ODFJELL

2015

ANNUAL REPORT

2015

CONTENTS

FINANCIAL CALENDAR 2016

1st quarter 2016 report	9 May 2016
Capital Market Day	10 May 2016
2nd quarter 2016 report	25 August 2016
3rd quarter 2016 report	10 November 2016
4th quarter 2016 report	16 February 2017

The annual general meeting is planned 9 May 2016.

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

MISSION
STATEMENT

Odfjell shall be a leading, preferred and profitable global provider of transportation and storage of bulk liquid chemicals, acids, edible oils and other special products.

We shall be capable of combining different modes of transportation and storage.

We shall provide our customers with reliable and efficient services.

We shall conduct our business to high quality, safety and environmental standards.

A YEAR OF TRANSITION

2015 WAS A YEAR OF TRANSITION FOR ODFJELL, AND WE HAVE DURING THE YEAR BEGUN TO TURN ODFJELL AROUND AND ARE GETTING BACK ON THE RIGHT TRACK.

Kristian Mørch, CEO

After several years of losses, we launched Project Felix at the beginning of 2015. The mandate for Project Felix was simple– Odfjell had to figure out a way of making a reasonable return on our capital within our shipping activities, also in the tough market environment that we had been facing for several years.

This meant that Project Felix became much more than a cost saving exercise. Apart from achieving significant cost savings, we have also during the year implemented a wide range of improvement measures, including optimisation of how we trade and operate our fleet, energy and fuel economising, right-sizing of our organisation and other initiatives. The list of initiatives counted around 400 items, all with the aim of strengthening our competitive position for our chemical tankers. As good examples of what we have achieved, I can mention that we have reduced the daily Opex for our chemical tankers by 19% in 2015 compared to 2014, and we have reduced the average fuel consumption for converted ships with above 20%.

Making so many changes has been a challenge and in many aspects also a painful process for the organisation, since we have had to say goodbye to many valuable colleagues, but the initiatives were necessary to ensure that Odfjell would have a sustainable future.

Project Felix has been implemented with great success for the Company. In February this year we announced that we had reached our target of savings in excess of USD 100 million on an annual basis, which significantly improves our competitive position... but we are not declaring victory just yet!

Our markets are difficult to predict, and the supply of ships continues to grow, although the ordering of new chemical tankers has been reduced substantially. The demand side is very dependent on what happens to the world economy, and also here the signals are mixed. The bottom line for Odfjell is that we cannot rely on the markets to help us, so we have to focus on how we best utilise our markets, no matter what they offer.

This means that the spirit of Project Felix lives on and the hunt for efficiencies, new improvements, and new ways of engaging our markets continue at full speed.

A key objective for us is that cost-cutting and focus on operational efficiency shall not jeopardise our QHSE performance. On the contrary, we see strong QHSE results as a prerequisite for proper and sustainable operations. I am happy to see that we seem to be on the right track also in this field, with a trend that shows fewer personnel injuries, spills, and damages to facilities and cargo. To get an even stronger focus on this, we have linked the QHSE responsibility closer to the line organisation. The business units now have an even more direct responsibility to ensure proper and safe operations, which will always be a main priority for us in Odfjell.

2015 also brought substantial improvements of our financial results, with an EBITDA for the Company as a whole almost twice of what it was the year before. The net result was still negative, and that is never OK – but during 2015 we suffered significant accounting losses from bunker hedging contracts entered into in 2014 due to the steep fall in the oil prices. Had it not been for these hedging contracts, Odfjell would have delivered a positive net result in 2015, as the results from our underlying operation improved significantly.

The results for our Chemical Tankers improved compared with the previous year, on the back of a basically flat chemicals freight market but benefitting from the combination of reduced costs and lower bunker prices. We were also helped by the strong product tanker market, which in addition to boosting our voyage results with clean petroleum products (CPP) cargoes also made this market more attractive for swing tonnage and thus, contributed to a tighter supply/demand balance in the chemical tanker segment. This effect waned towards the end of the year with the weakening of the CPP market. Going forward we do not expect that the chemicals freight market will improve substantially in the short-term horizon. With an orderbook of close to 25% of the deep-sea core fleet to be delivered over the next 2-3 years, the fleet expansion will most likely off-set the forecasted growth in demand in this period. However, we are well positioned to face the market challenges, with our varied and versatile fleet of sophisticated chemical carriers, our wide contract portfolio and our professional and dedicated organisation all over the globe. Hence, despite a somewhat uncertain market outlook, we expect our chemical tanker results to improve in 2016, based on a more competitive cost structure and the expiry of the loss-making bunker hedges.

Also our Tank Terminals division achieved improved results, with positive EBITDA for Odfjell Terminals as a whole. Most terminals have delivered stable, positive net results during the last years, and in September also our terminal in Rotterdam, OTR, reached a positive monthly EBITDA, for the first time since the temporary shut-down in 2012. OTR has in 2015 more than doubled the distillation capacity of its largest column, and has commitments for new contracts that will ramp up during the first half of 2016 that will utilise the majority of this capacity. The terminal is running at close to full occupancy of commercially available storage capacity. Developments at our other terminals are also satisfactory where we continue to be the terminals of choice for customers with focus on product stewardship. We expect Odfjell Terminals 2016 results to improve on strong distillation activity and better storage results at OTR, and slightly improving results for the other terminals as new capacity has and will continue to come on line.

Odfjell Gas continues to be a rather marginal business venture for Odfjell, currently with our two 9,000 cbm LPG/Ethylene carriers trading in an external pool. Further development of our gas carrier business will depend on the delivery of the eight vessels of 17,000 cbm and 22,000 cbm that we have on order in China together with our joint venture partners. This newbuilding programme is substantially delayed, and we are discussing with the yard how to reach a satisfactory solution to these delays.

Our key focus in 2016 will be to continue building strength, enabling us to secure continued development of Odfjell and to allow for asset renewal and expansion. This includes initiatives to further improve our cash situation and balance sheet while at the same time emphasising operational improvements and quality of service. Our aim is to become the most efficient integrated chemical transportation company in the world. We are also committed to our terminals business, as a great stand-alone infrastructure business but even more attractive for us with its potential for synergies with the chemical tankers and how it can stabilise the impact on our financial results in the face of the more fluctuating tanker markets.

All in all, I believe that we will continue the positive development and further improve the results also in 2016 and the years beyond... so the journey towards making Odfjell a stronger and more competitive company continues!


MEANS OF NAVIGATION
TO BE USED FOR COLLISION AVOIDANCE

SHIPPING AND STORING OF ANYTHING LIQUID

Odfjell SE (Odfjell or the Company) is a leading company in the global market for 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 be a leading logistics service provider with customers across the world, through the safe and efficient operation of deep-sea and regional chemical tankers 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 2015 Odfjell's sophisticated fleet consisted of 74 ships, including owned, time-chartered and bareboat chartered vessels. The total capacity of the current fleet is around 2.2 million dwt. The chemical tanker business posted a gross revenue of USD 940 million in 2015.

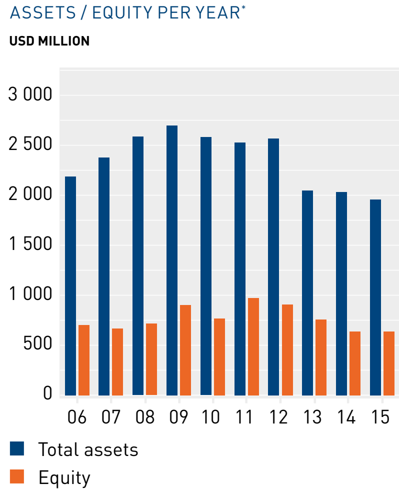
ODFJELL GAS

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. Our joint venture Odfjell Gas also has eight newbuildings on order consisting of four 17,000 cbm and four 22,000 cbm with delivery from 2016 and onwards.

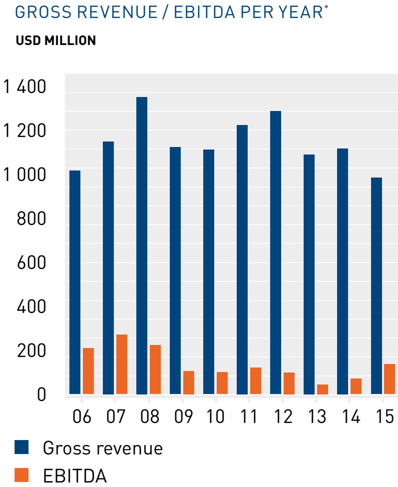
ODFJELL TERMINALS

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 for 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, USA, Singapore, South Korea, Oman, China and Iran. In addition, Odfjell Nangang Terminals (Tianjin), China, is ready for operation, but the explosion in Tianjin harbour in 2015 is delaying the prosess of obtaining the necessary operational permits. Further projects are under development in Fujian and in Changxing Island, China. Our terminal business also cooperates with 13 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 112 million in 2015.

ASSETS / EQUITY PER YEAR*



GROSS REVENUE / EBITDA PER YEAR*



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

Reverse osmosis plants will be installed on 26 vessels to reduce boiler consumption

2015 HIGHLIGHTS

FINANCIAL PERFORMANCE ODFJELL GROUP

- Gross revenues of USD 929 million
- EBITDA of USD 137 million
- Operating result (EBIT) USD 28 million
- Net loss of USD 36 million

STREAMLINING THE CHEMICAL TANKER BUSINESS

Following our cost-cutting and efficiency programme in 2015, a number of initiatives were introduced to streamline our fleet to achieve a more efficient fleet combination and trade optimisation. Also our processes have been improved to reduce our operational and administrative expenses, and several large and small measures have been taken to improve energy efficiency.

Trade and fleet optimisation

During 2015 we entered into time-charter agreements for three stainless steel chemical tankers with terms ranging from three to five years. Three vessels on time-charter were also redelivered to owners, the last one early January 2016.

In January we took delivery of a 49,622 dwt coated newbuilding from Hyundai Mipo Dockyard in Korea, the last vessel in a series of four vessels. Odfjell has no further newbuilding contracts for chemical tankers.

In second quarter, we exited the European regional trade by selling Bow Balearia, Bow Bracaria and Bow Brasilia all 5,800 dwt, built in 1997-1998. The vessels were divested as part of the cost cutting and efficiency programme.

As a part of the fleet development programme, in November 2015 Odfjell sold the vessel Bow Victor built in 1986 of 33,000 dwt, for recycling at RL Kalthia Shipbreaking at Alang in India. The yard is certified as compliant with the Hong Kong Convention on the Recycling of Ships and the 2012 Guidelines for Safe and Environmentally Sound Ship Recycling. The yard is further certified for ISO 9001, ISO 14991, OSHAS 18001 and ISO 30000.

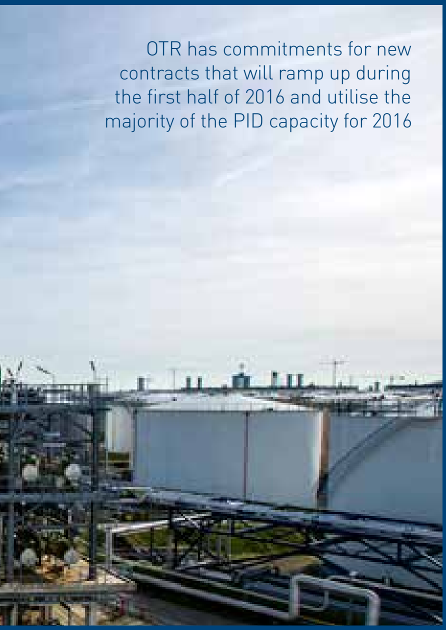
General and administration reduction and reduced operational expenses

Our organisation has been reorganised to a leaner and more agile organisational structure fit for purpose.

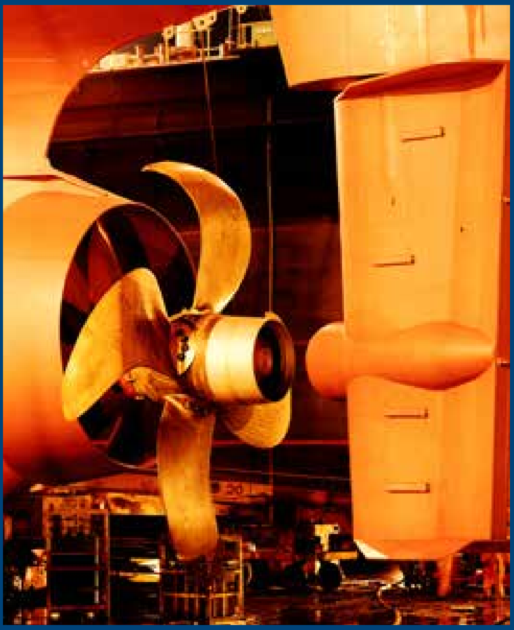
Improved energy efficiency

Three significant energy efficiency measures were initiated for our vessels in 2015:

- Upgrading propulsion system on in total 19 large stainless steel vessels reducing fuel consumption and emissions by 20%.
- Installing reverse osmosis plants on 26 vessels for production of freshwater from seawater, reducing boiler consumption.



OTR has commitments for new contracts that will ramp up during the first half of 2016 and utilise the majority of the PID capacity for 2016



19 large stainless steel vessels are being upgraded with new propulsion system leading to a reduction of about 20% of fuel consumption and emission

Due to the significant reduction in emissions the vessels, previously rated D+, will improve the energy rating to A+

- Dashboard energy efficient concept to respond to over consumption/energy efficiency near real time.

TERMINALS STABLE WITH POSITIVE PROSPECTS

Odfjell Terminals (Rotterdam) (OTR) received their ISO certificates in January 2015 and by year end the commercially available occupancy was 964,034 cbm equivalent to 96.9%. The distillation activity (PID) with four distillation columns was operational with all four columns from second half of 2015. The largest distillation column went offline in December 2015 to increase the capacity of the unit to a total annual production of 1,800,000 tonnes.

Our new terminal in the new harbour in Tianjin, China was technically completed in first quarter 2015. Due to an explosion in the Tianjin old harbour the process of obtaining the necessary operational permits for our new terminal was delayed. The terminal was not directly affected by the explosion and we expect to open the terminal in second quarter 2016. Odfjell Nangang Terminals (Tianjin) will be the largest Odfjell terminal in China.

Odfjell Terminals (Houston) completed in October 2015 the construction of Bay 10, consisting of nine carbon steel tanks. Bay 10 has a total storage capacity of 17,190 cbm.

COST-CUTTING AND EFFICIENCY PROGRAMME – PROJECT FELIX

The Board of Odfjell SE launched a cost cutting programme in January 2015. The mandate for this project was to significantly improve the financial performance of Odfjell's Chemical Tanker business. The target to improve the net result by in excess of USD 100 million on a yearly basis when fully implemented was successfully reached in December 2015. We expect full financial impact from the project in 2016, one year ahead of schedule. Odfjell has an invigorated focus on improving operations, and several new initiatives targeting operational performance have been launched during fourth quarter to further improve our strategic position and financial results.

In mid-March 2015. The largest ship ever docked at OTR. A Suex Max class unloading product to be processed at the PID distillation towers at OTR. The vessel was 275 metres long and 48 metres wide

KEY FIGURES/FINANCIAL RATIOS

ODFJELL GROUP	Figures in	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
FROM INCOME STATEMENT											
Gross revenue	USD mill.	929	1 053	1 027	1 212	1 154	1 048	1 058	1 274	1 083	958
EBITDA [1]	USD mill.	137	66	41	93	113	94	99	209	255	196
Depreciation and impairment	USD mill.	(109)	(94)	(89)	(132)	(122)	(124)	(119)	(122)	(119)	(103)
Capital gain (loss) on non-current assets	USD mill.	-	7	(9)	(4)	31	(6)	44	53	25	15
EBIT [2]	USD mill.	28	(22)	(57)	(43)	21	(36)	11	140	159	125
Net financial items	USD mill.	(58)	(53)	(46)	(68)	(35)	(30)	(28)	(43)	(55)	(38)
Net result from discontinued operation	USD mill.	-	–	–	–	288	33	30	34	27	20
Net result allocated to shareholders' equity before extraordinary items*)	USD mill.	(36)	(75)	(108)	(111)	269	(79)	11	131	130	116
Net result allocated to shareholders' equity	USD mill.	(36)	(75)	(108)	(111)	269	(79)	121	163	(10)	116
Net result	USD mill.	(36)	(75)	(108)	(111)	269	(79)	121	163	(10)	116
Dividend paid	USD mill.	-	–	–	–	14	–	12	34	43	72
FROM STATEMENT OF FINANCIAL POSITION											
Total non-current assets	USD mill.	1 679	1 761	1 791	1 993	2 140	2 195	2 256	2 226	2 048	1 815
Current assets	USD mill.	264	271	258	576	388	385	442	359	331	374
Shareholders' equity	USD mill.	645	638	759	908	973	766	901	715	666	702
Minority interests	USD mill.	-	–	–	7	6	6	5	6	6	6
Total non-current liabilities	USD mill.	1 095	880	1 055	1 141	1 244	1 356	1 475	1 540	1 362	1 225
Current liabilities	USD mill.	203	514	235	514	305	451	318	324	343	256
Total assets	USD mill.	1 943	2 032	2 049	2 569	2 528	2 580	2 699	2 585	2 379	2 189
PROFITABILITY											
Earnings per share - basic/diluted - before extraordinary items [3]	USD	(0.41)	(0.95)	(1.35)	(1.37)	3.43	(0.46)	0.13	1.56	1.56	1.38
Earnings per share - basic/diluted [4]	USD	(0.41)	(0.95)	(1.35)	(1.37)	3.43	(0.99)	1.42	1.95	(0.12)	1.38
Return on total assets - before extraordinary items*) [5]	%	0.4	(1.6)	(3.6)	(2.3)	12.4	0.4	2.3	8.2	8.5	8.2
Return on total assets [6]	%	0.4	(1.6)	(3.6)	(2.3)	12.4	(1.2)	6.5	9.5	2.0	8.2
Return on equity - before extraordinary items*) [7]	%	(5.6)	(10.8)	(12.8)	(11.6)	30.6	(4.2)	1.4	18.6	19.0	16.6
Return on equity [8]	%	(5.6)	(10.8)	(12.8)	(11.6)	30.6	(9.4)	14.9	23.3	(1.5)	16.6
Return on capital employed [9]	%	1.7	(0.9)	(6.4)	(2.0)	2.5	0.8	3.6	10.2	12.0	9.5
FINANCIAL RATIOS											
Average number of shares	mill.	86.77	78.74	79.39	80.60	78.56	79.29	85.22	83.81	83.34	84.23
Basic/diluted equity per share [10]	USD	7.44	7.35	9.67	10.46	12.71	9.75	11.00	8.24	8.00	8.41
Share price per A-share	USD	3.22	3.88	6.74	4.29	5.99	9.23	9.03	6.22	16.47	18.34
Interest-bearing debt	USD mill.	1 168	1 163	1 136	1 221	1 246	1 527	1 576	1 500	1 347	1 293
Bank deposits and securities [11]	USD mill.	126	105	94	170	205	142	185	193	165	242
Debt repayment capability [12]	Years	14.3	124.8	15.7	45.1	2.8	11.4	10.6	6.0	4.9	4.8
Current ratio [13]		1.3	0.5	1.1	1.1	1.3	0.9	1.4	1.1	1.0	1.5
Equity ratio [14]	%	33	31	37	36	39	30	34	28	28	32
OTHER											
USD/NOK rate at year-end		8.80	7.43	6.08	5.59	6.01	5.85	5.76	7.00	5.40	6.27
Employees at year-end		3 034	3 311	3 352	3 540	3 761	3 796	3 707	3 690	3 634	3 487

*) 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) as from 2004 and for balance sheet as from 2003.
Historical figures per share have been adjusted for past bonus share issues and the share-splits in 2004 and 2005.
Profit and loss figures have been adjusted for discontinued operation earlier than year 2011.
Balance sheet 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

KRISTIAN MØRCH
Chief Executive Officer

Born 1967. Kristian Mørch joined Odfjell in August 2015. Kristian Mørch is a Danish citizen and was previously Partner and Group CEO of Clipper Group. Kristian Mørch was also previously a member of the Board of Odfjell from 7 May 2014 until 1 August 2015. He owns 24,000 A-shares, 3,500 B-shares and no options.

TERJE IVERSEN
Senior Vice President Finance/ Chief Financial Officer

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

HARALD FOTLAND
Senior Vice President Odfjell Tankers

Born 1964. Harald Fotland joined Odfjell in 2010 as Senior Vice President/Chief of Staff. In 2015 he was appointed Senior Vice President Odfjell Tankers. Before joining Odfjell he was Vice President of the marine insurance company Gard AS. He has also held several positions within the Royal Norwegian Navy. Harald Fotland owns 4,000 B-shares and no options.

HELGE OLSEN
Senior Vice President Ship Management

Born 1958. Helge Olsen joined Odfjell in 2000. He has held various managerial positions in Odfjell's Ship Management divisions in Bergen and Singapore, and has also experience from the Royal Norwegian Navy. In 2006 he was appointed Senior Vice President Ship Management. Helge Olsen does not own any shares or options.

ØISTEIN JENSEN
Senior Vice President/Chief of Staff

Born 1972. Øistein Jensen joined Odfjell in 2016. He was previously a Director at PwC. He has also held various managerial positions in the Royal Norwegian Navy. Øistein Jensen does not own any shares or options.

ODFJELL **TANKERS**

CHEMICALS ARE AN INTEGRAL PART OF MODERN LIFE AND MOST INDUSTRIES DEPEND ON PRODUCTS DERIVED FROM CHEMICALS. OPERATING THROUGH OFFICES AT KEY LOCATIONS AROUND THE WORLD, ODFJELL IS A MAJOR PLAYER IN THE CHEMICAL TANKER SEGMENT.

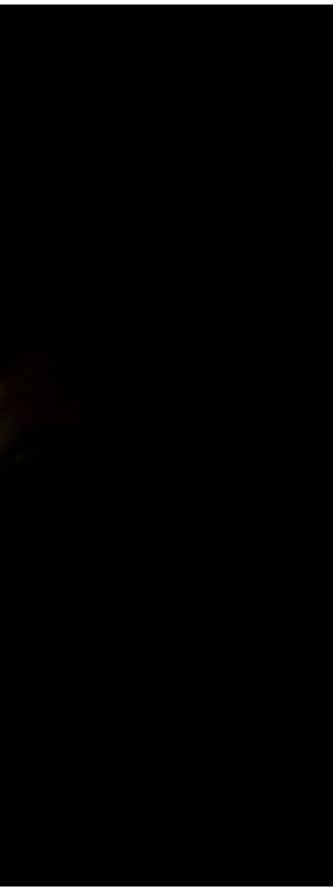
As a global, long-term operator, we operate a portfolio of ships and contracts, and always seek the best returns for our principals and customers, by optimizing spot/contract ratio, employing the right ship in the right trade, and ensuring that we at any time have an ideal presence relative to the main chemical trade lanes.

Odfjell Tankers 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 a unique and flexible service, allowing our customers to ship the smallest parcels of 100-150 tonnes up to vessels with as much as 50,000 tonnes of cargo.

CHARTERING AND OPERATION

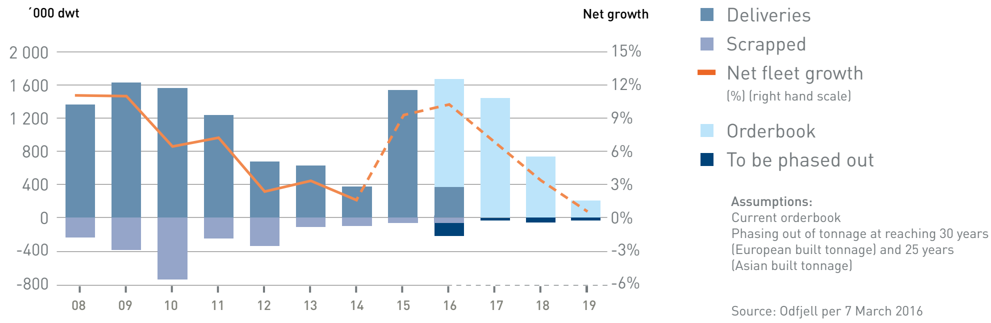
At the end of 2015 our chemical tanker fleet consisted of 74 vessels, this including owned, time-chartered and vessels on bareboat charter. The deep-sea fleet, currently comprising 53 vessels, operated by Odfjell Tankers and headquartered in Bergen, is represented worldwide through overseas offices in 12 countries. Many of these offices are multipurpose, with commercial, operational as well as agency duties.

Our fleet consists of a variety of ship types in terms of size, tank configuration and coating, providing the flexibility required by our customers. Our fleet consists of three main categories: large stainless steel vessels with many segregations, our coated fleet and our regional fleet. Fleet composition, schedul-ing and vessel optimisation are critical success factors, as is our

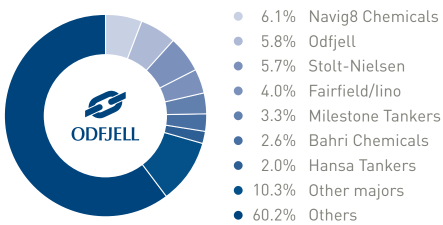


13,630,000 tonnes shipped in 2015

CORE CHEMICAL DEEP-SEA FLEET DEVELOPMENT 2008 - 2019

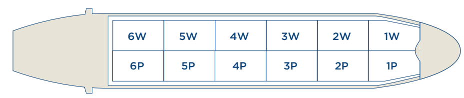


THE CHEMICAL TANKER DEEP-SEA FLEET

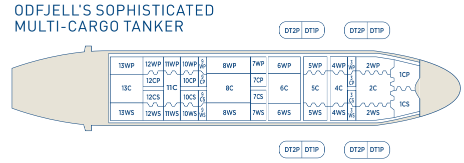


Source: Odfjell Deep-sea fleet: Vessels 13,000 dwt or larger

ORDINARY TANKER



ODFJELL'S SOPHISTICATED MULTI-CARGO TANKER



organisation's pro-activeness and ability to offer safe, predictable and competitive logistics solutions. Flexibility and interchange ability of ships between geographical areas and trade lanes are integral parts of our business model.

Odfjell Tankers' ships trade worldwide, calling all major ports in Europe, US, the Asia/Pacific, Africa, the Middle East and South America. Our 14 state-of-the-art 37,500 dwt Kvaerner-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. In addition, 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), and demand similar commitment to QHSE from the owners of our time-chartered fleet.

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 compensated for such inefficiency through the collection of demurrage. To improve port efficiency and thereby also minimizing unnecessary emissions from ships, and potential accidents due to high density of marine traffic, infrastructure onshore must be further developed.

CHEMICAL TANKERS*	FIGURES IN	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Gross revenue	USD million	940	1 042	1 028	1 066	1 056	999	1 021	1 247	1 063	939
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	USD million	147	97	98	65	61	59	73	191	242	202
Operating result (EBIT)	USD million	37	3	3	(35)	(9)	(58)	(6)	129	150	106
Total assets	USD million	1 586	1 654	1 625	1 749	1 439	1 593	1 398	1 462	1 504	1 424
Volume shipped	1 000 tonnes	13 630	15 440	18 215	19 546	18 500	19 303	19 414	19 622	19 502	20 658
Number of ships per 31.12		74	77	81	96	98	86	95	93	92	92
Total deadweight	1 000 tonnes	2 187	2 236	2 273	2 684	2 717	2 352	2 603	2 460	2 391	2 362

* This table also include 'corporate'

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.

Going forward we will continue our strong focus on operational improvements and quality of service. At the same time, top line improvement initiatives will be developed.

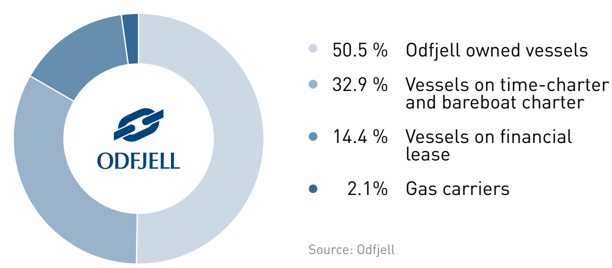
Odfjell (UK)
Odfjell's UK office has commercial and operational responsibility for three 40,000 dwt vessels.

Odfjell Asia
Our Asian regional fleet is operated from our Singapore office. It mainly trades intra Asian trades, and in addition regular shipments from Asia to Australia and New Zealand.

Flumar
Flumar, our fully owned Brazilian shipping subsidiary operating out of Sao 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.

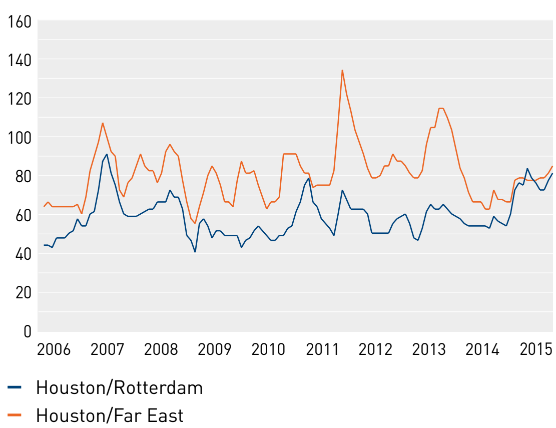
Odfjell y Vapores
The 50/50 joint venture Odfjell y Vapores operates out of Santiago, Chile, with two chemical tankers of approximately 16,000 dwt. The vessels are primarily engaged in the transportation of sulphuric acid along the Peruvian and Chilean coasts.

ODFJELL FLEET DISTRIBUTION



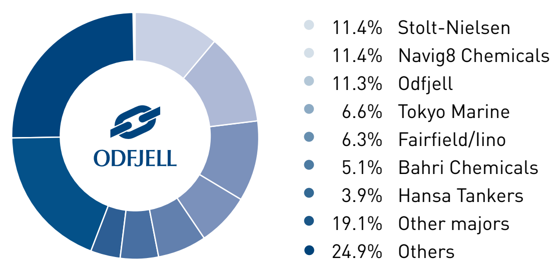
Source: Odfjell

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



Source: Quincannon Associates, Inc

THE CORE CHEMICAL TANKER DEEP-SEA FLEET

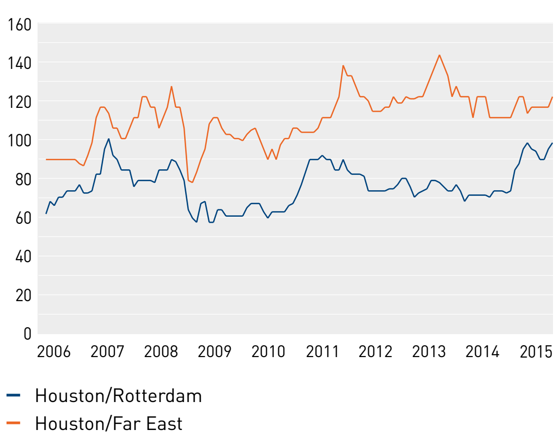


We define a core chemical tanker as:

- Chemical tanker with at least 50% stainless steel capacity
- IMO II capacity, fully or at least centre tanks
- Average tank size not more than 3,000 cbm and minimum six tanks
- Commecially controlled by core chemical operator

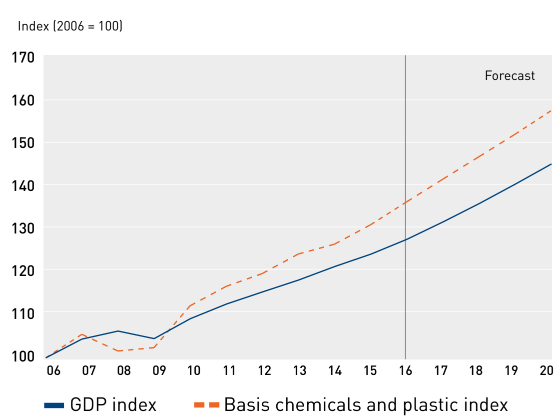
Source: Odfjell

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



Source: Quincannon Associates, Inc

GLOBAL GDP VERSUS BASE CHEMICAL & PLASTICS PRODUCTION GROWTH INDICES



Source: IHS Chemical

ODFJELL GAS

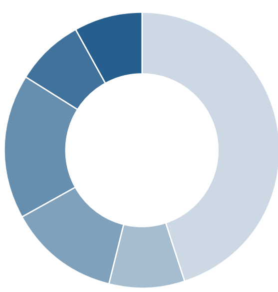
Odfjell re-entered the gas carrier market in 2012 by purchasing two 9,000 cbm LPG/Ethylene carriers. In 2014, Odfjell finalised a joint venture agreement with Breakwater Capital and Oak Hill Advisors to form a liquefied petroleum gas and ethylene shipping joint venture named Odfjell Gas AS.

In 2014 we also 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.

Odfjell gas AS is 50% owned by Odfjell together with our joint venture partners Oak Hill and Breakwater Capital.

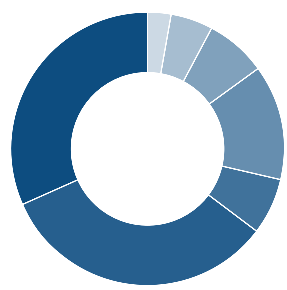
The construction of the four 17,000 cbm and four 22,000 cbm is significantly delayed, and we are in discussions with the yard on how to resolve this. According to the latest production schedule from the yard, the first 17,000 cbm vessel will be delivered in September 2016 while original expected deliveries were October 2015 – May 2016.

ESTIMATED DEMAND COMPOSITION 2015
FOR SMALL SIZE VESSEL GROUP



Measured in cbm/miles
Source: ViaMar AS

ETHYLENE FLEET - AGE DISTRIBUTION



Source: ViaMar AS

ODFJELL GAS	FIGURES IN	2015	2014	2013	2012
Gross revenue	USD million	18	25	11	6
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	USD million	4	3	(3)	1
Operating result (EBIT)	USD million	3	8	(6)	-
Total assets	USD million	74	69	50	102
Volume shipped	1 000 tonnes	443	103	90	53
Number of ships		3	3	3	2
Total deadweight	1 000 tonnes	47	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 bare-boat chartered vessels. At the end of 2015, Odfjell managed or supervised a fleet of 45 chemical tankers.

Odfjell Ship Management employs personnel at offices in Norway, Singapore, the Philippines and Brasil, who provide direct support to ships operating in regional trades and ships in the deep-sea fleet, as well as professional crew management located in Norway, the Philippines and Brasil.

In 2015 Odfjell Ship Management continued to develop a safety culture capable of taking health, safety, security and environment performance to a sustainably higher level. All environmental procedures have been reviewed and a new environmental management system manual has been implemented during 2015. The Leadership and Followership Development Programme for our seafarers is fully implemented and provides a significant contribution in developing a professional safety culture based on a common understanding and commitment for Ship Management´s core values.

On our managed vessels 2015 is the best year ever in terms of lost time injuries with a total of seven. The lost time injury frequency for Odfjell-managed ships was 0.72 in 2015, same as in 2014, while the total recordable case frequency was 2.64, 2014 figure was 2.94. We have evaluated all cases and the evaluations support a statement that we have never seen fewer serious personnel accidents on board our ships than what is the result for 2015. Our improving safety performance as well as vetting and port state control performance on board our managed vessels is a frequent confirmation of our professionalism, expertise and constantly focus on safety culture improvement in the last years.

The ship maintenance programme seeks to secure safe and efficient operation, a long useful working life and high second-hand values for the vessel. The maintenance strategy is implemented through criticality analysis and our planned maintenance system supported by an in-house specialist team. A well-structured technical project management team ensures compliance with relevant rules and regulations as well as various ship performance improvements.

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

Odfjell Ship Management actively applies risk management processes to maintain and improve performance. Every year Odfjell carries out regular internal audits of ships and offices. Customers conduct inspections through the Chemical Distribution Institute and the Oil Companies International Marine Forum. Periodical surveys are carried out by various classification societies, flag states and port states.

For 2015, a revised in-depth review and gap analysis of our tanker management and self-assessment have been conducted and identified improvements have been completed and implemented by end 2015.

When ships or offices report critical situations, accidents, non-conformances or possible improvements through our safety and improvement reporting system, a proper response is prepared and corrective and preventive actions implemented. During 2015, we have further increased the number of management reviews to improve identification and follow up of needed improvements, mainly focused on safety performance, port state control as well as customer acceptance and cost competiveness improvement. We view this system as an effective tool in our work to increase safety and to prevent injuries, pollution, damage and loss as well as to increase operational performance.

The defined key performance indicators have been actively promoted, measured and followed up during 2015 and external benchmark from class, insurers and others have been included. Active cooperation with some of our main customers towards a zero incident industry has also been a prioritised area in 2015.

TANK **TERMINALS**

ODFJELL HAS NINE OPERATIONAL, PART OWNED TANK TERMINALS THROUGH ITS 51% OWNED ODFJELL TERMINALS BV JOINT VENTURE, AT STRATEGIC LOCATIONS AROUND THE WORLD. IN ADDITION, WE HAVE ONE TERMINAL THAT IS MECHANICALLY COMPLETE AND UNDERGOING PERMITTING IN TIANJIN IN CHINA, AND TWO TERMINAL PROJECTS UNDER DEVELOPMENT IN CHINA AT CHANGXING ISLAND AND FUJIAN.

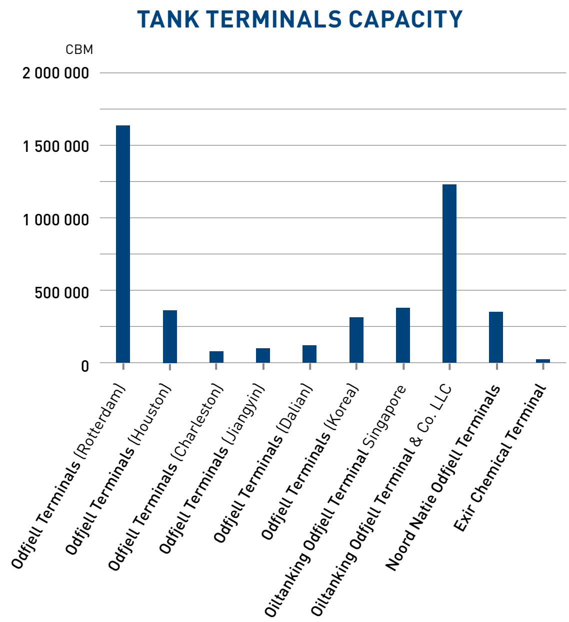
Odfjell Terminals also has a co-operation agreement with 13 tank terminals in South America, plus one in Canada. These tank terminals are partly owned by related parties. In total, our tank terminal network has more than 1,000 employees and 5.5 million cubic meters of storage space in 1,472 tanks in 24 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 key locations, for the storage of liquid bulk petrochemicals, refined petroleum products, bio-fuels and vegetable oils along major shipping lanes. 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. We focus not only on locations in mature markets, but also increasingly on ports which are growing in importance in selected rapidly developing hubs.

In addition to being profitable investments on a standalone basis, tank terminals also offer cargo-consolidation programmes designed to reduce time in port 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. 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

Odfjell Terminals (Rotterdam) has in 2015 expanded its toll distillation capacity from 750,000 tonnes to 1,800,000 tonnes annually to meet customer demands. A large part of the new capacity becoming



5.5 MILL.
CBM STORAGE CAPACITY*

1472
TANKS OF STORAGE*

TANK TERMINALS IN
24 PORTS*

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

available has been contracted for a 12 month period with potential for further extension.

Odfjell Terminals (Houston) (OTH) completed the construction of the new tank bay, Bay 10, on 1 October 2015. The bay consists of nine 1,900 cbm carbon steel liquid tanks designed to API 650F standards. Total capacity of Bay 10 is 17,100 cbm. All tanks were 100% commercially committed the same day as they were commissioned.

In 2012 we started the construction of our new terminal in the Bohai Bay region near Tianjin, China through our joint venture with Tianjin Economic-Technological Development Area. The terminal is ready for operation, but the explosion in the Tianjin old harbour in 2015 is continuing to further delay the process of obtaining the necessary operational permits.

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

ODFJELL TERMINALS EUROPE:

ODFJELL TERMINALS (ROTTERDAM) (OTR), THE NETHERLANDS

Located at the heart of Rotterdam´s harbour, Botlek, the most important chemical distribution centre in Europe, OTR has a total gross storage capacity of about 1,636,135 cbm in 284 storage tanks. Current capacity approved for use is 1,219,800 cbm of which 964,034 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 that has been expanded to 1,800,000 tonnes during 2015.

The Odfjell Terminals Maritiem (OTM) 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, and is used to conduct transshipments.

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.

The OTR/OTM facilities have expansion possibilities for up to 480,000 cbm of new tank capacity.

In 2015, OTR continued to implement its long-term business plan. The 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 and has concluded several term contracts that represent historically high throughput.

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 348,499 cbm, NNOT provides storage and related activities for chemicals, liquids for human or animal consumption, mineral oils, base oil, oleochemicals and biofuels.

NNOT owns additional land adjacent to the existing terminal and has plans for further expansion of up to 105,000 cbm of tank capacity, and is exploring more land capacity.

ODFJELL TERMINALS NORTH AMERICA:

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 119 tanks with a total capacity of 379,982 cbm at the end of 2015. The tank terminal boasts one of the largest stainless steel storage capacities of any independent tank terminal in the world, in total 113,180 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 126,000 cbm in the existing area.

ODFJELL TERMINALS (CHARLESTON) (OTC), USA

Charleston is located near the major shipping lanes on the US East Coast. The port is one of the best maintained ports on the US East Coast, and dredged every two years by the US Army Corps of Engineers.

The terminal started operations in early 2014, and has nine tanks with a total capacity of 79,243 cbm at the end of 2015. The Phase 2 expansion, with potential for additional storage capacity up to 80,757cbm, is being analysed for further development.

ODFJELL TERMINALS ASIA:

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 with 119,750 cbm storage capacity. 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 can manage up to 120 rail wagons concurrently. It has 5.7 hectares of land available for expansion, with storage capacity of around 30,000 cbm.

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. It has 16.6 hectares of land available for potential expansion, with storage capacity of around 101,000 cbm.

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 3.1 hectares of land available, with potential for future expansion storage capacity of around 70,000 cbm.

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.

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. It is expected to accommodate the production of over 200 different 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.

Phase 1 will start operation in 2016 and will have three ship docks and 18 tanks with a total storage volume of 137,800 cbm. The terminal has available, for future expansion, storage capacity of around 202,200 cbm.

ODFJELL CHANGXING TERMINALS (DALIAN) (OTCX), CHINA

OTCX is a joint venture project between Odfjell Terminals Asia (50%), Dalian Port (PDA) Company Ltd (30%) and Dalian Changxing Island Administrative Commission (CXI Committee) (20%). The potential terminal will be strategically located at the Changxing Island, which is a major national petrochemical industry base. Total land area of OTCX is about 52 hectares, reclaimed from the sea.

OTCX project will be developed in phases depending on the progress of the development of the industry zone. First phase will be two berths only (no storage tanks). We are currently in the process of obtaining permit approvals. First phase construction is scheduled to start in the beginning of 2017, and be completed by the end of 2018.

ODFJELL TERMINALS (QUANZHOU) (OTQ) 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.

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 402,000 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.

ODFJELL TERMINALS MIDDLE EAST:

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 SE (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. These terminals are partly privately owned by the Odfjell family together with other investors and has its operational headquarters in São Paulo.

The eight Brazilian tank terminals are located in Santos, Rio Grande, Triunfo, São Luis, Teresina, Ladario and Palmas. 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. In addition there is one terminal in Quebec, Canada.

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 *	FIGURES IN	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Gross revenue	USD million	112	94	129	145	227	245	248	232	180	152
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	USD million	40	(4)	21	27	96	110	109	95	74	58
Operating result (EBIT)	USD million	4	(31)	(73)	(8)	62	75	68	68	54	51
Total assets	USD million	629	650	685	1 062	1092	987	691	634	481	340
Tank capacity (owned 100%)	1 000 cbm	4 672	4 643	4 658	4 551	4 221	3 732	3 719	3 100	2 553	2 256

* Reflection of actual historical Odfjell ownership share

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)

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

Odfjell has contributed with a three year financial support programme for the Norwegian Church Aid's work in Puntland in Somalia from 2014. The aim is to give former pirates an alternative to piracy. Norwegian Church Aid does this through vocational training and business training. Norwegian Church Aid also conducts general information campaigns among the population mobilising people to dissociate themselves from piracy, thereby reducing the recruitment base among young people.

Maritime Anti-Corruption Network (MACN)

Since August 2013, Odfjell has been member of the MACN, 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 in 2015 was on working at heights/fall protection and risk assessment in general.

15,670

TRAINING DAYS FOR MARINERS

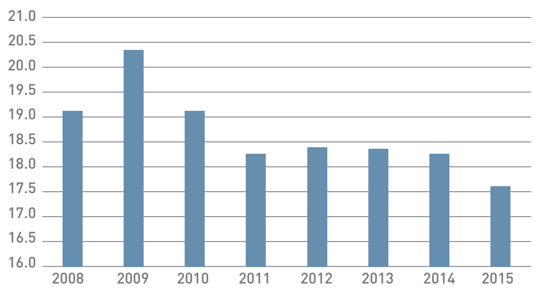
3.5%

EEOI REDUCTION IN 2015

(Based on EEOI – CO_2 per tonne cargo transported one nautical mile)

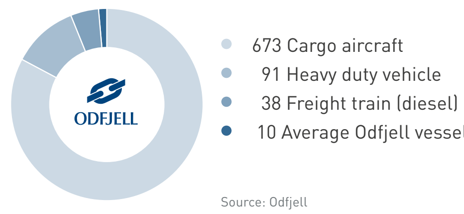
EEOI TREND FOR THE ODFJELL FLEET

Gram CO_2 emitted per tonne cargo transported 1 nautical mile



COMPARISON OF AVERAGE ODFJELL VESSELS VS OTHER TRANSPORT MODES

Gram CO_2 per tonne transported 1 km per 2013 figures



Source: Odfjell

Corporate QHSE and finance audits

Odfjell has a programme for internal audits, focusing on QHSE, accounting, financial control, ICT security and compliance with CSR requirements such as anti-corruption requirements. Corporate QHSE supported by Finance and ICT conducts system audits on operative and staff units to ensure compliance with corporate and management level requirements and guidelines.

In 2015 we carried out 11 internal corporate system audits, including seven audits of owned or managed terminals and four audits of overseas offices. In addition to the corporate programme a large number of other 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 2015.

SHIPPING

Piracy and armed robberies

Piracy and armed robberies continue to be a challenge for international shipping. The main areas of concern are the Gulf of Guinea including Nigeria, Somalia and adjacent waters, and Southeast Asia including the Singapore Straits and Indonesia. In 2015 there were no successful hijackings in the Gulf of Aden and Indian Ocean. The pirate activity in the Indian Ocean ceased, and the defined high risk area was reduced in December 2015 to include Southern Red Sea, Gulf of Aden and north-eastern part of the Indian Ocean. Privately contracted security personnel are still being used to protect some transits. Armed robberies and hijackings in the Far East, particularly in the Singapore Straits and adjacent waters, have become a concern. The main targets for hijacking in Southeast Asia are smaller vessels (<10.000 dwt) with cargo that is easy to trade. Increased measures are being implemented on relevant Odfjell managed ships.

Refugees in the Mediterranean Sea

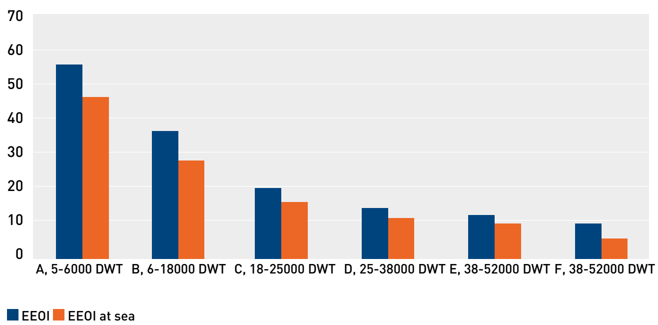
Refugees in the Mediterranean Sea crossing the central and eastern Mediterranean Sea are a major concern. Odfjell ships that transit the area frequently have been equipped and prepared to participate in search and rescue operations to assist refugee vessels in distress.

Safety

The work to secure a sustainable safety performance has continued, and we see very positive results. The lost time injury frequency (LTIF) indicator for Odfjell-managed ships was 0.72 in 2015, the same as in 2014. The total recordable case frequency (TRCF) was 2.64, whereas in 2014 the figure was 2.94. Our target values are 1.20 for LTIF and 4.00 for TRCF respectively. The figures represent a considerable drop in the number as well as the severity of personnel injuries. Odfjell Ship Management holds an ISO 14001 certification covering 45 vessels under own management. The certification identifies relevant environmental considerations and lists key issues that are followed up in an environmental programme.

ENERGY EFFICIENCY OPERATIONAL INDICATOR (EEOI) 2015

GRAM CO_2 PER TONNE CARGO TRANSPORTED 1 NAUTICAL MILE (MAIN SHIP GROUPS)



Competence and training
During 2015 our seaborne personnel performed about 2,770 in-house course man days and 12,900 days of external training, of which 1,073 days were related to our Leadership and Followership Development Programme. The increase in external training was brought about in compliance with the required Maritime Labour Convention (MLC) training among Filipino seafarers and the Safety Refresher Training stipulated in the new International Convention on Standards of Training, Certification and Watchkeeping for Seafarers. The training man days reflects our strategy in developing the competencies of the seafarers in a three-fold manner – having the right knowledge, right skills and the right attitude.

The Odfjell Academy training facility was transferred from Subic to Manila in 2015, allowing the Academy to perform in-house Marinfloc and Framo trainings and in turn supply the maritime industry with competent crew.

Crewing operations
As part of our social responsibility Odfjell has started hiring crew from Boys Town (an orphanage). This gives them an opportunity to improve their lives. For our crewing personnel, we launched a basic shipping familiarisation course, enabling them to become significant contributors to the sustainability of the Philippine seafaring industry.

An enhanced pre-employment medical examination and a Project Healthy Living's BMI Watch campaign have been implemented, educating seafarers and their families of the importance of making health and well-being their topmost priority. Regional allottee chapters in Manila, Cebu, Davao and Iloilo have as well been established, providing a sense of community and a reliable help network among families of Odfjell's seafarers. The 50 seafarers awarded for 25 years of service during 2015 once again affirmed the Company's reputation as being a sustainable and dependable employer.

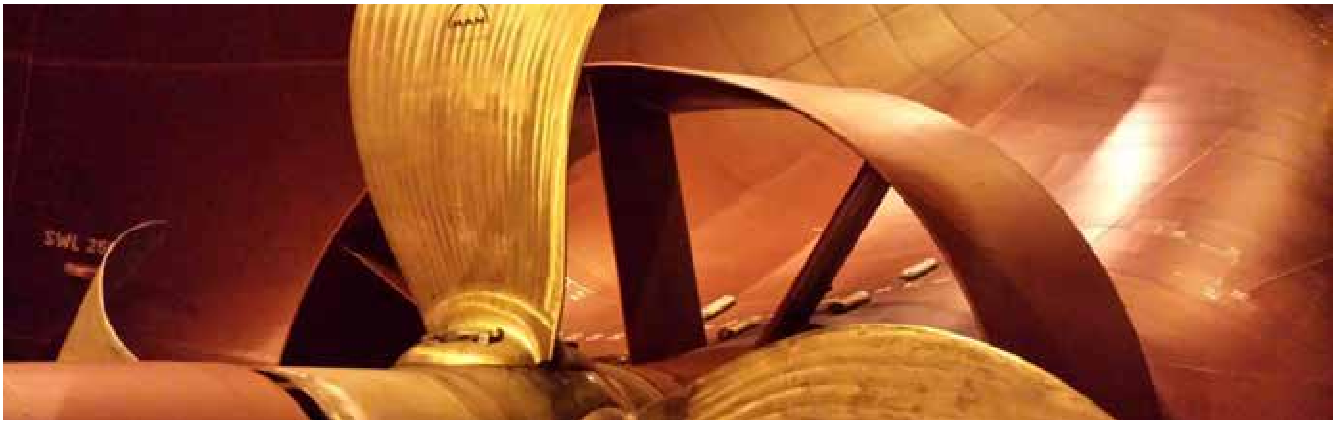
ENVIRONMENT

Carbon Disclosure Project (CDP)
In 2015 our response to the annual CDP covered the shipping business, the headquarters in Bergen and our terminals in Rotterdam and Houston. Based on the reported figures from 2014, our disclosure score improved from 72 to 91. The disclosure score reflects the quality and completeness of the Company's response. The average for our dedicated industry in the Nordic region is 81. The maximum disclosure score is 100. We also received performance band D for the assessment of our actions, which contribute to climate change mitigation, adaptation and transparency. This is the same as in 2013, compared to C in 2014 (highest score is A), due to changes in the scoring methodology of CDP. Our carbon dioxide emission was further reduced by 6.6% in 2014 compared to 2013. Due to our propulsion project and other environmental initiatives we reached a further reduction of our carbon dioxide emissions for 2015 by about 13% for the fleet, which will make a positive effect on the CDP future score.

Environmental impact of the Odfjell fleet
In 2015 the Odfjell fleet reduced the consumption of marine fuels by 39,555 tonnes (8.4%) compared with 2014. In terms of CO_2 emissions, this represents a reduction of 123,000 tonnes. Our total marine fuels consumption during the year was 432,000 tonnes, of which 68,500 tonnes were distillates. Our distillate consumption increased 226% compared to 2014, primarily driven by the Emission Control Area (ECA) regulations which took effect as of 1 January 2015. Most of the overall consumption reduction is due to a decrease in fleet size, however 8,000 tonnes were achieved through reductions in the daily fuel consumption.

SOx emissions
Based on all consumption in 2015 (both in port and at sea), Odfjell's vessels emitted on average 0.11 grams of SOx per tonne cargo transported one nautical mile (10% reduction). Total emissions of SOx decreased to 8,600 tonnes, reflecting reductions both in fuel volumes as well as in fuel sulphur content. All fuels purchased by Odfjell are externally tested. Test results of the fuel purchased in 2015 (all fuel grades) indicate the average weighted sulphur content at 1.90% compared to 2.12% in 2014. The global limit in 2015 was 3.50%.

CO_2 emissions
Based on the consumption of 82 vessels, total emissions of CO_2 in 2015 amounted to close to 1.3 million tonnes, a 13% reduction compared with the previous year. 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 CO_2 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 2015 the EEOI for the Odfjell fleet was 17.62 grams of CO_2 per



tonne cargo transported one nautical mile (g/tnm), an improvement of 3.5% compared with 2014 and the best result since we started our measurements in 2008.

Bilge water treatment plants

In order to reduce the oil content in the bilge water, 30 owned vessels have been upgraded with the installation of highly effective oily water separators (bilge water treatment plants). The bilge water discharged overboard from the vessels, on which such equipment has been installed, contains less than two parts per million (ppm) oil, while MARPOL requirements stipulate not more than 15 ppm. Three vessels were upgraded in 2015 and the project is now completed. This technical project contributes to reduce environmental impacts beyond the minimum requirements stipulated in current regulations.

Ship recycling

To secure a controlled ship recycling process, Odfjell regularly audits recycling yards and now use the Baltic and International Maritime Council's new standard recycle contract (RECYCLECON). We also obtain 'Green Passports' for all ships before the age of 25. Our vessels establish an inventory of hazardous materials (IHM) that provides an inventory of materials on the vessel that could potentially harm environment or personnel during the recycling. A recognised authority performs an on board survey and issue a IHM statement of compliance. To date, 19 of our ships have been certified, another four are due in 2016. Odfjell use yards which are certified as compliant with the Hong Kong Convention and the 2012 Guidelines for Safe and Environmentally Sound Ship Recycling and we also require that the recycling yard follows a ship recycling plan.

Environmental management system plan

Odfjell cooperates with US authorities to enhance our environmental management system. The aim of the programme is to further reduce the probability of any pollution, and the programme addresses hardware solutions, procedures and environmental awareness.

Environmental challenges

Several future challenges have been 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 (CO_2) and climate changes. Another challenge will be the management of an increasing amount of local, national, regional and international regulatory requirements. We also handle requirements from an increasing number of states to establish agreements with oil spill recovery organisations prior to any entry into national waters.

ENERGY EFFICIENCY

Speed/consumption reduction scheme

In 2015 Odfjell Tankers operated 45 vessels in reduced speed mode. Compared with full-speed mode this generated net fuel savings of about 75,000 tonnes, corresponding to emission savings of approximately 234,000 tonnes of CO_2 and 713 tonnes of SOx.

Mewis duct

Odfjell decided in 2010 to install Mewis ducts on 22 vessels with the purpose to cut fuel consumption by an average of 10% and thus, to reduce emissions. The project was completed in 2015 and all 22 vessels are now fitted with Mewis ducts. In addition, the last four vessels recently delivered to Odfjell had Mewis ducts installed at the yard. As such, 26 of Odfjell vessels now have Mewis ducts installed and our statistics document significant fuel savings.

Improved propulsion efficiency

In 2015 we decided to upgrade the propulsion line on our Kvaerner and Poland class vessels in order to further reduce fuel consumption by approximately 20% and thus, to reduce emissions. New energy efficient propeller blades, rudder-bulb and technical upgrades of the main engine, turbo chargers and shaft generator gear were part of the project. The savings have been confirmed by full scale sea trials. The vessels will be amongst the most energy efficient chemical tankers in the world, and will achieve the highest score on the RightShip energy rating, A+. Four vessels have been retrofitted in 2015 and the remaining 15 vessels will be upgraded in 2016 and 2017.

Fresh water production by using reversed osmosis technology

In order to further reduce our consumption on auxiliary boilers we installed reversed osmosis plants on six vessels, enabling more energy efficient production of fresh water. In addition to the direct fuel savings for heating the boilers, we also expect this initiative to reduce time spent for tank cleaning. In 2016 we plan to retrofit plants on 19 additional vessels.

Engine room lights switch-off

In order to further reduce our auxiliary engine consumption, we made adjustments in the engine room (E/R), which automatically switch off the lights in the E/R when the room is unmanned. More than 30 vessels were included in this project in 2015, and the project is completed.

Weather routing

Since 2009 we have had our own weather routing concept utilising both internal and external resources. The concept is applicable for both our owned fleet and the time-chartered fleet. In 2015, 732 sea voyages were subject to weather routing, reducing time at sea on these voyages by at least 40 days. This gave fuel savings of approximately 1,200 tonnes, equivalent to a reduction of about 3,700 tonnes of CO_2.

Intermediate hull cleaning and propeller polishing

To further improve our vessels energy efficiency, Odfjell carries out hull cleaning and propeller polishing also between dry-dockings. Cleaning intervals have been narrowed since 2013, and we will further improve this practice. This has offered significant reductions of fuel consumption and thus, of emissions of CO_2 and SOx. During 2015, a total of 78 hull cleanings were performed.

Ship energy efficiency management plan (SEEMP)

In 2012 Odfjell developed, in close cooperation with DNV GL, a SEEMP for the owned fleet, which was rolled out to the vessels during 2013. The SEEMP includes EEOI benchmarking for each vessel, vessel class and for the Odfjell fleet in total. This enables us to implement specific counter measures if a negative energy efficiency trend is observed. In 2015 we implemented auto-generated ship specific energy efficiency reports to form part of the SEEMP on all vessels, including the externally managed fleet, on a quarterly basis.

New fleet performance system

In 2015 we implemented, for all vessels in the fleet, a new, in-house made alert based fleet performance system, utilising dashboard technology for constant shore based monitoring. System operators act on alerts trigged in the system if a vessel is consuming fuel above defined vessel specific target values.

TANK TERMINALS

Odfjell Terminals strives to be a global leader in terms of quality, health, safety, environment and sustainability. We aim to achieve operational excellence through operational discipline and standardisation including minimising our environmental footprint, by being a responsible member of the communities we operate in and by doing the right things, the right way, every time. For 2015 the LTIF of the terminals operated and managed by Odfjell, was 0.30 against 0.80 for 2014. The decrease was due to a greater focus on the value of safety across the terminals organisation. The terminals ended the year with 87 spills larger than five litres which is above the 2014 results of 48. This is in part due to the need to have a greater focus on maintenance activities within the terminal division.

ISO certification and standardisation

International standardisation continues to be a focus across the organisation. All terminals are compliant to the international standards ISO 9001, ISO 14001 and Chemical Distrubition Institute-Terminals (CDI-T), and are audited by a third party to ensure confirmation to these standards. The focus on standardisation allows the terminals to have consistent management processes and common systems. Odfjell Terminals continues to develop key global standards in operations, engineering, and maintenance to continue to reinforce operational discipline across the organisation.

Auditing programme

2015 was the first year of the newly developed CDI-T based internal audit programme across the terminals organisation. The systematic approach to auditing was developed to help build a baseline assessment of where the terminals need to focus attention to continuously improve the terminals organisation across the board. The goals of the new audit protocol are to assure that the terminals are in compliance with local legislation and regulations and common international terminal practices, and are following Odfjell Corporate and Odfjell Terminals policies and standards. In addition it should assist local management in improving the QHSE performance of their terminals a well as to support them in achieving operational excellence.

Vapour recovery systems – Global

In the later part of 2015 the terminals began to focus on vapour recovery systems in Asia similar to the systems currently utilised in Europe and America. The new systems will cut pollutants emitted and help to continue to reinforce Odfjell Terminals commitment to the communities that we operate in.

New boiler system - Odfjell Terminals (Rotterdam)

Odfjell Terminals (Rotterdam) installed a new boiler system that further improves efficiency and sustainability of the terminal by utilising waste gas from ship transfer, and tank usage, as an energy source to limit the use of added fossil fuels as an energy source. The new boilers also help to reduce emissions from the boiler systems, as well as transfer operations, by utilising the waste stream which reduces CO_2 and other potential emissions. The increase in efficiency and the reduction in emissions are key steps in ensuring the terminal continues on the path of being the frontrunner in sustainability and conservation efforts in the Rotterdam area.

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 3 February 2016 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 4, 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 last 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 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 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.

Deviation 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 www.odfjell.com/AboutOdfjell/CorporateGovernance. The Company's Mission Statement and strategy can be found on pages 3 and 7 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.

Deviation 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 645 million as of 31 December 2015 corresponding to an equity ratio of 33.2% using the equity consolidation method.

Subscription rights

There are currently no outstanding subscription rights as of 31 December 2015. 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 6 May 2015 re-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 is valid until the next ordinary General Meeting, but at any rate not longer than until 30 June 2016.

Share option scheme

The Annual General Meeting on 7 May 2014 approved a new Stock-settled Stock Appreciation Rights (SSAR) plan for the CEO and Corporate Management. The Board has however not implemented the plan. The Board will propose a new long-term incentive plan at the 2016 Annual General Meeting.

Deviation from the Code: None.

4. EQUAL TREATEMENT 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 self-declared 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.

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 shall 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 balance sheet, 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.

Deviation from the Code: None.

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.

According to Article 9, the Nomination Committee shall consist of three members, of which at least one member shall be independent of the Board and the Company's senior management. According to the Code, the majority of the Nomination Committee shall be independent of the Board and Management. The Nomination Committee should be composed in a manner to safeguard the common interests of all the shareholders. 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 main office 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 9 December 2015 the Board has comprised Laurence Ward Odfjell (Chairman), Christine Rødsæther, Åke Gregertsen, Annette Malm Justad, Jannicke Nilsson and Klaus Nyborg. Laurence Ward Odfjell and related parties control a significant shareholding in Odfjell SE. Åke Gregertsen, Christine Rødsæther, Klaus Nyborg, Anette Malm Justad and Jannicke Nilsson are independent board members. Even though Åke Gregertsen does not meet all the requirements for independence in the Norwegian Corporate Governance Board (NUES), 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 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.

Three of the existing board members, Jannicke Nilsson, Christine Rødsæther and Laurence Ward Odfjell, are up for election at the 2016 Annual General Meeting.

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

Deviation from the Code: According to Article 5 of the Articles of Association, The Chairman of the Board is elected by the Board. The Board will at the 2016 Annual General Meeting suggest to amend the Articles so that the Chairman is elected by the General Meeting.

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 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, ethical 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 nine ordinary meetings and 12 extraordinary meetings in 2015, with 93.6% 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), Jannicke Nilsson and Klaus Nyborg. 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 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.

The Annual General Meeting on 7 May 2014 approved a new Stock-settled Stock Appreciation Rights (SSAR) plan for the CEO and Corporate Management. The Board has however not implemented the plan. The Board will propose a new long-term incentive plan at the 2016 Annual General Meeting.

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 Oslo Stock Exchange, or otherwise in press releases, is published simultaneously on 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 CEO reviews and makes comments on results, market developments and prospects. Odfjell's SVP 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.

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 AS ADVISED BY OSLO STOCK EXCHANGE.

SHARE PERFORMANCE

At year end 2015, Odfjell A and B shares were trading at NOK 28.30 and NOK 26.50 respectively, compared to NOK 28.80 and NOK 26.20 respectively at the close of 2014. In the same period the Oslo Stock Exchange Benchmark Index increased by 6% and the Transportation Index lost 12%. At 31 December 2015, Odfjell SE had a market capitalisation of NOK 2,418 million, which was equivalent to USD 275 million.

Given the negative 2015 results and the importance of maintaining strong liquidity, the Board does not recommend payment of any ordinary dividend for 2015.

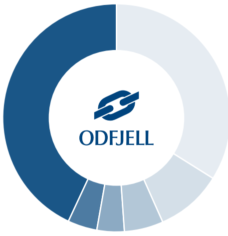
TRADING VOLUMES

In 2015 about 12.4 million Odfjell shares were traded; 8.9 million A-shares and 3.5 million B-shares. This represents about 14% of the issued and outstanding shares. At year-end 2015 Odfjell had outstanding 65.70 million A-shares and 21.10 million B-shares.

SHAREHOLDERS

At the end of 2015 there were 1,220 holders of Odfjell A-shares and 523 holders of Odfjell B-shares. The total number of shareholders was 1,445 reflecting that some shareholders own shares in both classes.

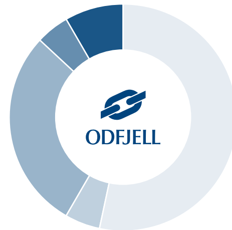
SHAREHOLDER STRUCTURE
(A and B share)



- 34.00% Norchem A/S
- 9.52% DNB NOR Markets
- 5.48% Svenska Handelsbanken AB
- 4.05% Rederiet Odfjell AS
- 4.03% Odfjell Shipping Bermuda Ltd.
- 42.92% Others

Source: VPS

EMPLOYEES

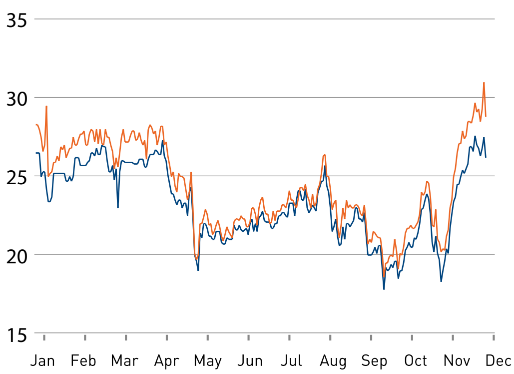


- 1 624 Ship crew International
- 154 Ship crew Northwest European
- 861 Tank Terminals
- 148 Head office
- 247 Branch offices aboad

Total: 3 034 (Per 31 December 2015)

Source: Odfjell

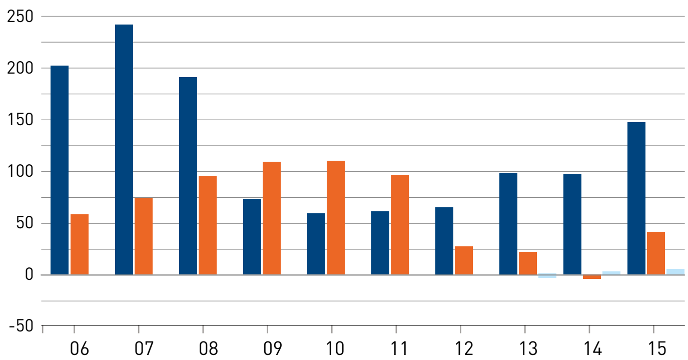
DEVELOPMENT ODFJELL SHARES 2015



A-share B-share

Source: Oslo Stock Exchange

EBITDA PER SEGMENT
(Proportionate consolidation method)



Chemical Tankers[1] Tank Terminals[2] Gas Carriers Source: Odfjell

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

INVESTOR OWNERSHIP

63% of the Company's A-shares and 41% of the B-shares were held by international investors at the end of the year, equivalent to 57% of the total share capital.

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 the 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	28 170 000
1988	Capitalisation bonus issue	6 197 400	30 987 000
1989	Capitalisation bonus issue	7 436 880	37 184 400
1989	International private placement	10 000 000	44 621 280
1990	Capitalisation bonus issue	54 621 280	54 621 280
1994	Capitalisation bonus issue	109 242 560	109 242 560
2000	Private placement	49 267 340	218 485 120
2001	Redemption of treasury shares	-13 657 500	267 752 460
2002	Redemption of treasury shares	-25 409 490	254 094 960
2003	Redemption of treasury shares	-11 763 100	228 685 470
2004	Share split 2:1	0	216 922 370
2005	Share split 2:1	0	216 922 370
2006–2015	No events	0	216 922 370

20 LARGEST SHAREHOLDERS AS PER 31 DECEMBER 2015 (BASED ON SHAREHOLDERS ANALYSIS)

	Name	A-shares	B-shares	Total	Percent of votes	Percent of shares
1	Laurence Ward Odfjell	25 966 492	3 999 393	29 965 885	39.53 %	34.54 %
2	DNB Bank ASA	5 847 007	2 410 662	8 257 669	8.90 %	9.52 %
3	Tufton Oceanic	4 066 326	1 600 800	5 667 126	6.19 %	6.53 %
4	Rederiet Odfjell AS	3 497 472	1 569 402	5 066 874	5.32 %	5.84 %
5	BW Euroholdings	3 284 334	900 000	4 184 334	5.00 %	4.82 %
6	Odfjell Shipping Bermuda	2 750 000	879 400	3 629 400	4.19 %	4.18 %
7	Pareto Forvaltning	1 851 580	870 889	2 722 469	2.82 %	3.14 %
8	JPMorgan International	1 071 400	715 760	1 787 160	1.63 %	2.06 %
9	KLP	1 009 585	700 000	1 709 585	1.54 %	1.97 %
10	Holmen Fund Management	900 000	566 628	1 466 628	1.37 %	1.69 %
11	Kurt Magnus Richard Berger	732 400	504 318	1 236 718	1.11 %	1.43 %
12	AS SS Mathilda	600 000	425 280	1 025 280	0.91 %	1.18 %
13	Credit Suisse Private Banking	550 800	288 500	839 300	0.84 %	0.97 %
14	Holberg Fondene	537 500	260 000	797 500	0.82 %	0.92 %
15	Dimensional Fund Advisors	451 123	250 000	701 123	0.69 %	0.81 %
16	EGD Shipholding AS	450 200	230 674	680 874	0.69 %	0.78 %
17	Nordea Bank, Luxembourg (PB)	369 861	223 534	593 395	0.56 %	0.68 %
18	J.O. Odfjell AS	296 600	165 000	461 600	0.45 %	0.53 %
19	Swedbank Robur	281 117	150 000	431 117	0.43 %	0.50 %
20	Ses AS	229 111	150 000	379 111	0.35 %	0.44 %
	Total 20 largest shareholders	54 742 908	16 860 240	71 603 148	83.33 %	82.52 %
	Other shareholders	10 947 336	4 218 464	15 165 800	16.67 %	17.48 %
	Total	65 690 244	21 078 704	86 768 948	100.00 %	100.00 %

Source: Shareholder analysis conducted by RD:IR.

For a list of the largest shareholders of 31 December, 2015, from the Norwegian Central Securities Depositary (VPS), see Note 18 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.

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 2015 this amounted to more than USD 142 million, ignoring the effect of any bunker adjustment clauses and bunkers hedging in place, equvivalent to 36% of voyage costs. A change in the average bunker price of USD 50 per tonne equals about USD 20 million per year (or a USD 1,039 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 2015, Odfjell had hedged about 7% of its 2016 bunker exposure, through swaps at an average price of about USD 225 per tonne. In addition, bunker clauses in CoAs cover above 50% of the exposure. Odfjell expects, based on this, to benefit further from the reduction in bunker prices we have seen in 2015 and 2016. Under our cost-cutting and efficiency programme, we initiated several large and small activities to reduce the energy consumption on board our vessels. The result of this project when fully implemented, is a reduction of our total fuel consumption for our core fleet with more than 20%.

Sensitivity analyses show that a change in time-charter earnings of USD 1,000 per day for our chemical tankers (a roughly 4.7% change in freight rates after voyage costs) will impact the pre-tax net result by approximately USD 20 million. Odfjell is not currently engaged in the derivative market for forward freight agreements.

Our tank terminal activities have historically shown more stable earnings than our shipping activities. 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. Our terminal in Rotterdam has also a petrochemical industrial distillation (PID) providing independent toll distillation services to the petrochemical industry and contributing to positive earnings.

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 2015 was USD 1,168 million, while liquid assets amounted to USD 127 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 2015 result by around USD 5 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 2015, under which we sold USD and purchased NOK, covers about 42% of Odfjell's 2016 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 2015 for 2016 was 8.43.

FINANCING AND LIQUIDITY

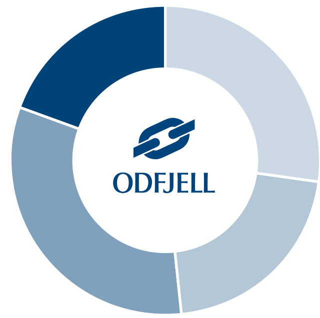
Odfjell has a stable debt structure, and borrows from major international shipping banks with which the Company enjoys long-standing relationships. The Company has a diversified debt portfolio comprising a combination of secured loans, export credit finance, finance leases and unsecured bonds. Although 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. In 2015 we refinanced all scheduled 2016 debt maturities except a USD 10 million facility maturing in December 2016. The average maturity of the Group's interest bearing debt is about 4.0 years excluding finance leases of which 10% of the interest bearing debt matures in 2016.

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.

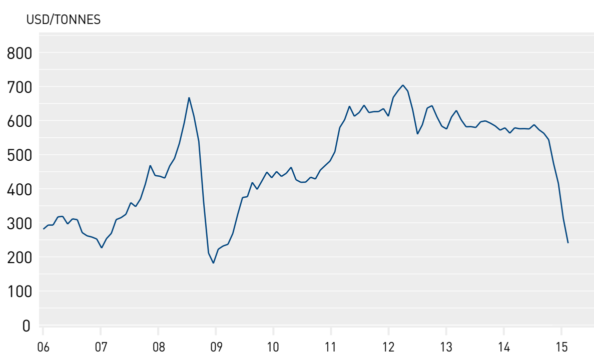
COST ANALYSIS

The major cost components of a typical large Odfjell chemical tanker



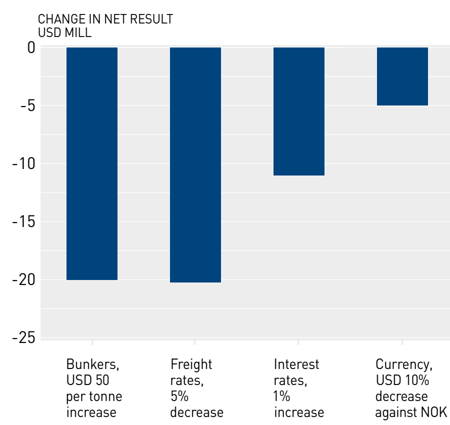
Source: Odfjell

BUNKERS (3.5% BARGES ROTTERDAM)



Source: Bloomberg

SENSITIVITY



Source: Odfjell


NO SMOKING


HQ Bergen
Copenhagen
London
Rotterdam
Antwerp
Quebec
Charleston
Houston
São Luis
Teresina
Palmas
Callao
Ladario
São Paulo
Mejillones
Santos
Triunfo
Rio Grande
Campana
Buenos Aires
San Antonio
Durban


Changxing
Dalian
Tianjin
Seoul
Tokyo
Ulsan
BIK
Jiangyin
Shanghai
Dubai
Fujian
Oman
Mumbai
Manila
Singapore
Melbourne
INTERNATIONAL OFFICES
ODFJELL TERMINALS
TANK TERMINALS PARTLY OWNED BY RELATED PARTIES
ODFJELL GAS
TERMINALS UNDER DEVELOPMENT
TANK TERMINAL PARTLY OWNED BY ODFJELL SE

THE DIRECTORS' REPORT 2015

The consolidated 2015 net result amounted to a loss of USD 36 million, compared with a loss of USD 75 million in 2014. The 2015 result included negative effect from bunker derivatives of USD 64 million and also USD 20 million related to write-down of assets. Total assets by year-end amounted to USD 1,943 million, down from USD 2,032 million by the end of 2014. The cash flow from operations was USD 95 million in 2015, compared with USD 44 million in 2014, with liquidity of USD 127 million by end of 2015, excluding joint venture companies. Equity end 2015 amounted to USD 645 million compared to USD 638 million by the end of 2014, and the equity ratio increased to 33.2% from 31.4% during the year.

The Board is not satisfied with delivering a negative result, although we achieved a substantial improvement from 2014. We appreciate the many successful initiatives taken by the organisation during the year, which we expect will have full financial impact in 2016. Odfjell embraces an investor-friendly dividend policy, the goal being to provide semi-annual dividend payments. However, given the negative 2015 net results and the importance of maintaining strong liquidity, the Board does not propose payment of a dividend for the 2015 results.

The operating result (EBIT) increased to a positive result of 28 million in 2015 from negative 22 million in 2014. We delivered a substantial improvement in the underlying performance both from our chemical tanker business and from the tank terminals. Our gas vessels are still a marginally positive business, with limited impact on our overall financial results.

Odfjell's balance sheet was strengthened during 2015 both with regard to the equity and the working capital. We refinanced long-term debt of about USD 340 million during the year including repayment of a NOK 600 million bond which matured in December 2015. The new loans were secured at market terms and were entered into with our long-term relationship banks. We have only limited refinancing needs in 2016.

The Board of Odfjell SE launched a cost reduction and efficiency project in June 2014. The mandate for this project, named "Felix", was to significantly improve the financial performance of our chemical tanker business, including corporate overhead. Financial targets and implementation plans were approved by the Board of Odfjell in January 2015 and communicated to the market. The target to improve the net result by in excess of USD 100 million on a yearly run rate basis within December 2016 was already successfully reached in December 2015, one year ahead of schedule. We therefore expect full financial impact from the project in 2016. Odfjell has a reinvigorated focus on improving operations, and several new initiatives targeting operational performance have been launched during 2015 to further improve our strategic position and financial results.

Chemical spot freight rates were rather stable throughout the year, despite the reduction in fuel prices and a substantial influx of new tonnage, but fell gradually in the last quarter of the year. However, with the markedly reduced fuel prices the voyage earnings improved for most chemical tanker operators compared with previous years.

Activity and nominations under our Contracts of Affreightment (CoAs) were stable in most areas/trades, whilst there were more fluctuations in the spot market. The strong CPP market weakened towards the end of the year. The average bunker fuel prices almost halved during the year, which offered a potential relief also after CoA bunker freight adjustments. However, as we had secured a significant portion of our bunker exposure through hedging contracts done during the third quarter of 2014 and by bunker adjustment clauses, Odfjell had limited benefits from lower bunker prices in 2015. Throughout the year CoAs continued in general to be renewed at higher rates. The contract coverage for the year has on average been around 51.5 % of total volume shipped.

Net tonnage growth during the year for the chemical tanker fleet as a whole was 6.5%, while the core chemical deep-sea fleet grew by about 9.5%. This is considerably above average annual growth during the last decade, and the deep-sea core orderbook is now 24% of current fleet and thus, there will be a continued 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 6.9% per year in 2016 and 2017. As a consequence thereof, we do not expect the market to improve substantially in the short-term horizon.

Our chemical tanker fleet at the end of 2015 was 74 ships (of which 39 were owned), down from 77 at the beginning of 2015.This figure includes time-chartered and commercially managed ships as well as vessels managed on pool basis. We are predominantly a deep sea operator with 65 of the 73 ships being more than 12,000 dwt. The Company also operated eight smaller ships, whereof six were owned.

In January we took delivery of a 49,622 dwt coated newbuildings from Hyundai Mipo Dockyard in Korea, the last vessel in a series of four vessels. Odfjell has no further newbuilding contracts for chemical tankers.

Our joint venture Odfjell Gas has eight LPG/Ethylene vessels on order. The construction of the four 17,000 cbm and four 22,000 cbm vessels is significantly delayed, and we are in discussions with the yard on how to resolve this. According to the latest production schedule from the yard, the first 17,000 cbm vessel will be delivered in September 2016 while original expected deliveries were October 2015 – May 2016.

Our tank terminal business improved significantly in 2015, with the change mostly attributed to the improved results from our tank terminal in Rotterdam. Our terminal in Charleston also delivered improved results during 2015. The construction of the new terminal in a new industrial zone near Tianjin, China was mechanically complete in 2015, with the jetties already receiving all trial operation permits from authorities. The explosion in the old Port of Tianjin in August 2015 resulted in a suspension of permitting for all hazardous material operations in the greater area of Tianjin. This affected the final operating permits for our new terminal. It is expected that the permitting process will resume in first half of 2016, with operations commencing later in 2016.

Since 12 November 2014 the Board has comprised of Laurence Ward Odfjell (Chairman), Christine Rødsæther, Jannicke Nilsson, Åke Gregertsen and Annette Malm Justad. At an Extraordinary General meeting 9 December, Klaus Nyborg 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. Former Board member Kristian Mørch was in May 2015 appointed as the Company's new CEO.

CORPORATE SOCIAL RESPONSIBILITY

Since Odfjell signed up for the UN Global Compact programme, 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 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 2015 we had no fatality or work related injuries resulting in permanent disability. The general QHSE performance in 2015 was good. In terms of personal safety indicators, our shipping-related Lost-Time Injury Frequency (LTIF) indicator was 0.72, nearly the same as in 2014. Odfjell Terminals' LTIF improved significantly to 0.30 from 0.80 in 2014.

There have been no security incidents on Odfjell ships in 2015, 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 Annual report, Communication of Progress and participation in the Carbon Disclosure Project (CDP).

Based on the consumption of 82 vessels, total emissions of CO_2 in 2015 amounted to close to 1.3 million tonnes, Based on all consumption in 2015 (both in port and at sea), Odfjell's vessels emitted on average 0.11 grams SOx per tonne cargo transported one nautical mile (10 % reduction). Total emissions of SOx decreased to 8,600 tonnes, reflecting reductions both in fuel volumes as well as in fuel sulphur content. The Energy Efficiency Operational Indicator (EEOI) in 2015 for the Odfjell fleet including fuel consumption both in port and at sea was 17.62 grams of CO_2 per ton cargo transported one nautical mile (g/tnm), an improvement of 3.5 % compared with 2014 and the best result since we started our measurements in 2008.

In 2015 we decided to upgrade the propulsion line on our Kvaerner and Poland class vessels in order to further reduce fuel consumption by approximately further 20% and thus, to reduce emissions. New energy efficient propeller blades, rudder-bulb and technical upgrades of the main engine, turbo chargers and shaft generator gear were part of the project. The savings have been confirmed by full scale sea trials. The vessels will be amongst the most energy efficient chemical tankers in the world, and will achieve the highest score on the RightShip energy rating, A+. Four vessels have been retrofitted in 2015 and the remaining 15 vessels will be upgraded in 2016 and 2017.

In cooperation with the financial control unit, IT 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.

Odfjell has recycled one ship in 2015. To secure a controlled ship recycling process, Odfjell has audited recycling yards with follow up audits in 2016 and now use Baltic and International Maritime Council's (BIMCO) new standard recycle contract (RECYCLECON). We also obtain "Green Passport" for all ships before the age of 25 years. Our vessels establish an Inventory of Hazardous Materials (IHM) that provides an inventory of materials on the vessel that could harm environment or personnel during the recycling. Odfjell use yards that are certified as compliant with the Hong Kong Convention and the 2012 Guidelines for Safe and Environmentally Sound Ship Recycling, and we also require that the recycling yard follow a "Ship Recycling Plan".

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 to 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. We have a critical mass that enables efficient trading patterns and optimal fleet utilisation. The industry as a whole suffers congestion in port due to lagging investment in port infrastructure.

Chemical Tankers

Gross revenues from our chemical tanker activities amounted to USD 940 million. EBITDA came in at USD 147 million, negatively impacted by bunker derivative hedges of USD 64 million. After a poor start of the year, the results improved during the year reaching an EBIT at the end of the year at USD 37 million, compared with USD 3 million in 2014. Odfjell SE corporate related costs are included in these figures. Total chemical tanker related assets at year-end amounted to USD 1,586 million. Time-charter income increased by about 1.5% compared with 2014.

Operation of chemical tankers is complex. During 2015 our ships transported in excess of 600 different products comprising more than 5,400 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. We strive for optimizing the loading and discharging process, and have now launched a new initiative to further improve the load and discharging process. 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.

Our chemical tanker fleet at the end of 2015 was 73 ships, of which 39 were owned, down from 77 at the beginning of 2015. This figure includes time-chartered and commercially managed ships as well as vessels managed on pool basis. We are predominantly a deep sea operator with 65 of the 73 ships being more than 12,000 dwt. The Company also operated eight smaller ships, whereof six were owned.

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

During 2015 we discontinued our regional engagement in Europe and sold three vessels. The decision to close down the loss making business in Europe was one of many initiatives of Project Felix.

In South America, two Brazilian flagged ships are managed and operated by our wholly owned Brazilian company Flumar. In addition Flumar has two vessels on time-charter from Odfjell Tankers. This fleet is supplemented by our deep-sea vessels trading in South America.

In addition, we 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 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. We continue addressing key issues openly with all stakeholders in order to enhance safety in the business.

Gas Carriers

Gross revenues from our share in gas carrier activities in 2015 came in at 18 million, with an EBITDA of USD 4 million compared with USD 3 million in 2014. EBIT for 2015 amounted to USD 3 million compared with USD 8 million in 2014.

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 newbulding 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.

The construction of the four 17,000 cbm and four 22,000 cbm is significantly delayed, and we are in discussions with the yard on how to resolve this. According to the latest production schedule from the yard, the first 17,000 cbm vessel will be delivered in September 2016 while original expected deliveries were October 2015 – May 2016.

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 B.V. Only Odfjell's small tank terminal investment in Iran is not included in the joint venture.

2015 saw all terminals deliver stable earnings, with the terminal in Rotterdam finally turning the corner showing positive operating results each of the last four months of the 2015, from negative operating results after the shutdown in 2012. Gross revenues from our share of our tank terminal activities came in at USD 112 million, while our share of EBITDA for 2015 amounted to USD 40 million, up from a negative USD 4 million in 2014. Our share of EBIT for 2015 amounted to USD 4 million, compared with negative USD 31 million over the previous year. Included in the 2015 EBIT is our share of an impairment of USD 2.5 million related to Odfjell Terminals (Quanzhou) (OTQ).

At year-end 2015, the book value of our tank terminal assets was USD 629 million, compared with USD 650 million per end of 2014.

Odfjell's existing tank terminals are located in Rotterdam (Netherlands), Antwerp (Belgium), Houston (USA), Charleston (USA), Singapore, Ulsan (Korea), Sohar (Oman), Jiangyin and Dalian (China) and in Bandar Imam Khomeiny (Iran). Additionally, we have a beneficial co-operation agreement with a related party that partly owns 13 tank terminals in South America and one in Canada.

The construction of the new terminal in a new industrial zone near Tianjin, China was mechanically complete in 2015, with the jetties already receiving all trial operation permits from authorities. The explosion in the old Port of Tianjin in August 2015 resulted in a suspension of permitting for all hazardous material operations in the greater area of Tianjin. This affected also the final permit for new terminal, even if we are located far from the affected area. It is expected that the permitting process will resume in the first quarter 2016, with operations commencing later in 2016. Chinese authorities have announced that all new hazardous material projects must be located in the new industrial zone near our new terminal.

Odfjell Terminals (Rotterdam) reported substantially improved results in 2015, with the last quarter showing a positive EBITDA each month. In 2015, the facility commissioned a substantial amount of additional tank capacity and commenced a debottlenecking process of one of the distillation units that will more than double the total distillation capacity. EBITDA at OTR on a 100% basis was negative USD 9 million in 2015, compared with negative USD 80 million in 2014 and negative USD 65.6 million in 2013.

Odfjell Terminals (Houston) new 17,142 cbm tank pit (Bay 10) was completed in the fourth quarter against long-term contracts with an oil major and major chemical manufacturer. Odfjell Terminals (Houston)'s new total capacity is 394,193 cbm.

Management continues to focus on utilization of the assets. Year-end occupancy of commercially available tanks in 2015 was 93% versus 87% in 2014. This is driven in part by a contango in the petroleum market that is still showing strength into 2016. Management will continue to gradually introduce additional tank capacity at OTR, against contracted commitments. OTR's distillation business will see a gradual ramp up of utilization of the new expanded capacity by second quarter 2016.

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 929 million, down 12% from the preceding year. The consolidated result before taxes in 2015 was a loss of USD 30 million, compared with a loss of USD 76 million in 2014. The tax result in 2015 amounted to an expense of USD 5 million, compared with income of USD 1 million in 2014.

EBITDA for 2015 totalled USD 137 million, compared with USD 66 million the preceding year. EBIT was USD 28 million in 2015, compared with a loss of USD 22 million in 2014. The net result for 2015 amounted to a loss of USD 36 million, compared with a loss of USD 75 million in 2014. In 2015 we recognised an impairment of USD 20 million related to sale of, and planned sale of ships. In 2014 the result is influenced by impairment of USD 4 million related to sale of ships and USD 6.5 million in capital gain related to sale of 50% share in Odfjell Gas.

Net financial expenses for 2015 totalled USD 58 million, compared with USD 53 million in 2014. The average USD/NOK exchange rate in 2015 was 8.07, compared with 6.32 the previous year. The USD appreciated against the NOK to 8.80 by 31 December 2015, from 7.43 at year-end 2014. The cash flow from operations was USD 95 million in 2015, compared with USD 44 million in 2014. The net cash flow from investments was negative USD 25 million, mainly related to sale and new investments. The cash flow from financing activities was negative USD 43 million.

Odfjell SE posted a loss for the year of USD 16 million. The loss will be covered by a transfer from other equity. As of 31 December 2015, total retained earnings amounted to USD 648 million.

The Annual General Meeting will be held 9 May 2016 at 16:00 hours at the Company's headquarters.

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 (Societas Europaea) company 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, 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 end of 2015, Odfjell A and B shares were trading at NOK 28.30 and NOK 26.50 respectively, against NOK 28.80 and NOK 26.20 respectively at the close of 2014. In the same period the Oslo Stock Exchange Benchmark Index increased by 6% and the Transportation Index lost 12%. As of 31 December 2015, Odfjell SE had a market capitalisation of around NOK 2,418 million, which was equivalent to around USD 275 million.

KEY FIGURES

The return on equity for 2015 was negative 5.6% and the return on total assets was positive 0.4 %. The corresponding figures for 2014 were negative 10.8% and negative 1.6% respectively. The return on capital employed (ROCE) was positive 1.7% in 2015. Earnings per share in 2015 amounted to negative USD 0.41 (negative NOK 3.31), compared with negative USD 0.95 (negative NOK 6.97) in 2014. The cash flow per share was USD 0.61 (NOK 4.89), compared with USD 0.19 (NOK 1.4) in 2014.

As of 31 December 2015 the Price/Earnings (P/E) ratio was negative 7.7 and the Price/Cash flow ratio was 5.2. Based on book value, the current Enterprise Value (EV)/EBITDA multiple was 12.3 while the EV/EBITDA multiple was 9.6 based on the market capitalization as per 31 December 2015. The interest coverage ratio (EBITDA/net interest expenses) was 3.3, compared to 1.7 in 2014.

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 our 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.

The largest single cost component affecting time-charter earnings is bunker consumption. In 2015 this amounted to about USD 142 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 share of our bunker exposure is hedged through bunker adjustment clauses in the Contracts of Affreightment (CoAs). As at 31 December 2015, the Company had hedged about 7% of its 2016 bunker exposure, through swaps at an average price of about USD 225 per tonne. In addition bunker clauses in CoAs cover above 50% of the exposure. Odfjell expects, based on this, to benefit further from the reduction in bunker prices we have seen in 2015 and 2016. Under our cost-cutting and efficiency programme, we initiated several large and small activities to reduce the energy consumption on board our vessels. The result of this project when fully implemented, is a reduction of our total fuel consumption for our core fleet by more than 20%. (Should be moved to the HES section)

All interest-bearing debt, except bonds in the Norwegian bond market and debt borne by tank terminals outside 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 10% decrease of the USD against the NOK would reduce the pre-tax 2015 result by around USD 5 million, ignoring the effect of any currency hedging in place. Tank terminals outside the US and our regional European shipping trade generate income in non-USD currencies.

Our currency hedging at the end of 2015, under which the Company sold USD and purchased NOK, covers about 42% of the Company's 2016 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 2015 for 2016 was 8.43.

LIQUIDITY AND FINANCING

Total interest-bearing debt as at 31 December 2015 was USD 1,168 million, while liquid assets amounted to USD 127 million, both figures excluding joint venture companies. At the same date the equity ratio, using the Equity consolidation method, was 33.2% compared with 31.4% per end 2014.

Odfjell's balance sheet was strengthened during 2015 both with regard to the equity and the working capital. Odfjell SE Shipping/Corporate managed to refinance long-term debt of about USD 340 million during the year including repayment of a NOK 600 million bond which matured in December 2015. The new loans were secured at market terms and were entered into with our long-term relationship banks. We have only limited refinancing needs in 2016. The average maturity of the Group's interest-bearing debt excluding finance leases is about 4 years, of which 10.3 % of the interest-bearing-debt matures in 2016.

ORGANISATION, WORKING ENVIRONMENT AND JOB OPPORTUNITIES

Odfjell aims at being a company for which it shall be attractive to work, with a professional 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. In addition we continue our programme for improved health care for seafarers, focusing on exercise and a healthy diet on board. The work environment on shore and at sea is considered good.

Discrimination is not accepted in terms of recruitment, promotion or wage compensation. Of about 148 employees at the headquarters in Bergen, 71% are men and 29% women, whilst the corresponding global figures (about 752 employees in our fully owned onshore operations) are 72% and 28% respectively. Three of the six Directors of the Board of Odfjell SE are women.

Compared to last year the recorded absence rate at the headquarters has decreased to 1.9% from 2.8%. For the Filipino mariners the absence rate in 2015 was 1.0% and for Europeans 4.0%.

The Board takes this opportunity to thank all employees for their contributions to the Company during 2015.

REMUNERATION OF THE MANAGEMENT GROUP

Salary and other remuneration to the 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 organization 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 2015.

MARKET DEVELOPMENT

The recovery of the world economy has still not materialised, despite widespread political efforts and expansive fiscal policies to boost activity, trade and employment. Global economic growth slowed slightly during the year, from about 3.4% in 2014 to estimated 3.0% in 2015.

Oil prices continued to fall throughout the year, with Brent Blend dropping below USD 30 per barrel for the first time since 2004. The price reduction came as a result of the glut on the supply side. Marine fuel prices dropped accordingly, with the price of both heavy fuel oil and marine gasoil being about halved through the course of the year. Although the energy prices show some signs of getting firmer again into 2016, the reduced fuel costs offer a relief to the shipping industry at large.

For the oil tanker industry 2015 turned out a relatively good year, with healthy earnings as a result of strong demand and reduced bunker prices. However, towards the end of the year the market deteriorated also for the crude and CPP tankers. The other main shipping segments continued suffering from slow freight markets combined with a general oversupply of tonnage. Despite the unsatisfactory earnings and a considerable remaining order book that should curb a rapid recovery of the shipping markets, ordering of new tonnage in several segments remained high with owners investing in more modern and fuel-efficient tonnage.

The development of vast shale oil and gas resources in North America, and the potential thereof for very competitive feedstock prices for the US petrochemical industry, has been seen as a real game-changer for the chemical industry and also for the chemical tankers. The rapid expansion of American ethylene crackers was expected to come at the expense of naphtha-based production in Europe, Northeast Asia and South America, which would change the previous trading patterns for bulk liquid chemicals. The large drop in oil prices may alter this situation. Although the shale oil producers in the US and Canada have managed to keep up the production even at oil price levels that only a year ago were considered to be substantially below production cost, there is uncertainty whether there will be any margins justifying development of new shale oil and gas reservoirs. At the same time, low oil prices improve substantially the cost competitiveness of the naphtha-based crackers, which may allow producers in Europe and Asia to get a larger share of the market. Oil and gas-rich countries in the Middle East continue building up their production capacity, with the ambition of capturing a larger share of the market for sophisticated products. With Iran coming back into the market after sanction have been lifted, there will be yet another player in the market to supply the important Chinese market. It is too early to have a clear opinion about how these development trends will affect the market balance and thus, the trading patterns for chemicals and other relevant products, but the need for vigilance and flexibility to adapt to rapidly changing market conditions will continue being crucial also going forward.

Chemical spot freight rates were rather stable throughout the year, despite the reduction in fuel prices and a substantial influx of new tonnage, but fell gradually in the last quarter of the year. However, with the markedly reduced fuel prices the voyage earnings improved for the chemical tanker operators in general compared with previous years. The chemical tanker fleet as a whole had a net growth of 6.5% in 2015, which is slightly less than average compound growth the last decade. The deep-sea core fleet grew by as much as 9.6%, of which the stainless steel fleet expanded by about 3.6%. The deep-sea core orderbook is now 24% of current fleet and thus, the fleet growth may appear to be quite rapid also over the next few years. If all current orders are delivered according to schedule, the core deep-sea fleet may grow on average by 6.9% per year in the period to 2018. However, with a certain degree of slippages and cancellations of orders, a more moderate fleet expansion seems more likely. Forecasts from a sample of analysts of the chemical tanker industry show on average a fleet growth of 4.1% per year to 2018. IMF forecasts suggest that the global economy will expand by about 3% per year over the next few years, traditionally indicating an average annual increase in the demand for seaborne chemical transportation of 4-5%, which is in line with demand forecasts from external chemical tanker analysts. However, there is still 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 supply/demand balance. Hence, the market situation appears not likely to improve substantially in the short-term horizon and we need to be prepared for down side risk if world GDP growth is lacklustre.

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.

World GDP growth, one of the main factors affecting overall chemical tanker demand, is expected to grow steady, but moderate. The latest economic outlook sees only a modest recovery in advanced economies and slower activity in emerging markets, with the world economy being likely to expand no faster in 2016 than in 2015.

As volatility remains high in most markets with no clear direction, traders are cautious, and volumes are reduced. We benefit from the lower level of bunker prices, but will continue to be negatively affected by the bunker adjustment clauses in our freight contracts. The last of the loss-making bunker hedging contracts entered into in 2014 matured in December 2015.

The demand for specialty chemical tanker services is slightly firming going forward, with CoAs being renewed at somewhat improved terms. However, although ordering of new chemical tankers was drastically reduced during in 2015 compared to previous years, the core deep-sea fleet order book is still 24% of current fleet. As a consequence thereof, we expect the supply/demand imbalance to persist, at least through 2016, and not likely to improve substantially in the short-term horizon. Our main risks relate to very competitive markets also in 2016, fuel costs and potential further increased order book within our core segment.

Early 2015 the Board approved an ambitious cost reduction and efficiency plan that, when fully implemented, was estimated to improve the net result by in excess of USD 100 million on a yearly run rate basis within end 2016. The target was successfully reached in December 2015, and we therefore expect full financial impact from the project in 2016, one year ahead of schedule. Through these measures we have achieve enhanced competitiveness that will enable us to regain our position as a profitable global logistics provider.

Odfjell has a reinvigorated focus on improving operations, and several new initiatives targeting operational performance have been launched during the year to further improve our strategic position and financial results. Despite a somewhat uncertain market outlook, we expect 2016 results for Chemical Tankers to improve based on a more competitive cost structure and expiry of loss-making bunker hedges.

We expect Odfjell Terminals 2016 results to be improved on strong distillation activity and better storage results at Odfjell Terminals (Rotterdam) on top of the slightly improving overall result for the other terminals.

Key focus going forward will be to continue implementing initiatives that further improve our cash and balance sheet, combined with our reinvigorated focus on operational improvements and quality of service. Other high priorities involve finding a solution for our gas carrier newbuildings and evaluating possibilities for a continued renewal of our advanced chemical tanker fleet.

THE BOARD OF DIRECTORS

LAURENCE WARD ODFJELL

Born 1965. Chairman of the Board since 4 May 2010. Laurence Ward Odfjell is a Norwegian citizen. He holds a Master in Architecture from Yale University. Laurence Ward Odfjell was a board member between 2004 and 2007 and is a former President of Odfjell Terminals BV. He is a founding family member of the Company. He controls 25,966,492 A-shares and 3,999,393 B-shares (incl. related parties) and no options.

CHRISTINE RØDSÆTHER

Born 1964. Board member since 4 May 2010. Christine Rødsæther is a Norwegian citizen. She is a lawyer and partner in the law firm Simonsen Vogt Wiig. She holds a Master of Law 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 is a Norwegian citizen and holds a Master of Science in cybernetics and process automation from Stavanger University, and has 27 years of experience in the upstream oil and gas industry. She is currently Senior Vice President Chief Operating Officer COO OPP in Statoil, and Statoil's Location Manager in Bergen. Jannicke Nilsson is an independent board member and she owns no shares or options.

ÅKE GREGERTSEN

Born 1955. Board member since 6 May 2013. Åke Gregertsen is a Norwegian citizen. He holds a Master of Science and CPA degree from the Norwegian School of Economics (NHH). Åke Gregertsen has held several positions in Odfjell, including President of Odfjell Terminals (Houston) from 1996 to 2001 and Senior Vice President of Odfjell Terminals from 2001 to 2002. He has also worked for Odfjell Terminals BV on a consultancy basis, and from 2012 to 2013 he was Interim President for Odfjell Terminals BV. Åke Gregertsen owns 3,000 A-shares and 28,332 B-shares. He owns 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.

KLAUS NYBORG

Born 1963. Board member since 9 December 2015. Klaus Nyborg is a Danish citizen. He has a Master of Science in economics and law from Copenhagen Business School in 1990 and has management degrees from London Business School (1997) and IMD (2004). He has held various managerial positions within the A.P. Møller/Maersk Group, Torm AS and Pacific Basin Shipping Ltd. Until recently he held the position as Interim CEO of DS Norden AS, where he has also been on the board since 2012, and as Chairman since 2015. He is also board director for several other companies. Klaus Nyborg is an independent board member and he owns no shares or options.

FINANCIAL STATEMENT ODFJELL GROUP

INCOME STATEMENT

(USD 1 000)	Note	2015	2014
Gross revenue	3	928 915	1 052 967
Voyage expenses	18	(399 094)	(496 011)
Time-charter expenses	19	(162 692)	(190 844)
Operating expenses	20, 22	(140 052)	(175 417)
Gross result		**227 077**	**190 695**
Share of net result from associates and joint ventures	32	(8 170)	(32 333)
General and administrative expenses	21, 22	(82 151)	(92 729)
Operating result before compensation, depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)		**136 756**	**65 633**
Depreciation and amortization	10	(88 187)	(90 152)
Impairment of non-current assets	11	(20 487)	(4 494)
Capital gain (loss) on non-current assets	10	-	6 529
Operating result (EBIT)		**28 082**	**(22 484)**
Interest income	17	2 661	3 178
Interest expenses	7	(44 353)	(42 024)
Other financial items	25, 26	(16 664)	(14 429)
Net financial items		**(58 356)**	**(53 275)**
Result before taxes		**(30 274)**	**(75 759)**
Taxes	8	(5 357)	614
Net result		**(35 631)**	**(75 145)**
OTHER COMPREHENSIVE INCOME			
Items that may be subsequently reclassified to statement of comprehensive income			
Cash flow hedges changes in fair value	5	(14 244)	(77 772)
Cash flow hedges transferred to statement of comprenhesive income	5	71 395	14 760
Net unrealised gain/(loss) on available-for-sale-investments		(1 292)	252
Share of comprehensive income on investments accounted for using equity method		(15 411)	(13 184)
Items that will not be reclassified to statement of comprehensive income			
Net actuarial gain/(loss) on defined benefit plans		951	3 088
Other comprehensive income		**41 399**	**(72 856)**
Total comprehensive income		**5 767**	**(148 001)**
Net result allocated to:			
Non-controlling interests		-	-
Owner of parent		(35 631)	(75 145)
Total comprehensive income allocated to:			
Non-controlling interests		-	-
Owner of parent		5 767	(148 001)
Earnings per share (USD) - basic/diluted	12	(0.41)	(0.95)

ODFJELL

STATEMENT OF FINANCIAL POSITION

Assets as per 31.12 (USD 1 000)	Note	2015	2014
NON-CURRENT ASSETS			
Deferred tax assets	8	2 317	2 400
Real estate	10	3 809	15 347
Ships	10	1 259 206	1 268 912
Newbuilding contracts	10	-	14 699
Office equipment and cars	10	31 105	35 834
Investments in associates and joint ventures	32	372 515	393 162
Loan to associates and joint ventures	32	3 884	9 630
Net defined pension assets	9	3 288	1 684
Non-current receivables	27	2 894	18 901
Total non-current assets		**1 679 018**	**1 760 569**
CURRENT ASSETS			
Current receivables	28	79 887	130 329
Bunkers and other inventories		12 996	23 188
Derivative financial instruments	5	3 074	4 825
Available-for-sale investments	16	8 618	9 910
Loan to associates and joint ventures	32	21 259	906
Cash and cash equivalents	17	117 521	95 416
Assets classified as held for sale	33	20 717	6 507
Total current assets		**264 072**	**271 081**
Total assets		**1 943 090**	**2 031 650**

Equity and liabilities as per 31.12	Note	2015	2014
EQUITY			
Share capital	30	29 425	29 425
Treasury shares	30	-	–
Share premium	30	172 388	172 388
Other equity		443 528	435 776
Total equity		**645 341**	**637 589**
NON-CURRENT LIABILITIES			
Pension liabilities	9	6 485	8 151
Derivative financial instruments	5	40 122	32 234
Non-current interest bearing debt	7	1 047 968	837 432
Other non-current liabilities		156	1 997
Total non-current liabilities		**1 094 731**	**879 814**
CURRENT LIABILITIES			
Current portion of interest bearing debt	7	103 304	325 750
Short-term interest bearing debt	7	16 707	-
Taxes payable	8	1 516	1 706
Employee taxes payable		3 670	5 932
Derivative financial instruments	5	11 134	87 204
Other current liabilities	29	66 687	93 655
Total current liabilities		**203 018**	**514 247**
Total liabilities		**1 297 749**	**1 394 061**
Total equity and liabilities		**1 943 090**	**2 031 650**
Guarantees	15	449 257	500 466

THE BOARD OF DIRECTORS OF ODFJELL SE

Bergen, 16 March 2016

CHRISTINE RØDSÆTHER

LAURENCE WARD ODFJELL
Chairman

ÅKE GREGERTSEN

KLAUS NYBORG

JANNICKE NILSSON

ANNETTE MALM JUSTAD

KRISTIAN MØRCH
CEO

STATEMENT OF CASH FLOW

(USD 1 000)	Note	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income taxes		(30 274)	(75 759)
Taxes paid in the period		(4 382)	(3 048)
Depreciation and impairment	10	108 674	94 647
Capital (gain) loss on non-current assets	10	-	(6 529)
Change in inventory (increase) decrease		10 192	11 971
Change in trade debtors (increase) decrease		37 089	(38 637)
Change in trade creditors increase (decrease)		(8 027)	3 091
Difference in pension cost and pension premium paid		(933)	(1 594)
Share of net result from associates and joint ventures		8 170	31 938
Unrealised changes in derivatives		8 795	32 147
Net interest expenses		41 692	38 846
Interest received		1 548	2 803
Interest paid		(39 741)	(36 925)
Effect of exchange fluctuations		(2 582)	(25 942)
Other current accruals		(36 306)	16 791
Net cash flow from operating activities		**93 915**	**43 800**
CASH FLOW FROM INVESTING ACTIVITIES			
Sale of non-current assets		26 332	-
Investment in non-current assets	10	(49 238)	(143 484)
Non-current receivables		(204)	233
Available-for-sale investments		-	(252)
Net cash flow from investing activities		**(23 110)**	**(143 503)**
CASH FLOW FROM FINANCING ACTIVITIES			
New interest bearing debt		377 245	214 744
Payment of interest bearing debt		(420 152)	(127 699)
Repurchase / sale of treasury shares		-	26 105
Net cash flow from financing activities		**(42 907)**	**113 150**
Effect on cash balances from currency exchange rate fluctuations		(5 793)	(1 653)
Net change in cash balances		**22 105**	**11 794**
Cash and cash equivalents as per 1.1		95 416	83 622
Cash and cash equivalents as per 31.12		**117 521**	**95 416**
Available credit facilities		-	-

STATEMENT OF CHANGES IN EQUITY

(USD 1 000)	Share capital	Treasury shares	Share premium	Translation differences	Cash flow hedge reserve	Available-for-sale reserve	Pension re-measurement	OCI associates and joint ventures	Retained earnings	Total other equity	Total equity
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
Comprehensive income	-	-	-	-	(63 012)	252	3 088	(13 184)	-	(72 856)	(72 856)
Net result	-	-	-	-	-	-	-	-	(75 145)	(75 145)	(75 145)
Sale of Treasury shares[1)]	-	2 785	-	-	-	-	-	-	23 320	23 320	26 105
Equity as at 31.12.2014	**29 425**	**-**	**172 388**	**(3 047)**	**(62 045)**	**710**	**16 307**	**2 388**	**481 463**	**435 776**	**637 589**
Equity as at 1.1.2015	29 425	-	172 388	(3 047)	(62 045)	710	16 307	2 388	481 463	435 776	637 589
Comprehensive income	-	-	-	-	57 151	(1 292)	951	(15 411)	-	41 398	41 398
Net result	-	-	-	-	-	-	-	-	(35 631)	(35 632)	(35 632)
Other adjustments	-	-	-	-	3	-	-	-	1 982	1 985	1 985
Equity as at 31.12.2015	**29 425**	**-**	**172 388**	**(3 047)**	**(4 891)**	**(582)**	**17 258**	**(13 023)**	**447 814**	**443 528**	**645 341**

[1)] 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 2015 was authorised for issue in accordance with a resolution of the Board of Directors on 16 March 2016. The Odfjell Group includes Odfjell SE, subsidiaries incorporated in several countries (see note 31 for an overview of consolidated companies), and our share of investments in joint ventures (see note 32).

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 on a historical cost basis, except for available-for-sale financial assets and derivatives which are measured at fair value.

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 (value in use calculation). 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 2015. Key assumptions in the impairment test are the gross result and the discount rate basis a weighted average cost of capital (WACC) of 7.4%.

An increase of 1% (to 8.4%) in the WACC would result in a decrease in the present value by approximately USD 126 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 169 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.

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 or to dismantle. 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 7.8 %. 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 2015 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 pension plans for sailors, defined contribution plan for onshore employee and supplemental defined contribution plan for senior management. 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 balance sheet represents the cost less accumulated depreciation and any impairment charges. Newbuilding contracts include payments made under the contracts; capitalised interest and other costs directly associated with the newbuilding 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 carbon steel part. Carbon steel are estimated to the market value of carbon steel at year end. Stainless steel is valued at 10% of the quoted nickel price at London Metal Exchange at the balance sheet 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 as 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 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 current liabilities in the balance sheet.

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

Changes are valid as from the dates of estimate changes.

Depreciation of the above mentioned assets appears as depreciation in the 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.

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.
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.

2.7 Impairment of assets

Non-financial assets

The carrying amount of the Group's tangible assets is reviewed at each balance sheet 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 31).

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

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 is included the net result from the joint ventures.

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 any 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 net result 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 balance sheet date. All exchange rate differences are taken to the Income statement.

The balance sheet of foreign subsidiaries with functional currency other than USD is translated at the rate applicable on the balance sheet date, while the 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

All derivative financial instruments are recognised on the balance sheet at fair value.

Hedge accounting

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.

Non-hedge accounting

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 balance sheet date. For derivatives where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another substantially 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.

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

Financial investments at fair value through profit and loss

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

Loans and receivables

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

Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any other category. They are included in non-current assets unless Management intends to dispose of the investment within 12 months of the balance sheet date. After initial recognition, available-for-sale investments are measured at fair value with gains and losses being recognised 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 share premium is 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) Translation differences

Translation differences arise in connection with currency differences when foreign entities are consolidated. When a foreign operation is sold, the accumulated translation 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 balance sheet date. Deferred tax and deferred tax assets are recognised irrespective of when the differences will be reversed. Deferred tax and deferred tax assets are recognised at their nominal value and are classified as non-current liabilities (non-current assets) in the balance sheet.

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

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

2.18 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 balance sheet date and reflect the best estimate of the liability. If the effect of the time value of money is material, normally more than twelve months, provisions are discounted using a current pre tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.22 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 balance sheet 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.

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2.25 Events after the balance sheet date

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

2.26 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

There have been no new accounting standard or amendments commencing 1 January 2015 with material impact on the financial statements for the Group.

(ii) New standards and interpretations not yet adopted

Certain new accounting standard and interpretations have been published that are not mandatory for 31 December 2015 reporting periods have not been adopted. The Group's assessment of the impacts on these new standards is set out below.

IFRS 9 Financial Instruments

IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. Preliminary assessment indicates that we do not expect any material impact on the Group's financial assets and liabilities.

IFRS 15 Revenue from contracts with customers

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The Group does not expect there to be a material impact on its consolidated financial statements from this standard.

IFRS 16 Leases

Under 'IFRS 16 leases' lessees no longer distinguish between a finance lease (on balance sheet) and an operating lease (off balance sheet). Instead, for virtually all lease contracts the lessee recognises a lease liability reflecting future lease payments and a 'right-of-use' asset. The new model is based on the rationale that economically a lease contract is equal to acquiring the right to use an asset with the purchase price paid in instalments.

Lessees recognise interest expense on the lease liability and a depreciation charge on the 'right-of-use' asset. Compared to the accounting for operating leases under IAS 17, this does not only change the presentation within the income statement (under IAS 17 lease payments are presented as a single amount within operating expenses) but also the total amount of expenses recognised in each period. Straight-line depreciation of the right-of-use asset and application of the effective interest rate method to the lease liability will result in a higher total charge to profit or loss in the initial years, and decreasing expenses during the latter part of the lease term.

The new IFRS 16 is mandatory from 1 January 2019. Applying the IFRS 16 will have impact on the Financial Statements for lessee arrangements which exists on 1 January 2019.

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 operating 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 Odfjell 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 Odfjell Gas, a joint venture company, has today eight vessels on order for delivery between 2016 and 2017.

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

	Chemical Tankers*)		Tank Terminals		Gas Carriers		Eliminations		Total	
(USD 1 000)	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Gross revenue	940	1 042	112	94	18	25	(2)	(1)	1 068	1 160
Voyage expenses	(403)	(493)	-	-	(7)	(8)	-	-	(409)	(501)
TC expenses	(163)	(185)	-	-	(4)	(7)	-	-	(167)	(192)
Operating expenses	(143)	(175)	(54)	(74)	(2)	(4)	-	-	(200)	(253)
General and adminstrative expenses	(85)	(93)	(18)	(24)	(1)	(2)	2	1	(102)	(118)
Operating result before depreciation (EBITDA)	**147**	**97**	**40**	**(4)**	**4**	**3**	**(0)**	**-**	**190**	**96**
Depreciation	(89)	(90)	(33)	(32)	(1)	(2)	-	-	(123)	(124)
Impairment	(20)	(4)	(3)	5	-	-	-	-	(23)	0
Capital gain/loss on fixed assets	-	0	(0)	0	-	7	-	-	(0)	7
Operating result (EBIT)	**37**	**3**	**4**	**(31)**	**3**	**8**	**(0)**	**-**	**43**	**(20)**
Net finance	(57)	(52)	(15)	(17)	(1)	(2)	(1)	-	(74)	(71)
Taxes	(6)	0	1	15	(0)		-	-	(4)	16
Net result	**(26)**	**(48)**	**(10)**	**(33)**	**2**	**6**	**(2)**	**-**	**(36)**	**(75)**
Non current assets	1 295	1 367	578	599	**72**	59	6	(3)	1 952	2 022
Current assets	270	287	51	51	2	10	(17)	-	305	348
Assets held for sale	21	-	-	-	-	-	-	-	21	-
Total	**1 586**	**1 654**	**629**	**650**	**74**	**69**	**(11)**	**(3)**	**2 278**	**2 370**
Equity	281	256	306	331	59	54	(1)	-	645	638
Non current liabilities	1 098	886	255	262	11	13	-	(3)	1 364	1 158
Current liabilities	207	512	66	57	5	2	(10)	-	268	574
Total	**1 586**	**1 654**	**628**	**650**	**74**	**69**	**(11)**	**(3)**	**2 278**	**2 370**
RECONSILIATION OF REVENUE:										
Total segment revenue	940	1 042	112	94	18	25	(2)	(1)	1 068	1 160
Segment revenue from associates and joint ventures - Tank Terminals**	-	-	(112)	(94)	-	-	-	-	(112)	(94)
Segment revenue from associates and joint ventures - Chemical Tankers**	(8)	(9)	-	-	-	-	-	-	(8)	(9)
Segment revenue from associates and joint ventures - Gas Carriers**	-	-	-	-	(18)	( )	-	-	(18)	(4)
Consolidated revenue in income statement	**931**	**1 034**	**-**	**-**	**-**	**20**	**(2)**	**(1)**	**929**	**1 053**
RECONSILIATION OF RESULT:										
Total segment EBIT	37	3	4	(31)	3	8	(0)	-	43	(20)
Segment EBIT from associates and joint ventures - Tank Terminals**	-	-	(4)	31	-	-	-	-	(4)	31
Segment EBIT from associates and joint ventures - Chemical Tankers**	-	(0)	-	-	-	-	-	-	-	(0)
Segment EBIT from associates and joint ventures - Gas Carriers**	-	-	-	-	(3)	0	-	-	(3)	0
Share of net result from associates and joint ventures***	0	0	(10)	(33)	2	0	-	-	(8)	(33)
Consolidated EBIT in income statement	**37**	**3**	**(10)**	**(33)**	**2**	**8**	**(0)**	**-**	**28**	**(22)**
RECONSILIATION OF ASSETS AND LIABILITIES**									-	-
Total segment asset	1 586	1 654	629	650	74	69	(11)	(3)	2 278	2 370
Segment asset from Tank Terminals, Chemical Tankers and Gas Carriers**	(14)	(16)	(629)	(651)	**(74)**	(69)	10	3	(707)	(732)
Investment in joint ventures***	9	9	307	331	**59**	54	(2)	-	372	393
Total consolidated assets in statement of financial position	**1 580**	**1 647**	**307**	**331**	**59**	**54**	**(3)**	**-**	**1 943**	**2 032**
Total segment liabilities	1 304	1 398	322	319	**15**	15	(10)	(3)	1 632	1 730
Segment liability from Tank Terminals, Chemical Tankers and Gas Carriers**	(6)	(6)	(322)	(319)	(15)	(15)	10	3	(333)	(338)
Total consolidated liabilities in statement of financial position	**1 299**	**1 392**	**-**	**-**	**-**	**-**	**-**	**-**	**1 299**	**1 392**
Capital expenditure	**(109)**	**(143)**	**(38)**	**(56)**	**(15)**	**(16)**	**-**	**-**	**(162)**	**(215)**

*This 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

	Gross revenue		Assets	
(USD 1 000)	2015	2014	2015	2014
North America	340 505	301 423	134 141	136 965
South America	154 102	162 857	80 251	99 563
Norway	4 391	3 020	207 380	231 201
The Netherlands	112 455	103 658	270 781	271 483
Other Europe	75 329	129 261	19 192	23 100
Middle East and Asia	336 374	402 159	283 039	302 828
Africa	31 431	41 750	948	2 617
Australasia	12 942	16 162	-	346
Unallocated ships and newbuilding contracts	-	-	1 282 190	1 301 576
Total	**1 067 529**	**1 160 290**	**2 277 921**	**2 369 679**

NOTE 4 FINANCIAL RISK MANAGEMENT

Odfjell'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, ref note 5.

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):

31.12.2015:

Cost component	Net result[1]	Equity[2]
Bunkers, USD 50 per tonne increase	(20.0 mill.)	1.5 mill.
Interest rates, 1% increase	(11.7 mill.)	0.5 mill.
Currency, USD 10% decrease vs. NOK	(4.8 mill.)	2.0 mill.

31.12.2014:

Cost component	Net result[1]	Equity[2]
Bunkers, USD 50 per tonne increase	(20.0 mill.)	12.0 mill.
Interest rates, 1% increase	(11.0 mill.)	0.5 mill.
Currency, USD 10% decrease vs. NOK	(8.0 mill.)	2.8 mill.

1) Effect on net result.

2) Change in mark to market value on existing derivatives.

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 counterparts with high credit rating. 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.

Total interest bearing debt as at 31 December 2015 was USD 1,168 million, while liquid assets amounted to USD 127 million, both figures excluding joint venture companies. At the same date the equity ratio, using the Equity consolidation method, was 33.2% compared to 31.4% per end 2014.

During 2015, Odfjell entered into eight new loans, financial leases and bond agreements related to the shipping/corporate division, with a total facility amount of about USD 377.2 million. The average maturity of the Group's interest-bearing debt excluding finance leases is about 4.0 years of which 10.3% of the interest bearing debt matures in 2016.

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 Other comprehensive income.

For certain assets and liabilities denominated in NOK the Group are not fully hedged and for these fluctuations in the USD/NOK exchange rates will impact towards Group's result.

Bunker risk

The single largest cost component affecting the time-charter result 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 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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.

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Currency
The Group estimates future expenses in non-USD currencies based on prior year's actual amounts adjusted for anticipated 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 2015 these correlations are sufficient to use as the reference index to hedge our future bunker purchases in these ports. The bunker hedging instruments used are swaps.

A Contract of Affreightment entered into with a customer typically contains a bunker adjustment clause. This means that cost for the bunker consumption related to that contract is fixed, or at least determined within fixed parameters.

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 2015 (figures 1 000):

Currency		Sold		Bought	Avg. Rate	MTM [2]	Time to maturity - USD amounts ← 1 year	1 - 5 years	→ 5 years	Total
Cash flow hedging	USD	21 342	NOK	180 000	8.43	(880)	21 342	-	-	**21 342**

Interest rates (IRS)			Avg. Rate	MTM [2]	Time to maturity ← 1 year	1 - 5 years	→ 5 years	Total
Cash flow hedging	USD	50 000	3.00%	(1 415)	-	50 000	-	**50 000**
Non hedge, IRS[1]	USD	150 000	2.51%	(7 704)	-	150 000	-	**150 000**

[1] All non hedge IRS' are classified as current assets

Cross currency interest rate swaps				Avg. Rate	MTM [2]	Time to maturity - USD amounts ← 1 year	1 - 5 years	→ 5 years	Total
Non hedge	USD	246 374	From NOK to USD	6.62%	(38 661)	-	246 374	-	**246 374**

Bunker		Avg. Price	MTM [2]	Time to maturity – volume ← 1 year	1 - 5 years	→ 5 years	Total
Cash flow hedging	30 000 tonnes	USD 255.49	(2 596)	30 000	-	-	**30 000**

Negative value MTM of the cross currency swaps related to the two outstanding bond loans of in total USD 159 million, amounts to USD 39 million per 31.12.2015. Positive accumulated currency gain booked related to the same bond loans per 31.12.2015 amounts to USD 21 million.

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

Currency		Sold		Bought	Avg. Rate	MTM [2]	Time to maturity - USD amounts ← 1 year	1 - 5 years	→ 5 years	Total
Cash flow hedging	USD	36 000	NOK	237 796	6.61	(3 995)	36 000	-	-	**36 000**
Non hedge[1]	USD	13 000	NOK	83 473	6.42	(3 581)	13 000	-	-	**13 000**

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

Interest rates (IRS)			Avg. Rate	MTM [2]	Time to maturity ← 1 year	1 - 5 years	→ 5 years	Total
Cash flow hedging	USD	50 000	3.00%	(2 298)	-	50 000	-	**50 000**
Non hedge, IRS[1]	USD	200 000	2.51%	(8 655)	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	MTM [2]	Time to maturity - USD amounts ← 1 year	1 - 5 years	→ 5 years	Total
Non hedge[1]	USD	296 230	From NOK to USD	6.31%	(44 723)	102 995	193 235	-	**296 230**

Bunker		Avg. Price	MTM [2]	Time to maturity – volume ← 1 year	1 - 5 years	→ 5 years	Total
Cash flow hedging	240 000 tonnes	USD 524.69	(56 185)	240 000	-	-	**240 000**

[1] Related to NOK bonds issued by Odfjell SE

[2] Mark to market valuation

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

(USD 1 000)	2015	2014
Bunkers	(2 596)	(56 185)
Currency	(880)	(7 576)
Shares (TRS)	3 074	4 825
Basis swaps (interest and currency)	(47 779)	(55 677)
Derivative financial instruments	**(48 182)**	**(114 613)**

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
Balance sheet as at 01.01.2014	**(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
Balance sheet as at 31.12.2014	**(1 862)**	**(3 995)**	**(56 185)**	**(62 045)**
Fluctuations during the period:				
- Gains/losses due to changes in fair value	448	(3 994)	(10 697)	(14 243)
- Transfers to net result	-	7 109	64 286	71 395
Balance sheet as at 31.12.2015	**(1 415)**	**(880)**	**(2 596)**	**(4 891)**

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 balance sheet at the fair value at the balance sheet date. The fair value is obtained from active markets or based on third party quotes. For cash and cash equivalents and current liabilities the carrying amount is considered to be the best estimate of fair value of these instruments due to the short maturity date. Receivables are measured at nominal value reduced by any impairment. Carrying amount is considered to be best estimate of fair value due to short maturity date and valid terms. Fair value of bonds is calculated based on market values on the bonds.

Bond debt has a market value of USD 155 million per 31.12.15 compared to carrying amount of USD 159 million.

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)	2015 Level 1	2015 Level 2	2014 Level 1	2014 Level 2
Recurring fair value measurement				
Financial assets at fair value:				
Derivatives instruments - non hedging	-	3 074	-	4 825
Derivatives instruments - hedging	-	-	-	-
Financial liabilities at fair value:				
Derivatives instruments - non hedging	-	46 365	-	56 959
Derivatives instruments - hedging	-	4 891	-	62 479
Available - for - sale - investments	8 618	-	9 910	-

At year end held for sale assets includes vessel estimated to fair value according to level 3.

During 2015 and 2014 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 are classified in the Statement of Financial position sheet as follows:

Classification of financial assets and liabilities as at 31 December 2015;

(USD 1 000)	Held for sale	Derivatives held as hedge instrument *)	Derivatives held at fair value over the result *)	Loans and receivables	Available for sale invest-ment*)	Liabilities recognised at amortised cost	Non-financial assets/ liabilities	Total 2015
ASSETS								
Cash and cash equivalents	–	-	-	117 521	-	-	-	**117 521**
Available-for-sale-investments	–	-	-	-	8 618	-	-	**8 618**
Derivative financial instruments	–	-	3 074	-	-	-	-	**3 074**
Current receivables	–	-	-	73 887	-	-	6 000	**79 887**
Loans to associates and JV´s	–	-	-	25 143	-	-	-	**25 143**
Non-current receivables	–	-	-	2 894	-	-	-	**2 894**
Other non-financial assets	-	-	-	-	-	-	1 685 236	**1 685 236**
Assets held for sale	20 717	-	-	-	-	-	-	**20 717**
Total assets	**20 717**	**-**	**3 074**	**219 445**	**8 618**	**-**	**1 691 236**	**1 943 090**
LIABILITIES								
Other current liabilities	–	-	-	-	-	71 873	-	71 873
Derivative financial instruments	–	4 891	46 365	-	-	-	-	51 256
Interest bearing debt	–	-	-	-	-	1 167 979	-	1 167 979
Other non-current liabilities	–	-	-	-	-	156	-	156
Other non-financial liabilities	–	-	-	-	-	-	6 485	6 485
Total liabilities	**–**	**4 891**	**46 365**	**-**	**-**	**1 240 008**	**6 485**	**1 297 749**

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

(USD 1 000)	Held for sale	Derivatives held ashedge instrument *)	Derivatives held at fair value over the result *)	Loans and receivables	Available for sale invest-ment*)	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	-	–	–	–	–	–	1 755 226	**1 755 226**
Assets held for sale	6 507	-	-	-	-	-	-	**6 507**
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**

*) items measured at fair value.

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 a 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 2015 and 2014.

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)	2015	2014
Equity	645	638
Total assets	1 943	2 032
Assets held for sale	21	7
Equity ratio (equity method)	33.2%	31.4%
Current ratio	1.3	0.5
Cash and cash equivalents	118	95
Available-for-sale-investments	9	10
Available drawing facilities	**-**	**-**
Total available liquidity	**126**	**105**

For liquidity risk see note 4.

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NOTE 7 INTEREST BEARING DEBT

The interest bearing debt is a combination of secured debt and unsecured debt, finance leases and bonds in the Norwegian bond market. Interest rates are generally based on floating LIBOR-rates.

(USD 1 000)	Average interest rate	2015	2014
Loans from financial institutions – floating interest rates	2.56%	628 147	592 144
Short-term interest bearing debt	3.59%	16 707	-
Finance leases	3.25%	307 375	257 425
Bonds	7.00%	221 747	319 157
Subtotal interest bearing debt	**3.60%**	**1 173 977**	**1 168 726**
Transaction cost		(5 998)	(5 544)
Total interest bearing debt		**1 167 979**	**1 163 182**
Current portion of long-term interest bearing debt		(103 304)	(325 750)
Short-term interest bearing debt		(16 707)	-
Total non-current interest bearing debt		**1 047 968**	**837 432**

Average interest rate is the weighted average of interest rates, excluding hedges, as per end of 2015.

Transaction costs are deferred and charged net result over the life of the underlying debt using the effective interest rate method. During 2015 USD 2.2 million (USD 2.4 million in 2014) 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 tax liability) 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 2015:

(USD 1 000)	2016	2017	2018	2019	2020	2021+	Total
Loans from financial institutions – floating interest rates	94 499	113 269	155 475	53 587	165 326	45 991	**628 147**
Short-term interest bearing debt – floating interest rate	16 707	-	-	-	-	-	**16 707**
Finance leases	8 805	9 674	10 553	54 679	10 156	213 510	**307 375**
Bonds	-	99 085	122 662	-	-	-	**221 747**
Total interest bearing debt	**120 011**	**222 028**	**228 690**	**108 266**	**175 482**	**259 500**	**1 173 977**
Estimated interest payable	40 567	33 836	22 300	14 266	10 408	15 072	**136 449**
Total liabilities	**160 579**	**255 864**	**310 990**	**122 532**	**185 890**	**274 572**	**1 310 426**

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**

Average maturity of the Group's interest-bearing debt is about 4.0 years excluding finance leases.

The net carrying amount of assets under finance leases is USD 316.7 million as per 31 December 2015 (USD 269.5 million as per 31 December 2014). 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.

On 10 April and 21 August 2007, the company entered into finance lease agreements with Nordic Leasing Limited to finance the purchase of Bow Sirius and Bow Saga respectively. Obligations to the lessor are repayable in quarterly instalments, with a balance payment due in April 2032. Interest accruing is based on the 3 month LIBOR rate calculated at an implicit rate of 4.55% and 4.47% per annum respectively. However, there is a credit review of Odfjell in October 2017 and the bank may request additional collateral/security to continue the lease if the credit standing of the Odfjell Group has deteriorated since 2007. If Odfjell decides to terminate, the lease arrangement shall be ended within 31.01.2018.

(USD 1 000)	2015	2014
Book value of interest bearing debt secured by mortgages	643 418	592 056
Book value of assets mortgaged	970 744	953 024

The table below summarises interest bearing debt into different currencies:

(USD 1 000)	2015	2014
USD	935 523	849 569
NOK*	238 454	319 157
Total interest bearing debt	**1 173 977**	**1 168 726**

* Includes bond debt swapped to USD. See note 5 Hedging Activities

The Group was in compliance with covenants during 2015 and 2014.

NOTE 8 TAXES

(USD 1 000)	2015	2014
Taxes payable, Norway – ordinary tax	-	-
Taxes payable, other jurisdictions	(4 976)	(2 193)
Change in deferred tax, Norway – ordinary tax	(83)	2 400
Change in deferred tax, other jurisdictions	(297)	407
Total tax income (expenses)	**(5 357)**	**614**

(USD 1 000)	2015	2014
Pre-tax profit	(30 274)	(75 759)
Tax calculated at domestic tax rates applicable to profits in the respective countries	4 029	16 438
Tax effect of:		
Income and expenses not subject to tax	5 888	(3 914)
Deferred tax asset not recognised	(15 274)	(11 910)
Tax income (expenses)	**(5 357)**	**614**
Effective tax rate	**17.69%**	**(0.81%)**

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

Specification of deferred taxes (deferred tax assets):

(USD 1 000)	2015	Change in temporary differences	2014
Pensions	2 119	(5 636)	7 756
Financial instruments	44 688	(9 736)	54 424
Provisions	3 387	1 390	1 997
Differences related to depreciation of non-current assets	-	(1 854)	1 854
Differences related to current assets	-	(500)	500
Other long-term temporary differences	582	582	-
Loss carried forward	243 025	113 531	129 493
Total negative temporary differences	**293 800**	**97 776**	**196 024**
Differences related to depreciation of non-current assets	5 438	5 438	-
Deferred gain related to sale of non-current assets	1 087	(522)	1 609
Differences related to long-term debt	87 512	68 975	18 537
Total positive temporary differences	**94 037**	**73 891**	**20 147**
Net temporary differences	(199 763)	(23 886)	(175 877)
Temporary differences not accounted for*	190 495	23 507	166 988
Temporary differences – basis for calculation of deferred tax	**(9 268)**	**(379)**	**(8 889)**
Deferred tax in statement of financial position	**(2 317)**		**(2 400)**
Tax rate	17%-34%		17%-34%

*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 243 million at 31 December 2015 (2014: USD 129 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 plan in Norway for sailors. The defined benefit plan is final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for the period 60 – 67 years.

During 2015 the defined benefit plan in Norway was settled, and all employees were included in a defined contribution plan. The Odfjell Group pays a fixed percentage of the salary as contribution to the plan limited to 12 times the base amount (G). In addition, senior management are entitled to additional annual contribution limited to 18G.

The table below shows the pension cost for the defined benefit plans in addition to the unfunded defined contribution scheme for senior management.

(USD 1 000)	2015	2014
Balance sheet obligations for:		
Present value of funded obligations	10 159	52 439
Fair value of plan assets	(9 299)	(49 518)
Payroll tax	96	372
Total funded plans	**956**	**3 293**
Present value of unfunded obligations	4 846	2 782
Payroll tax	683	394
Total unfunded plans	**5 529**	**3 174**
Net liability in the balance sheet	**6 485**	**6 467**
Of which classified as assets	-	1 684
Of which classified as liability		
Income statement charge included in operating profit for:		
Defined pension benefits	2 082	(7 796)
Remeasurements included in other comprehensive income for:		
Defined pension benefits	**(951)**	**(3 088)**

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 2014	**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 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)**
Translation differences	(12 166)	5 368	(6 798)
At 31 December 2014	**55 987**	**(49 520)**	**6 467**
Current service cost	2 437	-	2 437
Past service cost	(34 166)	33 469	(698)
Payroll tax	189	-	189
Interest expense/(income)	893	(739)	154
Net pension cost 2015	**(30 648)**	**32 730**	**2 082**
Remeasurements:			
Return on plan assets, excluding amounts included in net interest expense	20	793	813
Experience gain/(loss)	(4 009)	4 147	138
Total remeasurements	**(3 989)**	**4 940**	**951**
Contributions:			
From employer	-	(1 531)	(1 531)
From plan	(2 171)	3 016	845
Total contributions	**(2 171)**	**1 484**	**(687)**
Translation differences	(3 394)	1 067	(2 329)
At 31 December 2015	**15 784**	**(9 299)**	**6 485**

The significant actuarial assumptions were as follows:

	2015 Norway	2014 Norway
Discount rate	2.5%	2.3% - 3.0%
Salary growth rate	2.5%	0% - 2.75%
Pension in payment – growth rate	2.25%	0.6% - 2.5%
Mortality table	K2013	K2013

Sensitivity is not included since the net pension obligation is deemed immaterial.

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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.

	2015	2014
Defined contribution cost (USD 1 000)	2 362	2 457
Number of employees	**469**	**447**

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.

Regarding net defined pension assets in the balance sheet total USD 1.9 million is prepaid premium related to defined contribution plan for full-time onshore employees in Norway, in addition to USD 1.2 million paid into a secured bank account for the additional pension scheme for the Executive Management, ref. note 22.

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 1.1.2014	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)**
Held for sale	-	(6 507)	-	-	**(6 507)**
Translation differences	-	-	-	(2)	**(2)**
Net carrying amount 31.12.2014	**15 347**	**1 257 551**	**26 060**	**35 834**	1 334 792
Investment	136	22 963	25 118	1 021	**49 238**
New financial lease – Bow Sky	-	59 170	562	-	**59 732**
Sale at book value	(71)	(17 731)	(2 450)	-	**(20 252)**
Depreciation 2015	(1 386)	(58 198)	(22 852)	(5 750)	**(88 187)**
Impairment 2015	-	(20 487)	-	-	**(20 487)**
Assets held for sale (book value)	(10 217)	(8 651)	(1 849)	-	**(20 717)**
Net carrying amount 31.12.2015	**3 809**	**1 234 617**	**24 589**	**31 105**	1 294 120
Cost	38 933	2 153 385	29 658	101 410	2 323 386
Accumulated depreciation	(22 321)	(868 274)	-	(62 977)	(953 572)
Net carrying amount 01.01.2014	**16 612**	**1 285 111**	**29 658**	**38 433**	1 369 814
Cost	39 202	2 166 559	75 866	104 791	2 386 418
Accumulated depreciation	(23 855)	(909 008)	(49 806)	(68 957)	(1 051 626)
Net carrying amount 01.01.2015	**15 347**	**1 257 551**	**26 060**	**35 834**	1 334 792
Cost	39 415	2 187 864	95 563	106 040	2 428 882
Accumulated depreciation	(25 389)	(924 110)	(69 125)	(74 935)	(1 093 558)
Impairment	-	(20 487)	-	-	(20 487)
Asset held for sale (book value)	(10 217)	(8 651)	(1 849)	-	(20 717)
Net carrying amount 31.12.2015	**3 809**	**1 234 617**	**24 589**	**31 105**	1 294 120

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Capital gain (loss) on non-current assets

In 2015 capital gain/loss from sale of non-current assets was nil (gain of USD 6.5 million in 2014), ref. note 11.

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 2.7 million have been fully depreciated as at 31 December 2015, but are still in use.

Assets financed under finance leases

The carrying amount of ships financed under finance leases were USD 316.7 million and USD 269.5 million at 31 December 2015 and 31 December 2014 respectively. See note 2.6 and note 7 for future lease obligations.

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 balance sheet equalled USD 0 million in 2015 and USD 0.8 million in 2014.

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 2015, 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.

The discount rate for the different CGUs has been determined to 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:

	2015	2014
Chemical Tankers:	7.4 %	7.4%

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

During second quarter 2015 the Group decided to dispose of three ships related to the regional trade in Europe. These ships were sold during 2015. In addition, one ship is contemplated sold as the vessel is no longer compatible with the Odfjell fleet of vessels and trades, and therefore classified as held for sale. The value of the ships classified as held for sale will be recovered through sale rather than continuous use. Upon classification as held for sale, each ship is regarded as one cash generating unit. During 2015 the Group made an impairment of total USD 20.5 million related to ships sold or classified as held for sale.

Sensitivity for 2015 is shown in section 2.2. See note 2.2 for additional comments.

Joint ventures and associates:

In 2015 the joint venture Odfjell Terminal BV made an impairment test of all assets. As a result they made an impairment of their greenfield project at Odfjell Terminal Quanzhou (Fujian) and wrote down net USD 2.5 million (Odfjell share). The impairment is included in the share of net result from associates and joint ventures. Except from above, no additional impairment was needed in any joint ventures or associates.

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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)	2015	2014
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	(35 631)	(107 522)
Average number of shares outstanding (note 30)		
Weighted average number of ordinary shares for basic earnings per share*/diluted average number of shares outstanding	86 769	78 736
Basic/diluted earnings per share	(0.41)	(0.95)

*) 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 1.6 million in 2015 (USD 2.0 million in 2014) are entered into the accounts as a reduction in operating expenses.

Flumar Transportes de Quimicos e Gases Ltda received USD 0.8 million in 2015 (USD 0.2 million in 2014) 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 2015 (same as in 2014), while Flumar Transportes de Quimicos e Gases Ltda and Odfjell Brasil – Representacoes Ltds paid USD 0.3 million for administrative services in 2015 (USD 0.4 million in 2014).

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 2015 (same as in 2014).

Transactions with related parties are settled on a regular basis and the balances as per 31.12.2015 were immaterial.

For sale and lease-back of Odfjell's main office in 2016 see further comments in note 24.

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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 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)	2015	2014
Within one year	126 138	116 970
After one year but not more than five years	128 288	186 575
After five years	-	-
Total operating leases	**254 426**	**303 545**

Capital commitment

The Company is committed to inject up to USD 45 million in Odfjell Gas in capital injection in the years 2016 – 2017 related to newbuilding contracts.

The Company's share of planned 2016 capital expenditures in Odfjell Terminals is USD 36 million.

Guarantees

(USD 1 000)	2015	2014
Joint ventures (credit facilities)	125 164	152 646
Joint ventures (other third party guarantees)	324 094	347 819
Total guarantees	**449 257**	**500 466**

The Odfjell Group has issued guarantees on behalf of joint ventures for existing credit facilities of total USD 125.2 million and to third parties as part of our day-to-day business to assume responsibility for bunkers purchases and port obligations (USD 152.6 million in 2014).

The Odfjell Group has also issued a guarantee for the 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 318.9 million in 2015 (USD 332.4 million in 2014 - 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 2015	Book value 2015	Book value 2014
Bonds and certificates issued by financial institutions	USD	1.09%	8 618	9 910
Total available-for-sale investments			**8 618**	**9 910**

Book value equals market value. Market value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. In 2015 there was no material gain/loss recognised directly to statement of other comprehensive income (no material gain/loss in 2014). 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 1.5 million (USD 2.4 million in 2014) 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 sold 19 December 2014 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 under a Total Return Swap (TRS). The expiry date was extended several times and expired 5 January 2016 with a strike price of NOK 24.79 and NOK 23.75 respectively for A and B shares. As security for the TRS transaction total NOK 99.9 million, equal to USD 11.3 million, is deposited into restricted accounts per 31 December 2015.

In addition Odfjell SE has USD 9.6 million in collateral as security for financial derivatives.

(USD 1 000)	2015	2014
Cash at banks and in hand	85 053	44 107
Short-term deposits	32 468	48 707
Other liquid investments	-	2 601
Total cash and cash equivalents	**117 521**	**95 416**
Of which restricted	22 400	32 400
Available credit facilities	-	-

NOTE 18 VOYAGE EXPENSES

Voyage expenses are expenses directly related to the ship voyage.

(USD 1 000)	2015	2014
Port expenses	89 024	99 702
Canal expenses	21 750	21 371
Bunkers expenses [1]	214 954	285 286
Transhipment expenses	20 013	18 589
Commission expenses	23 875	23 289
Other voyage related expenses	29 479	47 773
Total voyage expenses	**399 094**	**496 011**

[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

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

(USD 1 000)	2015	2014
Crew expenses (see note 22)	72 427	86 693
Cost of operations ships	60 832	84 585
Cost of operations gas carriers *)	-	3 789
Tonnage tax	110	145
Currency hedging	6 682	205
Total operating expenses	**140 052**	**175 417**

*) 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)	2015	2014
Salary expenses (note 22)	45 775	57 239
Pension expenses defined benefit plans (note 9)*	1 152	(9 024)
Other expenses	31 456	44 401
Currency hedging	3 768	113
Total general and administrative expenses	**82 151**	**92 729**

* Excluding crew

Including in the above is auditor's remuneration for:

(USD 1 000 exclusive VAT)	2015	2014
Statutory auditing	528	602
Other assurance services	12	30
Tax advisory services	152	107
Other non-audit services	8	224
Total remuneration	**700**	**963**

NOTE 22 SALARY EXPENSES, NUMBER OF EMPLOYEES AND BENEFITS TO BOARD OF DIRECTORS AND MANAGEMENT

Salary expenses are included in ship operating expenses and general and administrative expenses according to the activity.

(USD 1 000)	2015	2014
Salaries	101 923	124 081
Social expenses	12 795	15 893
Pension expenses defined benefit plans (note 9)*	1 152	(9 024)
Pension expenses defined contribution plans (note 9)	2 362	2 457
Other benefits	1 123	1 500
Total salary expenses	**119 355**	**134 908**

* Excluding crew

Average man-years of employees[1]:

	2015	2014
Europe	380	474
North America	27	28
Southeast Asia	1 704	1 775
South America	186	170
Other	21	23
Total average man-years of employees	**2 317**	**2 469**

[1] Only man-years within those entities consolidated.

At the end of 2015 the Board of Directors consists of six members. Compensation and benefits to the Board of Directors:

(USD 1 000)	2015	2014
Remuneration	**290**	452

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
CEO, Kristian V. Mørch (from August 1, 2015)	310	445	14	8	777
President/CEO, Tore Jakobsen (until July 31, 2015)	444	99	80	20	643
Senior Vice President Odfjell Tankers, Morten Nystad (until July 10, 2015)**	249	61	67	20	397
Senior Vice President Ship Management, Helge Olsen	208	46	83	20	356
Senior Vice President Odfjell Tankers AS, Harald Fotland	223	50	31	20	323
Senior Vice President/CFO, Terje Iversen	223	50	31	20	323
Senior Vice President Gas Carriers, Knut H. Holsen	208	8	59	20	294
Senior Vice President QHSE, Toralf Sørenes (until June 30, 2015) ***	74	-	40	10	124
Total	**1 939**	**758**	**404**	**137**	**3 238**

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

** According to the termination agreement, Morten Nystad was released from his normal working duties on July 10th 2015.

He is entitled to severance payment for 27 months, total USD 578 000.

*** Toralf Sørenes is entitled to severance payment of USD 51 000 to be paid over a two years period.

The Board of Director´s 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 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 the Management Group 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 2016:

The CEO and managers reporting directly to him are included in the Company's defined contribution plan, see note 9. For the Executive 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 Executive Management 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 2014 approved a new Stock-settled Stock Appreciation Rights (SSAR) plan for the CEO and the Executive Management Group. The Board has however not yet implemented the plan. The Board will at the Annual General Meeting in 2016 proposed different long-term Incentive Plan (LTI) / Performance Restricted Share Plan for the CEO and the Executive Management, as follows:

• The total number of Restricted Shares (RS) available for awards to the Executive Management under the Plan shall annually be distributed to the Executive Management of the Company with a three year restriction period in accordance with the rules of the Plan. The Executive Management will receive a cash amount up to 50% of annual base salary for the CEO and up to 33% of annual base salary for the other members of the Executive Management, where the net amount less withholding tax shall be used to purchase RS in Odfjell.
• The number of awarded RS depends on the achievement of certain Key Performance Indicators (KPIs). These KPIs have been derived from strategic goals and consist of Share Price development, Return on Capital Employed (ROCE) and a discretionary element to be assessed by the Board at year end.

The Board has implemented a short-term performance-related incentive scheme for all on-shore employees 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.

Besides the CEO, no member of the Executive Management has defined agreements with regards to severance payments. In case the Company terminates the employment during the first three years after the commencement date, the CEO is, in addition to payment of salary and other remuneration during the notice period, also entitled to 12 months' base salary and annual short-term incentives earned but not paid prior to such termination.

Remuneration to Management in 2015 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%-2.9% per annum and repayment period is five years. Members of the Management Group have loans from the Company as follows: Helge Olsen (USD 0.03 million).

NOTE 23 BUSINESS COMBINATIONS

No material business combinations occurred in 2015 or 2014.

NOTE 24 SUBSEQUENT EVENTS

As a part of strengthening the Company's core business, the Company has entered into an agreement regarding sale and lease-back of Odfjell's main office. The Company engaged DNB Næringsmegling AS and external legal advisors in the facilitation phase and sale process. The property was viewed by six potential buyers. One offer was made, by a group of buyers consisting of Odfjell Eiendom AS, Norchem A/S and Rederiet Jacob Christensen A/S at NOK 185 million Norchem A/S and Rederiet Jacob Christensen A/S are shareholders of Odfjell SE. After negotiations the bid was increased to NOK 191 million KPMG as an independent expert has issued a separate statement to the Extraordinary General Meeting. The Extraordinary General Meeting approved the transaction 17 February 2016 regarding the sale and lease-back. The transaction will give a pre-tax gain of about USD 11 million in 2016. The annual lease is USD 1.6 million.

Odfjell SE has on 5 January 2016 terminated its Total Return Swap (TRS) agreement with DNB Markets for 5,891,166 A-shares and 2,322,482 B-shares. Simultaneously all shares has been acquired by Odfjell SE at a price of NOK 28.00 for the A-shares and NOK 26.00 for the B-shares.

On 15 March 2016, Odfjell signed a Memorandum of Agreement to sell Bow Sailor. The transaction will give a loss of about USD 3.5 million in the Group accounts to be accounted for in first quarter 2016.

NOTE 25 OTHER FINANCIAL ITEMS

(USD 1 000)	2015	2014
Financial assets and liabilities at fair value through profit or loss statement	2 715	(39 419)
Other financial income	2 315	4 543
Other financial expenses	(3 921)	(10 208)
Currency gains (losses) – see note 26	(17 773)	30 655
Total other financial items	**(16 664)**	**(14 429)**

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

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NOTE 26 CURRENCY GAINS (LOSSES)

(USD 1 000)	2015	2014
Currency hedging contracts	(3 451)	117
Non-current receivables and liabilities	(10 061)	21 418
Cash and cash equivalents	(5 793)	2 117
Other current assets and current liabilities	1 532	7 003
Total currency gains (losses)	**(17 773)**	**30 655**

See note 5 for overview of currency hedging exposure.

NOTE 27 NON-CURRENT RECEIVABLES

(USD 1 000)	2015	2014
Loans to employees	411	509
Prepayment of lease	1 623	14 599
Other non-current receivables	860	3 793
Total non-current receivables	**2 894**	**18 901**

There is nothing material past due or impaired.

NOTE 28 CURRENT RECEIVABLES

(USD 1 000)	2015	2014
Trade receivables	68 955	106 044
Other receivables	7 528	23 969
Pre-paid costs	6 000	4 173
Provisions for bad debt	(2 596)	(3 858)
Total current receivables	**79 887**	**130 329**

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:

			Past due, but not impaired			
(USD 1 000)	Total	Not past due nor impaired	←30 days	30–60 days	60–90 days	→90 days
2015	**76 483**	**40 951**	**11 624**	**7 468**	**3 722**	**12 718**
2014	130 014	58 749	42 365	7 194	256	21 450

Movement in provisions for bad debt:

(USD 1 000)	2015	2014
Total provision for bad debt 1 January	3 858	4 774
This year's expenses	(141)	706
Write-off this year	(1 121)	(1 622)
Total provision for bad debt per 31 December	**2 596**	**3 858**

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The table below summarises total current receivables into different currencies:

(USD 1 000)	2015	2014
USD	77 281	118 148
EUR	1 498	4 164
SGD	52	219
Other	1 057	7 798
Total current receivables	**79 887**	**130 329**

NOTE 29 OTHER CURRENT LIABILITIES

(USD 1 000)	2015	2014
Trade payables	12 599	20 626
Estimated voyage expenses	24 117	41 481
Provisions	9 447	9 614
Interest accrual	3 992	5 076
Ship Management accruals	4 423	4 642
Other current liabilities	12 109	12 216
Total other current liabilities	**66 687**	**93 655**

The table below summarises 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
2015	**66 687**	**59 138**	**3 456**	**1 377**	**95**	**2 622**
2014	93 655	73 016	19 294	974	48	323

The table below summarises other current liabilities into different currencies:

(USD 1 000)	2015	2014
USD	59 218	82 616
EUR	326	1 054
SGD	424	660
WON	584	528
Other currencies	6 135	8 797
Total other current liabilities	**66 687**	**93 655**

NOTE 30 SHARE CAPITAL AND PREMIUM

	Number of shares (1 000)		Share capital (USD 1 000)		Share premium (USD 1 000)	
	2015	2014	2015	2014	2015	2014
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 0.28 as at 31.12.2015. 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, CEO and other members of the Management Group (including related parties):

	2015		2014	
	A-shares	B-shares	A-shares	B-shares
Chairman of the Board of Directors, Laurence Ward Odfjell	25 966 492	3 999 393	25 966 492	2 578 994
Director, Åke Gregertsen	3 000	28 332	3 000	-
CEO, Kristian Mørch	24 000	3 500	-	3 500
Senior Vice President OT, Harald Fotland	-	4 000	-	4 000

No dividend paid in 2014 and no dividend proposed based on 2015 result due to continued losses.

NOTE 33 LIST OF SUBSIDIARIES

The following subsidiaries are fully consolidated in the financial statements as per 31 December 2015:

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 Japan Ltd	Japan	100%	100%
Odfjell Korea Ltd	Korea	100%	100%
Odfjell Netherlands BV	Netherlands	100%	100%
Crystal Pool AS	Norway	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 32 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 Breakwater Capital and Oak Hill Advisors, L.P. 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 2015:

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%
Odfjell Gas Denmark AS	Denmark	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:			
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 %

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The share of result and balance sheet items for investments in joint ventures and associates are recognised based on equity method:

(USD 1 000)	2015 Tank Terminals	2015 Gas Carriers[1]	2015 Other	2015 Total	2014 Tank Terminals	2014 Gas Carriers[1]	2014 Other	2014 Total
Gross revenue	154 309	36 346	26 306	216 962	121 481	8 431	31 639	161 551
EBITDA	44 088	7 833	4 179	56 100	738	1 613	9 302	11 654
EBIT	341	5 152	966	6 459	(85 742)	967	7 215	(77 560)
Net result	(17 282)	3 692	289	(13 302)	(73 912)	554	5 554	(67 804)
Owner interest	(8 814)	1 846	51	(6 917)	(37 695)	277	1 496	(35 922)
Excess values	(1 253)	-	-	(1 253)	3 590	-	-	3 590
Group's share of profit for the year	(10 067)	1 846	51	(8 170)	(34 105)	277	1 496	(32 333)
Non-current assets	1 171 588	135 509	26 291	1 333 387	1 180 785	108 722	21 531	1 316 971
Current assets	71 918	3 632	14 854	90 403	76 208	19 894	16 442	118 061
Total assets	1 243 506	139 140	41 145	1 423 791	1 256 993	128 617	37 973	1 435 032
Non-current liabilities	435 373	23 781	6 082	465 237	396 575	25 609	5 565	427 749
Current liabilities	76 055	7 648	8 578	92 282	83 397	4 997	9 280	101 697
Total liabilities	511 429	31 430	14 660	557 519	479 972	30 606	14 845	529 447
Total equity closing balance	732 077	107 710	26 485	866 272	777 021	98 011	23 129	905 585
Owner interest	373 359	53 855	11 777	438 991	396 281	49 005	12 273	457 559
Minority/adjustment	(4 071)	(1 769)	-	(5 840)	(3 986)	-	-	(3 986)
Excess values	(65 365)	4 729	-	(60 636)	(65 142)	4 729	-	(60 413)
Carrying amount of the investment	303 923	56 815	11 777	372 515	327 153	53 734	12 273	393 162
Capital expenditure [2]	(37 980)	(14 712)	-	(52 693)	(55 676)	(16 000)	-	(71 676)
Uncalled committed capital		45 000			-	50 000	-	-

[1] Gas Carriers became a joint venture as from 30 September 2014

[2] Odfjell share

(USD 1 000)	2015	2014
Loan to associates and joint ventures	25 142	10 536

All transactions are considered being at commercial reasonable market terms.

NOTE 33 HELD FOR SALE

In 2015 the ship Bow Aratu, 13 843 dwt and build in 1997, and Odfjell's main office (see note 24) are classified as held for sale, totalling USD 20.7 million, ref note 10 and 11.

NOTE 34 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
2015	8.07	8.80	1.11	1.09	1.37	1.41
2014	6.32	7.43	1.33	1.22	1.27	1.32

ODFJELL

FINANCIAL STATEMENT ODFJELL SE

INCOME STATEMENT

(USD 1 000)	Note	2015	2014
OPERATING REVENUE (EXPENSES)			
Gross revenue	2	5 196	5 716
General and administrative expenses	15	(13 029)	(21 435)
Depreciation	7	(1 224)	(1 353)
Operating result (EBIT)		**(9 056)**	**(17 072)**
FINANCIAL INCOME (EXPENSES)			
Income on investment in subsidiaries	11	20 735	12 082
Impairment shares		-	(4 663)
Interest income	11	23 181	19 030
Interest expenses	11	(33 528)	(35 876)
Other financial items	11	(3 173)	(41 402)
Currency gains (losses)	12	(13 960)	11 398
Net financial items		**(6 745)**	**(39 430)**
Result before taxes		**(15 801)**	**(56 502)**
Taxes	5	(243)	2 400
Net result		**(16 044)**	**(54 102)**
OTHER COMPREHENSIVE INCOME			
Cash flow hedges changes in fair value		-	1 019
Cash flow hedges transferred to statement of comprehensive income		447	(233)
Net gain/(loss) on available-for-sale investments		(1 292)	252
Other comprehensive income		**(845)**	**1 038**
Total comprehensive income		**(16 889)**	**(53 064)**

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STATEMENT OF FINANCIAL POSITION

Assets as per 31.12 (USD 1 000)	Note	2015	2014
NON-CURRENT ASSETS			
Deferred tax asset	5	2 317	2 400
Real estate	7	-	11 227
Shares in subsidiaries	16	637 599	639 148
Shares in joint ventures	16	309 551	306 560
Loans to Group companies and joint ventures	13	508 635	586 105
Total non-current assets		**1 458 102**	**1 545 439**
CURRENT ASSETS			
Current receivables		60	393
Current receivables against joint venture		2 836	-
Group receivables		11 474	5 267
Derivative financial instruments	3	3 074	4 825
Available-for-sale investments	14	8 618	9 910
Cash and bank deposits	17	12 162	41 632
Assets classified as held for sale	20	10 217	-
Total current assets		**48 440**	**62 026**
Total assets		**1 506 542**	**1 607 466**

Equity and liabilities as per 31.12	Note	2015	2014
EQUITY			
Share capital	6, 18	29 425	29 425
Share premium	6	172 388	172 388
Cash flow hedge reserve	6	(1 997)	(1 152)
Other equity	6	647 761	663 806
Total shareholders' equity		**847 577**	**864 466**
NON-CURRENT LIABILITIES			
Derivative financial instruments	3	40 122	44 376
Loans from subsidiaries	4	5 875	5 875
Long-term debt	4	522 238	378 175
Total non-current liabilities		**568 236**	**428 426**
CURRENT LIABILITIES			
Derivative financial instruments	3	7 658	14 882
Current portion of long term debt	4	56 941	291 244
Short-term interest bearing debt	4	16 707	-
Other current liabilities		9 423	8 447
Total current liabilities		**90 729**	**314 573**
Total liabilities		**658 964**	**742 999**
Total equity and liabilities		**1 506 541**	**1 607 466**
Guarantees	19	942 275	939 205

THE BOARD OF DIRECTORS OF ODFJELL SE

Bergen, 16 March 2016

CHRISTINE RØDSÆTHER

LAURENCE WARD ODFJELL
Chairman

ÅKE GREGERTSEN

KRISTIAN MØRCH
CEO

KLAUS NYBORG

JANNICKE NILSSON

ANNETTE MALM JUSTAD

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STATEMENT OF CASH FLOW

(USD 1 000)	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES		
Net result before taxes	(15 801)	(56 502)
Taxes paid	(159)	-
Depreciation	1 224	1 353
Unrealised currency loss/(gain)	11 768	(12 785)
Unrealised changes in derivatives	2 371	39 419
Dividends and (gain)/loss from sale of shares	(20 111)	(7 419)
Other short-term accruals	(13 793)	1 281
Net cash flow from operating activities	**(34 502)**	**(34 653)**
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of non-current assets	-	3 000
Investment in non-current assets	(214)	(433)
Investment in joint ventures	(3 000)	-
Dividend received	20 735	10 000
Change in available-for-sale investments	-	(252)
Loans to/from subsidiaries	72 812	(141 675)
Net cash flow from investing activities	**90 333**	**(129 360)**
CASH FLOW FROM FINANCING ACTIVITIES		
New interest bearing debt	255 207	85 295
Repayment of interest bearing debt	(335 641)	(79 123)
Sale of treasury shares	-	26 105
Net cash flow from financing activities	**(80 434)**	**32 277**
Effect on cash balances from currency exchange rate fluctuations	(4 868)	(12 756)
Net change in cash balances	**(29 471)**	**(144 493)**
Cash balances as per 1.1	41 632	186 125
Cash balances as per 31.12	**12 162**	**41 632**
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 are 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 balance sheet.

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 balance sheet date. Derivatives where payment takes place more than 12 months after the balance sheet 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.

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 balance sheet 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 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Company uses various derivative financial instruments to reduce fluctuations in earnings and cash flow caused by volatility in foreign exchange rates, interest rates and bunker prices. Derivatives are classified as current asset/liability if payments occur within 12 months after the balance sheet date. Derivatives where payment takes place more than 12 months after the balance sheet date are classified as non-current asset/liability.

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

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Below overview shows status of hedging exposure per 31 December 2015 (figures in 1 000):

Interest rates			Avg. Rate	MTM [2]	Time to maturity - USD amounts ← 1 year	1 - 5 years	→ 5 years	Total
Cash flow hedging	USD 50 000		3.00%	(1 415)	-	50 000	-	**50 000**
Non hedge, IRS'	USD 150 000		2.51%	(7 704)	-	150 000	-	**150 000**

[1] All non hedge IRS' are classified as current assets

Cross currency interest rate swaps			Avg. Rate	MTM [2]	Time to maturity - USD amounts ← 1 year	1 - 5 years	→ 5 years	Total
Non hedge	USD 246 374	From NOK to USD	6.62%	(38 661)	-	246 374	-	**246 374**

[2] Mark to market valuation

Negative value MTM of the cross currency swaps related to the two outstanding bond loans of in total USD 159 million, amounts to USD 39 million per 31.12.2015. Positive accumulated currency gain booked related to the same bond loans per 31.12.2015 amounts to USD 21 million.

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

Currency	Sold		Bought		Avg. Rate	MTM [2]	Time to maturity - USD amounts ← 1 year	1 - 5 years	→ 5 years	Total
Non hedge [1]	USD	13 000	NOK	83 473	6.42	(3 581)	13 000	-	-	**13 000**

Interest rates		Avg. Rate	MTM [2]	Time to maturity - USD amounts ← 1 year	1 - 5 years	→ 5 years	Total
Cash flow hedging	USD 50 000	3.00%	(2 298)	-	50 000	-	**50 000**
Non hedge, IRS [1]	USD 200 000	2.51%	(8 655)	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	MTM [2]	Time to maturity - USD amounts ← 1 year	1 - 5 years	→ 5 years	Total
Non hedge	USD 296 230	From NOK to USD	6.31%	(44 723)	102 995	193 235	-	**296 230**

[1] Related to NOK bonds issued by Odfjell SE

[2] Mark to market valuation

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

(USD 1 000)	2015	2014
Bunkers	(2 596)	(56 185)
Currency	(880)	(3 995)
Derivative financial instruments	**(3 476)**	**(60 180)**

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 balance sheet at the fair value at the balance sheet date. The fair value is obtained from active markets or based on third party quotes. For cash and cash equivalents and current liabilities the carrying amount is considered to be the best estimate of fair value of these instruments due to the short maturity date. Receivables are measured at nominal value reduced by any impairment. Carrying amount is considered to be best estimate of fair value due to short maturity date and valid terms. 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.

Bond debt has a market value of USD 155 million per 31.12.15 compared to carrying amount of USD 159 million.

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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.

	2015		2014	
(USD 1 000)	Level 1	Level 2	Level 1	Level 2
Recurring fair value measurement				
Financial assets at fair value:				
Derivatives instruments - non hedging	-	3 074	-	4 825
Derivatives instruments - hedging	-	-	-	-
Financial liabilities at fair value:				
Derivatives instruments - non hedging	-	46 365	-	56 959
Derivatives instruments - hedging	-	1 415	-	2 298
Available - for - sale - investments	8 618	-	9 910	-

During 2015 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 are classified in the Statement of Financial position sheet as follows:

Classification of financial assets and liabilities as at 31 December 2015:

(USD 1 000)	Held for sale	Derivatives held as hedge instrument *)	Derivatives held at fair value over the result *)	Loans and receivables	Available-for-sale- investments *)	Liabilities recognised at amortised cost	Non-financial assets/ liabilities	2015
ASSETS								
Cash and cash equivalents	-	-	-	12 162	-	-	-	**12 162**
Available-for-sale-investments	-	-	-	-	8 618	-	-	**8 618**
Derivative financial instruments	-	-	3 074	-	-	-	-	**3 074**
Current receivables	-	-	-	14 370	-	-	-	**14 370**
Loan to Group companies	-	-	-	508 635	-	-	-	**508 635**
Other non-financial assets	-	-	-	-	-	-	**949 467**	**949 467**
Assets held for sale	10 217	-	-	-	-	-	-	**10 217**
Total assets	**10 217**	**-**	**3 074**	**535 166**	**8 618**	**-**	**949 467**	**1 506 542**
LIABILITIES								
Other current liabilities	-	-	-	-	-	9 423	-	**9 423**
Loan from subsidiaries	-	-	-	-	-	5 875	-	**5 875**
Derivative financial instruments	-	1 415	46 365	-	-	-	-	**47 780**
Interest bearing debt	-	-	-	-	-	595 886	-	**595 886**
Total liabilities	**-**	**1 415**	**46 365**	**-**	**-**	**611 184**	**-**	**658 964**

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

(USD 1 000)	Derivatives held as hedge instrument*)	Derivatives held at fair value over the result*)	Loans and receivables	Available for sale investments*)	Liabilities recognised at amortised cost	Non-financial assets/ liabilities	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**

* Measured at fair value.

NOTE 4 INTEREST BEARING DEBT

(USD 1 000)	Average interest rate	2015	2014
Loans from financial institutions – floating interest rate	2.73%	362 507	354 993
Short-term interest bearing debt – floating interest rate	3.59%	16 707	-
Bonds	7.00%	221 747	319 157
Subtotal interest bearing debt	**4.33%**	**600 962**	**674 150**
Transaction cost		(5 076)	(4 731)
Total interest bearing debt		**595 886**	**669 419**
Current portion of long-term debt		(56 941)	(291 244)
Short-term interest bearing debt		(16 707)	-
Total non-current interest bearing debt		**522 238**	**378 175**

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 covenants during 2015 and 2014.

Maturity of interest bearing debt as per 31 December 2015:

(USD 1 000)	2016	2017	2018	2019	2020	2021+	Total
Loans from financial institutions – floating interest rate	56 941	69 181	93 146	37 069	103 203	2 967	**362 507**
Short-term interest bearing debt – floating interest rate	16 707	-	-	-	-	-	**16 707**
Bonds	-	99 085	122 662	-	-	-	**221 747**
Total interest bearing debt	**73 648**	**168 266**	**215 808**	**37 069**	**103 203**	**2 967**	**600 962**
Estimated interest payable	24 943	19 453	9 474	3 402	1 489	40	**58 803**
Total	**98 591**	**187 720**	**225 282**	**40 471**	**104 692**	**3 007**	**659 764**

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**

The average term of the Company's outstanding long-term interest bearing bank debt as per 31 December 2015 was 3.9 years (2.3 years in 2014). The average term of the Company's outstanding bond debt as per 31 December 2015 was 2.2 years (2.6 years in 2014).

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On 10 April and 21 August 2007, the company entered into finance lease agreements with Nordic Leasing Limited to finance the purchase of Bow Sirius and Bow Saga respectively. Obligations to the lessor are repayable in quarterly instalments, with a balance payment due in April 2032. Interest accruing is based on the 3 month LIBOR rate calculated at an implicit rate of 4.55% and 4.47% per annum respectively. However, there is a credit review of Odfjell in October 2017 and the bank may request additional collateral/security to continue the lease if the credit standing of the Odfjell Group has deteriorated since 2007. If Odfjell decide to terminate, the lease arrangement shall be ended within 31.01.2018.

Long-term loans from subsidiaries:

(USD 1 000)	Currency	Average interest rate	2015	2014
Loans from subsidiaries	**USD**	**4.44%**	**5 875**	5 875

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

NOTE 5 TAXES

(USD 1 000)	2015	2014
Taxes payable/deferred	243	(2 400)
Total tax expenses (income)	**243**	**(2 400)**
Effective tax rate	(1.53%)	4.25%

Taxes payable:

(USD 1 000)	2015	2014
Net result before taxes	(15 801)	(56 502)
Permanent differences	(35 383)	(17 635)
Changes temporary differences	(78 783)	20 752
Basis taxes payable	**(129 967)**	**(53 385)**
Utilisation of carried forward losses	-	-
Group contribution with tax effect (distributed)	-	-
Basis taxes payable after Group contribution	**(129 967)**	**(53 385)**

Specification of deferred taxes (deferred tax assets):

(USD 1 000)	2015	2014
Non-current assets	(4 895)	(5 383)
Other long-term temporary differences	87 512	18 537
Financial instruments	(44 688)	(54 424)
Shares	(582)	-
Tax-loss carried forward	(162 858)	(45 402)
Net temporary differences	**(125 511)**	**(86 672)**
Tax rate	25%	27%
Total deferred tax (deferred tax assets)	**(31 378)**	**(23 401)**
Total deferred tax not accounted for	**29 061**	**21 001**
Deferred tax assets	**2 317**	**2 400**

Deferred tax asset is only partly accounted for 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	Available for sale investements	Retained earning	Total equity
Shareholders' equity as per 1 January 2014	29 425	(2 785)	172 388	(2 649)	458	694 588	891 424
Comprehensive income	-	-	-	787	252	-	**1 039**
Net result	-	-	-	-	-	(54 102)	**(54 102)**
Share repurchases	-	2 785	-	-	-	23 320	**26 106**
Shareholders' equity as per 31 December 2014	29 425	-	172 388	(1 863)	710	663 804	864 466
Comprehensive income	-	-	-	447	(1 292)	-	**(845)**
Net result	-	-	-	-	-	(16 044)	**(16 044)**
Shareholders' equity as per 31 December 2015	**29 425**	**-**	**172 388**	**(1 415)**	**(582)**	**647 760**	**847 577**

NOTE 7 NON-CURRENT ASSETS

(USD 1 000)	Cost 01.01.2015	Investment	Accumulated depreciation prior years	Depreciation this year	Classified as held for sale	Book value 31.12.2015
Land	431	-	-	-	(431)	-
Office building	23 924	214	(13 127)	(1 224)	(9 786)	-
Total	**24 517**	**214**	**(13 127)**	**(1 224)**	**(10 217)**	**-**

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, rents office premises from Odfjell SE (through Odfjell Management AS) in Bergen, for which Odfjell received USD 0.1 million in 2015 (USD 0.1 million in 2014). The Company considers the above arrangements to be on commercially reasonable market terms and there were no material outstanding balances as per 31 December 2015.

For sale and lease-back of Odfjell's main office in 2016 see further comments in note 10.

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, 14 and 19.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Capital expenditures
No material future commitments related to capital expenditure. Odfjell SE is committed to inject up to USD 45 million in capital injection in Odfjell Gas in 2016 – 2017 related to newbuilding contracts.

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

NOTE 10 SUBSEQUENT EVENT

As a part of strengthening the Company's core business, the Company has entered into an agreement regarding sale and lease-back of Odfjell's main office. The Company engaged DNB Næringsmegling AS and external legal advisors in the facilitation phase and sale process. The property was viewed by six potential buyers. One offer was made, by a group of buyers consisting of Odfjell Eiendom AS, Norchem A/S and Rederiet Jacob Christensen A/S at NOK 185 million Norchem A/S and Rederiet Jacob Christensen A/S are shareholders of Odfjell SE. After negotiations the bid was increased to NOK 191 million KPMG as an independent expert has issued a separate statement to the Extraordinary General Meeting. The Extraordinary General Meeting approved the transaction 17 February 2016 regarding the sale and lease-back. The transaction will give a pre-tax gain of about USD 11 million in 2016. The annual lease is USD 1.6 million.

Odfjell SE has on the 5 January 2016, terminated its Total Return Swap (TRS) agreement with DNB Markets for 5,891,166 A-shares and 2,322,482 B-shares. Simultaneously all shares has been acquired by Odfjell SE at a price of NOK 28.00 for the A-shares and NOK 26.00 for the B-shares.

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NOTE 11 FINANCIAL INCOME AND EXPENSES

(USD 1 000)	2015	2014
Dividend/Sale of shares/Group contribution received from subsidiaries	20 735	12 083
Impairment of shares	-	(4 663)
Intercompany interest income	22 521	17 226
Other interest income bank deposit	660	1 804
Total interest income	**23 181**	**19 030**
Intercompany interest expenses	(290)	(3 320)
Interest expenses, loans	(33 237)	(32 556)
Total interest expenses	**(33 528)**	**(35 876)**
Other financial income	7 764	7 540
Other financial expenses	(8 565)	(9 522)
Financial assets and liabilities at fair value through net result	(2 371)	(39 419)
Total other financial income/expenses	**(3 173)**	**(41 402)**
Net currency gains (losses) – see note 12	(13 960)	11 398
Net financial items	**(6 745)**	**(39 430)**

NOTE 12 CURRENCY GAINS (LOSSES)

(USD 1 000)	2015	2014
Currency hedging contracts	(3 451)	115
Non-current receivables and debt	(5 688)	20 659
Cash and cash equivalents	(4 868)	(9 598)
Other current assets and current liabilities	47	221
Total currency gains (losses)	**(13 960)**	**11 398**

NOTE 13 LOANS TO GROUP COMPANIES AND JOINT VENTURES

(USD 1 000)	Currency	Currency amount 1 000 2015	2015	2014
Norfra Shipping AS	USD	144 155	144 155	148 678
Odfjell Asia II Pte Ltd	USD	210 000	210 000	288 074
Odfjell Chemical Tankers AS	USD	129 000	129 000	134 572
Odfjell Chemical Tankers II AS	USD	2 750	2 750	2 750
Odfjell (UK) Ltd.	USD	1 000	1 000	-
Sub total loans to Group companies			**486 905**	**574 075**
Odfjell Terminal (Jiangyin) Co Ltd	USD	1 315	1 315	1 315
Odfjell Middle East DMCC	USD	2 600	2 600	2 400
Odfjell Terminals Europe BV (Shareholders loan)	USD	15 997	15 997	5 997
Oiltanking Odfjell Gmbh	USD	1 818	1 818	2 318
Sub total loans to joint ventures			**21 730**	**12 030**
Total loans to Group companies and joint ventures			**508 635**	**586 105**

NOTE 14 AVAILABLE-FOR-SALE-INVESTMENTS

(USD 1 000)	Currency	Average interest rate	Book value 2015	Book value 2014
Bonds and certificates issued by financial institutions	**USD**	**1.09%**	**8 618**	9 910

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

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

For 2015 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 2015:

(USD 1 000)	Compensation	Other benefits	Total
Laurence Ward Odfjell (Chairman)	118	-	**118**
Kristian V. Mørch (up to August 1st, 2015)	25	-	**25**
Åke Gregertsen	56	-	**56**
Christine Rødsæther	43	-	**43**
Jannicke Nilsson	43	-	**43**
Annette Malm Justad	5	-	**5**
Klaus Nyborg (from December 9th, 2015)	-	-	**-**
Total	**290**	**-**	**290**

Compensation and benefits to Board of Directors in 2015:

(USD 1 000 exclusive VAT)	2015	2014
Statutory auditing	157	136
Other assurance services	2	13
Tax advisory services	106	78
Non-audit services	-	207
Total remuneration	**265**	**434**

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 2015	Equity 2015
Norfra Shipping AS	Norway	100 %	150 030	(1 621)	126 705
Odfjell (UK) Ltd	United Kingdom	100 %	2 166	11 186	12 930
Odfjell Argentina SA	Argentina	90 %	129	20	38
Odfjell Brasil - Representacoes Ltda	Brazil	100 %	983	(188)	1 103
Odfjell Chemical Tankers Ltd	Bermuda	100 %	441 262	217	447 490
Odfjell Insurance & Properties AS	Norway	100 %	843	(24)	715
Odfjell Korea Ltd	South Korea	100 %	43	(5)	(62)
Odfjell Management AS	Norway	100 %	21 858	7 149	37 882
Odfjell Maritime Services AS	Norway	100 %	1 929	17	2 343
Odfjell Middle East DMCC	United Arab Emirates, Dubai	100 %	82	(362)	(1 661)
Odfjell Netherlands BV	Netherlands	100 %	1 021	165	760
Odfjell Peru	Peru	100 %	195	5	70
Odfjell Projects AS	Norway	100 %	13	(3)	4
Odfjell Ship Management (Philippines) Inc	Philippines	100 %	200	(74)	459
Odfjell Singapore Pte Ltd	Singapore	100 %	13	233	2 937
Odfjell Tankers AS	Norway	100 %	9 858	493	12 981
Odfjell Tankers Europe AS	Norway	100 %	1 717	(323)	892
Odfjell Terminals II AS	Norway	100 %	5 248	283	2 128
Crystal Pool AS	Norway	100 %	9	60	(7)
Odfjell USA (Houston) Inc	USA	100 %	0	398	1 445
Total			**637 599**		

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

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Shares in joint ventures

Other shares	Registered office	Share/ voting rights	Book value	Result 2015[1]	Equity 2015[1]
Odfjell & Vapores Ltd	Bermuda	50.0%	4	(4)	10
Odfjell y Vapores S A	Chile	49.0%	506	524	6 565
Odfjell Terminals BV[2]	Netherlands	51.0%	253 299	45 663	617 221
Odfjell Gas AS [2]	Norway	50.0%	55 741	(14 143)	49 607
Total shares in joint ventures			**309 551**		

[1] Result and equity on 100% basis.

[2] Net result and equity from parent companies

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, with original expiry date on 19 March 2015. This expiry date has been extended several times and expired 5 January 2016 with strike prices of NOK 24.79 and NOK 23.75 respectively for A and B shares. As security for the TRS transaction total NOK 99.9 million, equal to USD 11.3 million, is deposited into restricted accounts per 31 December 2015.

In addition Odfjell SE has USD 9.6 million in collateral as security for financial derivatives.

The Company has no other restricted cash and cash equivalents per 31 December 2015.

NOTE 18 SHARE CAPITAL AND INFORMATION ABOUT SHAREHOLDERS

(NOK 1 000)	Number of shares	Nominal value (NOK)	(NOK 1 000) 2015	(NOK 1 000) 2014
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 2015 according to VPS:

	Name	A-shares	B-shares	Total	Percent of votes	Percent of shares
1	Norchem A/S	25 966 492	3 536 381	**29 502 873**	39.53%	34.00%
2	DNB Markets	5 847 207	2 412 553	**8 259 760**	8.90%	9.52%
3	Svenska Handelsbanken AB [1]	2 559 705	2 196 680	**4 756 385**	3.90%	5.48%
4	Morgan Stanley & Co, International[1]	3 284 334	230 674	**3 515 008**	5.00%	4.05%
5	Rederiet Odfjell AS	3 497 472	-	**3 497 472**	5.32%	4.03%
6	Odfjell Shipping Bermuda LTD.	2 750 000	715 760	**3 465 760**	4.19%	3.99%
7	Pareto Aksje Norge	1 682 580	1 290 204	**2 972 784**	2.56%	3.43%
8	JP Morgan Bank Luxembourg SA [1]	1 071 400	1 600 800	**2 672 200**	1.63%	3.08%
9	JP Morgan Clearing Corp. [1]	2 125 334	-	**2 125 334**	3.24%	2.45%
10	Morgan Stanley & Co. LLC [1]	1 400 000	-	**1 400 000**	2.13%	1.61%
11	SES AS	229 111	870 889	**1 100 000**	0.35%	1.27%
12	The Northern Trust Co. [1]	79 876	879 400	**959 276**	0.12%	1.11%
13	Verdipapirfondet KLP Aksje Norge	726 450	223 534	**949 984**	1.11%	1.09%
14	Holmen Spesialfond	900 000	-	**900 000**	1.37%	1.04%
15	Odin Energi	-	900 000	**900 000**	0.00%	1.04%
16	Credit Suisse AG [1]	550 800	288 500	**839 300**	0.84%	0.97%
17	AS SS Mathilda	600 000	150 000	**750 000**	0.91%	0.86%
18	Berger	732 400	-	**732 400**	1.11%	0.84%
19	Wimoh Invest AS	-	700 000	**700 000**	0.00%	0.81%
20	Pactum AS	-	565 000	**565 000**	0.00%	0.65%
	Total 20 largest shareholders	**54 003 161**	**16 560 375**	**70 563 536**	**82.21%**	**81.32%**
	Other shareholders	11 687 083	4 518 329	**16 205 412**	17.79%	18.68%
	Total	**65 690 244**	**21 078 704**	**86 768 948**	**100.00%**	**100.00%**
	International shareholders	41 087 200	8 626 985	**49 714 185**	62.55%	57.29%

[1] Nominee account.
Source: Norwegian Central Securities Depository (VPS).
For an analysis of the 20 largest shareholders of 31 December 2015, see text in section Shareholder Information.

Odfjell SE sold 19 December 2014 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 under a Total Return Swap (TRS). The expiry date was extended several times and expired 5 January 2016 with a strike price of NOK 24.79 and NOK 23.75 respectively for A and B shares.

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):

	2015		2014	
	A-shares	B-shares	A-shares	B-shares
Chairman of the Board of Directors, Laurence Ward Odfjell	25 966 492	3 999 393	25 966 492	2 698 106
Director, Åke Gregertsen	3 000	28 332	3 000	-

NOTE 19 GUARANTEES

(USD 1 000)	2015	2014
100% owned subsidiaries	498 227	444 129
Joint ventures (credit facilities)	125 164	152 646
Joint ventures (other third party guarantees)	318 885	342 430
Total guarantees	**942 275**	**939 205**

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 purchases, credit facilities, 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 318.9 million (USD 332.4 million in 2014 - included in the table above). The JV partners have issued a counter guarantee for their 50% share in Odfjell Gas AS.

NOTE 20 ASSETS HELD FOR SALE

Odfjell's main office (see note 10) are classified as held for sale, totalling USD 10.2 million.

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the financial statements for the period 1 January to 31 December 2015 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, 16 March 2016

LAURENCE WARD ODFJELL
Chairman

CHRISTINE RØDSÆTHER

ÅKE GREGERTSEN

KLAUS NYBORG

JANNICKE NILSSON

ANNETTE MALM JUSTAD

KRISTIAN MØRCH
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 2015, 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 2015, 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 2015 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 2015 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 statement 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 of the allocation of results 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, 16 March 2016
ERNST & YOUNG AS

Eirik Moe
State Authorised Public Accountant (Norway)

FLEET & TERMINAL OVERVIEW

as per 15 March 2016

CHEMICAL TANKERS OWNED:

Ship	Year built	DWT	CBM	Stainless steel,CBM	Number of Tanks
Bow Triumph	2014	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	49 559	52 126	52 126	40
Bow Sirius[1]	2006	49 539	52 155	52 155	40
Bow Sea	2006	49 592	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	49 429	52 127	52 127	40
Bow Star	2004	49 487	52 127	52 127	40
Bow Santos	2004	19 997	21 846	21 846	22
Bow Sun	2003	42 459	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	22
Bow Condor	2000	16 121	17 622	17 622	30
Bow Fortune	1999	37 395	40 619	40 619	47
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 Oceanic	1997	17 460	19 616	19 616	24
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
Number of ships	39	1 302 718	1 426 636	1 030 470	1 278

CHEMICAL TANKERS TIME CHARTERED/POOL:

Ship	Year built	DWT	CBM	Stainless steel,CBM	Number of Tanks
Southern Owl	2016	26 057	27 656	27 656	26
Horin Trader	2015	19 856	22 129	22 129	18
Marex Noa	2015	12 478	14 067	14 067	16
Gion Trader	2015	19 833	22 130	22 130	18
Bow Tribute[4]	2014	49 622	53 188	-	22
Bow Trajectory[4]	2014	49 622	53 188	-	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[1]	2005	49 479	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
Bow Asia[2]	2004	9 901	11 088	11 088	20
Bow Singapore[2]	2004	9 888	11 089	11 089	20
SG Friendship[5]	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 on TC/Pool:	35	896 424	986 238	857 955	828
Number of ships:	74	2 199 142	2 412 874	1 888 425	2 106

LPG/ETHYLENE CARRIERS OWNED:

Ship	Year built	DWT	CBM	Type	Number of tanks
Bow Gallant[3]	2 008	10 282	8 922	LPG/Ethylene	2
Bow Guardian[3]	2 008	10 282	8 922	LPG/Ethylene	2
Number of ships:	2	20 564	17 844		4

[1] Vessel beneficially owned through financial lease.
[2] Vessel on bare-boat charter.
[3] Vessel on variable time-charter/pool.
[4] Vessel on bare-boat charter booked as financial lease
[5] Vessel on commercial management

ON ORDER LPG/ETHYLENE CARRIERS:

YARD	Delivery	CBM	Owner	Comment
Nantong Sinopacific Offshore & Engineering Co., Ltd	TBD	17 000	Odfjell Gas	50/50 JV
Nantong Sinopacific Offshore & Engineering Co., Ltd	TBD	17 000	Odfjell Gas	50/50 JV
Nantong Sinopacific Offshore & Engineering Co., Ltd	TBD	17 000	Odfjell Gas	50/50 JV
Nantong Sinopacific Offshore & Engineering Co., Ltd	TBD	17 000	Odfjell Gas	50/50 JV
Nantong Sinopacific Offshore & Engineering Co., Ltd	TBD	22 000	Odfjell Gas	50/50 JV
Nantong Sinopacific Offshore & Engineering Co., Ltd	TBD	22 000	Odfjell Gas	50/50 JV
Nantong Sinopacific Offshore & Engineering Co., Ltd	TBD	22 000	Odfjell Gas	50/50 JV
Nantong Sinopacific Offshore & Engineering Co., Ltd	TBD	22 000	Odfjell Gas	50/50 JV
Number of newbuildings:	8	156 000		

TANK TERMINALS	Location	Ownership**)	CBM	Stainless steel, CBM	Tanks
Odfjell Terminals (Rotterdam) BV	Rotterdam, NL	51 %	1 636 135	32 550	284
Odfjell Terminals (Houston) Inc	Houston, USA	51 %	379 982	113 180	119
Odfjell Terminals (Charleston) LLC	Charleston, USA	51 %	79 243	-	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 %	402 000	13 520	82
Oiltanking Odfjell Terminal & Co. LLC	Sohar, Oman	15.17 %	1 294 780	-	66
Noord Natie Terminals	Antwerp, Belgium	12.75%	348 499	50 800	240
Exir Chemical Terminals PJSCO	BIK, Iran	35 %	22 000	1 000	18
Total terminals	10 terminals		4 695 899	275 260	976

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 2016
Odfjell Terminals Quanzhou (Fujian)	Quanzhou, China	25.5%	184 000	-	TBD
Odfjell Changxing Terminals (Dalian)	Changxing, China	25.5%	TBD	TBD	TBD
Total expansion terminals			321 800	7 000	

TANK TERMINALS PARTLY OWNED BY RELATED PARTIES*)	Location	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	75 700	-	35
Granel Quimica Ltda	Sao Luis II, Brazil	50 000	-	14
Granel Quimica Ltda	Ladario, Brazil	8 050	-	6
Granel Quimica Ltda	Triunfo, Brazil	12 030	-	2
Granel Quimica Ltda	Teresina, Brazil	7 640	-	6
Granel Quimica Ltda	Palmas, Brazil	16 710	-	12
Odfjell Terminals Tagsa S.A.	Buenos Aires, Argentina	38 700	530	60
Odfjell Terminals Tagsa S.A.	Campana, Argentina	68 700	10 190	102
Terquim S.A.	San Antonio, Chile	33 590	-	25
Terquim S.A.	Mejillones, Chile	16 840	-	7
IMTT-Quebec	Quebec, Canada	293 130	5 500	53
Total tank terminals partly owned by related parties	14 terminals	832 940	40 600	496

PROJECTS AND EXPANSIONS TANK TERMINALS PARTLY OWNED BY RELATED PARTIES*)	Location	CBM	Stainless steel, CBM	Completion
Depositos Quimicos Mineros S.A.	Callao II, Peru	17 850	-	ready Q1 2016
Granel Quimica Ltda	Santos II, Brazil	52 000	-	ready Q4 2017
Total expansion tank terminals partly owned by related parties		69 850	-	
Grand total (incl. related tank terminals partly owned by related parties)	24 existing terminals	5 528 839	315 860	

*) Tank terminals and projects partly owned by Odfjell family.
**) 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 the 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
An 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 high x 1 metre wide x 1 metre deep = 1m3 = 1,000 litres.

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

CLASSIFICATION SOCIETY
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.

CO_2
Carbon dioxide, a 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 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
Gramme CO_2 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
Gramme per tonne nautical mile.

IMO
International Maritime Organisation, the international UN advisory body on transportation 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. The average of interest rates estimated by each of the leading banks in London that it would be charged were it to borrow from other banks.

LTIF
Lost-time injury frequency. Number of work-related injuries that make employees unable to work the next workday times one million divided by total number of working hours.

LPG
Liquefied petroleum gas.

MARPOL
The International Conventions governing Marine Pollution Prevention, part of IMO.

M/T
Motor tanker.

MT
Metric tonne.

NH3
Ammonia.

NIS
Norwegian International Ship Register.

NOX
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.

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

SPOT RATE
Cargo freight rate not governed by a 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 unloading. 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.

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