



**ODFJELL**

**FOURTH QUARTER/PRELIMINARY FULL YEAR REPORT 2015**

**INNOVATIVE**

**SUSTAINABLE**

**PRO-ACTIVE**

**PROFESSIONAL**



## Fourth Quarter / Preliminary Full Year Report 2015 Odfjell SE - Consolidated

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### Highlights - full year 2015

- *Significant improvement in underlying performance. Net result of negative USD 36 mill, including negative effect from bunker derivatives of USD 64 mill, compared with net result of negative USD 75 mill in 2014.*
- *Improved full year EBITDA to USD 190 mill from USD 96 mill last year.*
- *OPEX reduced by USD 53 mill compared with 2014.*
- *Project Felix (cost-cutting and efficiency programme) successfully completed, ahead of target of more than USD 100 mill in annual savings.*
- *Fuel efficiency initiatives continue to be implemented. Average fuel savings for converted ships is above 20%.*

### Highlights - Fourth Quarter

- *Stable underlying operational performance in fourth quarter, but softer markets towards the end of quarter.*
- *Quarterly net result of negative USD 18 mill on one-offs and negative results from bunker hedging.*
- *Chemical Tankers EBITDA in fourth quarter was USD 33 mill compared with USD 46 mill in third quarter. EBITDA includes negative effects from bunker derivatives of USD 20.5 mill.*
- *Odfjell chemical freight index (ODFIX) down 4.4% compared with previous quarter.*
- *Stable results from Odfjell Terminals in fourth quarter, but USD 2.5 mill write-off of greenfield project in China.*
- *Odfjell Terminals (Rotterdam) has commitments for new contracts that will ramp up during the first half of 2016 and utilise the majority of the distillation (PID) capacity for 2016.*

### Prospects

- *Despite a somewhat uncertain market outlook, we expect 2016 results for Chemical Tankers to improve based on a more competitive cost structure, and expiry of loss-making bunker hedges.*
- *We also expect Odfjell Terminals 2016 results to be improved on strong PID distillation activity and better storage results at Odfjell Terminals (Rotterdam) and stable result for the other terminals.*

## Key financial figures

### Proportionate method<sup>1</sup>

(USD mill, unaudited)	3Q15	4Q15	4Q14	FY15	FY14
<b>Total revenue</b>	<b>276</b>	<b>253</b>	<b>276</b>	<b>1,068</b>	<b>1,160</b>
Chemical Tankers	244	219	247	940	1,042
Tank Terminals	28	29	24	112	94
Gas Carriers	4	5	4	18	25
Eliminations	-	(1)	-	(2)	-
<b>EBITDA</b>	<b>57</b>	<b>45</b>	<b>34</b>	<b>190</b>	<b>96</b>
Chemical Tankers	46	33	30	147	97
Tank Terminals	10	11	2	40	(4)
Gas Carriers	1	1	1	4	3
<b>EBIT</b>	<b>26</b>	<b>(0)</b>	<b>4</b>	<b>43</b>	<b>(20)</b>
Chemical Tankers	24	(0)	5	37	3
Tank Terminals	2	(1)	(2)	4	(31)
Gas Carriers	0	1	1	3	8
<b>Net finance</b>	<b>(18)</b>	<b>(15)</b>	<b>(26)</b>	<b>(74)</b>	<b>(71)</b>
<b>Net result (loss)</b>	<b>7</b>	<b>(18)</b>	<b>(18)</b>	<b>(36)</b>	<b>(75)</b>
Chemical Tankers	8	(12)	(14)	(26)	(48)
Tank Terminals	(1)	(4)	(6)	(10)	(33)
Gas Carriers	0	0	2	2	6
Eliminations	-	(2)	-	(2)	-

<sup>1</sup> While the equity method provides a fair presentation of the Group's financial position in joint ventures, the Group's internal financial segment reporting is based on the proportionate method. A large part of the Group's activity is joint ventures; hence, the proportionate method provides more detailed information and thus, a more representative picture of the Group's operations.

## Business segments

### Chemical Tankers

Chemical Tankers (USD mill)	3Q15	4Q15	4Q14	FY15	FY14
Revenues	244	219	247	940	1,042
Gross Result	65	54	48	231	190
EBITDA	46	33	30	147	97
EBIT	24	(0)	5	37	3
Bunker cost per tonne (USD) before hedging	445	371	565	432	567

Indices	30.09.15	31.12.15	31.12.14
Odfix (1990 = 100) <sup>1</sup>	141	138	137
Opex (2002 = 100) <sup>2</sup>	125	123	152

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

<sup>2</sup> The Opex index includes owned and bareboat chartered vessels.

Earnings in the fourth quarter were down compared with third quarter. This development is partly explained by fewer sailing days in the quarter, but also because of a softening market for clean petroleum products (CPP) and commodity chemicals. Our US-Far East trade was a positive exception, with healthy CoA nominations and stable spot market. Port congestion continues to be a challenge.



Average fuel prices were USD 256 per tonne in fourth quarter, down from USD 306 per tonne the previous quarter.

As result of Project Felix, the OPEX for the average fleet during 2015 has been reduced by 19% compared with average OPEX in 2014.

EBITDA includes one-offs of USD 1.9 mill related to bonus awarded for Project Felix results, whilst EBIT includes write-off of one vessel by USD 10.5 mill.

The result from bunker hedging contracts matured in the fourth quarter was negative USD 20.5 mill and charged to voyage expenses. The total amount for matured bunker hedging contracts in 2015 was negative USD 64.3 mill. For 2016 Odfjell has entered into bunker hedging contracts covering 7% of the 2016 exposure. The average strike price is USD 225 per tonne. Mark-to-market value 31.12.2015 was negative USD 2.6 mill.

The CPP market appears to remain soft; which encourages more swing tonnage to move to easy chemicals and thus, tightens the competition in this segment.

### Fleet changes Chemical Tankers

Except for the recycling of Bow Victor in November, there were no changes to the Odfjell owned fleet in the fourth quarter. Odfjell has no chemical tankers on order.

Fleet additions (last 12 months)		DWT	Built	Tanks	Transaction
February 2016	Southern Owl	20,057	2016	Stainless	Long-term TC
May 2015	Horin Trader	19,856	2015	Stainless	Medium-term TC
April 2015	Marex Noa	12,478	2015	Stainless	Long-term TC
March 2015	Gion Trader	19,883	2015	Stainless	Medium-term TC
January 2015	Bow Triumph	49,600	2015	Coated	Owned

Short-term: Up to one year  
 Medium-term: 1-3 years  
 Long-term: 4-10 years

Fleet disposals, owned, (last 12 months)		DWT	Built	Tanks	Transaction
November 2015	Bow Victor	33,000	1986	Stainless	Recycling
August 2015	Bow Bracaria	5,846	1997	Stainless	Sale
July 2015	Bow Brasilia	5,800	1997	Stainless	Sale
July 2015	Bow Balearia	5,846	1998	Stainless	Sale



## Gas Carriers

Gas Carriers (USD mill, Odfjell share)	3Q15	4Q15	4Q14	FY15	FY14
Revenues	4	5	4	18	25
Gross Result	1	1	1	5	5
EBITDA	1	1	1	4	3
EBIT	0	1	1	3	8

Result improved in the fourth quarter on less waiting time, higher volumes under the contracts and more spot opportunities. In general there is more activity in most markets.

Expectations for the first quarter are that the present scenario will continue with shortage of Ethylene in the Far East.

## Fleet changes Gas Carriers

Odfjell Gas has eight LPG/Ethylene vessels on order. The construction of 4 x 17,000 cbm and 4 x 22,000 cbm is significantly delayed, and we are still in discussions with the yard on how to resolve this. According to the latest production schedule from the yard, the first 17,000 cbm vessel will be delivered in September 2016 while original expected deliveries were October 2015 – May 2016.

## Tank Terminals

Tank Terminals (USD mill, Odfjell share)	3Q15	4Q15	4Q14	FY15	FY14
Revenues	28	29	24	112	94
Gross result	15	16	7	58	20
EBITDA	10	11	2	40	(4)
EBIT	2	(1)	(1)	4	(31)

EBITDA by geographical segment	3Q15	4Q15	4Q14	FY15	FY14
Europe	(0)	1	(7)	(3)	(41)
North America	5	5	3	20	14
Asia	3	3	3	15	14
Middle East	2	2	2	8	9
Total	10	11	2	40	(4)

Odfjell's shareholding in the tank terminals business delivered an EBITDA of USD 11.4 mill in the fourth quarter, up from USD 9.9 mill in the previous quarter. Performance was driven in part by revenues at our PID distillation units in Rotterdam, Bay 10 in Houston, and continued high demand for spot and mid-term storage related to the contango in the oil markets.

Additional available capacity at our terminals in Houston and Charleston contributed to an EBITDA increase in our North American terminals. Odfjell Terminals (Rotterdam)'s distillation (PID) business and reorganization last year further improved the results. The



EBITDA improved to USD 0.3 mill compared with negative USD 0.8 mill in the previous quarter.

The occupancy rate of commercially available capacity for the Odfjell Terminal Group was 94%, the same as last quarter. There was a 36,420 cbm increase in available capacity from last quarter to a total of 3,955,420 cbm at the end of fourth quarter.

Our terminal in Tianjin, located in a new industrial development area, will most likely experience further delay in obtaining the required operating permits as the permit process is being severely affected by the explosion in the Tianjin old harbour last year. We have made a one-off charge of USD 2.5 mill related to the valuation of the greenfield project at Odfjell Terminal Quanzhou (Fujian).

Odfjell Terminals (Rotterdam)'s occupancy of commercially available capacity was at the end of the quarter 96.9%, up from 95.5% in the previous quarter. The terminal received additional commercial tank capacity available ahead of schedule, reaching total 964,000 cbm by end of December. The terminal has delivered positive EBITDA for four consecutive months, even with the largest distillation column offline in December in a project to almost double the capacity of that unit.

Odfjell Terminals (Rotterdam) has commitments for new contracts that will ramp up during the first half of 2016 and utilise the majority of the distillation (PID) capacity for 2016.

## **Finance**

The USD 100 mill Odfjell bond that matured in December 2015 was redeemed by cash at hand. In 2015 we refinanced all scheduled 2016 debt maturities except a USD 10 mill facility maturing in December 2016.

The total return swap entered into December 2014 was redeemed at maturity in January 2016 and Odfjell acquired 5,891,166 Class A shares and 2,322,482 Class B shares. After this purchase Odfjell holds 5,891,166 Class A shares and 2,322,482 Class B shares.

Other than regular docking expenditures, Odfjell has no further capital expenditure commitments for chemical tankers beyond equipment upgrade to increase the energy efficiency on our vessels, in total USD 15 mill over the period 2016 – 2017.

In our 50% owned gas carrier joint venture, Odfjell is committed to contribute up to additional USD 45 mill in equity for the building of eight LPG/Ethylene vessels in the 2016 – 2017 period. Due to significant uncertainty related to the yard's ability to deliver the vessels within the contractual time frame, this commitment may be reduced. All paid yard instalments are backed by refund guarantees issued by major Chinese banks.

The Odfjell SE office building in Bergen was agreed sold in January 2016 and leased back for a 10-year period. The sale is subject General Meeting approval 17 February 2016. The transaction will give Odfjell a capital gain of around USD 10 mill in 1Q 2016.



The Odfjell owned vessel Bow Aratu is contemplated sold in 2016, as the vessel is no longer compatible with the Odfjell fleet of vessels and trades. For this anticipated sale we have reserved a loss provision of USD 10.5 mill in the 4Q 2015 accounts.

Net interest in the fourth quarter amounted to USD 11.8 mill, compared with USD 7.7 mill in the third quarter which included USD 4.2 mill in profit on restructuring of a financial lease.

Key figures (USD mill.)	30.09.15	31.12.15	31.12.14
Cash and available-for-sale investments	177	127	105
Interest bearing debt	1,223	1,168	1,165
Net interest bearing debt	1,046	1,041	1,060
Available drawing facilities	0	0	0
Total equity	647	645	638
Equity ratio	31.7%	33.2%	31.4%

## Shareholder information

By end of December, Odfjell A and B shares were trading at NOK 28.30 and NOK 26.50 respectively, against NOK 28.30 and NOK 26.40 respectively at the close of the previous quarter. In the same period the Oslo Stock Exchange Benchmark Index increased by 5% and the Transportation Index lost 7%.

As of 31 December 2015, Odfjell SE had a market capitalisation of around NOK 2,418 mill, which was equivalent to around USD 275 mill.

## Reducing cost and improving efficiency

The Board of Odfjell SE launched a restructuring plan in June 2014. The mandate for this project was to significantly improve the financial performance of Odfjell's Chemical Tanker business. Financial targets and implementation plans were approved by the Board of Odfjell in January 2015 and communicated to the market. The target to improve the net result by in excess of USD 100 million on a yearly basis when fully implemented was successfully reached in December 2015. We expect full financial impact from the project in 2016, one year ahead of schedule. Odfjell has an invigorated focus on improving operations, and several new initiatives targeting operational performance have been launched during fourth quarter to further improve our strategic position and financial results.

Odfjell will now cease reporting on Project Felix. Remaining initiatives will be completed by the line management and through the ongoing operational performance initiatives.

## Prospects

The 2016 global growth prospect is uncertain. China is faced with the dilemma of adding monetary stimulus to help stem the slowdown in growth and the risk of intensified capital outflow and a further weakening of the CNY. The US 2016 economic growth is expected to be steady but moderate.

As volatility remains high in most markets with no clear direction, traders are cautious, and volumes are reduced. We benefit from the continued fall in bunker prices, but will be



negatively affected by the bunker adjustment clauses in our freight contracts. The last of the loss-making bunker hedging contracts entered into in 2014 matured in December 2015.

For the next quarter we expect the market to be in line with second half of 2015 for chemical tankers, but anticipate better results as loss-making bunker hedges have matured and our contract nominations are generally healthy.

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

Bergen, 10 February 2016

THE BOARD OF DIRECTORS OF ODFJELL SE



## ODFJELL GROUP

(figures based on equity method)

CONSOLIDATED INCOME STATEMENT	1Q15	2Q15	3Q15	4Q15	4Q14	FY 2015	FY2014
(USD mill)							
Gross revenue	227	244	241	216	245	929	1,053
Voyage expenses	(103)	(102)	(103)	(92)	(116)	(399)	(496)
Time-charter expenses	(39)	(44)	(41)	(39)	(41)	(163)	(191)
Operating expenses	(38)	(36)	(34)	(32)	(40)	(140)	(175)
<b>Gross result</b>	<b>48</b>	<b>63</b>	<b>63</b>	<b>53</b>	<b>49</b>	<b>227</b>	<b>191</b>
Share of net result from associates and joint ventures	(4)	1	(1)	(4)	(5)	(8)	(32)
General and administrative expenses	(21)	(22)	(18)	(21)	(18)	(82)	(93)
<b>Operating result before depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)</b>	<b>22</b>	<b>42</b>	<b>45</b>	<b>28</b>	<b>25</b>	<b>137</b>	<b>66</b>
Depreciation	(22)	(22)	(22)	(22)	(20)	(88)	(90)
Impairment	-	(10)	-	(11)	(4)	(20)	(4)
Capital gain (loss) on non-current assets	-	-	-	-	(0)	-	7
<b>Operating result (EBIT)</b>	<b>0</b>	<b>10</b>	<b>23</b>	<b>(5)</b>	<b>0</b>	<b>28</b>	<b>(22)</b>
Interest income	1	0	1	1	1	3	3
Interest expenses	(11)	(12)	(8)	(13)	(12)	(44)	(42)
Other financial items	(20)	9	(7)	1	(10)	(17)	(14)
<b>Net financial items</b>	<b>(31)</b>	<b>(2)</b>	<b>(15)</b>	<b>(10)</b>	<b>(22)</b>	<b>(58)</b>	<b>(53)</b>
<b>Result before taxes</b>	<b>(31)</b>	<b>8</b>	<b>8</b>	<b>(15)</b>	<b>(21)</b>	<b>(30)</b>	<b>(75)</b>
Taxes	(1)	(1)	(1)	(3)	3	(5)	0
<b>Net result</b>	<b>(32)</b>	<b>7</b>	<b>7</b>	<b>(18)</b>	<b>(18)</b>	<b>(36)</b>	<b>(75)</b>
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>							
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>							
Cash-flow hedges changes in fair value	29	(25)	(13)	(5)	(72)	(15)	(78)
Cash-flow hedges transferred to profit and loss statement	(16)	45	19	23	18	71	15
Net unrealised gain/(loss) on available-for-sale-investments	(0)	(0)	-	-	0	-	1
Share of comprehensive income on investments accounted for using equity method	(14)	4	(2)	(4)	1	(16)	(12)
<b>Net other comprehensive income not being reclassified to profit or loss in subsequent periods:</b>							
Net actuarial gain/(loss) on defined benefit plans	-	(0)	(0)	1	3	1	3
<b>Other comprehensive income</b>	<b>(1)</b>	<b>24</b>	<b>3</b>	<b>16</b>	<b>(49)</b>	<b>41</b>	<b>(71)</b>
<b>Total comprehensive income</b>	<b>(33)</b>	<b>31</b>	<b>10</b>	<b>(2)</b>	<b>(68)</b>	<b>6</b>	<b>(146)</b>
Net result allocated to:							
Owner of parent	(32)	7	7	(18)	(18)	(36)	(75)
Total comprehensive income allocated to:							
Owner of parent	(33)	31	10	(2)	(68)	6	(146)
Earnings per share (USD) – basic/diluted	(0.37)	0.08	0.08	(0.20)	(0.23)	(0.41)	(0.95)

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>1Q15</b>	<b>2Q15</b>	<b>3Q15</b>	<b>4Q15</b>	<b>FY2014</b>
(USD mill)					
Ships	1,294	1,254	1,299	1,259	1,269
Newbuilding contracts	-	-	-	-	15
Other non-current assets	50	47	46	35	55
Investments in associates and joint ventures	376	380	377	373	393
Loan to associates and joint ventures	10	4	4	4	10
Non-current receivables	17	16	11	8	19
<b>Total non-current assets</b>	<b>1,745</b>	<b>1,701</b>	<b>1,737</b>	<b>1,679</b>	<b>1,761</b>
Current receivables	105	102	92	80	130
Bunkers and other inventories	14	14	9	13	23
Derivative financial instruments	-	-	3	3	5
Available-for-sale investments	10	10	10	9	10
Loan to associates and joint ventures	3	17	21	21	1
Cash and cash equivalents	102	98	167	118	95
<b>Total current assets</b>	<b>234</b>	<b>241</b>	<b>302</b>	<b>243</b>	<b>265</b>
Assets held for sale	-	16	-	21	7
<b>Total assets</b>	<b>1,980</b>	<b>1,958</b>	<b>2,040</b>	<b>1,943</b>	<b>2,032</b>
Paid in equity	202	202	202	202	202
Other equity	403	434	445	444	436
<b>Total equity</b>	<b>604</b>	<b>636</b>	<b>647</b>	<b>645</b>	<b>638</b>
Non-current liabilities	8	8	9	7	10
Derivatives financial instruments	39	35	40	40	32
Non-current interest bearing debt	879	876	1,042	1,048	837
<b>Total non-current liabilities</b>	<b>926</b>	<b>919</b>	<b>1,091</b>	<b>1,095</b>	<b>880</b>
Current portion of interest bearing debt	296	276	181	103	326
Derivative financial instruments	83	56	52	11	87
Loan from associates and joint ventures	1	-	-	-	-
Current interest bearing debt	-	-	-	17	-
Current liabilities	68	71	69	72	101
<b>Total current liabilities</b>	<b>449</b>	<b>403</b>	<b>302</b>	<b>203</b>	<b>514</b>
<b>Total equity and liabilities</b>	<b>1,980</b>	<b>1,958</b>	<b>2,040</b>	<b>1,943</b>	<b>2,032</b>

<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b> (USD mill)	<b>Paid in equity</b>	<b>Exchange rate differences</b>	<b>Cash-flow hedge reserves</b>	<b>Available for sale reserve</b>	<b>Pension remeasure- ment</b>	<b>OCI associates and joint ventures</b>	<b>Retained equity</b>	<b>Total other equity</b>	<b>Total equity</b>
Equity as at 1.1.2014	199	(3)	1	0	13	16	531	560	759
Sale of Treasury shares (TRS)	3	-	-	-	-	-	23	23	26
Comprehensive income	-	-	(63)	1	3	(12)	(75)	(146)	(146)
<b>Equity as at 31.12.2014</b>	<b>202</b>	<b>(3)</b>	<b>(62)</b>	<b>1</b>	<b>16</b>	<b>4</b>	<b>479</b>	<b>436</b>	<b>638</b>
Equity as per 1.1.2015	202	(3)	(62)	1	16	4	479	436	638
Comprehensive income	-	-	57	-	1	(16)	(36)	6	6
Other adjustments	-	-	-	-	-	-	2	2	2
<b>Equity as at 31.12.2015</b>	<b>202</b>	<b>(3)</b>	<b>(5)</b>	<b>1</b>	<b>17</b>	<b>(12)</b>	<b>446</b>	<b>444</b>	<b>645</b>

<b>PROFITABILITY</b>	<b>1Q15</b>	<b>2Q15</b>	<b>3Q15</b>	<b>4Q15</b>	<b>4Q14</b>	<b>FY 2015</b>	<b>FY2014</b>
Earnings per share (USD) - basic/diluted	(0.37)	0.08	0.08	(0.20)	(0.23)	(0.41)	(0.95)
Return on total assets <sup>1)</sup>	(4.1%)	11.3%	7.4%	1.7%	(2.4%)	0.4%	(1.6%)
Return on equity <sup>1)</sup>	(20.5%)	10.0%	6.5%	(5.2%)	(10.9%)	(5.6%)	(10.8%)
Return on capital employed <sup>1)</sup>	0.1%	4.4%	5.2%	1.0%	1.1%	1.7%	(0.9%)
<b>FINANCIAL RATIOS</b>							
Average number of shares (mill.) <sup>2)</sup>	86.8	86.8	86.8	86.8	78.7	86.8	78.7
Basic/diluted equity per share (USD)	6.97	7.33	7.45	7.44	7.4	7.44	7.4
Share price per A-share (USD)	2.67	2.86	3.33	3.22	3.9	3.22	3.9
Debt repayment capability (Years) <sup>1)</sup>	NA	6.2	8.1	13.7	110.7	14.0	125.0
Current ratio	0.5	0.6	1.0	1.3	0.5	1.3	0.5
Equity ratio	30.5%	32.5%	31.7%	33.2%	31.4%	33.2%	31.4%
USD/NOK rate at period end	8.05	7.9	7.9	8.8	7.43	8.8	7.43

<sup>1)</sup> Return ratios are based on annualised results, except for non-recurring items that are included in the relevant period.

<sup>2)</sup> On 19 December 2014 Odfjell SE entered into a Total Return Swap (TRS) agreement with DNB Markets. The TRS comprised 5,891,166 A-shares and 2,322,482 B-shares with pre agreed strike prices. The TRS expired and was settled on 5 January 2016 at agreed strike prices of NOK 24.79 and NOK 23.75 respectively. Changes in market values related to the TRS are accounted for through the profit and loss statement.

<b>CONSOLIDATED CASH-FLOW STATEMENT</b> (USD mill)	<b>1Q15</b>	<b>2Q15</b>	<b>3Q15</b>	<b>4Q15</b>	<b>4Q14</b>	<b>FY 2015</b>	<b>FY2014</b>
<b>CASH-FLOW FROM OPERATING ACTIVITIES</b>							
Profit before income taxes	(32)	9	8	(15)	(21)	(30)	(75)
Taxes paid in the period	(1)	(1)	(0)	(3)	(0)	(4)	(3)
Depreciation and impairment	22	32	22	33	25	109	95
Capital (gain) loss on non-current assets	-	-	-	-	0	-	(7)
Inventory (increase) decrease	9	(0)	5	(4)	(0)	10	12
Trade debtors (increase) decrease	11	3	(11)	13	(39)	16	(52)
Trade creditors increase (decrease)	6	(5)	12	0	(4)	14	3
Difference in pension cost and pension premium paid	0	0	0	0	0	0	0
Share of net result from associates and joint ventures	4	(1)	1	4	5	8	32
Unrealised changes in derivatives	21	(11)	4	(5)	28	9	32
Effect of exchange differences	(8)	4	(4)	6	(26)	(2)	(26)
Change in other current accruals	(27)	2	(14)	4	43	(33)	32
<b>Net cash-flow from operating activities</b>	<b>7</b>	<b>32</b>	<b>22</b>	<b>33</b>	<b>10</b>	<b>95</b>	<b>44</b>
<b>CASH-FLOW FROM INVESTING ACTIVITIES</b>							
Sale of non-current assets	7	-	16	4	-	26	-
Investment in non-current assets	(30)	(6)	(8)	(8)	(29)	(51)	(143)
Available-for-sale investments	0	0	0	1	(4)	1	(0)
Changes in non-current receivables	6	(6)	17	(17)	(0)	(0)	-
<b>Net cash-flow from investing activities</b>	<b>(17)</b>	<b>(12)</b>	<b>25</b>	<b>(20)</b>	<b>(33)</b>	<b>(24)</b>	<b>(144)</b>

	1Q15	2Q15	3Q15	4Q15	4Q14	FY 2015	FY2014
<b>CASH-FLOW FROM FINANCING ACTIVITIES</b>							
New interest bearing debt	83	18	194	83	18	377	215
Repayment of interest bearing debt	(63)	(43)	(169)	(145)	(38)	(420)	(128)
Sale/Purchase of treasury shares	-	-	-	-	26	-	26
<b>Net cash-flow from financing activities</b>	<b>20</b>	<b>(26)</b>	<b>25</b>	<b>(62)</b>	<b>6</b>	<b>(43)</b>	<b>113</b>
Effect on cash balances from currency exchange rate fluctuations	(3)	1	(3)	(1)	(1)	(6)	(2)
<b>Net change in cash and cash equivalents</b>	<b>7</b>	<b>(4)</b>	<b>69</b>	<b>(50)</b>	<b>(17)</b>	<b>22</b>	<b>12</b>
Opening cash and cash equivalents	95	102	98	167	113	95	84
<b>Closing cash and cash equivalents</b>	<b>102</b>	<b>98</b>	<b>167</b>	<b>118</b>	<b>95</b>	<b>118</b>	<b>95</b>

## 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 ended 31 December 2015 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 2014.

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 2014.

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

#### IFRS 9 Financial Instruments

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

#### IFRS 15 Revenue from Contracts with Customers

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



## **Note 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 BV.

**Gas Carriers:** The Group re-entered into the LPG market in 2012 by acquiring two LPG/Ethylene carriers, and Odfjell Gas has today eight vessels on order for agreed delivery between 2016 and 2017. The segment is operated through the joint venture Odfjell Gas AS.

USD mill	Chemical Tankers *)							Tank Terminals							Gas Carriers						
	1Q15	2Q15	3Q15	4Q15	4Q14	FY15	FY14	1Q15	2Q15	3Q15	4Q15	4Q14	FY15	FY14	1Q15	2Q15	3Q15	4Q15	4Q14	FY15	FY14
Gross revenue	229	247	244	219	247	940	1,042	27	28	28	29	24	112	94	4	5	4	5	4	18	25
Voyage expenses	(104)	(102)	(104)	(93)	(117)	(403)	(493)	-	-	-	-	-	-	-	(2)	(2)	(2)	(2)	(2)	(7)	(8)
TC expenses	(38)	(44)	(41)	(39)	(41)	(163)	(185)	-	-	-	-	-	-	-	(1)	(1)	(1)	(1)	(1)	(4)	(7)
Operating expenses	(39)	(36)	(34)	(33)	(40)	(143)	(175)	(14)	(14)	(13)	(14)	(17)	(54)	(74)	(1)	(1)	(1)	(1)	(1)	(2)	(4)
General and administrative expenses	(22)	(23)	(19)	(21)	(18)	(85)	(93)	(4)	(5)	(5)	(4)	(5)	(18)	(24)	(0)	(0)	(0)	(0)	(0)	(1)	(2)
<b>Operating result before depreciation (EBITDA)</b>	<b>26</b>	<b>42</b>	<b>46</b>	<b>33</b>	<b>30</b>	<b>147</b>	<b>97</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>2</b>	<b>40</b>	<b>(4)</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>3</b>
Depreciation	(22)	(23)	(22)	(23)	(21)	(89)	(90)	(8)	(8)	(8)	(9)	(9)	(33)	(32)	(0)	(0)	(0)	(0)	0	(1)	(2)
Impairment	-	(10)	(0)	(11)	(4)	(20)	(4)	-	-	-	(3)	5	(3)	5	-	-	-	-	-	-	-
Capital gain/loss on fixed assets	-	-	-	(0)	-	-	-	-	-	0	(0)	(0)	(0)	-	-	-	-	-	0	-	7
<b>Operating result (EBIT)</b>	<b>4</b>	<b>10</b>	<b>24</b>	<b>(0)</b>	<b>5</b>	<b>37</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>(1)</b>	<b>(2)</b>	<b>4</b>	<b>(31)</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>8</b>
Net finance	(31)	(2)	(15)	(9)	(23)	(57)	(52)	(6)	(2)	(3)	(4)	(4)	(15)	(17)	(0)	(0)	(0)	(1)	1	(1)	(2)
Taxes	(1)	(1)	(1)	(3)	4	(6)	0	1	0	(0)	1	0	1	15	-	-	-	(0)	-	(0)	-
<b>Net result</b>	<b>(28)</b>	<b>7</b>	<b>8</b>	<b>(12)</b>	<b>(14)</b>	<b>(26)</b>	<b>(48)</b>	<b>(4)</b>	<b>(0)</b>	<b>(1)</b>	<b>(4)</b>	<b>(6)</b>	<b>(10)</b>	<b>(33)</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>6</b>
Non current assets	1,381	1,346	1,378	1,316	1,367	1,316	1,367	581	589	583	578	599	578	599	62	64	67	72	59	72	59
Current assets	240	235	308	270	287	270	287	44	42	50	51	51	51	51	9	7	4	2	10	2	10
Assets held for sale	-	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,621</b>	<b>1,596</b>	<b>1,686</b>	<b>1,586</b>	<b>1,654</b>	<b>1,586</b>	<b>1,654</b>	<b>625</b>	<b>630</b>	<b>632</b>	<b>629</b>	<b>650</b>	<b>629</b>	<b>650</b>	<b>71</b>	<b>71</b>	<b>71</b>	<b>74</b>	<b>69</b>	<b>74</b>	<b>69</b>
Equity	238	265	278	281	256	281	256	313	317	314	306	331	306	331	54	55	55	59	54	59	54
Non current liabilities	931	924	1,094	1,098	886	1,098	886	259	259	250	255	262	255	262	12	12	11	11	13	11	13
Current liabilities	453	407	314	207	512	207	512	53	55	69	66	57	66	57	4	5	5	5	2	5	2
<b>Total</b>	<b>1,621</b>	<b>1,596</b>	<b>1,686</b>	<b>1,586</b>	<b>1,654</b>	<b>1,586</b>	<b>1,654</b>	<b>625</b>	<b>630</b>	<b>632</b>	<b>628</b>	<b>650</b>	<b>628</b>	<b>650</b>	<b>71</b>	<b>71</b>	<b>71</b>	<b>74</b>	<b>69</b>	<b>74</b>	<b>69</b>
<b>Reconciliation of revenue:</b>																					
Total segment revenue	229	247	244	219	247	940	1,042	27	28	28	29	24	112	94	4	5	4	5	4	18	25
Segment revenue from associates and joint ventures - Tank Terminals**	-	-	-	-	-	-	-	(27)	(28)	(28)	(29)	(24)	(112)	(94)	-	-	-	-	-	-	-
Segment revenue from associates and joint ventures - Chemical Tankers**	(2)	(2)	(2)	(2)	(1)	(8)	(9)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment revenue from associates and joint ventures - Gas Carriers**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4)	(5)	(4)	(5)	(4)	(18)	(4)
<b>Consolidated revenue in income statement</b>	<b>227</b>	<b>245</b>	<b>242</b>	<b>217</b>	<b>246</b>	<b>931</b>	<b>1,034</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20</b>
<b>Reconciliation of result:</b>																					
Total segment EBIT	4	10	24	(0)	5	37	3	1	2	2	(1)	(2)	4	(31)	1	1	0	1	1	3	8
Segment EBIT from associates and joint ventures - Tank Terminals**	-	-	-	-	-	-	-	(1)	(2)	(2)	1	2	(4)	31	-	-	-	-	-	-	-
Segment EBIT from associates and joint ventures - Chemical Tankers**	(1)	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment EBIT from associates and joint ventures - Gas Carriers**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)	(0)	(1)	-	(3)	-
Share of net result from associates and joint ventures***	1	(0)	-	0	0	-	-	(4)	(0)	(1)	(4)	(6)	(10)	(33)	0	1	0	0	-	2	-
<b>Consolidated EBIT in income statement</b>	<b>4</b>	<b>10</b>	<b>24</b>	<b>(0)</b>	<b>5</b>	<b>37</b>	<b>3</b>	<b>(4)</b>	<b>(0)</b>	<b>(1)</b>	<b>(4)</b>	<b>(6)</b>	<b>(10)</b>	<b>(33)</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>8</b>
<b>Reconciliation of assets and liabilities**</b>																					
Total segment asset	1,621	1,596	1,686	1,586	1,654	1,586	1,654	625	630	632	629	650	629	650	71	71	71	74	69	74	69
Segment asset from Tank Terminals, Chemical Tankers and Gas Carriers**	(13)	(14)	(14)	(14)	(16)	(14)	(16)	(625)	(630)	(632)	(629)	(651)	(629)	(651)	(70)	(71)	(72)	(74)	(69)	(74)	(69)
Investment in joint ventures***	9	9	9	9	9	9	9	313	317	314	307	331	307	331	54	55	55	59	54	59	54
<b>Total consolidated assets in statement of financial position</b>	<b>1,617</b>	<b>1,591</b>	<b>1,681</b>	<b>1,580</b>	<b>1,647</b>	<b>1,580</b>	<b>1,647</b>	<b>313</b>	<b>317</b>	<b>314</b>	<b>307</b>	<b>331</b>	<b>307</b>	<b>331</b>	<b>55</b>	<b>55</b>	<b>54</b>	<b>59</b>	<b>54</b>	<b>59</b>	<b>54</b>
Total segment liabilities	1,384	1,331	1,408	1,304	1,398	1,304	1,398	312	314	319	322	319	322	319	17	16	16	15	15	15	15
Segment liability from Tank Terminals, Chemical Tankers and Gas Carriers**	(4)	(5)	(5)	(6)	(6)	(6)	(6)	(312)	(314)	(319)	(322)	(319)	(322)	(319)	(17)	(16)	(16)	(15)	(15)	(15)	(15)
<b>Total consolidated liabilities in statement of financial position</b>	<b>1,379</b>	<b>1,326</b>	<b>1,403</b>	<b>1,299</b>	<b>1,392</b>	<b>1,299</b>	<b>1,392</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

USD mill	Eliminations							Total						
	1Q15	2Q15	3Q15	4Q15	4Q14	FY15	FY14	1Q15	2Q15	3Q15	4Q15	4Q14	FY15	FY14
Gross revenue	(0)	(0)	(0)	(1)	-	(2)	(1)	260	279	276	253	276	1,068	1,160
Voyage expenses	-	-	-	-	-	-	-	(106)	(104)	(106)	(95)	(118)	(409)	(501)
TC expenses	-	-	-	-	-	-	-	(40)	(45)	(42)	(40)	(42)	(167)	(192)
Operating expenses	-	-	-	-	-	-	-	(53)	(50)	(48)	(47)	(58)	(200)	(253)
General and administrative expenses	0	0	0	0	-	2	1	(26)	(27)	(23)	(25)	(24)	(102)	(118)
<b>Operating result before depreciation (EBITDA)</b>	-	-	-	(0)	-	(0)	-	<b>35</b>	<b>53</b>	<b>57</b>	<b>45</b>	<b>34</b>	<b>190</b>	<b>96</b>
Depreciation	-	-	-	-	-	-	-	(30)	(31)	(30)	(32)	(29)	(124)	(124)
Impairment	-	-	-	-	-	-	-	-	(10)	(0)	(13)	0	(24)	0
Capital gain/loss on fixed assets	-	-	-	-	-	-	-	-	-	0	(0)	(0)	(0)	7
<b>Operating result (EBIT)</b>	-	-	-	(0)	-	(0)	-	<b>5</b>	<b>12</b>	<b>26</b>	<b>(0)</b>	<b>4</b>	<b>43</b>	<b>(20)</b>
Net finance	-	-	-	(1)	0	(1)	-	(37)	(5)	(18)	(15)	(26)	(74)	(71)
Taxes	-	-	-	-	-	-	-	(0)	(0)	(1)	(2)	4	(4)	16
<b>Net result</b>	-	-	-	(2)	0	(2)	-	<b>(32)</b>	<b>7</b>	<b>7</b>	<b>(18)</b>	<b>(18)</b>	<b>(36)</b>	<b>(75)</b>
Non current assets	(4)	(8)	7	6	(3)	6	(3)	2,020	1,991	2,036	1,972	2,022	1,972	2,022
Current assets	(2)	(2)	(17)	(17)	-	(17)	-	291	281	345	305	348	305	348
Assets held for sale	-	-	-	-	-	-	-	-	16	-	-	-	-	-
<b>Total</b>	<b>(6)</b>	<b>(10)</b>	<b>(9)</b>	<b>(11)</b>	<b>(3)</b>	<b>(11)</b>	<b>(3)</b>	<b>2,311</b>	<b>2,288</b>	<b>2,380</b>	<b>2,278</b>	<b>2,370</b>	<b>2,278</b>	<b>2,370</b>
Equity	-	-	-	(1)	-	(1)	-	604	636	647	645	638	645	638
Non current liabilities	(3)	(7)	-	-	(3)	-	(3)	1,199	1,188	1,355	1,364	1,158	1,364	1,158
Current liabilities	(3)	(3)	(10)	(10)	-	(10)	-	507	464	378	268	574	268	574
<b>Total</b>	<b>(6)</b>	<b>(10)</b>	<b>(10)</b>	<b>(11)</b>	<b>(3)</b>	<b>(11)</b>	<b>(3)</b>	<b>2,311</b>	<b>2,288</b>	<b>2,380</b>	<b>2,278</b>	<b>2,370</b>	<b>2,278</b>	<b>2,370</b>
<b>Reconciliation of revenue:</b>														
Total segment revenue	(0)	(0)	(0)	(1)	-	(2)	(1)	260	279	276	253	276	1,068	1,160
Segment revenue from associates and joint ventures - Tank Terminals**	-	-	-	-	-	-	-	(27)	(28)	(28)	(29)	(24)	(112)	(94)
Segment revenue from associates and joint ventures - Chemical Tankers**	-	-	-	-	-	-	-	(2)	(2)	(2)	(2)	(1)	(8)	(9)
Segment revenue from associates and joint ventures - Gas Carriers**	-	-	-	-	-	-	-	(4)	(5)	(4)	(5)	(4)	(18)	(4)
<b>Consolidated revenue in income statement</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(1)</b>	<b>-</b>	<b>(2)</b>	<b>(1)</b>	<b>227</b>	<b>244</b>	<b>241</b>	<b>216</b>	<b>245</b>	<b>929</b>	<b>1,053</b>
<b>Reconciliation of result:</b>														
Total segment EBIT	-	-	-	(0)	-	(0)	-	5	12	26	(0)	4	43	(20)
Segment EBIT from associates and joint ventures - Tank Terminals**	-	-	-	-	-	-	-	(1)	(2)	(2)	1	2	(4)	31
Segment EBIT from associates and joint ventures - Chemical Tankers**	-	-	-	-	-	-	-	(1)	0	-	-	-	-	-
Segment EBIT from associates and joint ventures - Gas Carriers**	-	-	-	-	-	-	-	(1)	(1)	(0)	(1)	-	(3)	-
Share of net result from associates and joint ventures***	-	-	-	-	-	-	-	(3)	0	(1)	(4)	(6)	(8)	(33)
<b>Consolidated EBIT in income statement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0)</b>	<b>-</b>	<b>(0)</b>	<b>-</b>	<b>0</b>	<b>10</b>	<b>23</b>	<b>(5)</b>	<b>(1)</b>	<b>28</b>	<b>(22)</b>
<b>Reconciliation of assets and liabilities**</b>														
Total segment asset	(6)	(10)	(9)	(11)	(3)	(11)	(3)	2,311	2,288	2,380	2,278	2,370	2,278	2,370
Segment asset from Tank Terminals, Chemical Tankers and Gas Carriers**	1	5	-	10	3	10	3	(707)	(710)	(718)	(707)	(732)	(707)	(732)
Investment in joint ventures***	-	-	-	(2)	-	(2)	-	376	379	377	373	393	373	393
<b>Total consolidated assets in statement of financial position</b>	<b>(5)</b>	<b>(5)</b>	<b>(9)</b>	<b>(3)</b>	<b>-</b>	<b>(3)</b>	<b>-</b>	<b>1,980</b>	<b>1,956</b>	<b>2,040</b>	<b>1,943</b>	<b>2,032</b>	<b>1,943</b>	<b>2,032</b>
Total segment liabilities	(6)	(10)	(10)	(10)	(3)	(10)	(3)	1,707	1,652	1,733	1,632	1,730	1,632	1,730
Segment liability from Tank Terminals, Chemical Tankers and Gas Carriers**	1	5	-	10	3	10	3	(332)	(330)	(340)	(333)	(338)	(333)	(338)
<b>Total consolidated liabilities in statement of financial position</b>	<b>(5)</b>	<b>(5)</b>	<b>(10)</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>1,375</b>	<b>1,321</b>	<b>1,393</b>	<b>1,299</b>	<b>1,392</b>	<b>1,299</b>	<b>1,392</b>

\* This segment also include "corporate".

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

\*\*\* Investments in joint ventures are presented according to the equity method in the consolidated income statement and balance sheet.



### Note 3 - Net interest bearing liabilities

(USD mill)	FY2015	FY2014
Loans from financial institutions – floating interest rate	513	364
Financial leases	298	249
Bonds	243	230
Current portion interest bearing debt	103	326
Transaction costs	(6)	(6)
<b>Subtotal interest bearing debt</b>	<b>1,151</b>	<b>1,163</b>
Current interest bearing debt	17	-
<b>Total interest bearing debt</b>	<b>1,168</b>	<b>1,163</b>
Cash and cash equivalent	(118)	(95)
Available for sale investments	(9)	(10)
<b>Net interest bearing liabilities</b>	<b>1,042</b>	<b>1,060</b>

(USD mill)	FY2015	FY2014
New interest bearing debt	423	215
Disposal of interest bearing debt	-	(15)
Payment of interest bearing debt	(420)	(128)

NOK 600 mill (USD 103 mill) bond matured and repaid in December 2015. Short term loan of NOK 147 mill (USD 17 mill) drawn in December, classified as current liabilities in the consolidated statement of financial position.

### 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.

As a part of strengthening the Company's core business, the Company has entered into an agreement regarding sale and lease-back of the Odfjell's main office. The Company engaged DNB Næringsmegling AS and external legal advisors in the facilitation phase and sale process. The property was viewed by six potential buyers. One offer was made, by a group of buyers consisting of Odfjell Eiendom AS, Norchem A/S and Rederiet Jacob Christensen A/S at NOK 185 mill. Norchem A/S and Rederiet Jacob Christensen A/S are shareholders of Odfjell SE. After negotiations the bid was increased to NOK 191 mill, and the Company accepted the offer conditioned upon approval from the Board and the General Meeting.

KPMG as an independent expert has issued a separate statement to the Extraordinary General Meeting 17 February regarding the sale and lease-back.

### Note 5 – Non-current assets

(USD mill) *)	FY2015	FY2014
Net carrying amount beginning	1,335	1,370
Investments in non-current assets	109	143
Sale of non-current assets	(31)	(77)
Depreciation and impairment	(98)	(95)
Assets held for sale	(20)	(7)
<b>Net carrying amount end</b>	<b>1,294</b>	<b>1,335</b>

\*) Ships, newbuilding contracts and other non-current assets

## 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 2015 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)	4Q15 Level 1	4Q15 Level 2	4Q14 Level 1	4Q14 Level 2
<b>Recurring fair value measurement</b>				
Financial assets at fair value:				
Derivatives instruments – non hedging	-	3	-	5
Derivatives instruments - hedging	-	-	-	-
Financial liabilities at fair value:				
Derivatives instruments – non hedging	-	46	-	56
Derivatives instruments - hedging	-	5	-	63
Available-for-sale-investments	9	-	10	-

## 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)	FY 2015				FY 2014			
	Chemical Tankers	Tank Terminals	Gas Carriers <sup>1)</sup>	Total	Chemical Tankers	Tank Terminals	Gas carriers <sup>1)</sup>	Total
Gross revenue	8	112	18	138	9	94	4	107
EBITDA	2	40	4	46	2	(4)	1	(1)
EBIT	0	4	3	7	0	(31)	0	(31)
Net result	(0)	(10)	2	(8)	0	(33)	0	(32)
Non-current assets	9	578	72	659	9	599	59	667
Current assets	5	51	2	58	7	52	10	69
<b>Total assets</b>	<b>14</b>	<b>629</b>	<b>74</b>	<b>717</b>	<b>16</b>	<b>650</b>	<b>69</b>	<b>735</b>
<b>Total equity closing balance</b>	<b>9</b>	<b>306</b>	<b>59</b>	<b>372</b>	<b>9</b>	<b>331</b>	<b>54</b>	<b>393</b>
Non-current liabilities	3	255	11	269	3	262	13	278
Current liabilities	2	67	5	74	4	57	2	63
<b>Total liabilities</b>	<b>5</b>	<b>323</b>	<b>16</b>	<b>344</b>	<b>7</b>	<b>319</b>	<b>15</b>	<b>341</b>

- 1) Up to 30 September 2014, Odfjell consolidated Odfjell Gas AS 100%. Upon loss of control at 30 September 2014, Odfjell recognised its retained investment (50%) in Odfjell Gas AS at its fair value. The gain on re-measurement of about USD 6 mill is recognised in the income statement. From 30 September 2014, the remaining investment in Odfjell Gas AS was recognised according to the equity method.

**Note 8 – Other financial items**

(USD mill)	1Q15	2Q15	3Q15	4Q15	4Q14	FY 2015	FY2014
Changes in fair value in derivatives	(21)	11	(4)	23	(28)	9	(32)
Currency gains (losses)	2	0	(1)	(19)	17	(18)	31
Other	(1)	(2)	(2)	(3)	1	(8)	(13)
<b>Total other financial items</b>	<b>(20)</b>	<b>9</b>	<b>(7)</b>	<b>1</b>	<b>(10)</b>	<b>(17)</b>	<b>(14)</b>

**Note 9 – Figures presented based on Proportionate method**

With effect from 1 January 2014, Odfjell changed from Proportionate method to equity method. Below figures are presented based on Proportionate method for comparison purposes.

<b>CONSOLIDATED INCOME STATEMENT</b>	<b>FY2015</b>	<b>FY2014</b>
(USD mill)		
Gross revenue	1,068	1,160
Voyage expenses	(409)	(501)
Time-charter expenses	(167)	(192)
Operating expenses	(200)	(253)
<b>Gross result</b>	<b>292</b>	<b>214</b>
General and administrative expenses	(102)	(118)
<b>Operating result before depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)</b>	<b>190</b>	<b>96</b>
Depreciation	(124)	(123)
Impairment	(24)	0
Capital gain (loss) on non-current assets	-	7
<b>Operating result (EBIT)</b>	<b>43</b>	<b>(20)</b>
Interest income	2	3
Interest expenses	(54)	(52)
Other financial items	(22)	(22)
<b>Net financial items</b>	<b>(74)</b>	<b>(71)</b>
<b>Result before taxes</b>	<b>(31)</b>	<b>(91)</b>
Taxes	(4)	16
<b>Net result</b>	<b>(36)</b>	<b>(75)</b>

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>31.12.15</b>	<b>31.12.14</b>
Intangible assets	54	55
Ships	1,296	1,307
Newbuilding contracts	43	44
Tank terminals	490	509
Other non-current assets	65	86
Non-current receivables	25	28
<b>Total non-current assets</b>	<b>1,972</b>	<b>2,030</b>
Current receivables	109	157
Bunkers and other inventories	14	25
Derivative financial instruments	3	5
Available-for-sale investments	9	10
Cash and cash equivalents	149	136
Assets held for sale	21	7
<b>Total current assets</b>	<b>305</b>	<b>340</b>
<b>Total assets</b>	<b>2,278</b>	<b>2,370</b>
Paid in equity	202	202
Other equity	444	436
<b>Total equity</b>	<b>645</b>	<b>638</b>
Non-current liabilities	38	40
Derivatives financial instruments	42	35
Non-current interest bearing debt	1,284	1,079
<b>Total non-current liabilities</b>	<b>1,364</b>	<b>1,154</b>
Current portion of interest bearing debt	131	347
Derivative financial instruments	11	87
Current interest bearing debt	17	-
Current liabilities	109	143
<b>Total current liabilities</b>	<b>268</b>	<b>578</b>
<b>Total equity and liabilities</b>	<b>2,278</b>	<b>2,370</b>

## FLEET & TERMINAL OVERVIEW as per 2 February 2016

### CHEMICAL TANKERS OWNED:

SHIP	YEAR BUILT	DWT	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS
Bow Triumph	2014	49 622	53 188	-	22
Bow Trident	2014	49 622	53 188	-	22
Bow Pioneer	2013	75 000	86 000	-	30
Bow Nangang	2013	9 156	10 523	10 523	14
Bow Dalian	2012	9 156	10 523	10 523	14
Bow Fuling	2012	9 156	10 523	10 523	14
Bow Lind	2011	46 047	48 698	-	29
Bow Elm	2011	46 098	48 698	-	29
Flumar Brasil	2010	51 188	55 452	-	14
Bow Harmony	2008	33 619	38 052	38 052	16
Bow Saga <sup>1</sup>	2007	49 559	52 126	52 126	40
Bow Sirius <sup>1</sup>	2006	49 539	52 155	52 155	40
Bow Sea	2006	49 592	52 107	52 107	40
Bow Engineer	2006	30 086	36 274	36 274	28
Flumar Maceio	2006	19 975	21 713	21 713	22
Bow Summer	2005	49 592	52 128	52 128	40
Bow Spring	2004	49 429	52 127	52 127	40
Bow Star	2004	49 487	52 127	52 127	40
Bow Santos	2004	19 997	21 846	21 846	22
Bow Sun	2003	42 459	52 127	52 127	40
Bow Firda	2003	37 427	40 645	40 645	47
Bow Chain	2002	37 518	40 621	40 621	47
Bow Andes	2000	16 020	17 120	17 120	22
Bow Condor	2000	16 121	17 622	17 622	30
Bow Fortune	1999	37 395	40 619	40 619	47
Bow Master	1999	6 046	7 018	7 018	14
Bow Sailor	1999	6 008	7 011	7 011	14
Bow Cecil <sup>1</sup>	1998	37 369	40 515	33 236	47
Bow Flora	1998	37 369	40 515	33 236	47
Bow Oceanic	1997	17 460	19 616	19 616	24
Bow Cardinal <sup>1</sup>	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
<b>Number of ships owned</b>	<b>39</b>	<b>1 302 718</b>	<b>1 426 636</b>	<b>1 030 470</b>	<b>1 278</b>

### TIME CHARTERED/POOL:

Southern Owl	2016	26 057	27 656	27 656	26
Horin Trader	2015	19 856	22 129	22 129	18
Marex Noa	2015	12 478	14 067	14 067	16
Gion Trader	2015	19 833	22 130	22 130	18
Bow Tribute <sup>4</sup>	2014	49 622	53 188	-	22
Bow Trajectory <sup>4</sup>	2014	49 622	53 188	-	22
Chemroad Hope	2011	33 552	37 161	37 161	18
RT Star	2011	26 199	27 912	27 912	18
SG Pegasus	2011	13 086	14 523	14 523	16
Southern Koala	2010	21 290	20 008	20 008	20
Bow Tone	2009	33 625	37 974	37 974	16
Bow Hector	2009	33 694	37 384	37 384	16
Southern Ibis	2009	19 905	22 158	22 158	20
Southern Jaguar	2009	19 997	22 157	22 157	20
Bow Sagami	2008	33 641	38 000	38 000	16
Bow Kiso	2008	33 641	37 974	37 974	16
Bow Heron	2008	33 707	37 365	37 365	16
Celsius Mayfair	2007	19 999	21 714	21 714	20
Bow Fuji	2006	19 805	22 140	22 140	22
Celsius Manhattan	2006	19 807	22 143	22 143	22
Moyra	2005	19 806	22 838	22 838	18
Bow Sky <sup>1</sup>	2005	49 479	52 126	52 126	40
Bow Architect	2005	30 058	36 290	36 290	28
Celsius Monaco	2005	19 999	21 851	21 851	22
Celsius Mumbai	2005	19 993	22 186	22 186	22
Celsius Miami	2005	19 991	22 192	22 192	22
Chembulk Sydney	2005	14 271	16 571	16 571	20
Golden Top	2004	12 705	13 388	13 388	22
Bow Asia <sup>2</sup>	2004	9 901	11 088	11 088	20
Bow Singapore <sup>2</sup>	2004	9 888	11 089	11 089	20
SG Friendship <sup>1</sup>	2003	19 773	21 651	21 651	26
Bow Jubail <sup>2</sup>	1996	37 499	41 488	34 209	52
Bow Mekka <sup>2</sup>	1995	37 272	41 606	34 257	52
Bow Riyad <sup>2</sup>	1995	37 221	41 492	34 213	52
Kristin Knutsen	1998	19 152	19 409	19 409	34
<b>Number of ships on TC/Pool:</b>	<b>34</b>	<b>896 424</b>	<b>986 238</b>	<b>857 955</b>	<b>828</b>
<b>Number of ships:</b>	<b>73</b>	<b>2 199 142</b>	<b>2 412 874</b>	<b>1 888 425</b>	<b>2 106</b>

<sup>1</sup> Vessel beneficially owned through financial lease.

<sup>2</sup> Vessel on bare-boat charter.

<sup>3</sup> Vessel on variable time-charter/pool.

<sup>4</sup> Vessel on bare-boat charter booked as financial lease

<sup>5</sup> Vessel on commercial Management

### LPG/ETHYLENE CARRIERS OWNED:

SHIP	YEAR BUILT	DWT	CBM	TYPE	NUMBER OF TANKS
Bow Gallant <sup>3</sup>	2 008	10 282	8 922	LPG/Ethylene	2
Bow Guardian <sup>3</sup>	2 008	10 282	8 922	LPG/Ethylene	2
<b>Number of ships:</b>	<b>3</b>	<b>47 340</b>	<b>52 844</b>		<b>7</b>

### TIME CHARTERED:

Berlian Ekuator	2 004	26 776	35 000	LPG/Ammonia	3
<b>Number of ships:</b>	<b>3</b>	<b>47 340</b>	<b>52 844</b>		<b>7</b>

**ON ORDER**

**LPG/ETHYLENE CARRIERS:**

YARD	DELIVERY	CBM	OWNER	COMMENT
Nantong Sinopacific Offshore & Engineering Co., Ltd		17 000	Odfjell Gas	50/50 JV
"		17 000	Odfjell Gas	"
"		17 000	Odfjell Gas	"
"		17 000	Odfjell Gas	"
"		22 000	Odfjell Gas	"
"		22 000	Odfjell Gas	"
"		22 000	Odfjell Gas	"
<b>Number of newbuildings:</b>	<b>8</b>	<b>156 000</b>		

TANK TERMINALS	LOCATION	OWNER SHIP**)	CBM	STAINLESS STEEL, CBM	TANKS
Odfjell Terminals (Rotterdam) BV	Rotterdam, NL	51 %	1 636 100	32 550	281
Odfjell Terminals (Houston) Inc	Houston, USA	51 %	379 629	112 833	119
Odfjell Terminals (Charleston) LLC	Charleston, USA	51 %	79 206	-	9
Odfjell Terminals (Jiangyin) Co Ltd	Jiangyin, China	28.05 %	99 800	30 000	22
Odfjell Terminals (Dalian) Ltd	Dalian, China	25.5 %	119 750	18 350	51
Odfjell Terminals (Korea) Co Ltd	Onsan, Korea	25.5 %	313 710	15 860	85
Oiltanking Odfjell Terminal Singapore Ltd	Singapore	25.5 %	377 051	13 520	82
Oiltanking Odfjell Terminal & Co. LLC	Sohar, Oman	15.17 %	1 294 780	-	66
Noord Natie Terminals	Antwerp, Belgium	12.75%	350 000	50 800	241
Exir Chemical Terminals PJSCO	BIK, Iran	35 %	22 000	1 000	18
<b>Total terminals</b>	<b>10 terminals</b>		<b>4 672 026</b>	<b>274 913</b>	<b>974</b>

PROJECTS AND EXPANSIONS	LOCATION	OWNER SHIP**)	CBM	STAINLESS STEEL, CBM	COMPLETION
Odfjell Nangang Terminals (Tianjin) Co.,Ltd	Tianjin, China	24.99%	137 800	7 000	Q2 2016
Odfjell Terminals Quanzhou (Fujian)	Quanzhou, China	25.5%	184 000	-	TBD
<b>Total expansion terminals</b>			<b>321 800</b>	<b>7 000</b>	

TANK TERMINALS PARTLY OWNED BY RELATED PARTIES*)	LOCATION	CBM	STAINLESS STEEL, CBM	TANKS
Depositos Quimicos Mineros S.A.	Lima, Peru	52 980	1 600	43
Granel Quimica Ltda	Santos I, Brazil	97 720	19 880	99
Granel Quimica Ltda	Rio Grande, Brazil	61 150	2 900	32
Granel Quimica Ltda	Sao Luis I, Brazil	75 700	-	35
Granel Quimica Ltda	Sao Luis II, Brazil	50 000	-	14
Granel Quimica Ltda	Ladario, Brazil	8 050	-	6
Granel Quimica Ltda	Triunfo, Brazil	12 030	-	2
Granel Quimica Ltda	Teresina, Brazil	7 640	-	6
Granel Quimica Ltda	Palmas, Brazil	16 710	-	12
Odfjell Terminals Tagsa S.A.	Buenos Aires, Argentina	38 700	530	60
Odfjell Terminals Tagsa S.A.	Campana, Argentina	68 700	10 190	102
Terquim S.A.	San Antonio, Chile	33 590	-	25
Terquim S.A.	Mejillones, Chile	16 840	-	7
IMTT-Quebec	Quebec, Canada	293 130	5 500	53
<b>Total tank terminals partly owned by related parties</b>	<b>14 terminals</b>	<b>832 940</b>	<b>40 600</b>	<b>496</b>

PROJECTS AND EXPANSIONS TANK TERMINALS PARTLY OWNED BY RELATED PARTIES*)	LOCATION	CBM	COMPLETION
Depositos Quimicos Mineros S.A.	Callao II, Peru	17 850	- ready Q1 2016
Granel Quimica Ltda	Santos II, Brazil	52 000	- ready Q4 2017
<b>Total expansion tank terminals partly owned by related parties</b>		<b>69 850</b>	

**Grand total (incl. related tank terminals partly owned by related parties) 23 existing terminals**

**5 504 966      315 513**

\*) Tank terminals and projects partly owned by Odfjell family.

\*\*) Odfjell SE's indirect ownership share



**ODFJELL**

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