidates separately.

Proposals that shareholders wish the General Meeting to consider must be submitted in writing to the Board of Directors in sufficient time to be included in the notice of the General Meeting.

Deviations from the Code: Traditionally the Chairman of the Board has also chaired the General Meeting.

7. NOMINATION COMMITTEE

The Company has a Nomination Committee regulated by Article 9 of the Articles of Association. The General Meeting shall elect the Committee Chairman and members, determine their remuneration and determine guidelines for the duties of the Nomination Committee.

The Nomination Committee shall consist of three members, of which at least one member shall be independent of the Board and the Company's Management Group. The Nomination Committee should be composed in a manner to safeguard the common interests of all the shareholders. The majority of the Nomination Committee shall be independent of the Board and Management. The Nomination Committee shall propose candidates to the Board and also propose the remuneration to the board members. The Nomination Committee must justify its recommendations. The Nomination Committee shall aim to achieve a board composition that takes sufficient consideration to the objective of generating shareholder results, independence and experience in the relevant sectors of the Group's business activities.

The Nomination Committee currently consists of Arne Selvik (Chairman), Laurence Ward Odfjell and Christine Rødsæther.

In its work of suggesting new board members, the Nomination Committee should have contact with shareholders, members of the Board and the Company's Management.

Deviation from the Code: The majority of the Nomination Committee is not independent of the Board.

8. BOARD OF DIRECTORS - COMPOSITION AND INDEPENDENCE

The Board of Directors is regulated by Article 5 of the Company's Articles of Association.

The Company's Management is organised in accordance with a single-tier system and it shall have an administrative body (Board of Directors).

The Company's Board of Directors shall consist of between five and seven members.

The Annual General Meeting shall elect the Board. According to Article 5 of the Articles of Association, the Board elects the Chairman of the Board. Board members shall be elected for two years at a time.

The Company has no corporate assembly. The interests of the employees are safeguarded through an agreement between the employees and Odfjell ensuring the involvement of employees. The employees have established a permanent Employee Representative Body. The Employee Representative Body consists of up to six representatives, partly from the tank terminal in Rotterdam, the headquarters in Bergen and the maritime Officers' Council.

Employee involvement at corporate level and in most subsidiaries abroad is also secured by various committees and councils, in which Management and employee representatives, both onshore personnel and seafarers, meet to discuss relevant issues.

The Board shall be composed in a manner to safeguard the joint interests of the shareholders while taking into account the Company's need for expertise, capacity and diversity. It must be taken into consideration that the Board is able to function like a collegiate body.

The Board shall also be composed such that it can act independently of special interests. The majority of the board members shall be independent of the Management and important business connections, and no member of Management shall be a board member. In addition, at least two of the board members shall be independent of the Company's principal shareholders, i.e. shareholders owning more than 10% of the Company's shares or votes.

Since 15 October 2014 the Board has comprised Laurence Ward Odfjell (Chairman), Kristian Mørch, Christine Rødsæther, Åke Gregertsen, Annette Malm Justad and Jannicke Nilsson. Laurence Ward Odfjell and related parties control a significant shareholding in Odfjell SE. Åke

Gregertsen, Christine Rødsæther, Kristian Mørch, Anette Malm Justad and Jannicke Nilsson are independent board members. Even though Åke Gregertsen does not meet all the requirements for independence in the Code of Practice, he performs his duties independently as board member. The Company believes that the Board is well positioned to act independently of the Company's Management Group and exercise proper supervision of the Management and its operations.

The Annual Report and the Company's home page contain a presentation of the Board of Directors and details of the shareholdings of all Directors, as well as information on the experience, expertise and capacity of the board members.

One of the existing board members is up for election at the 2015 Annual General Meeting.

The proportionate representation of gender of the Board is within the legislated target.

Deviation from the Code: The Chairman of the Board is elected by the Board.

9. THE WORK OF THE BOARD OF DIRECTORS

The Board of Directors shall produce an annual plan for its work, with particular emphasis on objectives, strategy and implementation.

The Company shall be led by an effective Board with collective responsibility for the success of the Company. The Board represents and is responsible to the Company's shareholders.

The Board's obligations include strategic management of the Company, effective monitoring of the Management, control and monitoring of the Company's financial situation and the Company's responsibility to, and communication with, the shareholders. The Board is ultimately responsible for determining the Company's objectives, and for ensuring necessary means for achieving them are in place. The Board of Directors determines the Company's strategic direction and decides on matters of significant nature in relation to the Company's overall activities. Such matters include strategic guidelines and possible 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 the President/CEO and determines his/her remuneration.

The Board shall ensure that the Company is well organised and that activities are managed in accordance with relevant laws and regulations, the Company's objectives pursuant to the Articles of Association and the applicable guidelines set by the shareholders through the General Meeting. 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 Corporate Code of Conduct have been decided and implemented and apply to all throughout the organisation. The Corporate Code of Conduct focuses on aspects of ethical behaviour in day-to-day business activities. The Company also adheres to the UN Global Compact and reports its Corporate Social Responsibility performance accordingly.

The Board shall perform such reviews which it deems necessary to fulfill its tasks. The Board shall also perform reviews requested by one or more board members.

Members of the Board of Directors shall notify the Board in advance if they have any direct or indirect not immaterial interest in any transaction planned to be entered into by the Company. In this case they are biased and not eligible to participate in the discussions. A deputy Chairman shall be elected to function as Chairman of the Board when the Chairman of the Board for such or other reasons cannot or should not lead the Board's work.

The Board shall plan its work as well as the work of the Management through the integrated management cycle. The roles of the Board and the CEO are separate and the allocation of responsibilities specified in writing through existing chart of authorities and job descriptions.

Each year the Board shall evaluate its performance over the previous year. The Board shall evaluate its own efforts, the performance of the Committees and the individual board members. In order for the evaluation to be effective, the Board shall set objectives at both collective and individual levels which the performances shall be measured against. The results from the evaluation will not be made public, but shall be available to the Nomination Committee.

The Board held eight ordinary meetings and nine extraordinary meetings in 2014, with 89.8% director attendance. The Board has carried out a self-assessment of its work.

Audit Committee

The Audit Committee is elected by the Board and consists of minimum two board members; currently Åke Gregertsen (Chairman) and Jannicke Nilsson. The Audit Committee reports to, and acts as a preparatory and advisory working committee for, the Board. The Audit Committee acts according to an audit charter.

The Company's auditor, CFO/SVP Finance and VP Financial Control usually attends the committee's meetings.

The establishment of the Committee does not alter the Board's legal responsibilities or tasks.

Deviation from the Code: None.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board shall ensure that the Company has sound internal control and systems for risk management that

are appropriate in relation to the extent and nature of the Company's activities. Internal controls and the systems should also encompass the Company's corporate values and ethical guidelines.

The Board shall carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements. The risk management process and the system of internal control of Odfjell shall be sufficient to ensure safe, controlled, legal and ethical business conduct and operations in all its activities around the world.

Business strategies are prepared at regional level and approved by the Board. In addition, the Board attends annual budgeting and strategic planning processes. Financial forecasts are prepared every quarter. Actual performance is compared to budget, latest forecast and prior year on a monthly basis. Significant variances are investigated and explained through normal monthly reporting channels.

The Company has established an organisation structure supporting clear lines of communication and accountability, and rules for delegation of authority that specify responsibility.

The Company focuses strongly on regular and relevant management reporting of both operational and financial matters, both in order to ensure adequate information for decision-making and to quickly respond to changing conditions. Evaluation and approval procedures for major capital expenditure and significant treasury transactions are established.

The Board receives monthly reports on the Company's financial performance and status reports on the Group's key individual projects. The Group also regularly conducts internal audits of individual units' adherence to systems and procedures.

Financial performance is also reported on a quarterly basis to the Board and to the Oslo Stock Exchange.

The Company's Board is kept updated on Management and Company activities through reporting systems, including the monthly reports. A safety (QHSE) update is normally the first item on the agenda of all ordinary meetings of the Board of Directors.

Odfjell's Compliance Officer monitors that the Company and its employees act in accordance with applicable laws and regulations, the Company's Code of Conduct and ensures that the Company acts in an ethical and socially responsible way. Particular focus shall be applied to competition law compliance, environmental licenses to operate, anti-corruption measures, and regular updates on new rules and regulations are issued to all relevant personnel in order to ensure continuous compliance. The Compliance Officer reports directly to the President/CEO.

The Company also regularly conducts internal audits of

individual units' adherence to systems and procedures. The internal audit department provides additional assurance to the Board and the Audit Committee that key controls are operating as intended. The Company is also subject to external control functions including auditors, ship classification societies, customer vettings, port and flag state control, and other regulatory bodies including the IMO.

Deviation from the Code: None.

11. BOARD MEMBERS' REMUNERATION

The remuneration of the Board shall reflect the Board's responsibilities, expertise, time commitment and the complexity of the Company's activities.

Remuneration to board members shall be determined by the shareholders at the General Meeting. The Nomination Committee shall provide recommendations and give its reasons therefore to the General Meeting for annual remuneration to all board members.

Board members are encouraged to own shares in the Company, and can be paid part of their remuneration in shares.

Members of the Board do not take part in any incentive or share option schemes. The remuneration of the Board of Directors is not linked to the Company's performance. Board members should not take on assignments for the Company.

Information regarding all remuneration to the individual board members shall be provided in the annual report. If remuneration has been paid in addition to normal directors' fees, including, this shall be specifically identified.

Deviation from the Code: None.

12. MANAGEMENT REMUNERATION

Pursuant to Section 6-16 a) of the Norwegian Public Limited Companies Act, the Board of Directors has issued a statement regarding the determination of salaries and other remuneration for the Management. The statement is disclosed in note 22 to the annual accounts and as a separate document presented to the Annual General Meeting.

Management shall be offered competitive terms of employment in order to ensure continuity in the Management and to enable the Company to recruit suitably qualified personnel. The remuneration shall not be of such a nature or magnitude that it may impair the Company's interest or reputation.

A basic, fixed salary is the main component of the remuneration. However, in addition to the basic salary other supplementary benefits may be provided, including, but not limited to payments in kind, incentive/recognition pay,

termination payments and pension and insurance schemes.

Deviation from the Code: None.

13. INFORMATION AND COMMUNICATION

Through its Corporate Governance Policy, the Board has implemented guidelines for disclosure of Company information. Reporting of financial and other information shall be based on openness and equal treatment of all interested parties. The Company provides shareholders and the market as a whole with information about the Company. Such information takes the form of annual reports, quarterly reports, stock exchange bulletins, press releases, information on the Company website and investor presentations when appropriate. The Company seeks to treat all shareholders equally in line with applicable regulations. Information distributed through the Oslo Stock Exchange, or otherwise in press releases, is published simultaneously on the Company's website: www.odfjell.com. The Company aims to hold regular presentations. The financial calendar is available through stock exchange announcements and on the Company's website.

Open investor presentations are held at least twice a year in connection with Odfjell's quarterly reports. The President/CEO reviews and makes comments on results, market developments and prospects. Odfjell's Senior Vice President Finance/CFO also participates in 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 presented. The annual and mid-year results are presented in a live presentation, whereas reports following publication of first and third quarter results are made available through webcasts. Odfjell also maintains an ongoing dialogue with, and make presentations to selected analysts and investors. Care is taken to secure impartial distribution of information when dealing with shareholders, investors and analysts.

The Board shall ensure that the Company's quarterly and annual financial statements provide a correct and complete picture of the Group's financial and business position, including the extent to which operational and strategic goals have been achieved.

The Chairman of the Board shall ensure that the views of the shareholders are communicated to the entire Board.

Deviation from the Code: None.

14. TAKE-OVERS

During the course of any take-over process, the Board and Management shall use their best efforts to ensure that all the shareholders of the Company are treated equally. The Board shall also use its best efforts to ensure that sufficient information to assess the takeover bid is provided to the shareholders.

In the event of a take-over bid for the shares in the Company, the Board shall not seek to prevent or obstruct take-over

bids for the Company's activities or shares, unless there are particular reasons for such actions. The Board shall not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the General Meeting following announcement of the bid. In particular, the Board shall in such circumstances not without the prior approval of the General Meeting (i) issue shares or any other equity instruments in the Company, (ii) resolve to merge the Company with any other entity, (iii) resolve on any transaction that has a material effect on the Company's activities, or (iv) purchase or sell any shares in the Company.

If an offer is made for the shares in the Company, the Board shall issue a statement evaluating the offer and make a recommendation as to whether the shareholders should accept the offer. If the Board finds itself unable to provide such a recommendation, it shall explain and state the reasons why. The Board's statement on a take-over bid shall state whether the Board's view is unanimous, and if not, the statement shall explain the basis on which members of the Board have a deviating view. The Board shall consider whether to engage financial advisors in this respect and whether to have a valuation from an independent expert. If any member of the Board or the Management, or close associates of such persons, or anyone who has recently held such a position, is either the bidder or has a similar particular interest in the bid, the Board shall in any case arrange an independent valuation. This shall also apply if the bidder is a major shareholder in the Company. Any such valuation should be either attached to the Board's statement, be reproduced in the statement or be referred to in the statement.

Deviation from the Code: None.

15. AUDITOR

The Company emphasises on keeping a close and open relationship with the Company's auditor. The auditor participates in Board meetings for approval of the annual accounts. The Company's auditor shall present an annual plan for its audit work to the Audit Committee. In addition the auditor shall review and report on the Company's internal control procedures, including identify weaknesses and propose improvements. The Board shall at least once a year meet with the auditor without the Management's presence. The auditor's fees for auditing and other services are presented to the Annual General Meeting and included in the notes to the annual accounts. The Board continuously evaluates the need for written guidelines concerning the employment of the auditor for other services than audit. The Board believes that the auditor's independence of the Company's Management is assured. The auditor shall issue a written annual declaration confirming the auditor's independence.

In order to secure consistency in control and audits of the Group, Odfjell generally uses the same audit firm for all subsidiaries worldwide, and currently engages EY as the Company's independent auditor.

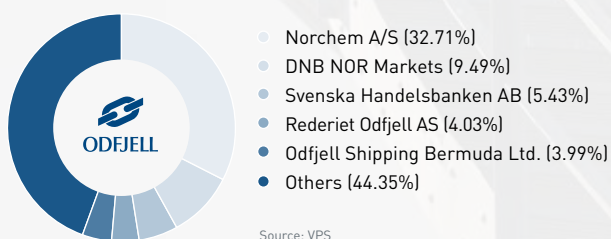
Deviation from the Code: None.

FINANCIALS

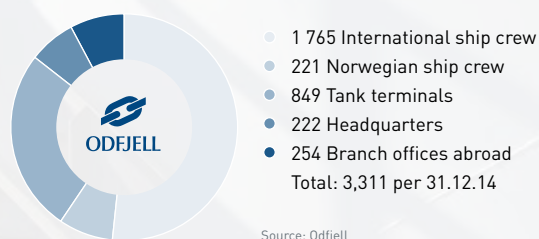
Our financial strategy shall be sufficiently robust to withstand prolonged adverse conditions, including long-term downturns in our markets or challenging conditions in the financial markets.

We adopt an active approach to managing risk in the financial markets. Our aim is to provide a competitive long-term return on investments to our shareholders.

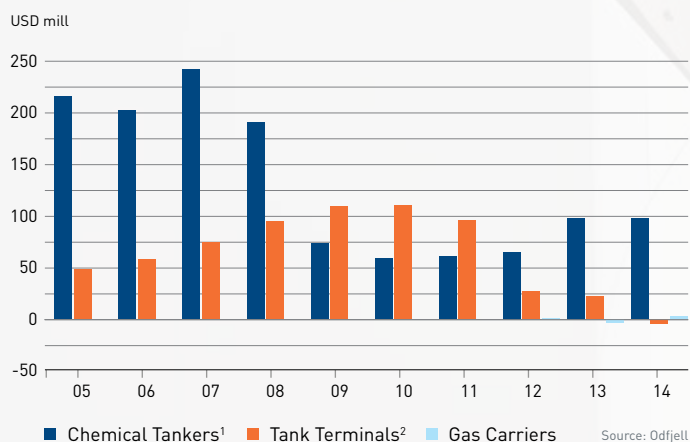
SHAREHOLDER STRUCTURE



EMPLOYEES



EBITDA PER SEGMENT (Proportionate consolidation method)



¹This segment also includes 'corporate' ²Reflection of historical Odfjell ownership share

DEVELOPMENT ODFJELL SHARES 2014





SHAREHOLDER INFORMATION

Odfjell's aim is to provide a competitive long-term return on the investments for its shareholders. The Company embraces an investor-friendly dividend policy. The goal is to provide semi-annual dividend payments. We comply with the code of practice for reporting and information advised by Oslo Stock Exchange.

SHARE PERFORMANCE

At the end of 2014 the Company's A-shares were trading at NOK 29 (USD 3.88), down 29% from NOK 41.00 (USD 6.74) at year-end 2013. The B-shares were trading at NOK 26.20 (USD 3.53) at the end of 2014, down 34% from NOK 39.50 (USD 6.50) at the end of 2013.

By way of comparison, the Oslo Stock Exchange benchmark index increased by 5%, whereas the transportation index decreased by 19% during the year. Odfjell had a market capitalisation of NOK 2,444 million as at 31 December 2014. Given the negative 2014 results and the importance of maintaining strong liquidity going forward, the Board does not recommend payment of any ordinary dividend for 2014.

TRADING VOLUMES

In 2014 about 15 million Odfjell shares were traded; 10.80 million A-shares and 4.20 million B-shares. This represents about 17% of the issued and outstanding shares. At year-end 2014 Odfjell had outstanding 65.70 million A-shares and 21.10 million B-shares.

SHAREHOLDERS

At the end of 2014 there were 1,254 holders of Odfjell A-shares and 529 holders of Odfjell B-shares. The total number of shareholders was 1,477, reflecting that some shareholders own shares in both classes.

INVESTOR OWNERSHIP

60% of the Company's A-shares and 49.40% of the B-shares were held by international investors at the end of the year, equivalent to 57.40% of the total share capital.

TOTAL RETURN SWAP/TREASURY SHARES

In December 2014 the Company entered into a Total Return Swap with DNB Markets for 5,891,166 Odfjell A-shares and 2,322,482 Odfjell B-shares with agreed strike prices of NOK 24.07 and NOK 23.06 respectively, with expiry 19 March 2015.

The Annual General Meeting on 7 May 2014 authorised the Board of Directors to acquire up to 10% of the Company's share capital. This authorisation expires 6 May 2016. 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.

INVESTOR RELATIONS

Accurate and timely information is of vital importance in order to create credibility and confidence. Our policy is to provide the market with all relevant information in line with statutory regulations and the recommendations of Oslo Stock Exchange. We attach great importance to ensure 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 value.

SHARE CAPITAL HISTORY

YEAR	EVENT	AMOUNT IN NOK	SHARE CAPITAL AFTER EVENT
1914	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
1986	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	–	216 922 370
2005	Share split 2:1	–	216 922 370
2006–2014	No events	–	216 922 370

20 LARGEST SHAREHOLDERS AS PER 31 DECEMBER 2014 (BASED ON SHAREHOLDER ANALYSIS)

Name	A-shares	B-shares	Total	Percent of votes	Percent of shares
1 Laurence Ward Odfjell	25 966 492	2 698 106	28 664 598	39.53 %	33.04 %
2 DNB Bank ASA	5 845 994	2 390 622	8 236 616	8.90 %	9.49 %
3 Pareto AS	3 265 336	1 967 218	5 232 554	4.97 %	6.03 %
4 Tufton Oceanic	4 065 775	–	4 065 775	6.19 %	4.69 %
5 Rederiet Odfjell AS	3 497 472	–	3 497 472	5.32 %	4.03 %
6 Odfjell Shipping Bermuda	2 750 000	715 760	3 465 760	4.19 %	3.99 %
7 JP Morgan International	1 071 400	1 600 800	2 672 200	1.63 %	3.08 %
8 Fondsfinans ASA	2 149 930	–	2 149 930	3.27 %	2.48 %
9 KLP	1 009 585	223 534	1 233 119	1.54 %	1.42 %
10 SKAGEN Fondene	1 217 307	–	1 217 307	1.85 %	1.40 %
11 Invesco Perpetual	–	1 144 710	1 144 710	–	1.32 %
12 Montpelier Asset Management	79 514	879 400	958 914	0.12 %	1.11 %
13 Ses AS	210 000	748 000	958 000	0.32 %	1.10 %
14 Odin Fund Management	–	900 000	900 000	–	1.04 %
15 Credit Suisse Private Banking	550 800	288 500	839 300	0.84 %	0.97 %
16 AS SS Mathilda	600 000	150 000	750 000	0.91 %	0.86 %
17 Svante Berger	–	750 000	750 000	–	0.86 %
18 Kurt Magnus Richard Berger	732 400	–	732 400	1.11 %	0.84 %
19 Wimoh Invest AS	–	700 000	700 000	–	0.81 %
20 Pactum AS	–	550 000	550 000	–	0.63 %
Total 20 largest shareholders	53 012 005	15 706 650	68 718 655	80.70 %	79.20 %
Other shareholders	12 678 239	5 372 054	18 050 293	19.30 %	20.80 %
Total	65 690 244	21 078 704	86 768 948	100.00 %	100.00 %

Source: Shareholder analysis conducted by IR:InTouch.

For a list of the largest shareholders of 31 December, 2014, from the Norwegian Central Securities Depository (VPS), see Note 32 in Notes to the financial statements to Odfjell SE.

FINANCIAL RISK MANAGEMENT AND SENSITIVITIES

With the global market as its arena, Odfjell is exposed to a number of risk factors. Our financial strategy shall be sufficiently robust to withstand prolonged adverse conditions, including long-term downturns in our markets or challenging conditions in the financial markets. Odfjell adopts an active approach to managing risk in the financial markets. This is achieved through funding from diversified sources, maintaining high liquidity or credit reserves, and through systematic monitoring and management of financial risks related to currencies, interest rates and bunkers. Hedging instruments are used to reduce the Company's exposure to fluctuations in the above-mentioned financial risks. At the same time, it may limit Odfjell's upside potential from favourable movements in these risk factors. We also closely monitor the risk related to market valuation of the hedging instruments and the effect this has on the equity ratio. We also give high attention to the refinancing of debt maturing in 2015 to maintain a satisfactory liquidity position for the Company.

EARNINGS

Earnings within the chemical tanker markets are less volatile than in many other shipping segments, since these are niche markets with specialised tonnages. The diversity of trade lanes and the products we transport have historically provided a partial hedge against the negative impact of a general slowdown in demand. Our time-charter earnings are influenced by external factors such as global economic growth, the general ship-freight market, bunker prices and factors specifically related to the chemical tanker 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, and optimal utilisation of the fleet and an expedient composition of cargoes, with minimal time in port, are of vital importance in order to maximise time-charter earnings.

The largest single cost component affecting time-charter earnings is bunkers. In 2014 this amounted to more than USD 274 million, ignoring the effect of any bunker adjustment clauses and bunkers hedging in place (56% of voyage costs). A change in the average bunker price of USD 50 per tonne equals about USD 20 million per year (or USD 1,000 per 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 (CoAs). As at 31 December 2014, the Company had hedged about 50% of its 2015 bunker exposure, through swaps at an average price of about USD 525 per tonne. In addition bunker clauses in CoAs cover the remainder 50% of the exposure. Odfjell will, based on

this, have limited benefits from the reduction in bunker prices we saw towards the end of 2014.

Sensitivity analyses show that a change in time-charter earnings of USD 1,000 per day for our chemical tankers (a roughly 4.50% change in freight rates after voyage costs) will impact the pre-tax net result by approximately USD 20 million. The Company is not currently engaged in the derivative market for Forward Freight Agreements.

Tank terminal activities have historically shown more stable earnings than our shipping activities. With the issues facing Odfjell Terminals (Rotterdam), the last three years have been exceptions to this. A substantial part of the tank terminal costs are fixed, 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 bonds in the Norwegian bond market and debt borne by tank terminals outside the USA, is denominated in USD. Interest rates are generally based on USD LIBOR rates. With our current interest rate hedging in place, about 4% of our loans were at fixed interest rates at year end. Total interest-bearing debt as at 31 December 2014 was USD 1,163 million, while liquid assets amounted to USD 105 million, both figures excluding joint venture companies.

CURRENCY

The Group's revenues are primarily denominated in USD. 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 NOK. We have estimated that a 10% decrease of the USD against the NOK would reduce the pre-tax 2014 result by around USD 8 million, ignoring the effect of any currency hedging in place. Tank terminals outside USA and our regional European shipping trade generate income in non-USD currencies.

Our currency hedging at the end of 2014, under which the Company sold USD and purchased NOK, covers about 37% of the Company's 2015 NOK-exposure. Future hedging periods may vary depending on changes in market conditions. The average USD/NOK exchange rate for open hedging positions at 31 December 2014 for 2014 was 6.60.

FINANCING AND LIQUIDITY

Odfjell has a stable debt structure, and borrows from major international shipping banks with which the Company enjoys long-standing relationships. The Company has a diversified debt portfolio comprising a combination of secured loans, export credit finance, finance leases and unsecured 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 medium-term loans as long-term funding is less available and more expensive. As a consequence, we continuously pay attention to the timely refinancing of maturing debt. The average maturity of the Group's interest-bearing debt is about 3.6 years of which 22% of the interest-bearing-debt matures in 2015 of which most of the loans are maturing towards the end of the year. Debt repayments due in 2015 will be refinanced and is expected to contribute positively to our cash holdings. A significant portion of the balloon repayment maturing late 2015 will be refinanced during first half of 2015. A NOK 600 million bond matures in December 2015.

TAX

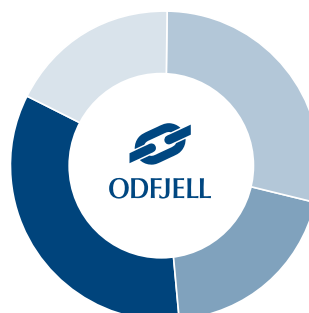
The Odfjell Group operates within a number of jurisdictions and tax regimes, including the Norwegian tonnage tax system, the Approved International Shipping system in Singapore and the tonnage tax systems in the UK. In addition we operate under local tax systems in Chile, Brazil and Bermuda. Our tank terminal activities are generally subject to the ordinary corporate tax rates within the country in which the activity is located.

BUNKERS (3.5% BARGES ROTTERDAM)



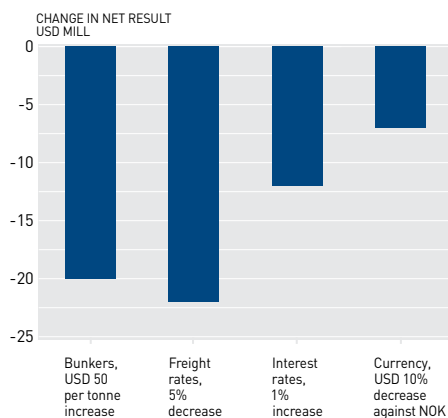
COST ANALYSIS

The major cost components of a typical large Odfjell chemical tanker



- 18% Capital expenses
- 29% Bunkers
- 20% Other voyage costs
- 33% Operating and general administration costs

SENSITIVITY









THE DIRECTORS' REPORT 2014

The consolidated 2014 net result amounted to a loss of USD 75 million, compared with a loss of USD 108 million in 2013. In 2014 we recognised an impairment of USD 4 million related to write-down of a ship held for sale and USD 6 million in capital gain and re-measurement related to the new partnership transaction for Odfjell Gas. Our 2013 result included, as a share of net result from associates and joint ventures, an impairment of gross USD 81 million related to Odfjell Terminals (Rotterdam) (OTR), USD 8.6 million in capital losses related to sale of ships and capital gains related to terminal transactions of USD 24.5 million. Total assets by year-end amounted to USD 2,032 million, down from USD 2,049 million by the end of 2013. With effect from 1 January 2014, Odfjell changed with retrospective effect from 1 January 2013, to Equity accounting method from Proportionate accounting method, in accordance with IFRS requirements.

Odfjell's net result was impacted by continued material but somewhat reduced losses at OTR and still negative results for our chemical tanker business. The majority of the tank terminals continued to deliver stable and satisfactory results with good growth prospects. Odfjell Gas is still a break-even business, with limited impact on our overall financial results.

The Board is not satisfied with the Company's financial results and has initiated measures to achieve enhanced financial sustainability. In May 2014 Odfjell SE announced a review of our business activities in order to improve our financial results through achieving a more competitive cost structure. The Board approved 9 January 2015 a restructuring plan that, fully implemented, is estimated to improve the net result by in excess of USD 100 million on a yearly basis within end 2016. The vast majority of the initiatives will be implemented in 2015, although we will not achieve full effect of these measures on our financial results before 2016 and onwards. The cost savings initiatives are related to operating expenses, general and administrative expenses, trade optimisation and bunker consumption, of which the ones related to operating expenses and general and administrative expenses are expected to account for in excess of 50% of the improved result.

The reorganisation will result in the reduction of 86 positions at the headquarters in Bergen, of which 32 through attrition and early retirement. There will also be organisational changes at our offices abroad. Relocation of administrative tasks and reduction of Northwest European officers on our ships are also elements of this reorganisation. Provisions of USD 3.1 million have been made in the fourth quarter of 2014 in connection with agreements to resign. The Board has decided to terminate an early retirement scheme that

enabled employees to retire at the age of 65 years. A defined pension benefit plan will also be changed to a contribution plan. As a result of these two changes, an income of USD 10.9 million was recognised in the income statement in the fourth quarter.

The market for our chemical tankers was quite flat in 2014, with small improvements in our time-charter earnings in the second half of the year. Activity and nominations under Contracts of Affreightment (CoAs) were stable in most areas/trades, whilst there were more fluctuations in the spot market. Strong CPP activity lifted the transatlantic chemical freight market towards the end of the year. The bunker fuel prices almost halved during the last quarter, which offered a potential relief also after CoA bunker freight adjustments. It also softens the financial consequences of the new ECA restrictions coming into effect as from the start of 2015. However, as we have secured a significant portion of our bunker exposure through hedging contracts done during the third quarter of 2014 and by bunker adjustment clauses, Odfjell will have limited benefits from lower bunker prices in 2015. CoAs continued to be renewed at higher rates. The contract coverage for the year has on average been around 55% of total volume shipped.

Net tonnage growth during the year for the chemical tanker fleet as a whole was 3.2%, while the core chemical deep-sea fleet grew by about 1.8%. This is considerably below average annual growth during the last decade. On the other hand, the current deep-sea core orderbook has increased substantially and is now 22% of current fleet and thus, there will be a more rapid fleet growth over the next few years. If all current orders are delivered according to schedule, the core deep-sea fleet will grow on average by 6.4% per year in 2015 and 2016. As a consequence thereof, we expect the supply/demand imbalance to persist, at least through 2015.

Our chemical tanker fleet at the beginning of 2015 consisted of 77 units, including time-chartered and commercially managed ships as well as vessels managed on pool basis. In 2014 we took delivery of three 49,622 dwt coated newbuildings from Hyundai Mipo Dockyard in Korea. With the delivery of the fourth and final vessel of that series in January 2015, Odfjell has no further newbuilding contracts for chemical tankers. These vessels with their eco-friendly and fuel-efficient design represent a part of Odfjell's fleet renewal programme.

Odfjell announced 1 October 2014 that the transaction with Oak Hill and Breakwater Capital had been closed, through which our partners invested approximately USD 50 million for the 50% equity interest in our gas carrier business

(Odfjell Gas AS). Odfjell and our partners have agreed to commit approximately USD 50 million each to finance the joint venture's existing newbuilding programme. Through consolidation and partnerships with other first class operators, Odfjell Gas will build a leading LPG/Ethylene carrier platform based on operational excellence, a modern and eco-friendly fleet and a long-term industrial shipping perspective.

Odfjell Gas has shipbuilding contracts with Nantong Sinopacific Offshore & Engineering Co., Ltd for construction of eight LPG/Ethylene carriers; four 17,000 cbm and four 22,000 cbm. The last vessels are scheduled for delivery in 2017. In September, the two existing 9,000 cbm LPG/Ethylene carriers joined an external gas carrier pool.

With the exception of the tank terminals in Rotterdam and Charleston, our tank terminal business continued to deliver stable earnings in 2014. Our terminal in Charleston is expected to be at full occupancy in the first quarter of 2015, for the first time since mechanical completion in the beginning of 2014. The construction of the new Tianjin terminal in China is progressing with mechanical completion scheduled in first quarter 2015, with the jetties already having received all operating permits from the many authorities.

The re-organisation and subsequent reduction of staff at Odfjell Terminals (Rotterdam) in 2014 have improved the cost base for the terminal. The continued commercial focus on the utilisation of the distillation units paid off by the signing of an important contract for the distillation units in early 2015. The terminal received in January 2015 a new ISO certification; another important milestone on the road to recovery for the terminal.

Since 7 May 2014 the Board has comprised of Laurence Ward Odfjell (Chairman), Christine Rødsæther, Jannicke Nilsson, Åke Gregertsen and Kristian Mørch. At an Extraordinary General meeting 12 November, Annette Malm Justad was elected as an additional board member. The Audit Committee has consisted of board directors Åke Gregertsen (chair) and Jannicke Nilsson. The Nomination Committee has consisted of Arne Selvik (chair) and board directors Christine Rødsæther and Laurence Ward Odfjell.

CORPORATE SOCIAL RESPONSIBILITY

Since Odfjell signed up for the UN Global Compact programme three years ago, there has been continued focus on Corporate Social Responsibility from financial and commercial stakeholders. The UN Global Compact (UNGC) programme is structured in four areas: human rights, labour rights, environmental concern and anti-corruption. We have established an internal council to set goals for gradual implementation of the programme and to monitor overall and area specific progress. Annually we submit Communication on Progress to the UNGC secretariat, including current and new goals for the coming period. Our policies and other lead documents such as Code of

Conduct, Competition Law Manual and Corporate Supplier Code Principles have been revised and harmonized with the programme. We have also been actively involved in several projects in the Maritime Anti-Corruption Network (MACN) that aims to fight corruption on local and regional basis.

QUALITY, HEALTH, SAFETY AND ENVIRONMENT (QHSE)

In 2014 we had a tragic work accident where an employee at one of our terminals in Asia lost his life. The accident has been thoroughly investigated, and the identified preventive actions are being implemented on all Odfjell terminals. There have been no other serious accidents or work related injuries resulting in permanent disability. The general QHSE performance in 2014 was good. Our system for reporting and following up of incidents with smaller consequences and near misses is well established and is working well both within the shipping and terminal divisions, although further improvement on reporting, follow up and sharing of experiences forms part of our Roadmap to Operational Excellence Programme going forward. Extensive internal training and competence development programmes put focus on proactive elements such as risk awareness, process safety, preventive barriers and safety culture. Existing initiatives and schemes such as safety culture, safety day, our Leadership and Followership Development Programme and Roadmap to Operational Excellence are gradually taking effect and supporting a drive towards a proactive culture. In terms of personal safety indicators, our shipping-related Lost-Time Injury Frequency (LTIF) indicator improved significantly to 0.71 in 2014 from 1.37 in 2013. Odfjell Terminals' LTIF deteriorated somewhat to 0.80 in 2014 from 0.30 in 2013, but is still good compared to industry benchmarks and to previous years.

There have been no security incidents on Odfjell ships in 2014, although piracy and armed robberies continue being a concern.

Fuel efficiency and subsequent reduced emissions continues to have high focus. Status and progress is monitored through participation in the Carbon Disclosure Project (CDP). Our scope for CDP in 2014 has been shipping, the headquarters in Bergen and the terminals in Rotterdam and Houston. We have achieved 8% reduction of the CO₂ emissions from the shipping activities in 2014 compared with 2013. Total SO_x emissions decreased substantially, reflecting both reductions in fuel consumption and the fuel oil sulphur content. The Energy Efficiency Operational Indicator (EEOI) for the Odfjell fleet was 17.90 grams of CO₂ per tonne cargo transported one nautical mile (g/tnm) in 2014, which is a 2.5% reduction compared with 2013. In 2014 Odfjell Tankers operated more than half the fleet in slow- or ultra-slow speed mode, generating net fuel savings of about 79,000 tonnes. This corresponds to emission savings of approximately 246,000 tonnes of CO₂ and 1,700 tonnes of SO_x. Our use of advanced weather routing is estimated to have contributed to emission savings of about 5,000 tonnes of CO₂. To further reduce emissions, high focus is placed on monitoring of speed and consumption, which now also

includes auxiliary engines and other on-board utilities. We have increased the frequency of hull cleaning and propeller polishing in between the scheduled dry-docking programme, with twice a year as an established base-line. This, together with the installation of propeller ducts on additional three ships in 2014, bringing the total up to 17, and a new antifouling system, have given significant fuel reductions and subsequent lower CO₂, NO_x and SO_x emissions.

In cooperation with the financial control unit, ICT and the terminal division, Odfjell Corporate QHSE conducts system audits on operative and staff units to ensure compliance with regulatory, corporate and management level requirements and expectations. The scope of the audit programme shall ensure that we adapt to new regulatory requirements in our industry, including those laid down in the UNGC programme. 18 audits were carried out in 2014. In addition to the corporate audit programmes, internal and external audits are carried out at the management and operational levels.

The QHSE performance on the terminals has been stable and good throughout the year, with the exception of the fatal accident at one of our terminals in Asia. 2014 has been another challenging year for OTR with implementation of several organisational, managerial and operational changes and adjustments. OTR management has addressed these changes in a structured and dedicated way, so the improvements become sustainable. This was verified by DNV GL in an audit in December 2014 that was followed by an ISO certification in January 2015. This certification is a significant step towards validating the effort to bring the terminal up to a new and higher QHSE level.

Odfjell has not recycled any ships in 2014.

CORPORATE GOVERNANCE

The framework for our corporate governance is the Norwegian Code of Practice for Corporate Governance of 30 October 2014. Odfjell is committed to ethical business practice, honesty, fair dealing and compliance with all laws affecting our business. This includes adherence to high standards of corporate governance. The Board's statement regarding corporate governance is a part of the Group's Annual Report. Our 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 matters. All Odfjell employees are obliged to comply with the Code of Conduct.

BUSINESS SUMMARY

We remain committed to our long-term strategy of enhancing our position as a leading provider of ocean transportation and storage of bulk liquids and gases. By focusing on safe and efficient operation of a versatile and flexible fleet

of global and regional chemical tankers and gas carriers, together with cargo consolidation at our expanding tank terminal network, we aim to further enhance product stewardship in the solutions we provide our customers. The fleet is operated in complex and extensive trading patterns, meeting our customers' demand for safety, quality and the highest standards of service. Critical mass enables efficient trading patterns and optimal fleet utilisation, although the industry as a whole suffers congestion in port due to lacking investment in shore infrastructure.

Chemical Tankers

Gross revenues from our chemical tanker activities amounted to USD 1,042 million. EBITDA came in at only USD 97 million, negatively impacted by high bunker costs and insufficient fleet utilisation. After a very poor start of the year, the results improved somewhat during the year, so EBIT ended with a result of USD 3 million, the same as in 2013. Odfjell SE corporate related costs are included in these figures. Total chemical tanker related assets at year-end amounted to USD 1,654 million. Time-charter income increased by about 1.5% compared with 2013.

Operation of chemical tankers is complex. During 2014 our ships transported in excess of 500 different products comprising more than 4,000 individual parcels. Unlike vessels in most other shipping segments, our ships call several berths in port both for loading and discharging. This is time-consuming, fuel-inefficient and costly. Our aim, therefore, is always to consolidate and optimise loading and discharging. Successful consolidation of cargoes and time-efficient port operations will benefit our customers, ourselves as well as the environment and enhanced efforts in this regards is high on our agenda.

As part of our on-going fleet renewal programme, in 2014 we took delivery of three newbuildings from Hyundai Mipo Dockyard in Korea. The fourth and final vessel of this series was delivered in January 2015, after which we have no further chemical tankers on order. These four 49,622 dwt coated chemical tankers, featuring eco-friendly and fuel-efficient design, represents a part of Odfjell's fleet renewal programme.

Our chemical tanker fleet at year end 2014 consisted of 77 vessels, including time-chartered ships and vessels operated in joint ventures, on commercial management and on pool basis. 56 ships were of more than 12,000 dwt, of which 30 were owned. The Company also operated 21 smaller ships, ten of which were owned.

In combination with and as an extension of our worldwide deep-sea service, our regional shipping activities encompass four distinct geographical regions; Far East Asia, Europe, South America East Coast and South America West Coast. Our largest regional operation is in Asia, covering a strategically important growth area for our storage and transportation business. We currently operate 11 ships in the region, in trades between Southeast Asia and the Far East, and to and from Australia/New Zealand.

Effective 1 January 2014, Odfjell and Euroceanica agreed to dissolve the pool of ice class stainless steel tankers trading in the Baltic, Northwest Europe and the Mediterranean. Odfjell Tankers continues trading our vessels in this area.

In South America, two Brazilian flagged ships are managed and operated by our wholly owned Brazilian company Flumar. These ships are supplemented by our deep-sea vessels trading in South America.

We also have a 50/50 joint venture in Chile with CSAV, with two ships transporting mostly sulphuric acid for the mining industry along the west coast of South America.

Odfjell has been promoting high safety and enhanced efficiency standards for chemical tankers since the inception of the industry and thus, continues to take a proactive approach towards international regulatory bodies and major customers. Odfjell continues to address key issues openly with all stakeholders in order to enhance safety in the business.

In 2014 we continued reinforcing our efforts to develop a safety culture capable of taking health, safety, security and environmental performance to a sustainably higher level. All our seafarers at all ranks have completed retrospective training as part of our Leadership and Followership Development Programme, which is one of our main long-term initiatives for developing a professional safety culture based on a common understanding of and commitment to our core values.

Gas Carriers

Odfjell re-entered the gas carrier market in 2012 by purchasing two 9,000 cbm LPG/Ethylene carriers; Bow Guardian and Bow Gallant. In September 2014 the two ships joined an external pool, to achieve synergies of a larger fleet that benefit utilisation.

In 2014 we continued the expansion of our gas carrier business by exercising options for four 22,000 cbm LPG/Ethylene carriers at Nantong Sinopacific Offshore & Engineering Co. Ltd. in China. Together with the orders for four 17,000 cbm units that we placed at the same yard in 2013, we have currently eight LPG/Ethylene carriers scheduled for delivery in 2016 and 2017. Through this expansion we will control a fleet of ten versatile gas carriers able to load a combination of LPG, ammonia and petrochemical gases, including ethane and ethylene.

Odfjell announced 1 October 2014 that the transaction with Oak Hill and Breakwater Capital had been closed. In accordance with the joint venture agreement, our new partners invested approximately USD 50 million for the 50% equity interest in Odfjell's gas carrier business (Odfjell Gas AS). Odfjell and our new partners have agreed to commit approximately USD 50 million each to finance the joint venture's existing newbuilding programme. Through consolidation and partnerships with other first class operators, Odfjell Gas will build a leading LPG/Ethylene

carrier platform based on operational excellence, a modern and eco-friendly fleet and long-term industrial shipping perspective.

Gross revenues from our gas carrier activities in 2014 came in at USD 25 million, with EBITDA of USD 3 million compared with negative USD 3 million in 2013. EBIT for 2014 amounted to USD 8 million, compared with negative USD 6 million the previous year. The 2014 EBIT includes USD 6 million in capital gains and re-measurement related to the new partnership transaction for Odfjell Gas.

Tank Terminals

Since November 2013 Odfjell's tank terminal business is owned through a joint venture with Lindsay Goldberg through our joint investment in Odfjell Terminals BV. Only Odfjell's small tank terminal investment in Iran is not included in the joint venture.

With the exception of the tank terminals in Rotterdam and Charleston, our tank terminal business continued to deliver stable earnings in 2014. Gross revenues from our tank terminal activities came in at USD 94 million, while EBITDA for 2014 were negative USD 4 million, down from positive USD 21 million in 2013. EBIT for 2014 amounted to negative USD 31 million, compared with negative USD 73 million the previous year. Included in the 2013 EBIT is an impairment of gross USD 81 million related to Odfjell Terminals (Rotterdam) (OTR) and capital gains related to terminal transactions of USD 24.5 million. The 2014 EBIT includes a reversal of impairment by USD 8 million.

At year-end 2014, the book value of our total tank terminal assets was USD 650 million, compared with USD 685 million per end of 2013.

Odfjell's existing tank terminals are located in Rotterdam, Antwerp, Houston, Charleston, Singapore, Onsan, Sohar, Bandar Imam Khomeiny, Jiangyin and Dalian. Additionally, we have a beneficial co-operation agreement with a related party that partly owns 12 tank terminals in South America and one in Canada.

Our terminal in Charleston is expected to be at full occupancy in first quarter of 2015, including a ship/store solution for one major customer. The construction of the new Tianjin terminal in China is progressing with mechanical completion scheduled in first quarter 2015, with the jetties already receiving all operating permits from the many authorities.

Odfjell Terminals (Rotterdam) reported substantial losses also in 2014 due to reduced capacity and the ongoing challenges at the terminal over the last 30 months. EBITDA at OTR on a 100% basis were negative USD 80 million in 2014 compared with negative USD 65.6 million in 2013 and negative USD 58.2 million in 2012. The re-organisation and subsequent reduction of staff at OTR in 2014 have improved the cost base for the terminal. In July 2014, OTR completed a reorganisation that places the facility on a

sound cost structure going forward. The facility completed an operations excellence effort to review and implement processes and procedures that culminated in the ISO certifications of the management systems.

The continued commercial focus on the utilisation of the distillation units paid off by the signing of an important contract for distillation in early 2015. By the beginning of 2015, the commercial occupancy is 90% due to contango in the gasoline market. We expect the commercially available capacity returning from maintenance to gradually increase in 2015 to above 900,000 cbm, up from 550,000 by year end 2014. OTR's distillation business will be fully contracted in the second quarter. The terminal received a new ISO certification in January; another important milestone on the road to recovery for the terminal.

For 2015, OTR continues to implement its long-term business plan. Upgrading of the facility to meet the new industry standards is progressing according to plan. The distillation facility is expected to conclude several contracts that reflect new opportunities in the fuel market.

The new stainless steel tank capacity in Houston is fully occupied. The new 17,142 cbm tank pit construction (Bay 10) is under construction basis mostly long-term contracts with an oil major, with expected completion in fourth quarter 2015. When completed, the terminal will have a total capacity of 394,193 cbm.

PROFIT & LOSS FOR THE YEAR - CONSOLIDATED

The Group's accounts have been prepared in accordance with IFRS.

Gross revenues for the Odfjell Group came in at USD 1,053 million, up 2% from the preceding year. The consolidated result before taxes in 2014 was a loss of USD 76 million, compared with a loss of USD 103 million in 2013. The tax result in 2014 amounted to an income of USD 1 million, compared with negative USD 5 million in 2013.

EBITDA for 2014 totalled USD 66 million, compared with USD 41 million the preceding year. EBIT came to a loss of USD 22 million, compared with a loss of USD 57 million in 2013. The net result for 2014 amounted to a loss of USD 75 million, compared with a loss of USD 108 million in 2013. In 2014 we recognised an impairment of USD 4 million related to planned sale of one of our ships and USD 6.5 million in capital gain related to sale of 50% share in Odfjell Gas, whereas the 2013 result included USD 8.5 million in capital losses related to sale of ships.

Net financial expenses for 2014 totalled USD 53 million, compared with USD 46 million in 2013. The average USD/NOK exchange rate in 2014 was 6.32, compared with 5.89 the previous year. The USD appreciated against the NOK to 7.43 by 31 December 2014, from 6.08 at year-end 2013. The cash flow from operations was USD 44 million in 2014, compared with USD 17 million in 2013. The net cash flow

from investments was negative USD 144 million, mainly related to new investments. The cash flow from financing activities was positive USD 113 million.

Odfjell SE posted a loss for the year of USD 53 million. The loss will be covered by a transfer from other equity. As of 31 December 2014, total retained earnings amounted to USD 664 million.

The Annual General Meeting will be held on 6 May 2015 at 16:00 hours at the Company's headquarters.

Odfjell embraces an investor-friendly dividend policy. The goal is to provide semi-annual dividend payments. However, given the poor 2014 results and the importance of maintaining strong liquidity going forward, the Board does not propose payment of a dividend for the 2014 results.

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

SHARES AND SHAREHOLDERS

The Company is an SE company (Societas Europaea) subject to Act No 14 of 1 April 2005 relating to European companies. The Company's registered office is in the city of Bergen, Norway.

The object of the Company is to engage in shipping, ship agency, tank terminals, real estate, finance and trading activities, including the transportation of freight in the Company's own vessels or chartered vessels, the conclusion of freight contracts, co-ownership agreements and cooperation agreements, ownership and operation of tank terminals, as well as investment and participation in other enterprises with a similar object and other activities related thereto.

By the end of 2014 the Company's class A-shares were trading at NOK 29 (USD 3.88), down 29% from NOK 41 (USD 6.74) at year-end 2013. The class B-shares were trading at NOK 26.2 (USD 3.53) at the end of 2014, down 34% from NOK 39.5 (USD 6.50) 12 months previously. By way of comparison, the Oslo Stock Exchange benchmark index increased by 5%, the marine index fell 50.6% and the transportation index was reduced by 19% during the year. As of 31 December 2014, Odfjell's market capitalization amounted to about NOK 2,440 million.

KEY FIGURES

The return on equity for 2014 was negative 10.8% and the return on total assets was negative 1.6%. The corresponding figures for 2013 were negative 12.8% and 3.6% respectively. The return on capital employed (ROCE) was negative 0.9% in 2014. Earnings per share in 2014 amounted to negative USD 0.95 (negative NOK 6.97), compared to negative USD 1.35 (negative NOK 8.21) in 2013. The cash flow per share was USD 0.19 (NOK 1.4), compared to USD 1.26 (NOK 7.6) in 2013.

As of 31 December 2014 the Price/Earnings (P/E) ratio was negative 4.0 and the Price/Cash flow ratio was 19.9. Based on book value, the current Enterprise Value (EV)/EBITDA multiple was 25.7 while the EV/EBITDA multiple was 21.0 based on the market capitalization as per 31 December 2014. The interest coverage ratio (EBITDA/net interest expenses) was 1.7, compared to 1.2 in 2013.

FINANCIAL RISK AND STRATEGY

Our financial strategy shall be sufficiently robust to withstand prolonged adverse conditions, including long-term downturns in our markets or challenging conditions in the financial markets. Odfjell adopts an active approach to managing risk in the financial markets. This is achieved through funding from diversified sources, maintaining high liquidity or credit reserves, and through systematic monitoring and management of financial risks related to currencies, interest rates and bunkers. Hedging instruments are used to reduce the Company's exposure to fluctuations in the above-mentioned financial risks. At the same time, it may limit Odfjell's upside potential from favourable movements in these risk factors. We also closely monitor the risk related to market valuation of the hedging instruments and the effect this has on the equity ratio. We also give high attention to the refinancing of debt maturing in 2015 to maintain a satisfactory liquidity position for the Company. The largest single cost component affecting time-charter earnings is bunkers. In 2014 this amounted to more than USD 274 million, ignoring the effect of any bunker adjustment clauses and bunkers hedging in place. A change in the average bunker price of USD 50 per tonne equals about USD 20 million per year (or USD 1,000 per 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 (CoAs). As at 31 December 2014, the Company had hedged about 50% of its 2015 bunker exposure, through swaps at an average price of about USD 525 per tonne. In addition bunker clauses in CoAs cover the remainder 50% of the exposure. As a result Odfjell will have limited benefits in 2015 from the reduction in bunker prices we saw towards the end of 2014.

All interest-bearing debt, except bonds in the Norwegian bond market and debt borne by tank terminals outside the USA, is denominated in USD. Interest rates are generally based on USD LIBOR rates. With our current interest rate hedging in place, about 4% of our loans were at fixed interest rates at year end.

The Group's revenues are primarily denominated in USD. 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 NOK. We have estimated that a 10% decrease of the USD against the NOK would reduce the pre-tax 2014 result by around USD 8 million, ignoring the effect of any currency hedging in place. Tank

terminals outside the USA and our regional European shipping trade generate income in non-USD currencies.

Our currency hedging at the end of 2014, under which the Company sold USD and purchased NOK, covers about 37% of the Company's 2015 NOK-exposure. Future hedging periods may vary depending on changes in market conditions. The average USD/NOK exchange rate for open hedging positions at 31 December 2014 for 2014 was 6.60.

LIQUIDITY AND FINANCING

Total interest-bearing debt as at 31 December 2014 was USD 1,163 million, while liquid assets amounted to USD 105 million, both figures excluding joint venture companies. At the same date the equity ratio, using the Equity consolidation method, was 31.4% compared to 37.2% per end 2013.

During 2014, Odfjell entered into six new loans, financial leases and bond agreements related to the shipping/corporate division, with a total facility amount of about USD 215 million.

The average maturity of the Group's interest-bearing debt is about 3.6 years of which 22% of the interest-bearing-debt matures in 2015 of which most of the loans are maturing towards the end of the year. Debt repayments due in 2015 will be refinanced and is expected to contribute positively to our cash holdings. A significant portion of the balloon repayment maturing late 2015 will be refinanced during first half of 2015. A NOK 600 million bond matures in December 2015. In total USD 278 million is planned refinanced in 2015, of which USD 55 million has been refinanced per 18 March 2015.

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.

Odfjell maintains a policy of providing employees with equal opportunities for development of skills and offering new challenges within our Company. All employees shall be treated equally, irrespective of ethnic background, gender, religion or age – and they shall be offered equal opportunities for development and promotion to managerial positions.

We carry out employee surveys at the headquarters in Bergen and at our overseas offices, and we do ergonomics inquiries. In addition we have implemented a programme for improved health care for seafarers, focusing on exercise and a healthy diet. The work environment on shore and at sea is considered good.

The Company offers equal opportunities in terms of recruitment, promotion or wage compensation. 30.6% of about 222 employees at the headquarters in Bergen are women. The corresponding female share globally (about 831 employees

in our fully owned onshore operations) is 28.3%. Three of the six Directors of the Board of Odfjell SE are women.

The Board takes this opportunity to thank all employees for their contributions to the Company during 2014.

REMUNERATION OF THE MANAGEMENT GROUP

Salary and other remuneration to the President/CEO shall be determined by the Board. A description of the remuneration of the Management Group and the Group's remuneration policy, including the scope and organisation of bonus and share-price-related programmes, is given in the Board of Directors' statement of guidelines for the remuneration of the Management Group. A ceiling has been set for performance-related remuneration. The Board of Directors' statement of guidelines is considered by the General Meeting and made available to shareholders together with the notice of the Annual General Meeting. See Note 22 to the Odfjell Group accounts for details about the remuneration of the Management in 2014.

MARKET DEVELOPMENT

The world economy continues to develop at only a moderate pace, six years after the financial crisis hit the markets in 2008/2009. Global economic growth remained stable at about 3.3% in 2014, only marginally up from the year before. The US economy is recovering, with increased industrial production and falling unemployment. The EU has returned to positive albeit weak growth and some of the previously worst affected countries seem to be back to more normal conditions. However, there are still a number of uncertain factors; continued high unemployment, insufficient political ability to implement necessary structural reforms to stimulate creation of new business, and growing public resistance against austerity policies. In Asia the positive turn of the trend in 2013 continued also in 2014, with stronger growth in India and the newly industrialised Asian countries. The main exceptions are China, which looks like continuing towards a controlled 'soft landing' at growth levels in the 6-7% range, and Japan, which returned to zero growth in 2014 after two years of slow but positive growth. The other BRIC economies, Russia and Brazil, continue to struggle with close-to-zero growth.

Oil prices remained high for the first eight months of the year, with the Brent Blend crude consistently above USD 100 per barrel, marine heavy fuel oil in the USD 550-600 per tonne range and marine gas oil at about USD 950-1,000 per tonne. After the summer the crude oil prices dropped significantly, as main OPEC members no longer were willing to curb production to keep up the price. By year end the crude oil price was more than halved, to levels not seen since early 2009. The marine fuel prices followed a similar development. Although the energy prices started to get firmer again into 2015, the price reduction offers an economic boost to oil-importing countries whilst hurting the trade balance and growth of oil-rich economies.

The main shipping segments continued suffering from rather slow freight markets combined with a general over-supply of tonnage. However, after rather depressing first three quarters of the year, the crude and product tankers enjoyed an upturn towards the end of the year that led to substantially improved vessel earnings. The large marine fuel oil price drop came as a relief to the shipping industry, although hedging mechanisms, contract bunker adjustment clauses and gradually softer freight rates reflecting the lower fuel costs offset some of the benefits. Ordering of new tonnage in most segments slowed drastically in 2014 compared with 2013, reflecting the unsatisfactory earnings and the considerable remaining orderbook that should curb a rapid recovery of the shipping markets.

Abundant shale oil and gas resources in the United States continue to offer very competitive feedstock prices for the US petrochemical industry, leading to expansion of ethylene cracker capacity. As a significant share of this will be refined into liquid petrochemicals, US exports is increasing considerably at the expense of naphtha-based production in Europe, Northeast Asia and South America. At the same time, a shift from naphtha-based to shale gas-based production increases US imports of commodities normally derived from naphtha. Some of the US surplus ethane will also be exported and thus, will create shipping opportunities both for chemical tankers as well as for ethylene carriers. The Middle East countries continue the down-stream expansion, aiming at producing and exporting more of the sophisticated products themselves. The future for the naphtha-based chemical industry in other areas, particularly in Europe but also parts of Northeast Asia, will depend on the energy prices. The drastically reduced crude oil prices may indicate the vulnerability of the shale oil/gas producers in times of low oil prices but also a revival potential of the chemical industry in Europe.

Chemical spot freight rates firmed during the first quarter of the year, offering some optimism that the market was entering a more sustainable level, but returned for the rest of the year to about the same levels as during the two previous years. The drastically reduced bunker prices improved the voyage earnings for the chemical tanker operators, but not to its full potential due to hedging, contract freight adjustment clauses and gradually reduced spot freight rates.

The chemical tanker fleet as a whole had a net growth of 3.2% in 2014, of which the core chemical deep-sea fleet grew by about 1.8%. This is considerably below average annual growth during the last decade. On the other hand, the current deep-sea core orderbook is 22% of current fleet and thus, there will be a more rapid fleet growth over the next few years. If all current orders are delivered according to schedule, the core deep-sea fleet will grow on average by 6.4% per year in 2015 and 2016. However, we see several projects being delayed and some also cancelled and thus, a somewhat more moderate fleet expansion appears likely. IMF forecasts suggest that the global economy will expand

by 3–4% per year over the next few years, which traditionally should indicate an average annual increase in the demand for seaborne chemical transportation of 5–6%. This is more or less in line with the forecasted annual fleet growth the next two years, and there is also a considerable market slack in terms of slow-steaming, ballasting or only partly loading as well as inefficient port operations that need to be absorbed before we see any real tightening of the market. Hence, the market balance appears not likely to improve substantially in the short-term horizon.

COMPANY STRATEGY AND PROSPECTS

Odfjell strives to provide safe, efficient, and cost-effective chemical tanker, gas carrier and tank terminal services to our customers worldwide. Close co-operation between our shipping activities and our tank terminals offers substantial operational and commercial benefits. In addition, the tank terminals themselves have proven a stabilising factor in our overall financial performance over time, as earnings from this area are less volatile as compared to earnings from our shipping activities.

On the shipping side, we are continually striving to be competitive and flexible with a modern and versatile fleet of vessels of high standards, adjusting to changing trade patterns through organisational dexterity. In spite of this, overall activity levels were unsatisfactory also in 2014.

World GDP growth, one of the main factors affecting overall chemical tanker demand, is forecasted to improve slightly in 2015 and 2016 compared with the two most recent years. As a significant portion of our bunker exposure has been secured through hedging contracts done during the third

quarter of 2014 and by bunker adjustment clauses, Odfjell will have limited benefits from lower bunker prices in 2015.

The demand for chemical tanker services is firming going forward, with CoAs being renewed at somewhat improved terms. However, although ordering of new chemical tankers was drastically reduced during the fourth quarter compared with previous quarters, the core deep-sea fleet orderbook is still 22% of current fleet. The equivalent order reserve of stainless steel vessels is close to 30%. As a consequence thereof, we expect the supply/demand imbalance to persist, at least through 2015, and not likely to improve substantially in the short-term horizon. Our main concerns relate to challenging markets also in 2015, fuel costs and potential further increased order book within our core segment.

With regard to terminals, we expect increased utilisation and result improvements at Odfjell Terminals (Rotterdam) and moderately improved financial results from the other terminals.

During 2014 we have made a total review of our business activities. Early 2015 the Board approved an ambitious restructuring plan that, fully implemented, is estimated to improve the net result by in excess of USD 100 million on a yearly basis within end 2016. One of the main focus areas in 2015 will be to implement the various initiatives in the restructuring plan and our cost savings initiatives related to operating expenses, general and administrative expenses, trade optimisation and bunker consumption. Through these measures we will gradually achieve enhanced competitiveness that will enable us to regain our position as a profitable global logistics provider.

THE BOARD OF DIRECTORS



LAURENCE WARD ODFJELL

Born 1965. Chairman of the Board since 4 May 2010. Laurence Odfjell was board member between 2004 and 2007 and former President of Odfjell Terminals BV. He is a founding family member of the Company. He controls 25,966,492 A-shares and 3,536,381 B-shares (incl. related parties) and no options.



ÅKE GREGERTSEN

Born 1955. Board member since 6 May 2013. Åke Gregertsen has held several positions in Odfjell, including President of Odfjell Terminals (Houston) from 1996 to 2001 and Senior Vice President at Odfjell Terminals from 2001 to 2002. He has also worked for Odfjell Terminals BV on a consultancy basis, and from 2012 to 2013 was Interim President for Odfjell Terminals BV. Åke Gregertsen owns 3,000 A-shares and no options.



KRISTIAN VERNER MØRCH

Born 1967. Board member since 7 May 2014. Kristian Mørch is a Danish citizen and is Partner and Group CEO of Clipper Group since 2011. From 1987 to 2010 he held various positions in A.P. Moller-Maersk, the last two years as COO of Maersk Tankers. He holds an MBA from IMD (Switzerland), and is an AMP graduate from Harvard Business School. Kristian Mørch is an independent board member and he owns 3,500 B-shares and no options.



ANNETTE MALM JUSTAD

Born 1958. Board member since 12 November 2014. Annette Malm Justad is a Norwegian citizen. She has a Master's degree in chemical engineering from the Norwegian Institute of Technology (NTH) and a master in technology management from MIT Sloan School of Management. She has a broad experience in logistics, marketing and purchasing within manufacturing and industrial shipping. In addition she has extensive board directorship experience. Annette Malm Justad is an independent board member and she owns no shares or options.



CHRISTINE RØDSÆTHER

Born 1964. Board member since 4 May 2010. Christine Rødsæther is a lawyer and partner in the law firm Vogt & Wiig. She is a Master of Law (LLM) specialising in Financial Regulations, Maritime Law and Transportation, and has experience within banking, finance, corporate, shipping and offshore. Christine Rødsæther is an independent board member and she owns no shares or options.



JANNICKE NILSSON

Born 1965. Board member since 8 May 2012. Jannicke Nilsson holds a Master of Science in cybernetics and process automation from Stavanger University, and has 26 years of experience in the upstream oil and gas industry. She is currently Senior Vice President Operation North Sea West, Development and Production Norway for Statoil and Statoil's Location Manager in Bergen. Jannicke Nilsson is an independent board member and she owns no shares or options.



FINANCIAL STATEMENT ODFJELL GROUP

INCOME STATEMENT

(USD 1 000)	Note	2014	2013
Gross revenue	3	1 052 967	1 027 254
Voyage expenses	18	(496 011)	(488 447)
Time-charter expenses	19	(190 844)	(163 931)
Operating expenses	20, 22	(175 417)	(188 362)
Gross result		190 695	186 514
Share of net result from associates and joint ventures	34	(32 333)	(52 464)
General and administrative expenses	21, 22	(92 729)	(93 021)
Operating result before compensation, depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)		65 633	41 029
Depreciation and amortization	10	(90 152)	(88 989)
Impairment of non-current assets	11	(4 494)	-
Capital gain (loss) on non-current assets	10	6 529	(8 582)
Operating result (EBIT)		(22 484)	(56 542)
Interest income	17	3 178	241
Interest expenses	7	(42 024)	(33 555)
Other financial items	25, 26	(14 429)	(12 843)
Net financial items		(53 275)	(46 156)
Result before taxes		(75 759)	(102 698)
Taxes	8	614	(4 823)
Net result		(75 145)	(107 521)
OTHER COMPREHENSIVE INCOME			
Items that may be subsequently reclassified to statement of comprehensive income			
Cash flow hedges changes in fair value	5	(77 772)	6 610
Cash flow hedges transferred to statement of comprehensive income	5	14 760	(6 800)
Net unrealised gain/(loss) on available-for-sale-investments		252	28
Share of comprehensive income on investments accounted for using equity method		(13 184)	(11 194)
Items that will not be reclassified to statement of comprehensive income			
Net actuarial gain/(loss) on defined benefit plans		3 088	23 429
Other comprehensive income		(72 856)	12 073
Total comprehensive income		(148 001)	(95 448)
Net result allocated to:			
Non-controlling interests		-	-
Owner of parent		(75 145)	(107 521)
Total comprehensive income allocated to:			
Non-controlling interests		-	-
Owner of parent		(148 001)	(95 448)
Earnings per share (USD) - basic/diluted	12	(0.95)	(1.35)



STATEMENT OF FINANCIAL POSITION

Assets as per 31.12 (USD 1 000)	Note	2014	2013	01.01.2013
NON-CURRENT ASSETS				
Deferred tax assets	8	2 400	-	-
Real estate	10	15 347	16 612	17 215
Ships	10	1 268 912	1 245 569	1 185 007
Newbuilding contracts	10	14 699	69 200	102 702
Office equipment and cars	10	35 834	38 433	39 802
Investments in associates and joint ventures	34	393 162	390 103	332 054
Loan to associates and joint ventures	34	9 630	-	29 487
Net defined pension assets	9	1 684	-	-
Non-current receivables	27	18 901	30 640	44 108
Total non-current assets		1 760 569	1 790 557	1 750 375
CURRENT ASSETS				
Current receivables	28	130 329	126 068	107 127
Bunkers and other inventories	31	23 188	35 159	35 678
Derivative financial instruments	5	4 825	3 867	6 610
Available-for-sale investments	16	9 910	9 658	16 734
Loan to associates and joint ventures	34	906	-	-
Cash and cash equivalents	17	95 416	83 622	121 891
Assets classified as held for sale	35	6 507	-	223 741
Total current assets		271 081	258 375	511 779
Total assets		2 031 650	2 048 932	2 262 154
Equity and liabilities as per 31.12				
EQUITY				
Share capital	32	29 425	29 425	29 425
Treasury shares	32	-	(2 785)	-
Share premium	32	172 388	172 388	53 504
Other equity		435 776	560 456	831 344
Total equity		637 589	759 484	914 273
NON-CURRENT LIABILITIES				
Pension liabilities	9	8 151	26 032	51 042
Derivative financial instruments	5	32 234	14 412	10 712
Non-current interest bearing debt	7	837 432	1 011 896	859 530
Other non-current liabilities	30	1 997	2 360	10
Total non-current liabilities		879 814	1 054 700	921 294
CURRENT LIABILITIES				
Current portion of interest bearing debt	7	325 750	123 516	183 127
Taxes payable	8	1 706	2 583	18 656
Employee taxes payable		5 932	6 457	7 732
Derivative financial instruments	5	87 204	9 190	23 744
Other current liabilities	24, 29	93 655	93 002	64 428
Liabilities classified as held for sale	35	-	-	128 900
Total current liabilities		514 247	234 748	426 587
Total liabilities		1 394 061	1 289 448	1 347 881
Total equity and liabilities		2 031 650	2 048 932	2 262 154
Guarantees	15	500 466	306 886	-

THE BOARD OF DIRECTORS OF ODFJELL SE

Bergen, 18 March 2015

CHRISTINE RØDSÆTHER

LAURENCE WARD ODFJELL
Chairman

ÅKE GREGERTSEN

KRISTIAN VERNER MØRCH

JANNICKE NILSSON

ANNETTE MALM JUSTAD

TORE JAKOBSEN
President/CEO



STATEMENT OF CASH FLOW

[USD 1 000]	Note	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income taxes		(75 759)	(102 698)
Taxes paid in the period		(3 048)	(17 200)
Depreciation and impairment	10	94 647	89 088
Capital (gain) loss on non-current assets	10	(6 529)	8 582
Change in inventory (increase) decrease		11 971	297
Change in trade debtors (increase) decrease		(38 637)	7 658
Change in trade creditors increase (decrease)		3 091	(49 741)
Difference in pension cost and pension premium paid		(1 594)	(3 497)
Share of net result from associates and joint ventures		31 938	52 204
Effect of exchange fluctuations		(25 942)	13 714
Other current accruals		53 662	19 058
Net cash flow from operating activities		43 800	17 465
CASH FLOW FROM INVESTING ACTIVITIES			
Sale of non-current assets		-	21 906
Investment in non-current assets	10	(143 484)	(141 476)
Capital contribution/investments in shares and in other companies		-	7 167
Non-current receivables		233	13 227
Available-for-sale investments		(252)	7 076
Net cash flow from investing activities		(143 503)	(92 100)
CASH FLOW FROM FINANCING ACTIVITIES			
New interest bearing debt		214 744	388 342
Payment of interest bearing debt		(127 699)	(309 294)
Repurchase / sale of treasury shares		26 105	(42 201)
Net cash flow from financing activities		113 150	36 847
Effect on cash balances from currency exchange rate fluctuations		(1 653)	(481)
Net change in cash balances		11 794	(38 269)
Cash and cash equivalents as per 1.1		83 622	121 891
Cash and cash equivalents as per 31.12		95 416	83 622
Available credit facilities		-	-

STATEMENT OF CHANGES IN EQUITY

[USD 1 000]	Share capital	Treasury shares	Share premium	Exchange rate differences	Cash flow hedge reserve	Available-for-sale reserve	OCI associates and joint ventures	Pension re-measurement	Retained earnings	Total other equity	Owner of parent equity	Non-controlling interest	Total equity
Equity as at 01.01.2013	29 425	-	53 504	24 094	(11 724)	430	(10 210)	-	822 252	824 842	907 771	6 503	914 274
Change in accounting principle ¹⁾	-	-	-	(27 141)	375	-	-	26 766	-	-	-	-	-
Equity as at 01.01.2013 adjusted for changes	29 425	-	53 504	(3 047)	(11 349)	430	(10 210)	26 766	822 252	824 842	907 771	6 503	914 274
Comprehensive income	-	-	-	-	(190)	28	23 429	(11 194)	(107 521)	(95 448)	(95 448)	-	(95 448)
Other adjustments	-	-	-	-	12 506	-	-	-	(23 144)	(10 638)	(10 638)	-	(10 638)
Repurchases treasury shares ²⁾	-	(2 785)	-	-	-	-	-	-	(39 416)	(39 416)	(42 201)	-	(42 201)
Demerger	-	-	118 883	-	-	-	-	-	(118 883)	(118 883)	-	-	-
Disposal minority	-	-	-	-	-	-	-	-	-	-	-	(6 503)	(6 503)
Equity as at 31.12.2013	29 425	(2 785)	172 388	(3 047)	967	458	13 219	15 572	533 288	560 457	759 485	-	759 484
Equity as at 1.1.2014	29 425	(2 785)	172 388	(3 047)	967	458	13 219	15 572	533 288	560 457	759 485	-	759 484
Comprehensive income	-	-	-	-	(63 012)	252	3 088	(13 184)	(75 145)	(148 001)	(148 001)	-	(148 001)
Sale of treasury shares ³⁾	-	2 785	-	-	-	-	-	-	23 320	23 320	26 105	-	26 105
Equity as at 31.12.2014	29 425	-	172 388	(3 047)	(62 045)	710	16 307	2 388	481 463	435 774	637 589	-	637 589

¹⁾ The Group has applied IFRS 11 from 1 January 2013. The effect on the change in accounting principles is further described in note 2. The change has no effect on the total equity, except for reclassification of items within the equity.

²⁾ In 2013 Odfjell SE acquired 5,891,166 A-shares and 2,322,482 B-shares. The total purchase price was USD 42.2 million. Consideration in excess of nominal value (USD 2.8 million) is charged directly to retained earnings (USD 39.4 million).

³⁾ On 19 December 2014 Odfjell SE entered into a Total Return Swap (TRS) agreement with DNB Markets. The TRS comprised 5,891,166 A-shares and 2,322,482 B-shares with pre agreed strike prices.



NOTES TO THE 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 with the tickers ODF and ODFB. The consolidated financial statement of Odfjell for the year ended 31 December 2014 was authorised for issue in accordance with a resolution of the Board of Directors on 18 March 2015. The Odfjell Group includes Odfjell SE, subsidiaries incorporated in several countries (see note 33 for an overview of consolidated companies), and our share of investments in joint ventures (see note 34).

Odfjell is a leading company in the global market for transportation and storage of chemicals and other speciality bulk liquids, LPG/ethylene products as well as a provider of related logistical services. Through its various subsidiaries and joint ventures Odfjell owns and operates chemical tankers, gas carriers 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 has prepared its consolidated financial statements according to International Financial Reporting Standards (IFRS) approved by the EU. The consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets, and financial assets and financial liabilities (including derivatives instruments) at fair value through profit or loss.

2.2 The use of estimates and assessment of accounting policies when preparing the annual accounts

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The preparation of financial statements

in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving higher degree and judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are:

Voyage revenues and costs

Voyage revenues and costs are recognised in accordance with the percentage of completion method with operating revenues and expenses recognised for each voyage. This recognition is based on estimated voyages that are reviewed and updated at each period end.

Impairment test chemical tanker vessels

The chemical tanker fleet is reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of the fleet may not be recoverable. Management measures the recoverable amount of an asset or Cash Generating Unit (CGU) by comparing its carrying amount to the higher of its fair value less cost of disposal or value in use that the asset or CGU is expected to generate over its remaining useful life.

If an asset or CGU is considered to be impaired, impairment is recognised in an amount equal to the excess of the carrying amount of the asset or CGU over its recoverable amount.

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. 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.

In order to assess impairment, Management makes assumptions regarding future cash

inflows and outflows based on existing contracts, historical experience, financial forecasts, expected growth in ship supply, market demand and discount rate. Management also makes assumptions regarding residual values of the ships.

If actual results differ from estimates and assumptions used in estimating future cash flows, then the Group may be exposed to future impairment losses that could be material.

An impairment test has been carried out at year end 2014. Key assumption in the impairment test is the gross result and discount rate.

An increase of 1% in the weighted average cost of capital (WACC) would result in a decrease in the present value by approximately USD 147 million. Such increase in the discount rate would not result in an impairment of the ships.

A decrease in revenue with 5% would decrease the net present value with USD 201 million. Such change would not result in impairment of the ships.

Depreciation and residual value of ships

Ships are recognised at historical cost less accumulated depreciation and any impairment charges. The cost of the ships includes the contract price, expenses related to site team and pre-delivery borrowings incurred. The cost less residual value is depreciated on a straight-line basis over the ships estimated useful life.

The cost of the ships is divided into separate components for depreciation purposes. Estimated cost of first time dry-docking is deducted from the cost of the ship and depreciated separately over a period until the next dry-docking. The residual value of these components is zero.

Residual value is estimated based upon the latest available steel-price/stainless steel price and the lightweight of the ships. Stainless steel part of the lightweight of the ships is separately assessed and valued as part of the total residual value.

Estimated useful life of the ships is 30 years.



Estimated cost of dry-docking is depreciated over an estimated period of 2.5 years. If actual use of the ships differs from estimated useful life an impairment loss could occur.

If residual value is incorrect, the future depreciation would be affected, either as a reduction if residual value is understated or as an increase in depreciation if residual value is overstated.

At the end of 2014 the Group changed its procedure for assessing the residual value. The total lightweight of the ship is distributed between steel and stainless steel and separately valued. As a consequence of such change, the estimated annual depreciation will decrease with approximately USD 4.7 million.

Impairment test of investments in joint ventures and associated companies

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investments in joint ventures or associates. At each reporting date, the Group determines whether there is objective evidence that the investments are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount and the carrying amount of the investment. Any impairment loss is recognised as 'share of profit or loss from joint venture and associates'.

The recoverable amount is the higher of value in use and fair value less cost to sell. The entire carrying amount of the investment is tested for impairment as one single asset. If the joint venture or associate is a Group itself, we estimate our share of the recoverable amount by estimating the share of the fair value less cost to sell or value in use of the cash generating units in the joint venture or associate.

When estimating share of fair value we use the market approach and make assumptions about budgeted EBITDA for 2015 and a reasonable multiple. From this amount we deduct net interest bearing debt. The net amount is used as an estimate of our share of the fair value.

For CGU in the joint venture assessed for impairment by estimating the value in use, we make use of the latest available forecasted cash flows and make assumptions about discount rate.

When estimating the value in use we have estimated two discount rates, one for the first ten years period and one for the remaining useful life of the assets. The average pre-tax discount rate is 8.33%. The latest approved forecasts are used when estimating our share of cash flows. For the period beyond the forecast period of five years the forecasted cash flows are extrapolated by using the estimated inflation rate.

When estimating fair value less cost to sell, we have applied a multiple of 10 x EBITDA in order to arrive at enterprise value. We have used the carrying amount of net interest bearing debt at 31 December 2014 as an estimate of the fair value of the net interest bearing debt.

Recoverable amount for new projects/greenfield are deemed to equal book value.

Pension obligation

The Odfjell Group sponsors defined benefit pension plans and supplemental executive retirement plans. Net pension costs and accumulated benefit obligation is calculated using a number of assumptions including discount rate, increase in salary, retirement age and mortality rate. These assumptions have a significant impact on the defined benefit obligation recognised at year end.

The Group uses external actuary to calculate the net pension cost and accumulated benefit obligation. The key assumptions applied when calculating the pension obligation and the associated sensitivity analysis is further elaborated in note 9.

2.3 Revenue recognition

Revenue is recognised when it is probable that a transaction will generate a future economic benefit that will accrue to the Group, 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.

2.4 Segments

Operating segments are reported in the manner consistent with the internal financial reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board and Odfjell Management Group which makes the strategic decisions. In the internal reporting, the proportionate consolidation method is used for the Group's share of investments in joint ventures and associates. The proportionate consolidation method means that we include the Group's share of revenue and expenses in addition to our share of assets and liabilities. In the consolidated financial statements, investments in joint ventures and associates are accounted for according to the equity method.

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 new building 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.

2.5 Non-current assets

Non-current assets are measured at historical cost, which includes purchase price, capitalised interest and other expenses directly related to the assets. The carrying value of the non-current assets on the statement of financial position 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 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. The residual value for ships is estimated by distributing the total lightweight of the ships in a stainless steel part and a steel part. Steel are estimated to the market value of USD 420 per metric



tonne. Stainless steel is valued at 10% of the quoted nickel price at London Metal Exchange at the statement of financial position date. 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 is 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 income statement income during 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 bareboat terms, Odfjell is responsible for operating expenses and periodic maintenance. For such ships we make accruals for estimated future periodic maintenance. Provision for dry-docking of ships on bareboat terms is included in other provisions in the statement of financial position.

Expected useful lives of non-current assets are reviewed at each statement of financial position 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 income 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.

Non-current assets are classified as assets

held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Assets held for sale are excluded from the impairment test together with the other assets and a separate judgement is made.

2.6 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 occurs:

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 commence 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 extension period for scenario 2.

Assets financed under financial leases are capitalised at the commencement 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 income statement on a straight-line basis over the lease term, see note 15 and note 19.

2.7 Impairment of assets

Non-financial assets

The carrying amount of the Group's tangible assets is reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belong. 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 WACC reflecting the required rate of return. If the recoverable amount is lower than the book value, impairment has occurred and the asset shall be revalued. Impairment losses are recognised in income statement. Assets are grouped at the lowest level where there are separately identifiable independent cash flows.

Impairment losses recognised in the income statement for previous periods are reversed when there is information that the basis for the impairment loss no longer exists. This reversal is classified in the income statement 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.

Financial assets

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

(i) Assets carried at amortised cost

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

(ii) 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 other comprehensive income, is transferred from other comprehensive income to income statement. 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.

2.8 Consolidation

The consolidated statements consist of Odfjell SE and its subsidiaries as at 31 December each year (see note 33).

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. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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 statement of financial position date. Excess values are depreciated over the estimated useful lives.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

2.9 Investment in joint ventures and associates

A joint venture is a type of joint arrangement whereby the parties that have joint control have the right to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of the arrangement, which exists only when decisions about relevant activities require unanimous consent of the parties sharing control.

An associate is an entity which the Group has significant influence. Significant influence is

the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in joint ventures and associates are accounted for by using the equity method. Under this method, the investment is initially recognised at cost. Goodwill relating the associate or joint venture is included in the carrying amount of the investment and not tested for impairment individually.

The income statement reflects the Group's share of the net result after tax of the associate or joint venture. Any depreciation or amortisation of the Group's excess values are included in the net result.

Any change in other comprehensive income of the associate or joint venture is presented separately in the Group's other comprehensive income.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting principles in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investments in joint ventures or associates. At each reporting date, the Group determines whether there is objective evidence that the investments are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount and the carrying amount of the investment. Any impairment loss is recognised as 'share of profit or loss from joint venture and associates'.

The recoverable amount is the higher of value in use and fair value less cost to sell. The entire carrying amount of the investment is tested for impairment as one single asset.

2.10 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 functional currency of the parent company is USD.

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 statement of financial position date. All exchange rate differences are taken to the Income statement.

The statement of financial position of foreign subsidiaries with functional currency other than USD is translated at the rate applicable on the statement of financial position date, while the income 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 other comprehensive income. When a foreign subsidiary is sold, the accumulated translation adjustment related to that subsidiary is taken to the income statement.

2.11 Derivative financial instruments and hedging

Derivative financial instruments are recognised on the statement of financial position 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, 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).

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 income statement together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

Changes in the fair value of derivatives that qualify as cash flow hedge that are highly effective both prospectively and retrospectively are recognised in other comprehensive income. Amounts deferred in other comprehensive income are transferred and classified in the income 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 recognised in other comprehensive income at that time, remains in other comprehensive income and is transferred to income statement the committed or forecasted transaction ultimately is recognised in the



income statement as a finance item. However, if a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was recognised in other comprehensive income is immediately transferred to the income statement.

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 recognised immediately in the income 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 held for speculative arbitrage or investment purposes.

The fair value of derivatives that are actively traded in organised financial markets determined by reference to quoted market bid prices at the close of business on the statement of financial position 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 equal instrument, discounted cash flow analysis or other valuation models.

2.12 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 statement of financial position 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 statement of financial position 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 statement of financial position date. After initial recognition, available-for-sale investments are measured at fair value with gains and losses being recognised in other 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 other comprehensive is transferred to the income statement.

2.13 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 economic problems, economical restructuring, bankruptcy, delayed repayment or non-payment. Provisions for impairment are recognised to receivables and changes are charged to the income statement as reduction in gross revenue. Any receipt of earlier written off receivables are recognised in the income statement as gross revenue.

2.14 Inventories

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

Inventories are measured at the lower of cost and net realisable value. If inventory is written down to net realisable value, the write down is charged to the income statement.

2.15 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 equivalents in the cash flow statement does not include available credit facilities.



2.16 Equity

Paid in equity

(i) Share capital

Ordinary shares (A-and B-shares) are classified as equity. The paid in equity equals the nominal value per share.

(ii) Treasury shares

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued.

When such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(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 recognised in profit or loss 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 investments 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 income statement. When financial investments are sold or impaired, the accumulated fair value adjustments in equity are included in the income statement as gains and losses from financial investment.

(iii) Retained earnings

The net result attributable to 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.

2.17 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 the UK. In addition we operate under local tax systems, most important in Chile and Brazil.

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 statement of financial position 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 statement of financial position.

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.

2.18 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all associated conditions will be complied with. When the grant relates to an expense item, it is recognised as reduction of the expense over the period necessary to match the grant on a systematic basis to the expense that it is intended to compensate. When the grant relates to an asset, the fair value is reduced and the grant is included in the income statement over the expected useful life of the relevant asset on a straight-line basis. Further details are given in note 13.

2.19 Interest bearing debt

Interest bearing debt is classified as non-current liabilities and initially recognised at the amount of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, where any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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

2.20 Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction and production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their use or sale, are added to the cost of those assets,



until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.21 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 statement of financial position 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.

2.22 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. The liability in respect of defined benefit pension plans is the present value of the accumulated defined benefit obligation at the statement of financial position date less the fair value of plan assets. The net pension liability is calculated based on assumptions with regards to interest rates, future salary adjustments etc. These assumptions are based on historical experience and current market conditions. The cost of providing pensions is charged to income statement so as to spread the regular cost over the vesting period of the employees. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income.

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 income statement in the period to which the contributions relate.

2.23 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.

2.24 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.

2.25 Events after the statement of financial position date

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

2.26 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.

2.27 Classification in the financial statement

Odfjell has used a classification based on a combination of nature and function in the income statement.

2.28 Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Group

The following standards and amendments have been adopted by the Group for the first time in 2014 and have the following impact on the financial statements:

IFRS 11 – Joint arrangements

The Group has applied for the first time IFRS 11 'Joint arrangements'. The IFRS 11 replaces IAS 31 'interest in joint ventures'. IFRS 11 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather its legal form. There are two types of joint arrangements: joint operations and joint ventures. The joint operations arise when the investors have right to assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses

The prior policy choice of proportionate consolidation for jointly controlled entities in accordance with IAS 31 has been eliminated. Equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint operations today.

Joint ventures arise where the investors have rights to the net assets of the arrangement. Joint ventures are accounted for under the equity method. After evaluating IFRS 11 the Management Group has considered that the Group's interest in its joint arrangements is within the definition of a 'joint venture'. The consequence of applying IFRS 11 is that all entities previously accounted for by applying the proportionate consolidated method now is accounted for by applying the equity method. Comparative figures in the income statement and statement of financial position are adjusted.

See also note 38 for overview of impact on equity and income statement.

Several other new standards and interpretations apply for the first time in 2014. However, they do only require additional information in our annual consolidated financial statements. These standards are:

IFRS 10 'consolidated financial statements'

The standard changes the definition of control so that the same criteria are applied to all entities to determine control. The revised definition of control focuses on the need to have both power and variable returns before control is present. The new definition does not result in any change in the consolidation for the Group.

IFRS 12 'disclosure of interests in other entities'

IFRS 12 requires entities to disclose



information that helps financial statements readers to evaluate the nature, risks and financial effects associated with the entities interest in subsidiaries, joint ventures and associates.

There have in addition been made minor adjustments to IAS 19 'employee benefits', IAS 32 'Financial instruments: presentation', IAS 39 'financial instruments', IAS 36 'impairment of assets' and IFRIC 21 'levies'. These changes have no material impact of the Group's annual financial statements or the interim financial statements.

(iii) New standards and interpretations not yet adopted

A number of new standards and amendments to standard and interpretations are not yet effective, and have not been applied in preparing these consolidated financial statements. None of these is expected to have significant impact of the Group, the most important standards are:

IFRS 9 Financial Instruments

IFRS 9 will eventually replace IAS 39 Financial Instruments: Recognition and Measurement. In order to expedite the replacement of IAS 39, the IASB divided the project into phases: classification and measurement, hedge accounting and impairment. New principles for impairment were published in July 2014 and the standard is now completed. The parts of IAS 39 that have not been amended as

part of this project have been transferred into IFRS 9.

IFRS 15 Revenue from contracts with customers

The IASB and the FASB have issued their joint revenue recognition standard, IFRS 15. The standard replaces existing IFRS and US GAAP revenue requirements. The core principle of IFRS 15 is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard applies to all revenue contracts and provides a model for the recognition and measurement of sales of some non-financial assets (e.g., disposals of property, plant and equipment).

NOTE 3 SEGMENT INFORMATION

The operating segments 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 three reportable business segments: Chemical Tankers, Tank Terminals and Gas Carriers. The Chemical Tankers involve a 'round the world' service, servicing ports in Europe, North and South America, the Middle East and Asia, Australia and Africa. Our fleet composition enables us to offer both global

and regional transportation.

Tank Terminals forms a separate segment through our investment in the joint venture company Odjell Terminals BV. In addition, this segment plays an important operational role in our cargo-consolidation programme so as to reduce the time our vessels spend in ports, reduce thereby emission in port, and enable us to be one of the world-leaders in combined shipping and storage services. The Group re-entered into the LPG market in 2012 by acquiring two gas carriers, and Odjell Gas, a joint venture company, has today eight vessels on order for delivery between 2016 and 2017.

Pricing of services and transactions between business 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. These 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, the Middle East and Asia, Australia and Africa. Vessels and newbuilding contracts are not allocated to specific geographical areas as they generally trade worldwide.



BUSINESS SEGMENT DATA (ACCORDING TO PROPORTIONATE CONSOLIDATION METHOD)

(USD 1 000)	Chemical Tankers ¹		Tank Terminals		Gas Carriers		Eliminations		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Gross revenue	1 042	1 028	94	129	25	11	(1)	(3)	1 160	1 165
Voyage expenses	(493)	(485)	-	-	(8)	(6)	-	-	(501)	(491)
TC expenses	(185)	(165)	-	-	(7)	-	-	-	(192)	(165)
Operating expenses	(175)	(184)	(74)	(77)	(4)	(6)	-	-	(253)	(268)
General and administrative expenses	(93)	(95)	(24)	(31)	(2)	(2)	1	3	(118)	(125)
Operating result before depreciation (EBITDA)	97	98	(4)	21	3	(3)	-	-	96	116
Depreciation	(90)	(87)	(32)	(36)	(2)	(3)	-	-	(124)	(126)
Impairment	(4)	-	5	(81)	-	-	-	-	-	(81)
Capital gain/loss on fixed assets	-	(9)	-	24	7	-	-	-	7	16
Operating result (EBIT)	3	3	(31)	(73)	8	(6)	-	-	(20)	(76)
Net finance	(52)	(43)	(17)	7	(2)	(3)	-	-	(71)	(39)
Taxes	-	(5)	15	11	-	-	-	-	16	6
Net result	(48)	(46)	(33)	(55)	6	(9)	-	-	(75)	(110)
Non current assets	1 367	1 357	599	586	59	79	(3)	(25)	2 022	1 997
Current assets	287	268	51	99	10	(29)	-	-	348	338
Total	1 654	1 625	650	685	69	50	(3)	(25)	2 370	2 335
Equity	256	387	331	380	54	(9)	-	-	638	759
Non current liabilities	886	1 005	262	254	13	58	(3)	(25)	1 158	1 292
Current liabilities	512	233	57	50	2	1	-	-	574	284
Total	1 654	1 625	650	685	69	50	(3)	(25)	2 370	2 335
RECONCILIATION OF REVENUE:										
Total segment revenue	1 042	1 028	94	129	25	11	(1)	(3)	1 160	1 165
Segment revenue from associates and joint ventures										
- Tank Terminals**	-	-	(94)	(129)	-	-	-	-	(94)	(129)
Segment revenue from associates and joint ventures										
- Chemical Tankers**	(9)	(8)	-	-	-	-	-	-	(9)	(8)
Segment revenue from associates and joint ventures										
- Gas Carriers**	-	-	-	-	(4)	-	-	-	(4)	-
Consolidated revenue in income statement	1 034	1 020	-	-	20	11	(1)	(3)	1 053	1 027
RECONCILIATION OF RESULT:										
Total segment EBIT	3	3	(31)	(73)	8	(6)	-	-	(20)	(76)
Segment EBIT from associates and joint ventures -										
Tank Terminals**	-	-	31	73	-	-	-	-	31	73
Segment EBIT from associates and joint ventures -										
Chemical Tankers**	-	(1)	-	-	-	-	-	-	-	(1)
Segment EBIT from associates and joint ventures -										
Gas Carriers**	-	-	-	-	-	-	-	-	-	-
Share of net result from associates and joint										
ventures***	-	-	(33)	(55)	-	-	-	-	(33)	(55)
Consolidated EBIT in income statement	3	2	(33)	(55)	8	(6)	-	-	(23)	(58)
RECONCILIATION OF ASSETS AND LIABILITIES**										
Total segment asset	1 654	1 625	650	685	69	50	(3)	(25)	2 370	2 335
Segment asset from Tank Terminals, Chemical										
Tankers and Gas Carriers**	(16)	(15)	(651)	(685)	(69)	-	3	25	(732)	(675)
Investment in joint ventures***	9	10	331	380	54	-	-	-	393	390
Total consolidated assets in statement of financial	1 647	1 620	331	380	54	50	-	-	2 032	2 050
position										
Total segment liabilities	1 398	1 238	319	305	15	59	(3)	(25)	1 730	1 577
Segment liability from Tank Terminals, Chemical										
Tankers and Gas Carriers**	(6)	(5)	(319)	(305)	(15)	-	3	25	(338)	(285)
Total consolidated liabilities in statement of	1 392	1 233	-	-	-	59	-	-	1 392	1 290
financial position										
Capital expenditure	(143)	(193)	(56)	(73)	(16)	(18)	-	-	(215)	(284)

¹This segment also include 'corporate'.

**Investments in joint ventures are presented according to the proportionate consolidation method in the segment reporting.

***Investments in joint ventures are presented according to the equity method in the consolidated income statement and statement of financial position.



GROSS REVENUE AND ASSETS PER GEOGRAPHICAL AREA

[USD 1 000]	Gross revenue		Assets	
	2014	2013	2014	2013
North America	301 423	287 001	136 965	126 282
South America	162 857	158 649	99 563	45 324
Norway	3 020	9 673	231 201	236 244
Netherlands	103 658	100 087	271 483	297 513
Other Europe	129 261	126 207	23 100	5 446
Middle East and Asia	402 159	399 174	302 828	297 769
Africa	41 750	69 689	2 617	1 262
Australasia	16 162	14 950	346	-
Unallocated ships and newbuilding contracts	-	-	1 301 576	1 324 810
Total	1 160 290	1 165 429	2 369 679	2 334 650

NOTE 4 FINANCIAL RISK MANAGEMENT

Odjell's results and cash flow are influenced by a number of variable factors. Our policy is to manage the risks we are exposed to, including, but not limited to 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 mitigating actions where required.

Financial 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 shows sensitivity on the Group's pre-tax result and equity due to changes in major cost components on yearly basis (calculation based on best estimates):

Cost component	Equity ¹	Net result ²⁾
Bunkers, USD 50 per tonne	12 mill.	(20 mill.)
Interest rates, 1% increase	0.5	(11 mill.)
Currency, USD 10%	2.8	(8 mill.)

1) Change in mark to market value on derivatives.

2) Effect on net result.

Credit risk

Multiple counterparts are used to hedge our total risk. We primarily use our lending banks as counterparts 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 28).

The Group has issued guarantees for third parties' liabilities as shown in note 15.

Liquidity risk

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

The average maturity of the Group's interest-bearing debt is about 3.6 years of which 22% of the interest-bearing-debt matures in 2015 of which most of the loans are maturing towards the end of the year. Debt repayments due in 2015 will be refinanced and is expected to contribute positively to our cash holdings. A significant portion of the balloon repayment maturing late 2015 will be refinanced during first half of 2015. A NOK 600 million bond matures in December 2015. In total USD 276 million is planned refinanced in 2015, of which USD 55 million has been refinanced per 18 March 2015.

See also note 5, 7, 28 and 29 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 other comprehensive income, see Statement of other comprehensive income.

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 result. The most material item is Pension liabilities (see note 9 Pension liabilities) in Norway.

Bunker risk

The single largest cost component affecting the time-charter earnings is bunkers. In addition to bunker adjustment clauses in Contracts of Affreightment, the Group enters into several types of bunker derivatives to hedge against significant 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 hedging of a portion of the market interest related to our loans portfolio.

NOTE 5 DERIVATIVES ACTIVITIES

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

CASH FLOW HEDGING

The Group has highly probable future 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 comprehensive income.



At maturity, the result of the hedging transactions is accounted for in the account to the underlying exposure e.g. voyage-, operating-, general and administrative expenses or interest expenses in the net result.

Currency

The Group estimates future expenses in non-USD currencies based on prior year's actual amounts adjusted for any changes and secures part of this anticipated 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, hence we may 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 major bunkering ports and the actual price for the fuel we have purchased in these ports. Per 31 December 2014 these correlations are sufficient to use as the reference index to hedge our future bunker purchases in these ports.

Bunker hedging contracts used are swaps.

A Contract of Affreightment entered into with a customer typically contains 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 bunker price above trigger points our customer will compensate us for the increased cost. Likewise, with a lower bunker price we will compensate the customer through reduced freight income.

Interest rates

The Group's debt consists of mortgage lending, lease financing, unsecured bonds and export financing. The debt interest rate is normally floating. From time to time we enter into derivatives to swap the floating interest rate to fixed interest rate 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. the NOK bond is 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 has 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 under 'Other financial items' in the net result.

The below overview reflects status of hedging and non-hedging exposure 31 December 2014 (figures 1 000):

Currency	Sold	Bought	Avg. Rate	Time to maturity - USD amounts			Total
				← 1 year	1 - 5 years	→ 5 years	
Cash flow hedging	USD 36 000	NOK 237 796	6.61	36 000	-	-	36 000
Non hedge ¹⁾	USD 13 000	NOK 83 473	6.42	13 000	-	-	13 000

¹⁾ Weekly accumulator options, amount can be between 0 and USD 26 million

Interest rates	Sold	Bought	Avg. Rate	Time to maturity			Total
				← 1 year	1 - 5 years	→ 5 years	
Cash flow hedging	USD 50 000		3.00%	-	50 000	-	50 000
Non hedge, IRS ¹⁾	USD 200 000		2.51%	50 000	50 000	100 000	200 000

¹⁾ All non hedge IRS' are classified as current assets

Cross currency interest rate swaps	Sold	Bought	Avg. Rate	Time to maturity - USD amounts			Total
				← 1 year	1 - 5 years	→ 5 years	
Non hedge	USD 296 230	From NOK to USD	6.31%	102 995	193 235	-	296 230

Bunker	Volume	Avg. Price	Time to maturity - volume			Total
			← 1 year	1 - 5 years	→ 5 years	
Cash flow hedging	240 000 tonnes	USD 524.69	240 000	-	-	240 000



The below overview reflects status of hedging and non-hedging exposure 31 December 2013 (figures 1 000):

Currency	Sold	Bought	Avg. Rate	Time to maturity - USD amounts			Total
				← 1 year	1 - 5 years	→ 5 years	
Cash flow hedging	USD 24 000	149 964	6.25	24 000	-	-	24 000
Non hedge ¹	USD 13 000	83 655	6.44	13 000	-	-	13 000

¹Weekly accumulator options, amount can be between 0 and USD 26 million

Interest rates		Avg. Rate	Time to maturity			Total
			← 1 year	1 - 5 years	→ 5 years	
Cash flow hedging	USD 50 000	3.00%	-	50 000	-	50 000
Non hedge, IRS ¹¹	USD 275 00	2.76%	75 000	100 000	100 000	275 000

¹¹All non hedge IRS' are classified as current assets

Cross currency interest rate swaps		Avg. Price	Time to maturity - USD amounts			Total	
			← 1 year	1 - 5 years	→ 5 years		
Non hedge	USD 296 230	From NOK to USD	6.31%	-	296 230	-	296 230

Bunker		Avg. Price	Time to maturity - volume			Total
			← 1 year	1 - 5 years	→ 5 years	
Cash flow hedging	96 000 tonnes	USD 547.03	96 000	-	-	96 000

Derivative financial instruments recognised as assets/liabilities on the statement of financial position:

(USD 1 000)	2014	2013
Bunkers	(56 185)	3 133
Currency	(7 576)	734
Shares (TRS)	4 825	-
Basis swaps (interest and currency)	(55 677)	(23 602)
Derivative financial instruments	(114 613)	(19 735)

Hedging reserve recognised in statement of other comprehensive income

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

(USD 1 000)	Interest rate swaps	Currency exchange contracts	Bunker contracts	Total hedging reserve
Statement of financial position as at 01.01.2013	(5 466)	1 898	3 683	115
Fluctuations during the period:				
- Gains/losses due to changes in fair value	2 012	(781)	5 379	6 610
- Transfers to net result	(238)	(632)	(5 930)	(6 800)
- Other adjustments	1 044	-	-	1 044
Statement of financial position as at 31.12.2013	(2 648)	485	3 132	969
Fluctuations during the period:				
- Gains/losses due to changes in fair value	1 456	(4 696)	(74 533)	(77 772)
- Transfers to net result	(670)	215	15 215	14 760
Statement of financial position as at 31.12.2014	(1 862)	(3 995)	(56 185)	(62 045)



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 recognised in the statement of financial position at the fair value at the statement of financial position 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 bonds is calculated based on market values on the bonds.

The Group's financial statement does not have any differences between fair value and carrying amount.

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The measurement used by Odfjell is either level 1 or 2, where level 1 is quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity access at the measurement date, and level 2 is input other than quoted prices that are observable for the asset or liability, either directly or indirectly. For some non-derivative financial assets and liabilities we consider carrying amount to be the best estimate of fair value due to short maturity date and valid terms, i.e. current receivables and payables.

(USD 1 000)	2014 Level 1	2014 Level 2	2013 Level 1	2013 Level 2
Recurring fair value measurement				
Financial assets at fair value:				
Derivatives instruments - non hedging	-	4 825	-	-
Derivatives instruments - hedging	-	-	-	3 618
Financial liabilities at fair value:				
Derivatives instruments - non hedging	-	56 959	-	20 284
Derivatives instruments - hedging	-	62 479	-	3 318
Available - for - sale - investments	9 910	-	9 658	-

During 2014 and 2013 there have been no transfers between levels of the fair value hierarchy. The Group accounts for transfers between levels of the fair value hierarchy from the date of the event or change in circumstances that caused the transfer.

Assets and liabilities which are measured at fair value in the Statement of Financial position sheet and their level of the fair value hierarchy are as follows:

Classification of financial assets and liabilities as at 31 December 2014;

(USD 1 000)	Held for sale ¹⁾	Derivatives held as hedge instrument ²⁾	Derivatives held at fair value over the result ¹⁾	Loans and receivables	Available for sale investment ¹⁾	Liabilities recognised at amortised cost	Non-financial assets/liabilities	Total 2014
ASSETS								
Cash and cash equivalents	-	-	-	95 416	-	-	-	95 416
Available-for-sale-investments	-	-	-	-	9 910	-	-	9 910
Derivative financial instruments	-	-	4 825	-	-	-	-	4 825
Current receivables	-	-	-	126 156	-	-	4 173	130 329
Loans to associates and JV's	-	-	-	10 536	-	-	-	10 536
Non-current receivables	-	-	-	18 901	-	-	-	18 901
Other non-financial assets	6 507	-	-	-	-	-	1 755 226	1 761 733
Total assets	6 507	-	4 825	251 009	9 910	-	1 759 399	2 031 650
LIABILITIES								
Other current liabilities	-	-	-	-	-	101 293	-	101 293
Derivative financial instruments	-	62 479	56 959	-	-	-	-	119 438
Interest bearing debt	-	-	-	-	-	1 163 182	-	1 163 182
Other non-current liabilities	-	-	-	-	-	1 997	-	1 997
Other non-financial liabilities	-	-	-	-	-	-	8 151	8 151
Total liabilities	-	62 479	56 959	-	-	1 266 472	8 151	1 394 061


Classification of financial assets and liabilities as at 31 December 2013;

(USD 1 000)	Derivatives held as hedge instrument ¹⁾	Derivatives held at fair value over the result ¹⁾	Loans and receivables	Available for sale investments ¹⁾	Liabilities recognised at amortised cost	Non-financial assets/liabilities	Total 2013
ASSETS							
Cash and cash equivalents	-	-	83 622	-	-	-	83 622
Available-for-sale-investments	-	-	-	9 658	-	-	9 658
Derivative financial instruments	3 618	249	-	-	-	-	3 867
Current receivables	-	-	120 900	-	-	5 168	126 068
Non-current receivables	-	-	30 640	-	-	-	30 640
Other non-financial assets	-	-	-	-	-	1 795 076	1 795 076
Total assets	3 618	249	235 162	9 658	-	1 800 244	2 048 932
LIABILITIES							
Other current liabilities	-	-	-	-	102 042	-	102 042
Derivative financial instruments	3 318	20 284	-	-	-	-	23 602
Interest bearing debt	-	-	-	-	1 135 412	-	1 135 412
Other non-current liabilities	-	-	-	-	2 360	-	2 360
Other non-financial liabilities	-	-	-	-	-	26 032	26 032
Total liabilities	3 318	20 284	-	-	1 239 814	26 032	1 289 448

¹⁾ Measured at fair value see note 2.1.

NOTE 6 CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain healthy capital ratios and hold 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 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, redemption of shares or issue new shares. No changes were made in the objectives or policies during the years ending 31 December 2014 and 2013.

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 MILL)	2014	2013
Equity	638	759
Total assets	2 032	2 049
Assets held for sale	7	-
Equity ratio (equity method) ¹⁾	31.4%	37.2%
Current ratio	0.5	1.1
Cash and cash equivalents	95	84
Available-for-sale-investments	10	10
Available drawing facilities	-	-
Total available liquidity	105	93

¹⁾ Equity ratio proportionate method 26.9%

For liquidity risk see note 4.



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 bond market. Interest rates are generally based on floating LIBOR-rates.

(USD 1 000)	Average interest rate	2014	2013
Loans from financial institutions – floating interest rates	2.32%	592 144	665 124
Finance leases	3.51%	257 425	183 368
Bonds	6.63%	319 157	293 701
Subtotal interest bearing debt	3.76%	1 168 726	1 142 192
Transaction cost		(5 544)	(6 780)
Total interest bearing debt		1 163 182	1 135 412
Current portion of interest bearing debt		(325 750)	(123 516)
Total non-current interest bearing debt		837 432	1 011 896

Average interest rate is the weighted average of interest rates, excluding hedges, as per end of 2014.

Transaction costs are deferred and charged net result over the life of the underlying debt using the effective interest rate method. During 2014 USD 2.4 million (USD 3.0 million in 2013) has been charged to the income statement.

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 of USD 50 million. Any free liquid assets in companies included 100% in the consolidated accounts of Odfjell SE can also be included in the calculation on a pro-rata basis corresponding to Odfjell's ownership, provided there are no restrictions on lending or distributions of any kind from the relevant company to Odfjell SE. On a consolidated basis Odfjell SE shall at all times maintain free liquid assets of minimum 6% of interest bearing debt.

Maturity of interest bearing debt as at 31 December 2014:

(USD 1 000)	2015	2016	2017	2018	2019	2020+	Total
Loans from financial institutions – floating interest rates	227 967	77 793	77 653	152 727	34 104	21 900	592 144
Finance leases	8 748	8 017	6 852	158 590	3 212	72 006	257 425
Bonds	89 035	–	101 178	128 944	–	–	319 157
Total interest bearing debt	325 750	85 811	185 683	440 260	37 316	93 906	1 168 726
Estimated interest payable	38 226	31 424	26 000	12 783	9 814	6 333	124 582
Total liabilities	363 976	117 235	211 683	453 044	47 130	100 240	1 293 308

Maturity of interest bearing debt as at 31 December 2013:

(USD 1 000)	2014	2015	2016	2017	2018	2019+	Total
Loans from financial institutions – floating interest rates	117 942	220 242	70 067	83 526	137 253	36 049	665 124
Finance leases	5 574	7 249	6 376	5 053	156 639	2 476	183 368
Bonds	–	102 995	–	102 139	88 566	–	293 701
Total interest bearing debt	123 516	330 486	76 443	190 719	382 458	38 570	1 142 192
Estimated interest payable	34 491	27 277	20 558	15 411	5 994	2 268	105 997
Total liabilities	158 007	357 763	97 000	206 130	388 452	40 838	1 248 190

Average maturity of the Group's interest-bearing debt is about 3.6 years (3.8 years in 2013).

The net carrying amount of assets under finance leases is USD 269.5 million as per 31 December 2014 (USD 197.6 million as per 31 December 2013). The lease periods vary from six 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 on assets and become the legal owner 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 such as 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.



(USD 1 000)	2014	2013
Book value of interest bearing debt secured by mortgages	592 056	656 642
Book value of vessels mortgaged	953 024	1 010 406

The table below summarizes interest bearing debt into different currencies:

(USD 1 000)	2014	2013
USD	849 569	848 491
NOK ^{*)}	319 157	293 701
Total interest bearing debt	1 168 726	1 142 192

^{*)} Bond debt swapped to USD. See note 5 Hedging Activities

NOTE 8 TAXES

(USD 1 000)	2014	2013
Taxes payable, Norway – ordinary tax	–	(2 143)
Taxes payable, other jurisdictions	(2 193)	555
Change in deferred tax, Norway – ordinary tax	2 400	–
Change in deferred tax, other jurisdictions	407	(3 235)
Total taxes	614	(4 823)

(USD 1 000)	2014	2013
Pre-tax profit	(75 759)	(102 698)
Tax calculated at domestic tax rates applicable to profits in the respective countries	16 438	14 693
Tax effect of:		
Income and expenses not subject to tax	(3 914)	(4 909)
No deferred tax asset recognised	(11 910)	(14 607)
Tax income (expenses)	614	(4 823)
Effective tax rate	(0.81%)	4.49%

The tax returns of the Company and its subsidiaries¹ 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)	2014	Change in temporary differences	2013
Pensions	7 756	(16 833)	24 589
Financial instruments	54 424	31 038	23 386
Provisions	1 997	1 997	–
Differences related to depreciation of non-current assets	1 854	1 854	–
Differences related to current assets	500	500	–
Loss carried forward	129 493	50 649	78 844
Total negative temporary differences	196 024	69 205	126 819
Differences related to depreciation of non-current assets	–	(9 447)	9 447
Deferred gain related to sale of non-current assets	1 609	(852)	2 461
Differences related to long-term debt	18 537	18 537	–
Total positive temporary differences	20 147	8 238	11 909
Net temporary differences	(175 877)	(60 967)	(114 910)
Temporary differences not accounted for ¹⁾	166 988	52 078	114 910
Temporary differences – basis for calculation of deferred tax	(8 889)	(8 889)	–
Deferred tax in statement of financial position	(2 400)	(2 400)	–
Tax rate	17%–34%	–	17%–34%

¹⁾This applies to temporary differences for companies with losses where deferred tax assets are not recognised.



The Group's Norwegian companies have a total loss carried forward of USD 129 million at 31 December 2014 (2013: USD 79 million), that is available indefinitely to offset against future taxable profits of the companies in which the losses arose. Tax Group contributions are also available within the same country and within the same tax regime. Any 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 defined benefit plans in Norway. All of the plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefit depends on members' length of service and their salary in the final years leading up to retirement. In 2014 it was decided that the defined benefit plan shall be terminated in 2015, tentative in September 2015. The early retirement plan (65-67 years) was terminated with effect from December 2014, with a gain of USD 10.9 million recognised in the income statement. After these changes, the Group holds the following pension schemes:

- Defined contribution plan for onshore employees
- Defined benefit plan for onshore employees (terminated with effect in 2015. Employees within this pension scheme will after termination be covered by the defined contribution plan)
- Pension scheme for the Management Group for salaries between 12G-18G (see note 22)
- Defined benefit plan for sailors, limited to the age 60 – 67 years

The defined benefit plan in Norway includes spouses, children and disability coverage.

(USD 1 000)	2014	2013
Statement of financial position obligations for:		
Present value of funded obligations	52 439	65 185
Fair value of plan assets	(49 518)	(56 814)
Payroll tax	372	977
Total funded plans	3 293	9 552
Present value of unfunded obligations	2 782	14 444
Payroll tax	394	2 037
Total unfunded plans	3 174	16 481
Net liability in the statement of financial position	6 467	26 032
Of which classified as assets	1 684	-
Of which classified as liability	8 151	26 032
Income statement charge included in operating profit for:		
Defined pension benefits	(7 796)	8 692
Remeasurements included in other comprehensive income for:		
Defined pension benefits	(3 088)	(23 942)



The movements in the defined benefit obligation over the years are as follows:

(USD 1 000)	Present value of pension obligation	Fair value of plan assets	Total
At 1 January 2013	106 826	(54 308)	52 518
Current service cost	6 707	-	6 707
Payroll tax	1 114	-	1 114
Interest expense/(income)	2 130	(1 258)	871
Net pension cost 2013	9 951	(1 258)	8 692
Remeasurements:			
Return on plan assets, excluding amounts included in net interest expense	-	(2 335)	(2 335)
Gain/(loss) from change in demographic assumptions	5 744	-	5 744
Gain/(loss) from change in financial assumptions	(25 079)	-	(25 079)
Experience gain/(loss)	(2 271)	-	(2 271)
Total remeasurements	(21 607)	(2 335)	(23 942)
Contributions:			
From employer	-	(5 541)	(5 541)
From plan	(1 011)	-	(1 011)
Total contributions	(1 011)	(5 541)	(6 552)
Exchange rate differences/currency gain/losses	(10 994)	6 310	(4 684)
At 31 December 2013	83 164	(57 132)	26 032
Current service cost	(7 277)	-	(7 277)
Payroll tax	(1 280)	-	(1 280)
Interest expense/(income)	3 076	(2 315)	761
Net pension cost 2014	(5 480)	(2 315)	(7 796)
Remeasurements:			
Return on plan assets, excluding amounts included in net interest expense	-	3 058	3 058
Gain/(loss) from change in demographic assumptions	-	-	-
Gain/(loss) from change in financial assumptions	(3 512)	-	(3 512)
Experience gain/(loss)	(2 634)	-	(2 634)
Total remeasurements	(6 146)	3 058	(3 088)
Contributions:			
From employer	(1 883)	-	(1 883)
From plan	(1 502)	1 502	-
Total contributions	(3 385)	1 502	(1 883)
Exchange rate differences/currency gain/losses	(12 166)	5 368	(6 798)
At 31 December 2014	55 987	(49 520)	6 467

The significant actuarial assumptions were as follows:

	2014 Norway	2013 Norway
Discount rate	2.3% -3.0%	4.1%
Salary growth rate*	0 - 2.75%	3.75%
Pension in payment – growth rate	0.6% - 2.5%	0.6% - 3.5%
Mortality table	K2013	K2013

*Salary growth rate in the defined benefit plan which is decided terminated in 2015 is set to 0%.



Sensitivity is not included since the net pension obligation is deemed immaterial at the end of 2014.

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.

(USD 1 000)	2014	2013
Defined contribution cost (USD 1 000)	2 457	2 393
Number of employees	447	473

Some of the Group's Norwegian subsidiaries are bound to have mandatory occupational pension scheme pursuant to the Norwegian law of Occupational pension scheme. The Group's pension scheme meets the requirements of this Act.

NOTE 10 NON-CURRENT ASSETS

(USD 1 000)	Real estate	Ships and new-building contracts	Periodic maintenance	Office equipment and cars	Total
Net carrying amount 01.01.2013	17 215	1 254 736	32 973	39 801	1 344 725
Investment	738	113 378	23 165	4 195	141 476
Sale at book value	-	(26 818)	(997)	-	(27 815)
Depreciation and impairment 2013	(1 341)	(56 184)	(25 483)	(5 980)	(88 989)
Exchange rate differences	-	-	-	417	417
Net carrying amount 31.12.2013	16 612	1 285 111	29 658	38 433	1 369 814
Investment	269	119 116	20 725	3 374	143 484
Sale at book value	-	(77 351)	-	-	(77 351)
Depreciation 2014	(1 534)	(58 324)	(24 323)	(5 971)	(90 152)
Impairment 2014	-	(4 494)	-	-	(4 494)
Assets held for sale	-	(6 507)	-	-	(6 507)
Exchange rate differences	-	-	-	(2)	(2)
Net carrying amount 31.12.2014	15 347	1 257 551	26 060	35 834	1 334 792
Cost	35 966	2 065 389	32 973	98 792	2 233 120
Accumulated depreciation	(18 751)	(810 653)	-	(58 990)	(888 394)
Net carrying amount 01.01.2013	17 215	1 254 736	32 973	39 801	1 344 726
Cost	38 933	2 153 385	55 141	101 410	2 348 869
Accumulated depreciation	(22 321)	(868 274)	(25 483)	(62 977)	(979 055)
Net carrying amount 01.01.2014	16 612	1 285 111	29 658	38 433	1 369 814
Cost	39 202	2 195 150	75 866	104 784	2 415 002
Accumulated depreciation	(23 855)	(931 092)	(49 806)	(68 949)	(1 073 702)
Asset held for sale	-	(6 507)	-	-	(6 507)
Net carrying amount 31.12.2014	15 347	1 257 551	26 060	35 834	1 334 792



Capital gain (loss) on non-current assets

In 2014 capital gain from sale of non-current assets was USD 6.5 million, see note 37 (loss of USD 8.6 million in 2013).

Depreciation periods

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

- Real estate	up to 50
- Ships	30
- Periodic maintenance	2.5-5
- Office equipment and cars	3-15

Fully depreciated non-current assets

Assets with a total cost price of USD 3.1 million have been fully depreciated as at 31 December 2014, but are still in use.

Assets financed under finance leases

The carrying amount of ships financed under finance leases were USD 269.5 million and USD 197.6 million at 31 December 2014 and 31 December 2013 respectively. See note 2.6 and note 7.

Capitalised interest on newbuilding contracts

Newbuilding contracts include capitalised interest in connection with the financing of the newbuilding programme. The capitalised interest carried in the statement of financial position equalled USD 0.8 million in 2014 and USD 2.2 million in 2013.

NOTE 11 IMPAIRMENT OF NON-CURRENT ASSETS AND INTANGIBLE ASSETS

The Management has evaluated the need for potential impairment losses in accordance with the accounting principles in note 2.2 for each CGU.

As at 31 December 2014, the market capitalization of the Group was below the book value of its equity, indicating a potential impairment of intangible assets and of assets of the operating segments. In addition, the on-going uncertainty in business activity and thereof weak earning, have also indicated a potential impairment.

The discount rate for the different CGUs has been determined to the WACC.

Chemical Tankers:

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 WACC of:

	2014	2013
Chemical Tankers:	7.4 %	7.0%

Shipowning companies are all within tax regimes where tax rates are assumed to be 0 %.

One ship is classified as held for sale (ref. note 35), total impairment done at year-end 2014 is USD 4.5 million.

Sensitivity for 2014 is shown in section 2.2. See note 2.2 for additional comments.

Joint ventures and associates:

In 2013 the investment in Tank Terminals (Odfjell Terminals (Rotterdam) BV) was written down with an amount of net USD 76 million. The impairment is included in the share of net result from associates and joint ventures.



NOTE 12 EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by weighted average number of ordinary shares outstanding during the year. Basic and diluted earnings per share are the same, as the Company has no convertible bond loan or stock option plan.

(USD 1 000)	2014	2013
PROFIT AND DILUTED PROFIT FOR THE YEAR DUE TO HOLDERS OF ORDINARY SHARES		
Profit/(loss) and diluted profit for the year due to the holders of ordinary shares	(75 145)	(107 522)
AVERAGE NUMBER OF SHARES OUTSTANDING (NOTE 32)		
Weighted average number of ordinary shares for basic earnings per share*/diluted average number of shares outstanding	78 736	79 390
Basic/diluted earnings per share	(0.95)	(1.36)

*The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year. On 19 December 2014 Odfjell SE entered into a Total Return Swap (TRS) agreement with DNB Markets. The TRS comprised 5,891,166 A-shares and 2,322,482 B-shares with pre agreed strike prices.

NOTE 13 GOVERNMENT GRANTS

Government grants from the Norwegian Maritime Directorate related to the reimbursement system for Norwegian seafarers of USD 2.0 million in 2014 (USD 2.9 million in 2013) are entered into the accounts as a reduction in operating expenses.

Flumar Transportes de Quimicos e Gases Ltda received USD 0.2 million in 2014 (USD 3.4 million in 2013) 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 are recognised where there is a reasonable assurance that the AFRMM will be received and all associated conditions will be fulfilled. When the benefit refers to an expense item, it is recognised as reduction in expenses over the period of benefit, on a systematic basis in relation to costs the benefit aims to offset.

NOTE 14 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.

The Odfjell Group shares offices in Brazil with a local terminal company related to Chairman of the Board, Laurence Ward Odfjell. The Chairman's family also has ownership interest in a company, which acts as Brazilian port agent for Odfjell. 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 1.3 million in agency fees in 2014 (USD 1.6 million in 2013), while Flumar Transportes de Quimicos e Gases Ltda and Odfjell Brasil – Representacoes Ltda paid USD 0.4 million for administrative services in 2014 (USD 0.4 million. in 2013).

AS Rederiet Odfjell, partly owned by Laurence Ward Odfjell (Chairman), 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 2014 (same as in 2013).

Transactions with related parties are settled on a regular basis and the balances as per 31.12.2014 were immaterial.



NOTE 15 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 shipowner covering the 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 19 for the time charter/lease expenses.

The Group also has entered into operating leases for buildings, certain vehicles and items of machinery. Leases for 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 or financing opportunities. The nominal value of future rents related to the operating lease fall due as follows:

(USD 1 000)	2014	2013
Within one year	116 970	167 259
After one year but not more than five years	186 575	361 913
After five years	-	29 736
Total operating leases	303 545	558 907

Capital commitment

Odfjell has entered into agreements with Hyundai Mipo Dockyard Ltd in Korea for construction of four 49,622 dwt coated chemical tankers. Two of the vessels are financed through a long-term sale/lease-back arrangement and the two remaining vessels are being financed through export credit financing in combination with a commercial tranche. The three first vessels were delivered in 2014 and the last vessel was delivered in January 2015.

In September 2014, Odfjell finalised a joint venture agreement with Oak Hill and Breakwater Capital to form a gas and ethylene shipping joint venture named Odfjell Gas AS. The new established joint venture exercised four options for four additional gas carriers of 22,000 cbm. Deliveries of the total eight vessels are scheduled between 2016 and June 2017. Further, Odfjell and the partners have each agreed to commit approximately USD 50 million to finance the growth of the joint venture.

(USD MILL)	Contract price	Instalment paid	Remaining commitment		
			2015	2016	2017
Hyundai Mipo	40	12	28	-	-

The Company's share of planned 2015 capital expenditures in Odfjell Terminals is USD 36 million.

Guarantees

(USD 1 000)	2014	2013
Joint ventures	152 646	143 171
Third parties	347 819	163 715
Total guarantees	500 466	306 886

The Odfjell Group has issued guarantees on behalf of joint ventures for existing credit facilities of total USD 152.6 million and to third parties as part of our day-to-day business to assume responsibility for bunkers purchases and port obligations.

The Odfjell Group has also issued guarantee for 100% of the remaining instalments to Nantong Sinopacific Offshore & Engineering Co., Ltd on behalf of Odfjell Gas Shipowning AS, a subsidiary of Odfjell Gas AS, with a total of USD 332.4 million (included in the table above). The JV partners have issued a counter guarantee for their 50% share in Odfjell Gas AS.

Contingencies

The Group maintains insurance coverage for its activities consistent with industry practice. The Group is involved in claims typical to the Chemical Tanker, Gas Carriers and Tank Terminal industry, but none of these claims have resulted in material losses for the Group since such claims have been covered by insurance.



NOTE 16 AVAILABLE-FOR-SALE INVESTMENTS

(USD 1 000)	Currency	Average interest rate 2014	Book value 2014	Book value 2013
Bonds and certificates issued by financial institutions	USD	0.77%	9 910	9 658
Total available-for-sale investments			9 910	9 658

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 statement of financial position date. In 2014 there was no material gain/loss recognised directly to statement of other comprehensive income (no material gain/loss in 2013). Bonds and certificates generally have interest rate adjustments every three months.

NOTE 17 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 2.4 million (USD 2.7 million in 2013) 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.

Odfjell SE has 19 December 2014, sold 5,891,166 A-shares and 2,322,482 B-shares to DNB Markets at an agreed price of NOK 23.85 and NOK 22.85 respectively. In addition, the Company has entered into a Total Return Swap (TRS) for 5,891,166 A-shares and 2,322,482 B-shares for agreed strike prices of NOK 24.07 and NOK 23.06 respectively, with expiry 19 March 2015. As security for the TRS transaction total NOK 96.6 million, equal to USD 13 million, is deposited into restricted accounts per 31 December 2014.

In addition Odfjell SE has USD 17 million in collateral as security for financial derivatives.

(USD 1 000)	2014	2013
Cash at banks and in hand	45 760	74 526
Short-term deposits	48 707	9 480
Other liquid investments	2 601	96
Effect from currency exchange rate fluctuations	(1 653)	(481)
Total cash and cash equivalents	95 416	83 622
Of which restricted	32 400	2 700
Available credit facilities	-	-

NOTE 18 VOYAGE EXPENSES

Voyage expenses are expenses directly related to the ship voyage.

(USD 1 000)	2014	2013
Port expenses	99 702	92 778
Canal expenses	21 371	22 376
Bunkers expenses ¹⁾	285 286	281 675
Transshipment expenses	18 589	20 321
Commission expenses	23 289	23 508
Other voyage related expenses	47 773	47 789
Total voyage expenses	496 011	488 447

¹⁾Includes bunkers hedging derivatives

NOTE 19 TIME-CHARTER EXPENSES

Time-charter expenses consist of expenses for operating leases, see note 15 for future obligations. 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. Bareboat arrangements, accounted for as operating lease, are also included in same note 15. See Glossary in Annual Report for additional comments.



NOTE 20 OPERATING EXPENSES

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

(USD 1 000)	2014	2013
Crew expenses (see note 22)	86 693	88 297
Cost of operations ships	84 585	94 655
Cost of operations gas carriers ¹⁾	3 789	6 049
Tonnage tax	145	120
Currency hedging	205	(758)
Total operating expenses	175 417	188 362

¹⁾ Consolidation of Odfjell Gas up to 30 September 2014, after this date accounted for as joint venture based on equity method.

NOTE 21 GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses consist of expenses from headquarter's activities and activities outside Bergen for brokerage and agency.

(USD 1 000)	2014	2013
Salary expenses (note 22)	56 012	56 984
Pension expenses defined benefit plans (note 9)	(7 797)	11 371
Other expenses	44 401	24 919
Currency hedging	113	(253)
Total general and administrative expenses	92 729	93 021

Including in the above is auditor's remuneration for:

(USD 1 000 exclusive VAT)	2014	2013
Statutory auditing	602	662
Other assurance services	30	20
Tax advisory services	107	873
Other non-audit services	224	429
Total remuneration	963	1 984

NOTE 22 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)	2014	2013
Salaries	122 854	126 082
Social expenses	15 893	15 215
Pension expenses defined benefit plans (note 9)	(7 796)	11 371
Pension expenses defined contribution plans (note 9)	2 457	2 393
Other benefits	1 500	1 592
Total salary expenses	134 908	156 652

Average man-years of employees¹⁾:

	2014	2013
Europe	474	510
North America	28	28
Southeast Asia	1 775	1 848
South America	170	147
Other	23	31
Total average man-years of employees	2 469	2 562

¹⁾ Only man-years within those entities consolidated.



At the end of 2014 the Board of Directors consists of six members. Compensation and benefits to the Board of Directors:

(USD 1 000)	2014	2013
Remuneration	452	653

For more specification – see Odfjell SE note 15.

Compensation and benefits to the Management Group:

(USD 1 000)	Salary	Bonus	Pension cost	Other benefits	Total
President/CEO, Jan A. Hammer (until 8 December 2014)***	581	-	106	26	712
President/CEO, Tore Jakobsen (from 9 December 2014)**	331	-	94	26	451
Senior Vice President Odfjell Tankers, Morten Nystad	360	-	102	26	488
Senior Vice President/CFO, Terje Iversen	295	-	34	26	354
Senior Vice President Corporate Services & Support, Harald Fotland	293	-	34	26	353
Senior Vice President Ship Management, Helge Olsen	268	-	118	25	411
Senior Vice President Gas Carriers, Knut H. Holsen	268	-	85	25	378
Senior Vice President QHSE, Toralf Sørensen	192	-	92	25	309
Total	2 590	-	664	203	3 457

*The figures show total compensation and benefits for the whole year.

** Senior Vice President Corporate Investments until 8 December 2014, President/CEO from 9 December 2014

***According to the termination agreement, Jan Hammer will receive full compensation during 2015. He is released for his normal working duties during 2015. Former CEO is also entitled to severance payment for 18 months, starting 1 January 2016. The termination agreement also entitle former CEO to early retirement payment from the period 62 – 65 years. The early retirement payment is 50% of base salary. Discounted with 3%, the total payments amounts to USD 1.7 million, and USD 2 million including social security, see note 30.

The former CEO has in addition to the above taken part in the pension schemes held by the Company for all employees and the Management Group. Former CEO is entitled to early retirement payment for the period 65- 67 years (66 % of base salary, capped at 18G) in addition to lifelong retirement payments from 67 years (66% of base salary, capped at 18G). The total estimated pension liability at year end 2014 is calculated by actuary and amounts to USD 1 million including social security. This amount is included in the pension liability in the statement of financial position at 31 December 2014.

The Board of Directors declaration of determination of salary and other remuneration to the President/CEO and other management employees.

Regarding The Public Limited Liability Companies Act § 6-16a The Board of Directors shall prepare a separate declaration for determination of salary and other remuneration to the President/CEO and other management employees. Additionally is followed from of The Public Limited Liability Companies Act § 5-6 (3) that the ordinary General Meeting shall also deal with the Board's declaration regarding the determination of salary and other remuneration to management employees. An advisory vote is to be held on the Board's guidelines for determining the managers' salaries for the coming year (See [2]).

Performance-based remuneration of Management in the form of share options, bonus programmes or the like shall be linked to value creation for shareholders or the Company's earnings performance over time. Such arrangements, including share option arrangements, shall provide an incentive to perform and be based on quantifiable factors which the employee in question can influence. The guidelines for share based programmes and remuneration linked to shares and other developments in the price of the Company's shares are to be approved by the General Meeting. Ref. § 6-16 (subsection 1 no 3.)

[1] Salary and other remuneration to Management employees are listed in the table above.

[2] Guidelines for determining salary and other remuneration for management employees.

When it comes to guidelines for determination of salary and other remuneration for the coming fiscal year, the Board will present the following guidelines for advisory vote at the General Meeting 2014:

The President/CEO and managers reporting directly to him is included in the Company's defined benefit pension plan or defined contribution plan, see note 9. For the Management the Company has an additional pension scheme covering salary over 12G, capped to 18G. This implies that 66% of the salary basis between 12G and 18G is covered in this additional scheme. The scheme is secured by payments to a secured bank account.



The Management Group shall be offered competitive terms of employment in order to ensure continuity in the Management Group 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, or of such a magnitude, that it may impair the public reputation of the Company.

Salary and other remuneration to the CEO shall be determined by the Board. 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. The Annual General Meeting on 7 May a new Stock-setteled Stock Appreciation Rights (SSAR) plan for the President/CEO and the Management Group. The Board has however not yet implemented the plan. 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 has implemented a performance-related incentive scheme which is linked to the Company's earnings performance and defined operational goals over time and contains a cap of maximum six months' salary. If the performance-related incentive scheme does not meet trigger points for payments, the Board may on a discretionary basis grant recognition payments for certain employees including Management. Members of Management have no defined agreement with regards to severance payments. Remuneration to Management in 2014 was in compliance with the above guidelines.

Management employee loans are generally secured by car mortgages. Loans to the members of Management carry an interest of 2.5% per annum and repayment period is five years. Members of the Management Group have loans from the Company as follows: Morten Nystad (USD 0.05 million) and Helge Olsen (USD 0.06 million).

NOTE 23 BUSINESS COMBINATIONS

No material business combinations occurred in 2014 or 2013.

NOTE 24 SUBSEQUENT EVENTS

In May 2014 Odfjell SE announced a review of our business activities in order to improve our financial results through a more competitive cost structure. The Board approved 9 January 2015 a restructuring plan that, fully implemented, is estimated to improve the net result by in excess of USD 100 million on a yearly basis within end 2016. The vast majority of the initiatives will be implemented throughout 2015, although we will not achieve full effect of these measures on our financial results before 2016 and onwards. The cost savings initiatives are related to operating expenses, general and administrative expenses, trade optimisation and bunker consumption, of which the ones related to operating expenses and general and administrative expenses are expected to account for in excess of 50% of the improved result.

The reorganisation will result in a reduction of 86 positions at the office in Bergen. There will also be organisational changes at our offices abroad. Relocation of administrative tasks and reduction of Northwest European officers on our ships are also elements of this reorganisation.

Costs in connection with agreements to resign are currently estimated to a total of USD 12 million, of which provisions of USD 3.1 million have been made in the fourth quarter of 2014. The Board has decided to terminate an early retirement scheme that enabled employees to retire at the age of 65 years. The defined pension benefit plan will also be changed to a contribution plan. As a result of these two changes, an income of USD 10.9 million has been recognised in the income statement in the fourth quarter.

NOTE 25 OTHER FINANCIAL ITEMS

(USD 1 000)	2014	2013
Realised gain/losses on available-for-sale-investments	-	421
Financial assets and liabilities at fair value through profit or loss statement	(39 419)	7 756
Other financial income	4 543	2 760
Other financial expenses	(10 208)	(10 278)
Currency gains (losses) – see note 26	30 655	(13 503)
Total other financial items	(14 429)	(12 843)

Included in 'Other financial expenses' in 2014 are provisions related to specific indemnity clauses in the global partnership agreement with Lindsay Goldberg.

See note 5 for overview of hedging exposure, and note 26 for specification of currency gains (losses).



NOTE 26 CURRENCY GAINS (LOSSES)

(USD 1 000)	2014	2013
Currency hedging contracts	117	(94)
Non-current receivables and liabilities	21 418	704
Cash and cash equivalents	2 117	597
Other current assets and current liabilities	7 003	(14 710)
Total currency gains (losses)	30 655	(13 503)

See note 5 for overview of currency hedging exposure.

NOTE 27 NON-CURRENT RECEIVABLES

(USD 1 000)	2014	2013
Loans to employees	509	827
Prepayment of lease	14 599	18 059
Other non-current receivables	3 793	11 754
Total non-current receivables	18 901	30 640

There is nothing material past due or impaired.

NOTE 28 CURRENT RECEIVABLES

(USD 1 000)	2014	2013
Trade receivables	106 044	89 525
Other receivables	23 969	38 219
Pre-paid costs	4 173	3 098
Provisions for bad debt	(3 858)	(4 774)
Total current receivables	130 329	126 068

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 are based on the age of the unpaid balance, information about the current financial condition of the customer, any disputed items and other relevant information.

As at 31 December, the ageing analysis of trade receivables and other current receivables 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
2014	130 014	58 749	42 365	7 194	256	21 450
2013	127 744	66 942	16 017	24 825	2 799	17 161

Movement in provisions for bad debt:

(USD 1 000)	2014	2013
Total provision for bad debt 1 January	4 774	3 719
This year's expenses	706	1 311
Write-off this year	(1 622)	(257)
Currency differences	-	1
Total provision for bad debt per 31 December	3 858	4 774



The table below summarizes total current receivables into different currencies:

(USD 1 000)	2014	2013
USD	118 148	116 669
EUR	4 164	6 098
SGD	219	202
RMB	-	139
WON	-	361
Other	7 798	2 600
Total current receivables	130 329	126 068

NOTE 29 OTHER CURRENT LIABILITIES

(USD 1 000)	2014	2013
Trade payables	20 626	23 265
Estimated voyage expenses	41 481	41 611
Provisions	9 614	3 143
Interest accrual	5 076	4 845
Ship Management accruals	4 642	4 623
Other current liabilities	12 216	15 516
Total other current liabilities	93 655	93 002

Included in 'Provisions' in 2014 are provisions related to the restructuring plan and specific indemnity clauses in the global partnership agreement with Lindsay Goldberg.

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 months	→ 9 months
2014	93 655	73 016	19 294	974	48	323
2013	93 002	59 741	29 949	2 561	192	559

The table below summarizes other current liabilities into different currencies:

(USD 1 000)	2014	2013
USD	82 616	83 090
EUR	1 054	543
SGD	660	2 790
WON	528	545
Other currencies	8 797	6 034
Total other current liabilities	93 655	93 002

NOTE 30 OTHER NON-CURRENT LIABILITIES

(USD 1 000)	2014	2013
Other non-current liabilities	1 997	2 360
Total other non-current liabilities	1 997	2 360

NOTE 31 BUNKERS AND OTHER INVENTORIES

(USD 1 000)	2014	2013
Bunkers	20 636	32 179
Other inventories	2 552	2 980
Total bunkers and other inventories	23 188	35 159



NOTE 32 SHARE CAPITAL AND PREMIUM

	Number of shares (thousand)		Share capital (USD 1 000)		Share premium (USD 1 000)	
	2014	2013	2014	2013	2014	2013
A-shares	65 690	65 690	22 277	22 277	130 511	130 511
B-shares	21 079	21 079	7 148	7 148	41 877	41 877
Total	86 769	86 769	29 425	29 425	172 388	172 388

The number of shares are all authorised, issued and fully paid. Nominal value is NOK 2.50, equivalent to USD 0.34 as at 31.12.2014. All shares have the same rights in the Company, except that B-shares have no voting rights.

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

	2014		2013	
	A-shares	B-shares	A-shares	B-shares
Chairman of the Board of Directors, Laurence Ward Odfjell	25 966 492	2 698 106	25 966 492	2 578 994
Director, Kristian Mørch	-	3 500	-	-
Director, Åke Gregertsen	3 000	-	3 000	-
Senior Vice President QHSE, Toralf Sørenes	17 400	-	11 000	-
Senior Vice President CSS, Harald Fotland	-	4 000	-	-

No dividend paid in 2013 and no further dividend proposed for 2014.

NOTE 33 LIST OF SUBSIDIARIES

The following subsidiaries are fully consolidated in the financial statements as per 31 December 2014:

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 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%
Norfra Shipping AS	Norway	100%	100%
Odfjell Chemical Tankers AS	Norway	100%	100%
Odfjell Chemical Tankers II 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 II AS	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 Singapore Pte Ltd	Singapore	100%	100%
Odfjell Durban South Africa Pty Ltd	South Africa	100%	100%
Odfjell UK Ltd	United Kingdom	100%	100%
Odfjell Middle East DMCC	United Arab Emirates	100%	100%
Odfjell USA (Houston) Inc	United States	100%	100%



NOTE 34 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Odfjell has established a strategic joint venture with Lindsay Goldberg to include substantially all of the Odfjell's tank terminals business globally. This investment is done through the holding company Odfjell Terminals BV.

Odfjell has also established a strategic joint venture with Oak Hill and Breakwater Capital to include Odfjell's Gas carriers business. This investment is done through the holding company Odfjell Gas AS.

Odfjell does also have minor investments in other joint ventures and associates, see list below for more information.

The investment in joint ventures and associates includes the following companies accounted for according to the equity consolidation method as per 31 December 2014:

JOINT VENTURE	Country of registration	Business segment	Ownership share
Gas Carriers:			
Odfjell Gas AS	Norway	Gas Carriers	50.0%
Odfjell Gas Shipowning AS	Norway	Gas Carriers	50.0%
Odfjell Gas Carriers AS	Norway	Gas Carriers	50.0%
Tank Terminals:			
Odfjell Terminals AS	Norway	Tank Terminals	51.0 %
Odfjell Holdings (USA) Inc	United States	Tank Terminals	51.0 %
Odfjell Terminals Management (US) Inc	United States	Tank Terminals	51.0 %
Odfjell Terminals (Charleston) LLC	United States	Tank Terminals	51.0 %
Odfjell Terminals (Houston) Inc	United States	Tank Terminals	51.0 %
Odfjell USA Inc	United States	Tank Terminals	51.0 %
Odfjell Terminals China Pte Ltd	China	Tank Terminals	51.0 %
Odfjell Management Consultancy (Shanghai) Co Ltd	China	Tank Terminals	51.0 %
Odfjell Terminals (Jiangyin) Co Ltd	China	Tank Terminals	28.1 %
Odfjell Terminals Fujian (Quanzhou) Co Ltd	China	Tank Terminals	25.5 %
Odfjell Terminals (Dalian) Co Ltd	China	Tank Terminals	25.5 %
Odfjell Nangang Terminals (Tianjin) Co Ltd	China	Tank Terminals	25.0 %
Odfjell Dalian Port Consulting Co. Ltd.	China	Tank Terminals	25.5 %
Odfjell Terminals Changxing Co Ltd	China	Tank Terminals	25.5 %
Odfjell Terminals (Korea) Co Ltd	South Korea	Tank Terminals	25.5 %
Noord Natie Odfjell Terminals NV	Belgium	Tank Terminals	12.75%
Odfjell Terminals BV	Netherlands	Tank Terminals	51.0 %
Odfjell Terminals Management BV	Netherlands	Tank Terminals	51.0 %
Odfjell Terminals Maritiem BV	Netherlands	Tank Terminals	51.0 %
Odfjell Terminals (Europe) BV	Netherlands	Tank Terminals	51.0 %
Odfjell Terminals (Rotterdam) BV	Netherlands	Tank Terminals	51.0 %
Oiltanking Odfjell Terminals (Oman) BV	Netherlands	Tank Terminals	21.7 %
Oiltanking Odfjell GmbH	Germany	Tank Terminals	49.9 %
Odfjell Terminals Asia Pte Ltd	Singapore	Tank Terminals	51.0 %
Odfjell Terminals (China) Pte Ltd	Singapore	Tank Terminals	51.0 %
Oiltanking Odfjell Terminal Singapore Pte Ltd	Singapore	Tank Terminals	25.5 %
Oiltanking Odfjell Terminals & Co LLC	Oman	Tank Terminals	15.2 %
Other:			
Crystal Pool AS	Norway	Chemical Tankers	50.0 %
OV Bermuda Ltd	Bermuda	Chemical Tankers	50.0 %
Odfjell & Vapores Ltd	Bermuda	Chemical Tankers	50.0 %
Odfjell y Vapores SA	Chile	Chemical Tankers	49.0 %
Odfjell Mazibuko SA Pty Ltd	South Africa	Chemical Tankers	55.0 %
Thembani Shipping SA	South Africa	Chemical Tankers	49.5 %
Exir Chemical Terminal (PJSCo)	Iran	Tank Terminals	35.0 %



The share of result and statement of financial position items for investments in joint ventures and associates are recognised based on equity method:

[USD 1 000]	2014				2013		
	Tank Terminals	Gas Carriers ¹⁾	Other	Total	Tank Terminals	Other	Total
Gross revenue	121 481	8 431	31 639	161 551	77 214	36 510	113 724
EBITDA	738	1 613	9 302	11 654	(13 762)	12 976	(786)
EBIT	(85 742)	967	7 215	(77 560)	(39 630)	12 120	(27 510)
Net result	(73 912)	554	5 554	(67 804)	(25 439)	10 361	(15 078)
Owner interest	(37 695)	277	1 496	(35 922)	(12 974)	3 840	(9 134)
Excess values	3 590	-	-	3 590	(43 330)	-	(43 330)
Group's share of profit for the year	(34 105)	277	1 496	(32 333)	(56 304)	3 840	(52 464)
Non-current assets	1 180 785	108 722	21 531	1 316 971	1 143 143	39 436	1 182 579
Current assets	76 208	19 894	16 442	118 061	139 301	20 592	159 893
Total assets	1 256 993	128 617	37 973	1 435 032	1 282 444	60 028	1 342 472
Non-current liabilities	396 575	25 609	5 565	427 749	355 816	1 979	357 795
Current liabilities	83 397	4 997	9 280	101 697	419 364	15 539	434 903
Total liabilities	479 972	30 606	14 845	529 447	775 180	17 518	792 698
Total equity closing balance	777 021	98 011	23 129	905 585	863 080	42 510	549 774
Owner interest	396 281	49 005	12 273	457 559	440 170	10 250	450 420
Minority/adjustment	(3 986)	-	-	(3 986)	(3 963)	-	(3 963)
Excess values	(65 142)	4 729	-	(60 413)	(56 354)	-	(56 354)
Carrying amount of the investment	327 153	53 734	12 273	393 162	379 853	10 250	390 103
Capital expenditure ²⁾	(55 676)	(16 000)	-	(71 676)	(72 941)	(4 802)	(72 941)
Uncalled committed capital	-	50 000	-	-	-	-	-

¹⁾ Gas Carriers become a joint venture as from 30 September 2014

²⁾ Odfjell share

[USD 1 000]	2014	2013
Loan to associates and joint ventures	10 536	-

All transactions are considered being at commercial reasonable market terms.

NOTE 35 HELD FOR SALE

MT Bow Pilot, 6.000 dwt, built at Stocznia Szczecinska SA in 1999, has been sold to Utkilen Shipping AS. The ship was delivered to new owners on 3 February 2015.

NOTE 36 EXCHANGE RATES OF THE GROUP'S MAJOR CURRENCIES AGAINST USD

	Norwegian kroner (NOK)		Euro (EUR)		Singapore dollar (SGD)	
	Average	Year-end	Average	Year-end	Average	Year-end
2014	6.32	7.43	1.33	1.22	1.27	1.32
2013	5.89	6.08	0.75	0.73	1.25	1.26



NOTE 37 DISPOSAL

Odfjell announced 1 October 2014 that a transaction with Oak Hill and Breakwater Capital had been closed regarding disposal of 50% of the ownership in Odfjell Gas. In accordance with the joint venture agreement, Oak Hill and Breakwater Capital invested approximately USD 50 million as consideration for the 50% equity interest in Odfjell's LPG/Ethylene business (Odfjell Gas AS). Further, Odfjell and the partners have each agreed to commit approximately USD 50 million to finance the existing newbuilding programme for the joint venture. Odfjell and the partners aim, through consolidation and partnerships with other first class operators, to build a leading LPG/Ethylene carriers platform founded upon operational excellence, a modern and eco-friendly fleet and a long-term market perspective. Up to 30 September 2014, Odfjell consolidated Odfjell Gas AS 100%. Upon loss of control at 30 September 2014, Odfjell recognised its retained investment (50%) in Odfjell Gas AS at its fair value. The gain of about USD 6 million (USD 2 million in gain and USD 4 million in remeasurement) is recognised in the income statement. From 30 September 2014, the remaining investment in Odfjell Gas AS is recognised according to the equity method.

Odfjell announced 18 June 2013 that the transaction to expand the joint venture with Lindsay Goldberg (LG) to include substantially all of the Odfjell's tank terminals business globally had been closed. As part of the transaction, LG acquired a 49% interest in Odfjell Terminals AS (OTAS), the holding company for Odfjell's tank terminals activities. In exchange for a 49% share in OTAS, LG made a cash investment in OTAS, by way of a capital increase of USD 219.2 million. OTAS is now owned 51% by Odfjell and 49% by LG. Odfjell realised a book gain of USD 24.5 million related to the transaction, accounted for in third quarter 2013.

NOTE 38 CHANGES IN ACCOUNTING POLICIES

The Group has applied for the first time IFRS 11 'Joint arrangements'. This standard focuses on the rights and obligations of the parties to the arrangement rather its legal form. There are two types of joint arrangements: joint operations and joint ventures. The joint operations are not valid for Odfjell at present. Joint ventures arise where the investors have rights to the net assets of the arrangement. Joint ventures are accounted for under the equity method. After evaluating IFRS 11 the Management Group has considered that the Group's interest in its joint arrangements is within the definition of a 'joint venture'. The consequence of applying IFRS 11 is that all entities previously accounted for by applying the proportionate consolidated method now is accounted for by applying the equity method. Comparative figures in the income statement and statement of financial position are adjusted (see also principle note 2.28).

Changes to equity method have no impact on net result, OCI or equity.

Impact on income statement and statement of financial position (proportionate vs equity method):

(USD 1 000)	2014	2013
Gross revenue	(107)	(138)
EBITDA	(30)	(76)
EBIT	(2)	18
Net finance	18	(6)
Net result	-	-
Non-current assets	(269)	(212)
Current assets	(69)	(98)
Non-current liabilities	275	255
Current liabilities	63	55
Equity	-	-



FINANCIAL STATEMENT ODFJELL SE

INCOME STATEMENT

(USD 1 000)	Note	2014	2013
OPERATING REVENUE (EXPENSES)			
Gross revenue	2	5 716	6 414
General and administrative expenses	15	(21 435)	(17 534)
Depreciation	7	(1 353)	(1 341)
Operating result (EBIT)		(17 072)	(12 462)
FINANCIAL INCOME (EXPENSES)			
Income on investment in subsidiaries	11	12 082	2 463
Impairment shares		(4 663)	-
Interest income	11	19 030	24 417
Interest expenses	11	(35 876)	(33 819)
Other financial items	11	(41 402)	(3 041)
Currency gains (losses)	12	11 398	(20 088)
Net financial items		(39 430)	(30 068)
Result before taxes		(56 502)	(42 530)
Taxes	5	2 400	(2 143)
Net result		(54 102)	(44 673)
OTHER COMPREHENSIVE INCOME			
Cash flow hedges changes in fair value		1 019	1 632
Cash flow hedges transferred to statement of comprehensive income		(233)	1 187
Net gain/(loss) on available-for-sale investments		252	(28)
Other comprehensive income		1 038	2 791
Total comprehensive income		(53 064)	(41 882)



STATEMENT OF FINANCIAL POSITION

Assets as per 31.12 (USD 1 000)	Note	2014	2013
NON-CURRENT ASSETS			
Deferred tax asset	5	2 400	-
Real estate	7	11 227	12 147
Shares in subsidiaries	16	639 148	830 740
Shares in joint ventures	16	306 560	255 216
Loans to Group companies and joint ventures	13	586 105	501 896
Total non-current assets		1 545 439	1 600 000
CURRENT ASSETS			
Current receivables		393	10 071
Group receivables		5 267	4 002
Derivative financial instruments	3	4 825	258
Available-for-sale investments	14	9 910	9 658
Cash and bank deposits	17	41 632	186 125
Total current assets		62 026	210 114
Total assets		1 607 466	1 810 113
Equity and liabilities as per 31.12			
EQUITY			
Share capital	6, 18	29 425	29 425
Treasury shares	6, 18	-	(2 785)
Share premium	6	172 388	172 388
Cash flow hedge reserve	6	(1 152)	(2 190)
Other equity	6	663 806	694 586
Total shareholders' equity		864 466	891 424
NON-CURRENT LIABILITIES			
Derivative financial instruments	3	44 376	14 420
Loans from subsidiaries	4	5 875	133 741
Long-term debt	4	378 175	615 589
Total non-current liabilities		428 426	763 750
CURRENT LIABILITIES			
Derivative financial instruments	3	14 882	9 198
Current portion of long-term debt	4	291 244	73 199
Other current liabilities		8 447	5 276
Loans from subsidiaries		-	67 267
Total current liabilities		314 573	154 940
Total liabilities		742 999	918 689
Total equity and liabilities		1 607 466	1 810 113
Guarantees	19	939 205	839 716

THE BOARD OF DIRECTORS OF ODFJELL SE

Bergen, 18 March 2015

CHRISTINE RØDSÆTHER

LAURENCE WARD ODFJELL
Chairman

ÅKE GREGERTSEN

TORE JAKOBSEN
President/CEO

KRISTIAN VERNER MØRCH

JANNICKE NILSSON

ANNETTE MALM JUSTAD



STATEMENT OF CASH FLOW

(USD 1 000)	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES		
Net result before taxes	(56 502)	(42 530)
Taxes paid	–	(2 143)
Depreciation	1 353	1 341
Result sale of shares	2 581	–
Unrealised currency loss/(gain)	(12 785)	(6 850)
Unrealised changes in derivatives	39 419	(7 671)
Dividends and (gain)/loss from sale of shares classified as investing activities	(10 000)	(2 463)
Other short-term accruals	1 281	879
Net cash flow from operating activities	(34 653)	(59 436)
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of non-current assets	3 000	–
Investment in non-current assets	(433)	(530)
Investment in subsidiaries and other shares	–	(205 687)
Dividend received	10 000	2 463
Change in available-for-sale investments	(252)	7 074
Changes in non-current receivables	–	16 882
Loans to/from subsidiaries	(141 675)	229 435
Net cash flow from investing activities	(129 360)	49 637
CASH FLOW FROM FINANCING ACTIVITIES		
New interest bearing debt	85 295	406 838
Repayment of interest bearing debt	(79 123)	(299 025)
Repurchase treasury shares	–	(42 201)
Sale of treasury shares	26 105	–
Net cash flow from financing activities	32 277	65 612
Effect on cash balances from currency exchange rate fluctuations	(12 756)	(3 044)
Net change in cash balances	(144 493)	52 769
Cash balances as per 1.1	186 125	133 356
Cash balances as per 31.12	41 632	186 125
Available credit facilities	–	–

NOTE 1 ACCOUNTING PRINCIPLES

The parent's separate financial statements have been prepared in accordance with the simplified IFRS. The functional and presentation currency of the company is USD.

The accounting principles are based on the same accounting principles as the Group statement with the following exceptions:

A. Investments in subsidiaries and joint ventures

Subsidiaries and investments in joint ventures are presented according to the cost method. Group relief received is presented as dividend from subsidiaries. Group contribution and dividends from subsidiaries is recognised in the year for which it is proposed by the subsidiary to the extent the parent company can control the decision of the subsidiary through its shares holdings.

Shares in subsidiaries, joint ventures and associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value of the investment. Accordingly a reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

B. Gross revenue

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



C. Derivative financial instruments

The Company, on behalf of subsidiaries, 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 net result or the statement of financial position.

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. Derivatives are classified as current asset/liability if payments occur within 12 months after the statement of financial position date. Derivatives where payment takes place more than 12 months after the statement of financial position date are classified as non-current.

Changes in fair value of derivatives used for fair value hedge are recognised in the income statement together with changes in the fair value of the hedged item. Changes in fair value of derivatives that do not qualify for hedge accounting is recognised as financial items in the income statement in the period the change occur.

The Company entered into a total return swap (TRS) indexed to the Company's own A- and B-shares. The Company sold 5,891,166 A-shares and 2,322,482 B-shares 19 December 2014. The settlement amount for the TRS transaction will be to agreed strike prices of NOK 24.07 and NOK 23.06 respectively, with expiry 19 March 2015. There is no obligation for the Odfjell SE to purchase any shares under the agreement. The change in fair value of the TRS has been accounted for as derivatives at fair value at the statement of financial position date, with any changes in fair value recognised in the income statement as financial item.

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

D. Deferred tax and deferred tax asset

Deferred tax is calculated using the liability method on all temporary differences arising between the tax base of the assets and liabilities and their carrying amount in the financial statements.

Deferred tax is determined using the tax rate and laws which have been enacted on the statement of financial position date. Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available. Deferred tax asset/deferred tax is not calculated on temporary differences arising on investments in subsidiaries, joint ventures and associates.

NOTE 2 GROSS REVENUE

Gross revenue is related to renting of real estate and ICT hosting fee for other Odfjell Group companies. This 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. Derivatives are classified as current asset/liability if payments occur within 12 months after the statement of financial position date. Derivatives where payment takes place more than 12 months after the statement of financial position date are classified as non-current.

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



Below overview shows status of hedging exposure per 31 December 2014 (figures in 1 000):

Currency	Sold	Bought	Avg. Rate	Time to maturity - USD amounts			Total
				← 1 year	1 - 5 years	→ 5 years	
Non hedge ¹⁾	USD 13 000	NOK 83 473	6.42	13 000	-	-	13 000

¹⁾ Weekly accumulator options, amount can be between 0 and USD 26 mill

Interest rates	Avg. Rate	Time to maturity - USD amounts			Total
		← 1 year	1 - 5 years	→ 5 years	
Cash flow hedging	3.00%	-	50 000	-	50 000
Non hedge, IRS ¹⁾	2.51%	50 000	50 000	100 000	200 000

¹⁾ All non hedge IRS' are classified as current assets

Cross currency interest rate swaps	Avg. Rate	Time to maturity - USD amounts			Total
		← 1 year	1 - 5 years	→ 5 years	
Non hedge	6.31%	102 995	193 235	-	296 230

Below overview shows status of hedging exposure per 31 December 2013 (figures in 1 000):

Currency	Sold	Bought	Avg. Rate	Time to maturity - USD amounts			Total
				← 1 year	1 - 5 years	→ 5 years	
Non hedge ¹⁾	USD 13 000	NOK 83 655	6.44	13 000	-	-	13 000

Interest rates	Avg. Rate	Time to maturity - USD amounts			Total
		← 1 year	1 - 5 years	→ 5 years	
Cash flow hedging	3.00%	-	50 000	-	50 000
Non hedge, IRS ¹⁾	2.76%	75 000	100 000	100 000	275 000

¹⁾ All non hedge IRS' are classified as current assets

Cross currency interest rate swaps	Avg. Rate	Time to maturity - USD amounts			Total
		← 1 year	1 - 5 years	→ 5 years	
Non hedge	6.31%	-	296 230	-	296 230

Odfjell SE held in addition to the derivatives above, FX forwards and bunkers swaps to reduce exposure in subsidiaries. These contracts are transferred to the respective subsidiary and therefore not recognised in Odfjell SE's separate financial statement. Fair values of these contracts are:

(USD 1 000)	2014	2013
Bunkers	(56 185)	3 133
Currency	(3 995)	485
Derivative financial instruments	(60 180)	3 618

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 recognised in the statement of financial position at the fair value at the statement of financial position 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. For dividend payable the carrying amount is considered to be best estimate of fair value due to short maturity date and valid terms. Fair value of bonds is calculated based on market values on the bonds.

The Company's financial statement does not have any material differences between fair value and carrying amount.



Fair value hierarchy

Odfjell SE classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The measurement used by Odfjell is either level 1 or 2, where level 1 is quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date, and level 2 are inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly. For some non-derivative financial assets and liabilities we consider carrying amount to be the best estimate of fair value due to short maturity date and valid terms, i.e. current receivables and payables.

(USD 1 000)	2014		2013	
	Level 1	Level 2	Level 1	Level 2
Recurring fair value measurement				
Financial assets at fair value:				
Derivatives instruments - non hedging	-	4 825	-	-
Derivatives instruments - hedging	-	-	-	-
Financial liabilities at fair value:				
Derivatives instruments - non hedging	-	56 959	-	20 300
Derivatives instruments - hedging	-	2 298	-	3 318
Available - for - sale - investments	9 910	-	9 658	-

During 2014 there have been no transfers between levels of the fair value hierarchy. Odfjell SE accounts for transfers between levels of the fair value hierarchy from the date of the event or change in circumstances that caused the transfer.

Assets and liabilities which are measured at fair value in the Statement of financial position and their level of the fair value hierarchy were as follows:

Classification of financial assets and liabilities as at 31 December 2014:

(USD 1 000)	Derivatives held as hedge instrument ¹⁾	Derivatives held at fair value over the result ¹⁾	Loans and receivables	Available for sale investments ¹⁾	Liabilities recognised at amortised cost	Non-financial assets/liabilities	Total 2014
ASSETS							
Cash and cash equivalents	-	-	41 632	-	-	-	41 632
Available-for-sale-investments	-	-	-	9 910	-	-	9 910
Derivative financial instruments	-	4 825	-	-	-	-	4 825
Current receivables	-	-	5 660	-	-	-	5 660
Loan to Group companies	-	-	586 105	-	-	-	586 105
Other non-financial assets	-	-	-	-	-	959 334	959 334
Total assets	-	4 825	633 397	9 910	-	959 334	1 607 466
LIABILITIES							
Other current liabilities	-	-	-	-	8 447	-	8 447
Loan from subsidiaries	-	-	-	-	5 875	-	5 875
Derivative financial instruments	2 298	56 959	-	-	-	-	59 258
Interest bearing debt	-	-	-	-	669 419	-	669 419
Total liabilities	2 298	56 959	-	-	683 742	-	742 999


Classification of financial assets and liabilities as at 31 December 2013:

(USD 1 000)	Derivatives held as hedge instrument ¹⁾	Derivatives held at fair value over the result ¹⁾	Loans and receivables	Available for sale investments ¹⁾	Liabilities recognised at amortised cost	Non-financial assets/liabilities	Total 2013
ASSETS							
Cash and cash equivalents	-	-	186 125	-	-	-	186 125
Available-for-sale-investments	-	-	-	9 658	-	-	9 658
Derivative financial instruments	-	258	-	-	-	-	258
Current receivables	-	-	14 073	-	-	-	14 073
Loan to Group companies	-	-	501 896	-	-	-	501 896
Other non-financial assets	-	-	-	-	-	1 098 103	1 098 103
Total assets	-	258	702 094	9 658	-	1 098 103	1 810 113
LIABILITIES							
Other current liabilities	-	-	-	-	5 276	-	5 276
Loan from subsidiaries	-	-	-	-	201 008	-	201 008
Derivative financial instruments	3 318	20 300	-	-	-	-	23 618
Interest bearing debt	-	-	-	-	688 788	-	688 788
Total liabilities	3 318	20 300	-	-	895 072	-	918 689

* Measured at fair value.

NOTE 4 LONG-TERM DEBT

(USD 1 000)	Average interest rate	2014	2013
Loans from financial institutions – floating interest rate	2.54%	354 993	401 495
Bonds	6.63%	319 157	293 701
Subtotal interest bearing debt	4.48%	674 150	695 195
Transaction cost		(4 731)	(6 407)
Total interest bearing debt		669 419	688 788
Current portion of total debt		(291 244)	(73 199)
Total non-current interest bearing debt		378 175	615 589

Maturity of interest bearing debt as per 31 December 2014:

(USD 1 000)	2015	2016	2017	2018	2019	2020+	Total
Loans from financial institutions – floating interest rate	202 208	42 133	36 546	61 903	6 645	5 556	354 993
Bonds	89 035	-	101 178	128 944	-	-	319 157
Total interest bearing debt	291 244	42 133	137 724	190 847	6 645	5 556	674 150
Estimated interest payable	24 676	18 615	14 258	5 374	1 129	353	64 406
Total	315 919	60 748	151 983	196 221	7 774	5 909	738 556

Maturity of interest bearing debt as per 31 December 2013:

(USD 1 000)	2014	2015	2016	2017	2018	2019+	Total
Loans from financial institutions – floating interest rate	73 199	195 087	35 012	24 824	58 462	14 911	401 495
Bonds	-	102 995	-	102 139	88 566	-	293 701
Total interest bearing debt	73 199	298 082	35 012	126 964	147 028	14 911	695 195
Estimated interest payable	28 631	21 840	15 530	11 398	4 042	753	82 194
Total	101 830	319 922	50 542	138 362	151 070	15 663	777 389

Long-term loans from subsidiaries:

(USD 1 000)	Currency	Average interest rate	2014	2013
Loans from subsidiaries	USD	3.37%	5 875	5 875
	NOK		-	127 866
Total loans from subsidiaries			5 875	133 741



Loans from Group companies generally have no fixed repayment schedule. Repayment is based on available liquidity.

The average term of the Company's outstanding long-term interest bearing bank debt as per 31 December 2014 was 2.3 years (3.1 years in 2013). The average term of the Company's outstanding bond debt as per 31 December 2014 was 2.6 years (3.3 years in 2013).

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 of USD 50 million and 6% of interest bearing debt. The Company was in compliance with the covenants during 2014 and 2013.

NOTE 5 TAXES

(USD 1 000)	2014	2013
Taxes payable/deferred	(2 400)	2 143
Total tax expenses (income)	(2 400)	2 143
Effective tax rate	4.25%	(4.46%)

Taxes payable:

(USD 1 000)	2014	2013
Net result before taxes	(56 502)	(42 530)
Permanent differences	(17 635)	134 467
Changes temporary differences	20 752	2 022
Basis taxes payable	(53 385)	93 959
Utilisation of carried forward losses	-	(26 566)
Group contribution with tax effect (distributed)	-	(67 393)
Basis taxes payable after Group contribution	(53 385)	-

Specification of deferred taxes (deferred tax assets):

(USD 1 000)	2014	2013
Non-current assets	(5 383)	(5 980)
Other long-term temporary differences	18 537	458
Financial instruments	(54 424)	(23 386)
Tax-loss carried forward	(45 402)	-
Contingent tax liability related to non-taxable gain ¹¹	-	12 576
Net temporary differences	(86 672)	(16 332)
Tax rate	27%	27%
Total deferred tax (deferred tax assets)	(23 401)	(4 409)
Total deferred tax not accounted for	21 001	4 409
Deferred tax assets	2 400	-

¹¹ 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 pursuant to regulations of tax free transfer between companies in the same Group.

Deferred tax asset is not recognised due to uncertainty of future utilisation of temporary differences. Temporary differences are translated to USD from NOK at closing rate.

Basis for calculating taxes payable is average exchange rate, while deferred tax/deferred tax assets are calculated using end exchange rate.

NOTE 6 SHAREHOLDERS' EQUITY

(USD 1 000)	Share capital	Treasury shares	Share premium	Cash flow hedge reserve	Retained earning	Total equity
Shareholders' equity as per 1 January 2013	29 425	-	53 504	(4 981)	778 676	856 626
Comprehensive income	-	-	-	2 790	(44 673)	(41 884)
Share repurchases	-	(2 785)	-	-	(39 416)	(42 201)
Merger of shares	-	-	118 884	-	-	118 884
Shareholders' equity as per 31 December 2013	29 425	(2 785)	172 388	(2 191)	694 588	891 424
Comprehensive income	-	-	-	1 039	(54 102)	(53 064)
Share repurchases	-	2 785	-	-	23 320	26 106
Shareholders' equity as per 31 December 2014	29 425	-	172 388	(1 153)	663 804	864 466



NOTE 7 NON-CURRENT ASSETS

[USD 1 000]	Cost 01.01.2014	Investment	Sale book value	Accumulated depreciation prior years	Depreciation this year	Book value 31.12.2014
Land	426	5	-	-	-	431
Office building	23 659	427	-	(11 938)	(1 353)	10 796
Total	24 085	433	-	(11 938)	(1 353)	11 227

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, where Laurence Ward Odfjell is Chairman of the Board, rent office premises from Odfjell SE (through Odfjell Management AS) in Bergen, for which Odfjell received USD 0.1 million in 2014 (USD 0.1 million in 2013). The Company considers the above arrangements to be on commercially reasonable market terms and there were no outstanding balances as per 31 December 2014.

Odfjell SE also has service fee agreements and several financial transactions with Group companies, all considered being at commercial reasonable market terms, see note 2, 11, 13 and 14.

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 EVENT

In May 2014 Odfjell SE announced a review of our business model in order to improve our financial results through a more competitive cost structure. The Board approved 9 January 2015 a restructuring plan that, fully implemented, is estimated to improve the net result by in excess of USD 100 million on a yearly basis within end 2016. The vast majority of the initiatives will be implemented throughout 2015, although we will not achieve full effect of these measures on our financial results before 2016 and onwards. The cost savings initiatives are related to operating expenses, general and administrative expenses, trade optimisation and bunker consumption, of which the ones related to operating expenses and general and administrative expenses are expected to account for in excess of 50% of the improved result.

The reorganisation will result in a reduction of 86 positions at the office in Bergen of which 32 have already been concluded through attrition and early retirement. There will also be organisational changes at our offices abroad. Relocation of administrative tasks and reduction of Northwest European officers on our ships are also elements of this reorganisation.

Costs in connection with agreements to resign are currently estimated to a total of USD 12 million, of which provisions of USD 3.1 million have been made in the fourth quarter of 2014. The Board has decided to terminate an early retirement scheme that enabled employees to retire at the age of 65 years. The defined pension benefit plan will also be changed to a contribution plan. As a result of these two changes, an income of USD 10.9 million has been recognised in the income statement in the fourth quarter.

USD 276 million is planned refinanced in 2015, of which USD 55 million has been refinanced per 18 March 2015.



NOTE 11 FINANCIAL INCOME AND EXPENSES

(USD 1 000)	2014	2013
Dividend/Sale of shares/Group contribution received from subsidiaries	12 083	2 463
Impairment of shares	(4 663)	-
Intercompany interest income	17 226	21 569
Other interest income bank deposit	1 804	2 848
Total interest income	19 030	24 4171
Intercompany interest expenses	(3 320)	(3 693)
Interest expenses, loans	(32 556)	(30 126)
Total interest expenses	(35 876)	(33 819)
Other financial income	7 540	15 636
Other financial expenses	(9 522)	(19 184)
Financial assets and liabilities at fair value through net result	(39 419)	506
Total other financial income/expenses	(41 402)	(3 041)
Net currency gains (losses) – see note 12	11 398	(20 088)
Net financial items	(39 430)	(30 068)

NOTE 12 CURRENCY GAINS (LOSSES)

(USD 1 000)	2014	2013
Currency hedging contracts	115	(510)
Non-current receivables and debt	20 659	(3 408)
Cash and cash equivalents	(9 598)	(3 044)
Other current assets and current liabilities	221	(13 126)
Total currency gains (losses)	11 398	(20 088)

NOTE 13 LOANS TO GROUP COMPANIES AND JOINT VENTURES

(USD 1 000)	Currency	Currency amount 1 000 2014	2014	2013
Norfra Shipping AS	NOK	-	-	26 884
Norfra Shipping AS	USD	148 678	148 678	103 673
Odfjell Asia II Pte Ltd	USD	288 074	288 074	310 774
Odfjell Chemical Tankers AS	USD	134 572	134 572	26 000
Odfjell Chemical Tankers II AS	USD	2 750	2 750	2 750
Odfjell Gas Shipowning AS	USD	-	-	25 100
Sub total loans to Group companies			574 075	495 181
Odfjell Terminal (Jiangyin) Co Ltd	USD	1 315	1 315	2 630
Odfjell Middle East DMCC	USD	2 400	2 400	-
Odfjell Terminals Europe BV (Shareholders loan)	USD	5 997	5 997	-
Oiltanking Odfjell GmbH	USD	2 318	2 318	4 085
Sub total loans to joint ventures			12 030	6 715
Total loans to Group companies and joint ventures			586 105	501 896

NOTE 14 AVAILABLE-FOR-SALE-INVESTMENTS

(USD 1 000)	Currency	Average interest rate	Book value 2014	Book value 2013
Bonds and certificates issued by financial institutions	USD	0.77%	9 910	9 658
Total			9 910	9 658

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 statement of financial position date. Bonds and certificates generally have interest rate adjustments every three months.



NOTE 15 SALARIES, NUMBER OF EMPLOYEES, BENEFITS TO BOARD OF DIRECTORS, PRESIDENT/CEO, OTHER MEMBERS OF THE MANAGEMENT GROUP AND AUDITOR'S REMUNERATION

For 2014 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 2014:

(USD 1 000)	Compensation	Other benefits	Total
Laurence Ward Odfjell (Chairman)*	103	-	103
Bernt Daniel Odfjell (up to 7 May 2014)	47	-	47
Irene Waage Basili (up to 7 May 2014)	47	-	47
Kristian Mørch (from 7 May 2014)	-	-	-
Annette Malm Justad (from 14 November 2014)	-	-	-
Christine Rødsæther	55	-	55
Jannicke Nilsson	53	-	53
Åke Gregertsen	37	-	37
Total	343	-	343

*The chairman has in addition received compensation from subsidiaries with a total amount of USD 0.11 million. Total compensation to the Board of Directors is therefore USD 0.5 million

Auditor's remuneration for:

(USD 1 000 exclusive VAT)	2014	2013
Statutory auditing	136	148
Other assurance services	13	-
Tax advisory services	78	809
Non-audit services	207	313
Total remuneration	434	1 270

NOTE 16 SHARES

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

Subsidiaries

(USD 1 000)	Registered office	Share/ voting rights	Book value	Result 2014	Equity 2014
Norfra Shipping AS	Norway	100%	150 030	83	116 980
Odfjell (UK) Ltd	United Kingdom	100%	2 166	3 066	21 446
Odfjell Argentina SA	Argentina	100%	129	21	85
Odfjell Brasil - Representacoes Ltda	Brazil	100%	983	63	1 292
Odfjell Chemical Tankers Ltd	Bermuda	100%	441 262	169	447 399
Odfjell Chemical Tankers (Germany) GmbH	Germany	100%	1 557	-	931
Odfjell Insurance & Properties AS	Norway	100%	843	(28)	740
Odfjell Korea Ltd	South Korea	100%	43	(42)	(40)
Odfjell Management AS	Norway	100%	21 858	14 766	36 652
Odfjell Maritime Services AS	Norway	100%	1 929	(118)	706
Odfjell Middle East DMCC	United Arab Emirates, Dubai	100%	82	(1 009)	(1 299)
Odfjell Netherlands BV	Netherlands	100%	1 021	199	182
Odfjell Peru	Peru	100%	195	2	69
Odfjell Projects AS	Norway	100%	13	(5)	7
Odfjell Ship Management (Philippines) Inc	Philippines	100%	200	75	74
Odfjell Singapore Pte Ltd	Singapore	100%	13	136	2 693
Odfjell Tankers AS	Norway	100%	9 858	2 429	17 741
Odfjell Tankers Europe AS	Norway	100%	1 717	271	1 461
Odfjell Terminals II AS	Norway	100%	5 248	2 511	7 093
Odfjell USA (Houston) Inc	USA	100%	0	1	1 117
Total			639 148		

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



Shares in joint ventures

Other shares	Registered office	Share/ voting rights	Book value	Result 2014 ¹⁾	Equity 2014 ¹⁾
Odfjell & Vapores Ltd	Bermuda	50.0%	4	(12)	23
Odfjell y Vapores S A	Chile	49.0%	506	220	14 693
Odfjell Terminals BV	Netherlands	51.0%	253 299	45 568	1 162 230
Crystal Pool AS	Norway	50.0%	9	38	(274)
Odfjell Gas AS	Norway	51 %	52 741	(644)	106 504
Total shares in joint ventures			306 560		

¹⁾ Result and equity on 100% basis.

The Company has tested investments for impairment in accordance with requirements in IAS 36. The impairment test did not result in any impairment loss.

NOTE 17 RESTRICTED CASH AND CASH EQUIVALENTS

Odfjell SE has 19 December 2014, sold 5,891,166 A-shares and 2,322,482 B-shares to DNB Markets at an agreed price of NOK 23.85 and NOK 22.85 respectively. In addition the Company has entered into a Total Return Swap (TRS) for 5,891,166 A-shares and 2,322,482 B-shares for agreed strike prices of NOK 24.07 and NOK 23.06 respectively, with expiry 19 March 2015. As security for the TRS transaction total NOK 96.6 million, equal to USD 13 million, is deposited into restricted accounts per 31 December 2014.

In addition Odfjell SE has USD 17 million in collateral as security for financial derivatives.

The Company has no other restricted cash and cash equivalents per 31 December 2014.

NOTE 18 SHARE CAPITAL AND INFORMATION ABOUT SHAREHOLDERS

	Number of shares	Nominal value (NOK)	(NOK 1 000) 2014	(NOK 1 000) 2013
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 2014 according to VPS

Name	A-shares	B-shares	Total	Percent of votes	Percent of shares
1 Norchem A/S	25 966 492	2 415 094	28 381 586	39.53%	32.71%
2 DNB Nor markets	5 845 994	2 390 622	8 236 616	8.90%	9.49%
3 Svenska Handelsbanken AB ¹⁾	2 523 201	2 185 580	4 708 781	3.84%	5.43%
4 Rederiet Odfjell AS	3 497 472	-	3 497 472	5.32%	4.03%
5 Odfjell Shipping Bermuda LTD.	2 750 000	715 760	3 465 760	4.19%	3.99%
6 Pareto Aksje Norge	2 013 766	1 211 061	3 224 827	3.07%	3.72%
7 J.P. Morgan Luxembourg S.A. ¹⁾	1 071 400	1 600 800	2 672 200	1.63%	3.08%
8 Fondfinans Spar	2 100 000	-	2 100 000	3.20%	2.42%
9 JP Morgan Clearing CORP. ¹⁾	2 031 637	-	2 031 637	3.09%	2.34%
10 Morgan Stanley & CO. LLC ¹⁾	1 400 000	-	1 400 000	2.13%	1.61%
11 Pareto Aktiv	837 472	510 977	1 348 449	1.27%	1.55%
12 Skagen Vekst	1 217 307	-	1 217 307	1.85%	1.40%
13 The Northern Trust CO. ¹⁾	91 798	879 400	971 198	0.14%	1.12%
14 Ses AS	210 000	748 000	958 000	0.32%	1.10%
15 KLP Aksje Norge VPF	726 450	223 534	949 984	1.11%	1.09%
16 Odin Maritim	-	900 000	900 000	-	1.04%
17 Six SIS AG ¹⁾	550 000	288 500	838 500	0.84%	0.97%
18 AS SS Mathilda	600 000	150 000	750 000	0.91%	0.86%
19 Berger	732 400	-	732 400	1.11%	0.84%
20 Wimoh Invest AS	-	700 000	700 000	-	0.81%
Total 20 largest shareholders	54 165 389	14 919 328	69 084 717	82.46%	79.62%
Other shareholders	11 524 855	6 159 376	17 684 231	17.54%	20.38%
Total	65 690 244	21 078 704	86 768 948	100.00%	100.00%
International shareholders	39 402 093	10 405 963	49 808 056	59.98%	57.40%

¹⁾ Nominee account.

Source: Norwegian Central Securities Depository (VPS).

For an analysis of the 20 largest shareholders of 31 December 2014, see text Shareholder Information.

Odfjell SE has 19 December 2014, sold 5,891,166 A-shares and 2,322,482 B-shares to DNB Markets at an agreed price of NOK 23.85 and NOK 22.85 respectively. In addition, the Company has entered into a Total Return Swap for 5,891,166 A-shares and 2,322,482 B-shares for agreed strike prices of NOK 24.07 and NOK 23.06 respectively, with expiry 19 March 2015.

The General Meeting on 7 May 2014 authorised the Board of Directors to acquire up to 10% of the Company's share capital. This authorisation expires 6 May 2016. 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.

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

	2014		2013	
	A-shares	B-shares	A-shares	B-shares
Chairman of the Board of Directors, Laurence Ward Odfjell	25 966 492	2 698 106	25 966 492	2 578 994
Director, Åke Gregertsen	3 000	-	3 000	-
Director, Kristian Mørch	-	3 500	-	-

NOTE 19 GUARANTEES

(USD 1 000)	2014	2013
100% owned subsidiaries	444 129	680 409
Joint ventures	152 646	147 307
Third parties	342 430	12 000
Total guarantees	939 205	839 716

Odfjell SE has issued guarantees on behalf of subsidiaries and joint ventures as part of our day-to-day business to assume responsibility for bunkers purchase, credit facilities and yard commitments. Guarantees to and from Group companies are generally entered into on arms-length basis.

Odfjell SE has also issued guarantee for 100% of the remaining instalments to Nantong Sinopacific Offshore & Engineering Co., Ltd on behalf of Odfjell Gas Shipowning AS, a subsidiary of Odfjell Gas AS, with a total of USD 332.4 million (included in the table above). The JV partners have issued a counter guarantee for their 50% share in Odfjell Gas AS.

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the financial statements for the period 1 January to 31 December 2014 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the Group and the Company's consolidated assets, liabilities, financial position and results of operations, and that the Report from the Board of Directors provides a true and fair view of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties facing the Company and the Group.

THE BOARD OF DIRECTORS OF ODFJELL SE

Bergen, 18 March 2015



LAURENCE WARD ODFJELL
Chairman



CHRISTINE RØDSÆTHER



ÅKE GREGERTSEN



KRISTIAN VERNER MØRCH



JANNICKE NILSSON



ANNETTE MALM JUSTAD



TORE JAKOBSEN
President/CEO

AUDITOR'S REPORT



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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 statement of financial position as at 31 December 2014, the income statement and cash flows as well as a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the statement of financial position as at 31 December 2014, the income statement, 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 financial statements of 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.



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 at 31 December 2014 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 the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statements on corporate governance 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 ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Bergen, 18 March 2015
ERNST & YOUNG AS



Erik Moe
State Authorised Public Accountant (Norway)



FLEET & TERMINAL OVERVIEW

as per 1 March 2015

Chemical Tankers	Year built	DWT	CBM	Stainless steel, CBM	Number of Tanks
OWNED					
Bow Triumph	2015	49 622	53 188	-	22
Bow Trident	2014	49 622	53 188	-	22
Bow Pioneer	2013	75 000	86 000	-	30
Bow Nangang	2013	9 156	10 523	10 523	14
Bow Dalian	2012	9 156	10 523	10 523	14
Bow Fuling	2012	9 156	10 523	10 523	14
Bow Lind	2011	46 047	48 698	-	29
Bow Elm	2011	46 098	48 698	-	29
Flumar Brasil	2010	51 188	55 452	-	14
Bow Harmony	2008	33 619	38 052	38 052	16
Bow Saga ¹	2007	40 085	52 126	52 126	40
Bow Sirius ¹	2006	49 539	52 155	52 155	40
Bow Sea	2006	49 511	52 107	52 107	40
Bow Engineer	2006	30 086	36 274	36 274	28
Flumar Maceio	2006	19 975	21 713	21 713	22
Bow Summer	2005	49 592	52 128	52 128	40
Bow Spring	2004	39 942	52 127	52 127	40
Bow Star	2004	39 832	52 127	52 127	40
Bow Santos	2004	19 997	21 846	21 846	22
Bow Sun	2003	39 842	52 127	52 127	40
Bow Firda	2003	37 427	40 645	40 645	47
Bow Chain	2002	37 518	40 621	40 621	47
Bow Andes	2000	16 020	17 120	17 120	14
Bow Condor	2000	16 121	17 622	17 622	30
Bow Fortune	1999	37 395	40 619	40 619	14
Bow Master	1999	6 046	7 018	7 018	14
Bow Sailor	1999	6 008	7 011	7 011	14
Bow Cecil ¹	1998	37 369	40 515	33 236	47
Bow Flora	1998	37 369	40 515	33 236	47
Bow Balearia	1998	5 846	6 075	6 075	20
Bow Oceanic	1997	17 460	19 616	19 616	24
Bow Bracaria	1997	5 846	6 071	6 071	20
Bow Brasilia	1997	5 800	6 067	6 067	20
Bow Cardinal ¹	1997	37 446	41 487	34 208	52
Bow Faith	1997	37 479	41 487	34 208	52
Bow Aratu	1997	13 843	15 834	15 834	29
Bow Querida	1996	10 106	11 181	11 181	18
Bow Cedar	1996	37 455	41 488	41 488	52
Bow Atlantic	1995	17 460	19 588	19 588	24
Bow Fagus	1995	37 375	41 608	34 329	52
Bow Clipper	1995	37 221	41 596	34 328	52
Bow Flower	1994	37 221	41 492	34 213	52
Bow Victor	1986	33 000	34 500	21 975	31

Ship	Year built	DWT	CBM	Stainless steel, CBM	
TIME-CHARTERED/POOL					
Bow Tribute ⁴	2014	49 622	53 188	-	22
Bow Trajectory ⁴	2014	49 622	53 188	-	22
UACC Mansouria	2013	45 352	52 566	-	22
UACC Marah	2013	45 249	52 565	-	22
Chemroad Hope	2011	33 552	37 161	37 161	18
RT Star	2011	26 199	27 912	27 912	18
SG Pegasus	2011	13 086	14 523	14 523	16
Southern Koala	2010	21 290	20 008	20 008	20
Bow Tone	2009	33 625	37 974	37 974	16
Bow Hector	2009	33 694	37 384	37 384	16
Southern Ibis	2009	19 905	22 158	22 158	20
Southern Jaguar	2009	19 997	22 157	22 157	20
Bow Sagami	2008	33 641	38 000	38 000	16
Bow Kiso	2008	33 641	37 974	37 974	16
Bow Heron	2008	33 707	37 365	37 365	16
Celsius Mayfair	2007	19 999	21 714	21 714	20
Bow Fuji	2006	19 805	22 140	22 140	22
Celsius Manhattan	2006	19 807	22 143	22 143	22
Moyra	2005	19 806	22 838	22 838	18
Bow Sky ²	2005	40 005	52 126	52 126	40
Bow Architect	2005	30 058	36 290	36 290	28
Celsius Monaco	2005	19 999	21 851	21 851	22
Celsius Mumbai	2005	19 993	22 186	22 186	22
Celsius Miami	2005	19 991	22 192	22 192	22
Chembulk Sydney	2005	14 271	16 571	16 571	20
Golden Top	2004	12 705	13 388	13 388	22
Chembulk Wellington	2004	14 312	15 591	15 591	20
Bow Asia ²	2004	9 901	11 088	11 088	20
Bow Singapore ²	2004	9 888	11 089	11 089	20
SG Friendship	2003	19 773	21 651	21 651	26
Bow Jubail ²	1996	37 499	41 488	34 209	52
Bow Mekka ²	1995	37 272	41 606	34 257	52
Bow Riyad ²	1995	37 221	41 492	34 213	52
Kristin Knutsen	1998	19 152	19 409	19 409	34
Number of ships	77	2 235 535	2 500 329	1 858 223	2 183

LPG/Ethylene Carriers	Year built	DWT	CBM	TYPE	Number of tanks	ON ORDER Yard	Delivery	CBM	Owner	Comment
SHIP						LPG/ETHYLENE CARRIERS				
Bow Gallant ³	2 008	10 282	8 922	LPG/Ethylene	2	Nantong Sinopacific Offshore & Engineering Co., Ltd	2016	17 000	Odfjell Gas	50/50 JV
Bow Guardian ³	2 008	10 282	8 922	LPG/Ethylene	2	"	2016	17 000	Odfjell Gas	"
TIME CHARTERED						"	2016	17 000	Odfjell Gas	"
Bertian Ekuator	2 004	26 776	35 000	LPG/Ammonia	3	"	2016	17 000	Odfjell Gas	"
Number of ships	3	47 340	52 843		7	"	2016	17 000	Odfjell Gas	"
						"	2016	22 000	Odfjell Gas	"
						"	2016	22 000	Odfjell Gas	"
						"	2017	22 000	Odfjell Gas	"
						"	2017	22 000	Odfjell Gas	"
Number of newbuildings							8	156 000		

¹⁾ Vessel beneficially owned through financial lease.

²⁾ Vessel on bareboat charter.

³⁾ Vessel on variable time-charter/pool

⁴⁾ Vessel on bareboat charter booked as financial lease.

TANK TERMINALS	Location	Ownership**)	CBM	Stainless steel, CBM	Tanks
Odfjell Terminals (Rotterdam) BV	Rotterdam, NL	51%	1 636 100	32 550	281
Odfjell Terminals (Houston) Inc	Houston, USA	51%	362 487	112 833	110
Odfjell Terminals (Charleston) LLC	Charleston, USA	51%	79 206	-	9
Odfjell Terminals (Jiangyin) Co Ltd	Jiangyin, China	28.05%	99 800	30 000	22
Odfjell Terminals (Dalian) Ltd	Dalian, China	25.5%	119 750	18 350	51
Odfjell Terminals (Korea) Co Ltd	Onsan, Korea	25.5%	313 710	15 860	85
Oiltanking Odfjell Terminal Singapore Ltd	Singapore	25.5%	377 051	13 520	82
Oiltanking Odfjell Terminal & Co. LLC	Sohar, Oman	15.17%	1 294 780	-	66
Noord Natie Odfjell Terminals	Antwerp, Belgium	12.75%	350 000	50 800	241
Exir Chemical Terminals PJSCO	BIK, Iran	35%	22 000	1 000	18
Total terminals	10 terminals		4 654 884	274 913	965

PROJECTS AND EXPANSIONS	Location	Ownership**)	CBM	Stainless steel, CBM	Completion
Odfjell Nangang Terminals (Tianjin) Co.,Ltd	Tianjin, China	24.99%	137 800	7 000	Q2 2015
Odfjell Terminals (Houston) Inc	Houston, USA	51%	17 142	-	Q4 2015
Odfjell Terminals Quanzhou (Fujian)	Quanzhou, China	25.5%	184 000	-	TBD
Total expansion terminals			338 942	7 000	

TANK TERMINALS PARTLY OWNED BY RELATED PARTIES ¹⁾	Location	Share	CBM	Stainless steel, CBM	Tanks
Depositos Quimicos Mineros S.A.	Callao, Peru		52 980	1 600	43
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 I, Brazil		75 710	-	35
Granel Quimica Ltda	Ladario, Brazil		8 060	-	6
Granel Quimica Ltda	Triunfo, Brazil		12 030	-	2
Granel Quimica Ltda	Teresina, Brazil		7 640	-	6
Granel Quimica Ltda	Palmas, Brazil		38 826	530	56
Odfjell Terminals Tagsa S.A.	Buenos Aires, Argentina		68 580	10 190	102
Odfjell Terminals Tagsa S.A.	Campana, Argentina		32 840	-	25
Terquim S.A.	San Antonio, Chile		16 870	-	7
Terquim S.A.	Mejillones, Chile		293 130	5 500	53
IMTT-Quebec	Quebec, Canada				
Total terminals partly owned by related parties	13 terminals		776 906	40 600	475

PROJECTS AND EXPANSIONS TANK TERMINALS PARTLY OWNED BY RELATED PARTIES ¹⁾	Location	Share	CBM	Stainless steel, CBM	Completion
Depositos Quimicos Mineros S.A.	Callao II, Peru		17 850	-	ready Q4 2015
Granel Quimica Ltda	Santos II, Brazil		52 000	-	ready Q4 2016
Granel Quimica Ltda	Sao Luis II, Brazil		52 750	-	ready Q2 2015
Granel Quimica Ltda	Palmas, Brazil		6 000	-	ready Q2 2015
Total expansion tank terminals partly owned by related parties			128 600	-	
Grand total (incl. related tank terminals partly owned by related parties)	23 existing terminals		5 431 790	315 513	

¹⁾ Tank terminals and projects partly owned by Odfjell family.

²⁾ Odfjell SE's indirect ownership share

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. For tankers, normally water.

BALLAST LEG

Voyage with no cargo on board, to position a ship for the next load port or dry-docking.

BALLAST TANK

Tank that can be filled with ballast, to provide stability for a ship.

BAREBOAT CHARTER (B/B)

An arrangement involving the hiring of a ship, under which 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 its return, the ship shall be in the same condition as when delivered, normal wear and tear expected.

BARGING

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

BROKER

Intermediary in the process of negotiating freight contracts between owners and charterers, the sale and purchase of ships and similar transactions.

BUNKERS/BUNKERING

Engine fuel, to power a ship's engines. Bunkering involves taking bunkers on board.

CBM

Cubic metre, volume measurement = 1 metre x 1 metre x 1 metre = 1,000 litre.

CHARTER PARTY (C/P)

Agreement between a ship owner 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

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

Independent, non-governmental organisation, e.g. DNV GL, which checks and verifies that the technical condition, the safety and quality of a ship complies with the classification society's 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)

Agreement between ship owner/operator and charterer, setting the terms for transportation of given quantities of cargo, during a given period of time.

CO₂

Carbon dioxide; colourless, odourless, incombustible gas present in the atmosphere and formed during respiration, combustion and organic decomposition.

DEADWEIGHT TONNE (DWT OR TDW)

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 along intercontinental trade routes.

DEMURRAGE

Compensation paid by the charterer, supplier or receiver of the cargo for time spent during port call in excess of the lay-time stipulated in the Charter Party for loading/discharging operations.

DETERGENTS

Substances used for tank cleaning.

DOUBLE HULL

Ship design with an inner and an outer hull, to enhance safety by allowing leakages to be contained in the event of potential groundings or collisions. The space between the inner and outer hull may also be used as a ballast tank.

DRY-DOCK

Putting a ship into dry-dock for inspection and repairs of underwater parts, and painting of the ship bottom. Usually carried out every 2½ to 5 years.

EEOI – ENERGY EFFICIENCY OPERATIONAL INDICATOR

Gram CO₂ emitted per tonne cargo transported one nautical mile.

FREIGHT RATE

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

G/TNM

Gram/tonne nautical mile.

IMO

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

INORGANIC CHEMICALS

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

ISMC

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

KNOT

Measure of vessel speed. 1 knot = 1 nautical mile per hour ≈ 1.85 km/h.

LIBOR

London Interbank Offered Rate.

LTIF

Lost-Time Injury Frequency. Number of work-related injuries that make employees unable to work the next workday times 1 million divided by total number of working hours.

MARPOL

The International Conventions governing Marine Pollution Prevention, part of IMO.

M/T

Motor Tanker.

MT

Metric tonne.

NIS

Norwegian International Ship Register.

NO_x

Mono-nitrogen oxides. Nitrogen combined with oxygen to form a variety of compounds.

OECD

The Organisation for Economic Co-operation and Development is an international organisation whose objective is to stimulate economic progress and world trade.

OFF-HIRE

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

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 managing contact between the ship and the charterer, giving 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.

PETROCHEMICALS

See organic chemicals.

POOL

Co-operation between several owners supplying ships for a joint operation, where net revenues are pooled and divided according to a pre-determined distribution key.

PPM

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

SEGREGATION

Division of a ship's cargo space to allow different cargoes being kept completely segregated during the entire voyage, including during loading and unloading.

SHIP MANAGEMENT

Technical administration of a ship, including services such as technical operation, maintenance, crewing and insurance.

SHORT-SEA (REGIONAL) TRADE

Sea-borne trade within a particular trading area (i.e. not intercontinental).

SOLVENTS

Liquids that can dissolve other substances.

SO_x

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

SPOT RATE

Cargo freight rate not governed by contract of affreightment, usually based on the 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 crew against 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.

TONNE

Gross registered tonne 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 areas. 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

Geographical area where a ship mainly trades.

TRADING DAYS

Days a ship is not off-hire.

TRANSHIPMENT

Transfer of cargo from one ship to another, e.g. from a ship within global trade to a coaster or barge within regional trade bound for final destination.

VOYAGE CHARTER

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 relating to the voyage, such as bunkers, port charges, canal dues, etc.

OFFICES AND ADDRESSES

MAIN OFFICE ODFJELL

Odfjell SE - Odfjell Tankers AS - Odfjell Gas AS
 Conrad Mohrs veg 29,
 P.O. Box 6101 Postterminalen - 5892 Bergen, NORWAY
 Tel: +47 5527 0000
 Fax: +47 5528 4741 - Fax: +47 5527 9070 [Chartering/Operations]

MAIN OFFICE TERMINALS

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INTERNATIONAL OFFICES

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 Fax: +65 6224 2285

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 Fax: +61 3 9642 2214

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TERMINALS

Odfjell Terminals (Houston) Inc.
 12211 Port Road
 Seabrook, TX 77586, USA
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Noord Natie Odfjell Terminals NV
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 Fax: +32 (0)3 543 99 38

Odfjell Terminals (Dalian) Ltd
 New Port, Economy & Technology
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Odfjell Terminals Quanzhou (Fujian) Co., Ltd
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