ANNUAL REPORT 2009

ODFJELL

STORAGE AND CARRIER FOR EVERYDAY LIFE

CONTENT

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.

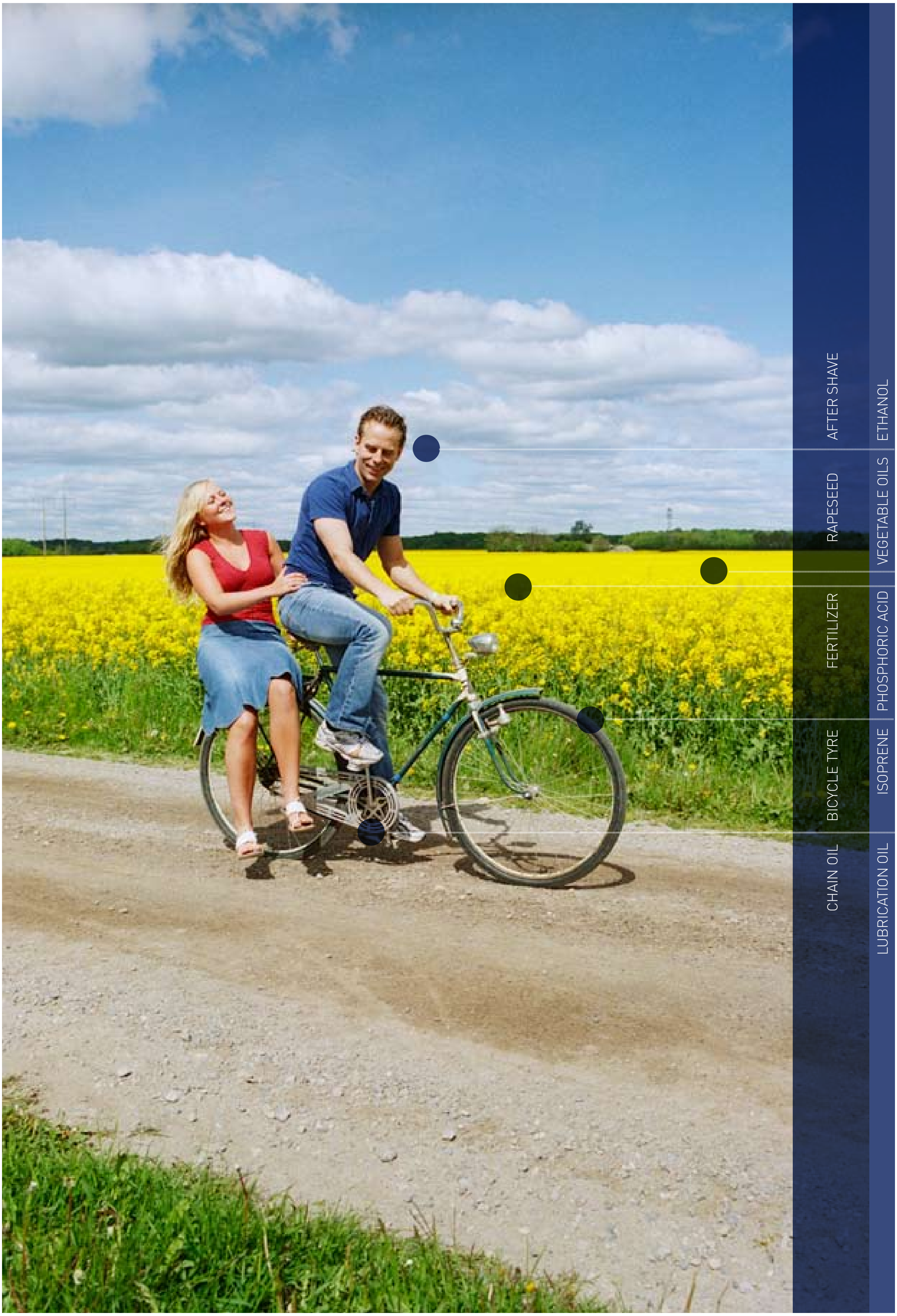
We shall provide our customers with reliable and efficient services. We shall conduct our business to high quality, safety and environmental standards.

FINANCIAL CALENDAR 2010

4 May 2010 Annual General Meeting
4 May 2010 Report 1st quarter 2010
18 August 2010 Report 2nd quarter 2010
3 November 2010 Report 3rd quarter 2010
9 February 2011 Report 4th quarter 2010

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

Dry docking of NCC Riyad


AFTER SHAVE
ETHANOL
RAPESEED
VEGETABLE OILS
FERTILIZER
PHOSPHORIC ACID
BICYCLE TYRE
ISOPRENE
CHAIN OIL
LUBRICATION OIL

STORAGE AND CARRIER

FOR EVERYDAY LIFE

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

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

STRATEGY

Odfjell's strategy is to continue developing our position as a leading logistics service provider with customers worldwide. We are aiming at maintaining this position through efficient and safe operation of deep-sea and regional parcel tankers and tank terminals.

PARCEL TANKERS

Odfjell has unprecedented experience in deep-sea transportation of chemicals and other liquids. Our operations are fully integrated, with in-house functions for chartering, operation and ship management. Our major trade lanes covers US, Europe, Asia, India, the Middle East and South America. Odfjell's specialised fleet consists of 95 ships and six newbuildings with a total capacity of about 2.7 million DWT. Gross revenue of USD 1,021 million was generated in 2009.

TANK TERMINALS

Our terminal operations yield synergies with our transportation activities and improve quality and efficiency control throughout the transportation chain. The tank terminal business contributes to a stable and stronger result for the Company. Our tank terminal operations also offer opportunities to develop new markets where the infrastructure for specialised bulk liquids is limited. Odfjell has direct investments in fully owned tank terminals in Rotterdam and Houston as well as in partially owned terminals in Singapore, Korea, Oman, three in China and in Iran. We also work closely together with eight terminals in South America through associated companies. We are currently expanding our tank terminal activities. The terminal business generated gross revenue of USD 248 million in 2009.

Our core business is to transport and store organic bulk liquid chemicals, acids, animal fats, edible oils, potable alcohols and clean petroleum products, important ingredients and raw materials for everyday life through products like medicines, medical equipment, building material, cosmetics, food, textiles, cars, plastics, etc.


CAR INTERIOR
NONENE
PLASTIC CROCODILE
PROPYLENE OXIDE
BABY PACIFIER
TOY DOLL
ISOPRENE
CAR TYRE

STORMY WEATHER

In retrospect 2009 started off relatively well. We knew it would be a difficult year but thought in the beginning that we would be able to carry on without too much suffering. However, the recession and downturn of our markets proved much more dramatic than anticipated, and affected us harder than expected.

According to analysts, the volume typically shipped by chemical tankers remained at the same level in 2009 as in 2008. This signifies a downward break in the average annual growth of 4.4% over the period 2004-2008, and deviates markedly from the fleet growth last year. Also the trade in clean petroleum products had a disappointing development. With the benefit of hindsight it is obvious that we would have stood to gain from an earlier out-phasing of some of our 80´s-built ships. Furthermore, we should probably have been more aggressive in terms of securing additional contracts of affreighments. In summary therefore, we entered the year long on tonnage and too exposed to the spot markets, which in our case meant an unfavourable dependence on the carriage of clean petroleum products.

As we are on to a new year, the depth of the recession seems to have come to an end. We are still far from witnessing anything close to a clear recovery. But it seems now that the fourth quarter of 2009 might well have represented the bottom of the market cycle. That being the case, we still expect the next couple of years to remain tough and uncertain.

In the meantime, we have taken actions and continue to prepare ourselves for a prolongation of poor markets. During recent months therefore, we have sold four ships for recycling and have a few more candidates in the "pipeline" for that same destiny. We have increased our contract cover to around 60% and continue to implement measures to reduce our operating and administrative expenses.

But that is our shipping business. Our terminals on the other hand, had a record year in 2009, and seem likely to end up even better in 2010. The good results have to do with the continued capacity expansions at our existing terminals, but also reflect strong demand, high utilization and generally good management and operating performance. During recent years therefore, our terminal business has become exactly what we have hoped for and indeed expected; namely a long-term profitable and stabilizing contributor to our overall net bottom line.

Although we have made a lot of progress in terms of consolidation, and that of taking out synergy between our two business segments, there is still an untapped potential for improved co-ordination; to the benefit of our customers primarily, but also to ensure better utilization of our state-of-the-art and very expensive ships. The effort to make further progress in this context, including a continued development of our terminalling business and a strengthening of our transhipment/barging capabilities, remain thus our main business goal for the years to come.

We are well positioned and ready to bring this our vision to reality, but must admit that our fleet development programme has been subject to a temporary setback. The failure of Sevmash to build and deliver the 12 high-spec 45,000 DWT coated vessels to us obviously has affected us negatively. We are pleased to have won our main legal point and having been awarded a compensation. The USD 43 million however, which was the outcome of the arbitration, do not cover but a small portion of our trading losses and disadvantages in terms of fleet composition. Nevertheless, through this award and more importantly, the recent verdict by the Norwegian Supreme Court deciding the retroactive tax unconstitutional, which in our case represents as much as USD 110 million, we got some "welcome oxygen" and may now therefore better start planning for the future; not least when it comes to fleet renewal.

Still however, our markets suffer from too much capacity wherefore we have to be prudent when it comes to the type and number of ships that we may decide to go for. Also as always, the timing will be essential. Newbuilding prices have come down some 20-25% since the peak in 2007, but with the current uncertainty and the possibility of a new set-back of the global economy and thus trading activities, it may well be wise to hold off for still some time.

In the meantime our focus shall continue to be on safety, quality, efficiency and cost effectiveness within our core business segments, always taking into consideration our social and environmental responsibilities.

JAN A. HAMMER
President/CEO


PAPER BLEACH
SODIUM HYDROXIDE
FOOD WRAPPING
STYRENE
PLASTIC CHAIR
STYRENE
ANIMAL FOOD
VEGETABLE OILS
SYNTHETIC FIBRES
ACRYLONITRILE, HEXAMETHYLENDIAMINE

HIGHLIGHTS 2009

FINANCIAL PERFORMANCE

Gross Revenue of USD 1,264 million
EBITDA of USD 182 million
EBIT of USD 61 million
Retroactive tax income USD 110 million
Net result of USD 121 million
Cash flow of USD 175 million
Compensation USD 43 million

MACRO VARIABLES

The financial crises spoiled 2009 and denied growth in most industries. Towards the end of the year most markets suggest the bottom is behind us and that growth has resumed. This optimism is reflected by a rise of commodity prices, some shipping rates and other key indicators. The recovery seems fragile and major events may delay a sustainable economic growth.

Most major banks again report positive earnings, and liquidity has started to return to the markets.

The huge overhang of newbuildings to be delivered over the next years will likely hold back reasonable earnings in our shipping segment for several quarters, even if growth in world trade normalizes.

Whilst prospects remain uncertain, our markets may improve towards the end of 2010.

ASSET DEVELOPMENT

Bare-boat charter with National Chemical Carriers (NCC) of MT NCC Jubail (37,499 DWT/1996), MT NCC Mekka (37,272 DWT/1995) and MT NCC Riyad (37,274 DWT/1995), all stainless steel, for 10 years with purchase option.

Time charter for MT Bow Baha (24,728 DWT/1988), MT Bow Asir (23,001 DWT/1982) and MT Bow Arar (23,002 DWT/1982).

The time charter agreement of MT Bow Arar and Bow Asir were later cancelled and replaced by sale and short-term charter back of MT Bow Hunter (23,002 DWT/1983) and MT Bow Pioneer (23,016 DWT/1982).

Acquisition of MT Bow Victor (33,190 DWT /1986), sister vessel to MT Bow Viking.

In June 2009, Odfjell signed a 50/50 joint venture agreement with NCC to establish NCC-Odfjell in Dubai. The company is set up to commercially operate our respective fleets of coated (IMO 2/3) chemical tankers of 40,000 DWT and above. Start-up early 2010 with 15 vessels and a total capacity of nearly 660,000 DWT. Plans to grow to 31 vessels and a total DWT of nearly 1.4 millions over the next three years.

Termination of Odfjell Ahrenkiel Europe and relocation of the pool management to Odfjell Bergen, Norway.

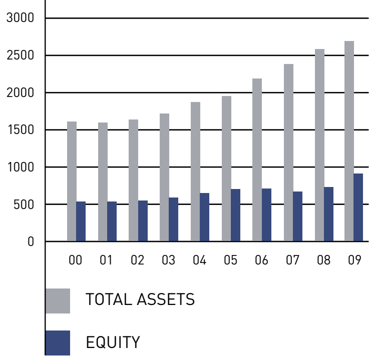
SHAREHOLDER ISSUES

At year-end 2009 the Odfjell A-shares traded at NOK 52.00 (USD 9.03) up 19,5% compared to 43.50 (USD 6.22), a year earlier. The B-shares traded at NOK 50.00 (USD 8.69) up 11,1%, compared to 45.00 (USD 6.43) a year earlier. A dividend of NOK 1.00 per share was paid in May 2009. Adjusted for this dividend, the A- and B-shares had positive yields of 21.8% and 13.3% respectively. By way of comparison, the Oslo Stock Exchange benchmark index increased by 64.8%, the marine index increased by 25.5% and the transportation increased by 30.1% during the year.

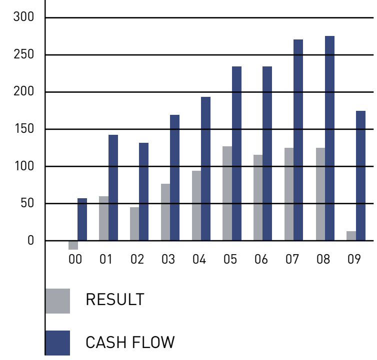
The market capitalisation of Odfjell was NOK 4.5 billion (USD 776 million) per 31.12. 2009.

On 2 March 2009, Odfjell terminated its Total Return Swap (TRS) agreement with DnB NOR Markets for 819,500 Odfjell A-shares. Simultaneously all shares were acquired by Odfjell SE at a price of NOK 36.00. On October 14, 2009, Odfjell terminated its TRS agreement with DnB NOR Markets for 1,679,500 Odfjell A-shares and 2,322,482 Odfjell B-shares, which was originally due on 10 November 2009. Simultaneously all shares were acquired by Odfjell SE at a price of NOK 51.00 for the A-shares and NOK 45.00 for the B-shares.

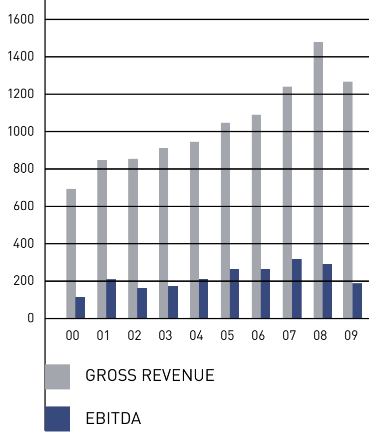
BALANCE
USD Million



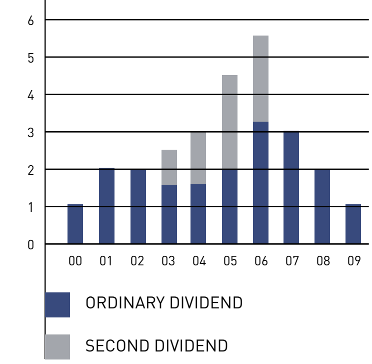
RESULT/CASH FLOW
(before extraordinary items)
USD Million



RESULT
USD Million



DIVIDEND PER SHARE
NOK



KEY FIGURES/FINANCIAL RATIOS

ODFJELL GROUP	Figures in	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
From Profit and Loss Statement											
Gross revenue	USD mill.	1,264	1,476	1,239	1,088	1,045	943	907	850	852	696
EBITDA (1)	USD mill.	182	286	315	260	264	207	170	159	203	112
Depreciation	USD mill.	(151)	(141)	(136)	(119)	(107)	(100)	(92)	(87)	(83)	(69)
Capital gain (loss) on non-current assets	USD mill.	44	53	25	15	14	7	(0)	1	4	-
EBIT (2)	USD mill.	61	198	204	156	170	114	78	72	124	44
Net financial items	USD mill.	(35)	(52)	(61)	(41)	(28)	(9)	7	(12)	(55)	(54)
Net result allocated to shareholders' equity before extraordinary items*)	USD mill.	11	131	130	116	127	94	77	45	60	(12)
Net result allocated to shareholders' equity	USD mill.	121	163	(10)	116	127	94	22	45	60	(12)
Net result	USD mill.	121	163	(10)	116	128	95	22	46	60	(12)
Dividend paid	USD mill.	12	34	43	72	60	53	24	22	11	10
From Balance Sheet											
Total non-current assets	USD mill.	2,256	2,226	2,048	1,815	1,656	1,568	1,482	1,314	1,301	1,292
Current assets	USD mill.	442	359	331	374	300	260	233	315	299	321
Shareholders' equity	USD mill.	901	715	666	702	692	639	578	535	526	530
Minority interests	USD mill.	5	6	6	6	-	4	4	4	4	5
Total non-current liabilities	USD mill.	1,475	1,540	1,362	1,225	1,008	951	949	981	968	961
Current liabilities	USD mill.	318	324	343	256	255	244	184	110	103	117
Total assets	USD mill.	2,699	2,585	2,379	2,189	1,956	1,872	1,715	1,630	1,601	1,613
Profitability											
Earnings per share - basic/diluted - before extraordinary items (3)	USD	0.13	1.56	1.56	1.38	1.47	1.09	0.89	0.51	0.61	(0.13)
Earnings per share - basic/diluted (4)	USD	1.42	1.95	(0.12)	1.38	1.47	1.09	0.25	0.51	0.61	(0.13)
Cash flow per share (5)	USD	2.1	3.2	3.2	2.8	2.7	2.2	2.0	1.5	1.4	0.6
Return on total assets - before extraordinary items*) (6)	%	2.3	8.2	8.5	8.2	8.6	6.9	6.3	5.0	7.0	3.3
Return on total assets (7)	%	6.5	9.5	2.0	8.2	8.6	6.9	3.0	5.0	7.0	3.3
Return on equity - before extraordinary items*) (8)	%	1.4	18.6	19.0	16.6	19.2	15.4	13.8	8.6	11.4	(2.4)
Return on equity (9)	%	14.9	23.3	(1.5)	16.6	19.2	15.4	4.0	8.6	11.4	(2.4)
Return on capital employed (10)	%	3.6	10.2	12.0	9.5	11.6	8.4	6.0	5.7	9.8	3.8
Financial Ratios											
Average number of shares	mill.	85.22	83.81	83.34	84.23	86.77	86.77	86.77	89.73	98.75	95.02
Basic/diluted equity per share (11)	USD	11.00	8.24	8.00	8.41	7.98	7.36	6.66	6.17	5.75	5.13
Share price per A-share	USD	9.03	6.22	16.47	18.34	20.26	17.54	5.54	3.95	3.74	3.79
Cash flow (12)	USD mill.	176	272	266	235	235	194	170	132	143	57
Interest-bearing debt	USD mill.	1,576	1,500	1,347	1,293	1,037	1,000	943	957	960	954
Bank deposits and securities (13)	USD mill.	185	193	165	242	190	233	203	230	213	232
Debt repayment capability (14)	Years	10.7	6.0	4.9	4.8	3.8	4.1	4.4	5.5	5.4	12.7
Current ratio (15)		1.4	1.1	1.0	1.5	1.2	1.1	1.3	2.9	2.9	2.7
Equity ratio (16)	%	34	28	28	32	35	34	34	33	33	33
Other											
USD/NOK rate at year-end		5.76	7.00	5.40	6.27	6.76	6.04	6.68	6.96	9.01	8.90
Employees at year-end		3,707	3,690	3,634	3,487	3,296	3,416	3,316	3,201	3,088	2,755

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

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

ODFJELL EXECUTIVE MANAGEMENT

Odfjell Executive Management Photo: Ole Kristian Olsen

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

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

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

LAURENCE W. ODFJELL
President Tank Terminals
Born 1965. Board Member 2004-2007. He has previous experience working with tank terminals in South America. The Board will recommend to the shareholders that he is elected as the new Chairman of the Company as from 4 May 2010. 27,121,568 shares (incl. related parties) and no options.

CHEMICAL
TRANSPORTATION AND STORAGE

Petrochemicals are clearly a part of modern life, and in many ways our society and most industries depend on such products. The petrochemical sector has for many years been subject to solid growth, and the worldwide use of chemicals has increased considerably. While the industrial nations have been the driving forces behind this growth, developing economies around the world now account for major increases in consumption.

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

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

New plants are still being built in areas where natural gas is readily available, which is why we are seeing the biggest increases in production capacity in the Middle East.

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

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

Odfjell is one of such few companies offering the petrochemical industry a worldwide network of bulk shipping and storage services. Operating through offices at central locations around the world, Odfjell is a major player in the chemical tanker segment and is operating in all major trade lanes. Whilst chemical tankers only represent a small percentage of the total world fleet of ocean-going tankers, for which the main cargo is crude oil, there is a constant interplay between the various segments of this huge market. As far as the chemical tanker market is concerned, there is a constant impact by the handysize tankers (about 15,000-50,000 DWT). Handysize tankers are ships employed for carriage of clean petroleum products such as naphtha, gasoline, diesel and gasoil.

A chemical tanker is designed and constructed for handling of a multiple of

ORGANIC CHEMICALS

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

different types of cargoes simultaneously and combines different customers' requirements under single voyages. Different customers' products are always kept segregated. Chemical tankers are often evaluated in two different categories; ships with all or the majority of cargo tanks made of stainless steel as opposed to ships with only coated tanks. Ships with coated tanks are typically engaged for carriage of commodity-type chemicals, clean petroleum products and vegetable oils. The biggest trade for coated chemical tankers are with full loads of commodity-type chemicals from Northwest Europe, the US or the Middle East Gulf to different destinations in the Asia/Pacific region. Backhaul cargoes are often vegetable oils, molasses or clean petroleum products to Europe or the US.

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

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

Odfjell carries nearly 700 different generic products every year, ranging from various organic chemicals such as alcohols, acrylates, aromatics as well as clean petroleum products, lubricating oils, vegetable oils, animal fats and inorganic chemicals like sulphuric and phosphoric acids.

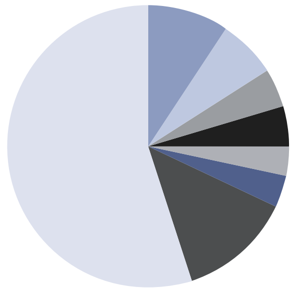
With frequent presence in all major trade lanes, Odfjell is able to offer unique and flexible services allowing customers to ship small parcels from 100 to 150 tons to full cargoes of up to 40,000 tons. By entering into contracts of affreightments (CoA), the customer can plan regular shipments in order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

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

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

THE CHEMICAL TANKER FLEET

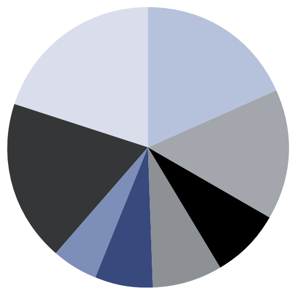
Ships 13,000 DWT and above
Total fleet about 27.0 million DWT, 1.048 ships



(9.0%) Odfjell
(6.9%) Stolt-Nielsen
(4.4%) Fairfield Lino
(4.3%) Eitzen
(3.7%) Brostroem
(3.6%) Tokyo Marine
(12.9%) Other majors
(55.1%) Others

THE CORE CHEMICAL TANKER FLEET

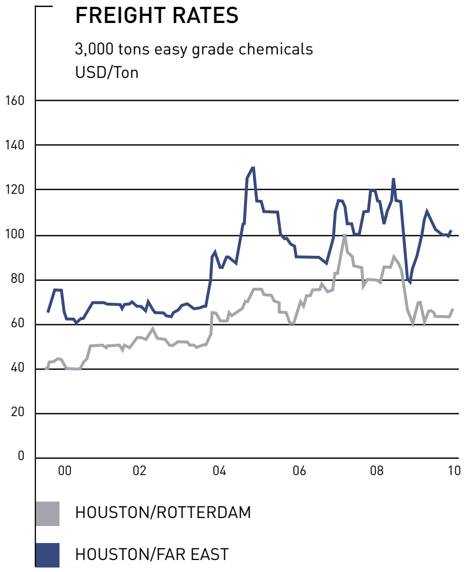
Ships 13,000 DWT and above
Total fleet about 13.8 million DWT, 543 ships



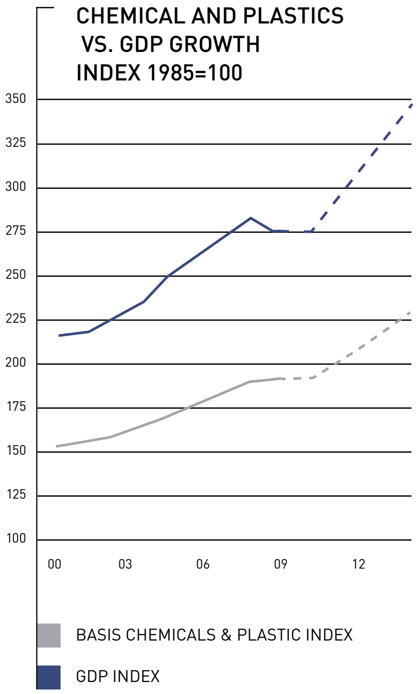
(17.8%) Odfjell
(13.5%) Stolt-Nielsen
(8.2%) Eitzen
(8.1%) Fairfield Lino
(7.0%) Tokyo Marine
(5.0%) BLT/Chembulk
(17.1%) Other majors
(23.2%) Others

A core chemical tanker is defined as:
- IMO 2 capacity
- Average tank size ≤ 3 000 cbm
- Commercially controlled by core chemical operator
- or ≥50% stainless steel capacity

PARCEL TANKERS



Source: Quincannon



Source: CMAI

The Odfjell fleet currently consists of 95 ships, of which 84 are operated by Odfjell Tankers AS, our fully owned chartering and operating company. Odfjell Tankers, headquartered in Bergen, Norway, is represented with overseas offices in 17 different countries, each with the purpose of marketing and providing customer service. Most offices serve dual purposes, dealing with both commercial and operational issues, and many of the overseas offices are also co-located and have close cooperation with our local terminals. Odfjell's Singapore office is responsible for ship management of most of our coated ships in addition to the commercial and operational control of 12 ships employed in intra-Asia trades.

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

Odfjell ships trade in most relevant waters, calling major ports in Europe, the US, Asia Pacific, Africa, Middle East and South America. Our 16 state-of-the-art 37,500 DWT Kværner built, mostly stainless steel parcel tankers, and our eight fully stainless steel 40,000 DWT parcel tankers built in Poland are among the most advanced and flexible ships in the market, and contribute to our emphasis on safety, efficiency and customer service. Since 2002 we have further strengthened our carrying capacity through long-term time charters of Japanese built and owned stainless steel tonnage; twelve 19,900-tonners and eight 33,000-tonners.

In the next few years Odfjell Tankers will carry out a renewal of our fleet of chemical tankers with predominantly coated cargo tanks. Some of our older such ships, although technically still in good condition, are less accepted by our customers and thus, will be sold for alternative trading or for recycling. Instead we will be able to offer an enlarged fleet of coated vessels, primarily a series of 45,000 DWT ships through our joint venture with National Chemical Carriers, NCC Odfjell Chemical Tankers JLT. Sixteen new ships is scheduled to be delivered in the period 2010 - 2012.

Odfjell's own order book currently consists of six 9,000 DWT stainless steel chemical tankers from the Chongqing Chuandong Shipbuilding Industry Co. Ltd. in China, for delivery in 2011-2012. These ships will be operated in our regional trades, and will replace somewhat smaller vessels currently traded in these areas. As newbuilding prices seem to be falling to more reasonable levels we are closely monitoring further opportunities for fleet renewal.

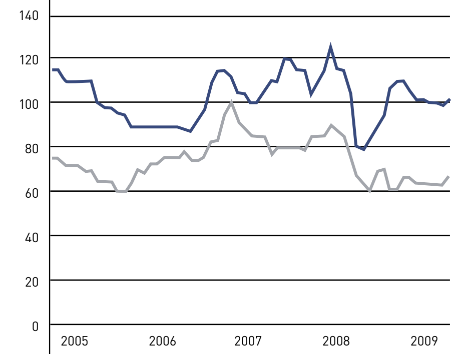
Odfjell has been promoting high safety and new efficiency standards on chemical tankers since the inception of the industry and thus, take a proactive approach towards international regulatory bodies and major customers in order to enhance safety. In this context Odfjell continues to address key issues,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

Stainless steel tanks. Photo: Thomas Kohnle

Most of our vessels have stainless steel tanks. Such tanks enable us to carry a wide variety of liquid products. Equally important, the stainless steel surface is less complicated to clean, hence reduce cleaning time and use of chemical cleaning materials.

FREIGHT RATES

1,000 tons stainless steel grades chemicals
USD/Ton



Source: Quincannon

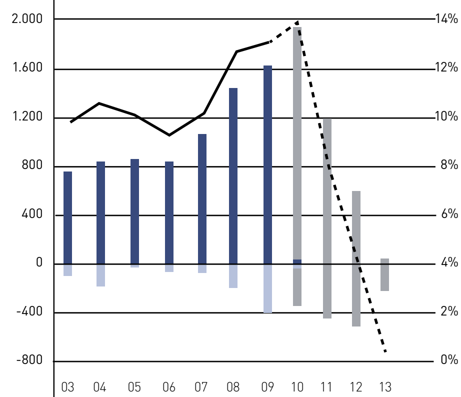
HOUSTON/ROTTERDAM

HOUSTON/FAR EAST

CORE CHEMICAL DEEP-SEA FLEET

Current orderbook and estimated demolition

DWT 1,000 - % of year - start fleet



DELIVERIES

ACTUALLY DEMOLISHED

ORDERBOOK

VESSEL OUTPHASING (ESTIMATED)

DELIVERIES IN % OF EXISTING FLEET

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

Source: Odfjell

Bow Faith dry docking in Gsy Remontowa

We put tremendous effort in to maintaining the high standard of our vessels. It is important for us to have a ship-shape fleet that fulfills the needs and demands of our customers, port authorities, class societies, etc.

transparent regime of customers' ship inspections and vetting.

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

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

The fleet operated out of our Singapore office is traded within and between Northeast Asia and Southeast Asia, between the Asia Pacific region and Australia/ New Zealand as well as to and from The Middle East Gulf/India/Africa. Despite the current slowdown following the financial crisis, shipments of petrochemicals to and from China continue to be of major importance also for the regional trade.

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

ODFJELL TANKERS EUROPE AS

The 50/50 joint venture with our German partner Ahrenkiel for marketing and operation of chemical tankers in inter-European trade has now been wound up. The European trade continues under the name Odfjell Tankers Europe AS, out of our main office in Bergen. Odfjell Tankers Europe offers sailings within Europe, including the Mediterranean, and to West Africa, with a mixed fleet of advanced chemical tankers.

FLUMAR

Flumar, Odfjell's fully owned Brazilian shipping subsidiary operating out of São Paulo, offers transportation of bulk liquid chemicals and gases primarily on the Brazilian coast and within the Mercosul area. Presently the company operates and manages three chemical tankers and one LPG ship, ranging in size from 4,400 DWT to 13,800 DWT. Combined, Odfjell and Flumar are able to provide our customers with superior service capabilities in the Mercosul region. Furthermore, the extensive network of associated terminals in Brazil and Argentina adds important flexibility towards our customers' logistics requirements.

ODFJELL Y VAPORES

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

PARCEL TANKERS	**Figures in**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**
Gross revenue	USD mill.	1,021	1,247	1,063	939	915	814	739	714	728	604
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	USD mill.	73	191	242	202	216	159	120	116	164	90
Operating result (EBIT)	USD mill.	(6)	129	150	106	138	85	47	48	100	31
Total shipping assets	USD mill.	1,398	1,462	1,504	1,424	1,321	1,146	1,022	980	1,010	1,018
Volume shipped	1,000 tons	19,414	19,622	19,502	20,658	22,156	22,614	21,232	22,123	21,083	19,633
Number of products shipped		552	575	550	562	551	587	593	535	545	579
Number of parcels shipped		5,939	6,108	6,443	6,351	6,760	5,612	5,137	4,881	4,818	5,138
Port calls		5,658	5,730	5,884	6,030	6,234	3,991	3,704	3,586	3,699	3,316
Number of ships		95	93	92	92	93	95	98	86	88	85
Total deadweight	1,000 tons	2,603	2,460	2,391	2,362	2,393	2,447	2,480	2,335	2,413	2,339

TANK TERMINALS

Odfjell has nine fully or partly owned tank terminals at strategic locations around the world. In addition, we have a cooperation agreement with eight associated terminals in South America plus one in Canada. In total, our tank terminal network has more than 1,000 employees and 4.4 million cbm of storage space in over 1,150 tanks in 18 ports around the world. This makes us one of the world-leaders in offering both shipping and storage services for bulk liquids.

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

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

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

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

In October 2009 we commissioned a new quay for deep-sea tankers, a project developed jointly with the Port of Rotterdam. This quay provides one additional berth for deep-sea tankers plus one additional berth for short-sea vessels or barges, thus adding valuable marine infrastructure capacity.

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

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

In 2008 Odfjell acquired AVR Maritiem, which was renamed Odfjell Terminals Maritiem B.V. (OTM). The principal business activities of the company were jetty services and waste handling. The waste handling of OTM has been badly affected by the worldwide economic crisis and the subsequent reduced shipping activities within Rotterdam. In order to avoid future losses, it was decided late 2009 to discontinue the waste handling business of OTM activities and to decommission the equipment related to waste handling. The plan is to consolidate the land lease contract and jetty into OTR, and to start a study with the aim of utilizing the land for further expansion.

ODFJELL TERMINALS (HOUSTON) LP - HOUSTON, USA (OTH)

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

Our tank terminal in Houston was completed by Odfjell in 1983, and since the mid 1990's has been through a considerable expansion period. The tank terminal has gradually increased with the market over the years, and during first semester 2009 concluded an expansion of six additional tanks of 49,300 cbm. At year end, the tank terminal had 98 tanks with total capacity of 320,600 cbm.

Our strategically located tank terminals around the world play to our advantage and are an important stabilizing factor for our results.

Odfjell Terminals (Rotterdam) Photo: Ruud van Leeuwen (www.fotovanleeuwen.com)

The facility is in the process of constructing two more tanks increasing the capacity by 10,700 cbm.

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

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

OILTANKING ODFJELL TERMINAL SINGAPORE PTE LTD – SINGAPORE (OOTS)

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

The tank terminal became operational in 2001. In 2009 OOTS successfully completed an important expansion of total 152,000 cbm (28 tanks). The resulting total capacity is 365,000 cbm in 79 tanks, varying from 800 cbm to 18,000 cbm. The stainless steel capacity is 13,520 cbm. In 2009 OOTS also concluded the construction and commissioned a new berth of 45,000 DWT capacity, raising the total number of deep-sea jetties to three. The berths can accommodate double-banking and board-to-board cargo transfers as well as delivering bunker fuels from shore tanks. The tank terminal also has the operational management and access to two additional berths. With the additional land available, the tank terminal can expand further.

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

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

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

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

The tank terminal has 70 tanks with a total storage capacity of 250,590 cbm. In 2009 OTK completed a substantial expansion of 79,920 cbm. As the most sophisticated terminal in Onsan, OTK has 15,860 cbm stainless steel capacity. The tank terminal owns and operates two berths with user rights to another two berths, with maximum 80,000 DWT. OTK also has modern drumming facilities for break bulk operations. The tank terminal has land for future expansions.

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

ODFJELL TERMINALS (DALIAN) LTD - DALIAN, CHINA (OTD)

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

The tank terminal has four berths for sea-going tankers with up to 50,000 DWT capacity. The location is well connected by rail to the vast hinterland of Northeast China and the tank terminal handles impressive volumes via its rail facilities which can facilitate up to 120 rail wagons concurrently.

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

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

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

The impressive jetty has five berths, which can handle ships up to 50,000 DWT and two additional berths for barges.

OTJ has an agreement to acquire additional 160,000 m2 land for future expansion. Odfjell holds 55% of the shares whereas local partner the Garson Group owns the remaining 45%.

VOPAK TERMINAL NINGBO, CHINA

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

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

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

OOTO has the exclusive right to manage six liquid berths and provide bulk liquid storage within Sohar Industrial Port. Based on the requirements of the captive industry in Sohar and a strong market for storage of mineral oils, OOTO embarked on the construction of a tank terminal of total 842,500 cbm for chemicals and oil products. By end of 2008 we commissioned 537,000 cbm, during the first semester of 2009 we concluded and commissioned the remaining 305,000 cbm. Only few months after the official inauguration of the terminal in March 2009, we were awarded further long-term storage contracts and therefore initiated an expansion for an additional 425,000 cbm. Upon completion in 2011, the total capacity of the tank terminal will be 1,267,500 cbm.

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

ECT – BIK, IRAN (ECT)

The latest addition to Odfjell Terminals' expanding network of terminals is Exir Chemical Terminal (PJSCO) (ECT), a joint venture company between Odfjell Terminals (35%), Oiltanking (35%) and Nuian, a private Iranian investor (30%). ECT is the first independent tank terminal for bulk liquid chemicals in Iran.

ECT is strategically situated in the Petrochemical Special Economic Zone

(PETZONE) in the port of Bandar Imam Khomeini. The terminal is connected by pipelines to jetties of the PETZONE with capacity of 45,000 DWT.

The first phase of the tank terminal is 22,000 cbm and was partially ready for operation in January 2010.

ASSOCIATED TANK TERMINALS, SOUTH AMERICA

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

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

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

Oiltanking Odfjell Terminal Singapore

Our terminal operations yield synergies with our transportation activities and add value for our customers.

TANK TERMINALS	Figures in	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Gross revenue	USD mill.	248	232	180	152	132	130	118	97	90	59
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	USD mill.	109	95	74	58	48	49	45	38	35	25
Operating result (EBIT)	USD mill.	68	68	54	51	33	29	27	22	23	16
Total tank terminal assets	USD mill.	691	634	481	340	286	312	293	262	216	195
Tank capacity	1,000 cbm.	3,719	3,100	2,553	2,256	2,256	2,256	2,256	2,155	2,155	1,917

We run several technical projects to reduce the environmental impact beyond the requirements of current regulations.

Dry docking of Bow Clipper Photo: Thomas Kohnle

SHIP MANAGEMENT

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

Odfjell Ship Management manages all owned and bare-boat chartered vessels. As of the end of 2009 the Odfjell managed fleet consisted of 57 vessels.

Ship Management consistently develops a work culture capable of taking the safety performance to a higher level. For that purpose the organisation is further developed, such as by providing enhanced technical and marine superintendence capacities within the various groups (fleets), strengthening of our own cadet and training programmes as well as by close follow up of the defined key performance indicator programme.

The loyalty amongst our mariners and the changes implemented within Ship Management organisation in 2009 provides sound foundation for future performance. The continuous development of our shore team is considered a successful approach to ensuring more direct interaction between our ships and offices.

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

SHIPS

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

CREW

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

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

Training of officers and crew is a key area to ensuring quality management. Odfjell allocates significant resources to training. During the last years we have implemented major upgrades of Odfjell Academy located in Subic Bay and also at our Cadet campus at John B. Lacson Colleges Foundation in the Philippines.

RISK MANAGEMENT

Ship Management actively evolves use of Risk Management processes to maintain and improve our performance. Every year Odfjell carries out regular internal audits of all ships. Customers make inspections through the Chemical Distribution Institute (CDI) and the Oil Companies International Marine Forum (OCIMF). Periodical surveys are carried out by various classification societies, flag states and port states. DNV performs ISM Code inspections of our ships' quality systems. When ships or offices report critical situations, accidents, non-conformances or possible improvements through our Safety and Improvement Reporting System, proper response is prepared and corrective actions implemented. We view this system as an effective tool in our work to increase safety and to prevent injuries, damage and losses. During 2009 we have also increased our efforts in experience feedback to ships managed.

The implemented Key Performance Indicators have been actively measured and followed up during 2009. Our zero target to high risk accidents and high potential near accidents, spills, explosions and fires and collisions and groundings is unequivocally the most chanted KPIs in Ship Management and is our main focus.

Improvement of performance is achieved in a number of areas, in particular related to reduced Lost Time Injuries, improved near accident reporting, improved class rating and reduced unscheduled off –hire.

The initiative titled "Tanker Management and Self Assessment" (TMSA) introduced by the OCIMF, requires Ship Managers responsible for tankers to demonstrate the effectiveness of their management system. Odfjell Ship Management submitted higher level achievement for some of the TMSA elements in 2009 and has also put in place the processes to achieve the higher levels for more elements specified by the TMSA guide in 2010. The TMSA guide is considered to be a significant contribution to future improvement of the management of our vessels.

QUALITY, HEALTH, SAFETY AND
ENVIRONMENTAL PROTECTION

GENERAL

The Odfjell leaflets "Corporate Quality Management Manual" and the "Corporate HSE Expectations" prescribe how Odfjell shall work in compliance with the high quality and HSE standard we aim for in both business areas tankers and terminals.

Stringent safety and environmental requirements guide all our operations. Training of personnel working on board, at terminals and ashore is our proactive way of ensuring that we possess the required competence. During 2009 our mariners received more than 12,500 training days, mostly provided by the Odfjell Academy at Subic Bay, Philippines. In the third quarter of 2009 Odfjell launched a new e-learning training module mandatory for all employees, to provide knowledge and awareness about our QHSE policy. For our terminals, approximately 4,500 training days were held. To further enhance the competence within the division, Odfjell Terminals B.V. initiated the establishment of a training facility in China.

The employee absent rate in Odfjell is fairly low; for shipping and terminals the absent rates were 3.5% and 1.7% respectively.

Operating units have approval to the International Safety Management (ISM) code (ship management), ISO 9001: 2008 standard (terminals), CDI-T attestation (customer terminal inspection) and ISPS code (terminal security management) and ISO 14001 environment standard. In 2009 the terminals in Korea and Dalian acquired OHSAS 18001: 2007 certificate, a Management System Standard within health and safety.

ENVIRONMENTAL IMPACT OF THE ODFJELL FLEET

In 2009 the Odfjell fleet consumed 656,000 tonnes of fuel oil of which 16% were classified as low sulphur fuel and 21,000 tonnes of distillates. Total emissions of CO_2 and SO_2 were about 2,100,000 tonnes and 33,000 tonnes, respectively, based on the consumption by 92 vessels.

All fuel purchased by Odfjell is tested by Det Norske Veritas Petroleum Service. Test results of the bunkers purchased in 2009 (1,500 samples) state the average sulphur content was 2.41%, confirming the downward trend observed since 2006 (2.71%). The global limit is 4.5%.

SO_2– EMISSIONS

Based on all consumption (both in port and at sea) in 2009 the Odfjell vessels emitted on average 0.17 grams SO_2 per tonne cargo transported per kilometre.

CO_2 – EMISSIONS/ENERGY EFFICIENCY OPERATIONAL INDICATOR

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

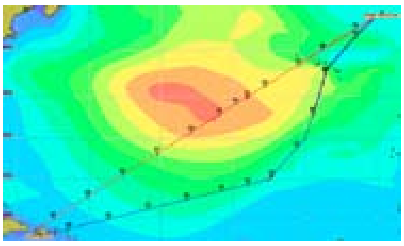
Including fuel consumption both in port and at sea, in 2009 the EEOI for the Odfjell fleet was 20.40 gram of CO_2 per tonne cargo transported one nautical mile. The number for consumption at sea only is 17.20 g/tnm. This is a slight increase from 18.90 g/tnm in 2008, and is explained mainly by the relative decrease in tonne mile-production as a result of lower demand in 2009. EEOI for the main ship groups sorted in deadweight ranges in the table.

SPEED/CONSUMPTION REDUCTION SCHEME

In 2009 Odfjell Tankers operated 48 vessels in reduced speed mode for a total of six months. This generated a net fuel saving of about 22,000 tonnes, corresponding to emission savings of approximately 68,000 tonnes of CO_2 and 1,000 tonnes of SO_2.

WEATHER ROUTING

Studies by IMO, Det Norske Veritas and others demonstrate that weather routing, whereby an external service provider offers advise on the optimal sailing route based on a number of meteorological factors such as wind, waves and currents, can generate 1-5% fuel and emission savings. It may also reduce time at sea and further enhance the safety of vessel crew and cargo. Late 2009 Odfjell Tankers started making use of weather routing, and all sea voyages by any Odfjell operated vessel exceeding five days are now weather routed. Our experiences so far are positive and on several voyages we have made substantial savings both on fuel and time at sea.



Source: Applied Weather Technology/Odfjell

Above is a recent example where an Odfjell ship was assisted in avoiding a heavy storm in the North Atlantic Ocean. The alternative route provided improved safety and also the service provided a more energy efficient voyage. Post voyage analysis indicates that the original set route would have been exposed to a negative weather factor of 3.2 knots compared to the alternative route that was provided. Despite the increased sailing distance, one therefore estimates a time saving of close to 60 hours, corresponding to 80 tonnes bunkers or 250 tonnes CO_2.

ENVIRONMENTAL FOCUS

Odfjell Tankers Environmental Council (OTEC) is established to identify Odfjell's environmental impact. Sea transportation is widely recognised as being among the most environment-friendly ways of carriage compared to alternative modes of moving goods. However, knowing that 90% of all goods are carried at sea, we acknowledge that seaborne transportation is a major source of pollution in the transport industry. The impact will in many respects be considered as substantial and hence, an active approach to environmental issues is necessary.

TANK CLEANING – CHEMICAL TREATMENT

Odfjell Tankers continues to develop effective tank cleaning methods that meet the highest industrial standards. In 2009 an initiative aimed at reducing the number of cleaning chemicals was launched. We have already seen that the total volume of cleaning chemicals has been reduced by approximately 5%, and we expect further reduction in 2010.

ODFJELL MANAGED SHIPS

The Lost Time Injury Frequency (LTIF) on Odfjell managed ships was 2.25 against 2.3 in 2008.

Ship Management holds the ISO 14001 certification, which involves 52 ships under own management. All relevant environmental aspects are identified, and the most significant issues are listed in the QHSE programme.

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

Reduced oil leaks from stern tube sealing systems

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

Landing and recycling of garbage

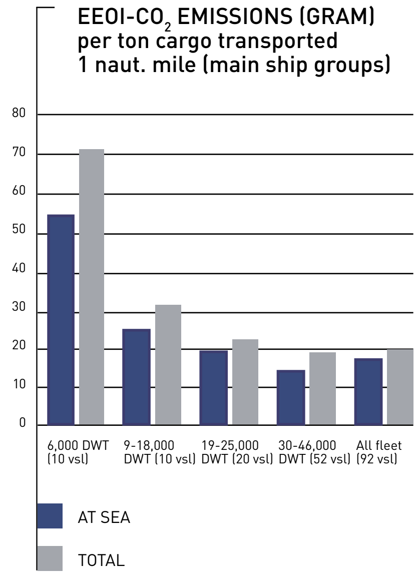
Odfjell has installed and tested garbage compactors on two vessels, to reduce the volume of garbage and the amount burned in the incinerator. We are evaluating further installation of garbage compactors.

Reduced lube oil consumption

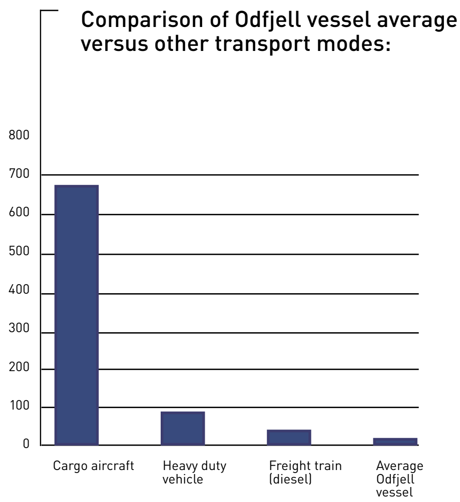
In order to reduce lube oil consumption, Odfjell has installed electronically controlled lubricator systems on 13 ships, at a total cost of USD 1.34 million. The aim is to reduce lube oil consumption with 20 m3 per ship annually, which will make a considerable environmental impact.

Bilge Water Treatment Plants

In order to reduce oil content in bilges to 2 ppm (parts per million), Odfjell has upgraded to more advanced bilge water treatment plants on 36 ships.



Source: Odfjell



Source: Norwegian Shipowners´ Association

Reduced running hours on auxiliary engines

Odfjell has established a programme to reduce number of running hours on auxiliary engines, and thereby to reduce fuel consumption and pollution of the environment. During 2008 and 2009 we managed to reduce the number of running hours by 30,300, giving a considerable environmental gain.

SHIP RECYCLING

Odfjell has established a programme to obtain Green Passport for all elderly ships, in order to ensure controlled recycling of such units. The programme meets all requirements and expectations of IMO Resolution A 962 and 179 regarding recycling of ships and puts us some years ahead of the enforcement of these resolutions. Seven Odfjell ships obtained such Green Passports during 2009. When selling a ship for recycling we request buyers to undertake that the recycling yard shall submit a working plan coresponding to IMO guidelines for ship recycling.

EXTERNAL ACTIVITIES INVOLVING ODFJELL

Through industrial organisations and flag state administrations Odfjell has actively contributed towards three specific industrial environmental initiatives:

- Reduction of inadvertent cargo vapour emissions from ships. This project was finalised in 2009, and Odfjell has contributed to the guidelines that now apply.
- Means to stop any illegitimate practice of draining shore cargo lines back to ships on completion of loading or unloading. This issue was also finalised through IMO in 2009, and this inappropriate practice has now ceased.
- Enhance safety on board by expanding current inert gas requirement to apply to all tanks loaded with low flash cargoes, independent of tank size, age of ship or categorisation of the cargo. This is an ongoing issue, expected to be finalised in 2011.

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

PIRACY

Piracy in the Gulf of Aden gave reason for concern in 2009. Bow Asir, time chartered by Odfjell, was hijacked on the morning March 26, 460 nautical miles off the coast of Kenya. The ship was released by her Somali captors April 10. At the release all crew members on board were safe with vessel and cargo unharmed. Military presence in the area has meanwhile increased and we take all precautions necessary. All transits shall be made in compliance with recommendations from the Naval Command.

NEWBUILDING PROGRAMMES

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

- Hull antifouling project based on smooth silicone painting with zero release of chemical compounds, which is predicted to provide 5-10% fuel savings.
- Ballast water treatment system, to avoid discharge of alien micro-organisms.
- Oily water separator with ability to reduce the oil content to 5 ppm, well below the currently applicable requirements of 15 ppm.
- Introducing fuel saving equipment for the sea water cooling pumps, by fitting frequency controlled electrical motors.

TANK TERMINALS

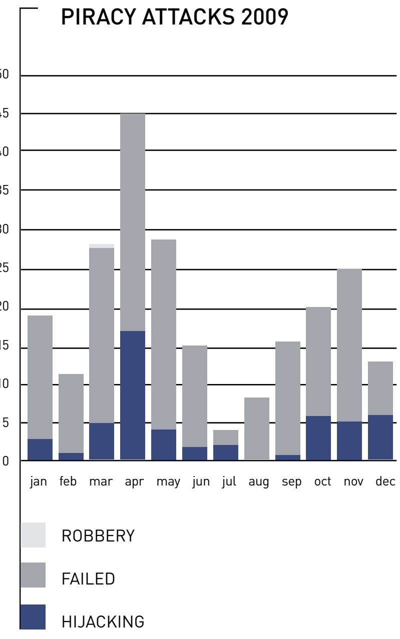
For the terminals, the Lost Time Injury Frequency (LTIF) is slightly down to 7.9, against 9.5 in 2008. As per 2010, a programme for lessons learned will be rolled out to share information and enhance experience transfer.

Reportable spills (over 5 litres) outside primary containment were reduced by 40%. The number of product contamination claims was also reduced from 29 in 2008 to seven in 2009.

The reporting of near misses and nonconformities increased from 215 in 2008 to 772. This is mainly due to improved reporting by Odfjell Terminals (Houston) and Odfjell Terminals (Rotterdam), and may imply a more active use of our experience feedback system.

During 2009 we have performed "corporate terminal audits" at all terminals owned or managed by Odfjell in order to review QHSE status with respect to our Corporate Quality Management Manual and QHSE expectations. The audits are part of the efforts to consolidate a culture of continuous improvement.

The various terminals have comprehensive annual plans for environmental protection in line with the ISO 14001 certification. Current plans encompass air emission, vapour recovery, energy efficiency, soil remediation, and waste water treatment.



Source: Odfjell

CORPORATE
SOCIAL RESPONSIBILITY

Odfjell's most important contribution to accepting corporate social responsibility is to conduct its business well in accordance with the international and national regulations which govern its operation. Odfjell's corporate social responsible balances the Company's economy, environmental and social responsibilities.

Odfjell is keeping the distinction "Best in Class" from Storebrand, which means that Odfjell scores among the 30% best companies on environmental and corporate social responsibility in an analysis for the marine industry.

SOCIAL RESPONSIBILITY

Odfjell's social responsibility encompasses Quality, Health, Safety and Environmental Protection (QHSE) as well as ethics and business moral, employee and organisational development and support of local communities. The work with QHSE is covered in another chapter in this report.

INTERNAL SOCIAL RESPONSIBILITY

Code of Conduct

Odfjell has established a Code of Conduct that is meant to enforce ethical behaviour in everyday business and is applied by all employees, directors and representatives of the Company, irrespective of their domicile.

Diversity

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

Training and development

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

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

Internal communication

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

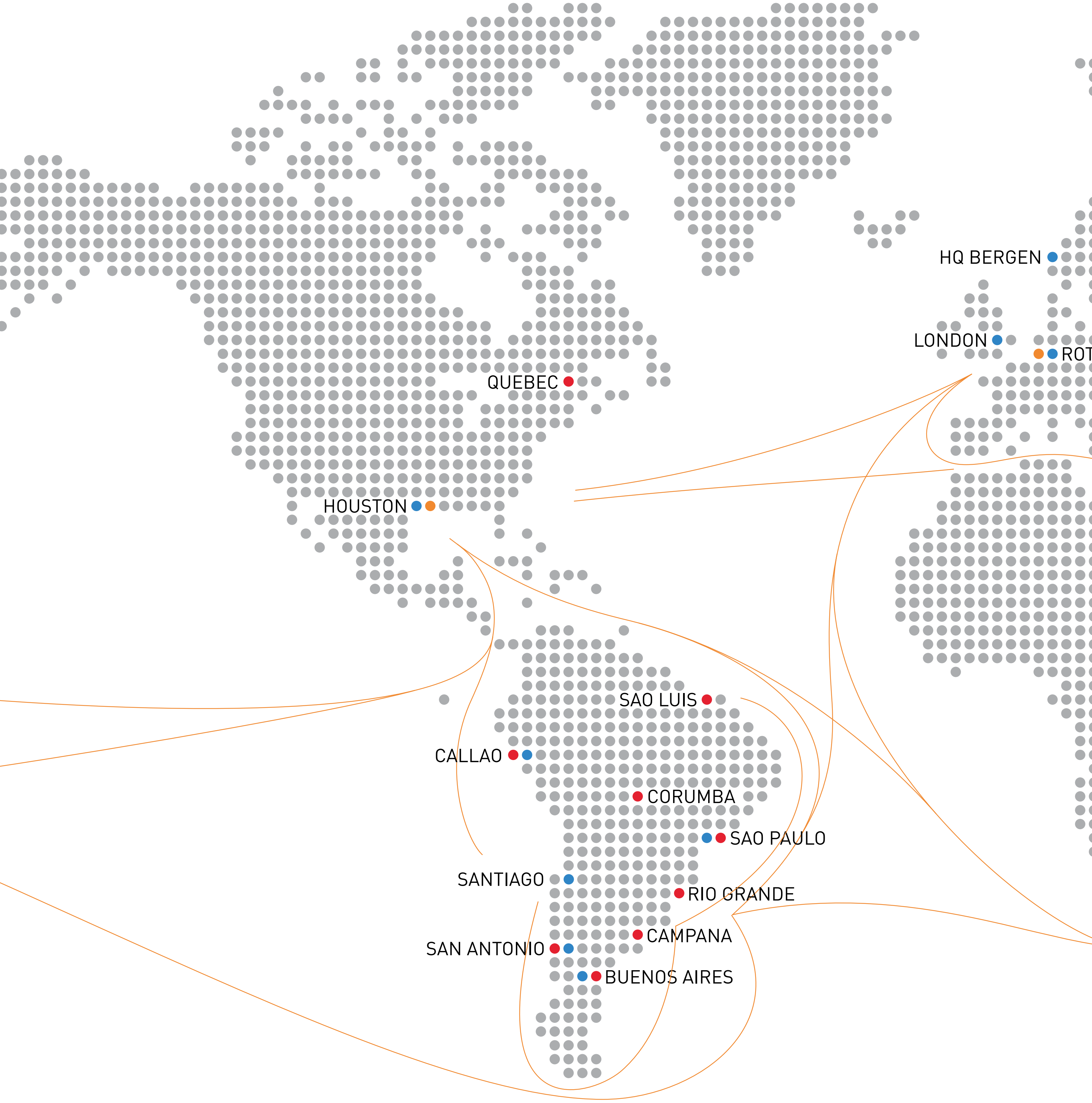
EXTERNAL SOCIAL RESPONSIBILITY

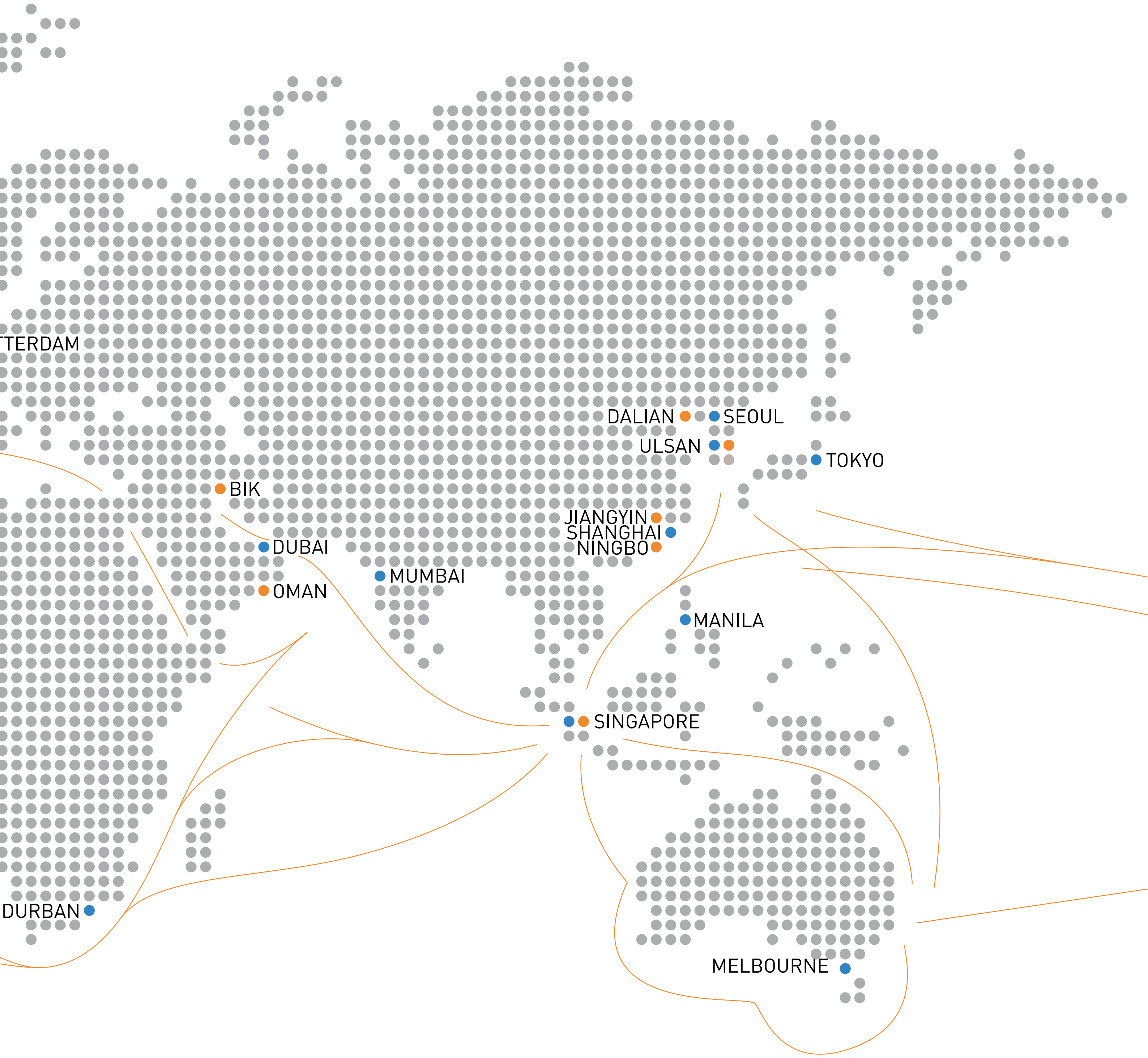
Odfjell takes social responsibility within local communities in which Odfjell is represented. Odfjell supports small organisation and in some cases, Odfjell support local initiatives together with partners or joint ventures/alliances.

AB Edgar A.Escano and OS Wilfredo Jr. Galon.
Photo: Gunnar Eide

The safe operation of chemical tankers depends on highly qualified officers and crew. Our ships are mainly manned by Norwegian and Filipino mariners with long experience from chemical tankers.

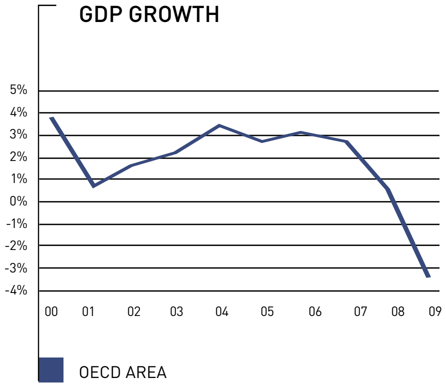
WORLDWIDE ACTIVITIES



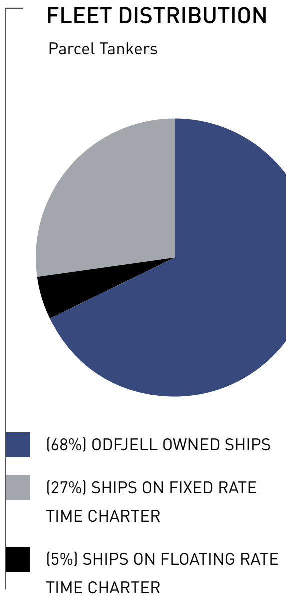


Odfjell terminals Associated terminals International offices

THE DIRECTORS' REPORT



Source: DnB NOR



The operating results for 2009 were overshadowed by the effect of the verdict regarding the retroactive tax imposed by The Norwegian Government in 2007. On February 12 2010 the Supreme Court in Norway ruled this retroactive tax for years 1996 to 2006 as unconstitutional, and therefore illegal. Consequently the taxation was illegal as at 31 December 2009 and, the consequence for Odfjell is that related previous tax provisions and taxes paid in a total amount of USD 110 million is being booked as tax income in year 2009. This tax ruling was most welcome for an industry generally hard hit by recession and for Odfjell especially, restoring our equity ratio to a more reasonable level of 34%.

The Department of Finance however, has stated that it will contemplate the ruling and evaluate how to relate to it. There can be no assurance therefore that the total deferred tax of NOK 1,150 million equalling USD 199 million (including then the fund for environmental investments) will remain completely untaxed in the future.

Odfjell's consolidated 2009 pre-tax result came to a profit of USD 26 million compared to USD 146 million in 2008. The after tax result was a profit of USD 121 million compared to USD 163 million in 2008. The 2009-results were impacted by the abovementioned USD 110 million tax income, while the 2008-results were enhanced by USD 86 million of non-recurring items related to capital gains and taxes. Gross revenue decreased by USD 212 million, to USD 1,264 million. Total assets were USD 2.7 billion, up from USD 2.6 billion at the end of 2008.

From our shareholders' point of view, 2009 proved a mixed bag. Within the extreme volatile financial environment of the year, during which shipping was a shunned sector by investors, our A- and B-shares posted a notable increase of 19.5% and 11.1% respectively. They lagged, however, the Marine Index's rise of 25.5%. The market capitalisation of Odfjell was NOK 4.5 billion (USD 776 million) as at 31 December 2009.

The 2009 pre-tax result for Odfjell was impacted by weak shipping markets causing losses for our parcel tanker business, which on the other hand were offset by strong results from our tank terminals and the compensation award of USD 43.8 million from the arbitration with the Russian state-owned shipyard Sevmash. The pre-tax result was negatively impacted by a write-down and restructuring charges related to our facilities in Odfjell Terminals Maritime BV by an amount of EUR 8.5 million (USD 12.4 million).

The arbitration case in Stockholm against the large Russian state-owned shipyard Sevmash was decided at the very end of 2009. Basically the shipyard failed to deliver to us 12 ships contracted for in 2004. Whilst winning our main point, that of Sevmash being guilty of wilful misconduct, nevertheless we were seriously disappointed about the damages awarded, only USD 43.8 million. The cost of the arbitration was apportioned 75% as against Sevmash.

The year started on a quiet note as the activity in most trades and segments remained negatively influenced by the financial crisis. More chemical tankers had to be traded in the slower clean petroleum product (CPP) market, as activity and nominations under our key parcel tanker contracts were below normal. However, our results held up reasonably well the first half of 2009, helped along by lower bunker prices. The last two quarters however became very difficult all around.

Our tank terminal business turned in another solid result in 2009, with added storage capacity and strong demand for tank storage and associated services at most locations.

Fleet renewal continued into 2009 by our taking delivery of two newbuildings, fully stainless steel parcel tankers each of about 33,000 DWT. These ships are not owned by us, but on long-term charter from Japanese owners.

Our tank terminal projects and expansions progressed in 2009, and the new terminal in Oman, where we have a 30% ownership, has become fully operational. Our small green field project in Iran is delayed, but with expected start-up first quarter 2010. New capacity also became fully operational in Houston, Rotterdam, Korea and Singapore.

The Annual General Meeting (AGM) held 5 May 2009 elected Terje Storeng as a new Director of the Board in place of Reidar Lien, who had announced his resignation. The Company would like to acknowledge and thank Reidar Lien for his valuable contributions on the Board since 2001. Accordingly the Board consists of B. D. Odfjell (Chairman), Ilias A. Iliopoulos, Marianna Moschou, Terje Storeng and Irene Waage Basili. The AGM approved a 2008 dividend payment of NOK 1 per share, equal to NOK 87 million (about USD 0.15 per share, equal to USD 12.3 million). The dividend was paid out 19 May 2009.

In November Mr. Jan A. Hammer was appointed President/CEO following an interim period from May 2009.

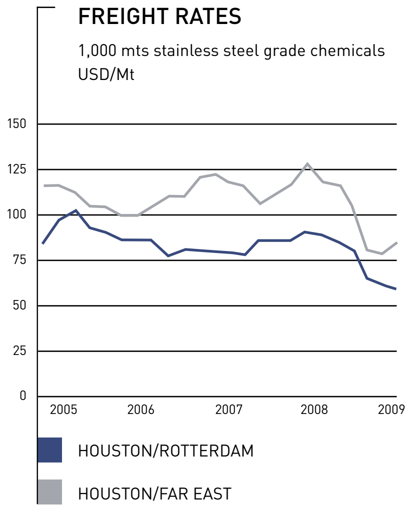
BUSINESS SUMMARY

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

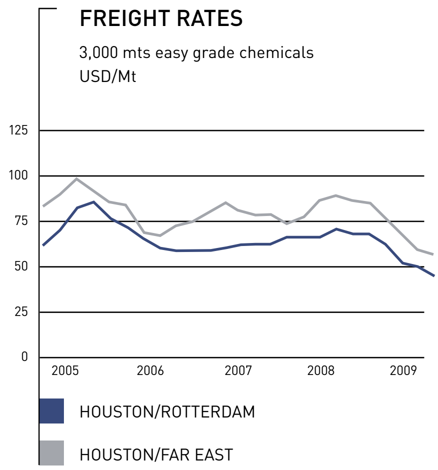
Parcel Tankers

Gross revenue from our parcel tanker activities was USD 1,021 million. Earnings before interest, tax, depreciation and amortisation (EBITDA), was negatively impacted by reduced volumes, lower freight rates and still high bunker costs, and came to USD 73 million. The operating result (EBIT) was a loss of USD 6 million, despite capital gains, and the aforementioned arbitration award of USD 45 million, including refund of legal expenses. Total shipping assets at year-end equalled about USD 1.4 billion. Time charter income expressed in USD per day fell by about 19% compared to 2008.

Our average cost of bunkers in 2009 was USD 420/ton (including compensation related to bunker escalation clauses and hedging), compared to USD 461/ton the preceding year. Operating expenses were stable, while general and administrative expenses were somewhat lower than in 2008, partly due to costs savings and the stronger average USD/NOK exchange rate. One ship planned for recycling in



Source: Quincannon Associates, Inc.



Source: Quincannon Associates, Inc.

Tank inspection on board Bow Clipper Photo: Thomas Kohnle

The vetting system has become increasingly cumbersome for chemical parcel tankers, and consists of too many inspections etc. An adjustment of the vetting regime is long overdue.

2010 was impaired by USD 3 million as book value was higher than then expected scrapping value.

Net financial expenses for 2009 were USD 35 million, compared to USD 52 million in 2008. The decrease is caused by lower interest rates and gain on financial instruments, instruments not qualified as hedging. The average USD/NOK exchange rate in 2009 was 6.29, compared to 5.66 last year. The USD weakened however substantially against the NOK from 7.00 at year-end 2008 to 5.76 at 31 December 2009.

Year-end 2009 our parcel tanker fleet consisted of 78 ships over 12,000 DWT, of which 42 were owned. In addition we operated 18 smaller ships, of which 12 are owned.

Odfjell's newbuilding programme now comprises contracts for a series of six 9,000 DWT stainless steel chemical tankers being built at Chongqing Chuandong Shipbuilding Industry Co. Ltd in China, which will be delivered in 2011-2012, at a combined total price of USD 180 million. These ships will be operated in our regional trades in Asia and Europe, and will add to and replace some smaller vessels currently trading within these regions.

In 2009 Odfjell entered into an agreement with its Saudi-Arabian partner National Chemical Carriers (NCC) to bare-boat charter three 37,000 stainless steel parcel tankers for ten years with purchase options. The three ships are MT NCC Jubail (1996), MT NCC Mekka (1995) and MT NCC Riyad (1995). Furthermore, Odfjell entered into three to six-year time charters for three ships that earlier were owned by NCC. These ships were MT Bow Baha (24,728 DWT/1988), MT Bow Asir (23,001 DWT/1982) and MT Bow Arar (23,002 DWT/1982). The time charter agreements for the MT Bow Asir and MT Bow Arar were later cancelled, and replaced by our selling and short-term chartering back from the new owners the MT Bow Hunter (23,002 DWT/1983) and the MT Bow Pioneer (23,016 DWT/1982). We also acquired MT Bow Victor (33,190 DWT/1986) with 17 stainless steel cargo tanks and 14 coated cargo tanks. MT Bow Victor is a sister vessel of the MT Bow Viking (1981).

In June 2009 Odfjell signed a 50/50 joint venture agreement with NCC to establish a company in Dubai, to be named NCC Odfjell Chemical Tankers JLT, with the purpose to commercially operate our respective fleets of coated (IMO 2/3) chemical tankers of 40,000 DWT and above. The ships will be traded in the chemicals, vegetable oils and clean petroleum products markets on a world-wide basis, with emphasis on the growing production and export from the Middle East region. The new company started operations early 2010 with 15 vessels and a total capacity of nearly 660,000 DWT. The plan is to grow the fleet to 31 vessels and a total capacity of close to 1.4 millions DWT over the next three years.

In combination and synchronisation with our worldwide transoceanic services, our regional business activities encompass four different geographical regions. Asia represents of course a strategically important area for our business, with significant new chemical production expected to come on stream in the years to come. Therefore our largest regional operation naturally is in Asia, where we employ 12 ships within several trade lanes, covering the Singapore – Japan/Korea – Australia/ New Zealand ranges.

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

In South-America, four Brazilian flagged ships are employed by our wholly owned company Flumar, carrying chemicals primarily along the Brazilian coast. Finally, we have a 50/50 joint venture in Chile with CSAV. We currently employ one Chilean-flagged vessel, for coastal transportation of sulphuric acid mostly.

Our type of shipping is one of the most challenging within the marine industry. During 2009 our ships transported more than 700 different products, comprised of some 6,000 individual parcels. Unlike other ship types for example container ships, our ships have to call a number of customer-dictated berths, even within one and the same port. Such operations are both time-consuming and costly, thus impacting negatively our operating results. Our aim is therefore increasingly to consolidate the loading and the discharging. We believe a future successful consolidation of cargoes, combined with more time-efficient port operations, will benefit our customers as well as us.

During 2009 our ships performed well as far as customer approvals (vetting) are concerned. The system is increasingly cumbersome for chemical parcel tankers, which have become subject to too many inspections etc. An adjustment of the vetting regime is long overdue.

Odfjell continues to work with rule makers to enhance safety by participating in efforts to promote more consistent regulations for inerting of chemicals with low flash point.

Tank Terminals

Gross revenues from our expanding tank terminal activities came in at USD 248 million, EBITDA was USD 109 million and EBIT was USD 68 million. At year-end 2009, the book value of total tank terminal assets was about USD 691 million, an increase from USD 634 million by the end of 2008.

Odfjell's existing tank terminals are located in Rotterdam, Houston, Singapore, Onsan in Korea, Sohar in Oman, BIK in Iran, and Jiangyin, Dalian and Ningbo in China. Additionally we have a valuable co-operation agreement with a group of tank terminals in South America.

During 2009 the expansion of our tank terminal activities continued with successful commissioning of new tank farms in

Oman. The expansion of an additional bay in Houston was successfully delivered on budget. The new total capacity is 320,600 cbm. The expansions in Singapore were completed during 2009, and the green field project in Iran is now scheduled for start-up early 2010. In August, Odfjell Terminals (Korea) successfully commissioned new tank bay expansions of totally 80,000 cbm, slightly ahead of schedule. The new total capacity is 251,000 cbm. Furthermore, the Oman terminal was awarded two long term contracts for an additional 425,000 cbm, scheduled for completion in 2011. In Rotterdam, we concluded the commissioning of the new quay wall, adding valuable berthing capacity to the terminal.

In 2008 Odfjell acquired AVR Maritiem, which was renamed Odfjell Terminals Maritiem B.V. (OTM). The principal business activities of the company were jetty services and waste handling. The most important element at the time of the acquisition was the excellent mooring facility for Odfjell Tankers' board to board operations in the Rotterdam harbour. The waste handling activity of OTM has been affected by the worldwide economic crisis, which also negatively impacted overall shipping activities within the port of Rotterdam. In order to avoid future losses, it has been decided to discontinue the waste handling activity at OTM, as per the end of 2009, and to decommission the related equipment. The plan is to consolidate the land lease contract and the large jetty into OTR. The accounting effect of the discontinuation was a non-recurring pre-tax charge of EUR 8.5 million (USD 12.4 million) as a combination of redundancy costs and a write-off of fixed assets. After tax the effect is EUR 6.3 million (USD 9.2 million).

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

2009 RESULT

Gross revenue for the Odfjell Group came to USD 1,264 million, down 14% from the preceding year. Earnings before interest, tax, depreciation and amortisation (EBITDA) were USD 182 million compared to USD 286 million in 2008. Operating result (EBIT), including a net of USD 30 million capital gain on assets, impairment and the arbitration award, came to USD 61 million compared to USD 198 million in 2008, then including capital gains of USD 53 million.

The net pre-tax 2009 result came in at USD 26 million, compared to a pre-tax profit of USD 146 million in 2008. Taxes in 2009 were an income of USD 95 million, compared to an income of USD 17 million in 2008. The 2009 tax income is due to the aforementioned reversal of tax provisions and taxes paid in 2007 and 2008 as a result of the Norwegian Supreme Court's decision that these taxes for the years 1996 – 2006 were unconstitutional. Our 2009 cash flow was USD 176 million, compared to USD 272 million in 2008.

Operating expenses were stable, while general and administrative expenses were somewhat lower than in 2008, partly due to costs savings and to the stronger average USD exchange rate. Net financial expenses for 2009 were USD 35 million, compared to USD 52 million in 2008. The decrease was caused by lower interest rates and gain on financial instruments, instruments not qualified as hedging. The average USD/NOK exchange rate in 2009 was 6.29, compared to 5.66 last year. The USD weakened against the NOK from 7.00 at year-end 2008 to 5.76 by 31 December 2009.

The parent company, Odfjell SE, has implemented simplified IFRS for the accounting year 2009. In this connection the reporting currency has been changed from NOK to USD as USD is the functional currency for the Company. The parent recorded a profit for the year of USD 100.2 million. The Board recommends that the profit is allocated to Other Equity. The main part of the profit relates to contributions from subsidiaries. Given the uncertain times going forward, the Board does not recommend a dividend for 2009. At 31 December 2009 total distributable reserves were USD 485.3 million.

At year-end 2009 the Odfjell A-shares traded at NOK 52.00 (USD 9.03) up 19.5% compared to 43.5 (USD 6.22), a year earlier. The B-shares traded at NOK 50.00 (USD 8.69) up 11.1%, compared to NOK 45.00 (USD 6.43) a year earlier. A 2008 dividend of NOK 1.00 per share was paid in May 2009. Adjusted for the dividend, the A- and B- shares had positive yields of 21.8% and 13.3% respectively. By way of comparison, the Oslo Stock Exchange benchmark index increased by 64.8%, the marine index increased by 25.5% and the transportation index increased by 30.1% during the year. The market capitalisation of Odfjell was NOK 4.5 billion (USD 776 million) 31.12 2009.

The Annual General Meeting will be held this year on May 4 at 16:00 hours at the Company's headquarters.

The long-serving Chairman of the Board, Mr. Bernt Daniel Odfjell (72) has informed the Board he wishes to step down as Chairman at the Annual General Meeting in May. In his place the Board will recommend to the shareholders that his son Laurence Ward Odfjell is elected as the new Chairman. Laurence Odfjell is currently President of Odfjell Terminals, which position on an interim basis will be taken over by President/CEO Jan A. Hammer.

At year-end 2009 the Odfjell A-shares traded at NOK 52.00 (USD 9.03) up 19.5 % compared to 43.5 (USD 6.22), a year earlier. The B-shares traded at NOK 50.00 (USD 8.69) up 11.1%, compared to NOK 45.00 (USD 6.43) a year earlier.

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

FINANCIAL RISK AND STRATEGY

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

The single largest monetary cost component affecting our time charter earnings is bunkers. In 2009 it amounted to more than USD 237 million (58% of voyage cost). A variation in the average bunker price of USD 100 per ton equals about USD 60 million or a USD 2,300/day change in time charter earnings of the ships in which we have a direct economic interest. A certain portion of our bunker exposure is hedged through bunker adjustment clauses in the Contracts of Affreightments. As per 31 December 2009 we have entered into hedging through swaps and options of about 42% and 10% respectively of our total 2010 and 2011 bunker exposure.

All interest-bearing debt, except debt held by tank terminals outside the US, is denominated in USD. Bonds issued in non-USD currencies are swapped to USD. Interest rates are generally based on USD LIBOR rates. A certain portion of the interest on our debt is fixed, either through fixed rate loans or through long-term interest rate swaps. With our current interest rate hedging in place, about 30% of our loans are on a fixed rate basis.

In order to reduce volatility of the net result and cash flow related to changes in short-term interest rates, interest rate periods on the floating rate debt and interest periods of liquidity, are managed to be concurrent.

The Group's revenues are primarily in US Dollars. Only tank terminals outside the US and our regional European shipping trade derive income in non-USD currencies. Our currency exposure relates to the net result and cash flow from voyage-related expenses, ship operating expenses and general and administrative expenses denominated in non-USD currencies, primarily in NOK and EUR. Our estimate is that a 10% strengthening of the USD versus the NOK and EUR will improve the pre-tax 2010 result by roughly USD 15 million; assuming no currency hedging being in place.

Our currency hedging at the end of 2009; by which we have sold USD and purchased NOK, covers about 84% and 22% of our 2010 and 2011 NOK-exposure, respectively. Future hedging periods may vary depending on changes in market conditions.

LIQUIDITY AND FINANCING

The Company's cash reserves including available-for-sale investments, which are low risk, and highly liquid bonds, continues strong. Cash and cash equivalents and available-for-sale investments as of 31 December 2009 was USD 185 million compared to USD 193 million as of 31 December 2008. Available drawing facilities were USD 62 million at year-end 2009 and nothing in 2008. Interest bearing debt increased from USD 1,500 million by year-end 2008 to USD 1,576 million per 31 December 2009. Net interest bearing debt was USD 1,391 million as per 31 December 2009. The equity ratio was 34% as per 31 December 2009 and the current ratio was 1.4. Since our fleet consists largely of speciality ships, which are operated in a market still with limited relevant sale and purchase activity, we have not attempted to calculate value-adjusted shareholders' equity. The Company should be evaluated based on earnings multiples, rather than based on asset valuations.

During 2009 we entered into five long-term secured bank facilities, in a total amount of USD 139 million. They are all for general corporate purposes, of which USD 83 million were drawn as per 31 December 2009. In July, our subsidiary Oiltanking Odfjell Terminal Singapore Pte Ltd signed a SGD 200 million syndicated term loan facility with DBS Bank Ltd, Calyon, and Overseas-Chinese Banking Corporation Limited as mandated lead arrangers. Proceeds from this six-year facility will be used to refinance existing loans and to finance the Company's expansion project on Jurong Island. In December Odfjell SE successfully completed a NOK 500 million (USD 88 million) unsecured bond issue with maturity date 4 December 2013. The outstanding debt under the bonds was swapped to USD. The bond issue was combined with an offer to repurchase other outstanding bonds due in 2010 and 2011. Following the repurchase, Odfjell SE's outstanding debt on these bonds is NOK 108 million (USD 18 million) out of NOK 300 million (USD 52 million) bond due in 2010 and NOK 62 million (USD 9 million) out of NOK 400 million (USD 69 million) bond due in 2011.

The proceeds from the bond issue were used for general corporate purposes.

DnB NOR Markets acted as the sole arranger of the new bond issue as well as for the buy-back of outstanding bonds.

In 2009 we repaid about USD 103 million by way of regular instalments on our mortgage debt and USD 167 million including repurchase of bonds.

The Company's loans are generally long-term and provide for regular payment of instalments. There are no major refinancing needs prior to 2011 when part of our bond debt matures. Furthermore, all major investment commitments are fully financed.

At the expiry of the Total Return Swap (TRS) between Odfjell SE and DnB NOR ASA, Odfjell Chemical Tankers AS, a 100% owned subsidiary of Odfjell SE, acquired 819,500 Odfjell A-shares at NOK

36.00. Furthermore, Odfjell SE terminated its TRS agreement with DnB NOR Markets for 1,679,500 Odfjell A-shares and 2,322,482 Odfjell B-shares. Simultaneously all shares were acquired by Odfjell SE at a price of NOK 51 for the A-shares and NOK 45 for the B-shares. In December, Odfjell SE acquired the above 819,500 A-shares from Odfjell Chemical Tankers AS at a price of NOK 51 per share.

Accordingly Odfjell SE now holds 2,499,000 Odfjell A-shares and 2,322,482 B-shares, equalling 5.6% of the share capital and 3.8% of the votes. These are referred to as our treasury shares.

KEY FIGURES

The return on book equity before the retroactive tax effect was 1.4% and return on total assets 2.3%. The corresponding figures for 2008 were 18.6% and 9.5%, respectively. Return on capital employed (ROCE) was 3.6% in 2009.

Earnings per share before retroactive tax effect amounted to USD 0.13 (NOK 0.82) in 2009, compared to USD 1.56 (NOK 8.82) in 2008. Earnings per share after the retroactive tax effect amounted to USD 1.42 (NOK 8.93) in 2009 and USD 1.95 (NOK 10.98) in 2008. Cash flow per share was USD 2.06 (NOK 12.93), compared to USD 3.25 (NOK 18.39) in 2008.

As per 31 December 2009 the Price/Earnings ratio (P/E) was 71.5 and the Price/Cash flow ratio 4.3. Based on book value the Enterprise Value (EV)/EBITDA multiple is 12.1 while, based upon market capitalisation as per 31 December 2009, the EV/EBITDA multiple was 11.7. Interest coverage ratio (EBITDA/Net interest expenses) was 4.1, compared to 4.4 last year.

HEALTH, SAFETY AND ENVIRONMENT (HSE)

Odfjell has over the years developed a "Corporate Quality Management Manual" that jointly with our manual for "Corporate HSE Expectations", describes how we shall all work to comply with the high standards that we aim for.

Stringent safety and environmental requirements guide all our operations. Training of personnel working on board, at terminals and ashore is our proactive way of ensuring that we possess the required competence. During 2009 our mariners received more than 12,500 training days. Most were held at the Odfjell Academy at Subic Bay, Philippines. In addition to this comes 4,500 training days at the terminals.

Training and Performance Record Books for our seafarers were introduced some time ago. Now we continue the strategy of linking competence assessment, skill gap analysis and conduct of 'tailor-fit' programs that will close identified skill gaps through shore based and/ or on board training.

The production and launching of our new e-learning course "QHSE in Odfjell" was a main achievement in 2009. This course is mandatory for everybody working in Odfjell.

Operating units have approval to ISM code (ship management), ISO 9001:2008 standard (terminals) and ISO 14001 environment standard. New in 2009 is that the Odfjell Terminals (Korea) and Odfjell Terminals (Dalian) acquired OHSAS 18001 certification.

In line with the environmental standards, the various units have comprehensive annual plans for environmental protection. Current focus areas for Odfjell Terminals encompass air emission, vapour recovery, energy efficiency and waste water treatment. Odfjell Tankers focus on energy conservation, and for 2009 the optimization of ship speed has reduced our fuel consumption with about 22,000 tons. In the autumn Odfjell started to use an advanced weather routing service for all sea voyages above five days. This has already yielded significant fuel savings.

Odfjell Tankers' Environmental Council monitors our Company's impact on the environment. In 2009 the council submitted its first internal report with main results presented herein as well as on the web.

There were no incidents with fatal consequence for Odfjell personnel during 2009. On board Bow Pilot one seafarer got a serious burn injury. There have been contact incidents concerning some ships and some situations with ignitions in engine rooms have resulted in increased alertness.

On board a time chartered vessel an officer regretfully lost his life in a cargo tank into which he should not have entered. Odfjell is concerned about this fatality and is looking into tank entry procedures, which are already very strict.

Lost Time Injury Frequency (LTIF) on board and ashore is slightly down from last year.

ORGANISATION, WORKING ENVIRONMENT AND JOB OPPORTUNITIES

Odfjell strives to develop an inspiring and interesting work environment both at sea and ashore. We carry out employee satisfaction surveys at the headquarters in Bergen and other larger offices, and we do ergonomics inquiries. Also implemented is a programme for improved health care for seafarers, with focus on exercise and a healthy diet. The work environment is considered good.

Odfjell aims at being an attractive company to work for. Gender-based discrimination is not allowed in recruitment, promotion or wage compensation. We maintain our policy of providing employees with equal opportunities for development of skills and to provide new challenges within our Company. Out of about 230 employees at headquarters in Bergen, 68% are men and 32% women, whilst the corresponding global figures (about 930 employees in our fully owned onshore operations) are 76% and 24% respectively. Recognizing that we employ relatively few women, we endeavour to recruit women to ship operations, chartering and ship management, and we also promote life at sea as an attractive career.

Compared to last year the recorded absence rate at headquarters was stable at 3.5%. For the Filipino mariners the absence rate was 1.4% and for European mariners 3.3%.

The Board takes this opportunity to thank all employees for their contributions to the company's progress during 2009.

STATEMENT ON SALARY AND OTHER BENEFITS TO THE MANAGEMENT FOR 2010 AND 2011

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

A basic, straight salary is normally the main component of the remuneration. The remuneration may however consist of a basic salary and 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 programs as mentioned in the Public Limited Companies Act section 6-16 subsection 1 no. 3. There are no specific limits regulating the different categories of benefits nor the total remuneration of Management.

Remuneration to Management in 2009 was in compliance with the above guidelines.

The total remuneration to the managers in the Executive Management Group in 2009 was NOK 11.3 million. This amount is comprised of fixed and variable remuneration as follows;

- Fixed remuneration 94%
- Variable remuneration 6%

Variable remuneration was awarded in 2008 and paid out in 2009. The award was based on a discretionary evaluation system extended by the Board.

Please also see Note 8 to the Odfjell Group accounts for more details about the remuneration to the Management in 2009.

WORLD SHIPPING CONTEXT

The financial crisis that struck the world during the second half of 2008 led to the worst recession in the post WWII period. World GDP shrunk by 1.2%, and industry output fell sharply. Global demand and trade were in decline, which had a dramatic impact on the shipping markets. Unprecedented governmental intervention in most countries, particularly in the OECD area and in China, aimed at reducing uncertainty, increase confidence and thus, to stabilise the finance sector, proved sufficient to steer the world economy clear of a 1930s-like depression and, during 2009 the negative trend was halted and to some extent even improved. Still, there has been no immediate recovery for the shipping industry, although oil tankers and to some extent also dry bulk experienced slightly stronger markets towards the end of the year. For the third major shipping segment, container vessels, both volumes and earnings remain negative. Rising bunker prices added to the burden for all ship-owners, and much attention was put on slow-steaming and other fuel-saving initiatives.

The deteriorating freight market and bleak outlook in most shipping segments rapidly affected the rate of both new ordering and vessel recycling. After quite an order boom in 2007 and first half of 2008, the shipyards suddenly were faced with an almost complete stop in new ordering. During the autumn and winter some dry bulk and large tanker owners again returned to the yards with a few orders, whilst the drought in new orders for container ships and chemical tankers has remained. Several owners have also cancelled or intend to cancel orders, although not to the same degree as predicted this time last year. Some orders are also being converted to other types of vessels. This has led to a substantial decrease in the orderbook relative to the current fleet and, although the influx of new tonnage the next few years will still greatly outweigh outphasing of overaged tonnage, the imminent oversupply of new tonnage seems less threatening than one year ago. Several yards are struggling with weak finances, some reportedly even on the brink of bankruptcy.

The weak freight markets, and the adverse supply/demand balance seen from a shipowner's point of view, have also increased the activity in the ship recycling industry. As more ships have been sent to the recycling yards, mainly in India, Bangladesh and Pakistan, recycling prices have remained fairly low, although somewhat rising towards the end of 2009 as a result of stronger metal prices. The active recycling market is expected to continue well into 2010, not least to take care of the remaining single-hull tankers that hardly will be able to trade any longer.

General analyst consensus suggests that there is room for cautious short or at least mid-term optimism for the shipping industry. World GDP growth is forecasted to reach 3-3.5% in 2010, a remarkable recovery after last year's contraction. Not surprisingly the rapidly developing economies in China and India continue to "fuel" the world with growth rates of 8.5% and 8% respectively. In the OECD area the growth outlook is far more moderate at 2.1%, with Europe and Japan in particular lagging behind.

Several factors indicate that global trade will continue fairly strong also the next few years. Optimism and risk willingness has returned, and low interest rates, increasing asset prices and unspent demand (following the down¬turn both among consumers and corporations) all contribute to enhance economic activity. However, there are also a number of challenges that could well jeopardise continued recovery. The large-scale government efforts have been costly, and many countries will hardly be able to offer similar rescue operations if a new crisis should occur. The interest rates in most countries are now so low that further cuts will only marginally contribute to boosting the economy. Slack in many industries will limit corporate investments, and high unemployment com-

Stringent safety and environmental requirements guide all our operations.

Dry docking of Bow Flower Photo: Per Meek.

bined with the outlook for a jobless recovery both in the US and in Europe will curb household consumption and demand. Renewed bank losses could potentially lead to restrictive credit practices that limit a continued upswing. There is also fear of the Chinese economy heading towards a rather hard landing, which will have a quite negative impact on the world economy as a whole.

THE CHEMICAL MARKET

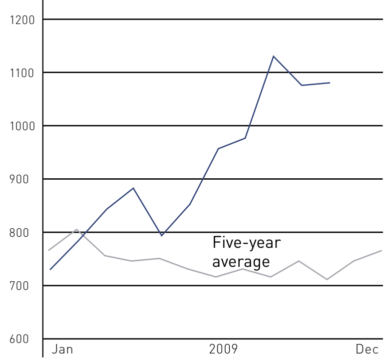
2009 proved a difficult year for the world chemical industry, in spite of which prices of chemicals surged towards the end of 2009, see graph on this page. The financial crisis hit many key user industries hard (consumers of basic chemicals), particularly automaking and construction, and many producers facing reduced demand had to scale down activities. In addition there was an industry-wide destocking at the end of 2008 and into the first quarter of 2009. Demand for most chemicals then fell to five-year lows, and commodity prices dropped considerably. Inventory restocking during the second and third quarter gave some boost to the chemicals demand, and a general recovery towards the end of the year seemed to increase activity considerably. Nevertheless, the year as a whole was disappointing. Since the financial crisis struck following the summer of 2008 the world chemical industry has cut more than 80,000 jobs.

The downturn in the chemicals markets led to tough and volatile market conditions for most chemical tanker owners/operators, with no increase of volumes to be transported along most trade lanes. Chinese demand kept up the movements into the Far East, but return voyages proved difficult to secure as a result of low demand both in Europe and in North America. Following several years of large-scale contracting of new tonnage, 2009 was another year of rapid fleet growth. The chemical tanker fleet as a whole had a net growth of 9.2%, and the core fleet grew by 8.9%. Although less than the growth experienced in 2008, this was more than what the market could absorb. There was a substantial overcapacity in most areas, and freight rates dropped. As an added burden the clean petroleum market took a hard beating, with vessels making even negative time charter earnings in some trades. Due to the poor market and the adverse cost trends several owners faced financial difficulties, and some strived to limit their market exposure through selling units or by putting ships out on charter to third parties. Towards the end of the year some shipping companies got some relief through year-end inventory clearances. There are some indications of a market recovery with somewhat stronger demand as we enter the new year.

The market decline, and predictions of a substantial short- and mid-term tonnage overcapacity, has led to basically a complete halt in ordering of chemical tankers, and the size of the orderbook relative to the trading fleet looks far less daunting than just a year ago. This is particularly the case for the deep-sea core segment, where the orderbook at year end was 26% of current fleet. For stainless steel tankers the equivalent ratio was 23.5%, and the orderbook for the short-sea tonnage below 13,000 DWT ships constitute less than one sixth of the present carrying capacity. There have also been several cases of order cancellations, although not at the rate that was generally anticipated at the beginning of the crisis. In most cases the cancelled orders are so close to completion that these ships most likely will be delivered anyway.

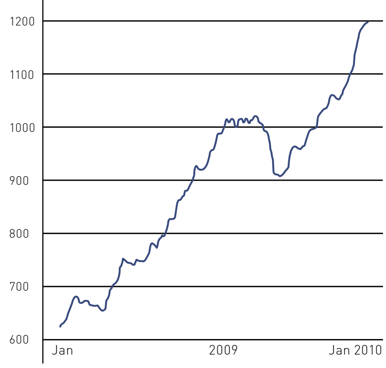
The poor freight markets, and the steadily tightening age and vetting requirements, by authorities and customers alike, has made many old units gradually more difficult to trade. As a result, several owners chose to sell such ships for recycling, and demolition of chemical capable tonnage doubled compared to the previous year. Unless the market shows dramatic improvement this year, demolition will most likely remain high also in 2010. However, the build-up of overaged tonnage is fairly small compared to the current orderbook and thus, the fleet will continue to have a substantial net growth also this year and next. But the stop in new ordering has at least curbed the rapid fleet expansion the next few years. Assuming that all ships scheduled for delivery in 2010 will actually be delivered, and that ships will be phased out at the 30 years' mark for European built tonnage and at 25 years for units delivered from Asia, the deep-sea chemical carrier fleet will grow by 3.7% this year, the core fleet by close to 10%. In comparison, forecasts from renowned analytical sources suggest world GDP growth not to exceed 3-3.5% this year and UK shipping analysts Drewry Shipping Consultants predict a growth in chemical tanker demand at a modest 1.7% in 2010. Hence, although most certainly there will be more delays from the shipyards, there hardly is any immediate outlook for any rapid improvement to the current supply/demand balance.

CHINESE CONSUMPTION SOARS
Naphta demand
(´000 barrels per day)



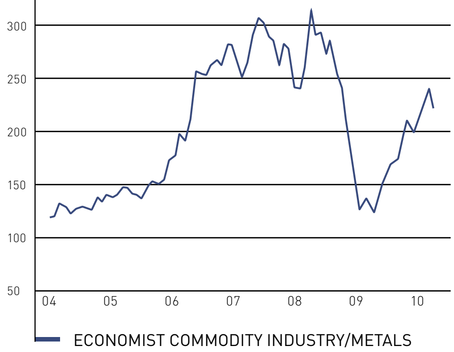
Sources: Platts; IEA.

PETROCHEMICAL PRICES SPIKE
Platts Global Petrochemical index ($ per tonne)



Sources: Platts; IEA.

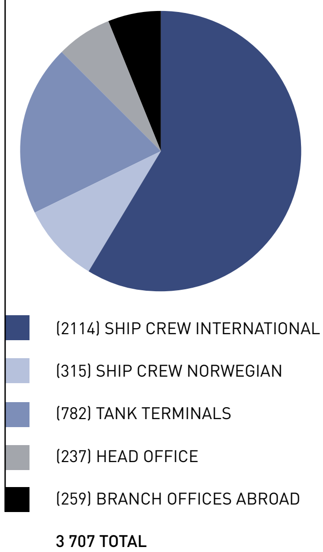
INDUSTRIAL METAL COMMODITIES INDEX



Source: Datastream and DnB NOR

EMPLOYEES

per 31 December 2009



However, in the mid-term period to 2012 the situation is more promising. Based on current orderbook and outphasing of overaged tonnage according to the assumptions made above, the average annual chemical fleet growth will be only 2.5%, or 4% for the core fleet. This is below most forecasts for generalized petroleum tanker demand. On the other hand, there is now ample capacity available for new orders, at least for delivery in 2012 and beyond, so unless the shipowning community show restraint in ordering of new tonnage, any improvement may prove temporary.

COMPANY STRATEGY AND PROSPECTS

As a leading niche player, we strive to provide safe, efficient, and cost-effective parcel tanker and tank terminal services to our customers worldwide. Besides clear operational and commercial benefits from close cooperation as between our shipping activity and our tank terminals, we consider tank terminals a stabilizing factor in the overall financial performance of the Company, as their earnings are less volatile than that of our shipping activities. Importantly, Odfjell strives to stay competitive and flexible with a modern, versatile and adequate fleet of vessels, adjusting to changing trade patterns through organizational nimbleness.

On the shipping side, 2010 started on a slightly more positive note, especially for clean petroleum products, acids and exports of basic chemicals from the Middle East Gulf. Disposal of older units will allow us better utilization, enhancing the average results for the rest of the fleet. Deliveries of newbuildings will continue, and the net supply will increase also in 2010, although ordering of new tonnage has significantly diminished. Recycling of ships will likely accelerate, and we also expect to see some of the new ships contracted for delayed or not even delivered. Competition remains tough, impacting especially our older tonnage in certain segments. We have seen new operators entering some trade lanes, which has affected freight levels negatively. The rise in bunker prices continues to be a concern, and may hamper the hoped for recovery of our time charter results, although part of our 2010 exposure is hedged at attractive levels. We expect a continued challenging market, whilst we believe that fourth quarter 2009 should represent the bottom.

We expect tank terminal results to remain strong, on the back of a successful expansion programme and strong demand for storage space as well as a solid contract base.

STATEMENT OF RESPONSIBILITY

We confirm that, to the best of our knowledge, the condensed set of financial statements for 2009, which has been prepared in accordance with International Financial Reporting Standards (IFRS), gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the Annual Report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Bergen, 9 March 2010

THE BOARD OF DIRECTORS OF ODFJELL SE

ILIAS A. ILIOPOULOS
Born 1963. Board Member since 2 December 2008. Mr. Iliopoulos represents Chemlog, the second largest shareholder in Odfjell. Mr. Iliopoulos holds the position of the CEO of DryLog Ltd., Bermuda and the position of the CEO of EnergyLog Ltd., Bermuda. He has long experience in shipping and finance/banking. No shares and no options.

IRENE WAAGE BASILI
Born 1967. Board Member since 2 December 2008. Ms. Waage Basili was CEO for Arrow Seismic ASA (later acquired by Petroleum Geo Services (PGS)). She is currently on contract with PGS. Ms. Basili has 18 years of experience within shipping and the oil service industry. No shares and no options.

BERNT DANIEL ODFJELL
Born 1938. Chairman of the Board. Mr. Odfjell has been with the Company since 1963. Member of the founding family of the Company. He will step down as Chairman of the Board 4 May 2010 and the Board will recommend to the shareholders that his son Laurence Ward Odfjell is elected as the new Chairman. 2,000 shares (incl. related parties). No options.

MARIANNA A. MOSCHOU
Born 1948. Board Member since 2003. Until late 2001 Mrs. Moschou served as the Deputy Head of Citibanks Global Shipping Division with responsibility for Greece, Southern Europe and Middle East. No shares and no options.

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

PROFIT AND LOSS STATEMENT

(USD 1 000)

	Note	2009	2008
Gross revenue		1 264 150	1 476 121
Net income from associates	4	110	92
Voyage expenses		(449 245)	(547 611)
Time charter expenses	5	(190 675)	(196 605)
Operating expenses	6,8	(329 433)	(329 554)
Gross result		**294 907**	**402 443**
General and administrative expenses	7,8	(113 147)	(116 515)
Operating result before depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)		**181 760**	**285 928**
Depreciation	9	(151 093)	(141 355)
Impairment of non-current assets	9	(13 735)	-
Compensation	17	43 312	-
Capital gain (loss) on non-current assets	9	1 156	53 052
Operating result (EBIT)		**61 399**	**197 625**
Interest income	19	5 752	7 742
Interest expenses		(50 464)	(72 930)
Other financial items	10	9 148	(7 387)
Currency gains (losses)	11	165	20 759
Net financial items		**(35 400)**	**(51 816)**
Result before taxes		**25 999**	**145 809**
Taxes	12	95 084	16 868
Net result		**121 083**	**162 678**
Allocated to:			
Minority interests		(104)	(762)
Shareholders		121 187	163 440
Earnings per share (USD) - basic/diluted	13	1.42	1.95

STATEMENT OF COMPREHENSIVE INCOME	**2009**	**2008**
Net result	121 083	162 678
Cash flow hedges changes in fair value	84 786	(86 381)
Cash flow hedges transferred to profit and loss statement	23 352	(1 086)
Net gain/(loss) on available-for-sale investments	5 183	(4 718)
Exchange rate differences on translating foreign operations	1 270	(10 422)
Other comprehensive income	**114 591**	**(102 608)**
Total comprehensive income	**235 674**	**60 070**
Allocated to:		
Minority interest	(1 075)	(415)
Shareholders	236 749	60 485

BALANCE SHEET

(USD 1 000)

ASSETS AS PER 31.12.	Note	2009	2008
NON-CURRENT ASSETS			
Goodwill	14	10 717	10 460
Real estate	9	41 472	37 172
Ships	9	1 271 897	1 348 251
Newbuilding contracts	9	125 993	113 349
Tank terminals	9	691 204	633 782
Office equipment and cars	9	30 599	23 328
Investments in associates	4	1 501	1 488
Non-current receivables	16	83 115	58 302
Total non-current assets		**2 256 500**	**2 226 130**
CURRENT ASSETS			
Current receivables	17	212 319	146 779
Bunkers and other inventories	18	32 391	18 621
Derivative financial instruments	24	13 051	-
Available-for-sale investments	15	81 487	89 068
Cash and cash equivalents	19	103 169	104 263
Total current assets		**442 417**	**358 731**
Total assets		**2 698 916**	**2 584 862**

EQUITY AND LIABILITIES AS PER 31.12.	Note	2009	2008
EQUITY			
Share capital	20	29 425	29 425
Treasury shares	20	(1 635)	-
Share premium	20	53 504	53 504
Other equity		820 160	632 137
Minority interests		4 717	5 792
Total equity		**906 171**	**720 859**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	12	28 133	26 992
Pension liabilities	21	21 946	15 851
Non-current interest bearing debt	22	1 412 895	1 420 793
Other non-current liabilities	23	11 602	76 325
Total non-current liabilities		**1 474 576**	**1 539 962**
CURRENT LIABILITIES			
Current portion of interest bearing debt	22	163 432	79 626
Taxes payable		2 294	17 544
Employee taxes payable		7 453	7 898
Derivative financial instruments	24	-	89 324
Other current liabilities	25	144 990	129 650
Total current liabilities		**318 169**	**324 042**
Total equity and liabilities		**2 698 916**	**2 584 862**
Guarantees	28	76 745	87 208

Bergen, 9 March 2010

THE BOARD OF DIRECTORS OF ODFJELL SE

B.D. Odfjell
CHAIRMAN

Ilias A. Iliopoulos

Marianna Moschou

Terje Storeng

Irene Waage Basili

Jan A. Hammer
President/CEO

CASH FLOW STATEMENT

(USD 1 000)

	Note	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES			
Operating result		61 399	197 625
Depreciation and impairment	9	164 828	141 355
Capital (gain) loss on non-current assets	9	(1 156)	(53 052)
Compensation	9	(43 312)	-
Inventory (increase) decrease		(13 770)	8 716
Trade debtors (increase) decrease		19 173	(23 067)
Trade creditors increase (decrease)		(8 037)	4 151
Difference in pension cost and pension premium paid		6 095	(4 603)
Other current accruals		31 294	(2 417)
Taxes paid		(27 219)	(25 146)
Net cash flow from operating activities		**189 296**	**243 562**
CASH FLOW FROM INVESTING ACTIVITIES			
Sale of non-current assets		8 500	191 785
Investment in non-current assets	9	(173 609)	(404 657)
Available-for-sale investments		7 581	(22 385)
Changes in non-current receivables		(24 826)	(54 554)
Interest received		5 752	7 742
Net cash flow from investing activities		**(176 602)**	**(282 069)**
CASH FLOW FROM FINANCING ACTIVITIES			
New interest bearing debt		272 946	264 117
Payment of interest bearing debt		(199 718)	(120 164)
Purchase treasury shares		(38 090)	22 111
Other financial expenses		10 103	(7 387)
Interest paid		(51 420)	(70 875)
Dividend		(12 271)	(32 874)
Net cash flow from financing activities		**(18 450)**	**54 928**
Effect on cash balances from currency exchange rate fluctuations		4 663	(10 104)
Net change in cash balances		**(1 094)**	**6 316**
Cash and cash equivalents as per 1.1		104 263	97 947
Cash and cash equivalents as per 31.12		**103 169**	**104 263**
Available credit facilities		61 750	-

STATEMENT OF CHANGES IN EQUITY

(USD 1 000)	Attributable to shareholders' equity									
	Share capital	**Treasury shares**	**Share premium**	**Exchange rate differences**	**Fair value and other reserves**	**Retained earnings**	**Total other equity**	**Total share-holders' equity**	**Minority interests**	**Total equity**
Equity as at 1.1.2008	29 425	(1 170)	53 504	30 225	2 819	551 547	**584 591**	**666 351**	6 207	**672 558**
Comprehensive income	-	-	-	(10 008)	(92 185)	162 678	**60 485**	**60 485**	(415)	**60 070**
Share sale/repurchases	-	1 170	-	-	-	19 610	**19 610**	**20 780**	-	**20 780**
Dividend	-	-	-	-	-	(32 549)	**(32 549)**	**(32 549)**	-	**(32 549)**
Equity as at 31.12.2008	**29 425**	**-**	**53 504**	**20 217**	**(89 366)**	**701 286**	**632 137**	**715 067**	**5 792**	**720 859**
Equity as at 1.1.2009	29 425	-	53 504	20 217	(89 366)	701 286	**632 137**	**715 067**	5 792	**720 859**
Comprehensive income	-	-	-	2 343	113 321	121 083	**236 748**	**236 749**	(1 075)	**235 674**
Share sale/repurchases	-	(1 635)	-	-	-	(36 454)	**(36 454)**	**(38 089)**	-	**(38 089)**
Dividend	-	-	-	-	-	(12 271)	**(12 271)**	**(12 271)**	-	**(12 271)**
Equity as at 31.12.2009	**29 425**	**(1 635)**	**53 504**	**22 560**	**23 955**	**773 645**	**820 160**	**901 454**	**4 717**	**906 171**

NOTES TO THE
GROUP FINANCIAL STATEMENT

NOTE 1 CORPORATE INFORMATION

Odfjell SE, Conrad Mohrsv. 29, Bergen, Norway, is the ultimate parent company of the Odfjell Group. Odfjell SE is a public limited company incorporated in Norway and traded on the Oslo Stock Exchange. The consolidated financial statement of Odfjell for the year ended 31 December 2009 were authorised for issue in accordance with a resolution of the Board of Directors on 9 March 2010. The Odfjell Group includes Odfjell SE, wholly owned or controlled subsidiaries incorporated in several countries (see note 29 for an overview of consolidated companies) and our share of investments in joint ventures (see note 30).

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

2.1 Basis for preparation

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

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

2.2 Basis of consolidation

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

Investment in subsidiaries

The consolidated statements consist of Odfjell SE and its subsidiaries as at 31 December each year (see note 29). Minority interests are included as a separate item in the equity, and are recorded as a separate allocation of the net result. The minority interests include the minority's share of the equity of the subsidiary, including any share of identified excess value on the date when a subsidiary is acquired.

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

2.3 Application of judgment and estimates

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

Revenue recognition

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

Valuation of non-current assets

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

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

Taxes

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

Pension

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

Provisions

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

2.4 Changes in accounting principles and disclosures

The following changes in accounting principles have been implemented in 2009 as a result of requirements stipulated in the accounting standards and IFRIC interpretations. The adoption of these amendments to standards and interpretations had no material impact to Odfjell, only some changes in presentation format of the financial statement.

- IAS 1 (revised) Presentation of Financial Statements
- IAS 23 (revised) Borrowing cost
- IAS 27 (revised) Consolidated and Separated Financial Statements
- IFRS 3 (revised) Business Combinations
- IFRS 8 Operating Segments

2.5 Currency

Functional and presentation currency

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

Transactions and balances

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

Foreign subsidiaries

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

2.6 Revenue recognition

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

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

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

2.7 Taxes

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

The Group's taxes include taxes of Group companies based on taxable profit for the financial period, together with tax adjustments for previous periods and the 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 can no longer 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 taxation 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 their net operating profit from the approved shipping activities. 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 to certain requirements, and breach of these requirements could lead to forced exit of the regime. A forced exit of the Norwegian shipping tax system will lead to accelerated tax payments.

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

2.8 Government grants

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

2.9 Investment in joint ventures

Joint ventures are entities over which the Group has contractually agreed to share the power to govern the financial and operating policies of the entity with another venturer(s). Our share of activities under joint control (see note 30) is included according to the gross method. Under this method the Group's proportionate share of revenues, costs, assets and liabilities are recognised with similar items in the financial statements on a line-by-line basis. The financial statements of the joint venture are prepared for the same reporting year as Odfjell. Adjustments are made to bring into line any dissimilar accounting policies that may exist. A review of the carrying values in joint ventures is carried out when there are indications that there is a need to recognise impairment losses or when the need for previously recognised impairment losses is no longer present.

2.10 Investment in associates

Associated companies are entities in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Associated companies (see note 4) are included according to the net method. Under this method the Group's share of the associated company's net result for the year is recognised in the profit and loss statement. The Group's interest in an associated company is carried on the balance sheet at an amount that reflects its share of the net assets of the associated company. The carrying value of investment in an associate will never be negative, unless the Group has incurred or guaranteed obligations in respect of the associated company. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. The reporting dates of the associate and the Group are identical. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

2.11 Non-current assets

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

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

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

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

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

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

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

2.12 Leases

The determination of whether an arrangement is, or contains 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. A reassessment is made after inception of the lease only if one of the following applies:

1. there is a change in contractual terms, other than a renewal or extension of the arrangement
2. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term
3. there is a change in the determination of whether fulfilment is dependent on a specified asset
4. there is a substantial change to the asset
   Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios 1, 3 or 4 and at the date of renewal or extension period for scenario 2.

Assets financed under finance leases are capitalised at the inception of the lease at the fair value of the leased asset, or if lower, at the net present value of the minimum lease payments. Lease payments consist of a capital element and finance cost, the capital element reduces the obligation to the lessor and the finance cost is expensed. Capitalised leased assets are depreciated over the estimated useful life in accordance with note 9.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss statement on a straight-line basis over the lease term, see note 5 and note 28.

2.13 Goodwill

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

2.14 Impairment of assets

Non-financial assets

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

Ships

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

Tank terminals

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

Goodwill

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

Financial assets

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

Assets carried at amortised cost

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

Available-for-sale-investments

If an available-for-sale-investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit and loss. This normally applies in a situation with changes exceeding 20% of the value and expected to last for more than 6 months, both based on original cost.

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

2.15 Derivative financial instruments and hedging

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

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

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

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

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

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

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

2.16 Financial instruments

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

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

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

Financial investments at fair value through profit and loss

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

Loans and receivables

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

Available-for-sale investments

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

2.17 Trade receivables

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

2.18 Inventories

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

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

2.19 Cash and cash equivalents

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

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

2.20 Equity

Paid in equity

(i) Share capital

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

(ii) Treasury shares
The value of treasury shares' portion of share capital.

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

Other equity

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

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

(iii) Retained earnings
The net result attributable and available for distribution to the shareholders.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.28 Events after the balance sheet date
New information on the Company's positions at the balance sheet date is taken into account in the annual financial statements. Events after the balance sheet date that do not affect the Company's position at the balance sheet date, but which will materially affect the Company's position in the future are stated.

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

2.30 IFRS and IFRIC interpretations issued but not effective as per 31.12.2009
Odfjell expects following impact from new Standards or Interpretations, which are effective for the annual period beginning 1 January 2010 or later:

IFRS 3 (revised) Business Combinations
Compared to the existing IFRS 3, the revised IFRS 3 incorporates certain amendments and clarifications related to the use of the purchase method. This includes issues such as goodwill in business combinations achieved in stages, minority interests and contingent considerations. Transactions costs other than share and debt issuance costs will be expensed as incurred. IFRS 3 (R) is effective for annual periods beginning on or after 1 July 2009. The Group will implement IFRS 3 (R) as of 1 January 2010. The effect is depending if the Group has such transactions or not.

IFRS 9 Financial Instruments

IFRS 9 replaces the classification and measurement rules in IAS 39 Financial Instruments- Recognition and measurement for financial instruments. According to IFRS 9 financial assets with basic loan features shall be measured at amortised cost, unless one opts to measure these assets at fair value. All other financial assets shall be measured at fair value.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, but the standard is not yet approved by the EU. The Group expects to apply IFRS 9 as of 1 January 2013. It is expected that this standard will have no material impact for the Group.

IAS 27 (revised) Consolidated and Separate Financial Statements

The revised IAS 27 provides more guidance on accounting for changes in ownership interest in a subsidiary and the disposal of a subsidiary, compared to the current IAS 27. According to the revised standard the entity measures the interest retained in a former subsidiary at fair value upon loss of control of the subsidiary, and the corresponding gain or loss is recognised through profit and loss. The revised standard also includes a change in the requirements relating to the allocation of losses in a loss-making subsidiary. IAS 27 (R) requires total comprehensive income to be allocated between the controlling and the non-controlling party, even if this results in the non-controlling interest having a deficit balance. IAS 27 (R) is effective for annual periods beginning on or after 1 July 2009. The Group plans to implement IAS 27 (R) as of 1 January 2010. The effect is depending if the Group has such transactions or not.

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

The amendment to IAS 32 Financial Instruments - Presentation provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met. Application of the amendment is retrospective and will result in the reversal of profits or losses previously recognised. The amendment is effective for annual periods beginning on or after 1 February 2010. The Group expects to implement the amendments as of 1 January 2011. It is expected that this standard will have no material impact for the Group.

Amendments to IAS 39 Financial instruments – Recognition and measurement - Eligible Hedged Items

The amended IAS 39 clarifies the principles for determining whether a hedged risk or portion of cash flows is eligible for designation for certain risks or components of the cash flow. The approved changes gives primarily additional guidance for hedging a one-sided risk (hedging with options) and hedging of inflation risk, but also clarifies that designated risks and cash flows must be identifiable and can be reliable measured. The amendment is effective for annual periods beginning on or after 1 July 2009. The Group plans to implement the amendments as of 1 January 2010. It is not expected that his amendment will have a material effect for the Group.

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

The amendment to IFRIC 14 intends to correct an unintended consequence of IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. This amendment will allow entities to recognise a prepayment of pension contributions as an asset rather than an expense. The amendment is effective for annual periods beginning on or after 1 January 2011, but the amendment is not yet approved by the EU. The Group expects to implement the amendment as of 1 January 2011. It is not expected that his amendment will have a material effect for the Group.

IFRIC 16 Hedges of a net investment in a foreign operation

The interpretation addresses issues relating to the accounting of a hedge of the foreign currency exposure arising from a net investment in a foreign entity. The interpretation clarifies what types of hedges that might qualify for hedge accounting and what types of foreign currency risks that might be hedged. The interpretation is effective for annual periods beginning on or after 1 July 2009. The Group plans to implement IFRIC 16 as of 1 January 2010. It is not expected that his interpretation will have a material effect for the Group.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The interpretation clarifies the accounting treatment of financial liabilities that, as a result of a renegotiation of the terms of the financial liability, are fully, or partially, extinguished with equity instruments. The interpretation is effective for annual periods beginning on or after 1 July 2010, but the interpretation is not yet approved by the EU. The Group expects to implement IFRIC 18 as of 1 January 2011. It is expected that this standard will have no impact for the Group.

The following new Interpretations, which are effective for the annual period beginning 1 January 2010 or later, will have no impact for Odfjell as of today:

- Amendments to IFRS 2 Share-based Payments – Group Cash-settled Share-based payment Transactions
- IAS 24 (revised) Related Party Disclosures
- IFRIC 12 Service concession arrangements
- IFRIC 15 Agreements for the construction of real estate
- IFRIC 17 Distributions of non-cash assets to owners
- IFRIC 18 Transfers of Assets from Customers

Annual improvements project

The IASB issued amendments to its standards and the related Basis for Conclusions in its annual "improvements to IFRS". The improvement project is an annual project that provides a mechanism for making necessary but non-urgent amendments. These amendments are not yet approved by the EU.

The Group does not expect that implementation of the amendments listed above will have a material effect on the financial statement of the Group on the date of implementation.

NOTE 3 SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the Group's risk and rates of return are affected predominantly by the products and services produced by the different business segments. Secondary information is reported geographically.

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

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

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

BUSINESS SEGMENT DATA FOR YEAR ENDED 31 DECEMBER 2009

(USD 1 000)

	Parcel Tankers	Tank Terminals	Eliminations	Total
PROFIT AND LOSS STATEMENT				
Gross revenue from external customers	1 020 624	243 526	-	**1 264 150**
Gross revenue from internal customers	-	4 944	(4 944)	-
Gross revenue	**1 020 624**	**248 470**	**(4 944)**	**1 264 150**
Net income from associates	-	110	-	**110**
Operating result before depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)	72 944	108 816	-	**181 760**
Depreciation	(120 541)	(30 552)	-	**(151 093)**
Impairment of non-current asset	(3 020)	(10 715)	-	**(13 735)**
Compensation	43 312	-	-	**43 312**
Capital gain (loss) on non-current assets	1 156	-	-	**1 156**
Operating result (EBIT)	**(6 150)**	**67 549**	**-**	**61 399**
Net financial items	(19 956)	(15 444)	-	**(35 400)**
Taxes	108 580	(13 496)	-	**95 084**
Net result	**82 474**	**38 609**	**-**	**121 083**
Minority interests	-	(104)	-	**(104)**
BALANCE SHEET				
Investments in associates	-	1 501	-	**1 501**
Total assets	1 974 301	953 367	(228 752)	**2 698 916**
Total debt	1 187 157	615 973	(10 385)	**1 792 745**
CASH FLOW STATEMENT				
Net cash flow from operating activities	76 405	114 015	-	**190 421**
Net cash flow from investing activities	(70 339)	(106 263)	-	**(176 602)**
Net cash flow from financing activities	(30 689)	11 114	-	**(19 575)**
Capital expenditure	(74 490)	(99 119)	-	**(173 609)**

BUSINESS SEGMENT DATA FOR YEAR ENDED 31 DECEMBER 2008

(USD 1 000)	Parcel Tankers	Tank Terminals	Eliminations	Total
PROFIT AND LOSS STATEMENT				
Gross revenue from external customers	1 247 384	228 737	-	**1 476 121**
Gross revenue from internal customers	-	3 462	(3 462)	-
Gross revenue	**1 247 384**	**232 199**	**(3 462)**	**1 476 121**
Net income from associates	-	92	-	**92**
Operating result before depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)	190 512	95 416	-	**285 928**
Depreciation	(115 032)	(26 323)	-	**(141 355)**
Capital gain (loss) on non-current assets	53 648	(596)	-	**53 052**
Operating result (EBIT)	**129 127**	**68 498**	**-**	**197 625**
Net financial items	(38 057)	(13 759)	-	**(51 816)**
Taxes	32 147	(15 279)	-	**16 868**
Net result	**123 217**	**39 460**	**-**	**162 678**
Minority interests	-	(762)	-	**(762)**
BALANCE SHEET				
Investments in associates	-	1 488	-	**1 488**
Total assets	2 000 457	807 593	(223 189)	**2 584 862**
Total debt	1 355 732	551 697	(43 425)	**1 864 003**
CASH FLOW STATEMENT				
Net cash flow from operating activities	190 703	52 859	-	**243 562**
Net cash flow from investing activities	(91 779)	(190 290)	-	**(282 069)**
Net cash flow from financing activities	(91 949)	146 876	-	**54 928**
Capital expenditure	(217 436)	(187 221)	-	**(404 657)**

GROSS REVENUE PER GEOGRAPHICAL SEGMENT

(USD 1 000)	2009	2008
USA	270 337	276 045
Other North America	190	480
Brazil	127 530	185 233
Other South America	93 664	115 685
Netherlands	241 410	266 915
Other Europe	99 547	88 331
Africa	96 329	109 847
Australasia	7 812	10 553
Middle East and Asia	327 331	423 032
Total gross revenue	**1 264 150**	**1 476 121**

TOTAL ASSETS PER GEOGRAPHICAL SEGMENT

(USD 1 000)	2009	2008
North America	217 229	145 985
South America	24 828	23 733
Norway	205 377	243 743
Netherlands	371 706	345 160
Other Europe	18 191	29 829
Middle East and Asia	453 633	334 812
Unallocated ships and newbuilding contracts	1 407 952	1 461 600
Total assets	**2 698 916**	**2 584 862**

CAPITAL EXPENDITURE PER GEOGRAPHICAL SEGMENT

(USD 1 000)	2009	2008
North America	8 865	15 195
South America	-	5 213
Norway	10 166	8 744
Other Europe	35 301	79 054
Middle East and Asia	58 417	93 171
Unallocated ships and newbuilding contracts	60 860	203 280
Total capital expenditure	**173 609**	**404 657**

NOTE 4 INVESTMENTS IN ASSOCIATES

As Odfjell is involved in the Board and has significant influence of this Company, it is accounted for as an associated company. Since V.O. Tank Terminal Ningbo is an unlisted Company, there are no quoted prices for a fair value consideration.

(USD 1 000)

Entity	Country	Segment	Carrying interest	Ownership amount
V.O. Tank Terminal Ningbo	China	Tank Terminals	12.5%	

Investment in associates 1.1.2008	1 402
Exchange rate differences on translation	(6)
Net income from associates 2008	92
Investment in associates 31.12.2008	**1 488**
Exchange rate differences on translation	(5)
Dividend	(92)
Net income from associates 2009	110
Investment in associates 31.12.2009	**1 501**

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

(USD 1 000)	2009	2008
Gross revenue	480	442
Net result	110	92
Assets	1 552	1 545
Liabilities	51	57
Equity	1 501	1 488

NOTE 5 TIME CHARTER EXPENSES

Time charter expenses consist of expenses for operating leases, see note 28 for future obligations.

(USD 1 000)	2009	2008
Floating TC-expenses	40 882	88 054
Other TC-expenses	149 793	108 551
Total time charter expenses	**190 675**	**196 605**

NOTE 6 OPERATING EXPENSES

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

(USD 1 000)	2009	2008
Salary expenses (note 8)	142 650	147 972
Cost of operations terminals	60 444	57 659
Cost of operations ships	125 940	122 663
Tonnage tax	92	92
Currency hedging	306	1 168
Total operating expenses	**329 433**	**329 554**

NOTE 7 GENERAL AND ADMINISTRATIVE EXPENSES

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

(USD 1 000)	2009	2008
Salary expenses (note 8)	73 738	77 108
Other expenses	40 381	38 939
Currency hedging	(971)	467
Total general and administrative expenses	**113 147**	**116 515**

Including in the above is auditor's remuneration for:

(USD 1 000 exclusive VAT)	2009	2008
Statutory auditing	1 195	1 067
Other assurance services	39	21
Tax advisory services	267	398
Other non-audit services	58	1 123
Total remuneration	**1 559**	**2 609**

NOTE 8 SALARY EXPENSES, NUMBER OF EMPLOYEES AND BENEFITS TO BOARD OF DIRECTORS AND MANAGEMENT

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

(USD 1 000)

	2009	2008
Salaries	175 724	186 371
Social expenses	25 491	27 900
Pension expenses defined benefit plans (note 21)	12 623	9 203
Pension expenses defined contribution plans (note 21)	1 920	1 800
Other benefits	630	1 119
Total salary expenses	**216 388**	**226 393**

Average number of employees

	2009	2008
Europe	924	921
North America	146	145
South East Asia	2 290	2 213
South America	248	263
Other	116	121
Total average number of employees	**3 722**	**3 662**

At the end of 2009 the Board of Directors consists of 5 members (same as at the end of 2008), where of two new Directors were elected and two Directors resigned during 2008. Compensation and benefits to the Board of Directors:

(USD 1 000)

	2009	2008
Salary	301	336
Other benefits	2	2

The Executive Management Group consists of Terje Storeng (resigned 5th May 2009), Jan A. Hammer, Laurence W. Odfjell, Haakon Ringdal and Tore Jakobsen.

Compensation and benefits to the President/CEO and managers reporting directly to him:

	Salary	Bonus1)	Pension cost	Other benefits	Total
President/CEO, Terje Storeng (resigned as from May 5th 2009)	437	42	103	11	594
President/CEO, Jan A. Hammer	469	31	72	33	604
President Tank Terminals, Laurence W. Odfjell	313	-	-	-	313
Senior Vice President/CFO, Haakon Ringdal	279	21	82	22	405
Senior Vice President Corporate Investments, Tore Jakobsen	287	23	69	22	401
Total	**1 785**	**116**	**326**	**89**	**2 316**

[1] Earned in 2008 for payment in 2009

(USD 1 000)

	2009	2008
Salary	1 785	2 005
Bonus1	116	406
Pension cost (note 21)	326	382
Other benefits	89	117
Total compensation and benefits	**2 316**	**2 910**
Average number of managers included	5	5

[1] Earned in 2007 and 2008 for payment in 2008 and 2009

In accordance with his employment contract, Terje Storeng resigned from his position as President/CEO of Odfjell SE, effective as from the Annual General Meeting on 5 May 2009. In November Mr. Jan A. Hammer was appointed President/CEO following an interim period from May 2009.

The President/CEO and managers reporting directly to him is included in the Company's defined benefit pension plan, see note 21. The Company also has unfunded pension obligations related to senior management for salaries exceeding 12G (presently 12G equals USD 151 835), up to 66% of 18G.

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

The remuneration may consist of basic salary and other supplementary benefits, hereunder but not limited to payment in kind, bonus, termination payments and pension- and insurance schemes. Basic salary is normally the main component of the remuneration. The Company does not have any option schemes or other schemes as mentioned in the Public Limited Companies Act section 6-16 subsection 1 no. 3. There are no specific limits for the different categories of benefits or for the total remuneration to the Management.

NOTE 9 NON-CURRENT ASSETS

(USD 1 000)	Real estate	Ships and newbuilding contracts	Periodic maintenance	Tank terminals	Office equipment and cars	Total
Net carrying amount 1.1.2009	37 172	1 392 694	68 906	633 782	23 328	**2 155 883**
Investment	8 391	21 294	30 605	99 119	14 200	**173 609**
Sale at book value	-	(5 966)	(1 147)	-	(255)	**(8 515)**
Depreciation and impairment 2009	(3 067)	(70 259)	(50 189)	(36 845)	(4 468)	**(164 828)**
Exchange rate differences	(1 024)	11 953	-	(4 853)	(2 207)	**5 016**
Net carrying amount 31.12.2009	**41 472**	**1 349 715**	**48 175**	**691 204**	**30 599**	**2 161 164**
Cost	49 784	1 951 514	68 906	822 436	55 871	**2 948 511**
Accumulated depreciation	(12 612)	(558 820)	-	(188 654)	(32 542)	**(792 628)**
Net carrying amount 1.1.2009	**37 172**	**1 392 694**	**68 906**	**633 782**	**23 328**	**2 155 883**
Cost	57 151	1 978 795	48 175	916 702	67 609	**3 068 432**
Accumulated depreciation	(15 679)	(629 079)	-	(225 499)	(37 010)	**(907 267)**
Net carrying amount 31.12.2009	**41 472**	**1 349 715**	**48 175**	**691 204**	**30 599**	**2 161 164**
Net carrying amount 1.1.2008	29 940	1 438 475	65 506	480 539	17 629	**2 032 089**
Investment	6 922	152 780	49 470	187 221	8 264	**404 657**
Sale at book value	-	(141 719)	(700)	-	-	**(142 419)**
Depreciation 2008	(2 211)	(66 251)	(45 370)	(23 701)	(3 823)	**(141 355)**
Exchange rate differences	2 521	9 409	-	(10 277)	1 259	**2 912**
Net carrying amount 31.12.2008	**37 172**	**1 392 695**	**68 906**	**633 782**	**23 328**	**2 155 883**
Cost	40 341	1 931 044	65 506	645 492	46 348	**2 728 731**
Accumulated depreciation	(10 401)	(492 569)	-	(164 953)	(28 719)	**(696 642)**
Net carrying amount 1.1.2008	**29 940**	**1 438 475**	**65 506**	**480 539**	**17 629**	**2 032 089**
Cost	49 784	1 951 514	68 906	822 436	55 871	**2 948 511**
Accumulated depreciation	(12 612)	(558 820)	-	(188 654)	(32 542)	**(792 628)**
Net carrying amount 31.12.2008	**37 172**	**1 392 695**	**68 906**	**633 782**	**23 328**	**2 155 883**

Capital gain (loss) on non-current assets
In 2009 capital gain from sale of ships was USD 1.4 mill. (USD 53.1 mill. in 2008).

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

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

Fully depreciated non-current assets
Assets with a total cost price of USD 1 mill. have been fully depreciated as at 31 December 2009, but are still in use.

Assets financed under finance leases
The carrying amount of ships financed under finance leases were USD 277.2 mill. and USD 289.7 mill. at 31 December 2009 and 31 December 2008 respectively. See note 2.12.

Capitalised interest on newbuilding contracts
Newbuilding contracts include capitalised interest in connection with the finance of the newbuilding program. The capitalised interest carried in the balance sheet equalled USD 2.9 mill. in 2009 and USD 4.4 mill. in 2008. The average interest rate for 2009 was 1.1%.

Impairment charges
The management has evaluated the need for potential impairment losses in accordance with the accounting principles in note 2.14. The net present value of future cash flows was based on weighted average cost of capital (WACC) of 5.53% in 2009 and 4.1% in 2008.

The WACC can be estimated as follows:
Borrowing rate: Debt ratio*(10 year swap rate + loan margin)
+Equity Return: Equity ratio*(10 year treasury rate + Beta * risk premium)
= WACC

As both swap and treasury US dollar based rates are currently low the WACC ends out low as well. The "value in use" equals the book value if the WACC changes by 3.7% to about 9.2%.

One ship that is planned for recycling in 1st quarter 2010 has been impaired. The depreciation amount is USD 3 mill.

In 2008 Odfjell group purchased Odfjell Terminals Maritiem BV (OTM BV) that was doing jetty service and waste management. The land owned by OTM BV is adjacent to Odfjell Terminals Rotterdam BV (OTR BV) and has mooring facilities. Due to less ship calls in Rotterdam OTM BV was a loss making business. The management has therefore decide to discontinue and decommission OTM BV. In this connection there have been done depreciation of tank terminals in OTM BV of USD 10.7 mill.

Change in depreciation periods
The management reviewed the depreciation periods for ships in 2009. This has led to 15 ships that previously were depreciated over 30 years now being depreciated over 27 and 28 years. This has been accounted for as a change in estimates, and increased depreciation expenses of USD 1.3 mill. in 2009.

Change in residual value
The residual values are evaluated on a regular basis and changes have an effect on future depreciations. During 2009 the market value for demolition of ships has been changed from USD 250 per ton at the beginning of the year to USD 340 per ton at the end of the year.

NOTE 10 OTHER FINANCIAL ITEMS

(USD 1 000)	2009	2008
Other financial income	1 205	1 033
Other financial expenses	(2 434)	(446)
Realised gain/losses on available-for-sale-investments	1 524	1 392
Financial assets and liabilities at fair value through profit and loss	8 853	(9 365)
Total other financial items	**9 148**	**(7 387)**

NOTE 11 CURRENCY GAINS (LOSSES)

(USD 1 000)	2009	2008
Currency hedging contracts	11 794	(9 202)
Non-current receivables and liabilities	(16 470)	33 361
Cash and cash equivalents	4 625	(10 104)
Other current assets and current liabilities	216	6 704
Total currency gains (losses)	**165**	**20 759**

NOTE 12 TAXES

(USD 1 000)	2009	2008
Taxes payable, Norway – ordinary tax	(273)	(181)
Taxes payable, Norway – within shipping tax system	110 515	32 790
Taxes payable, other jurisdictions	(13 832)	(14 440)
Change in deferred tax, Norway – within shipping tax system	(166)	(7)
Change in deferred tax, Norway – ordinary tax	(468)	-
Change in deferred tax, other jurisdictions	(693)	(1 869)
Variance in earlier years allocation of tax payable	-	575
Total taxes	**95 084**	**16 868**

Shipping tax system in Norway – legal decision by Supreme Court:
In 2007 the Norwegian Parliament decided a retroactive taxation for the years 1996 to 2006, and Odfjell had to make a net tax provision of USD 108.8 million in the financial statement for 2007 and 2008. On February 12 2010 the Supreme Court in Norway ruled that the retroactive tax imposed in 2007 was unconstitutional. Consequently Odfjell has recorded USD 110.5 million as tax income in 2009 as an adjusting event in accordance with IAS 10.8.

However, the Department of Finance has stated that it will analyze the ruling and evaluate how to react to it. There can therefore be no assurance that the total deferred tax amount of NOK 1.150 million (USD 199 million), including the fund for environmental investments, related to the previous tonnage tax system will remain untaxed in the future.

A reconciliation of the effective rate of tax and the tax rate in Odfjell SE's country of registration:

(USD 1 000)	2009	2008
Result before taxes	25 999	145 809
Tax assessed at the tax rate in Odfjell SE's country of registration (28% in 2009 and 2008)	(7 280)	(40 827)
Difference between Norwegian and rates in other jurisdictions	(658)	(941)
Tax related to non-deductible expenses	(626)	(809)
Tax payable, Norway – transition new shipping tax system	110 515	32 790
Tax related to non-taxable income	(6 867)	26 654
Tax income (expense)	**95 084**	**16 868**
Effective tax rate *	**59.35%**	**10.92%**

*Effective tax rates for 2009 and 2008 are estimated without the extraordinary tax related to, changes to and the transition into new tax system.

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

Specification of deferred taxes (deferred tax assets):

(USD 1 000)	2009	2008
Revaluation of investments at fair value	535	292
Differences related to current assets	-	3 128
Financial instruments	-	69 011
Pensions	16 778	12 755
Provisions	3 442	4 803
Unrealised currency related to non-current receivables and liabilities	5 591	-
Loss carried forward	72 314	77 952
Temporary differences not accounted for	(101)	(119 613)
Total negative temporary differences	**98 559**	**48 328**
Differences related to depreciation of non-current assets	131 208	109 877
Differences related to current assets	18 659	-
Financial instruments	30 875	-
Deferred gain related to sale of non-current assets	17 230	17 715
Unrealised currency related to non-current receivables and liabilities	-	15 995
Total positive temporary differences	**197 972**	**143 587**
Total recognised deferred tax liabilities	**28 133**	**26 992**

The Group has a total loss carried forward of USD 72.3 mill. at 31 December 2009 (2008: USD 78 mill.), that are available indefinitely to offset against future taxable profits of the companies in which the losses arose. The material changes from 2008 to 2009 in temporary differences not accounted for are mainly related to currency gain. Tax group contributions are also available within the same countries and within the same tax regime. The distribution of dividend to the Odfjell SE's shareholders does not affect the Company's payable or deferred tax.

The changes in temporary differences in 2009 are as follows:

(USD 1 000)	01.01.2009	Changes in temporary differences	31.12.2009
Revaluation of investments at fair value	(292)	(243)	**(535)**
Pensions	(12 755)	(4 023)	**(16 778)**
Provisions	(4 803)	1 361	**(3 442)**
Current assets at fair value	(3 128)	21 787	**18 659**
Financial instruments	(69 011)	99 886	**30 875**
Loss carried forward	(77 952)	5 638	**(72 314)**
Temporary differences not accounted for	119 613	(119 512)	**101**
Differences related to depreciation of non-current assets	109 877	21 331	**131 208**
Deferred gain/losses related to sale of non-current assets	17 715	(485)	**17 230**
Unrealised currency related to non-current receivables and liabilities	15 995	(21 586)	**(5 591)**
Total	**95 259**	**4 154**	**99 413**
Tax rate		(17-35%)	
Tax booked through income statement		1 327	

NOTE 13 EARNINGS PER SHARE

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

(USD 1 000)	2009	2008
Net result allocated to shareholders	121 187	163 440
Average weighted number of shares (1 000)	85 216	83 811
Basic/diluted earnings per share	**1.42**	**1.95**

NOTE 14 GOODWILL

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

(USD 1 000)

In relation to acquisition of CGU	Book value 1.1.2009	Investment	Sale	Impairment 2009	Exchange rate effect	Book value 31.12.2009
Odfjell Terminals (Rotterdam) BV	5 533	-	-	-	119	**5 652**
Oiltanking Odfjell Terminal Singapore Pte Ltd	4 927	-	-	-	138	**5 065**
Total goodwill	**10 460**	**-**	**-**	**-**	**257**	**10 717**

In relation to acquisition of CGU	Book value 1.1.2008	Investment	Sale	Impairment 2008	Exchange rate effect	Book value 31.12.2008
Odfjell Terminals (Rotterdam) BV	5 743	-	-	-	(210)	**5 533**
Oiltanking Odfjell Terminal Singapore Pte Ltd	4 920	-	-	-	7	**4 927**
Total goodwill	**10 663**	**-**	**-**	**-**	**(203)**	**10 460**

The management has evaluated the need for potential impairment losses in accordance with the accounting principles in note 2.14 for each CGU. No impairment was necessary in 2009 or 2008. For tank terminals it has been determined based on expected future result for each terminal. We have calculated the "value in use" based on estimated five years operating result before depreciation less planned capital expenditures each year plus a residual value after five years. For shipping companies it has been determined based on our expected time-charter earning and estimated level of operating expenses for each ship over the remaining useful life of the ship. The net present value of future cash flows was based on weighted average cost of capital ("WACC") of 5.5% in 2009 and 4.1% in 2008. The WACC has been estimated as follows:

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

As both swap and treasury US dollar based rates are currently low the WACC ends out low as well. If the WACC changes to 11.2% for Odfjell Terminals Rotterdam and to 13.2% for Oiltanking Odfjell Terminal Singapore the net present value equals the total capital employed.

NOTE 15 AVAILABLE-FOR-SALE INVESTMENTS

(USD 1 000)

	Currency	Average interest rate 2009	Book value 2009	Book value 2008
Bonds and certificates issued by financial institutions	USD	0.81%	52 053	58 478
Bonds and certificates issued by financial institutions	EUR	1.44%	21 708	20 405
Bonds and certificates issued by corporates	USD	0.51%	7 726	10 185
Total available-for-sale investments			**81 487**	**89 068**

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 2009 unrealised losses of USD 0.1 mill. was recognised directly to statement of comprehensive income (unrealised losses of USD 4.7 million in 2008). Bonds and certificates generally have interest rate adjustments every three months.

NOTE 16 NON-CURRENT RECEIVABLES

(USD 1 000)	2009	2008
Loans to employees	1 391	1 425
Prepayment of land use right	10 096	11 578
Prepayment of lease	34 219	30 000
Other non-current receivables	37 409	15 299
Total non-current receivables	**83 115**	**58 302**

As at 31 December, the ageing analysis of total non-current receivables is as follows:

(USD 1 000)	Total	Not past due nor impaired
2009	**83 115**	**83 115**
2008	58 302	58 302

In Norway, employees are entitled to loans from the Company. Employee loans are generally secured by property mortgages. Loans to the President/CEO and managers reporting directly to him are either interest free or p.t. carry an interest of 3.6%, while other employee loans are currently calculated at 3.6% interest per annum. Repayment periods vary between 5 and 15 years for loans to President/CEO and managers reporting directly to him. Other employee loans are generally repayable over five years. The President/CEO and managers reporting directly to him have loans from the Company as follows:
Jan A. Hammer (USD 0.13 mill.) and Haakon Ringdal (USD 0.05 mill.).

NOTE 17 CURRENT RECEIVABLES

(USD 1 000)	2009	2008
Trade receivables	96 226	123 121
Other receivables	102 209	26 752
Pre-paid costs	19 605	5 513
Provisions for impairment	(5 721)	(8 607)
Total current receivables	**212 319**	**146 779**

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

The claim against the Russian Yard Sevmash of USD 45 million (included in "other receivables" in statement above) was due for payment on 30 December 2009. We have not received the funds, but have no indication that the yard will not honour the arbitration award.

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

(USD 1 000)	Total	Not past due nor impaired	Past due, but not impaired			
			< 30 days	30-60 days	60-90 days	> 90 days
2009	**198 435**	146 121	34 780	5 463	2 900	9 171
2008	**149 873**	78 140	40 431	9 256	4 747	17 299

Movement in provisions for impairment:

(USD 1 000)	2009	2008
Total provision for impairment per January 1st	8 607	5 679
This year's expenses	3 685	2 470
Write-off this year	(5 955)	731
Reversed provisions	(616)	(273)
Total provision for impairment per December 31st	**5 721**	**8 607**

The table below summarizes total current receivables into different currencies:

(USD 1 000)	2009	2008
USD	143 854	100 729
EURO	33 657	35 940
SGD	3 634	2 889
RMB	1 701	2 590
WON	1 020	2 281
Other	28 453	2 350
Total current receivables	**212 319**	**146 779**

NOTE 18 BUNKERS AND OTHER INVENTORIES

(USD 1 000)	2009	2008
Bunkers	30 025	16 613
Other inventories	2 366	2 008
Total bunkers and other inventories	**32 391**	**18 621**

NOTE 19 CASH AND CASH EQUIVALENTS

Cash at banks earn interest at floating rates based on bank time deposit rates. Short-term deposits and other liquid investments are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term rates. Restricted cash of USD 2.8 mill. (USD 3.1 mill. in 2008) consist of funds for withholding taxes relating to employees in Odfjell Management AS and Odfjell Maritime Services AS. The cash and cash equivalents do not include available credit facilities.

(USD 1 000)	2009	2008
Cash at banks and in hand	76 793	48 201
Short-term deposits	17 867	50 551
Other liquid investments	3 847	10 298
Effect from currency exchange rate fluctuations	4 663	(4 787)
Total cash and cash equivalents	**103 169**	**104 263**
Available credit facilities	61 750	-

NOTE 20 SHARE CAPITAL AND PREMIUM

	Number of shares (thousand)		Share capital (USD 1 000)		Share premium (USD 1 000)	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
A-shares	65 690	65 690	22 277	22 277	40 507	40 507
B-shares	21 079	21 079	7 148	7 148	12 998	12 998
Total	**86 769**	**86 769**	**29 425**	**29 425**	**53 504**	**53 504**
Treasury shares						
A-shares	2 499	-	847	-	-	-
B-shares	2 323	-	788	-	-	-
Total outstanding	**81 947**	**86 769**	**27 790**	**29 425**	**53 504**	**53 504**

The number of shares are all authorised, issued and fully paid. Nominal value is NOK 2.50, equivalent to USD 0.43 as at 31.12.2009. All shares have the same rights in the Company, except that B-shares have no voting rights.

Shares owned by members of the Board of Directors, President/CEO and managers reporting directly to him (including related parties):

	2009		2008	
	A-shares	**B-shares**	**A-shares**	**B-shares**
Chairman of the Board of Directors, B. D. Odfjell	-	2 000	-	2 000
Director, Terje Storeng	70 560	2 112	70 560	2 112
President/CEO, Jan A. Hammer	-	3 200	-	3 200
Senior Vice President/CFO, Haakon Ringdal	2 000	-	2 000	-
Senior Vice President, Corporate Investments, Tore Jakobsen	-	10 000	-	10 000
President Tank Terminals, Laurence W. Odfjell	25 966 492	1 155 076	25 966 492	1 155 076

Dividend paid (USD 1 000)	2009	2008
A-shares	9 262	25 870
B-shares	3 009	8 301
Total [1]	**12 271**	**34 171**

[1] Payment net of treasury shares

Dividend paid per share was NOK 1.00 in 2009 and NOK 2.00 in 2008.

20 largest shareholders as per 31 December 2009:

	Name	A-shares	B-shares	Total	Percent of votes	Percent of shares
1	Norchem AS	25 966 492	1 041 176	**27 007 668**	39.53%	31.13%
2	ChemLog Holdings Ltd	13 802 366	20 500	**13 822 866**	21.01%	15.93%
3	Odfjell SE	2 499 000	2 322 482	**4 821 482**	3.80%	5.56%
4	ODIN - fondene	1 400	4 734 801	**4 736 201**	0.00%	5.46%
5	Pareto - fondene	2 597 746	1 955 150	**4 552 896**	3.96%	5.25%
6	SIX SIS	2 138 620	2 189 050	**4 327 670**	3.26%	4.99%
7	Rederiet Odfjell AS	3 497 472	-	**3 497 472**	5.32%	4.03%
8	DnB NOR	3 150 661	118 384	**3 269 045**	4.80%	3.77%
9	Svenska Handelsbanken	1 450 080	1 398 530	**2 848 610**	2.21%	3.28%
10	Odfjell Shipping Bermuda Ltd.	1 463 898	1 215 760	**2 679 658**	2.23%	3.09%
11	Folketrygdfondet	599 400	1 788 500	**2 387 900**	0.91%	2.75%
12	JP Morgan Chase	492 660	321 745	**814 405**	0.75%	0.94%
13	AS SS Mathilda	600 000	150 000	**750 000**	0.91%	0.86%
14	Pictet &CieBanquiers	463 400	252 800	**716 200**	0.71%	0.83%
15	AS Bemacs	314 000	352 000	**666 000**	0.48%	0.77%
16	Citibank	446 377	43 140	**489 517**	0.68%	0.56%
17	SES	24 000	439 000	**463 000**	0.04%	0.53%
18	Berger	432 400	-	**432 400**	0.66%	0.50%
19	Skagen - fondene	334 300	80 500	**414 800**	0.51%	0.48%
20	Holberg - fondene	-	372 621	**372 621**	-	0.43%
Total 20 largest shareholders		**60 274 272**	**18 796 139**	**79 070 411**	**91.77%**	**91.14%**
Other shareholders		5 415 972	2 282 565	**7 698 537**	8.23%	8.86%
Total		**65 690 244**	**21 078 704**	**86 768 948**	**100.00%**	**100.00%**
International shareholders		46 695 188	6 997 270	**53 692 458**	71.08%	61.88%
Treasury shares		2 499 000	2 322 482	4 821 482	3.80%	5.56%
Cost price treasury shares (USD 1 000)		19 430	18 660	38 090		

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

The Annual General Meeting on 5 May 2009 authorised the Board of Directors to acquire up to 10 per cent of the company's share capital. This authorisation expires 5 November 2010. The purpose of purchasing own shares is to increase shareholders' value. The Board of Directors regularly considers investments in own shares when it may be beneficial for the Company.

On March 2 2010 ChemLog Holdings Limited (ChemLog) sold 13,802,366 A-shares in Odfjell SE. In addition, ChemLog terminated a total return swap agreement (TRS) with DnB NOR Markets for 3,000,000 A-shares, which subsequently were sold as part of the total transaction. Following the transaction ChemLog owns no A-shares and 20,500 B-shares in Odfjell SE.

At the same time, Odfjell SE bought 2,892,166 A-shares at NOK 44.00 per share. Following the transaction Odfjell SE owns 5,391,166 A-shares and 2,322,482 B-shares in Odfjell SE.

NOTE 21 PENSION LIABILITIES

The Group operates a number of defined benefit and contribution plans throughout the world. The most significant defined benefit pension plan is in Norway. The foreign plans include both defined contribution and defined benefit plans. The main benefit from the defined benefit pension plan in Norway is a pension of 66% of the lower of the final salary and 12G (G = indexation of the public national insurance base amount, presently G equals NOK 72 881) and a 30-year accrual period. The plan also includes survivor/dependants and disability pensions. As at 31 December 2009, the different plans had 1,126 members. The commitment is calculated using straight-line accrual.

THE YEAR'S PENSION COSTS:

(USD 1 000)	Norway	USA	Netherlands	2009
Service costs	5 637	432	3 105	**9 174**
Interest cost on accrued pension liabilities	2 238	482	2 296	**5 016**
Estimated yield on pension assets	(2 125)	(379)	(1 854)	**(4 359)**
Administrative expenses	208	-	-	**208**
Amortisation of actuarial gains/losses	1 177	86	510	**1 773**
Social security tax	811	-	-	**811**
Total pension cost	**7 945**	**621**	**4 057**	**12 623**
Actual yield on the pension assets	3.5%	2.3%	10.4%	

	Norway	USA	Netherlands	2008
Service costs	4 928	349	2 801	**8 077**
Interest cost on accrued pension liabilities	2 475	414	2 014	**4 903**
Estimated yield on pension assets	(2 145)	(450)	(1 936)	**(4 531)**
Administrative expenses	437	-	-	**437**
Amortisation of actuarial gains/losses	318	-	-	**318**
Social security tax	741	-	-	**741**
Total pension cost	**6 752**	**313**	**2 879**	**9 944**
Actual yield on the pension assets	(1.6%)	2.7%	3.0%	

OBLIGATIONS IN FINANCIAL STATEMENTS:

(USD 1 000)	Norway	USA	Netherlands	2009
Pension liabilities – funded obligations:				
Present value of accrued secured liabilities	52 616	8 900	42 396	**103 912**
Fair value of pension assets	(42 699)	(5 781)	(35 909)	**(84 389)**
Social security tax	1 398	-	-	**1 398**
Actuarial gains/losses not recognised in the profit and loss statement	(7 620)	(1 242)	(8 288)	**(17 150)**
Funded obligation	**3 695**	**1 877**	**(1 801)**	**3 771**
Pension liabilities – unfunded obligations:				
Present value of accrued unsecured liabilities	11 003	-	-	**11 003**
Social security tax	1 551	-	-	**1 551**
Actuarial gains/losses not recognised in the profit and loss statement	175	-	-	**175**
Unfunded obligation	**12 730**	**-**	**-**	**12 730**
Net asset – classified as other long term receivables	3 646	-	1 801	**5 447**
Net recognised liabilities	**20 070**	**1 877**	**-**	**21 946**

	Norway	USA	Netherlands	2008
Pension liabilities – funded obligations:				
Present value of accrued secured liabilities	45 816	7 650	38 730	**92 196**
Fair value of pension assets	(34 259)	(4 795)	(31 390)	**(70 444)**
Social security tax	1 630	-	-	**1 630**
Actuarial gains/losses not recognised in the profit and loss statement	(10 640)	(1 570)	(8 960)	**(21 170)**
Funded obligation	**2 546**	**1 285**	**(1 620)**	**2 211**
Pension liabilities – unfunded obligations:				
Present value of accrued unsecured liabilities	9 233	-	-	**9 233**
Social security tax	1 302	-	-	**1 302**
Actuarial gains/losses not recognised in the profit and loss statement	(1 761)	-	-	**(1 761)**
Unfunded obligation	**8 774**	**-**	**-**	**8 774**
Net asset – classified as other long term receivables	3 247	-	1 620	**4 867**
Net recognised liabilities	**14 567**	**1 285**	**-**	**15 851**

CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION:

(USD 1 000)	Norway	USA	Netherlands	Total
Defined benefit obligation at 1 January 2008	55 559	6 804	38 285	**100 648**
Service cost	4 928	349	2 801	**8 077**
Interest cost	2 475	414	2 014	**4 903**
Actuarial (gains)/losses	8 926	226	(1 695)	**7 457**
Benefits paid	(1 239)	(142)	(949)	**(2 329)**
Exchange differences	(15 599)	-	(1 747)	**(17 346)**
Defined benefit obligation at 31 December 2008	**55 049**	**7 650**	**38 709**	**101 409**
Service cost	5 637	432	3 105	**9 174**
Interest cost	2 238	482	2 296	**5 016**
Settlement and Business Disposals	-	-	446	**446**
Actuarial (gains)/losses	(9 679)	445	(7 535)	**(16 770)**
Benefits paid	(1 227)	(110)	(2 069)	**(3 406)**
Exchange differences	11 602	-	7 445	**19 047**
Defined benefit obligation at 31 December 2009	**63 619**	**8 900**	**42 396**	**114 915**

CHANGES IN FAIR VALUE OF PLAN ASSETS:

(USD 1 000)	Norway	USA	Netherlands	Total
Fair value of plan assets at 1 January 2008	35 235	5 408	36 015	**76 659**
Expected return	2 145	450	(6 897)	**(4 301)**
Actuarial (gains)/losses	(871)	(1 759)	-	**(2 630)**
Past service cost	8 601	839	4 154	**13 594**
Contribution	(383)	-	-	**(383)**
Benefits paid	(733)	(144)	(949)	**(1 826)**
Exchange differences	(9 735)	-	(951)	**(10 686)**
Fair value of plan assets at 31 December 2008	**34 260**	**4 795**	**31 373**	**70 428**
Expected return	2 125	379	(1 854)	**650**
Actuarial (gains)/losses	(4 580)	716	-	**(3 864)**
Settlement and Business Disposals	-	-	446	**446**
Contribution	4 444	-	4 196	**8 641**
Administrative expenses	(182)	-	-	**(182)**
Benefits paid	(847)	(110)	(2 069)	**(3 025)**
Exchange differences	7 477	-	3 815	**11 292**
Fair value of plan assets at 31 December 2009	**42 699**	**5 780**	**35 908**	**84 388**

Estimated contribution in 2010 is USD 8.6 million.

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

	Norway		**USA**	
	2009	**2008**	**2009**	**2008**
Equities	10%	6%	20%	17%
Bonds/securities	55%	61%	45%	82%
Money market fund	18%	16%	35%	1%
Property	17%	17%	-	-

The plan assets in the Netherlands are invested by an insurance company with a guaranteed investment return from year-to-year.
The return for 2010 will be 3%.

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

	Norway		**USA**		**Netherlands**	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
Discount rate	4.5%	3.8%	5.5%	6.0%	5.2%	6.25%
Expected return on assets	5.7%	5.8%	8.0%	8.0%	5.2%	5.0%
Adjustment of wages	4.5%	4.0%	3.5%	4.0%	2.0%	2.0%
Pension indexation (Sailors)	1.4%(4.25%)	1.5%(3.75%)	2.0%	3.5%	2.0%	2.0%
Mortality table	K2005/KU	K2005/KU	RP2000	RP 2000	GBM/ GBV 2005-2050	GBM/GBV 2005-2050

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

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

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

Defined contribution plan

Some of the Group's foreign companies have defined contribution plans in accordance with local legislation. The defined contribution plans cover full-time employees. As at 31 December 2009, 492 members were covered by the plans. The contributions recognised as expenses equalled USD 1.9 mill and USD 1.8 mill in 2009 and 2008 respectively.

NOTE 22 INTEREST BEARING DEBT

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

(USD 1 000)	Average interest rate	2009	2008
Loans from financial institutions – floating interest rates	1.5 %	912 242	827 521
Loans from financial institutions – fixed interest rates	3.8 %	194 567	215 830
Finance leases	1.3 %	245 225	259 331
Bonds	2.8 %	229 600	201 420
Total interest bearing debt	**1.9 %**	**1 581 633**	**1 504 103**
Transaction cost		(5 306)	(3 684)
Current portion of interest bearing debt		(163 432)	(79 626)
Total non-current interest bearing debt		**1 412 895**	**1 420 793**

Average interest rate is the weighted average of interest rates, excluding hedges, as per end of 2009.

Transaction costs are deferred and charged to the profit and loss statement over the life of the underlying debt using the effective interest rate method. During 2009 USD 1.0 mill. (USD 0.9 mill in 2008) has been charged to the profit and loss statement.

(USD 1 000)	2009	2008
Book value of interest bearing debt secured by mortgages	969 832	890 022
Book value of ships and terminals mortgaged	1 500 561	1 283 255

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

Maturity of interest bearing debt as per 31.12.2009:

(USD 1 000)	2010	2011	2012	2013	2014	2015+	Total
Loans from financial institutions – floating interest rates	102 460	118 158	104 351	175 518	102 734	309 022	**912 242**
Loans from financial institutions – fixed interest rates	22 727	22 727	24 745	22 727	22 727	78 914	**194 567**
Finance leases	19 486	22 367	23 275	24 764	(6 514)	161 847	**245 225**
Bonds	18 760	123 990	-	86 850	-	-	**229 600**
Total interest bearing debt	**163 432**	**287 241**	**152 371**	**309 858**	**118 947**	**549 783**	**1 581 633**

Maturity of interest bearing debt as per 31.12.2008:

(USD 1 000)	2009	2010	2011	2012	2013	2014+	Total
Loans from financial institutions							
– floating interest rates	41 558	69 327	92 736	78 261	101 185	444 454	**827 521**
Loans from financial institutions							
– fixed interest rates	22 727	22 727	22 727	22 727	22 727	102 196	**215 830**
Finance leases	15 341	16 508	19 301	19 836	21 607	166 738	**259 331**
Bonds	-	49 020	152 400	-	-	-	**201 420**
Total interest bearing debt	**79 626**	**157 582**	**287 165**	**120 824**	**145 519**	**713 388**	**1 504 103**

Average maturity of the Group's interest-bearing debt is about 5.6 years (6.1 years in 2008).

The table below summarize interest bearing debt into different currencies:

(USD 1 000)	2009	2008
USD	1 058 211	1 052 416
EUR	192 795	189 966
SGD	174 204	127 460
NOK	117 001	89 000
RMB	19 536	27 603
WON	18 090	14 281
Other currencies	1 797	3 377
Total interest bearing debt	**1 581 633**	**1 504 103**

The net carrying amount of assets under finance leases are USD 277.2 mill. as per 31 December 2009 (USD 289.7 mill as per 31 December 2008). The lease periods vary from 6 years to 25 years from inception, and may involve a right of renewal. In addition to the rental payments, the Group has obligations relating to the maintenance of the assets and insurance as would be for a legal owner. At any time the Company has the option to terminate the finance leases and become legal owner of the ship at defined termination payments. The finance leases generally do not contain provisions for payment of contingent rents. The future minimum lease payments are based on certain assumptions regarding the tax rules in the UK, including, but not limited to, tax rates and writing down allowances. Changes in these assumptions and the timing of them may impact the minimum lease payments. There was no such material change in 2009. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2009		2008	
	Minimum lease payments	Present value of lease payments	Minimum lease payments	Present value of lease payments
Within one year	28 500	17 315	27 123	15 341
After one year but not more than five years	109 226	72 006	117 366	77 252
More than five years	256 097	155 904	275 042	166 738
Total minimum lease payments	**393 823**		**419 531**	
Less amounts representing finance charges	(148 599)		(160 200)	
Present value of minimum lease payments	**245 225**	**245 225**	**259 331**	**259 331**

NOTE 23 OTHER NON-CURRENT LIABILITIES

(USD 1 000)	2009	2008
Tax payable, Norway – transition new shipping tax system	-	63 010
Provision for dismantling cost	3 867	2 186
Other	7 735	11 129
Total other non-current liabilities	**11 602**	**76 325**

On February 12 2010 the Supreme Court in Norway ruled that the retroactive tax imposed in 2007 was unconstitutional. See note 12 Tax for further information.

NOTE 24 RISK MANAGEMENT AND HEDGING ACTIVITIES

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 preventive actions where required.

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

Credit risk
The Group has no significant credit risk linked to any financial asset or individual contracting party or several other contracting parties that can be regarded as a group due to similarities in the credit risk.

By using derivative financial instruments to hedge exposures to changes in exchange rates, interest rates, and fuel costs, the Company exposes itself to credit risk. Credit risk is the risk that the counterparty might fail to fulfil its performance obligations under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Company, which creates repayment risk for the Company. When the fair value of a derivative contract is negative, the Company owes the counterparty and, therefore, does not assume repayment risk. However, to mitigate the repayment risk the Company contracts only with high quality counterparties. 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 17).

The Group has given guarantees for third parties' liabilities as shown in note 28.

Liquidity risk
The Group's strategy is to have liquid assets or available credit lines at any time to be sufficiently robust to withstand prolonged adverse conditions in significant risk factors, such as long-term down-cycles in the markets where we operate or unfavourable conditions in financial markets. Surplus liquidity is mainly invested in listed certificates and bonds with low risk, which are actively traded.

Currency risk
The Group is subject to currency risk since it carries out international operations. The currency risk is calculated for each foreign currency and takes into account forecasted expenses and assets and liabilities in the currency in question. The Group enters into forward/futures contracts in order to reduce the currency risk in cash flows denominated in non-USD currencies. The Group also enters into fair value hedges relating to financial assets and liabilities 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 booked directly to equity (see Statement of changes in equity). The Group has certain assets and liabilities denominated in NOK that are not fully hedged. Fluctuations in the USD/NOK exchange rate will influence the Group's profit. The most material items are Tax liabilities (see note 12 Taxes) and Pension liabilities (see note 21 Pension liabilities) in Norway.

The following table demonstrates the sensitivity on the Group's pre-tax profit arising from a reasonable change in NOK and EUR exchange rates, with all other variables held constant. The sensitivity does not include currency hedging contracts.

		Change in exchange rate	Effect on pre- tax profit
2009	NOK	10%	USD 13 mill.
	EUR	10%	USD 3 mill.
2008	NOK	10%	USD 20 mill.
	EUR	10%	USD 3 mill.

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

The following table demonstrates the sensitivity on the Group's pre-tax profit arising from a reasonable change in bunkers prices per ton, with all other variables held constant. The sensitivity does not include the effect of any bunkers hedging contracts or bunker adjustment clauses in our Contracts of Affreightment.

	Change in bunkers prices per ton	Effect on pre-tax profit
2009	USD 10	USD 6 mill.
2008	USD 10	USD 6 mill.

Interest rate risk

The Group enters into several types of interest rate derivatives to hedge against fluctuations in the results due to changes in the interest level. Generally the Company enters into interest rate swaps as hedging of interest on loans and investments.

The following table demonstrates the sensitivity related to loans with floating interest rate on the Group's pre-tax profit arising from a reasonable change in USD Libor interest rates, with all other variables held constant.

	Change in interest rate	**Effect on pre-tax profit**
2009	1%	USD 12 mill.
2008	1%	USD 11 mill.

Cash flow hedges - currency

The Group estimates future expenses in non-USD currencies and secures part of the net cash flow in non-USD currencies by using forward/futures contracts and options. All currency contracts designated as cash flow hedges are recognised at fair value. Changes in the fair value of effective hedging instruments are temporarily recognised in equity until the instruments expire and the effect is recognised in the profit and loss statement together with the transactions that the contracts are intended to hedge. Changes in the fair value of derivative instruments that do not qualify for hedge accounting are shown immediately in the profit and loss statement. This also applies to any ineffective parts of a derivative financial instrument that qualifies as a hedge. The forecasted transactions that are hedged with forward/futures contracts are assumed to take place within the remaining term to maturity for the respective derivatives.

At 31.12.2009 the Group had following currency cash flow hedges (in thousands):

	Currency	**Average**	**Remaining term to maturity**			
Forward/futures contracts (sale of USD)	**purchased**	**exchange rate**	**< 1 year**	**1-5 years**	**> 5 years**	**Total**
Forward/futures contracts to hedge expected transactions	NOK	6.80	350 186	78 356	-	**428 542**
Forward/futures contracts to hedge expected transactions	SGD	1.80	21 600	-	-	**21 600**
Options to hedge expected transactions	NOK	6.68	80 000	-	-	**80 000**

At 31.12.2008 the Group had following currency cash flow hedges (in thousands):

	Currency	**Average**	**Remaining term to maturity**			
Forward/futures contracts (sale of USD)	**purchased**	**exchange rate**	**< 1 year**	**1-5 years**	**> 5 years**	**Total**
Forward/futures contracts to hedge expected transactions	NOK	6.54	404 657	269 457	-	**674 114**
Options to hedge expected transactions	NOK	6.34	110 136	80 100	-	**190 236**

Cash flow hedges – bunkers

The Group estimates future fuel oil consumption and secures a fixed cash flow for fuel oil expenses by using forward/futures contracts and options. Based on the fleet employment plan and historical experience the Company can with a high degree of certainty forecast the consumption of fuel oil. Forecasted fuel oil expenses are assessed using current and historical market prices and volumes purchased in each market region. The forward purchases are based on daily quotations of prices (Platt's index) in Rotterdam, Singapore, Houston and other relevant areas for the same quality of fuel as the Company actually buys for its ships. The Company has tested the correlation between monthly actual average purchase prices in various areas of the world and the monthly average prices used for settling the forward purchases. Maximum hedge effectiveness is ensured by hedging less than the anticipated consumption in each area. All bunker contracts are recognised at fair value.

Forward/	**Average**	**Remaining term to maturity**			**Total Mt**	**Estimated annual**
futures contracts	**price**	**< 1 year**	**1-5 years**	**> 5 years**	**purchased**	**consumption**
At 31.12.2009	344.72	250 000	60 000	-	**310 000**	600 000 Mt
At 31.12.2008	382.18	300 000	30 000	-	**330 000**	600 000 Mt

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

The Company's contracts of affreightment (COAs) generally contain provisions, which partially protect the Company's cash flow from fluctuations in bunker prices. The bunker clauses are clearly and closely related to the host contract and they are therefore not separated from the COAs and treated as an embedded derivative.

Cash flow hedges – interest rates
The Group has documented interest rate swaps as either cash flow hedging or non-hedging instruments. All interest rate swaps are recognised at fair value.

As of 31.12.2009 the Group held following interest rate derivatives documented as cash flow hedging:

Instrument	Fixed rate	Floating rate	Notional amount	Effective from	Duration
Interest rate swaps	3.70%-5.19%	USD 3-6m LIBOR	USD 200 mill.	2008-2009	4 years
Interest rate swaps	4.03%-4.23%	3m EURIBOR	EUR 60 mill.	2007-2008	4 years
Interest rate swaps	4.93%	3m SIBOR	SGD 85 mill.	2009	6 years

As of 31.12.2008 the Group held following interest rate derivatives documented as cash flow hedging:

Instrument	Fixed rate	Floating rate	Notional amount	Effective from	Duration
Interest rate swaps	2.53%-5.19%	USD 3-6m LIBOR	USD 300 mill.	2008-2009	1-5 years
Interest rate swaps	4.03%-4.23%	3m EURIBOR	EUR 60 mill.	2007-2008	5 years
Interest rate swaps	4.68%-6.45%	6m SIBOR	SGD 22.9 mill.	2000	12-13 years

Fair value hedges – currency
At 31.12.2009 the Group held the following currency instruments as fair value hedging:

	Committed amount		Remaining term to maturity		
Instrument	**Deliver**	**Receive**	**< 1 year**	**1-5 years**	**> 5 years**
Cross currency swaps	USD 115.2 mill.	NOK 670 mill.	USD 17.6 mill.	USD 97.6 mill.	-
Cross currency swaps	USD 102.8 mill.	SGD 158 mill.	-	USD 102.8 mill.	-
Forward currency swaps	USD 6.4 mill.	EUR 5.0 mill.	USD 6.4 mill.	-	-

At 31.12.2008 the Group held the following currency instruments as fair value hedging:

	Committed amount		Remaining term to maturity		
Instrument	**Deliver**	**Receive**	**< 1 year**	**1-5 years**	**> 5 years**
Cross currency swaps	USD 97.4 mill.	NOK 622 mill.	-	USD 97.4 mill.	-
Cross currency swaps	USD 104.1 mill.	SGD 160 mill.	-	USD 104.1 mill.	-
Forward currency swaps	USD 19.0 mill.	NOK 114.6 mill.	USD 9.0 mill.	USD 10.0 mill.	-

Fair value hedges – interest rates
As of 31.12.2009 the Group held the following cross currency rate swaps documented as fair value hedging with termination after 1 year but within 5 years:

Exchange from	Average current rate	Notional amount	Exchange to	Average current rate	Notional amount
NOK 3m NIBOR	4.3%	NOK 670 mill.	USD 3m LIBOR	4.2%	USD 115.2 mill.
SGD 3m SIBOR and SIBOR fixed	2.3%	SGD 158 mill.	USD 3m LIBOR	1.4%	USD 102.8 mill.

As of 31.12.2008 the Group held the following cross currency rate swaps documented as fair value hedging with termination after 1 year but within 5 years:

Exchange from	Average current rate	Notional amount	Exchange to	Average current rate	Notional amount
NOK 3m NIBOR	5.4%	NOK 622 mill.	USD 3m LIBOR	2.7%	USD 97.4 mill.
SGD 3m SIBOR and SIBOR fixed	3.5%	SGD 160 mill.	USD 3m LIBOR	3.3%	USD 104.0 mill.

Derivative financial instruments not qualified for hedge accounting

As of 31.12.2009 the Group held following derivatives not qualified for hedge accounting:

Currency:

	Committed amount		Remaining term to maturity		
Instrument	**Deliver**	**Receive**	**< 1 year**	**1-5 years**	**> 5 years**
Currency-option	USD 20.0 mill.	NOK 131.0 mill.	USD 7.0 mill.	USD 13.0 mill.	-
Sold currency-option	USD 10.0 mill.	NOK 71.0 mill.	USD 10.0 mill.	-	-
Forward currency swaps	USD 10.0 mill.	NOK 67.0 mill.	USD 10.0 mill.	-	-

Interest rates:

Instrument	Fixed rate	Floating rate	Notional amount	Effective from	Duration
Sold interest rate options	2.50%-3.50%	USD 3m LIBOR	USD 250 mill.	2009-2010	5-10 years

As of 31.12.2008 the Group held following derivatives not qualified for hedge accounting:

	Committed amount		Remaining term to maturity		
Instrument	Deliver	Receive	< 1 year	1-5 years	> 5 years
Forward currency swaps	EUR 10.0 mill.	NOK 96.7 mill.	EUR 10.0 mill.	-	-
Currency options	USD 12.0 mill.	NOK 76.2 mill	USD 12.0 mill.	-	-
Forward currency swaps	USD 19.0 mill.	NOK 114.6 mill.	USD 9.0 mill.	USD 10.0 mill.	-
Total Return Swap	NOK 243.6 mill.	4.8 mill. shares	NOK 243.6 mill.	-	-

Derivative financial instruments recorded as assets on the balance sheet

(USD 1 000)	2009	2008
Bunkers	24 561	(40 277)
Currency	16 474	(15 218)
Interest rates	(27 984)	(27 995)
Other	-	(5 834)
Derivative financial instruments	**13 051**	**(89 324)**

Hedging reserve recorded in statement of comprehensive income

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

(USD 1 000)	Interest rate swaps	Forward interest rate agreement	Currency exchange contracts	Bunker contracts	Total hedging reserve
Balance sheet as at 01.01.2008	**2 882**	**11**	**-**	**-**	**2 893**
Fluctuations during the period:					
- Gains/losses due to changes in fair value	(15 804)	-	(10 817)	(59 760)	**(86 381)**
- Transfers to the profit and loss statement	(886)	(11)	(190)	-	**(1 086)**
Balance sheet as at 31.12.2008	**(13 807)**	**-**	**(11 007)**	**(59 760)**	**(84 574)**
Fluctuations during the period:					
- Gains/losses due to changes in fair value	2 404		21 705	60 676	**84 786**
- Transfers to the profit and loss statement	(887)		(260)	24 499	**23 352**
Balance sheet as at 31.12.2009	**(12 290)**	**-**	**10 438**	**25 415**	**23 564**

Fair value of financial instruments

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

(USD 1 000)	Carrying amount 2009	Fair value 2009	Carrying amount 2008	Fair value 2008
Assets				
Cash and cash equivalents	103 169	103 169	104 263	104 263
Available-for-sale-investments	81 487	81 487	89 068	89 068
Derivative financial instruments	13 051	13 051	-	-
Current receivables	212 319	212 319	141 267	141 267
Non-current receivables	83 115	83 115	58 302	58 302
Other non-financial assets*	2 205 775	2 205 775	2 191 962	2 191 962
Total assets	**2 698 916**	**2 698 916**	**2 584 862**	**2 584 862**
Liabilities				
Other current liabilities	154 737	154 737	155 093	155 093
Derivative financial instruments	-	-	89 324	89 324
Interest bearing debt	1 576 327	1 586 327	1 500 419	1 500 419
Other non-current liabilities	11 602	11 602	76 325	76 325
Other non-financial liabilities*	50 079	50 079	42 843	42 843
Total liabilities	**1 792 745**	**1 802 745**	**1 864 004**	**1 864 004**

* No fair value evaluation is done for other non-financial asset/liabilities. Fair value is equal to carrying amount.

Classification of financial assets and liabilities as at 31.12.2009

(USD 1 000)	Derivatives held as hedge instrument	Derivatives held at fair value over the result	Loans and receivables	Available-for-sale-investments	Liabilities recognised at amortised cost	Non-financial assets/ liabilities	2009
Assets							
Cash and cash equivalents	-	-	103 169	-	-	-	**103 169**
Available-for-sale-investments	-	-	-	81 487	-	-	**81 487**
Derivative financial instruments	16 625	(3 574)	-	-	-	-	**13 051**
Current receivables	-	-	212 319	-	-	-	**212 319**
Non-current receivables	-	-	83 115	-	-	-	**83 115**
Other non-financial assets	-	-	-	-	-	2 205 775	**2 205 775**
Total assets	**16 625**	**(3 574)**	**398 603**	**81 487**	**-**	**2 205 775**	**2 698 916**
Liabilities							
Other current liabilities	-	-	154 737	-	-	-	**154 737**
Derivative financial instruments	-	-	-	-	-	-	**-**
Interest bearing debt	-	-	-	-	1 576 327	-	**1 576 327**
Other non-current liabilities	-	-	11 602	-	-	-	**11 602**
Other non-financial liabilities	-	-	-	-	-	50 079	**50 079**
Total liabilities	**-**	**-**	**166 339**	**-**	**1 576 327**	**50 079**	**1 792 745**

Classification of financial assets and liabilities as at 31.12.2008

(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	2008
Assets							
Cash and cash equivalents	-	-	104 263	-	-	-	**104 263**
Available-for-sale-investments	-	-	-	89 068	-	-	**89 068**
Current receivables	-	-	141 267	-	-	-	**141 267**
Non-current receivables	-	-	58 302	-	-	-	**58 302**
Other non-financial assets	-	-	-	-	-	2 191 962	**2 191 962**
Total assets	**-**	**-**	**303 831**	**89 068**	**-**	**2 191 962**	**2 584 862**
Liabilities							
Other current liabilities	-	-	155 093	-	-	-	**155 093**
Derivative financial instruments	70 757	18 566	-	-	-	-	**89 324**
Interest bearing debt	-	-	-	-	1 500 419	-	**1 500 419**
Other non-current liabilities	-	-	76 325	-	-	-	**76 325**
Other non-financial liabilities	-	-	-	-	-	42 843	**42 843**
Total liabilities	**70 757**	**18 566**	**231 418**	**-**	**1 500 419**	**42 843**	**1 864 004**

Capital Management

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

The Group manages the capital structure and makes adjustments to it, to maintain an optimal structure adapted to current economic conditions. In order to maintain or adjust the capital structure, the Company may adjust dividend payments, buy treasury shares, return capital to shareholders or issue new shares. No changes were made in the objectives or policies during the years ending 31 December 2009 and 2008.

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 minimum USD 200 million.

(USD 1 000)	2009	2008
Equity	906	721
Total assets	2 672	2 585
Equity ratio	33.6%	27.9%
Cash and cash equivalents	103	104
Available-for-sale-investments	81	89
Available drawing facilities	62	-
Total available liquidity	**246**	**193**

NOTE 25 OTHER CURRENT LIABILITIES

(USD 1 000)	2009	2008
Trade payables	30 765	49 579
Provisions	4 135	-
Other current liabilities	110 090	80 072
Total other current liabilities	**144 990**	**129 650**

The table below summarize 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
2009	**144 990**	122 442	19 605	2 537	201	205
2008	**129 650**	120 685	5 809	1 516	133	1 508

The table below summarize other current liabilities into different currencies:

(USD 1 000)	2009	2008
USD	79 753	70 750
EUR	42 152	39 406
SGD	6 048	2 765
RMB	1 189	1 346
WON	826	3 524
Other currencies	15 022	11 859
Total other current liabilities	**144 990**	**129 650**

NOTE 26 GOVERNMENT GRANTS

Government grants from the Norwegian Maritime Directorate related to the reimbursement system for Norwegian seafarers of USD 1.1 million in 2009 (USD 1.0 mill. in 2008) is entered in the accounts as a reduction of operating expenses.

Flumar Transportes de Quimicos e Gases Ltda received USD 2.3 mill in 2009 (USD 1.5 mill in 2008) 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.

NOTE 27 TRANSACTIONS WITH RELATED PARTIES

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

The Odfjell Group shares offices in Brazil with a terminalling company related to the Chairman of the Board, B. D. Odfjell. The Chairman's family also has ownership interest in companies in South America, which acts as port agents for Odfjell as one among many customers. In addition to reimbursement of actual expenses and expenditures incurred Odfjell Tankers paid these companies USD 1.2 mill. in agency fees (USD 1.2 mill. in 2008), while Flumar Transportes de Quimicos e Gases Ltda and Odfjell Brasil – Representacoes Ltds paid USD 0.7 mill. for administrative services in 2009 (USD 1.0 mill. in 2008).

AS Rederiet Odfjell, beneficially owned by the Chairman of the Board, B. D. Odfjell, and his immediate family, rent office premises and buy administrative services from Odfjell Management AS in Bergen, for which Odfjell Management AS received USD 0.1 mill. in 2009 (same as in 2008).

Transactions with related parties are settled on a regular basis and the balances as per 31.12.2009 were immaterial.

NOTE 28 COMMITMENTS, GUARANTEES AND CONTINGENCIES

Operating leases

The Group has entered into several operating leases for ships. The leases have fixed time charter commitment. The time charter rate is the compensation to the ship owner covering his financial expenses and in some cases also the ship operating expenses. In addition the Group has floating time charter arrangements where payments equal the earnings generated by the ships. See note 5 for the time charter/lease expenses.

The Group also has entered into operating leases for land, buildings and certain vehicles and items of machinery. Leases for land and buildings are generally non-cancellable and long-term with remaining terms from 24 years to 33 years. Leases for certain vehicles and items of machinery have an average period of between three and five years with no renewal option in the contracts.

The operating leases do not contain any 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)	2009	2008
Within one year	140 631	110 281
After one year but not more than five years	436 011	365 885
After five years	301 816	250 762
Total	**878 457**	**726 928**

Capital commitments

Early 2008 Odfjell signed agreements with the Chongqing Chuandong Shipbuilding Industry Co to build a series of six 9,000 DWT stainless steel chemical tankers. These will be delivered in 2011-2012, at a total outstanding commitment of USD 63 million.

The Company also have capital commitments for investments in terminals in China, Korea, Singapore, Middle East, North America and Europe of a total outstanding amount of USD 38 million.

Guarantees

(USD 1 000)

	2009	2008
Total guarantees	76 745	87 208

Contingencies

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

We have settled most antitrust issues with our US based customers. At this point in time it is not possible to estimate the financial impact of any future settlements. These negotiations have not prevented us from doing business with any of our customers, at market terms. Both in 2008 and 2009 the total effect on the net result from customer settlements was immaterial.

NOTE 29 LIST OF SUBSIDIARIES

The following subsidiaries are fully consolidated in the financial statements as per 31.12.2009:

Company	Country of registration	Ownership share	Voting share
Odfjell Chemical Tankers AS	Norway	100%	100%
Odfjell Chemical Tankers II AS	Norway	100%	100%
Odfjell Tankers AS	Norway	100%	100%
Odfjell Terminals SE	Norway	100%	100%
Odfjell Insurance & Properties AS	Norway	100%	100%
Odfjell Projects AS	Norway	100%	100%
Odfjell Management AS	Norway	100%	100%
Odfjell Maritime Services AS	Norway	100%	100%
Norfra Shipping AS	Norway	100%	100%
Odfjell Netherlands BV	Netherlands	100%	100%
Odfjell Terminals BV (Netherlands)	Netherlands	100%	100%
Odfjell Terminals USA BV	Netherlands	100%	100%
Odfjell Terminals EMEA BV	Netherlands	100%	100%
Odfjell Terminals (Rotterdam) BV	Netherlands	100%	100%
Odfjell Terminals Maritiem BV	Netherlands	100%	100%
Odfjell (UK) Ltd	United Kingdom	100%	100%
Odfjell Chemical Tankers (Germany) GmbH	Germany	100%	100%
Odfjell Asia Pte Ltd	Singapore	100%	100%
Odfjell Asia II Pte Ltd	Singapore	100%	100%
Odfjell Singapore Pte Ltd	Singapore	100%	100%
Odfjell Terminals Asia Pte Ltd	Singapore	100%	100%
Odfjell Japan Ltd	Japan	100%	100%
Odfjell Korea Ltd	Korea	100%	100%
Odfjell Australia Pty Ltd	Australia	100%	100%
Odfjell Durban South Africa (Pty) Ltd	South Africa	100%	100%
Odfjell USA Inc	USA	100%	100%
Odfjell USA (Houston) Inc	USA	100%	100%
Odfjell Terminals (Houston) Inc	USA	100%	100%
Odfjell Brasil – Representacoes Ltda	Brazil	100%	100%
Flumar Transportes de Quimicos e Gases Ltda	Brazil	100%	100%
Odfjell Chemical Tankers Ltd	Bermuda	100%	100%
Odfjell Ship Management (Philippines) Inc	Philippines	100%	100%
Odfjell Peru S.A.C.	Peru	100%	100%
Odfjell Chile Ltd	Chile	100%	100%
Odfjell Argentina SA	Argentina	99%	99%
Odfjell Management Consultancy (Shanghai) Co Ltd	China	100%	100%
Odfjell Terminals (Jiangyin) Co Ltd	China	55%	55%

NOTE 30 INVESTMENTS IN JOINT VENTURES

The Odfjell Group has the following investments in joint ventures accounted for according to the gross method as per 31.12.2009:

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

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

(USD 1 000)	2009 Parcel Tankers	2009 Tank Terminals	2009 Total	2008 Parcel Tankers	2008 Tank Terminal	2008 Total
Gross revenue	6 189	37 044	**43 233**	7 018	27 145	**34 164**
Operating expenses	(2 231)	(6 649)	**(8 880)**	(2 528)	(6 254)	**(8 782)**
Net financial items	(38)	(5 675)	**(5 713)**	255	(2 882)	**(2 627)**
Net result	(293)	11 560	**11 267**	1 373	7 280	**8 654**
Non-current assets	5 943	261 247	**267 190**	6 549	207 648	**214 197**
Current assets	8 780	23 638	**32 417**	8 550	16 931	**25 481**
Total assets	**14 722**	**284 885**	**299 607**	**15 099**	**224 579**	**239 678**
Equity opening balance	12 825	94 938	**107 763**	8 345	70 647	**78 992**
Net result	(293)	11 560	**11 267**	1 373	7 280	**8 654**
Equity additions/adjustments	-	11 363	**11 363**	2 265	18 949	**21 214**
Exchange rate differences	188	952	**1 140**	842	(1 939)	**(1 097)**
Total equity closing balance	**12 720**	**118 813**	**131 533**	**12 825**	**94 938**	**107 763**
Non-current liabilities	385	125 103	**125 487**	847	80 332	**81 179**
Current liabilities	1 617	40 970	**42 587**	1 428	49 309	**50 737**
Total liabilities	**2 002**	**166 072**	**168 074**	**2 274**	**129 641**	**131 915**
Net cash flow from operating activities	218	17 739	**17 957**	233	(389)	**(156)**
Net cash flow from investing activities	331	(43 645)	**(43 314)**	2 401	(38 772)	**(36 371)**
Net cash flow from financing activities	173	37 963	**38 136**	94	41 033	**41 127**
Uncalled committed capital	-	-		-	-	**-**

NOTE 31 BUSINESS COMBINATIONS

No material business combinations in 2009.

NOTE 32 EXCHANGE RATES OF THE GROUP'S MAJOR CURRENCIES AGAINST USD

	Norwegian kroner (NOK)		Euro (EUR)		Renmimbi (RMB)		Singapore dollar (SGD)	
	Average	**Year-end**	**Average**	**Year-end**	**Average**	**Year-end**	**Average**	**Year-end**
2009	6.29	5.76	1.39	1.45	6.82	6.81	1.45	1.40
2008	5.66	7.00	1.46	1.41	6.91	6.80	1.41	1.43

NOTE 33 SUBSEQUENT EVENTS

See note 20 Share Capital and Premium.

PROFIT AND LOSS STATEMENT

(USD 1 000)

OPERATING REVENUE (EXPENSES)	Note	2009	2008
Gross revenue	3	3 565	46 708
General and administrative expenses	4	(9 748)	(47 155)
Depreciation	5	(1 154)	(1 935)
Operating result (EBIT)		**(7 337)**	**(2 382)**
FINANCIAL INCOME (EXPENSES)			
Income on investment in subsidiaries	6	62 317	148 326
Interest income	6	20 678	37 937
Changes in the value of financial fixed assets	6	-	(86)
Interest expenses	6	(22 561)	(36 959)
Other financial items	6	9 043	2 843
Currency gains (losses)	8	41 034	(27 012)
Net financial items		**110 510**	**125 049**
Result before taxes		**103 174**	**122 667**
Taxes	9	(3 004)	575
Net result		**100 170**	**123 242**

STATEMENT OF COMPREHENSIVE INCOME	2009	2008
Net result year-to-date	100 170	123 242
Cash flow hedges changes in fair value	4 728	(11 889)
Cash flow hedges transferred to profit and loss statement	(1 186)	1 447
Net gain/(loss) on available-for-sale investments	4 606	(4 407)
Other comprehensive income	**8 148**	**(14 849)**
Total comprehensive income	**108 318**	**108 393**

BALANCE SHEET

ASSETS AS PER 31.12.

(USD 1 000)

NON-CURRENT ASSETS	Note	2009	2008
Real estate	5	15 367	15 320
Shares in subsidiaries	7	690 374	548 382
Other shares	7	33 301	33 260
Loans to group companies	11, 12	540 427	574 383
Non-current receivables	12	26 641	16 000
Total non-current assets		**1 306 109**	**1 187 345**
CURRENT ASSETS			
Current receivables		203	971
Group receivables		1 577	70 577
Derivative financial instruments	19	16 751	-
Available-for-sale investments	14	71 507	86 106
Cash and bank deposits	15	47 436	64 478
Total current assets		**137 475**	**222 131**
Total assets		**1 443 584**	**1 409 477**

EQUITY AND LIABILITIES AS PER 31.12.

PAID IN EQUITY	Note	2009	2008
Share capital	10, 16	29 425	29 425
Treasury shares	10, 16	(1 635)	-
Share premium	10	53 504	53 504
Total paid in equity		**81 294**	**82 929**
RETAINED EARNINGS			
Reserve of unrealized profit	10	49 327	41 179
Other equity	10	548 358	487 812
Total retained earnings		**597 685**	**528 991**
Total shareholders' equity		**678 979**	**611 920**
NON-CURRENT LIABILITIES			
Deferred tax	9	2 586	-
Loans from subsidiaries	13	39 979	33 786
Long-term debt	13	528 727	530 196
Total non-current liabilities		**571 293**	**563 982**
CURRENT LIABILITIES			
Dividend payable		-	12 397
Derivative financial instruments	19	-	83 442
Current portion of long term debt		88 883	57 691
Other current liabilities		4 645	5 791
Loans from subsidiaries		99 783	74 254
Total current liabilities		**193 312**	**233 575**
Total liabilities		**764 605**	**797 557**
Total equity and liabilities		**1 443 584**	**1 409 477**
Guarantees	18	876 972	880 735

Bergen, 9 March 2010

THE BOARD OF DIRECTORS OF ODFJELL SE

B.D. Odfjell
CHAIRMAN

Ilias A. Iliopoulos

Marianna Moschou

Terje Storeng

Irene Waage Basili

Jan A. Hammer
President/CEO

CASH FLOW STATEMENT

(USD 1 000)

	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES		
Net result before taxes	103 174	122 666
Depreciation	1 154	1 935
Changes in the value of financial non-current assets	-	(10 962)
Inventory (increase) decrease	-	888
Trade creditors increase (decrease)	-	(9 675)
Difference in pension cost and pension premium paid	-	(18 455)
Exchange rate fluctuations	(4 049)	569
Dividends classified as investing activities	(74 280)	(117 326)
Other short-term accruals	9 906	32 372
Net cash flow from operating activities	**35 905**	**2 012**
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of non-current assets	-	58 568
Investment in non-current assets	(1 201)	(9 286)
Investment in subsidiaries and other shares	(142 033)	(231 066)
Share capital repaid from subsidiaries	-	81 095
Received dividend	74 280	117 326
Available-for-sale investments	2 599	(32 278)
Changes in long-term receivables	(10 641)	(14 203)
Loans to subsidiaries	40 149	20 495
Net cash flow from investing activities	**(36 847)**	**(9 348)**
CASH FLOW FROM FINANCING ACTIVITIES		
New long-term debt	104 000	136 003
Payment of long-term debt	(74 276)	(139 399)
Share repurchases	(38 090)	50 424
Dividend	(12 397)	(32 112)
Net cash flow from financing activities	**(20 763)**	**14 915**
Effect on cash balances from currency exchange rate fluctuations	4 663	(10 177)
Net change in cash balances	**(17 042)**	**(2 598)**
Cash balances as per 1.1	64 478	67 075
Cash balances as per 31.12	**47 436**	**64 478**
Available credit facilities	61 750	-

NOTE 1 ACCOUNTING PRINCIPLES

The parent Company's accounts have been presented in accordance with the simplified IFRS for the first time in 2009. Comparable figures have also been restated. Restatement of the parent Company's accounts is explained in a separate note in the company statement.

The parent Company is based on the same accounting principles as the Group statement with the following exceptions:

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

B. Investments in subsidiaries, joint ventures and associates
Investments accounted for are based on the Cost Method.

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

NOTE 2 TRANSITION FROM NGAAP TO SIMPLIFIED IFRS

The Company has implemented simplified IFRS in 2009. In connection with this the reporting currency is changed from NOK to USD as this is the functional currency for the Company.

Comparable figures for 2008 are also changed. The transition is based on the following major principles:
Transactions earlier presented as off-balance are now classified in the balance sheet, see Statement of Comprehensive Income for additional information. Transactions in non-USD currency are accounted for at the exchange rate on the date of the transaction. Receivables and liabilities in non-USD currencies are translated at the exchange rate on the balance sheet date. All exchange rate differences are taken to the profit and loss statement. Non-monetary items that are measured in terms of historical cost in a non-USD currency are translated using the exchange rates at the dates of the initial transactions.
End rate at 31 December 2008 was 7.0 and average rate of exchange for 2008 was 5.7.

RECONCILIATION OF BALANCE SHEET

BALANCE SHEET (USD 1 000) ASSETS AS PER 31.12	Simplified IFRS 31.12.2008 USD	Effect of transition	Note	NGAAP 31.12.2008 USD	NGAAP 31.12.2008 NOK
NON-CURRENT ASSETS					
Real estate	15 320	-		15 320	102 439
Shares in subsidiaries	548 382	-		548 382	3 858 041
Other shares	33 260	-		33 260	252 529
Loans to group companies	574 383	-		574 383	4 021 022
Non-current receivables	16 000	-		16 000	111 986
Total non-current assets	**1 187 345**	**-**		**1 187 345**	**8 346 017**
CURRENT ASSETS					
Current receivables	971	-		971	6 779
Group receivables	70 577	70 577	2	-	-
Available-for-sale investments	86 106	-		86 106	602 661
Cash and cash equivalents	64 478	-		64 478	451 287
Total current assets	**222 131**	**70 577**		**151 554**	**1 060 727**
Total assets	**1 409 477**	**70 577**		**1 338 900**	**9 406 744**
EQUITY AND LIABILITIES AS PER 31.12					
PAID IN EQUITY					
Share capital	29 425	-		29 425	216 922
Share premium	53 504	-		53 504	473 905
Total paid in equity	**82 929**	**-**		**82 929**	**690 828**
RETAINED EARNINGS					
Reserve of unrealized profit	41 179	41 179	1	-	-
Other equity	487 812	196 538	2	291 275	2 251 008
Total retained earnings	**528 991**	**237 717**		**291 275**	**2 251 008**
Total shareholders equity	**611 920**	**237 717**		**374 203**	**2 941 835**
NON-CURRENT LIABILITIES					
Deferred income from internal sale of shares	-	(176 004)	1	176 004	955 668
Loans from subsidiaries	33 786	-		33 786	237 392
Long-term debt	530 196	(57 691)	3	587 887	4 116 781
Total non-current liabilities	**563 981**	**(233 695)**		**797 677**	**5 309 842**
CURRENT LIABILITIES					
Dividend payable	12 397	-		12 397	86 769
Derivative financial instruments	83 442	8 864	2	74 577	508 053
Current portion of long term debt	57 691	57 691	3	-	-
Other current liabilities	5 791	-		5 791	40 532
Loans from subsidiaries	74 254	-		74 254	519 713
Total current liabilities	**233 575**	**66 555**		**167 020**	**1 155 067**
Total liabilities	**797 557**	**(167 140)**		**964 696**	**6 464 909**
Total liabilities and shareholders' equity	**1 409 477**	**70 577**		**1 338 900**	**9 406 744**

Shareholders' equity – reconciliation from NGAAP to simplified IFRS as per 01.01.2008

(USD 1 000)

	Share capital	Treasury shares	Share premium	Reserve of unrealized profit	Fair value and other reserves	Other equity	Total equity
Shareholders' equity as per 31st December 2007 - NGAAP	**29 425**	**(1 170)**	**53 504**	**-**	**-**	**205 292**	**287 051**
Reserve of unrealised profit - sale of shares in subsidiary	-	-	-	69 038	-	121 215	190 253
Derivative financial instruments qualifying as hedging and available for sale investments	-	-	-	-	1 238	-	1 238
Shareholders' equity as per 1st January 2008 - simplified IFRS	**29 425**	**(1 170)**	**53 504**	**69 038**	**1 238**	**326 507**	**478 542**

Reconciliation of profit and loss statement

PROFIT AND LOSS STATEMENT (USD 1 000)	IFRS 31.12.2008 USD	Effect of transition	Note	NGAAP 31.12.2008 USD	NGAAP 31.12.2008 NOK
Operating revenue (expenses)					
Gross revenue	46 708	-		46 708	247 167
Gain (loss) on sale of non-current assets	-	-		-	(28)
General and administrative expenses	(47 155)	-		(47 155)	(248 634)
Depreciation	(1 935)	-		(1 935)	(12 407)
Operating result (EBIT)	**(2 382)**	**-**		**(2 382)**	**(13 902)**
Financial income (expenses)					
Income on investment in subsidiaries	148 326	-		148 326	869 166
Interest income	37 937	-		37 937	215 460
Changes in the value of financial non-current assets	(86)	-		(86)	(600)
Interest expenses	(36 959)	-		(36 959)	(213 010)
Other financial items	2 843	75 834	2	(72 991)	(532 351)
Currency gain (loss)	(27 012)	-		(27 012)	(44 038)
Net financial items	**125 049**	**-**		**49 216**	**294 626**
Result before taxes	**122 667**	**-**		**46 834**	**280 724**
Taxes	575	-		575	2 939
Net result	**123 242**	**-**		**47 409**	**283 663**

Note 1:
Reserve of unrealized profit is related to sale of shares in Odfjell Chemical Tankers AS to Chemical Tankers II AS, both owned 100% of Odfjell SE. The shares were sold to market value, and pursuant to NGAAP the profit was treated as deferred income from internal sale of shares and classified as non-current liabilities. In accordance with direction "Simplified use of international accounting standards" the transaction is recorded at market value and the gain is recognised as retained earnings and allocated to reserve of unrealized profit and other equity dependent on payments from Odfjell Chemical Tankers II AS to Odfjell SE.

Note 2:
Derivative financial instruments qualifying as hedging were, pursuant to NGAAP, not recognised on the balance sheet (off balance transactions). These transactions are now, in accordance with direction "Simplified use of international accounting standards", recognised in the balance sheet.

Further is derivative financial instruments that is not qualifying as hedging, and that is done on behalf of companies in the same group, booked as either receivables or debt on the company that such transactions is done on behalf of.

Changes in available for sale investments, that were according to NGAAP booked trough profit and loss statement, are booked as equity according to simplified IFRS.

Note 3:
In accordance with IAS 1 – Presentation of Financial Statements – current portion of long term debt is classified as current liability.

NOTE 3 GROSS REVENUE

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

NOTE 4 SALARIES, NUMBER OF EMPLOYEES, BENEFITS TO BOARD OF DIRECTORS, PRESIDENT/CEO AND MANAGERS REPORTING DIRECTLY TO HIM AND AUDITOR'S REMUNERATION

In 2008 Odfjell SE became a pure holding company. Effective as from October 1 2008, Odfjell SE's 100% owned subsidiaries, Odfjell Management AS and Odfjell Maritime Services AS became operational. Odfjell Management AS and Odfjell Maritime Services AS assumed full responsibility for all employees in Odfjell SE, as well for the services previously provided by Odfjell SE.

For 2009 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.

Salaries and other employee expenses:

(USD 1 000)	2009	2008
Salaries	-	25 096
Social expenses	-	4 010
Pension cost	-	4 508
Other benefits	-	832
Total salary expenses	**-**	**34 446**
Average number of man-labour years	-	235

Compensation and benefits to Board of Directors in 2009:

(USD 1 000)	Compensation	Other benefits	Total
B.D. Odfjell [1)]	202	2	**204**
Ilias A. Iliopoulos	-	-	**-**
Marianna Moschou	32	-	**32**
Irene Waage Basili	-	-	**-**
Katrine Trovik	32	-	**32**
Terje Storeng (elected as Director as from May 5th 2009)	-	-	**-**
Reidar Lien (resigned as Director as from May 5th 2009)	36	-	**36**
Total	**301**	**2**	**303**

[1)] Including compensation received from Odfjell Management AS

Auditor´s remuneration for:

(USD 1 000 exclusive VAT)	2009	2008
Statutory auditing	138	318
Other assurance services	22	12
Tax advisory services	83	192
Non-audit services	-	110
Total remuneration	**243**	**632**

NOTE 5 NON-CURRENT ASSETS

(USD 1 000)

	Cost 1.1.2009	Investment	Sale book value	Accumulated Depreciation prior years	Depreciation this year	Book value 31.12.2009
Land	408	-	-	-	-	**408**
Office building	20 935	1 200	-	(6 024)	(1 154)	**14 958**
Total	**21 343**	**1 200**	**-**	**(6 024)**	**(1 154)**	**15 367**

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

NOTE 6 FINANCIAL INCOME AND EXPENSES

(USD 1 000)	2009	2008
Income on investment in subsidiaries	62 317	148 326
Inter-company interest income	16 461	33 283
Other interest income	4 217	4 654
Other financial income	2 818	14 884
Financial assets and liabilities at fair value through profit and loss	9 818	(9 927)
Total financial income	**95 631**	**191 220**
Changes in the value of financial fixed assets	-	86
Inter-company interest expenses	1 819	8 970
Other interest expenses	20 742	27 989
Other financial expenses	3 594	2 114
Total financial expenses	**26 155**	**39 159**

NOTE 7 SHARES

(USD 1 000)

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

Subsidiaries

	Registered office	Share/ voting rights	Book value	Result 2009	Equity 2009
Odfjell Management AS	Norway	100%	15 862	(9 722)	14 427
Odfjell Maritime Services AS	Norway	100%	1 929	(3 819)	(1 464)
Odfjell Chemical Tankers II AS	Norway	100%	157 447	(1 124)	158 984
Odfjell Tankers AS	Norway	100%	9 858	3 267	47 136
Odfjell Terminals SE	Norway	100%	40 193	6 593	70 427
Odfjell Insurance & Properties AS	Norway	100%	843	(29)	908
Odfjell Projects AS	Norway	100%	13	(4)	(1)
Norfra Shipping AS	Norway	100%	-	7 680	(14 767)
Odfjell Asia Pte Ltd	Singapore	100%	-	-	175
Odfjell Singapore Pte Ltd	Singapore	100%	13	280	2 188
Odfjell USA (Houston) Inc	USA	100%	-	(403)	1 826
Odfjell Netherlands BV	Netherlands	100%	1 021	122	1 622
Odfjell (UK) Ltd	United Kingdom	100%	2 166	4 905	53 585
Odfjell Chemical Tankers (Germany) GmbH	Germany	100%	18 356	(3 055)	31 056
Odfjell Japan Ltd	Japan	100%	-	270	(962)
Odfjell Korea Ltd	Korea	100%	43	72	167
Odfjell Brasil – Representacoes Ltda	Brazil	100%	983	(31)	1 045
Odfjell Chemical Tankers Ltd	Bermuda	100%	441 262	50 138	496 510
Odfjell Peru S.A.C	Peru	100%	55	11	(105)
Odfjell Ship Management (Philippines) Inc	Philippines	100%	200	-	190
Odfjell Durban SA (Pty) Ltd	South Africa	100%	-	234	1 068
Odfjell Argentina SA	Argentina	90%	129	383	712
Total			**690 374**		

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

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

Other shares	Registered office	Share/ voting rights	Book value	Result 2009 [1]	Equity 2009 [1]
Odfjell Ahrenkiel Europe GmbH	Germany	50%	289	(4)	892
Oiltanking Odfjell Terminals Singapore Pte Ltd	Singapore	50%	20 195	7 646	49 498
Odfjell & Vapores Ltd	Bermuda	50%	4	(17)	96
Odfjell y Vapores SA	Chile	49%	506	(808)	6 452
Odfjell Terminals (Dalian) Co Ltd	China	50%	6 257	2 213	52 636
NCC Odfjell Chemical Tankers JLT	United Arab Emirates	50%	41	-	82
Odfjell Dong Zhan Shipping (Shanghai) Co Ltd	China	49%	4 900	(684)	10 432
Vopak Tank Terminal Ningbo Ltd	China	12.5%	1 108	876	12 010
Total			**33 301**		

[1] Result and equity is on 100% basis.

NOTE 8 CURRENCY GAINS (LOSSES)

(USD 1 000)	2009	2008
Currency hedging contracts	12 142	(9 202)
Non-current receivables and debt	16 825	(15 333)
Cash and cash equivalents	13 261	(4 787)
Other current assets and current liabilities	(1 194)	2 309
Total currency gains (losses)	**41 034**	**(27 012)**

NOTE 9 TAXES

(USD 1 000)

Taxes:	2009	2008
Change in deferred tax	(2 586)	-
Foreign tax	(418)	575
Total tax expenses	**(3 004)**	**575**

(USD 1 000)

Taxes payable:	2009	2008
Net result before taxes	103 174	122 666
Permanent differences	(60 917)	(148 849)
Changes temporary differences	(13 588)	728
Currency adjustments[1]	(12 378)	13 514
Basis taxes payable	**16 291**	**(11 941)**
Group contribution	(16 291)	-
Basis taxes payable after group contribution	**-**	**-**
Taxes payable:		
Taxes payable	4 561	-
Reduction due to group contribution	(4 561)	-
Net taxes payable	**-**	**-**

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

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

	2009	2008
Non-current assets	(4 652)	(3 754)
Provisions	(30 875)	69 011
Other long-term temporary differences	743	661
Differences related to currents assets	(140)	(4 746)
Financial instruments	30 875	(69 011)
Tax-loss carried forward	-	(11 941)
Contingent tax liability related to non-taxable gain[1]	13 285	10 927
Temporary differences not accounted for	-	8 853
Net temporary differences	**9 236**	**-**
Tax rate	28%	28%
Total deferred tax (deferred tax assets)	**2 586**	**-**

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

A reconciliation of the effective rate of tax and the tax rate in Odfjell SE's country of registration:

(USD 1 000)	2009	2008
Result before taxes	103 174	122 667
Tax assessed at the tax rate in Odfjell SE's country of registration (28% in 2009 and 2008)	(28 889)	(34 347)
Tax related to non-taxable income and expenses	17 057	41 678
Use of loss carried forward – not booked	3 829	-
Use of temporary differences – not booked	(2 586)	-
Use of temporary differences – business transfer	-	(4 402)
Group contribution	4 561	-
Currency adjustments	3 441	(2 928)
Other	(418)	575
Tax expense	**(3 004)**	**575**
Effective tax rate	**(2.91%)**	**0.47%**

NOTE 10 SHAREHOLDERS' EQUITY

(USD 1 000)	Share capital	Treasury shares	Share premium	Reserve of unrealized profit	Fair value and other reserves	Other equity	Total equity
Shareholders' equity as per 1st January 2008	**29 425**	**(1 170)**	**53 504**	**69 038**	**1 238**	**326 507**	**478 542**
Comprehensive income	-	-	-	-	(14 849)	123 242	**108 393**
Share sale/ repurchases	-	1 170	-		-	50 460	**51 630**
Dividend	-	-	-	(14 248)[1]	-	(12 397)	**(26 646)**
Shareholders' equity as per 31 December 2008	**29 425**	**-**	**53 504**	**54 790**	**(13 611)**	**487 812**	**611 920**
Comprehensive income	-	-	-	-	8 148	100 170	**108 318**
Share sale/ repurchases	-	(1 635)	-	-	-	(39 624)	**(41 259)**
Shareholders' equity as per 31 December 2009	**29 425**	**(1 635)**	**53 504**	**54 790**	**(5 463)**	**548 358**	**678 979**

[1] Dividende received from Odfjell Chemical Tankers II AS.

NOTE 11 LOANS TO GROUP COMPANIES

(USD 1 000)		Currency amount 1 000		
	Currency	**2009**	**2009**	**2008**
Odfjell Asia II Pte Ltd	USD	373 464	373 464	352 464
Odfjell Terminals SE	NOK	-	-	944
Odfjell Terminals SE	USD	69 298	69 298	50 798
Odfjell Chemical Tankers II AS	NOK	157 479	27 354	83 945
Odfjell Chemical Tankers (Germany) GmbH	EUR	6 224	8 972	7 365
Oiltanking Odfjell Terminals Singapore	SGD	4 000	2 866	29 284
Odfjell Terminal (Jiangyin) Co.Ltd	USD	14 000	14 000	12 000
Odfjell Dongzhan Shipping (Shanghai) Co.Ltd.	USD	-	-	111
Norfra Shipping AS	USD	44 473	44 473	37 473
Total loans to group companies			**540 427**	**574 383**

NOTE 12 NON–CURRENT RECEIVABLES

Non-current receivables:

(USD 1 000)	2009	2008
Loan to third parties	26 641	16 000
Loan to group companies	540 427	574 506
Total non-current receivables	**567 068**	**590 506**

Maturity receivables as per 31.12.09:

(USD 1 000)	2010	2011	2012	2013	2014	2015+	Total
Loans to third parties	7 994	441	441	16 441	441	882	**26 641**
Loans to group companies	77 204	77 204	77 204	77 204	77 204	154 408	**540 427**
Total non-current receivables	**85 198**	**77 645**	**77 645**	**93 645**	**77 645**	**155 290**	**567 068**

Maturity receivables as per 31.12.08:

(USD 1 000)	2009	2010	2011	2012	2013	2014+	Total
Loans to third parties	-	-	-	-	16 000	-	**16 000**
Loans to group companies	82 072	82 072	82 072	82 072	82 072	164 144	**574 506**
Total non-current receivables	**82 072**	**82 072**	**82 072**	**82 072**	**98 072**	**164 144**	**590 506**

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

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

NOTE 13 NON-CURRENT LIABILITIES

(USD 1 000)	Average interest rate	2009	2008
Loans from financial institutions – floating interest rate	1.58 %	313 345	245 659
Loans from financial institutions – fixed interest rate	3.85 %	192 548	248 243
Bonds	4.10 %	116 378	97 368
Total interest bearing debt	**2.75 %**	**622 272**	**591 270**
Transaction cost		(4 661)	(3 384)
Current portion of total debt		(88 883)	(57 691)
Total non-current interest bearing debt		**528 727**	**530 196**

Maturity of interest bearing debt as per 31.12.09:
(USD 1 000)

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

Maturity of interest bearing debt as per 31.12.08:
(USD 1 000)

	2009	2010	2011	2012	2013	2014+	Total
Loans from financial institutions – floating interest rate	34 964	28 172	44 572	16 472	16 472	105 005	**245 659**
Loans from financial institutions – fixed interest rate	22 727	22 727	22 727	22 727	22 727	134 609	**248 243**
Bonds	-	49 020	48 348	-	-	-	**97 368**
Total interest bearing debt	**57 691**	**99 919**	**115 648**	**39 199**	**39 199**	**239 614**	**591 270**

Loans from subsidiaries:
(USD 1 000)

	Average interest rate	2009	2008
Loans from subsidiaries	2.25 %	39 979	33 786

Maturity loan from subsidiaries as per 31.12.09:
(USD 1 000)

	2010	2011	2012	2013	2014	2015+	Total
Loans from subsidiaries	5 711	5 711	5 711	5 711	5 711	11 423	**39 979**

Maturity loan from subsidiaries as per 31.12.08:
(USD 1 000)

	2009	2010	2011	2012	2013	2014+	Total
Loans from subsidiaries	4 845	4 845	4 845	4 845	4 845	9 559	**33 786**

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

The average term of the Company's outstanding long-term interest bearing bank debt as per 31 December 2009 was 3.2 years (3.5 years in 2008). The average term of the Company's outstanding bond's debt as per 31 December 2009 was 2.4 years (1.9 years in 2008).

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

NOTE 14 AVAILABLE-FOR-SALE-INVESTMENTS

(USD 1 000)	Currency	Average interest rate	Book value	Market value
Bonds and certificates issued by financial institutions	USD	0.66%	63 801	63 801
Bonds and certificates issued by corporates	USD	0.51%	7 706	7 706
			71 507	**71 507**

NOTE 15 RESTRICTED CASH AND CASH EQUIVALENTS

The Company has no restricted cash and cash equivalents per 31.12.2009.

NOTE 16 SHARE CAPITAL AND INFORMATION ABOUT SHAREHOLDERS

(NOK 1 000)

	Number of shares	Nominal value (NOK)	2009	2008
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 2009:

	Name	A-shares	B-shares	Total	Percent of votes	Percent of shares
1	Norchem AS	25 966 492	1 041 176	**27 007 668**	39.53%	31.13%
2	ChemLog Holdings Ltd	13 802 366	20 500	**13 822 866**	21.01%	15.93%
3	Odfjell SE	2 499 000	2 322 482	**4 821 482**	3.80%	5.56%
4	ODIN -fondene	1 400	4 734 801	**4 736 201**	0.00%	5.46%
5	Pareto - fondene	2 597 746	1 955 150	**4 552 896**	3.96%	5.25%
6	SIX SIS	2 138 620	2 189 050	**4 327 670**	3.26%	4.99%
7	Rederiet Odfjell AS	3 497 472	-	**3 497 472**	5.32%	4.03%
8	DnB NOR	3 150 661	118 384	**3 269 045**	4.80%	3.77%
9	Svenska Handelsbanken	1 450 080	1 398 530	**2 848 610**	2.21%	3.28%
10	Odfjell Shipping Bermuda Ltd.	1 463 898	1 215 760	**2 679 658**	2.23%	3.09%
11	Folketrygdfondet	599 400	1 788 500	**2 387 900**	0.91%	2.75%
12	JP Morgan Chase	492 660	321 745	**814 405**	0.75%	0.94%
13	AS SS Mathilda	600 000	150 000	**750 000**	0.91%	0.86%
14	Pictet & CieBanquiers	463 400	252 800	**716 200**	0.71%	0.83%
15	AS Bemacs	314 000	352 000	**666 000**	0.48%	0.77%
16	Citibank	446 377	43 140	**489 517**	0.68%	0.56%
17	SES	24 000	439 000	**463 000**	0.04%	0.53%
18	Berger	432 400	-	**432 400**	0.66%	0.50%
19	Skagen -fondene	334 300	80 500	**414 800**	0.51%	0.48%
20	Holberg -fondene	-	372 621	**372 621**	-	0.43%
	Total 20 largest shareholders	**60 274 272**	**18 796 139**	**79 070 411**	**91.77%**	**91.14%**
	Other shareholders	5 415 972	2 282 565	**7 698 537**	8.23%	8.86%
	Total	**65 690 244**	**21 078 704**	**86 768 948**	**100.00%**	**100.00%**
	International shareholders	46 695 188	6 997 270	**53 692 458**	71.08%	61.88%
	Treasury shares	2 499 000	2 322 482	**4 821 482**	3.80%	5.56%
	Cost price treasury shares (USD 1 000)	22 599	18 660	**41 259**		

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

The Annual General Meeting on 5 May 2009 authorised the Board of Directors to acquire up to 10 per cent of the company's share capital. This authorisation expires 5 November 2010. The purpose of purchasing own shares is to increase shareholders' value. The Board of Directors regularly considers investments in own shares when it may be beneficial for the company.

On March 2 2010 ChemLog Holdings Limited (ChemLog) sold 13,802,366 A-shares in Odfjell SE. In addition, ChemLog terminated a total return swap agreement (TRS) with DnB NOR Markets for 3,000,000 A-shares, which subsequently were sold as part of the total transaction. Following the transaction ChemLog owns no A-shares and 20,500 B-shares in Odfjell SE.

At the same time, Odfjell SE bought 2,892,166 A-shares at NOK 44.00 per share. Following the transaction Odfjell SE owns 5,391,166 A-shares and 2,322,482 B-shares in Odfjell SE.

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

	A-shares	B-shares	Total
Chairman of the Board of Directors, B.D.Odfjell	-	2 000	2 000
Director Terje Storeng	70 560	2 112	72 672

NOTE 17 PENSION COSTS AND LIABILITIES

(USD 1 000)

In 2008 Odfjell SE became a pure holding company. Previously Odfjell SE employed more than 240 people in administrative positions, within chartering, operations and ship management. Additionally, Odfjell SE employed more than 350 Norwegian and other West-European ship officers and trainees. Effective October 1st 2008, Odfjell SE's 100% owned subsidiaries, Odfjell Management AS and Odfjell Maritime Services AS became operational. Odfjell Management AS and Odfjell Maritime Services AS assumed full responsibility for all employees in Odfjell SE, as well for the services previously provided by Odfjell SE.

For 2009 the Company has no employees and the Company is not bound to have mandatory occupational pension scheme pursuant to the Norwegian law of Occupational pension scheme.

NOTE 18 GUARANTEES

(USD 1 000)	2009	2008
Subsidiaries	876 972	880 735

Guarantees to and from group companies are generally entered into on arms-length basis.

NOTE 19 DERIVATIVE FINANCIAL INSTRUMENTS

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

See note 24 in the Group Financial Statements for more details regarding risk management.

Cash flow hedges – interest rates
All interest rate swaps are recognised at fair value.

As of 31.12.2009 Odfjell SE held following interest rate derivatives documented as cash flow hedging:

Instrument	Fixed rate	Floating rate	Notional amount	Effective from	Duration
Interest rate swaps	3.70%-5.19%	USD 3-6m LIBOR	USD 200 mill.	2008-2009	4 years

As of 31.12.2008 Odfjell SE held following interest rate derivatives documented as cash flow hedging:

Instrument	Fixed rate	Floating rate	Notional amount	Effective from	Duration
Interest rate swaps	2.53%-5.19%	USD 3-6m LIBOR	USD 300 mill.	2008-2009	1-5 years

Fair value hedges – currency

At 31.12.2009 Odfjell SE held the following currency instruments as fair value hedge:

	Committed amount		Remaining term to maturity		
Instrument	Deliver	Receive	< 1 year	1-5 years	> 5 years
Cross currency swaps	USD 115.2 mill.	NOK 670 mill.	USD 17.6 mill.	USD 97.6 mill.	-
Forward currency	USD 6.4 mill.	EUR 5.0 mill.	USD 6.4 mill.	-	-

At 31.12.2008 Odfjell SE held the following currency instruments as fair value hedge:

	Committed amount		Remaining term to maturity		
Instrument	Deliver	Receive	< 1 year	1-5 years	> 5 years
Cross currency swaps	USD 97.4 mill.	NOK 622 mill.	-	USD 97.4 mill.	-

As of 31.12.2009 Odfjell SE held the following cross currency rate swaps documented as fair value hedges:

Exchange from	Average current rate	Notional amount	Exchange to	Average current rate	Notional amount
NOK 3m NIBOR	4.3%	NOK 670 mill.	USD 3m LIBOR	4.2%	USD 115.2 mill.

As of 31.12.2008 Odfjell SE held the following cross currency rate swaps documented as fair value hedges:

Exchange from	Average current rate	Notional amount	Exchange to	Average current rate	Notional amount
NOK 3m NIBOR	5.4%	NOK 622 mill.	USD 3m LIBOR	2.7%	USD 97.4 mill.

Derivative financial instruments not qualifying for hedge accounting

As of 31.12.2009 Odfjell SE held following derivatives not qualified for hedge accounting:

Interest:

Instrument	Fixed rate	Floating rate	Notional amount	Effective from	Duration
Sold interest rate options	2.50%-3.50%	USD 3m LIBOR	USD 250 mill.	2009-2010	5-10 years

Currency:

	Committed amount		Remaining term to maturity		
Instrument	**Deliver**	**Receive**	**< 1 year**	**1-5 years**	**> 5 years**
Forward currency swaps	USD 10.0 mill.	NOK 67.0 mill.	USD 10.0 mill.	-	-

As of 31.12.2008 Odfjell SE held following derivatives not qualified for hedge accounting:

Currency:

	Committed amount		Remaining term to maturity		
Instrument	**Deliver**	**Receive**	**< 1 year**	**1-5 years**	**> 5 years**
Forward currency swaps	USD 19.0 mill.	NOK 114.6 mill.	USD 9.0 mill.	USD 10.0 mill.	-
Total Return Swap	NOK 243.6 mill.	4.8 mill. shares	NOK 243.6 mill.	-	-

Odfjell SE held the following derivatives to reduce exposure in subsidiaries. The results from these contracts are transferred to the respective subsidiary and therefore no profit or loss effect in Odfjell SE:

(USD 1 000)	2009	2008
Bunkers	19 986	(40 277)
Currency	10 628	(15 218)
Total derivative financial instruments	**30 614**	**(55 495)**

Fair value of financial instruments

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

(USD 1 000)	Carrying amount 2009	Fair value 2009	Carrying amount 2008	Fair value 2008
Assets				
Cash and cash equivalents	47 436	47 436	64 478	64 478
Available-for-sale-investments	71 507	71 507	86 106	86 106
Derivative financial instruments	16 751	16 751	-	-
Current receivables	1 780	1 780	971	971
Non-current receivables	26 641	26 641	16 000	16 000
Loan to group companies	540 427	540 427	644 960	644 960
Other non-financial assets*	739 041	739 041	596 962	596 962
Total assets	**1 443 584**	**1 443 584**	**1 409 477**	**1 409 477**
Liabilities				
Current loan from subsidiaries	99 783	99 783	74 254	74 254
Other current liabilities	4 645	4 645	5 791	5 791
Derivative financial instruments	-	-	83 442	83 442
Dividend payable	-	-	12 397	12 397
Interest bearing debt	617 611	627 611	587 887	587 887
Non-current loan from subsidiaries	39 979	39 979	33 786	33 786
Other non-current liabilities	2 586	2 586	-	-
Total liabilities	**764 605**	**774 605**	**797 557**	**797 557**

* No fair value evaluation is made for other non-financial assets/liabilities. Fair value is equal to carrying amount.

Classification of financial assets and liabilities as at 31.12.2009
(USD 1 000)

	Derivatives held as hedge instrument	Derivatives held at fair value over the result	Loans and receivables	Available-for-sale-invesments	Liabilities recognised at amortised cost	Non-financial assets/ liabilities	2009
Assets							
Cash and cash equivalents	-	-	47 436	-	-	-	**47 436**
Available-for-sale-investments	-	-	-	71 507	-	-	**71 507**
Derivative financial instruments	20 325	(3 574)	-	-	-	-	**16 751**
Current receivables	-	-	1 780	-	-	-	**1 780**
Non-current receivables	-	-	26 641	-	-	-	**26 641**
Loan to group companies	-	-	540 427	-	-	-	**540 427**
Other non-financial assets	-	-	-	-	-	739 041	**739 041**
Total assets	**20 325**	**(3 574)**	**616 284**	**71 507**	**-**	**739 041**	**1 443 584**
Liabilities							
Other current liabilities	-	-	4 645	-	-	-	**4 645**
Loan from subsidiaries	-	-	-	-	139 762	-	**139 762**
Dividend payable	-	-	-	-	-	-	**-**
Derivative financial instruments	-	-	-	-	-	-	**-**
Interest bearing debt	-	-	-	-	617 611	-	**617 611**
Other non-current liabilities	-	-	2 586	-	-	-	**2 586**
Total liabilities	**-**	**-**	**7 231**	**-**	**757 373**	**-**	**764 605**

Classification of financial assets and liabilities as at 31.12.2008
(USD 1 000)

	Derivatives held as hedge instrument	Derivatives held at fair value over the result	Loans and receivables	Available-for-sale-invesments	Liabilities recognised at amortised cost	Non-financial assets/ liabilities	2008
Assets							
Cash and cash equivalents	-	-	64 478	-	-	-	**64 478**
Available-for-sale-investments	-	-	-	86 106	-	-	**86 106**
Current receivables	-	-	971	-	-	-	**971**
Non-current receivables	-	-	16 000	-	-	-	**16 000**
Loan to group companies	-	-	644 960	-	-	-	**644 960**
Other non-financial assets	-	-	-	-	-	596 962	**596 962**
Total assets	**-**	**-**	**726 409**	**86 106**	**-**	**596 962**	**1 409 477**
Liabilities							
Other current liabilities	-	-	5 791	-	-	-	**5 791**
Loan from subsidiaries	-	-	-	-	108 040	-	**108 040**
Dividend payable	-	-	-	-	12 397	-	**12 397**
Derivative financial instruments	18 566	64 876	-	-	-	-	**83 442**
Interest bearing debt	-	-	-	-	587 887	-	**587 887**
Total liabilities	**18 566**	**64 876**	**5 791**	**-**	**708 324**	**-**	**797 557**

NOTE 20 RELATED PARTIES

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

AS Rederiet Odfjell, beneficially owned by the Chairman of the Board, B. D. Odfjell and his immediate family, rent office premises from Odfjell SE (through Odfjell Management AS) in Bergen, for which Odfjell received USD 0.1 million in 2009. The company considers the above arrangements to be on commercially reasonable market terms. Transactions with related parties are settled on a regular basis and the balances as per 31.12.2009 were immaterial.

NOTE 21 COMMITMENTS AND CONTINGENCIES

Capital Expenditures
No material future commitments related to capital expenditure.

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

We have settled most antitrust issues with our US based customers. At this point in time it is not possible to estimate the financial impact of any future settlements, but we believe that such settlements will not have a material impact upon future net result or cash flow. These negotiations have not prevented us from doing business with any of our customers, at market terms. Both in 2008 and 2009 net result has not been influenced by payments, provisions and reversal of unused provisions in connection with the antitrust and related matters. As per 31 December 2009 there were no provisions for future commitments.

NOTE 22 SUBSEQUENT EVENTS

See note 16 Share Capital and Information about Shareholders.

ERNST & YOUNG

Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

To the Annual Shareholders' Meeting of
Odfjell SE

Auditor's report for 2009

We have audited the annual financial statements of Odfjell SE as of 31 December 2009, showing a profit of USD 100 170 000 for the Parent Company and a profit of USD 121 083 000 for the Group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet, the statements of income and cash flows, the statement of comprehensive income and the accompanying notes. The financial statements of the Group comprise the balance sheet, the statements of income and cash flows, the statement of comprehensive income, the statement of changes in equity and the accompanying notes. Simplified IFRSs pursuant to the Norwegian Accounting Act § 3-9 have been applied in the preparation of the financial statements of the Parent Company. IFRSs as adopted by the EU have been applied in the preparation of the financial statements of the Group. These financial statements and the Directors' report are the responsibility of the Company's Board of Directors and Chief Executive Officer. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

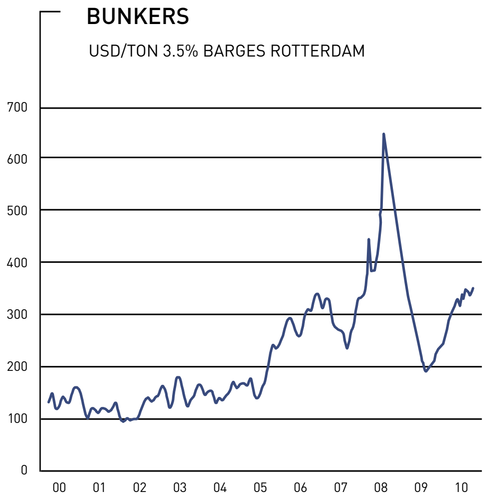
- the financial statements of the Parent Company are prepared in accordance with laws and regulations and present fairly, in all material respects the financial position of the Company as of 31 December 2009, and the results of its operations and cash flows, in accordance with simplified IFRSs pursuant to the Norwegian Accounting Act § 3-9
- the financial statements of the Group are prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as of 31 December 2009, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with IFRSs as adopted by the EU
- the Company's management has fulfilled its duty to properly record and document the Company's accounting information as required by law and bookkeeping practice generally accepted in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with law and regulations.

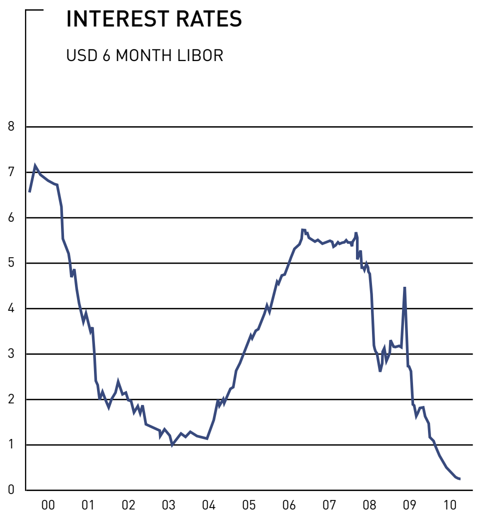
Bergen, 9 March 2010
ERNST & YOUNG AS
Kjell Ove Røsok
State Authorised Public Accountant (Norway)
(sign.)
Note: The translation to English has been prepared for information purposes only.

Emergency drill at Odfjell Terminals (Rotterdam) Photo: Courtesy of TNO, Delft

Training of personnel working on board, at terminals and ashore is our proactive way of ensuring that we possess the required competence.

FINANCIAL RISK MANAGEMENT
AND SENSITIVITIES





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

EARNINGS

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

The single largest monetary cost component affecting time charter earnings is bunkers. In 2009 it amounted to more than USD 237 million (58% of voyage cost). A change in the average bunker price of USD 100 per ton equals about USD 60 million (or USD 2 300/day) change in time charter earnings for those ships where we have a direct economic interest. A certain portion of our bunker exposure is hedged through bunker adjustment clauses in the Contracts of Affreightment. As per 31 December 2009 we had additional hedging of about 42% and 13% of our total 2010 and 2011 bunker exposure, through swaps and options at an average price of about USD 342 per ton for 2010 and USD 356 per ton for 2011.

Sensitivity analysis show that a change in time charter earnings of USD 1,000 per-day for our parcel tankers (a roughly 4% change in freight rates) will impact the pre-tax net result by approximately USD 30 million. Currently we are not engaged in the derivative market as to Forward Freight Agreements.

The tank terminal activities have historically shown more stable earnings than our shipping activities and all of our operating result for 2009 came from the tank terminal side. A substantial part of the tank terminal costs are fixed costs and the main drivers for earnings within a tank terminal are the occupancy rate, the volume of cargoes handled through and by the terminal, and operational efficiency.

INTEREST RATES

All interest-bearing debt, except debt by tank terminals outside the US, is denominated in USD. Bonds issued in non-USD currencies are swapped to USD. Interest rates are generally based on USD LIBOR rates. A certain share of the interest on our debt is fixed, either through fixed rate loans or through long-term interest rate swaps. With our current interest rate hedging in place, about 30% of our loans are on fixed rate basis. In order to reduce volatility in the net result and cash flow related to changes in short-term interest rates, interest rate periods on floating rate debt and on liquidity are managed to be concurrent. Our interest-bearing debt as per 31 December 2009 was USD 1.6 billion, while liquid assets were USD 184 million.

CURRENCY

The Group's revenues are primarily in US Dollars. Only tank terminals outside the US and our regional European shipping trade derive income in non-USD currencies. Our currency exposure relates to the net result and cash flow from voyage related expenses, ship operating expenses and general and administrative expenses denominated in non-USD currencies, primarily in NOK and EUR. We have estimated that a 10% strengthening of the USD versus the NOK and EUR will improve the pre-tax 2010 result by roughly USD 15 million, disregarding then the result of any currency hedging in place.

Our currency hedging at the end of 2009, whereby we have sold USD and purchased NOK, covers about 84% and 22% of our 2010 and 2011 NOK-exposure, respectively. Future hedging periods may vary depending on changes in market conditions. The average exchange rates for open hedging positions as of 31 December 2009 for 2010 were 6.77 and 6.39 for 2011.

FINANCING AND LIQUIDITY

Odfjell has a stable debt structure established with major international shipping banks, with which we enjoy long-standing relationships. We have a diversified debt portfolio and it is a combination of secured loans, unsecured loans, finance leases and bonds. The average maturity of the Group's interest-bearing debt is about 5.6 years.

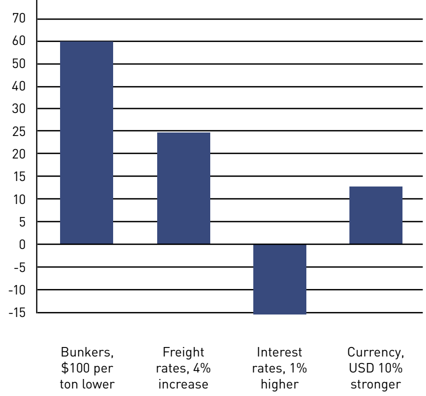
Odfjell's strategy is to maintain a high level of readily available liquidity. The liquidity is invested in bank deposits and high-grade certificates and bonds with floating interest rate.

TAX

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

SENSITIVITIES

USD MILL.
Change in net result before tax

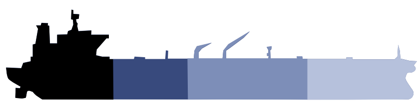


USD/NOK

COST ANALYSIS

The major cost components of a typical large Odfjell parcel tanker:

(26%) BUNKERS
(18%) OTHER VOYAGE EXPENSES
(29%) OPERATING AND ADM. EXPENSES
(27%) CAPITAL EXPENSES



CORPORATE GOVERNANCE

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

REPORTING ON CORPORATE GOVERNANCE

According to decision made by the Board, the framework for corporate governance is The Norwegian Code of Practice for Corporate Governance of 21 October 2009. The code builds on a "comply or explain" principle, which means that possible deviations from the code shall be explained. Odfjell's shareholder structure, where the founder's family controls about 50% of the votes at the general shareholders' meeting, is such that certain of the code's provisions are not implemented, in full. Odfjell is committed to ethical business practices, honesty, fair dealing and full compliance with all laws affecting our business. This includes adherence to high standards of corporate governance throughout the Group. Odfjell has developed its own corporate Code of Conduct, which focuses on good ethical behaviour in everyday business activities. All Odfjell employees are obliged to comply with our Code of Conduct.

Below we comment on Odfjell's compliance as to each of the elements of the code, and the reasons for deviations, if any, are explained.

THE BUSINESS

Article 1 of Odfjell's Articles of Association states: *The object of the Company is to engage in shipowning and related activities, including the transportation of freight on the Company's own vessels or chartered vessels, the conclusion of freight contracts, co-ownership agreements and cooperation agreements, as well as taking part in share subscriptions and making partnership contributions, or in any other way establish or participating in other enterprises which may be significant to the development of the Company.* Further articles may be found on our website www.odfjell.com. The Company's Mission Statement and strategy is to be found on page 2 and 4 in this Annual Report.

EQUITY AND DIVIDENDS

Equity

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

Dividend policy

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

Capital increase

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

Purchase of treasury shares

The Annual General Meeting on 5 May 2009 authorized the Board of Directors to acquire treasury shares of up to 10% of the Company's outstanding shares, at a minimum price of NOK 2.50 (par value) and a maximum price of NOK 250 per share. This authorization expires 5 November 2010. A renewal of this authorization for another 18 months will be recommended to the shareholders at the General Meeting in May 2010.

EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

Class of shares

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

Trading in treasury shares

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

Transactions with close associates

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

Guidelines for Directors and Corporate Management

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

FREELY NEGOTIABLE SHARES

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

GENERAL MEETINGS

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

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

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

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

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

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

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

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

NOMINATION COMMITTEE

Odfjell SE has not established a Nomination Committee. The Board has evaluated the possibility of establishing a Nomination Committee, but has concluded such a committee would hardly bring about added quality or value.

CORPORATE ASSEMBLY AND BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

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

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

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

In the Annual General Meeting held on 5 May 2009, the shareholders changed the composition of Directors: Reidar Lien was replaced by Terje Storeng who retired from the position as President/CEO of Odfjell SE. The members of the Board are elected for two years at a time. Bernt Daniel Odfjell is the current Chairman of the Board. The Chairman has been delegated additional tasks by the Board, and consequently acts as Executive Chairman. Bernt Daniel Odfjell represents the Odfjell family, the largest shareholder of Odfjell SE. Board member Ilias A. Iliopoulos represents Chemlog Holdings Ltd., the second largest shareholder. Terje Storeng, Marianna Moschou and Irene Waage Basili are independent Board members. Great caution is taken to avoid any conflict of interest in issues with related parties. In this connection the independent Board members represent valuable external viewpoints.

THE WORK OF THE BOARD

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

It is the responsibility of the Board to ensure that the Company's management and employees operate in a safe, legal and ethically responsible manner. To emphasise the importance of these issues, an Odfjell Code of Conduct document has been communicated throughout the organisation. The Code focuses on aspects of ethical behaviour in everyday business activities. All issues are dealt with in plenary meetings.

An Audit Committee will be established after the General Meeting in May 2010. The Audit Committee shall be elected by the Board and among the Board members. Managers that are Board members cannot be elected. At least one member shall be independent of the Company and have qualifications within accounting or auditing. The Audit Committee is responsible towards the Board, and acts as a preparatory and advisory working committee for the Board. The establishment of the Audit Committee does not alter the Board's legal responsibilities or tasks.

The Board held seven regular meetings in 2009. Apart from ongoing business, four of the meetings dealt with the quarterly financial reports, one covered strategic matters and one meeting reviewed and approved next year's budget. The auditor participated in the meeting of the Board of Directors that dealt with the annual accounts. One meeting is always held in May, in connection with the Annual General Meeting. The Annual General Meeting represents an occasion for the Board to meet and discuss with shareholders face-to-face and to decide on important issues such as the appointment of the auditors, dividend payments, and the election or re-election of Board members.

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

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

Risk management and internal control
The Board of Odfjell is kept updated on management and company activities through reporting systems, including monthly financial statements. QHSE is a fixed item on the Board's agenda. The Company is also subject to external control functions such as by the auditors, the ship classification societies, port and flag state control, and other regulatory bodies like IMO, ISM Codes, etc.

The Compliance Officer of Odfjell monitors that the Company acts in accordance with applicable law and regulations. Particular focus has been applied to competition law compliance, and regular updates are given to all relevant personnel.

INFORMATION AND COMMUNICATION

Odfjell presents preliminary annual accounts early February. The complete accounts, the Directors' Report and the Annual Report are sent to shareholders and other stakeholders late March. Odfjell presents its accounts on a quarterly basis. The Financial Calendar is published on the Oslo Stock Exchange, on the corporate website and in the Annual Report. All shareholders are treated equally with regards to information.

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

TAKE-OVERS

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

AUDITOR

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

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

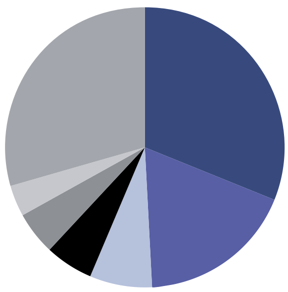
Captain Fidel Perez, Odfjell Academy. Photo: Medieware

Training of officers and crew are a key area to ensuring quality management. Odfjell allocates significant resources to training. During the last years we have implemented major upgrades of Odfjell Academy located in Subic Bay and also at our Cadet campus at John B. Lacson Colleges Foundation in the Philippines.

SHAREHOLDER INFORMATION

SHAREHOLDER STRUCTURE

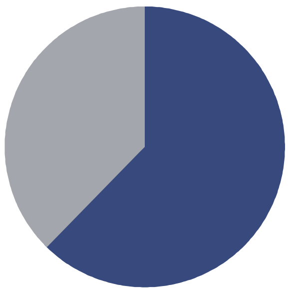
Per 31.12.2009



- (31.13%) NORCHEM AS
- (15.93%) CHEMLOG HOLDINGS LTD
- (5.56%) ODFJELL SE
- (5.46%) ODIN FONDENE
- (5.25%) PARETO-FONDENE
- (4,99%) SIX SIS
- (31,68%) OTHERS

SHAREHOLDER DOMICILE

Per 31.12.2009



- (61.9%) INTERNATIONAL SHAREHOLDERS
- (38.1%) DOMESTIC SHAREHOLDERS

SHAREHOLDER POLICY

Odfjell's aim is to provide competitive long-term return to its shareholders. The Company emphasises an investor friendly dividend policy based upon financial performance, current capital expenditure programmes and tax positions. The Company strives for semi-annual dividend payments. However, as a result of the negative impact from the financial crisis, the Board did not propose a second dividend in 2009.

SHARE PERFORMANCE

At year-end 2009 the Odfjell A-shares traded at NOK 52.00 (USD 9.03) up 19,5% compared to 43.5 (USD 6.22), a year earlier. The B-shares traded at NOK 50.00 (USD 8.69) up 11.1%, compared to 45 (USD 6.43) a year earlier. A dividend of NOK 1.00 per share was paid in May 2009. Adjusted for this dividend, the A- and B-shares had positive yields of 21.8% and 13.3% respectively. By way of comparison, the Oslo Stock Exchange benchmark index increased by 64.8%, the marine index increased by 25.5% and the transportation increased by 30.1% during the year.

The market capitalisation of Odfjell was NOK 4.5 billion (USD 776 million) 31.12 2009.

TRADING VOLUMES

In 2009 about 7.7 million Odfjell shares were traded, spread over 4.4 million A-shares and 3.3 million B-shares. This represents about 8.9% of the issued and outstanding shares.

SHAREHOLDERS

At the end of 2009 there were 1,063 holders of Odfjell A-shares and 536 holders of Odfjell B-shares. Taking into account shareholders owning both share classes, the total number of shareholders was 1,311, a minor decrease compared to the preceding year.

INTERNATIONAL OWNERSHIP

71.1% of the Company's A-shares and 33.2% of the B-shares were held by international investors at year-end, equivalent to 61.9% of the total share capital.

SHARE REPURCHASE PROGRAMME

On 2 March 2009, Odfjell terminated its Total Return Swap (TRS) agreement with DnB NOR Markets for 819,500 Odfjell A-shares. Simultaneously all shares were acquired by Odfjell SE at a price of NOK 36.

On October 14 2009, Odfjell terminated its TRS agreement with DnB NOR Markets for 1,679,500 Odfjell A-shares and 2,322,482 Odfjell B-shares, which was originally due on 10 November 2009. Simultaneously all shares were acquired by Odfjell SE at a price of NOK 51 for the A-shares and NOK 45 for the B-shares. Following this purchase Odfjell SE holds 2,499,000 Odfjell A-shares and 2,322,482 B-shares.

On 2 March 2010 ChemLog Holdings Limited (ChemLog) sold 13,802,366 A-shares in Odfjell SE at a price of NOK 44.00 per share. In addition, ChemLog has terminated a total return swap agreement (TRS) with DnB NOR Markets for 3,000,000 A-shares which subsequently were sold at NOK 44.00 per share as part of the total transaction.

At the same time, Odfjell SE Odfjell SE bought 2,892,166 shares at NOK 44.00 per share. Following the transaction Odfjell SE owns 5,391,166 A-shares and 2,322,482 B-shares in Odfjell SE.

The Annual General Meeting on 5 May 2009 authorized the Board of Directors to acquire up to 10% of the Company's share capital. This authorization expires 5 November 2010. The purpose of purchasing own shares is to increase shareholders' value. The Board of Directors regularly considers investments in own shares when it may be beneficial for the Company.

INVESTOR RELATIONS

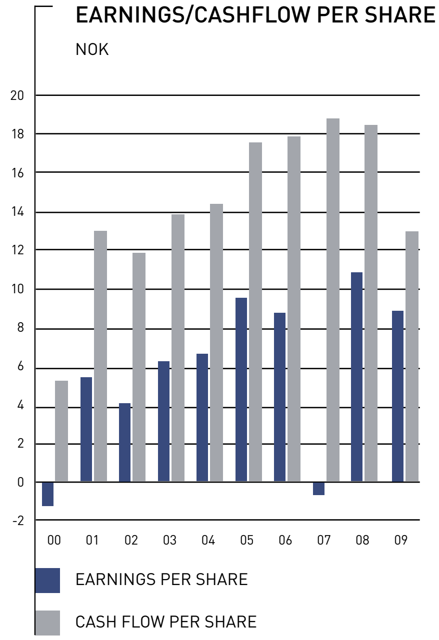
Correct and timely information is of vital importance in order to create credibility and confidence. Our policy is to provide the market with relevant information. We attach great importance to ensuring that shareholders receive swift, relevant and correct information about the Company. Our aim is to provide a good understanding of the Company's activities and its prospects so that shareholders are in a good position to assess the share's trading price and underlying values. For more information, please see page 94 under Corporate Governance.

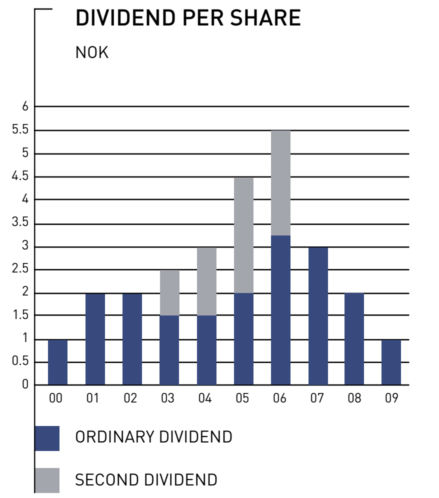
THE FINANCIAL CALENDAR FOR 2010 IS AS FOLLOWS:

4 May	Annual General Meeting
4 May	Report 1st quarter 2010
18 August	Report 2nd quarter 2010
3 November	Report 3rd quarter 2010
9 February 2011	Report 4th quarter 2010

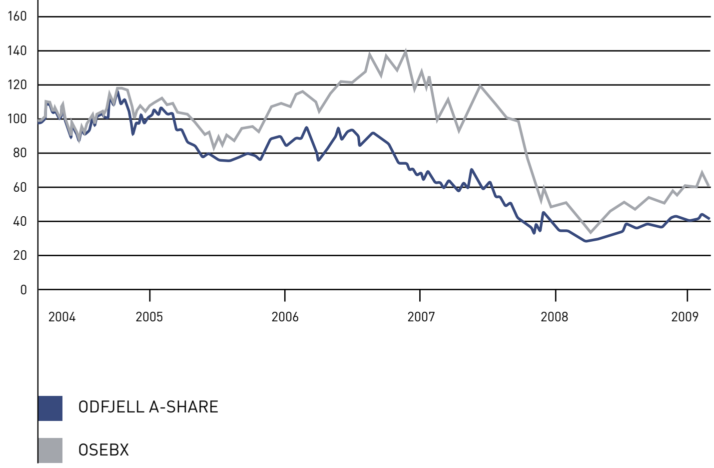
SPECIAL INFORMATION FOR NORWEGIAN SHAREHOLDERS

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

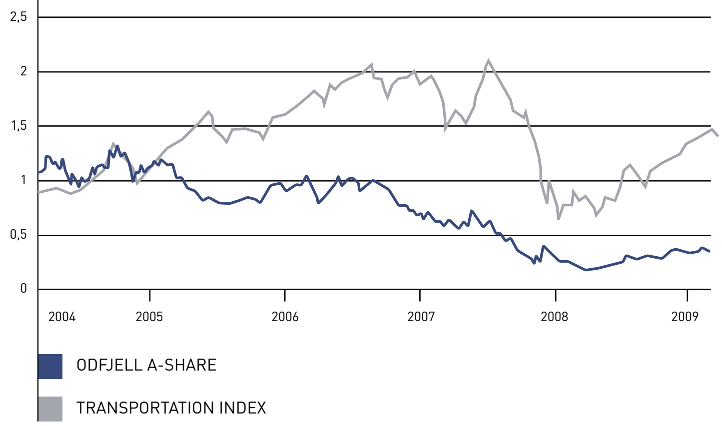




SHARE PRICE DEVELOPMENT



SHARE PRICE DEVELOPMENT



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

1 Jan. 2006	minus NOK 2.50 per share
1 Jan. 2005	minus NOK 3.50 per share
1 Jan. 2004	minus NOK 2.50 per share
1 Jan. 2003	minus NOK 1.84 per share
1 Jan. 2002	minus NOK 1.80 per share
1 Jan. 2001	minus NOK 1.00 per share
1 Jan. 2000	minus NOK 1.00 per share
1 Jan. 1999	minus NOK 1.00 per share
1 Jan. 1998	minus NOK 1.00 per share
1 Jan. 1997	minus NOK 0.75 per share
1 Jan. 1996	minus NOK 0.50 per share
1 Jan. 1995	minus NOK 0.38 per share
1 Jan. 1994	minus NOK 0.32 per share
1 Jan. 1993	NOK 0.00 per share

The reason why the RISK adjustments are negative (and reduce the cost price of the shares for tax purposes) is that the Company has paid dividend in excess of taxable earnings in each particular year. Norwegian shareholders do not pay tax on dividend when received, but the dividend becomes taxable when the shares are sold.

In accordance with the Norwegian tax reform of 1 January 1992, the price paid by Norwegians for shares acquired prior to 1 January 1989 may be adjusted upwards to NOK 15.41 for A-shares and NOK 14.87 for B-shares.

All share data have been restated according to the 2:1 splits of the shares that took place in 2004 and 2005.

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

20 LARGEST SHAREHOLDERS AS PER 31 DECEMBER 2009

NAME		A-SHARES	B-SHARES	TOTAL	PERCENT OF VOTES	PERCENT OF SHARES
1	Norchem AS	25 966 492	1 041 176	27 007 668	39.53%	31.13%
2	ChemLog Holdings Ltd.	13 802 366	20 500	13 822 866	21.01%	15.93%
3	Odfjell SE	2 499 000	2 322 482	4 821 482	3.8%	5.56%
4	ODIN - fondene	1 400	4 734 801	4 736 201	0%	5.46%
5	Pareto - fondene	2 597 746	1 955 150	4 552 896	3.96%	5.25%
6	SIX SIS	2 138 620	2 189 050	4 327 670	3.26%	4.99%
7	Rederiet Odfjell AS	3 497 472	.	3 497 472	5.32%	4.03%
8	DnB NOR	3 150 661	118 384	3 269 045	4.8%	3.77%
9	Svenska Handelsbanken	1 450 080	1 398 530	2 848 610	2.21%	3.28%
10	Odfjell Shipping Bermuda Ltd.	1 463 898	1 215 760	2 679 658	2.23%	3.09%
11	Folketrygdfondet	599 400	1 788 500	2 387 900	0.91%	2.75%
12	JP Morgan Chase	492 660	321 745	814 405	0.75%	0.94%
13	AS SS Mathilda	600 000	150 000	750 000	0.91%	0.86%
14	Pictet &CieBanquiers	463 400	252 800	716 200	0.71%	0.83%
15	AS Bemacs	314 000	352 000	666 000	0.48%	0.77%
16	Citibank	446 377	43 140	489 517	0.68%	0.56%
17	SES	24 000	439 000	463 000	0.04%	0.53%
18	Berger	432 400	.	432 400	0.66%	0.5%
19	Skagen - fondene	334 300	80 500	414 800	0.51%	0.48%
20	Holberg - fondene	-	372 621	372 621	0%	0.43%
Total 20 largest shareholders		**60 274 272**	**18 796 139**	**79 070 411**	**91.77%**	**91.14%**
Other shareholders		5 415 972	2 282 565	7 698 537	8.23%	8.86%
Total		**65 690 244**	**21 078 704**	**86 768 948**	**100.00%**	**100.00%**
International shareholders		46 695 188	6 997 270	53 692 458	71.09%	61.88%

SHARE CAPITAL HISTORY

Year	Event	Amount NOK	Share Capital After Event NOK
1916	Established	517 500	517 500
1969	Capitalisation bonus issue	382 500	900 000
1969	Merger with A/S Oljetransport	900 000	1 800 000
1981	Capitalisation bonus issue	1 800 000	3 600 000
1984	Capitalisation bonus issue	3 600 000	7 200 000
1985	Merger with Skibsaksjeselskapet Selje	3 320 000	10 520 000
1985	Merger with Odfjell Tankers & Terminals A/S	2 000 000	12 520 000
1985	Capitalisation bonus issue	6 260 000	18 780 000
1985	Public offering	9 390 000	28 170 000
1986	Capitalisation bonus issue	2 817 000	30 987 000
1988	Capitalisation bonus issue	6 197 400	37 184 400
1989	Capitalisation bonus issue	7 436 880	44 621 280
1989	International private placement	10 000 000	54 621 280
1990	Capitalisation bonus issue	54 621 280	109 242 560
1994	Capitalisation bonus issue	109 242 560	218 485 120
2000	Private placement	49 267 340	267 752 460
2001	Redemption of treasury shares	-13 657 500	254 094 960
2002	Redemption of treasury shares	-25 409 490	228 685 470
2003	Redemption of treasury shares	-11 763 100	216 922 370
2004	Share split 2:1	0	216 922 370
2005	Share split 2:1	0	216 922 370
2006/2009	No events	0	216 922 370

FLEET OVERVIEW

AS PER 31.12.2009

OWNED:	YEAR BUILT	DWT	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS
Bow Saga[1]	2007	40 085	52 126	52 126	40
Bow Sirius[1]	2006	40 048	52 126	52 126	40
Bow Sea	2006	40 048	52 126	52 126	40
Bao Hai Tun (49%)	2006	3 845	4 361	-	10
Bow Summer	2005	40 036	52 126	52 126	40
Bow Spring [1]	2004	39 942	52 126	52 126	40
Bow Star	2004	39 832	52 126	52 126	40
Bow Sun	2003	39 842	52 126	52 126	40
Bow Firda	2003	37 427	40 515	40 515	47
Bow Chain	2002	37 518	40 515	40 515	47
Bow Favour	2001	37 438	40 515	40 515	47
Bow Century	2000	37 438	40 515	40 515	47
Bow Fortune	1999	37 395	40 515	40 515	47
Bow Master	1999	6 046	6 878	6 878	14
Bow Mate	1999	6 001	6 864	6 864	14
Bow Pilot	1999	6 000	6 865	6 865	14
Bow Sailor	1999	6 000	6 870	6 870	14
Bow Cecil	1998	37 345	40 515	33 236	47
Bow Flora	1998	37 369	40 515	33 236	47
Bow Balearia	1998	5 870	5 941	5 941	20
Bow Oceanic	1997	17 460	18 620	18 620	24
Bow Bracaria	1997	5 870	5 941	5 941	20
Bow Brasilia	1997	5 870	5 941	5 941	20
Bow Cardinal	1997	37 446	41 487	34 208	52
Bow Faith	1997	37 479	41 487	34 208	52
Flumar Aratu	1997	13 834	15 831	15 831	29
Bow Querida	1996	10 115	10 956	10 956	18
Bow Cedar	1996	37 455	41 608	34 329	52
Bow Atlantic	1995	17 460	18 620	18 620	24
Bow Fagus	1995	37 375	41 608	34 329	52
Bow Clipper	1995	37 166	41 492	34 213	52
Bow Flower	1994	37 221	41 492	34 213	52
Bow Eagle	1988	24 728	32 458	19 662	25
Bow Cheetah	1988	40 258	47 604	-	29
Bow Leopard	1988	40 249	47 604	-	29
Bow Lion	1988	40 272	47 604	-	29
Bow Peace	1987	45 655	52 173	2 167	23
Bow Power	1987	45 655	52 173	2 167	23
Bow Pride	1987	45 655	52 173	2 167	23
Bow Prima	1987	45 655	52 173	2 167	23
Bow Prosper	1987	45 655	52 173	2 167	23
Bow Fertility	1987	45 507	52 173	2 167	23
Bow Fraternity	1987	45 507	52 173	2 167	23
Bow Panther	1986	40 263	47 604	-	29
Bow Puma	1986	40 092	47 604	-	29
Bow Victor	1986	33 190	34 500	21 975	31
Angelim	1985	10 259	10 136	6 500	18
Araucaria	1984	10 259	10 159	6 500	18
Bow Maasstroom	1983	38 039	48 866	-	22
Bow Fighter	1982	34 982	41 184	6 299	34
Bow Pacifico (50%)	1982	18 657	22 929	10 849	31
Bow Viking	1981	33 590	40 956	21 745	36
Jatai	1979	4 452	4 031	-	3

ON TIME CHARTER	YEAR BUILT	DWT	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS
Bow Tone	2009	33 600	37 700	37 700	16
Bow Hector	2009	33 694	37 386	37 386	16
Bow Sagami	2008	33 641	37 238	37 238	16
Bow Harmony	2008	33 619	34 698	34 698	16
Bow Cape	2008	19 971	22 158	22 158	20
Bow Kiso	2008	33 641	37 215	37 215	16
Bow Heron	2008	33 707	37 365	37 365	16
Bow Orelia[3]	2008	19 900	22 202	22 202	20
Ncc Haiel[3]	2008	45 953	54 300	-	22
Ncc Dammam[3]	2008	45 965	54 300	-	22
Ncc Sudair[3]	2007	46 012	54 300	-	22
Bow Omaria[3]	2007	19 900	22 202	22 202	20
Bow Lima	2007	19 900	22 157	22 157	20
Bow Olivia[3]	2007	19 900	22 202	22 202	20
Bow Octavia[3]	2007	19 900	22 202	22 202	20
Bow Fuji	2006	19 800	22 140	22 140	22
Bow Ophelia[3]	2006	19 900	22 655	22 655	20
Bow Plata	2006	19 807	22 143	22 143	22
Bow Engineer	2006	30 086	35 548	35 548	28
Bow Orania[3]	2006	19 993	22 050	22 050	20
Bow Sky[2]	2005	40 005	52 126	52 126	40
Bow Architect	2005	30 058	36 000	36 000	28
Bow Rio	2005	19 990	21 408	21 408	22
Bow Europe	2005	19 727	21 573	21 573	36
Bow Santos[2]	2004	19 997	21 846	21 846	22
Bow Asia[2]	2004	9 901	10 866	10 866	20
Bow Singapore[2]	2004	9 888	10 867	10 867	20
Bow Americas	2004	19 707	22 050	22 050	36
Bow de Rich	2003	12 452	13 300	13 300	22
Bow de Feng	2002	12 514	13 289	13 289	22
Bow West	2002	12 503	13 299	13 299	22
Bow Andino	2000	16 121	17 270	17 270	30
Bow de Jin	1999	11 752	12 296	12 296	20
Multitank Batavia[3]	1998	5 870	5 941	5 941	20
Multitank Badenia[3]	1997	5 870	5 941	5 941	20
Multitank Britannia[3]	1996	5 870	5 941	5 941	20
Bow Jubail[2]	1996	37 499	41 488	34 209	52
Bow Mekka[2]	1995	37 272	41 588	34 257	52
Bow Riyad[2]	1995	37 274	41 492	34 213	52
Bow Baha	1988	24 728	32 458	19 662	25
Bow Hunter	1983	23 002	25 026	21 031	28
Bow Pioneer	1982	23 016	25 965	20 969	28
Number of ships:	**95**	**2 602 760**	**2 993 990**	**1 985 070**	

[1] Vessel beneficially owned through financial lease.
[2] Vessel on bare-boat charter.
[3] Vessel on variable timecharter.

ON ORDER:			
YARD	**DELIVERY**	**DWT**	**OWNER**
Chongqing Chuandong			
Shipbuilding Industry Co.Ltd	2011	9 000	Odfjell
"	2011	9 000	Odfjell
"	2011	9 000	Odfjell
"	2011	9 000	Odfjell
"	2012	9 000	Odfjell
"	2012	9 000	Odfjell
Number of newbuildings:	**6**	**54 000**	

TANK TERMINALS	LOCATION	SHARE	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS
Odfjell Terminals (Rotterdam) BV	Rotterdam, NL	100 %	1 635 000	33 000	281
Odfjell Terminals (Houston) Inc	Houston, USA	100 %	320 600	82 300	98
Odfjell Terminals (Jiangyin) Co Ltd	Jiangyin, China	55 %	99 800	30 000	22
Odfjell Terminals (Dalian) Ltd	Dalian, China	50 %	119 750	18 350	51
Odfjell Terminals (Korea) Co Ltd	Onsan, Korea	50 %	250 590	15 860	70
Oiltanking Odfjell Terminal Singapore Ltd	Singapore	50 %	365 000	13 520	79
Oiltanking Odfjell Terminal & Co. LLC	Sohar, Oman	29,75 %	842 500	-	39
Exir Chemical Terminal (PJSCO)	BIK, Iran	35 %	22 000	1 000	18
Vopak Terminal Ningbo Ltd	Ningbo, China	12.5 %	63 500	7 900	36
Total owned			**3 718 740**	**201 930**	**694**
Associated terminals:					
Depositos Quimicos Mineros S.A.	Callao, Peru		39 880	1 600	35
Granel Quimica Ltda	Santos, Brazil		97 720	19 784	99
Granel Quimica Ltda	Rio Grande, Brazil		40 800	2 900	28
Granel Quimica Ltda	Sao Luis, Brazil		55 027	-	28
Granel Quimica Ltda	Ladario, Brazil		8 000	-	6
Odfjell Terminals Tagsa S.A.	Buenos Aires, Argentina		47 135	528	87
Odfjell Terminals Tagsa S.A.	Campana, Argentina		62 980	10 188	88
Terquim S.A.	San Antonio, Chile		32 840	-	25
IMTT-Quebec	Quebec, Canada		293 127	5 496	54
Total associated			**677 509**	**40 496**	**450**
Grand Total			**4 396 249**	**242 426**	**1 144**

PROJECTS AND EXPANSIONS			ONGOING	NEW	ESTIMATED
TANK TERMINALS	**SHARE**	**CBM**	**EXPANSION**	**TOTAL**	**COMPLETION**
Odfjell Terminals (Houston) Inc	100 %	320 600	10 700	331 300	Q3 2010
Oiltanking Odfjell Terminal & Co.LLC (Oman)	29.75 %	842 500	425 000	1 267 500	Q1 2011
Total			**435 700**		
Associated terminals:					
Depositos Quimicos Mineros S.A.	Callao, Peru	39 880	10 800	50 680	Q2/Q4 2010
Granel Quimica Ltda	Rio Grande, Brazil	40 800	20 000	60 800	Q3 2010
Granel Quimica Ltda	Sao Luis, Brazil	55 027	10 000	65 027	Q2 2010
Granel Quimica Ltda	Triunfo, Brazil	-	12 000	12 000	Q3 2010
Granel Quimica Ltda	Teresina, Brazil	-	7 000	7 000	Q3 2010
Granel Quimica Ltda	Aracruz, Brazil	-	30 000	30 000	Q4 2011
Terquim S.A.	Mejillones, Chile	-	80 000	80 000	Q4 2010
Total			**169 800**		

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DETERGENTS: A substance used for tank washing

DNVPS: Det Norske Veritas Petroleum Service

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

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

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

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

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

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

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

LIBOR: London Interbank Offered Rate.

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

M/T: Motor Tanker.

MT: Metric tons

NIS: Norwegian International Ship Register

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

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

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

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

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

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

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

PETROCHEMICALS: See organic chemicals.

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

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

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

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

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

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

SOLVENTS: A liquid that can dissolve other substances.

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

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

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

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

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

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

TONNE OR METRIC TONNE: 1,000 kg.

TRADE: The geographical area where a ship mainly trades.

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

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

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

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

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