



FIRST QUARTER REPORT 2014



First Quarter Report 2014 Odfjell SE - Consolidated

Highlights 1Q 2014

- *Time-charter results in line with last quarter.*
- *Chemical Tankers EBITDA of USD 17 million, compared with USD 19 million in the fourth quarter of 2013.*
- *A major reorganisation, efficiency drive and cost-cutting process has been kicked off.*
- *The process at Odfjell Terminals (Rotterdam) of re-organisation to improve its cost base continues. This includes a reduction of more than 100 positions.*
- *Effective from 1 January 2014, Odfjell has adopted IFRS 11. All joint ventures previously accounted for by applying the “proportionate consolidation method” are now accounted for by applying the “equity method”. This means that Odfjell’s share of net result and net investment in joint ventures is now reported in one single line in the income statement and statement of financial position.*

Key figures

(USD mill. unaudited)	1Q14	4Q13	1Q13	FY2013
Revenue	266	256	256	1,027
Share of net result from associates and joint ventures ¹	(7)	(77)	(4)	(52)
EBITDA	9	(60)	14	41
EBIT	(14)	(86)	(9)	(57)
Net finance	(8)	(16)	(1)	(46)
Net result (loss)	(23)	(102)	(13)	(108)

¹ Revenues and profit from all joint ventures are from 1 January 2014 accounted for according to the “equity method”. All presented segment figures are based on internal management reporting using the “proportional consolidation method”.

Business segments

Chemical Tankers

First quarter continued on a slow and disappointing pace as congestion, delays and bad weather caused operational challenges, inefficiencies and increased cost. This resulted in an unfavourable allocation of tonnage to handle time-sensitive contract commitments. US exports held up, but results and benefits were negatively influenced by severe delays caused by fog. In general, rates came under pressure during the quarter as tonnage was abundant. Middle East and South America in particular, had too many vessels competing for marginal business.

Clean petroleum products saw a modest spike mid-quarter. Palm-oil rates from Asia were under constant pressure following numerous deliveries of newbuildings from Asian yards. Bunker prices were similar to the fourth quarter 2013, offering no relief.

Going into the second quarter 2014 we note increased activity and less delays and interruptions. Allocation of gas to the Iranian petrochemical industry resumed at the end of first quarter, which could result in higher production and increasing volumes for export. Though rates remain under pressure due to excessive supply of ships, we see results improving by more efficient trading of our ships.

Several strategic contracts have been renewed during the period, most at higher freight levels. Volumes nominated and shipped also show positive developments, as most of our contract partners appear to benefit from good and steady demand.

Chemical Tankers (USD mill)	1Q14	4Q13	1Q13	FY2013
Revenue	263	258	253	1,028
Gross Result	41	42	43	193
EBITDA	17	19	18	98
EBIT	(6)	(6)	(4)	3
Net bunker per tonne (USD)	565	553	557	556

Indices	31.03.14	31.03.13	31.12.13
Odfix (1990 =100) ¹	114	119	114
Opex (2002 = 100) ²	153	176	167

¹ The Odfix index is a weighted time-charter earnings index for a selection of vessels.

² The Opex index includes owned and bareboat chartered vessels.

Fleet changes

In April the first of four coated chemical tankers was delivered from the Hyundai Mipo yard in Korea. Vessel number two is expected to be delivered in May/June, number three in July and the fourth and final vessel in September 2014. Vessel number one and two are on long-term bareboat charters to Odfjell.

In March Odfjell purchased Bow Harmony, a 33,000 dwt vessel with stainless steel cargo tanks. The vessel was on a long-term time charter to Odfjell.

Odfjell Gas has taken the Berlian Ekuator, a 35,000 cbm LPG vessel, on a one year time charter, with option for a one year extension. The vessel has subsequently been chartered out to a third party at a favourable rate.

Fleet additions (last 12 months)	DWT	Built	Tanks	Transaction
April 2014 Bow Trajectory	46,000	2014	Coated	Bareboat
April 2014 Bow Harmony	33,619	2008	Stainless	Purchase
March 2014 SG Friendship	19,773	2003	Stainless	Medium-term TC
February 2014 Berlian Ekuator	35,000 cbm	2004	LPG	Short-term TC
January 2014 Celsius Mumbai	19,993	2005	Stainless	Medium-term TC
December 2013 RT Star	26,199	2011	Stainless	Medium-term TC
December 2013 Celsius Miami	19,991	2005	Stainless	Medium-term TC



November 2013	Celsius Manhattan	19 807	2006	Stainless	Medium-term TC
November 2013	Bow Condor	16,121	2000	Stainless	Purchase, J/V
October 2013	Bow Eagle	24,700	1988	stainless	Short-term TC
August 2013	Southern Koala	21,290	2010	Stainless	Medium-term TC
August 2013	Golden Top	12,705	2004	Stainless	Medium-term TC
July 2013	Celsius Mayfair	20,000	2007	Stainless	Medium-term TC
June 2013	Bow Pioneer	75,000	2013	Coated	New delivery
May 2013	Bow Engineer	30,086	2006	Stainless	Purchase

Short-term: Up to one year
 Medium-term: 1-3 years
 Long-term: More than three years

Fleet disposals, owned (last 12 months)		DWT	Built	Tanks	Transaction
December 2013	Bow Mate	6,008	1999	Stainless	Sale
October 2013	Bow Eagle	24,700	1988	Stainless	Sale
May 2013	Bow Cheetah	40,257	1988	Coated	Recycling

LPG/Ethylene

Ethylene export volumes east of Suez remained low during first quarter of 2014 due to production issues in the Middle East Gulf. This opened up for long-haul business, and ethylene was moved from both Europe and Mexico to China and South East Asia. As for Butadiene, weak demand and rising inventories in China led to falling prices in Asia. The effect was that numerous Far East cargoes were concluded into US Gulf. In Northwest Europe, low operating rates and plant problems led to a number of propylene cargoes being imported into the region.

In general, regional price differences coupled with historic earnings in the VLGC segment have generated more optimism for the months to come.

LPG/Ethylene (USD mill)	1Q14	4Q13	1Q13	FY2013
Revenue	5	2	4	11
Gross Result	1	(0)	0	(1)
EBITDA	0	(1)	(0)	(3)
EBIT	(1)	(2)	(1)	(6)

Revenue and gross results improved compared to last quarter due to increased time charter income from the owned vessels and an increase in the fleet with a new time charter vessel.

Tank Terminals

Odfjell's shareholding in our tank terminals business delivered an EBITDA of negative USD 0.2 million in the first quarter.



With the exception of OTR, terminal results were mainly in line with our expectations. In Singapore we saw higher revenues due to more additional services provided. The overall terminal group, excluding OTR, reports a gross occupancy of 92% as at end of March.

Following final commissioning, the Charleston terminal is now fully operational. The expansion at the Antwerp terminal has been successfully concluded, adding in total 50,000 cbm of tank capacity. The expansion of stainless steel tank capacity in Houston is estimated to be completed by Q3 2014. We are also making good progress with regards to the new terminal in Tianjin with completion of construction planned around year end 2014.

OTR's first-quarter EBITDA came in negative USD 8.8 million, slightly lower compared with the fourth quarter last year. The EBITDA included USD 1.2 million in non-recurring items related to legal fees and the settlement of a number of claims from customers. The commercial focus is on improving utilisation of the distillation units and seeking customers for the available tank capacity.

The process at OTR of re-organisation to improve the cost base to market level continues. This includes a reduction of more than 100 positions. A dialogue with the Unions has been started to simultaneously address a new collective labour agreement from 2015. These measures are deemed necessary as the level of activity at the terminal is significantly reduced, and are necessary to make possible continued operations and investments in OTR.

Tank Terminals (USD mill)	1Q14	4Q13	1Q13	FY2013
Revenue	23	25	35	129
Gross result	6	8	16	53
EBITDA	(0)	(0)	9	22
EBIT	(8)	(91)	(1)	(72)
Net Result	(4)	(78)	3	(53)

EBITDA by geographical segment (USD mill.) ¹	1Q14	4Q13	1Q13	FY2013
Europe	(9)	(8)	(8)	(33)
North America	3	3	4	14
Asia	3	3	8	23
Middle East	2	2	5	18
Total	(0)	0	9	22

¹ Revenues and the profit from the terminals included in the Lindsay Goldberg transaction in 2013 are recognised according to the new ownership percentages from 1 September 2013.

Finance

Odfjell has divested its non-strategic 12.5% ownership in Vopak Terminal Ningbo Ltd in China for USD 3.2 mill. The divestment resulted in a profit before tax of USD 2.1 million that will be booked in the second quarter.

We are in a structured process of assessing various sources of finance for the order of four 17,000 cbm LPG/Ethylene vessels (with up to four options), and are also evaluating potential sources of financing to fund further growth of our LPG/ethylene activities, including partnerships with industrial or financial stakeholders.

Effective from 1 January 2014, Odfjell has adopted IFRS 11. All joint ventures previously accounted for by applying the “proportionate consolidation method” are now accounted for by applying the “equity method”. Odfjell’s share of net result and net investment is therefore now reported in one single line in the income statement and statement of financial position. Previously this was recognised line by line. The change in accounting principles does not have any impact on the Group’s equity, nor on the net result. Comparative figures have been adjusted. The effect on the income statement and statement of financial position is further described in note 8 hereto.

The Odfjell Board initiated last year an evaluation of the legal and regulatory issues related to a possible conversion of class A and class B shares into one single class of shares. Following this evaluation, the Board has decided not to put forward such proposal to the General Meeting, as Odfjell’s largest shareholder informed that they would not support any such proposal at present.

The financial Supervisory Authority of Norway (Finanstilsynet) has completed a review of certain aspects of the Group’s financial reporting for 2012. The review did not have any impact on the approved consolidated financial statements for 2012 or 2013. This letter can be reviewed in full at the homepage for Finanstilsynet.

Key figures (USD mill.)	1Q14	4Q13
Cash and available-for-sale investments	80	94
Interest bearing debt	1,123	1,138
Net interest bearing debt	1,043	1,044
Available drawing facilities	0	0
Total equity	729	759
Equity ratio	36.3%	37.2%

Shareholder information

By end of March, Odfjell A and B shares were trading at NOK 35.50 and NOK 34.80 respectively, against NOK 41.00 and NOK 39.50 respectively at the close of the previous quarter. In the same period the Oslo Stock Exchange Benchmark Index gained 2% and the Transportation Index was unchanged.

As of 31 March 2014 Odfjell had a market capitalisation of around NOK 3,000 million, which is equivalent to around USD 501 million.

Reducing cost and improving efficiency

The global economy is expected to grow by 3–4% per year over the next few years, which traditionally should indicate an increase in the demand for seaborne chemical transportation of 4–5% per year. Consequently, the supply/demand balance should gradually turn in favour



of stronger chemical tanker markets. However, the substantial market slack through slow-steaming and ballasting or part loading needs to be recovered before we see any substantive tightening of the market. With new private equity entering the market we have seen an immense increase in ordering of medium range product carriers, and recent months also increased ordering of standard stainless steel tonnage. This may very well dampen the much awaited market recovery.

Even though the overall medium-term prospects remain favourable for long-term industrial operators, we have started a review of all aspects of our business model, including reorganisation and alternative ownership models, in order to identify areas of improvements in terms of providing better economic results through a more competitive organisational cost structure.

Further, we will strengthen the focus on increasing our operational efficiency with regard to fuel consumption, turnaround time in port, ship maintenance, planning and performing of docking operation and various other activities, in order to increase our relative competitiveness.

Prospects

An improving US job market and increasing industry production signal that the pace of the US economic growth is poised to snap back. Consumer confidence is improving and as credit is more available, a rebound in housing industry is likely. Growth is projected to reach 2.7% this year.

The biggest risk to an optimistic growth forecast for the Euro zone is associated to continued or even worsening unrest in Ukraine. A stronger Euro is also hurting the competitiveness of the region's exporters.

China's domestic new credit fell 9% in the first quarter as compared to a year earlier, and new construction tumbled 25% as the central government and banks tightened credit. The economic indicators so far this year have been disappointing and debt default risk is rising significantly.

We expect the second quarter of 2014 to be better than the first quarter for the company's chemical tankers. With regard to terminals, with the exception of OTR, we expect continued stable results.

Bergen, 7 May 2014
THE BOARD OF DIRECTORS OF ODFJELL SE

ODFJELL GROUP

CONSOLIDATED INCOME STATEMENT	1Q14	1Q13	FY2013
(USD mill)			
Gross revenue	266	256	1 027
Voyage expenses	(130)	(121)	(489)
Time-charter expenses	(52)	(43)	(164)
Operating expenses	(43)	(48)	(189)
Gross result	42	44	186
Share of net result from associates and joint ventures	(7)	(4)	(52)
General and administrative expenses	(25)	(25)	(93)
Operating result before depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)	9	14	41
Depreciation	(23)	(22)	(89)
Capital gain (loss) on non-current assets	(0)	(1)	(9)
Operating result (EBIT)	(14)	(9)	(57)
Interest income	1	0	0
Interest expenses	(9)	(9)	(34)
Other financial items	1	4	1
Currency gains (losses)	0	3	(14)
Net financial items	(8)	(1)	(46)
Result before taxes	(22)	(10)	(103)
Taxes	(1)	(3)	(5)
Net result	(23)	(13)	(108)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cash flow hedges changes in fair value	1	6	6
Cash flow hedges transferred to profit and loss statement	(1)	(2)	(7)
Share of comprehensive income on investments accounted for using equity method	(8)	(12)	(11)
Net other comprehensive income not being reclassified to profit or loss in subsequent periods:			
Net actuarial gain/(loss) on defined benefit plans	-	-	23
Other comprehensive income	(8)	(9)	12
Total comprehensive income	(31)	(22)	(96)
Net result allocated to:			
Non-controlling interests	-	0	0
Owner of parent	(23)	(13)	(108)
Total comprehensive income allocated to:			
Non-controlling interests	-	0	0
Owner of parent	(31)	(22)	(96)
Earnings per share (USD) – basic/diluted	(0.26)	(0.16)	(1.35)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1Q14	1Q13	FY2013
(USD mill)			
Ships	1 233	1 192	1 246
Newbuilding contracts	72	88	69
Other non-current assets	55	56	55
Investments in associates and joint ventures	374	314	390
Loan to associates and joint ventures	-	30	-
Non-current receivables	24	59	30
Total non-current assets	1 757	1 739	1 790
Current receivables	138	129	126
Bunkers and other inventories	27	17	35
Derivative financial instruments	4	6	4
Available-for-sale investments	10	15	10
Cash and cash equivalents	70	83	84
Total current assets	249	249	260
Net assets held for sale	-	94	-
Total assets	2 006	2 084	2 050
Paid in equity	199	199	199
Other equity	530	626	560
Non-controlling interests	-	7	-
Total equity	729	832	759
Non-current liabilities	26	43	16
Derivatives financial instruments	11	10	14
Non-current interest bearing debt	991	888	1 012
Total non-current liabilities	1 029	941	1 043
Current portion of interest bearing debt	131	202	124
Derivative financial instruments	9	20	9
Current liabilities	108	90	114
Total current liabilities	248	312	247
Total equity and liabilities	2 006	2 084	2 050

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (USD mill)	Paid in equity	Exchange rate differences	Cash flow hedge reserves	Available for sale reserve	Pension remeasure- ment	OCI associates and joint ventures	Retained equity	Total other equity	Non- controlling interests	Total equity
Equity as at 1.1.2013	83	24	(12)	0	(10)	-	822	824	6	914
Change in accounting principle ¹⁾	-	(27)	-	-	-	27	-	-	-	-
Equity as at 1.1.2013 adjusted for changes	83	(3)	(12)	0	(10)	27	822	824	6	914
Comprehensive income	-	-	2	(0)	-	(12)	(13)	(22)	0	(22)
Other adjustments	-	-	-	-	-	-	(18)	(18)	-	(18)
Share repurchases	(3)	-	-	-	-	-	(39)	(39)	-	(42)
Demerger	119	-	-	-	-	-	(119)	(119)	-	-
Equity as at 31.3.2013	199	(3)	(10)	0	(10)	16	633	626	7	832
Equity as at 1.1.2014	199	10	(1)	0	17	-	533	560	-	759
Change in accounting principle ¹⁾	-	(13)	2	-	-	11	-	-	-	-
Equity as per 1.1.2014 adjusted for changes	199	(3)	1	0	17	11	533	560	-	759
Comprehensive income	-	0	(0)	(0)	-	(8)	(22)	(31)	-	(31)
Equity as at 31.3.2014	199	(3)	1	0	17	3	511	530	-	729

¹⁾ The group has applied IFRS 11 from 1 January 2013. The effect on the change in accounting principles is further described in note 1 and note 8. The change has no effect on the total equity, except for reclassification of items within the equity.

PROFITABILITY	1Q14	1Q13	FY2013
Earnings per share (USD) - basic/diluted	(0.26)	(0.16)	(1.35)
Return on total assets ¹⁾	(2.6%)	(0.7%)	(3.6%)
Return on equity ¹⁾	(12.1%)	(5.5%)	(12.8%)
Return on capital employed ¹⁾	(2.8%)	(1.6%)	(6.4%)
FINANCIAL RATIOS			
Average number of shares (mill.) ²⁾	86.8	82.0	79.4
Basic/diluted equity per share (USD)	8.4	10.5	9.7
Share price per A-share (USD)	5.9	5.0	6.7
Debt repayment capability (Years)	347.7	23.5	15.7
Current ratio	1.0	1.1	1.1
Equity ratio	36.3%	39.9%	37.2%
USD/NOK rate at period end	6.01	5.83	6.08

CONSOLIDATED CASH FLOW STATEMENT (USD mill)	1Q2014	1Q2013	FY2013
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income taxes	(21)	(10)	(103)
Taxes paid in the period	(2)	(11)	(17)
Depreciation and impairment	23	22	89
Capital (gain) loss on non-current assets	-	1	9
Inventory (increase) decrease	8	18	0
Trade debtors (increase) decrease	4	(5)	8
Trade creditors increase (decrease)	(3)	(0)	(50)
Difference in pension cost and pension premium paid	0	(9)	(4)
Share of net result from associates and joint ventures	7	4	52
Effect of exchange differences	(0)	(2)	14
Change in other current accruals	(14)	(21)	19
Net cash flow from operating activities	1	(14)	17
CASH FLOW FROM INVESTING ACTIVITIES			
Sale of non-current assets	-	4	22
Investment in non-current assets	(8)	(20)	(141)
Investments in shares	-	-	7
Available-for-sale investments	6	2	14
Changes in non-current receivables	0	(15)	7
Net cash flow from investing activities	(2)	(29)	(91)

	1Q2014	1Q2013	FY2013
CASH FLOW FROM FINANCING ACTIVITIES			
New interest bearing debt	18	78	388
Repayment of interest bearing debt	(32)	(30)	(309)
Purchase of treasury shares	-	(42)	(42)
Net cash flow from financing activities	(14)	5	37
Effect on cash balances from currency exchange rate fluctuations	0	(1)	(0)
Net change in cash and cash equivalents	(15)	(39)	(37)
Opening cash and cash equivalents	84	122	122
Closing cash and cash equivalents	70	83	84

- 1) Return ratios are based on annualised results, except for non-recurring items that are included in the relevant period.
- 2) On 1 October 2012 Odfjell SE entered into a Total Return Swap (TRS) agreement with DNB Markets. The TRS comprised 5,891,166 A-shares and 2,322,482 B-shares with pre agreed strike prices. The TRS was terminated 5 February 2013.

Notes to the consolidated financial statements

Note 1 – Accounting principles

Odfjell SE is ultimate parent company of the Odfjell Group. Odfjell SE is a public listed company traded on the Oslo Stock Exchange. The company's address is Conrad Mohrsv. 29, Bergen, Norway.

Basis of preparation and changes to the Group's accounting policies

The interim consolidated financial statements for the three months ended 31 March 2014 for Odfjell Group have been prepared in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

The interim financial statements are unaudited.

New standards, interpretations and amendments adopted by the Group

The accounting principles used in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

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

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

Joint ventures arise where the investors have rights to the net assets of the arrangement. Joint ventures are accounted for under the equity method. After evaluating IFRS 11 management has considered that the Group's interest in its joint arrangements is within the definition of a 'joint venture'. The consequence of applying IFRS 11 is that all entities previously accounted for by applying the proportionate consolidated method now is accounted for by applying the equity method. Comparative figures in the income statement and statement of financial position are adjusted. The effect of change in the accounting principles are shown in note 8.

Several other new standards and interpretations apply for the first time in 2014. However, they do not impact annual consolidated financial statements or the interim financial statements of the Group. These standards are:

IFRS 10 'consolidated financial statements'

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

IFRS 12 'disclosure of interests in other entities'

IFRS 12 requires entities to disclose information that helps financial statements readers to evaluate the nature, risks and financial effects associated with the entities interest in subsidiaries, joint ventures and associates. IFRS 12 have no impact on the interim financial statements.

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

Note 2 – Segment information

Management has determined the operating segments based on the information regularly review by senior management. In accordance with the internal financial reporting, investments in joint venture are reported by applying the proportionate consolidation method. The Group has three reportable segments:

Chemical Tankers: The Chemical Tankers segment involves a 'round the world' transportation of chemicals with ships. The composition of the ships enables the Group to offer both global and regional transportation.

Tank terminals: The tank terminal segment offers storage and distillation of various chemical and petroleum products. The segment is operated through the joint venture Odfjell Terminals AS.

LPG/Ethylene: The Group re-entered into the LPG market in 2012 by acquiring modern LPG/Ethylene gas carriers, and ordered in 2013 four new vessels for delivery in 2015. The Group has options for delivery of up to four additional vessels.

(USD mill)	1Q14	1Q13	FY2013
Chemical Tankers	263	253	1 028
LPG/Ethylene	5	4	11
Tank Terminals	23	35	129
Gross revenue from internal customers	(1)	(1)	(3)
Total gross revenue	290	291	1 165
Chemical Tankers	17	18	98
LPG/Ethylene	0	(0)	(3)
Tank Terminals	(0)	9	22
Total operating result before depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)	17	27	117



Chemical Tankers	(6)	(4)	3
LPG/Ethylene	(1)	(1)	(6)
Tank Terminals	(8)	(1)	(72)
Total operating result (EBIT)	(15)	(6)	(75)

Chemical Tankers	1 568	1 630	1 625
LPG/Ethylene	81	59	50
Tank Terminals	673	632	685
Assets held for sale	-	223	-
Total assets	2 322	2 543	2 360

Reconciliation:

(USD mill)	1Q14	1Q13	FY2013
Total gross revenue segments	290	291	1 165
Revenue from associates and joint ventures - Tank terminals	(23)	(32)	(129)
Revenue from associates and joint ventures - Chemical Tankers	(1)	(2)	(8)
Total gross revenue income statement	266	256	1 027
Total EBITDA segments	17	27	117
EBITDA from associates and joint ventures - Tank terminals	(0)	(8)	(22)
EBITDA from associates and joint ventures - Chemical Tankers	(0)	(0)	(2)
Share of net result from associates and joint ventures	(7)	(4)	(52)
Total EBITDA income statement	9	14	41
Total segment EBIT	(15)	(6)	(75)
Segment EBIT from associates and joint ventures - Tank terminals	8	1	72
Segment EBIT from associates and joint ventures - Chemical Tankers	(0)	-	(1)
Share of net result from associates and joint ventures	(7)	(4)	(52)
Total EBIT income statement	(14)	(9)	(57)

Note 3 - Net interest bearing liabilities

(USD mill)	1Q14	1Q13	FY2013
Loans from financial institutions – floating interest rate	520	506	542
Financial leases	182	178	183
Bonds	295	211	294
Current portion interest bearing debt	131	202	124
Transaction costs	(7)	(7)	(7)
Total interest bearing debt	1 123	1 092	1 138
Cash and cash equivalent	(70)	(83)	(84)
Available for sale investments	(10)	(15)	(10)
Net interest bearing liabilities	1 043	994	1 044

(USD mill)	1Q14	1Q13	FY2013
New interest bearing debt	18	78	388
Payment of interest bearing debt	(32)	(35)	(309)

Note 4 – Transactions with related parties

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

Note 5 – Non-current assets

(USD mill)	1Q14	1Q13	FY2013
Net carrying amount beginning	1 370	1 345	1 345
Investments in non-current assets	13	20	141
Sale of non-current assets	-	(4)	(28)
Depreciation and impairment	(23)	(22)	(89)
Exchange differences	0	(2)	1
Net carrying amount end	1 360	1 336	1 370

Note 6 – Fair value and financial instruments

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

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

Assets and liabilities which are measured at fair value in the Consolidated Balance Sheet and their level of the fair value hierarchy were as follows:

(USD mill)	1Q14 Level 1	1Q14 Level 2	1Q13 Level 1	1Q13 Level 2
Recurring fair value measurement				
Financial assets at fair value through profit or loss:				
Derivatives instruments – non hedging		-	-	-
Derivatives instruments - hedging		4	-	6
Financial liabilities at fair value through profit or loss:				
Derivatives instruments – non hedging		17	-	25
Derivatives instruments - hedging		3	-	5
Available-for-sale-investments	10		14	-

Note 7 – Investments in associates and joint ventures

The share of result and balance sheet items from investments in associates and joint ventures are recognised based on equity method in the interim financial statements. The figures below show our share of revenue and expenses, total assets, total liabilities and equity:

(USD mill)	YTD14			YTD13		
	Chemical Tankers	Tank Terminals	Total	Chemical Tankers	Tank Terminals ¹⁾	Total
Gross revenue	1	23	24	2	32	34
EBITDA	0	(0)	(0)	0	8	8
EBIT	0	(8)	(8)	0	(1)	(1)
Net result	0	(7)	(7)	0	(4)	(4)
Non-current assets	10	625	635	6	636	641
Current assets	5	51	56	5	91	96
Total assets	15	676	691	11	726	737
Total equity closing balance	10	364	374	9	305	314
Non-current liabilities	3	259	262	0	317	318
Current liabilities	2	53	55	1	104	105
Total liabilities	5	312	317	2	421	423

1) Terminal holding companies first became joint ventures in Q3 2013.

Note 8 – Change from consolidated proportional method to equity method

	Proportional method 31.12.2013	Change	Equity method 31.12.2013
CONSOLIDATED INCOME STATEMENT			
(USD mill)			
Gross revenue	1 165	(138)	1 027
Voyage expenses	(491)	2	(489)
Time-charter expenses	(165)	1	(164)
Operating expenses	(268)	79	(189)
Gross result	241	(55)	186
Share of net result from associates and joint ventures	1	(53)	(52)
General and administrative expenses	(125)	32	(93)
Operating result before depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)	117	(76)	41
Depreciation	(126)	37	(89)
Impairment	(81)	81	-
Capital gain (loss) on non-current assets	16	(24)	(9)
Operating result (EBIT)	(75)	18	(57)
Interest income	5	(5)	0
Interest expenses	(51)	17	(34)
Other financial items	(1)	2	1
Currency gains (losses)	7	(21)	(14)
Net financial items	(40)	(6)	(46)
Result before taxes	(115)	11	(103)
Taxes	7	(11)	(5)
Net result	(108)	0	(108)

STATEMENT OF FINANCIAL POSITION (USD mill)	Proportional method 31.12.2013	Change	Equity method 31.12.2013
Intangible assets	44	(44)	-
Ships	1 256	(1)	1 255
Newbuilding contracts	69	(5)	64
Tank terminals	492	(492)	-
Other non-current assets	85	(30)	55
Investments in associates and joint ventures	23	352	375
Non-current receivables	33	(3)	30
Total non-current assets	2 002	(223)	1 780
Current receivables	155	(29)	126
Bunkers and other inventories	37	(2)	35
Derivative financial instruments	4	-	4
Available-for-sale investments	10	-	10
Cash and cash equivalents	152	(68)	84
Total current assets	357	(97)	260
Total assets	2 360	(320)	2 040
Paid in equity	199	-	199
Other equity	560	-	560
Non-controlling interests	-	-	-
Total equity	759	-	759
Non-current liabilities	65	(37)	28
Derivatives financial instruments	17	(3)	14
Non-current interest bearing debt	1 216	(216)	1 000
Total non-current liabilities	1 298	(256)	1 043
Current portion of interest bearing debt	134	(10)	124
Derivative financial instruments	9	-	9
Current liabilities	159	(54)	105
Total current liabilities	302	(64)	237
Total equity and liabilities	2 360	(320)	2 040

Note 9 – Held for sale

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

Assets and liabilities classified as held for sale (USD mill):

Assets	1Q14	1Q13
Intangible assets	-	3
Tank terminals	-	182
Other non-current assets	-	9
Non-current receivables	-	4
Total non-current assets	-	197
Current receivables	-	6
Bunkers and other inventories	-	0
Cash and cash equivalents	-	18
Total current assets	-	25
Total assets held for sale	-	223
Liabilities		
Non-current liabilities	-	7
Derivatives financial instruments	-	5
Non-current interest bearing debt	-	93
Total non-current liabilities	-	105
Current portion of interest bearing debt	-	9
Current liabilities	-	15
Total current liabilities	-	24
Total liabilities held for sale	-	129
Net interest in associates and joint ventures classified as held for sale	-	94

FLEET & TERMINAL OVERVIEW as per 5 May 2014

CHEMICAL TANKERS OWNED:

SHIP	YEAR BUILT	DWT	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS
Bow Pioneer	2013	75 000	86 000	-	30
Bow Nangang	2013	9 156	10 523	10 523	14
Bow Dalian	2012	9 156	10 523	10 523	14
Bow Fuling	2012	9 156	10 523	10 523	14
Bow Lind	2011	46 047	48 698	-	29
Bow Elm	2011	46 098	48 698	-	29
Flumar Brasil	2010	51 188	55 452	-	14
Bow Harmony	2008	33 619	38 052	38 052	16
Bow Saga ¹	2007	40 085	52 126	52 126	40
Bow Sirius ¹	2006	49 539	52 155	52 155	40
Bow Sea	2006	49 511	52 107	52 107	40
Bow Engineer	2006	30 086	36 274	36 274	28
Flumar Maceio	2006	19 975	21 713	21 713	22
Bow Summer	2005	49 592	52 128	52 128	40
Bow Spring	2004	39 942	52 127	52 127	40
Bow Star	2004	39 832	52 127	52 127	40
Bow Santos	2004	19 997	21 846	21 846	22
Bow Sun	2003	39 842	52 127	52 127	40
Bow Firda	2003	37 427	40 645	40 645	47
Bow Chain	2002	37 518	40 621	40 621	47
Bow Andes	2000	16 020	17 120	17 120	22
Bow Condor	2000	16 121	17 622	17 622	30
Bow Fortune	1999	37 395	40 619	40 619	47
Bow Master	1999	6 046	7 018	7 018	14
Bow Pilot	1999	6 008	7 005	7 005	14
Bow Sailor	1999	6 008	7 011	7 011	14
Bow Cecil	1998	37 369	40 515	33 236	47
Bow Flora	1998	37 369	40 515	33 236	47
Bow Balearia	1998	5 846	6 075	6 075	20
Bow Oceanic	1997	17 460	19 616	19 616	24
Bow Bracaria	1997	5 846	6 071	6 071	20
Bow Brasilia	1997	5 800	6 067	6 067	20
Bow Cardinal	1997	37 446	41 487	34 208	52
Bow Faith	1997	37 479	41 487	34 208	52
Bow Aratu	1997	13 843	15 834	15 834	29
Bow Querida	1996	10 106	11 181	11 181	18
Bow Cedar	1996	37 455	41 488	41 488	52
Bow Atlantic	1995	17 460	19 588	19 588	24
Bow Fagus	1995	37 375	41 608	34 329	52
Bow Clipper	1995	37 221	41 596	34 328	52
Bow Flower	1994	37 221	41 492	34 213	52
Bow Victor	1986	33 000	34 500	21 975	31

TIME CHARTERED/POOL:

Bow Trajectory ²	2014	49 622	53 188	-	22
UACC Marah	2013	45 249	52 565	-	22
UACC Masafi	2012	45 352	52 565	-	22
Chemroad Hope	2011	33 552	37 161	37 161	18
RT Star	2011	26 199	27 912	27 912	18
SG Pegasus	2011	13 086	14 523	14 523	16
Southern Koala	2010	21 290	20 008	20 008	20
Stream Luna	2010	19 998	22 161	22 161	20
Bow Tone	2009	33 625	37 974	37 974	16
Bow Hector	2009	33 694	37 384	37 384	16
Southern Ibis	2009	19 905	22 158	22 158	20
Southern Jaguar	2009	19 997	22 157	22 157	20
Stream Mia	2008	19 702	22 094	22 094	26
Bow Sagami	2008	33 641	38 000	38 000	16
Bow Kiso	2008	33 641	37 974	37 974	16
Bow Heron	2008	33 707	37 365	37 365	16
Celsius Mayfair	2007	19 999	21 714	21 714	20
Bow Fuji	2006	19 805	22 140	22 140	22
Celsius Manhattan	2006	19 807	22 143	22 143	22
Moyra	2005	19 806	22 838	22 838	18
Bow Sky ²	2005	40 005	52 126	52 126	40
Bow Architect	2005	30 058	36 290	36 290	28
Celsius Monaco	2005	19 999	21 851	21 851	22
Celsius Mumbai	2005	19 993	22 186	22 186	22
Celsius Miami	2005	19 991	22 192	22 192	22
Chembulk Sydney	2005	14 271	16 571	16 571	20
Golden Top	2004	12 705	13 388	13 388	22
Chembulk Wellington	2004	14 312	15 591	15 591	20
Bow Asia ²	2004	9 901	11 088	11 088	20
Bow Singapore ²	2004	9 888	11 089	11 089	20
Bow Americas	2004	19 707	22 735	22 735	36
SG Friendship	2003	19 773	21 651	21 651	26
Bow Jubail ²	1996	37 499	41 488	34 209	52
Bow Mekka ²	1995	37 272	41 606	34 257	52
Bow Riyad ²	1995	37 221	41 492	34 213	52
Bow Eagle	1988	24 728	32 347	19 662	25
JBU Sapphire ³	2009	19 860	22 144	22 144	16
JBU Onyx ³	2008	19 865	21 712	21 712	16
Number of ships:	80	2 197 385	2 471 553	1 976 328	

¹ Vessel beneficially owned through financial lease.

² Vessel on bare-boat charter.

³ Vessel on variable time charter/pool.

LPG/ETHYLENE CARRIERS

SHIP	YEAR BUILT	DWT	CBM	TYPE	NUMBER OF TANKS
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OWNED:	Bow Gallant	2 008	10 282	8 922	LPG/Ethylene	2
	Bow Guardian	2 008	10 282	8 922	LPG/Ethylene	2
TIME CHARTERED:	Berlian Ekuator	2 004	26 776	35 000	LPG/Ammonia	3
	Number of ships:	3	47 340	52 844		7

ON ORDER:	YARD	DELIVERY	DWT	OWNER	COMMENT
CHEMICAL TANKERS	Hyundai Mipo Dockyard., Ltd	2014	49 622	Saltholmen Shipping Ltd	
	"	2014	49 622	Odjfell	
	"	2014	49 622	Odjfell	

LPG/ETHYLENE CARRIERS	YARD	DELIVERY	CBM	OWNER	COMMENT
	Nantong Sinopacific Offshore & Engineering Co., Ltd	2015	17 000	Odjfell	Optional 2+2
	"	2015	17 000	Odjfell	
	"	2016	17 000	Odjfell	
	"	2016	17 000	Odjfell	
	Number of newbuildings:	7			

TANK TERMINALS	LOCATION	OWNER SHIP**)	CBM	STEEL, CBM	TANKS
Odjfell Terminals (Rotterdam) BV	Rotterdam, NL	51%	1 636 100	32 550	281
Odjfell Terminals (Houston) Inc	Houston, USA	51%	331 334	82 033	100
Odjfell Terminals (Charleston) LLC	Charleston, USA	51%	79 491	-	9
Odjfell Terminals (Jiangyin) Co Ltd	Jiangyin, China	28.05 %	99 800	30 000	22
Odjfell Terminals (Dalian) Ltd	Dalian, China	25.5 %	119 750	18 350	51
Odjfell Terminals (Korea) Co Ltd	Onsan, Korea	25.5 %	313 710	15 860	85
Oiltanking Odjfell Terminal Singapore Ltd	Singapore	25.5 %	365 051	13 520	79
Oiltanking Odjfell Terminal & Co. LLC	Sohar, Oman	15.17 %	1 294 780	-	66
Noord Natie Odjfell Terminals	Antwerp, Belgium	12.75%	350 000	50 800	241
Exir Chemical Terminals PJSCO	BIK, Iran	35 %	22 000	1 000	18
Vopak Terminal Ningbo Ltd	Ningbo, China	12.5%	71 050	8 000	39
Total terminals	11 terminals		4 683 066	252 113	991

PROJECTS AND EXPANSIONS	LOCATION	OWNER SHIP**)	CBM	STEEL, CBM	COMPLETION
Odjfell Nangang Terminals (Tianjin) Co.,Ltd	Tianjin, China	24.99%	137 800	7 000	Q4 2014
Odjfell Terminals (Houston) Inc	Houston, USA	51%	47 970	30 800	Q2 2014/Q3 2015
Oiltanking Odjfell Terminal Singapore Ltd	Singapore	25.5 %	12 000	-	Q1 2015
Odjfell Terminals Quanzhou (Fujian)	Quanzhou, China	25.5%	184 000	-	Q1 2016
Total expansion terminals	2 new terminals		381 770	37 800	

TANK TERMINALS PARTLY OWNED BY RELATED PARTIES*)	LOCATION	CBM	STEEL, CBM	TANKS
Depositos Quimicos Mineros S.A.	Callao, Peru	52 980	1 600	43
Granel Quimica Ltda	Santos I, Brazil	97 720	19 880	99
Granel Quimica Ltda	Rio Grande, Brazil	61 150	2 900	32
Granel Quimica Ltda	Sao Luis I, Brazil	75 710	-	35
Granel Quimica Ltda	Ladario, Brazil	8 060	-	6
Granel Quimica Ltda	Triunfo, Brazil	12 030	-	2
Granel Quimica Ltda	Teresina, Brazil	7 640	-	6
Odjfell Terminals Tagsa S.A.	Buenos Aires, Argentina	38 826	530	56
Odjfell Terminals Tagsa S.A.	Campana, Argentina	68 580	10 190	102
Terquim S.A.	San Antonio, Chile	32 840	-	25
Terquim S.A.	Mejillones, Chile	16 870	-	7
IMTT-Quebec	Quebec, Canada	293 130	5 500	53
Total tank terminals partly owned by related parties	12 terminals	765 536	40 600	466

PROJECTS AND EXPANSIONS TANK TERMINALS PARTLY OWNED BY RELATED PARTIES*)	LOCATION	CBM	COMPLETION
Granel Quimica Ltda	Aracruz, Brazil	30 000	- ready Q3 2015
Granel Quimica Ltda	Santos II, Brazil	52 000	- ready Q4 2015
Granel Quimica Ltda	Sao Luis II, Brazil	52 750	- ready Q3 2014
Terquim S.A.	Mejillones, Chile	50 000	- ready Q3 2015
Granel Quimica Ltda	Palmas, Brazil	10 000	- ready Q2 2014
Total expansion tank terminals partly owned by related parties	4 new terminals	194 750	-

Grand total (incl. related tank terminals partly owned by related parties)	23 existing terminals	5 448 602	292 713
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*) Tank terminals and projects partly owned by Odjfell family.

**) Odjfell SE's indirect ownership share



ODFJELL SE

Conrad Mohrsveg 29,
P.O.Box 6101 Postterminalen
5892 Bergen, Norway
Tel: +47 5527 0000
Fax: +47 5528 4741
E-mail: ir@odfjell.com
Org. no: 930 192 503

Investor Relations contact

Tom A. Haugen
Phone: + 47 55 27 46 69
Mobile: + 47 90 59 69 44
tom.haugen@odfjell.com

Media contact

Margrethe Gudbrandsen
Phone: + 47 55 27 45 48
Mobile: + 47 48 07 47 47
margrethe.gudbrandsen@odfjell.com

www.odfjell.com